

March 12, 2019

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

Absent: None

I. Call to Order

Mr. Saunders called the meeting to order at 1:02 PM with all Members present to establish a quorum.

II. Public Comments

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

III. Presentation (Status of Central Virginia Electric Cooperative’s Broadband Project)

Mr. Galen R. Creekmore, representing Central Virginia Electric Cooperative (CVEC) gave the following PowerPoint presentation:



Central Virginia Electric Cooperative

- Headquartered in Nelson County
- Began providing service in the area in the late 1930's
- 108 employees total- of which 71 are employed in Nelson County
- CVEC relies on contracting with local businesses
- \$852,811.37 paid in taxes to Nelson County for 2017



Mr. Creekmore noted that the number employed in Nelson County will actually grow by 5 to 7 employees in the next two months. He added that the amount paid in taxes will increase after the large investment they're putting in the County with the fiber.

System Wide Fiber Network Will Provide:

Four icons are arranged horizontally, each with a downward-pointing arrow below it. From left to right: a lightbulb icon, a dollar sign icon, a brain icon, and a firefly icon. Below each icon is a text label: "Improved Reliability", "Savings on Power Supply", "Smart Grid Applications", and "Internet Service".



Mr. Creekmore noted this will help them predict when outages occur as well as sectionalize the line. Also, they will be able to put smart devices and reclosers on the line, and services will be restored quicker with those live devices without putting lives of the linemen in danger. In addition, this will help with security in their substations.

Overall Project Stats



Mr. Creekmore advised they will go well above \$110,000,000 of fiber infrastructure.

Rural Broadband Project in County



Mr. Creekmore stated the first substation is Martins Store and added this is the largest substation in the county.

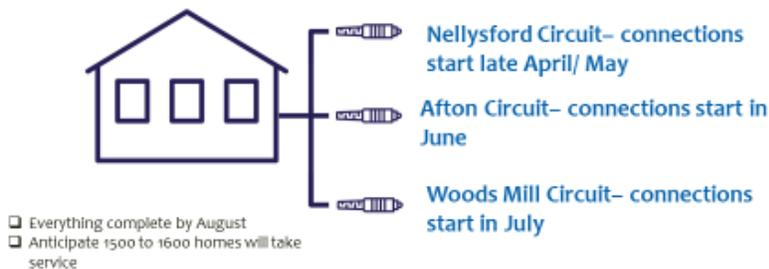
Rural Broadband Project

Take Rate Metrics



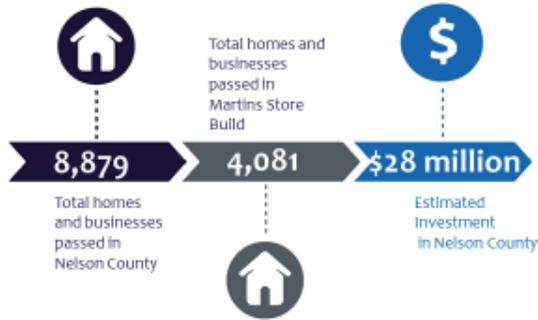
Mr. Creekmore noted they have not yet done any marketing. Mr. Harvey asked what “take rate” means. Mr. Creekmore advised it means people signing up the service. He added nobody in Nelson County is connected, yet, but crews are out and about working hard.

Rural Broadband Project



Mr. Creekmore noted the circuits will be worked on parallel to each other. He added that the Woods Mill Circuit serves Davis Creek to the west, Covessville up to the north, and Faber to the east. Mr. Strong asked if all these circuits are still part of the Martins Store substation, and Mr. Creekmore said yes, and added there is no Martins Store Circuit.

Rural Broadband Project



Mr. Creekmore noted a \$12-\$14 million investment just in the Martins Store Buildout.

What's Next in County

- A total of 6 different CVEC substations serve Nelson County
 - Colleen
 - Gladstone
 - Laurel Springs
 - Martins Store
 - Piney River
 - Wintergreen
- Substations listed alphabetically, not necessarily in order of completion



Mr. Creekmore noted the project is to serve all CVEC members in 5 years, and he does not have a schedule, yet.

What's Next in County

- Applied for VATI grant to build Gladstone substation in 2019/2020. SCS Broadband challenged grant and said they already provided adequate service. State accepted their challenge and denied the grant.
- Firefly Fiber Broadband will work to extend service to all CVEC members in 5 years and will continue to schedule builds based on factors such as density and the lowest cost to serve, which includes variables such as outside support and overhead vs. underground infrastructure.



Mr. Creekmore noted that if they received that grant, they'd be required to build that out in one year. Also, he stated that underground infrastructure is about three times more expensive for them.

Mr. Saunders asked about the ones who are not on CVEC, such as Appalachian Power or Dominion. Mr. Creekmore stated they will continue to speak to anyone they can to provide rural broadband access, but their priority will be to their members first. He added they are open and willing to work with anyone they can to get the costs down of the pole attachment fees; the construction would double or triple if they go off-system. They are looking at green opportunities and perhaps partnerships.

Mr. Rutherford asked about the status of the Connect America money. Mr. Creekmore stated it's in the process of being distributed, and added that they have to look at what the census block groups represented, and as that comes in, there will be a schedule made as to when those people need to be brought online. He noted the census block groups are not drawn just based on their service territory. Mr. Creekmore added the Connect America fund money will help if they need to go off-system in some of those census block groups, as going off-system is much more expensive.

Mr. Creekmore noted there have been some positive meetings with AEP.

Mr. Bruguere noted a 35% take rate seems to be a low figure. Mr. Creekmore stated that number is based on the average of how much service was available as well as the fact that the subsidiary is a new company. They banked on a slower roll-out. He added they tried to keep it low because they didn't want to oversell themselves. He added they are confident they can hit that figure. Also, he noted they needed to ensure the debt could be repaid at a conservative level.

Mr. Creekmore added that some people are currently in service contracts that are waiting to run out. He noted there will also be some contracts with Nelson County fiber, and they encourage folks to do as they see fit with the contracts they currently have.

Mr. Bruguere asked if the connection from the last pole to the house could be wireless instead of going underground. Mr. Creekmore stated they will go underground where the power line goes underground, but it's not going in the same place. He added it will be minimal disturbance to the yard due to advanced technology such as micro-trenching. He noted it will not be in the same conduit as the power line. The fiber will be run to a network interface device, a NID box, that will sit next to the meter. So it will not be run wirelessly from the pole.

IV. New/Unfinished Business

A. Network Operations Report

Ms. Susan Rorrer presented the following report:

I. Operational

Total Number of Connections on 12/30/2019:	588
Installations for January and February:	4
Total Number of Connections on 2/28/2019:	592
Pending Installations:	5
Total Customers on 2/28/2019:	597

II. Administrative

None

III. Financial

attached

Ms. Rorrer noted that business has started to slow down without any discount or amortization.

Mr. Harvey asked if all these people have providers, and Ms. Rorrer said yes. Mr. Harvey noted we need to figure out what will happen with those contracts. He asked if people could buy a contract out with a discount. Ms. Rorrer stated she believes there are some terms in there that would allow them to buy their way out of a contract. She added that does not address the contract with the service provider, and she can't really speak to that.

Mr. Strong noted a concern that some neighborhoods have the "middle mile" which is a piece paid for by the people served, and if a transfer happens, new people could join without paying that share. Ms. Rorrer said this is something that we would need to address with CVEC as a part of the transfer. Mr. Strong asked if she knows how many are affected like this. Mr. Carter said he thinks just a few. Ms. Rorrer stated it depends.

March 12, 2019

Mr. Bruguere asked if CVEC will be responsible for collecting the debt. Mr. Carter stated we will retain responsibility for collecting discounts, amortization fees, etc. and we are not going to transfer those to CVEC. Ms. Rorrer noted this is something to keep in mind and talk to the attorneys about as we move forward.

B. Treasurer's Report

Ms. McGarry reported the following:

BROADBAND OPERATIONS @ 2/28/19

Beginning Balance 7/1/18	\$ 192,666.56
July - February 2019 Expenditures	\$ (189,561.01)
July-February 2019 Revenues	<u>\$ 396,543.26</u>
Subtotal	\$ 399,648.81
General Fund Transfer 7/1/2018	\$ 100,000.00
Available Bank Balance 2/28/19	<u>\$ 499,648.81</u>

As of February 2019 The Accounts Receivable Aging Report showed a total of \$66,814.56 outstanding. Of that amount \$6,822.18 is > than 90 days overdue.

Mr. Bruguere asked what we're doing about those 90 day overdue accounts. Mr. Carter stated we've been working diligently with WideOpen networks to make sure that we've issued the credits that the ISPs have said are due. He said the service providers are starting to pay up on those accounts that are over 30 days, and that's why the fund balance is looking pretty good.

Ms. Rorrer stated she believes the final reconciliation of any credits due/past charges went out yesterday, so hopefully that will wrap everything up. Mr. Carter noted Ms. Rorrer and her office have been working very diligently to get those arrearages up to date.

Mr. Saunders asked what happens to the bank balance in the transfer. Mr. Carter suggested transferring the \$100,000 back to the General Fund, and added it's up to the Board.

Mr. Rutherford thinks we should start making plans for those people who are not going to immediately be helped by CVEC. Mr. Saunders said we could bring this up at another meeting.

C. County Administrator's Report

March 12, 2019

Mr. Carter provided the following update:

Mr. Carter noted that the attorneys for the County, Hefty & Wiley in Richmond, and the attorneys for CVEC and their subsidiaries are nearing the finalization of the documentation for submittal to NTIA. He added they are still waiting on comments to be resolved between the attorneys. He noted the premise is to transfer the network to the Economic Development Authority for them to subsequently transfer to CVEC, and the question is if those agreements should be ratified locally first or should they just send everything up and see if NTIA has comments before official actions are taken. So that is a question for NTIA.

Mr. Carter noted that Ms. Rorrer and her office have been working not only on the outstanding accounts receivable but also the schedules to accompany the documents to NTIA.

Mr. Strong asked, assuming the transfer occurs, would the part of the network paid for by the federal government need to remain an open network, and how would that be handled by CVEC? Mr. Carter stated he believes the County's piece would remain an open network, but he will have to confirm that. He added he thinks they will allow others to tap into it if they desire.

Mr. Strong then noted in the future, when CVEC goes underground, it is likely they will not put a separate set of trenches throughout the whole community. He stated that will be the part of the network that was paid for either by the County or by individual contributions. He asked if that would remain open or would everybody have to use CVEC/Firefly. Mr. Carter stated part of the agreement with CVEC is the network that's being transferred, for whatever continued outstanding obligation the County has with NTIA for receipt of those federal funds, that network will have to remain open access, so in this case, it will be 8 more years.

V. Other Business (As May Be Presented)

There was no other business considered by the Authority.

VI. Adjournment

At 1:53 PM, Mr. Saunders moved to adjourn and Mr. Rutherford 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.