

DRAFT

October 10, 2018

Members Present: David Provost, Clem Nilan, Jane Knodell, Tim Halvorson, Karen Paul, Theresa Alberghini DiPalma

Member's Absent: Joan Shannon, Dave Hartnett

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

Public Members:

Meeting commenced at 5:32 p.m.

1. Agenda

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

2. Approval of Minutes from June 27, 2018 BTAB meeting.

MOTION to approve the minutes from the June 27, 2018 Burlington Telecom Advisory Board ("BTAB") meeting, made by *Nilan*, seconded by *Halvorson*. *Unanimous*.

3. Public Forum: No members of the public present.
4. Management Update

Dorman: PUC Hearing happened two weeks ago and the questions during testimony were relatively short and some were focused on wanting to understand more about the City's carried interest. In my opinion it was regarded it as successful. The intervenors did not file any testimony, so we need to wait to see what happens after the PUC ruling which should come late December or early January. Legal briefs are due October 22. Responses to those briefs are due November 2.

Provost: Did it bother the PUC that a decision has not been made on the City's carried interest?

Dorman: I think it was more that because a decision had not been made, it would be treated as a separate issue.

Provost: Should the BTAB be making a recommendation to the City Council as to the City's carried interest?

Knodell: The Council had scheduled a public hearing on carried interest for this coming Monday. City Attorney has advised that Council to defer that based on what's happening with the PUC. I think the

Council is looking for direction from the PUC on carried interest. It is an element of the deal that has yet to be defined.

Dorman: The Council has one year from the date of the sale transaction to determine whether or not there will be a carried interest.

Knodell: Could you tell us any more about the intervenor's testimony?

Dorman: They deferred and said they would handle it in their briefs so we're not exactly sure what that means.

Knodell: I was surprised they admitted the intervenors on the issue of whether the city got their \$16.9M back. That train had left the station when they approved the Bluewater transaction, one might say.

Dorman: I was surprised too and that is the positioning in the City's filings.

Provost: Has the group of intervenors grown?

Barraclough: Same group, I believe.

Provost: I will follow up with Attorney Blackwood as to whether the BTAB has a role in this.

Barraclough – Operationally, the build out continues on budget and on time. Expect to have the majority of it completed by the time the ground freezes. Anything remaining is scheduled for next Spring. Do not expect to go beyond next Spring other than the premises that are not economically viable.

Nilan – How many hookups are currently deemed “not economically viable”

Barraclough – It was 120, rose to 124. Stacey Trudo has compiled a comprehensive database of the actual premises in Burlington and we identified approx. 1,000 more than we were aware existed. This will impact forward filings with the state. We're in the process of identifying whether we are able to serve them.

In terms of subscriber count and growth we just broke the 7,800 barrier. Ended September with 7794 and second highest monthly net subscriber gain since the original build out. We added 193 net new subs in September and the record was September last year when we added 208.

We're running a little below the year on year growth figures for the previous 12 months, but we're still up meaningfully. Revenues for Q1, the budget was \$2.53M and we came in at \$2.52M. Costs are below budget because we haven't replaced two vacancies. EBITDA is above budget and CapEx spend is in line. No concerns on the revenue front.

In terms of the vacancy in the Head of Technical Operations resulting from the departure of Jeremy Patrie in March, Schurz has asked us to fill that vacancy.

Next week our network engineer and a member of our OSP team will spend two days at HBC in Minnesota working with HBC's outside plant team and focusing on operational differences and opportunities to improve efficiency, effectiveness and customer service in the install process.

Provost – HBC is fully owned by Schurz now?

Barraclough – Yes.

Provost – Does the PUC timeline raise any concerns from Schurz and based on that what is now the estimated date for the close of sale.

Dorman – No sooner than 30 days after the PUC decision. The intervenors could decide to take it to the Vermont Supreme Court, which could extend the closing by a year or more.

Barraclough – I thought there was discussion as to whether we could expedite that 30 days with Schurz.

Dorman – After talking to City Attorney Blackwood, I'm not sure we can make that happen. But it's on the list for our weekly call with Schurz.

Knodell – Did the asset purchase agreement provide for this type of potential extension in the regulatory process?

Dorman – It gave quite a bit of time, not quite this much time, but I think if need be we could come to a resolution. I don't know that for sure but I think Schurz clearly wants this.

Paul – How do they feel about it potentially being Feb/March of 2020 before this sale closes?

Dorman – We haven't bared down on it. We've been focused on an earlier ruling.

Nilan – Are there intermediary steps between ruling and Supreme Court?

Barraclough – The Primmer attorney said they can appeal to the PUC and if unsatisfied with the response they could then appeal it to the State Supreme Court.

DiPalma – How long is the PUC appeals process?

Barraclough – I do not know.

Dorman – If they drag this out in such a way that Schurz is lost, there is arguably an impact to the City in terms of its proceeds going down.

Provost: Have we heard from Citibank?

Dorman: They were at the hearing and were concerned by the possibility. Everyone thinks we'll get past it, but there is obviously a possibility.

5. Possible Executive Session

Executive Session was not convened.

Paul: Can we confirm that the next two dates for BTAB meetings are Nov 7 and Dec 19?
Halvorson: I will not be here on November 7.

MOTION to adjourn made by *Knodell*, seconded by *Nilan* at 5:55 p.m. *Unanimous*.

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