

Vermont Community Broadband Board Meeting Monday, October 3rd, 2022 12:00pm – 3:30pm

AGENDA

Meeting is being held virtually.

[Click here to join the meeting](#)

Join by Phone; [+1 802-828-7667,,494812198#](#)

Note: there may be additional executive sessions as needed

- | | |
|-------|---|
| 12:00 | 1) Meeting Call to Order, Roll Call, & Approval of Agenda |
| 12:05 | 2) Approval of September 19 th Meeting Minutes |
| 12:10 | 3) BEAD Planning, Digital Equity Planning, & Middle Mile Grants Update & Timeline (Christine) |
| 12:45 | 4) NEK ReConnect Letter of Support (Christa) |
| 1:15 | 5) Leverage Local ARPA Match Program Proposal |
| 1:45 | 6) Legislation Policy Proposals (Board & Staff Continued Discussion) |
| 2:45 | 7) Staff Updates & Parking Lot |
| 3:00 | 8) VCUDA Update |
| 3:15 | 9) Public Comment |
| 3:30 | 10) Confirm Next Meeting Oct 17th & Motion to Adjourn |

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

Board Packet Executive Summary

October 03 2022

Christine Hallquist, Executive Director

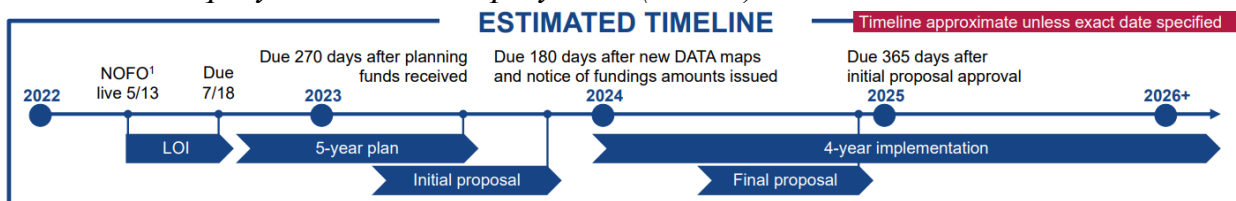
Phone – 802-636-7853

Email – christine.hallquist@vermont.gov

BEAD, Digital Equity Planning and Middle Mile Grant

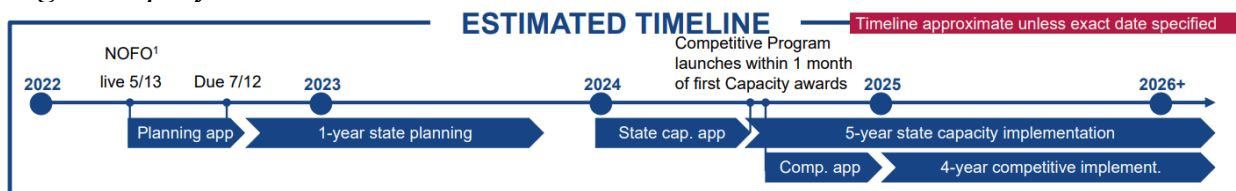
Staff and CTC are finalizing the application for the Middle-Mile grant as of this writing and will provide the Board with highlights at this meeting. With the notice that the VCBB has been awarded a \$518K Digital Equity Planning Grant, and the BEAD Infrastructure planning grant forthcoming, it is important to understand the timelines. We are including those timelines below and will provide further information as well as answer questions at the meeting. Here are the timelines-

Broadband Equity, Access, & Deployment (BEAD)



1. Letter of Intent submitted July 18th 2022; Vermont's plan for the development of a 5-year plan was submitted in August; curing application through September; expect planning funds at the end of October or beginning of November and then the VCBB will have 9 months to develop the BEAD 5-year plan.
2. State infrastructure allocation based on new FCC maps is anticipated in spring of 2023 and then VCBB will have 6 months to submit the 'Initial Proposal' for the \$100M+ of infrastructure funding. The 'Final Proposal' for the 4-year implementation is anticipated to be due in late 2024.

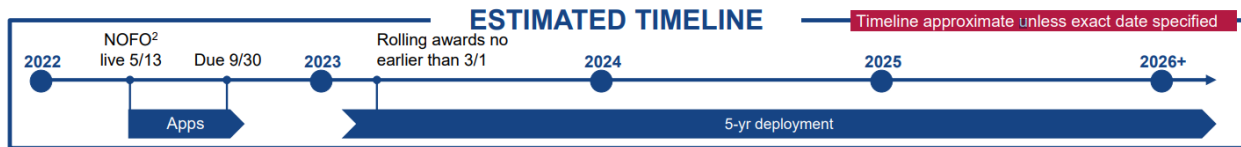
Digital Equity



1. Broken into three programs – two allocated for state-run programs (Planning Grant & Capacity Grant), and one competitive round for all other eligible partners.

2. The initial budget for Digital Equity Planning Funds was submitted to initiate the process for developing Vermont's Digital Equity Plan; once awarded states have 1 year to develop a plan that will be used to apply for Digital Equity Capacity Grant in 2024.
3. After the 5-year State Capacity Grants for implementation are awarded, the NTIA will open a competitive program for partners and non-government entities for 4-year implementation projects, expected in mid-2024.

Middle Mile



3. The Middle Mile program was established to reduce the cost of connecting unserved and underserved areas; application deadline September 30th 2022; earliest awards will be in March 2023.
4. Vermont worked with CTC to develop an application for this highly competitive program that establishes a special purpose vehicle with all CUDs as members to coordinate statewide deployment and negotiate terms with private ISP partners.

NEK letter of support

Per the guidance of the Board at the September 19 meeting, staff worked with NEK Broadband to put together a letter to be used with the NEK Broadband ReConnect application. NEK Broadband presented the proposed letter to the USDA and has obtained their support. Christa will present that letter to the Board for final approval.

Local ARPA match proposal

The town ARPA matching program has been effective in that \$2.3 million has been raised so far. The CUDs have been promoting the program and there is an opportunity to get even more funds. Rob Fish will be presenting to the Vermont League of Cities and Towns later the week of the Board meeting and we are hoping to get approval from the Board to move forward with the enclosed proposal which has been vetted by the CUDs.

Legislative policy proposals

As part of the state process for filing a budget that the VCBB is participating in, the Administration would like some insight into the legislative policies that the VCBB will be proposing. We previously discussed with the Board the need to address Multi-Dwelling Units (MDUs), Staff will present language at next Board meeting regarding MDUs for Board approval. We will also discuss what language may need to be modified to align with the BEAD program. Please be thinking about other policies that may need to be addressed. Staff wants to make sure that we address any concerns Board members have in terms of legislation.

Assistant Administrator Laurel Leverrier
Rural Utilities Service Telecommunications Program
U.S. Department of Agriculture

Date

Dear Asst. Administrator Leverrier,

On January 18th the Vermont Community Broadband Board issued a request for proposal (RFP) to Communications Union Districts (CUD) and other service providers. The request for proposal allocated funding to each CUD based on the number of unserved road miles in the district relative to all of the unserved road miles in the state. The allocation of funding to NEK Broadband is 30.09%. In the initial RFP, \$116 million was allocated for distribution. Of this amount NEK Broadband will receive \$34,904,400. In June 2022, after the legislative season appropriated an additional \$95 million, the RFP was revised to allocate \$65,321,386 to NEK Broadband.

The Board reviewed and unanimously voted to approve NEK Broadband's construction grant request of \$15,899,089, making it the first Communications Union District (CUD) in Vermont awarded through this program. The award was increased by \$4,966,800 via an amendment in July. These awards are in addition to a Pre-Construction Grant award of \$6.67 million in November of 2021 and \$1,353,915 in April of 2022.

NEK Broadband provided a comprehensive Business Plan and Universal Service Plan that has been vetted by the VCBB Staff, Board Members, and outside consultants. The CUD has met all of the requirements for the full \$65M of grant funds by fully meeting the statutory considerations required for these construction grants including (1) collaboration and coordination with a variety of public and private entities in the state; (2) the development of a resilient and redundant design that has interconnection locations with other nearby networks; (3) a plan that demonstrates limited overbuild of existing areas served with 25/3 Mbps; (4) a plan with long-term network and business sustainability; (5) demonstration of a commitment to affordability through participation in the ACP and regular board meetings on the subject; (g) a sound technical and security approach for building and operating the network, and assessing and assuring operational performance.

All of the above items apply to the entire grant award commitment to NEK Broadband of \$65,321,386. In addition, each sub-award is made based on a specific project area. Those sub-awards (\$20,865,889 to date) are based on a list of each address that the CUD intends to serve with those particular grant funds and a timeline for that construction. Many other CUDs have

applied for their entire original allocated amount. However, because NEK Broadband is pursuing other grant opportunities such as USDA ReConnect, it will be requesting the disbursement of the remaining funds based on answers to the USDA ReConnect Round 4 opportunity.

The Vermont Community Broadband Board understands the critical importance of supplemental grants, particularly in the northeast portion of our state which comprises both the poorest and most rural portion of the state. The Board also understands that as the largest CUD with over fifty towns, that NEK Broadband has elected to first build out its backbone throughout the district and then to build based on objective criteria (such as outside grant funding like ReConnect) but also many other criteria. This keeps every town engaged and working toward bringing service in their area. Therefore, we respect the process for submitting for sub-awards as NEK Broadband is able to ascertain which areas it might build under other grants.

Please accept this letter as our commitment to the award of \$65,321,386 to NEK Broadband pending approval for the additional disbursements based on approval of detailed build designs that meet the overbuild test requirements under statute and VCBB policy. We have confidence in the expertise of the management team, associated contractors, and quality board members of NEK Broadband; and our full support for a supplemental application to ReConnect 4 for up to \$25 million in grants and \$25 million in loans.

Patricia Richards

Christine Hallquist

VCBB Chair

VCBB Executive Director

Proposal: Leveraging Additional Funds via Town ARPA Funds

Background

- On April 11, 2022, the Board decided to consider re-allocating ARPA SFR and ARPA Capital funds away from towns without announced efforts to achieve universal service before November 30th, 2022 due to the time constraints associated with ARPA Funds and a desire to ensure grant funds are deployed as effectively as possible.
- The Act 71 Construction Grant Program encourages the VCBB and the CUDs to leverage outside funds. It is the responsibility of the Board to encourage the CUDs to turn over every rock looking for additional funds and demonstrations of community support.
- There is a direct connection between affordability and the ratio of grant funding vs financing. The Board should encourage the influx of grant funds from other sources to increase affordability.
- Inflation and rising interest rates are increasing the expected cost for the CUDs to complete network construction. An infusion of any amount of funds from other sources will help close this gap.
- The BEAD Program requires a 25 percent match from not federal match. The only exception are funds from ARPA or regional programs such as the Northern Borders Regional Commission. Any match that comes from towns will not have to come from the bond market or other financing sources.¹
- Some towns are 100% served, have such little funds a plan is not feasible, having universal service projects funded via other programs, or have not taken any steps to form a CUD, joined a CUD, or partnered with an ISP.
- CUDs are actively engaging with their member towns to leverage local ARPA dollars. NEK, CV, DV, and Maple have leveraged a combined \$2.2 million in local funds to supplement state ARPA from 38 towns. Other towns that were unable to make the September 15th deadline are currently considering making ARPA contributions pending a decision on this policy. With this track record, there is a high likelihood additional funds can be leveraged from other towns in these and other CUDs.
- Updated guidance to towns enables ARPA funds to be spent much more broadly than initial guidance, so providing an incentive for towns (dollars will go further if given to a CUD vs spent on other items) would be a welcome incentive for CUDs to use to leverage in discussions with towns.
- All CUDs have towns where construction is not complete or the cost of drops are high or there is a need for additional funding to promote internet affordable access.

Proposal

- The VCBB will match all Local Fiscal Recovery Town ARPA match pledges.
- When the RFP for the Construction Grant Program was issued, \$16 Million was set aside to encourage towns to contribute. At the close of the program September 30, the unused funds were to be distributed according to the establishing funding formula. There is no change proposed to this \$16 Million in funds. The funds will be redistributed as expected.
- Funding for this new matching program will come from three different sources:
 - **Source 1: Reallocation from unused ARPA** - Funding from towns that are nearly 100% served and not members of a CUD have in place other funding, or do not currently have an identified plan forward (creating or joining a CUD or a private provider has stepped forward) before

¹ The matching requirement does not apply to projects in high-cost areas, which may encompass a significant proportion of BEAD-funded initiatives, but is unknown at the moment.

November 30th 2022 will be re-allocated to provide a match for all funds leveraged from local ARPA. This amount totals \$2,041,938. The funds come from 20 communities. Of these 20 communities, 8 have less than \$1,000 and 15 have less than \$100,000 available in funding from ARPA and ARPA capital combined.²

These include:

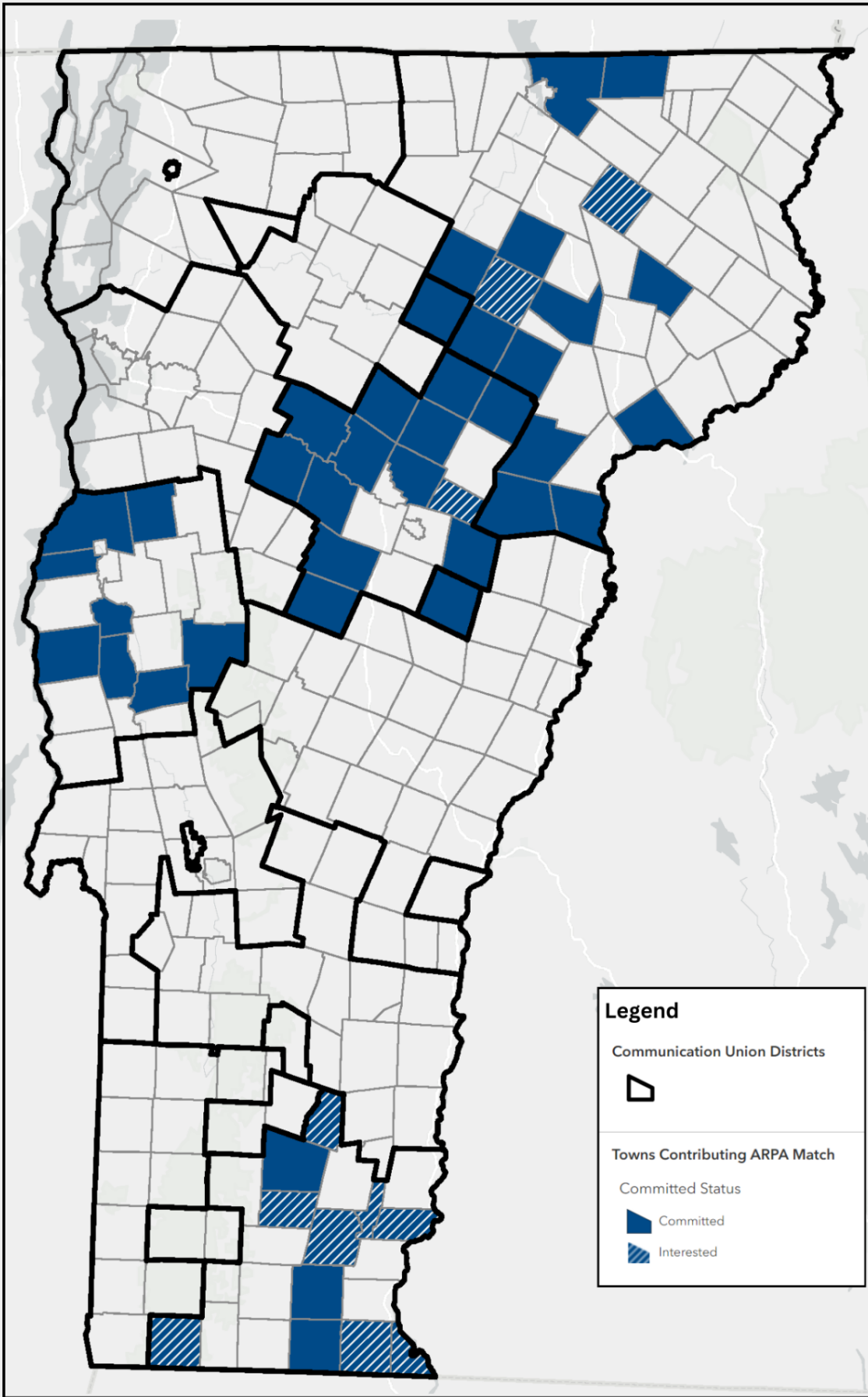
- VTel service area which is reportedly 100% served, but the funding formula allocated some funds to towns.
 - Towns approached but not interested in joining a CUD
 - NonCUD towns with plans in place funded by other sources.
 - This does not include service areas – CUD or nonCUD – where staff and the board are aware a plan is underway and a funding request is expected within the next six to nine months.
- **Source 2:** Staff will create a private fund to raise matching funds from other sources, such as philanthropic or corporate grant programs. These funds will be used to support the match program after the \$2 million described above and before the use of any BEAD funds. This will also provide a potential source for the match necessary for the BEAD grants.³
 - **Source 3:** As necessary, up to \$2 million, the Board pledges to match additional town ARPA commitments of up to \$100k per town via the BEAD program as allowed under the final, yet to be established rules. Note: The gap between the current pledges (\$2.3 in requests approved and \$2.0M in available funds shall be funded via BEAD if another source cannot be identified.)
- For the sake of impact, the program will be announced at the VLCT Town Fair. Towns that have contributed thus far will be thanked and celebrated.

² These towns are still eligible for BEAD Funding if allowed under state and federal rules.

³ The BEAD Program requires a 25 percent match (a “non-Federal contribution”) for awarded projects, which may be provided by the State or the subgrantee. (Note, though, that the matching requirement does not apply to projects in high-cost areas, which may encompass a significant proportion of BEAD-funded initiatives, but is unknown at the moment.)

Town ARPA Contributions Committed To-Date

\$2,196,792



Legend

Communication Union Districts

Towns Contributing ARPA Match

Committed Status

Committed

Interested

CVFiber Total Match To-Date: \$833,000	
TOWN	ARPA Contributions
Calais	\$200,000
Moretown	\$50,000
Roxbury	\$20,000
East Montpelier	\$100,000
Waterbury	\$50,000
Woodbury	\$50,000
Washington	\$20,000
Cabot	\$50,000
Duxbury	\$20,000
Northfield	\$90,000
Middlesex	\$100,000
Worcester	\$53,000
Orange	\$30,000
Plainfield	Expressed Interest
NEK Broadband Total Match To-Date: \$942,050	
TOWN	ARPA Contributions
Peacham	\$30,000
Groton	\$40,800
Rygate	\$76,000
Walden	\$40,000
Hardwick	\$139,800
Derby	\$72,417
Waterford	\$110,883
Wheelock	\$40,900
Westmore	Expressed Interest
Holland	\$123,833
Craftsbury	\$116,733
Wolcott	\$52,917
Glover	\$41,267
Burke	\$56,500
Greensboro	Expressed Interest
DVFiber Total Match To-Date: \$86,742	
TOWN	ARPA Contributions
Marlboro	\$24,642
Jamaica	\$22,100
Halifax	\$40,000
Brookline	Expressed Interest
Guilford	Expressed Interest
Newfane	Expressed Interest
Putney	Expressed Interest
Stamford	Expressed Interest
Vernon	Expressed Interest
Wardsboro	Expressed Interest
Windham	Expressed Interest
Maple Broadband Total Match To-Date: \$335,000	
TOWN	ARPA Contributions
Bridport	\$40,000
Cornwall	\$50,000
Ferrisburgh	\$50,000
Monkton	\$50,000
Panton	\$50,000
Ripton	\$25,000
Salsbury	\$30,000
Weybridge	\$40,000
TOTAL	\$2,196,792

Town	Served By	Roads No Cable/ Fiber	% No Cable/ Fiber	\$100,000,000	\$16,000,000	\$95,000,000	Total
Athens	VTEL	-	0.00%	\$0.00	\$0.00	\$0.00	\$ -
Springfield	VTEL	-	0.00%	\$0.00	\$0.00	\$0.00	\$ -
Wallingford	Vtel	-	0.00%	\$0.00	\$0.00	\$0.00	\$ -
Winooski	BT	0.00	0.00%	\$0.03	\$0.00	\$0.03	\$ 0
Grafton	VTEL	0.00	0.00%	\$49.69	\$7.95	\$47.21	\$ 105
Tinmouth	Vtel	0.02	0.00%	\$205.17	\$32.83	\$194.91	\$ 433
Middletown Springs	Vtel	0.03	0.00%	\$353.08	\$56.49	\$335.43	\$ 745
Mount Tabor	Vtel	0.06	0.00%	\$749.72	\$119.96	\$712.23	\$ 1,582
Andover	VTEL	0.07	0.00%	\$898.84	\$143.81	\$853.90	\$ 1,897
Chester	VTEL	0.11	0.00%	\$1,507.15	\$241.14	\$1,431.79	\$ 3,180
Mount Holly	Vtel	0.58	0.01%	\$7,832.93	\$1,253.27	\$7,441.28	\$ 16,527
Danby	VTel	0.78	0.01%	\$10,678.09	\$1,708.49	\$10,144.18	\$ 22,531
Burlington (CCRPC)	BT	2.68	0.04%	\$36,454.89	\$5,832.78	\$34,632.14	\$ 76,920
Proctor	Fidium but not 100%	2.70	0.04%	\$36,772.85	\$5,883.66	\$34,934.21	\$ 77,591
Ira	Vtel	3.19	0.04%	\$43,428.63	\$6,948.58	\$41,257.20	\$ 91,634
Killington	Fiduim but not 100%	3.55	0.05%	\$48,325.79	\$7,732.13	\$45,909.50	\$ 101,967
Somerset	DV or SoVT	6.62	0.09%	\$90,160.72	\$14,425.71	\$85,652.68	\$ 190,239
Clarendon	Fiduim but not 100%	8.08	0.11%	\$110,012.74	\$17,602.04	\$104,512.11	\$ 232,127
Rockingham	not a member of a CUI	8.61	0.12%	\$117,246.59	\$18,759.45	\$111,384.26	\$ 247,390
Fletcher	NBRC Funded 100%	34.00	0.46%	\$463,066.32	\$74,090.61	\$439,913.01	\$ 977,070
TOTALS				\$967,743.23	\$154,838.92	\$919,356.07	\$ 2,041,938

#	Priority	Item	Date entered	Assigned to	Resolution and date
22	3	VCBB's approach to mapping and strategy for challenging the FCC.	6/14/22	CH	Tentative plan to present strategy at future meeting in October
23	1	Define audit criteria and post award grant reporting and review process for grantees/CUDs	8/8/22	CH	Team will finalize plan and share with Board in October
24	1	Invite to the Federal Delegation to future Board Meeting	8/8/22	CH	Tentative plan to attend a future meeting in October.
25	2	Host workshop for the CUDs on Uniform Guidance	8/8/22	CH	Team will finalize plan and share with Board in October
26	1	Establish policy to address issue of enforceability with any of the partners and the CUDs.	8/22/22	CH	Team will finalize plan and share with Board in October
18	1	Signature Authority of Executive Director	03/28/22	CH	Closed. Approved in July.
19	1	Policy around hiring staff	03/28/22	CH	Closed. Approved in July.
21	1	Invite to Doug Farnum to future Board Meeting	6/14/22	CH	Attended August 8 th meeting.
20	3	Recommendation for designation of an entity for Digital Equity & Affordability Office	03/28/22	CH	Closed. This is being addressed by the Governor's office per a directive from the NTIA. This falls into the responsibility of the VCBB as a subset of the IJA program.
8	2	Policy on "Material Default" see §8086(c)(2)	11/1/21	board	Closed. Issue has been resolved through legislation.
5	3	VCBB Dashboard – to be shared monthly to show progress. What are the milestones?	11/1/21	CH	Closed. Stone Environmental has presented its proposal and the software platform meets the needs.
16	1	Provide Board with impact of Commitment letter	02/14/22	CH	Closed with material pre-purchasing proposal.