

Vermont Community Broadband Board Meeting Minutes
Meetings are being held virtually.
August 8th, 2022

I. Call To Order – 12:03pm

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)
Kristin Brynga – PSD Staff (Remote)

Patty Richards made a motion to approve the agenda as presented, Dan Nelson seconded. The agenda was unanimously approved.

II. Approval of the July 1st, July 11th and July 15th draft minutes

The Board discussed the July 1st, 2022 draft Board Meeting minutes. Laura Sibia made a motion to approve the minutes. Holly Groschner seconded, and the motion was approved. Patty Richards and Dan Nelson, neither of whom were in attendance at that meeting, abstained.

The Board discussed the July 11th, 2022 draft Board Meeting minutes. Patty Richards made a motion to approve the minutes. Laura Sibia seconded, and the motion was unanimously approved.

The Board discussed the July 15th, 2022 draft Board Meeting minutes. Patty Richards made a motion to approve the minutes. Laura Sibia seconded, and the motion was unanimously approved.

III. Intro to Deputy Secretary of Administration Douglas Farnham

Christine Hallquist introduced Doug Farnham to the board in his role as the point of contact for the Broadband Equity Access Deployment (BEAD) program noting that Doug has been a valuable asset throughout the short operating history of the VCBB.

Doug introduced himself and gave a brief overview of the role of the Agency of Administration during the pandemic response which primarily focuses on administrative support for the deployment of the pandemic related federal funds. A component of this support is the relationship with Guidehouse as the contractor designated to assist with risk analysis and funding prioritization review. Doug recognized the tremendous effort employed by the VCBB to work with other areas of state government to ensure efficient and effective collaboration of construction and other efforts.

Holly Groschner requested a status update for the BEAD application to determine what the total amount of that application is projected to be at this juncture. Doug indicated that they have filed

the application for the digital equity access portion. This is the smaller portion of the funding that is for planning with that amount estimated at approximately \$500k. Doug noted that the Letter of Intent has also been filed to satisfy the first requirement for participation in the BEAD program.

Patty Richards inquired as to whether there is anything further that the VCBB can do to more effectively collaborate with the Agency of Administration so that they might leverage the partnership to the fullest extent. Doug indicated that because there are so many people throughout the state using federal funds in either new channels or non-traditional channels there is significant need for and opportunity to provide training to ensure funds are utilized in accordance with federal requirements. Doug has been working with the VCBB staff to arrange for trainings to be made available to the Communication Union Districts on various topics including uniform guidance. Doug indicated that this is a prudent step and he hopes that the board can emphasize the importance of these trainings for the subrecipients and strongly encourage participation in those trainings. Doug also indicated that there may be some additional trainings that VCBB staff could benefit from at the recipient level.

IV. Update on Ongoing Investigation Involving ValleyNet and ECFiber

At Holly's request, Christine gave a very brief overview of the concerns related to this investigation to identify how the findings could potentially impact the grant monies that have been previously awarded to ECFiber. Christine indicated that over 2/3rds of the expenses paid by ECFiber annually go to ValleyNet. Stan Macel provided further comment indicating that we do not currently know if those funds were involved and hope to learn more in executive session.

F.X. Flinn was given the opportunity to provide public comment on the investigation on behalf of ECFiber. F.X. gave a brief history of ECFiber, whereby he emphasized that the district started with volunteers and very little government support. As such, a robust accounting function with adequate controls in place was not fully developed at inception. As capacity grew, more professionals were hired at both ValleyNet and ECFiber. The professional growth contributed to better oversight of the accounting functions, thus leading to the discovery of the financial irregularities. F.X. further noted that the discovery of this issue is not expected to make a material difference in operations for ECFiber.

Christine Hallquist requested that the Board go into Executive Session to discuss additional details of this investigation. Patty Richards invited representatives from ValleyNet and ECFiber and VCBB Staff 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). Laura Sibilia seconded, the motion was unanimously approved and the Board entered into Executive Session. Prior to commencing executive session it was noted that a pre-application for the construction grant has been submitted by ECFiber and that this issue also has bearing on our grant monitoring for existing preconstruction grants.

Patty Richards confirmed no action was taken in Executive Session. However, additional general commentary was provided by the Board expressing preliminary discussions that were had surrounding the need for implementing additional procedures prospectively to ensure federal grant dollars are being used appropriately. One such recommendation was to include requirements within the grant agreements that any contractor whose compensation makes up a material portion of that grant work be required to establish an adequate accounting function. The VCBB also acknowledges that additional support from the VCBB from a funding perspective

should be considered. The VCBB and its staff are also not immune from these requirements and Holly would like to revisit spending authority by the executive Director to ensure adequate controls are in place.

V. Update on Confidential Negotiations- NWFiberworx and Lamoille FiberNet

NWFiberworx and Lamoille FiberNet have reached a key turning point in their negotiations with Google Fiber.

Christine Hallquist requested that the Board go into Executive Session to discuss additional details of these confidential negotiations. Patty Richards invited representatives from NWFiberworx and Lamoille FiberNet and VCBB Staff 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). Laura Sibilis seconded, the motion was unanimously approved and the Board entered into Executive Session.

The Board returned from Executive Session and Patty Richards confirmed that no actions were taken.

VI. SOVT Construction Grant Application

Christine Hallquist gave a brief summary of the staff level review that has occurred, noting that the application is favorable. By building a partnership with Consolidated they have reduced the cost per address which frees up grant funds for other prospective grantees. Christine, speaking on behalf of VCBB staff, recommended that the Board approve the application.

Eric Hatch, chair of Southern Vermont, was given an opportunity to present to the Board and answer any questions that the Board might have. Eric was also joined by SoVT representatives Michael Corey and Sheila Kearns. Representatives Erik Garr, Brian Lim, Mary Ellen Player and Stacey Trudi from Consolidated were also in attendance, as was Jonathan Cooper from the Bennington County Regional Commission. The CUD is seeking \$9,009,085 in grant funding for Phase 2A of their universal service plan covering 1,300 unserved addresses. The total cost of phase 2A is expected to be \$12.3m with the \$3.3M portion not funded by the grant representing the cost of drops for each passing that will be funded by Consolidated. At the conclusion of phase 2 of their Universal Service Plan (targeted end of 2023) 99% of unserved addresses in the CUD will be covered. The grant dollars would be used to pay materials costs for wirecenter upgrades, core upgrades, aerial fiber, underground fiber and administrative costs.

Erik Garr presented information pertaining to the Consolidated (Fidium) portion of the partnership, inclusive of a discussion on upgrades to Consolidated's core infrastructure, improved call center experiences and more reliable installation and service windows. Consolidated is willing to provide regular updates to the VCBB on improvements in their processes and customer experiences. Eric Hatch further discussed accountability with Consolidated including expectations surrounding data breach notification, service outage notification, net neutrality requirements and quarterly performance reviews. Laura Sibilis requested further detail regarding how the CUD plans to hold Consolidated accountable for these measures to which Eric Hatch explained that they view this arrangement as a partnership and not a transactional engagement meaning that the CUD succeeds when Consolidated succeeds and vice versa. Eric further believes that the fiber network is less problematic than a copper network.

Laura further inquired about the reasoning behind the decision the CUD made not to own the

drops. Eric Hatch noted that there are several reasons for this based on the determined value of ownership. If Consolidated were to go bankrupt or receivership owning those drops would not harm or help the CUD. Another consideration is how the technology would age and if replacement would need to be provided in the future anyway if the partnership changed. In their opinion, owning the drops does not provide them with any additional leverage.

Laura also inquired as to the organizations sustainability going forward to ensure accountability to the towns is maintained since the CUD is mostly a volunteer based organization. Eric Hatch noted that the CUD has discussed this but it is a work in process. They do plan to hire an executive director or similar position to assist with the work that needs to be done.

Holly noted that there is a termination provision in the 20 year contract with Consolidated referencing material breach but further explanation of materiality is not provided. Holly further asked if there has been discussion about the service standard, consistency of the rates, connection requirements and maintenance requirements? Eric Hatch indicated that they have had these conversations.

Additionally, Holly questioned the quarterly reporting process. Eric hatch noted that deliverables and tracking will likely be done by the executive director position that they plan to hire. After the construction period that onus would once again be on the CUD Board.

An additional area of concern noted by Holly was the take rate in the ACP Program. Sheila Kearns noted that one of the areas of confidence that they have in Consolidated is that they will conduct rollout meetings in each of the towns in which they are bringing Fidium, regardless of whether it is a CUD town or not. One of the major components of this is expected to be education about things such as the ACP program.

Patty requested additional information from Consolidated regarding their buildout in the same area and how much of that is funded through RDOF and what are your reporting requirements. Erik Garr indicated that the reporting requirements include a set of latency requirement, accountability for how they are treating the subsidy, produce financial audits, provide a proposal. The total RDOF commitment is approximately \$2M for Southern Vermont.

Patty further noted that part of ACT 71 includes a provision that requires the assets of the CUD belong to the CUD and if the CUD cannot perform than those assets revert to the State. Eric Hatch noted that this is not referenced in the contract but this is understood by both parties and the language in the contract is clear that the asset belongs to the CUD so the law will dictate the treatment of those assets. Christine and Holly both noted that this topic requires further discussion and review.

Laura further inquired as to whether there are any ongoing revenue or funding that goes towards the maintenance of the CUD. Eric Hatch indicated that there isn't. Laura's concern is that the requested award is being appropriately utilized for the entire district.

Teles Femin with CTC was asked to provide a summary of their review of the application and remaining questions. Teles noted that she is still unclear as to what is being constructed with the funding and how much of that ownership is with the CUD. Overall, there were not enough technical details in the application to allow confirmation of some of the work and CTC has requested more information.

No action was taken on the SoVT construction grant application. Additional discussion will take

place in the next regularly scheduled meeting.

VII. VCUDA Update

F.X. Flinn provided comments to summarize current updates for VCUDA. He reported that they have completed the first full round of the fiber optic buy. The total price of the buy was \$935,048. They are functionally ready for future large buys on behalf of the CUDs.

He would also like to provide opportunities for the CUDs to get together once or twice a month to hear from the VCBP Staff and compare notes with each other and ask questions.

VCUDA is still trying to find a replacement for Will Anderson's vacant position.

VIII. Public Comment

There were no public comments provided during the meeting.

IX. Staff Updates

Christine noted that staff attended the NTIA meeting and received positive feedback on the written narrative for the BEAD equity planning grant. Overall feedback was that the narrative was in good shape. One of the concerns of the NTIA is ensuring that staffing capacity is adequate. Holly noted that she would like to know more about this grant application before it is officially submitted. Christine will provide a summary of the submission in a bullet point format but it is on a very tight deadline and needs to be submitted by August 15th.

Rob noted that they are still working to fill the open staffing positions that were previously approved by the Board. The Broadband Project Developer position will have an offer going out this week. The other positions may require some temporary staffing until the full-time positions are approved.

The Creative Financing contracts to assist the CUDs with their additional funding needs are in process and we hope to have those finalized this week.

X. Parking Lot

- 1) Guidehouse Uniform Guidance training.
- 2) Procedural accountability for grant funds and fund usage for all grantees.

The next meeting will be scheduled for Monday August 22nd, 2022.

Patty Richards made a motion to adjourn. Laura Sibilio seconded, the motion was unanimously approved, and the meeting was adjourned at 4:00pm.