

MINUTES

FIFTY EIGHTH MEETING

of the

BOARD OF DIRECTORS

of the

MASSACHUSETTS BROADBAND INSTITUTE

[OPEN SESSION]

December 12, 2017
Westborough, Massachusetts

The Fifty Eighth Meeting of the Board of Directors of the Massachusetts Broadband Institute (“MBI”) was held on December 12, 2017, at the Massachusetts Technology Collaborative (“MassTech”), 75 North Drive, 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), Tim Connelly (represented by Ed Donnelly of the Massachusetts Technology Collaborative), Don Dubendorf (participated by phone due to geographic distance), Fred Keator, Secretary for Administration and Finance Kristen Lepore (represented by Sean Cronin of the Division of Local Services) and Paul Nicolai.

The following MassTech staff was present: Michael Baldino, Brett Campbell, Ed Donnelly, Lisa Erlandson and Phil Holahan.

The following individuals attended the meeting: Bill Ennen, Executive Office of Housing and Economic Development; Carolyn Kirk, Executive Office of Housing and Economic Development, and Charley Rose, Town of Worthington.

Mr. Larkin observed the presence of a quorum of the MBI Board of Directors and called the meeting to order at 10:07 a.m.

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. Mr. Rose indicated that he would be making an audio recording of the meeting and would be taking photographs. All participants introduced themselves and stated their name and affiliation.

Agenda Item I Approval of Minutes

Following a period of brief discussion, and upon a motion duly made and seconded, it was unanimously VOTED:

The Board of Directors of the Massachusetts Broadband Institute hereby adopts the Draft Minutes of the open session portion of the Fifty Seventh Meeting of the Board of Directors held on September 26, 2017, 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 waived.

Agenda Item III Discussion and Action Items

Mr. Larkin introduced the funding update presentation by Ms. Kirk. He noted that MBI is making progress on identifying pathways forward for the remaining unserved towns. Ms. Kirk informed the MBI Board of Directors that Governor Baker signed into law emergency legislation that includes capital funding through two line items to support broadband projects. She reviewed the legislative language and she indicated that all funding will flow through the Executive Office of Housing and Economic Development.

Ms. Kirk explained that the Executive Office of Housing and Economic Development has developed guidelines for the allocation of the \$32 million that was authorized under line item 1599-7065. She stated that approximately \$8 million has been set aside to cover MBI's existing allocations for unserved towns that are not yet under contract with MBI or the Executive Office of Housing and Economic Development. Ms. Kirk indicated that the remaining funds will serve as a contingency to cover "Extra Mile" costs. She explained that the contingency funds will be available for municipally-owned broadband network projects that incur make-ready costs that exceed MBI's estimates.

Ms. Kirk reviewed the other eligibility criteria for towns to access the contingency funds and she noted that the exact amount of funds that will be needed for Extra Mile costs is not known at this time and that any contingency funds not utilized for make-ready costs will initially be undesignated. She emphasized that the purpose of the contingency funds is

to minimize the financial burden on taxpayers that are contributing at least 60% of the cost of a municipally-owned broadband network that is wholly-owned by the town. She clarified that towns that are pursuing a private provider solution will not be eligible to receive contingency funds. Ms. Kirk shared her expectation that contingency funds will be awarded through a true-up process for all eligible towns at the end of the grant program administered by the Executive Office of Housing and Economic Development.

During the ensuing discussion, Ms. Kirk responded to a question from Mr. Cronin and indicated that any potential gap in the availability of contingency funding should not negatively impact an eligible town since it will be putting money into the project and make-ready overruns could end up being the trigger for the flow of municipal funds into the project. In response to a question from Mr. Keator, Ms. Kirk shared her perspective that the availability of contingency funding would not serve as an incentive for a currently undecided town to pursue a municipally-owned broadband network since the contingency funds will only be available to offset make-ready cost overruns.

Ms. Kirk reviewed the proposed allocation for the \$13 million that was authorized under line item 1599-7066. She clarified that the legislation requires that the funding authorized under line item 1599-7066 be deposited in the Massachusetts Broadband Incentive Fund. She further indicated that distributions to MBI of this money will be determined on a fiscal year basis and will cover (1) MassTech staffing costs, including internal grant management costs; (2) capital investments that are needed for the MassBroadband 123 middle mile network over the next two to four years; and (3) planning activities for “MBI 2.0”, which is expected to include an analysis of broadband gaps and needs that may remain after the completion of the current Last Mile program. Ms. Kirk clarified that a portion of the bond funds may be utilized for operating expenses and planning activities in a manner that complies with Administration and Finance rules and regulations. She mentioned that MassTech is drawing down on internal resources, which is not sustainable over the long term.

Mr. Larkin, Mr. Ennen and Mr. Donnelly provided an update on Last Mile programs and activities. Mr. Ennen provided an update on the Last Mile Infrastructure Grant Program that is being administered by the Executive Office of Housing and Economic Development. Key points that emerged from Mr. Ennen’s update include: (1) 20 of the 22 municipal grantees are working with Westfield Gas & Electric; (2) Mt. Washington’s broadband network is operational; (3) Construction has started in Alford and Otis and the broadband networks are expected to come on line in 2018; and (4) MBI, the Executive Office of Housing and Economic Development and the Department of Telecommunications and Cable are working with the utility companies to improve and better align the performance of make-ready work with the construction schedules for broadband networks.

Mr. Donnelly provided a brief update on the Broadband Extensions Program. He explained that Comcast has maximized the amount of construction that can be completed based on the number of pole licenses that have been issued. He observed that Comcast has been a good partner and that the status of make-ready work by the utilities has resulted in uncertainty regarding the project schedule.

Mr. Larkin noted that make-ready issues have also impacted the progress of Charter's buildout in Hinsdale, Lanesborough and West Stockbridge. He also provided an update on the first round of private provider grants. Mr. Larkin informed the MBI Board of Directors that Comcast has executed a cable television license agreement with Montgomery. He also mentioned that Charter has executed a cable television license agreement with Princeton and is in the processing of negotiating agreements with the remaining four towns. Mr. Larkin noted that MBI is beginning to receive expressions of interest under the Flexible Grant Program.

Mr. Larkin, in his capacity as Chairperson, stated that he would call for a roll call vote of the MBI Board of Directors to go into executive session to discuss strategy with respect to the ongoing litigation with G4S Technology and KCST USA/Asia NetMedia. Mr. Larkin indicated that the purpose for meeting in executive session to discuss these matters is that discussion of MassTech's strategy with respect to these matters in an open meeting may have a detrimental effect on MassTech's litigating position.

A roll call vote was taken to go into executive session. Mr. Larkin, Mr. Cronin, Mr. Donnelly, Mr. Dubendorf, Mr. Keator and Mr. Nicolai voted in the affirmative to enter into executive session. All staff that were not needed for the litigation strategy discussion and members of the public left the room. The meeting proceeded in executive session at 10:46 a.m. and continued in executive session until 11:50 a.m. After the conclusion of the executive session the meeting proceeded in open session. The proceedings that occurred in executive session are addressed in a separate set of meeting minutes.

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 11:51 a.m.

A TRUE COPY
ATTEST: (Secretary)

DATE:

Materials and Exhibits Used at this Meeting:

1. Draft Minutes – Open Session of the September 26, 2017 MBI Board of Directors meeting
2. Presentation – Extra Mile Program Guidelines