

AGENDA
NELSON COUNTY BROADBAND AUTHORITY
May 23, 2013

**THE MEETING CONVENES AT 6:00 P.M. IN THE
BOARD OF SUPERVISORS ROOM, SECOND FLOOR, COURTHOUSE, LOVINGSTON**

- I. Call to Order**
- II. Public Comments**
- III. Public Hearing – Proposed Revision to Established Rates, Fees, and Charges for Local Access Transport Rates to Service Providers (R2013-07)**
- IV. Consent Agenda**
 - A. Resolution – R2013-08 Minutes for Approval**
- V. New/Unfinished Business**
 - A. Broadband Infrastructure Project Update**
 - B. Network Operator Report - Blue Ridge Internetworks**
- VI. Other Business (As May Be Presented)**
- VII. Adjournment**

County of Nelson
Public Hearing Notice
Nelson County Broadband Authority
Establishment of Revised Rates, Fees, and Charges to Service Providers

Pursuant to §15.2-5431.25 (A) and (B) of the Virginia Wireless Services Authority Act; the Nelson County Broadband Authority will hold a public hearing on May 23, 2013 at 6:00 o'clock pm or shortly thereafter, in the Board of Supervisors Room of the Courthouse in Lovingson. The purpose of the public hearing is to receive input from citizens, all of the users of such facilities; the owners, tenants or occupants of property served or to be served thereby; and all others interested, on the proposed establishment of revised rates, fees, and charges to Service Providers for **Local Access Transport Rates Only**; as authorized on February 28, 2013 by the Broadband Authority in **Resolution R2013-03** as follows:

Proposed Local Access Transport Rates to Service Providers:

Class of Service		Speed (Mbps)	Monthly Rate
<u>Tier 1</u> Last Mile (E7 to ONT)		25x5	\$ 25
		50x10	\$ 50
<u>Tier 2</u> Last Mile or Service Provider Middle Mile (OLT to ONT/OLT)		25x25	\$ 75
		50x50	\$ 150
		100x100	\$ 300
		250x250	\$ 700
		500x500	\$ 850
		1,000x1,000	\$ 1,000
<u>Tier 3</u> Private WAN	Two Site WAN "P2P" (ONT to ONT)	25	\$ 250
		100	\$ 800
		500	\$ 1,280
		1,000	\$ 1,660
	Three or More Site WAN "Cloud" (per node)	100	\$ 500
		500	\$ 800
		1,000	\$ 1,040

Resolution R2013-03 maintains the previously established Rates, Fees, and Charges to Service Providers for installation fees, colocation charges within the NCBA shelters, tower access, and dark fiber leases. Additionally, there is no proposed change to the procedures for the increase in rates for Service Provider contracts exceeding five years and charges of penalty and interest for amounts unpaid to the Authority by the due date. The full text of **Resolution R2013-03, Revision of Established Schedule of Rates, Fees, and Charges and Authorization for Public Hearing** is available for review in the County Administrator's Office, 84 Courthouse Square Lovingson VA 22949 and on <http://www.nelsoncounty-va.gov/> Please contact 434-263-7000 should additional information be required.

By Authority of Nelson County Broadband Authority

NELSON COUNTY BROADBAND AUTHORITY
P.O. Box 336 • Lovingson, VA 22949-434-263-7000- Fax 434-263-7004

MEMBERS

Thomas H. Bruguire, Jr. Chair
Constance Brennan, Vice Chair
Thomas D. Harvey
Allen M. Hale
Larry D. Saunders

Candice W. McGarry, Secretary
Debra K. McCann, Treasurer

RESOLUTION R2013-03
NELSON COUNTY BROADBAND AUTHORITY
REVISION OF ESTABLISHED SCHEDULE OF RATES, FEES AND CHARGES
AND AUTHORIZATION FOR PUBLIC HEARING

WHEREAS, Pursuant to §15.2-5431.25 (B) and (C) of the Virginia Wireless Service Authority Act, the Nelson County Broadband Authority may fix and revise rates, fees and other charges after a public hearing at which all of the users of such facilities; the owners, tenants or occupants of property served or to be served thereby; and all others interested have had an opportunity to be heard concerning the proposed rates, fees and charges; and

WHEREAS, after the adoption by the authority of a resolution setting forth the preliminary schedule or schedules fixing and classifying such rates, fees and charges, notice of a public hearing, setting forth the proposed schedule or schedules of rates, fees and charges, shall be given by two publications, at least six days apart, in a newspaper having a general circulation in the area to be served by such systems at least 60 days before the date fixed in such notice for the hearing.

NOW, THEREFORE, BE IT RESOLVED, by the Nelson County Broadband Authority that the revised schedule fixing and classifying proposed rates, fees, and charges is as follows:

Local Access Rates (Rates for Providers to Utilize the Network for Transport to an End User):

Class of Service		Speed (Mbps)	MRC
<u>Tier 1</u> Last Mile (E7 to ONT)		25x5	\$ 25
		50x10	\$ 50
<u>Tier 2</u> Last Mile or Service Provider Middle Mile (OLT to ONT/OLT)		25x25	\$ 75
		50x50	\$ 150
		100x100	\$ 300
		250x250	\$ 700
		500x500	\$ 850
		1,000x1,000	\$ 1,000
<u>Tier 3</u> Private WAN	Two Site WAN "P2P" (ONT to ONT)	25	\$ 250
		100	\$ 800
		500	\$ 1,280
		1,000	\$ 1,660
	Three or More Site WAN "Cloud" (per node)	100	\$ 500
		500	\$ 800
		1,000	\$ 1,040

Non-recurring charges (NRC) are those costs incurred in connection with the installation of the fiber drop and ONT. The customer will be responsible for the payment of these cost on the following terms.

NRC not exceeding \$1500 will be discounted as follows:

Term of Contract	Discount
12 months	none
24 months	10%
36 months	20%
48 months	35%
60 or more months	50%

The undiscounted balance of NRC together with any NRC in excess of \$1500 may be amortized over the term of the original contract.

Colocation Charges for Providers within NCBA shelters:

Quantity	Monthly Cost
2 RU	\$75.
One-half rack	\$200.
Full Rack	\$350.

All rentals are based on a space available basis. Rental will include access to one 20 amp, 120 volt circuit. Redundant CC power (-48 volt) will be available as well. The Colocation charges include up to 20 amps of DC power. Additional DC power, subject to availability, will be priced at \$6.25 per amp in 10 amp increments.

Tower Access:

Location on Tower	Price per Month per Customer
Top thirty feet in 10 foot sections	\$275 per antenna for first three antennas (includes cables and ancillary equipment such as tower mounted amplifiers) \$150 per additional antenna installed by the same lessee.
Next thirty feet in 10 foot sections	\$175 per antenna for first three antennas (includes cables and ancillary equipment such as tower mounted amplifiers) \$90 per additional antenna installed by the same lessee.
Remaining access in 10 foot sections	\$50 per antenna (includes cables and ancillary equipment such as tower mounted amplifiers)

All tower access charges are in addition to a site access fee of \$200 per month. Site access fee entitles lessee access to electric power (contracted for by lessee) and ground

space for cabinet (10 square feet). Shelter colocation charges and local transport charges are additional as are lease space for placing shelters, generators or other equipment. Items not specifically addressed will be priced on an individual basis.

Preference will be given to providers wishing space higher on the towers. The NCBA may limit the size of antennas or duration of leases for antennas located below the top 80 feet.

Tower leases will be accepted based on maximum allowable loading of a tower. If, in the sole discretion of the NCBA, an analysis of the structural integrity of the tower is deemed necessary, then the costs of the analysis will be borne by the lessee.

These rates apply to towers operated by the NCBA. Rates for towers leased by the NCBA may be subject to approval by the lessor.

Dark Fiber Leases:

The NCBA will have a limited number of fibers available for dark fiber leasing at an annual rate of \$1250 per leased fiber per mile for durations longer than 60 months. Leases for 60 months or less will be priced at an annual rate of \$1550 per leased fiber per mile. Fiber will not be leased for periods of less than 24 months. These leases will be subject to prior allocation for other uses and are made at the discretion of the NCBA board.

Increase in Rates:

Rates are firm for a contract or lease term which does not exceed five years.

For contract and lease terms exceeding five years, payments shall be adjusted every year commencing with the first annual anniversary of the lease Commencement Date and thereafter on the subsequent anniversaries of that date (the Adjustment Date). Such adjustments shall be for the purpose of reflecting the increase, if any, in the cost of living. The adjustment, if any, shall be calculated based upon the United States Department of Labor, Bureau of Labor Statistics Consumer Price Index for All Urban Consumers (CPI-U) for the South, Size D-Nonmetropolitan (less than 50,000) (the "Index").

The Index published as of the most recent month prior to the Adjustment Date shall be compared with the Index twelve (12) months immediately preceding. On the Adjustment Date the annual payment shall be increased by the percentage equal to the change, if any, in the Index between the two specified months. The Adjusted payment shall then become the new Base payment for the following twelve month period and be used to calculate the next annual payment adjustment.

Penalty and Interest:

Any sum due NCBA and unpaid by the due date shall be assessed a 10% penalty and carry interest at the rate of 12% *per annum*.

BE IT FURTHER RESOLVED, that the Nelson County Broadband Authority does hereby authorize a public hearing to be held on the proposed revised schedule of rates, fees, and charges as soon as is practicable as prescribed by §15.2-5431.25 (B) of the Virginia Wireless Service Authority Act and hereby resolves that the proposed revised schedule of rates, fees, and charges shall be in effect for the interim period until formally approved.

Approved: February 28, 2013

Attest: Candice W. McLaughlin Secretary
Nelson County Broadband Authority

RESOLUTION R2013-07
NELSON COUNTY BROADBAND AUTHORITY
ESTABLISHMENT OF REVISED RATES, FEES, AND CHARGES
TO SERVICE PROVIDERS

WHEREAS, Pursuant to §15.2-5431.25 (B) and (C) of the Virginia Wireless Service Authority Act, the Nelson County Broadband Authority may fix and revise rates, fees and other charges after a public hearing at which all of the users of such facilities; the owners, tenants or occupants of property served or to be served thereby; and all others interested have had an opportunity to be heard concerning the proposed rates, fees and charges; and

WHEREAS, after the adoption by the authority of Resolution **R2013-03**, a resolution setting forth the preliminary schedule or schedules fixing and classifying such rates, fees and charges, notice of a public hearing, setting forth the proposed schedule or schedules of rates, fees and charges, that was advertised in two publications, at least six days apart, in a newspaper having a general circulation in the area to be served by such systems at least 60 days before the date fixed in such notice for the hearing.

NOW, THEREFORE, BE IT RESOLVED, by the Nelson County Broadband Authority that the revised schedule fixing and classifying rates, fees, and charges is hereby adopted and in effect as follows:

Local Access Rates (Rates for Providers to Utilize the Network for Transport to an End User):

Class of Service		Speed (Mbps)	MRC
<u>Tier 1</u> Last Mile (E7 to ONT)		25x5	\$ 25
		50x10	\$ 50
<u>Tier 2</u> Last Mile or Service Provider Middle Mile (OLT to ONT/OLT)		25x25	\$ 75
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<u>Tier 3</u> Private WAN	Two Site WAN "P2P" (ONT to ONT)	25	\$ 250
		100	\$ 800
		500	\$ 1,280
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For contract and lease terms exceeding five years, payments shall be adjusted every year commencing with the first annual anniversary of the lease Commencement Date and thereafter on the subsequent anniversaries of that date (the Adjustment Date). Such adjustments shall be for the purpose of reflecting the increase, if any, in the cost of living. The adjustment, if any, shall be calculated based upon the United States Department of Labor, Bureau of Labor Statistics Consumer Price Index for All Urban Consumers (CPI-U) for the South, Size D-Nonmetropolitan (less than 50,000) (the "Index").

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Penalty and Interest:

Any sum due NCBA and unpaid by the due date shall be assessed a 10% penalty and carry interest at the rate of 12% per annum.

Adopted: _____ 2013

Attest: _____, Secretary
Nelson County Broadband Authority

RESOLUTION-R2013-08
NELSON COUNTY BROADBAND AUTHORITY
APPROVAL OF MEETING MINUTES
(February 26, 2013 and April 25, 2013)

RESOLVED, by the Nelson County Broadband Authority that the minutes of said Authority's meetings conducted on **February 26, 2013 and April 25, 2013** be and hereby are approved and authorized for entry into the official record of the Broadband Authority's meetings.

Approved: May 23, 2013

Attest: _____, Secretary
Nelson County Broadband Authority

February 26, 2013

Virginia:

AT A CONTINUED MEETING of the Nelson County Broadband Authority Board at 7:00 p.m. in the Board of Supervisors Room located in the Nelson County Courthouse.

Present: Constance Brennan, Central District
Larry D. Saunders, South District – Vice Chair
Allen M. Hale, East District
Thomas H. Bruguire, Jr. West District
Stephen A. Carter, County Administrator
Candice W. McGarry, Secretary
Andrew Crane, Information Systems Technician
Susan Rorrer, Director of Information Systems

Absent: Thomas D. Harvey, North District - Chair

I. Call to Order

Mr. Saunders called the meeting to order at 7:07 pm, with four Members present to establish a quorum and Mr. Harvey being absent.

II. Public Comments

There were no persons wishing to be recognized for public comments.

III. New/Unfinished Business

A. Broadband Authority Rates, Fees, and Charges

Mr. Carter noted that staff had gone back and reviewed the transport rates only and that the tower rates, collocation fees etc. had not been revised. Ms. Rorrer then noted that transport rates were defined as leases of bandwidth traveling over the network to reach a customer. Mr. Carter noted that the new rates were based on sending signals along the lit fiber and that the transport enables service providers to sell services to the end user.

Mr. Carter then provided some background noting that staff had previously met with the Broadband Subcommittee and reviewed the first set of revised rates; which were introduced at the last meeting; which was then continued. He then explained that Ms. Rorrer had subsequently gotten Rockbridge County's rates that were developed by Design Nine; Andrew Cohill's firm. Mr. Carter noted that Mr. Cohill has expertise in the broadband field and is considered a guru in the industry.

He further explained that at the last meeting, Members wanted staff to relook at these rates and staff sent them to Dr. Cohill and another consultant group out of North Carolina for review, Blue Ridge Advisory Group. He noted again that both of these firms have extensive expertise in this area. He added that staff had only asked that they provide comment on the rates and that one of the firms did so as a courtesy. He then noted that they both thought the Authority's proposed rates looked good and they concurred with the revised transport rates. Mr. Carter then noted that Ms. Rorrer and Baylor Fooks of BRI worked on

these and the result was from an evolution of comments from both Dr. Cohill and Bob Picchi of the North Carolina firm Blue Ridge Advisory Group. He noted that the end result was rates that were not exactly the same as Rockbridge's but were modified slightly to include a more concise tiered system that they thought would better serve the NCBA.

Ms. Brennan then confirmed that the transport rates were NCBA charges to service providers and that they would choose between these Tiers on a per customer basis for Tier 1. The revised proposed rates were presented as follows:

Proposed Local Access Transport Rates

Class of Service		Speed (Mbps)	MRC
<u>Tier 1</u> Last Mile (E7 to ONT)		25x5	\$ 25
		50x10	\$ 50
<u>Tier 2</u> Last Mile or Service Provider Middle Mile (OLT to ONT/OLT)		25x25	\$ 75
		50x50	\$ 200
		100x100	\$ 300
		250x250	\$ 700
		500x500	\$ 850
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<u>Tier 3</u> Private WAN	Two Site WAN "P2P" (ONT to ONT)	25	\$ 250
		100	\$ 800
		500	\$ 1,280
		1,000	\$ 1,660
	Three or More Site WAN "Cloud" (per node)	100	\$ 500
		500	\$ 800
		1,000	\$ 1,040

E7 - NCBA network equipment

ONT - Network termination device for home or business customer

OLT - Network termination device for service provider

WAN - Wide Area Network (connects multiple sites for a single customer, for example schools)

P2P - Point to point connection (connects two sites for a single customer, for example planning to Courthouse

Cloud - Connects multiple sites without utilizing dedicated point to point circuits

Mr. Carter reviewed the Tier 1 options, noting that in this Tier the up and down speeds were asymmetrical; whereas in the Tier 2 option, they were symmetrical and cost more. He then explained that Tier 3 options were point to point connections and cloud connections and were primarily for an end user that needed to connect multiple sites. He noted the connections between schools as an example. It

was noted that the point to point utilized dedicated bandwidth and the Cloud or WAN connection was a shared bandwidth connection. It was noted that MRC stood for monthly recurring charges. He added that the emphasis from Tier 1 to Tier 2 was to be sure that the Authority could attract providers to provide affordable services and then it ramped up with the higher end Tier 3 services. He noted that the objective was to have rates conducive to affordable service provision to customers.

Additionally, Members were provided with the following overview from staff:

NCBA Proposed Transport Rate Overview – February 26, 2013

- A spreadsheet showing the proposed rate structure for NCBA transport rates is attached. (*see above*)
- Proposed transport rates are classified in three tiers or classes of service:
 - Tier 1: Asymmetrical transport services that extend to a business or residence
 - Tier 2: Symmetrical transport services that extend to a business, residence or service provider device
 - Tier 3: Wide Area Network transport services that provide connectivity between multiple sites of a single customer
- Transport rates are rates for use of the network by service providers to reach customers. No internet access is included in the rate. Internet access, available bandwidth and service rates are the responsibility of the service provider.
- Rates were developed using a blend of original NCBA rates and RANA (Rockbridge Area Network Authority) rates with a goal of enabling service providers to deliver affordable broadband services to customers.
- The rates were developed with input from consultants, service providers, County staff and Broadband Subcommittee.
- Anticipated low end service offerings for wired (fiber or copper) services to the customer are as follows (high end service offerings have not been calculated):
 - Residential or Business Service 25 mbps down/5 mbps up \$60.00
 - Residential or Business Service 25 mbps down/25 mbps up \$165.00
- No changes are proposed for tower and shelter colocation fees or dark fiber rates as these rates were determined to be reasonable and competitive.

Additional considerations:

- Connection fees will still be an obstacle with connections averaging \$2,000.00 for Fiber To The Premise. Should service providers opt to finance the connection, an additional fee to the customer of approximately \$60.00 per month for three years would be required. This would bring the cost of a 25/5 mbps service to approximately \$120.00 per month and the cost of a 25/25 service to approximately \$225.00 per month.

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- The cost of the 100 x 100 mbps circuit is \$100.00 higher than in the previously proposed rates and may adversely impact DSL deployments. BRI anticipates that this rate may necessitate pre-selling a certain number of DSL customers prior to deploying equipment at a given location.
- The proposed rates will enable service offerings to be made available in the immediate future however; rates may require additional changes in the future to ensure the success of the network.
- Per megabit pricing for the 50 x 50 mbps circuit is slightly higher than for both the 25 x 25 circuit and the 100 x 100 mbps circuit. This is primarily due to lowering the cost on the 25 x 25 circuit to achieve a desired rate to the customer. Cost of the 50 x 50 circuit can be lowered if desired.

In response to questions, Mr. Andrew Crane noted that there was no difference in the equipment needed to accommodate the different speeds of service.

Mr. Carter then reiterated that staff was not proposing that the Authority make a decision that night, rather that they take the information, look at it, and possibly make a decision regarding proceeding to a public hearing at the regular meeting on Thursday.

Mr. Carter added that in comparison to the original rates currently authorized and developed by Icon, the difference was really on the lower end services; however for the higher end services, the rates were comparable. He added that the new rates served a dual purpose on the ends of the spectrum and were confirmed to be market competitive in the comments provided by Andrew Cohill and Bob Picchi.

Ms. Brennan then confirmed that these charges would be the first costs to the service providers they would have to cover in determining their rates to the customer.

Ms. Rorrer then pointed out the projected cost to the end user for the Tier 1 and Tier 2 services listed on the overview sheet as follows:

- Anticipated low end service offerings for wired (fiber or copper) services to the customer are as follows (high end service offerings have not been calculated):
 - Residential or Business Service (Tier 1) 25 mbps down/5 mbps up \$60.00
 - Residential or Business Service (Tier 2) 25 mbps down/25 mbps up \$165.00

Mr. Carter added that these were based on a fiber connection and DSL connection could be less costly and in the \$35 to \$45 range. It was noted that connections from the fiber to the end user was another issue that would have to be tackled. Ms. Rorrer explained that someone like BRI would use one of the Tier 2 services to connect to their DSL equipment and then service would be deployed over the Verizon Copper. She noted that this cost would then be spread across the number of end users at speeds of about 5 mbps. In response to questions, Mr. Crane noted that they would probably be providing an asymmetrical service. Mr. Carter then reiterated that the Tier 2 and Tier 3 offerings would be for service providers who wanted to serve multiple customers.

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Members then inquired of Mr. Stewart of SCS, how fast the speeds were for satellite service and he noted that with Excede Satellite he was able to offer 5-12 mbps. He noted that there was a big difference between satellite, wireless, and DSL services in terms of speeds and latency issues.

Ms. Rorrer noted that the 100 x100 service was most commonly used by DSL service providers and that if this cost were increased from \$200 to \$300 per month, it may have some impact on deployment and end user costing. She added that providers may have to pre-sell DSL ports in their equipment prior to committing to buying the service to guarantee a certain level of revenues to recoup their investment. Ms. Rorrer explained that the providers would pay \$300 for the 100 x100 circuit in order to sell services to twelve to forty-eight customers. It was reiterated that these costs being discussed were transport costs to the service provider. Ms. Rorrer directed Members to look at the second bullet of the overview sheet for further explanation.

Mr. Stewart added that he had a price from BRI and that included the price paid to NCBA for transport and confirmed that the rates being discussed were not the charges to the end user. He noted that he would take the BRI cost to him, consider his customer base and this would go into his calculations for cost per customer.

Members and staff briefly discussed getting an idea of what the additional costs would be for network operation and Mr. Carter noted that staff had essentially done this and they would not vary too much depending on the number of customers. Mr. Carter noted there was a set monthly fee with some variables if the numbers went up and Ms. Rorrer noted that there would be additional charges for the provisioning of new customers and a small charge for billing. She noted that the NCBA would not have that many customers and the costs for billing would be minimal. She noted that these costs had been covered in the pro formas that were done; however these needed more work and should possibly go out further into the future past year one.

Mr. Carter then reiterated that staff had gotten outside unbiased opinions from experts who said that the transport rates should be looked at but that the other rates were good. He noted that staff had added some additional levels of service and the revised rate structure was an enabler to get service providers to begin to provide affordable services on both ends of the rate spectrum.

Ms. Rorrer added that she thought the revised rates would accomplish the Authority's goal of getting affordable rates to small businesses and residences and would be conducive to providers of all types of service. She noted it was a good starting point in getting things out there but wanted to caution the Board that they had no control over what the service provider ultimately charged its customers.

Mr. Hale asked what the budgetary impact to the County was as compared to the other rates and Mr. Carter noted that staff needed to continue to work on this but preliminary numbers showed a deficit at the end of year 1 of around \$38,000 with the first set of revised rates and now the deficit was around \$32,000. He noted this was not a significant difference and that they had used known revenue sources in the pro forma; however growth was needed in order for the operations to sustain itself. Members and staff agreed that predicting the number of subscribers and the levels of service subscribed to was difficult.

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Mr. Carter then reported that staff was working with SCS to get the lease done as quickly as possible. He added that the Authority Board may need to approve it when it was ready or since it was drafted pursuant to the approved rates, the Chair could just sign off on it.

Mr. Stewart then advised that the Authority needed to consider some things before approving the rates and that he was concerned that the lease may have language in it that was counter to their thoughts on the rates that may affect his calculations. He noted that he had issues with the original rate structure; but has accepted them; however he would like for all to stay in agreement that they would all work hard to make it work as they saw what the adoption rates became.

He then noted that his other issue was with the fact that all of the towers were priced the same with no regard as to how many customers could be served or how many antennas could be placed on them. He added that he wanted to make sure that these things were reviewed periodically for feasibility. Mr. Stewart then noted that the proposed transport rates were more than fair and that he was currently paying more.

Mr. Carter noted that they would resolve these things between the parties and regardless of how the lease unfolded; the rates would be reviewed periodically on an ongoing basis.

Ms. Rorrer then clarified that Mr. Stewart's comments were more related to the tower and colocation fees at this point. Mr. Carter then explained that SCS would buy bandwidth from someone else such as Lumos, Cogent, or Mid-Atlantic Broadband and then would pay NCBA to transport it across the NCBA network. Ms. Rorrer noted that a lease with Mid-Atlantic Broadband was also near completion.

Mr. Bruguere noted that he thought that the lowered rates were good to get people on board. Mr. Carter then advised the Members to review the information provided in preparation for Thursday's meeting. He reiterated that the Broadband Subcommittee had endorsed the previous set of revised rates and these did not differ substantially. He added that Mr. Taylor had noted that he would like more time to review these, however he had provided some initial comments.

Mr. Joe Lee McLellan then advised the Authority that it may behoove them to make a deal with SCS or other providers to allow them to use the facilities for x amount of time at a discount and then recoup these charges once the customers were on board. He added that it would be helpful if they did not have to pay the full fees up front before they had the first customer.

Mr. Stewart advised the Authority that he had gone another route that entailed a slow build up approach and not populate the entire tower all at once. He added you would start with a start up set, then go to a minimum set and then a complete set. For example, he noted that in Afton using his own bandwidth, his start up fees were \$675/month and when the radio count was up it went to \$1,275/ month and then a full complete tower set up with fiber would be \$3,325/month. He noted that there was a large variance in his Profit and Loss analysis by tower location.

Mr. Carter then noted that on Thursday he would like to revisit this, take additional questions, and hopefully get the Authority's approval to move forward with advertising the rates and putting the proposed rates in effect until formally approved; which the County Attorney had advised was okay. He reiterated that the new rate resolution would revise the transport rates only, as the others were fine.

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IV. Other Business (As May Be Presented)

There was no other business considered by the Authority.

V. Adjournment

At 7:50 pm Ms. Brennan moved to adjourn and Mr. Hale seconded the motion. There being no further discussion, Members voted unanimously by voice vote to approve the motion and the meeting adjourned.

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Virginia:

AT A REGULAR MEETING of the Nelson County Broadband Authority Board at 6:00 p.m. in the Board of Supervisors Room located on the second floor of the Nelson County Courthouse.

Present: Allen M. Hale, East District
Larry D. Saunders, South District – Vice Chair
Thomas D. Harvey, North District – Chair
Thomas H. Bruguere, Jr. West District
Stephen A. Carter, County Administrator
Candice W. McGarry, Secretary
Debra K. McCann, Treasurer
Philip D. Payne, IV – County Attorney
Susan Rorrer, Director of Information Systems
Baylor Fooks, Blue Ridge Internetworks (Network Operator)
Daniel Beam, CCTS Outside Plant Contractor

Absent: Constance Brennan, Central District

I. Call to Order

Mr. Harvey called the meeting to order at 6:05 pm, with four Members present to establish a quorum and Ms. Brennan being absent.

Following the call to order, Mr. Carter advised members that staff proposed to convene in closed session as permitted by Virginia Code section 2.2-3711 A(6) to discuss the consideration of the use of public funds where competition or bargaining is involved, where if made public initially, the financial interest of the government unit would be adversely affected and secondly as permitted by section A (34) of the Virginia Freedom of Information Act, discussion or consideration by a local authority created in accordance with the Virginia Wireless Service Authorities Act of confidential proprietary records and trade secrets excluded from this chapter pursuant to subdivision 19 of Section 2.2-3705.6.

Mr. Bruguere then moved to convene in closed session as permitted by Virginia Code section 2.2-3711 A(6) to discuss the consideration of the use of public funds where competition or bargaining is involved, where if made public initially, the financial interest of the government unit would be adversely affected and secondly as permitted by section A (34) of the Virginia Freedom of Information Act, discussion or consideration by a local authority created in accordance with the Virginia Wireless Service Authorities Act of confidential proprietary records and trade secrets excluded from this chapter pursuant to subdivision 19 of Section 2.2-3705.6 regarding nonrecurring charges.

Mr. Saunders seconded the motion and there being no further discussion, Members voted unanimously (4-0) by roll call vote to approve the motion.

Mr. Carter then proposed that staff participate in the initial discussions and then have the Network Operator and perhaps Mr. Beam, the outside plant contractor participate as necessary.

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Members then conducted the closed session and upon its conclusion, Mr. Saunders moved to return to regular session and Mr. Hale seconded the motion. There being no further discussion, Members voted unanimously (4-0) by roll call vote to approve the motion and return to open session.

Mr. Hale then moved to certify that in the closed session just concluded, nothing was discussed except the matters specifically identified in the motion to convene in closed session and lawfully permitted to be discussed under the provisions of the Virginia Freedom of Information Act cited in the motion.

There was no second and there being no further discussion, Members voted unanimously (4-0) by roll call vote to approve the motion.

No action was taken by the Authority as a result of matters discussed in closed session.

II. Public Comments

There were no persons wishing to be recognized for public comment.

III. Consent Agenda

Mr. Bruguere moved to approve the consent agenda and Mr. Hale seconded the motion. There being no further discussion, Members voted unanimously (4-0) by roll call vote to approve the motion and the following resolution was adopted:

Resolution – R2013-06 Minutes for Approval

RESOLUTION-R2013-06
NELSON COUNTY BROADBAND AUTHORITY
APPROVAL OF MEETING MINUTES
(March 28, 2013 and April 9, 2013)

RESOLVED, by the Nelson County Broadband Authority that the minutes of said Authority's meetings conducted on **March 28, 2013 and April 9, 2013** be and hereby are approved and authorized for entry into the official record of the Broadband Authority's meetings.

IV. New/Unfinished Business

A. Broadband Infrastructure Project Update

Mr. Carter reported the following:

Broadband Infrastructure Project Update: The NTIA/County (grant) funded project is essentially complete. Exceptions thereto include: a) FCC Licensing of the Massies Mill Tower (in process), b) VDOT construction permit closeout (in process) and, c) final reporting and project close out with NTIA (also in process and anticipated to be concluded prior to the 6-20-13 official project close out date).

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The project is currently transitioning to an ongoing operational mode. In this regard, Blue Ridge Internet Works is proceeding with marketing of its services for fiber optic cable based connection(s) to the fiber optic middle mile network. In addition to the startup of services to several Community Anchor Institutions (CAIs), BRIW now has five new subscribers for its services with services to these subscribers either installed or in the process of being installed (by the Authority's outside plant contractor, Computer Cabling and Technology Services or CCTS). BRIW is also continuing its efforts to complete agreement with Verizon for deployment of a DSL (digital subscriber line) service, which will provide BRIW the ability to deploy these services extensively along the middle mile network. As noted, BRIW's efforts are ongoing.

With regard to wireless internet services being deployed from the Authority's four towers, no additional discussions have been conducted with Stewart Computer Services albeit the ability of SCS to agree to locate on and use the towers remains. Otherwise, no additional WISP(s) or cellular companies have contacted the Authority regarding use of the towers, which will require a more extensive marketing effort by staff.

A primary consideration for the session on 4-25 is the Non-recurring charges (NRC) within the network's approved schedule of rates, fees and charges. This pertains specifically to the provisions within the NRC that provide for a discount of up to \$750 for agreement to connect to the NCBA network for 12-60 months (the \$750 discount is for a 60 month installation agreement). Related to the discount is the provision providing that "the undiscounted balance of an NRC together with any NRC in excess of \$1,500 may be amortized over the term of the original contract". These provisions were included when the rates, fees and charges were initially approved as a means of assisting with the concern noted with the cost of fiber installations off the network, which is easily several thousand dollars. Now that the network is operational, the NRC provision is in play and being requested, including to facilitate an approximate 3 mile build to a business at an estimated cost of \$26,000. The positive is that the NRC could be beneficial to the Authority's efforts to achieve connections to the network. The negative with the NRC is that it places the Authority in the position of paying the installation costs (upfront) to the OSP but recovering the installation costs from the customer over 12 – 60 months (possibly longer), this in addition to paying the \$750 discount to the OSP when a customer agrees to a 60 month connection service.

The attached agreements have been developed to provide for customer installations to the network. The Addendum for Installment Payment of Installation Costs, which is used in conjunction with the NCBA Installation and License Agreement for those network customers requesting the NRC ability, has been limited to a maximum amount of \$4,000 as a means of limiting the Authority's financial outlay. However, as noted herein, the Authority has received an inquiry from a local company that is willing to commit to a 60 month term for a 3 mile, \$26,000 installation cost for a fiber connection to the network. The Authority would own the entire installation, which would have the ability for other branch connections along the 3 mile installation.

Given the above, the Authority's considerations related to the NRC include 1) maintaining or removing the NRC within the schedule of rates, fees and charges and, 2) if the NRC is maintained then is the current provision sufficient, including the \$4,000 limit within the installation addendum, and/or, should the NRC be on a case by case basis beyond the present \$4,000 limit and, 3) if the NRC is maintained to what extent financially will the NCBA commit itself to the NRC on an annual basis. As the NRC has

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just become a focus of consideration additional review needs to be completed on the financial considerations related to the NRC.

B. Network Operator Report - Blue Ridge Internetworks

Mr. Baylor Fooks, Network Operator gave the following report:

I. Operational

Orders:	10
Installations Completed:	9
Construction Costs:	\$16,053.20
Construction Cost Billable	\$10,776.40
Construction Financed by SPs:	\$0
New NCBA MRC:	\$375/month
Speed Selections:	25x5 7
	50x10 2
	25x25 1

Open trouble tickets: One trouble ticket remains open. We are waiting on a replacement rectifier shelf from Calix.

Mr. Fooks noted that the difference in the construction costs and billable construction costs was the application of the 5 year term contract amortization discount.

II. Administrative

BRI worked with County Staff to optimize processes and clarify policies and procedures.

All ONTs have been utilized. New order is scheduled to ship from Calix 4/30.

III. Billing

Month to Date Income:	\$762.50
Current AR:	\$75.00
Past Due AR:	\$1,080.00
SLA Credits:	\$0.00

Mr. Fooks then introduced Daniel Beam, the outside plant contractor retained by the Authority to do network installations.

In response to questions, Mr. Fooks reported that the 50x10 connections were both homeowners and that some of the other speeds were purchased by businesses.

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V. Other Business (As May Be Presented)

Mr. Carter noted that staff would have a draft budget to show the Authority at their May meeting and it would be sent out in advance. He added that he needed to confirm that the approval process for the Authority's budget did not require a Public Hearing; however he was fairly sure it did not.

VI. Adjournment

There being no further business, Mr. Harvey adjourned the meeting at 6:55 PM.

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