



CVFIBER FINANCE AND AUDIT COMMITTEE REGULAR MEETING MINUTES

Virtually on MS Teams

March 25, 2024

Minutes Short Summary

The Finance Committee unanimously approved the minutes for the February 22, 2024 meetings. Bonnie Batchelder reported she expects the audit to be ready for the April deadline. Jennille Smith reported. David Mannix reported on the working group's analysis for the drops policy and estimates on the actual costs to cover different scenarios. The Finance Committee entered into Executive Session, but no action was taken.

Present

Finance Committee Delegates: David Mannix (Chair, Marshfield), Ted Barnett (Williamstown), Jerry Diamantides (Berlin), John Burke (Cabot) Linda Gravell (Waterbury), and Sybil Schlesinger (Alternate Moretown)

Absent: None

Others Present: Jennille Smith (Executive Director), Laurie Beth Putnam (Treasurer), Bonnie Batchelder (Finance Manager), Tom Fisher (East Montpelier), and John Morris (Guest)

Call to order: David Mannix called the meeting to order at 5:02pm.

Additions to the agenda:

- None.

Public comment

- None.

Approve Meeting Minutes

- MOTION (Sybil Schlesinger, Second Ted Barnett).
To approve the minutes of February 22, 2024 minutes as drafted.
Approved unanimously.

Committee Membership

- David Mannix welcomed John Burke to the Finance and Audit Committee.

Update on Financial Audit

- Bonnie Batchelder reported she expects the audit to be ready for the April deadline.
- John Burke noted that his company has a mid-January cut-off for receiving previous year invoices, but CVFiber is still receiving invoices from Eustis. Bonnie Batchelder noted that Eustis is the largest construction company, so we cannot complete the audit without their invoices, and at this point she believes they are on target. She doesn't think that estimating would have captured the expenses adequately.
- John Burke asked if CVFiber files extensions. Bonnie Batchelder said there are no taxes except for those due on materials, and these filings will be prepared on time.
- David Mannix said he would like to ask vendors for invoices starting in December.
- Jerry Diamantides asked why some of the Eustis invoices were not coming in as expected. Bonnie Batchelder explained that the overall numbers were the same, but more was invoiced in 2023 rather than the expected timing of 2024. Jennille Smith confirmed this.
- Bonnie Batchelder said that she has been pushing Eustis. David Mannix suggested to require Eustis to true up their invoices rather than having CVFiber do so in our financials.
- David Mannix said that the second element of the audit is inventory. Bonnie Batchelder said she reviewed and finalized this and sent it to the auditors. She also requested that all prices from 2023 be put in Finale for 2024.
- David Mannix asked about allocating costs; he asked NEK how they handle this. They allocate as construction starts and then manage incremental changes. Jennille Smith pointed out that NEK will now be managing the warehouse, so CVFiber will use them to handle the inventory.
- Jennille Smith pointed out that Eustis has a reputation for late invoices. She also thanked Bonnie Batchelder and her team, and noted that CVFiber will have quarterly inventory audits going forward.

Project List – Line Extension Cost

- David Mannix reported on the working group's analysis for the drops policy and estimates on the actual costs to cover different scenarios. We focused on customers who needed aerial and who already had conduit. Over half of our customers have runs under 400 feet from the road to the house. Tom Fisher pointed out that longer runs will almost always have poles installed to carry their electricity. If we could also provide conduit included in the price, we believe we would increase the number of subscribers. Total installations costs would depend on our take rate. However, our revenue would also increase, with a pay back of less than two years.
- David Mannix pointed out that passing each residence incurs most of the costs, so adding the cost of getting to the house to have a subscriber would increase revenue without causing large additional costs. Jennille Smith noted that we are waiting for actual data from Waitsfield to confirm the working group's estimates.
- This review is available to the team.
- Ted Barnett asked how covering conduit costs compare to other CUDs and to private companies.

- Jennille Smith emphasized this is a preliminary analysis. They will be meeting with Waitsfield to continue this exploration.
- One suggestion is to require a two-year contract to ensure CVFiber recoups costs. Tom Fisher and Olivia Kantyka would both prefer not to have contracts.
- David Mannix said our role is not to craft the policy but to show the risks/benefits.
- Jennille Smith said the equipment would be the landowner's but the equipment and fiber running through conduit belongs to CVFiber.
- John Burke said he thought the customer should have some "skin in the game" or a contract.
- Jennille Smith noted that CVFiber has vetted conduit installers to recommend on the website. CVFiber also has extra conduit which could be sold by the reel to these vetted and bonded contractors.

Review February Financial Reports

- David Mannix would like to enter Executive Session to review the Financial Report and the MOU with NEK.

MOTION (Sybil Schlesinger, second Linda Gravell)

Move that the committee enter executive session under 1 VSA 313(a)(1) to discuss contracts as premature general public knowledge would clearly place CVFiber at a substantial disadvantage, and invite staff and others present whose information is needed under 1 VSA 313(b): Bonnie Batchelder, Jennille Smith, Tom Fisher, and Laurie Beth Putnam.

Enter Executive Session: 5:37pm

Exit Executive Session: 6:23pm

No action taken.

Other Business

- None

Adjourned at 6:24pm

Respectfully submitted,
Jeremy Matt, Clerk