



CVFIBER FINANCE AND AUDIT COMMITTEE MEETING MINUTES

Virtually on MS Teams

June 1, 2023

Minutes Short Summary

The Finance Committee approved the minutes as drafted for the May 4, 2023 meeting. David Mannix was elected as Vice-Chair. Laurie Beth Putnam reported current assets of \$9,154,440.43; total liabilities of \$8,636,425.55; total fund balance is \$7,055,437.34; and total expenses were \$1,860,137.46. The discussion of 2023-24 strategic planning was deferred to a future meeting. The Finance Committee passed unanimously the motion to recommend the Executive Committee engage NRTC and such other companies as may be necessary for the evaluation and pursuit of USDA grants and loans for the further development of the CVFiber Community network in 2024. The Finance Committee passed unanimously the motion to recommend the Executive Committee engage PFM for the evaluation and pursuit of debt financing for the further development of the CVFiber Community network for 2024. The Finance Committee passed with one objection the motion to recommend that the Executive Committee adjust the 2023 marketing budget to \$125,000, the details of which spending to be accordance with the marketing plan approved by the Communications Committee. The meeting adjourned at 6:32pm.

Present

Finance Committee Delegates: Ray Pelletier (Chair, Northfield), Jerry Diamantides (Berlin), Linda Gravell (Waterbury), Philip Cecchini (Community Volunteer), David Mannix (Community Volunteer),

Absent: Tom Fisher (East Montpelier), Ted Barnett (Williamstown)

Others Present: Jennille Smith (Executive Director), Maggie Tuck-Sauer (Community Relations Manager), Laurie Beth Putnam (Treasurer)

Call to order: Ray Pelletier called the meeting to order at 5:05pm.

Additions to the agenda:

- Ray Pelletier said that there would probably not be an Executive Session. Ray also noted that the draft audit should also be available within the next several weeks. Once we have the finalized audit, we have ten days to send it out to all the towns we are serving.
- Jerry Diamantides noted that we expended beyond time deadline on one grant and will need to re-allocate funds to handle this. We do need to keep a closer eye on the timing of our grants.

Public comment

- None

Prior Meeting Minutes

- MOTION (Ray Pelletier, Second Linda Gravell)
To approve the 5/4/23 meeting minutes as drafted.
Passed unanimously.

Election: Vice Chair

- Discussion: Linda Gravell nominated David Mannix, who accepted.
- MOTION (Ray Pelletier, Second Linda Gravell)
To elect David Mannix as Vice-Chair
Passed unanimously.

May Financial Statement

- Discussion: Laurie Beth Putnam reported total current assets of \$9,154,440.43; total liabilities of \$8,636,425.55, and total fund balance is \$7,055,437.34. Total expenses were \$1,860,137.46.
- David Mannix asked if the inventory was physically verified and Jennille Smith explained this process.
- Philip Cecchini asked if the inventory were specific enough that insurance would cover the costs if the materials were lost for any reason, and this is also true, although the replacement costs would not be reimbursed but rather the purchase costs.
- Ray Pelletier noted that we are currently working to make the numbers trued up. Ray also noted that there is currently no profit but this is going to change shortly.
- Ray Pelletier highlighted that warehouse costs, including management, are going to be about half a million dollars/year.
- David Mannix asked how do we prove that we spent the money they way we said we did and Jerry Diamantides noted that this is recorded in QuickBooks and also through SOPs. David, Jennille and Ray will go over this.
- Laurie Beth Putnam confirmed that “unspecified” is 90% payroll expenses.

2023-2024 Strategic Plans and Funding: Deferred

USDA Grant and Loan Engagement Recommendation

- Discussion: Ray Pelletier explained that CVFiber has had multiple meetings about the funding gap for construction as we don't know when the BEAD funding will come to Vermont, and we don't know the percentage that CVFiber will collect. We need to fill this gap with possibly engaging NRTC to help us evaluate and apply for grants and loans through the USDA. The grant requirements require detailed design and make ready specifications. NRTC is needed to help us describe the scope of the project. A second company is needed to help us write the grant. These costs will be over \$100,000 but under \$150,000. We want to recommend that the Executive Committee approve these expenses.
- Jerry Diamantides also noted that we don't know when Reconnect 5 is going to open, but we need to be ready. The second source of funding is a grant and loan application, which will be first come, first served so we need to be proactive. These are grants in the millions.
- Both this motion and the one below are parts of on-going discussion with the companies involved.
- **MOTION** (Ray Pelletier, Second Linda Gravell)

Move that the Finance Committee recommend the Executive Committee engage NRTC and such other companies as may be necessary for the evaluation and pursuit of USDA grants and loans for the further development of the CVFiber Community network in 2024.

Passed unanimously.

Debt Financing Engagement Recommendation

- Discussion: Ray Pelletier explained that this is to retain PFM to help us do financial modeling and debt assistance, which could be private placement notes, bank loans or bonds. We will be hedging our bets between grants and debts.
- Linda Gravell said we need crews in the field yesterday so we need a timeframe for funding availability. Ray Pelletier said we are looking at Q4 of 2023.
- Jerry Diamantides noted that at the Executive Committee meeting next week, we plan to re-open the construction RFP to get more crews in the field.
- Jerry Diamantides pointed out that we don't want to borrow money to pay for areas that might be funded federally through grants. On the other hand, we can only build where we have prepared. We did not expect construction to be this slow, and we did not expect the funding gap.
- Ray Pelletier noted that you want to optimize the grant funding and minimize debt. While we don't want to build where we have the possibility of grant funding, we do need to build where we have prepared.
- Ray also pointed out that CVFiber may be able to build the costs of financing into the closing costs, but this is to be determined. We have received the letters of engagement from PFM already and a scope of work from NRTC.
- **MOTION** (Ray Pelletier, Second Philip Cecchini)

Move that Finance Committee recommend the Executive Committee engage PFM for the evaluation and pursuit of debt financing for the further development of the CVFiber Community network for 2024.

Passed unanimously.

Marketing Budget

- Discussion: Ray Pelletier noted that a lot of work has gone into a marketing plan, but we now have an idea of the elements and the costs. The Communications Committee will be finalizing this plan.
- Maggie Tuck-Sauer highlighted that the plan for \$66,000 for the next half a year compares favorably to Crawford's plan, which cost twice as much and included less, so Maggie thinks this shows we do not need Crawford any longer.
- Philip Cecchini asked if there wasn't already a budget line, and Ray Pelletier said we are approving the plan of how this funding will be spent. Maggie Tuck-Sauer said that the original budget allotted around \$200,000, and Crawford spent a \$50,000 for fees for design. We will not be spending the allotted \$200,000.
- Maggie Tuck-Sauer suggested that there is no need for a motion for spending that has already been approved by a line in the budget. She has provided a monthly breakdown of expenses for the next six months.
- Linda Gravell said that this is a notification and informational only so there is no need for a motion. Evaluation of the plan belongs in the Communications Committee.
- Phil Cecchini said he agrees with Linda but the Finance Committee has to consider the cash flow. We should do a forecast for the next two quarters given the current funding available. Phil Cecchini suggested a friendly amendment to constrain the marketing budget to another \$75,000.
- Linda Gravell suggested that Ray Pelletier and David Mannix come back with the next three quarters forecast and then allocate appropriately rather than pull out the marketing budget. We also need a timeline for all the pieces, including marketing and construction.
- Jerry Diamantides said that this forecast is an effort that is in progress, and CVFiber is using NRTC to assist us. We especially want to be sure we have the funding we need to do installations. Presenting the entire budget will take more time and is being worked on now.
- Jennille Smith noted that if the 2023 budget isn't accurate, this is a top priority. If it's in the budget, we should assume that the money is there.
- **MOTION** with friendly amendment (Ray Pelletier, Second Philip Cecchini)

Move that the Finance Committee recommend that the Executive Committee adjust the 2023 marketing budget to \$125,000, the details of which spending to be accordance with the marketing plan approved by the Communications Committee.

Objections: Linda Gravell

Majority in Favor: motion passes.

Other Business

- Discussion: Ray Pelletier asked if there were other business and there being none, the meeting was adjourned.

Adjourned at 6:32pm

Respectfully submitted,
Jeremy Matt, Clerk