



CVFIBER GOVERNING BOARD MEETING MINUTES

Virtually on MS Teams
March 12, 2024

Minutes Short Summary

The Governing Board approved the minutes for the February 13, 2024 Governing Board meeting. David Mannix reported that the Finance report will be out when the books close on the 15th, and once these are reviewed, the report will be sent to the Governing Board from the Finance Committee meeting. Jennille Smith reported that we are transitioning to NEK Broadband as our new warehouse manager as of May 21st. CVFiber is live in four DAs: CL01, CL02, RS01 and RS02. CVFiber has 147 customers as of today with 16 installations scheduled for next week. CVFiber is seeing a 23% take rate for RS01 and RS02. John Reid was approved as a new member of the Operations Committee and John Burke was approved as a new member of the Finance and Audit Committee. Multiple towns need Board members and/or alternates. Jennille Smith reported there will be Board Training on March 27th from 5:30-8pm. The Governing Board discussed the possibility of a policy that requires no additional charges for installations over 400 feet. The Governing Board reviewed possible ways to work together with NEK and other CUDs in Vermont. The Governing Board discussed devolving more authority to the Executive Committee. Jennille Smith reported that we are close to coming to terms with PFM for a backstop loan with MCM which would give us access to \$6 million at a 9.875% interest.

Present:

Governing Board Delegates:

Allen Gilbert (Worcester), Jeremy Matt (Plainfield), Jerry Diamantides (Berlin), Tom Fisher (East Montpelier), Chuck Burt (Moretown), John Morris (Marshfield), Ted Barnett (Williamstown), John Reid (Woodbury), Amanda Gustin (Barre City), David Healy (Calais), Henry Amistadi (Duxbury), Siobhan Perricone (Orange)

Alternate delegates: David Mannix (Marshfield Alternate), Jon Hosford (Plainfield Alternate), Jeremy Hansen (Berlin Alternate), Jared Thomas (Calais Alternate), John Russell (Worcester Alternate), Linda Gravel (Waterbury Alternate)

Others Present:

Jennille Smith (Executive Director), Olivia Kantyka (Community Relations Manager), Lucas Stubbs (Operations Manager), Laurie Beth Putnam (Treasurer), ORCA

Town Representation on 3-12-2024 (13/21 towns represented)				
Barre City	Barre Town	Berlin	Cabot	Calais
Present	Absent	Present	Absent	Present
Duxbury	East Montpelier	Elmore (left)	Marshfield	Middlesex
Present	Present	Absent	Present	Absent
Montpelier	Moretown	Northfield	Orange	Plainfield
Absent	Present	Absent	Present	Present
Roxbury	Waterbury	Washington	Williamstown	Woodbury
Absent	Present	Absent	Present	Present
Worcester				
Present				

Call to order: Board Chair, Siobhan Perricone, called the meeting to order at 6:03PM

Additions or changes to the agenda

- None.

Public Comments

- None.

Meeting Minutes Approval

- MOTION (Jeremy Matt, second Tom Fisher)
To approve the minutes of the February 13, 2024 Governing Board meeting as drafted with some last-minute revisions by John Morris.
 Abstention: David Healy
 Passed unanimously. No discussion.

Treasurer’s Report

- David Mannix reported that the Finance report will be out when the books close on the 15th, and once these are reviewed, the report will be sent to the Governing Board from the Finance Committee meeting. The Governing Board meeting cycle is a week early for the February report, but we could review the January report.
- David Mannix reviewed the January summary: Eustis bills are still behind from 2023. We do have an estimate of these charges at \$1.3million. The team has the cash balances into the bank account, and we are seeing interest on our cash balance of \$6,500 for January, which will continue each month. We had slower than anticipated installations; we did not make the hoped for 15/week. This week should have 15 installations. We have begun to expend town ARPA funds for drops and installations. We allocated \$76,500 for the towns of Calais, East Montpelier and Worcester.

- Balance sheet highlights are \$5.7 million in cash on hand, fixed assets are \$2.8 million, accounts payable \$160,000 and deferred revenue is \$4.7 million.
- For income, we spent \$310,000 for Construction in January, which includes the ARPA funds, and we had \$10,000 in revenue from customers.
- The construction costs were for 25 miles not the planned 27 miles. The net income was \$84,000 after income and expenses.
- We worked with Bonnie Batchelder and the accounting team. She is setting up the mechanism we are going to need to depreciate our assets. We will be working to have completed by the end of the second quarter.
- We have done some cost analysis on the impact of changing the drops policy.
- The new financial statement will include the monthly expenditure of town ARPA funds for installations.
- The Finance Committee will be working on quarterly forecasts to take account of changes that have impacted our 2024 budget plans.

Construction, Materials, Warehousing, Update and Outlook

- Jennille Smith reported that we are transitioning to NEK Broadband as our new warehouse manager as of May 21st. Materials are in shape. Our Finale quantities are now up to date, but we do need to change some pricing.
- Lucas Stubbs was asked to meet with the warehouse staff this week, particularly to see which employees would like to stay on under the new management.
- Jennille Smith explained that Straightline Broadband had been hired to manage the warehouse, but CVFiber decided to partner with NEK to take advantage of their warehouse management experience, so we are terminating the contract with Straightline Broadband.
- CVFiber is live in four DAs: CL01, CL02, RS01 and RS02. We have made significant progress with Hardwick Electric. Our primary focus is on installations, to have as many as possible. Lucas Stubbs said the next phase will be construction in Worcester and Woodbury.
- David Mannix noted that there is a backlog of customer demand for installations, and agreed that this needs to be the primary focus for the first half of the year. Jennille Smith added that this customer service helps our brand marketing, as well as bringing in revenue. She added that 20% may need conduit and half of these may not subscribe, because it is more expensive and cannot be put in while the ground is frozen. We also need special crews for conduit. Currently, we are backlogged about 18 weeks. We may need to vet more conduit contractors to meet this need. Lucas Stubbs also noted that some Starlinks and DSL customers may have contracts they cannot break so may not be customers now but could become customers at a later date.

Operations Update and Outlook

- Jennille Smith reported that installations is a big part of Operations, as is the drops policy. CVFiber has 147 customers as of today with 16 installations scheduled for next week.

- David Healy noted the upcoming BEAD challenge, as well as decisions on where to build next.

Marketing Update and Outlook

- Olivia Kantyka reported the CUD documentary premiere in Montpelier on March 14th, sponsored by VCCB at the Capitol Theater at 4:30pm.
- CVFiber is seeing a 23% take rate for RS01 and RS02, but this doesn't include anyone who needs conduit. We are hoping that word of mouth increases our take rate. Olivia Kantyka is working with friendlies to ensure customer service is successful. She reports that CVFiber's customers are much more satisfied with CVFiber's service.
- CVFiber will be at the Woodbury Pie Breakfast with John Reid on March 23rd. We are donating a \$99 gift certificate for an installation. We are also scheduling a community outreach email for April.
- Olivia Kantyka is also building a new webpage with connectivity tips and tricks which is informed by customers' frequently asked questions. All customers get a pre-installation email and post-installation email.
- We now have data points to analyze our take rate, and we are being more strategic about outreach depending on the installation rate, not just construction.

Committee and Board Membership

- Siobhan Perricone noted that some committees need additional members.
- Chuck Burt has opted to move the regular Communication Committee meeting schedule to the third Thursday each month at 1:30pm.
- John Reid said he has time to be on a second committee. Siobhan Perricone suggested he join Operations.

MOTION (David Healy, Second Chuck Burt)

Move to nominate John Reid for the Operations Committee.

Passed unanimously.

MOTION (David Mannix, Second Chuck Burt)

Move to nominate John Burke for the Finance Committee.

Passed unanimously.

- We have the need for Board members from Towns: Montpelier, Northfield, Washington, Barre Town; and an alternate for Barre City and Barre Town. Dan Jones is the appointed alternate for Montpelier. David Healy says he has no interest, which Jeremy Hansen confirmed. Montpelier, Northfield, Roxbury, Washington, Orange and Williamstown also need alternates.
- David Healy introduced Jared Thomas who will replace David Healy.
- Chuck Burt has a possible candidate for a primary delegate from Northfield. He will pursue this.
- Laurie Beth Putman noted that her Town meeting includes a call for delegates for Northfield for CVFiber.

- Allen Gilbert asked if Siobhan Perricone could let people know that the training on the 27th is only available on-line.

Human Resources Update -- Board Training

- Jennille Smith reported there will be Board Training on March 27th from 5:30-8pm. All delegates should have received an invitation. We will go through the expectations for delegates, and HR Happens will also do a presentation with Q&A. It will be available to access afterwards remotely.

Drops Update

- Jennille Smith reported that we had on the website a charge for customers of \$1/foot from the take-off pole if over 400 feet. This caused a lot of confusion. When we spoke to Waitsfield, we found that they were not charging customers for distances over 400 feet. We therefore asked Waitsfield to do an analysis of the costs if there is no additional charge. The cost to CVFiber will be minimal, and customers will no longer be confused. We will take this policy to the Executive Committee for approval, and then to the Governing Board.
- BEAD also requires us to bring fiber to the home so it makes sense for us to start this policy now.
- David Healy noted that equity was also an issue because the distance to the MST varies greatly, and the customer has no control over this.
- Allen Gilbert asked if we know what the average length of the installations already done, and he pointed out that although there will be drops over 400, there will also be drops under 400 feet.
- John Morris asked for clarification; he wanted to know who pays the costs if additional poles need to be set. David Mannix said that he, David Healy and NRTC are looking at data to really understand the risks. Half of our drops are 400 feet. The remaining are a balance of increments. The extreme cases, which John Morris asked about, are about 5%. We are putting these variables in a spreadsheet, including what we would lose in terms of a customer if we don't invest in the extreme case. John Morris said this sounds like CVFiber is considering setting poles if this is necessary. However, CVFiber is still saying customers are responsible for their own conduit. David Mannix agreed that we need to think of every scenario to ensure that the results are fair to customers and CVFiber.
- Tom Fisher agreed that we need to consider what the barriers are for our subscribers. We have to look at both the costs to us versus the revenue to us. CVFiber may be able to do drops but not conduit.
- John Reid asked if being on the grid would take care of some of the pole issues. Siobhan Perricone agreed that CVFiber has always promised only to provide service to those on the grid. John Reid asked if a longer-term contract could be required for more expensive customers.
- John Russell noted that there is no need to use conduit with fiber. Lucas Stubbs said he would not do this. David Mannix said this might be a confusion of definitions. Lucas Stubbs said there can be PCV, which is stronger, and split duct works. Given Vermont's

frost and critters, if there isn't strong protection, the fiber will get broken. He would not suggest that anyone direct bury fiber in Vermont. Siobhan Perricone also noted that Waitsfield has requirements, and CVFiber has to meet their specifications.

- Jerry Diamantides agrees that John Morris raises a great hypothetical, but the probability that someone who has electric service but has neither poles nor conduit is very low.
- John Morris imagines someone has conduit to their house but there is no room for additional fiber. John Morris also asked about the BEAD requirements, if it requires CVFiber to pay for the conduit. Jennille Smith said she doesn't know the answer.
- Jeremy Matt noted that he has neither poles nor conduit, but he does have electricity, which is buried directly underground. Jennille Smith said that CVFiber is not proposing to pay for conduit, but we are doing a comprehensive analysis of all pricing.

MOU Update

- Jennille Smith reported that we are in discussion with NEK to work together. We met with VCCB to give an update. We are discussing using some NEK ARPA funds for CVFiber territory. We want to optimize our grants to the benefit of both. Shared management of the warehouse is one area of cooperation already in progress. It has become clear that we cannot do a consortium, so we would like to socialize the concept of a more traditional merger. How can we maximize the dollars brought into Vermont for all CUDs. We have suggested legislation to allow the CUDs to merge for the purpose of the BEAD grant, but allow individual CUDs to continue to function.
- David Healy noted that NEK is developing a loan application to USDA ReConnect that would include property locations in CVFiber's territory for a 2% loan. The applications are due March 22nd, but they are first come first served. NEK has already applied for and received an earlier ReConnect grant. If successful, this would allow CVFiber to build about 500 addresses with the 2% loan.
- Siobhan Perricone liked the idea that we are divisions of a larger organization, but we retain our branding and our territory.

Executive Committee Authority – Input/Discussion

- Jennille Smith noted that in conversations with NEK Broadband and other CUDs, it has become clear that some decisions should be made by Executive Committee instead of by the Board. For example, the approval of the MOU, which NEK had approved by the Executive Committee, not the Governing Board. Because the Executive Committee has fewer members who are more involved and they meet more frequently, it might make more sense to give the Executive Committee more authority to make decisions. She would like to propose that we limit Governing Board decisions to those that affect CVFiber as a whole or specific towns. Some major financial decisions might be better in the hands of the Executive Committee. Jennille Smith is inviting the Board to talk about what makes sense to the Board.
- Siobhan Perricone noted that there have been situations where the Board has to call a special meeting to take care of business and been unable to make quorum.
- Chuck Burt suggested a reframing of the issue to delegating authority to the Executive Committee from the Governing Board. Chuck Burt also had suggested a sample list of

examples that might be appropriate for the Executive Committee. Jennille Smith said she would get a list to Chuck Burt.

- Tom Fisher said that there is no indication of making a decision tonight. He wanted to be clear that the Executive Committee communicate clearly with the Governing Board, perhaps even visually.
- Jennille Smith noted that it was suggested to have a monthly Board meeting packet sent out rather than a staff report bi-weekly to the Executive Committee.
- John Reid noted that this sounds like a natural evolution from an all-volunteer to professionalization of the organization. He also asked Allen Gilbert if this would be a policy decision.
- Allen Gilbert noted that serving on public boards, there seems to be a split between being too controlling or not taking enough authority and responsibility. Vermont schools, for example, are now being managed through policy governance, meaning that the Superintendent and principals make all the decisions and report back to staff, parents and residents. Washington Electric Coop still has an active Board with a small staff. We should be thinking, discussing and researching the best way for this to work for CVFiber. However, our relationship and trust with our towns and residences is our gold; it means a lot and we cannot risk this.
- Ted Barnett noted that if there is a shift to more Executive Committee authority, what happens to the relationship between the Policy Committee, Finance Committee and Operations Committees.
- Allen Gilbert asked if we are required to meet a specific number of times each year. There does have to be a public annual meeting of the Board and a regular meeting schedule must be announced. The Governing Board could, for example, meet four times/year, but he thinks we would need a lawyer to determine the requirements, particularly because CVFiber has government support.
- Jeremy Hansen noted that the annual meeting is in May, and this might be the time to make this decision.
- Jennille Smith will share her draft with the entire Board. Siobhan Perricone asked that people who make comments include their name.
- Jeremy Matt noted that open meeting laws do not allow sharing comments on documents, so comments must go to Jennille Smith to aggregate. Chuck Burt said that copies of the document can be shared back to Jennille Smith instead.

Finance Update and Outlook

- David Mannix did not have anything else to add here except that first, we want to fund our construction process, and second, we want to bring on as many subscribers as possible as quickly as possible. Jennille Smith added that we are close to coming to terms with PFM for a backstop loan with MCM which would give us to \$6 million at a 9.875% interest, which is high. However, we don't have a lot of options on the table for private loans. We may get the 2% loan with NEK through ReConnect, and next year, we should have BEAD but to fill the gap, we are likely to sign a term sheet and start due diligence to start this loan. We will need conceptual authorization while we have the Board together.

- David Healy is concerned by the long-term budget and financing with this loan.

The Chair adjourned the meeting at 7:25PM.

Respectfully Submitted,

Jeremy Matt, Clerk

DRAFT