

MINUTES

Joint Meeting of Board of Selectmen and New Marlborough Broadband Committee Friday, April 13, 2018, 11:30 a.m.

1. The following members of the Committee were present:

Richard Long
Steve Klein
Owen Wright

constituting a quorum of the Committee. Others present included Board of Selectmen members Tara White and Nat Yohalem, Peter Larkin of MBI, Sean Cronin of DLS by telephone, Peter Schuyten for the 5 Village News, Sandy Walker of the Finance Committee, Mari Enoch, Town Administrator, Chris Lynch for Matrix, Tim Newman for Wired West, Heather Bellow of the Berkshire Eagle, and interested citizens.

Following the call to order of the Board of Selectmen by Chairperson, Tara White, Mr. Long called the Broadband Committee meeting to order at 11:30 a.m.

2. Mr. Larkin introduced the discussion about potential financing resources for the Town in connection with a Charter internet proposal. Charter proposes to wire 96% of the Town for \$3.15 million less the MBI grant of \$1.7 million leaving a financing gap of about \$1.45 million to be met by the Town. Mr. Larkin reiterated that Charter is submitting to the Town under the new flexible grant program of MBI. Mr. Larkin then requested that Mr. Cronin, Director of DLS lead the group through a financing proposal to be facilitated by the State.

He first discussed a spreadsheet for calculating a debt amortization by plugging in a repayment term. Very basic. He noted that you could also make an assumption about how much money the Town might first put on the table via excess funds in free cash or the stabilization fund.

Mr. Larkin then surprised all by announcing the State is willing to pick up 50% of the gap in financing faced by the Town, leaving about \$725,000 for the Town to finance over a chosen period. Mr. Yohalem sought confirmation that the Town could elect a 15-year term, and the answer was, Yes. The financing would include a nominal interest rate on the debt.

Mr. Cronin indicated DLS could structure so that on the Town's "Cherry Sheet" each year, there would be an automatic deduction from "Cherry Sheet" funds otherwise available to the Town. If amortized over 15 years the annual principal payment would be about \$48,000. Essentially, though, the Town would have to finance the payment out of its budget to replace the "Cherry Sheet" deduction, or take some out of the free cash or stabilization funds over time, thus potentially reducing the budgetary impact.

Mr. Larkin noted that the State had financing flexibility, and recognized that they now need to do more to help low-density Towns effect their broadband networks. Mr. Klein sought clarification regarding the documentation for a proposed Charter transaction. Mr. Larkin said there would be a franchise agreement between Charter and the Town, and separately a Grant Agreement between MB I and Charter providing for the internet services.

Mr. Yohalem questioned whether DLS would require the Town to seek annual Town Meeting authorization for the budgetary impact if it could be offset by assessing a small monthly fee to subscribers. Mr. Cronin said the Town could assess a fee and thus avoid having to obtain budgetary authority.

Mr. Larkin provided to the Committee and BOS copies of a grant agreement, and a sample franchise agreement, along with DLS advice and other documents for use and guidance in the franchising process. He reiterated that the State is trying to be helpful to get this done. He said they recognize every Town is different and costs vary because of density. He said MBI wants to make it happen.

Mr. Newman then asked if the State would extend the same degree of additional generosity to our Town if we were to build our own system. After being pressed by Mr. Newman and Mr. Long, he acknowledged that, No, the extra money would only be available to Charter and not for a Town build or any other provider.

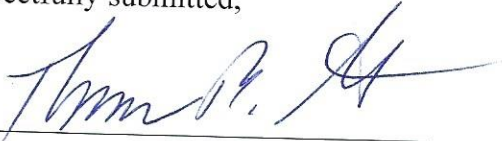
Mr. Lynch asked if Charter would have to respond to the RFP process. The answer was no, as the Town agreement would fall under franchise law, and the MBI agreement isn't governed by the regular procurement rules. Also, the implication of the DLS financing is that the Town need not own an asset in this borrowing case, because it is directly with the State and payment is taken from State aid otherwise available.

Mr. Newman then asked the BOS and Committee for confirmation that the Town still intended to present all potential options in an informational meeting to Town residents and received the response of a unanimous Yes.

A reporter asked whether Charter was proposing to wire the Town with fiber or coax cable. The response was the Town would be wired with fiber.

3. There being no further business, on separate motions duly made and passed unanimously, the joint meetings were adjourned at 12:28 p.m.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Thomas Stalker", written over a horizontal line.

Thomas Stalker, Secretary