

DRAFT OF ARTICLE, MOTION AND BALLOT QUESTION
2/27/15

From: Christine Hatch [<mailto:hatch@masstech.org>]
Sent: Wednesday, March 04, 2015 2:48 PM
To: selectboard@worthington-ma.us
Cc: townclerk@worthington-ma.us
Subject: Draft Article, Motion and Ballot Question

Dear Select Board:

Enclosed you will find suggested language for approving bonds for a broadband project which has been reviewed and approved by the law firm Locke Lord Edwards (previously Edwards Wildman), one of the state leading bond counsel firms. There is brief language for an article that could go on a town warrant as well as language for a motion approving the issuance of debt.

The total cost to build a Fiber To The Home Network in the town of Worthington is **2.86M**. This number is based on the best currently available data as to the total number of premises and the length of the fiber network required to pass by those premises. We are suggesting you appropriate **1.79M** for the amount of debt to be authorized by your town. This figure reflects the benefit of your town's allocation of a share of available state grant funds.

Please note that administrative fees are not included in this number. You may want to consider those fees in the final appropriation number.

Typical costs to issue bonds include bond counsel, a financial advisor, a credit rating, a paying agent, and printing costs for the document advertising the sale of the bonds. The aggregate of these fees for a regular bond issue range as follows:

- Up to \$1 million approximately 3% of the issue size

- \$2 million approximately 2% of the issue size

- \$3 million approximately 1.5% of the issue size

The italicized language in the draft motion is to be used if the approval of the debt is to be conditioned on the exclusion of the debt service payments from the tax levy limits imposed by Prop 2 1/2. This is a decision to be made by each town based on its own financial circumstances and preferences. For the cases where an exclusion from such tax levy limit under Prop 2 1/2 is to be sought, the material also includes a sample ballot question for the town election.

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The wording in the language provided is generic in that it will cover any sort of broadband project, whether fiber to the premises or another technology or a hybrid, and will authorize the town to proceed through its MLP either in a formal cooperative with other MLPS or on its own or in any other lawful manner. The use of an MLP is required to issue the general obligation bonds under MGL C.44, Section 8(8).

It is strongly suggested that you review the operative language provided with bond counsel. It is anticipated that matters placed on the town warrant will be supported by descriptions and reports explaining exactly what sort of Project is expected to be pursued under the authority granted.

I also have attached a Last Mile overview, draft time line of the project and bonding tutorial for your assistance. A hard copy of this package will be sent to you.

We look forward to working with you on this important initiative and would like to offer to meet with you or answer any further questions you may have. Please do not hesitate to be in contact.

Kind Regards,

Eric

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ARTICLE ____.

To see if the Town will vote to appropriate a sum of money for the Town's share of the costs of the construction, installation and start-up of a high-speed broadband network, including the payment of all costs incidental or related thereto, such project to be carried out by the Town's Municipal Light Plant; to determine whether this appropriation shall be raised by borrowing or otherwise; or to take any other action relative thereto.

ARTICLE ____ MOTION.

That \$ _____ is appropriated for the Town's share of the costs of construction and installation of a high-speed broadband network, including the payment of all costs incidental or related thereto, such project to be carried out by the Town's Municipal Light Plant; that to meet this appropriation the Treasurer with the approval of the Board of Selectmen is authorized to borrow \$ _____ under Chapter 44, Section 8(8) of the General Laws or any other enabling authority; that the Board of Selectmen and any other Town official is authorized to take any other action necessary or convenient to carry out this project[; *provided, however, that this vote shall not take effect unless and until the voters of the Town agree by vote to exempt from the limitation on total taxes imposed by G.L. c.59, §21C (Proposition 2½) amounts required to pay the principal of and interest on the borrowing authorized by this vote*].

(Note: The bracketed and italicized language in the motion above should be included only by Towns that wish to make the passage of the debt authorization expressly contingent upon the passage of a Proposition 2 1/2 debt exclusion vote at a town election. The election related to a contingent vote must take place by September 30 for contingent votes passed at an annual town meeting, and within 90 days of a contingent vote passed at a special town meeting.)

BALLOT QUESTION.

Shall the Town of _____ be allowed to exempt from the provisions of proposition two and one half, so called, the amounts required to pay for the bonds to be issued in order to fund the Town's share of the costs of construction, installation and start-up of a high-speed broadband network, including the payment of all costs incidental or related thereto, such project to be carried out by the Town's Municipal Light Plant?

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