

**ValleyNet Email is Dead, Long Live ValleyNet; ValleyNet Celebrates 10 Years of Facilitating ECFiber’s Success**

9/7/18 – Royalton, VT

ValleyNet wishes to remind the Upper Valley that it is still alive and kicking (despite the recent announcement by FirstLight that it is discontinuing service to former ValleyNet email account holders.)

When ValleyNet divested its dial-up accounts and email addresses to SoverNet (now FirstLight) in 2006, it “pivoted” to bringing universally available broadband to the region (see History.) Since 2008, ValleyNet has been assisting the East Central Vermont Telecommunications District (ECFiber) in financing, building and operating its fiber-to-the-home network in 24 Vermont municipalities. ECFiber now has close to 700 miles of optical fiber network and will soon add its 3,000th customer!

By 2020 ECFiber expects to have invested approximately \$48M to cover all unserved\* neighborhoods in 23 of its member towns, maintain 1400 miles of fiber-to-the-home network, and serve nearly 7,000 customers. ValleyNet and its 20 employees in Royalton continue to operate the system under contract to ECFiber.

ValleyNet Board chair and CFO Stan Williams commented, “I’m extremely pleased to acknowledge our tenth year of partnering with ECFiber by announcing that we have been able to help ECFiber issue revenue bonds this summer at a spread to 10 year treasury bonds of 117 basis points lower than last year. This is a concrete indication that the financial markets recognize the progress we have made in growing ECFiber from a self-funded startup to a stable Internet utility. In the future, ValleyNet hopes to be able to assist other groups in the Upper Valley to achieve universal broadband coverage in their towns.”

<b>Summary of ECFiber Revenue Bond Issues</b>						
<b>Series</b>	<b>Closing Date</b>	<b>Principal (\$M)</b>	<b>Repayment Term</b>	<b>Average Rate</b>	<b>10Yr Treasury Rate</b>	<b>Spread to 10 Yr Treas (basis points)</b>
2016	4/28/2016	\$ 9.23	23 years	5.04%	1.83%	321
2017	5/3/2017	\$ 14.58	23 Years	6.09%	2.32%	377
2018	8/22/2018	\$ 8.50	25 years	5.57%	2.97%	260

ValleyNet and ECFiber have benefited from thousands of hours of community volunteer effort over the years, and we thank past and present ValleyNet board members, ECFiber Governing

Board members, and ECFiber investors and customers that have supported our community-centered efforts.

\*Because of the limited bandwidth capacity of copper wire over rural distances, ValleyNet and ECFiber define unserved premises as: those premises being served only with copper-based telecommunications facilities.

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## **ValleyNet History**

*(ValleyNet's non-profit mission is to serve the Upper Valley by advocating for universal and effective Internet access and providing services to facilitate Internet use and increase citizen community engagement.)*

In 1994, the Upper Valley had an Internet problem – Internet access in the Upper Valley provided by national ISPs such as AOL, CompuServe, and Prodigy required a then-expensive long distance phone call to Manchester or Burlington. The non-profit organization ValleyNet was created to fix this in 1994 using surplus dial-up modems donated by Dartmouth College and, by 2006, provided local dial-up access to over 6,000 households. It also created local “listservs” (now administered by Vital Communities) that serve over 25,000 users in over 20 towns, offered web hosting/design services, helped recycle e-waste, and provided computer education programs.

By 2006, there were multiple local dial-up options in the Upper Valley and it was clear that dial-up Internet had run its course. At that time, the ValleyNet board made a difficult and controversial decision to sell its dial up accounts to SoverNet (now FirstLight) and pursue its mission via other means (see below.)

## **ValleyNet/ECFiber Partnership**

*(ECFiber's mission is to build and operate a universal, open access, fiber-to-the premises network, bringing state-of-the art connectivity to every home, business and civic institution in all of our member towns.)*

In 2008 ValleyNet, using capital from the sale of its dial-up accounts as well as loans from insiders, partnered with a number of VT towns unsatisfied with their broadband service to create ECFiber (<http://www.ecfiber.net/mission/>), a municipally owned and controlled organization. ValleyNet has been ECFiber's “Design/Build/Operate” partner since that time.

After unsuccessfully attempting to raise \$90M in 2008 in one fell swoop, the partners attempted for several years to raise capital from slowly recovering public capital markets and federal stimulus. Then, using loans from insiders, a successful 20 mile pilot fiber-to-the-home network in Barnard was completed, and operations began in 2011. As neighborhoods contiguous to the pilot network asked for service, the partners developed an innovative bootstrap “crowd

financing” mechanism which ultimately raised \$7M from over 450 local investors. This locally funded effort covered over 300 miles of roads and served over 1,500 customers by 2015.

By 2016 the public capital markets took notice and ECFiber has now successfully tapped the bond market for over \$32M in revenue bonds since then. (All original “crowd financing” investors were repaid with interest in 2016 and 2017.) By 2020 ECFiber expects to have invested approximately \$48M to cover all 20,000 unserved premises in its 24 member towns and to serve nearly 7,000 customers.

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