

BLUE RIBBON COMMITTEE ON BURLINGTON TELECOM

JANUARY 28, 2010

10:15 a.m.

Those present: Joan Shannon, David Provost, Pat Robins, Karen Paul, David Parker, Bill Shuttleworth (on phone), Clarence Davis arrived between 3:30 and 4:30 (during Executive Session)

Others Present: Bill Ellis, Amber Thibeault, Chris Burns, Mike Flora, Mayor Kiss, Jonathan Leopold, Steve Wark, Ken Schatz

Commissioner David O'Brien, Geoff Commons

Commissioner O'Brien stated the Public Service Board process is quite a deliberate and lengthy process. They started the process late last year and will go through the fall. His memory of BT's start up was that the City would look for a private lending institution that would loan BT money, the intent being that after there was enough positive cash flow to repay the debt, the extra funds could go to offset the tax burden. DPS was skeptical. There is a competitive challenge with an overbuild. The City is going down a path that was not intended by borrowing money from cash pool. The worst fear of the DPS was that the taxpayer may be at risk. Regarding Condition 17, they are trying to find an amenable solution to see how this could be resolved. They feel they have been very patient. He explained that their organization doesn't worry about other providers that come into the state - their critical concern is the taxpayer.

While the Commissioner noted his review of the financial information. On a historical basis, BT has not been able to generate a positive cash flow. It's unlikely it can generate cash flow within Burlington proper. Dealing with the present debt load, there won't be enough cash flow to repay debt. If BT decides to go for new financing, there can be no expectation that taxpayer funds can be used. The Department will insure that happens. They have retained bond counsel to ensure that. They consider it illegal to repay the funds from taxpayer money. The Commissioner noted that he had no background at all in public finance so the nuance of the City being the borrower but not being obligated to pay the debt when it comes due (is limited). He doesn't know to what degree the debt affects the credit rating of the City. They want a commercial lender to take the risk and want the City to look into restructuring the debt or providing forbearance on the payments. That's common practice. It must be clear that non-recourse and BT's freestanding responsibility is absolute. He states they would expect that financing be to a freestanding corporation. BT would be the borrower. A boundary line must be established. Burlington Telecom Inc. should be the borrower.

He was surprised to hear that Piper Jaffray hadn't done due diligence. His fear is they are looking at the City and not at BT for repayment. Viability question is interwoven. That's your principal charge perhaps. They won't comment on the viability. He believe it was clear that BT has not met it's financial promise. He stated that 3 years from now the City

may find yourself in the same circumstances with more money owed. His suggestion was to refinance, draw a clear line between the City and BT and/or find a partner. All options should be explored, status quo is not a viable option.

Bill Shuttleworth asked about Condition 17 and 100% build out in Burlington. How does the Committee and the City account for the cost of that build out in the short term funding. The Commissioner stated that 100% build out takes a bit of a backseat to the financial problem and Condition 60. Condition 17 is important because it was a promise made to the residents. It's up to Burlington what commitment they want to fulfill to their residents.

Shuttleworth asks if there is an issue with providing wholesale voice outside of BTV. Would that be viewed favorably by department? Would that be consistent with the CPG? Attorney Commons stated it didn't seem to be contemplated by the CPG.

Pat Robins asked about non-appropriation clauses and one year obligation leases. He knew there was some risk. If they refinance and it has same appropriation/non-appropriation clause, short a couple million dollars, what would the Council do?

Commissioner O'Brien stated he worries about debt service reserve and the payment of interest. There is a day of reckoning. The State wants a separate corporation. He also found it difficult to believe anyone would underwrite the risk unless they assume it's coming from the City. If there is an absolute non-recourse lender, it's a market test. DPS is not there to judge.

Chair Provost asked if it was a recommendation or desire to have a BT, Inc. or is that the only way the Department is going to be comfortable truly being non-recourse?

Commissioner O'Brien stated it was the latter.

Councilor Shannon stated she shares O'Brien's concerns. She wanted him to know that regarding the existing lease/capital purchase, she had consulted with bond counsel who stated the City was well protected in that lease arrangement. She asked if he had any reservation about the technology viability. She noted that Commissioner O'Brien has stated he's a big advocate for broadband in Vermont.

The Commissioner stated it was not his expertise. It's clear that fiber is a wonderful way to go, with the problem in Vermont being that it's cost prohibitive in Vermont. Verizon left the State because fiber to the home is their focus and they didn't see it as viable in Northern New England. Bandwidth speeds are excellent. The technology has a long shelf life. The fiber platform of BT's is a valuable asset. The technology and infrastructure is great. Not necessarily BT. They would like to see the taxpayer taken out of the risk and still be able to keep the technology.

Councilor Shannon asked the Commissioner if and why they might assess financial penalties. She stated it doesn't protect taxpayers or ratepayers. Is there something you

want from us? If there are going to be financial penalties, what should we work into our plan?

Attorney Bill Ellis replied he did not think it was part of this charge of this Committee to discuss this matter.

Attorney Commons from the PSB noted there was a question as to what penalties might be legally available in this case.

Chair Provost asked the City Attorney if this could be discussed. He stated if it's not confidential, he would like the question answered.

Attorney Schatz replied it was not within this committee's charge to ask the question. With respect to confidentiality, this is a question whether the Commissioner to decide. If he decided not to respond that would be appropriate.

The Commissioner stated that penalties are not the priority, however, the notion of a penalty and what it represents was important. The circumstances of how they learned about the pooled cash and the idea they were misled by a licensed utility in Vermont is a serious problem that they don't take lightly.

Councilor Paul asked about the timeline of the forensic audit. Attorney Commons stated that on-site work will be done the second week of February. Remember, though, the audit is retrospective.

Commissioner O'Brien summed up his comments by advising that the City pursue a strategy of forbearance from current financing, be mindful of false deadlines; this financial situation didn't happen overnight, allow time for additional information to become available. The Commission then leaves at 11:12 a.m.

Attorney Ellis clarifies the answer to Bill Shuttleworth, explaining that BT has two certificates of public good. One is for cable TV in Burlington. He believes it's a possibility to offer service outside of BTV with the City's existing approvals.

The representatives from HBC then make their presentation to the Committee. Following are some of the comments made:

Burlington has a marvelous asset in Burlington Telecom. It's a network that will serve you long into the future. It's as good as most you'll find in the country. You spent too much money creating the asset. No one would advocate dumping the asset but instead make it successful, which you can do. You need more money to make changes that are going to be required to make the fiber pass function well in the future. People are anxious to help in anyway they could to make this a success.

HBC would change the focus of the business to customer acquisition. It's been hard to make those changes and to see the wisdom in spending more money to acquire customers

that probably would, at least from the outset, cost the business money. Restructuring the debt is necessary. You have a great network. Look for a private sector partner for the business. State of Vermont can do joint ventures. Identified ones that they would talk to – HBC has friends in most of those companies and believe there were be interest there. HBC is hoping that all of this can be successfully concluded as quickly as possible so folks can stop being so preoccupied and start focusing on customer acquisition.

Burlington Telecom needs to look at what makes BT different from the competition. They suggested a planning process, employ a facilitator to work with them (HBC doesn't do that). Strategic plan, structure must follow strategy, strategy should be realigned. There should be an overhaul in customer care processes and procedures. They could propose immediate change on that level. In speaking with people in Burlington, it was noted there is a strong buy local desire in Burlington. Everyone they spoke to thought fiber was a great asset.

HBC was somewhat surprised that there are key institutions in the city that do not hook up. Technology has driven that situation, suggests customers should drive the business and technological decisions should follow that determination. The issue is BT isn't currently equipped to handle (?) effectively without a technological change – connecting to multiple buildings. That eliminates the ability to serve hospitals and residence halls and assisted living conferences. It requires more than the single housing unit in place because of the way video is distributed. You have a lot of fiber but you should be leveraging it for other applications – health care, security, entertainment, gaming applications – that should be a focus for this business. BT needs to be thinking now about where it's going to go because there are things that impact that. Optical Network Terminals that you place on a home. Revenue opportunities were provided in the report.

Provost: Valuation? Is it public? (Yes).

Robins: \$14 m capital cost. 3,000 units not passed, hard rock underwired situations.

Chris: BT did an analysis and presented it as testimony to State. Would cost just over \$6 million to expand the network to the rest of Burlington if it were done underground. Some of that is underground conduits with concrete.

Robins stated that the estimate of \$3 million is too low in the HBC estimate. He asked about the doubling of penetration in 3 years noted in the report. He thought it was ambitious.

HBC: They suggested again determining what makes BT different than Comcast? Then create strategy from that. Everybody has to be focused on acquiring customers and telling the BT story. It starts with opening the front office so people think they like you in the building. Accept cash payments. Everything is pointed at satisfying the customer's desire. Be a lot better than the other guys, not just like them.

David Parker asked about the numbers used for capital investments in the report.

HBC: They modeled the five year period. Anticipate \$600,000 a year in maintenance of equipment. \$1.2 million later as you increase your customers.

Chris Burns disagreed with that philosophy. The platform is so fiber rich won't have to forklift the equipment. He understood that capital outlay is required but does not believe it needs to be as much. HBC replied they have operated since 1994 and are using the historical data to come up with their assumptions. Electronics will continue to change.

Councilor Paul agreed with HBC recommendation that quarterly reports should be provided. She then asked if HBC agreed with Shanahan's recommendation to divide sales and marketing into two positions. That was never implemented. Would you recommend it?

HBC replied that sales and customer service would be joined together as an inside/outside sales team. Marketing would be part of that team too. They need to be clearly joined together so everyone is on same page. Marketing has to be it's own department but very involved with the sales and service part.

Councilor Paul asked about having to spend money on new enhancements and referred specifically to Page 17 of their report. HBC explained the manufacturer of the head end is discontinuing service. They will maintain for 5 years, but changes need to be made and money spent.

Due to continued questions about selling vs. continuing the service HBC noted that the money that's been spent has been spent. BTV would be worth \$11 and \$12 m to \$23 to \$23 million on the market. If you went to sell the business you're still in a pickle. The value of the asset is greater to Burlington and its residents because of the economic development potential.

Chair Provost in trying to summarize the report stated HBC says that BT is an asset to the city, overpaid for the fiber, is a benefit due to the fact a major company might decide to be here because of the fiber network and that \$15 million more needed to be spent. Further, HBC has suggested that the City of Burlington should invest in Burlington Telecom. Chair Provost believes some money (\$15 m) is gone for good. Even if we can acquire that growth, there is no way to get the money back.

HBC agreed. There is a certain amount of money that's gone. Does the City have the appetite to pay the \$15 million to get that up and running. It's not an enviable position. They believed that the next 2 ½ years will potentially determine whether the entity can make it.

Chair Provost then asked if they knew of any other telecom companies that, faced with this debt, have been able to pause, restructure, or find a partner? Do you know of any that have worked?

HBC replied they did not. However, they continued, what you have done to date is a marvelous thing for the City of Burlington. In doing this, we've always justified it as a business. You need to look at the things that have happened and could happen: every one of them, new business, new industry, new applications. Hiawatha residents are able to pay \$20 less per month for their services than residents of a community 30 miles away. HBC understands the pressing financial nature, but it's important to remember the other benefits.

Chair Provost agreed, but stated it's not reflected in the books as a benefit.

Councilor Shannon stated the 30 year loan and the lifetime of the components being far less than 30 because it requires more capital investments to keep it current.

HBC stated the life cycle of fiber is unknown - 40 to 50 years. The capital changeovers have been put in the model they provided. BT has to get the customer acquisition up within 30 months. If you can enrich the services you're offering you can do it. Comcast is a tough competitor. Hiawatha customers though, jumped to Comcast initially, but when providing the quality service and good customer service, customers always come back. The value is always well worth the extra money.

Councilor Shannon asked if the \$1.2 million is in the model.

HBC replied it is allowed in the 5 year model.

Councilor Shannon asked if there were business reasons to spend the extra money to add the hard to reach customers?

HBC replied that we agreed to do it, it was a promise made. HBC never starts a project without selling prior to building the network. With a legal requirement, they suspected you could wait if you tried to sell to the customer and no one was interested. People don't like to jump headfirst into the pond, so the residential customers will want to try one or two services before making the cutover.

Provost stated: You recommend to invest that \$15 million in addition to finding a partner. Which one's more important if you can prioritize? Go forward with \$15 million if you can't find partner?

HBC replied that they would recommend moving ahead and getting the job done whether or not we could find a partner. The partner search would be a priority though.

Pat Robins asked whether the pricing in the industry was going up or down?

HBC replied they have a lot less control than they'd like in that. Content costs are controlled by providers. Video content pricing won't come down unless the FCC acts and says customers want more choice in what they buy. There will be a shift in the way telecom companies secure revenue. Content providers will be paying to use HBC's pipe

to access the customer. There is going to be a tremendous shift in the future, but in the short term the current trend of rapidly escalating content prices is going to continue.

In response to a question about satellite competition HBC stated they do worry about satellite but they cover lots of local events, parades, pageants, and the competition doesn't have that. What will make us different and how can we leverage that? They reported their concern when they recently raised their rates \$4.75. They only lost 7 customers. That's unbelievable.

Bill Shuttleworth noted the numbers noted for the cost of the network. If all things were done in sequence it would have been less expensive. Stop and start nature. No one knew the number of units in the system. That would have been in the engineering study.

David Parker asked about cell phones and skype replacing landlines in some homes. What is the extent of that? He asked HBC how they plan for a decline.

HBC replied that national statistics reflect 20% of homes no longer have land lines. It has accelerated over the last couple of years to get to that 20%. Have tried to get people through bundling to keep the landline. MVNO program to combat erosion of landline business.

A recess was called 12:45 and the Committee reconvened at 1:13 p.m.

The Stratum representatives then made their presentation. It was determined that Section 3 of the report would remain confidential. Pat Robins stated a lot of information was already provided about valuations in the other phone call to which Councilor Shannon noted her concern that it had been discussed. Bill Shuttleworth and Councilor Paul agreed they thought it should remain confidential information.

David Provost stated his opinion that upon determination of final decision if it's not detrimental to long term strategy the information should be released.

Stratum reported that they reviewed the business strategy and planning. They did not look at the operational aspect of BT. They noted that fiber to the home efforts to date, depending on the bias you have going into it, have all been very successful or huge failures. They did not believe this was the case. There are common characteristics that could be found in those that are apparently successful.

Many municipalities look at these projects with all the financial and all the political implications and repercussions. The information is often carefully managed and hard to work through. Success typically depends on the municipal broadband enterprise leveraging existing plants and assets and operational capabilities and the good will of the community. It often becomes integral to the community and leverages its community commitment. Stratum tried to measure BT and what its experience has been against criteria of success.

Each situation and locality is quite different and unique and so too is Burlington. To achieve breakeven cash flow, incorporating both debt service and capital, it would be difficult to reach that within the time horizon that the business plans have looked at. They tried to determine why that was the case and what BT could do to affect that.

BT started as a service to municipal government and then it's focus has been to the residential marketplace. Commercial business must now be looked at. There had been the hope of expanding business to BED with smart grid work but now BED might want to build its own fiber network. BT's operational view is not focused or leveraged to the greatest extent it could be to community ties, resulting in less than what is possible.

Revenue is the issue. Revenue has been left on the table. BT's success going forward is all about how to significantly increase the take rate and user base. In review of industry material, it was noted that in one report from the Fiber to the Home Council, the typical take rate in the 1-4 year period was 54%. BT's was 31% and FY2010 is projected to be 36%. Comcast has a take rate of 36% in a rural area in the Adirondacks, so it varies.

Debt Load Analysis: 4.9 m annually. Principal and interest payment. Then there is the capital requirement, \$750 additional cost of adding customers. BT should focus on the existing coverage area for now. Based on the cash flow and the assumptions, the current debt load is unsustainable. Current operation cannot sustain debt load and capital requirements. With the proper strategy, though, BT could break even in a 2 to 3 year period. Refinancing is required. You'll still have debt service.

Pat Robins noted that repayment on the loans of \$770,000 a quarter start in August.

Stratum still thinks it's possible to break even cash flow in 2 to 3 years by implementing the strategy they note in their report. If you add another 20% to the subscriber base, you would generate another \$1.+ m in cash flow and with additions in services which BT had been planning anyway, you could begin to see an expanded base, begin to cover the debt service. What do you have to do in order to drive those take rate? The current operation/strategy will not do that. But marketing plans will.

Stratum noted they have not contacted any company about the purchase of BT because it was inappropriate and could send the wrong message, however, they did outline companies (in no particular order) in the report who might be interested in partnering.

Mike Flora stated that municipal Fiber to the Home report, it states that municipal fiber to the home networks have been successful. Not a single fiber to the home system has failed.

Councilor Shannon asked about why Stratum did not suggest growth beyond the City of Burlington. She noted that Colchester roots for the success of BT and likes what we have to offer. They state they would use our services if it were possible. Is your assumption based on reasonableness or in conversations with other towns?

Stratum replied they could not recommend to another town to take on the kind of debt being suggested. The new municipality would take on the debt to extend and it wouldn't make sense to do that if Burlington Telecom was in question.

Stratum further stated that low hanging fruit has been picked. Now they'll have to work hard to get customers. Debt refinancing is immediately required. Extending the debt payments into the future would give BT time to build up subscriber base. Leave no prisoners strategy could be successful.

Chair Provost asked if the City wasn't just putting off the inevitable.

Stratum replied that it might be if BT isn't successful. However, by then they could have a larger customer base and a new approach will put BT in a very different light.

Mike Flora stated the deferment model has always been the way telecom groups finance.

Asked if they agreed, Stratum says they do agree. They state that the City has a very valuable asset that it could use to drive economic development, provide access to local government and is a platform for innovation. To simply write off significant debt and have the taxpayers incur that in the form of higher taxes without trying to turn it around does not make sense. They believe it would be worthwhile to give BT 2 to 3 years as a last chance to achieve the breaking point. A clear set of milestones would need to be put in place though. The city would have to back the effort and allow the refinancing to occur. Commercial entities will not sign on if they don't believe BT will be around.

When asked, Stratum explains they mean Burlington back the credit. That it be an anchor of the business.

Stratum said BT has done very little to leverage their locality. This is where they should invest their time and execute a marketing rebranding, a whole set of programs that demonstrate to the City of Burlington business, institutions, residents, it's Burlington Telecom! Driving value and commitment to all sectors of Burlington and its community. You do that from becoming the price leader. Pass on those lower costs on residential and commercial. Telecom and Burlington should, while it is aggressively pursuing institutions and educational communities, work closely to leverage their patients, students, etc. Chain letter idea to get incentives for signing people on. Develop local content that is unique to Burlington. Local venues or attractions.

David Parker, noting the sensitivity analysis, shows they are assuming no increase in prices or 10% increase. What would be the impact of price increases? Any recommendation on how to proceed?

Stratum recommended (inaudible) prices by 15%. If you continue with the current pricing it won't reach the take rates.

Provost stated that what was represented was that BT was stand alone and would not put taxpayers at risk.

Stratum stated that without the assurance of the City standing behind BT the potential commercial customer might not sign on. Commercial entities can't just switch providers so they need to have commitments that BT will continue.

Councilor Shannon noted her frustration that different numbers were used for fiber pass and connectivity by everyone. What is the real number?

Chris Burns responded that HBC was referencing all the costs, loaded, costs.

David Provost further explained that HBC took the total investment to date, how many customers did we pass, (17,000) and divided \$50 million per customer.

Chris Burns further stated that Eustis Cable's contract had various costs associated per type of installation.

Chair Provost replied the number was \$2,800 per household hookup.

Stratum stated that was an inappropriate way to review the investment, you can't divide investment per household. Further, the City wants to get from where it is now to the break even point.

Mike Flora stated that HBC's assertion that BT overspent is wrong. Because of the mandate from the State with Condition 17, BT was required to hook customers up faster than other telecoms would have so the capital outlays look higher for BT. HBC could expand more slowly, over 10 to 12 years. BT had to spend a lot more money at the front end.

David Parker asked where they heard the information about BED using their own fiber network.

Stratum replied they heard about it from Chris.

Mike Flora explained that this was related to a grant from the government. Determinations were being made as to whether BED can lease the fiber or if they have to buy their own.

David Parker noted the wasted revenues if BED goes off on their own.

Jan Schulz noted that \$2 million is identified for fiber in the grant that BED received. It is absurd if BED cannot use BT fiber.

Councilor Shannon state they might be required to own fiber for security reasons and there are places where there isn't enough fiber available.

Chris Burns stated that fiber availability isn't a good argument. The security aspects can be resolved. He asked BED to talk with other utilities who have these type of arrangements.

Stratum asked how their report compared to HBC's. David Provost stated that both have concluded that BT is a valuable asset, it has potential, to be successful sales, marketing, and customer acquisition must improve immediately, current debt load and business strategy isn't viable so something has to change.

The Committee recessed at 2:38 p.m. and returned at 2:48 p.m.

Following further discussion, Councilor Shannon made a motion, seconded by Councilor Paul, to go into Executive Session to discuss proprietary and trade secret information relative to Burlington Telecom, the disclosure of which could place BT at a competitive disadvantage. The motion passed unanimously and the Committee went into Executive Session at 3:20 p.m.

They came back into session at 4:30 p.m.

Clarence Davis has arrived during the Executive Session.

Chair Provost stated he was looking for a consistent feeling of the committee of where they stand.

Regarding assessing the viability of BT and the technology: two consultant reports approve with the City's use of fiber and what BT has to offer. If you need to be somewhere, fiber is the best and wise choice. They believe we're in a good spot with the fiber despite the rapidly changing environment. Bill and David will prepare item 1c.

Councilor Shannon asked that it be noted that we are well positioned but further capital investment is needed every step of the way to remain current.

Regarding assessing the viability of BT in terms of its current debt load: 1a. David Provost will write this section.

Pat Robins states that the consultants would say it's not viable. They have offered aggressive plans to make it viable. Chair Provost agrees that Stratum and HBC make that same conclusion. It is not viable with this current debt load under its current plan, BUT they both have a but.

Pat Robins believes there is a need for some kind of partnership.

Parker: Reference Stratum's sensitivity analysis. Increase rates.

David Provost will take on 1b.

Pat Robins believes that the city needs to get back in compliance with Condition 60.

There is continued discussion about costs. Chris Burns notes that \$6 million is needed to build through the rock. Aerially, it will cost \$2 million. Two items that PSB needs to deal with are: aerial vs buried and adverse possession. ½ of the remainder of the build out is on private property.

Councilor Davis notes that in condo developments, you can have a problem if half of the development say yes and the other half says no.

Attorney Schatz explains to the Committee that their charge is to address financing to comply with the CPG. There are questions on issues already before the Public Service Board. The City has asked for relief on expansion. The City would like the Public Service Board to allow the City to expand to those areas as cash reserves allow.

Councilor Shannon noted that the City always says we will tell them when revenues will allow us to expand. That limbo is unacceptable.

David Parker suggested developing a criteria/metric for when that build out is possible. How much build out will cost. B) how we will pay for it. C) ??? Stratum indicated we should not expand until it is... and HBC said we should expand only because we made a promise. It may not be a good business decision to expand now.

Councilor Paul thought it would send a positive message to the community if we could outline in greater detail the expansion model through the City.

Councilor Shannon stated telling residents they can be hooked up through poles now but undergrounding would have to wait would be good. Tell them/show them how the revenues can support the build out. If a model can't be created that shows how we're going to do the rest of the fiber pass, then we should say we can't do the fiber pass.

Chair Provost stated 2 things have to happen to comply: have to find someone to lend up to \$6 to \$10 million or 2) positive cash flow above and beyond the \$4 million. We don't see any model that supports that in the next five years.

David Parker suggested the idea that the city builds and owns the fiber with a for-profit company contracting to run it. The City would lease the fiber. The City then could take on some of that debt if we could convince them and then BT could be it's own entity.

Chair Provost thought it was an intriguing idea.

Telecom would own the building. Will put it under other options. David Parker will write up 2e.

2a. Assess the merits and viable option of Piper Jaffray. Provost offers this to Karen to write.

2 b. the RFP's How many responded, touch on the three that are being looked at. Roosevelt and Cross was the most creative and worth looking into. Karen will write.

2c. Pat Robins. Addresses the areas.

2d. David Parker/Pat

2e. David Parker/Pat

Outright sale the consultants say is not a wise thing. Restructuring is Pat's idea.

Chris Burns noted that the Committee needs to look at sensitivity like HBC does rather than the way Stratum does. Residential revenues as total pool/commercial as total pool. The HBC model is more complete.

Pat Robins, after reviewing the report, agreed that Stratum needs to correct the sensitivity chart to reflect COGS correctly. Can they put the debt service in?

David Provost notes they are meeting again on Monday. Everyone needs to pass forward sections to David. He did the introduction and overview of consultants already. It is agreed that the Committee report will be 4 or 5 pages with the consultants reports attached. A recommended solution or menu of two or three options will be provided.

Pat Robins stated he continued to believe this was a public policy issue: 1) the appropriateness of a municipality running this; 2) technological change issue; 3) well funded global competitors; and 4) human resources issue.

Councilor Shannon remarked on the option to create a new entity that is owned by the City but not operated by the City. Private, for-profit entity. Those options can be presented. We got into this business and we can't fully get out of it. All options are on the table.

The final summary outlined by Chair Provost was that no one feels strongly about the outright sale of BT. That's not a viable solution for a whole bunch of reasons. The Committee as a whole won't say yes. We're headed in the direction to borrow \$61 million. We're looking for an alternative solution. Looking for a way to save BT and the City's investment to a viable strong fiber system without exposing taxpayers any further.

He then thanks everyone on the Committee, the BT staff, and the Administration for their hard work on this today. The meeting was adjourned at 5:58 p.m.