

March 8, 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, Lovingson Virginia.

Present: Thomas D. Harvey, North District – Vice Chair
Thomas H. Bruguiera, Jr. West District
Allen M. Hale - Chair
Larry D. Saunders, South District – South
Gary W. Strong – Central 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. Hale called the meeting to order at 1:00 PM with four (4) members present to establish a quorum and Mr. Bruguiera joining the meeting at 1:20 PM.

II. Public Comments

1. Joe Lee McClellan, Nelson Cable

Mr. McClellan welcomed Gary Strong to the NCBA and then read aloud the following talking points:

- Nelson Cable, in its continuing effort to help the NCBA become self-sustaining, continues to match the NCBA \$750.00 installation discount in areas where we do not have Internet Service and because we give this discount, it will take up 40 months to become profitable.
- We have signed up two (2) churches and one (1) First Responder by discounting our portion of the Internet service monthly cost on the NCBA Network.
- Our employee, Tony Mustain, contacts people who respond to our web site and explains the NCBA procedure. In addition he requests the quote from NCBA for the installation and then once received he contacts the potential Internet customer to explain the installation cost. If the person wishes to proceed, he turns the information over to Mickey quick to have the customer sign the necessary paperwork.
- Our full time employee, Mickey Quick, solicits Internet customers, "door to door", on the NCBA Network, and makes several trips to prospective Internet customers, in the process of signing them up for service. Mr. Quick will give you a customer report later.

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- Nelson Cable would like to swap the use of conduit with NCBA to save the Nelson County Taxpayers money. Saved money could be used to extend out in Colleen to the first state road; potential to sign up 6-8 households there.

2. Mickey Quick, Nelson Cable

Mr. Quick reported that since the last NCBA meeting, they had nine (9) customers signed up for hookup and had fourteen (14) pending customers.

III. Consent Agenda

Mr. Hale noted that the consent agenda contained minutes for approval of the January meeting. Ms. McGarry noted that a corrected resolution had been provided to the Authority for adoption.

Mr. Harvey then moved to approve the consent agenda 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:

A. Resolution – R2016-02 Minutes for Approval

**RESOLUTION R2016-02
NELSON COUNTY BOARD OF SUPERVISORS
APPROVAL OF MEETING MINUTES
(January 12, 2016)**

RESOLVED, by the Nelson County Board of Supervisors that the minutes of said Board meeting conducted on **January 12, 2016** be and hereby are approved and authorized for entry into the official record of the Board of Supervisors meetings.

IV. New/Unfinished Business

A. Network Operator Report - Blue Ridge Internetworks

Mr. Carter gave the following report:

Report to Nelson County Broadband Authority

Meeting Date: 3/04/2016

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

I. Operational

Installations:

Jan	0
Feb	3

Active Circuits:

Blue Ridge	122
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Shentel	3
Nelson Social Services	1
Nelson County Cable	13
TOTAL	139

Pending Installations: 36

Mr. Carter noted he was not sure if the fourteen (14) Nelson Cable pending installations were included here. He added that staff was evaluating network operations services with the work being done by Design Nine.

Mr. Hale inquired if the one hundred thirty-nine (139) connections were to the fiber and Mr. Carter confirmed they were. He added that staff has never received a report from SCS on their number of wireless connections.

Ms. Rorrer then noted that some of the fourteen pending Nelson Cable connections were included in the active circuits and some were in the pending installation numbers. She noted that there could be some with unsigned paperwork outstanding that she was unaware of.

II. Administrative
None

III. Financial
None

B. Treasurer's Report

Ms. McCann reported the following and noted there was a pending expansion project reimbursement for January-February 2016 of \$18,000.

BROADBAND FUND @ 2/29/16

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
January-February 2016 Expenditures	\$ (34,346.27)
January-February 2016 Revenues	\$ 34,378.61
Subtotal	\$ 363,056.56
General Fund Transfer	\$ 150,000.00
Ending Balance 2/29/2016	\$ 513,056.56
Current Year Revenue Exceeds Expenses by	\$106,779.20

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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
January –February 2016 Expenditures	\$ (26,708.50)
January-February 2016 Revenues	\$ 0.00
	\$ 44,385.56

SUMMARY OF FUND BALANCE

Project Funds	\$ 44,385.56
Amortized Installation Fund	\$ 97,148.47
Operational Funds	\$ 415,815.03
Available Bank Balance @ 2/19/2016	\$ 557,442.12

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 – February) of \$205,724.58 for Network Operations, with there being an unencumbered balance of \$236,680.42 and a Contingency Reserve remaining of \$55,195.00. The Revenue Summary for Network Operations showed year-to-date revenues of \$162,503.78 and a balance of \$58,346.22 expected for the remainder of the year. Ms. McCann Noted that transfers showed \$150,000 that was a contribution from the General fund and a \$183,566.56 transfer from CDBG funds 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 \$383,862.58 and year to date revenues were \$333,566.56; which includes the \$100,000 in local match for the project. She added the funds on hand for the project were \$450,000 and the remaining grant funds to be drawn down were \$116,433.

Mr. Hale noted that revenues were creeping up to match expenditures and that was a positive trend. Ms. McCann noted that this depended on when the installations hit; which could skew things.

C. Comprehensive County Broadband Plan

Mr. Carter reported that a meeting was had with Design Nine and they presented a draft build out plan and ballpark cost estimates. He added that staff was considering it proprietary information at this point; however it included a combined wireless and fiber build out plan. He noted that a large part of the discussion was focused on a potential change in the Authority’s rate structure that would lower the expense to ISPs and would establish a monthly fee for subscribers. He noted that Design Nine was working on that and it was more of an overview and then question and answer session. He added that there was still more work to do and there would be a presentation to the full NCBA in the near future. Mr. Carter advised that the plan needed to be fine-tuned and that a layer of wireless towers was to be added to the working map.

Mr. Strong emphasized that it was a very constructive meeting and he had faith that Design Nine would do well by the contract and the NCBA would have a useful plan when they were done.

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Mr. Carter noted that the challenge would be the cost of the plan and the Authority would have to consider phasing it. He added that the overall goal was to get broadband services out to the county as extensively as possible.

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

I. CDBG/Nelson County Funded Middle Mile Network Expansion Project: Phase 1 of 3 is in process and the project's construction contractor (CCTS/D. Beam, Owner) has installed approximately 2.5 miles of 2" conduit in the VDOT right of way in the vicinity of Virginia Lane (Route 612) south on Route 151 to below the True Value Hardware business north from VA Lane on Route 151 to the intersection of Routes 6 and 151 at Martins Store. CCTS has previously advised County/NCBA staff (staff) that completion of Phase 1 (Martins Store south to the intersection of Routes 151 and 664) is projected for the end of March (weather permitting) and that installation conditions on Rt. 151 beyond the True Value Hardware business should provide for expeditious progress on completion of Phase 1.

Following completion of Phase 1, CCTS will begin work on Phase 2 (Route 151 north above Route 6 west to the County boundary with Albemarle County on Route 151) and Phase 3 (Intersection of Route 151 and Route 6 at Afton Mountain Road west on Route 6 to its intersection with Saddleback Farm).

Overall completion of the project should be by not later than June 30th 2016.

Mr. Carter reported that on the expansion project, Phase I was in progress and CCTS had completed 2.5 miles of conduit installation beginning at Virginia Lane going south. He added that they may be beyond the Hardware Store now and they were also advancing towards Martins Store. He noted that there was a stream crossing near the Hardware Store that was a challenge; however they should move more quickly after they get past that. He advised that Phase I should be complete by the first part of April and Phase 2 & 3 should go quickly. He then noted that the County had many obligations in reporting to DHCD and staff was encouraging CCTS to comply. Mr. Carter also reported that he had encouraged CCTS to avoid fiber cuts and they had now moved across the street from the side of the road that Verizon was on.

2. Broadband Strategic Plan: Blacksburg based Design Nine is continuing its work on strategic planning for the local broadband network (fiber and wireless). Work in progress is a master network expansion plan, inclusive of cost estimates and potential financing sources, revision of the NCBA's rate structure, analysis of network operations (all), etc. The most recent project work session with Design Nine was conducted on 2-26 with Authority members Hale and Strong in attendance.

3. Network Marketing Plan: Staff of the County's Department of Economic Development and Tourism (in conjunction with County Information Systems, Finance and Administration staffs) have developed a network marketing plan. See below for the network insert that will be included in the County's real estate billings (for the 6-5-16 collection period) and take outs of which will be included in the County's spring 2016 Parks and Recreation Brochure. Additionally, a new access to network information, including an interest form has been established on the front page of the County's web site (go to www.nelsoncounty-va.gov and see Broadband Internet). And, the County will place periodic advertisements in the Nelson County Times, Blue Ridge Life and similar publications as additional means to market the network.

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Mr. Carter advised that the Network Marketing Plan was in its initial throws and staff was figuring out the flow of information from the filled out form to ISPs. He added that broadband information would go out in the June tax tickets and ads would be placed in the Spring Parks and Recreation brochure. He assured the Authority that staff was stepping up awareness of the network; however interest was coming from some who were not able to receive services to yet.

Mr. Hale inquired as to what was being installed along Route 29 and Ms. Rorrer noted that fiber was going to a cell tower at the Apple Shed, and this was probably Lumos or ATT doing the installation.

Mr. Hale then inquired as there being a system by which the NCBA knows about these installations and Mr. Carter advised there was not. He noted that if Miss Utility was called out; the NCBA may be aware of it and the County receives inconsistent reports from VDOT on who is getting Right Of Way permits. Staff then confirmed that there was no process through the county on this.

4. Nelson County Cablevision Proposal: Staff recommends against accepting the sharing of conduit with Nelson Cablevision in the Phase 1 area of the current network expansion project. Sharing conduit space is in the best interests of Nelson Cable but not in the best interests of the NCBA.

Marketing Insert:



Broadband Internet is Here

- The Nelson County Broadband Authority's network is beginning to serve local residents and businesses in Nelson County.
- 31 miles of a Middle Mile Network combine Broadband Fiber Optic and Wireless Services – along Routes 151, 6 and 29 (north to south.)
- 4 Towers located at Afton, Colleen, Lovingson and Massies Mill extend Wireless Service to more remote areas.
- 8.1 miles of additional fiber are now being installed along the Route 151 corridor from Route 6 south to Route 664, north from Afton to the County line, and northwest from Routes 151 and 6.

Next Steps

There is still a need for accessible high speed internet services in the county at affordable rates for businesses and residents. The Nelson County Broadband Network is seeking to address that need. The

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Nelson County Broadband Authority is creating a comprehensive deployment strategy to ensure the long-term sustainability of the network, while ensuring that residents and businesses have a choice of providers, services and prices.

The Nelson County Broadband Network is owned by Nelson County, and is an open access network that allows for competition among private providers. The Nelson County Broadband Authority (NCBA) was created to administer the network.

**Visit NELSONCOUNTY.COM
and fill out the “I Need Broadband Internet” form.
No access to a computer? Please call 434-263-7015.**

V. Other Business

A. Nelson County Cable Proposal

Mr. Hale noted the Nelson County Cable proposal to share conduit. He then noted that the challenge was that the project was proceeding and was well underway and he was not sure how this would be coordinated. He added that perhaps Mr. Payne could speak to some of these challenges and the lack of a relative policy.

Mr. Payne noted that the NCBA had two suggested cooperative undertakings from Nelson County Cable and Shentel. He advised that the NCBA should have a policy on this sort of thing and should make sure that whatever was done was not discriminatory. He added that the obligation was to have open access and foster competition; creating the ability of choice and because of the grant, they could not discriminate against ISPs. Mr. Payne then noted that these projects created a great deal of questions and the lead problem was there was no policy for this and one needed to be established in order to protect them and to prevent the ad hoc approach to decision making. Mr. Payne noted that he advised Mr. Carter that he endorsed Mr. Cohill's suggestion that one be created and he was working on that. He added that there were some other philosophical questions involved regarding working with a private company as a public entity. He advised that they should deal with the policy issue and let him sort through the legal issues.

Mr. Strong then noted he was commenting from experience as a program manager in the past when he advised that he had consulted the grants manual and it was clear what they could and could not do in this case. He noted that the manual stated that real or tangible property stayed with the grantee and they must have prior approval from HUD. He added that the policy would be constrained by the origin of the funds. He noted that where there was a sharing arrangement, and the trench was shared and not the conduit; this was a different issue. He noted that he agreed that they needed a policy and that it must be consistent with the source of funds requirements; adding that it was complicated.

Mr. Payne noted a third possibility of using County money as opposed to federal government funds. He advised that they could not lease more than six (6) strands of dark fiber on a long term basis and that they were not prepared to lease dark fiber because pricing had not been set up for this; which Mr. Cohill says needs to be addressed in the policy.

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Mr. Carter noted he had not researched the CDBG terms brought up by Mr. Strong; however the County's current contract stated that DHCD must approve all change orders and that changes in project scope would be a disallowed cost; they would not allow funds to be moved somewhere else.

Mr. Strong then noted that generally an Agency's knee jerk response was to deny requests. He noted that they receive appropriations from Congress and have to abide by the regulations and congressional intent and they very rarely grant exceptions.

Mr. Payne advised that he had a note to come to terms with the combinations of requirements of the myriad of funding sources.

Mr. Bruguere then noted that there was nothing preventing Nelson County Cable from connecting to the network and providing services. Mr. Payne concurred and Mr. Carter added that the fiber extensions would be owned by NCBA but that they could provide services from the existing network. Mr. Payne then advised that the issue of the ownership of the extensions and discussion had evolved to the potential to allow ISPs to build their own networks off of the backbone. Mr. Carter advised that he had posed this question to Design Nine and they had advised that the NCBA stay the course and not allow that.

Mr. Hale noted that staff was in the process of addressing questions with Design Nine and that the Authority was not in the position legally or otherwise to do what Nelson County Cable was proposing. He added that he thought that an outcome of the Design Nine meeting was the need to look at these things very carefully.

Mr. Joe Lee McClellan was invited to address the Authority Board and he noted that the portion that Nelson County Cable wanted to use would not be serving customers, rather he would be using the conduit to get to where he wanted to go. He added that the section that the County would use could be used to access anyone along that line.

Mr. Hale then noted he was sympathetic to a partnership such as this but they did not have the latitude at this time and needed a fair policy on this. He added that it was evident that if getting grant money, there was not much latitude.

No action was taken by the Authority.

VI. Adjournment

At 1:50 PM, Mr. Saunders moved to adjourn and Mr. Harvey seconded the motion. It was then noted that the next scheduled meeting was in May; however Mr. Carter noted that a called session may be needed if Design Nine was ready to report to the Authority in between. There being no further discussion, Members voted unanimously (5-0) by voice vote to approve the motion and the meeting adjourned.