

Town of Fletcher - Broadband Informational Meeting
Virtual Zoom Meeting: <https://bit.ly/broadbandinfomeeting>
Monday, June 15, 2020, 7:00pm
Meeting Notes

This meeting was facilitated by Jon Bondy and Jesse Wiens. Jon explained the meeting agenda and Jesse gave a detailed overview of how to participate in the Zoom Meeting.

Jeremy Frederick was available via phone or email to provide any technical support that was needed by meeting attendees.

Approximately 34 people were virtually present.

Jon gave a brief history of the broadband proposal:

- Over a decade ago, the exploration of how-to bring broadband to Vermont Towns began. The project was stalled during the 2009 recession. In 2016 Tim Nulty started a company named Mansfield Community Fiber (MCF) and eventually brought broadband to some residents in Fletcher. The Select Board began to explore what it would take to bring broadband to the entire Town. The Select Board explored different options through Consolidated Communications and MCF. Ultimately, after much consideration, the Select Board decided to present a proposal to the Town.

Jesse read the article being put before votes on Monday, June 22, 2020:

ARTICLE I

Shall bonds or notes of the Town of Fletcher in an amount not to exceed Five Hundred Ten Thousand Dollars (\$510,000), be issued for the purpose of financing the Town's share of acquiring and constructing a public communications plant, such bonds or notes being payable and secured solely by the net revenues of such plant, the aggregate estimated cost of all such improvements being One Million Twenty Thousand Dollars (\$1,020,000)?

Jesse explained the proposal:

- \$1,020,000 is the total cost of the broadband build out for the rest of Fletcher – approximately 34 miles of public and private roads. The \$510,000 is half of the total cost of the build out. The Select Board is proposing that the Town take out a revenue bond of \$510,000 to finance 50% of the buildout of fiber optic cable to every address in Fletcher, by Mansfield Community Fiber (MCF). Since the vote was warned, the Select Board learned that the cost would be less because MCF will be contributing \$109,570 to the buildout. Therefore, we applied for a grant of \$439,443, down from \$510,000, and we propose to apply for a VEDA loan of \$474,477, down from \$510,000. For legal reasons, the text of the warned vote for June 22nd will remain \$510,000, but in actual fact, if the vote were to pass, the Town would apply for a \$474,477 revenue loan, not a \$510,000 revenue loan. Residents can find this information in the Q&A document on the Town website. Residents should contact the Town Office if they cannot access the Q&A document.

Logistic of vote and absentee ballots:

- To date, the Town Clerks have received 82 requests for absentee ballots. This will decrease traffic in the office. For those who have requested the absentee ballot already, they can be mailed tomorrow, and the Town Clerks can guarantee that the ballots will arrive in time. Residents can pick up absentee ballots at the Town Clerks office.
- In person voting is Monday, June 22, 2020 from 8am-7pm at the Town Clerk's Office. The following safety precautions will be taken:
 - Masks are required
 - All voters must maintain 6 feet social distancing
 - Voters will enter from the front door facing Fairfax Rd. There will be signs outside.

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- If voters are not comfortable with the precautions above, please contact the Town Clerks, and someone can bring an absentee ballot to your vehicle.

Select Board member comments:

- Matt expressed his appreciation for the time and work Jon, Jesse and everyone involved put in to bring the broadband proposal to the Town.
- Christine echoed Matt’s sentiment and wanted the residents to know how much work has been put into this proposal. If someone is trying to sell a home, a lot of people look at the availability of high-speed internet. Going with a different provider from Consolidated gives competition. MCF speed is high. Personally, Christine said she is excited if the vote goes through. Most important thing to remember is that it is not going to increase taxes.
- Rich expressed his appreciate to Jon and Jesse for the work they put in to bring the proposal to the Town.

Informational meeting Q&A began:

Jesse explained again how attendees can ask questions in the virtual Zoom meeting.

Question	Answer
If the bond passes, how will that impact my taxes?	It will never effect your taxes. It is illegal for a revenue loan to be paid back from tax revenues. A revenue loan is paid entirely by the revenues for the services provided. Not tax money or money from anyone else in Town. Additionally, there will not be an additional fee on top of your monthly costs for MCF service.
Do we know, out of the 13 miles of fiber currently installs, how many total households that represents and how many total households purchased MCF service?	<p>MCF has about 14 miles of fiber installed in Fletcher, and other 10 in Cambridge, passing about 280 homes. Over the 8 months after the fiber was installed, MCF added 47 subscribers, and expect to be at 70-80 by September, right on track for a normal take rate of about 25% in the first year. The EC Fiber take rate in Barnard, which was wired up about 9 years ago, is now about 70%. MCF needs a take rate of about 6 paying customers per mile after 4 or 5 years. MCF said, “Our business goal is to make "reasonable" profits and provide universal service. We do not need nor wish to maximize profits at the expense of any other goal.””</p> <p>Jon shared a spreadsheet that illustrates the answer below (will be available on the Town’s website). There is no debt service obligation until 2023. In 2023, MCF expects they will have 80 customers connected. MCF takes most conservative route when servicing debt. Debt service coverage is more than 1:1.</p>
Starlink is rolling out in the next 6 months and is planned to have 25mps. Should we wait until that is released to make a decision on broadband?	In the Fall they were going to start service in January. Then it was June. There is no current information on their website. Starlink is something we investigated on the Broadband Committee, but there isn’t an option right now. One of the advantages to MCF product is that MCF is local (based in Jericho). If there are issues or upgrades in the future, we will have a relationship with MCF. Starlink and Consolidated are multi state. The MCF product is very upgradable – at least 1 gig per second, more than what someone would need today, but it would be useful in the future.

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<p>Why hasn't MCF received funding through financial institutions?</p>	<p>MCF does receive funding through financial institution. MCF is building broadband out to several Towns and that is funded by Vermont Economic Development Authority (VEDA). The per customer funding limit at VEDA is \$4 Million; that is the amount of loan MCF has received from VEDA. It was recommended by VEDA that the money could be loaned to the Town through a revenue loan. VEDA has a working relationship with MCF. If there was anything about the proposal that the financial institution was unsure of – they wouldn't loan the money. It is vetted like a normal loan.</p>
<p>What, if any, are the risks to the Town?</p>	<p>If the revenue loan were to default (if MCF couldn't service the loan) VEDA would seize the infrastructure. The risk to the Town was investigated through Paul Giovanni (attorney) and Union Bank (Town works with for other loans). It could impact the credit worthiness of the Town in the eyes of the bank. Union Bank did not say it would prevent the Town from taking out a loan and they didn't say that it would result in a higher interest rate.</p>
<p>What if MCF goes bankrupt?</p>	<p>VEDA would seize the fiber (fiber would already be installed). Likely, VEDA would want to find another operator so they could recoup the money through revenue. MCF budgets a contingency (something like 20%) that would be going into a cash reserve fund that could be available to pay back the loan. When the research into this proposal started, the loan was going to be for the full cost, but because we're proposing for ½ grant ½ loan, this makes the loan lower and less likely to default.</p>
<p>Can you explain how Voice Over Internet Protocol (VOIP) phone service can replace the need for landlines?</p>	<p>When you have internet service this fast, you could switch to VOIP. You would still have a phone line/number, but phone service is through the internet, rather than phone wires. It uses fiber optic cable instead of phone line; the fiber optic cable is tough and not prone to the same type of weather outages that can cause phone lines to go out. Should you switch to MCF service, you could cancel your regular phone service. This could be more economical than phone and DSL service package costs.</p>
<p>Is MCF rate controlled?</p>	<p>No</p>
<p>My house is 1000 feet back from the road. Who would be responsible for cost of getting the cable from the road to the house?</p>	<p>MCF pays the cost of first 300 feet from pole to house. The remaining distance is the resident's expense. Aerial cable or existing conduit or laid on the ground price is \$1/foot (price is on MCF website). Because Town was doing work to get a grant and the grant reduces costs for MCF, Tim Nulty thought that the Town should get some kind of revenue. MCF will return a dividend to the Town each year once it receives revenue from new customers. The Town could create a fund for residents who are farthest from the road that would help them pay for cable to pole. The Select Board and MCF would like to see every resident have broadband service available.</p>
<p>If Fletcher doesn't get the grant, is the issue moot?</p>	<p>If the voters approve the revenue loan, but Northern Borders doesn't approve the grant the Select Board would look for other sources for grants.</p>

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<p>Since the Governor is working on Broadband, why not slow down and see what the governor says?</p>	<p>We've seen things ebb and flow over the years in regard to state funding for broadband, but nothing has come to fruition. The funds the states does have are minimal and nothing has been set in stone. We have a sure thing with MCF, and it won't cost Fletcher anything. We could wait and hope something better comes along, but for many residents we've waited long enough (over 12 years now). Everyone is in a different situation. Even if something moves forward on the state end, that is only one step in one step in the process for getting broadband. If this proposal went through, it would impact if we had broadband in 2 years. If we want to see what the state does, it moves the timeline forward (3 or 4 more years at the least). With this proposal, all residents would have access to broadband in the next two years- this is as soon as possible. We are not the only Town in this situation, once the governor announces there are fund available, we would also have to stand in line with the rest of Towns.</p>
<p>With remote learning as a possibility in the future, Broadband is more urgent now on the state level. We hope MCF pays the loan back, but they seem like they're getting too big too fast and they can't get loan on their own.</p>	<p>This is inaccurate. MCF can get loans on their own. There is a limit because the lending organization has a cap on all their lenders. The revenue loan isn't approved yet. VEDA's underwriters need to approve the loan. The underwriters will be looking at MCF modeling, history and existing debts to determine whether or not it is safe to loan MCF money.</p>
<p>Do we know what MCF's reputation for getting lines back up after storms?</p>	<p>Fiber is sturdier than what we're used to when we think about lines going out. Jesse will ask Tim question of who would restore lines after a storm if needed.</p>
<p>At the last Select Board meeting it was stated that Tim Nulty would take revenue from other Towns to pay the bond if needed?</p>	<p>Tim said if the revenue from Fletcher wasn't enough to service the debt, he would take money from revenue from other Towns. It isn't in writing because it has to be presented as a formal proposal to their board and VEDA would have to approve. It is in VEDA and MCF's best interest to pay down this loan, and since VEDA is lending the money for other build outs, VEDA has a picture of revenue in other places as well, and if MCF wasn't able to service the loan from Fletcher revenue and it is likely this is what will happen. Regardless of whether this piece is finalized or not, their contingency and cash reserve account is not based on revenue. It is important to remember MCF's ability to pay back this loan is not only based on Fletcher revenue.</p>
<p>Can you clarify that MCF transferring equity would be used to subsidize additional costs to build out? Was there another option to lower monthly costs?</p>	<p>MCF would return about 10% of operating cashflow to residents. Town can decide what to do with those funds, whatever was decided would benefit the residents.</p>

Resident comments:

- On MCF website, you can sign up to express interest in being wired whenever you have service available.
- A resident was booted off this meeting twice because their internet was so poor. They are in support of broadband.

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- A resident stated they were in favor of the proposal.
- Residents thanked the Select Board for all their hard work.

Voting & Information details:

- Vote is Monday, June 22, 2020 from 8am – 7pm at the Town Clerk's Office
- Absentee ballots are recommended due to COVID-19.
- Information can be found on: Fletchervt.net

Closing Comments:

Thank you to everyone for attending the meeting!

Informational meeting concluded at 8:49pm