

**MINUTES**

***FIFTY THIRD MEETING***

of the

**BOARD OF DIRECTORS**

of the

**MASSACHUSETTS BROADBAND INSTITUTE**

February 27, 2017

Westborough, Massachusetts

The Fifty Third Meeting of the Board of Directors of the Massachusetts Broadband Institute (“MBI”) was held on February 27, 2017, at the Massachusetts Technology Collaborative (“Mass Tech Collaborative”), Karl Weiss Education and Conference Center, Room 104, Westborough, Massachusetts, pursuant to notice duly given to the Directors and publicly posted on the MBI website with corresponding notice provided to the Office of the Secretary of State.

The following members of the MBI Board of Directors attended the meeting: Secretary of Housing and Economic Development Jay Ash (represented by Peter Larkin of the Executive Office of Housing and Economic Development), David Clark, Tim Connelly, Don Dubendorf (participated remotely by phone due to geographic distance), Linda Dunlavy, Frederick Keator, Secretary of Administration and Finance Kristen Lepore (represented by Sean Cronin of the Department of Revenue’s Division of Local Services) and Karen Charles Peterson (represented by Joseph Tiernan of the Department of Telecommunications and Cable).

The following Mass Tech Collaborative staff was present: Michael Baldino, Dave Charbonneau, Tim Connelly, Marybeth Dixon, Ed Donnelly, Phil Holahan and Brian Noyes.

The following individuals attended the meeting: Bill Ennen, Executive Office of Housing and Economic Development; Bob Handsaker, Town of Charlemont; Chris Lynch of Matrix Design Group; Todd Olanyk, Town of Ashfield; Larry Parnass, Berkshire Eagle; Charley Rose, Town of Worthington; and Marilyn Wilson, Town of Rowe.

Mr. Larkin observed the presence of a quorum of the MBI Board of Directors and called the meeting to order at 10:03 am. Mr. Rose from the Town of Worthington indicated that he intended to make a recording of the meeting. Mr. Larkin reviewed the legal requirements governing public participation at an open meeting of a public body. He stated that: (1) After notifying the Chair, any person may make a video or audio

recording of an open session of a meeting of a public body, or may transmit the meeting through any medium, subject to reasonable requirements of the Chair as to the number, placement and operation of equipment used so as not to interfere with the conduct of the meeting. At the beginning of the meeting the Chair shall inform other attendees of any recordings. (2) No person shall address a meeting of a public body without permission of the Chair, and all persons shall, at the request of the Chair, be silent. No person shall disrupt the proceedings of a meeting of a public body. If, after clear warning from the Chair, a person continues to disrupt the proceedings, the Chair may order the person to withdraw from the meeting and if the person does not withdraw, the Chair may authorize a constable or other officer to remove the person from the meeting.

**Agenda Item I      Approval of Minutes**

Following a period of brief discussion, and upon a motion duly made and seconded, it was unanimously and without abstention VOTED:

**The Board of Directors of the Massachusetts Broadband Institute hereby adopts the Draft Minutes of the open session of the Fifty Second Meeting of the Board of Directors held on December 6, 2016, in Westborough, Massachusetts, as the formal Minutes thereof.**

**Agenda Item II      Report of the MBI Board of Directors Chairperson**

The report of the Chairperson was deferred.

**Agenda Item III      Last Mile Initiative Updates**

Mr. Larkin provided an update on the Private Sector Provider RFP. He provided an overview of each of the six proposals that were submitted to MBI by the January 11, 2017 deadline and that were subsequently posted to the MBI website. Mr. Larkin noted that MBI staff is continuing the due diligence process on the proposals from Mid-Hudson, Crocker and Fiber Connect, which did not meet the minimum financial requirements specified in the RFP. He reviewed the communications and outreach plan and noted that MBI is requesting that towns take a Selectboard vote to opt-in or opt-out of accepting a private provider proposal. It was noted that the 8 towns that would be covered by Charter and Comcast represent approximately 24% of the unserved households in western Massachusetts.

Mr. Connelly noted that the MBI is at an exciting inflection point. He indicated that a lot has been accomplished since the MBI Board of Directors last met in December. Mr. Connelly acknowledged the importance of the concerns expressed by residents of unserved towns, including the negative impacts of housing values and the loss of population. He stated that the mission of MBI is to provide and support credible broadband options for town approval. He went on to state that MBI seeks to do this in a way that ultimately brings broadband services to as many unserved towns as possible and as soon as possible. Mr. Connelly observed that MBI's goal is to support multiple plans

and options at one time that are designed to satisfy town objectives and thereby significantly reduce the number of unserved towns each year until all towns have service.

Mr. Connelly clarified a number of key points including: (1) towns are making the final decisions on which broadband option to select; (2) MBI is not favoring one technology option over another; (3) MBI is working with private providers to reduce risk to the towns; (4) there are four courses of action available to towns that would like support from MBI. He went on to discuss each of the options.

Mr. Connelly mentioned that there are essentially two categories of private providers. One type of private provider offers cost certainty, a strong balance sheet, triple play service primarily through coaxial cable and speed of implementation. The other type of private provider is typically a smaller firm with smaller balance sheets that do not typically offer cable television services and require more work and due diligence from MBI to mitigate risk factors. Mr. Connelly also discussed the two options that are available to towns that wish to pursue a municipally owned broadband network. He indicated that a town can participate in a MBI assisted-build or a town can “go it alone” and oversee the design and construction of their network. He noted that most of the “go it alone” towns are pursuing a fiber-to-the-home network.

Mr. Connelly noted that each option available to the towns has its own level of risk, including construction and operational risk. He indicated that MBI seeks to provide options in a clear manner to support town decision-making. Mr. Connelly noted that Charter and Comcast had been qualified to receive grants under the Private Sector Provider RFP. He mentioned that MBI will continue to evaluate the other providers that responded to the RFP. He also discussed opportunities for providers to modify or augment their proposals. Mr. Connelly announced that each of the towns selected by Charter – Egremont, Monterey, New Salem, Shutesbury, Princeton and Hancock - have the opportunity to receive access to broadband service at no cost to the town if the town elects to accept the Charter proposal. He indicated that MBI has not reached the point with Comcast yet where it can offer the same outcome of providing access to broadband service at no cost to the town.

Mr. Keator inquired about the status of Frontier Communications. Mr. Connelly mentioned that Frontier did not respond to the Private Sector Provider RFP. Mr. Donnelly explained that Frontier responded to a RFP released by a consortium of four western Massachusetts towns. He indicated that MBI has not been involved in reviewing the proposals received in response to the four town RFP. He went on to note that the towns have indicated that they will be seeking grant funded to reduce the funding gap needed to move forward with one of the proposals.

Mr. Connelly announced that MBI is prepared to offer towns that “go it alone” access to the construction allocation and professional services allocation that have been reserved by MBI and that this offer will be available regardless of whether the town moves forward on its own or elects to participate in a multi-town collaborative. He noted that MBI will “get out of the way” but wants to ensure that state funds are expended

properly. Mr. Connelly noted that the process for applying for these funds will be developed and will be based on successful grant programs administered by the Commonwealth. He indicated that some of the changes in approach will require approval from the MBI Board of Directors and he indicated that MBI wants to move forward as quickly as possible.

Dr. Clark initiated a discussion about the private sector provider proposals. He inquired about the severability of the towns identified in the Charter and Comcast proposals. Mr. Connelly responded and indicated that the issue of severability is a point that is being addressed in negotiations with both providers and he stated that MBI seeks to achieve an outcome where towns do not have to act in concert to accept a private provider option. Mr. Connelly clarified that the towns will not own the network if they elect to accept the Charter or Comcast option. He also clarified that towns that seek to “go it alone” need to have a green light letter in order to qualify for a grant, but he indicated that towns interested in working with Westfield Gas and Electric (“WG&E”) do not have to wait until they satisfy all of the grant criteria before initiating discussions with WG&E.

The discussion turned to the MBI Assisted-Build Program. Mr. Larkin mentioned that staff has vetted the framework for the MBI Assisted-Build Program with some of the towns but he indicated that MBI is not ready to request a vote from the MBI Board of Directors. Ms. Dunlavy noted that she has concerns about how the program is being structured and that these concerns are shared by some of the towns that she has spoken to.

Mr. Holahan presented an overview of the proposed structure for the MBI Assisted-Build Program. He explained that the MBI Assisted-Build Program addresses the feedback that MBI has received from the towns – (1) towns feel that there is a disconnect between the town’s authority and their responsibility under the MBI Build approach given the fact that towns are responsible for two-thirds of the capital cost as well as construction cost overruns; (2) towns are concerned about the construction risk and having to make a binding commitment before knowing the actual cost of construction; and (3) towns are interested in moving forward as quickly as possible. Mr. Holahan indicated that the MBI Assisted-Build Program has structured the approach to design/engineering work and the make-ready process to reduce construction risk while accelerating projects.

Mr. Holahan reviewed the key elements of the MBI Assisted-Build Program, which include: (1) there is a strong emphasis on a comprehensive, professional design, which is critical in public construction projects; (2) MBI may be able to accelerate the schedule by nine to twelve months if make-ready work is commenced concurrently with the design/engineering work. He noted that this approach also reduces cost uncertainty; (3) MBI can provide towns with some protection against unqualified contractors through the way that the construction bid package is drafted; (4) Construction expense and related risks can be reduced by having a comprehensive design based on extensive field work and by removing the make-ready risk from the construction of the project; and (5) MBI

will allow the town to defer making a final, binding financial commitment until construction bids are received.

Mr. Holahan indicated that “where the rubber hits the road” is on the issue of make-ready. He indicated that MBI has received some resistance from towns at paying two-thirds of the make-ready cost during the early stages of the project. Mr. Holahan stated that a town that proceeds with make-ready work but decides to pursue an alternative broadband project will still benefit from having utility poles that are ready to receive attachments for the alternative broadband project. Dr. Clark concurred and observed that cable companies need to deal with make-ready work and the value of having improved utility poles can be folded into an alternative broadband project. Dr. Clark indicated that a problem arises for the town if it abandons aspirations for broadband coverage entirely or decides to pursue a wireless option. Ms. Dunlavy advocated for providing the towns with the option to pursue make-ready work concurrently or sequentially. Mr. Holahan noted that a sequential approach to make-ready work will extend the project schedule and may increase project costs.

During the discussion that ensued, Ms. Dunlavy noted that the unserved towns will applaud the decision to make the construction and professional services allocations available to the “go it alone” towns. Mr. Dubendorf expressed support for the modified range of choices being offered to the towns. He also mentioned that the make-ready risk should not be minimized. Dr. Clark noted that while a fiber-to-the-home solution is the most future-proof option, more than half the homes in the United States are served by a hybrid fiber-coaxial cable network. Dr. Clark mentioned that cable companies are taking steps to improve their technology and he suggested that MBI explore opportunities in negotiations with cable companies to obtain a commitment to install next generation technologies, such as DOCSIS 3.1. He indicated that DOCSIS 3.1 will not impair the user experience and will allow users to do whatever they want to do. Mr. Cronin also expressed support for the options and flexibility that are being provided to the towns.

Mr. Connelly indicated that the work of MBI benefits from the significant support provided by the Baker-Polito Administration and the Legislature. Mr. Larkin observed that the revised direction clarifies MBI’s role, offers a pathway forward for each unserved town and responds to the challenges confronting these towns. Mr. Ennen discussed the recent MBI event that was held in Worthington. He indicated that many of the attendees testified that their towns wanted to work with WG&E. He indicated that the Town of Otis’ partnership with WG&E will demonstrate whether projected cost savings are actually realized. Mr. Ennen noted the differences of opinion among the towns on the issue of how to sequence make-ready work.

Members of the public were provided with an opportunity to address the MBI Board of Directors. Ms. Wilson from the Town of Rowe addressed the issue of make-ready costs and requested assistance from MBI in obtaining information about utility poles from the utilities. Mr. Rose from the Town of Worthington thanked the MBI for the policy changes that will allow towns to access the construction and professional services allocations. Mr. Rose also inquired about MBI’s willingness to allow overlashing. Mr.

Larkin indicated that MBI would not address overlashing at this meeting. Concerns were expressed about whether there will be sufficient state funds to implement the policy changes related to the funding allocations. Mr. Handsaker from the Town of Charlemont requested state support to cover make-ready costs. In response to a question from Ms. Dunlavy, Mr. Holahan clarified that owner's representative and construction oversight support are incorporated into the MBI Assisted-Build Program. He indicated that MBI will work towns that need additional support.

There being no other business to discuss and upon a motion duly made and seconded, it was unanimously and without abstention voted to adjourn the meeting at 11:25 am.

A TRUE COPY

ATTEST: (Secretary)

DATE:

Materials and Exhibits Used at this Meeting:

1. Draft Minutes – Open Session of the December 6, 2016 MBI Board of Directors meeting
2. Presentation – Private Provider RFP Update
3. Presentation – MBI Assisted-Build Program