May 10, 2016

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: Thomas D. Harvey, North District – Vice Chair
Thomas H. Bruguiere, Jr. West District
Allen M. Hale - Chair
Larry D. Saunders, South District – South
Gary W. Strong – Central District
Stephen A. Carter, County Administrator
Candice W. McGarry, Secretary
Debra K. McCann, Treasurer
Susan Rorrer, Director of Information Systems

Absent: None

I. Call to Order

Mr. Hale called the meeting to order at 1:05 PM with four (4) members present to establish a quorum and Mr. Harvey joining the meeting thereafter.

II. Public Comments

1. Joe Lee McClellan, Nelson Cablevision

Mr. McClellan noted the following:

• Nelson Cable, in its continuing effort to help the NCBA become self-staining, has two offices in the county to assist NCBA Internet customers from sales to service and billing.

• Our employee, Tony Mustain, contacts people who respond to our web site and explains the NCBA procedure. In addition he requests the quote from NCBA for the installation and then once received he contacts the potential NCBA Internet customer to explain the installation cost. If the person wishes to proceed, he turns the information over to Mickey Quick to make a trip to the customer's home to sign the necessary paperwork, at the customer's convenience, which sometimes is in the evening or on weekends.

• Mickey Quick, solicits Internet customers, "door to door", on the NCBA Network, and makes several trips to prospective Internet customers, in the process of signing them up for service. Mr. Quick had a dentist appointment today and could not be here to give a report.

• Sometimes there is a problem getting the NCBA Internet customer activated and we have had to have our IT person, John Holman, make several trips to the customer, in an effort to resolve an issue with the NCBA System Operator.

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• We have signed up over a dozen NCBA Internet customers, who are waiting to be installed by the NCBA contractor. One is Calvary Baptist Church, who we submitted several months ago. Two others that come to mind, are the Lovingston Volunteer Fire Department and Foster Fuels, plus several homes.

III. Consent Agenda

Mr. Hale noted that the consent agenda contained minutes for approval of the March 8, 2016 meeting. Ms. McGarry noted a minor correction had been made per an email from Mr. Strong.

Mr. Bruguiere then moved to approve the consent agenda and Mr. Strong 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:

A. Resolution – R2016-03 Minutes for Approval

RESOLUTION R2016-03
NELSON COUNTY BROADBAND AUTHORITY
APPROVAL OF MEETING MINUTES
(March 8, 2016)

RESOLVED, by the Nelson County Broadband Authority that the minutes of said Board meeting conducted on **March 8, 2016** be and hereby are approved and authorized for entry into the official record of the Broadband Authority meetings.

IV. New/Unfinished Business

A. Network Operator Report - Blue Ridge Internetworks

Mr. Carter noted that Ms. Rorrer had prepared the following report:

Report to Nelson County Broadband Authority
Meeting Date: 5/10/2016

I. Operational

Installations:

March	4
April	2

Active Circuits:

Blue Ridge	122
Shentel	3
Nelson Social Services	1
Nelson County Cable	19
TOTAL	145

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Pending Installations: 31

II. Administrative
None

III. Financial
None

B. Treasurer's Report

Ms. McCann reported the following and noted that year to date revenues were $227,146 and including the transfer from the general fund were $377,226.

BROADBAND FUND @ 4/30/16

OPERATIONS

Beginning Balance 7/1/2015	$ 406,277 .36
July-September 2015 Expenditures	$ (79,119.71)
July-September 2015 Revenues	$ 44,958.22
October-December 2015 Expenditures	$ (92,258.60)
October-December 2015 Revenues	$ 83,166.95
January-February 2016 Expenditures	$ (34,346.27)
January-February 2016 Revenues	$ 34,378.61
March-April 2016 Expenditures	$ (69,618.62)
March-April 2016 Revenues	$ 64,642.62
Subtotal	$ 358,080.56
General Fund Transfer	$ 150,000.00
Ending Balance 4/30/2016	$ 508,080.56
Current Year Revenue Exceeds Expenses by	$101,803.20

EXPANSION PROJECT

Beginning Balance 7/1/2015	$ 38,957.00
July-September 2015 Expenditures	$ (137,192.00)
July-September 2015 Revenues	$ 138,188.80
October-December 2015 Expenditures	$ (14,237.50)
October-December 2015 Revenues	$ 45,377.76
January –February 2016 Expenditures	$ (26,708.50)
January-February 2016 Revenues	$ 0.00
March-April 2016 Expenditures	$ (70,366.50)
March-April 2016 Revenues	$ 43,659.40
	$ 17,678.46

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SUMMARY OF FUND BALANCE

Project Funds	$ 17,678.46
Amortized Installation Fund	$ 86,585.07
Operational Funds	$ 421,495.49
Available Bank Balance @ 2/19/2016	$ 525,759.02

Ms. McCann noted that the Amortized Installation fund had a beginning balance of $250,000 and funds were going out faster than they were coming in.

Ms. McCann also provided a report that showed the following regarding the Broadband Network Operating Fund:

The Broadband Network Operations report showed year-to-date expenditures (July – April) of $275,343.20 for Network Operations, with there being an unencumbered balance of $167,061.80 and a Contingency Reserve remaining of $55,195.00. The Revenue Summary for Network Operations showed year-to-date revenues of $227,146.40 and a balance of -$6,296.40 expected for the remainder of the year. Ms. McCann Noted that transfers showed $150,000 that was a contribution from the General fund and a $227,225.96 transfer from CDBG funds for a total Y-T-D revenue amount shown of $377,225.96.

Ms. McCann noted that the balance remaining in the Broadband Expansion project fund should be enough to finish the project. Mr. Carter added that there may be a change order coming; however this had not been submitted or approved yet.

C. County Administrator's Report

A) Expansion Project – The current project completion schedule provided by CCTS is 6-22-16 (all 3 phases). Estimated new service connections in Phase 1 only are in the 36-50 range (possibly 50+). A conservative estimate for Phases 2 and 3 is 15-25+ (minimum). A copy of Design Nine's 4-14 field visit is attached hereto).

Mr. Carter referenced a field report provided on the expansion project by Design Nine.

B) Broadband Planning Project - A project meeting with Design Nine (Dr. A. Cohill) was conducted on April 14th. Discussion was multi-faceted, including the draft network expansion plan, possible re-structuring of the network's fee structure, a ten year financial pro forma and overall network operations. A work session with the NCBA is tentatively planned for late June.

The local project team, inclusive of Messrs. Hale and Strong and County staff met on May 5 for an internal review of the project's status and discussion of the many subject's the project currently entails. Everyone felt the project was moving forward satisfactory with much work to be completed.

Mr. Carter noted meeting with D9 on all subjects related to Broadband such as: the draft expansion plan, OSP, Net Op, and long term financial plans. He added that staff wanted to schedule a work session with the Authority and D9 sometime in June. He noted that given that a regular meeting may not allow sufficient time for that, a special meeting may be called.

C) Broadband Other – 1) A third ISP may very soon provide services on the local fiber network. 2) The network marketing plan, web based and periodic media advertisements, continues to produce requests for services, which are transmitted to all of the current service providers for follow up (ISP and WISP). 3) Nelson Cable has indicated it cannot currently provide services due to no IP addresses. It is uncertain when this status will change. 4) County staff in conjunction with Design Nine is currently planning to develop and submit a grant proposal to USDA-RUS/RD for the agency's Community Connect. The submission date is June 17. 5) County staff will have a conference call with federal NTIA staff on 5-13 to discuss possible areas of technical assistance NTIA may provide to the NCBA/Nelson County

4) Mr. Carter noted that the Community Connect Grant required the project area to be in an unserved or under-served area and D9 had a map showing these areas. He added that D9 would do the technical side of the application and County staff would do the other work. He added that there was $10 Million available nationwide and the application process was highly competitive. He noted that there was uncertainty about the potential success, the minimum grant was $300,000 up to a maximum of $3 Million. He noted the County's submittal to likely be in the $500,000 range.

Mr. Strong noted that at the last meeting, Authority members discussed developing policies and he suggested this be done during the proposed workshop. Mr. Carter noted that various policies had stemmed from NCBA contracts. Mr. Carter then added that Phil Payne would address the Board on matters pertaining to the long term lease of the RVFD tower during the meeting.

D. Draft Letter to Nelson Co. School Board Regarding Continued Use of the Network

Mr. Carter presented the draft letter addressed to the Chair of the Nelson County School Board and copied to the School Division Superintendent.

Mr. Hale suggested some minor edits to which the other members agreed.

Mr. Carter then noted that he had communicated this concern verbally to Dr. Comer after having heard rumblings that their current ISP was trying to get them to use them directly and to not use the County's network. He added that an internal staff work session had facilitated the letter for the Board's consideration. Mr. Hale added that the letter was a response to concerns or rumors to this affect.

Mr. Harvey noted that the Schools received funds from the federal E-Rate program and Mr. Carter noted that there budget showed $80,000 to $100,000 of these revenues coming in and the County makes up the difference. He noted that the Schools have planned to use about $400,000 in state technology funds to purchase Chrome books. Mr. Harvey noted that they needed to consider this when looking at budgets and be sure to provide the funds to be able to do this.

Brief discussion regarding the School budget ensued and Mr. Saunders noted that the Board of Supervisors had not cut School funding; their request was not fully funded. He added that other Counties such as Campbell and Bedford had their School budgets cut.

Mr. Hale reiterated that the proposed letter was a request that the Schools continue to use the Nelson County Broadband Network. Mr. Carter added that $48,000 per year in revenue would be lost by the

Authority if they did not and there was significant interest to maintain this. He noted that the Authority had built fiber connectivity to all of the schools and there was no reason not to use it.

Mr. Strong then moved that the proposed letter be accepted as amended by Mr. Hale and Mr. Bruguiere seconded the motion.

Mr. Harvey asked if this was urgent and Mr. Carter advised that he was unsure when the contract ended; however he had heard things and he thought it would not hurt to be proactive. Mr. Bruguiere added that the Schools were supposed to be an anchor tenant and he did not understand why they would entertain anything else.

Mr. Harvey then asked why the letter was not addressed to the Superintendent and it was noted that it was addressed to the School Board as previously discussed. He then suggested and Members agreed that it be addressed to Dr. Comer with the School Board receiving a courtesy copy.

Ms. Rorrer noted that the service vendor would have to build infrastructure to connect to the schools and provide services. Mr. Harvey asked if all of the equipment serving the Schools belonged to the County and Ms. Rorrer explained that not all of the equipment did, however, the County owned the infrastructure going into the schools and that the internal structure was indirectly paid for by the County. She noted it was a matter of where the interconnectivity of the schools was going to come from.

Mr. Hale then noted that the motion needed to be amended to include addressing the letter to the Superintendent with copies to the School Board. Mr. Strong then amended his motion to this effect with Mr. Bruguiere seconding the amended motion.

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

12 May, 2016

Dr. Jeff Comer, Division Superintendent Nelson County Public Schools
84 Courthouse Square
P.O. Box276
Lovingston, Virginia

Dear Jeff:

I am writing on behalf of the Nelson County Board of Supervisors and the Nelson County Broadband Authority to communicate the Board's and the Authority's very strong position that the Nelson County School Division maintain its broadband services through use of the Nelson County Broadband Network.

As you and the members of the Nelson County School Board may know, Nelson County is the owner of the Nelson County Broadband Network (the Network) and the Nelson County Broadband Authority is the operator of the Network. The Network was constructed through the award of federal America Recovery and Reinvestment Act grant funding, which was significantly matched by Nelson County. The overall cost of the Network exceeded $3.0 million dollars. The Network currently consists of 31 miles of fiber optic cable and four communications towers. The County and NCBA are currently in process with a construction

project that will add 8.1 miles to the fiber network. And, the County and NCBA are also currently working with a nationally recognized consultant to complete a strategic plan for the Network's continued expansion.

The Nelson County School Division was a "Community Anchor Institution" for the ARRA grant funded network construction project. An outcome of the ARRA funded project was the connection of each of Nelson County's schools (elementary, middle and high school) to the completed fiber optic network. The School Division's wide area network (WAN) is accomplished through the local Network.

The County and the NCBA are concerned that the School Division may consider the use of a network other than the local Network (Nelson County and NCBA). It is the County's and the Authority's position that all future Request for Proposals by the School Division for provision of broadband services specifically require the use of the local (County/NCBA) Network by an incumbent or any future (broadband) service provider or vendor. More specifically, the County and the NCBA consider the use of the local Network as a continuous and ongoing requirement of the School Division. The local Network is technically capable of delivering any services that the School Division may require.

Please provide the members of the School Board with a copy of this correspondence.

I am available at your convenience should you require additional input on the subject of this communication.

Thank you and the members of the School Board for your continued assistance and cooperation, which is very much appreciated.

Respectfully,
Stephen A. Carter County Administrator

Cc:
Nelson County School Board
Nelson County Broadband Authority

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I. Other Business (As May Be Presented)

Introduced: Marketing Efforts

Mr. Hale advised that he had gotten a letter in response to the network marketing efforts from a constituent. He noted that this constituent lived on Pine Ridge in Faber and got a notice in their tax bill and mentioned that they had tried to get broadband and have not yet. He suggested that as they go through discussions with D9 that they may need to take a more active role in getting out to these areas. He then noted he suggested to the constituent that they canvas their neighborhood and let him know how many people wanted it and he thought they needed to be doing more of this. It was then noted that Stewart Computer Services had acquired two tower sites near Sugarloaf that would help them tremendously. Mr. Bruguiere and Mr. Hale both agreed that satellite service had worked well for them; however it was not what a lot of people wanted.

Introduced: RVFD Tower Site Lease

Mr. Carter advised that the County had been negotiating the AT&T lease on the RVFD tower site and he thought it was ready to go forward.

Mr. Phil Payne then addressed the Board and noted that guidance was needed in dealing with the clause that allowed for an increase in rental rate for a long term lease. He added that the current lease provided for a CPI adjustment for leases longer than five (5) years. He noted this applied in the second year of the lease and the CPI adjustment clause was required by the current rate structure in place. He advised that at the time this was recommended it was uncertain how the economy was going to fare and he was uncomfortable with a fixed percentage. He noted that most lessees that that rent tower space did not like the CPI component because they had to compute the increase every year. He noted there was some push back on this and the current tenant wanted to renegotiate this and a 10% increase every five (5) years had been proposed. Mr. Payne further explained that the County could not negotiate this because the rates had to be set by the Authority. He then noted that he wanted to get the sense of the Authority as to whether or not they would adjust the rate schedule to allow for this. He added that he was not sure if this item was a deal killer and he suggested this be added as an alternative rather than changing the rate structure.

Mr. Strong questioned why this was so hard for them to calculate and Mr. Payne noted he was unsure but that they wanted to be able to plan their expenses easier. Mr. Carter noted that their original proposal was to pay $3,000 less than what they were currently paying and the County wanted to start where they were. He added that they also wanted significant flexibility for the use of the tower and the County did not agree to that and it would still have its space on the tower.

Mr. Harvey asked if the tower could be extended to make sure that the County had the top spot and Mr. Carter advised that he thought the County had reserved the top space on it; however he would have to check. He then added that the overall rate structure may be changed in connection with the D9 recommendations and the alternate language suggested by Mr. Payne could be included.

Members questioned the CPI increases thus far and Ms. McCann noted it had been 1%-3% over the last ten (10) years. Members questioned if they would go to an annual adjustment and Mr. Payne advised that this had not been discussed and the first hurdle was the NCBA considering a flat rate. He added that they were basically asking for 2% per year but it would not be compounding as it would be every five (5) years at 10% and the County would lose the compounding effect if it were done annually.

Mr. Carter noted that they could go back to them to see if they had a firm position; however he thought they wanted to maintain an increase of 10% every 5 years with a thirty (30) year contract term and renewals every 5 years. Mr. Payne added that they had offered a lump sum for a ninety-nine (99) year lease but he did not think that was a good deal.

Mr. Bruguiere suggested proposing a 12% rate and if not acceptable; go for 10%. He added this would be simple for both parties. Mr. Carter noted this lease provided revenue to the Authority of $38,000 per year.

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Mr. Hale then clarified that the Authority would have to advertise the change in rate structure and Mr. Payne suggested that they keep the CPI language but add an option to establish a flat rate; leaving that rate open.

Members then agreed by consensus to move forward to have Mr. Payne make the necessary changes in the Authority's rate structure to go to public hearing. Additionally, they authorized the negotiation with AT&T while the rate structure was being amended. Mr. Payne noted that the current contract would end in December. He then asked if the Board wanted to ask for 2% per year or 12% for 10 years and Members authorized Staff to negotiate it on the basis that they did not want to lose the lease because of the CPI issue.

Introduced: Outside Plant Work

Mr. Hale noted the ongoing problems with outside plant work and that this was being worked on. Mr. Carter noted it would take more effort; however there was another company interested in doing this type of work and the Authority may have two companies helping with installations by June. Mr. Harvey supposed that it was hard for CCTS to keep up with doing both the backbone extensions and drop installations. Mr. Carter assured the Board that staff would encourage them to focus on both.

V. Adjournment

At 1:56 PM, Mr. Saunders 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.

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