

# DRAFT

December 14, 2016

**Members Present:** David Provost, Clem Nilan, Jane Knodell, Tim Halvorson, Karen Paul (via phone), Joan Shannon (via phone), Dave Hartnett (5:50 p.m.)

**Member's Absent:** Theresa Alberghini DiPalma

**Others Present:** Stephen Barraclough, Stacey Trudo, Nicholas Martin, Dawn Monahan, Jeremy Patrie, Abbie Tykocki (via phone) and Terry Dorman (via phone)

**Public Members:** Alan Matson

Meeting commenced at 5:33 p.m.

1. Agenda

**MOTION** to approve the agenda made by *Nilan*, seconded by *Knodell*. *Unanimous*.

2. Approval of Minutes from November 9, 2016 BTAB meeting.

**MOTION** to approve the minutes from the November 9, 2016 Burlington Telecom Advisory Board ("BTAB") meeting, made by *Nilan*, seconded by *Knodell*. *Unanimous*.

3. Public Forum: Alan Matson

Matson: From the standpoint of an interested party, there are dates that are approaching in 2017 and change in the economic value that is coming back to the City which makes the incentive greater that the sale process should begin in the next year (2017). The public would like to know about the process. Conversations have taken place with regards to the PSB process with the new owner and the changeover of the administration at the Department of Public Service. The PSB could be a long process, but have heard both a long and short process could happen. The stronger position is that this will be a longer process. Have they ruled on the current CPG renewal?

Barraclough: We have yet to hear.

Provost: The expectation from last meeting was to be prepared to talk about the process of sale at this BTAB meeting. Conversations have taken place with a few councilors who sit on the BTAB, the Mayor, Terry and Stephen and I. We are working on updating the formal sales process with the intent to have an approval of the process take place at the BTAB meeting in January and ready to send to the City Council in January for full approval and make public.

In response to the public forum comments, it is BTAB's expectation that the asset needs to be sold by January 1, 2018 but not necessarily approved by the PSB within that time frame. Terry & Stephen confirmed. The intent is that a proposal is to come early 2017 and be closed by late August/early September followed by the PSB presentation and ruling.

#### 4. Management Update

Barraclough: Main financial results will be discussed at the January BTAB meeting. From a subscriber perspective, we are ahead of last year. October and November combined for a total of 123 net increase subscribers versus 73 last year. We reached 6,531 subscribers as of November end. It is our target to reach 7,000 subscribers by end of FY17. From an EBITDA perspective, we reached profitability levels of \$300k, which is 40% of sales, for both October and November with the expectation to reach that in December as well. However, we don't foresee sustaining that level in the new calendar year. In January, the normal video content costs increase which historically BT has managed to absorb, apart from 2015, and intend to try do the same this year. We are expecting this year's video content costs to increase anywhere from \$10k - \$15k per month. Also, Network Operations will hopefully have a supervisor added to the team early in the new year which will also add costs. EBITDA levels are expected to go back down to the Q1 range of 35-36% of sales.

The downtown build is finished for the season due to the ground freezing. We got as far as we had hoped and planned. The right of way issues we experienced have been settled and are moving forward and plan to start selling to the downtown areas in December. We have provided 3 separate access points into the mall for when the redevelopment occurs. Also, we have had an exceptional experience with our underground contractor and are trying to keep them onboard for next season.

Halvorson: Did you make it across Bank Street to Pearl? Barraclough: Yes

Barraclough: The next area of buildout intent is focusing on the NNE, as well as revisiting areas that are unbuilt in the City. To our knowledge, areas were not built out because of the price to build to those areas were cost prohibited. The new cost study to build out the remaining areas should be completed by the end of FY17. There is no promise that it will make economic sense to rebuild but it is worth a revisit.

We are in early discussions, but there may be another opportunity to occupy a storefront at Ethan Allen Shopping Center. Nothing has been signed at this point but hoping for April occupancy.

Two items had been circulated via email earlier. The first item was information purposes only and the second, increasing our Internet Transport, is an item in which are seeking the BTAB to vote on. BT economics were changed meaningfully when we became a Tier 2 bandwidth provider which allowed us to buy at wholesale prices. We have 2 ½ years left on the current contract. There is currently a meaningful consolidation of commercial telecom operators which reduces competition. BT feels it is imperative to protect its Tier 2 ISP status. It is one off opportunity to have a 3<sup>rd</sup> transport path which gives us additional redundancy and meaningful capability to serve the demand and the ongoing growth in demand for bandwidth. The price at which we can procure it now is

believed to be significantly lower than what we will be able to in the future. The intent would be to make both agreements coterminous. The incremental cost is fully covered in BT's FY17 budget.

**MOTION** to approve and recommend the Internet Access Transport to the City Council for approval on December 19<sup>th</sup> made by *Halvorson*, seconded by *Hartnett*. *Unanimous*.

5. Possible Executive Session – Not Necessary

Hartnett confirmed that the option to occupy a storefront in the Ethan Allen Shopping Center is back in discussion and they are eager to have BT's presence in the NNE.

**MOTION** to adjourn made by *Knodell*, seconded by *Nilan* at 6:00 p.m. *Unanimous*.

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