

DRAFT

April 11, 2018

Members Present: David Provost (via phone), Clem Nilan, Theresa DiPalma Alberghini, Dave Hartnett, Joan Shannon (via phone)

Member's Absent: Karen Paul, Tim Halvorson, Jane Knodell

Others Present: Stephen Barraclough, Stacey Trudo, Dawn Monahan, Abbie Tykocki, Nicholas Martin

Public Members: David Lansky

Meeting commenced at 5:33 p.m.

1. Agenda

MOTION to approve the agenda made by *Alberghini DiPalma*, seconded by *Shannon*. *Unanimous*.

2. Approval of minutes from January 21, 2018 BTAB meeting

MOTION to approve minutes from the January 21, 2018 Burlington Telecom Advisory Board ("BTAB"), made by *Hartnett*, seconded by *Nilan*. *Unanimous*.

3. Public Session

None

4. Management Update

Barraclough reviews the FY18 forecast and FY19 Proposed budget.

FY18 forecast is on target to exceed \$4M in EBITDA

The FY19 budget needs approval from the BTAB before being sent on to the Board of Finance on the 26th of May and then the City Council. Bluewater Holdings and Schurz Communications will also review and approve; however, the budget is in-line with the FY2019 projections that were built for prospective buyers and available in the diligence data room as part of the sale process. FY19 budget has been built in two halves after discussions with The City's Chief Administrative Office because we do not yet know when the transaction of sale will close. From an operations perspective, the budget assumes a continued net subscriber growth that is the same as FY18 and FY17. Weather permitting, BT expects to build out the rest of Burlington by Thanksgiving of this year (excluding 120 homes). The FY19 budget also absorbs a cost of \$250,000 for the Great Streets and Southern Connector Road Plans as well as a contingency for the possible need for a new satellite dish amongst other things.

Provost: Are Schurz and Bluewater aware of the Capex Increase?

Barracough: Yes and no, capex plans are in line with those \$ amounts included in the diligence room plans during the sale process but they have not yet been presented with the current budget draft.

Monahan notes there will be another cost increase on the Cable Services this year to recover expected increases in content costs from programming providers. A 6-7% rate increase has been estimated and reflected in the budget.

Hartnett – Have any representatives of Schurz been back in Burlington at all lately?

Barracough – Their HR Team visited recently to give the staff an overview of the Schurz Employee Benefits plans.

Hartnett – Surprised they haven't yet heard about the Great Street initiative and other operational needs that added to the Capex.

Barracough – Yes, they will want to be aware. Figures in our budget against our 11-year figures are almost spot on and they've had those for months. We feel comfortable that how we represented the business in the sale is how it is playing out.

MOTION to approve the Burlington Telecom FY19 Budget as written and send it along to the Board of Finance made by *Alberghini DiPalma*, seconded by *Shannon*. *Unanimous*.

Provost – Are there any further management updates?

Barracough – There has been concern voiced among the staff that the Schurz benefits are quite different from the City benefits. Members of the management team have been working to highlight the differences.

Provost – What are the differences about?

Barracough – It's across the board. An example is paying a flat amount as a monthly premium contribution, not a percentage of salary as is currently the way with the City.

Monahan – Everyone will lose 12 days of paid time off across the board, some will lose 17. The 401k match is a disappointing 1% at 100% match and additional match of up to 5% at 50%.

Barracough – I'm hopeful Schurz will attempt to bridge the gap to help in the transition period when they see the size of the difference by employee.

Barracough – In terms of the sale, the FCC 214 filing materials have just been forwarded by Schurz. The filing with the PUC for a CPG has happened and we have received the first round of discovery questions from the DPS. The AMO's have intervened as anticipated, in order to protect their existing agreement with BT. There has also been an intervention by five Burlington citizens that the City is working to respond to at the moment. It is unclear what their intent is. The group includes Steve Goodkind and Solveig Overby and mentions repayment of \$17M. We have not yet received their discovery questions.

The first round of discovery from the DPS is far more detailed than we expected and focuses on data around the BT network build out in Burlington. There is no requirement for BT to build out under the current CPG and the build is forecasted to be completed prior to Schurz taking ownership.

Provost: Based on that activity, do you believe the desired closing date has shifted?

Barracough – I've been told it's clearly going to be delayed, but we don't know to what degree. It depends on whether the PUC allows the intervention by the citizens. If allowed, it then depends on the discovery that they file. Could be a delay of around 3 months with +/- 1 to 3 months on either side. Too much in the air at the moment. There is a Public Information Session and Hearing Scheduled for Wednesday May 9th in Contois Auditorium.

Provost – Should the BTAB be expected to attend the hearing?

Barracough – The lawyers will advise.

Alberghini DiPalma – Is it common to have a hearing?

Barracough – Yes, we had one during our CPG renewal in 2016. They do a market survey as well.

Hartnett – I'm concerned and disappointed that there is such a difference in the Schurz benefits for the employees. Schurz indicated to the City Council that they would be willing to break the mold for our employees. I'm fearful of a tipping point where we lose good employees. We need to have conversations with the City and Schurz and Staff to work towards closing the benefits gap.

Trudo – The employees are very concerned.

Hartnett – I think other councilors would be concerned too.

Provost – Who would lead that? I don't think the staff should lead that.

Hartnett – It starts at the Mayor's office. I'm open to other ideas, but I know it will be a sticking point with some of my colleagues. The staff should be represented in these discussions.

Barracough – It would be helpful to have a signal from the Mayor.

Provost – Let's talk to the Mayor.

Nilan – I would be willing to support this approach too, as a non-council member of the BTAB.

Provost closes the FY18/FY19 Management Update. Reopens public forum at account for a member of the public who arrived late. Closes public forum.

Provost – Any reason to go into Executive Session? Hearing none, I will entertain a motion to adjourn.

MOTION to adjourn made by *Hartnett*, seconded by *Nilan* at 6:13 p.m. *Unanimous*.