

**Virginia:**

AT A REGULAR MEETING of the Nelson County Broadband Authority Board at 1:00 p.m. in the General District Courtroom located on the third floor of the Nelson County Courthouse, Lovingston Virginia.

Present: Larry D. Saunders, South District – Chair  
Gary W. Strong – Central District  
Thomas D. Harvey, North District – Vice Chair  
Thomas H. Bruguire, Jr. – West District  
Jesse N. Rutherford – East District  
Stephen A. Carter, County Administrator  
Grace Mawyer, Secretary  
Candice W. McGarry, Treasurer  
Susan Rorrer, Director of Information Systems

Absent: None

**I. Call to Order**

Mr. Saunders called the meeting to order at 1:08 PM with all Members present to establish a quorum.

**II. Public Comments**

1. Jerome Gress, Representing St. Mary’s Catholic Church

Mr. Gress noted this church is located on 29 North just north of Lovingston. He noted that Verizon provides their phone service and internet, and Appalachian Power is their electricity provider. He added that they are interested in connecting to the fiber that runs up 29 because they think they can save some money on their internet and phone service. He approached both service providers, Nelson Cable and SCS, about obtaining a quote for running the fiber to the church and was informed by SCS that because of the impending transfer to CVEC, there would be no more installations until the transfer was completed. He asked when he can expect someone to contact the church about connecting to the fiber, and he then asked how long it would take to be installed, should they decide to connect.

Mr. Saunders noted that Staff would have someone get in touch with Mr. Gress.

**III. Consent Agenda**

**A. Resolution – R2019-05 Minutes for Approval**

Mr. Rutherford moved to approve resolution **R2019-05 Minutes for Approval** and Mr. Strong 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:

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**RESOLUTION R2019-05**  
**NELSON COUNTY BROADBAND AUTHORITY**  
**APPROVAL OF MEETING MINUTES**  
**(September 10, 2019)**

**RESOLVED**, by the Nelson County Broadband Authority that the minutes of said Authority meeting conducted on **September 10, 2019** be and hereby are approved and authorized for entry into the official record of the Broadband Authority meetings.

**IV. New/Unfinished Business**  
**A. Network Operations Report**

Ms. Susan Rorrer presented the following report:

**I. Operational**

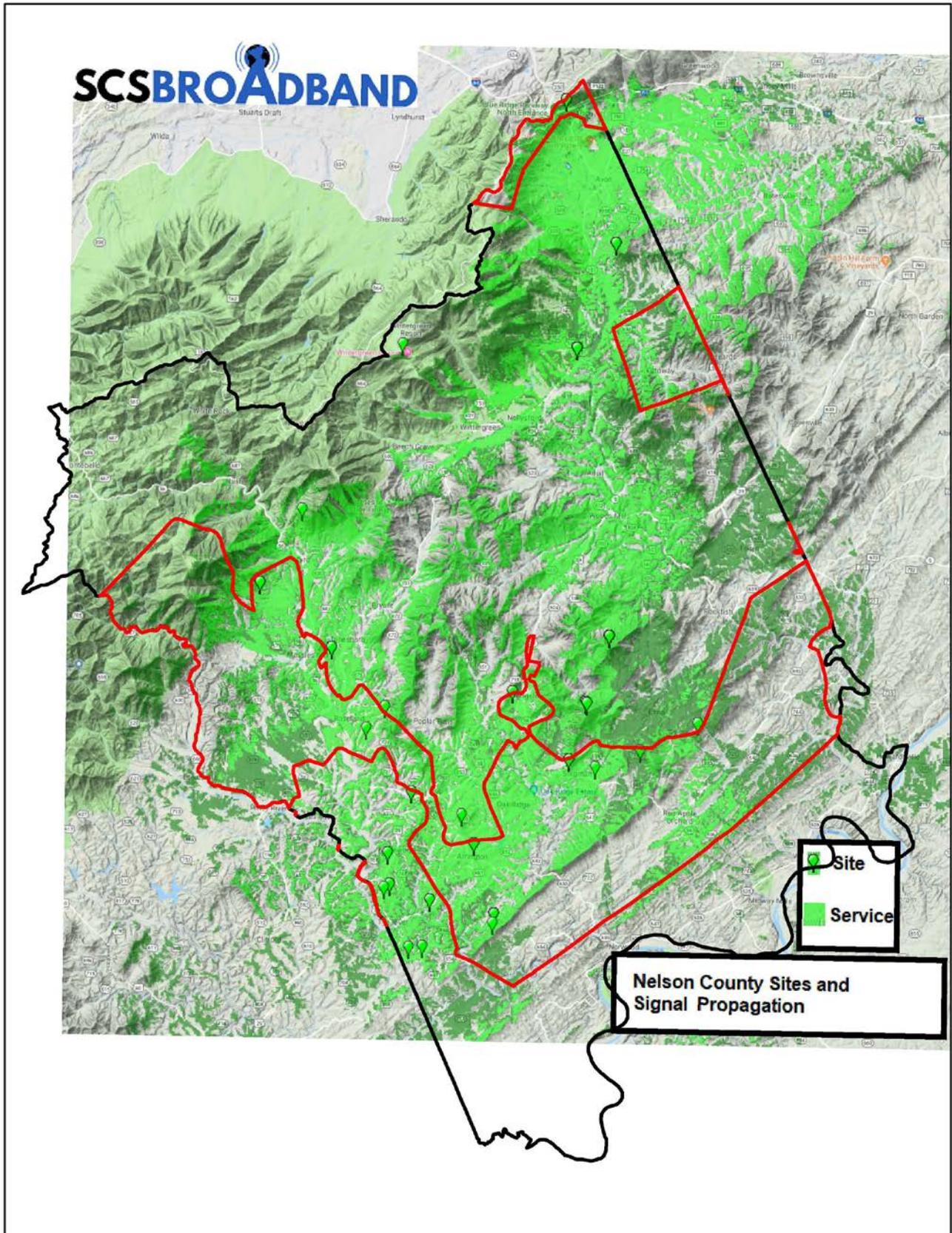
- The network is currently serving 584 customers.
- There are currently 3 pending installations.
- No additional quotes for installation are being issued pending the network transfer to CVSI in order to insure all NCBA construction is complete upon transfer of the network.

**II. Administrative**

- Verizon has completed the cellular site installation at Martin's Store and the site is now live. The AT&T lease amendment has been signed and AT&T will begin their installation in the near future.
- The network transfer to CVSI is still pending.
- SCS Broadband has provided a map of their fixed wireless coverage in the County. The map is attached. Staff has outlined the AEP service area in red.

**III. Financial**

attached



Ms. Rorrer noted that the map shows that SCS Broadband coverage is very dependent on topography and may not be entirely accurate due to individual circumstances with foliage.

**B. Treasurer's Report**

Ms. McGarry reported the following:

**Broadband Operations @ 10/31/19**

Beginning Balance 7/1/19		\$ 686,319.34
July -October 2019 Expenditures		\$ (53,977.90)
July-October 2019 Revenues		<u>\$ 206,365.22</u>
<b>Subtotal</b>		<b>\$ 838,706.66</b>
General Fund Transfer 7/1/2019		<u>\$ -</u>
Available Balance 10/31/19		<b><u>\$ 838,706.66</u></b>

**Accounts Receivable Aging Summary as of October 31, 2019**

<b>Current</b>	\$ 36,996.55	
<b>1-30 days</b>	\$ 24,871.69	<u>\$ 61,868.24</u>
<b>31-60 days</b>	\$ 6,549.98	
<b>61-90 days</b>	\$ -	
<b>&gt; 90 days</b>	\$ 4,379.41	<u>\$ 10,929.39</u>
<b>Total</b>	<b><u>\$ 72,797.63</u></b>	<b><u>\$ 72,797.63</u></b>

*Note: \$61,868.24 is Current to 30 days and \$10,929.39 is >60 days*

**Revenues & Expenditures**

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With 67% of the fiscal year remaining, 56.92% of the budgeted revenues remain to be collected with 132.62% of budgeted fiber lease revenue taken in. In terms of Expenditures, 76.11% of the expenditure budget remains to be expended. Expenses for utilities including locate expenditures (line 3006) is being expended at a faster rate than budgeted with only 34.27% of the budgeted amount remaining for the fiscal year. Charges to this line include CVEC electrical services, VUPS and CCTS who is contracted to do NCBA fiber locates. The uptick in locates is a result of the CVEC network build activity.

Mr. Harvey asked about outstanding amortization expenses. Ms. McGarry noted the expenditures and revenues do include those expenses. It was confirmed that they are considered account receivables, and Staff will start including those numbers in the Board packets in the future.

### C. County Administrator's Report

Mr. Carter provided the following update:

Mr. Carter referenced the letter in the Board packets received from the National Oceanic and Atmospheric Administration (NOAA), which is the final approval for the transfer of the local network to CVSI. He noted that this subject is also included in today's Board of Supervisors agenda to request the Board's consent for signature. He added that the last couple pages of the document require signatures from both CVSI and the County; the County's is basically acknowledgment that it won't be repaid any funds by the federal government, etc. Staff is assuming that the Board will approve signing off on the acknowledgment back to NOAA, and we have received verbal assurances from CVSI that their Board will also consent for Mr. Wood to sign on behalf of CVSI. He noted that we have until November 21<sup>st</sup> to get this back to NOAA and NTIA. He added that this will conclude the formal approval from the federal entities. He also noted that we have previously received state approval for the transfer, and Staff actually spoke to DHCD staff last week and briefed them on the status of the transfer. Mr. Carter reiterated that approval of this document from the Board of Supervisors is required and not the Broadband Authority.

Mr. Carter noted that as Ms. Rorrer stated, we are not accepting any more installations or quotes because of how close we are to transferring the network. It is very difficult to predict when Computer Cabling and Technology Services (CCTS) would actually get the quote completed or do the installation.

Mr. Rutherford asked for an update from the meeting with CVEC and AEP. Mr. Harvey noted it was very productive, and Mr. Wood of CVEC and Mr. Jackson of AEP have been communicating more than we thought. He added that AEP is beginning to do some upgrades in the Piney River area, and they are also doing a pilot study in Grayson County. Mr. Wood, in attendance, noted that what AEP is doing in southwest Virginia is connecting their substations, which they do not have connected by fiber. They would still anticipate doing that here eventually, and what they've offered locally with us is replacing some of the distribution lines and upgrading as they have some really old power lines in the area. In Piney River, their new infrastructure is going in on taller poles, so there is more clearance immediately to put fiber at the bottom. If using old pole lines, there is a lot of make-ready work because you have to change out a lot to

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get clearance. Mr. Wood noted that AEP has asked where CVEC plans to be building. AEP has plans over the next several years to rebuild a couple of lines or areas of lines in the county, and they are looking at changing their schedule so that they can be building in areas next to CVEC if it was an area they were already planning to be building in, so they can more closely match up schedules. He stated that CVEC's schedule calls for them to finish up Martin's Store this year and then build out the Colleen substation next year. The Colleen substation lines start around Davis Creek on Route 29 and run south to the county line, going through Steven's Cove and Freshwater Cove and running up to the Piney River substation but not into Piney River proper along Route 56. It goes down Tye River and picks up Green Acres in Lovington.

Mr. Rutherford asked about areas with Connect America funds. Mr. Wood noted that they will be working with Connect America funds in certain areas including Shipman and Arrington. He added that he knows AEP plans on upgrading their Schuyler substation because CVEC will be upgrading their Schuyler substation at the same time, and AEP serves Schuyler proper, not CVEC. He stated he doesn't think that will be moved up because that requires a transmission line upgrade first, but that will add another piece that will give them some opportunities in that area.

Mr. Saunders asked how long down Tye River Road they will go. Mr. Wood stated they will not get all the way into Gladstone. They are looking at some different ways to get over to Gladstone, including possibly getting onto the AEP transmission line.

Mr. Wood noted that the biggest holdup CVEC has is crossing Route 29. They have 9 crossings. He added that to get Route 29 crossings, VDOT has to give them permits. They will give CVEC a couple hours on Sunday mornings, so they'll get 1 or 2 drops done per Sunday. They are trying to get that extended a little bit so they can get 3 or 4 and not have as many days of it. Once they get those drops across, they can get the light across the road and continue. He noted they have gotten just under 700 drops completed out of Martin's Store and have 1,650 people signed up, so they have a lot more to do. They are putting in about 60-70 per week currently. Mr. Wood stated that he does not want to give VDOT a hard time and added that CVEC has a number of permits and they only have so many inspectors, so a project this size moving this fast stretches a lot of people thin.

Mr. Wood noted that the CVSI Board approved the transfer yesterday, and he is authorized to sign that paperwork. He advised the transfer will not actually occur today, but rather just after the first of the year. They have meetings with the ISPs and network operator and other tasks to do first, but are certainly moving forward.

Mr. Bruguere asked if CVEC/CVSI can lease it to anyone after they own the fiber. Mr. Carter noted that the ISP would request the drop to be completed through CVSI. Mr. Wood stated it will work the same way it does with the County. Whichever ISP that sells the service will put an application in, and CVSI will get the drop constructed. He added that CVSI will continue to use S & N, as they do all their other work. He noted that regarding the current contracts, the ISPs on the network will still be the ISPs who can provide service; Firefly will not be providing service initially. The terms will be the same as they are today. Mr. Carter noted that to date, the plan is to continue to use Wide Open Networks (WON) to bill for the remaining balance of the amortization that's due to the County/Authority.

Mr. Strong noted that all of the fiber ISPs are not represented here, and the original signers with Blue Ridge Internetworks (BRI) are getting their internet service from Ting. Those are 5 year contracts both with

the County and the service provider. He noted some have a year and a half to pay off and asked if BRI will want to continue those contracts. If not, can people switch to Firefly or something else? Mr. Carter noted that Staff has discussed this and suggested BRI customers ask BRI to end the contract so they can connect with CVSI. Mr. Strong noted that ending the contract right now requires paying them for service for the remainder of the contract. He added that on the contract he recently read for BRI, it is a 5-year length for BRI and also for the amortization, and they are not linked; they are separately billed. Ms. Rorrer noted that from her experience, regarding the BRI/Ting 5-year contracts, they consider you to be month-to-month, so it shouldn't be a problem to get out of the contract. However, the customer would still be obligated to the amortization side of it, if there is a balance.

Mr. Strong noted there are several customers who want to pay off their amortization in one lump and want to know if they can switch from BRI/Ting to Firefly. Mr. Carter stated they would need to contact BRI. Mr. Wood noted that CVSI's intent is, over the next year, to find ways to reduce costs on the operation of the network that they're taking over from the NCBA. Their goal is to get down to a point where they can charge \$25 per month per account for any speed up to a gigabyte for any of the ISPs. He noted that they believe this is doable, and if they can get there, then Firefly will sign up to be an ISP on the network just like the other ISPs. At that point, they will market service just like any other ISP, but today, if Ting customers wanted to change to Nelson Cable or SCS Broadband, they're welcome to do that, if Ting will let them out of the network.

Mr. Strong noted that the ONTs that we currently have are not battery backup models, and the intent of CVSI is to have battery backup because they need to know when the power is out in some places. He asked if this is correct, and Mr. Wood stated no. Mr. Wood stated they offer a battery backup for sale and for a monthly charge for people who want them, but they do not require them nor put them in. He added that they are required to offer battery backup for people who take phone service.

#### **D. Network Transfer to CVSI-NOAA/NTIA Approval**

This subject was included in the County Administrator's Report.

### **V. Other Business (As May Be Presented)**

#### **A. Correspondence – Proposal for Transfer (SCS Broadband and Nelson Cable)**

Mr. Carter noted that included in the Board packet is correspondence received by email from Nelson Cable and SCS Broadband proposing that, in lieu of the network's transfer to CVSI, that a consortium of CVSI, Nelson Cable, and SCS be established. He noted that Staff does not see the feasibility of this, particularly given the timing that we're ready for the transfer, and if CVSI was amenable to such a consortium, he's sure there would be discussions about financial conditions, etc. He added that with respect to the current middle mile network, we would have to start all over with NTIA. He reiterated that feasibility-wise, it does not seem feasible, particularly given the information that Mr. Wood just presented. He stated that \$25 for a circuit, up to a gig of service, should enable the current ISPs to remain competitive. Mr. Carter stated that Staff does not recommend consideration of what has been proposed.

Mr. Rutherford noted that a constituent arrived late for public comments and asked the Chair if he may speak. Mr. Saunders agreed.

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Mike Verplank, Co-Owner of Orchard House Bed & Breakfast, Lovington VA

Mr. Verplank noted that they have had the broadband service for a couple of years and added that the Board has done a remarkable job bringing it in. He stated the guests appreciate it and can bring their own entertainment now. He is concerned that the 50 megabytes that they have is not going to be enough. He noted that he is concerned also about the rates changing drastically. He stated Firefly rates are a gigabyte per second for \$79, and they pay \$109 for 50 megabytes per second. He advised that is 27 times higher. He asked out of the 600 or so people that are affected by this, how many on AEP or for whatever reason may become orphaned. He then asked if there's anything, other than what was discussed earlier, that prevents them from making that change immediately. He stated that for a customer who's paid thousands of dollars to have it installed, it seems unfair for them to have to pay 27 times more for an indefinite amount of time.

Mr. Harvey asked how long Mr. Verplank has had the service, and Mr. Verplank replied more than 2 years. Mr. Harvey noted that is the benefit of his installation. He added that one reason Mr. Verplank is paying what he is currently paying is because that is what the Authority is charging the ISPs. He reiterated that Mr. Wood had mentioned CVSI trying to get costs down for the ISPs so there can be competition. He noted the basic package with Firefly is about \$150, but if they make that cost back to the ISPs, there is no reason why they can't be competitive. He added it will take a little while, but it's something that will likely happen.

Mr. Verplank noted if the new cost was close, the Board wouldn't be hearing from him, however, it's 27 times different. He stated he is just asking for a competitive rate going forward.

## **VI. Adjournment**

At 1:57 PM, Mr. Rutherford moved to adjourn and Mr. Harvey seconded the motion. There being no further discussion, Members voted unanimously by voice vote to approve the motion and the meeting adjourned.