

January 12, 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 H. Bruguere, Jr. West District
Thomas D. Harvey, North District
Allen M. Hale - Vice Chair
Larry D. Saunders, South District – South
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 1:00 PM with all members present to establish a quorum.

II. Public Comments

1. Joe Lee McClellan, Lovingston

Mr. McClellan read aloud the following prepared statement noted he has always provided services to first responders:

Nelson Cable, in its commitment to serve the community, is now providing Internet service to Churches and First Responder facilities on the NCBA Network by discounting their portion of the Internet monthly bill.

- We have a full time employee, Mickey Quick, soliciting Internet customers on the NCBA Network and our Nelson Cable Network.
- We have 14 active Internet customers on the NCBA Network.
- We have 10 or 12 Internet customers waiting to be connected on the NCBA Network.
- We have 10 or 12 Internet customers who have shown interest in connecting to the NCBA Network that we are working with.
- Even with our matching the NCBA's \$750.00 Installation. We still experience resistance in the cost of installation from potential customers. I would like for the NCBA to increase their discount to \$1,000.00, which we will match, whereby Nelson Cable and NCBA would begin making a profit on customers after 40 months.
- I would like for the NCBA to revitalize the Committee they once had to make recommendations to the Board on how to best serve the community and make the NCBA profitable.
- Nelson Cable will make available its messenger strand in Lovingston for NCBA's use if NCBA pays the pole rental, which they would have to do anyway. NCBA would save having to "make ready" the poles.

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- Nelson Cable continues to oppose the NCBA extending its line to Nellysford and beyond. I know that the NCBA would gain more customers in any other area of the County they choose.
- Nelson Cable's Internet Circuit from nTelos is now active at the Ski Barn property and we are connecting customers on Route 151 and Route 664 to our service.

2. Mickey Quick, Lovingson

Mr. Quick noted he worked for Nelson Cable soliciting customers and spent half of his time on cable services and the other half on broadband. He added that he heard from potential broadband customers that connection costs were a deterrent.

III. Reorganization, Election of Officers, and 2016 Meeting Schedule

- A. Chair
- B. Vice Chair
- C. Secretary
- D. Treasurer
- E. 2016 Meeting Schedule

Mr. Carter advised that it was the annual reorganizational meeting of the Authority and they were slated to elect officers and set the meeting schedule. He added that the proposed officers were included in the Board's packet and were as follows: Chair: Allen M. Hale, Vice Chair: Tommy Harvey, Secretary: Candy McGarry, and Treasurer: Debbie McCann. He noted that staff proposed that the 2016 meeting schedule remain the same; at 1pm in January, April, July, and October.

Mr. Harvey then questioned whether or not they would want to have the same Chair and Vice Chair for the Authority and the Board of Supervisors and Mr. Carter noted that staff was just following the hierarchy from year to year for the proposed succession.

Mr. Hale added that they may want to consider meeting in greater frequency give that there were many concerns and areas to work on. He suggested meeting at 1pm prior to the Board of Supervisors meeting in odd months. Mr. Saunders and Mr. Bruguere noted their agreement.

Mr. Harvey then moved to appoint the slate of proposed Officers and to change the regular meeting date to 1pm of every odd month for 2016. Mr. Bruguere 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 turned the meeting over to Chair elect Hale.

IV. Consent Agenda

Mr. Hale noted that the consent agenda contained minutes for approval of the October meeting; which he was not present for.

Mr. Saunders then moved to approve the consent agenda and Mr. Bruguere 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:

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A. Resolution – R2016-01 Minutes for Approval

**RESOLUTION R2016-01
NELSON COUNTY BROADBAND AUTHORITY
APPROVAL OF MEETING MINUTES
(October 13, 2015)**

RESOLVED, by the Nelson County Broadband Authority that the minutes of said Authority’s meetings conducted on **October 13, 2015** be and hereby are approved and authorized for entry into the official record of the Broadband Authority’s meetings.

V. New/Unfinished Business

A. Network Operator Report - Blue Ridge Internetworks

Mr. Carter gave the following report following the Treasurer’s Report and noted that staff was confirming the actual number of circuits. He noted that these were between 140 and 145; with 29 pending installations.

Mr. Bruguere asked if all of the Shentel circuits were for the Schools and Mr. Carter confirmed that they were. He added that staff had previous discussions with them about becoming an ISP; however they had recently noted that they were not interested in broader service in the County at this point.

Report to Nelson County Broadband Authority

Meeting Date: 1/12/2016

Prepared by Baylor Fooks, Blue Ridge Internetworks (Network Operator)

I. Operational

Q4 Installations:

Oct	3
Nov	6
Dec	1

Active Circuits:

Blue Ridge	127
Shentel	3
Nelson Social Services	1
Nelson County Cable	14

TOTAL 145

Pending Installations: 29

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II. Administrative
None

III. Financial
Q4 Income and Receivables reports are attached.

B. Treasurer's Report

Ms. McCann reported the following prior to the Network Operator/County Administrator's report:

BROADBAND FUND @12/31/2015

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
Subtotal	\$ 363,024.22
General Fund Transfer	\$ 150,000.00
Ending Balance 12/31/2015	\$ 513,024.22

Current Year Revenue Exceeds Expenses by \$106,746.86

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
	\$ 71,094.06

SUMMARY OF FUND BALANCE

Project Funds	\$ 71,094.06
Amortized Installation Fund	\$ 94,271.00
Operational Funds	\$ 409,942.12
Available Bank Balance @ 12/31/2015	\$ 584,118.28

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 – December) of \$171,378.31 for Network Operations, with there being an unencumbered balance of \$271,026.69 and a

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Contingency Reserve remaining of \$55,195.00. The Revenue Summary for Network Operations showed year-to-date revenues of \$123,757.17 and a balance of \$97,092.83 expected for the remainder of the year. Ms. McCann Noted that transfers showed \$150,000 that was a contribution from the General fund for a total Y-T-D revenue amount shown of \$333,566.56. Ms. McCann noted that year to date expenditures for the project expansion were \$151,429 and year to date revenues were \$183,566.56; which includes the \$100,000 in local match for the project. She added the funds on hand for the project were \$71,094 and the remaining grant funds to be drawn down were \$116,433.

Ms. McCann noted that the approximately \$128,000 in revenues was from actual operations and did not include the transfer from the general fund. Mr. Hale noted his continued concern was the monthly cost of the network to the taxpayers of around \$10,000 to \$12,000 per month. Ms. McCann reiterated that without the General Fund transfer, approximately \$42,000 above the revenues had been expended to date, July through December. Mr. Hale then acknowledged this was of no fault of the staff.

Mr. Saunders inquired whether or not anyone was behind on their payments and staff noted that the Accounts Receivable report had not been received from BRI to date.

C. Comprehensive County Broadband Plan

Mr. Carter included this item in the following County Administrator's Report.

VI. Other Business

A. County Administrator's Report

I. Subscription: The middle-mile fiber optic networks' customer base (business and residential) is currently 159 connections. The majority of customers are served by Ting (formerly Blue Ridge Internet Works). Nelson County Community Cablevision is also a service provider on the network.

II. Budget/Finance: Please refer to the financial information included in the Authority's agenda documents.

III. Broadband Strategic Plan: The services of Blacksburg based Design Nine have been retained complete a multi-faceted broadband strategic plan. The base contract document, which delineates the work to be accomplished, is attached hereto. Design Nine's services submittal, which provides overall background on the company and its commentary to assist with completion of the planning project is also included within the 1-12 agenda documentation.

Mr. Carter reported that the strategic plan would likely take six months to complete. He noted a comprehensive buildout plan would be done including a plan of finance that would extend the fiber and wireless networks that would be presented to the Board for consideration. He added that they would look at outside plant services, network operations, last mile costs, and the rate structure. He also noted that they would endeavor to bring in additional service providers as well as work more closely in building a relationship with both Nelson Cable and Stewart Computer Services. He then reported that staff met with the new owner of Stewart Computer Services, Lon Whelchel who was the owner of Acelanet which acquired SCS. He added that they may come onto the network as a fiber service provider. Mr. Carter then

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related that Design Nine would like to come and do a workshop with the Authority and he thought they would be pleased with the work that they would be doing. Mr. Hale confirmed that the contract with Design Nine had been signed and he noted he had not seen anything that indicated the Authority had authorized the signing of the contract. Mr. Carter noted that the funds had been approved in the budget and Mr. Hale noted he would have like for the Authority to have been consulted prior to the contract being executed. He added that he hoped that they would provide what the Authority wanted even though no services would be directly provided to the County citizens. Mr. Carter noted that both the Board of Supervisors and the Authority Board had given staff the direction to come up with a comprehensive build out plan; which was the key component of retaining Design Nine using cooperative procurement. He added that staff had worked in concert with the direction it had received and had not worked outside of that. Mr. Carter further noted that the original studies done had not provided a build out plan it had provided for the original framework of the central network.

Mr. Hale then inquired if staff had consulted with Louisa County to see if they had favorable results with Design Nine and Mr. Carter advised they had and their whole contract was included in the County's contract as part of the cooperative procurement process. Mr. Carter added that Louisa, Greene, Orange, and many other counties in the State were working to mimic what had already been done in Nelson County. He noted the mission now was to provide services throughout the County as quickly as possible and Design Nine had suggested that they could provide a several year phase in throughout the county and that Rural Development loan funds could be a consideration. He added there was not much if any grant money on the horizon and funding it would be the challenge.

Mr. Saunders noted he thought that meeting more frequently would better allow for these types of decisions to be made.

IV. Network Expansion Project: The CDBG and County funded Network Expansion Project, which will add approximately 8.1 miles to the middle-mile fiber network in three areas along or extended from the Route 151 Corridor is behind schedule with construction of the first of three phases not yet initiated (as of 1-8-16). The project's construction contractor, Computer Cabling & Telephone Services, Inc. (CCTS), has, as of 1-6, verbally committed to County staff that CCTS will initiate Phase 1 on 1-11-16 and commence from this date to complete the overall project (i.e. Phases 1 – 3). Should CCTS not begin work on 1-11, this will be reported to the Authority on 1-12 to provide direction to County staff on how to proceed in order to provide for the project's completion, which is now approximately 2 months beyond the original completion date.

Mr. Carter noted that it was his understanding that CCTS' work was commencing as of that day. He noted phase I would take 6-10 weeks to complete and the other phases would take another 6-8 weeks thereafter. He added that staff thought these phases would increase the customer base. Mr. Carter confirmed that staff would have to go out and verify the contractor's work and conduct interviews of employees etc. Mr. Hale then requested a confirmation email from staff to report on the work commencing. He reiterated that these services would be evaluated in the comprehensive study.

V. Network Management/Operation: The former Blue Ridge Internet Works was purchased in 2015 by Canadian based Ting. County staff have met subsequent to Ting's acquisition of BRIW with two or Ting's corporate executives to discuss the continuation of Network Management & Operation services (middle-mile fiber network) by Ting. To date, Ting's corporate representatives have advised County staff of the

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company's willingness to continue this service albeit with proposed contractual changes. These changes entail Ting 1) not being directly or overall responsible for all installation related services with this responsibility transitioning to either the Authority/County or to another third party; 2) billing services that Ting presently administers transitioning to either the Authority/County or to a another third party (Ting would continue to bill its customers on the NCBA network); 3) revision(s) to the NCBA fee structures, as necessary, to enable Ting to provide a 1 Gigabit Service to residential and business customers at a current price point of \$89.95. These proposed changes will be included in the strategic planning project with outcomes either then negotiated with Ting and/or presented to the Authority for, as needed authorizations.

Mr. Carter explained that if the Ting change is accommodated; which has been recommended as being beneficial, customers could contract with Ting for 1GB of service for \$89.95. This would mean the rate structure may have to be changed to accommodate this. He added he thought it would be very conducive for people to sign up to have this service.

VI. Outside Plant Services (OSP): The network's OSP services have been provided since the startup of the NCBA network by Harrisonburg based CCTS. CCTS is a full service provider with respect to the Authority's OSP needs. However, CCTS's services have proven to be difficult with regard to timeliness and installation errors, which have resulted in complaints from customers and significant criticism from the Network Operator (BRIW, now Ting) due to CCTS's inconsistent services. County staff have continually prevailed upon CCTS to address and improve these conditions. Another strategic planning project component is how best to address OSP services.

Mr. Hale and Members agreed that this was an issue and Mr. Carter noted he had repeatedly encouraged them to do better and have received reassurances that they would.

VII. Internet Service Providers (ISP's): The current service providers on the middle mile fiber network include: 1) Ting and, 2) Nelson County Community Cablevision. As noted herein, Ting is seeking contractual changes with the Authority that will enable the company to sell 1 Gigabit services and transition Ting staff in Charlottesville to the business model the company utilizes in its Canadian and U.S. markets (which will require operational changes in the Authority's current contractual relationship with Ting). Retaining Ting as both an ISP and Network Operator are very important to the network and the changes that may be required are not considered by staff to be a basis of dissolution of these relationships. As to Nelson Cable, the company has become an ISP on the Authority/County middle mile network and has added several customers to the network. County staff want this relationship to continue and to improve. However, there is also a competitive and deterrent relationship that also needs to be addressed.

VIII. Wireless Internet Service Providers (WISP's): Stewart Computer Services (SCS) has been acquired by AcelaNet. The former SCS's operations are understood to be continuing to operate status quo, which includes use of two of the Authority's tower locations (Martins Store and Massies Mill) albeit the company's customer base in Nelson County is not reported to the Authority/County and, therefore cannot be provided with this report. County staff will meet on 1-12 with one of AcelaNet's principals and the communications that led to the scheduling of this meeting have provided for optimism in an improved working relationship.

IX. Network Marketing: A recurring concern expressed by the Authority has been network marketing. While a perception the Authority has had is the responsibility for marketing the network is a requirement of

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Ting's services to the County this is, somewhat of, a misunderstanding. Ting, as well as Nelson Cable, have the responsibility to market their services but neither, necessarily, has a contractual requirement to market the Authority/County network, etc. The efforts, to date, by County staff has been informational with, primarily, posting or public notices to the County's website or to the local newspaper. To address this concern/need, Lisa Shannon of the Department of Economic Development and Tourism (Lisa has an MA Degree in Marketing) will work with County staff to develop a marketing plan that will endeavor to address the needs in all respects to market the network and do so on a continuous basis.

X. Other: County staff met in the third and fourth quarters of 2015 with representatives of Shentel and Lumos and, most recently, on 1-5, with Mid Atlantic Broadband Communications Corporation (MBC). These meetings entailed broad discussions with each company on their respective interest in significantly broader working relationships with NCBA/Nelson County (each of these companies is connected to the middle mile network and provide a degree of services that either support their operations or provide limited services in the County e.g. Shentel provides internet services to the School Division and Lumos provides this same service to the County's local government network). To date, Shentel has advised that it is no longer interested in an expanded relationship with the County other than to serve its business operations outside the County. Lumos staff have advised that their Small Business & Residential Group is meeting on 1-12 to discuss the NCBA/Nelson County network and will advise County staff after 1-12 of any interest the company may have in an expanded services footprint in the County. Most recently MBC's Vice-President of Sales and Business Development met with county staff (1-5) to discuss MBC, which, as a non-profit corporation, operates an extensive middle mile network and is currently working with Louisa, Orange and Culpeper counties to assist with the development of a "possible" regional network. The meeting with MBC was productive with ensuing input from MBC to County staff anticipated in the very near future. The objective of County staff in all of these discussions/meetings was that of the means to strengthen the local network (operationally and financially), expand services, expand the local network, etc.

Mr. Carter added with emphasis that in all of these discussions staff has noted its desire to strengthen and improve the relationship with Nelson Cable and SCS.

Mr. Hale then noted for clarification the basis by which the original fiber optic cable was put in with federal funds and as he understood it, the Authority could not be a service provider and Mr. Carter noted that the Authority could be a service provider. He clarified that the County could not be however the Authority was established to facilitate the operation of the network and if or when appropriate could provide services. In response to Mr. Hale's second question, the Authority could not sell the network without negotiation with NTIA who was the federal entity and source of the grant funds. Staff has looked at the grant agreement etc. and there was a minimum twenty year obligation to maintain the operation of the network within the federal responsibilities.

Mr. Hale reiterated his and the other members' desires to work more closely with the local service providers and he hoped it was in the works. Mr. Carter re-confirmed this would be the case and that Design Nine thought a workshop with the Authority would be helpful and the Authority could certainly put a couple of members on the project team. Mr. Hale noted he thought that would be helpful and they would think about it.

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Mr. Hale noted that finding a member to fill the Central District vacancy was a priority prior to the next Authority meeting.

Mr. Hale noted that in looking back through the previous materials from Icon, the same conditions existed in that there was insufficient telecom infrastructure enabling broadband service delivery to all homes and businesses primarily because there is insufficient potential revenue to satisfy the return on investment of potential providers and that was a challenge; however he supposed that in the intervening seven years, it should not be as difficult to get a return on investment. Mr. Carter noted that would be a part of the analysis with the build out plan. He noted the network was inching closer to financial sustainability and the study would be looking at last mile costs to connect. He advised that he would keep the Members on point with project meetings.

Mr. Bruguere noted the same situation existed with cellular service providers; there was not enough people in the County for them to spend the money to provide services. Mr. Hale added that he continued to believe that wireless services would be the best option for the majority of citizens in the county and Mr. Bruguere and Mr. Carter agreed.

VII. Adjournment

At 1:45 PM, Mr. Saunders moved to adjourn and Mr. Bruguere seconded the motion. There being no further discussion, Members voted unanimously by voice vote to approve the motion and the meeting adjourned.