

May 10, 2018

Virginia:

AT A CONTINUED MEETING of the Nelson County Broadband Authority 6:30 p.m. in the General District Courtroom of the Nelson County Courthouse, in Lovingston Virginia.

Present: Thomas D. Harvey, North District
Jesse N. Rutherford, East District
Gary W. Strong, Central District
Thomas H. Bruguere, Jr. West District – Chair
Larry D. Saunders, South District –Vice Chair
Stephen A. Carter, County Administrator
Candice W. McGarry, Administrative Assistant/Deputy Clerk
Debra K. McCann, Director of Finance and Human Resources
Susan Rorrer, Director of IT

Absent: None

I. Call to Order

Mr. Bruguere called the meeting to order at 6:35 PM, with all Members present to establish a quorum.

II. New/Unfinished Business

Introduced: Letter from Joe Lee McClellan

Mr. Carter noted that prior to considering items A and B, the Authority should consider Mr. McClellan's letter indicating Nelson Cable's interest in the use or acquisition of the NCBA network. He noted that should the Authority proceed with the transfer of the network to CVEC, Nelson Cable could access the network through them. Mr. Carter added that staff thought the Board should discuss or at minimum acknowledge the letter from Nelson Cable and have it on record. He added that staff's recommendation was to pursue a transfer with CVEC.

Mr. Harvey clarified that the Authority and County's intent was to pursue whether or not the grantors would allow the County to do something with the network. Mr. Carter agreed and noted that their approval was needed to go forward for the portion of the network funded with federal funding.

Mr. Harvey noted that CVEC proposed to have broadband to 86% of the county in a five year period and if someone could do better than that, the Authority and Board would entertain it. He added that the resolution was giving the Board an endorsement to go forward; however if something else came up that would benefit the county more; they could consider it.

Mr. Strong then confirmed that this was a first step and not final approval to transfer the network.

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Mr. Carter confirmed that and noted that staff was advised by NTIA that a letter was needed to start the evaluation process and the proposed resolutions endorsed that notion. He added that a similar resolution would be considered by the Board of Supervisors.

Mr. Carter noted he would go on record that the letter was received from Nelson Cable and he did not believe that anyone other than CVEC was capable of investing \$35 Million and serving 85% of the County's population in 5 years.

Mr. Strong noted that school kids were now given Chromebooks and many did not have internet access to do homework. He added that they had to deploy Broadband as fast as they could.

Mr. Carter advised that it was still to be determined, but in staff discussions with CVEC, their largest service area would be deployed first in early 2019.

Mr. Strong reiterated that the Authority would not be providing final approval but rather this step was part of the procedure. He agreed that there were many details to be worked out. He added that the contract with Horizons Village was fuzzy; however, people needed to be allowed to make a move if they wanted to.

Mr. Carter concurred that there was much more work to do over the next six months.

Mr. Harvey noted that the debt that individuals had now would go away and then service decisions would be based on rate vs. speed. He agreed this was only a first step.

Mr. Carter concurred that this was a very initial first step, if they provided the endorsements, then staff would send the letter next week to NTIA as a draft for feedback and then send a final version. He added that transfer initiation required a request from the County.

A. Endorsement of Transfer of Fiber Optic Broadband Network to CVEC (**R2018-04**)

Mr. Harvey moved to approve resolution **R2018-04**, Endorsement of Pursuing the Evaluation of the Transfer of the Fiber Optic Broadband Network to CVEC in order to get this before the funding agencies to make sure they were in agreement. Mr. Strong seconded the motion, including the amendment of the wording and there being no further discussion, Members voted unanimously (5-0) by roll call vote to approve the motion and the following resolution was adopted:

RESOLUTION R2018-04
NELSON COUNTY BROADBAND AUTHORITY
ENDORSEMENT OF PURSUING THE EVALUATION OF THE TRANSFER
OF THE FIBER OPTIC BROADBAND NETWORK
TO CENTRAL VIRGINIA ELECTRIC COOPERATIVE (CVEC)

BE IT HEREBY RESOLVED, by the Nelson County Broadband Authority that the Authority hereby endorses pursuing the evaluation of the transfer of the County-owned middle mile fiber optic broadband network to Central Virginia Electric Cooperative for the following reasons:

1. The CVEC project will provide access to affordable and reliable high speed internet service and affordable phone service to 8,900—9,900 businesses and households in Nelson County within five years. Nelson County currently has 11,500 addresses for structures. Assuming the structure addresses is a good comparison to the 9,900 potential CVEC internet subscribers, eighty-six percent (86%) of business and residents in Nelson County will have access to affordable, high speed internet service. It is almost a certainty that the local network will not be able to achieve this level of service(s) within the ensuing five years or, very probably within the ensuing 10+ years.
2. The CVEC project will enable the Board of Supervisors 2006 goal/objective of providing universal access to internet service in Nelson County to be substantially achieved.
3. NTIA staff have confirmed, subject to a period of due diligence, that federal regulation(s) do provide for the transfer of the local network to CVEC. The County and CVEC will have to agree to maintain the responsibilities the County agreed to in receiving federal funding for the construction of its middle mile network (e.g. open access, non-discrimination, etc.) in order for the network transfer to be approved. There was concurrence among the participants in the 4-20 conference call with NTIA, which included CVEC and County staff, that maintaining the NTIA requirements would not/should not be a deterrent for the network's transfer or for the success of CVEC's project.
4. Transferring the local network to CVEC will enable the largest CVEC service area in Nelson County to be among the first build areas within the Cooperative's five-year project. The first County build area could be completed by summer-fall 2019 providing for access to service to 4,500 current CVEC subscribers. The balance of the CVEC's 4,400 other subscribers would have access over the ensuing five-year construction period with determination of when service availability would be accessible to be decided by CVEC based upon potential subscriber levels.
5. Transferring the local network to CVEC will either achieve or substantially achieve the Cooperative's request for \$5.0 million in incentives requested from each of the local governments within CVEC's service area (cash, in-kind or tax abatement).
6. The CVEC project, as noted herein, will provide access to very affordable and reliable high speed internet service to the majority of Nelson County's businesses and residents. The federal FCC standard or objective for internet service is presently 25/5 mbps. The service levels CVEC will offer far exceed this service level.
7. No other entity broadband/internet service provider has entered or plans to enter the Nelson County market to provide internet service at the level CVEC has proposed.

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8. CVEC is just a few weeks away from securing \$66 million in funding of the total \$110 million project cost to provide for its first three years of network construction.
9. Should the transfer of the local network to CVEC not be accomplished, the CVEC network will, essentially, be constructed in parallel to the local network and become a formidable competitor to the local network, even if competing with the local network is not a CVEC goal, objective or strategy.
10. The transfer of the local network to CVEC is considered to be in the best interests of Nelson County; its businesses, residents, and tax payers, as well as in the best interest of the Federal Government's interest in bringing high speed internet to unserved and underserved rural areas.

B. Consideration of Moratorium on Installation Discount and Amortization (**R2018-05**)

Mr. Harvey moved to approve resolution **R2018-05** Endorsement of a Moratorium on Installation Discounts and Amortization Contracts and Mr. Rutherford seconded the motion.

Mr. Bruguere questioned if it would in any way hamper ISPs in gaining access to the network and Mr. Carter advised it did not, it only put on hold the discounts and/or amortization.

There being no further discussion, Members voted unanimously (5-0) by roll call vote to approve the motion and the following resolution was adopted:

RESOLUTION R2018-05
NELSON COUNTY BROADBAND AUTHORITY
ENDORSEMENT OF A MORATORIUM ON INSTALLATION
DISCOUNTS AND AMORTIZATION CONTRACTS

WHEREAS, the Nelson County Broadband Authority endorses pursuing the evaluation of the transfer of the County-owned middle mile fiber optic broadband network to Central Virginia Electric Cooperative; and

WHEREAS, in light of the possible transfer of the network, continuing to offer installation discounts and amortization contracts further complicates the transfer;

NOW THEREFORE BE IT RESOLVED, the Nelson County Broadband Authority does hereby authorize a moratorium on installation discounts and amortization contracts after June 1, 2018; and

BE IT FURTHER RESOLVED, the moratorium will remain in place until further action is taken by the Authority.

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III. Other Business (As May Be Presented)

There was no other business considered by the Authority Board.

IV. Adjournment

At 6:50 PM, Mr. Harvey 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.