

BLUE RIBBON COMMITTEE ON BURLINGTON TELECOM

JANUARY 19, 2010

PRESENT: David Provost, Karen Paul, Pat Robins, Bill Shuttleworth (via phone), David Parker, Joan Shannon Stratum (John and Bob – via phone), HBCI, Gary Evans and Bob Barts (sp?)

OTHERS: Mike Flora, Chris Burns, Mayor, Bill Keogh, Joe McNeil, Ken Schatz, Jan Schultz (BTAC)

Chair Provost requested amending the agenda to add public forum. Councilor Shannon made a motion, seconded by Councilor Paul to do so. The motion passed unanimously.

Public Forum:

David Grossnickle spoke. He mentioned that it cost \$1,500 per hook up. It was noted that between June and October BT hooked up 916 but lost 760. He said there must be a cost to disconnect as well as connect. He asked if BT gets the equipment back.

Councilor Shannon explained there was a history to that number mentioned. She had asked if that number (cost per hook up) was confidential to which Attorney Schatz had stated yes. The number of \$1,500 was offered by a member of the public. The Committee continued to use it as a hypothetical number. David Parker stated that some of those numbers (disconnects) were already dealt with in the assumption spreadsheets they were given.

Chair Provost provided an update on what had transpired with the consultants. The consultants are on board and have been provided confidential and public information. HBC begins today visiting with BT and Stratum will be in Burlington on Friday. North Point has the valuation information. Chris states that North Point has asked for additional material. It was requested by David Parker and Pat Robins that whatever additional material was sent to one consultant be sent to all so they each have similar information.

Gary Evans from Hiawatha addressed the Committee. HBC had met with supervisory staff of BT and stated they wanted to bring the head-end back to Minnesota with them! They were both exceedingly impressed with the tour this afternoon. The Chair asked if HBC was comfortable with the information provided. The Committee noted the benefit of HBC providing their data compared to our data as they had experience in the field. HBC stated the valuation of HBC will be available to the Committee, however, it is dated. When asked, they stated they would be happy to give early impressions prior to leaving Vermont or over the weekend.

The Chair noted the Committee is most concerned with debt load versus the number of customers and potential customers. The Chair is trying to get comfortable with how BT could support the kind of debt that the City is looking at. HBC's experience can shed some light on that. HBC stated it will be the central part of the report.

Councilor Shannon added that she would like HBC to provide solutions or structures in terms of the financial and governance structure of BT that the Committee hasn't thought of.

Pat Robins reiterated that the Committee wanted HBC to tell the City that the assumptions provided by BT make sense in terms of their actual experiences, margins, operating costs. Gary Evans stated that has already begun.

John Foresto from Stratum then spoke to the Committee over the phone. Stratum had gone through all the data and was putting together a series of questions for BT. He noted it was too early to provide any information to the Committee. Bill Shuttleworth asks that the questions be sent to the Committee as well.

The next item on the agenda was the presentation of BT's business plan. There followed a lengthy discussion with the City Attorney and Joe McNeil about whether the Committee could or should go into Executive Session to review the document. Chris Burns noted that it was a draft at this point and contained assumptions that he considered to be confidential.

Chair Provost stated that the Committee believed that a public business plan was very important to share. The public needs to see what BT thinks it can accomplish and it's important to have a public document that can be shared without jeopardizing the truly confidential information.

Councilor Paul stated that BT should work with the City Attorney to determine what information is considered to public information. The whole point was to have a public document. Pat Robins noted that it may have been his fault because he wanted to see the assumptions. He felt it was important to look at the assumptions, because if the committee didn't agree with them, then BT shouldn't be putting it in their business plan.

Chair Provost asked what the realistic timeframe was for the Attorney and Chris Burns to get the work done. Attorney Schatz thought just a few days and Pat Robins agreed that if the assumptions are determined in Executive Session later today, then the plan could be finalized fairly quickly.

Chair Provost then moved on to Item #4: Work Assignments. His goal is to provide a clear and cohesive conclusion and recommendation. His thought was to assign a committee member to each consultant to be responsible for incorporating the findings into an executive summary. Councilor Shannon stated that on Tuesday the Committee will have the reports from the consultants. The Committee will then have to pick and choose from the consultants' recommendations, as she assumes they won't have similar recommendations. The deliverables are due on January 27th and HBC and Stratum are on board as far as having the report to the Committee by Wednesday.

Bill Shuttleworth offered the idea of assigning sections of the final report to individual members and, following the questions from the Council, write responses into Executive Summary.

David Parker suggested the Committee speak collectively with all the consultants, discuss the information and then a Committee member takes a section to write, which everyone agrees with. It is then determined that January 28th the Committee will meet from 11 a.m. to 6:00 p.m. to speak with the consultants.

Following a discussion of timing of the report to the Council, Councilor Shannon states the Committee should present to the Council on the 4th, with action being taken at the February 8th meeting. Councilor Shannon suggests the staff will write the final document, to which David Parker responds that he assumes the Committee members will write the document. While Joe McNeil says they are there to help, it would be great from his perspective to have the Committee write the report.

Pat Robins asked the City Attorney if the Council meeting would be in executive session.

Attorney Schatz stated that to the extent the recommendations are based on the assumptions, that would be a legitimate reason to go into executive session. Otherwise, it should be public. Joe McNeil added his view that drafting the document should be in public and that deliberations should be in public.

Chair Provost noted that his goal was to have just 1 executive summary with recommendations come from the Committee. There will be pieces from HBC that are confidential (per HBC) so that will remain confidential. The Chair believes strongly there should be a public document available.

David Parker then outlines his understanding of the upcoming meeting schedule of the Committee:

January 21 at 4:00 p.m. to discuss the public business plan of BT

January 26 at 4:30 for the regularly scheduled meeting. Hear from Consultants and see if they have questions.

January 28 from 11-6.

February 1 at 3:00 to review and begin drafting the executive summary and report.

Yet to be scheduled City Council meeting to be scheduled that week.

Chair Provost is concerned that the new dates in February will be an issue for the City with regards to the interest payments, etc. The Mayor states the sooner the process is finished the better.

Councilor Shannon asked if the Committee wants to hear the results of the RFP prior to writing the report.

Chair Provost wanted it made clear that the CAO stated he would be invited to review the proposals. As of now he doesn't have information on that. He noted, however, that one of the charges of the Committee was to consider other financing alternatives. He asked the Committee: due to the time frame what is it that we want to accomplish by reviewing the responses? He also asked if the Committee was comfortable with the Chair reviewing the RFP responses on their behalf.

Councilor Shannon explained the City Council wanted to gain information on how BT was viewed in the financial markets. She felt it was important to review the financial information to make a recommendation in the report.

Councilor Shannon asked Attorney Schatz if the Committee could review the RFP's prior to the Council getting them.

Attorney Schatz stated it seemed legitimate and as long as the Councilors had no objection it would be fine.

Councilor Paul stated she felt it would be good for the Chair to review the RFP's. The Committee is comfortable with that and the Chair stated he would draft a summary following his review. Further he stated it was important to speak about the financial options that are available to the City within the final report. He felt the Committee was obligated to note that other RFPS had come in and if the Committee believes that one is better than another that recommendation can be made. It would be important to explain the different structures that had been proposed. That would meet the requests of the Council. The Chair then reiterated the dates noted above of the following meetings.

Councilor Davis wanted to be sure members knew that the scheduled dates and times are problematic for him because he is in Montpelier for work.

New Business/Other Items/Questions/Concerns:

Karen Paul makes a motion she made a motion to go into Executive Session to discuss pending litigation where the premature disclosure would put the City at a substantial disadvantage. Joan Shannon seconded the motion. Joe McNeil stated that Chris Burns could discuss the assumptions as that would be in the scope of the vote. The attorneys will monitor the conversation carefully in order to ensure the BT information is indeed confidential. The motion passed unanimously and the Committee went into Executive Session.