

December 8, 2020

Virginia:

AT A SPECIAL CALLED 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: 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, Jr. – 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 five (5) Members present to establish a quorum.

Mr. Rutherford then recognized several special guests in attendance. He first recognized Delegate John Avoli. He then noted Mr. Gary Wood was also in attendance, and Mr. Wood recognized several staff members also in attendance: Dennis Reece, General Manager of Firefly; Melissa Gay, Communications and Member Services Manager; and Galen Creekmore, who is in charge of their legislative contacts.

Mr. Rutherford noted that Mr. Parr and Mr. Barton of the Board of Supervisors were also in attendance.

II. Consent Agenda

A. Resolution – R2020-05 Minutes for Approval

Mr. Harvey moved to approve resolution **R2020-05 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:

**RESOLUTION R2020-05
NELSON COUNTY BROADBAND AUTHORITY
APPROVAL OF MEETING MINUTES
(October 13, 2020)**

December 8, 2020

RESOLVED, by the Nelson County Broadband Authority that the minutes of said Authority meeting conducted on **October 13, 2020** be and hereby are approved and authorized for entry into the official record of the Broadband Authority meetings.

III. New/Unfinished Business

A. Treasurer's Report

Ms. McGarry reported the following:

Broadband Operations @ 11/30/2020

Beginning Balance 7/1/20	\$ 1,157,258.08
July -November 2020 Expenditures	\$ (14,058.96)
July-November 2020 Revenues	<u>\$ 107,326.27</u>
Subtotal	\$ 1,250,525.39
General Fund Transfer 7/1/2020	\$ _____ -
<u>Available Bank Balance at November 30, 2020</u>	<u>\$ 1,250,525.39</u>

Accounts Receivable Aging Summary as of November 30, 2020

Current	\$ 12,228.98	
1-30 days	\$ 8,521.84	<u>\$ 20,750.82</u>
31-60 days	\$ 5,910.62	
61-90 days	\$ 2,091.20	
> 90 days	\$ 908.00	<u>\$ 8,909.82</u>
Total	<u>\$ 29,660.64</u>	<u>\$ 29,660.64</u>

Note: \$20,750.82 is Current to 30 days and \$908 is >90 days

Revenues & Expenditures

On a preliminary Cash Basis, through November 30, 2020 Revenues, excluding amortized installation payments of \$66,028.23, exceeded expenditures by \$51,969.27. Including amortized installation payments, revenues exceeded expenditures by \$93,267.31. Annual payment of 25% of the ATT tower Lease proceeds for the Rockfish Volunteer Fire Department tower will be made on December 8,2020 in the amount of \$9,530.00.

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Ms. McGarry noted that there is an unusual expenditure coming up this month that does not show on the expenditure report, yet. She advised the expenditure is a \$17,000 refund to Shentel, and it is an unbudgeted expense.

Mr. Harvey asked about the total amount of amortizations. Mr. Carter stated \$176,210.52 as of November 30th.

B. Broadband Status in Nelson County

Mr. Wood, CEO of Central Virginia Electric Cooperative and Firefly Fiber Broadband came forward and noted the attendance of another special guest, Evan Feinman, who is the Governor's Chief Broadband Advisor and also the Executive Director of the Virginia Tobacco Commission.

Mr. Wood then presented the following slides:



Broadband Expansion Update

Nelson County

CVEC fiber build is going well

- Have completed Martins Store and Midway substations
- Presently completing Colleen and Wintergreen
- Will begin Gladstone connections this month
- Service available to 7,600 CVEC locations with the completion of Gladstone in 1st quarter 2021



Broadband Expansion Update

Nelson County

CARES fiber build is going very quickly

- Fiber construction completed on Gladstone extension and Cabells Mountain Lane – splicing follows and then connections
- Arrington and Rainbow Drive will be completed this week
- Piney River and Shipman planned for completion next week.
- Service will be available to about 500 locations



Mr. Wood noted that when the CARES Act projects are complete, service will be available to about 500 locations outside of the CVEC footprint and in AEP territory.

Broadband Expansion Update

Nelson County

Central Virginia Network (CVN)

- Has about 550 connections
- Makes service available to 500 non-CVEC locations
- Total fiber for CVEC, CARES and CVN will cover 8600 locations by March
- 76% of county with gigabit speed options



Mr. Wood noted that the Central Virginia Network is their name for the fiber network that was transferred from the County.

Broadband Expansion Update

Nelson County

CVEC will cover another 1,100 locations with Piney River and Schuyler substations connected by 2022

And now we want to offer a plan for the rest of Nelson County.....



Universal Broadband Proposal

Nelson County

Make gigabit speed broadband internet service available to every home and business in Nelson County by 2024

- Nelson County Broadband Authority (NCBA) provide \$1,250,000 in grant funds
- Construction completed for the first three small projects within 18 months in AEP territory
- Recommended projects:
 - Arrington area on the southeastern side of the railroad tracks
 - Schuyler area including Rockfish Road to the point that the CVEC territory ends
 - Shipman area and following Rt 56 to Hunting Lodge Road



Mr. Harvey asked if the home would have to have CVEC electricity, and Mr. Wood advised that if the home or business has electricity, it will have the option of fiber internet service.

Mr. Wood noted that they have three specific recommended projects, adding they can be swapped if the Broadband Authority wishes. He advised that these three projects are the highest density areas, which will get the most customers on for the amount of time put into it. He added that they will coordinate these so that the CVEC project will not slow down.

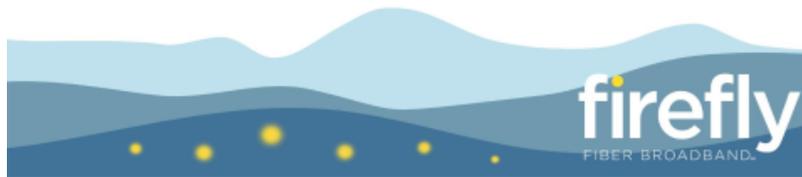
Universal Broadband Proposal

Nelson County

Projects will be coordinated to assure CVEC schedule is not slowed

Firefly will fund all projects remaining for universal service

- 11 small projects with about 1,000 passings; \$4.5 million investment
- Will complete all fiber extensions to assure universal service by 2024



Mr. Wood noted that if the Broadband Authority were to give the \$1.25 million, then Firefly would fund the rest, which would be about \$4.5 million.

Universal Broadband Proposal

Nelson County

	Project Name	Accounts Passed	Miles	Acct/mile	Cost/ passing	Total Constr Cost
1	Arrington SE of RR	296	10.4	28.4	\$1,584	\$468,750
2	Rockfish River Rd to Schuyler	178	8.9	20	\$2,250	\$400,500
3	Shipman to Hunting Lodge Road	151	9.2	16.4	\$2,742	\$414,000
4	Buffalo Mines to Lowesville	65	6.1	10.7	\$4,196	\$272,727
5	Taylor's Creek	43	6.1	7	\$6,384	\$274,500
6	Salem Road and Rockfish Crossing	58	5.9	9.8	\$4,585	\$265,909
7	Roseland Rd - Dark Hollow-Horseshoe	145	12.3	11.8	\$3,817	\$553,500
8	Massies Mill to Pharsalia (built after CVEC Massies Mill construction)	130	11.6	11.2	\$4,012	\$521,591
9	Findlay Mtn to Williamstown to Cedar Creek	113	11.6	9.8	\$4,601	\$519,886
10	St James Ch-Fishertown-Claypool-Cow Hollow	67	7.2	9.3	\$4,834	\$323,864
11	Glade Rd center to Salem Road	68	9.4	7.3	\$6,204	\$421,875
12	Glade Road west and Hunting Lodge Rd	67	9.7	6.9	\$6,487	\$434,659
13	Lovingsston	100	4	25	\$1,800	\$180,000
14	Miscellaneous (est. Includes Dominion area at Afton)	170	20	8.5	\$5,294	\$900,000
	Acct and Mileage totals	1651	132.3			\$5,951,761



Mr. Wood noted that Dominion has about 50 homes at the top of Afton Mountain, and Firefly is looking at a partnership project with Dominion that would serve them. He advised that the Miscellaneous projects will not necessarily all be held until the end, but they will work on them as they get to them.

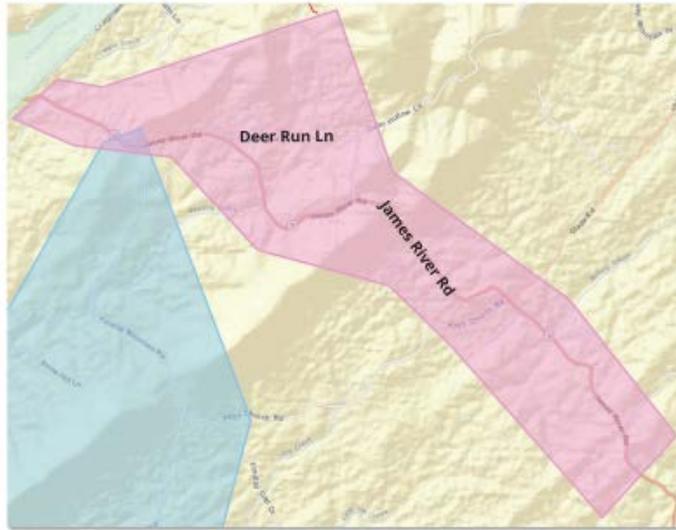
Arrington – Southeast of Railroad Tracks



Rockfish to Schuyler



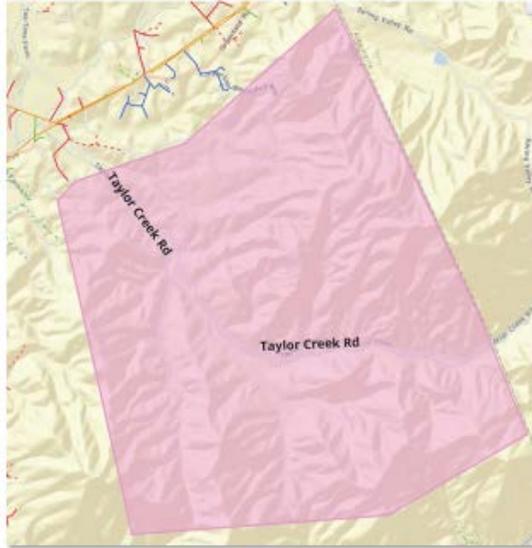
Shipman to Hunting Lodge Rd



Buffalo Mines & Harewood to Lowesville



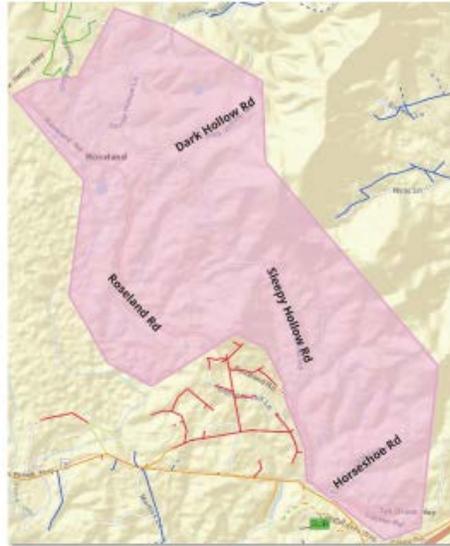
Taylor Creek



Salem Rd to Rockfish Xing



Roseland Rd – Dark Hollow - Horseshoe



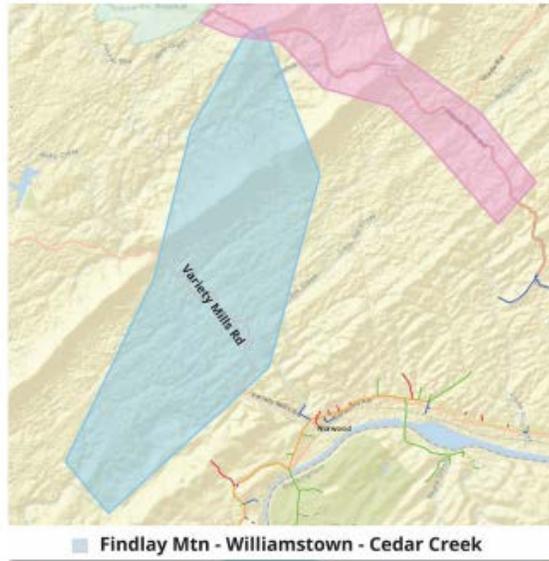
Massies Mill to Pharsalia



Built after CVEC
Massies Mill
Construction



Findlay Mtn - Williamstown - Cedar Creek



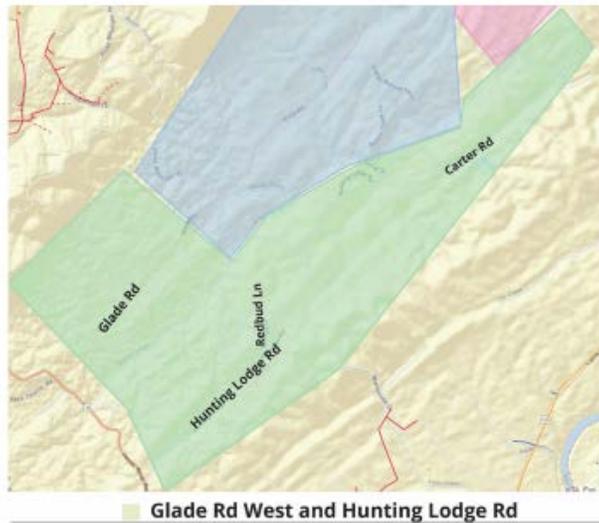
St. James Church - Fishertown – Claypool - Cow Hollow



Glade Rd Center to Salem Rd



Glade Rd West and Hunting Lodge Rd



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Lovington



Questions?

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Mr. Saunders asked about Howardsville, and Mr. Wood advised it is part of the CVEC buildout and will be included with Schuyler. He added it comes out of the Schuyler substation and will be built by 2022.

Mr. Wood reiterated that the proposal today is that if the Broadband Authority gives Firefly \$1.25 million, then Firefly can take those first three projects previously mentioned, or the Authority can choose any other projects on the list that will add up to that amount. He added that the work will be spread over the next 12-18 months, and he feels they can manage that much without slowing down the CVEC project. He stated that all of the other projects will be funded by Firefly and will be done between mid-2022 and the end of 2024. He advised this will make Nelson County one of the first counties in the state and nation, as far as rural counties, to have universal fiber connected gigabit speed service available at every door.

Mr. Wood noted that Firefly has gotten to this point because of a lot of other entities and people. He stated that County Supervisors, Mr. Carter, and Staff put a lot of work in at the very beginning and for a long time for the County project, adding this was the groundwork. He then noted work done on the State level with their funding and the VATI program, adding this is making a big difference across the state. He also noted that Federal funding coming out of the FCC and RUS programs has also contributed. Mr. Wood went on to say that Firefly has been fortunate to tap into support from a number of areas, and all of that has come together to allow them to get to this point.

Mr. Strong stated that a lot of this depends on Firefly's relationship to non-CVEC providers of power and asked about the nature of those agreements. He also asked if it is possible for the County to have access to their written and signed agreements. Mr. Wood advised that the agreements are just pole attachment agreements, which those providers are required to give. He clarified that if any communications provider wants to get on an electric pole, the electric company has to allow them on the pole.

Mr. Wood noted that AEP has worked very well with Firefly on a piece of the CARES project, and in some of these new areas, it will take some work on AEP poles. He advised the process will be that they will first apply to AEP for pole attachments in an area, then AEP will go out in the field and check them and then come back and tell Firefly how much it will cost to do the work. AEP will give Firefly a quote, Firefly will write them a check, and AEP will send contractors to do the work. Mr. Wood noted it absolutely requires a good relationship to keep that moving, to make it as cost effective as possible, and to make sure it is a priority for AEP, as they are doing that across states from Michigan to Texas. He added that the local AEP staff have committed to making this a priority, so they are an important partner. He noted that Dominion is another important partner, and although they just have a little bit up on Afton Mountain, Firefly/CVEC has been talking to Dominion about their pilot program that they have announced and that the State Legislature approved. In their pilot program, they build fiber along the backbone of their line and make it available to an ISP who wants to provide service. Mr. Wood noted that Dominion cannot do this everywhere on their lines, but he believes the area at the top of Afton will qualify for that program. Mr. Wood advised that Firefly has a good relationship with Dominion, adding that the Authority cannot see that contract because it is covered by an NDA because it is a special pilot program. He noted that once it is finalized, it will be sent to the State Corporation Commission and become public information.

Mr. Wood noted that AEP staff will look at their poles with Firefly staff, and if it is determined that a pole may be very expensive to change, then Firefly can choose to go underground to go around it instead of paying to change it. He added that this helps them save money and time.

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Mr. Strong noted that a lot of these will be served by split fiber and asked if any study has been done on how far Firefly can split and still provide one gigabit of service to end customers everywhere. Mr. Wood stated yes, adding that they use long distance lasers to reach the furthest places, and they can go 60 kilometers or about 36 miles and provide reliable gigabit speed service. He noted in terms of total bandwidth coming back, this year, they went from a 10 gigabit backbone to 100 gigabit backbone. He assured for their size ISP, they have a lot of capacity, and they have the ability to upgrade that significantly by just changing out the electronics. He added that they do use splitters and split the capacity, but they monitor it to see that the service level is still available, and it is easy enough to take out one of the splitters and double the capacity.

Mr. Bruguere asked if AEP is charging Firefly for the poles. Mr. Wood stated yes, noting that AEP charges them for the make-ready and for the pole attachment annual fee. He added that this is fair and is part of the cost of doing business.

Mr. Wood then noted that Firefly is not looking for the \$1.25 million today, but they ask that it be made available over time.

Mr. Carter suggested the structuring of an agreement, and the Board could authorize today the \$1.25 million to be dispersed per the agreement. He noted it could be structured so that they can invoice the Board over time.

Mr. Rutherford noted agreement with the three suggested initial projects, adding that it economically makes sense for the numbers of families impacted and for the cost that Firefly would have to undertake. He stated that this is a wonderful opportunity and expressed his support of the proposal of dedicating \$1.25 million for the universal connection of gigabit speed internet to all Nelson County residents.

Mr. Strong noted that this is an incredible opportunity and very much needed, as COVID has rapidly amplified the requirements for use of internet in ways that nobody could have imagined. He added that this will transform the county and help people be able to work from home. He echoed Mr. Rutherford's support for this opportunity.

Mr. Harvey stated that the north district sort of led the county in getting started with broadband. He noted that the County loaned money to help some of the people, and the rest had to have their installation financed. Mr. Harvey recommended that the Authority forgive all of those outstanding amortizations with the County. He proposed letting the customers pay through December 31st, as they will be obligated up to that point, and then wipe the slate clean as of January 1st.

Mr. Rutherford asked when the due date for this payment is every month. Ms. McGarry stated that it depends on their contract date, which may vary. Ms. Rorrer advised her understanding is that it would be dependent upon the bill date for a given service provider for that particular month.

Mr. Bruguere asked if Mr. Harvey is talking about everybody, and Mr. Harvey stated no. Mr. Harvey explained that for everything that has gone in since those particular customers, the installation has been at no charge, so those people didn't have to pay anything up front, plus they don't have amortization.

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Mr. Carter stated that if the Board wants to do this, the easiest thing would be to make a motion to forgive all outstanding installation and amortization fees as of December 31st or January 1st. He advised as of November 30th, the balance was the approximate \$176,000 that he mentioned earlier.

Mr. Strong noted that some people have been paying for almost five years now, and others have been paying for much less time than that. He stated that forgiving everybody at the same time would overly benefit those who arrived late and penalize those who were the early adopters. He asked how this would be handled. Mr. Harvey stated that the ones signing up today pay nothing, and the ones in his district have had internet a few years ahead of these other people, adding it will just fall that way. He added that the ones that have almost paid it off have really benefited because they have had that great service for that many months.

Mr. Strong suggested that there be an explanation from the NCBA as to how they came to this decision, adding he knows for a fact that there are people where he lives that have been paying for almost five years now, and they will complain. He reiterated that the NCBA should issue some kind of public statement that tells the people why they're doing it the way they're doing it.

Mr. Saunders asked if a decision has to be made pertaining to Mr. Harvey's proposal today, noting that he does not disagree with it. He suggested thinking it through before jumping in to anything. Mr. Rutherford noted that he does not want to hold the deal with Firefly hostage to a decision on the amortization, and Mr. Harvey stated that he does. Mr. Harvey stated that his group actually got the broadband going with the 26 miles put through. Mr. Saunders noted that they had service when the rest of the county did not have service.

Mr. Strong noted that every case is very peculiar. He agreed with Mr. Saunders and suggested that more thought go into exactly how they go about doing this, adding that he doesn't think there is any antagonism to the idea, but the details need some more thought.

Mr. Rutherford noted that he would be willing to have a special called meeting to further discuss this subject.

Mr. Harvey urged that he wanted a commitment, adding that broadband would not be where it is now in the county if they had not taken the initiative over there to put this program together.

Mr. Strong noted that the question is the equity issue and how to explain to those who have paid thousands of dollars already that they will get an additional amount of money, whereas people who signed up a lot later would get a much larger amount of money. Mr. Harvey advised that most of his people were the early ones.

Mr. Bruguere noted that they need to look at the point of view that without those people and that influx of money, nothing else might have happened. He stated that he does not see the use in waiting, adding they should get all these decisions done at one time.

Mr. Strong stated he is in favor of supporting Mr. Harvey's proposal today, but he thinks it needs to come with some kind of an explanation to the public, and it has to be more than each member of the Authority individually talking to people. Mr. Harvey noted that he would be glad to assist with working on that.

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Mr. Harvey then moved that the Broadband Authority forgive the installation and amortization fees and make it effective December 31st, 2020, adding that they will work on a press release. Mr. Strong seconded the motion.

Mr. Saunders asked what would happen if nobody pays their bill in December. Mr. Harvey stated that in order for this to happen, they have to pay through December 31st.

There being no further discussion, Members voted unanimously (5-0) by roll call vote to approve the motion.

Mr. Strong then moved that the NCBA provide, over a period of time to be determined by the implementers, up to \$1.25 million from the NCBA to the project as outlined by Firefly and Mr. Bruguere seconded the motion. There being no further discussion, Members voted unanimously (5-0) by roll call vote to approve the motion.

Mr. Rutherford thanked Mr. Wood and the staff of Firefly and CVEC.

Mr. Wood thanked Mr. Rutherford and stated that this is a significant step, noting that they will all get together and celebrate when they get it done, adding that hopefully, they will get it done even faster than the timeline they have laid out.

Mr. Rutherford asked if items 1-3 on the project list will be started in 2021. Mr. Wood stated yes, adding that they will contact AEP in January about the first item.

Mr. Rutherford thanked staff and the guests present, adding that they have now answered the question of how, and now the question is when.

Mr. Feinman came forward to speak. He stated that this is an exciting day, adding that what the Authority has decided to take on is incredibly forward thinking. He noted that they have an incredible partner in CVEC, and they have an incredible leader in Mr. Wood, who is doing excellent work. He advised that Governor Northam set the goal of universal broadband coverage, and they are making great progress, but there is a lot more to be done. He added that he is looking forward to seeing the day when all Nelson residents are lit up.

Delegate Avoli came forward and congratulated the Authority and County, noting that this is the first rural county in Virginia and perhaps the country that has done this. He agreed with Chairman Rutherford on the importance of this for school-aged children and the economy here, adding that broadband is perhaps as significant as any utility we have. He stated that it is an honor and pleasure to serve Nelson in the General Assembly.

IV. Other Business (As May Be Presented)

There was no other business considered by the Authority.

V. Adjournment

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At 1:56 PM, Mr. Strong moved to adjourn and Mr. Saunders 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.