

**Vermont Community Broadband Board Meeting Minutes**  
**Meetings are being held virtually.**  
**October 31<sup>st</sup>, 2022**

**I. Call To Order – 12:01pm**

**Roll call completed by Patty Richards**

Patty Richards, Chair (Remote)  
Laura Sibilia (Remote)  
Dan Nelson (Remote)  
Brian Otley (Remote)  
Holly Groschner (Remote)  
Christine Hallquist - Staff (Remote)  
Robert Fish – Staff (Remote)  
Alissa Matthews – Staff (Remote)  
Stan Macel – Staff (Remote)  
Adam Bornstein – Staff (Remote)  
Herryn Herzog – Staff (Remote)  
Lucy Rogers – Staff (Remote, joined at 1:12pm)  
Kristin Brynga – PSD Staff (Remote)

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

**II. Approval of the October 17<sup>th</sup> Draft Minutes**

The Board discussed the October 17, 2022 draft Board Meeting minutes. Patty Richards made a motion to approve the minutes. Dan Nelson seconded, and the motion was unanimously approved.

**III. CUD Finance Program and Consideration of NEK Broadband Request**

Rob Fish highlighted the program one-pager included in the packet and introduced Christa Shute, Executive Director of NEK Broadband.

Christa Shute provided an overview of their application for the CUD Finance Program, explaining that NEK Broadband is submitting a \$24 million application to USDA, which requires a 25% non-federal match. They currently have a Community National Bank letter of credit for the purchase of fiber and are applying for a \$5M loan from VEDA and will use the \$400,000 from this VCBB program as a debt service reserve account for collateral, enabling a lower interest rate.

Patty Richards asked what alternative plans would look like if not funded. Christa responded that Plan B would be to see if they could structure something differently with Community National Bank or to start beating the bushes with other banks. It would cause a lot of complications related to the timing of the USDA ReConnect application.

Patty Richards asked for clarification on the source of these funds. Christine shared that this \$1.5M was allocated to help leverage other funds for the construction of networks. Rob Fish added that they were pre-ARPA State General Funds transferred over when the VCBB was created, specifically for leveraging financing related to the broadband expansion loan program.

Patty Richards asked what the plan is for all the other CUDs since there is not enough for everyone to get this size of a grant. Rob explained that this is first-come, first-served, but that there is not currently a plan for other CUDs that are not ready to participate yet.

Laura Similia asked what VCUDA has said about the proposal. Rob responded that this is a program that had been discussed prior to the VCBB being created and the availability of all the federal recovery funds. He said the assumption from the beginning was that it would be put to use as needed. Rob explained that everyone has been waiting for an opportunity to use them as intended to leverage financing that federal funds can't be used for.

Laura reiterated her question of whether VCUDA was supportive of the process and stressed the importance of having full support from all of the CUDs to ensure the VCBB is appropriately behind them. Patty asked if Rob Vietzke was present and if he could speak to the topic. Rob Vietzke responded that it hadn't come up specifically since the program was proposed by the VCBB at the last meeting. Christa added that Rob Fish had presented the terms of the new program proposal to VCUDA as it was in development and that there was no pushback at the time about it being first-come, first-served. Rob Vietzke added that he felt the group would want Christa to be successful with her application to USDA.

Holly Groschner stated it might make sense to establish a notice policy for when the VCBB uses a first-come, first-served basis to give public notice of grant applications when submitted to solve the problem of fairness. She continued with praise to Christa Shute for figuring out an arrangement for financing that applies old grant funds in a new context. She then asked Christa what hurdles or contingencies they have to use the funding. Christa explained that NEK Broadband needs the commitment of this money to file the USDA grant application for \$17M in grants to match the \$6M, and the loan from VEDA is dependent on the approval of this \$400,000 for debt-service. Holly replied that she feels that fairness comes into play if other CUDs are lining up for these funds and they are tied up with a grantee in an uncommitted way and asked VCBB Staff to ensure there is a timeline in which these funds need to be confirmed or must be returned. Rob Fish confirmed that there is a timeline in the RFP. Christa added that she would like to see it included in the grant agreement that if the USDA grant isn't approved, she would still like to be able to apply the funds toward a VEDA loan with adjusted terms. She also stated that NEK Broadband is the first applicant through the VEDA program and that she would, through VCUDA, help get other CUDs interested in the VEDA loan program.

Patty Richards made a motion to approve the NEK's CUD Financing Program application, given that based on their size, their allocation would have been larger than the \$400,000 requested. Laura Sibilia seconded.

Brian Otle asked if there was a way to get a response from VCUDA before a vote. Laura suggested that the CUDs could consult during the meeting and respond. Rob Vietzke offered to start an email thread to provide an opinion from VCUDA by the end of the meeting and Patty Richards agreed to table the vote.

After the VCUDA update, Patty Richards called the motion to a vote, Holly Groschner seconded, and the motion was unanimously approved.

#### IV. Compliance Review Recommendations

Kristin Brynga shared the proposal for the VCBB's Compliance Review Process, which is new to the Public Service Department as well, but would ensure adequate transparency, accountability, and oversight.

- All high-risk grantees will be reviewed; low/moderate risk grantees will be at the discretion of the PSD/VCBB.
- Proposed annual attestation denoting changes once initial review is complete.
  - Based on responses additional targeted follow-up procedures can be performed.
- Review framework will be conducted for regulatory compliance and governance purposes only.
- Financial audit is outside of the scope of PSD/VCBB review.
  - All CUDs once operational must have a third-party financial audit annually.
  - All grantees with over \$750K in expenditures must have a single audit performed annually. A single audit is more comprehensive than a financial audit and includes an evaluation of internal control processes related to compliance with Federal grant requirements.
- Some of the areas of focus for the proposed Regulatory Compliance and Governance Reviews conducted by PSD may include but are not limited to:
  - Compliance with Title 30, Chapter 082: Communications Union Districts
    - Examples of procedures to perform could include:
      - Review of governing board composition and competency
      - Review of governing board meeting minutes
      - Review of bylaws
      - Interviews with a selected delegate
  - Compliance with 2 CFR 200: Uniform Administrative Requirements
    - Examples of procedures to perform could include:
      - Review of Conflict-of-Interest Policies
      - Review of Procurement Policies
      - Review of Cost Allocation Methodology
      - Internal control process review
        - Included within this review will be an assessment of the processes and procedures in place over screening and monitoring of service providers.

Patty Richards asked who establishes the high-risk categories. Kristin explained that every grantee, after grants are approved by the Board, must go through a Risk Assessment before the award agreement can be finalized, and includes a checklist and a memo that is signed-off on by Christine and stays in the grant file. She explained that all the CUDs are inherently in the high-risk category

because they are new entities and the dollar threshold inherently puts them there. It's not because anything specific has happened or has been found wrong when reviewing everything. Kristin added that the Risk Assessment is a statewide process required by Vermont Finance & Management. Patty then asked if this has been run by the State Auditor's Office. Kristin responded that it has not and wouldn't necessarily be in their purview since it comes down to grant monitoring procedures and is done a little differently by every department, and this would just be a procedure for us to do to ensure accountability.

Laura Sibilgia asked for clarification that the VCBB audit will occur after the single audit is completed. Kristin responded that they are not dependent on one another and can happen separately. Laura then asked about the plans for the technical assistance that has been discussed for the CUDs. Christine Hallquist explained that formal training on grant compliance is planned, but that this is really about getting the CUDs running in a way that they become low-risk over time and confirmed that there will be continued training for the CUDs.

Holly Groschner stated that she thinks it is great that the VCBB is starting this work but feels more is needed. Holly explained that in her town funds were given to the local telecom to provide service to 35 households and the Public Service Department doesn't know whether they were ever served. Holly asked if the VCBB's regulatory review could include whether or not the CUDs have complied with their existing grant documents and benchmarks within the grants to ensure the funds are getting used for the right purposes consistent with the applications. Kristin explained that the current process is addressing that through monthly reports. It will also happen during grant closeout from a financial perspective, and there will also be accountability on the construction side. Christine added that the approved budget includes approval of constructed projects by a Fiber Optics Engineer. Holly added that she also thinks Patty's suggestion to interface with the State Auditor would be beneficial. Christine responded that she feels that the information requests from the State Auditor have been helpful and that Staff will come back with more information. Holly requested that the grant award document be provided to the Board to show what kind of ramifications and conditions are included and that standards for recourse would be related.

Patty asked Christine whether staff are making changes based on the information requests from the State Auditor. Christine responded that responses are still being given but that yes, there could likely be changes in how the VCBB Staff and Board operates. Patty asked for an update on those questions and possible changes. Laura Sibilgia asked that as part of the VCBB's role in facilitating support and technical assistance to the CUDs, that it would be appropriate for the Executive Director to interface as much as possible to make sure that the CUDs have the assistance they need to be in compliance. Christine agreed and responded that as part of the updates Patty requested in the Parking Lot, Staff will prepare recommended actions as a result of the questions.

## **V. Simplified Business Model Review (moved from item VIII)**

Christine Hallquist shared a quick overview of the Simplified Business Model that she pulled together through discussions with Adam Bornstein, which highlights the importance of increasing the portion of projects funded by grants, the impact of changes in interest rates, and the take-rate that is able to be achieved in order to provide affordable broadband service.

Holly Groschner asked if the preconstruction costs and the make-ready costs are on target for all of the CUDs and if we could compare the CUD numbers against a standard. Christine responded that they have not reviewed that yet and it would likely have to be done confidentially but that

the team could work on it. Holly added that in the world of affordability that if these networks were 100% funded and \$30 could be applied from ACP the VCBB would meet its goal of affordability, but it would not eliminate the challenges that low-income households have in qualifying for ACP.

Patty Richards pointed out that with 100% grant funds, this model is illustrating that the minimum threshold, absent any subsidies would be \$46 on average in the state.

## **VI. Utility Make Ready (Q&A with VEC & WEC)**

Christine introduced Louis Porter, the General Manager of Washington Electric Coop (WEC) and Peter Rossi, the Vice President of Operations for Vermont Electric Coop (VEC). Christine also reported that she has had several discussions on this topic with Mike Burke from Green Mountain Power (GMP) as well and will provide their updates as appropriate in the discussion.

Patty Richards pointed out that Burlington and Vermont Public Power Supply Authority (VPPSA) members are not present and will not be a part of the conversation.

Christine shared that GMP has set in place the capacity and hired three additional contractors to double the amount of make-ready work they can do for a year, from an average of about 4500 poles to 9000 pole changes per year in order to meet the broadband requirements. She noted that the challenge comes to pricing because the contractors add to the overall cost which gets passed directly along to the CUDs. They fully comply with PUC Rule 3.700, and if any of the Districts have an issue it can be handled through the VCBB.

Peter Rossi then provided a presentation for VEC, highlighting that over the last two years they had 5,248 total attachments requested, half of them being from NEK Broadband, which had 206 qualifying locations for offsetting the capital expenditures. He explained there has been almost 300 miles of make-ready completed over the same timeline. Peter noted that VELCO fiber is going across VEC's 34-5 line with a 12-4-70 under-build causing VEC to eat a lot of those costs which other utilities are noticing the impact on CapEx as well with increased NESC violations.

Peter reminded the board that on March 19<sup>th</sup> of 2021, a three-year program began to contribute \$2000 to the capital cost for each qualifying location with an annual cap of \$1M for a total program cap of about \$3M.

Peter shared that they are storing fiber for the Lamoille CUD in Johnson. He also explained that they haven't reached 500 miles per year but noted that is still the maximum VEC can handle without a delay and that VEC has not yet seen any project plans for Lamoille FiberNet or NWFX.

Peter noted that while VEC has plenty of poles in stock, the normal one to two-week supply timeline has expanded to an average of eight weeks, so if construction starts to accelerate next year there may be increased supply chain impacts.

Louis Porter and Dave Prisock, the Chief of Operations for Washington Electric Coop provided a brief overview of make-ready work from WEC's perspective, for CVFiber, NEK Broadband, and ECFiber. Louis explained that their relatively small crew has been shifted from other work to make-ready. Currently they have completed make-ready for more than 7,000 poles, taking an average of 48 days to complete. They do have contracts standing by to bring in outside crews and have been working closely with the CUDs to prioritize work based on their project timelines.

Dave explained that WEC is currently preparing for winter to ensure they have enough materials on hand to take care of any outages or any storm damage, but they have increased order sizes to try and continue sourcing all needed materials.

Christine asked what that might mean in terms of make-ready for the CUDs. Louis explained that it changes the priorities to focus on occupied dwellings and that they are trying to hold off on make-ready that is farther out in the construction season. Laura asked if the team at WEC has suggestions in terms of what CUDs could do to help with scheduling make-ready work. Louis responded that continued close communication should help everyone stay on track. Laura then asked Christine if she knew if the CUDs were consistently communicating with the utilities in their Districts. Christine responded that it was something GMP has also asked for and VCBB Staff will encourage the CUDs to make sure frequent meetings are happening.

Laura asked Christine to follow up with any challenges the Municipal Utilities may be having.

Holly asked for a summary of the VELCO project and whether it would make a difference to anything to try and negotiate with them in the coming construction year to prioritize CUD projects. Peter provided an overview and explained that he doesn't think there would be an impact because their project is almost done.

Patty asked if this was a fairly calm storm year for the utilities and Peter confirmed it was overall, but that we are heading into winter and Louis echoed that. Patty then asked if the contractors lined up for make-ready are the same that get pulled in for storms. Louis and Peter both responded that they are all the same contractors, but if the load of make-ready applications increases and there are more large storms to deal with everyone could run into issues.

Patty asked if there are sharing agreements in place, and Peter explained there might not be something official but there is good communication and cooperation.

Dan Nelson asked if any of the make-ready work caused by VELCO's project help clear the way to pole attachments or clean up work for the CUDs coming later. Peter answered yes, if they take that route. Christine added that this brings up a to-do to coordinate with private telecom providers more effectively.

Rob Vietzke shared that the CUDs are very pleased overall with the collaboration and recognition of the importance of bringing broadband to Vermont and to all work together toward that effort. He shared that from his review of where CUDs are at it seems like the next step is to figure out how to continue improving coordination around prioritization and looking at getting contiguous service areas done and having conversations when there might be 200 pole applications and 198 of them are simple make-ready and two of them force the project into complex make-ready. He suggested that maybe some combined efforts to look at dashboard numbers across the state might help improve the process a bit.

Patty asked Rob V. if he is aware of any spots that are particularly having issues. Rob responded that DVFiber and Maple Broadband are the two CUDs that are coming out of the studies and starting to want to pay for applications, and they are doing comparisons on the estimates against actual bills and trying to understand them.

Christa shared that VEC has been fantastic to work with and she made a few points including that statewide we might want to leverage purchasing power and might want to continue coordinating around pre-purchases, and that as plans continue to move forward there might be more strategic

ways to move materials and make-ready and construction around where it's most needed.

Ellie de Villiers echoed that providing a high-level dashboard of how things are going statewide to the VCBB on an ongoing basis, identifying some of the delays and their causes and what possible mitigation strategies might be most effective, would be very helpful as CUDs all pick up the pace. She added that to Patty's point, until actual challenges are clearly identified and where there are areas of risk, it is hard to do any sort of risk management.

David Jones commented that the CUDs are working hard to navigate through the marketplace issues that have been mentioned and that is something everyone will need to continue to work on adjusting to.

Roger Nishi mentioned the issue of cross subsidization and not being able to have the ratepayers of the electric utilities paying for some of the costs that may be incurred to get the poles ready. He asked if there are funds available to help them continue the make-ready. Louis and Peter responded that it's not an issue yet, but they are keeping their eye on it and it might be something that changes as demand increases.

## **VII. New Staff Intro (originally item III. tabled until Lucy Rogers joined)**

Christine Hallquist introduced Lucy Rogers, who has been a Representative from Lamoille County and was instrumental in the CUD broadband efforts with a lot of experience and is highly respected in the state. Christine has pulled Lucy into the Digital Equity planning team along with Alissa to immediately start working on the five-year plan with the newly awarded \$518k planning grant. Christine explained that Lucy will also become the main liaison to the CUDs.

Lucy Rogers shared her excitement to get to work with the VCBB, and that in addition to being a legislator and working on energy and tech, she has been working with Lamoille FiberNet over the last few years and is looking forward to taking that work and looking at it with more of a statewide lens.

## **VIII. Workforce Development Plan**

Christine Hallquist provided a summary of the Workforce Development Plan, developed by a team made up of the VCBB, CUDs, and Vermont state Colleges and Vermont Technical College.

She shared the challenges:

- estimated need of more than 200 technicians to meet the five-year build out
- turnover rates in the industry are high, averaging 55%
- piece pay is prevalent in the construction industry among contractors making it harder to justify adding apprenticeship programs or prioritizing safety and worksite cleanliness
- hard to find trainers and pressure on the workforce is only going to increase with the amount of federal funding available

She shared the program goals:

- facilitate the establishment of the scaling of education training programs
- focus on Vermonters (state and local focus)
- provide Vermonters with opportunities for better-paying jobs
- provide job and career opportunities for the marginally employed
- create career paths
- improve employee retention

Christine shared that the team is now focused on employer outreach and collecting information for industry partners, finalizing training and core curriculum, starting to develop a pay-it-forward program, create two separate advisory boards, an industry advisory board and a training advisory board, engaging Vermont's career Tech Ed program, developing success measures, sourcing, funding, and deploying training resources, and finalizing career path programs with other Agency partners at DED and DOL.

Patty Richards asked if the team is working with any of the contractors and if there are financial incentives that would help. Christine confirmed that they are, but that they are all across the board at different places and some are leading these efforts in their own companies and others will need to be coached along the process, but the goal is to raise the bar for everybody and funding doesn't seem like it will solve all of the issues. Also it seems like reducing turnover rates is the biggest attractor right now.

Laura Sibilia expressed concern about workforce training programs, particularly for temporary staff and encouraged the team to sit down with the local contractors and directly ask what it would take to get 20 or 30 new staff hired. Christine confirmed she will continue to have those discussions.

## **IX. VCUDA Update**

Rob Vietzke provided an update for VCUDA, starting with the fact that he heard back from eight of the nine CUDs in support of the NEK CUD Financing Program application. He also highlighted that the legislative and policy group met with Christine and Rob F. Ray Pelletier has started to draft some language around the legislative initiatives that everyone was most interested in this year including language around acquisitions and mergers as those terms relate to public entities maintaining town interests and public control if there is efficiency to work across CUD borders. He also shared the other very simple technical correction they would like to see around including the CUD municipal staff in the municipal staff to qualify for the Vermont Municipal Employee Retirement System.

## **X. Public Comment**

There were two public comments provided:

- Christa Shute stated how complicated it is that CUDs don't have a way to have a certificate of good standing, and that there are a lot of other states that apparently do certificates for municipalities and other types of organizations. She said she would like the VCBB to

consider approaching the Secretary of State to do the same thing.

Patty Richards asked for this to be added to the parking lot. Holly asked if VCUDA added it to the VCUDA legislative committee and Christa agreed she would.

- Irv Thomae commented on the PUC's revision with make-ready rules where the rules dealt with schedules and required time frames unless agreed otherwise. He said he feels that helped with the collaboration and forward planning between CUDs and utilities or pole owners. He also commented in response to Christine's simplified CUD business model that ECFiber was a pioneer in this effort and had to take on a lot of debt and he hopes discussions can bring the CUD closer to the same kind of balance that is being sought for the new CUDs.

## **XI. Staff Updates**

Christine Hallquist shared that the VCBB Staff will be presenting to JITOC later in the week.

Rob Fish shared that VCBB Staff issued a press release about the most recent grants last week and another press release just went out regarding the match program with quotes from the Governor and VLCT. He reported that within the next month NEK Broadband, CVFiber, Maple Broadband, Deerfield Valley, and ECFiber will all be continuing or starting construction and that SoVT may be completing construction ahead of schedule by mid-2023.

Christine then reviewed the items on the parking lot, which include:

- VCBB's approach to mapping and strategy for challenging the FCC - tentative plan to present strategy at future meeting tentatively January. A Federal Program Officer at the NTIA will be needed to help work on this and that it has finally been announced as Clay Purvis from the Public Service Department.
- Define audit criteria and post award grant reporting and review process for grantees/CUDs – the team shared the memo today and will provide the framework being used for other kinds of compliance review and share a grant agreement with the Board.
- Invite to the Federal Delegation to future Board Meeting - tentative plan to attend a future meeting after the elections.
- Workshop for the CUDs on Uniform Guidance is scheduled for December 7th.
- Establish policy to address issue of enforceability with any of the partners and the CUDs - team will finalize plan, and share with Board, that addresses how the VCBB will know when problems are starting to occur, develop a corrective action plan, and then what happens if people default on that corrective action plan and come back to the board with that plan. Stan commented that grant terms are all the VCBB can enforce. Holly stated that is why she is interested in seeing the grant agreements.
- Finalize subsequent overbuild policy and will present plan at a future meeting.

## **XII. November 3<sup>rd</sup> Board Organizational Meeting**

Patty Richards explained the intention is for an opportunity to check in and focus on what is

working and not working, frequency of Board Meetings, structural improvements, and the addition of the VCBB's interpretation for 'universal service' and ensuring alignment of VCBB goals with what was intended in Act 71 legislation and the Board reviewed the draft 2-hour agenda.

### **XIII. Confirm Next Meeting & Motion to Adjourn**

Patty Richards confirmed the next meeting will be November 14<sup>th</sup> and made a motion to adjourn. Laura Sibilis seconded, the motion was unanimously approved, and the meeting was adjourned at 3:17pm.