

Vermont Community Broadband Board Meeting

August 8, 12:00pm – 4:00pm

AGENDA

Meeting is being held virtually.

[Click here to join the meeting](#)

Join by Phone; +1 802-828-7667,,389833626#

Note: there may be additional executive sessions as needed

Premature general public knowledge would clearly place the public body, or a person involved at a substantial disadvantage (1 V.S.A. § 313(a)1)

- 12:00 1) Meeting Call to Order, Roll Call, & Approval of Agenda
- 12:05 2) Approval of July 1st, July 11th, and July 15th Meeting Minutes
- 12:10 3) Intro to Deputy Secretary of Administration Douglas Farnham
- 12:30 4) Update on Ongoing Investigation involving ValleyNet and ECFiber Executive Session (Board, Staff, ValleyNet and EC Fiber)
Premature general public knowledge would clearly place the public body, or a person involved at a substantial disadvantage (1 V.S.A. § 313(a)1)
- 1:00 5) Update on Confidential Negotiations Executive Session (Board, Staff, NWFiberworx and Lamoille FiberNet)
Premature general public knowledge would clearly place the public body, or a person involved at a substantial disadvantage (1 V.S.A. § 313(a)1)
- 1:20 6) SoVT Construction Grant Application Presentation, Q&A, & Board Decision/ Executive Session if necessary (Board, Staff, CTC, & SoVT, and partners)
Premature general public knowledge would clearly place the public body, or a person involved at a substantial disadvantage (1 V.S.A. § 313(a)1)
- 3:00 7) Staff Updates
- 3:30 8) VCUDA Update
- 3:45 9) Public Comment
- 4:00 10) Motion to adjourn

Press inquiries; please contact Christine Hallquist, christine.hallquist@vermont.gov, 802-636-7853

Vermont Community Broadband Board
Board Packet Executive Summary
August 8, 2022
Christine Hallquist, Executive Director
Phone – 802-636-7853
Email – christine.hallquist@vermont.gov

Doug Farnham – Deputy Secretary of Administration

In follow-up to a previous action item of the Board, Doug Farnham will be on the agenda to discuss his role with the VCBB. Staff appreciates the support Doug has provided the VCBB. Doug has been very responsive to questions and requests, and has been helpful in terms of federal rules and guidelines.

Update on Ongoing Investigation involving ValleyNet and ECFiber

The VCBB is conducting an additional risk evaluation of ECFiber in terms of grant administration based on the investigation into a contractor stealing funds as described in the recent VTDigger article. <https://vtdigger.org/2022/07/21/valleynet-operator-of-internet-provider-ecfiber-says-contractor-stole-money/>. We have provided an opportunity for ECFiber to update the Board and answer questions related to financial controls in Executive Session. A copy of the ECFiber press release is included in this packet.

SoVT Construction Grant Application

The VCBB staff recommends the Board approve the Grant Application from Southern Vermont CUD for \$9,009,085. This Grant will provide fiber-optic service at low cost (1 gig at \$70/month year one, \$95/mo. Year 2) to the 2543 under and unserved addresses in the CUD resulting in Universal Service of fiber optic Internet to all addresses. This partnership with Consolidated will result in a cost of \$3543 per under and unserved address in the Universal Service Plan for Southern Vermont CUD. The average cost to serve an under or unserved address in Vermont as part of the VCBB Universal Service Plan is \$5391. The Southern Vermont CUD has so few under and unserved addresses along with a lot of miles of construction to get to those addresses that a stand-alone business case would be challenging. If Southern Vermont CUD attempted to build this network on their own, they would have to construct 691 miles of fiber to achieve their Universal Service plan. This would cost \$34.6 million resulting in a cost per under and unserved address of \$13.6K. This would be almost 4 times the cost to serve these addresses than the partnership with Consolidated cost.

Vermont Community Broadband Board Draft Meeting Minutes
Meetings are being held virtually.
July 1st, 2022

I. Call To Order – 12:12pm

Roll call completed by Brian Otley

Brian Otley (Remote)
Holly Groschner (Remote)
Laura Sibiliala (Remote)
Patty Richards, Chair (Absent)
Dan Nelson (Absent)
Christine Hallquist - Staff (Remote)
Stan Macel – Staff (Remote)
Robert Fish – Staff (Remote)
Alissa Matthews – Staff (Remote)

Laura Sibiliala made a motion to approve the agenda, Holly Groschner seconded, and the motion was unanimously approved.

Laura Sibiliala clarified with the rest of the Board Members present that today’s presentations from CUDs are informational, and decisions will be reserved for the July 11th meeting.

II. Approval of the June 14, 2022 draft minutes

The Board discussed the June 14th, 2022 draft Board Meeting minutes. Laura Sibiliala made a motion to approve the minutes. Holly Groschner seconded, and the motion was unanimously approved.

III. CVFiber Construction Grant Application Presentation

Jerry Diamantides, Chair of CVFiber presented an overview of their application for phase one which will cover approximately 400 miles and 3000 eligible locations. Jerry provided some background on the CUD, its leadership, the hiring of Jennille Smith, DVFiber’s Executive Director, additional plans to hire more staff, along with administrative support from Central Vermont Regional Planning Commission. Jerry also mentioned qualifications of their consultants and contracts with NRTC, Mission Broadband, and KGP, and the value of the professional skills of their volunteers.

Jerry explained that CVFiber have excluded highly served areas to avoid significant overbuild and target the unserved and underserved addresses within the CUD using the ARPA funds.

Holly Groschner asked Jerry to confirm that the project will address the concept of universal service which requires the CUD to have a plan to serve all locations and the map accounts for 100% coverage, if it were to be built out. Jerry clarified that the high-level design map was showing where CVFiber is going to spend ARPA funds, but the design includes the potential for 100% build out to the entire population.

Jerry explained that CVFiber is continuing outreach for town ARPA match funds along with working with NRTC and other partners to seek additional grant funds to ensure affordability of subscription fees. He also mentioned their strong partnership with WCVT, WEC, VELCO, and VCUDA, especially ECFiber and NEK Broadband to share strategies and leverage resources.

Jerry highlighted that CVFiber has already pre-purchased 302 miles of fiber, 400 miles of materials, make-ready for over 2,000 poles, and they completed their entire high-level design, along with detailed design for 5 of their 24 distribution areas that will be constructed by next spring.

Christine Hallquist shared that the staff review found the proposal to be sound, their take-rates are conservative and the cost per passing and cost per customers is about half of the state average.

Brian Otley asked for Jerry to walk through the Universal Service Plan again. Jerry used a donut-hole analogy to describe the areas of Montpelier, Barre, Barre City, and a separate smaller area of Northfield that already have fiber. The design includes capacity to extend into those areas since they are member towns, but construction deployment using ARPA funds will be focused on the unserved and underserved areas first.

Laura Sibilía asked how realistic winter build plans were. Jerry explained that they don't plan to build much in the winter, they will build as long as they can this year and will be able to do installations through the winter. Laura then asked what CVFiber's process for getting commitment with member towns for participation and what have the challenges been. Jerry responded that attendance at Board meetings have been great, but really the surveys they have done are telling of how much interest and need exists for this service. Laura also asked if CVFiber is tracking volunteer time. Jerry confirmed there aren't direct logbooks, but they would be able to provide documentation of how much time has been spent as volunteers if needed.

Laura asked how communications will be managed around outages and if CVFiber has had discussions about those issues with their operator and specifically who will be responsible. Jerry confirmed that their operator's emergency response team would contact with Jerry and Jennille immediately upon an outage and CVFiber would be included in addressing the problems and finding solutions. Jennille Smith added that CVFiber is also designing to prevent outages by adding robust backup generators and they have already started thinking about requirements for a maintenance RFP to be issued to supplement what exists with WCVT because the reliability of the network is very important.

Laura Sibilía noted that CVFiber's application stated that their operator will hold the customer data in confidence and can only use it for the purposes of providing service, and asked if there had been any discussion about what type of entities that would be shared with in terms of providing service and if CVFiber would be notified in the event of any kind of breach of or loss of data. Jerry responded that notices of and responses to breaches is part of their contract and that there's no selling of the customer data or leveraging of customer information and WCVT does that internally for themselves now and CVFiber has been adamant about that same level of confidentiality.

Holly Groschner highlighted how it seems CVFiber is taking on operational roles and asked if that is correct. Jerry explained that there is no intention of it being a turnkey operation, they have an extremely active executive committee, and their Board wants to ensure control of decisions as stewards of this resource. Holly then acknowledged the thoughtfulness CVFiber has brought to scoping the various roles and the commitment of the volunteers and asked if Jerry was still a paid consultant because the activism that it takes to monitor these contracts going forward may not be suitable for volunteer work. Jerry said he was paid when he managed the pole inventories in 2021 but since becoming Chair he has not and disagreed because he feels it depends on the level of oversight and they have consultants designing the network and managing construction, and Jennille, the Executive Director will have direct oversight over all of the contracts. He continued that it really are the procedures that the Board have put in place to keep things moving. Ray Pelletier added that there are no shortcuts to the process and there is intent to hire an operations manager to oversee the contracts with WCVT and ensure performance standards and provide service but they are not running the operation. He added that the statute allows for the officers to be paid, and even though CVFiber's Chairs have not been yet, he

would be in support of it.

Teles Fremin from CTC asked about some discrepancies between the business model and the financial spreadsheet. Jerry explained both are living documents and will continually shift until there are as-builts and a subscriber list. Teles shared that after reviewing the proposal, CTC sent questions and the responses provided by CVFiber answered all of their remaining questions.

Holly Groschner stated that with the clarification on the universal Service Plan, her remaining question would be related to overbuild and may make sense to revisit at the July 11th meeting. Laura Sibia added a question of how CVFiber is addressing the amount of construction activity that's going on in the state right now. David Healy responded that they used the most current data provided by the Public Service Department and they are paying attention to where fiber is being run and have deliberately put some of the distribution areas later in the pipeline. Jerry added that all the designs are field checked and if there is new information there they use it.

Brian Otley confirmed that no Executive Session was needed.

IV. DVFiber Construction Grant Application Presentation

Steven John, Chair of DVFiber introduced the team and provided a brief history of the organization, sharing that David Jones has been consulting as the project manager, they are recruiting an Executive Director, they currently have contracts for professional services from RISI and are relying on Brattleboro Development Credit Corporation for administrative assistance, grants management and accounting.

Steven shared an overview of DVFiber's policies for procurement and financial management and the CUD's priorities of affordability, net neutrality and cyber security, as well as reliability and resiliency. He continued by highlighting Act 71 qualifications including their partnership with GWI and cooperation with Green Mountain Power, Jacksonville Electric, VPPSA, and CCI to accomplish make-ready, and shared their progress to date with a complete high-level design and efforts to build an inventory of fiber and equipment.

Steven confirmed that DVFiber is building to VCBBS established Outside Plant Design Standards to assure capacity and can provide eNNI connectivity to third-party providers to reach any customer location, along with the ability to lease middle mile dark fiber to commercial and carrier customers, when it improved financial sustainability and is beneficial to DVFiber customers.

Steven then shared DVFiber's Act 71 compliant business plan updates including additional towns, broadband availability statistics, and restructured the financial model to reflect planned construction sequence and improve revenue and cost assumptions after incorporating anticipated grant funding.

Steven explained that GWI can average 30 miles per month for construction, so DVFiber hopes to exceed 600 miles of construction over the 24-month project period and will build the backbone first and then the laterals for security and redundancy purposes.

Holly Groschner asked for clarification on the business plan and whether the grant request will carry DVFiber through the 24 months, or how the pieces will all come together. Steven shared that the plan is to connect customers as the construction goes and they anticipate that there's going to be some other funding available through the broadband infrastructure bill. Holly raised concern about the timing and the amount of funding available through IJA, and recognized they hadn't shared any maps that illustrate the complete plan for the District. Steven said they would share

more about the business plan and high-level design maps in Executive Session. Steven also addressed the fact that Winhall and Londonderry are also in Southern Vermont CUD and shared they do have a design to reach those areas but it will come down to who will get there first, and more affordably.

Christine Hallquist commented on the fact that DVFiber needs over \$34 million to complete this plan and only has access to around \$21 million currently and VCBB will work with the CUDs to pace construction but a bridge loan may be necessary based on timing. Rob Fish added that VCBB are also encouraging CUDs to try to access the bond market sooner and will soon have consultants to assist with other creative financing options.

Laura Sibilila asked about what the CUD has discussed in terms of outages and data breaches and communications in response. Steven shared that they have metrics in their Statement of Work to measure and hold GWI accountable regarding operations and customer service. David Jones added that GWI is committed to customer data privacy, and GWI has been a leader in establishing customer data privacy laws in Maine where they are based.

Laura Sibilila reminded the group that there is not the ability to regulate Internet Service Providers and the CUD model and the agreements that the CUD's are making with these operators are really critical in terms of things like privacy, understanding how citizens and customers will become aware that there is an outage, how long the outage might last, or that there has been some sort of loss of data.

Christine Hallquist requested that the Board go into Executive Session to discuss additional details. Holly Groschner made a motion to go into Executive Session, inviting DVFiber leadership and their partners from GWI, CTC and VCBB Staff. Brian Otley seconded, the motion was unanimously approved and the Board entered into Executive Session.

Brian Otley confirmed that no action was made in Executive Session.

V. NEK Broadband Construction Grant Amendment Presentation

Christa Shute presented an overview of NEK Broadband's request for an Act 71 Construction Grant Amendment.

Grant Amendment Request Overview

Construction Grant Allocation: \$30,958,003

Town ARPA Matching Fund Allocation: \$4,953,280

Construction Grant Awarded: \$15,899,089

Grant Amendment Request: \$4,966,800

Additional Miles of Construction: 100

Premises Passed: 877 (634 eligible)

Additional Funding: Town ARPA Funds from 4 towns

Christa explained that the purpose of the amendment was to include the contributions of town ARPA funds from Peacham, Groton, Ryegate, Walden, and supplemental spurs that secures sufficient labor from GMP to address capacity constraints from the smaller utilities, by prioritizing additional areas in GMP territory including portions of Danville, Peacham, Groton,

Waterford, Concord, Lunenburg, Lyndonville, and St. Johnsbury, and will be served off of the backbone being built through Lyndon.

Holly Groschner asked for Christa to confirm whether this is a change to the plan and what the ask is for the amendment. Christa reiterated that the request is for an additional \$5 million in grant funds for the additional mileage and drops in these areas, but the business plan has not changed, just the amount out of their total allocation and priority build during this portion of the project, and the acknowledgement of the additional town ARPA matching funds to supplement builds in those areas. Holly then asked how NEK has dealt with what has seemed like unwillingness from towns to fund spurs and drops where the household may not need assistance. Christa confirmed that their presentation to the towns outlined the build plan, and how the match program can assist in towns getting service faster, and did not focus on the funds contributing to drops but rather contributing to the routes through those towns.

VI. Legal Analysis of Act 71 Issues – Executive Session

VCBB Board decided to move this discussion to the end of the agenda, during item X.

VII. Staff Updates

Christine Hallquist shared that VCBB Staff are going to aggressively pursue the Middle Mile Program from IJA. CTC, with their familiarity of the CUD structure and current projects will be helping to plan for that statewide design and application.

Rob Fish provided an update that two consultants are being considered focused on the creative financing initiative to assist CUDs in accessing additional resources. He also shared that unfortunately the person the VCBB made an offer to for the Broadband Project Developer position has withdrawn from consideration and the team is going back to the drawing board to fill that capacity gap.

Rob also mentioned that Chittenden County is organizing to form a Communications Union District and VCBB Staff have met with and will continue to meet with other towns so they can use the tools at their disposal and prepare for voting in their towns this coming November.

Laura Sibilias asked who is leading the CUD effort in the Chittenden County area and Rob confirmed that the Regional Planning Commission is leading the effort he is assisting in the process.

VIII. VCUDA Update

F.X. Flinn provided an update from VCUDA. He shared that he has been working to reconcile the fiber deliveries and payments and expressed how important enabling that process and making that deal last fall because even with delays in the initial deliveries Vermont is still going to have everything ordered by the end of the year which should put CUDs out in front of other entities just getting started.

He shared that there hasn't been much success in trying to put something together in terms of collective auditing services or collective financial advisor services, one reason being because the CUDs are all at very different stages of maturity and are taking different approaches to how their economic model is going to work.

Laura Sibilias asked FX if the State could do anything to help, referrals from the Treasures Office

or something like that. F.X. responded that he has not pursued that but would be willing to join a call to see what options might be.

F. X. reported that VCUDA is actively looking to hire a new program coordinator and the Board is waiting to hear back from a couple of expressions of interest but is concerned with the amount of capacity needs across the State, VCUDA, and within the CUDs.

IX. Public Comment

There were no comments from the public.

X. Legal Analysis of Act 71 Issues – Executive Session

Brian Otley called the Board into the Executive Session to discuss confidential attorney-client communications made for the purposes of providing professional legal services to the Board (Presentation by General Counsel). Premature general public knowledge would clearly place the public body, or a person involved at a substantial disadvantage (1 V.S.A. § 313(a)1).

The meeting lost quorum at 4:01pm and the meeting was adjourned.

DRAFT

Vermont Community Broadband Board Draft Meeting Minutes
Meetings are being held virtually.
July 11th, 2022

I. Call To Order – 10:03am

Roll call completed by Patty Richards

Patty Richards, Chair (Remote)
Brian Otley (Present)
Holly Groschner (Present)
Dan Nelson (Present)
Laura Sibia (Present, joined at 10:18)
Christine Hallquist - Staff (Present)
Stan Macel – Staff (Present)
Robert Fish – Staff (Present)
Alissa Matthews – Staff (Present)

Patty Richards made a motion to approve the agenda, Holly Groschner seconded.

Holly Groschner highlighted the importance of item XIV Legal Analysis of Act 71 and the discussions that occurred around the Universal Service Plan policy during the July 1st meeting and suggested that decisions are tabled until all Board Members have a chance to discuss. T

he Board and VCBB Staff discussed making changes to start that discussion once Laura Sibia arrived and then suggested moving

- item II. Approval of Minutes to the end of the meeting,
- item III. CVFiber Application Decision to 12:30,
- starting with item VI Approval of Executive Director Authority Policy.

Patty Richards made a motion to approve the revisions, Holly Groschner seconded, and the revised agenda was unanimously approved.

II. Approval of Executive Director Authority Policy

Christine Hallquist reviewed the policy memo created in response to two items from the Board Meeting parking lot: Identifying the Executive Directors financial decision capacity and limitations in terms of dollars and the personnel hiring policy in terms of what permissions are needed from the Board. The following were discussed with noted changes:

Item 8. Ensure that positions and job specifications are prepared and reviewed as necessary for all personnel. Such completed descriptions will not require Board approval.

- Change to “Such completed descriptions that are approved in the budget will not require Board approval.”

Item 17. Administer the approved budget, including approval of non-budgeted items up to \$250,000. The Executive Director will inform the Board of any non-budgeted items that exceed \$50,000.

- Change to “Administer the approved budget, including approval of non-budgeted items up to \$50,000.” and revisit if not sufficient over time.

Item 1. Identify the mission, objectives, and strategic priorities of the VCBB by periodically engaging in an ongoing planning process with the Board.

- Change to “Implement the mission, objectives, and strategic priorities of the VCBB.”

Responsibility:

- Change to “The Executive Director shall report to the Board on how these delegations are being carried out. The Executive Director may delegate any of the foregoing legal authorities to the appropriate personnel while continuing to take responsibility.”

Holly Groschner moved to adopt the Executive Authority Policy as amended, Patty Richards seconded, and the motion passed with four in favor. Laura Sibilia abstained.

III. Legal Analysis of Act 71 Issues – Executive Session

Patty Richards made a motion to go into Executive Session with VCBB Staff to discuss the Universal Service Plan Policy as it entails confidential attorney-client communications made for the purposes of providing professional legal services to the Board (Presentation by General Counsel). Premature general public knowledge would clearly place the public body, or a person involved at a substantial disadvantage (1 V.S.A. § 313(a)1). Holly Groschner seconded, the motion was unanimously approved, and the Board and VCBB Staff went into Executive Session.

Patty Richards confirmed that no action was taken in the Executive Session.

IV. DVFiber Application Decision

Christine Hallquist introduced David Jones from DVFiber to provide a review of the details of the CUD’s Act 71 Construction Grant Application so the Board can ask additional questions.

David Jones explained that they plan to discuss the sequence and scope of the build plans and believe that it is all proprietary information and confidential and the CUD would prefer to discuss in Executive Session.

Patty Richards made a motion to invite DVFiber leadership and their partners from GWI, VCBB Staff and consultants from CTC into Executive Session as premature general public knowledge would clearly place the public body, or a person involved at a substantial disadvantage (1 V.S.A. § 313(a)1). Holly Groschner seconded, the motion was unanimously approved, and the meeting went into Executive Session.

Patty Richards confirmed that no action was taken in the Executive Session, and made a motion to approve DVFiber’s Construction Grant request for \$21,945,429. Holly Groschner seconded, and noted an overbuild in the application that is being considered a cost-effective method of reaching unserved and underserved addresses and the Board has verified that it is incidental to the Universal Service Plan through testimony and review of the application, having distinguished unserved and underserved areas, as well as, considering discussions the CUD has had with incumbent and small carriers. The motion passed with three in favor, Brian Otley was absent for the vote, and Laura Sibilia abstained due to a stated conflict of interest.

V. CVFiber Construction Grant Application Presentation

Christine Hallquist introduced Jerry Diamantides, Chair of CVFiber to provide a review of the

details of the CUD's Act 71 Construction Grant Application so the Board can ask additional questions.

Jerry Diamantides explained that an extensive presentation was provided on July 1st for the CUDs Phase 1 Construction Grant application and asked if there were any follow up questions.

Patty Richards asked if Jerry could summarize an assessment of competitive threats from private entities in the CUD territory and what level of communication the CUD is having with any of those private entities relative to their efforts of building. Jerry explained that the CUD is avoiding areas that are currently served or are in the process of being served and are keeping aware of new build by incumbents. He continued to explain that if existing commercial providers get there first, CVFiber will no longer prioritize that area, but added that having analyzed the situation on the business end it is clear how incumbents have cherry-picked the areas that they serve and stated that the reasoning for the volunteer effort of the CUDs is for the purpose of filling those gaps where it doesn't make business sense for the incumbents to exist.

Dan Nelson asked if the way the routes have evolved working with Washington Electric Co-op (WEC) have provided opportunities for customers or any other efficiencies. Jerry explained the CUD is working in partnership with WEC, and although there is not a fund sharing agreement, CVFiber recognizes their membership are in many cases the same people that will be future subscribers and through that partnership they have already been doing ride-outs and identifying make-ready requirements to ensure everything is in place and working towards the same goal to bring high-speed internet to the WEC membership that also happen to be residents in the CVFiber territory.

Holly Groschner asked if there are any incumbent telco carriers in the CUD besides Consolidated. Jerry shared that TDS, Comcast, Northfield Trans-Video, Kingdom Fiber, and WCVT will be the CUD's service provider also operating in the territory. Holly followed up asking if CVFiber has asked any of the other providers to collaborate in providing service in the District. Jerry explained that beyond pole applications the CUD has not yet had those discussions but would be open to the opportunity with TDS to try and find a win-win situation for instance, but reiterated that there is no clear path forward for that yet. Jerry explained CVFiber is designing to a full capacity that will allow for extensions throughout all of the member towns, but is only using grant funding to build to the underserved and if they need to share pole usage to get to those addresses they do but federal funds will not be used for any drops.

Patty Richards asked Jerry to speak about additional funds CVFiber will be using. Jerry explained that CVFiber town ARPA funds, they have nearly \$300,000 committed and are doing outreach for an additional \$300,000 from town match and other possible philanthropic grant opportunities to offset the cost of drops.

Holly Groschner made the motion to approve CVFiber's Construction Grant request for \$12,289,273, Patty Richards seconded, and the motion was unanimously approved.

VI. NEK Broadband Construction Grant Amendment Presentation

Christa Shute presented an overview of NEK Broadband's request for an Act 71 Construction Grant Amendment for an additional \$4,966,800 to build an additional 100 miles to serve 877

addresses, 634 which are underserved. Christa noted the purpose of the amendment was to include the contributions of town ARPA funds from Walden, Peacham, Groton, and Ryegate, along with and supplemental spurs that secures sufficient labor from GMP to address capacity constraints from the smaller utilities, by prioritizing additional areas in GMP territory including portions of Danville, Peacham, Groton, Waterford, Concord, Lunenburg, Lyndonville, and St. Johnsbury, and will be served off of the backbone being built through Lyndon.

Christa added that given questions from the July 1st Board Meeting, NEK Broadband did some additional map work and confirmed that besides the additional backhaul route that is in place, this additional build adds 2.8 miles of fiber overbuild for 25 addresses in order to reach 51 miles and 212 underserved addresses, which represents an additional 5% overbuild. Christa added that there are three providers, Consolidated, Tilson, and Kingdom Fiber and NEK Fiber is in conversations with each of those incumbents and can go into additional details in Executive Session.

Holly Groschner asked if NEK's Business Plan was contingent upon overbuilding the Tilson system. Christa explained that there are addresses in that are identified as future build if needed because there are a few addresses that were left off the Tilson build that still have a density that, in NEK Broadband's opinion warrants additional private build rather than requiring grant funding, but those addresses and other cabled addresses might require extensions that NEK will find a solution to and deal with in year three or four. Holly asked whether it would be beneficial for the VCBB to fund Tilson to reach those addresses now. Christa asked that the VCBB be careful in how funding is discussed, adding she would be happy to provide the legal argument but that NEK Broadband's interactions with Tilson should be explained in Executive Session.

Christa provided a legal response to Tilson's Appeal Letter included in the Board Packet, stating that the argument is fundamentally flawed because it assumes they are providing a Universal Service Plan for Danville and as a matter of law a Universal Service Plan is either one that is for the entire Communications Union District, and that is every address, or is for a municipality that is not part of a CUD or joined a CUD after June 1st, 2021 and Danville was a founding member of NEK Community Broadband and therefore is part of the Universal Service Plan that exists for the entire CUD, so if there is only one Universal Service Plan for the entire CUD then there can't by definition be two Universal Service Plans that need to be compared.

Patty Richards invited NEK Broadband, VCBB Staff and CTC into Executive Session as premature general public knowledge would clearly place the public body, or a person involved at a substantial disadvantage (1 V.S.A. § 313(a)1).

Patty Richards confirmed no action was taken in Executive Session. Laura Sibia made a motion to approve NEK Broadband's Construction Grant Amendment request for \$4,966,800, Holly Groschner seconded, and the motion was unanimously approved.

VII. Tilson Appeal Presentation

Tim Schneider introduced Tilson Broadband, a small communications carrier out of Portland, Maine and provided an overview of the Letter of Appeal submitted to the VCBB, following the denial received in response to a Notice of Intent to Respond for an Act 71 Construction Grant on May 5th.

Holly Groschner stated that the definition of a Universal Service Plan is District-wide and asked if Tilson Broadband is in agreement that their plan would conflict with the existing Universal Service Plan of the CUD.

Tim explained that Tilson has not been able to review the CUD's Universal Service Plan as it is not a public document and only seems to have been reviewed in Executive Session, but they do have a copy of the Business Plan which was shared publicly on their website and as far as Tilson can tell it does not call for serving the community of Danville, at least in the near term. Tim continued by stating that Tilson does not believe there was a conflict as was suggested in the response from the VCBB Staff and NEK Broadband.

Holly Groschner asked that the VCBB correct the understanding of the reasoning for the denial, and that based on the Board reviewing NEK Broadband's Universal Service Plan, the Board made the determination that the proposal from Tilson does not present a Universal Service Plan and their application is in conflict with NEK's plan. Holly clarified that the CUD does not make the determination of the conflict, rather upon appeal the Board makes that determination.

Laura Sibilias asked if Tilson has reached out to the CUD to work together to achieve accountability and universality, and if not why the application is not coming in partnership with the CUD. Tim explained that Tilson has been able to work constructively with NEK Broadband on a number of issues but on this particular issue they have not been able to reach a consensus. Tim added the example that Tilson responded to an RFP to partner but that NEK was looking for someone to serve the entire CUD, Tilson has provided collaboration on make-ready that helped NEK move to the front of the line for some of their grant proposals like the one for funding in Concord, and they continue to be in close communication sharing build plans to avoid overbuilding and having constructive discussions on how to lease fiber and potentially share that backhaul.

Laura Sibilias asked if Tilson understands that in order to be an applicant within a CUD territory there has to be a Universal Service Plan for the entire CUD that doesn't conflict with the CUD. Tim responded that Tilson has a different legal interpretation of the Statute than what he heard provided by NEK Broadband but agreed that if that is also the Board's interpretation then it may be a dead end. Patty Richards added that the Statute requires applicants to either have a Universal Service Plan for the entire CUD or for a municipality that was not part of a CUD as of June 1st, 2021, and Danville is part of NEK Broadband's CUD, and the VCBB's goal would be for the small carrier to work through NEK Broadband.

Tim referenced that §8086 (e) clearly contemplates the possibility of conflicts between a CUD and a non-CUD, and doesn't know how to read the language consistent with the idea that there can't be two competing proposals for a District area, and more broadly is not sure what if any areas would be eligible for small communications providers within the State if they removed that and the Statute clearly contemplated that small communications providers could receive Act 71 grants. Laura Sibilias confirmed that they could receive grants for towns not in CUDs. Holly added that this reading had not been articulated clearly in that way before, and that Section §8086 (e) does invite the Board to decide whether there is a conflict and does leave a question of how there can be a conflict unless the applicant is eligible. Laura reiterated §8082 (12) and Patty added that the best path forward would be in working with the CUD.

Patty Richards made a motion to accept the recommendation from VCBB Staff to reject Tilson Broadband's appeal, Brian Otley seconded, and the motion was unanimously approved.

VIII. Otter Creek Pre-Construction Application Review and Q&A

Tony Ferraro, Chair of Otter Creek CUD presented a summary of the Pre-Construction Application for \$441,000 to cover staffing, consultants, Legal services to assist in negotiations with potential partners.

Patty Richards moved to approve the request. Laura Sibilia seconded, four members voted to approve, Holly Groschner abstained, and the motion carried.

IX. Maple Broadband Presentation and Q&A

Steve Huffaker presented an overview of Maple Broadband's updated Act 71 Construction Grant application.

Patty Richards invited Maple Broadband, VCBB Staff and CTC into Executive Session as premature general public knowledge would clearly place the public body, or a person involved at a substantial disadvantage (1 V.S.A. § 313(a)1).

The meeting lost quorum at 4:12pm while in Executive Session and the meeting was adjourned.

DRAFT

Vermont Community Broadband Board Draft Meeting Minutes
Meetings are being held virtually.
July 15th, 2022

I. Call To Order – 1:03pm

Roll call completed by Patty Richards

Patty Richards, Chair (Remote)
Brian Otley (Remote)
Holly Groschner (Remote)
Dan Nelson (Remote)
Laura Sibia (Remote)
Christine Hallquist - Staff (Remote)
Stan Macel – Staff (Remote)
Robert Fish – Staff (Remote)
Alissa Matthews – Staff (Remote)

Patty Richards made a motion to approve the agenda, Holly Groschner seconded, and the motion was unanimously approved.

II. Maple Broadband Presentation, Q&A, & Board Decision

Christine Hallquist introduced Maple Broadband to provide a brief overview of their District and their Proposed Universal Service Plan.

Magna Dodge presented an overview of the Maple Broadband CUD and their request for \$8.68 million of funding for their Phase 1 project for 180.6 miles to serve 1,789 addresses. Key points Magna highlighted included:

- 20 member towns in Addison County with 17,318 E-911 addresses in the District
- Following an RFP, an operating agreement was formed with Waitsfield Champlain Valley Telecom who will provide universal service to 2,877 underserved addresses in their ILEC territory that is part of Maple Broadband's Universal Service Plan which has a total of 5,898 underserved addresses.
- Maple Broadband has prepared to begin construction in Q3 2022 upon approval of funding by securing fiber cable for up to 200miles and additional deliveries in progress of network electronics for 3 network hubs and other materials. Phase 1 make-ready is in progress and an RFP for construction bids opened July 13th with a goal to start construction in September.
- A marketing contract is ready for execution and an Executive Director has been selected.

Christine Hallquist suggested remaining questions regarding confidential financial and business plan details should be discussed in Executive Session.

Patty Richards invited the Board, VCBB Staff, VCBB's 3rd party fiber optics consultants from CTC, and members of the Maple Broadband Executive Committee and their partners into Executive Session as premature general public knowledge would clearly place the public body, or a person involved at a substantial disadvantage (1 V.S.A. § 313(a)1)

Patty Richards confirmed no action was made in Executive Session and made a motion to approve Maple Broadband's Act 71 Construction Grant request for \$8,680,000, with the condition on grant dollars not being used for served areas other than incidental overbuild. Laura Sibilina seconded. Three Board Members voted in favor, two voted no, and the motion passed approving the grant award.

Holly Groschner left the meeting at 2:57pm

III. Public Input

There were no public comments.

Laura Sibilina requested adding the topic of creating a video documenting the work being done across the Vermont to the parking lot for a future meeting agenda item.

IV. VCUDA Update

F.X. Flinn was present to provide an update from VCUDA. Due to time constraints Patty Richards asked to postpone the VCUDA update to the next meeting.

V. Approval of July 1, 2022 Draft Minutes

With Holly Groschner absent, there was not a quorum of Board Members present at the July 1, 2022 meeting to vote and the Board postponed approval to the next meeting.

VI. Motion to Adjourn

Patty Richards made a motion to adjourn, Brian Otley seconded, and the meeting adjourned at 3:01pm.



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For immediate release

July 20, 2022

ValleyNet Announces Investigation of Irregular Financial Transactions

Royalton, VT - ValleyNet, a Vermont non-profit Internet Service provider (ISP), announced today that it has launched an investigation into certain financial irregularities and has notified law enforcement authorities. The irregularities were uncovered by a newly strengthened management team as part of a leadership-directed program to bring a higher level of professionalism and internal controls to the business. ValleyNet emphasized that this will not impact its customers or their service.

“We are taking this situation seriously and are relieved to know this will not materially impact our financial viability and does not pose a risk to our main customers, the East Central VT Telecommunications District (“ECFiber”) and LymeFiber,” said Stan Williams, ValleyNet CFO. “We are in the process of filing actions to ensure accountability and we trust that this process will ensure we can recover funds that were taken.”

According to an initial review, this appears to be an incident involving a trusted outside contractor, but ValleyNet will conduct a thorough investigation to be sure. All bank accounts and internal accounting data have been secured and controls have been put in place to prevent further incidents.

“I continue to be proud of the contribution ValleyNet has made to the telecom infrastructure of Vermont. This organization and our partners have pioneered the regional district approach to bringing world-class broadband to rural Vermont by founding, operating, and arranging for financing the municipally-owned district. This has served as a model for universal broadband coverage across Vermont,” Williams added.

ValleyNet will share more information as it becomes public.

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About ValleyNet

ValleyNet has been an ISP since its foundation as a Vermont non-profit organization in 1994 (as a provider of dial-up). Since 2008, ValleyNet has been assisting ECFiber in financing, building and operating a universally available fiber-to-the-home network in east central Vermont. ECFiber now has over 1,600 miles of optical fiber network and over 7,000 customers. Vermont has adopted this model of regional, municipally-owned Communications Union Districts managed by independent operators under contract to achieve universal fiber coverage. In 2020 ValleyNet began operating a town wide fiber optic service in Lyme, NH under contract to LymeFiber.

* * * * *

Contact:

info@valley.net

Carole Monroe, Board Chair

Stan Williams, CFO

ACT 71 Construction Grant Review Sheet – Southern Vermont CUD

SUMMARY SHEET

PLAN

Total Estimated Cost of Universal Service Plan: \$9,009,085

Total Miles Required: 691

Total # of eligible addresses: 2543

PROJECT

Cost of proposed project (amount of grant): \$9,009,085

Miles to be constructed: 251

Total # of eligible addresses: 1,300

Total Addresses passed: 6,412

**Towns with addresses to be served this phase: Arlington, Dorset,
Manchester, Pownal, South Rupert, Londonderry, Stratton**

Public Ownership: Partial

Business Plan

Note: The business plan is a stand-alone document. Do not refer to documents elsewhere.

Is the Plan Act 71 Compliant? (PASS/FAIL)

Does the business plan include a Universal Service Plan? Yes No

Does the business plan include the following?

High-level design plans Yes No Conversion of Existing Network (WCVT area)

Market analysis Yes No N/A Existing ISP

Take-rate assumptions Yes No

Cash flow positive date (as relevant) Yes No Not Applicable

Expected loan payoff date(s) Yes No Not Applicable

Financing models Yes No Not Applicable (fully funded)

Pro forma financial projections Yes No Not applicable
Estimated construction costs Yes No
Ideal operational models Yes No Existing Model

Does the Business Plan evaluate the following risks:

Labor needs and availability Yes No
Supply-chain contingencies for equipment and materials Yes No
Make-ready work Yes No
Additional other relevant capital and operational expenses. Yes No
Contract management including safety/house-keeping Yes No Existing Record
Consolidated has a strong positive history with managing their employees and contractors

What is expected for a HLD? A high-level design consists of a route map. Addresses passed and interconnection points for backhaul. The HLD should also show the planned phases of construction. We understand that these phases may adjust over time.

High Level Design Route Map

The WCVT owned area does not have a map because WCVT is replacing its copper infrastructure and extending its lines to reach the underserved.

- Proposed Construction Phases
- OLT/Distribution Areas (DA)
- Span Routes
 - o Backbone Route (that can be part of the span route)
- Passings by Type – (underserved or served/ not on grid)
 - o ESite ID, E911 Address, Current level of Service, Phase
- Interconnection Points for Backhaul
 - o Location

What is necessary for the spreadsheet: All addresses in the plan with the current level of service. Must include ESite ID, E911 address, Phase

Overview:

Provided an estimated cost for Universal Service Plan: Yes No
Provided cost breakdown for proposal project within that plan: Yes No
Consolidated Match: Yes No How much? \$3.3 million
Ratio of VCBB funding to other funding (Goal – minimum 60/40 for private) The total cost of this plan if SoVT were to carry it out themselves would be \$34.6 million, SoVT is asking for \$9 Million, therefore the ration is 26% for VCBB, 74% for other.
Cost per address to be constructed or upgraded:
Certification of Acceptance of Conditions: Yes No
Provided list of subcontracts: Yes No Not applicable
Act 71 Compliant Business Plan: Yes No

Universal Service Plan: (PASS/FAIL)

Demographics of community: Yes No
Map showing the phases of the universal service plan: Yes No
Who owns the infrastructure public private This is a mix
Does the applicant account for all underserved addresses? Yes No
Will they serve them all directly? Yes No If not, did they include letters of commitment or other supporting materials for the remaining addresses? Yes No
Will all addresses in a community be served via this proposal? Yes No
Are there other funding sources? Town Bonds Applicant contribution
Evidence of Community Engagement and Support? Yes No

Project Description

Narrative and map showing the project proposed for funding. The map should show the route and current level of wireline service at each address (showing cable lines or fiber lines is acceptable) to be served in the phase to be funded with this grant proposal.
Retail Price: _____ \$90 for 1 Gig _____ Concerns? _____ None _____
Reasonably detailed budget: Yes No
Plan for monitoring the network: Yes No We have requested this from SoVT
Spreadsheet detailing all locations (ESite ID, E911 Address, Current level of Service, Phase (if applicable), and overbuild rationale for any addresses currently served. Yes No (Attachment)

Act 71 Criteria

Evidence of collaboration? Yes No
Steps to address resiliency and ensure redundancy? Yes No
Is the project designed to provide service to unserved and underserved? Incidental overbuild is at or under 20% and the proposal passes the overbuild “tests” - Yes No
Sustainability – If more than a single phase, does the business plan support achieving universal service? Yes No
Affordability – Has the applicant certified it is participating in the Affordable Connectivity Program or the equivalent? Yes No
Technical and Security Approach Yes No

Attachments:

Act 71 Compliant Business Plan Yes No
Letters of Support Yes No (required for nonCUD)
-Documentation of Community Match Yes No Not applicable
Response to Service Quality Complaints: Yes No Not applicable
Operating agreements: Yes No Not applicable
Maps, Spreadsheets and High-Level Network Design: Yes No