

BURLINGTON TELECOM ADVISORY BOARD (BTAB)

Burlington Telecom Conference Room

February 12, 2014

Minutes

BTAB Members:

Present: Joan Shannon, Pat Robins, Vince Brennan, Karen Paul and David Provost

Absent: David Parker

Also in Attendance:

Burlington Telecom: Amber Thibeault, Jeremy Patrie and Stacey Trudo

Dorman & Fawcett: Stephen Barraclough and Terry Dorman by phone

1. Convene meeting of BTAB at 5:05 p.m.
 2. Agenda
 - a. *Provost* indicated that Agenda Item No. 5 “Citibank proposed settlement” would be moved to the second agenda item and time certain of 5:30 p.m. for public forum.
 3. Citibank Proposed Settlement
 - a. *Dorman* explained the proposed settlement with Citibank, which is based, in part, on a bridge financing that contemplates a future transaction. \$6 million of the \$10.5M settlement amount will be funded from the proceeds of a new annual appropriation lease in the face amount of \$6.6 million). Monthly lease payments approximating the joint stipulation order in place with Citibank since 2012. The detailed terms are still being worked out, together with due diligence and are expected to be completed by the end of February 2014. *Shannon* asked about the interest rate on the lease, which is 8.75%. *Paul* asked if the interest payment and the \$250,000 (approximate payments to Citibank over the next 5 months) were within Burlington Telecom’s capabilities. *Dorman* explained that it was. The bridge finance will take effect after PSB approval.
 - i. *Brennan*: inquired about attorneys fees and what was the approximate dollar value associated with this transaction. This information will be need for the council. *Shannon* asked if legal fees were covered by insurance. *Dorman* explained that they might be.
 - ii. *Dorman*: In the event of a sale of BT the lease provides for a sharing of proceeds between the City of Burlington and the lender with the lender increasing their percentage interest over the term while Burlington’s interest declines. The interest rate increases by 1% each year after year two.
 - iii. *Provost*: BTAB must make recommendation to the council for its Tuesday February 18th meeting.
 - iv. *Dorman* explained that the assets conveyed would include all of the fiber, equipment, systems and customers comprising BT.. There was a discussion regarding Taft School and whether Burlington Telecom has reviewed the legality of occupying space in this building. Staff to review. The Memorandum’s of Understanding will be formalized to provide right of assignability. City will retain the option to relocate equipment at the City’s cost. Account’s receivable and intangibles included in the collateral.
- MOTION** by *Robins*, seconded by *Shannon* to approve the minutes from the last BTAB meeting. *Unanimous*.
- MOTION** by *Paul*, seconded by *Robins*, to recommend approval of settlement agreement with Citibank as proposed in the City Council resolution. *Unanimous*.
4. Public Forum
 - a. Alan Matson: Impressed by the public briefing on this event. Settlement is positive and allows us to move forward.
 - b. Jim Holway: No questions just came to listen to the presentation.

5. Marketing Approach Discussion

- a. *Trudo* explained that she was looking for feedback from members of the BTAB regarding possible marketing approaches to gain customers. *Provost* stated that it might be premature and we should deal with the \$16.9 million head on. *Robins* suggested an appeal to invest in Burlington Telecom. *Shannon* stated that she doesn't want to deal with the \$16.9 million head up. Those people who are angry about the \$16.9 million will never sign up. She suggested a resolution to thank the loyal customers who stood by Burlington Telecom. *Robins* suggested reaching out to a marketing firm. *Provost* and *Shannon* will work on draft language for a resolution and share it with the members.
- b. *Provost* wanted to thank the staff at Burlington Telecom. How should we do this? BT management team to provide suggestions .

MOTION at 6:22 p.m. by *Paul*, seconded by *Brennan* to adjourn meeting.