

Minutes  
Heath Finance Committee Meeting with MLP  
December 1st, 2021

Present: Tom Lively (Chair), Will Emmet (Secretary), Robert McGahan, Ned Wolf, Alice Wozniak (Fincom)  
Anne Emmet, Ned Wolf, David Gordon, Bill Fontes, Art Schwenger (MLB)  
Jan Carr (ex MLB), Jim Drawe (Wired West)  
Gloria Fisher (guest)

Tom/Art called the meeting to order at 6:38 PM

1. Art began the MLB/Fincom meeting with an overview of the MLB function, which is to build and operate a fiber broadband network in Heath for the benefit of the town's citizens.
2. David Gordon briefed the attendees on the status of the resiliency/redundancy project. We were all familiar with the 16 hour outage in October which was caused by a severed fiber cable in Shelburne. Objectives of the project are to (1) provide a backup fiber circuit via a different route and (2) provide a choice of competing backhaul providers. Item 2 could render approximately 20% in operating cost savings for Heath.
3. Gloria Fisher asked whether MBI was originally supposed to pay for redundancy.
4. Sheila presented an excel spreadsheet outlining the current state of the broadband construction finances.
  - a. 273 paying customers to date
  - b. Installations will begin in mid-December for FSA4
  - c. Estimated 420 paying customers in total upon completion of FSA4
5. Sheila presented a summary spreadsheet which is a snapshot of the project. She noted that Wired West subsidizes operating costs until the Heath network is fully up to speed.
  - a. Bob asked why the service change in scope had resulted in a decrease of 235k. Sheila replied that the original number was based on an estimated 611+ drops. That estimate was reduced after review.
  - b. Gloria asked whether ARPA funds could be applied to construction costs. David answered that construction costs are reimbursable with ARPA funds. Sheila added that ARPA funds could not be used to pay down debt (including broadband debt), but Senator Hinds was working on an addendum to the infrastructure bill that would help to this end.
  - c. Tom asked whether we should still send letters of support to Senator Hinds. Jan answered that the bill is moving through the state senate and will soon be on the governor's desk.
  - d. Sheila: wait and see if letters needed.
6. Art introduced Jim Drawe, director of Wired West.

7. Jim began his presentation of the Wired West network organization and financial information for each of the Wired West member towns. Bottom line is that Heath can expect a 61k annual revenue from broadband starting in 2023-2024.
  - a. Tom stated that he prefers to use his credit card instead of direct debit to pay his monthly bill due to financial safety concerns. He also asked how much annual credit card use fees would be for Heath. Jim answered that during the 22 years in his banking career, he had never had a problem with direct debit payments and that the credit card use fee for Heath would be 5800.00/year.
  - b. Alice asked how long Heath's contract with Westfield Electric & Gas is. Jim answered that it expires in April 2022 and will be renegotiated at that time. Other member towns have 5 year contracts that end at different times.
8. Jim continued with an overview of the current Wired West budget. Gross expenditures: 1.2 million, gross revenue: 1.7 million with 10% of net revenue going to cash reserve. 130k from original signups is already in cash reserve.
  - a. Tom asked why the estimated revenues for New Salem and Becket were so much higher than the other member towns. Jim answered that their customer bases are much larger.
  - b. Alice asked why Heath's current FY revenue is 46k and future revenue is 61k. Jim answered that Heath is still building out the network. When completed, Heath will realize 61k per annum.
  - c. David mentioned that there is a monthly Wired West meeting.
  - d. Tom requested a copy of Jim's presentation.
  - e. Will asked how the Wired West member towns pay for future technology upgrades. Jim answered that the fiber itself is pretty robust. The electronics (servers, etc.) have a lifetime of 10 years. System capacity vs demand is the driver. Wired West member towns have a depreciation reserve account which covers tech upgrades. 10% of capital cost is deposited into this account every year.
9. Art and Tom thanked Jim for his presentation and asked whether there were further questions.
10. Alice asked whether Wired West operates as an MLP and whether Wired West is independently audited. Jim answered that yes, Wired West is an MLP under MGL chapter 164, section 1(c) but actually has a dual status and an MLP and a chapter 56 corporation. Jim provided the name of Wired West's auditor.
11. MLB adjourned.
12. Tom asked for a motion for Fincom to adjourn. Will made the motion, Bob seconded.
13. Meeting adjourned at 8:09 PM

Respectfully Submitted

William T. Emmet