

Executive Summary

- ✓ Burlington Telecom will continue its local decision authority under Champlain Broadband, a subsidiary of Schurz Communications, Inc.
- ✓ Champlain commitments to public good: employees, customers, community, City of Burlington, tech economic development, public access, and net neutrality
- ✓ Keeps the best of a local Burlington Telecom and adds the support, resources and experience of the Schurz Broadband Group
- ✓ Alignment of vision and values by multiple stakeholders
- ✓ The financial strength of Champlain / Schurz
- ✓ Other key elements of the Petition to the Vermont Public Utilities Commission

Why our interest in BT

- ✓ Hiawatha Broadband Communications (HBC), an organization that knows BT very well and whom our firm admires and subsequently acquired, recommended that we look into BT and the opportunity it presents.
- ✓ We are impressed by the professionalism, experience and expertise of the management team and employees, which can be seen in their superior technical and customer service.
- ✓ We like the superior condition of the system infrastructure, network, and equipment and appreciate the quality, value, and competitive standing of the product offerings.
- ✓ We believe the Burlington Telecom name, brand equity, and goodwill have significant value.
- ✓ We are excited by the potential public-private partnership with the City and the citizens of Burlington. More specifically, we believe BT's expanded community initiatives will have a positive impact on the entrepreneurial and technology ecosystem and will benefit more Burlingtonians.
- ✓ We know we can learn much from BT and believe that BT can learn from us as well, creating value for all parties.

Champlain Commitments

- ✓ Champlain's commitment is to operate the Burlington Telecom system as a turn-key business.
- ✓ Champlain will continue to utilize and build upon Burlington Telecom's technological infrastructure to provide high-quality cable-television, telecommunications, and internet offerings, including PEG access.
- ✓ Champlain will offer continued employment to Burlington Telecom's workforce, which has demonstrated the ability to successfully operate these facilities and equipment to provide the quality Burlington Telecom customers now enjoy.
- ✓ Champlain will provide attentive, accessible, and skilled service to customers in the Burlington area ensuring competitive choice.
- ✓ Champlain will continue to offer and support programs to provide affordable Broadband Internet Access Service, including EduNet and Lifeline to decrease the Digital Divide.
- ✓ Champlain is also asking the PUC to maintain Burlington Telecom's designation as an eligible telecommunications carrier for the purpose of providing Lifeline service to qualifying households and to provide Wi-Fi access at an appropriate community locations.

Champlain Commitments

- ✓ Champlain commits to honor and abide by all PEG access conditions of the CPG, including:
 - ✓ Continuing to provide the capacity and encoding equipment to broadcast for Vermont Community Access Media (“VCAM”), Regional Educational Television Network, and CCTV 17.
 - ✓ Continuing to provide VCAM the ability to broadcast in HD.
 - ✓ Continuing to provide CCTV with an additional channel dedicated to live, remote broadcasts, such as from the auditorium at Burlington City Hall.
 - ✓ PEG access to Burlington Telecom’s interactive program guide.
 - ✓ High bandwidth internet drops at points throughout the city to support live streaming of event-based community media content.

Champlain Commitments

- ✓ Champlain commits to 60 months of no rate increase for broadband services.
- ✓ Champlain is committed to expanding and launching more advanced products and service including improving the home Wi-Fi experience by launching a next generation home mesh capable device that will provide better coverage for many Burlington Telecom customers.
- ✓ Champlain allows for the City to purchase up to a 33.3% membership interest, with the right to appoint at one or two board members depending on the amount of the membership interest the City chooses to purchase.
- ✓ Champlain and BT will fully support the Net Neutrality principles including Transparency, Nondiscrimination and No Blocking of internet services or paid prioritization.

Champlain would be part of the growing Schurz Broadband Group



Hiawatha Broadband Communications

Winona, MN

Acquired 2018



Long Lines Broadband

- Sergeant Bluff, IA
- Acquired 2015



Orbitel Communications

- Maricopa, AZ
- Acquired 2012



Antietam Broadband

- Hagerstown, MD
- Acquired 1968

Broadband group key statistics

Homes Passed – 150,000

High speed data (broadband) Customers – 71,000

Video Customers – 55,000

Voice Customers – 35,000

Total Customer Relationships – 91,000

Total Broadband Employees – 300

Total plant miles – 5,725

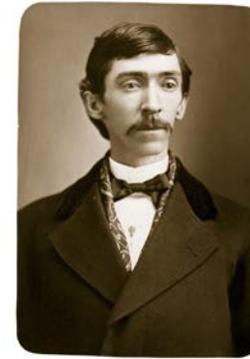
Total miles of fiber - 4,405

Our goal is to combine the best of local with group support and resources.

- ✓ Decentralized management and local decision making is a key core value of our company.
- ✓ BT has a great reputation for service and we believe it's largely based on local leadership and a great local team of employees. They would be encouraged, as we do with all our properties, to continue to improve that overall service quality.
- ✓ We have committed to retaining the local workforce and leadership team to insure continuity for the quality service presently offered.
- ✓ We will leverage the experience at our other Broadband properties, including Hiawatha Broadband (HBC), to help BT continue to grow.
- ✓ We will retain the name, Burlington Telecom as it has earned exceptional local goodwill.

Quick history

www.schurz.com



- ✓ South Bend Tribune founded in 1872 by brothers-in-law Alfred Miller & Elmer Crockett. WGAZ-AM (now WSBT) begun in 1922 and WSBT-TV begun in 1952 (oldest continuously operating UHF station in US). Our company was a partner in the first cable system in South Bend, Indiana. Everything was based in South Bend for the 1st 88 years of our history.
- ✓ First acquisitions: Hagerstown Herald-Mail (1960), Antietam Cable (1968), WDBJ-TV (1969).
- ✓ In 2015 & 2016, SCI sold 2 publishing operations, a cable company, and all of its radio and television stations. At the same time, SCI bought a cable company and a newspaper. In 2017, SCI bought a newspaper and some cable assets. In the first quarter of 2018, the company bought a firm in the cloud communications industry and a cable operation.
- ✓ Today, the company owns ten daily and six weekly newspapers and multiple niche publications, broadband systems in four markets, a hybrid cloud services provider, and multiple digital properties in nine states.
- ✓ SCI has a broad perspective on media and telecommunications and values a diversified portfolio in multiple geographic markets.
- ✓ Still a family business with Miller (Schurz) and Crockett (Ray/Bruni) heirs involved to the fourth, fifth, and sixth generations.

Ownership

Schurz Communications is a privately-held, family business. Family business vs. private equity-backed firms vs. public companies...

- ✓ Public companies need to maximize shareholder value (financial).
- ✓ Private equity firms have investment horizons that they must meet for their investors.
- ✓ Private companies need to maximize family shareholder values (plural – more than just financial).
- ✓ Our mission is to pass on to the next generations of customers, employees, communities, and owners an organization that is even stronger and better than what it is today.
- ✓ Multi-stakeholder and multi-generational perspective.
- ✓ We are patient capital with a long-term investment horizon.
- ✓ Impact on local property leadership: less pressure quarter-by-quarter and more access to top leadership.



Vision statement

Schurz Communications, Inc. (SCI) will set the standard for well-managed, financially-strong, media-centric companies while always acting with integrity, upholding its values, and perpetuating its family ownership.

SCI will be a well-respected company that is noted for providing great journalism and excellent information and entertainment services and products combined with superior customer service and meaningful community involvement.

SCI will grow and develop profitable businesses through customer-centric product innovations and superior services that elicit strong customer preference and loyalty and improve competitive position. SCI will also grow and develop by proactively seeking market opportunities, profitable investments and acquisitions that enhance our geographic and industry diversification.

SCI will invest in its people, products, and properties for continuous improvements in performance, quality, employee development, and diversity.

SCI will optimize digital media and technology and leverage existing assets and brands to grow and develop new products and services. We will become the preferred local media resource for our customers, communities, and markets.

SCI recognizes that consumers, technologies, and businesses change over time. We embrace that change and accept the risk of pursuing profitable, long-term growth.

Core Values Statement

- ✓ We believe in and strive for mutual success. We seek to constantly improve so that we not only meet our customers' needs, but exceed their expectations.
- ✓ We believe talented and dedicated employees have made the company successful in the past and are the hope of the future; we are committed to providing an environment that gives them the opportunity to nurture their gifts and achieve their potential.
- ✓ We believe our company's strength mirrors the strength of our local communities; we support them as a good corporate citizen and encourage active involvement.
- ✓ We believe that quality matters, and we are committed to excellence in all that we do. We will help each other and hold one another accountable for using our best efforts.
- ✓ We believe in acting for the benefit of the entire organization and support decision making at the appropriate level. We believe strong local leaders empower our people to successfully serve our customers and communities today and to innovate for the future.
- ✓ We believe that financial profitability provides the resources necessary for the company's long-term health and growth, and we set operating expectations through the budgeting and strategic planning processes.
- ✓ We believe in the core values rooted in journalism: honesty, fairness, credibility and integrity. Our core values will never be sacrificed to achieve other objectives.
- ✓ We believe in entrepreneurial stewardship. Earlier generations started the company, grew it and gave it to us to grow. We reinvest for future growth as we pass it along to successive generations.

Values Summary

- ✓ Begin first with the customer: when in doubt, always start there.
- ✓ Next, the values focus on employees, what we as an employer can do and what we look for from our staff.
- ✓ We want to be a good corporate citizen because our strength mirrors our communities; it is very hard to thrive as a local media or telecommunications firm in a dying town.
- ✓ How do we work together: help each other, hold each other mutually accountable, and strive for excellence.
- ✓ Many decisions are made best when close to the customer and community. While we act for the benefit of the entire organization, it is hard to achieve other goals in a completely centralized model.
- ✓ Our integrity is not for sale. Core values of journalism are central to the company.
- ✓ Family business is part of who we are.

Strategic plan initiatives

- ✓ **OUR PEOPLE:** We will attract, invest in, communicate with, and retain top talent.
- ✓ **OUR CUSTOMERS:** We will dynamically grow revenues by building and nurturing mutually beneficial and profitable customer relationships.
- ✓ **INNOVATION:** We will innovate, partner, experiment and create a better future together.
- ✓ **DIGITAL:** We will be the preferred digital media resource in our local communities and digital markets.
- ✓ **OPERATIONS:** We strive to continuously improve operating performance to ensure sustained growth.

Champlain financial strength

- ✓ Our offer for BT has no financing contingencies. Our firm has over \$75 million in capital available to fund Champlain's investment in Burlington Telecom as soon as regulatory approval is received.
- ✓ The independent CPA engaged by the City Council reviewed our 2016 audit report and found Schurz to be a very strong financial organization.
- ✓ 3 year historical and 11 year financial projection and plan provided in testimony to the PUC.
- ✓ Champlain and Burlington Telecom are in a sound financial position to fulfill all purchase commitments and the future capital investments in BT.

Petition to the Commission: Key Elements

1. Continue to offer affordable services that provide a competitive opportunity for BT customers.
2. Continue to have local employees with a local presence (office) with an emphasis on responsive and effective customer service.
3. Continue BT's commitment to net neutrality, support of affordable, local Public Access, and other issues of importance to Burlingtonians.
4. Continue to offer both residential and commercial services.
5. Continue to engage in active participation with the US Ignite and BTV Ignite initiatives focused on realizing the ongoing and sustainable economic development benefits to the local economy that the network infrastructure affords.
6. Establish a skilled, experienced management team to sustain BT's "state of the art" capabilities, keep pace with technology changes, and support expansion to the currently unserved areas of Burlington as well as other communities.

Petition to the Commission: Key Elements

7. Demonstrate sufficient financial capacity to sustain BT's "state of the art" capabilities, keep pace with technology changes, and support expansion to the currently unserved areas of Burlington as well as other communities.
8. Maintain and foster a strong partnership with the City of Burlington and its elected public officials.
9. Allowing the City of Burlington the opportunity to retain a meaningful carried equity interest in Burlington Telecom.
10. Ability to complete a Transaction by the 2 January 2018, subject to regulatory approval.
11. A strategy of holding the asset for the long-term.
12. A strategy to reinvest and or invest into the business.
13. It is important for the City's public officials to try to recover as much of the taxpayer's investment as possible. Part of that should come from the price paid by the purchaser of the BT System, the City's maintaining a continued meaningful interest in BT that enables financial recovery over the next decades, and the indirect benefits of maintaining a strong Telecom System, recognizing the potential of BT's fiber optic infrastructure to enable sustainable economic growth and job creation in an increasingly Tech centric economy.

BT will continue to offer affordable services that provide a competitive opportunity for BT residential and commercial customers. (#1 and #4)

- ✓ We support the City's desire to maintain a competitive marketplace for telecommunications.
- ✓ Burlington Telecom will continue to offer affordable services, including:
 - ✓ We have committed to no increase in high-speed Internet/Broadband service rates for at least five years.
 - ✓ We will only pass through the video programming service fee changes from program suppliers for video customers.
 - ✓ We will continue BT's pursuit of providing up-to-date product selection and consumer value locally available.
- ✓ We and BT will continue to offer both residential and business class services.

BT will continue to have local employees with a local presence (office) with an emphasis on responsive and effective customer service. (#2)

- ✓ We will maintain a local office and have entered into an agreement with the City to keep it at its current location.
- ✓ As noted earlier, BT has a great reputation for service and we believe it is largely based on local leadership and a great team of local employees. We have committed to retaining the local workforce and leadership team to insure continuity for the quality service presently offered.
- ✓ They would be encouraged, as we do with all our properties, to continue to improve that overall service quality.
- ✓ We have begun reviewing options for enhancing late night and weekend customer service options.

BT will continue its commitment to net neutrality, support of affordable, local Public Access, and other issues of importance to Burlingtonians. (#3)

- ✓ Champlain and BT will fully support the Net Neutrality principles of Transparency, Nondiscrimination and No Blocking of internet services. We will not block, degrade or throttle legal content, applications, or services on our network. We will not accept payment to prioritize content, services, or applications, nor will we charge interconnection fees to outside content providers such as Netflix. As your local broadband provider, we agree with and support the concept of a free and open internet unfettered by paid pathways or preferential treatment of traffic that favors one party over another. We believe all providers, both ISP's and Edge Providers, should uphold these same commitments. Champlain also believes that enforcing Net Neutrality rules through Congressional legislation would assure more permanency than a FCC regulatory proceeding. We support Congressional enactment of Net Neutrality Legislation that will provide stability and avoid potential policy revisions with each new administration. We believe all Internet data should be treated fairly and without discrimination, so we can ensure that our customers receive the service experience they have come to expect.
- ✓ Champlain and BT will remain active supporters of public access, and we believe their voices are important elements of Burlington's community. We will honor the current agreements in place and look forward to continuing these partnerships.

BT will continue to engage in active participation with the US Ignite and BTV Ignite initiatives focused on realizing the ongoing and sustainable economic development benefits to the local economy that the network infrastructure affords. (#5)

- ✓ As a company we embrace new technologies and are committed to continue BT's role in the local technology community.
- ✓ Champlain Broadband has partnered with ZRF, an experienced private equity investor in technology and infrastructure, and BTV Ignite to establish and administer a fund to invest in the Burlington area. Investment focus will include mentorship, seed capital to local start ups, and other community economic development.
- ✓ BT will work with other local stakeholders and invest at least \$2.5 Million dollars over the next ten years towards local innovation.
- ✓ We will continue to support US Ignite and BTV Ignite local initiatives.
- ✓ BT will remain a key player in the local Technology ecosystem with our time, talent, in-kind and financial resources.

Establish a skilled, experienced management team to sustain BT's "state of the art" capabilities, keep pace with technology changes, and support expansion to the currently unserved areas of Burlington as well as other communities. (#6)

- ✓ BT will become part of a larger family of companies experienced with Fiber-to-the-Home (FTTH) services. Our company has more than 50 years experience operating cable and broadband companies. BT leadership will also have access to the experience of other broadband leaders in the company. This includes HBC management and a segment senior leadership team with more than 120 years of industry experience.
- ✓ BT leadership will manage all day-to-day operations and decision making remains local. We value local presence, local staffing and local decision making as the best way to serve communities.
- ✓ We are committed to seeing the original vision of Burlington Telecom realized and have committed to building out the remaining City service area by the end of 2019.
- ✓ There are 120 homes that present physical and financial barriers to build as identified by BT. We are currently researching alternatives for those homes, some of which are in use at HBC and our other locations, to provide them with competitive choice.

Demonstrate sufficient financial capacity to sustain BT's "state of the art" capabilities, keep pace with technology changes, and support expansion to the currently unserved areas of Burlington as well as other communities. A strategy to reinvest and or invest into the business. (#7 and #12)

- ✓ We have committed to invest as much as \$8.8 million in capital investment through 2021. This investment will not dilute any potential equity position the City of Burlington may choose to make.
- ✓ We have the financial ability to sustain planned growth and maintain technologically relevant.
- ✓ We also support BT Management in their decision to support and provide competitive choice for the Town Center Mall and College redevelopment.
- ✓ Once the remaining build out of Burlington is completed in 2019, we believe BT could possibly expand to other communities as BT is well-positioned technically to be a foundation for more regional development.

Maintain and foster a strong partnership with the City of Burlington and its elected public officials. (#8)

- ✓ BT Leadership will be empowered to work effectively with local public officials.
- ✓ A strength of our company is how our local properties connect with and are an active part of the communities they serve. We support them as a good corporate citizen and encourage community involvement.
- ✓ It is common in for each of our properties to be active with community initiatives including:
 - ✓ Support of non profits, both in-kind and financial
 - ✓ Support of Public-Private Partnerships to support Economic Development
 - ✓ Local Board Participation
 - ✓ Support of Community Events and Initiatives
- ✓ Our Corporate leadership team will also visit BT on a regular basis and be available to elected officials and Burlington Telecom Advisory Board members.

Allowing the City of Burlington the opportunity to retain a meaningful carried equity interest in Burlington Telecom. (#9)

- ✓ We fully support the City obtaining a meaningful carried interest in BT. This interest could be for either the short term or long term as decided by the City. We support an ownership stake by the City of up to 33.3%.
- ✓ Should the City pursue an ownership stake, we would maintain a local Board and provide City designated seats equal to their ownership.
- ✓ BT leadership would regularly update this Board and they would also review annual operating plans, strategic plans, and an independent annual audit.

It is important for the City's public officials to try to recover as much of the taxpayer's investment as possible... (#13)

- ✓ Champlain offered a highly competitive bid for BT at \$30.8 million. Prior to close, Champlain also committed to pay for BT's fiscal 2018 capital expenditures in excess of \$2.5 million dollars. If the close lapses past the 2018 fiscal year, Champlain has committed to cover BT's approved fiscal 2019 capital expenditures as well.
- ✓ Champlain offered the City the opportunity to retain and/or acquire the largest minority interest potential (33.3%) of any bidder.
- ✓ Champlain and BT have committed to providing \$3 million over ten years to enable sustainable economic growth and job creation and training. We have already met with numerous community stakeholders regarding the investments in the technology/entrepreneurial and job training initiatives.

A strategy of holding the asset for the long-term. (#11)

- ✓ We are a fifth generation family-owned company in operation since 1872.
- ✓ We are actively planning to continue operating for multiple future generations in the future.
- ✓ We plan to own and operate any and every acquisition for the long term.
- ✓ Should our position change, we have agreed to provide the City a first right of refusal to acquire BT.

In Summary

- ✓ Champlain meets all the criteria sought by the City.
- ✓ BT joins a larger, localized and family-owned business with 50 years operating experience in the cable and broadband industries.
- ✓ BT remains closely affiliated with HBC, a relationship that helped BT recover from the technological and financial challenges they faced early on.
- ✓ BT will remain fully committed to Net Neutrality and support of Local Public Access Elements.
- ✓ BT will finish the original vision of providing competitive choice to all of Burlington by 2019 as qualified.
- ✓ BT will remain a locally-based company with local employees and local decision-making.
- ✓ Champlain has the financial resources that assures BT can meet its operating plans as well as support future growth.

Thank You