Ward 1/8 NPA
October 11, 2017
6:30-9pm
McClure Lobby Conference Room, UVM Medical Center
Draft Agenda

6.30 p.m.: The Sale of Burlington Telecom: Public Forum led by City Councilors Bushor, Deane, Roof

7.30: Ward 1, Ward 8 NPA Meeting begins

7.35: Welcome & Introductions

7.40: Speak Out & Announcements

8.00: VELCO executive Scott Mallory to describe the "East Avenue and Queen City Substation Improvement Project. Of special interest/concern to the "Centennial & East Avenue" neighborhoods and Medical Center commuters.

8.20: Marcy Esbjerg of CEDO presents the City of Burlington's "Assessment of Fair Housing".

9.00: Close

Parking is free in the McClure Garage, courtesy of the Medical Center.

All are enthusiastically invited; looking forward to seeing you there.

NPA Steering Committee
Anne Brena, Ward 8 NPA
Dana Kamencik, Ward 1
Richard Hillyard, Ward 1

Wards 1/8 NPA

October 11, 2017

7:30 - 9:00 pm

McClure Lobby Conference Room, UVM Medical Center

Draft Minutes

Steering Committee Members Present: Anne Brena (8), Dana Kamencik (1), Richard Hillyard (1)

Start: 7:30

Updates on Burlington Telecom from City Councilors:

Sharon Bushor:

Every constituent she has spoken to supports a coop, and she wants to grow the profits of the company while allowing citizens to control its fate in some way

Richard Deane:

He is “torn.” He says that BT is doing so well it seems “dumb” to let it go, but we need to think about what risks we face if it doesn’t work. Keep Burlington Telecom Local has to be evaluated the same as an outside bid, we can’t treat them differently even though they’re local. The past (BT doing well) does not predict the future, where anything can happen, especially in the telecom business.

Adam Roof:

We’re stuck between “a rock and a hard place.” Either we vote for lots of risk or what lots of people want in the coop. If it were just about the numbers, something a computer would do, he wouldn’t be in this job. He wants to make the best decision based on his judgement, and says all the city counselors look at it this way.

Other City Council Updates:

Adam Roof:

Says that as chair of the public safety group he wants to work on low-cost, citizen-run safety efforts. Event at city hall coming soon looking at how UVM gathers information about their students.

Sharon Bushor:

Thanks everyone involved in the Memorial Auditorium meeting. We need to remember that Memorial Auditorium was created for veterans and served so many functions in the community. “That building has been there for us, and we haven’t been there for it.”

Adam’s committee brought in a consultant to look at neighborhood stability, find out more at event in November.

Announcements:

Maria McClellan, UVM Medical Center:

Working to coordinate transportation of critical condition patients between hospitals. We (UVMMC) are expanding partnership with Dartmouth Hitchcock Medical Center and utilizing a helicopter to expand access to medical care. More information to come.

Fire Department:

Fire station open house coming up, information of Front Porch Forum

East Avenue Speeding Controversy

Richard Hillyard:

Explains that there have been many complaints of speeding on East Avenue, complaints of low police speed enforcement, and objections to the possibility of Department of Public Works (DPW) paving the road at the risk of more speeding

Chapin Spencer, DPW:

DPW is working on many methods of improving road safety, from reflectors to more islands. They are also making more public works improvements in the coming years thanks to a publicly improved bond.

East Avenue and Queen City Substation Improvement Project:

Scott Mallory, Vermont Electric Power Company (VELCO) executive:

VELCO is working with Burlington Electric Department (BED) to install devices to limit the level of possibly dangerous "fault current" in the substations. Current proposal is for two limiting devices to be added with the existing substation.

Before construction begins, proposal must be approved and permit must be granted by the VT Public Utility Commission, and the start time on construction could be anywhere from April to September of 2018. Construction would be short-term and not too major. VELCO has consulted with a noise modeling expert to ensure that the project would not be too disruptive to communities.

Lisa Kingsbury, UVM campus planning, clarifies that UVM will be meeting with VELCO to work on the logistics of the project.

VELCO will publish information about expected timeframe and who to contact with questions when the project is further along.

City of Burlington's "Assessment of Fair Housing"

Marcy Esbjerg, CEDO Assistant Director:

Numerous housing and civil rights acts throughout history ensure fair housing in the US (to "foster inclusive communities"). Burlington receives the Community Development Block Grant

(CDBG) and with Winooski is required to report on fair housing in order to continue receiving CDBG money.

Key Issues: local or regional segregation, racially or ethnically concentrated areas of poverty, disparities in access to opportunity, disproportionate housing needs, evidence of discrimination in housing.

Report looks for trends among protected classes in Burlington. USA Housing and Urban Development (HUD) provides Burlington with demographics data and asks the city to analyze. Worked with UVM students to create graphs that demonstrate the decrease in white population and increase in minority and foreign-born populations. Also an upward trend among male citizens, and downward trend among women and families with children.

Data provided does not raise concerns of segregation. However, the "trend of segregation" has increased since 1990. Areas with the highest density of non-white population are also those with highest levels of renter-occupied housing.

Where there is family-oriented public housing, there are high-levels of citizens from African-descent/other national origin. Suggests that people are settling where there are other people like them, some suggestion of patterns of segregation here.

Report also looks at access to opportunity (good transportation, schools, jobs, etc.). Opportunity is not necessarily a pattern with race as much as with socio-economic status. Black populations have a higher exposure to poverty than other populations.

Report assesses lack of facilities within houses and at the cost burden of housing on income (30% of income on housing is bad, 50% is severe). In Burlington, black households had high rates of burden, while Native Americans had high rates of severe burden.

Key Findings:
Higher percentage of non-whites live in PHA managed properties than percentage of non-whites in the population as a whole. Half of residents in BHA managed properties have a disability. Properties with concentrated racial/ethnic populations correlate with properties with family units with more than 2 bedrooms

Perceived unfilled need judging by surveys with people with disabilities. 16% of people below poverty line have a disability.

Again, Vermont Legal Aid, Fair Housing Project, and Human Rights Commission all found nothing noteworthy in terms of segregation or discrimination.

Goals and priorities: increase affordable housing options, maintain/preserve affordable housing, assist income-qualified households to maintain housing, increase employment/economic opportunities, increase educational opportunities, support fair housing education and outreach

End: 8:56

Draft minutes taken by Ben Lahey, CEDO Community Outreach Intern

Neighborhood Planning Assembly Attendees

NPA (choose one)		Wards 1 & 8		Wards 2 & 3		Wards 4 & 7		Ward 5		Ward 6

Date of Assembly : Oct. 11, 2017 Location: UVM Medical

Please return to your convenor, Phet Keomanyvanh
or email to ***cedofd@burlingtonvt.gov***

1 Richard Hillyard High Grove Court.
2 Don Schramm 4 East Village Dr.
3 Angie Chapple-Sokol N Prospect.
4 Sharon Bushor 52 East Ave.
5 Adam Roof
6 Jamie Valyou, Captain, Fire Station #3
7 Anne Brena
8 Will Sudbay UVM SGA
9 Nichole Schowalter UVM SGA
10 Ethan Foley UVM SGA
11 Maeve McDermott UVM SGA
12 Lynn Martin Mansfield Ave
13 Mark Porter
14 Lisa Kingsbury UVM
15 Jim Barr Ward 8 / UVM
16 Sandy Baird Loomis St.
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NPA Liaison Phet keomanyvanh: 802-865-7172

Report to NPA 6 on the All NPA Assembly on the Future of Memorial Auditorium, Sept. 26, 2017, Contois Auditorium

Attendance: Well over 100 people participated in this forum with comments from the audience lasting an hour and a half.

Program: Video tour of the facility created by Margaret Harrington Tamulonis:
https://www.cctv.org/watch-tv/programs/memorial-auditorium-tour
Historical overview and slide show by Tom Visser, Chair of UVM's Department of Historic Preservation
Management overview by Alan Abair, long-time property manager of the facility.

Questionnaire: 77 people completed the questionnaire.

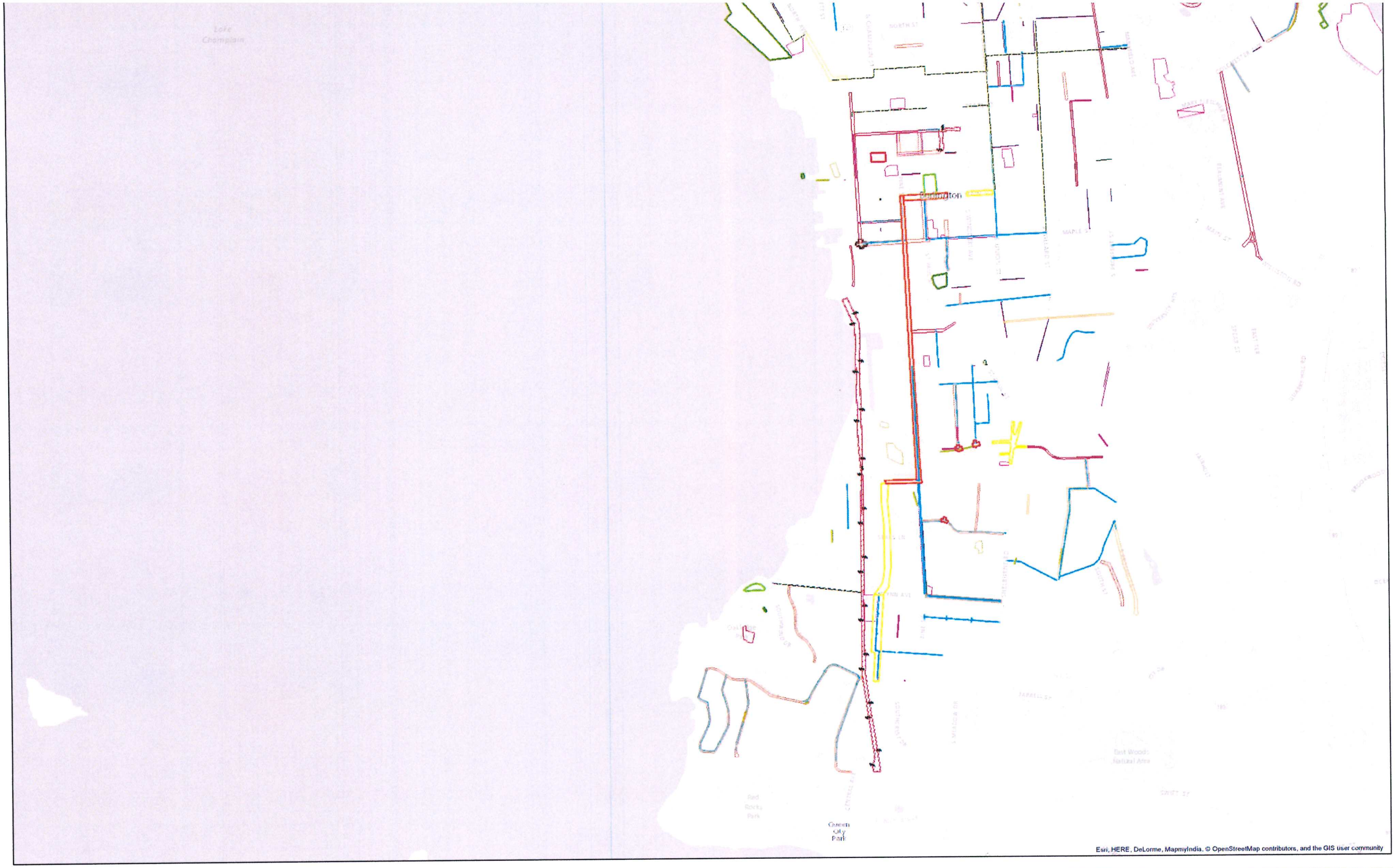
A. Type of events attended: Average was 4.957 out of 12 listed. Most frequently listed were Farmers' Market; City Market Annual Meetings; Theater; Dance; Major and Local Music; Tech Events, and Sports Events. 242 Main was frequently listed under "other".
B. Do you support the City seeking outside funding for restoration? 65 yes; 10 no; 2 Maybe.
C. Do you support tearing down the facility and rebuilding a similar civic structure there? 10 yes; 64 no; 3 maybe.
D. Do you support selling the building to other entities: 4 yes; 73 no.
E. Other ideas for the facility? Here the list was two pages of items that emphasized both social/cultural activities and economic/entrepreneurial uses. (e.g. "Arts have City Arts; tech has Generator Space; time to invest in music: performance, practice space, lessons, for both pros and beginners so Burlington is a world class music city.")
F. Resolutions: Two were offered from the floor at evening's end. The first advised City officials to preserve Memorial as a public facility; the second asked officials to reflect public priorities in that preservation effort as expressed through the NPA structure. Both passed unanimously.

Charle Simpson, NPA 6 Steering Committee; All NPA participant.

I can add that on Sept. 7, six people in the audience here filled out the same survey.

A. Events attended: 4.3
B. Support for the City seeking outside preservation funds: Yes, 6; No, 0.
C. Support for demolition and rebuilding a similar public facility on the same site: Yes, 0; No, 3, others asked for more information, said "depends"; "if public process".
D. Support for sale to another entity: Yes, 0; No, 6.
E. Other ideas included:

stabilize, artist housing; cultural incubator space; makerspaces; tear down adjacent motel and houses.



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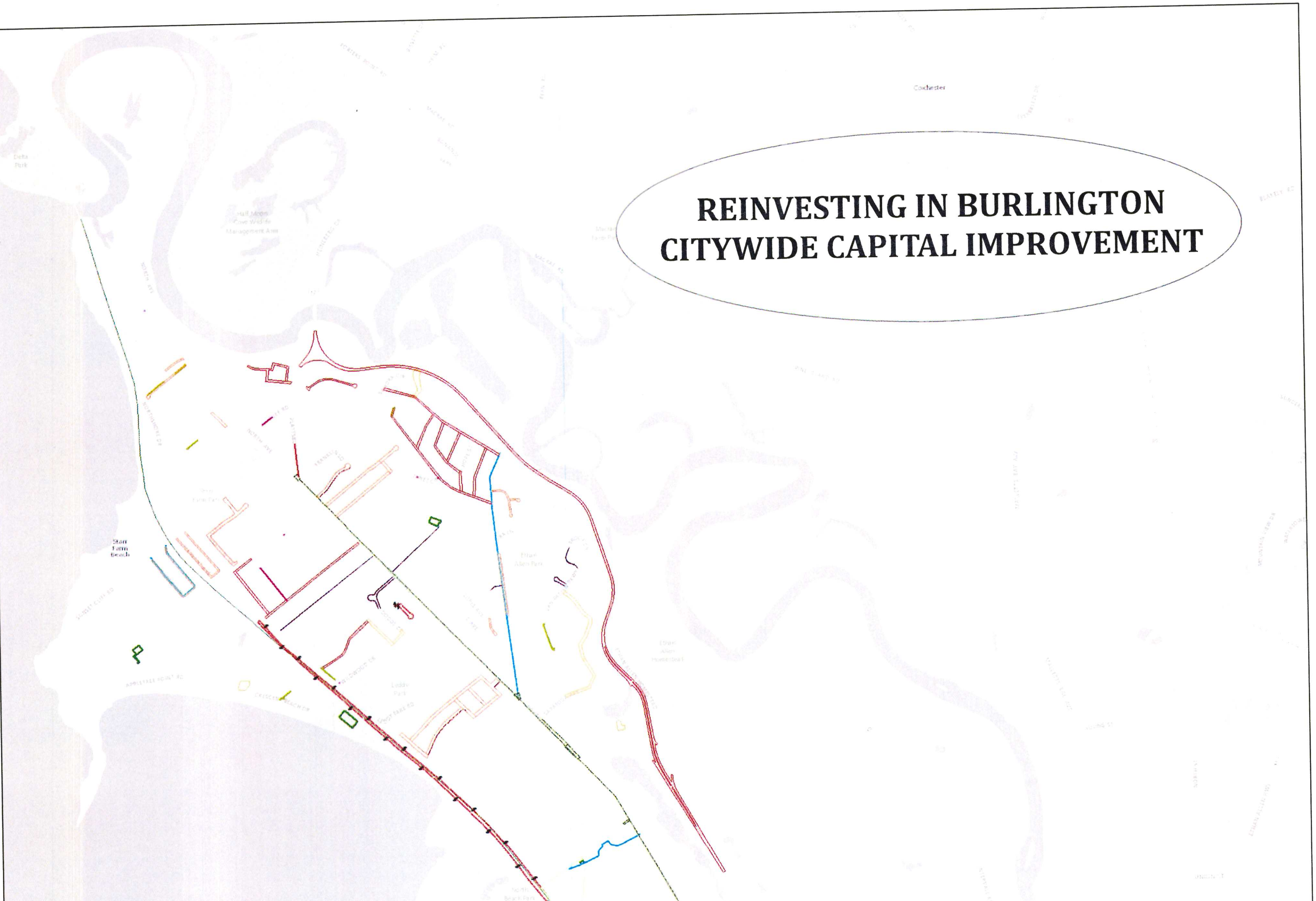
BURLINGTON, VT PUBLIC WORKS

BURLINGTON PARKS RECREATION WATERFRONT VERMONT

BURLINGTON Electric DEPARTMENT

CEDO

CHURCH STREET MARKETPLACE


REINVESTING IN BURLINGTON
CITYWIDE CAPITAL IMPROVEMENT

WARD 1 & 8 NPA

BURLINGTON TELECOM

WHERE WE'VE BEEN

WHAT'S NEXT?

Burlington Telecom

HISTORY

JANUARY 2014 | SUMMARY

- Impending federal jury trial
- Citibank seeking $33.5 M plus...
- Penalties and interest, and...
- Return of underground cable, or...
- Placement of BT into receivership
- City's credit rating at "junk bond" status

Results:

- Protected taxpayers from further losses
- Cable left in the ground and BT kept out of receivership
- Five-year Window for City to keep operating while negotiating the sale of Burlington Telecom

HISTORY

MARCH 2014 | SETTLEMENT

Financial Details:

- Bluewater Holdings purchases all of BT's physical assets (at risk) and then leases them back to BT
- Dorman & Fawcett management fees deferred until final sale
- Citibank agrees to a 25% share of the proceeds at final sale
  (50% of the City of Burlington's share)

Agreement on Final Sale Distribution:

- 40% Bluewater Holdings
- 10% Dorman & Fawcett
- 25% City of Burlington
- 25% Citibank

HISTORY

INTERIM | 2014 - 2017

- Management and operational experience and expertise added to BT (Dorman & Fawcett)
- 75% Increase in customers and strong cash flow
- Dramatic increase in company 'value' based on ongoing operational and financial performance
- **BTAB** (Burlington Telecom Advisory Board) collaborative deliberations and leadership
- "Deliberative" bidding process, with multiple criteria
- Multiple strong proposals received
- Field of bidders narrowed from eight (8) to four (4) with one (1) withdrawing

TODAY

OCTOBER - DECEMBER | 2017

Completing the Sale | Process :

- Select two (2) bidders to move forward (City Council | October 16th)
- Negotiate final terms with the bidders (Dorman & Fawcett)
- Legal and financial due diligence by bidder's teams on Burlington Telecom
- Selection of final bidder

Completing the Sale | Process :

- **Public Utilities Commission** (PUC)
- **Certificate of Public Good** (CPG)

EVALUATION

BTAB CRITERIA

	SCHURZ	TING	KBTL
Affordable Prices	✓	✓	✓
Local Presence (Office)	✓	✓	✓
Top Flight Customer Service	✓	✓	✓
Net Neutrality, Affordable Public Access	✓	✓	✓
US Ignite & BTV Ignite Engagement	✓	✓	✓
Partnership With City & Public Officials	✓	✓	✓
BT Held for the Long-Term	✓	✓	✓
Allow for a Meaningful Equity Stake	✓	✓	✓
Anti-Monopoly Restrictions	✓	✓	✓
Investment / Reinvestment Strategy	✓	✓	?
Experienced Management Team	✓	✓	?
Sufficient Financial Capacity	✓	✓	?
Complete Sale by January 2, 2018	✓	✓	?
Recover as Much as Possible of $16.9 M	✓	✓	?

QUESTIONS

EQUITY OF BENEFITS:

- Short-Term (Cash) vs. Long-Term (Cash & Benefits)
- Do all taxpayer's share equally in the benefit of BT's sale? Should they?
- BT Subscribers vs. Other Taxpayers if KBTL Selected

QUESTIONS

REGULATORY RISKS:

Public Utility Commission Review:

"Experienced and well-capitalized favored and the less-experienced and undercapitalized will face high hurdles"

- Technical Expertise
- Managerial Competence
- Financial Stability / Capacity:
  - * Adequate working capital
  - * Access to additional financing/capital

- Joint Venture "Carried Interest" Equity
  - * Schurz / Ting = Optional
  - * KBTL = Required *12.5% Equity*

"must demonstrate that no losses from the business will be borne by the City's taxpayers in the event of a business curtailment or fail-ure"

QUESTIONS

FINANCIAL RISKS:

- Financial Resiliency in Difficult Times
- City's Access to "Carried Interest" Equity - *if allowed by the PUC*. Mechanism for recovering more of the $16.9 M at a future date
- Burlington Unfunded Pension Liability Obligation at time of BT Sale (...more than $1M required)

QUESTIONS

LEGAL RISKS:

What actions might be taken by the parties to the 2014 Settlement if a lower-value offer is selected over an offer with substantially higher-value?

PAYOUT CALCULATION

	SCHURZ	TING	KBTL
	$30	$28.5	$12
Blue Water Holdings (40%)	$12	$11.4	$6.4
Dorman & Fawcett (10%)	$3	$2.85	$1.6
Citibank (25%)	$7.5	$7.125	$4
City of Burlington (25%)	$7.5	$7.125	Carried Interest

City of Burlington Summary of Burlington Telecom Proposals
September 20, 2017

	TING/TUCOWS	SCHURZ	KBTL
Management	Successful operator for 24 Years (public company since 2001)	Successful operator for 144 Years	Majority owner is first-time operator
Offer/Source of Funding	$27.5 million/Cash	$30.8 million/Cash	$12 million consisting of $10.5 million cash and City retaining $1.5 million interest/$10million debt at 14% interest
Additional considerations	Will add $0.5 million if financial target in excess of FY2018 plan met. Will be responsible for moving BT equipment out of Memorial Auditorium if necessary (estimated value of $800,000).	Possible increase based on current fiscal year financial performance in excess of FY 2018 plan	All BT subscribers become coop members automatically at no additional cost to them (City will receive membership interest relative to service usage). KBTL will pay to move equipment from Memorial if necessary.
Potential City equity %	~20% (up to City's pro rata share of proceeds, with Tucows retaining right of first refusal on interest)	~20% (up to max of 33% if additional investment permitted)	City required to retain 12.5% ownership (offer is to purchase 87.5% of company)
Fiber build-out of Burlington	Will continue to support full build out as planned by BT (except for 120 homes)	Full build out by 2019, as currently planned by BT (except for 120 homes)	Will seek 100% buildout in Burlington

Projected capital investment over 5 years	Has agreed to fund planned BT cap expansion and will review plans for other expansion	Has agreed to fund planned BT cap expansion in amounts of $6.2 to $8.84 M through June 2021	Has proposed own cap ex schedule
Ongoing community investment in City	Annual contributions of $60,000 into BTV Ignite and $50,000 free TV advertising for local startups and community events and $140,000 to other community projects	Expressed support for BTV Ignite and BT's existing current and planned community commitments	Expressed support for BTV Ignite and continuing BT's community involvement
Pricing commitment	No price increases for core Internet VOIP for at least 30 months Content cost increases on video passed on at cost	No broadband price increases to customers for at least 5 years Content cost increases on video passed on at cost	Not specifically addressed. City and School District required to agree to 10 year minimum service contract at existing BT prices
Customer service	Will maintain BT's current customer service focus and add extended support hours and additional tools, such as web forums.	Will maintain BT's current customer service focus and expand support hours.	Will maintain BT's current customer service focus.
Anti-monopoly future sales restriction	Included	Included	Future sale not contemplated as co-op
Commitment to Net Neutrality policies	Included	Included	Included

Other terms to be discussed before final agreement

		SCHURZ	TING	KBTL
	Offers (Million):	$30	$28.50	$12
Lease Buy-out & Closing Costs		$6	$6	$6
Remaining for Allocation:		$24	$23	$6
Blue Water Holdings	40%	$9.6	$9.0	$3.2
Dormann & Fawcett	10%	$2.4	$2.25	$0.8
Citibank	25%	$6	$5.63	$2
City of Burlington	25%	$6	$5.63	Carried Interest