

MINUTES

Special Meeting of the Board of Directors of the Eastern Shore of Virginia Broadband Authority

April 26, 2018

Board members in attendance were: Elaine Meil, Mike Mason, Pete Lalor (remotely attending from Pinehurst, NC due to a medical condition), Scott Webb, and Charles Kolakowski.

ESVBA management participating in the meeting who were in attendance: Robert Bridgham and Leah Hoopes (Secretary)

Members of the public attending were:
Mike Zodun, Pat Coady, John Reiter, Granville Hogg.

Elaine Meil called the meeting to order at 2:03 pm.

AGENDA ADOPTION

Mr. Mason moved to amend the agenda to add the May meeting to 6b. Mr. Webb seconded. Motion passed unopposed.

PUBLIC COMMENT

Mr. Hogg- a resident of Butlers Bluff and is willing to provide letters of commitment from other residents that are in need of broadband. Stuart's Way and Arlington Rd residents could also be serviced. Mr. Hogg wants to know if there's any financial incentive that can be provided from the community in order to get service.

Mr. Reiter- regrets that he is no longer a member of the BOD and part of ESVBA. Mr. Reiter recommended dropping the lowest residential bandwidth option since it's not considered broadband or only making it available to low income residents. Having such a low rate interferes with the ISPs. Mr. Reiter stated that if option #3 from the CTC draft gets completed, then 1/3 of the shore will be served. If option #2 is adopted and after borrowing \$10 million, 80% of the shore would be served in 5 years or less. He urges the board to adopt a strategy and not wait any longer.

Mr. Zodun- suggested allocating more money towards the backup circuit for when outages occur and also towards staffing in order to get homes connected

quicker.

REVIEW OF MINUTES

Mr. Lalor moved to amend the minutes to change "\$100-\$150" to "\$1.00-\$1.50" on pg 2. Mr. Kolakowski seconded. Motion passed unopposed.

STATUS REPORT

1. Residential Broadband-
 - a. Harborton-28 customers in service and 4 awaiting construction.
 - b. Bobtown/Pungoteague-12 customers in service and 2 awaiting construction.
 - c. Church Neck-8 customers in service and 3 awaiting construction.
 - d. Sanford-7 customers awaiting installation and 3 awaiting construction.
 - e. Cheapside-1 potential customer.
 - f. Cobbs Station-1 in service.
 - g. Accomac-9 customers in service and 2 awaiting construction.
 - h. Townsend/Latimer Siding-1 customer in service.
 - i. Greenbackville-1 customer in service and 1 awaiting construction.
 - j. Atlantic- 1 customer awaiting construction.
 - k. Wattsville/Horntown- 1 potential customer.

Mr. Bridgham mentioned that Mike Zodun and the town manager of Onancock have suggested additional areas for the WiFi hotspots. Cape Charles is still interested in moving forward. Other areas such as Wachapreague and Onancock Marina, Assateague beaches, Wachapreague Fairgrounds and Chincoteague Fairgrounds have also been suggested.

MOTION

Mr. Mason moved to authorize Mr. Bridgham to look into the locations listed. Mr. Kolakowski seconded. Motion passed unopposed.

Mr. Webb asked what the average cost of FTTH is.

Mr. Bridgham replied around \$1100-\$1200 per customer and they are required to have a certain amount of payback with a larger installation fee.

Mr. Mason asked if there was only one price structure that doesn't meet the payback period.

Mr. Bridgham stated that all four of them are meeting payback and if a customer has a large build and wants the lower rate then they will have a larger installation fee.

Mr. Kolakowski asked about the 2 month wait for installation.

Mr. Bridgham stated that about 70% of customers are getting connected within 30 days and some have longer buildouts because of different issues.

Mr. Mason asked Mr. Bridgham what his ideas were on achieving the 36% take rate CTC talked about in their report.

Mr. Bridgham stated that the take rates could be higher but that the staff has been focusing their attention on opening up the 25 areas as quickly as possible. Press releases and door hangers are the 2 main marketing strategies that are being used today to make the public aware of the service.

Ms. Meil asked when all the areas are expected to be open.

Mr. Bridgham commented that at the current rate, all of the areas will probably be open in mid-fall and as the staff continues to ramp up that should also start to increase.

NEW BUSINESS.

- a. **ESVBA Rate Reduction-** Mr. Bridgham handed out an updated copy of the proposed rate reduction. The rate reduction only effects from 1GB to 10GB. Mr. Bridgham stated that ESVBA is in the process of upgrading the circuits with both of their current service providers.

Mr. Mason motioned to adopt the proposed rates and schedule a Public Hearing for June. Mr. Kolakowski seconded. After some discussion, the motion passed unopposed.

- b. **Potential reschedule of May and July Meeting-** Mr. Kolakowski stated his concern for continuing to reschedule meetings and the Authority has an obligation to the public to hold regular scheduled meetings. After discussion, the board decided to keep both the May and July meetings as scheduled and to have another staff member fill in for Mr. Bridgham in July.
- c. **Resolution to update bank signature cards & designated individuals-**

Mr. Kolakowski motioned to adopt the resolution. Mr. Mason seconded. Motion passed unopposed.

OLD Business

a. CTC Strategic Plan Discussion-

Mr. Bridgham gave a brief overview of the CTC report.

Mr. Mason stated that option 3 will be complete this year and in order to borrow money, the Authority needs to increase the take rate to at least 36%.

Mr. Webb asked what the time frame is in order to achieve the 36%.

Mr. Bridgham replied that there is a 24 month up ramp in order to reach 36% and that most of the current areas have only been open 4 months or less.

Ms. Meil suggested using different marketing strategies in different areas in order to determine which ones are most effective.

Mr. Lalor asked Mr. Bridgham about interest rates through the VRA.

Mr. Bridgham replied that a similar broadband authority in the commonwealth received a 3.5% interest rate and if the ESVBA decided to lease fiber out to a Public Private Partnership, that rate would increase by 1%.

Mr. Webb stated that it's been 10 years since the Authority has had grants and the residents of both counties are not happy.

Ms. Meil asked if the board feels comfortable with continuing option 3 and improving marketing in the areas that are being opened.

Mr. Bridgham asked the board if they wanted to finish opening areas and then focus on the take rate or focus on the take rate and slow down on opening areas. With the current staff, if the ESVBA started to get a higher take rate and continued opening up areas then the turn over time would drastically increase.

Mr. Mason stated that if the Authority cannot pursue both options at the same time, he believes the staff should continue with opening up the additional areas since they've already made a commitment to option 3.

Ms. Meil asked the board if there was any interest in pursuing option 5 and 6 (dark fiber to the premise lease partnership options). The board agreed that they weren't going to devote any resources to these options at this time.

Ms. Meil asked if the board wanted Mr. Bridgham to devote resources to option 7 (credit towards private sector network builds). The board agreed that they didn't.

Ms. Meil stated that when the Go Virginia Funding becomes available for broadband projects, the Authority might be able to obtain some of those resources. However, the broadband section has been put on hold until the

advisor to the state has been hired (option 8-grant funding).

Mr. Bridgham stated that requirements for the application would not have been met in time for the Community Connect Grant but that the Authority should target it for next year.

Ms. Meil asked the board for their thoughts on options 4a (build to low cost/high demand areas) and 4b (build to hard to reach areas).

Mr. Kolakowski stated that with the deployment of 5G, eventually there will be a need for the fiber backbone for providing that service wherever it will be deployed and possibly partnering with mobile providers to have a built in customer on the extension.

The board asked the staff to look into various potential prioritization options and bring back those options for the board to consider.

Ms. Meil suggested keeping this item on the agenda for the next several meetings as an Old Business item. She also suggested adding the Micro Community Policy to May's agenda.

Board Comment

None

ADJOURNMENT

The meeting was adjourned at 3:21pm.

These minutes were approved at the May 24, 2018 meeting of the Board of Directors of ESVBA.

Frank Meil

Presiding Officer

Copy teste:

Leah Hoopes

Leah Hoopes, Secretary