

MINUTES

BROADBAND COMMITTEE TUESDAY, JANUARY 11, 2022 6:30 p.m. ONLINE INTERACTIVE

Committee members present: Adam Fuller, Renee Flanders, Kimberly Grindle, Michael Ross, John Gibbons

Others present: Jay Feyler; others not identified

1. Chairman Adam Fuller called the meeting to order at 6:34 P.M.
2. The members approved the draft minutes of the October 12, 2021, Committee meeting.
3. The first agenda item was the status of the coalition regarding the proposed municipal network.

John reported that the coalition has terminated the monthly meetings that it has been conducting with all of the interested towns on status and current activities. They will be replaced by monthly meetings of the board of directors of the Midcoast Internet Development Corporation, the new nonprofit corporation chartered to develop the municipal network.

At the corporation's most recent board meeting (Dec 2021), it was apparent that the immediate priority is to obtain the financing required for the first build in the "core four" towns of Camden, Rockport, Rockland, and Thomaston. Consideration of expanding the network to include the smaller surrounding towns is on hold until after this first build. The corporation is launching a campaign to obtain advance signups from prospective subscribers in the four towns, possibly including deposits of the first month's subscription charge, as evidence of a projected high take-rate in the towns. Evidence of a high take-rate is expected to ease the obtainment of commercial financing for the build.

There was no update on the campaign announced at the previous meeting to lobby local legislators in the core four towns to intervene with the granting agencies to promote the interests of proposed municipal networks vs the current commercial Internet Service Providers (ISPs.) (Background: it is clear that the ISP lobbyists have been very effective in promoting their own interests, vs municipal networks, to the granting agencies.)

It is becoming apparent what will be expected from the smaller towns that wish to join the municipal network after the build in the core four towns is complete. A likely list of expectations includes:

Providing their own seed funding . . . 25 percent of the expected cost

Broadband Committee Minutes – Tuesday, January 11, 2022

- Conducting an outreach to the citizens to obtain advance signups for the municipal network service, possibly including advance deposits for the first month's service, as an aid to obtaining commercial financing for the remaining 75 percent of the cost
- Supporting the lobbying campaign directed at local legislators.

There was a brief discussion of Union's prospects for joining the municipal network. Our initial objective was to be selected as a Phase 1 town. That is no longer possible, because of developments in the core four towns. Despite the obvious advantages of a municipal vs commercial network in price, service, and preservation of competition, the time-frame is now extended considerably and there is decided uncertainty. John expressed the view that it will take a while, but the municipal network will eventually succeed. However, the timeframe for Union is very uncertain, and the load on the town will be burdensome. Adam expressed the view that the timeframe for Union will likely be five years or more, and further expressed concerns about the way that the coalition is operating.

4. The next agenda item was the status of discussions with LCI.

Committee members last met with LCI's Alan Hinsey and Randal Manning in October. The committee members were prepared to discuss expected Town contributions to the cost of building out LCI's fiber network, and potential accommodations that the Town might receive in return. Randal stated at the beginning of the meeting that he planned to meet with Shirley Manning in a few days, and his sole priority for the meeting was to determine if Union was serious about making a financial contribution. We assured him that we were, at least as part of an acceptable agreement. The discussion never got into the details.

Two weeks later, we were informed that the meeting with Shirley Manning had taken place, and she had encouraged Randal and Alan to work with Union to develop a Union-supported grant application to ConnectME in the next application window, and to further work with Union to develop a plan for a final buildout of the LCI fiber network to cover all of Union, with Union contributing to the cost. Since receiving this feedback, we have been trying to set up a follow-up meeting with Alan and Randal, but it hasn't been scheduled yet.

However, two weeks ago, Jay met with Shirley and Randal on a separate subject, and got into a side discussion with them on the above topics. Jay reported that Shirley said LCI would support a complete buildout, with the Town paying 50% of the cost. Jay said he told them that we were concerned about having some understanding that would protect the Town in the event that the Town contributes to the cost of building the network, thereby increasing the value of the company, and the company is later sold to another ISP. Could there be an agreement that in those circumstances, the Town's investment could be returned. Shirley said she would agree to that.

After brief discussion, the committee members agreed that Jay was in the best position to handle negotiations with LCI, and asked him to take on that role. Jay agreed. He asked

Broadband Committee Minutes – Tuesday, January 11, 2022

the committee to prepare a list of discussion topics . . . a so-called “bullet list” . . . for the negotiation, and said he would try to meet with Shirley and Randal soon to reach a final agreement.

5. Development of “Bullet List”

The discussion moved to the development of negotiation priorities . . . the “bullet list.”

The committee members agreed that the first priority is a commitment by LCI to apply to ConnectME, in the next grant application window, for a grant to support an expansion of its fiber network in Union to reach all unserved addresses in the Town.

Jay said that based on his earlier discussion with Shirley and Randal, he believes that LCI has already agreed to this, contingent upon Union also making a commitment to LCI. There was a discussion about what sort of commitment LCI was expecting. Possible interpretations included contributing funds to the cost of the LCI network expansion, and/or terminating discussions with the coalition. It was pointed out that if the grant-funded expansion of the LCI network is carried out, joining the coalition’s municipal network will likely no longer be possible. This is because developing a municipal network would require overbuilding an existing commercial network, and it would be extremely difficult, if not impossible, to obtain commercial financing for such a purpose.

The second priority identified by the committee was ensuring that the local share that LCI would require Union to contribute be limited to an acceptable amount.

Jay reported that a figure of “50 percent” had been presented by LCI at his recent meeting with Shirley and Randal. It was not clear what that figure applies to. We anticipate two separate network expansions: a grant-supported expansion, to reach all unserved addresses in the Town; and a final expansion, to reach all remaining addresses. We’ll need Jay to obtain clarification from LCI at another meeting regarding what the “50 percent” applies to, and how it translates into a dollar figure. John reported that the cost figures in the engineering report were also ambiguous . . . it was not clear whether the \$2.2M total cost figure is the total for both builds or just the final build. Alan Hinsey has been asked to clarify this.

Jay also said that the Town contribution could be provided over a few years, rather than all at once. And it should be funded as a line item in the Town budget, rather than by a bond issue, because a bond issue would increase the Town’s indebtedness and would result in a higher interest rate for future bond issues.

The third priority for negotiation is a schedule for completing the work under both builds . . . including making connections in response to customer service requests, not just stringing fiber on the poles. (Background: there are reports from other towns that the fiber goes up on the poles very quickly, but responses to connection requests are very slow.)

Broadband Committee Minutes – Tuesday, January 11, 2022

Jay said that all of the ISPs are having difficulty finding installation technicians who can make the fiber connections, and LCI will use this as a reason not to agree to a connection schedule. But our plan to evolve the broadband committee into an “ombudsman” committee that works in partnership with LCI to facilitate expansion of the network could be of sufficient value to LCI to provide negotiating leverage.

Jay said that the Town usually has an intern working at the Town Office during the summer. As an adjunct to the ombudsman committee, an intern might be found that could work with the citizens to make sure that the property is ready when an installation is scheduled, could help with the connection of the fiber terminal to the local router, and maybe could help citizens troubleshoot problems in their home network.

The fourth priority for negotiation is some form of recompense to the Town in the event that the Town makes a substantial financial contribution to the network expansion and then LCI is later sold, especially if it is sold to much larger and nonlocal ISP.

Jay reported that Shirley had already agreed in his earlier meeting that if LCI is ever sold, the Town’s contribution could be returned. Exact wording had not been worked out, but he said Shirley showed no hesitation in agreeing.

The members thought an agreement like this could be of great value to the Town, especially if the required Town contribution to the cost of the network expansion is high. The potential return of the funds would make the Town expense more acceptable to the taxpayers, and would further make it analogous to providing temporary financing rather than a one-time expenditure.

The committee considered other forms that this provision could take, including:

- a smaller return, allowing for network depreciation
- a larger return, considering an increase in the value of the company as a result of the network expansion, plus any increase that might be attributable to the work of the ombudsman committee
- a right to purchase the Union portion of the network, in the form of a right of first refusal.

After brief discussion, the committee agreed that we should keep it simple, and seek only a return of the dollar amount of the Town’s contribution. Adam suggested that we should view the Town’s funding contribution not as an investment in LCI’s fiber infrastructure, but as an investment in the Town’s future. With this view, we should not be looking to get back from LCI any more or less than the dollar amount that the town contributed.

The fifth negotiation priority that the committee addressed was a range of smaller accommodations from LCI that might be requested in return for the Town’s funding contribution. Possibilities considered include:

Broadband Committee Minutes – Tuesday, January 11, 2022

- Expanded limits on the scope of a “standard” installation that are included with the standard installation fee, before incurring additional costs
- Elimination of additional recurring costs that might be levied beyond the quoted monthly rates
- Special low-monthly-rate service provisions for low-income residents.

After brief discussion, the committee members agreed that these topics should be left for the ombudsman committee to address with LCI at a later time, rather than complicate negotiations at this time with what are regarded as lesser issues. And in regard to the issue of a lower rate for low-income residents, Jay reported that this topic is being discussed in Augusta in the form of a State-provided stipend.

The next agenda item was a discussion of whether we think we are ready to make specific recommendations to the Select Board.

After brief discussion, the members agreed that we first need one more discussion between Jay and Shirley regarding the above priorities, plus clarification with Alan Hinsey re the above-referenced items in the engineering report, before we go to the Board.

The members agreed on the following actions from the meeting:

- John to compile the results of the meeting into a draft list of negotiation priorities (“bullet list”) for Jay, and provide it to the members for approval
- John to clarify with Alan Hinsey the scope and applicability of the cost figures in the engineering report
- Jay to meet with Shirley at the earliest opportunity (since the window for grant applications to ConnectME is expected to open within a week) to discuss the items in the bullet list.

6. The meeting was adjourned at 7:50 p.m.

Respectfully submitted,

John Gibbons
Secretary