

**MINUTES OF REGULAR SESSION
TELECOMMUNICATIONS ADVISORY BOARD
MONDAY OCTOBER 12, 2009**

The meeting was called to order by Chairman Marron at 7:00 PM. Those in attendance were Vice-Chairman Boulanger, Board member Bob Freeman, City Manager Mark Latham, Light & Power Director George Stram, Finance Director Sharon Rusteberg, City Attorney John Long, Scott Bowles and ten members of the public.

MINUTES

Board Member Boulanger made a motion to approve the minutes of the September 14, 2009 meeting of the Telecomm Advisory Board. The motion was seconded by Board Member Freeman. All vote aye. Motion carried.

REPORTS

Scott Bowles gave a presentation/update of the FTTP project in regards to financing, possible content partners, etc. He related that the project should be out for bid sometime in the next couple of weeks. Additionally, about 65% to 70% of the bid specification for content service has been created. There are presently four different companies that have expressed interest in providing content to the City; those being Fidelity, Home Telephone, Big River in Cape Girardeau and Alhambra/Grant Fork Telephone.

Chairman Marron then asked for an update on the City's grant proposals. Scott said that there has been no news on either proposal. He did relate that the Smart Grid grant is presently in merit review. We should hear the results of both grants within the next month.

Sharon Rusteberg then gave a brief report covering our trip to Auburn, Indiana. Sharon, Bob and George Stram traveled to Auburn and met with Scott Bowles and the staff of Auburn Essential Services. The three feel that there needs to be more communication between the Advisory Board and the City Council. Sharon, Bob and George recommend that a Council member attend future sessions of the advisory board. They also like the idea of a town hall meeting to keep the general public abreast of fiber developments.

Sharon's next report covered the financing side of the FTTP project. The bonds to be sold will be in the amounts of \$8 million dollars for the project with an additional \$875,000 for reserves. Present grant requests are for \$3.1 million for smart grid financing and \$6,563,000 for rural broadband. Sharon is also attempting to work with Madison County for recovery bond monies, but has been unsuccessful.

Sharon also feels that Council isn't fully aware of FTTP expenses to date. She would like to get a budget amendment placed before Council as soon as possible.

Sharon next had a PowerPoint presentation about the Auburn system. AES presently has about 300 customers out of 670 business passings. This represents a take rate of almost 50% when they originally hoped for only 23%. They have 3200 residential passings. Most residential users are waiting on the video to be offered while most businesses were only interested in voice and data services.

Sharon also briefly covered the subject of wages for the new positions being created by the City. As illustrations she presented annual pay rates for other city's systems. Auburn pays its IT Manager \$82,000 per year, its Customer Service Reps about \$35,000 per year and an additional IT support staffer \$51,000 per year. The City of Crawfordsville pays its Director of Fiber/Light & Power about \$105,000 annually. One very interesting fact that Sharon had was that Auburn was able to reduce the ROI for their data center from 10 years down to 6-1/2 years. They did this by leasing space in the data center to third parties. Scott further explained that Auburn hosts the servers for Cooper Industries, as well as two large corporate credit card companies.

Bob Freeman again stressed the need to hire well-qualified individuals to staff the Highland FTTP system. Furthermore, he feels that we need to take a very methodical approach to project completion. Bob was very impressed with the overall quality of the Auburn system, from the splicing tray in the data center all the way up to the IT manager.

Scott briefly discussed the plan for Phase 1 construction. Presently, we plan to have outside contractors work alongside city personnel to construct the fiber backbone. This will allow city staff to be trained in, and be certified in, fiber installation. Scott projects that Phase 1 construction will take about 6 months for completion. This will entail the construction of 25 miles of aerial fiber and 7.5 miles of underground fiber. There will be 419 facilities passed with 23 of those being strategic institutions.

Next was Sharon's presentation on fiber financing. Sharon, Mark Latham, George Stram, Scott Bowles and Kelly Korte met with Joy Howard to discuss data that needs to be presented to prospective bond buyers. It would appear that the actual bonding will be postponed until January 2010. This is mostly because of the uncertainty of the grant proposals. It isn't possible to fully describe our spending plans until we know how much additional money we might have to work with.

NEW BUSINESS

The first item of new business was approve the advertisements for the IT manager, the marketing manager and the customer service reps. Council has approved advertising those positions as well as fiber linemen and fiber splicers. We presently have 12 people applying for the fiber linemen and fiber splicer positions. Mark asked for the board's desire to be included in the hiring process. He would like to know how much input the board wants to have.

The next item was a discussion on how to market the Highland FTTP service, including the formal name of the service. The Board has been getting an increasing number of questions from the public seeking information about the FTTP system. Board feels that we need to make a greater effort to educate the public. Bob Freeman likes the idea of having a town hall meeting to inform and market the general public. George Marron likes the idea of reporting to the public, by using Channel 10 as an example. George Marron volunteered to give a FTTP status report to the city council at the November 2nd meeting.

The final item of discussion concerned the location of the new fiber facility. The possibilities include the school administration building as well as a piece of property along US 40. Scott calculates that a building with about 4000 to 5000 square feet will be needed.

Next meeting of the Telecomm Board will be scheduled for November 9th at 7:00 PM. Jon Boulanger made a motion to adjourn the meeting; seconded by Bob Freeman. All voted aye. Motion carried. Meeting was adjourned at 8:09 PM.