

Vermont Community Broadband Board Meeting
Monday, November 18, 2024, 12:00pm to 4:00pm
Meeting Minutes

1. Call Meeting to Order, Roll Call, Approval of Agenda – The Chair called the meeting to order at 12:04 pm and completed roll call:

- Patty Richards
- Dan Nelson
- Laura Sibilialia
- Brian Otley
- Sarah Hofmann
- Christine Hallquist - Staff
- Rob Fish – Staff
- Toni Clithero – Staff
- Kristina Sweet – Staff
- Herryng Herzog – Staff
- JB Ledoux – PSD Staff
- Stephanie Tuxill – PSD Staff

The Chair moved to approve the agenda, seconded by Mr. Otley and asked for discussion. Ms. Hallquist requested item 6 Introductions to new staff on the agenda be deleted as there has been a delay in the hiring process. Ms. Sibilialia noted a Memorandum in the Board Packet from Ms. Clithero dated 11.13.2024 that is not on the agenda and asked for it to be added for discussion. Ms. Richards approved the change and added it on the agenda to 17.1 with no other changes on a vote of 5-0 the motion was approved.

2. Minutes Approval – 10.14.2024 The Chair made a motion to approve the minutes of 10.14.2024 seconded by Mr. Otley and asked for discussion. Ms. Richards noted a correction to the motion on item 5 Maple Broadband Addison County CUD Construction Grant Amendment. Ms. Richards noted the words seconded by Ms. Sibilialia needed to be added. With no other discussion on a vote of 4-0 with Ms. Hofmann abstaining the minutes were approved with the addition.

3. Public Comment – Christine Hallquist No Public Comment

4. Introduction of the new Board Member Sarah Hofmann The Chair welcomed Ms. Hofmann. Ms. Hofmann shared that she has spent many years working in electricity, telecom and on broadband issues and is eager to get to work.

5. Reminder for Board Terms – Herryng Herzog Ms. Herzog reviewed the VCBB Members & Terms noting this review was prompted with the appointment of Ms.

Hofmann. The Chair requested the Board terms be reviewed annually in November to allot time to facilitate the process of reappointment if necessary.

6. Introduction of New Staff – Christine Hallquist Removed from the Agenda

7. KPI Benchmark – Ms. Hallquist noted Staff was reporting KPI's that showed performance to the grant, and not how they are doing overall against their business plans. At the last meeting, the Board requested Staff come back with a recommendation for how the grantee is actually performing. Ms. Hallquist continued by stating that each grantee has a business plan as part of their individual grant and that some of those business plans are being revised. Staff's recommendation is to report on the miles constructed, passings, and the number of customers getting connected. This will be compared to the original business plan. Mr. Otley asked if this proposal was in alignment with what the Board was presented in the last meeting. Ms. Hallquist noted that Staff has been reporting grant performance and not business plan performance. Mr. Otley noted that the original grant was reviewed and approved by the Board and that the Board recognizes that the original business plans change. Further, that the Board is interested in the core metrics of how they are doing against their business plan and that additionally it is important for the Board to be notified if the business plan is updated. Ms. Sibilila inquired about the instruction the CUDs are receiving from VCBB Staff about modifying their Universal Service Plans, noting concerns that Staff is asking CUDs to change their business plans in ways that may not be best on the ground based on Staff vision and Staff having a significant role in the next round of funding. The Chair questioned what the changes to the business plans are, how would Staff ensure the Board is informed on the changes and if the VCBB Staff asked for feedback from the CUDs on this request. Mr. Nelson noted that it will be interesting to see how the different business models perform as some CUDs have just created partnerships and others have begun construction. Mr. Nelson continued to note that the goal of supporting the CUDs to reach Universal Service should not change and if it that were to change the Board should be informed. Ms. Hofmann sought clarification as to whether the benchmarks are based on grant performance and asked if the new benchmarks would replace the old. Ms. Hallquist noted that the some of the parameters have changed significantly and updating the business plan to reflect those changes and report to the Board would replace the old benchmarks. Mr. Otley noted that reporting off the current business plan is the most relevant metric and went on to say that it is important to keep perspective back to the original grant-based business plan even though the Board understands those metrics are dated. Mr. Otley stated that the most interesting metric will be that of the current business plan and suggested having both metrics displayed for Board review. Mr. Otley stressed that Universal Service Plans are a commitment that no business plan revision would compromise. Mr. Otley noted that the CUDs are recommending changes to their business plans due to the fact that they

are navigating the reality of the work, where their competitors are reaching into their distribution areas, and in those instances a modification to the business plan may be necessary. Mr. Otley sought clarification as to whether when these changes occur the CUDs are alerting Staff a change is needed or whether, Staff is recommending changes. Ms. Hallquist confirmed the monthly meetings are interactive and a time to discuss the challenges and where changes need to be made. The CUDs make the decision on any modifications needed to the business plan. Ms. Sibilia suggested meeting with each CUD to understand why their plan is being revised and proposed this happen in a future Board meeting. The Chair agreed if something substantial is being changed in the business plan the Board needs to know that information and would like a summary of the changes. Mr. Otley noted the questions are whether there any areas of your territory that are getting worse or are being damaged by the reality on the ground that was unforeseen at the time the grant was awarded, is valid, and asked if that is part of the KPI discussion. Ms. Hallquist confirmed it is and will be discussed in the next agenda item.

8. KPI Scorecard - Monthly Update – Executive Session pursuant to 1 V.S.A. s. 313 (a)(6), which protects records exempt from the access to the public records law, specifically 1 VSA s. 317(c)(9) confidential business records or information.

The Chair made a motion to move into Executive Session pursuant to 1 V.S.A. s. 313 (a)(6), which protects records exempt from the access to the public records law, specifically 1 VSA s. 317(c)(9) confidential business records or information seconded by Ms. Sibilia. Ms. Hallquist noted Staff is confident about the CUDs performance to date and wanted to be clear that Staff is not suggesting a CUD is in trouble, the issues raised were theoretical issues that could impact the business plans moving forward. With no other discussion on a vote of 5-0 the Board moved into Executive session at 12:49pm. The Board came back into public session at 1:48pm with no action taken.

9. Budget – Kristina Sweet, JB Ledoux Ms. Sweet outlined the fiscal year 2025 operating expenditures, federal funding updates, grants executed and American Rescue Plan Act (ARPA) obligations. Ms. Sweet explained most expenditures will be consistent however, Internal Service Fees will fluctuate as some expenses are shared with other departments, there is no way to predict the submission of invoices through other State agencies and in fact a credit was received in that category. Ms. Sweet noted that Staff has obligated all the ARPA State Fiscal Recovery (SFR) funds in grant agreements for pre-construction and construction grants and reserved \$341,927 for administrative costs. Ms. Sweet noted that the Digital Equity Capacity Grant application was submitted to National Telecommunications and Information Administration (NTIA) for \$5,299,150, that it is under review and is expected to be awarded soon. She advised that this grant award is to implement Vermont’s Digital Equity Plan. The NTIA Broadband Equity, Access, and Deployment (BEAD) program award of \$5M previously awarded is referred

to as the BEAD planning grant. With the approval of the Initial Proposal Funding Request (IPFR) we received a grant amendment for the full allocation of \$228.9M, which Staff is referring to as Big BEAD. She also noted the final proposal with all of the proposed grants must be submitted before the grant funds are distributed to the subrecipients. Ms. Sweet noted that an additional \$28.6M in approved grants and amendments will be executed in the current quarter and confirmed that the ARPA State Fiscal Recovery Funds (SFR) of \$150M are fully obligated except for administrative contingency in the amount of \$341,000, which will be obligated by the December 31, 2024, deadline. In addition, with respect to the Capital Projects Fund (CPF), which must be expended by December 31, 2026, \$60.1M have been obligated to date, \$28.6M have been approved by the Board and will be obligated this quarter, and that \$1.5M of those funds are reserved for administrative costs and contingency leaving \$4.5M which will be used for the recently approved Long Drop Program. The Chair asked whether the \$1.5M reserved for administrative costs with no contract associated therewith could be tracked and documented to ensure it is spent in time. Ms. Sweet noted we have until the end of 2026 to spend those funds, and that number may be able to be reduced and that if the funds are not needed, they could also, be used for the Long Drop Program or granted out.

10. Notification of ARPA Interest Added to VCBB Special Fund – Rob Fish, Toni Clithero Mr. Fish reported as a result of the interest earned from the ARPA allocation, we received notification that we have access to spend approximately \$8M in additional funds. Ms. Clithero noted that the funds need to be used to further the same program purposes under ACT 71 and that no other approvals from the legislature would be necessary as long as we are not expanding any programs, which would require additional state funds. Mr. Fish noted Staff would be bringing the Board a proposal for use of the funds in December or January. Ms. Sibilina asked if the funds had federal requirements. Ms. Clithero confirmed that the money needs to be used to further the ARPA program under ACT 71 or furthering the BEAD program and VCBB operations. Ms. Sibilina suggested a proposal of revolving lending in an effort to further support Vermonters and the mission of the Vermont Community Broadband Board (VCBB). Ms. Richards asked if there were any deadlines for use of this money and proposed some of these funds to be used for affordability. Mr. Fish confirmed there are no deadlines for use of the funds.

11. Draft Annual Report Outline – Herryng Herzog, Toni Clithero Ms. Herzog shared the statutory requirements for the annual report and outlined the proposed table of contents which included an Executive Summary, operating and financial statements including grant contract. Ms. Herzog noted these financial summaries would show data through June of 2024. Significant construction has occurred since that report and progress continues. \$241M of the \$245M has been obligated. The BEAD timeline will

be included, and we will reference that 3 of the 9 CUDs have nearly completed construction and achieved universal service. Reference will be made to implementation of the Digital Opportunity Plan, provision of training and resources to help the underserved communities access, and the use of broadband and technology. Included will be the list of contracts over the last year, next steps, long drop program and exploration of bridge funding. The Chair confirmed that this outline was similar to the previous years annual report. Ms. Clithero noted that Act 71 both requires the Executive Director to make an annual report to the Board, under section 8084(b)(1)D, which this outline represents, and an annual report from the Board to the legislature, which is due by January 15th. The Board will have a draft of that annual report in the December Board Packet.

12. Parking Lot – Heryn Herzog Ms. Herzog outlined the parking lot items that were addressed in the Board meeting, as well as completed items. The Chair noted her appreciation for the format to organize and keep track of action items.

13. BEAD Timeline Update – Ms. Hallquist noted the timeline has not changed since the previous Board meeting. Ms. Sweet noted that while the timeline hasn't changed it is important to point out that the first RFA office hours is scheduled for November 19th at noon, the Vermont Department of Labor is training on labor issues on Wednesday and on Friday Staff is hosting the training for the scoring guide.

14. VCUDA Update – Rob Vietzke Mr. Vietzke took a moment to welcome Ms. Hofmann. Mr. Vietzke noted that the annual VCUDA board meeting will be held on November 19th, and they will be reelecting officers, discuss the budget and planning the year ahead. Mr. Vietzke continued 2025 is the final year of the SPISES Grant as it is currently written and VCUDA has requested information regarding a no cost extension and are planning to determine how to use those funds in the last year such as accounting support, audit support, environmental protection or shared services. Mr. Vietzke noted having met with VCBB Staff and having a good discussion and understanding of the legislative agenda for the upcoming legislative session.

15. Public Comment – Christine Hallquist Christa Shute, NEKCV CUD welcomed Ms. Hofmann and shared appreciation and gratitude for the work that went into the RFA. Ms. Shute noted that NEKCV CUD will continue to work collaboratively with Staff during the monthly KPI meetings to get the Board the information they require and noted that NEKCV has a significant investment in the last quarter in preparation to have the grant funding sources that are now going live including the Reconnect Grant, Community Connect Grant from the United States Department of Agriculture (USDA).

16. Confirm next meeting date December 9, 2024, Virtual

17. Board Approval Policy and Outstanding Policies –Toni Clithero Executive Session pursuant to 1 V.S.A. s. 313 (a)(1)(F) protecting confidential attorney client communications made for the purpose of providing professional legal services to the Board. Ms. Clithero noted we have a draft Annual Report Policy drafted by Holly Groschner that is near completion but requires some changes to address some changes that occurred since it was drafted. Ms. Clithero continued the other policy for the Board to consider is the Recoupment Policy that was drafted by Staff. Ms. Clithero noted the purpose of the Executive Session is for the Board to have legal guidance in how to best address these policies. The Chair noted the importance of being transparent and offering the CUDs and public an opportunity to review and provide feedback before the Board will vote on and approve policy. The Chair made a motion to move into Executive Session pursuant to 1 V.S.A. s. 313 (a)(1)(F) protecting confidential attorney client communications made for the purpose of providing professional legal services to the Board seconded by Mr. Nelson. On a vote of 5-0 the motion carried, and the Board went into Executive session at 2:27pm and returned at 2:37pm. The Chair noted there was discussion pertaining to both policies and the Board agreed these policies will go through a subcommittee working group, invite CUDs in to review the drafts, and provide feedback. Once that process is complete the policies will be brought back for the Board to act on, Ms. Clithero will lead this process. Ms. Hofmann will lead the subcommittee on the Recoupment of Funds Policy and the Chair will lead the subcommittee on the Annual Report Policy.

17.1 Memorandum from Toni Clithero, General Counsel to Patty Richards

11.13.2024 - Ms. Clithero noted significant discussion in the July 8th meeting where Ms. Clithero gave an overview of VT-BEAD program and how Staff would be scoring proposals with respect to affordability. At that time, Volume II contained language indicating we would score proposals that demonstrated a commitment to reinvest revenue into increasing efficiency; to ensure that rates remained affordable; and establish a business structure that limited profit through a commitment to stable and decreasing prices. The purpose of this memorandum is to correct the record because the NTIA objected, and Staff was required to revise that section of the scoring. Ms. Clithero continued to note that the bolded section of the memorandum is the VT BEAD scoring criteria on the affordability metric. Affordability represents 40% of the weight of the primary criteria under BEAD and this correction was an attempt to be sure that everyone was clear on the requirements of the program. This section was changed and approved on July 25th, 2024. Ms. Richards thanked Ms. Clithero and noted she would ask Ms. Sibilio to follow up with Ms. Clithero individually with any other concerns since she stepped away.

18. Board Review - Executive session – 1 V.S.A. s.313(a)(3) (3), authorizing a public body to hold an executive session to consider personnel matters.

The Chair made a motion to go into Executive session pursuant to 1 V.S.A. s.313(a)(3) (3), authorizing a public body to hold an executive session to consider personnel matters seconded by Ms. Hofmann. On a vote of 4-0 with Ms. Sibilila being on the call but not responding to the vote the motion carried.

19. Adjourn The Board did not come back into public session, the meeting ended at 2:45pm.

Action Items:

- Correct the minutes under item 5 to show Ms. Sibilila seconded
- The Chair requested the Board terms be reviewed annually in November to allot time to facilitate the process of reappointment if necessary.
- The Chair questioned what the changes to the business plans are, how would Staff ensure the Board is informed on the changes and asked for feedback from the CUDs on this request.
- Mr. Nelson noted that it will be interesting to see how the different business models perform as some CUDs made partnerships and others have begun construction.
- Mr. Otley agreed that the most interesting metric will be that of the current business plan and suggested having both metrics displayed for Board review.
- Ms. Sibilila suggested meeting with each CUD to understand why their plan is being revised and proposed this happen in a future Board meeting.
- The Board will have a draft of that annual report in the December Board Packet.
- Mr. Fish noted bringing the Board a proposal for use of the funds in December or January. (\$8M)
 - ❖ Ms. Sibilila suggested a proposal of revolving lending in an effort to further support Vermonters and the mission of the Vermont Community Broadband Board (VCBB).
 - ❖ Ms. Richards asked if there were any deadlines for use of this money and proposed some of these funds to be used for affordability.