

**Annual Meeting of the Board of Directors
Eastern Shore Broadband Authority**

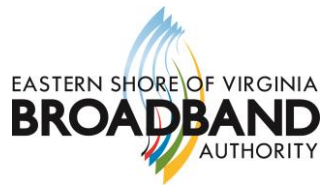
May 25th, 2022

2:00 p.m. at the ESVBA

2:00 p.m. at 4174 Lankford Hwy, Exmore, VA 23350

AGENDA

- 1. Call to Order**
- 2. Agenda Adoption**
- 3. Public Comment**
- 4. Officer and Board Member Elections**
- 5. Adjournment**



**Regular Meeting of the Board of Directors of the
Eastern Shore Broadband Authority**

May 25th, 2023

2:00 p.m. at 4174 Lankford Hwy, Exmore, VA 23350

Zoom:

<https://us06web.zoom.us/j/88174392751?pwd=OThLN2ZWZGZMR1JyRThtSXA0bG9rZz09>

AGENDA

1. Call to Order
2. Agenda Adoption
3. Public Comment
4. Approval of Minutes
5. System Status & Build Report
6. Old Business
 - a. VATI FY22 Report
 - b. Line of Credit Resolution
7. New Business
 - a. Staff Compensation Review
 - b. Review FY23 Budget
8. Treasurers Report
9. Board Comments
10. Closed Session
 - a. Contracted Revenue (Section 2.2-3711 Paragraph 33) ⁽¹⁾
11. Adjournment

Next Board Regular Meeting: July 27th, 2023

1. Closed Session: Section 2.2-3711 of the Code of Virginia of 1950, as amended; Paragraph 33: Discussion or consideration by a local authority created in accordance with the Virginia Wireless Service Authorities Act (§ 15.2-5431.1 et seq.) of confidential proprietary records and trade secrets excluded from this chapter pursuant to subdivision 19 of § 2.2-3705.6.

MINUTES

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

March 23, 2023

Board members in attendance were: John Reiter, Charles Kolakowski, Elaine Meil, and Mike Mason (remotely attending from Onancock, VA for medical reasons).

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

Members of the public attending were: Rick Willis, Justin Nick

Mr. Reiter called the meeting to order at 2:01 pm.

AGENDA ADOPTION

Ms. Meil moved to adopt the agenda. Mr. Kolakowski seconded. Motion passed unopposed.

Ms. Meil motioned to allow Mr. Mason to participate in the meeting. Mr. Kolakowski seconded. Motion passed unopposed.

PUBLIC COMMENT

None

REVIEW OF MINUTES

Mr. Kolakowski moved to approve the Regular Board Meeting Minutes from January. Ms. Meil seconded. Motion passed unopposed.

Mr. Mason moved to approve the Work Session Meeting Minutes from February. Ms. Meil seconded. Motion passed unopposed.

SYSTEM STATUS & BUILD REPORT

1. WiFi Hotspots- There are currently 27 of the 28 hotspots in service. Ebenezer Church is still offline.
2. Residential Broadband- Mr. Bridgham reported that the Authority has 2,922 active residential customers. He stated that there are 69 customers in service in Harborton, 35 in Bobtown, 154 in Church Neck, 68 in Sanford, 43 on Cheapside, 4 on Cobbs Station, 107 in Accomac, 7 in Townsend, 231 in Greenbackville, 69 in Atlantic, 88 in Wattsville/Horntown, 87 in Oak Hall, 112 in Hallwood, 80 in Painter/Quinby, 107 in Eastville, 123 in Nassawadox, 8 in Oyster, 286 in Exmore, 96 in Belle Haven, 41 in Cheriton, 43 in Wachapreague, 423 in Onancock, 278 in Cape Charles, 178 in Parksley, 4 in Nocks Landing, 42 in Saxis, 21 on Chincoteague, and 118 on Tangier. Mr. Reiter asked how many teams the Authority has that are on payroll and doing installs. Mr. Bridgham stated that there are currently 4 contractor teams and 1 installer in house.
3. WISP EVPL Program- Mr. Bridgham informed the BOD that 59 sites are in service.
4. Microcommunity Program- There are 40 communities that are in service and 2 others that are in various stages of progress.
5. ACP Program- The program had 105 subscribers in the month of March.
6. Assistance Programs- Mr. Bridgham presented a report showing details for all of the assistance programs.

Ms. Meil asked how the Authority finds out about a LECAP applicant.

Mr. Bridgham explained that DHCD notifies ESVBA that there is a subscriber in the region and ESVBA gives DHCD an estimated cost. DHCD then has to approve it and ESVBA has 90 days to complete it.

Mr. Bridgham announced that he had a meeting with Congresswoman Kiggans to talk about what ESVBA is working on and possible additional funding.

OLD BUSINESS

- a. VATI FY22 Report – Mr. Bridgham provided a report for the board on the VATI update. He stated that the funds from the

state were received. The retainage will be held until the end unless it can be negotiated.

Mr. Bridgham stated that he was notified that VATI FY23 will be released soon.

- b. LOC increase – The request to increase the LOC to \$2M was completed on March 6, 2023. In February, \$400k was drawn down and has already been paid back.

NEW BUSINESS

- a. Approve FY22 Audit-

Mr. Mason motioned to approve the FY22 Audit. Ms. Meil seconded. Motion passed unopposed.

TREASURER'S REPORT

None

BOARD COMMENTS

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 33: Discussion or consideration by a local authority created in accordance with the Virginia Wireless Service Authorities Act (§ [15.2-5431.1](#) et seq.) of confidential proprietary information and trade secrets subject to the exclusion in subdivision 19 of § [2.2-3705.6.](#), made by Ms. Meil, seconded by Mr. Kolakowski. The following board members were present: Mr. Reiter, Ms. Meil, Mr. Mason, and Mr. Kolakowski, and voted affirmative.

After closed session, the Chair reconvened the meeting. Motion was made by Ms. Meil, seconded by Mr. Kolakowski. that the Board had entered the closed session for that purpose as set out in Paragraph 33 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 33. The following board members were present: Mr. Reiter, Ms. Meil, Mr. Mason, and Mr. Kolakowski, and voted affirmative.

ADJOURNMENT

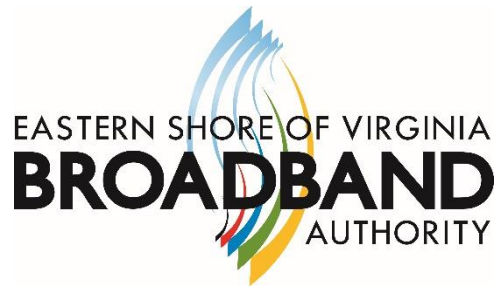
The meeting was adjourned at 4:12pm.

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

Presiding Officer

Copy teste:

Leah Hoopes, Secretary



Status Report May 2023

Status Report Topics

1. WiFi Hotspots
2. Residential Broadband
3. WISP EVPL Program
4. Microcommunity Program
5. USDA Bailey Neck & Mt. Nebo CDF
6. Assistance Programs

WiFi Hotspots

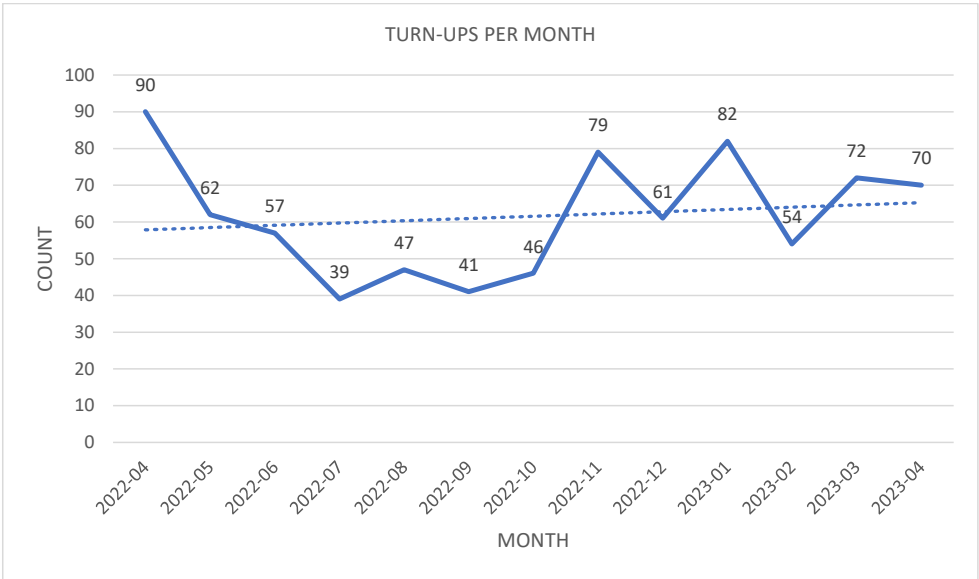
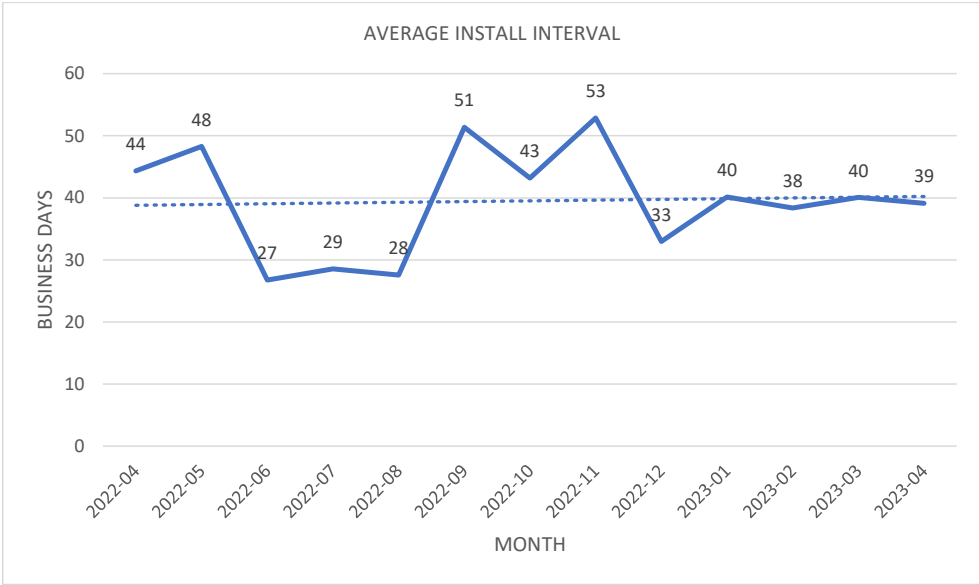
- 27 of 28 WiFi Hotspots online. Ebenezer Church is still offline without any point of contact to repair the downed node.

Residential Broadband

Residential Report as of 5/23/2023

Area	Date Opened	# of Servicable Homes (5/15/23)	Number of Active Circuits	% Active Customers	Number of Signed customers pending construction	% Signed awaiting install	Combined Take Rate (active + signed)	Number of customers with contracts	% Awaiting cust signature
Harborton	Nov-16	284	71	25.00%	5	1.76%	26.76%	2	0.70%
Bobtown/Pungoteague/Keller	Mar-17	1048	35	3.34%	0	0.00%	3.34%	0	0.00%
Church Neck	Mar-17	352	174	49.43%	13	3.69%	53.13%	4	1.14%
Sanford	Dec-17	481	68	14.14%	4	0.83%	14.97%	2	0.42%
Cheapside	Dec-17	467	43	9.21%	0	0.00%	9.21%	2	0.43%
Cobbs Station	Dec-17	150	4	2.67%	0	0.00%	2.67%	0	0.00%
Accomac	Dec-17	736	106	14.40%	0	0.00%	14.40%	1	0.14%
Townsend/Latimer Siding	Jan-18	337	8	2.37%	0	0.00%	2.37%	0	0.00%
Greenbackville	Jan-18	891	263	29.52%	61	6.85%	36.36%	9	1.01%
Atlantic	Mar-18	475	70	14.74%	1	0.21%	14.95%	1	0.21%
Wattsville-Horntown	Mar-18	523	86	16.44%	1	0.19%	16.63%	0	0.00%
Oak Hall	May-18	454	88	19.38%	13	2.86%	22.25%	4	0.88%
Hallwood	May-18	1183	112	9.47%	0	0.00%	9.47%	2	0.17%
Quinby/Painter	Jun-18	528	78	14.77%	5	0.95%	15.72%	2	0.38%
Eastville	Jun-18	618	109	17.64%	0	0.00%	17.64%	1	0.16%
Nassawadox	Aug-18	710	119	16.76%	3	0.42%	17.18%	1	0.14%
Oyster	Aug-18	84	8	9.52%	0	0.00%	9.52%	0	0.00%
Exmore	Sep-18	1816	289	15.91%	8	0.44%	16.35%	8	0.44%
Belle Haven	Sep-18	775	104	13.42%	7	0.90%	14.32%	1	0.13%
Cheriton	Oct-18	435	42	9.66%	0	0.00%	9.66%	0	0.00%
Wachapreague	Oct-18	305	45	14.75%	1	0.33%	15.08%	1	0.33%
Onancock	Nov-18	2174	427	19.64%	9	0.41%	20.06%	6	0.28%
Cape Charles	Nov-18	1232	314	25.49%	14	1.14%	26.62%	6	0.49%
Parksley	Jan-19	1576	178	11.29%	3	0.19%	11.48%	2	0.13%
Nocks Landing	Jan-19	168	4	2.38%	0	0.00%	2.38%	0	0.00%
Chincoteague	Jan-19	5109	22	0.43%	3	0.06%	0.49%	0	0.00%
Saxis	May-20	249	41	16.47%	0	0.00%	16.47%	0	0.00%
Tangier	May-21	338	122	36.09%	5	1.48%	37.57%	5	1.48%

Totals: 23,498 3,030 156 60



WISP EVPL Program

- Fifty-nine (59) sites in service and operational!

Microcommunity Program

- There now 42 microcommunities in-service and operational. No current micros are pending.

USDA Bailey Neck & Mt. Nebo CDF

- The ESVBA is in receipt of the required documents to compile and provide back to USDA for the grant.
- We are addressing our requirements as well as preparing our narratives and budget for the USDA to establish our program and provide us the contract

Assistance Programs

ESVBA Assistance Programs Report

May-23

ESVBA Installation Assistance Program (IAP)

Active in 2021 and funded with \$189k

Number of subs enrolled:	69
Total funding from program:	\$ 22,365
Average Assistance / Sub:	\$ 324.13

Accomack Installation Assistance Program (IAP)

Active in 2021 and funded with \$50k

Number of subs enrolled:	0
Total funding from program:	\$ -
Average Assistance / Sub:	\$ -

DHCD Line Extension Cust Assistance Program (LECAP)

Active as of: June 2022

Number of subs enrolled:	3
Total funding from program:	\$ 22,050
Average Assistance / Sub:	\$ 7,350

ESVBA VATI FY22 Special Assistance

Active as of: June 2022 and funded with \$2.44M

Number of subs enrolled:	41
Total funding from program:	\$ 141,670
Average Assistance / Sub:	\$ 3,455

FCC ACP Program

Number of subs enrolled:	122
Previous month's savings	\$ 3,266

Total # of ESVBA Subscribers Assisted:	235
Total Assistive Funding Rendered:	\$ 186,085

Eastern Shore of Virginia Broadband Authority
Board Balance Sheet
End of Apr 2023

Financial Row	Amount
ASSETS	
Current Assets	
Bank	
10010 - General Operating Account - BB&T (0720)	\$208,851.12
10020 - Capital Expansion Account - BB&T (0747)	\$652,260.60
10030 - Equipment Accrual - BB&T (0739)	\$510,803.10
10160 - Annual Accrual - BB&T (7622) Savings Acct	\$82,434.83
10165 - Expansion Proceeds BB&T Savings Acct (0070)	\$15,489.01
10180 - Merchant Services - BB&T (8016)	\$85,838.13
10990 - Petty Cash	\$150.00
Total Bank	\$1,555,826.79
Accounts Receivable	
11000 - Accounts Receivable	\$2,193,223.19
11010 - Reserve for Bad Debt	(\$81,035.34)
Total Accounts Receivable	\$2,112,187.85
Other Current Asset	
11800 - Prepaid Items	\$62,400.00
11900 - Undeposited Funds	\$3,647.28
11920 - Customer overpayments	(\$117,140.43)
13100 - Inventory Asset	\$2,908,877.32
15000 - Plant in Service	\$20,592.56
Total Other Current Asset	\$2,878,376.73
Total Current Assets	\$6,546,391.37
Fixed Assets	
14100 - General Furniture Fixtures	\$60,828.40
14199 - Accumulated Depreciation - Furniture	(\$26,864.45)
14200 - Equipment:Computers, Printers, Equip, Software	\$91,386.30
14299 - Accumulated Depreciation - Equipment	(\$165,613.11)
15010 - Physical Plant Structure	\$27,896,619.49
15020 - Physical Plant Electronics	\$4,660,659.79
15040 - Physical Plant Towers	\$178,656.12
15050 - Physical Plant Mobile - (Mobile Carriers & Generators)	\$100,546.32
15060 - Physical Plant Huts	\$187,497.91
15070 - Physical Plant Tools & Equipment	\$31,008.62
15098 - Accumulated Depreciation - Plant In Service	(\$9,160,100.36)
15100 - Physical Plant Network & Software	\$22,281.96
15199 - Accumulated Depreciation - Software	(\$64,303.09)
15200 - Vehicles & Equipment	\$1,025,461.67
15299 - Accumulated Depreciation - Vehicles	(\$381,136.04)
16000 - Railway Easement	\$250,000.00
17000 - Land	\$10,000.00
Total Fixed Assets	\$24,716,929.53
Other Assets	
15001 - GASB 87 leased assets	\$473,948.00
15002 - Accumulated Depreciation-GASB 87 leased assets	(\$55,439.86)
Total Other Assets	\$418,508.14
Total ASSETS	\$31,681,829.04

Financial Row	Amount
Liabilities & Equity	
Current Liabilities	
Accounts Payable	
20000 - Accounts Payable	\$180,093.37
20050 - Accrued Interest Payable	\$270.00
Total Accounts Payable	\$180,363.37
Credit Card	
21010 - BB&T Visa 5701 LH	\$953.88
21030 - BB&T Visa 5340 RB	\$4,714.22
21040 - BB&T Visa 7215 TE	\$1,000.74
21060 - BB&T Visa 5625 KB	\$2,047.78
Total Credit Card	\$8,716.62
Other Current Liability	
20010 - Accrued Purchases	\$174,929.06
24010 - Direct Deposit Liabilities:USAC Reimbursements Deposits	\$14,988.47
24050 - USAC Prepaid	(\$39,072.30)
25000 - ESVBA Installation Assistance Program	(\$21,615.00)
26100 - USAC Tax Payable	\$75,418.51
26200 - Va Communications Tax	(\$15,242.36)
Total Other Current Liability	\$189,406.38
Total Current Liabilities	\$378,486.37
Long Term Liabilities	
27500 - BB&T Loan for Expansion	\$3,261,000.00
27600 - Grant Match Funds	\$2,227,760.00
27700 - GASB 87 lease liability	\$419,378.29
28000 - Deferred Income	\$279,515.64
Total Long Term Liabilities	\$6,187,653.93
Equity	
Retained Earnings	\$18,888,326.72
Net Income	\$6,227,362.02
Total Equity	\$25,115,688.74
Total Liabilities & Equity	\$31,681,829.04

Eastern Shore of Virginia Broadband Authority
Board Income Statement
Mar 2023, Apr 2023

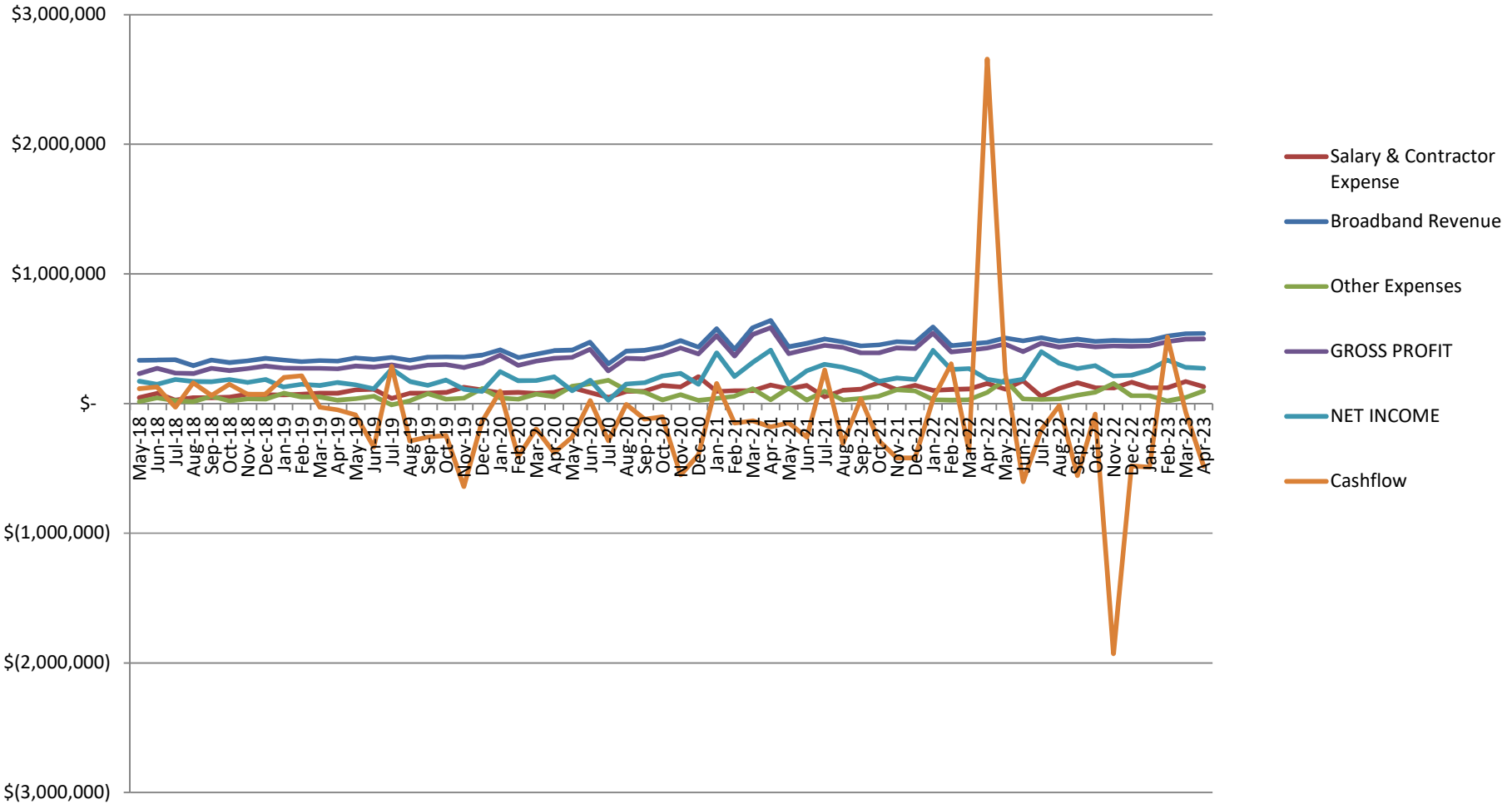
Financial Row	Mar 2023 Amount	Apr 2023 Amount	Total Amount
Income			
40000 - Broadband Income			
Education Income	\$27,168	\$26,191	\$53,359
Enterprise Income	\$45,293	\$45,292	\$90,585
Government Income	\$10,497	\$10,298	\$20,795
Medical Income	\$11,534	\$11,195	\$22,729
Other Income	\$3,580	\$400	\$3,980
Residential Income	\$215,098	\$216,803	\$431,901
Wholesale Income	\$171,629	\$169,069	\$340,698
Total - 40000 - Broadband Income	\$484,799	\$479,247	\$964,047
40900 - Installation Income			
Education Income	-\$640	\$0	-\$640
Enterprise Income	\$250	\$0	\$250
Government Income	\$1,880	\$0	\$1,880
Medical Income	\$500	\$0	\$500
Residential Income	\$55,275	\$61,775	\$117,050
Wholesale Income	\$1,051	\$1,051	\$2,102
Total - 40900 - Installation Income	\$58,316	\$62,826	\$121,142
46400 - Other Income			
Other Income	\$223	\$1,501,175	\$1,501,398
Wholesale Income	\$150	\$150	\$300
Total - 46400 - Other Income	\$373	\$1,501,325	\$1,501,698
46460 - Interest Income			
Other Income	\$1,865	\$1,606	\$3,471
Total - 46460 - Interest Income	\$1,865	\$1,606	\$3,471
Total - Income	\$545,353	\$2,045,004	\$2,590,357
Cost Of Sales			
50100 - Cost of Goods Sold:Internet Access	\$6,678	\$6,678	\$13,357
50300 - Cost of Goods Sold:3rd Party Dark service	\$27,502	\$27,502	\$55,004
50400 - Cost of Goods Sold:Utility Locates	\$404	\$320	\$725
50600 - Cost of Goods Sold:3rd Party Transport	\$3,899	\$3,899	\$7,798
51010 - Cost of Goods Sold:Collocation/Hut Expense:Utilities	\$3,141	\$3,427	\$6,568
51020 - Cost of Goods Sold:Collocation/Hut Expense:Phone, Communic.	\$150	\$150	\$299
51030 - Cost of Goods Sold:Collocation/Hut Expense:Fuel	\$100	\$149	\$249
51090 - Cost of Goods Sold:Collocation/Hut Expense:Maintenance	\$42	\$468	\$510
Total - Cost Of Sales	\$41,916	\$42,593	\$84,510
Gross Profit	\$503,436	\$2,002,411	\$2,505,847
Expense			
61200 - Payroll Expenses:Wages & Benefits	\$169,496	\$0	\$169,496
62200 - Sales and Marketing:Marketing and Promotions	\$0	\$660	\$660
63200 - Travel and Meetings:Mileage/Tolls Reimbursement	\$803	\$905	\$1,708
63400 - Travel and Meetings:Meals & Entertainment	\$120	\$0	\$120
63500 - Travel and Meetings:Other Travel	\$673	\$63	\$736
64200 - Bank Charges & Fees	\$3,621	\$4,180	\$7,801
64280 - VATI Grant FY22 Special Construction	\$34,750	\$29,400	\$64,150
64300 - Dues, Subscriptions, Books	\$1,254	\$86	\$1,340
64320 - Dumpster/Trash Removal	\$226	\$226	\$452
64350 - Interest Expense	\$417	\$0	\$417
64370 - Janitorial Services	\$735	\$620	\$1,355
64400 - Office Supplies & Expense	\$1,521	\$657	\$2,178
64420 - Printing and Copying	\$1,954	\$50	\$2,004
64450 - Postage, Mailing & Shipping	\$129	\$300	\$429
64460 - Office IT Hardware/Software	\$3,451	\$544	\$3,994
64470 - Office Maintenance & Repair	\$2,206	\$0	\$2,206
64480 - Rent or Lease Payments	\$2,550	\$0	\$2,550

64490 - Office Utilities	\$238	\$0	\$238
64630 - Staff Development	\$438	\$0	\$438
64700 - Taxes	\$222	\$0	\$222
64750 - Telephone & Telecommunications	\$581	\$83	\$664
64760 - Mobile Phones	\$580	\$480	\$1,060
65100 - Professional Services:Accounting & Administration	\$8,800	\$0	\$8,800
65200 - Professional Services:Legal Fees	\$0	\$354	\$354
67300 - Vehicle Fuel	\$3,409	\$3,583	\$6,992
67400 - Vehicle & Equip Maintenance & Repair Expenses	\$5,533	\$4,416	\$9,949
68100 - Physical Plant Maintenance/Agreements/Warranties/Software	\$0	\$69,172	\$69,172
68200 - Physical Plant Permits & Fees	\$1,016	\$7,303	\$8,319
68300 - Physical Plant Repairs	\$6,950	\$1,936	\$8,886
68400 - Physical Plant Tools & Safety Equipment	\$332	\$680	\$1,012
68500 - Physical Plant Shipping Freight & Delivery	\$689	\$725	\$1,414
Total - Expense	\$252,691	\$126,423	\$379,114
Net Income	\$250,745	\$1,875,988	\$2,126,733

Eastern Shore of Virginia Broadband Authority
Board Cash Flow Statement
Mar 2023, Apr 2023

Financial Row	Mar 2023	Apr 2023
	Amount	Amount
Operating Activities		
Net Income	\$250,745.01	\$1,875,988.24
Adjustments to Net Income		
Accounts Receivable	\$1,414,979.21	(\$1,555,721.19)
Inventory Asset	\$98,470.67	\$35,818.14
Accounts Payable	(\$513,608.71)	(\$256,446.85)
Sales Tax Payable	\$2,557.76	\$5,074.16
Other Current Liabilities	(\$313,607.05)	\$157,038.39
Total Adjustments to Net Income	\$688,791.88	(\$1,614,237.35)
Total Operating Activities	\$939,536.89	\$261,750.89
Investing Activities		
Fixed Asset	(\$1,005,328.52)	(\$743,962.70)
Total Investing Activities	(\$1,005,328.52)	(\$743,962.70)
Financing Activities		
Long Term Liabilities	(\$1,050.76)	(\$1,050.76)
Total Financing Activities	(\$1,050.76)	(\$1,050.76)
Net Change in Cash for Period	(\$66,842.39)	(\$483,262.57)
Cash at Beginning of Period	\$2,109,579.03	\$2,042,736.64
Cash at End of Period	\$2,042,736.64	\$1,559,474.07

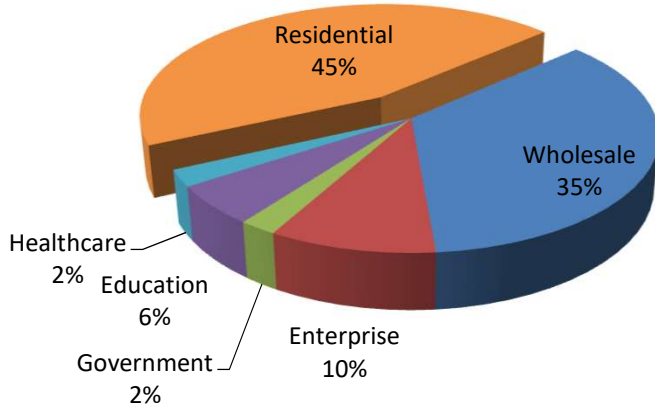
May '18 to Apr '23 Financials



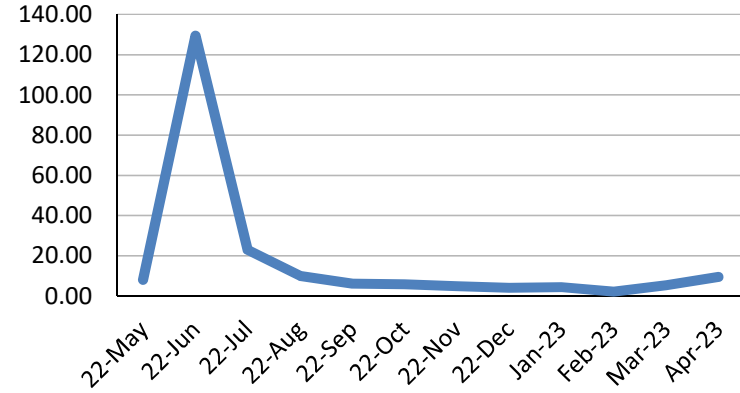
ESVBA Dashboard - May 2023

Financial Data

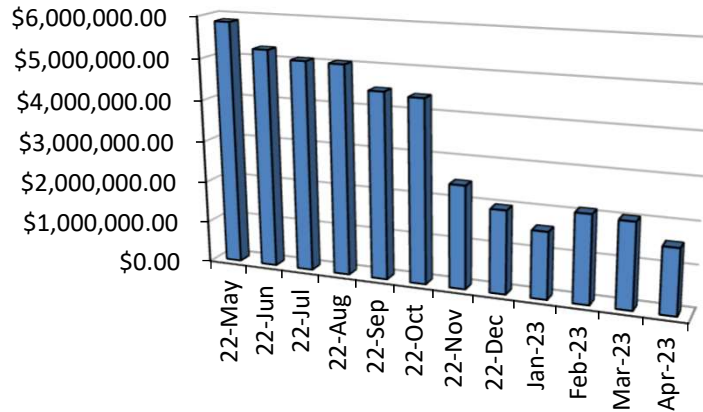
Revenue by Sector as of April 2023



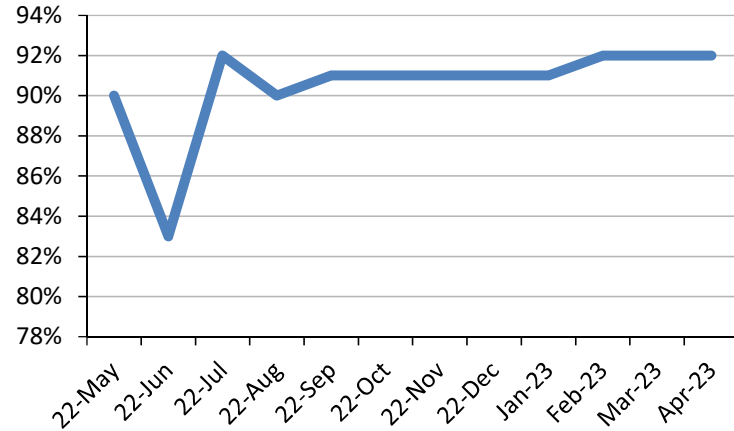
Quick Ratio



Cash & Cash Equivalents

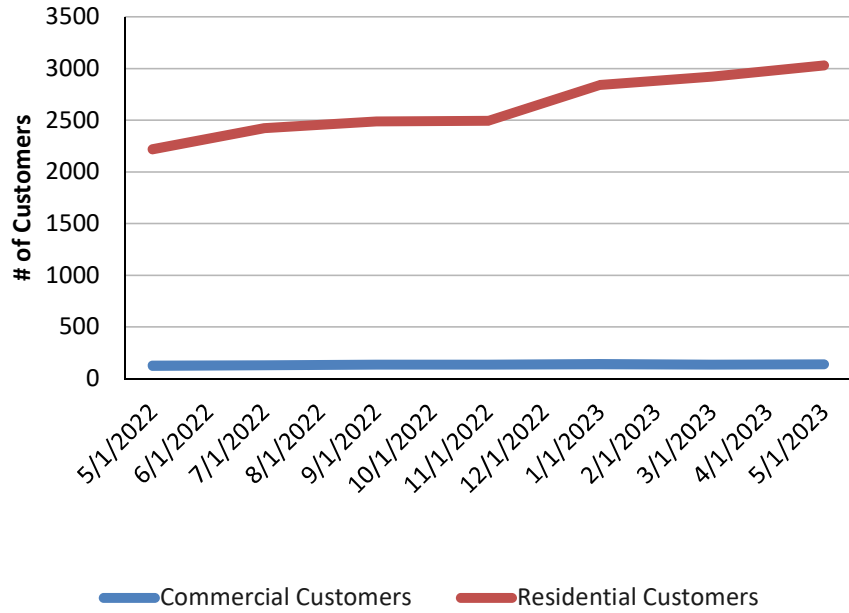


GROSS PROFIT MARGIN

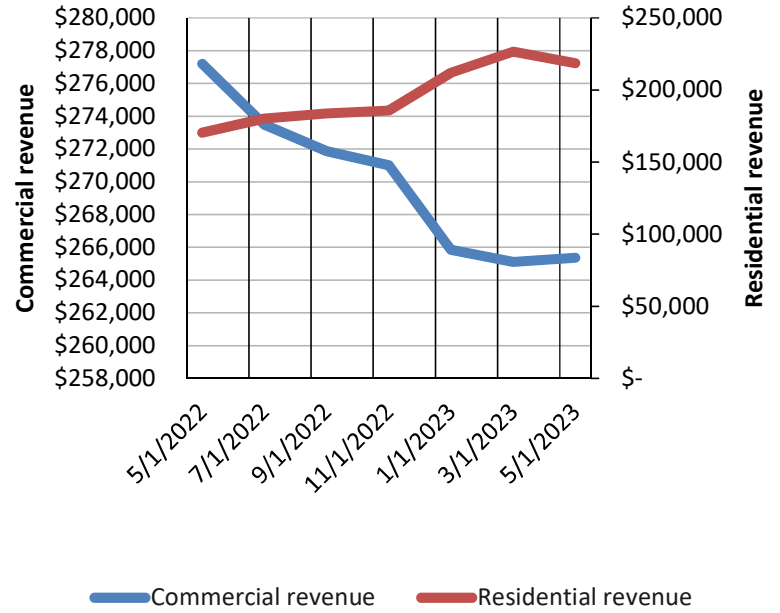


Customer Base

Customer Mix



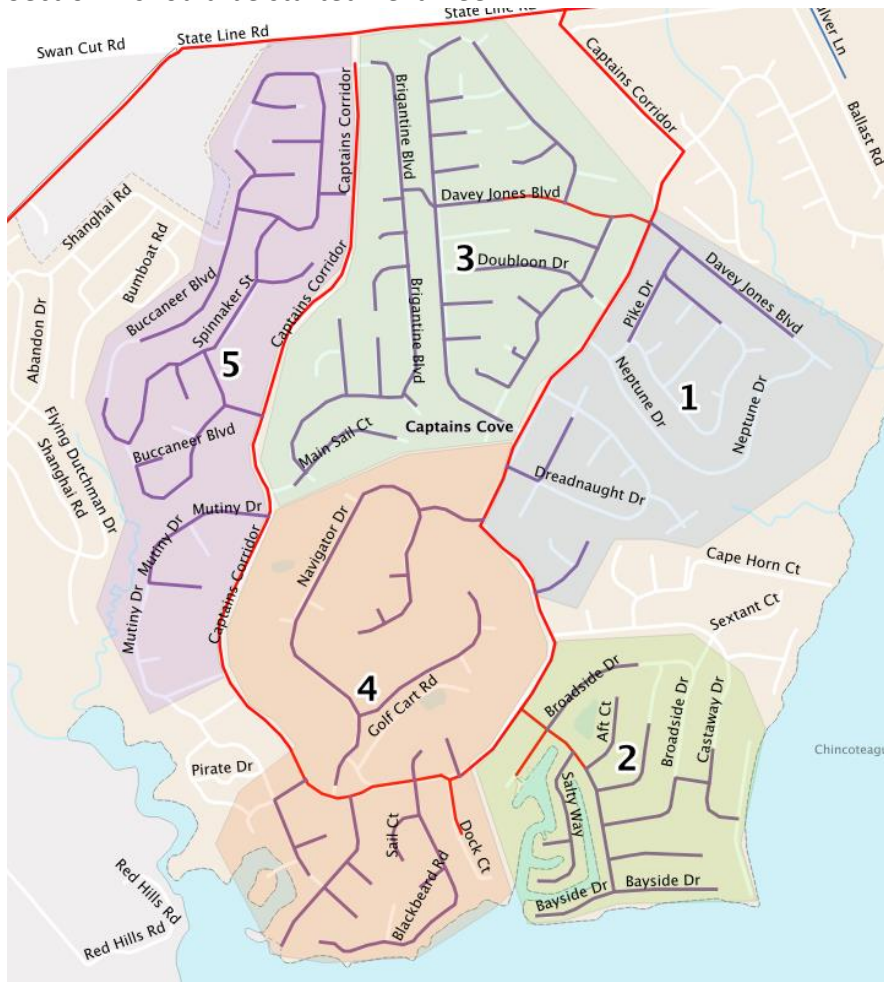
Commercial vs. Residential Revenues



Construction Update

AREA 1- Greenbackville/ Capt Cove

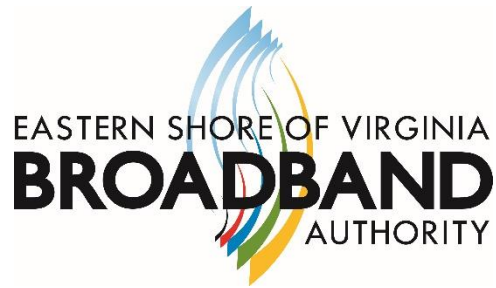
- Section 3 backbone is complete
- Section 4 is 10% conduit complete, one street and its side streets are having fiber placed this week, most splicing is in progress or.
- Section 5 is placing complete, just awaiting splicing.
- Section 2 should be started next week.



Area 3- Sanford/Saxis

- All of the original area is placed, there are five poles being changed to add clearance and one side road that has been added to reach end-users.

Area 4- West Parksley



- Approximately 20% is placed, there are some areas that require ANEC make ready that we are coordinating with ANEC on Savannah and Cattail.

Area 5- Hacksneck/Harborton

- Approximately 80% of Area 5 aerial and underground construction is completed and spliced.
- There is one underground path that is being scheduled on Indian Trail but need to coordinate Traffic Control

Area 8- Occohannock

- Smith Lane, Prettyman's Cir, Thompson Lane, Cherokee Point, Fern Point, Grapeland Farm are all ready for splicing. Aerial crews working down Wardtown Rd.

Area 10- Cape Charles

- UGC is working on setting handholes in Kings Creek Landing.

Area 11- Seaview

- Final handholds due 5/25 and then the fiber pull on Seaside Rd will be the week of 5/29

Area 12- Capeville

- Recently added Winchester Ln to the area and are working on designs.

Area 13- Arlington, Sandhill, Cheapside

- Splicing is complete except Butler's Bluff had fiber issue. Splicing will commence next week.

Area 14- Kiptopeke

- 100% complete

Subscriber Update

The ESVBA had constructed 782,047ft (~148miles) of usable fiber in the VATI FY22 area. This footage has provided for coverage of 4,141 (2,357 in Accomack and 1,784 in Northampton) homes that now currently have broadband coverage. In this same area, we currently have 513 active subscribers (315 in Accomack and 198 in Northampton) that are in-service and using the network.

Financial Update

As of May 23, the ESVBA had expended \$3,241,468 in funds that have been remitted to the state. Of that, we have received \$2,917,321 due to a 10% retainage that the state requires for the project (accumulating \$324,147 in retainage).

**A RESOLUTION OF THE BOARD OF THE EASTERN SHORE OF VIRGINIA
BROADBAND AUTHORITY PROVIDING FOR THE ISSUANCE, SALE AND AWARD
OF A BROADBAND INFRASTRUCTURE TAXABLE REVENUE LINE OF CREDIT
NOTE, SERIES 2023, IN A MAXIMUM PRINCIPAL AMOUNT NOT TO EXCEED
\$2,000,000, AND SETTING FORTH THE FORM, DETAILS AND PAYMENT
THEREOF**

WHEREAS, the Eastern Shore of Virginia Broadband Authority (**the “Authority”**) is a public instrumentality of the Commonwealth of Virginia created pursuant to Chapter 54.1, Title 15.2 of the Code of Virginia of 1950, as amended (**the “Act”**) by resolutions duly adopted by the governing bodies of the County of Accomack, Virginia (**“Accomack County”**) and the County of Northampton, Virginia (**“Northampton County,” collectively, the “Member Jurisdictions”**) for the purpose of owning, operating and maintaining broadband facilities to provide broadband service to the residents of the Member Jurisdictions;

WHEREAS, the Board of the Authority (**the “Authority Board”**) desires to issue a broadband infrastructure taxable revenue line of credit note to provide funds to finance the operational and capital needs for the Authority (**the “Project”**), subject to the terms and conditions herein; and

WHEREAS, the Authority Board has determined to select the proposal to purchase the Authority’s up to \$2,000,000 Broadband Infrastructure Taxable Revenue Line of Credit Note, Series 2023 (**the “Note”**) to finance a portion of the Project in accordance with the proposal (**the “Proposal”**) from Truist Bank (**the “Lender”**), and the Authority Board desires to accept such Proposal and proceed with the financing reflected therein;

WHEREAS, there have been presented to this meeting drafts of the following documents (**the “Documents”**) which the Authority proposes to execute, copies of which shall be filed with the records of the Authority:

- (a) Financing Agreement (**the “Financing Agreement”**) between the Authority and the Lender, pursuant to which the Note is to be issued; and
- (b) form of the Note.

NOW, THEREFORE, BE IT RESOLVED BY THE EASTERN SHORE OF VIRGINIA BROADBAND AUTHORITY:

1. Issuance of Note. Pursuant to the Act, the Authority Board hereby provides for the issuance and sale of a broadband infrastructure revenue line of credit note of the Authority to provide funds to finance a portion the Project and to pay related issuance and financing costs incurred in connection with issuing such Note.

2. Note Details. The Note shall be issued as a single, registered Note, shall be designated “Broadband Infrastructure Taxable Revenue Line of Credit Note, Series 2023”, shall

be numbered N-1, shall be dated on or within 30 days prior to the closing date. The final terms of the Note will be determined by Chairman or Vice Chairman of the Authority Board, whose approval shall be evidenced conclusively by the execution and delivery of the Note, subject to the following parameters: (i) the Note shall have a maximum aggregate principal amount of not to exceed \$2,000,000, (ii) the interest rate per annum on the Note shall be the Lender's prime rate as announced from time to time, and (iii) the Note shall mature not later than June 30, 2024. Subject to the preceding terms, the Authority Board further authorizes the Chairman or Vice Chairman of the Authority Board to determine the aggregate total of principal and interest payments on the Note and establish a payment schedule for the Note including the dates and amounts and the optional and extraordinary prepayment provisions, if any, of the Note, all in accordance with the provisions hereof.

3. Prepayment and Redemption Provisions. The principal of the Note shall be subject to optional prepayment or redemption, in whole or in part, by the Authority, at any time with no prepayment penalty.

4. Execution and Form of Note. The Note shall be signed by the Chairman or Vice Chairman of the Authority Board and the Authority's seal, if any, shall be affixed thereon and attested by the Secretary of the Board or the Executive Director of the Authority (**the "Executive Director"**). The Note shall be issued as a typewritten bond or note with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by such officers, whose approval shall be evidenced conclusively by the execution and delivery of the Note.

5. Pledge of Revenues; Parity. Principal of and premium, if any, and interest on the Note and all other amounts due thereunder shall be payable solely from the revenues of the broadband data and internet service system operated by the Authority (**"Revenues"**). The Revenues are to be pledged as set forth in the Note. Nothing in the Note or this Resolution shall be deemed to constitute a pledge of the faith and credit of the Commonwealth of Virginia or any of its political subdivisions, including the Member Jurisdictions. The issuance of the Note shall not directly, indirectly or contingently obligate the Commonwealth of Virginia or any of its political subdivisions, including the Member Jurisdictions, to pledge their faith and credit or levy any taxes for the payment of the principal of or premium, if any, or interest on the Note or other costs incident to it or make any appropriation for its payment except from the revenues and other funds pledged for such purpose.

The Note will be secured on parity with any other bonds or notes of the Authority secured by the pledge of Revenues, including the Authority's \$5,000,000 Broadband Infrastructure Taxable Revenue Bond, Series 2018.

6. Preparation of Printed Note. The Authority shall initially issue the Note in typewritten form. Upon request of the registered owner and upon presentation of the Note at the office of the Registrar (as hereinafter defined), the Authority shall arrange to have prepared, executed and delivered in exchange as soon as practicable the Note in printed form in an aggregate principal amount equal to the unpaid principal of the Note in typewritten form, in denominations of \$5,000 and multiples thereof (except that one Note may be issued in an odd

denomination of not less than \$5,000), of the same form and maturity and registered in such names as requested by the registered owners or their duly authorized attorneys or legal representatives. The printed Note may be executed by manual or facsimile signature of the Chairman or Vice Chairman of the Authority Board, the Authority's seal affixed thereto, if any and attested by the Secretary of the Authority Board or the Executive Director; provided, however, that if both such signatures are facsimiles, no Note shall be valid until it has been authenticated by the manual signature of the Registrar and the date of authentication noted thereon. The typewritten Note surrendered in any such exchange shall be canceled.

7. Registration and Transfer of the Note. The Authority appoints the Secretary of the Authority as paying agent and registrar (**the "Registrar"**) for the Note. If deemed to be in its best interest, the Authority may at any time appoint a qualified bank or trust company as successor Registrar or its Executive Director. Upon surrender of the Note at the office of the Registrar, together with an assignment duly executed by the registered owner or its duly authorized attorney or legal representative in such form as shall be satisfactory to the Registrar, the Authority shall execute, and the Registrar shall authenticate and deliver in exchange, a new Note or Notes having an equal aggregate principal amount, of the same form and maturity, bearing interest at the same rates and registered in such name as requested by the then registered owner or its duly authorized attorney or legal representative. Any such exchange shall be at the expense of the Authority, except that the Registrar may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

The Registrar shall treat the registered owner as the person or entity exclusively entitled to payment of principal, premium, if any, and interest, and the exercise of all other rights and powers of the owner, except that installments shall be paid to the person or entity shown as owner on the registration books on the 15th day of the month preceding each interest payment date.

8. Mutilated, Lost or Destroyed Note. If the Note has been mutilated, lost or destroyed, the Authority shall execute and deliver a new Note of like date and tenor in exchange and substitution for, and upon cancellation of, such mutilated Note or in lieu of and in substitution for such lost or destroyed Note; provided, however, that the Authority shall so execute and deliver only if the registered owner has paid the reasonable expenses and charges of the Authority in connection therewith and, in the case of a lost or destroyed Note, (a) has filed with the Authority evidence satisfactory to the Authority that such Note was lost or destroyed and (b) has furnished to the Authority satisfactory indemnity.

9. Other Actions. All other actions of Authority officials in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Note are ratified, approved and confirmed. The Authority officials are authorized and directed to execute and deliver all agreements, certificates and other instruments considered necessary or desirable in connection with the issuance, sale and delivery of the Note pursuant to this Resolution, including, but not limited to the Financing Agreement and any other agreements. Certified copies of this Resolution shall be filed with the Clerks of the Accomack County Circuit Court

and Northampton County Circuit Court in accordance with Section 15.2-5431.15 of the Code of Virginia of 1950, as amended.

10. Effective Date. This Resolution shall take effect immediately.

ADOPTED THIS ___ DAY OF _____, 2023.

The members of the Authority Board voted as follows on the adoption of this Resolution:

Ayes

Nays

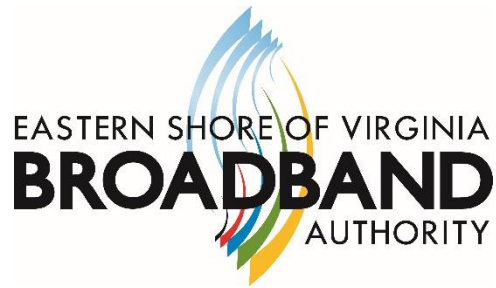
Absent

Abstentions

CERTIFICATE

I, the undersigned Executive Director of the Eastern Shore of Virginia Broadband Authority (**the “Authority”**), hereby certify that attached hereto is a true and correct copy of a Resolution adopted by the Authority on _____, 2023, during an open meeting in which a quorum was present, which Resolution has not been amended, modified or repealed as of the date hereof.

Executive Director
Eastern Shore of Virginia Broadband Authority



ESVBA Staff Compensation Review

Background:

When the ESVBA first commissioned the Evergreen Study in September 2021, the ESVBA salaries had been frozen in time while we formulated, reviewed and adopted the new compensation strategy. The study was reviewing our then current salary processes and had held staff compensation since before September in an effort to provide a uniform structure to our compensation model. When fully adopted and implemented in July 2022, the ESVBA provided staff members raises that corresponded to the new program; the numbers designated by Evergreen were based upon September 2021 indices.

The ESVBA did not account for the changes just to inflation alone which rose 8.7% from September 2021 (CPI-U: 264.593) to July 2022 (CPI-U: 287.608). If we consider from September 2021 to April 2023, the latest CPI reported by the Bureau of Labor Statistics, the inflation rate is > 11.6% increase.

The Evergreen compensation program, during the first 10-years of employment, provides for an average of 2.63% increase annually (diminishing over time). This means that our staff, in 2023, will have their wages increase by approximately 5.2% while inflation has outpaced our raises by double effectively causing the staff to have less buying power and funds for their basic necessities. This in turn will reduce the staff's longevity and employee retention.

Requested Action:

It is requested that the board consider an increase of +6% to the Evergreen Compensation program to help staff combat this inflation crunch and provide increase work retention. As our staff increases tenure, the skills of those individual members increases appreciably so we want to ensure employee satisfaction where possible. A six percent shift to the program is fairly modest as it does not exceed the inflation numbers and also takes into account other governmental agencies on the Shore that are making similar modifications.

The proposed budget includes the six percent change and the new adjusted salaries in FY2024 as an increase to total wages and benefits by \$114,424. The budget presented is still balanced and within financial tolerances while including this increase.

	OPERATING CASH FLOW		\$ 105,115	\$ 101,902	\$ 44,152	\$ 152,882	\$ 158,132	\$ 163,382	\$ 168,632	\$ 173,882	\$ 179,132	\$ 184,382	\$ 189,632	\$ 194,882	\$ 1,816,106
	EBITDA		\$ 105,115	\$ 101,902	\$ 44,152	\$ 152,882	\$ 158,132	\$ 163,382	\$ 168,632	\$ 173,882	\$ 179,132	\$ 184,382	\$ 189,632	\$ 194,882	\$ 1,816,106
	EBITDA (%)		23%	22%	10%	30%	31%	31%	32%	33%	34%	34%	35%	35%	30%
	Interest Payments						\$ 82,695						\$ 72,394		\$ 155,089
	Principal Payments	<i>(BB&T Bond)</i>					\$ 464,000								\$ 464,000
	Operating Income before Depreciation		\$ 105,115	\$ 101,902	\$ 44,152	\$ 152,882	\$ (388,563)	\$ 163,382	\$ 168,632	\$ 173,882	\$ 179,132	\$ 184,382	\$ 117,238	\$ 194,882	\$ 1,197,017
	Depreciation Expense		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Pretax Income		\$ 105,115	\$ 101,902	\$ 44,152	\$ 152,882	\$ (388,563)	\$ 163,382	\$ 168,632	\$ 173,882	\$ 179,132	\$ 184,382	\$ 117,238	\$ 194,882	\$ 1,197,017
	Income Tax (0%)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	After Tax Income/(Loss)		\$ 105,115	\$ 101,902	\$ 44,152	\$ 152,882	\$ (388,563)	\$ 163,382	\$ 168,632	\$ 173,882	\$ 179,132	\$ 184,382	\$ 117,238	\$ 194,882	\$ 1,197,017
	OPERATING CASH FLOW less Financial Activities		\$ 105,115	\$ 101,902	\$ 44,152	\$ 152,882	\$ (388,563)	\$ 163,382	\$ 168,632	\$ 173,882	\$ 179,132	\$ 184,382	\$ 117,238	\$ 194,882	\$ 1,197,017
10030	Equipment Replacement Accrual	<i>(Equipment Repl., Additions, etc)</i>	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 60,000
		<i>Balance as of 5-11-23 = \$515,803</i>													
10020	Capital Expansion Accrual	<i>(Network Expansion, etc)</i>	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 60,000
		<i>Balance as of 5-12-23 = \$657,261</i>													
	Quinquennial Pole Survey Accrual	<i>(ANEC 5-year pole survey)</i>	\$ 1,833	\$ 1,833	\$ 1,833	\$ 1,833	\$ 1,833	\$ 1,833	\$ 1,833	\$ 1,833	\$ 1,833	\$ 1,833	\$ 1,833	\$ 1,833	\$ 22,000
	Capital Expenditures	<i>Network Expansion, Equipment</i>	\$ 89,302	\$ 89,302	\$ 89,302	\$ 89,302	\$ 89,302	\$ 89,302	\$ 89,302	\$ 89,302	\$ 89,302	\$ 89,302	\$ 89,302	\$ 89,302	\$ 1,071,626
	INCREASE (DECREASE) IN CASH	<i>Operating less Finance & CAPEX</i>	\$ 3,980	\$ 766	\$ (56,984)	\$ 51,746	\$ (489,699)	\$ 62,246	\$ 67,496	\$ 72,746	\$ 77,996	\$ 83,246	\$ 16,102	\$ 93,746	\$ (16,609)
	Projected Beginning Cash Balance *		\$ 1,593,821	\$ 1,597,801	\$ 1,598,567	\$ 1,541,584	\$ 1,593,330	\$ 1,103,631	\$ 1,165,878	\$ 1,233,374	\$ 1,306,121	\$ 1,384,117	\$ 1,467,363	\$ 1,483,466	\$ 1,593,821
	Projected Ending Cash Balance		\$ 1,597,801	\$ 1,598,567	\$ 1,541,584	\$ 1,593,330	\$ 1,103,631	\$ 1,165,878	\$ 1,233,374	\$ 1,306,121	\$ 1,384,117	\$ 1,467,363	\$ 1,483,466	\$ 1,577,212	\$ 1,577,212

* Starting cash balance in July '23 is an approximation from the estimated cash balance at the end of March '23

Description	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	
Continued deployment of FTTH Phase 1	\$ 136,426	\$ 79,000	\$ 74,000	\$ 70,000	\$ 60,000	\$ 40,000	\$ 459,426
Deployment of subs from FY2018 Expansion (Phase 2)	\$ 300,000	\$ 200,000	\$ 140,000	\$ 80,000	\$ 70,000	\$ 60,000	\$ 850,000
Deployment of subs from VATI FY22 (Phase 3)	\$ 250,000	\$ 300,000	\$ 300,000	\$ 150,000	\$ 90,000	\$ 80,000	\$ 1,170,000
Deployment of subs (Phase 4)	\$ -	\$ -	\$ -	\$ 50,000	\$ 150,000	\$ 30,000	\$ 230,000
Microcommunity Funding	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 540,000
Towers	\$ -	\$ 200,000	\$ -	\$ -	\$ -		\$ 200,000
	\$ 776,426	\$ 869,000	\$ 604,000	\$ 440,000	\$ 460,000	\$ 300,000	\$ 3,449,426

Other Equipment/Systems							
Air Conditioner Replacements	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000
Virtual Server Upgrades	\$ 50,000	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ 100,000
Cisco 3560/2960/1200 Replacements	\$ 10,000	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 20,000
Traffic Safety Equipment	\$ 40,000	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ 40,000
Security Audit and Mitigation	\$ 90,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Network Security/Anti Intrusion	\$ -	\$ -	\$ 40,000	\$ -	\$ 40,000	\$ -	\$ 80,000
OTDR	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 10,000
Battery Replacement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,000	\$ 12,000
Vehicle Replacement/Addition	\$ -	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 200,000
Additional Hub Site	\$ 60,000	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ 120,000
Core Router Upgrades	\$ -	\$ 200,000	\$ 100,000	\$ -	\$ -	\$ -	\$ 300,000
Office furniture	\$ 5,000	\$ 5,000	\$ -	\$ -	\$ 5,000	\$ -	\$ 15,000
Office Copier/Printer	\$ 7,200	\$ -	\$ -	\$ 7,200	\$ -	\$ -	\$ 14,400
Office Computer Upgrades	\$ 6,000	\$ 6,000	\$ 1,500	\$ 1,500	\$ 7,000	\$ 7,000	\$ 29,000
Network Operations UAS	\$ 7,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,000
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 295,200	\$ 331,000	\$ 271,500	\$ 48,700	\$ 92,000	\$ 59,000	\$ 967,400
	\$ 1,071,626	\$ 1,200,000	\$ 875,500	\$ 488,700	\$ 552,000	\$ 359,000	\$ 4,416,826