

DRAFT

December 5, 2018

Members Present: David Provost, Clem Nilan, Karen Paul (by phone), Joan Shannon, Dave Hartnett

Member's Absent: Tim Halvorson, Theresa Alberghini DiPalma, Jane Knodell

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

Public Members: "John"

Meeting commenced at 5:36 p.m.

1. Agenda

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

2. Approval of Minutes from October 10, 2018 BTAB meeting.

MOTION to approve the minutes from the October 10, 2018 Burlington Telecom Advisory Board ("BTAB") meeting, made by *Nilan*, seconded by *Hartnett*. *Unanimous*.

3. Public Forum: No comments
4. Management Update

Financials – We remain on budget. Through October we have revenue of almost \$4M, 17k short of budget. EBITDA \$1.444M which is 45k more than budget. Cash flow – \$745k above budget because capital spend has been \$700k lower than budgeted. We were overly ambitious in the timing of budgeting for the build out and we have slowed our purchasing of other equipment due to the pending change in ownership, choosing not to invest in things that may not be part of the platform of the new owner. \$160k is a contingency for projects such as the Great Street initiative which has an uncertain timeline. \$300k of capital equipment, we've slowed purchasing on things like routers and set top boxes. \$240k for capital expansion costs. The lower capital spend is spread across the entire business.

Subscriber Count – Approaching a historic moment. Need 43 to break through 8,000 net subscribers for the first time and we're hopeful we'll achieve this by the end of calendar year. YoY net subscriber growth for the trailing 12 months is lower, at around 640. But this is still a remarkable achievement considering this is the year of the sale of Burlington Telecom, and we continue to get positive feedback. Plans for expansion continue at pace.

Provost – Are prospective customers expressing concern about joining BT because of the sale?

Barracrough – No. We continue to hear from customers of the competition who are disgruntled, particularly on the business side.

Harnett – How's the North Ave location doing?

Trudo – Great. We had almost 1000 customers come into that store last month. People really enjoy not having to come all the way downtown to conduct business with us.

Barracrough – Also a hallmark of our pending expansion should be a local presence, so this store has been a successful testbed.

Shannon – I have heard from Bill Keogh that the cord cutting clinics were phenomenal. He wanted to know why the Mayor's office and City Council are not helping to promote it.

CABLE RATES

Annual increases from programming content providers are coming again this year. We will have no choice but to pass the increases on to customers as we're at a 5% gross margin on cable as it is.

Hartnett – Please be sure to post to Front Porch Forum again this year that the increase has nothing to do with the sale to Schurz.

Nilan – Will there be an economy of scale in purchasing when Schurz takes over?

Barracrough – We're not legally allowed to know what their prices are currently.

Harnett – Isn't there price protecting written into the purchase agreement.

Barracrough – On internet only, yes.

Monahan – Some of our local contracts are written to say the whichever owner has the higher per subscriber cost, that is the contract that will carry forward.

Shannon – That's the opposite of economies of scale.

Barracrough – That's a consequence of a monopoly on supply.

Nilan – Are there ever brown outs or slow downs in internet.

Martin – No, for businesses we're at the mercy of the speed they choose to pay for. The need for higher bandwidth given a BT customers usage profile is almost always the reason for slow internet experience. Or the use of wireless versus a hardwired connection.

BUILD OUT

We are a little but not meaningfully behind. Scheduled to have the build out of Burlington, except for 130 premises completed by June 2019. Once completed, 3,634 addresses/units will be added to our footprint. Thanks to a new database of addresses built by Stacey Trudo, with help from Dawn Monahan we discovered our footprint to be larger than we thought. We thought we passed 15,600 but found we

pass 16,700. The challenge will be keeping the database it up to date going forward. The remarkable thing is that even with these discoveries, our market share of BT's addressable market at the end of last fiscal year was at around 43%. And we now know market share by street. We're hoping to get to 50%+ growth.

STAFFING CHANGES

Barracrough – Two members of the BT management team, Abbie Tykocki and Dawn Monahan have decided to move on from BT. They will both be leaving in early January. Sean Kio will be stepping in as acting Marketing & PR Director and Vivian Pilot will be returning as Controller until the sale is complete.

Nilan – Thank you for your contributions during this very trying time.

Shannon – Yes, thank you very much.

Provost – Amen to that.

Harnett – That is disappointing. I hope it's for bigger and better things for both of you and had nothing to do with... but I think it probably does. I don't think I've met a staff more committed to make something more successful at such a difficult time when we all could have just quit. A lot of people did quit, except for about 3800 customers and the staff. We wouldn't be in this room without those two components together. It's disappointing to see two key members leave a job that they loved and had a lot of pride in. I would hope for a different outcome, but I understand it and wish you the best of luck.

Provost – Any update on the PUC process to issue a Certificate of Public Good?

Barracrough – The process continues. I believe Eileen updated the City Council on Monday and we are hopeful for an early January decision from the PUC.

Shannon – We did have a discussion that I would like to share in executive session.

5. Possible Executive Session

MOTION to discuss legal strategy, the disclosure of which would put the City at disadvantage in executive session made by Shannon, seconded by Harnett. Unanimous.

MOTION to go into executive session made by *Shannon*, seconded by *Harnett*.

5:58PM Entered in to executive session.

MOTION to adjourn made by *Shannon*, seconded by *Hartnett* at 6:20 p.m. *Unanimous*.