



## CV FIBER GOVERNING BOARD MEETING MINUTES

GoToMeeting (virtual meeting only)

June 23, 2020

### **Present:**

**Governing board delegates:** John Morris (Marshfield), Allen Gilbert (Worcester), Michael Birnbaum (Plainfield), Andrew Gilbert (Cabot), Chuck Burt (Moretown), David Healy (Calais), Joshua Jarvis (Barre Town), Philip Hyjek (Middlesex), Jeremy Hansen (Berlin), Siobhan Perricone (Orange), Trevor Thorpe (Woodbury), Ray Pelletier (Northfield), Tom Fisher (East Montpelier), Ken Jones (Montpelier), Greg Kelly (Barre City).

**Alternate delegates:** John Russell (Worcester), Jerry Diamantides (Berlin), Jeremy Matt (Plainfield)

**Others:** ORCA

**Called to order:** 6:00PM by Philip Hyjek via GoToWebinar

### **Public comment:**

- Allen Gilbert reported changes to the delegates from Worcester. Allen Gilbert is now the primary delegate and John Russell is now the alternate. This has been approved by the Worcester Select Board
- The Marshfield select board has appointed John Morris as the primary delegate

### **Additions to the agenda:**

- Jeremy Matt asked to have time to give a brief clerk update

### **Bills to pay & treasurer update**

- Jeremy Hansen reported that CVFiber has the following financial obligations totaling \$21,506.33:
  - The remaining balance for the work Interisle did on the feasibility study
  - An invoice for clerk services and for reimbursement for clerk-related expenses
  - Reimbursement to Rebecca Shrader for costs incurred relating to registering trade names
  - The estimate cost for a box of checks
- **MOTION** (Jeremy Hansen, second Siobhan Perricone): motion to pay the bills listed above. Motion passed by unanimous consent. Discussion:
  - Siobhan Perricone noted that she thought Rebecca Shrader had already ordered checks. Jeremy Hansen responded that the checks had never actually materialized

- Chuck Burt suggested amending the motion to approve all future payments for clerk-related expenses. Jeremy Hansen noted that in other organizations he's been a part of, non-controversial items are formally approved as part of a "consent agenda". Allen Gilbert suggested that phrasing along the lines of "Hearing no objection, we will pay \_\_\_\_\_" could be used. Allen Gilbert also noted that there might be something in our bylaws covering this. Siobhan Perricone noted that she thinks we do, but that it is old and should probably be revisited. Jeremy Hansen said that at a minimum we have purchasing guidelines and that he will dig those up. Chuck Burt indicated that he agrees with the suggestion of a consent agenda and withdrew his suggestion for an amendment.
- Jeremy Hansen reported that we have checks in hand from the broadband innovation grant and from the Cabot Community Investment Fund and that these checks will be deposited by the end of the week. Jeremy also reported that CVFiber has not received the expected check from the USDA Rural Development program, and that he will follow up.

### **Clerk Update**

- Jeremy Matt reported that two trade names ("CVFIBER" and "CENTRAL VERMONT INTERNET CUD") have been registered with the Secretary of State's office and that these trade names are owned by Central Vermont Internet (which is the legal name of CVFiber as registered with the IRS and the State of Vermont). The cost to register these trade names was \$50/name.

### **VCUDA Agreement & delegate selection**

- Jeremy Hansen noted that he had sent the proposed agreement to join VCUDA
- **MOTION** (Jeremy Hansen, second Siobhan Perricone): to authorize Jeremy Hansen to sign the VCUDA agreement on behalf of CVFiber. Motion passed by unanimous consent. Discussion:
  - Greg Kelly voiced support of the motion
  - John Morris asked if only CUDs would be allowed to join. Jeremy Hansen noted that it would be CUDs-only for now, but that could change.
  - Chuck Burt noted that there is a provision in the agreement for VCUDA to ask member CUDs for funds for incidental operating expenses
  - Michael Birnbaum noted that during the development of the agreement, there was discussion that VCUDA would not be used as a vehicle to distribute money from the State, but that VCUDA's purpose is intended to be a lobbying agent on behalf of CUDs. Jeremy Hansen noted that Paul Giuliani drafted the VCUDA agreement with that intention
  - Allen Gilbert brought up Section 4, which discusses possibly allowing municipal corporations to join VCUDA and asked if this is allowed by the legislature. Jeremy Hansen responded that the CUD legislation specifically allows for CUDs to create and enter co-op agreements. Allen Gilbert asked why municipal corporations would be allowed, and not just other CUDs. Michael Birnbaum noted that there are municipal telecom entities (such as Newbury) who might be appropriate members
- **MOTION** (Michael Birnbaum, second Chuck Burt): That the current chair of CVFiber should be the primary delegate to VCUDA. Motion passed by unanimous consent. Discussion:

- Jeremy Hansen asked if Michael Birnbaum meant that the CVFiber Chair would be the ex-officio delegate (VCUDA delegate by virtue of being the Chair). Michael agreed. Jeremy Hansen agreed that this is a reasonable solution.
- David Healy volunteered to be the alternate delegate to VCUDA.
- MOTION (Chuck Burt, second Siobhan Perricone): That David Healy should be the alternate VCUDA delegate. Motion passed by unanimous consent. No discussion.

**RDOF partnership update**

- David Healy noted that we have had interest from several organizations who are interested in partnering with CVFiber in an RDOF bid. He noted that WEC has informed us that they are going to pursue RDOF funding with or without us, but that they would like us to join their consortium. David noted that WEC seems like the best option, but that joining them would require us to pay a \$5,000 fee to the consultant (NRTC) who has been hired to conduct the actual bidding. David reported that the Business Development Committee formally recommended that the Governing Board approve joining the consortium with WEC. David also noted that one of the strongest reasons to join WEC is that they can borrow money at very low interest rates.
- MOTION (David Healy, second Chuck Burt): That CVFiber should agree to join WEC’s RDOF bid under NRTC and that the Governing Board should authorize payment of the \$5,000 consultant fee.

Motion passed by unanimous consent. Discussion:

- Chuck Burt noted that there was \$1,500 ear-marked for advertising the potential private loan effort. However, Chuck noted that this money will not be spent any time soon for two reasons. First, during the recent meeting organized by ECFiber to help CUDs understand how to establish a private loan program, Chuck learned that advertising such loans is prohibited by the Securities and Exchange Commission. Second, the board has previously decided to hold off on establishing a private loan program until we can determine if such a program is going to be necessary.
- Jeremy Hansen noted that one drawback to joining a consortium heavily limits what CVFiber can discuss with other entities while bidding is going on. Jeremy noted that Michael Birnbaum may not be able to attend CVFiber governing board meetings. He also noted that he had a discussion with Carol Monroe at ECFiber who suggested that CVFiber may be better off sitting out the auction and then partnering with whoever wins. David Healy responded that he had had a conversation with Carol Monroe in which he got exactly the opposite impression (that Carol suggested that CVFiber would do well to join WEC).
- Michael Birnbaum noted that the restrictions on discussions are limited to RDOF-related topics but that other topics could be discussed. He did agree that if Cloud Alliance is a competing bidder, then care would need to be taken to avoid RDOF discussions while he is at meetings.
- Ken Jones noted that WEC is a unique partner in that they can build the fiber, but that they also need CVFiber for the work CVFiber has done preparing a feasibility study and business plan.
- (CHAT) Ray Pelletier noted that the overwhelming percentage of “od” residences and miles are in WEC and then asked if choosing to partner with WEC would limit CVFiber’s choice of buildout contractor or operator. Chuck Burt responded that partnering with an operator would likely lock us into using that operator, but that since WEC is not an operator partnering with WEC would not limit us

- (CHAT) Ray Pelletier asked if WEC's ownership of the fiber would impact CVFiber's pricing model. Jeremy Hansen noted that WEC appears to be willing to sell us an IRU for cost or near cost and noted that joining WEC would likely make things cheaper overall.
- Michael Birnbaum noted that in terms of disadvantages, there is the \$5,000 fee to have NRTC prepare the bid and there may be a second \$5,000 fee to be paid later and suggested that CVFiber should get more clarity on that before entering an agreement. However, he noted that he thought WEC would be a very fine partner for CVFiber.
- David Healy noted the \$5,000 needs to be committed this week
- Jerry Diamantides noted that we're going to be hanging stuff on WEC poles and that WEC and CVFiber have similar missions (referencing the rural electrification project of the early 1900s when electric co-ops were formed)
- Jeremy Matt noted that in his opinion the strongest reasons for joining WEC are that joining WEC doesn't lock CVFiber into choosing an ISP right now, that something like 98% of CVFiber's RDOF census blocks are in WEC territory, that something like 70% of CVFiber's mileage is in WEC territory, and that WEC has indicated that they're willing to borrow money at low rates to build fiber across their entire territory, not just in RDOF areas.
- Greg Kelly noted that the non-discussion period is only in effect during bidding.

### **Consultant update**

- Jeremy Hansen reported that Interisle has provided a very early preliminary DRAFT of a spreadsheet supporting the business plan. This spreadsheet has controls that allow adjustment of various parameters (take rates, interest rates, etc.) to allow different scenarios to be investigated
- David Healy noted that Interisle is approximately 2-weeks behind schedule
- Jerry Diamantides noted that the original due date was early July. Jeremy Hansen responded that the final business plan would therefore be expected in mid-July.

### **State recovery fund**

- Jeremy Hansen noted that the situation at the State is very fluid and that the legislature will be finalizing legislation distributing recovery funds from the Federal Government. The current draft of the bill includes a \$800k carve-out for CUDs, with no more than \$100k for each CUD. Jeremy noted that Chuck Burt came up with approximately \$30k of things we can do by the end of the year and that David Healy also put together a spreadsheet of items we could potentially spend money on by the end of the year. Items covered in the current bill are consultant fees, administrative expenses, and other planning costs approved by the commissioner.
- Ken Jones noted that one of the factors being considered by the legislature is what the Federal guidelines allow
- Greg Kelly suggested that CVFiber could put up wireless and then replace with fiber.
- Siobhan Perricone suggested using this funding to pay the RDOF fee(s). Jeremy Hansen noted that this may be possible, but that he's not certain.
- Michael Birnbaum noted that there is a separate \$11million provision to provide fiber in "underground conduits" and to provide fixed wireless to anyone.

- Jen Jones noted that there is also money currently ear-marked for cable line extensions, and that this provision allows CUDs to veto any of those plans. CUDs would have 30-days to veto any line extensions
- Michael noted that the veto provision also applies to the fiber-to-the-premises and fixed wireless provision
- Jeremy Hansen suggested that delegates contact their legislators in support of these provisions

#### **VEDA loan prerequisites:**

- Jeremy Hansen reported that he has started filling out the required documents for a VEDA loan application to get a head-start on that and to make sure that CVFiber has all the required documents when the time comes to apply for a loan. This information includes:
  - Ownership (none) and principals (Chair, Vice-chair, treasurer, and clerk)
  - A CPA-prepared financial statement covering the last three years
- Michael Birnbaum noted that this could be quite expensive as it would be equivalent to an audit. Jeremy Hansen noted that it should cost less than \$2,000 – the Town of Berlin conducts regular audits and they cost less than \$2,000. Jerry Diamantides noted that CVFiber has a lot less money moving around so the financial statement should cost less. Jeremy Hansen suggested approaching the firm who does the audits for the Town of Berlin
- Greg Kelly volunteered to contact the firm and to get a quote to bring to the next Governing Board meeting.
- Jeremy Hansen noted that a third requirement is an “independent feasibility study by a VEDA approved engineer” and wondered if this means that we need to get a second feasibility study completed. He said that he would follow up with VEDA about that requirement

#### **Approval of minutes:**

- MOTION (Jeremy Hansen, second David Healy): to approve the June 9, 2020 meeting minutes. No discussion, motion passed by unanimous consent.

#### **Roundtable:**

- Allen Gilbert noted that meetings are much better over a fast internet connection – it feels like he can participate in the meeting.
- Chuck Burt noted that the meeting he attended about the private party loan program had a lot of useful information including template documents. Chuck feels confident that if CVFiber decides to pursue a loan program, such a program could be set up quickly. However, he still thinks that holding off makes more sense at this point.

#### **Meeting Adjourned at 7:27PM**

Respectfully submitted,  
Jeremy Matt, Clerk