

DRAFT

February 3, 2016

Meeting to Discuss Revisions to Criteria for Sale of BT

Members: David Provost, Karen Paul, Clem Nilan, Jane Knodell, Joan Shannon, Tim Halvorson

Member's Absent: Theresa Alberghini

Others Present: Stephen Barraclough, Abbie Tykocki, and Terry Dorman (via phone)

Public Members: Pat Robins

Meeting commenced at 5:36 p.m.

1. Agenda

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

2. Approval of Minutes from January 13, 2016 BTAB meeting

MOTION to approve the minutes from the January 13, 2016 Burlington Telecom Advisory Board ("BTAB") meeting, made by *Nilan*, seconded by *Shannon*. *Unanimous*.

3. Public Forum: None

4. Criteria for Sale of BT for Recommendation to City Council

Provost: The main purpose of this meeting is to review the revisions made to the BTAB's Report on Development of Criteria for Sale of Burlington Telecom, based on comments and requests from the previous BTAB meeting on January 13, 2016. The floor will then be opened to discussion of additional edits and revisions.

The BTAB members worked through the draft document and the following points were raised and documented:

- Provost noted the addition of a sentence in the Background section to clarify the City's current position following the sale of BT's assets to Blue Water. *Dorman* requested clarification be made about the ability of the City to be "the sole owner" of BT's assets.
- Provost noted the addition of the Allocation of Net Sale Proceeds grid from a previous BTAB presentation to add clarification around the time and proceeds of the sale. *Dorman* requested a correction to the dates in the narrative of Section B to reflect those in the

Allocation of Net Sale Proceeds grid from Dec. 31, 2018 to Jan. 2, 2019 and from Dec. 21, 2017 to Jan. 2, 2018 respectively.

- Provost noted the addition of a sentence in Section D to clarify that a Certificate of Public Good from the Public Service Board is not required for the provision of Broadband Services.
- Provost noted the added references to section 231 and 449 in Section E.
- Provost noted clarification in Section II as to who Bill Wallace of US Ignite and Lev Gonick of One Community are.
- Provost noted the addition of a reference in Section II to the input from the Survey in Section III A, as well as a paragraph detailing the “next steps” in the process. Councilor Shannon requested the addition of “2016” to the date for the final Public Forum and a correction of the month from January to February.
- Provost noted clarification to the wording surrounding multiple ownership structures in the first paragraph of Section B. BTAB Recommendations
- Provost noted the change made to Item 5 in the BTAB recommendations to clarifying the sustained value of this relationship.
- Provost noted the addition of Item 8
- Provost noted the change in the final paragraph from “some continued minority interest” to “continued meaningful interest”

MOTION to accept the changes made to the Report on Development of Criteria for Sale of Burlington Telecom with the caveat of noted clarifications in Section I, the two date changes in Section B, clarification and change to Section D, and change in Section II made by *Halvorson*, seconded by *Shannon*. *Unanimous (Paul abstained due to late arrival)*

Provost: We will now entertain discussion of additional changes to the Report on Development of Criteria for Sale of Burlington Telecom.

- Councilor Knodell request a clarified definition of the term “net sale proceeds”. *Provost*: An attempt was made in the original PowerPoint to define it. *Knodell*: Was it included in both the Citibank and BlueWater documents? *Dorman*: It is included in both. *Knodell*: Who is the audience, just the City Council or the general public? *Provost*: Both *Nilan*: Add a reference to where the documents can be reviewed.
- Nilan raised the subject of whether the BTAB should take a pro-active stance for local ownership, all other factors being equal. *Dorman*: Dorman & Fawcett would be averse to a firm that emulates Comcast, but there may be other larger broadband or cable firm that embraces the original vision for BT in many ways. Urged caution on how that would be worded.
- Councilor Knodell raised the question whether there are sufficient criteria that would negate a bid from a Comcast-like entity. *Robins*: Net neutrality would stump them. *Paul*: Could be involved in US Ignite? *Barracough*: It is, yes. Even if we qualified it to an operator, there will be somewhere in America that Comcast has a fiber-optic presence. *Robins*: Language could be added that the City has the right to reject any bid but that opens the City to potential lawsuits.

- Councilor Knodell would like the City Council to require at least one bid of local ownership option to be matched against other options, to create a variety of options for the City. *Paul:* What would happen if that bid does not materialize and we only have one option that is not locally owned? *Provost:* Recommendation for local ownership could be listed in “nice to have” instead of “required”. *Shannon:* Could a local ownership preference be added to modify Item 2? *Dorman:* As the digital age evolves, how BT will move into neighboring communities may become very important to Burlington itself. If BT is acquired by an entity without financial resources to expand BT’s footprint, that could be detrimental. Burlington could benefit from expansion.
- Councilor Shannon raised the question whether the language in Item 6 is sufficient to cover the capital investment needs to maintain and enhance BT as an asset and requests an addition to further stress the capital needs.
- Halvorson raised the subject of whether the criteria addresses the issue of the preferred timeline to maximize Burlington’s return. *Dorman:* Dorman & Fawcett is charged to work towards maximum return. The addition of that criteria would be fine.
- Councilor Shannon raised the need to post the public comment on the BTAB website.
- Councilor Shannon asked if the criteria are listed in order of importance or is the recommendation the totality of these items. *Paul:* Suggests bullets instead of numbering, which implies ranking.
- Robins questions the use of the language “backbone of the criteria”. Councilor Shannon agrees that either this is the criteria or it isn’t. Provost agrees that is the BTAB’s charge to set the criteria. Councilor Shannon requests stronger language to set the recommendation, including reference to all previously mentioned legal criteria.
- Councilor Shannon requests clarification to the language or footnote regarding the weighting of the results of the public survey.
- Provost requests that the new revisions be reviewed and approved by the BTAB and posted for public review before the next meeting which is February 10 at the Department of Public Works at 5:30pm.

MOTION to adjourn made by *Shannon*, seconded by *Nilan* at 6:28 p.m. *Unanimous.*