

DRAFT

June 27, 2018

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

Member's Absent: Tim Halvorson

Others Present: Stephen Barraclough, Abigail Tykocki

Public Members: Solveig Overby

Meeting commenced at 5:35 p.m.

1. Agenda

Joan Shannon requests an discussion on the VTrans construction at the rotary given an memo received stating that the cost of moving BT fiber would no longer be 100% covered due to the pending sale of BT to a private entity.

MOTION to approve the agenda as amended made by *Hartnett*, seconded by *Nilan*. *Unanimous*.

2. Approval of minutes from May 23, 2018 BTAB meeting

MOTION to approve minutes from the May 23, 2018 Burlington Telecom Advisory Board ("BTAB"), made by *Shannon* , seconded by *Hartnett*. *Unanimous*. *Knodell* and *Paul* abstain.

3. Public Session - none

4. Management Update – Stephen Barraclough

FINANCIAL UPDATE

Revenue continues to trend below budget but, EBITDA is just over \$4M vs \$4.45M that were budgeted, but we'll break \$4M in EBITDA for the first time ever.

\$2.5 had been budgeted for Capital Expenditures, between \$2.35 and \$2.4 has been will be spent. So after paying CapEx and debt service there will be about \$1M in cash flow, which is right on budget.

SUBSCRIBER GROWTH UPDATE

In FY17, BT had 753 net new subscribers. With four days left in the FY18, we should grow by around 690-700 net new subscribers this year.

Net New Subscribers for May 2017 was 174.

Net New Subscribers for May 2018 was 129.

Net New Subscribers for June 2017 was 88.

Net New Subscribers for May 2018 will be between 80-88. While this number may sound low, we had meaningfully more disconnects to overcome in June of 2018. In order to grow by 88, we needed to bring on 731 total new customers in June. As our base of customers expands, our churn increases. The team has done an excellent job of managing that and continuing to deliver growth for the business.

Total Subscribers for FY18 is approximately 7,680, up from 6,980 in FY17.

Over the last 3 years, BT has gained approximately 2,330 net new subscribers.

Provost inquires as to whether the small short fall on EBITDA plays into the conditions of the offer on the table for the acquisition of BT.

Barracough: The offer had two components, \$28.3M, plus reimbursement of \$2.5M of CapEx which took the offer to \$30.8M. If the CapEx is not spent, the offer goes down dollar for dollar. But what isn't spent will remain in our bank accounts, so there is a net zero result.

EXPANSION UPDATE

Current expansion remains on budget and on time. No major snags. Joe Stone continues to be a fantastic local partner for Burlington Telecom. Construction is complete in Ledgewood, with the exception of Lake Forest Drive for which there was a delay from their Board in granting permission for construction. Teams will work hard to return to Lake Forest late in the construction season if possible, otherwise it will be completed in Spring FY19. Northgate's Board has granted permission for construction and this is budgeted for FY19. It will happen as soon as the ground thaws in Spring 2019.

SCHURZ UPDATE

Schurz has stated it will cover the budgeted spend for FY19 through the close of the sale. Todd Schurz was here this week for a meeting with the public access channels. They are a party to the CPG application that Schurz have made. The relationship and conversations continue to be positive. Schurz is unequivocal that they will honor the contract that Channel 17 recently made with Burlington Telecom.

Schurz is also backing BT's FY19 capital plan with spending increased from \$2.5million to \$3.5 million, and which will cover the completion of BT's network build out in Burlington.

On the topic of employee benefits, BT was promised an update this week but has yet to received it. Schurz would like to share the update with the City before they share it with BT.

Provost – Who in the City will it be shared with?

Hartnett – I would hope it would be shared with this committee.

Barracough – I don't know, but I will pass that along. There have been several back and forths. One suggestion is the creation of an overall fund that could be applied on a case by case basis in the event of individual hardship by an employee.

MAIN POINTS OF FOCUS GOING INTO FY19

- Finish the build
- Building market share within Burlington
- Planning for future expansion beyond Burlington's borders with regards to cost and market analysis to ensure that any expansion is a sensible investment.

There are also four major commercial opportunities that represent unprecedented opportunity for Burlington Telecom that will transformational for our company and the telecommunications market in Burlington. We're currently struggling to determine how to resource each opportunity because we're such a small business.

Hartnett – Is Schurz is aware of these opportunities?

Barracough – Yes and completely supportive.

Hartnett – any chances anticipated with the North Ave store?

Barracough – No, there is currently a 5-year lease in place with a 5-Year option to renew built in. The North Avenue storefront will serve as a model for future satellite offices.

2018 CUSTOMER SATISFACTION SURVEY RESULTS

- 90% of Burlington Telecom's customers report being satisfied with Burlington Telecom.
- BT's Net Promoter Score of 52 has dropped four points from an NPS of 56 in 2017, but remains above the national average of 32 for the telecom industry and far above that of our lead competitor.
- 91% of customers rate the quality of BT's customer service as positive.
- 80% of customers found the technical support staff to be extremely or very knowledgeable.
- When asked what BT would have to do to earn a higher rating, 38% of customers gave positive additional feedback that they were happy with BT as is, while 20% suggested lowering the price of services.

Full survey results will soon be made available on www.burlingtontelecom.com

5. Discussion of VTrans Construction at the Rotary

Provost – Joan has forwarded the email from VTrans to me and Stephen. It states “VTrans is currently evaluating the former Burlington Telecom as the utility will soon be a private entity, if not already. Costs associated with the relocation of that company’s infrastructure for this project will no longer be eligible for 100% reimbursement. Design staff will be meeting with our utilities coordinator and our attorney general’s office in the next couple of weeks to work out specifics.”

Shannon – This email was received this at the end of May, didn’t occur to me that they wouldn’t inform BT.

Barracough will follow up and update the BTAB as soon as possible.

6. Possible Executive Session

Provost asks the committee whether there are any topics that need to be discussed in Executive Session.

Hartnett inquires as to whether there is an update with regards to the litigation discussed in the previous session. *Barracough* confirms there is no update.

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