Date: April 11, 2016

To: Katie Stebbins, Chair, Board of Directors, Massachusetts Broadband Institute
Kristen Lepore, Member, Board of Directors, Massachusetts Broadband Institute
Karen Charles Peterson, Member, Board of Directors, Massachusetts Broadband Institute
Pamela W. Goldberg, Member, Board of Directors, Massachusetts Broadband Institute
Donald R. Dubendorf, Esq., Member, Board of Directors, Massachusetts Broadband Institute
Dr. David Clark, Member, Board of Directors, Massachusetts Broadband Institute
Linda Dunlavy, Member, Board of Directors, Massachusetts Broadband Institute
Frederick Keator, Member, Board of Directors, Massachusetts Broadband Institute
Rick Oliveri, Member, Board of Directors, Massachusetts Broadband Institute
Elizabeth Copeland, Interim Director, Massachusetts Broadband institute

CC: WiredWest Board of Directors

From: WiredWest:
Monica Webb, Chair
Tim Newman, Spokesperson
Kimberly Longey, Negotiations Team

Re: **Status of WiredWest/Massachusetts Broadband Institute negotiations and next steps**

We would like to take the opportunity to summarize our member towns' perspective on the progress of last-mile broadband and the state of the negotiations between MBI and WiredWest, the cooperative of 30 underserved municipalities in western Massachusetts that are committed to a regional fiber-to-the-home broadband solution.

First we would like to thank Elizabeth Copeland for sharing with us her April 6 letter to you regarding the status reports from the governance and finance working groups. We commend Ms. Copeland for forging a collegial relationship and recognizing the significant time that both the MBI and WiredWest have invested in on-going discussions. However, we take exception to some of the statements and conclusions of the report, as described below.

We request that the MBI board schedule a meeting in Western Massachusetts as soon as possible to discuss the status of the last mile project directly with WiredWest, as was the initial plan when our negotiations began in December. At this meeting we will share our perspectives and make the case that regionalization of a fiber-to-the-home last-mile solution is the most prudent use of state investment, is consistent with the aims of both the legislature and the Baker-Polito administration, is financially sustainable, and provides a long-term technological solution that greatly reduces the likelihood of needing further state support in the future.

We believe that Ms. Copeland's April 6 status report, the recent issue of an RFP for high-level wireless designs for all underserved towns, the allocation of an additional $790,000 for consultants to fund further study and analysis, the discouragement of a regional solution in deference to independent town solutions, and other similar actions signal a fundamental shift in MBI's last-mile policy. We are gravely concerned that this shift will further prolong deployment of broadband in our desperate communities and will result in saddling the poorest and smallest towns with inferior technology. We are concerned that the directly affected communities are not included in the policy-making process and that these recent MBI actions represent a regrettably inefficient use of precious public funds.

**Status of Negotiations**

We have reviewed the MBI working group summaries of progress made since our teams began meeting in late December. We would like to point out that while characterized as negotiations, this period of time contained little negotiating effort or activity. While our conversations were productive and helpful for both sides, our work together between Dec 22 and January 31 was akin to discovery of concerns and identification of areas for further work rather than actual negotiations and we have met only once since then due to the MBI leadership transition and other activities during the so-called "pause". We remain ready and willing to engage in further discussions.

It is important to identify a fundamental difference in the approach between our two organizations to the problem at hand. WiredWest viewed this process as an opportunity to engage in genuinely collaborative discussion to address MBI's stated concerns about our business plan and proposed regional solution, and to work together with MBI to craft solutions that would be mutually agreeable to MBI and to our towns. We have been so far unable to engage in this kind of collaborative dialogue.

We believe that this impasse is because MBI has approached this process as an adjudicator of our responses to its critiques. The April 6 working group progress reports on governance and finance illustrate this point. Instead of sharing a joint list of concerns that we could progressively and collaboratively address, the finance report is a new document that itemizes places where WiredWest has not adjusted its business model to satisfy MBI — and contains mostly information that is new to us, and has not yet been discussed between both parties so as to agree to the validity of each issue. Despite the apparent gulf of remaining concerns, this list was not shared with us in advance of its distribution to you and there have been no efforts by MBI to meet about finance since January.

Ideas proposed by WiredWest at the March 11 meeting, including the schematic of new business structures and alternative language to the Operating Agreement, seem to have been dismissed in the MBI working group reports as insufficiently vague for serious consideration or inadequate to fully address concerns. A more productive response might have recognized these overtures as opportunities for collaborative negotiation and development. While we presented several ideas centered on towns owning their own assets, and incorporating many of MBI's stated concerns, the working group status reports are dismissive and the conclusions in the cover memo suggest an underlying lack of interest to work with WiredWest to develop satisfactory solutions for our towns.

A detailed response to the issues itemized in MBI's April progress report will be provided separately.

**Policy Shift**

After 14 weeks of intermittent meetings, and after reading the April 6th memo to you from Elizabeth Copeland, our primary conclusion is that MBI is not truly interested in negotiating with WiredWest to improve the plan for a regional solution that was presented jointly by MBI and WiredWest to our region's officials during the winter of 2014 and the spring of 2015. Rather, we see that MBI's positions and perhaps its directives from the state have changed.

We want to remind the Board that the state legislature authorized $50M towards last mile broadband almost two years ago; that WiredWest and MBI jointly presented a regional plan 16 months ago; that MBI presented to towns "not to exceed" costs for the construction of a regional fiber-to-the-home network during the winter of 2015, and communicated to the towns a commitment to allocate $18M *exclusively* for the design, engineering, legal and administrative costs of a regional FTTH network. Pursuant to that, 20 towns held town meetings in which voters authorized borrowing and debt exclusions of approximately two-thirds of the capital cost of building fiber-to-the-home, totaling $31M, and *based on the commitment of the state to a regional network*, with other towns poised to do the same. This phenomenal accomplishment in such a short period of time is a testament to the value of WiredWest as a regional facilitator of broadband and to the strong demand for a local fiber-optic broadband solution.

We perceive material shifts in MBI policy away from fiber-optic technology, and also towards non-regional alternatives. Both changes are a detriment to our towns and represent, in our view, an imprudent expenditure of Commonwealth funds. These changes also appear to be happening without any input from the affected towns. This exclusion of local stakeholders is unprecedented in jointly-funded projects between municipalities and the Commonwealth.

**Alternative Technologies**

MBI has indicated that it plans to spend significant time and resources examining alternative technologies. The only less expensive alternative, from an initial capital cost perspective, is fixed wireless, and we understand that an RFP was recently issued to perform a study of wireless deployment in all underserved towns, regardless of the town's interest, or lack thereof, in fixed wireless technologies. While the initial deployment cost for fixed wireless is less than fiber, the value per dollar invested is far inferior. Fixed wireless is unlikely to meet minimum broadband standards for most subscribers, has proven to be difficult to deploy in our region, and the operating cost per subscriber is comparable to fiber-optic (as already demonstrated by MBI's own pilot projects, and initial wireless studies and proposals funded by MBI).

After seven years observing the MBI's long standing habit of spending lengthy amounts of time and significant public resources engaging in studies through expensive private consultants — with very

little actual progress towards last mile deployment — we are dismayed to learn that MBI is once again going to prioritize additional studies over actual broadband deployment. This is particularly disappointing when we see that wireless, instead of fiber, is the focus of attention.

We believe investment in long term broadband infrastructure, instead of band-aid fixes, is the best use of our respective, and collective time and money, and that funds spent on studies could be better used to build long term infrastructure that will not require additional subsidy by towns or the Commonwealth over time. Towns that are interested in pursuing fixed wireless or hybrid solutions are already developing and submitting plans for such networks to MBI. The WiredWest towns have authorized borrowing for a regional fiber-to-the-home network as their desired solution.

In December 2015, the MBI was on the verge of issuing an RFP for fiber-to-the-home design and engineering. Now we fear that this will be further delayed until after fixed wireless has been assessed. With stated plans to pursue alternative partners and additional federal funding, we see our hopes for fiber-optic broadband fading into the distant future, while our towns wither and become increasingly desperate.

**Regional Implementations**

We know that the Baker-Polito administration has encouraged towns to embrace cost-saving regionalization strategies that take advantage of scale and efficiencies. Broadband policy is a significant opportunity for the state to be a leader in long-term regional solutions that help all towns affordably achieve the same level of service and corresponding economic development.

While we strongly support town self-determination, we are confident, given the option, that most towns prefer a regional solution, because regionalization creates sustainability and affordability, enables professional MLP management, and shares otherwise duplicated effort that stand-alone networks cannot achieve. But if the regional solution is too difficult, is discouraged by the state, and results in a protracted implementation, then our towns may become desperate for alternatives, and will begin to settle for suboptimal solutions that are a questionable investment of public funds.

We believe that the MBI board and Baker-Polito administration have an opportunity *to lead by expediting and incentivizing a regional solution of best-in-class technology*. We fear that the anticipated changes to current last mile policies will do just the opposite.

**Our recommendations**

- WiredWest strongly encourages MBI to reconsider policy changes that appear to be pending, and to instead re-embrace its current policy to promote a truly regional fiber-to-the-home solution. To do otherwise will likely dash any hopes for quality, sustainable broadband for western Massachusetts, calls into question the town financial commitments that were predicated on the MBI's commitment to funding a regional fiber-to-the-home network, and

will leave our towns in a fractured, desperate state. We believe that it is essential to ensure fair and equal access to funding, to avoid cherry picking, and to make the best long-term use of public funds. Regionalization is key to those goals.

- We encourage MBI to work *collaboratively* instead of adversarially with the WiredWest towns to quickly develop a compatible business and governance solution. Over the last several months, WiredWest has consistently demonstrated a good faith effort and has considered alternative governance structures and modified business models. We have begun a concerted effort to re-engage town officials to ensure full participation and "eyes wide open" support. We ask MBI to demonstrate the same effort towards collaboratively developing a municipal, truly regional strategy that leverages the locally designated broadband cooperative – WiredWest – and its governance under the M.G.L. Chapter 164, section 47c statute that specifically enables municipal telecommunications networks.

- We ask that the MBI board hold a meeting in western Massachusetts as soon as possible to meet with our member town officials and to directly hear their interests and concerns. The composition of MBI board and staff does not include a single individual who resides in or works in an unserved town. The July 2015 last mile policy was adopted with no notice to unserved towns and no input from those towns. Last mile broadband policy should be developed with the primary stakeholders at the table. We think it is politically, financially, and strategically important for MBI, no matter what its opinion is of WiredWest, to treat towns as valued partners in this process, not as subordinates to the process.

  Because time is of the essence for our region, and every day that goes by without an actual plan is a waste of our combined resources, we also request the opportunity to present our findings, conclusions and recommendations to you at your next Board meeting, and we recommend that all agency and institutional decision makers in a position to influence the trajectory of the next phases of this project be encouraged to attend.

- We request that clear guidelines for acceptable broadband projects be released as soon as possible. It is critical that "sustainable" be clearly defined through concrete, measurable criteria. It has been a full year since the MBI promised to release a grant process for last mile funding and yet that process remains unspecified today, even while WiredWest is subject to a level of scrutiny that no other standalone implementation must endure.

So as to make the best use of our future time on this matter, we believe it is prudent to dispense with the notion that our two organizations can truly and effectively negotiate until the above referenced conditions substantially change. Until then, we remain ready, willing and able, to work to solve our last mile broadband problems while we keep the core values of affordability, ubiquity, sustainability, and community control at the center of our vision, mission, and purpose.