

**Vermont Community Broadband Board Meeting**  
**Monday, June 10, 2024, 12:00pm to 4:00pm**  
**Meeting Minutes**

**I. Meeting Call to Order, Roll Call, and Approval of Agenda**

Patty Richards called the meeting to order at 12:02pm, noted that the meeting was in-person (with some joining virtually), and completed roll call:

- Patty Richards
- Laura Sibilila (Joined at 12:06)
- Brian Otley (Not Present)
- Holly Groschner
- Dan Nelson (Remote)
- Christine Hallquist - Staff
- Rob Fish – Staff
- Toni Clithero – Staff
- Heryn Herzog – Staff
- Alexei Monsarrat – Staff
- Kristina Sweet – Staff
- Alissa Matthews – Staff
- Tom Malinowski – Staff
- Britaney Watson – (Remote)
- Ginny Raboin – Staff

Ms. Hallquist introduced new staff member Ginny Raboin, who started her job as Administrative Services Manager III today. Ms. Raboin will be supporting Ms. Clithero in legal matters.

Ms. Richards made a motion to approve the agenda. Ms. Groschner seconded. Ms. Richards said they were not going to take up the affordability policy, which was listed on the agenda as item six. The committee is going to do further work on the policy, and they will take it up in July or August potentially. Ms. Richards noted that Ms. Clithero wrote a legal memo about the Board's authority with regard to affordability that will be included in the Board Packet for next month.

Ms. Groschner mentioned the memo from Ms. Clithero on the floor of the required rate range for BEAD. Ms. Groschner would like to put it on the agenda so they can review it. She would also like the Board to be updated on the monthly KPI meetings that are being held.

Ms. Richards added Ms. Clithero's memo to the agenda as item 10.1 and KPI updates as item 10.2. The motion to approve the agenda as modified was approved unanimously.

**II. Introductions** – was done during roll call.

**III. Minutes Approval – 4/29/24 and 5/13/24**

Ms. Richards made a motion to approve the 4/29/24 minutes. Ms. Groschner seconded. It was approved unanimously. Ms. Richards made a motion to approve the 5/13/24 minutes. Mr. Nelson seconded. Ms. Groschner abstained from voting because she was not at the 5/13/24 meeting. The motion was approved unanimously among the four other Board Members.

**IV. Public Comment**

F. X. Flinn, ECFiber, commented that he would like Board Members to ascertain whether any decisions they make with regard to match money and ARPA funding will preclude ECFiber from obtaining additional ARPA grant funds. He said that ECFiber is in a position to spend any ARPA money within its deadlines.

Christa Shute, NEK Broadband, asked whether Board Members consider the memo about affordability to be public. Ms. Clithero answered that it will be part of the July Board Packet.

Lisa Birmingham, Lamoille FiberNet, commented she wants to listen to the discussion about BEAD match funds and said if there are funds available for construction in 2025, not necessarily tied to BEAD, they would like to apply for them.

Ellie de Villiers, Maple Broadband, asked whether an analysis had been done of any changes to the terms and conditions of the use of funds that might be required, as a result of differences between the requirements of Act 71 and the intended uses here.

**V. Match Proposal**

Mr. Fish gave a presentation entitled, "[Deploying Matching Funds to Reduce the Overall Cost to Universal Broadband.](#)" It describes the program staff developed on how to deploy the \$30 million from the state for match funding.

Ms. Groschner asked to clarify if this is a new \$30 million or the return of the \$30 million borrowed from the VCBB allocation to be used for flood relief. Mr. Fish said this is the \$30 million that was returned to us.

Ms. Richards asked for more information about the Vernonburg model we will use to estimate 25% of the cost to serve all locations within the service area. Ms. Groschner agreed and said she thinks they should approve the model. Alexei Monsarrat explained it's a statistical model built using the FCC data, the state data, including addresses already covered by federal grants, and we would supplement that with data once our challenge process is complete. The statistics measure the cost of serving the remaining locations in the area with fiber, (locations still not served after existing grant funding).

Ms. Groschner commented that we gave out money based on a universal service plan, but we won't be at universal service. Mr. Fish clarified that we gave out money to serve parts of universal service plans, and we didn't expect the first round of funding to cover everything. These are eligible addresses that remain unfunded.

Ms. Groschner asked why we need a third-party vendor (Vernonburg) to help us figure this out and why this money is tied to another source of federal money. Ms. Clithero answered her second question that it is because that is the condition the legislature imposed. Mr. Fish answered her first question by saying we could spend a lot of time coming up with a formula, but this is tried and true and allows us to use a technical approach that is based on facts, so it's hands off, saves time, and keeps it objective. Mr. Monsarrat added that we want to make sure that everything is very transparent in the way that it works and this will achieve that. Ms. Clithero added that this is a fine line when working with BEAD, and we don't really want staff involved hands-on in this part.

Ms. Sibiliala asked for clarification on who urged us, as mentioned in the first slide. Mr. Fish said the NTIA urged us to do this before the subrecipient process starts even though it is clear the state gave us responsibility and direction on how these funds must be distributed, to remove any potential appearance of favoring one applicant over another applicant.

Ms. Sibiliala asked if the presentation should have stated that a Board vote is "recommended" rather than "required?" Mr. Fish said that would have been better language, but that he would like to move this along to keep within the timeframe we have.

Ms. Sibiliala asked what the "tried and true" Vernonburg model accomplishes and if it's different than what the CUDs are using? Mr. Fish reiterated that the model estimates the construction costs to complete the universal service plans. Alissa Matthews added that the Vernonburg model takes into account the rurality of Vermont. Ms. Sibiliala wanted to be sure that the Vernonburg

model produces the same thing as is required by Act 71. Rob Vietzke said the CUDs support the aggressive timeline staff is working under, and we should proceed even though we don't have certainty on every detail.

Ms. Groschner asked when we use the Vernonburg model, how does it reconcile with Act 71 requirement, since BEAD requires us to serve addresses that Act 71 does not (off-grid for example). Ms. Matthews answered we have matched E911 addresses with broadband serviceable locations.

During the "scenario" part of the presentation, there was discussion around using unused ARPA money. Ms. Richards emphasized that we need to make it clear to grantees our requirements for unobligated ARPA money and the associated deadlines since there is a possibility we could take the money back. There is more information on this topic in item 10 "ARPA Grant Fund Availability Update."

Ms. Groschner said she would like to vote on the program without the specific scenarios mentioned to keep it simple, so they are not pre-approving re-allocations of funds in the case that there is not enough match money.

Ms. Richards said she wants to be sure there's adequate notice to all Act 71 eligible providers with universal plans to assess interest since interested parties must file written letters of intent by email no later than July 1, 2024. Ms. Hallquist responded that Ms. Clithero will draft the letter.

Ms. Sibilis said she would like the Board to be informed of what amounts the model comes back with for match for interested BEAD applicants even though they are not voting on it.

Board Members took a break at about 1:15 to work on the wording of a motion and returned at 1:37.

Ms. Groschner made a motion and Ms. Richards seconded it. There were amendments offered and accepted to the motion. This was the final motion:

I move to approve the creation of a broadband construction federal grant match program of up to \$30 M appropriated by the Vermont Legislature under Act No. 3 of 2023 to reduce the cost of construction of unfunded eligible addresses within VCBB approved Universal Service Plans, all as defined by Act 71, as determined by July 1, 2024 providing:

1. Grant funds are awarded to Act 71 Eligible Providers,

2. Grant awards are 25% of the estimated cost projected by a third-party model to complete construction of such unfunded eligible addresses,
3. Awards are given to eligible providers that each demonstrate that
  - a. It has or commits to apply for federal grant funding for construction to complete or support the completion of construction of all eligible addresses in the universal plan that will equal or exceed the 25% match award, and
  - b. The VCBB staff certifies to the VCBB Board that such eligible provider and additional grant recipient is in compliance with all VCBB grants to date.
4. Providing each such awardee does not draw on grant funds until the federal fund grant designated has been approved. Grant funds not meeting this contingency will be returned to VCBB for reallocation.

The motion was approved unanimously.

Ms. Richards said that for the next meeting staff is instructed to model the costs and issues associated with contingent grant amendments to eligible applicants on or before July 31, 2024. Staff will report status of the amounts at the July VCBB Board meeting and detail all program expenditures in the VCBB annual report issued on January 15, 2025.

## **VII. NEK/CV Status Update**

Jennille Smith, CVFiber, and Christa Shute, NEK Broadband, gave a [presentation](#) about their proposed merger. The governing boards of both NEK Broadband and CVFiber have voted to proceed with the preliminary merger agreement and merger plan.

Ms. Groschner asked if they have 652 customers, and they have unserved passings of 3140, are the passings all addresses or only eligible addresses. Ms. Shute answered that passings are all addresses. Ms. Groschner said the fraction of 652/3140 is the percentage of eligible addresses you're serving? Ms. Smith said yes, that is their take rate, and they are aggressively working to get a higher take rate.

Ms. Groschner asked if both CVFiber and NEK Broadband have creditors because it says the July 16 hearings will include notice to creditors? Ms. Smith answered they all have creditors, and they will have a closing on a lender before the hearing and they know about this.

Ms. Groschner commended the way they are handling the merger and is excited to hear more about how this impacts the terms of sustainability under your grants and whether or not there is integration with regard to service

offerings and rates/affordability. Ms. Shute said that as part of the BEAD process, they are committed to integrating our service offerings and our pricing plans, but because we know that we are going to be changing our pricing as a result of the BEAD process, we want to make all of those pricing changes at the same time.

Ms. Sibilía commended the work of both CUDs and asked what assistance they have gotten from the VCBB. Ms. Shute answered they used some of the BEAD Support Funding to help support this work, they had to hire some lawyers, and they've been meeting with the VCBB together. Ms. Sibilía asked Ms. Hallquist what the staff is doing to help. Ms. Hallquist answered that the staff is helping with financial knowledge and background. Mr. Monsarrat added they are providing technical assistance around how this works with programs and concerns such as universal service and business plans. Ms. Sibilía asked if there is anything more VCBB could be doing to help them. Ms. Smith said the transparency and continued meetings will be important as they go through the process.

Ms. Richards asked as the result of this merger what will be put in front of the VCBB. Ms. Shute answered that they will see a new business plan that will reflect both. It's your decision whether presenting the business plan will mean we need to amend either of our grants. For the foreseeable future, they will be maintaining both grants, they will not be combining grants.

Ms. Groschner asked Ms. Clithero to pay special attention to whether they can have two grant recipients here where their entity has become one, unless you're maintaining two separate organizations. Ms. Shute said the CVFiber grant will be amended to a Northeast Central Broadband. One is legal and one is perception. She said NEK Broadband will remain the legal entity. The CVFiber grant will become an NEK Community Broadband grant. However we are doing business as Northeast Central Broadband, so that will be the outward facing, on the CUD map it will have one name, but we have various grants, including with the USDA, so changing a federal entity in this time frame would be impossible.

Ms. Groschner said Ms. Clithero should be the one to tell the Board what to do in terms of the new entity taking the grant that belonged to another entity. Ms. Groschner said they would want in approving the transfer of a grant, to know what the status of compliance is, status of the entity, is there remediation that we expect as a condition of the grant transfer.

## **VIII. 2024 Budget Update**

Kristina Sweet gave a [Budget Presentation](#). The first slide shows 2024 expenditures through Q3 of FY 2024. Ms. Sweet said she estimates that we will have expended about 70% of the budget by the end of the year, so we are well under budget. She said much of that is due to spending less than budgeted on contractual costs. Ms. Hallquist added that we also received a \$531,000 VDOL grant we hadn't planned on.

Ms. Groschner asked what the line "state contractual" refers to. Tom Malinowski responded that it is contract costs within the state, for example services provided by the Agency of Digital Services. Ms. Groschner asked if we didn't need those services, or if we overestimated what those services would cost? Ms. Hallquist answered that the state doesn't always process invoices until the end of the year, so it might not all be reconciled, but we expect to still be well under budget. She said there were a number of services they overbudgeted.

Ms. Richards asked about "non-state contractual," if that is just outside consultants. Ms. Sweet said yes and contractual costs for some of our non-BEAD other federal grants, like the Digital Equity Planning Grant. Ms. Hallquist said our VDOL grant falls within that category too, reducing the expenditures. Ms. Groschner pointed out that the actual expenditure was \$531,000 more than shown. She asked for an asterisk that the number was reduced by the amount of the VDOL grant.

## **IX. 2025 Budget**

Ms. Sweet continued with the presentation from the previous item that includes the proposed 2025 budget. It includes a Digital Equity Data Analyst position. Ms. Groschner asked if by approving this budget they are approving the position or did they already approve it. Ms. Hallquist answered that it was included in the Digital Equity Capacity Grant application that the Board reviewed.

Ms. Groschner asked about the non-state contractual amount budgeted. She said she hates that we have a robust organization that then has to pay out to third parties to administer the primary source of funding. Ms. Hallquist responded that if you look nationwide, this is happening, otherwise we would have to hire additional staff. Ms. Groschner said it's helpful to compare our organization to what the cost is for other organizations to manage similar amounts of money. That should be in our annual report.

Ms. Richards and Ms. Groschner said they assume this extra contractual help will enable a level of detail of regular reporting on how each grantee is doing. She reiterated they need more reporting to make sure they don't have anybody going awry and they have knowledge into what is happening. We are moving from entrepreneurial to more institutional mode and see what is going on and monitor.

Ms. Sibilía asked if our government affairs contract is included in the budget. Mr. Malinowski said yes that is in the non-state contractual item. Ms. Hallquist said we want to use the same person again this year, but we need to negotiate a price.

Ms. Richards made a motion to approve the FY 2025 budget of \$5,549,705. Ms. Groschner seconded.

Ms. Sibilía commented she think the government affairs person was very helpful last year, but that we got a late start and should start earlier with her next year.

The motion was approved unanimously.

#### **X. ARPA Grant Fund Availability Update**

Ms. Sweet continued with the presentation linked above in item eight. SFR funds have to be obligated by the end of this calendar year and spent by the end of calendar year 2026. We have obligated 99% of our \$150 million.

Ms. Sibilía asked about a discrepancy in the slide explaining what has been approved and what has been obligated. Ms. Sweet says they are still working to find out the cause of that discrepancy. Ms. Groschner asked that this slide is stamped “draft” and come back to the Board with an explanation. And in the future please stamp things “draft” if they are not rock solid.

Ms. Sibilía asked what the audit requirements are in state government. Ms. Sweet said there is a federal single audit that takes place statewide.

Ms. Groschner asked if it’s appropriate for the Board to want an audit of its own for the organization. She would like a staff proposal on this.

Ms. Sibilía asked if staff has a policy about CUD audits, do they see them? Ms. Sibilía is asking to see the staff policy around that.

Mr. Nelson said he could get behind a controls audit, because you could see where you could go wrong, instead of a financial audit. Ms. Groschner said a financial audit would only be sampling and she’s not sure it isn’t a good idea. Mr. Nelson said it would be expensive and might not give us what we’re looking for.

Staff recommendation is to allow the CUDs to apply for remaining funds for preconstruction, materials, or construction by no later than August.



Ms. Richards asked if the game plan is to reach out to each entity to let them know what they have remaining? Mr. Fish said we are going to ask them in July if they intended to apply in August and they will all be amendments.

Ms. Groschner commented that another approach is that if we have \$2 million left over, we could use that for affordability connection money and have a grant program where you bring staff a qualified household and where a needy family is being served, there are funds to address that need. Mr. Fish said we are considering that for the connectivity initiative and will be bringing a proposal forth.

Ms. Sibilia suggested a special VCB meeting so they could look at the slide with the numbers cleaned up before she makes a motion to support this.

Ms. Groschner made a motion that the remaining ARPA funds not be subject to construction and preconstruction allocation requirements and materials. Ms. Richards seconded. The motion was approved 3-1. Ms. Sibilia voted no. Ms. Sibilia said her no is in connection to the slide with the numbers that are off and still being worked on.

#### **10.1 Item added to agenda: Ms. Clithero's Memo –**

Ms. Groschner said that Ms. Clithero indicated there was a conversation with the NTIA where they encouraged Vermont to change its rate floor that's an obligation under BEAD grants. Ms. Clithero said that yes there was a request that with the expiration of the ACP, there were concerns with the floor of our low-cost option being too high at \$45. The \$30 floor is what the model was in the NOFO for the BEAD program. She said our \$45 floor was based on the existence of ACP. We changed it. Ms. Hallquist said it has no negative impact.

Ms. Sibilia asked if this gives an advantage or disadvantage to a big provider who comes and applies for BEAD. She said she wants to be sure it's remaining competitive. Ms. Hallquist said yes.

Ms. Groschner asked who makes the decision whether a sustainable business plan can meet the \$30 low-cost option or needs a waiver. Mr. Monsarrat said there are two places that will come into play, the first is a gating requirement that will likely be handled by a contractor, and then in the actual proposal itself.

#### **10.2 KPI Monthly Meetings**

Ms. Hallquist said they've started the KPI monthly meetings. KPIs will be reviewed informally monthly and formally quarterly to the Board. Ms. Sibilia said it would be great to start those with how many Vermonters are now served. Ms. Groschner asked to see at the July meeting what the reports will look like without specific numbers.

Ms. Groschner said she wants to set an expectation that if they uncover a crisis in the KPIs, they won't wait for the quarterly report to let them know. Mr. Monsarrat said they are asking basically what have you done and what did you plan to do so they can see the delta. Ms. Groschner asked that it be presented like a scorecard, with the metrics that mean the most at the top or dashboard.

#### **XI. VCUDA Update (Act 71 related)**

Rob Vietzke gave the update that there is a lot going on in all the CUDs, but he's not going to give an update on each, but what VCUDA is doing in shared services. They hired a GIS expert to model universal service plans. A number of the CUDs filed to intervene in the Consolidated sales docket. VCUDA is working on leading a coalition to apply for the competitive digital equity grant. They have also been discussing affordability issues. Lisa Birmingham was elected VCUDA Vice Chair. Christa Shute has assumed the Secretary role.

Ms. Sibilia thanked the CUDs for engaging in the process of the sale of Consolidated.

#### **XII. Public Comment –**

F.X. Flinn said he's disappointed ECFiber's ARPA grant has been re-categorized as SFR, which makes it look like there is not much left to spend when they were in a position to spend more now. He would like to see an alternative presented that would allow ECFiber to get additional ARPA money.

#### **XIII. Parking Lot and Scheduling Special May Meeting**

Ms. Hallquist said the Board will get an Ookla update at the July meeting. Britaney Watson will give an update on what other states are doing about affordability after ACP at the July meeting.

Ms. Groschner would like a review of the scoring criteria for BEAD.

Ms. Sibilia asked if we are doing enough to differentiate between when we're doing BEAD work and when we're doing other work. Ms. Groschner suggested having categories on the agenda of what kind of work it is. (BEAD, USF, Act 71)

#### **c. Board Review – Executive Session**

Ms. Richards made a motion to move into executive session to discuss personnel matters under 1 V.S.A. s.313(a)(3) (3), authorizing a public body to hold an executive session to consider personnel matters. Ms. Groschner seconded. It was approved unanimously. They went into executive session at about 3:51. They did not come back into public session.

#### **Action Items-**

- Include Ms. Clithero's legal memo on the authority of the Board with regard to affordability in the Board Packet for July.
- Ms. Clithero draft letter to all Act 71 eligible providers with universal plans to assess interest since interested parties must file written letters of intent by email no later than July 1, 2024.
- Ms. Sibilia said she would like the Board to be informed of what amounts the model comes back with for match for interested BEAD applicants even though they are not voting on it.
- Ms. Richards said that for the next meeting staff is instructed to model the costs and issues associated with contingent grant amendments to eligible applicants on or before July 31, 2024. Staff will report status of the amounts at the July VCBB Board meeting and detail all program expenditures in the VCBB annual report issued on January 15, 2025.
- Ms. Groschner asked Ms. Clithero to pay special attention to whether they can have two grant recipients here where their entity has become one, unless you're maintaining two separate organizations. Ms. Groschner said Ms. Clithero should be the one to tell the Board what to do in terms of the new entity taking the grant that belonged to another entity.
- Ms. Groschner said they would want in approving the transfer of a grant, to know what the status of compliance is, status of the entity, is there remediation that we expect as a condition of the grant transfer. \*add to parking lot\*
- Ms. Groschner pointed out that the actual expenditure was \$531,000 more than shown. She asked for an asterisk that the number was reduced by the amount of the VDOL grant, especially for the end-of-year report.
- Ms. Groschner said it's helpful to compare our organization to what the cost is for other organizations to manage similar amounts of money. That should be in our annual report.
- Ms. Richards and Ms. Groschner said they assume this extra contractual help will enable a level of detail of regular reporting on how each grantee is doing. She reiterated they need more reporting to make sure they don't have anybody going awry and they have knowledge into what is happening. We are moving from entrepreneurial to more professional mode and see what is going on and monitor.
- Ms. Sibilia asked about a discrepancy in the slide explaining what has been approved and what has been obligated. Ms. Sweet says they are still working to find out the cause of that discrepancy. Ms. Groschner asked that this slide is stamped "draft." Please go back to Board with explanation.
- And in the future please stamp things "draft" if they are not rock solid.
- Ms. Groschner asked if it's appropriate for the Board to want an audit of its own for the organization. She would like a staff proposal on this.

- Ms. Sibia asked if staff has a policy about CUD audits, do they see them? Ms. Sibia is asking to see the staff policy around that.
- Ms. Groschner asked to see at the July meeting what the reports will look like without specific numbers.
- Ms. Groschner asked that it be presented like a scorecard – KPIs – with the metrics that mean the most at the top.
- Ms. Groschner would like a review of the scoring criteria for BEAD.

Ms. Sibia asked if we are doing enough to differentiate between when we're doing BEAD work and when we're doing other work. Ms. Groschner suggested having categories on the agenda of what kind of work it is. (BEAD, USF, Act 71)

DRAFT