



CVFIBER SPECIAL GOVERNING BOARD MEETING MINUTES

Virtually on MS Teams
May 30, 2024

Minutes Short Summary

Jennille Smith presented the advantages of CVFiber and NEK Broadband merging to form Northeast Central Broadband. A discussion ensued on the both advantages and concerns of the merger. The Governing Board entered into Executive Session and no action was taken. The Governing Board passed the motion to approve the Preliminary Merger Plan and ratify the Merger Agreement to merge NEK Broadband and CVFiber into a single communications union district using a DBA of Northeast Central Broadband.

Present:

Governing Board Delegates:

Jeremy Matt (Plainfield), Tom Fisher (East Montpelier), Chuck Burt (Moretown), John Morris (Marshfield), Ted Barnett (Williamstown), John Reid (Woodbury), Siobhan Perricone (Orange), Christopher Shenk (Waterbury), Henri Amistadi (Duxbury)

Alternate delegates: Jeremy Hansen (Berlin Alternate), Sybil Schlesinger (Moretown Alternate), David Mannix (Marshfield Alternate), David Healy (Calais Alternate), John Russell (Worcester Alternate)

Others Present:

Jennille Smith (Executive Director), Olivia Kantyka (Community Relations Manager), Laurie Beth Putnam (Treasurer), Andrew McGregor (Reporter, Caledonia Record), Christa Shute (Executive Director, NEK Broadband), Paul Fixx (Board Chair, NEK Broadband), Nick Anzalone (Board Vice-chair, NEK Broadband)

Town Representation on 5-30-2024 (12/21 towns represented)				
Barre City	Barre Town	Berlin	Cabot	Calais
Absent	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 7:13PM

Additions or changes to the agenda

- None.

Public Comments

- None.

Public Session Presentation on Merger of NEK Broadband and CVFiber to Create Northeast Central Broadband

- Jennille Smith noted that CVFiber and NEK Broadband are aligned as sister CUDs, are contiguous, and are dedicated to providing service to the underserved and unserved. 71 towns are involved. Working together, we can approach the bond market sooner because we double the number of customers, and we strengthen our position for BEAD, as it will be more difficult for a competitor to enter our areas. Another benefit is organizational efficiencies, for example, our warehouse management already underway. Our operations are the same and many of our vendors are the same, and our construction crews are the same.
- We began working with NEK Broadband in January with a five-star working group to look at Finance, Construction/Operations, Communications, Human Resources and Legal Issues. We have an all-staff meeting scheduled for Monday. The intent is that all staff will continue in the merged organization.
- CVFiber has 321 customers currently and NEK Broadband has 331 customers although CVFiber has fewer miles constructed.
- There will initially be a combined Executive Committee of 16 people, of all those on the current Executive Committee from each organization, as well as a combined Finance Committee composed of all current members from both organizations. Both brands will continue to exist.

- The merged organization is Northeast Central Broadband. The timeline is driven by the BEAD grant application process, which we expect to be August 24, 2024. This time frame may be pushed out a month but this extension is not yet definite. We know Vermont will have \$229million, but the BEAD grant is competitive.
- Siobhan Perricone noted that as a larger organization, we would be bidding on a larger block which no other commercial entity can currently cover, so this is a significant competitive advantage.
- CVFiber expects to continue with our focus on installations for the current year, but we will have combined inventory.
- Work remains to be done to finalize the merger plan.
- Jeremy Hansen noted he is generally in favor of the merger, but he was not entirely satisfied with the Human Relations process that NEK presented which he felt was more hierarchical than CVFiber. The proposed org chart seemed to show all existing CVFiber employees effectively being demoted.
- Siobhan Perricone agreed that for business and grant purposes the business name will continue to be NEK Broadband, but the merged organization will be Northeast Central Broadband.
- Jennille Smith noted that staff titles and roles should remain the same, and by July there should be job offers to all personnel.
- Siobhan Perricone noted that CVFiber will be hiring our own HR consultant to address the different cultures of the two organizations. CVFiber has a lot to offer.
- Jennille Smith did not agree that there has been a firm decision about the positions/roles of CVFiber's staff in the merged organization.
- Siobhan Perricone noted that the financial issues and construction issues have been prioritized.
- Christopher Shenk noted his concerns are the same as Jeremy Hansen's. CVFiber is collaborative, and he too felt that CVFiber would be absorbed into NEK Broadband. CVFiber's 20 towns cannot compete numerically with NEK's 51 towns. However, he does support the merger, but he is concerned about the details.
- Jeremy Matt noted that he is also concerned about culture the culture of the combined organization and thinks that effort needs to be put into building positive relationships because a toxic environment would almost certainly doom the combined organization. He noted that this is one of his threshold issues: that he would vote against the final merger if the combined organization seems to be heading towards toxic relationships that might doom the combined CUD. He also noted this is a preliminary agreement, with a final agreement in August.
- Chuck Burt agrees with the concerns and he intends to vote for the preliminary agreement. CVFiber has been an aligned body of people working together. Chuck Burt also noted that Christa Shute and Jennille Smith were discussing being co-directors. Jennille Smith said that she is satisfied to give Christa Shute the title of Executive Director. She feels they have a good working relationship, and they both want the best for the organizations to achieve their goals.

- [IN CHAT] there followed discussion of whether or not Christa and Jennille had been billed as co-directors in previous meetings. The conclusion was that previous meetings had presented “working as co-directors” was only a temporary state during the merger process, and that Christa Schute will be the Executive Director of the combined organization.
- John Russell agreed with Jeremy Hansen’s concerns, but he felt that NEK members were asking good questions about the mechanics of the merger. He feels that both Jennille Smith and Christa Shute are grown-ups who want to take care of the people who haven’t been taken care of—the unserved and underserved. Our Board is strong and NEK’s board is strong. Both groups need each other to be successful.
- Ted Barnett thought about talking to those who live in Williamstown, and he said that the merger is the best way to get to universal service for Williamstown. Nevertheless, he wants to bring CVFiber values to the merged organization.
- Tom Fisher agrees with Jeremy Hansen’s concerns; however, as he has been working more closely with NEK people, his concerns have been allayed. He has been working with Nick Anzalone, the NEK Vice-Chair, and he has found a collaborative environment. He also agrees with Ted Barnett’s assessment.
- Jeremy Matt noted how well Paul Fixx and Siobhan Perricone handled running the Executive Committee joint session, and how well Christa Shute and Jennille Smith are working together.
- John Reid supports the merger. NEK has our same concerns. Mergers are almost never 50/50. Although we have 20 towns to their 51 towns, our populations are almost identical. John Reid intends to support the merger, with confidence in Christa Shute and Jennille Smith. This is the best option to provide broadband to our populations.
- John Russell noted that he would expect that the Executive Committee should represent populations rather than towns. Siobhan Perricone noted that this has also been discussed, and a governing group is working on this. She invited John Russell to join this group.
- Jeremy Hansen noted that delegates are town by town, but he is generally in favor of the merger. He feels he isn’t motivated by fear, but he has concerns about collaboration.
- Christa Shute noted that generally speaking she sees 71 towns forming Northeast Central Broadband with the ability to leverage the benefits of what exists in 71 towns, the assets developed by CVFiber, and our communities and delegates, and our make ready and the density and socio-economic status, plus the construction crews already under contract. We want equity across the district. She was not aware that CVFiber people had not seen the new staff positions. Christa Shute does believe that she and Jennille Smith can work together starting June 1st to act as a merged staff to identify the work that needs to be done and who best to do this work. We both have a lot left to build, but we have an opportunity to take the same resources and get more done together.
- Christopher Shenk is confident that we have the people on both sides who can work together to get this done successfully. NEK’s organizational chart was not what he was led to expect.
- Jeremy Hansen again found the NEK organizational chart was shocking, and he intends to abstain from this vote.

- Jeremy Matt asked if we should consider going into executive session.
- Christa Shute thought that NEK Broadband had always been clear that there would be one executive director and that Jennille Smith agreed. She has seen Jennille Smith at work and her capabilities, and she feels she and Jennille Smith will work well together identifying who does what work. She feels the organizational structure reflects who is available to give support, not in terms of command. She also believes the Executive Committees will work well together. She hopes to allay the fears. More than half of NEK Broadband's ReConnect loan application is for CVFiber areas. We are already a preferred borrower at 2% with no payment for two years.
- Chuck Burt noted that at the Executive Committee meeting, Christa Shute and Jennille Smith were already working on how the staffing would work out, so again the organizational chart as a done deal was a surprise.
- Jennille Smith noted that there is a difference between titles and collaborators. She is not concerned that she will not be the Executive Director. Our skill sets are complimentary. We want a stronger organization together.

Executive Session Merger Presentation and Discussion

- MOTION (Jeremy Matt, Second John Morris)

Move that we find that holding a discussion of specific business details relating to the potential merger with NEK Broadband would put CVFiber at a substantial competitive disadvantage in accordance with 1 V.S.A. § 313(a).

Passed unanimously.

- MOTION (Jeremy Matt, Second Chuck Burt)

Whereas the Governing Board has found that discussion of specific business details relating to the potential merger with NEK Broadband in open session would put CVFiber at a competitive disadvantage,

Move that we enter executive session to discuss these topics and that CVFiber staff and consultants, NEK staff, and members of the NEK governing board are invited into the executive session as they have information that is needed in accordance with 1 V.S.A. § 313(a)(1)(B).

Passed unanimously.

Enter Executive Session at 8:14pm

Exit Executive Session at 8:34pm

No action was taken during executive session.

Public Session Merger Discussion

- No discussion took place

Vote to Approve the Preliminary Merger Plan and Ratify the Merger Agreement

- MOTION (Siobhan Perricone, Second Tom Fisher)

Move to approve the Preliminary Merger Plan and ratify the Merger Agreement to merge NEK Broadband and CVFiber into a single communications union district using a DBA of Northeast Central Broadband.

Aye	Abstain	Nay
David Healy Henry Amistadi Tom Fisher John Morris Chuck Burt Siobhan Perricone Jeremy Matt Christopher Shenk Ted Barnett John Reid John Russell	Jeremy Hansen	

One Abstention, 11 Ayes.

Motion passes.

Communications with Towns and Others

- Paul Fixx, Chair, NEK Broadband, thanked everyone for giving the merger a chance to work. Jeremy Matt also thanked everyone for their hard work, as did Siobhan Perricone.

The Chair adjourned the meeting at 8:41PM.

Respectfully Submitted,

Jeremy Matt, Clerk