

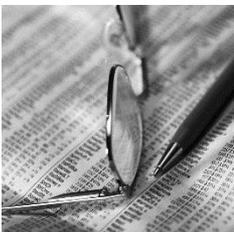
Last Mile Finance Plan: Greg Sandomirsky Mintz Levin



Last Mile Finance Plan Summary Outline

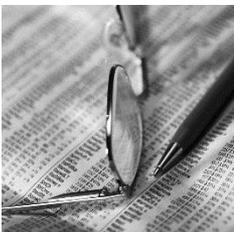
Cooperative Regional Model Town General Obligation Bonds

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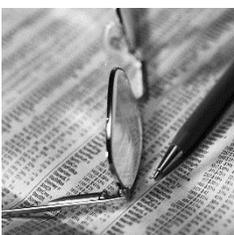
OVERVIEW

- 1.State Grant Funds plus Participating Towns' Contributions = Total Project Costs, including Start-Up Operating Costs. Town Contributions are expected to be Proceeds of Borrowings**
- 2.Project Costs are Estimates; Not to Exceed Town-Specific Amounts to be used for Debt Authorization Purposes.**
- 3.Project to be Financed as a Single Coordinated Project by all Participating Towns on same schedule, regardless of final Construction Plan and Sequence.**
- 4.A Common Plan of Finance for Town Borrowings may make sense.**
- 5.By Agreement among the Towns, their MLPs, WiredWest and MBI, MBI to design and build the Network and WiredWest to assume Title and Overall Operating Responsibility upon Completion.**



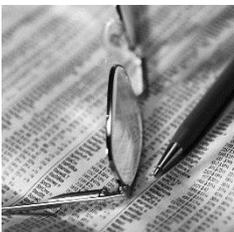
TIMING

- 1. State Grant Funds expected in Three Rounds, subject to continued Commonwealth bond funding – December 2014, 3rd Quarter calendar 2015 and 3rd Quarter calendar 2016.**
- 2. Proceeds of Town Borrowings needed at dates still to be determined beginning as soon as 4th Quarter calendar 2015.**
- 3. Authorization for Town Borrowings required in 2nd Quarter calendar 2015.**
- 4. Absent Additional Grant Funds, any Cost Overruns would require additional Town Contributions.**



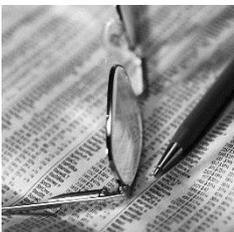
LEGAL AUTHORIZATION

- 1. Each town could issue general obligation (G.O.) bonds under MGL c.44:8(8) to fund its share of the project – statutory language: "[f]or establishing a telecommunications system operated by a municipal lighting plant, 20 years...".**
- 2. Authorization Requires 2/3 Town Meeting Vote. Not subject to ordinary debt limit (MGL c.44:10), but Prop 2-1/2 Exclusion from Tax Levy Limit may be Necessary or Desirable (majority vote by ballot).**
- 3. Each town could apply to have the State's Municipal Finance Oversight Board "qualify" the town's bonds under MGL c.44A to enhance the security and achieve lower interest rate, but some may not have enough local aid available.**
- 4. The State Treasurer pays debt service on "Qualified Bonds" and intercepts local aid to reimburse the State. The rating is one notch below the Commonwealth's.**
- 5. Additional debt structuring flexibility applies to Qualified Bonds.**



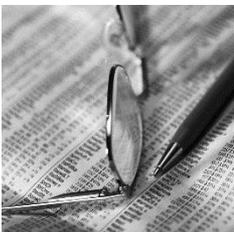
BOND PROCESS

- 1. Towns should retain Bond Counsel and a Financial Advisor, as well as consulting with the MBI/WW/FRCOG team. References Available.**
- 2. A Bond Counsel opinion would be required. Formal Disclosure Documents may be required.**
- 3. Debt could be sold in a Public Sale (formal bid) or in a Private Sale (negotiated process).**
- 4. Towns could issue debt in a coordinated manner using a Common Plan with other towns, or independently.**
- 5. A Common Plan involving the Same Professionals and a Negotiated Sale Process appears to offer the most coordination, flexibility and efficiency.**



PRINCIPAL AND INTEREST

- 1. Once Bonds are Authorized, Bond Anticipation Notes can be used to meet construction funding needs efficiently.**
- 2. BANs typically are issued for a term of a year or less and bear a short term interest rate with interest due at maturity.**
- 3. Under general law BANs can be "rolled over" for two years without amortization and for up to five years if amortization is commenced.**
- 4. Bonds for MLP "capex" can be amortized over a term of up to 20 years (including term of BANs).**
- 5. Use of Qualified Bonds could allow a longer "interest only" period and amortization over up to 30 years and may allow use of a "draw down" mechanism to "lock-in" interest rates up front for BANs or Bonds.**
- 6. The "model" to be presented assumes town bonds issued in three annual rounds, interest only through construction, amortization over the next 17 years and a 4% interest rate.**



DEBT SERVICE BURDEN

- 1. Towns would manage their tax levies and other resources to cover debt service on their bonds. If and when WiredWest has available net revenues, it could distribute money through its member MLPs to reimburse Towns' contributions, which could be used to offset debt service.**
- 2. The operating results of the WiredWest business over time are uncertain and will depend on take-up rates, pricing for services, operating costs, competition, technology change and many other factors.**
- 3. Towns would not be able to count on significant revenues coming back through their MLPs for several years.**
- 4. If WiredWest succeeds, when the towns set their tax levies and budgets in future years, towns may be able to rely on distributions from WiredWest to offset the G.O. bond debt service in whole or in significant part.**
- 5. Towns would remain legally liable on the G.O. bonds regardless of WiredWest operating results.**

