

REGULAR MEETING
BURLINGTON TELECOM ADVISORY COMMITTEE

August 13, 2014

CONFERENCE 12, CITY HALL

DRAFT

Members Present: David Parker, David Provost, Vince Brennan, Pat Robins, Karen Paul (by phone), Joan Shannon (arrived at 5:39 p.m.)

Members Absent: None

Public Members: Bradley Holt, Jason Pelletier, Lauren-Glenn Davitian

Other Members: Terry Dorman (by phone, left at 6:15 p.m.) and Stephen Barraclough from Dorman & Fawcett.

Nick Martin, Amber Thibeault, Stacey Trudo, Gillian Wildfire and Jeremy Patrie from Burlington Telecom

BTAB meeting commenced at 5:37 p.m.

1. Agenda

Changes to the agenda include adding administrative matters as Item No. 4, FY2014 Financial Results and Subscriber Numbers as Item No. 5, Technology "Clinic" as Item No. 6, Marketing Survey (public) as Item No. 7.

2. Approval of minutes from last BTAB meeting

MOTION to approve the minutes from the last BTAB meeting, made by *Robins*, seconded by *Paul*.
Unanimous.

3. Public Forum

Bradley Holt:

- A. Glad that BTAB is meeting in Conference Room 12. Conducive to public participation. Look at other ways to proactively include the public. Examples include through the email list of Burlington Telecom's customers. A bill insert in the Burlington Telecom bill about upcoming BTAB meetings. Look for an answer from this Board on the original recommendation of the Blue Ribbon, which stated that they did not recommend Burlington Telecom to be sold as a fire sale or sold in general. Shannon: Add an agenda item entitled public engagement.

4. Public Engagement

Shannon: There is a lot of miscommunications from the press regarding the proposed deal. There is an impression that this is a fire sale – but BTAB members know that this is not the case. Have access to Burlington Telecom customers to share meeting schedules of the BTAB. Can share piece about the structure of the settlement and explain it to customers. Give customers access to information and to BTAB. Criteria for a sale moving forward was discussed in Blue Ribbon report. Outlook hasn't changed. But having an opportunity for public to weigh in on the criteria.

Provost: Views the proposed deal as bridge financing, which is in line with what the Blue Ribbon Committee envisioned. BTAB should review the criteria and evaluate whether the criteria need to be tweaked.

Barracough: Explained that Burlington Telecom has a monthly letter which is part of the bill and we can devote a part of that letter to the BTAB communication.

The letter will include (a) what dates BTAB meetings are scheduled for and (b) what the bridge financing is and will be a communication from the BTAB.

Robins: Explained that BTAB could have a work session and discuss the criteria for an appealing buyer down the road – after the PSB matters have concluded.

Parker: Agreed that including BTAB's position in a bill insert is a good idea because it does appear as though there is misinformation.

Shannon: Q & A format might be helpful in the letter. BTAB should address the issue of a sale to Comcast and whether there is an option to get the \$17 million back under the current arrangement?

Brennan: Thought the make-up of the BTAB should be addressed in the communication. *Shannon* wasn't sure what BTAB could communicate on that topic. *Provost* explained that he didn't think it was BTAB's decision as to who makes up the BTAB.

Provost: asked that Burlington Telecom staff take a first crack at drafting the bill insert which will include BTAB scheduled meetings as well as communication regarding clarification of the proposed financing deal. *Trudo* explained that Burlington Telecom's deadline is August 20th for the bill insert. *Barracough* expressed that we would not have the draft on the bridge financing ready for the 20th of August. *Provost* suggested language that BTAB meets monthly and there is a public forum of which the public is welcome to come and speak. *Robins* suggested a Q&A in the Burlington Free Press. *Provost* also suggested revisiting the information delivered during the initial press conference and the Blue Ribbon Committee report.

Glenn-Davitian: Channel 17 is at your disposal which might be more immediate for a Q&A and to include a link to BTAB tape in the bill insert. Stephen and David *Provost* follow-up on this top.

Shannon and *Provost* discussed the release of the confidential Blue Ribbon Committee report and *Shannon* should follow-up with City Attorney on whether it can be released. Also discussed releasing the report at a September City Council meeting in which there will be a Burlington Telecom work session.

B. Administrative Matters

Barraclough:

- A. BOF on the 4th of August and the CC on the 11th for the bandwidth purchasing proposal and to create a Director of Public Relations and Marketing position. Both have been approved by both bodies.
- B. Burlington Telecom will be bringing a bucket truck purchase to the BOF and CC as early as the 24th. Also looking for a small vehicle for help desk. We will be moving forward with one or both of these within the next few weeks. Probably finance the bucket truck.
- C. Establish a position for supervisor in help desk. Minimal additional costs which will be covered by reducing costs in that area. About \$3000 additional costs each year. Not hiring a new person, just promoting someone who is already there.
- D. BOF in the next few weeks regarding GPON equipment replacement program. Fundamental part of budget proposal for FY15. Half a million dollars with only one source of supply. We are trialing a second possible source for the equipment. Three years ago replacements would have cost Burlington Telecom \$3 million. Now the cost is \$1.2 million. If the trial works, than this will reduce the expenditure to under a million dollars.
- E. Update budget with updated forecasts at the next meeting.

Brennan: upgrade position, how is this position being handled? *Patrie* explained that help desk has 4 members. One of the 4 members was selected as being elevated to this role. Already being done now, just recognizing that he has been done.

C. FY 2014 Financial Results and Subscriber Numbers

Barraclough: unaudited numbers. Budgeted \$7.5 million in revenue. Found out early on that we wouldn't make that number. Delivered \$7.3 million revenue. We spent more on bandwidth costs which are driven by high usage. Video content costs went up significantly. 11% increase in video content costs. Operating costs brought in slightly below forecast. EBITA 1.5 million. Capital expenditures lower than last year. Pre cash flow debt service came in slightly higher than forecast. Costs will rise this year; savings on bandwidth will go into marketing program. \$360,000 cash flow post debt service. Record year for Burlington Telecom. 4740 subscribers, increase of 346 over prior year. Continuing incremental build-out. 12-18 months pay-out we will build for businesses.

Parker: bandwidth should be going down? *Barraclough:* Had to buy a bigger pool. Eliminated the bandwidth cost penalty. Now play on a level playing field. *Robins* wanted to know when we would implement plan? *Patrie* said hopefully October. *Robins:* wanted to know if we would be paying the City after the financing? *Barraclough* said no. Currently pay about \$46,500 a month to the City. \$Technology "Clinic"

Patrie: Discussion regarding different types of technology. Presentation will accompany the minutes on the website.

Various questions from members of the BTAB regarding the different technologies. Group discussed making the slides clearer to understand which technologies are which local companies. Slides should be posted on BT and City's website.

BTAB decided to table the Marketing Survey discussion until a special meeting on September 3rd at 5:30 p.m. in Conference Room 12 at City Hall.

MOTION to adjourn made by *Robins*, seconded by *Parker* at 7:17 p.m.