



CV FIBER FINANCE AND AUDIT COMMITTEE MEETING MINUTES

Virtual Meeting via Zoom and In-person at Barre Town Office

June 22, 2021

Members Present: Ray Pelletier (Northfield, Committee Chair); Jerry Diamantides (Treasurer, non-voting member); Jeremy Hansen (Berlin); Allen Gilbert (Worcester); Phil Cecchini (Barre Town Alternate, Committee Vice Chair); Tom Fisher (East Montpelier)

Others Present: Bonnie Waninger (CVRPC)

Called to Order: 6:31PM by Ray Pelletier via Zoom

Additions or Changes to the Agenda:

- Tom Fisher requested the Committee discuss hiring an accountant and requested an update on H.360.
- Ray Pelletier noted that FX Flinn might be joining the meeting.

Public Comment:

None.

Approval of the May 25, 2021 Minutes

- Allen Gilbert requested the following changes:
 - Additions to the agenda be modified to read "...adding an additional invoice to the Treasurer's Report."
 - Under approval of the April 27 minutes, remove the second "motion", which is duplicative; delete "Passed unanimously," and after "Discussion:", add "Minutes were approved unanimously."
 - Add "PM" after times.
- Ray Pelletier requested a change under "District Member ARPA Grants to modify the third bullet to read "Ray Pelletier noted that no action resulted from the executive session.:"
- MOTION (Tom; Jeremy second) to approve the May 25, 2021 minutes as edited. Passed unanimously.

Treasurer's Report

This is Jerry Diamantides final report as Treasurer. Jerry said he shared all the information the report was based on with Phil Cecchini. Details discussed included a summary of bank balances, outstanding invoices and upcoming expense, and the status of grant funds.

In response to a question about the \$12,500 budgeted expense under administrative costs, Jerry noted it was CVRPC's estimated cost.

Grants & Budget Report:

- Jerry discussed the construction budget, which includes three projects. Project management costs are in the administrative budget. Implementation guidance for the American Rescue Plan Act (ARPA) funds was received today and will be reviewed for expense eligibility. Construction expenditures are expected to begin in the upcoming months once grant agreements with the State are executed.
- Questions were asked related to the speed of moving construction projects (waiting for State grant agreements before expending funds) and how the funding works in relation to cash flow (the State advances half the project cost). Jeremy Hansen anticipates receiving the grant agreement this week. He noted Federal guidance is released frequently and the State is working to understand and implement it.

Subscription Fees: ECFiber Experience:

No discussion.

Grant Status:

- Jerry Diamantides provided an update on possible grants and loans. The ARPA guidance from the US Treasury may affect CVFiber's ability to use bridge financing loans to pay project costs in advance of grant reimbursement; clarity is being sought from the Treasury.
- Ray Pelletier requested Jerry Diamantides send the VEDA application to the Finance Committee. Jeremy Hansen confirmed that Public Service Department (PSD) is administering the loan process. He anticipates a January 1 release and is still working on it. He will contact Rob Fish at PSD.
- Allen will update the minutes per the motion.

2022 Budget, Forecast Process & Elements:

- Ray Pelletier discussed a sample budget received from ECFiber. He reviewed the level of detail and budget line-item categories. The Committee discuss how the service area compared to CVFiber's service area to understand how CVFiber's budget may differ. Ray discussed modeling and targets for building the budget. He noted the ECFiber budget demonstrates that building 250-300 miles per year is realistic based on contractor availability.
- Construction, administration, and operations budgets will be needed. Jeremy said CVFiber will be different if its works with an operator depending on how the operator charges its costs. With a contracted operator, CVFiber will still have other items to pay for, such as contractor labor for internet access, power, etc.
- Jerry Diamantides noted that FY22 will be a construction and pre-construction budget without operations expenses. Operations will occur late in FY22 or in FY23.
- Ray Pelletier will continue to shape a budget. Working with an accounting firm would be helpful.

Future Meeting Locations:

- Committee members are exploring multiple locations. Capstone Community Action's conference room might be available as a physical location.

Other Business:

- H.360: Tom Fisher noted that Section 7 says DPS is required to transfer fiber assets to applicable CUDs by 09/30/21. Jeremy Hansen said there are no State fiber assets in CVFiber's service area. Most dark fiber is in the Northeast Kingdom.
- Accountant: The Committee agreed CVFiber needs accounting services, rather than bookkeeping services, as the organization moves into construction grants and operations. Phil Cecchini suggested looking at firms that serve similar entities and requested Jeremy Hansen explore what other CUDs are doing. The Committee discussed releasing a Request for Proposals for accounting services. The following was read into the record:
 - Whereas CVFiber has several very large grant opportunities coming in that will significantly impact our cost outlay, rate design, and thus take rates; CVFiber is not currently following federal GASB accounting standards; Proper accounting will aid us when being audited as well as help us plot our course; And that rates cannot be properly designed without sophisticated knowledge of tax liability, depreciation claim opportunities, cash reserve best practices in this market, and several other finance tools; and
 - Whereas CVFiber is intending to market to and sign up customers in the next 3-6 months and any accountant will need time to create the rate basis and we will need time to break that out into a rate structure; it is therefore moved:
 - MOTION (Tom; Jeremy second): The Finance Committee recommends to the CVFiber Governing Board that they approve the Finance Committee to draft, and the Executive Committee to execute, a Request For Proposals to find and retain an Accounting Contractor whose prime responsibilities will be to properly structure, maintain, and keep our books, prepare and aid in the management of our budget, prepare for audits, and aid in the design of our subscription rate structure.

In discussion, the Committee briefly discussed subscription plan design.

Motion carried.

- Equity Issues for Broadband: Jeremy Hansen noted that Holly Groschner will be speaking with the policy committee from 5:30-5:45 PM. He will send meeting information via email and recommended Committee members participate. It will be important to bring the Finance Policy, and Communications Committees together to address equity.

Adjourn:

- MOTION (Ray; Jeremy second) to adjourn at 7:46 PM. Motion carried.

Respectfully submitted,
Bonnie Waninger, Central Vermont Regional Planning Commission