

# **NEK Broadband Communications Union District Annual Report to Member Towns**

## Activities through October 26, 2020

NEK Broadband CUD was formed through affirmative Town Meeting votes on March 3, 2020 by 27 NEK towns: Albany, Barnet, Barton, Brighton, Burke, Concord, Coventry, Craftsbury, Danville, East Haven, Glover, Greensboro, Groton, Hardwick, Kirby, Lowell, Lyndon, Newark, Peacham, Ryegate, Sheffield, St. Johnsbury, Stannard, Sutton, Waterford, Westfield and Wheelock. Within two weeks, Vermont and much of the country, and world, entered a state of emergency related to the novel coronavirus.

The safety measures instituted to protect public health exacerbated and laid bare existing deficiencies in our region's broadband infrastructure. Since then, additional attention and funding has been made available to begin to tackle the problem. In addition, all our meetings have been conducted via the online video conferencing application Zoom, following emergency open meeting rules provided by the VT Secretary of State.

On April 30, 2020, NEK CUD held its organizational meeting with Governing Board members and alternates appointed by each member town. We adopted bylaws and established an Executive Committee and elected seven members to serve. The CUD was officially recognized by the Secretary of State on May 6, 2020. By our June meeting, we established a regular meeting time, the second Thursday of each month between 5:30 and 7 p.m. as well as a website where we post agendas and minutes: [nekbroadband.org](http://nekbroadband.org)

Highlights of the past year include:

- (May) Created standing Finance and Technology Committees with appointed members. These two committees are open to both Governing Board members and members of the public.
- (June) Adopted a Statement of Mission, Service Goals, Operating Principles and Immediate Priorities. Approved a Hybrid Public-Private Operator as a preferred operating model, which means the CUD would not be a service provider, but would strive to own assets that would be leased to one or more private operators.
- (July) Recommended Tilson Technology Management, Inc. as the communications consultant to conduct our feasibility study and business plan. Partnered with Tilson Technology Management, Inc., VELCO (Vermont Electric Power Company), Green Mountain Power and the Vermont Public Power Supply Authority (VPPSA) to prepare for the FCC's Rural Digital Opportunity Fund reverse auction. Joined an Interlocal Agreement with other Vermont Communication Union Districts to explore collaboration.
- (August) Approved a 2020 Budget which included contract positions: a part-time Project Manager, Bookkeeper/Clerk and Administrator/Treasurer. Hired Christine Hallquist of Hyde Park as part-time Project Manager for the months of August and September.
- (September) Approved COVID-Response Connected Community Resilience Program grant-funded broadband project with Kingdom Fiber, which will fund the customer portion

of fiber connections for up to 100 underserved addresses in Albany, Craftsbury, Greensboro, Hardwick and Irasburg by the end of the year. Hired Jami Jones of Hardwick as part-time Bookkeeper/Clerk.

- (October) Hired Christine Hallquist as Administrator/Treasurer. Adopted draft 2021 budget and annual report. Approved applying for a second COVID-Response Connected Community broadband project with Tilson Technology Management, Inc., which will extend a planned grant-funded fiber construction project in Lunenburg approximately 4 miles to at least 48 underserved addresses in Concord. A potential extension would add an additional 3 miles and 32 addresses. These projects are conditional upon Tilson moving forward with their Lunenburg project.

In 2020 thus far, membership has grown to 31 towns. Wolcott and Irasburg joined on May 29. Westmore joined on July 9. Walden joined on October 8, 2020. Brownington is expected to join at our November 12 meeting.

#### Forecast activities through December 30, 2020

Over the next two months, we expect the following to occur:

- One or more additional towns in Essex and Orleans county will join
- We will receive the results of a detailed Feasibility Study from Tilson Tech, followed by a business plan early next year.
- We will know the results of an FCC reverse auction called the Rural Digital Opportunity Fund, which has the potential to deliver approximately \$17 million in subsidies for broadband development in our region.
- Based on the outcome of the previous two items, NEK Broadband will be drafting a network development proposal to include engineering and some construction in 2021.

NEK Broadband CUD Statement of Activities (FY 2020)			Anticipated Income/ Expenditures	End of Year Forecast
		May 1 - October 26	Oct. 28-Dec. 31	May 1 - Dec. 31, 2020
<u>Income</u>				
Grants				
	Vermont Community Foundation	\$10,000.00	\$20,000.00	\$30,000.00
	Northern Enterprises	\$10,000.00		\$10,000.00
	State of VT - Connected Communities	\$90,000.00	\$10,000.00	\$100,000.00
<b>Total Grants</b>		<b>\$110,000.00</b>	<b>\$30,000.00</b>	<b>\$140,000.00</b>
<b>GROSS INCOME</b>		<b>\$110,000.00</b>	<b>\$30,000.00</b>	<b>\$140,000.00</b>
<u>Expenses</u>				
Operations				
	Software (GSuite; Quickbooks)	\$655.05	\$270.00	\$925.05
	PO Box	\$92.00		\$92.00
	Hardwick Office		\$2,180.00	\$2,180.00
	Quickbook help		\$1,249.84	\$1,249.84
	Bank Fees	\$24.00		\$24.00
<b>Total Operations</b>		<b>\$771.05</b>	<b>\$3,699.84</b>	<b>\$4,470.89</b>
Insurance				
	General Liability	\$1,122.00		\$1,122.00
	Directors & Officers	\$523.00		\$523.00
<b>Total Insurance</b>		<b>\$1,645.00</b>		<b>\$1,645.00</b>
Consultant				
	Management	\$7,853.47	\$3,000.00	\$10,853.47
	Mapping	\$10,000.00		\$10,000.00
	Legal	\$5,888.75	\$2,500.00	\$8,388.75
	Clerk	\$110.00	\$1,600.00	\$1,710.00
	Misc		\$2,500.00	\$2,500.00
<b>Total Consultants</b>		<b>\$23,852.22</b>	<b>\$7,100.00</b>	<b>\$30,952.22</b>
Special Project				
	Marketing	\$545.89	\$1,450.00	\$1,995.89
	Survey Promotion	\$40.00		\$40.00
	Engineering		\$3,000.00	\$3,000.00
	Kingdom Fiber installations		\$60,000.00	\$60,000.00
<b>Sub-Total Special Project</b>		<b>\$585.89</b>	<b>\$64,450.00</b>	<b>\$65,035.89</b>
<b>TOTAL EXPENSES</b>		<b>\$26,854.16</b>	<b>\$75,249.84</b>	<b>\$102,104.00</b>
<b>NET INCOME</b>		<b>\$83,145.84</b>	<b>-\$45,249.84</b>	<b>\$37,896.00</b>

<b>NEK Broadband CUD Balance Sheet (2020)</b>		
		October 26, 2020
<b>Assets</b>		
	<u>Current Assets</u>	
	General Checking	83,346
	Accounts Receivable	10,000
	Undeposited Funds	0
	Total	93,346
	<u>Fixed Assets</u>	
	Equipment	0
	Infrastructure	0
	Total	0
<b>TOTAL ASSETS</b>		<b>93,346</b>
<b>Liabilities</b>		
	<u>Current Liabilities</u>	
	Accounts Payables	3,200
	Other Liabilities	\$71,250
	Total Liabilities	74,450
<b>Equity</b>		
	Unrestricted Net Assets	18,896
	Total Equity	18,896
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b>93,346</b>

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<b>NEK Community Broadband</b>				
<b>Community Union District</b>				
<b>2021 Budget</b>				
	<b>Organizational</b>	<b>Capital Projects (a)</b>		
<b>Income</b>				
2020 Transfer	37,000			
Additional Operational Fundraising	25,000			
VEDA matching funds		400,000	state grant	
VEDA loan		4,000,000	maximum amount	
<b>TOTAL</b>	<b>62,000</b>			
<b>Expenses</b>				
Personnel				
	Administrator/ Treasurer	7,000	Contribution to NVDA contract	Jan-July
	Administrator/ Treasurer	22,500	CUD position - 25 hrs/week	August- December
	Bookkeeper/ Clerk	9,600	CUD position - 10 hrs/week	
	Grantwriting/ Communications	4000		
	Legal	15,000		
Operational		1,250		
Board Expenses		1,000		
<b>TOTAL</b>		<b>60,350</b>		
<u>Footnotes</u>				
(a) NEK Broadband anticipates engaging in construction of portions of its fiber network in 2021.				
How much we will be able to fund will be based on the federal and state grants available, as well				
as our ability to secure low-interest loans. At minimum, we expect to apply for a loan program available				
for broadband development through the Vermont Economic Development Authority. Success will be				
dependent on favorable results from our CUD feasibility study due in mid-November.				