

MINUTES

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

January 10, 2019

Board members in attendance were: Mike Mason, Elaine Meil, Charles Kolakowski, and Scott Webb.

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

Members of the public attending were:

Ms. Meil called the meeting to order at 11:00 am.

AGENDA ADOPTION

Mr. Webb moved to adopt the agenda. Mr. Mason seconded. Motion passed unopposed.

PUBLIC COMMENT

None

CLOSED SESSION

Motion to enter into closed session according to Section 2.2-3711 of the Code of Virginia of 1950, as amended;) Paragraph 7: Consultation with legal counsel and briefings by staff members, consultants, or attorneys pertaining to actual or probably litigation, and consultation with legal counsel employed or retained by the Authority regarding specific legal matters requiring the provision of legal advice by counsel, made by Mr. Mason, seconded by Mr. Kolakowski. The following board members were present: Mr. Webb, Mr. Kolakowski, Mr. Mason, and Ms. Meil and voted affirmative.

After closed session, the Chair reconvened the meeting. Motion was made by Mr. Mason, seconded by Mr. Kolakowski that the Board had entered the closed

session for that purpose as set out in Paragraph 7 of Section 2.2-3711 of the Code of Virginia of 1950, as amended. Roll call vote taken Vote was that no other business discussed than as advised in Paragraph 7. The following board members were present: Mr. Webb, Mr. Kolakowski, Mr. Mason, and Ms. Meil, and voted affirmative.

OLD BUSINESS

a. Discussion of funding for completion of network

expansion- Mr. Bridgham stated that he had a discussion with the state about funds for building out the rest of the Eastern Shore. He estimated it to cost between \$28-\$30 million to build the remainder 767 miles.

Ms. Meil stated that they asked the state for the money through a grant and the state said no.

Mr. Kolakowski wanted to know who asked for the money.

Ms. Meil stated that ANPDC were the ones that asked for the grant.

Mr. Bridgham stated that because of tax changes, the state has a very large windfall this year. There are no commitments being made at this time and the discussion is whether or not the board would be interested in the option.

Mr. Webb asked what the terms would be and would it be better than going out and getting a commercial loan?

Mr. Bridgham stated that there would be no negotiating and that the terms are being left up to the board. He mentioned that the interest rate should be somewhere between 0% and what a commercial company would charge, like 2%.

Mr. Bridgham suggested asking the state for the ability to draw down up to \$30 million and pay interest only for the first 7 years and then convert it into a long term bond.

Mr. Mason stated that these opportunities don't come along very often and if the Authority isn't committing to anything then he's interested in moving forward.

Mr. Bridgham mentioned that the ubiquitous buildout option in the Strategic Plan was achievable with a 36% take rate and a 4-5% interest rate. And with a lower interest rate, the take rate wouldn't need to be as high.

Mr. Webb asked about details on the BB&T bond.

Mr. Bridgham stated that the payments for the bond start in

May and they are due every May and November. Construction should be starting this quarter and the buildout will probably take less than 24 months.

Ms. Meil stated that as much as she doesn't like the idea of taking on debt, she thinks that this is the chance to get it done as quickly as possible.

Mr. Mason made a comment that he thinks the Authority should be more aggressive, such as payments deferred during the construction period, interest only in the first 7 years, and a rate linked to benchmark index.

Mr. Kolakowski suggested clarifying the language and adding examples of how it will be converted into a loan or a bond. He also questioned whether or not getting a loan from the state would affect the Authority from getting grants in the future.

Ms. Meil stated that the Virginia Telecommunications Initiative Grant was due in December but as a public entity we cannot receive the money. We would have to partner up with a private entity and they would have to put up at least half the funds. We would then have to build the network and then hand it over to them.

Mr. Kolakowski asked why it matters as long as the service is getting to the residents at a lower cost.

Mr. Bridgham stated that the grants are always going to be potential opportunities, while the money from the state will be an actual solution.

Mr. Mason suggested that the terms state that this wouldn't disqualify the ESVBA from getting any grants in the future.

Ms. Meil stated that we either spend more money and get it done quicker or wait and possibly find a more cost effective way over time.

Mr. Webb mentioned a woman he met that works for USDA Rural Development that could possibly help the Authority with grants.

Ms. Meil asked the board for their input on when the buildout should be completed.

Mr. Kolakowski said that 10 years is too long in his opinion and he doesn't believe that getting 100% coverage is cost effective.

Mr. Webb stated that in 3-5 years he expects to have about 75% of the shore covered.

Ms. Meil said that she would have a discussion with the

delegate about the interest rate and the interest deferral during the construction process.

Mr. Mason moved to use the language and request a loan up to \$30 million from the state with the terms presented and the discussion with the delegate will determine interest rates and interest deferral during construction. Mr. Webb seconded. After discussion, an amendment was made to change “is loaned to” to “will be made available to” in the language presented. Motion passed unopposed.

Board Comment

Mr. Bridgham reminded the board that him, Ms. Meil, Mr. Mason, and the attorney have a meeting with the state broadband advisor on January 11th.

ADJOURNMENT

The meeting was adjourned at 12:39 pm.

These minutes were approved at the _____ meeting of the Board of Directors of ESVBA.

Presiding Officer

Copy teste:

Leah Hoopes, Secretary