

August 11, 2020

Virginia:

AT A CONTINUED 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, Lovingson Virginia.

Present: Jesse N. Rutherford, East District – Chair
Gary W. Strong, Central District – Vice Chair
Thomas D. Harvey – North District
Larry D. Saunders – South District
Thomas H. Bruguere – West District
Stephen A. Carter, County Administrator
Grace Mawyer, Secretary
Candice W. McGarry, Treasurer
Susan Rorrer, Director of Information Systems
Gary Wood, CEO of Central Virginia Electric Cooperative and Firefly Fiber Broadband

Absent: None

I. Call to Order

Mr. Rutherford called the meeting to order at 1:01 PM with all Members present to establish a quorum.

II. Public Comments

1. Ernie Reed, Faber VA

Mr. Reed referred to the available COVID-19 money that the Board of Supervisors may decide to allocate to go towards expansion of broadband in the county. He asked the Authority to consider that allocating that full amount of funds to broadband expansion is going to create a shortfall of other COVID money requested by other parts of the county. Because of this, the Supervisors would be put in a position of having to say no to virtually everything that has been submitted to the County that is worthy of the money. He noted that the COVID money requested from the County is \$1.125 million, and he knows the Broadband Authority has about \$1.3-\$1.4 million in the Broadband Fund. He added that the shortfall of funds for COVID money requested of the BOS is \$684,937. Mr. Reed stated that if the Broadband Authority were willing to commit that amount of money towards immediate broadband expansion in the county, then it would relieve the BOS of going through the process of deciding what COVID money is expendable and what is not. He added if this were to happen given the current numbers, the Broadband Authority would still have about \$720,000 in their fund which would continue to grow as people pay off their portion of the lines as the transition to Firefly happens. He asked the Authority to consider this as it would simplify the work of the BOS and also be a beneficial thing for the Broadband Authority to benefit the county.

Mr. Strong noted this sounds like a great idea but asked what the trade-off is, as he does not know what those other requests are. He asked Mr. Reed to give a rough idea of what the \$684,937 would cover. Mr. Reed stated this is contingent and the meeting this afternoon will determine that, adding he is not asking

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the Authority to commit funds immediately, but rather putting this forth for consideration. Mr. Rutherford suggested waiting until they view Mr. Wood's presentation and have follow-up comments as to thoughts on proceeding with the broadband money and how they can further expand from CVEC/Firefly.

III. Consent Agenda

A. Resolution – R2020-03 Minutes for Approval

Mr. Harvey moved to approve resolution **R2020-03 Minutes for Approval** and Mr. Strong seconded the motion. There being no further discussion, Members voted (3-0-2) by roll call vote to approve the motion with Mr. Saunders and Mr. Bruguire abstaining and the following resolution was adopted:

**RESOLUTION R2020-03
NELSON COUNTY BROADBAND AUTHORITY
APPROVAL OF MEETING MINUTES
(July 14, 2020)**

RESOLVED, by the Nelson County Broadband Authority that the minutes of said Authority meeting conducted on **July 14, 2020** be and hereby are approved and authorized for entry into the official record of the Broadband Authority meetings.

IV. New/Unfinished Business

A. Broadband Status in Nelson County

Mr. Gary Wood, CEO of Central Virginia Electric Cooperative (CVEC) and Firefly Fiber Broadband, gave the following PowerPoint presentation:

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Mr. Wood thanked the Authority for giving him the chance to provide an update on what CVEC/Firefly have been doing. He noted these proposals were put together very quickly with the understanding that if CARES Act funding is used, they have to be turned around and completed by year-end.

Mr. Wood noted that CVEC has been in business since 1937, and in 2017, they made the commitment to do a fiber build and figure out how to get fiber past all 37,000 CVEC accounts within five years. He added that it took them until August 2018 to get Firefly up and running, and Nelson County has been a great partner throughout this project.

2020 Status



Mr. Wood noted that CVEC serves about 8,800 electric accounts in Nelson County, and Appalachian Power has a couple thousand accounts. He stated their first fiber build was in Appomattox, and after that, they started in Nelson County with the Martin's Store substation. He advised this is their largest single substation on the entire system, and they chose that because they could get the most people connected the quickest. They have 4,600 accounts total connected there.

Mr. Wood advised that Colleen picks up at Davis Creek, goes down Route 29, goes up Stevens Cove and Freshwater Cove, goes down to Montreal Village in Shipman, comes down Tye River Road, and goes up to the Piney River substation near Rose Union Church. He noted the fiber is in place for all of this, and the splicing will start as soon as they finish their Route 29 crossings. They have about 20 crossings to complete and have gotten six of them done so far, and they anticipate finishing these in the next two weeks. He advised that they hope to have these people connected in late September or October.

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Mr. Wood noted that they have plans for Gladstone this coming year, which covers the village of Gladstone and then runs all along the river up to Wingina and a little up Route 56 from there. He advised this then leaves Schuyler and Piney River as future plans.

2020 Overview

Take Rate Exceeds Forecast

- With Colleen will be passed about 6000 locations
- Take rates in Martins Store
 - 3371 contacted, 2022 signed up for service (60%)
 - Most but not all in Nelson County
- Wintergreen
 - Single family homes and services outside of development (50%) about 500 total
- Midway
 - 73% total about 100 in Nelson
- Colleen
 - Preregistration – 50% about 500 more connections



Mr. Wood noted that the take rates have exceeded what they had originally planned. He added that during their June Board meeting with the CVEC Board of Directors, they received approval to speed the buildout. He noted they had planned to finish the five-year plan in 2023, and their goal now is to have all of the fiber backbone across the entire 14 county area built by July 1, 2022. He stated that they are currently building about 20 miles per week, and they will have to increase to 25-27 miles per week. They are currently connecting about 110 people per week, and they will have to increase that to 150 and eventually 200 per week. In total, he advised they have 3,600-3,700 people online today and will increase that number to over 7,000 system-wide by year end.

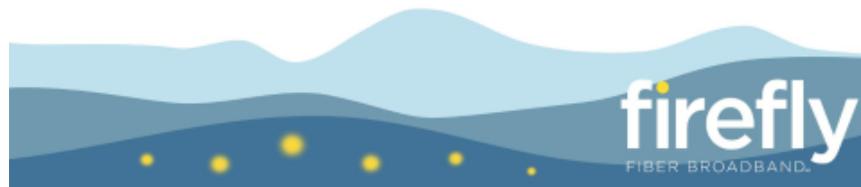
Mr. Wood noted that for Firefly to build off-system, they have to have their own money. CVEC cannot invest off-system because that is speculative money that the State Corporation Commission will not allow electric customers to spend. He stated that therefore, Firefly needs to generate some profits so it can attract loan funds in order to build in some of these APCo areas. He advised it is a good sign that they are now profitable and finishing earlier than anticipated.



Quick extensions proposal

Firefly recognizes the pandemic challenges

- Focused on CVEC fiber build
- Want to help with short term builds that allow quick expansion
- Limitations
 - Cannot slow or impact CVEC fiber build in any way
 - Must be complete by 31 December
 - Cannot cross railroads, major waterways, require pole attachments
- Selection factors
 - Must come off lit fiber
 - Highest number of passings per mile constructed
 - Prioritize areas of need and potential wifi hotspots



Mr. Wood noted that generally, the CVEC Board is the same board for Firefly, so they have dual roles. He advised they are looking at some opportunities that may have some off-system builds. In these proposed projects, non-CVEC customers would be connected, but in no way would it slow down the CVEC fiber build. He noted that the Firefly Board approved these projects contingent upon funding from the County, and the same goes for Fluvanna and Amherst Counties, where they have other projects. He clarified that it does not have to be COVID money, but the subject of available COVID money generated this short-term proposal.

Mr. Wood stated that the pandemic has brought many challenges including emphasizing the need for high quality, affordable, and reliable broadband everywhere for remote schooling, remote work, and telemedicine. He advised that all of these projects are Firefly projects as CVEC cannot build off system without approval from the FCC. Also, all of the projects are designed to be finished by December 31st of this year. He noted they cannot cross railroads, major waterways, or require pole attachments because of the timeline, adding it takes 3-6 months to get a railroad permit. Regarding the pole attachment process, he stated he has been advised that APCo has agreed to look at every possible way that they can give Firefly that access. He noted this can help, as underground construction is about twice as expensive as overhead construction, adding that everything in today's presentation is based on underground construction, and if they can get on those overhead poles, they can do twice as much.

5 Proposed Areas

Proposed Projects

- Shipman (north of tracks)
 - 5.5 miles, 180 passings
 - Allows for future expansion across tracks
- Arrington (north of tracks)
 - 1.6 miles, 29 homes
 - Allows for expansion across tracks (300 homes/10 mi)
- Gladstone
 - 4 mi UG, 2 mi OH 48 passings
 - CVEC pays half of UG, all of OH
- Piney River
 - 3.25 mi UG, 2 mi OH 98 passings
 - Allows expansion north on Rt 151
- Colleen subdivisions
 - 1.8 miles, 44 passings



Mr. Wood noted that they chose these projects based on certain selection factors including having to come off of lit fiber, picking the highest number of passings per mile, prioritizing areas of need with

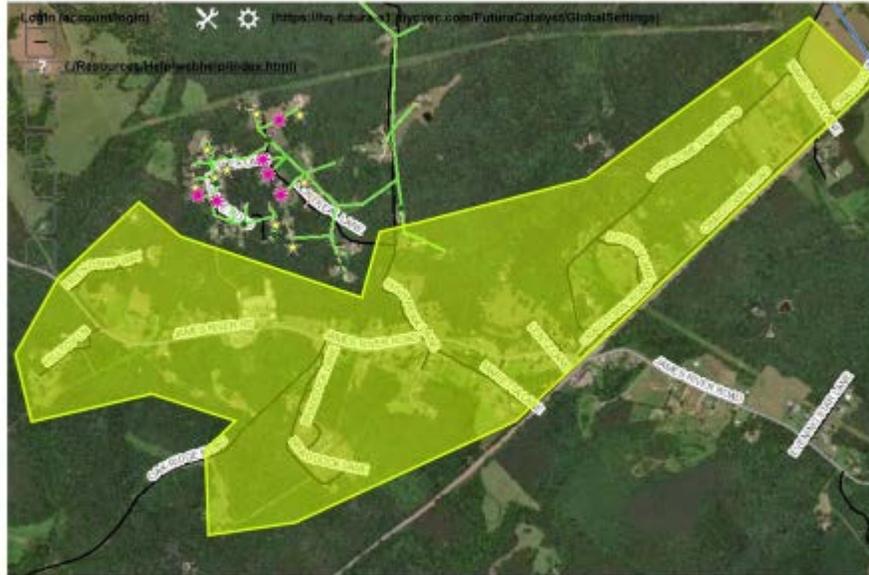
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low/moderate income, and choosing areas where they can potentially have Wi-Fi hotspots, which they offer free of charge. He noted they currently have hotspots at CVEC, Faber Fire Department, Rockfish Valley Community Center, and across from the Massies Mill convenience center. He added that they generally see between 18 and 35 people access those Wi-Fi hotspots every week.

South Nelson



Shipman – North of Tracks

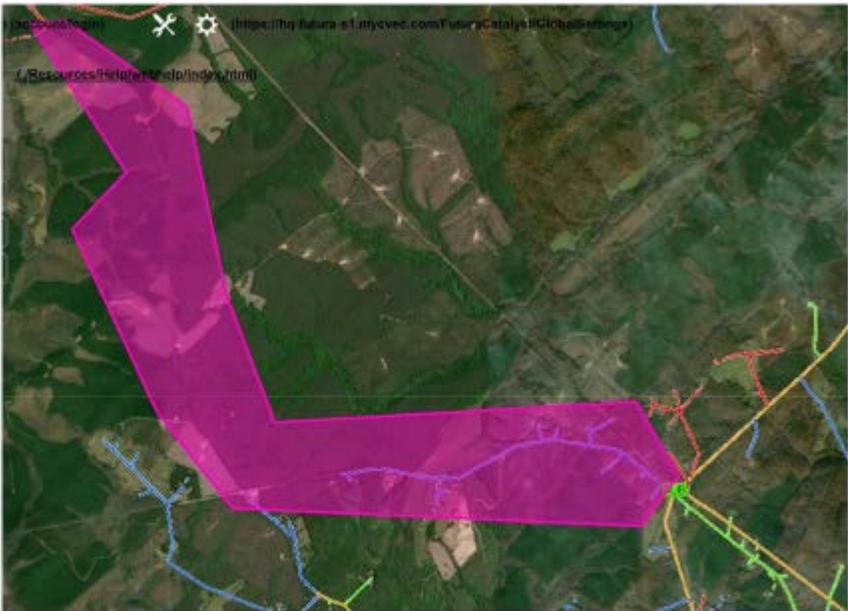


Mr. Wood noted that there is limited access along Route 56 to be underground in this area, so they will have to ask the Nelson County Service Authority if they'll share their water access easement. If they'll share their easement, Firefly will have a path, but if NCSA does not share it, this will not get built. He added that getting on APCo poles here would be an issue because the poles are old and already filled with telephone cables and other things.

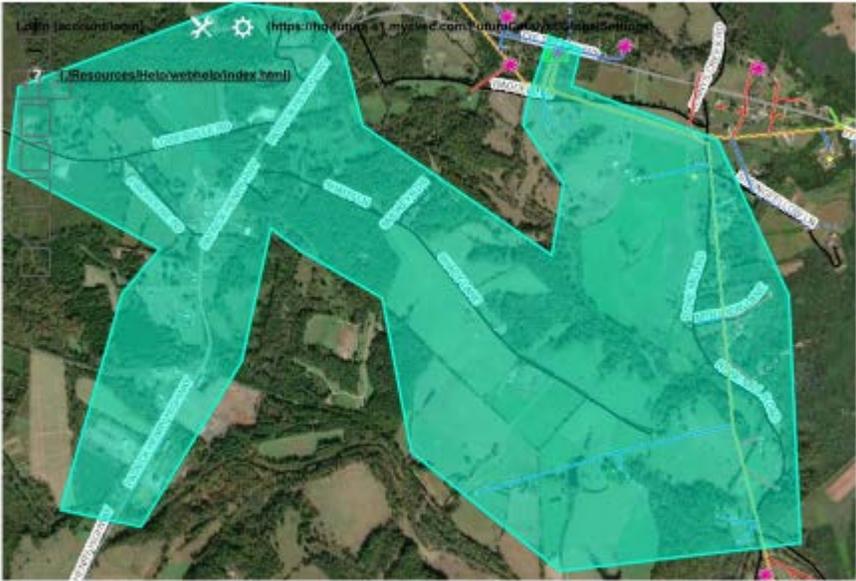
Arrington – North of Tracks



Gladstone



Piney River – South of Rt. 56



Colleen Subdivisions – Cabell Mtn Ln



Colleen Subdivisions – Rainbow Dr





Questions?

Mr. Wood reiterated that all of these projects can be done by December 31st, and this would amount to between 500 and 600 passings. He clarified that this is how many people who would have service available if they want it, and they may not all necessarily be connected by the 31st, but the service will be available and the backbone will be lit, which is what the funds would pay for.

Mr. Saunders referred to the Arrington project map and asked if they will be coming across Diggs Mountain. He noted there are about 15 customers on Centenary out to Wilson Hill, which is about a mile. Mr. Wood advised that is not in these plans, but they can look at additions. He noted they looked at high density areas, and they did look at that route, but they also looked at where they could easily get on an easement as well as the density. He added that most of these have 30 homes per mile.

Mr. Wood noted that Firefly's long-term goal is that every resident of Nelson County will have access to reliable and affordable broadband service that is fiber-based. He advised that he cannot guarantee this today, but with the sources of funding that have already been announced and some already received Connect America funds, they have some commitments already to build in other areas including Glade Road and Massies Mill eventually. He added these areas get cheaper if they can get on APCo poles. He noted that underground construction costs them anywhere from \$70,000-\$100,000 per mile, whereas overhead construction costs anywhere from \$35,000-\$45,000 per mile.

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Mr. Wood emphasized that every one of these projects is strategically chosen to allow future expansion. In Piney River, they ultimately want to get up Lowesville Road along with covering Massies Mill and other areas, and this helps lay the groundwork for that. He added there are some APCo areas in Gladstone that they don't reach but would like to get into, as well as across the tracks in Shipman and Arrington.

Mr. Rutherford praised Mr. Wood for getting creative with Firefly and for bringing these ideas forward. He then noted that the conversation of CARES Act funding will be taken up by the Board of Supervisors and suggested waiting to see what they determine, and if the Broadband Authority needs to participate, they can make arrangements. Mr. Wood noted that Firefly has started the design process, and for these projects to be built by December 31st, things have to start moving right away.

Mr. Harvey noted that the Broadband Authority was started with the goal of giving every citizen in the county the opportunity to have high speed internet, adding this is still their goal.

Mr. Rutherford noted he feels fairly confident a decision will be made today at the Board of Supervisors meeting. He added that another Broadband Authority meeting can be called if needed.

Mr. Strong noted his belief that this is one of the most important needs of this county, and accelerating broadband in parts of the county that CVEC does not serve is absolutely within the Authority's goal. He emphasized the importance of accomplishing this quickly because there are people hurting due to the pandemic.

V. Other Business (As May Be Presented)

There was no other business considered by the Authority.

VI. Adjournment

At 1:49 PM, Mr. Harvey moved to adjourn 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 meeting adjourned.