

Minutes of Heath MLPAC Meeting

June 23, 2020

Present: Art Schwenger, Sheila Litchfield, Jan Carr, Margo Newton, and Ned Wolf

Art called the meeting to order at 9:33 am. He spoke of the WG&E Service Drop Installation Contract and the fact that his name appears below the line where the MLP Manager is to sign. It raises a question which he will ask Rich, "Do we need an MLP Manager before signing this DocuSign?" Sheila suggested that we tell the MLB that we're waiting for a reply from Rich before signing. We will send our questions about the DocuSign to Art who will send them to Rich and Joe.

The committee acknowledged that our 2 chief risks are first the number of subscribers (drops) and secondly the number of subscribers who are seasonal (41%). Sheila guided the committee through her spreadsheet 'calculations on finances' with an emphasis on how much we still don't know. The balance of \$619,217.77 is the sum of the balance in the state aid account and the borrowing account. It does not include variations in the design such as those for Vinsent Road and Sherman Drive and other change orders. The estimated amount of \$383,854 for True-up doesn't include what will be either a Verizon invoice or refund for the last pole license. The state aid for drops of \$180,000 could change depending on the take rate. The estimated revenue of \$10,000 from the network won't come until 7/21 and won't be for a full year of network operation. The \$100,000 in CAF II funding will come when 95% of homes have access to broadband, or when Goshen is complete. This federal money disbursement started in February are deposited in a WG&E escrow account and will be paid to towns once 95% of the network in the CAFII area is built. Jan will ask Rich if the first payment of \$100,000 is prorated. In following years the payments are expected to be \$56,000 per year. Rich's guess is that the first payment will come sometime in Feb – July of 2022. We estimate the total of funds available to be \$1,743,071.77.

Turning to the anticipated construction costs, the committee will determine whether any of the hut materials, which are expected to cost \$9,414, are already in place and paid for. The total for construction costs is \$1,687, 668 which is \$55,403.77 less than the total funds available.

The second spreadsheet that the committee will forward to the Select Board prior to the June 23rd MLB meeting is about cash flow. The timing of the availability of funds listed on the first spreadsheet is such that the committee sees a critical need at some time in the next 1 to 2 years for funds from stabilization or perhaps a combination of funds from both stabilization and TS Irene reimbursement. The committee should talk about this with the Select Board sometime this August or September. The cash flow timeline assumes 15 equal payments of $\$1,687,668/15 = \$112,511$. per month. While the costs will surely not be equal per month, Sheila said that in Rowe's record of payments during construction the payments in a given month never exceeded \$112,511. Rowe had 2 particularly large bills early in construction: \$42,000 for materials and \$32,000 for OPM. Sheila said that the cash flow timeline assumes

that the estimated \$383,854 from True-Up should come in before January of 2021. The same timeline estimates that the \$450,000 in additional borrowing might not have to occur until July of FY2022. The \$180,000 in estimated state aid for drops is estimated to arrive 6 months following the completion of 70% of the drops. We'll hit 70% towards the end of FSA3 being built which is scheduled to happen in July of 2021. Thus Sheila indicated on the timeline the \$180,000 arriving in January of 2022.

There was agreement that Sheila should send the cash flow spreadsheet to both Bob Ryan of Leyden and Kent Lew of Washington with a request that each person please review it in light of a possible drop policy of the town's paying for 100% of the drops and send us any comments.

The committee examined the Drop Policy which will also be sent to the MLB before their June 23rd meeting. In a discussion of 'Eligible Premises' the committee concluded that at a minimum the dwelling must be fit for occupancy and have a permanent source of power.

The committee supported incentivizing customers to sign up for 1 gigabite service by stating that you must pay \$100. for the economy service. The committee supported saying in the drop policy that seasonal customers must sign up for 1 full year of service in the first year, after which Wired West's 4 month rule applies. That is the rule which says that one can disconnect and reconnect within 4 months for no additional charge provided this happens just once in the course of a year. If the reconnect occurs more than 4 months later, there is a \$99. fee.

At 11:27 Sheila sent to the MLB an email alerting them that 3 documents would arrive by email that afternoon for discussion at the MLB meeting tonight : calculations on financials, cash flow, and draft drop policy.

The committee discussed the relative advantages of an elected MLB and one that is appointed. The MLB needs to look at construction over a 3 to 4 year span of time and is responsible to rate payers/subscribers, whereas the Select Board's perspective tends to be limited to one fiscal year at a time with responsibility to tax payers.

The committee discussed roles that Art, Sheila, Jan, and Ned would share in presenting information to the MLB that evening.

At 11:49 Art made a motion seconded by Ned to adjourn. The motion passed unanimously.

Respectfully submitted,

Ned Wolf