

## An ECFiber Update for Selectboards

Jan. 27, 2016

Full-strength internet access is essential for modern education at every level, and for economic activity on every scale. During 2015 State government passed legislation defining Communications Union Districts, basically a type of Municipal Utility Districts which have no taxing authority. The East Central Vermont Telecommunications District (ECVTD) is the first such district to be formed. All 24 original ECFiber member municipalities have voted to join ECVTD and have appointed delegates to its Governing Board. By unanimous vote, as of January 1 ECVTD assumed ownership of all existing assets and liabilities.

As 2016 began, ECFiber had 1205 customers connected to 235 miles of fiber-optic cable in parts of 12 member towns, and cash flow sufficient to cover all operating and debt service costs – all without cost or financial risk to local taxpayers. However, thousands of residents in all 24 of our towns still lack access to full-speed internet. So far, the capital to build ECFiber's network has come mostly from small-scale local investors, who organized one street at a time to bring full-speed internet to their neighborhoods. We are enormously proud of what they've made possible, but the painful fact is that, at our present rate of expansion, it will take decades to reach everyone in every town. Timely completion requires larger-scale borrowing, which was the principal reason for creating the District: under Vermont law, it has legal standing to issue so-called revenue bonds in its own right, with no impact on its members' tax rates, credit ratings, or long-term debt.

At its January 12 meeting, the ECVTD Governing Board received a proposal for large scale financing in stages, which would have nearly all the network built by the end of 2019. Because contract details are still being negotiated, the Governing Board went into executive session to hear a presentation from the Treasurer, Chief Financial Officer, the District's lawyer, and representatives from a bond underwriter. Governing Board members are in the process of evaluating the proposal and will take it up again at their February 9 meeting.

Clearly, accelerated expansion is safest where the demand is high. To guide the choice of which entire towns to "build out" first, ECFiber will soon announce a pre-subscription campaign for the entire District. Should ECFiber default on its bond payments, (and there is a very small, but non-zero chance of this,) member towns cannot be held liable for District debt, but community control could be compromised or lost. Towns and their appointed delegates can help reduce that risk by vigorous involvement both in the pre-subscription effort and in District governance.

On the other hand, our present slow-growth mode faces another serious risk. If the residents we have promised to serve lose hope before we reach them, then over the long haul neither ECFiber nor rural Vermont will be economically sustainable.

We'll keep you informed.

Irv Thomae (Chair, ECVTD Governing Board)