



April 27, 2021

Mr. Joe Young, Town of Fayette Broadband Committee, 2589 Maine St, Fayette, ME 04349
Mr. Bill Rosenberg, Town of Mount Vernon Broadband Committee, 1997 N Rd, Vernon, ME 04352
Mr. Eric Dyer, Town Manager, Town of Readfield, 8 Old Kents Hill Rd, Readfield, ME 04355
Mr. Jim Anderberg, Town of Vienna Broadband Committee, 346 Town House Rd, Vienna, ME 04360
Mr. Aaron Chrostowsky, Town Manager, Town of Wayne, 48 Pond Rd, Wayne, ME 04284

Re: 5-year Financial Operating Pro Forma

Dear Gentlemen:

Casco Bay Advisors, LLC (Casco Bay) is pleased to present this proposal to the Towns Fayette, Mount Vernon, Readfield, Vienna and Wayne (Towns) to develop a 5-year Financial Operating Pro Forma (Pro Forma) for each individual Town for a municipally owned Fiber-to-the-Home (FTTH) Internet network.

In addition, we will develop a combined Pro Forma for the West Kennebec Lakes Community Broadband Association (WKLBCA) for a single network covering the portion of each Town noted above and as defined by each Town. The purpose of the Pro Forma's will be to understand the forecasted sustainability of such a network and the range of service pricing to support varying take-rates (market share), operating expenses and debt service.

1 Scope of Work – 5-year Financial Operating Pro Forma

Casco Bay will develop a 5-year Financial Operating Pro Forma for municipally owned FTTH networks with the following components:

- Individual Town Pro Forma's
 - Project Kick-off Zoom video conference with each Town to define the geography of each Town to be incorporated into the Pro Forma
 - Revenue projections with adjustable variables to include:
 - Service pricing sensitivities
 - Take-rate (market share) sensitivities
 - Adoption timeline sensitivities
 - Operating expenses to include:



- Inflation factor sensitivities
- IP Transit (Internet Capacity)
- Annual pole license fees
- Utilities / Fuel
- Outside Plant maintenance
- Insurance
- Network Operator fees
 - Base management fee
 - Per subscriber
- Administration / Maintenance
- Contingency
- Accounting / Legal
- Bad debt
- Debt service w/ sensitivities
- Combined Pro Forma
 - A Combined Pro Forma will be developed based on a common set of assumptions for all Towns to be operated as a single network covering the defined geography of each Town.

2 Scope of Work – Additional Requirements

Casco Bay will provide additional advisory services from time-to-time at this discretion of each Town upon written request.

3 Deliverables – Final Report

The deliverables will include:

- Output from a Confidential Excel spreadsheet model
- Written discussion of model components and assumptions
- Presentation to Town Broadband Committee and/or Select Board
- On-going maintenance and enhancements

4 Timeline Estimate

The project will be completed within four (4) weeks from the notice to proceed but we will strive to complete the project as quickly as possible.



5 Pricing

The pricing listed below is valid for 30 days. If the Town decides to proceed with the project after 30 days from the date of this proposal, Casco Bay reserves the right to review the cost estimate and schedule, and to make changes as needed.

Services will be provided on a time and expense basis at an hourly rate of \$175 per hour. Expenses are actual expenses incurred without mark-up. Mileage reimbursement is at the IRS reimbursement rate in effect at that time.

Pro Forma Pricing				
	Estimated Hours		Estimated Amount	
	From	To	From	To
Fayette	8	16	\$1,400	\$2,800
Mount Vernon	8	16	\$1,400	\$2,800
Readfield*	0	0	\$0	\$0
Vienna	8	16	\$1,400	\$2,800
Wayne*	0	0	\$0	\$0
WKLCBA	8	16	\$1,400	\$2,800
<i>* Pro Forma's have already been created for Readfield and Wayne</i>				

6 Invoicing

Invoicing will occur monthly based upon the percentage of the project completed during the billing period. Payment is due within 30 days after the date of invoice and balances outstanding beyond these terms will accrue interest at the rate of 1.5% per month (18% per annum), or the legally permitted maximum if that rate is lower.



7 Acceptance

Your notice to proceed can be a letter or purchase order that makes reference to this proposal, or a copy of this proposal with an authorizing signature in the space provided below.

Acceptance				
Town	Name	Title	Signature	Date
Fayette				
Mount Vernon				
Readfield				
Vienna				
Wayne				
WKLCA				

Thank you for this opportunity to present Casco Bay for your consideration. We look forward to the opportunity to work with each of your teams to set the stage for broadband expansion across the region.

Sincerely,

Brian Lippold
President