

January 23, 2014

Virginia:

AT A REGULAR MEETING of the Nelson County Broadband Authority Board at 6:00 p.m. in the General District Courtroom located on the third floor of the Nelson County Courthouse.

Present: Thomas D. Harvey, North District – Chair
Allen M. Hale, East District
Alan Patrick, Central District
Larry D. Saunders, South District – Vice Chair
Thomas H. Bruguere, Jr. West District
Stephen A. Carter, County Administrator
Candice W. McGarry, Secretary
Debra K. McCann, Treasurer
Susan Rorrer, Director of Information Systems
Baylor Fooks, Network Operator – BRI

Absent: None

I. Call to Order

Mr. Harvey called the meeting to order at 6:00 pm with all members present to establish a quorum.

II. Public Comments

Mr. Harvey opened the floor for public comments and the following persons were recognized:

1. Clay Stewart, SCS

Mr. Stewart gave the Board a status report on SCS operations. He noted that the preliminary wind load analysis had been completed on the Martin's Store tower and it had been wired 215 ft through the center of the tower to the equipment box outside. He noted that 100% of the equipment was on site and ready for deployment. He noted he had a hoist in place to test it and he estimated the installation completion date to be February 10th depending on the weather.

Mr. Stewart then noted that he had requested sixty (60) days for build out time on County towers and that he had received approval of his second request just last week. He noted that they had contended with the holidays and horrible weather and they were on the second month of lease fees now. He noted that other towers gave up to ninety (90) days of build time.

Mr. Carter noted that his intent was for the extension to be for the subsequent towers not the Martin Store tower. Mr. Stewart noted that he had asked for it to be retroactive and that this was impeding growth of the internet. He added that if this had been done initially, he could be on more towers at one time and it would shorten the time frame for overall deployment with all of the towers being in operation by June or July.

Mr. Stewart then noted that he had a list of towers and completion dates for each tower. He added that he was doing a tower analysis on High Top and was paying \$5,000 for engineering on the tower and this was

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holding up Faber deployment. He noted that the status of leasing the NCBA tower in Gladstone was unknown so he could not gauge a deployment time frame there; however this was not as critical to him as the tower at High Top.

Mr. Stewart then noted that he had agreed to compromise on the towers in Afton; however he had taken photos from the top of the tower and at 120 ft he would not be able to serve the valley of Nellysford. He added that if he could go further up, he could since the tree line blocks the views at that height. He added that he experiences a 100% loss towards Nellysford, a 60% loss down 151, and a 50% loss down Greenfield and that people would not get the service now that they have been waiting for. Mr. Stewart then noted that the largest nearby homes had been fibered and were off the map for wireless services which reduces his adoption rate. He added that it took thirty (30) customers to make money from being on the towers.

Mr. Stewart reiterated that he wanted to be on the top of the towers in order to serve the most customers possible. He then noted that the County should reject any cellular broadband providers on top of the towers that may come in.

2. Frederick Winter, Glenthorne Loop Nellysford.

Mr. Winter noted that since he has moved to Nelson County he has had difficulty with internet coverage and the coverage was a problem. He added that he had Ntelos as a provider and his purpose was to encourage entrepreneurs to develop the needed coverage as much as possible. He noted that there were hidden costs to inadequate coverage and that internet access was no longer a luxury and was a requirement to do business. He noted that he was partially employed now and has had to leave home to go to IGA to pick up a broadband signal in order to download documents for work. He noted that his daughter in law moved into an office closer to Charlottesville in order to get the broadband coverage she was unable to get at home. He added that there was a hidden and silent group that was suffering and he encouraged the Board to encourage others to bring in broadband coverage. He concluded by noting that it was unfortunate that people that wanted to be in the County had to adapt to poor coverage.

3. Joe Dan Johnson, Arrington and Director of IT for the School Division

Mr. Johnson reported that on March 14, they would rollover the elementary schools to the County broadband network. He noted it would be a 1GB connection and they were satisfied with it. He added that there may be some changes to the head-end location to reduce the number of hops and increase speed. He added that the schools went to VOIP phones this year and every classroom had a phone for the first time.

Mr. Johnson then noted that he had SCS internet service and his wife telecommuted from home for two days; however he has school principals in the division who could not get internet and students that could only use their tablets while in school. He noted that grades 3, 4, and 5 all had tablets now and the middle school students used them from class to class. He added that the Authority and County needed to find a way to build the network out so students could use these at home. He added that they should push broadband out in the community and make money on the back end from business use etc. He noted he was asking the Authority what could be done to move it forward for economic development and education and not slow it down.

III. Reorganization and Election of Officers

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Mr. Harvey then turned the meeting over to Mr. Carter who noted that the Authority's Bylaws called for a Chair, Vice Chair, Secretary, and Treasurer. He added that they also required the establishment of a meeting schedule for the year.

A. Chair

Mr. Carter opened the floor for nominations for Chair.

Mr. Hale moved to nominate Mr. Saunders for Chair and Mr. Bruguiera seconded the motion. There being no other nominations from the floor, the nominations were closed.

Members then voted (4-0-1) by roll call vote to approve the motion with Mr. Saunders abstaining.

B. Vice Chair

Mr. Carter opened the floor for nominations for Vice Chair.

Mr. Harvey moved to nominate Mr. Patrick for Vice Chair and Mr. Hale seconded the motion. There being no other nominations from the floor, the nominations were closed.

Members then voted (4-0-1) by roll call vote to approve the motion with Mr. Patrick abstaining.

C. Secretary

D. Treasurer

Mr. Carter suggested that the current Secretary and Treasurer be maintained by acclamation of the Board.

Mr. Harvey then moved to continue with Ms. McGarry as Secretary and Ms. McCann as Treasurer. Mr. Hale seconded the motion and there being no further discussion, Members voted unanimously (5-0) by roll call vote to approve the motion.

E. 2014 Meeting Schedule

Mr. Carter suggested meeting quarterly before the Board of Supervisors meeting at 10 am. Mr. Hale suggested meeting at 1pm instead and Mr. Patrick noted that worked better for him. It was then discussed that the meetings would be the first month of each quarter of the calendar year.

Mr. Hale then moved to set the meeting schedule for the year to be at 1pm on the second Tuesday of the first month of each calendar quarter. Mr. Patrick noted that he would still like to get reports on a monthly basis.

Mr. Harvey seconded the motion and there being no further discussion, Members voted unanimously (5-0) by roll call vote to approve the motion.

IV. Consent Agenda

A. Resolution – R2014-01 Minutes for Approval

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Mr. Hale moved to approve resolution **R2014-01** Approval of Meeting Minutes for the October 24, 2013 meeting of the Broadband Authority and Mr. Harvey seconded the motion.

There being no further discussion, Members voted unanimously (5-0) by roll call vote to approve the motion and the following resolution was adopted:

**RESOLUTION R2014-01
NELSON COUNTY BROADBAND AUTHORITY
APPROVAL OF MEETING MINUTES
(October 24, 2013)**

RESOLVED, by the Nelson County Broadband Authority that the minutes of said Authority's meeting conducted on **October 24, 2013** be and hereby are approved and authorized for entry into the official record of the Broadband Authority's meetings.

V. New/Unfinished Business

- A. Broadband Infrastructure Project Update
- B. Network Operator Report - Blue Ridge Internetworks

The following discussion encompassed both the broadband infrastructure project update and Network Operator report.

Mr. Baylor Fooks of BRI reported the following:

I. Operational

There were 14 installations in November and 11 in December. There were 2 circuits awaiting construction and 1 circuit on order but not desired until February (Shentel).

Active Circuits: Blue Ridge – 52, Shentel – 1, Nelson Social Services-1 for a total of 54.

II. Administrative

Billing was added in November for SCS tower lease. Working on case studies for potential network expansion to 141 South, Afton, and 151 north.

III. Financial

Revenues:

Total Service Revenues on an accrual basis for the period of July 1, 2013 through December 13, 2013 were reported at \$63,160.

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Accounts Receivable:

Current Receivables were reported at \$7,278.62 with receivables at 1-30 days being \$250 for a total of \$75,528.62. There were no receivables older than 30 days reported.

Mr. Fooks added that at Paul's Creek, they had introduced a passive solution to the network and now they had both active and passive on the network. He then corrected the report by noting that they had a total of 58 circuits and 4 were pending.

Mr. Fooks added that in terms of the financials: payments were being received on time and the recurring monthly payments would soon outpace the operational costs of the network. He noted that this took a little over a year and a half and the network has become profitable. He added that this would allow for expansion and was a tremendous success story. He noted that those achieving this in this short amount of time were very few.

Mr. Fooks noted that operationally there was no difference in speed between active and passive. He noted that a passive solution allowed the splitting of the signal in the field and used fewer strands. He added that the cost savings significance was in the equipment. Mr. Carter confirmed that the network had been designed for both applications.

In response to questions, BRI noted that there was no average cost for connections. They explained that at Paul's Creek the cost was averaged over the user group and not all connections were amortized over 5 years and some elected to pay upfront which was good for cash flow for construction. They noted that the middle mile bill was about \$30,000 and was averaged over the houses passed. Mr. Fooks noted that they had picked up about 22 customers there now and had 2 new inquiries. He added that RVCC had opted not to take it because they had wireless service.

Mr. Fooks then advised that it was important for the network to be used to support growth. He noted that Afton Medical Center had yet to switch over because of contractual obligations. Mr. Harvey noted that their system takes hours to come back up when it's down and they needed to get them on the fiber. He noted that the problem was in Charlottesville for them. Mr. Fooks agreed and noted it was the MJH purchasing department holding it up. He noted that they had offered to let them use their service on a trial basis. He added that it was a hurdle for them to make the switch, however it would work better and save them money. Ms. Rorrer suggested that they speak with someone in management.

Mr. Fooks noted that the school division was a significant source of revenue so anything that could be done to push out to residents would help. In response to questions, Mr. Fooks noted that the network had not reached a plateau and they were putting forth a marketing effort. He noted that they had lost some momentum when it took so long to get Paul's Creek done. He noted that the issue there had been resolved now and they have encouraged CCTS to work more quickly. He added that they had withheld payment for some work as encouragement and in the meantime were looking into other sources of installation.

Ms. Rorrer reported that the County had received the pole attachment agreement from AEP that day and they needed to identify poles to attach to that would serve the Registrar and any others in Lovingson.

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Mr. Patrick noted that he had been contacted by Rockfish Orchard Home Owners Association in Afton and they were interested. He noted that BRI was arranging a meeting the following week with the group. Mr. Fooks noted that BRI would be doing a press release about Paul's Creek to encourage other groups.

Ms. Rorrer then suggested that the Authority needed to make a push in the community for those close to the network to use it. Mr. Carter added that he wanted to bring back the proposition of extending the fiber up 151 north and south and up Rt. 6 since there had been a lot of interest up the mountain per BRI. He noted that staff may be ready to present a full analysis of this proposal before the next quarterly meeting.

Mr. Hale then inquired if it would be possible to meet with potential customers in the proposed expansion areas to get some up front commitment numbers given that BRI did this with Paul's Creek and it worked fairly well. Mr. Harvey noted that as much effort needed to be put into the wireless network as well. He acknowledged that there were some areas where it would never work; however he thought this was critical to reach all of the school age kids.

Mr. Fooks agreed that the solution for the County was a combination of wired and wireless solutions; however it would be years before some constituents were reached.

Mr. Bruguere then inquired as to how much competition there was from Nellysford to Route 664 with the DSL line. Mr. Fooks noted that Verizon has stopped taking orders in Nellysford and there were some frustrated customers there and in Stoney Creek. He added that BRI has been approached by the Festy Festival folks who said that this connection was critical to them and they wanted to do more business in that area if they could get the fiber to them. He added that when he was at the Ski Barn, they had a dial up payment system which was having trouble.

C. Treasurer's Report

The Treasurer's report was provided as follows:

The Broadband Project Fund report showed year-to-date expenditures (July – December) of \$182,140 for Network Operations, with there being an unencumbered balance of \$292,435. The Revenue Summary for the fund showed year-to-date revenues of \$190,261 and a balance of \$284,314 projected for the remainder of the year. Ms. McCann Noted 123,335 was a contribution from the General fund and revenue less this was noted to be \$66,926.

Ms. McCann then reported that the \$250,000 year ending balance shown was the amount set aside for amortized installations and upfront costs. She noted that the balance for this set aside was \$321,333 and of that, \$130,000 was operational funds and the remainder was the balance of the installation fund.

VI. Other Business (As May Be Presented)

Introduced: Use of the Towers

Mr. Hale then inquired as to the use of the top of the NCBA towers. Mr. Carter noted that AT&T had signed a lease for the top of the Afton tower and would also be signing one for the one at Martin's Store. He added that the County wanted SCS's network to work; however the towers were designed to accommodate cellular providers at the top of the towers and the financial pro-formas were based on cellular

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companies being on those towers. It was noted that the towers were designed for two (2) cellular carriers on at least two (2) of the three (3) towers.

Mr. Bruguere then asked about High Top tower and Ms. Rorrer noted that Shenandoah Tower looked at it and had concerns about its structural integrity; recommending that no one locate on it until a full structural analysis was done.

Mr. Harvey noted that SCS planned to put on less than what was taken off at High Top and he questioned what it would hurt if it did not work. Mr. Carter advised that he would have to check with Mr. Payne and he supposed that maybe if they took on all of the liability, it would not matter. He noted that this was not addressed in current leases now and the assessment cost was incumbent upon Mr. Stewart. He added that there were some restrictions from the Nature Conservancy that would have to be revisited.

Mr. Hale noted that if there was any way for SCS to utilize this tower to increase wireless service the Authority wanted to do it.

Mr. Patrick then noted that the initial network towers were not intended to reach everyone in the county and they were rather a starting point for Service Provider's to come in and expand their services. Members noted that the Authority should do everything it could to get them on the towers including thinking about possibly building new towers. The alternative was noted to be that companies would go out and get customers and then build their own towers.

Mr. Carter noted that the good thing was that the network was moving towards a revenue neutral situation and the Authority could start to use excess revenue to advance the network. He added that as more was done to enable growth; they would continue to do so.

Mr. Harvey reiterated that the wired network would be slower to reach people and there would be pockets of people that would never be reached. He then noted that the goal was to determine what could be done to get service to the most people the fastest.

Mr. Carter noted that the proposed new fiber routes could produce enough revenue to build more towers and expand in places that were not currently served. He added that the network was slowly but surely working and Mr. Harvey reiterated that the goal was to reach as many people as possible as quickly as possible.

Mr. Saunders then noted that he thought the route to the fastest deployment of wireless service was to get SCS on the High Top tower. Mr. Harvey agreed and suggested that some of the expenses there could be shared and Mr. Saunders added that the liability issues there would have to be worked out.

VII. Adjournment

At 6:58 pm, Mr. Harvey moved to adjourn and Mr. Patrick seconded the motion. There being no further discussion, Members voted unanimously by voice vote to approve the motion and the meeting adjourned.