



Broadband Task Force Minutes

Task Force Meeting

1/23 - Thursday 4:00pm – 5:30pm

Convener:

Recorder: Brian Sullivan – City Staff

Present: Rod Esch
Bret Naber
Amy Dugan
Lavonna Longwell

Trent Howell
Bianca Fisher
Jason Ogren

Excused:

Michelle Kempema

Guests:

Lori Sherwood – Project Manager – Vantage Point
Fred Diehl – Vantage Point

Agenda:

- Welcome
- Approval of 1/09 minutes & 12/19 – 2 min
- Committee Actions – Re vote – due to lack of quorum at 1/09 – 3 min
 - Election of Chair / Deputy Chair
 - Potential adjustments to Committee membership
- Introductions of Hilltop staff – 5 min
- City Funding Options by Model Presentation – 20 min
- Funding Options Q/A – 10 min
- Identification of Problem/Problems That Need to be Solved – 15 min
- Overview of Models – 5 min
- SWOT (Strengths, Weakness, Opportunities, Threats) Analysis of Models – 20 min
- Introduction of Decision Matrix – emailed for committee to complete – 5 min
- Overview of upcoming meetings/schedule – 5 min
- Adjourn

Minutes:

1. Meeting called to order – Bret - Chair

2. Welcome and introductions of attendees
3. Approval of minutes – 1/09
4. Voted for Bret Naber as new Chairperson
5. Voted for Rod Esch as Deputy Chairperson
6. Removal of 3 positions from the committee – Victoria Runkle, Brian Siefreid, Matt Estrin
7. Presentation Hilltop Securities
8. Jim / Jason
 - a. Slide deck Information – Reference
 - b. Discussion around regional association to other cities
 - i. Finance options – Fort Collins, Loveland, Estes Park, Longmont
 - ii. Longmont came forward in 2012 to Hilltop
 - iii. All these cities have electric utilities
 - iv. Bond support for Broadband in these other communities
 1. Associated to the electric utility so debt payment could be made by electric customers
 - v. Looked in P3 options – but went with their own ISP
 - vi. Longmont take rate has been 50%
 - vii. Assumption for financing at 35% take rate
 - viii. Rating A – AA for these plans –
 - ix. To be cash flow positive in 5 year, structured to not drain the electric utility
 - x. Risk on the utility
 - xi. Question: Differential of rating for Greeley – financial plan assumes 5% interest rate – rating for Greeley would be significantly different
 - xii. COP – for Boulder – certificate of participation – back bone for 55 miles – 20 million
 - xiii. Want high speed access to all sections of the city and looking to lease to other providers
 - xiv. Taxable basis – gives them flexibility to do with the system as they see fit
 - xv. Centennial – used 6 million to build fiber backbone and then P3 with Ting
 - xvi. Breckenridge – 8 million for fiber loops in town – P3 with Allo
 1. Could invest another 12 million for more infrastructure
 - xvii. Work on incremental steps for where Greeley would like to do
 - xviii. Question: what was Breckenridge motivation? – Can't speak to exactly what the motivation is since Hilltop doesn't work with that community. Would have to look at feasibility of what the revenue models could be
 - xix. Financing options
 - xx. Utility
 1. Under Tabor – Enterprise utilities don't have to go to voter to issue debt
 2. Can issue bonds without a vote
 3. Greeley Utility has AA ratings
 4. Have to review current bonds outstanding and see if a charter change would be needed
 5. Legal challenges
 - xxi. COP Option
 1. City has done before for Firestation and City Center South buildings

2. Basically lease – have to have payment from general fund
3. Do need leased properties – can package city property
- xxii. General obligation bonds
 1. Need voter authorization
 2. Property tax mill levy
 3. Difficult to communicate with voters
 4. Could use access revenue for other things, but ballot language has to address this
- xxiii. Table on these model information
 1. Weigh other bonding needs for the City of Greeley
 2. Sales tax needs to assume worst case issues
 3. Revenue needed in general funds for COPs – have to find revenue that will cover the COPs for now and in the future
- xxiv. Interest rate could be 6-7-8%
 1. For 30-60 million
- xxv. Moral obligation pledge – some regional cities have done this to help support costs of development
- xxvi. Question on what leased land means
 1. City could use say...City hall property as to cover COP lease
- xxvii. Question – what is the tax rate needed to cover a 120 million funding?
 1. Finance would have to generate the numbers
- xxviii. Question – Does the city have COP currently
 1. Yes, we'd have to look at other buildings
- xxix. Statement – the Greeley will have to look at incremental build out or look at different steps.
- xxx. Question – Is it an option for Greeley to take over electric system
 1. Costs are significant
- xxxi. Question – What does a P3 option look like for costs.
 1. City would have to look at how they would finance and cover costs on an annual basis
- xxxii. Letter of interest from Allo
 1. Funding level is at 80 million
- xxxiii. Question on what the 80 million represents
 1. Unclear without further discussion with Allo
 2. Could be less due to electric aerial runs
- xxxiv. Question: Can Xcel charge the anything for pole attachments?
 1. No, since they have rights as a carrier

9. Q/A

- a. Statement – Is the Allo model the only option we have?! This build type seems like the best option to address the city at a quicker build out.
- b. Would prefer everything underground, but most will be ok with aerial to get the service sooner.
- c. Would have to ask a lot more questions about the P3
- d. Question: Can a business plan with P3 help in the bonding options.
 - i. Would be taxable

- ii. They would have to see the business plan
- e. SWOT Analysis – Reference document from Lori
 - i. Decision making process
 - 1. Potential factors
 - a. Separate Enable Greeley Gig City & Closes the Digital Divide
 - b. Do we add a question about Fiber being a core service?
 - ii. Discussion on the ranking the factors
 - iii. Analysis
 - 1. Discussion about the SWOT calculation
 - 2. Lori will send out and committee will send back
 - f. Discussion on what is required for the presentation for council
 - i. Not a solution, but where they are in the process
- 10. Feb 20th – meeting moved to Feb 13th
- 11. **Next Meeting**
 - a. Committee Discussion – SWOT analysis
- 12. **Meeting Adjourn – Bret , Chair**



January 18, 2020

Scott Magerfleisch, MBA
CIO / Director of Information Technology
Information Technology
1001 11th Ave, Suite 300
Greeley, CO 80631

Mr. Magerfleisch:

Thank you for the opportunity to communicate ALLO's interest in a fiber-to-the-premise (FTTP) solution for the City of Greeley, Colorado. We have appreciated the discussions and information exchanged with your task force and City personnel.

City of Greeley's strengths for a FTTP project:

The City of Greeley is very important to ALLO and our growth in the State of Colorado. Greeley has the key attributes that create a successful FTTP community.

- Strong, passionate, and progressive leadership that encourages growth through economic development
- Growing Tier II city (perfect size)
- Regional hub and opportunities – Many other communities within a short distance for a total area population served of 200,000+
- Reasonable construction costs
- Strong need for improved connectivity and services

ALLO's strengths for the City of Greeley in a FTTP project:

ALLO has made a commitment to Colorado and expects to serve 300,000 to 500,000 population in the next several years. With a focus on Colorado, the City of Greeley will benefit from ALLO's regional presence.

- Fort Morgan and Breckenridge are already live
- 910 Telecom, Denver is a one of Allo's redundant hubs for transport and service platforms
- Highlands Ranch is home to ALLO's technical personnel
- Several additional Colorado communities will become ALLO FTTP partners in 2020 and 2021
- ALLO's scale and proven FTTP expertise is unmatched in the region significantly reducing financial, operational, and construction risks
- Focus on non-profit and digital divide support is inclusive with goal of a changed communication ecosystem
- Competitive pricing with exceptional services for residents, businesses, and governmental entities
- Innovative products – ALLO was among the first with managed WiFi solutions and recently, WiFi6 router deployment as well as Smart Home initiative.
- Rapid design (initial designs already complete) and efficient, safe construction process for city - wide ubiquitous fiber build. Proven ability to deliver on budget and on schedule

Requests from the City of Greeley

While much of the information needed to commit to a FTTP build in Greeley is known, some items are not yet completely understood or known. We believe that these unknown areas will be satisfactorily solved quickly.

- Permitting cost and process – Minimal cost and expedited process
- Availability of backyard easements
- Economics of relationship with electric utility providers
- Availability of public space for certain structures

ALLO's Commitment to the City of Greeley

As mentioned, the City of Greeley is important to ALLO. We expect to make a significant commitment to Greeley and the region.

- World-class FTTP solution for the entire City of Greeley (ubiquitous build)
- Expectation of completion by EOY2021 with much of community live in 2020
- Local office and significant local employment (Construction peak of 200+ and 50+ ongoing expectation)
- Service level reporting during construction and on-going operations – ALLO's service is second to none in the industry. We will commit to on-going reporting and discussion.
- Assistance with economic development with fiber service and community presentations
- Co-branding opportunities will be considered consistent with Breckenridge's Fiber 9600 approach.

Financial Arrangement

ALLO will work to adapt our model to the City of Greeley's requirements. ALLO has successfully operated with several models. We expect that the project will cost \$80 million+ including customer premise equipment and early stage losses. Our early design and analysis indicates that the project will be feasible financially.

- ALLO financed: ALLO can quickly arrange for the investment and financing of the project. This model will reduce the City of Greeley's financial risk and expedite the construction completion.
- Shared financing: ALLO will consider methods of a shared financing result including certain lease guarantees, revenue bonds arrangements, or other solutions. The Fort Morgan model and upcoming arrangements with other Colorado communities have created successful shared financing arrangements.
- Greeley financing – If Greeley would like to finance and/or own the network, ALLO will consider the appropriate arrangement. The primary issues with this arrangement are the City of Greeley's risk tolerance and the slower construction pace.

ALLO is very interested in beginning construction in the spring of 2020. Determining the financial arrangement is likely the biggest open item. ALLO is ready to partner with the City of Greeley in whichever financial arrangement fits your needs.

We look forward to further discussing the City of Greeley FTTP project with you and are hopeful that we begin a relationship that lasts for the next 30+ years.

Sincerely,



Bradley A. Moline
President and CEO