

January 9, 2018

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, Lovingson Virginia.

Present: Thomas D. Harvey, North District – Chair
Thomas H. Bruguere, Jr. West District- Vice Chair
Larry D. Saunders, South District
Gary W. Strong – Central District
VACANT – East 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. Harvey called the meeting to order at 1:07 PM with all current Members present to establish a quorum.

II. Public Comments

1. Joe Lee McClellan, Nelson Cable

Mr. McClellan noted that Nelson Cable needed more bandwidth in Wintergreen and he did not understand the issue. He noted that as a Service Provider, the NCBA was selling them a 1 GB circuit and were to provide another circuit; however there seems to be a problem with providing it. He added that they had been waiting for months and it was almost a year now. He added that it did not matter if it were provided in the form of dark fiber or a circuit; they just needed it as soon as possible.

III. Reorganization, Election of Officers, and 2018 Meeting Schedule

Mr. Harvey turned the chair over to Mr. Carter for conduct of the reorganizational meeting.

Mr. Carter referenced the Authority’s bylaws that prescribed an annual organizational meeting at which the Chair and the Vice Chair for the year were set as well as the meeting schedule. He then suggested that the Chair and Vice Chair could be appointed in one motion.

A. Chair & Vice Chair

Mr. Carter then opened the floor to take nominations for Chair and Vice Chair and Mr. Harvey recommended Mr. Bruguere for Chair and Mr. Saunders for Vice Chair. There being no other nominations, the floor was closed.

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There being no further discussion, Members voted unanimously (4-0) by roll call vote to approve the nominations.

Mr. Carter then turned the Chair over to Chair-elect Mr. Bruguere.

B. Secretary & Treasurer

Mr. Harvey then moved to appoint Ms. McGarry as Secretary and Ms. McCann as Treasurer and Mr. Saunders seconded the motion. There being no further discussion, Members voted unanimously (4-0) by roll call vote to approve the motion.

C. 2018 Meeting Schedule

Mr. Bruguere noted that the meeting schedule had been proposed to remain the same and Mr. Harvey questioned whether that was often enough.

Mr. Carter advised that it would be often enough now, however more meetings may be needed in discussions with CVEC etc. regarding their use of the network.

Mr. Carter then noted that staff had delayed holding a workshop and discussing a change in rates because of CVEC's recent broadband project announcement. He added that changes may occur based on what they did and the Authority should delve into those discussions and proceed accordingly.

Mr. Strong then asked how imminent and probable their project was and Mr. Carter advised that Gary Wood had spoken at the TJPDC meeting and had met with staff to overview the project. He noted that the project's impetus was to improve the efficiency of their electrical service and secondly to extend fiber to the home to their customers. He noted that the project was in the final planning stages and that in both presentations, Mr. Wood had noted that their five year initiative would work and they would seek incentives from local governments. Mr. Carter added that the letter received from Mr. Wood stated that they would begin construction in the third quarter of this year and would offer services within five years. Mr. Carter noted that in preliminary discussions, he understood that CVEC may want to utilize the network to some extent.

Mr. Strong then suggested that if it would be more than a year off, the NCBA should consider continuing its usual efforts and Mr. Carter agreed. He added that his understanding was that CVEC would not serve non-CVEC customers and the NCBA would have to consider that.

Mr. Bruguere then suggested that the NCBA could move forward once Mr. Wood made a formal presentation. Mr. Carter noted that Mr. Wood wanted to do so in February and that over the course of the next few months, staff would digest any further information, share it and report up.

Members then agreed by consensus that the current meeting schedule was okay. It was suggested that a February meeting be set up or a joint meeting held with the Board of Supervisors. Mr. Carter noted that the Board of Supervisors could adjourn that day's meeting to 1pm on the second Tuesday in February.

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Mr. Saunders then moved to approve the meeting schedule as presented 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 set the meeting schedule as follows: Second Tuesday of January, March, May, July, September, and November at 1pm in General District Courtroom (Just prior to the regular BOS meeting).

IV. Consent Agenda

A. Resolution – **R017-06** Minutes for Approval

Mr. Strong moved to approve resolution **R2017-06** Minutes for Approval and Mr. Harvey 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 R2018-01
NELSON COUNTY BROADBAND AUTHORITY
APPROVAL OF MEETING MINUTES
(September 12, 2017)**

RESOLVED, by the Nelson County Broadband Authority that the minutes of said Authority meeting conducted on September 12, 2017 be and hereby are approved and authorized for entry into the official record of the Broadband Authority meetings.

V. New/Unfinished Business

A. Network Operations Report

Ms. Susan Rorrer presented the report as follows, she noted that she had refined the information from working with the Network Operator and the previous month's numbers given were slightly high.

I. Operational

Total Number of Connections on 8/31/2017: 368

Total number of connections shown on 8/31 is likely higher than actual. Many were likely connected Sept. – Dec.

Installations for September - December:	42
Total Number of Connections on 12/31/2017:	410
Pending Installations:	127
Total Customers on 12/31/2017:	537

II. Administrative

- The Glass Hollow neighborhood installation is complete.
- The Tanbark neighborhood is in progress and expected to be complete within the next two weeks.
- This will reduce the number of pending installations to 62.

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- The Ponton Lane neighborhood is in progress and expected to be complete next week.
- Three additional neighborhoods are pending installation.
- Both the Martin's Store and Rockfish NCBA shelters now have backup generator power.

Ms. Rorrer noted that a neighborhood in Adial was in the process of organizing and getting pricing together.

Mr. Strong commented that the backup generators were important because most of the people in his neighborhood switched from Verizon phone to internet phone and the phones would work now when the power was out. He added this was doubly important as there was no cell service where he lived.

B. Treasurer's Report

Ms. McCann reported the following:

BROADBAND FUND @ 12/31/2017

OPERATIONS

Beginning Balance 7/1/2017	\$103,653.40
July-December 2017 Expenditures	\$ (283,959.69)
July-December 2017 Revenues	<u>\$ 197,913.02</u>
Subtotal	\$ 17,606.73
General Fund Transfer 7/1/2017	\$200,000.00
Available Bank Balance @ 12/31/2017	\$217,606.73

Ms. McCann noted that of the 2017 expenditures shown, \$215,000 were related to installs. She added that the ISPS were getting caught up and billing was more regular such that \$140,000 was collected in November and December.

It was noted that network access charges were running less than \$22,000 and amortized connections billed monthly were \$8,335. Ms. McCann noted that the regular monthly billing was around \$30,000 per month.

Mr. Strong asked if those using BRI would continue to be billed and Ms. McCann noted that they had customers and Ting was billed for those circuits as an Internet Service Provider. She added that was a question for Ting and Mr. Carter noted that staff had not received anything from Ting suggesting changes in their services. Mr. Strong then questioned how BRI was billing when they no longer existed and Ms. Rorrer explained that the bill still showed BRI because they were keeping that separate since Ting required a credit card on file for billing. Mr. Strong suggested that was an issue when those customers called them with a problem, their account was not recognized unless they state that they are a BRI customer. Ms. McCann noted that BRI is still being billed for those circuits and Mr. Carter noted there would be no change until they decided there was anything to change. He added that Ting had managerial oversight of BRI and Ms. Rorrer noted that Ting probably did not have the type of billing system in place to bill BRI customers. Mr. Carter noted that BRI was billing Nelson customers and NCBA billed the ISP for the circuits used to provide services. He added that Nelson customers were not required to have a credit card on file. He noted that at one time there were around 150 BRI customers in the County.

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C. County Administrator's Report

Mr. Carter provided the following report:

Staff does not have any subjects of significance to report on to the Authority for the 1-5 session. This report, other than brief comment on the agenda, will primarily focus on the Central Virginia Electric Cooperative's recently announced fiber to the home project.

Briefly, as the meeting agenda denotes, the Authority will conduct its annual organization meeting, including setting the meeting calendar for 2018.

With respect to the balance of the agenda, the Authority will receive the customary staff reports (Network Operation – S. Rorrer, Treasurer – D. McCann and County Administrator – S. Carter (in addition to this communication for discussion of any information inquiries the Authority may have).

The agenda also includes consideration of amendment of the broadband network's rate schedule(s) and a work session pertinent to network expansion. Both of these subjects were previously in process but have been deferred by staff pending receipt of a presentation by Mr. Gary Wood, CEO, of Central Virginia Electric Cooperative on the Cooperative's recent announcement of a five year capital project that will result in fiber to the home services throughout CVEC's entire service area (38,000 potential subscribers).

County staff has communicated with Mr. Wood on a presentation to the Authority and to the County's Board of Supervisors on CVEC's initiative but, as confirmation of Mr. Wood presenting on 1-9 was unable to be obtained, it is staff's thought that Mr. Wood's presentation will be scheduled in February or at the Authority's ensuing regular session, whichever is conducive to all participants.

Given CVEC's initiative (and the pending presentation from Mr. Wood or his designee), staff's recommendation is to defer consideration of proceeding with amendment of the Authority's rate schedule and to also defer a work session on network expansion, as the Cooperative's initiative will very likely need to be reviewed with respect to both of these subjects prior to decisions on next steps. Subject to more information, there is the very real potential for cooperation between the CVEC network and the Authority's network. It is presently indeterminate what the level of cooperation may entail but in staff's discussion(s) with Mr. Wood it is understood that CVEC has interest in the Authority's network. Also, given the extensiveness of the Cooperative's initiative, it would be premature for the Authority to embark on a major network expansion project (which would also be subject to Board of Supervisors consent) rather than first fully understand the Cooperative's planning and potential partnership, use or even acquisition of the Authority/County network. This is also staff's position on rate schedule changes, as the preliminary information provided by CVEC on possible broadband subscription (service) programs is very attractive both from levels of service and cost. Taking a wait and see posture, including possible negotiation with CVEC is, seemingly, the safest approach to any next implementation steps by the Authority with respect to the local network.

Mr. Carter then added to Ms. McCann's report that the transition from BRI to WON as Network Operator had taken a lot of effort and they seemed to have recovered the past financially and were close to 100% recovery of revenues in arrears which was a major milestone.

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Mr. Carter then advised that the focus of the NCBA should be on determining next steps based on what CVEC was going to do. He added that staff would keep up with billing and look at expansion still until there was an idea of what happened next with the CVEC project. He added that he thought they should take a wait and see approach, maintain operations, and move forward as much as possible in the meantime.

Mr. Bruguere then asked about the discussion on rates and circuits and Mr. Carter advised that staff was getting mixed information from the consultants. He noted that he may ask the CVEC consultant's opinion on the Authority's current rates. He suggested that they should not move forward with a whole lot of new initiatives until they saw what the CVEC project brought forward.

Mr. Harvey commented that it scared him that CVEC acted like providing rural broadband was a simple process when there was nothing simple about it. He then added he was being cautiously optimistic about the project. Mr. Carter noted that Mr. Wood was unsure; however the outcomes of their work was encouraging.

Mr. Strong then asked for clarification on the reason CVEC gave for being prompted into broadband provision as needing fiber for electrical work. Mr. Carter noted that the fiber to the home part of the project was secondary to them having fiber throughout their infrastructure. He added that they could improve efficiencies if they installed it to their facilities. He noted that it was a two pronged project, CVEC and the creation of a subsidiary that would provide the service.

Mr. Bruguere noted that CVEC had a big customer base in Zion Crossroads and Mr. Carter noted he could not promise it would work out, however Mr. Wood exuded confidence that it would.

- D. Rates For Dark Fiber and Circuits > 1GB
- E. Schedule Work Session on Network Expansion

Mr. Carter suggested that they wait until after Gary Wood's presentation on the CVEC project to discuss these last two items. He noted that he had thought they may offer to purchase the network; however since they were not planning to provide service to everyone in the county, the NCBA may still have a continued role to play with non-CVEC customers. He noted this was subject to further discussion and they may be able to tap into the CVEC fiber to serve the other electric customers.

Mr. Bruguere suggested that they find out where AEP existed in the County and who was served by them. Mr. Carter noted he would get that information and noted that AEP served most of the Piney River, Shipman, and Arrington areas. Mr. Bruguere suggested that the NCBA concentrate on getting service to those places.

Mr. Bruguere then directed that staff work with Mr. McClellan on the circuits he needed. Mr. Carter noted that they should be able to provide what he wanted and Ms. Rorrer noted it was in process but had been an ongoing struggle to define what it was he wanted and how to deliver it. She noted it may take a week or so to resolve.

Mr. Harvey asked if they were getting tight on the fiber count in Afton and Mr. Carter advised that there was capacity there and the conduit had space to add additional fiber strands if needed. Mr. Harvey suggested that if circuits were moved, some space would be freed up. He added that he understood that

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Martin's Store down to Route 29 was not a problem. Mr. Carter advised that the original middle mile project provided conduit that had the capacity for 188 fiber and it could be split both ways which doubled that capacity. He added that more fiber was not an issue; however there was a hindrance with circuits. Ms. Rorrer noted that they had a number of options; they could reorganize how the fiber was used or pull additional fiber if needed.

Mr. Strong noted that at the last meeting there was animated discussion regarding the outside plant contractor's service and he assumed that would be part of the workshop if it was still an issue. Ms. Rorrer noted that CCTS continued to struggle with typical installation issues such as timeliness and workmanship. She noted that they were in the same boat of not having others available to provide similar services and they did not want the installation work to be so diluted that nobody was willing to do the work.

Mr. Carter noted that this subject could be discussed with CVEC as well, such as the NCBA using their installer if need be.

Mr. Strong noted that at the last meeting it was noted that a contractor from Richmond was interested in work in Nelson. Mr. Carter noted that staff had not moved forward on that and was proceeding with capturing all of the neighborhoods on the Route 151 corridor in play. He added it was a matter of could they continue the effort on the West side or East side of the County. He noted that CCTS had been diligent in keeping up with installations and since the last meeting there were not many complaints from people or VDOT. Mr. Harvey advised that they were staying off of the VDOT right of way; noting that the Lynchburg District had more requirements than any other district in the state. He noted it was easier to go beside the right of way and get easements from the landowners. He noted that they still had to cross the road which was the hold up on Tanbark.

Mr. Carter noted that CCTS had hung in there with the County and continued to get the job done; which was a credit to them. He noted they worked to provide costs conducive to getting neighborhoods on board and Mr. Beam was very capable if he was kept focused.

VI. Other Business (As May Be Presented)

There was no other business considered by the Authority.

VII. Adjournment

Mr. Carter then suggested that they hear Mr. Wood's presentation at the Board of Supervisors meeting at 2pm or continue for a joint meeting at 1pm on February 13th with the Board of Supervisors. Mr. Harvey advised he would be gone for the February Board meeting. Mr. Carter also suggested that a special meeting may be called as another option. Members then agreed by consensus to potentially have a called meeting rather than a continued meeting to hear the CVEC presentation.

At 2:00 pm, Mr. Saunders moved to adjourn and Mr. Strong seconded the motion. There being no further discussion, Members voted unanimously by voice vote to approve the motion and the meeting adjourned.