

Vermont Community Broadband Board Draft Meeting Minutes
112 State Street, 3rd Floor,
Giga Conference Room
Montpelier, VT
October 18, 2021

I. Call to order

Patty Richards called the meeting to order at 12:04 pm and asked for any agenda changes. Patty Richards moved for an agenda change to add “parking lot update on parking lot items” and if there is time, to go into an executive session to discuss “personnel matters”.

Christine Hallquist moved to approve the agenda as is, and Patty Richards seconded. Motion passed.

II. Roll call completed by Patty Richards.

Patty Richards, Chair (In-person)
Holly Groschner (Arrived in person at 12:07 pm)
Dan Nelson (Remote)
Brian Otley (In-person)
Laura Sibilia (Remote / Arrived In-person at)
Christine Hallquist (In-person)
Robert Fish (In-person)

III. Approval of minutes

Patty Richards moved to approve the minutes of September 28, 2021, and October 4, 2021, and Dan Nelson seconded. Motion passed. *Holly Groschner arrived at 12:07 and stated she did not agree with the minutes having found “many errors” and would like to discuss. Patty Richards acknowledged they would discuss later.

IV. CVFiber Preconstruction Grant Request

- As the CVFiber proposal is in conjunction with Washington Electric Coop (“WEC”) and Patty Richards is an employee of WEC, she recused herself due to conflict of interest. Dan Nelson facilitated the continued conversation.
- Jerry Diamantides, Project Manager with CVFiber, and David Healy, Town of Calais, Vermont, CVFiber Delegate, provided a brief overview of the application. CVFiber has a multi-year schedule and perspective. The intention is to use the ARPA funds to the extent they can. In-depth discussion regarding funding.
- CVFiber is in the process of developing a formal agreement with Washington Electric.

- The issue that has arisen with the Vermont Public Service Department is what guarantee does WEC have to guarantee their lease payments from the three CUDs. The Public Utility Commission has to rule that it is okay to apply for the loan and the Department is advising the Commission. The hope is to have the loan approved by the Commission by the end of year 2021.
- Business plan was developed over a year ago without the addition of WEC. Once an operator is on board, they will update the business plan with financial models.
- Steve Knowlton, President of Washington Electric, testified to the purpose of WEC applying for a RUS Smart Grid Loan. The revenue from the leasing to the CUDs is not generating a profit. The intent is to do this at cost. The CUDs would pay off the debt service that WEC incurs. Steve explained the guaranteeing of this loan, the payment, at its scheduled rate is an issue of big importance. It would be very problematic if the CUDs went into default and WEC had to find another way to make the payments to RUS. Steve asked the Board to consider that if CVFiber has collaborators such as WEC, or any other utility, that utilities investment is considered in either policy or legislation to ensure that they are made whole should there be a default on the loan.
- Barry Bernstein, WEC board member, stated WEC came into this primarily for lowering the end cost to members that are the CUD's customers because by borrowing at about a 2.5% spread between what WEC is borrowing and ECFiber borrows now thru the revenue bonds comes out to approximately a 15-20 million plus savings spread out over 30 years. The other reason was that the WEC Board was convinced by getting the loan, the timeframe could be expedited. WEC is also asking for a 30% contingency due to the unstable market.
- “Universal Service” pertains to “every premises”. Underserved to be served first.
- Application “housekeeping” was discussed. The grant application is only what the applicant is putting forth not what is necessarily approved by VCBB. The full scope of work and the budget need to be in the grant agreement per Rob Fish. The final work is the final grant agreement.
- Discussion regarding “process” and staff recommendations appearing to be final decisions.
- Discussion as to whether or not “make ready” belongs in pre-construction or construction. The Board suggested the applicant remove the “make ready” portion from the pre-construction application to get the budget costs to come down to better match the available housing eligible funds. A change in the application was agreed upon. 2.804667 includes 800,000 of “make ready” and the applicant would like to convert that into 800,000 of design services.

- Christa Shute, Executive Director of NEK Community Broadband, expressed concern in terms of the timing and ability to construct at the beginning of the season. “Make ready”, in the construction phase is going to put them behind in the lineup to get utility work done. Question of making “make ready”, an early phase of construction and only fund those particular costs. Rob Fish reminded the group that legislation is specific as to the requirements to the construction grant program but does not mean the VCBB does not have the ability to create a different program, with these funds potentially as it has power to do some discretionary plans.
- Holly Groschner made a motion to approve \$2,804,667., which includes 800,000 of design services for area “B” plus pole license applications for the subject areas. Laura Sibilia seconded the motion at 1:48 pm. *Staff should come back to the next meeting with an increase allocation for pre-construction and the Board will be approving additional funds to CVFiber for their “make ready”.
- David Jones is concerned the Board is setting a precedent that pre-construction funds do not contain “make ready”. Laura Sibilia explained that CVFiber needs more allocation for their pre-construction work than exists, which includes “make ready” that is driven by design that should not be paid for until the design is done.
- DVFiber Chair Ann Manwaring is concerned about the criteria the Board set out for filing preconstruction applications included money for “make ready”. Appeared to be a change mid-stream in how things are being done. Rob Fish explained the Board is trying to change this only for this particular application, which is over the current allotment, and not all applications.
- Dan Nelson repeated what he believed was the motion, which was to approve the \$2,804,667., which would include the pole attachments, but not the “make ready”, which would be looked for in a later adjustment, and 800,000 of design services for area “B”. Brian Otley seconded the motion. Motion passed at 2:04 pm.

Patty Richards returned to the meeting at 2:05 pm.

V. Northwest Preconstruction Grant Request

- Staff made recommendation to approve funds. Summary of recommendation is that as Northwest is further behind than the other CUDs, staff expects them to come back with a second preconstruction application.
- Sean Kio of Northwest (NWCUD) testified they have the funds for the business plan thru the USDA, (Broadband Innovation Plan). Asking for 604,000. for the pole attachment survey and staff capacity (salaries and technologies).
- No business plan as of yet but the objective is to have 100% served under the Universal Service Plan.

- Other grant monies will be reported when the applicant returns.
- Staffing is in line with what has been seen with the other CUDs.
- Laura Sibilia moved to approve Northwest's CUDs pre-construction application in the amount of \$604,376.25. Dan Nelson seconded. Motion passed 2:20 pm.

VI. DVFiber Preconstruction Grant Request

- Laura Sibilia recused herself and left the room due to conflict of interest being her husband is on the Board and DVFiber is negotiating with the RDC that she works at for Grant Management.
- Anne Manwaring, DVFiber Chair, broke down their 4.1 million application into two sections. The first is “capacity building”, which in essence is actually turning DVFiber from an all-volunteer organization to a professionally operated one. The second part of the application is the funding for the pre-construction work.
- David Jones, DVFiber Assistant Clerk, explained the “work” pre-construction portion of the application. Goal is to provide service, where it is not provided now and the detailed engineering that is grant funded will focus on those unserved and underserved areas.
- The Board asked DVFiber if they had any contractual proprietary information they would like to talk about it in executive session. There was a question as to why some data was redacted. Ann Manwaring explained that unlike other municipalities, DVFiber is subject to the competitive forces of the commercial vendors and in the sense of competing for the same customers and so there are open meeting rules DVFiber is obligated to operate by while other municipalities are not. This is the reason certain types of data need to be redacted. It goes to the competitiveness that CUD's are involved in.
- For the record, Holly Groschner stated she felt the Board needed to be careful about getting overly concerned about competition.
- Quick walk-thru of budget presented by Anne Manwaring. The details of the budget can be found on pages 41 and 42 of the grant application. Discussion regarding grants and monies still not allocated or spent.
- David Jones explained that when DVFiber is done, they will have a Master Services Agreement. No agreements have been signed in advance of this meeting as they cannot sign any agreements until they have the money to pay for the services. They are hoping to sign the engineering and preconstruction grant agreements soon.
- Brian Otley moved to fund the application as described for \$4,111,318.00. Patty Richards seconded the motion. Motion passed at 2:44 pm.

- Carol Monroe was unable to use her microphone and emailed her comment to Rob Fish who read it aloud at approximately 2:48 pm. *I wanted to remind the board that there is a limited amount of time between pole applications and utility survey, which sets the make ready costs in the time the CUD needs to pay for the make ready, according to the administrative rules if not paid in time the process could begin again.*

3:00 pm 5-minute Break

VII. Budget Discussion

- In-depth discussion of budget. The timeframe for this budget is August 9, 2021, thru December 31, 2022. (Documents available on-line.)
- Discussion regarding inter-play between position of Project Manager, Rural Broadband Technical Assistant and Broadband Project Developer.
- Holly expressed concern that all VCBB positions, including the grants administrator position, go thru the Department of Public Service and the grants administrator position is hired by Commissioner Tierney. Question as to whom this position answers to.
- Vote on approval of the position of Project Developer; Patty Richards moved to approve, and Laura seconded. All in favor – motion moved 3:34 pm.

VIII. Public Comment

- Steve Huffaker, Chair of Maple Broadband, inquired as to when they would see the grant agreement. Rob Fish responded that hopefully it would be this week.
- Will Anderson, Program Coordinator for the Vermont Communications Union District Association, stated they are organizing around the issue of pre-purchasing and there is a strong interest in having a bulk purchase of fiber. Previous debate as to whether VCUDA would need to change its bylaws to facilitate the agreement however, at present, VCUDA does not believe the bylaw needs to be changed.
- Irv Thomae – Reminded the Board that typically, once a “make ready” quote has been given by the utility it has a two-year time window. If “make ready” isn’t carried out within those two years, there has to be a new application. Christine and Rob will look into this constraint.

3:48 pm Patty Richards moved that they move into Executive Session to discuss prepurchase recommendation from staff and the reason for their executive session is requested through the confidential nature of the discussion possible harm due to premature release of information. Holly Groschner seconded.

4:05 End of Executive Session. Patty Richards reported no action was taken.

Minutes submitted by: Audrey Fargo, Temporary VCBB Recorder

Parking lot items

- Overbuild
- Business plans
- Dashboard (AOT presentation to Board)
- Bond Market Objectives
- Fiber purchase
- Make-ready policy (8085 pre-construction)
- Policy on “material default” 8086 c3
- Capital funds request
- Legislation considerations (8083
 - purchase of consolidated goods and services