

July 13, 2021

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: Jesse N. Rutherford, East District – Chair
Gary W. Strong, Central District – Vice Chair
Thomas D. Harvey – North District
Larry D. Saunders – South District
Stephen A. Carter, County Administrator
Grace Mawyer, Secretary
Candice W. McGarry, Treasurer
Susan Rorrer, Director of Information Systems

Absent: Thomas H. Bruguere, Jr. – West District

I. Call to Order

Mr. Rutherford called the meeting to order at 1:00 PM with four (4) Members present to establish a quorum and Mr. Bruguere being absent.

II. Public Comments

There were no persons wishing to be recognized for public comments.

Introduced: Presentation from Firefly Fiber Broadband

Ms. Melissa Gay came forward and introduced herself as the Communications and Member Services Manager at Central Virginia Electric Cooperative (CVEC). She noted that she also does communications for Firefly Fiber Broadband. Mr. Galen Creekmore also came forward and noted that he works with Ms. Gay and Mr. Wood at CVEC and Firefly.

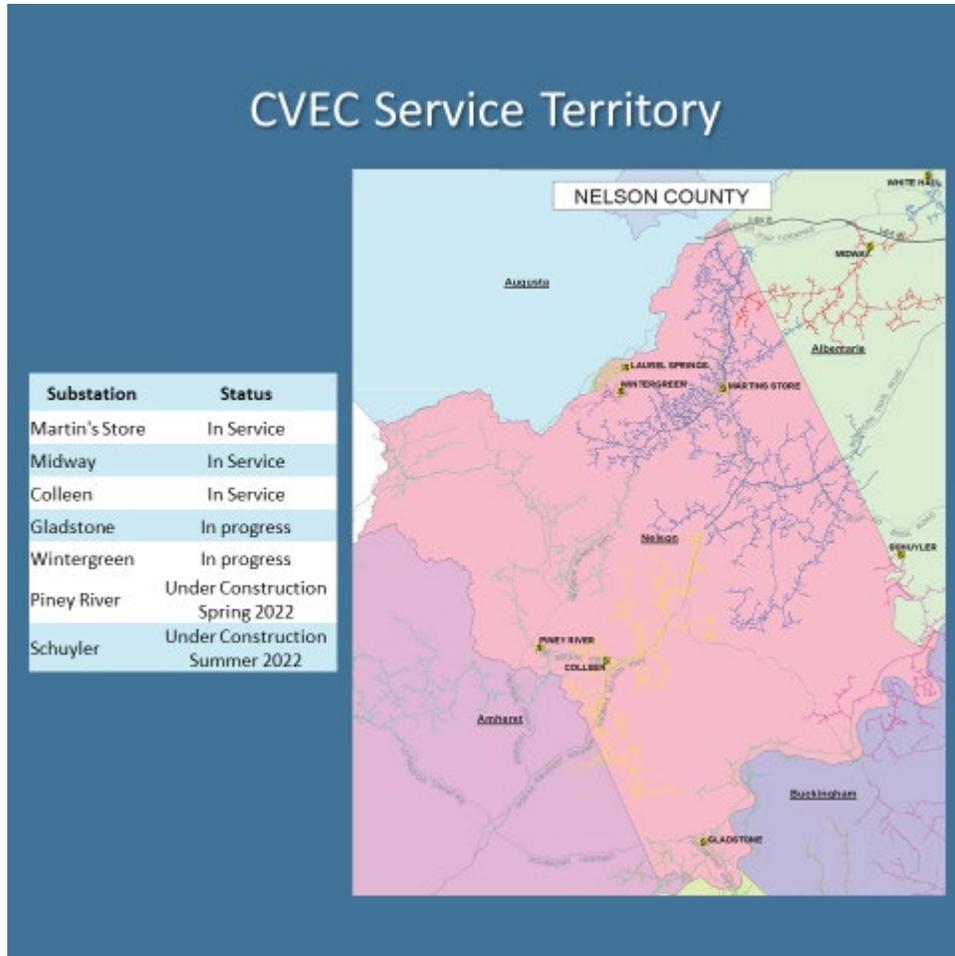
Ms. Gay presented the following PowerPoint slides:

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Regional Internet Service Expansion (RISE) Project

The Power of Partnerships

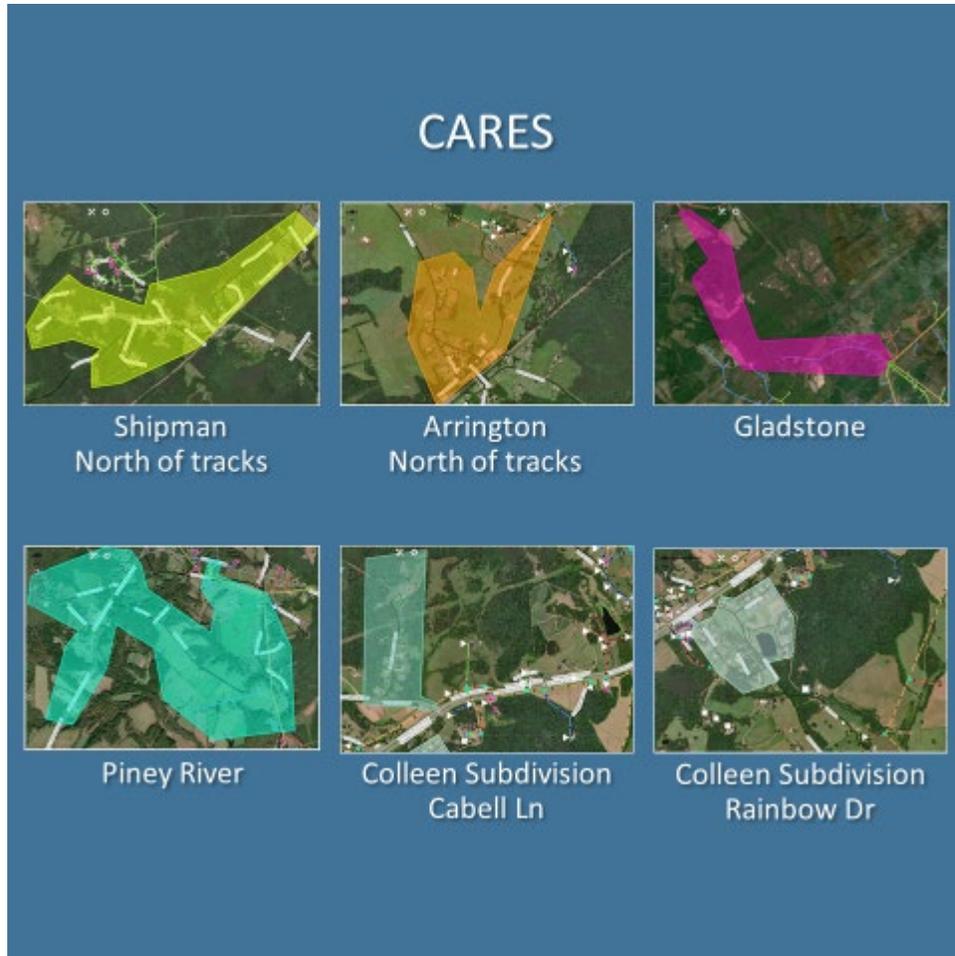




Ms. Gay advised that CVEC has completed construction of the Martins Store, Wintergreen and Colleen substations making gigabit speed access available to 6800 of the total 8000 CVEC locations in the county.

She noted that the Gladstone substation buildout has been delayed by several river crossings and multiple railroad crossings. The river crossings are complete but CVEC is still awaiting several RR crossings. She stated that they have been waiting for the first crossing on the Wingina distribution line since last fall, adding that they have not been assigned a flagger to give a date to pull the fiber across the track on the existing poles. Getting the RR crossing in place will let them reach another 250 locations along the river and near Wingina, and they had planned to have this work completed early this year.

She advised that they are presently working in the Schuyler substation area completing make ready work on the electric distribution lines. They have also begun the make ready work in the Piney River substations area. It will be close to year end when fiber crews begin placing fiber in these areas which will include the last 1100 CVEC locations in the county to have service available. She noted that they are still on schedule to have the CVEC area built out by mid-2022.



Ms. Gay noted that these maps are also available on the Firefly website. She advised that they have completed all of the CARES construction with the exception of the Shipman area west of the railroad tracks. The Shipman project was held up due to the amount of rock they encountered. She noted that they have converted that line to overhead and AEP has completed their field design for the work. They anticipate having crews move into the area to perform the make ready construction beginning this week and then Firefly will add fiber to the poles and make connections. The CARES projects make service available to another 400 locations in Nelson.

Ms. Gay also advised that AEP has assigned a project manager to the Firefly projects, which will help to improve the pace moving forward. She noted that AEP is using a different subcontractor than the one that CVEC uses for those pieces.



Ms. Gay reported the following:

Last December, the Broadband Authority agreed to our plan for universal service in the county and we began the work to reach into the first three areas of the east side of the RR tracks at Arrington and Shipman plus the Schuyler area. These projects will bring service availability to another 625 locations. We coordinated the communications plan with AEP, and then field data collection technicians moved into the area in late winter/early spring. After data collection for Firefly, pole attachment requests were submitted to AEP. AEP has completed most of those design efforts with their field engineers, and we anticipate the final cost estimates coming in by late this month. We have approved all estimates so far to allow them to schedule contractors for construction of the make ready modifications.

After AEP has completed make ready construction, they will turn the area over for us to place fiber. That could come late this year or early next year for these areas. We had forecast a 12-to-18-month period to get this work completed and we will be on the back end of that schedule. We anticipate that our coordination with AEP will improve, and their timeline will get shortened as we begin having more work in the area. We will begin the field data collection process for several other areas in the next month after communicating the plans to the residents. We have not marketed any of these areas yet but more than 100 people living within the Arrington/Schuyler/Shipman areas have found our website and signed up without

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being contacted by Firefly. We anticipate the take rates will be near the 60% rate that we have seen for the past year.

Universal Build in 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	Lovington	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

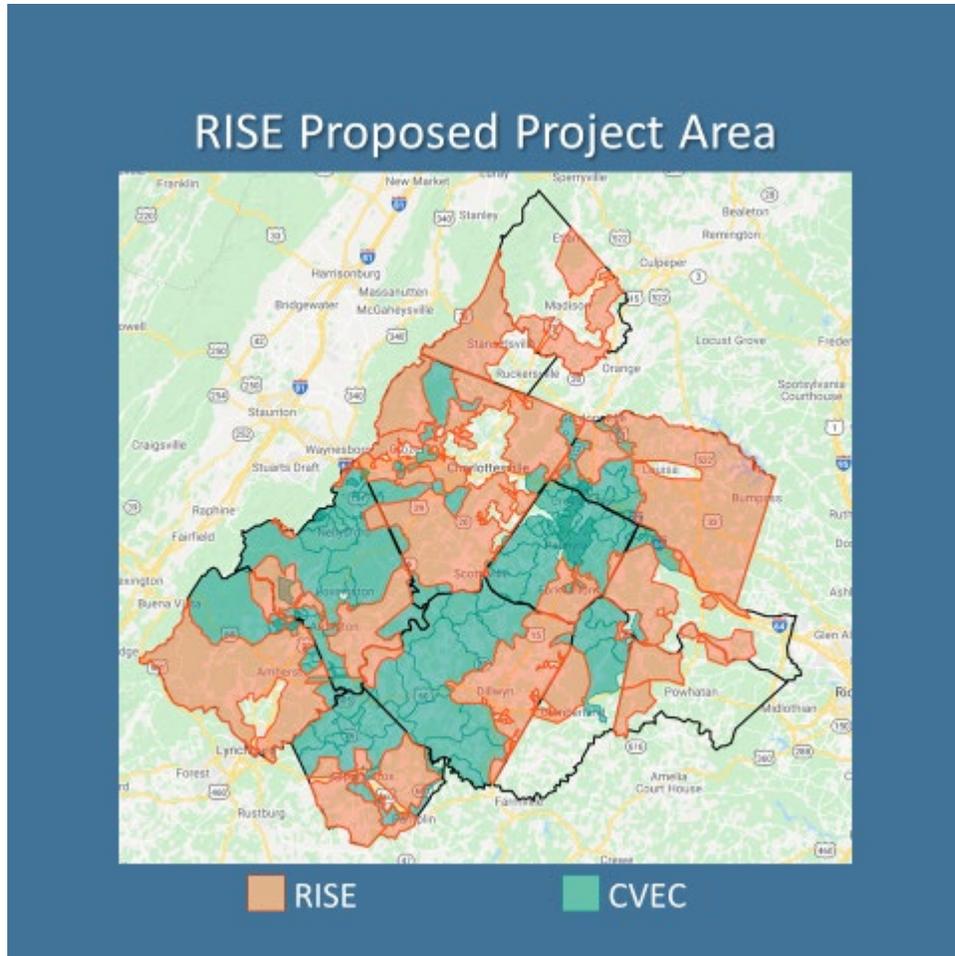
Ms. Gay noted that after the first three areas are complete, about 1000 other locations on the AEP system will remain. Firefly will get to those as quickly as possible. She clarified that the projects on this list are not in any particular build order.

Mr. Rutherford asked about the completion of Shipman to Hunting Lodge Road, and Ms. Gay advised that they are looking at a twelve to eighteen-month buildout for those first three pieces on the list.

Mr. Harvey made mention of delays, adding that these pieces should be done by the end of this year. Ms. Gay advised that they recognize that, and they have some control over these pieces, however, some pieces of the puzzle will be outside of their control for how quickly each phase of the build moves along. She added that they are still looking at a 2024 complete build for the County.

She added that there are also about 30 locations on the Dominion system at the top of Afton Mountain. They plan to include those in their Regional Internet Service Expansion (RISE) project that they are developing this summer.

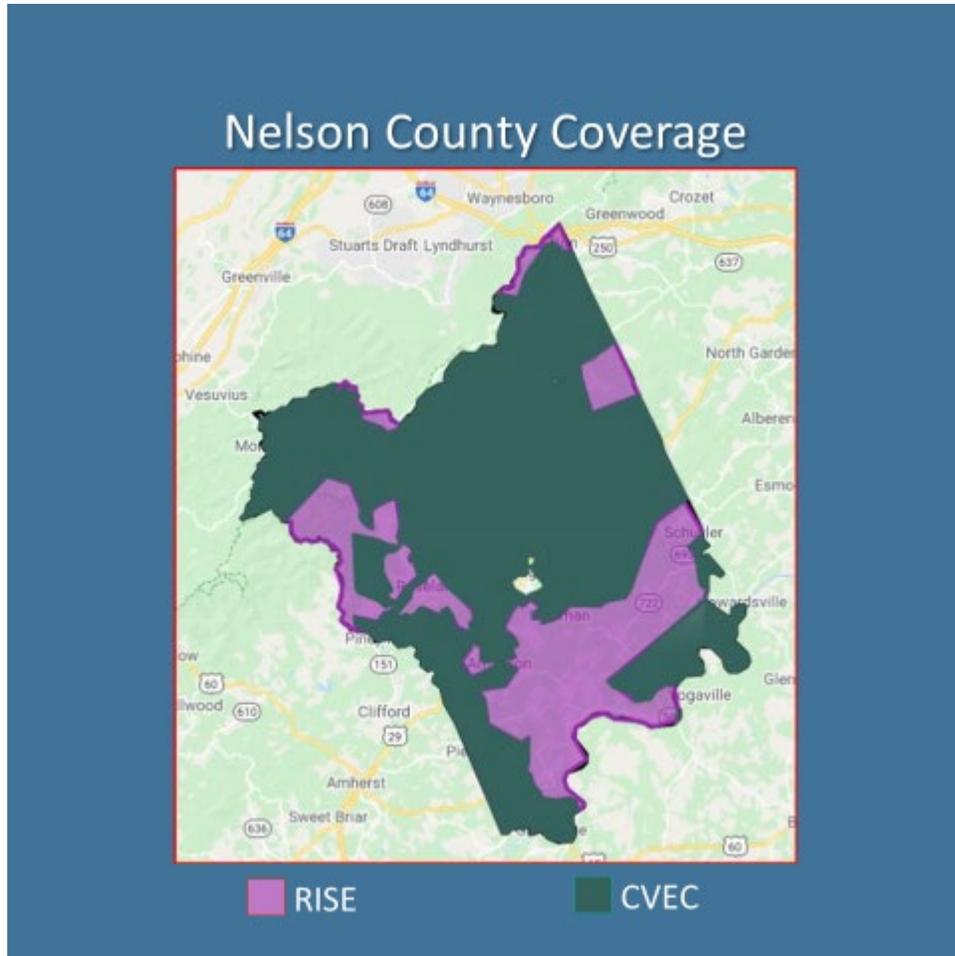
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Ms. Gay reported the following pertaining to the Regional Internet Service Expansion (RISE) Project:

Firefly is working on plans for a 12-county project that will bring universal service to all unserved locations across the entire region. Nelson County is way ahead of the curve on this and we will plan our work in a way that assures Nelson continues to get built out as we plan work for this larger project. The RISE project includes a new Firefly Dominion Energy partnership in which Dominion will build fiber on their facilities in certain areas and then lease it to Firefly, allowing Firefly to serve subscribers and then extend that fiber further along rural taps to assure service to all unserved Dominion electric customers in the area. The small area at the top of Afton Mountain will be included in this partnership build out. The RISE project will also seek additional VATI funding and funding from all of the other counties to help offset the costs of much higher costs of building on other utility systems. We will NOT be asking Nelson County for additional funding. We will ask that you sign onto the regional project to allow us to include you in the Dominion build and to allow us to seek VATI funds, if available, in the remaining areas of Nelson County to be constructed. We will make this request at one of your regular August meetings. We will work with staff prior to that to review the requested resolution.

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Ms. Gay advised that the green area is where the CVEC lines are in Nelson, and the purple is the RISE area. She noted that they are building here regardless of the RISE program. She added that the purple areas are considered underserved or unserved in our territory.

The following information was provided to the Authority:

Firefly has sought additional funds to support the fiber project through multiple means at the federal, state and local levels. Those outside support dollars are critical to the ability to provide gigabit speed service over a new fiber optic network built to utility standards across rural terrain. If you recall, our initial business case for the CVEC project forecast it would be 7 years of operating before we reached breakeven on an annual basis, and 11 years before the first years of losses were paid off and the first dollar of profit realized.

Since that first study was done in 2017, cost have increased for labor and materials. Steel costs alone for the strand we place between poles is much more than double the early estimates. Our projected cost for construction on the CVEC system was about \$30,000 per mile, and our actual costs today are over \$40,000 per mile. When we build off system, those costs are estimated to be \$55,000 per mile on the AEP system and \$75,000 per mile on the Dominion system.

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Our rates of \$49.99 per month for 100 mbps service and \$79.99 for gigabit service were design to allow us to reach breakeven at 60% take rate and \$30,000 per mile in construction costs. For us to maintain those rates, we need to find enough grants and incentive payments to offset our growing capital costs and keep the Firefly investment to \$30,000 per mile. In Nelson County, Firefly will have 132 miles of construction on AEP and another 4 miles on Dominion, requiring a total of more than \$7.5 million total. Our rates can support the debt service for \$4.1 million in these areas, so we need to find a way to offset the rest of the additional costs. The county broadband authority contribution of \$1.25 million helps offset a portion of that cost. The CARES projects helped offset some of the capital cost on those small projects, which were built using even more expensive underground construction to meet the necessary deadlines. We are hopeful of accessing some additional VATI funds to further help within the RISE project.

A blue rectangular graphic with white and yellow text. At the top, it reads "Nelson County Project Partners". Below this, it lists the partners: "Firefly Fiber BroadbandSM", "Appalachian Power", "Dominion Energy", and "Nelson County". At the bottom, there are four logos: Firefly Fiber Broadband, Appalachian Power (an AEP Company), Dominion Energy (Actions Speak Louder), and the Nelson County Virginia seal.

Project Preliminary Estimates

- Total electric accounts in Nelson County
 - CVEC – 9,071
 - Appalachian Power – 2,407
 - Dominion Energy – 137

**Assume 10% of electric accounts will never take broadband service (barns, electric fences, water troughs, etc)*
- Unserved locations for internet (25/3 speed or less)
 - 600 homes and businesses
 - 100 miles of fiber
 - Start construction in 2022, finish by 2024

**Does not include CVEC area which will be finished by summer 2022*
- Preliminary budget and grant requests
 - \$5,000,000
 - State grant funds (VATI) - \$600,000
 - Local grant funds (possibly ARPA funds) - \$0



Project Schedule

Base Proposal

August 2021 – Return to Board of Supervisors with final estimate
Board makes decision on participation

September 14 – VATI application due

December 2021 – VATI awards announced

January/February 2022 – Dominion files for SCC approval for middle mile project area

Later in 2022 – Construction begins

Generally, assume six months from start of construction until first in home connections. Will continue to work until all who would like service are connected.



FAQs

- Same Firefly rates
 - \$49.99 for 100 mbps service
 - \$79.99 for gigabit speed service
 - \$29.99 for telephone if bundled with internet
- Firefly offers simply great service – no catches
 - No contracts, no data caps, no slow downs, no charge for router, no connection fee if service is taken during construction period
- First 2,500 feet of service extension will be placed for free
 - Fund to offset costs for LMI households if they require a longer service run
- Only internet and phone, no television
 - Lots of options for buying cable packages over the internet using streaming
 - DirectTV Now, Hulu, YouTubeTV, Sling,
 - Can receive local channels, as well as movie channels and other cable favorites

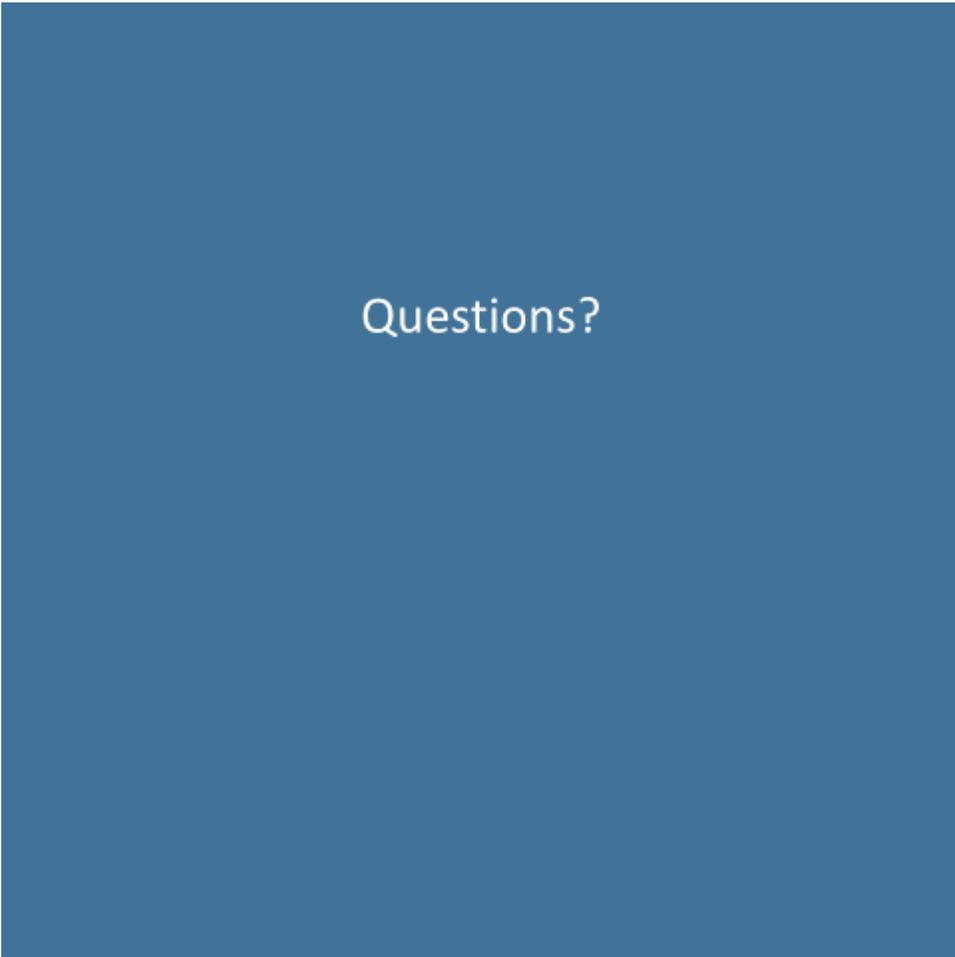


RISE in Nelson

- How residents can help
 - Go online to www.fireflyva.com/rise and take survey
 - We must show that service is not available in unserved areas
 - Provide address, what type of internet you have and anyone who has turned you down for service
 - Speed test for those with CenturyLink DSL or fixed wireless service
- This is a one-time opportunity to overcome the lack of internet
 - Funding available at the state level
 - Potential sources of funds for local match
 - Partnerships that help speed build and offset costs

Join the project – let's get ready to fly!





Questions?

Mr. Creekmore advised that they will need to come back to the August Board of Supervisors meeting because they will need a Board resolution passed in order to be a part of the VATI application and the middle mile Dominion program.

Mr. Rutherford asked if CVEC is still doing hotspots, and Ms. Gay stated yes. Mr. Rutherford suggested that the American Legion Hall in Shipman would be an excellent hotspot location for Shipman proper. He added that the Schuyler Community Center/Walton Museum would also be a good hotspot location. He advised that both entities have indicated that they are more than willing to be hotspots and let people park in their parking lots. Ms. Gay stated that she would pass along the American Legion Hall suggestion and added that for the Walton Museum, they would have to get fiber there first.

III. Consent Agenda

A. Resolution – R2021-03 Minutes for Approval

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Mr. Strong moved to approve resolution **R2021-03** Minutes for Approval and Mr. Saunders 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 R2021-03
NELSON COUNTY BROADBAND AUTHORITY
APPROVAL OF MEETING MINUTES
(April 13, 2021)**

RESOLVED, by the Nelson County Broadband Authority that the minutes of said Authority meeting conducted on **April 13, 2021** be and hereby are approved and authorized for entry into the official record of the Broadband Authority meetings.

IV. New/Unfinished Business
A. Treasurer’s Report

Ms. McGarry reported the following:

July 13, 2021 Treasurer's Report

Broadband Operations @ 6/30/2021

Beginning Balance 7/1/20	\$ 1,157,183.08
July -June 2021 Expenditures	\$ (47,304.41)
July-June 2021 Revenues	<u>\$ 231,911.04</u>
Subtotal	\$ 1,341,789.71
General Fund Transfer 7/1/2020	<u>\$ -</u>
Available Bank Balance at June 30, 2021	<u>\$ 1,341,789.71</u>

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Accounts Receivable Aging Summary as of June 30, 2021 (Report Not Yet Recived)

Current

1-30 days

31-60 days

61-90 days

> 90 days

Total	\$	-	\$	-
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Ms. McGarry noted that the report has now been received, and the only things outstanding are in the 1-30 day category for \$1,187.50.

Revenues & Expenditures

On a preliminary Cash Basis, through June 30, 2021 Revenues, excluding amortized installation payments exceeded expenditures by \$112,952 for the fiscal year. Including amortized installation payments, revenues exceeded expenditures by \$184,607 for FY21.

B. County Administrator’s Report

Mr. Carter provided the following update:

Mr. Carter noted that he had nothing to report, adding that the primary information today was Firefly’s presentation about the status of their project.

Mr. Rutherford asked if Firefly has done any drawdowns out of the \$1.25 million funding from the County. Mr. Carter stated not yet.

V. Other Business (As May Be Presented)

There was no other business considered by the Authority.

VI. Adjournment

At 1:31 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.