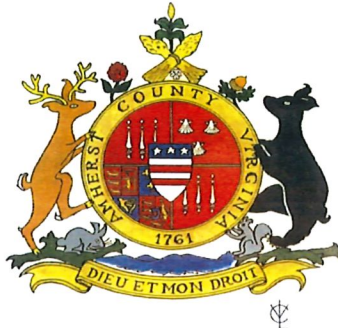


**Broadband Authority Board**

Claudia D. Tucker, Chair  
L. J. Ayers III, Vice-Chair  
David W. Pugh, Jr., Director  
Kenneth M. Campbell, Director  
Jennifer R. Moore, Director



**Clerk**  
Dean C. Rodgers

**County Attorney**  
Michael W. S. Lockaby

**Treasurer**  
Stacey L. Wilkes

**AMHERST COUNTY BROADBAND AUTHORITY BOARD**

**MINUTES**

AGENDA  
September 18, 2018

Administration Building - 153 Washington Street - Public Meeting Room  
Amherst, Virginia 24521  
Meeting Convened – 6:00 p.m.

- I. Call to Order**
- II. Approval of Agenda**
- III. Citizen Comment**
- IV. Presentation - CVEC**
  - A. Central Virginia Electric Cooperative – Proposal for Rural Broadband Project in Amherst County
- V. Matters from Members of the Broadband Authority Board**
- VI. Adjournment**

**MINUTES**

At a Regular Meeting of the Broadband Authority Board of Amherst County, Virginia and held at the Amherst County Administration building thereof on Tuesday, the 18<sup>th</sup> day of September, 2018, at 6:00 p.m., the following members were present:

**BROADBAND AUTHORITY BOARD**

**PRESENT:** Claudia D. Tucker, Chair  
L. J. Ayers, III, Director  
Kenneth M. Campbell, Director  
Jennifer R. Moore, Director

**ABSENT:** David W. Pugh, Jr., Director

**STAFF PRESENT:** County Administrator Dean C. Rodgers; Deputy County Administrator David R. Proffitt; County Attorney Michael W. S. Lockaby; and Executive Administrative Assistant Regina M. Rice

**OTHERS PRESENT:** Planning/Zoning Director Jeremy Bryant  
Mr. Gary Wood, CEO, Central Virginia Electric Cooperative



**I. Call to Order**

Chair Tucker called the meeting to order at 6:06 p.m.

**II. Approval of Agenda**

By motion of Director Ayers and with the following vote, the Broadband Authority Board approved the agenda for September 18, 2018.

AYE:	Mrs. Tucker, Mr. Ayers, Mr. Campbell and Ms. Moore
NAY:	None
ABSTAIN:	None
ABSENT:	Mr. Pugh

**III. Citizen Comment**

There was no public comment.

**IV. Presentation - CVEC**

A. Central Virginia Electric Cooperative – Proposal for Rural Broadband Project in Amherst County

Planning/Zoning Director Bryant welcomed Mr. Gary Wood, President of Central Virginia Electric Cooperative.

Mr. Wood addressed the Board and presented a PowerPoint presentation regarding a proposal for Rural Broadband in Amherst County. (See Attachment 1)

Mr. Wood explained this proposal would be to build a fiber-optic system though its electric system to serve customers.

Mr. Wood presented options of providing internet service in Amherst County. (See Attachment 2.)

Mr. Wood said he is asking for outside support to offset a part of the costs, and looking for rebate on taxes as well as grants from federal and state government.

County Lockaby advised this matter can be brought to the EDA Board concerning a tax rebate.

Chair Tucker stated the need of a consensus from the Board to direct the County Administrator to talk to the EDA regarding the Central Virginia Electric Cooperative Broadband project.

AYE:	Mrs. Tucker, Mr. Ayers, Mr. Campbell and Ms. Moore
NAY:	None
ABSTAIN:	None
ABSENT:	Mr. Pugh

**V. Matters from Members of the Broadband Authority Board**

Director Moore had no matter to discuss.

Director Campbell had no matter to discuss.

Director Ayers had no matter to discuss.

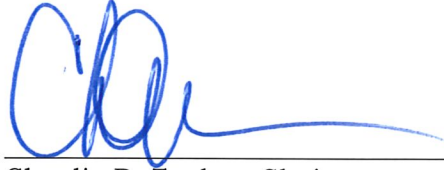
Chair Tucker had no matter to discuss.



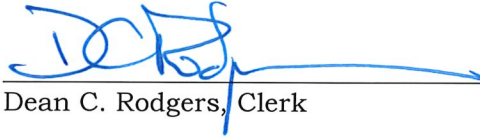
**VI. Adjournment**

By motion of Chair Tucker and with the following vote, the Board adjourned at 6:51p.m.

AYE:	Mrs. Tucker, Mr. Ayers, Mr. Campbell and Ms. Moore
NAY:	None
ABSTAIN:	None
ABSENT:	Mr. Pugh

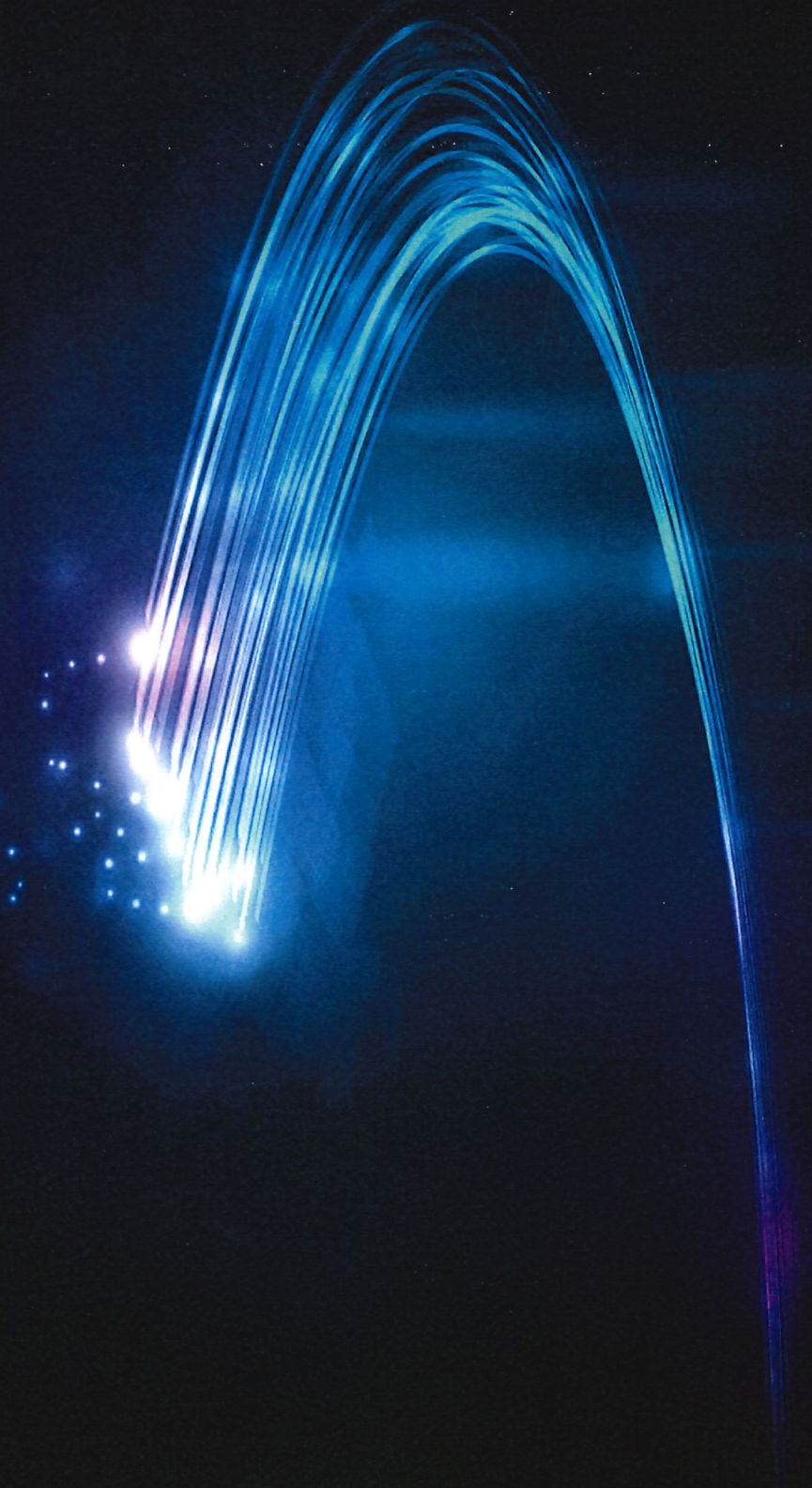


\_\_\_\_\_  
Claudia D. Tucker, Chair  
Amherst County Broadband Authority



\_\_\_\_\_  
Dean C. Rodgers, Clerk





# RURAL BROADBAND

CENTRAL VIRGINIA ELECTRIC COOPERATIVE







# Central Virginia Electric Cooperative



# Who is CVEC?

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- Rural Electric Cooperative
  - Private independent organization
  - As a monopoly, provide a public utility - electricity
  - Cooperative business model
  - Not for profit
- Formed in 1937
  - Farmers and business owners in rural central Virginia
  - Built infrastructure that open market would not build
- Consistently competitive
  - Throughout history near or below average cost in state
  - High reliability – 99.999% service availability annually
  - Traditionally very high member satisfaction ratings





# Who oversees CVEC?

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- Board of Directors
  - 9 Directors chosen from membership
  - Elected by members
  - Meet regularly (9-12 meetings annually)
  - Fiduciary and policy roles
- Virginia State Corporation Commission
  - Approve Rates and Terms & Conditions
  - Review quality of service complaints
- Rural Utilities Service
  - Our banker – has master mortgage document
  - Financial requirements
  - Design and equipment standards





# What size company is CVEC?

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- Average electric cooperative in state
  - 37,000 accounts
  - Touch parts of 14 counties
  - 4,600 miles of overhead and underground lines
  - 90% residential accounts
- Midsize company financially
  - \$90 million in revenue
  - \$2 million to \$4 million in margins annually
- Impact on local economy
  - 104 full time employees – average wage \$35/hr
  - Another 100 local contract employees
  - Active in communities we serve





# Rural Broadband Project





# Rural Broadband Project

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- CVEC needs high speed communications across its grid
  - Requires all 33 wholesale delivery points be connected
  - Downline equipment connected
  - Eventually all the way to the meter
  - Smart grid applications, higher reliability, lower costs
- Leverage the CVEC fiber to provide members broadband
- Make fiber access available to other businesses and organizations who need high speed communications in the most rural areas





# Rural Broadband Project

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- 5 year project
  - First year pilot to prove concept and assumptions
- All 37,000 accounts will have option for service
  - Fiber will be extended to home or business when member signs up
- 3,500 miles of line
  - From 600 to 800 miles per year installed, plus drops
- \$110 million investment
  - About \$20 to \$24 million annually





# Rural Broadband Project

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- CVEC will install and own fiber
  - Overhead on poles
  - Underground where other facilities underground
- Subsidiary business will be ISP
  - Required by Virginia code
  - Will lease fiber from CVEC and sell services retail
- Design and construction will be contracted
  - 15 to 20 miles installed per week
  - 100 to 150 new accounts added per week





# Rural Broadband Project

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- Business plan indicates financially feasible
  - Uses conservative costs and revenue projections
  - Projections based on actual projects from electric cooperatives and small municipalities around US
  - Uses proven construction methods
- Subsidiary reaches breakeven in year 11
  - Cashflow positive in year 7
- Requires over \$100 million in new debt for CVEC





# Services and Pricing

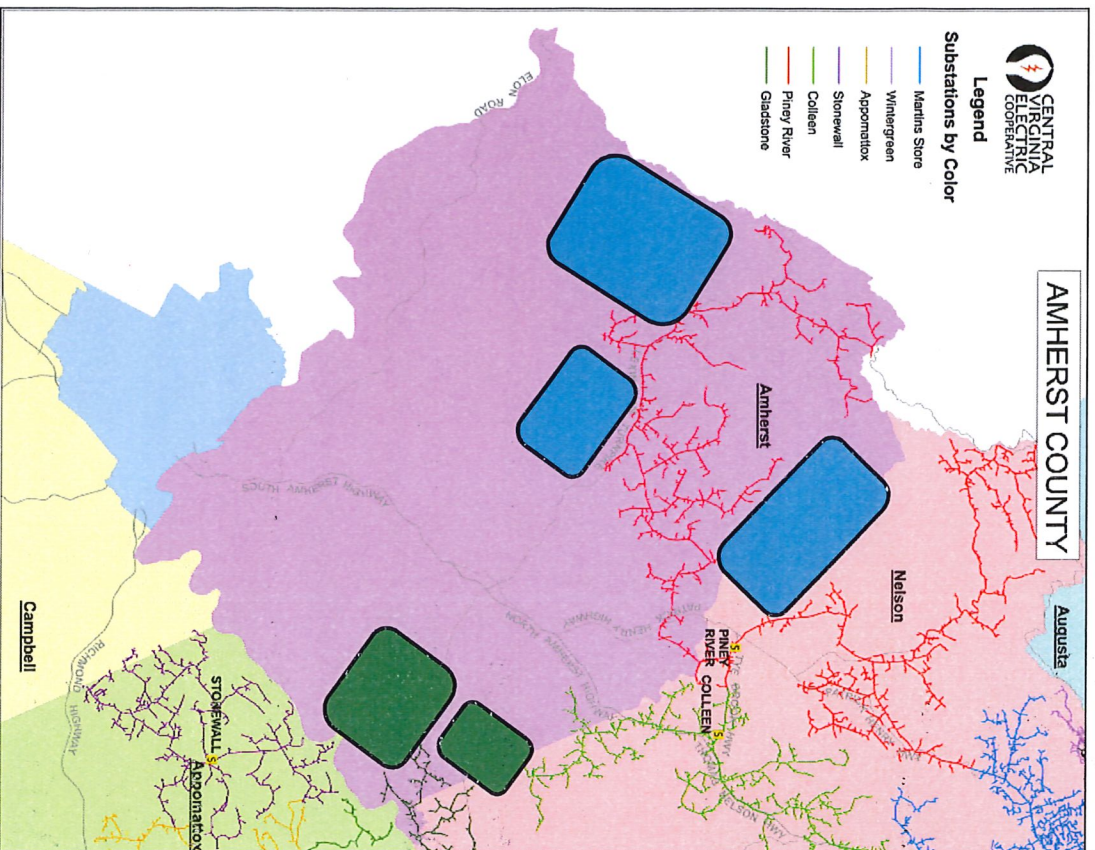
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- Two options for Broadband
  - 100 megabits per second service - \$49.99/month
  - 1 gigabit per second - \$79.99
- VOIP Telephone Service
  - Unlimited local and long distance in Cont. U.S. - \$34.99/month
  - Unlimited local and long distance bundled with internet - \$29.99
- Installation fee
  - \$100 for new installation
  - Waived if sign up as we build in the area





# Local Impact



- Amherst County
- 1,015 accounts
- \$3 million investment





# Local Impact



Virginia Broadband Availability Map and  
Integrated Broadband Planning and Analysis Toolbox



Home About Sponsors News

## Browse the Map

Zoom to Address or Zip Code

Zoom to County/Jurisdiction

Show Results

Choose Some Layers

- ☐ Cities/Counties
- ☒ Cable Wireline Coverage (Dec. 2016)
- ☒ DSL Wireline Coverage (Dec. 2016)
- ☒ Copper Wireline Coverage (Dec. 2016)
- ☒ Fiber Optic Coverage (Dec. 2016)
- ☒ Fixed Wireless Coverage (Dec. 2016)
- ☒ Mobile Wireless Coverage (Dec. 2016)
- ☒ 4G/LTE Wireless Coverage (Dec. 2016)
- ☒ Satellite Coverage (Dec. 2016)
- ☒ Underserved Areas (Dec. 2016)  
[greater than 10 Mbps download and 1 Mbps upload and less than 25 Mbps download and 3 Mbps upload]
- ☒ Unserved Areas (Dec. 2016)  
[below 10 Mbps download and 1 Mbps upload]
- ☒ Vertical Assets (updated daily)
- ☒ Community Anchor Institutions (Jul. 2015)
- ☒ School
- ☒ Library
- ☒ Hospital



**RURAL BROADBAND**  
CENTRAL VIRGINIA ELECTRIC COOPERATIVE





# Local Impact



Virginia Broadband Availability Map and  
Integrated Broadband Planning and Analysis Toolbox



Home About Sponsors News

Map icon People icon Building icon ?

## Browse the Map

Zoom to Address or Zip Code

[Q] [X]

Zoom to County/Jurisdiction

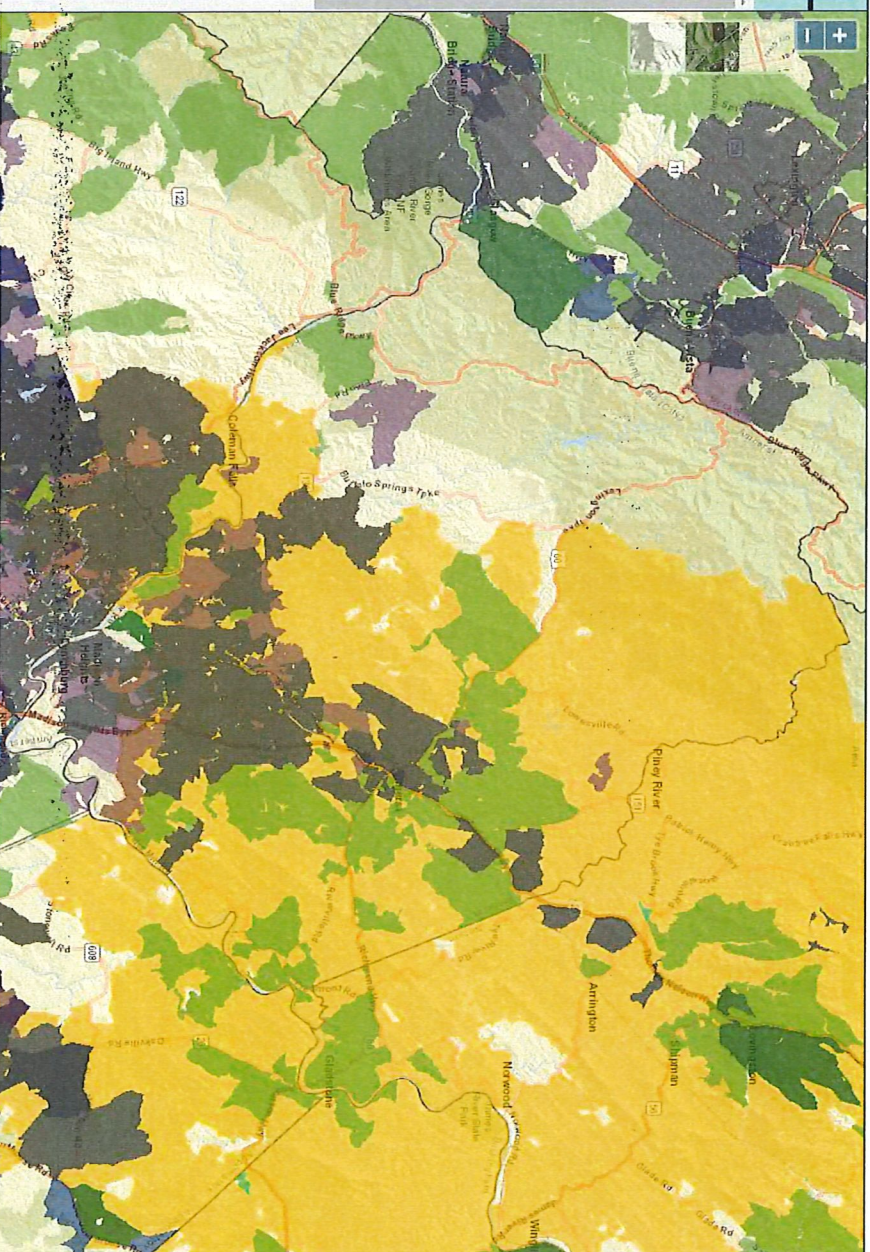
[Q] [X]

## Show Results

[OFF] [?]

## Choose Some Layers

- ☒ Cities/Counties
- ☒ Cable Wireline Coverage (Dec. 2016)
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- ☐ Unserved Areas (Dec. 2016)
- ☐ Vertical Assets (updated daily)
- ☐ Community Anchor Institutions (Jul. 2015)
- ☒ School







# Support Resources and Methods



# Will Seek Support

---

- Will seek 20-25% of overall project costs in total support
  - Mix of capital offset and annual revenue
  - Help reduce debt burden
  - Help early years of cash flow when business is most at risk
- Seeking support at all levels – local, state and federal
  - Lacking a single source at state or national level
  - Will reach out to all potential sources for grants, incentives, revenue commitments, in kind services, etc.





# Will Seek Support

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- Local
  - Economic development incentive equal to new tax revenues
  - Commitment for contracts for government communications and internet services
  - Incentive grants
  - In kind services
- State
  - VEDP
  - CIT
  - Tobacco Commission (south of James River)
- Federal
  - RUS and FCC funding options
  - Infrastructure bill grant or incentives





# Will Seek Support

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- Off-system building
- Virginia Telecommunication Initiative (VATI)
  - Broadband availability
  - Upcoming opportunity for co-application





# Opportunity

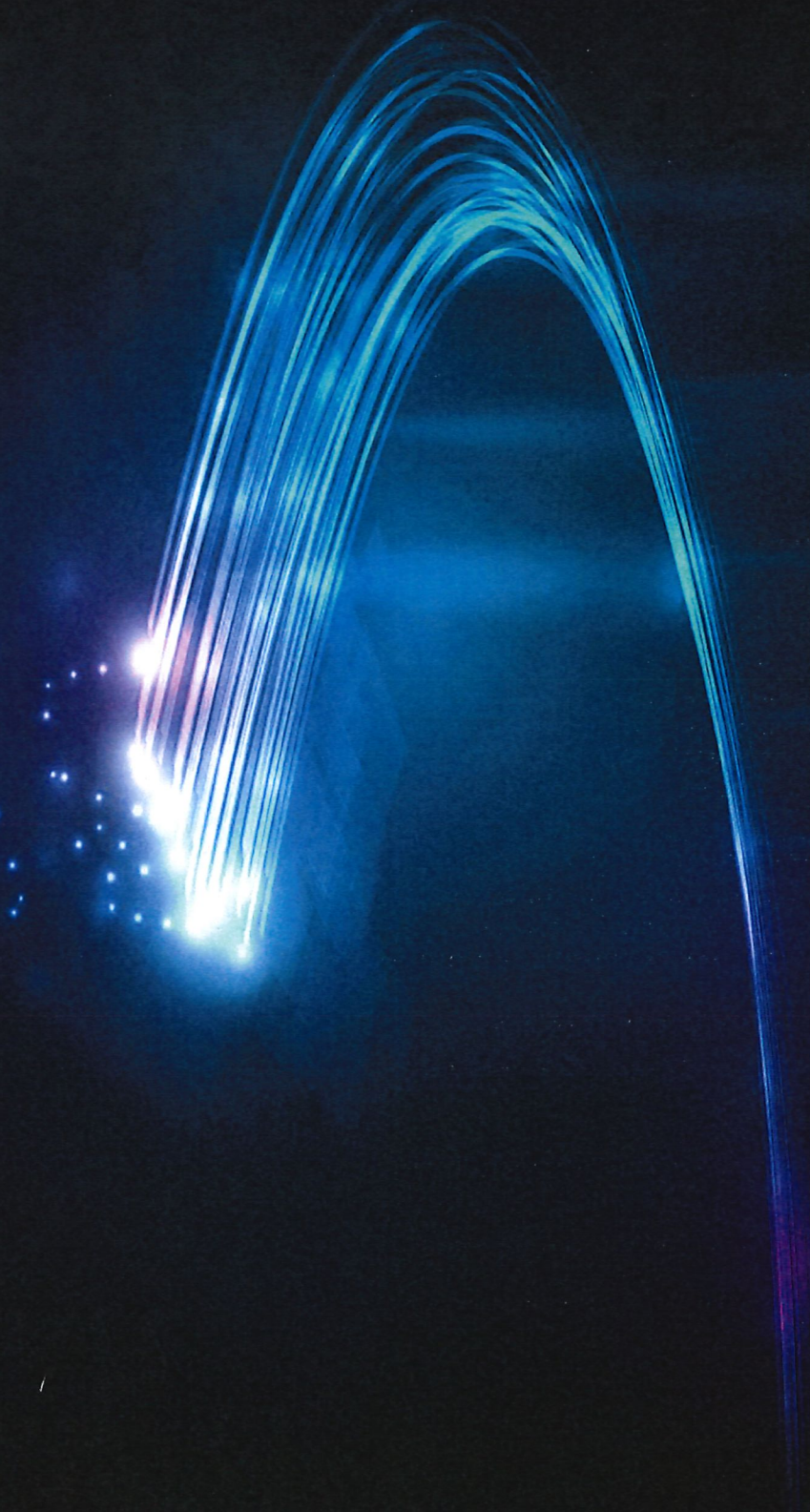
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*“Opportunity is missed by most  
people because it is dressed in overalls  
and looks like work”*

*- Thomas A Edison*







# RURAL BROADBAND

CENTRAL VIRGINIA ELECTRIC COOPERATIVE







25 July 2018

Mrs. Claudia Tucker  
Amherst County Administration  
153 Washington St.  
Amherst, VA 24521

Re: Proposal for Rural Broadband Project in Amherst County

Dear Chairman Tucker and Supervisors:

Central Virginia Electric Cooperative (CVEC) needs broadband communication throughout its service area to improve operation, efficiency, and security of the electric system. There is also a dire need for high speed, reliable broadband internet service in the rural areas in which CVEC members live. CVEC proposes to address these two needs with a system-wide deployment of fiber optic cable which will allow the CVEC members to have the option of world-class broadband internet service. The project will consist of building 4,500 miles of fiber optic cable within five years and making broadband internet service available to 37,000 homes and businesses across parts of 14 counties.

The project is financially feasible, but very marginally so, with the lack of population density in the rural areas. CVEC is seeking a small share of support from the federal, state and local levels of government to reduce the risk and allow the Board of Directors to be comfortable making a commitment to the full project.

This packet of information provides the background on CVEC and the fiber broadband project as well as details of the request to your county. We welcome an opportunity to answer questions, give presentations or meet, and negotiate with the appropriate officials and staff personnel to determine the level of support and final structure of support programs that might be available from Amherst County.

Together we can bridge the digital divide in the most rural areas of your county. We look forward to hearing from you.

Sincerely,

Gary E. Wood  
President and CEO  
Central Virginia Electric Cooperative

Pdf copy by email to: Dean C. Rodgers, County Administrator and Victoria Hansen, EDA





## **Rural Fiber-Optic High Speed Broadband Internet Access**

### ***Amherst County***

#### ***Project Proposal and Request for Support***

Central Virginia Electric Cooperative (CVEC) proposes to build a fiber-optic communications network throughout its electric distribution system. The communications system will provide benefits to the electric system operation but not pay for itself through electric system benefits alone. CVEC plans to lease the fiber-optic system to its wholly-owned subsidiary, Central Virginia Services, Inc. to provide broadband internet and communications services to residences and businesses. To accelerate the deployment of fiber and help overcome the digital divide in rural central Virginia, CVEC seeks support to help offset a small portion of the significant capital costs and/or to provide CVSI dependable cashflow in the first years of the new business.

The project will provide access to 1015 homes and businesses in rural Amherst County. These members are served from three CVEC substations (Colleen, Gladstone and Piney River). The total investment for the fiber-optic network to serve CVEC member accounts in Amherst is estimated to be \$3 million.

In addition, CVEC is investigating options that could lead to the fiber being extended beyond the CVEC system to some adjacent rural areas which would allow us to more than double the number of homes this project would be able to connect to world class high speed broadband service. The expansion would also more than double the investment in infrastructure in the county. The final decision on this expansion will be made within the next few months.

CVEC requests combined capital and cash flow support of five percent of construction costs from Amherst County to help offset costs and assure timely completion and success for the project. With this support the five year project would reach most of the rural areas of northern and eastern Amherst County.

The following are some potential funding options for Amherst County:

1. Economic Development Authority commitment to provide the equivalent of annual tax revenue from new plant investment for the first five years after each substation area is completed. Using this method, money only flows back to us based on actual construction value of the built portions of the network.
2. Grant to offset capital costs.
3. Contracts for broadband internet or communications services to public facilities such as schools, radio towers, libraries, etc.

This request will help our Board of Directors to see their way to committing to the full five-year build out contemplated in our feasibility study. Final decisions on the schedule for each substation will be based on overall



density and cost of service to provide the best cash flows into the new subsidiary business as it develops enough to create positive annual cashflow.

The project will provide clear benefits to the accounts served with world-class, high-speed broadband internet service at very competitive rates. It will also provide benefits by expanding fiber availability into the most rural areas for further broadband expansion by companies wishing to extend the fiber further outside CVEC territory or for wireless internet providers. It will also expand options for cell phone providers and for other companies and groups needing high speed connections to rural tower sites for coverage. There will be a better platform for home businesses or telecommuting, reducing traffic and improving public safety. Home values will increase.

There are many, many positive outcomes from having a fiber-optic network deployed across the rural countryside in Amherst County. CVEC is planning the project based on the benefits over the thirty year life of the fiber. Amherst County will also see positive paybacks that justify a contribution to support timely construction of a virtually future-proof infrastructure to deliver communications and broadband services in the rural areas.





### **Project Overview**

Central Virginia Electric Cooperative (CVEC) has a growing need for high-speed communications to many points on its electric distribution system. The Cooperative needs to improve communications speeds and bandwidth to its substations to allow for better equipment control and monitoring as well as for improved security. Downline equipment, including reclosers, regulators, capacitor banks, automatic switches, and voltage meters, all will provide better and more timely information through broadband connections. The immediate benefits for the CVEC members will be improved reliability and reduced power costs. In the longer term, a system-wide broadband network will provide the platform for next generation electric distribution smart grid applications, including integration of distributed generation resources and battery storage.

As a not-for-profit electric cooperative, CVEC is focused on its members' needs. Given the dearth of true high-speed broadband access throughout the CVEC service territory, the Cooperative plans to leverage the new fiber-optic network to help members overcome the digital divide that separates them from their more urban neighbors and from the world. CVEC plans to extend more than 4,500 miles of fiber-optic cable across parts of 14 central Virginia counties within five years to offer broadband connections to all 37,000 home and business accounts held by the CVEC membership. The total investment in infrastructure will be \$110 million.

CVEC is uniquely situated to provide this service in this area. The new cable will be installed on and adjacent to existing overhead and underground electric distribution lines. Utilizing the existing infrastructure, also paid for by the members, will make economical installation much more possible. CVEC has access to very low-cost financing through the Rural Utilities Service and several private cooperative banks serving the industry. CVEC is focused on service instead of profits, and can be patient to wait through a long breakeven period for the fiber investment.

CVEC sees the need for broadband for homes and businesses. Many recent studies and articles have explored rural broadband access and its impact on business, education and healthcare. It is easier to attract new businesses into an area when their potential employees can have a high quality of life including broadband access. Home values are enhanced, increasing personal wealth as well as providing local governments with growth in their real estate bases during an era of low growth. The utility investment will also provide tax revenue from the higher payments to local governments due to higher utility plant value. The benefits of this project touch members, businesses, schools, and local governments.

Having fiber-optic service to 37,000 points across central Virginia will also facilitate expansion of other communications networks. Cell towers, fixed wireless towers, private radio networks and 911 systems can benefit from fiber being available all across the rural CVEC service territory.

Given the many benefits to diverse parties, CVEC has committed to making the fiber-optic network a reality. The 11-year payback period is marginal for the level of investment, even for a not-for-profit. A 5% increase in costs extends the payback to year 13, and if take rates fall 5%, the payback period is extended to year 19. The CVEC Board of Directors has committed to the first year of the five-year buildout to allow staff to show proof of concept, to confirm construction estimates and revenue projections, and to look for support to reduce risks.



Business Organization and Services: CVEC will own the fiber-optic cable on its poles, and be responsible for its installation and maintenance. Under present Virginia code, the Cooperative is not allowed to provide broadband internet service. CVEC will operate its wholly owned subsidiary, Central Virginia Service Inc, which will lease the fiber from CVEC and provide retail services to internet customers.

Basic residential service will be 100 mbps internet with a target price of \$49.99 per month, with an optional service with 1 gigabit speed for \$79.99 per month. Neither service will have data limits. There will also be a voice over IP offering for telephone service, with a target price of \$29.99 per month for unlimited local and long distance calling. The other service will be a managed router service (\$5 per month) for customers who prefer not to own and maintain their own routers in their homes or businesses.

There will be a class of business offerings and there will be options for businesses who require bulk lit service or backhaul to the internet.

To operate the business and offer these services, the subsidiary will be staffed with 20 to 25 new jobs, including a general manager, fiber line technicians, service personnel for work in homes, customer service representatives in the call center, and network engineers.

Financing: CVEC will be responsible for the financing of the fiber plant and associated capital costs. Support to offset the capital costs will go to CVEC and be used to reduce the loans and associated interest payments. CVEC will lease the fiber plant to the subsidiary to allow CVSI to sell internet service through the fiber. CVSI will be responsible for leased fiber payments as well as all other internet and voice service costs, the capital investment for the electronics to operate the business, and all operational expenses.

Any cash flow incentives will be directed to CVSI which is projected to lose money the first six years of the business plan and reach breakeven in year 11.

In addition to the capital investment CVEC and CVSI will make in the project, they will seek support from federal, state and local governments and agencies. Their goal is to obtain \$20 to \$25 million in support through a combination of one-time capital support and ongoing cash flow support for the first five years of the project.

CVEC plans to participate in the Federal Communications Commission Connect America Fund Auction, Phase II and seek other federal grants that will total \$5 to \$10 million. It will seek support from the Tobacco Commission Last Mile program and grants from state government agencies to provide \$5 to \$8 million in support. CVEC will ask counties to provide economic development support, including consideration of grants equivalent to the first five years of taxes on the new investment in each county. These local programs will hopefully provide \$3 to \$5 million in support. CVEC will also seek local grants, matching funds, in-kind services (fiber swaps, use of conduit or easements, etc.), and guaranteed contracts for broadband internet and communications services to government buildings and facilities such as schools, towers, and libraries, to provide an additional \$4 to \$7 million in support.

This level of support will provide for an approximate 80-20 match with CVEC and its affiliate organization, providing 80% of the cost to solve the broadband problems for large portions of the central Virginia countryside. This level of support will allow the Board of Directors of CVEC to feel more comfortable making the decision to commit to the full \$110 million project.

Scheduling and Priority: The intent is to begin construction in the third quarter of 2017 and continue building for five years. The areas to be built each year will be decided based on creating maximum positive cash flows for the new organization. Priority will be given to higher density areas and those with a lower cost to serve. Consideration will be given to how contributions impact cost, and these considerations will influence scheduling each year. CVEC's goal is to complete the project and make service available to all CVEC members in five years.





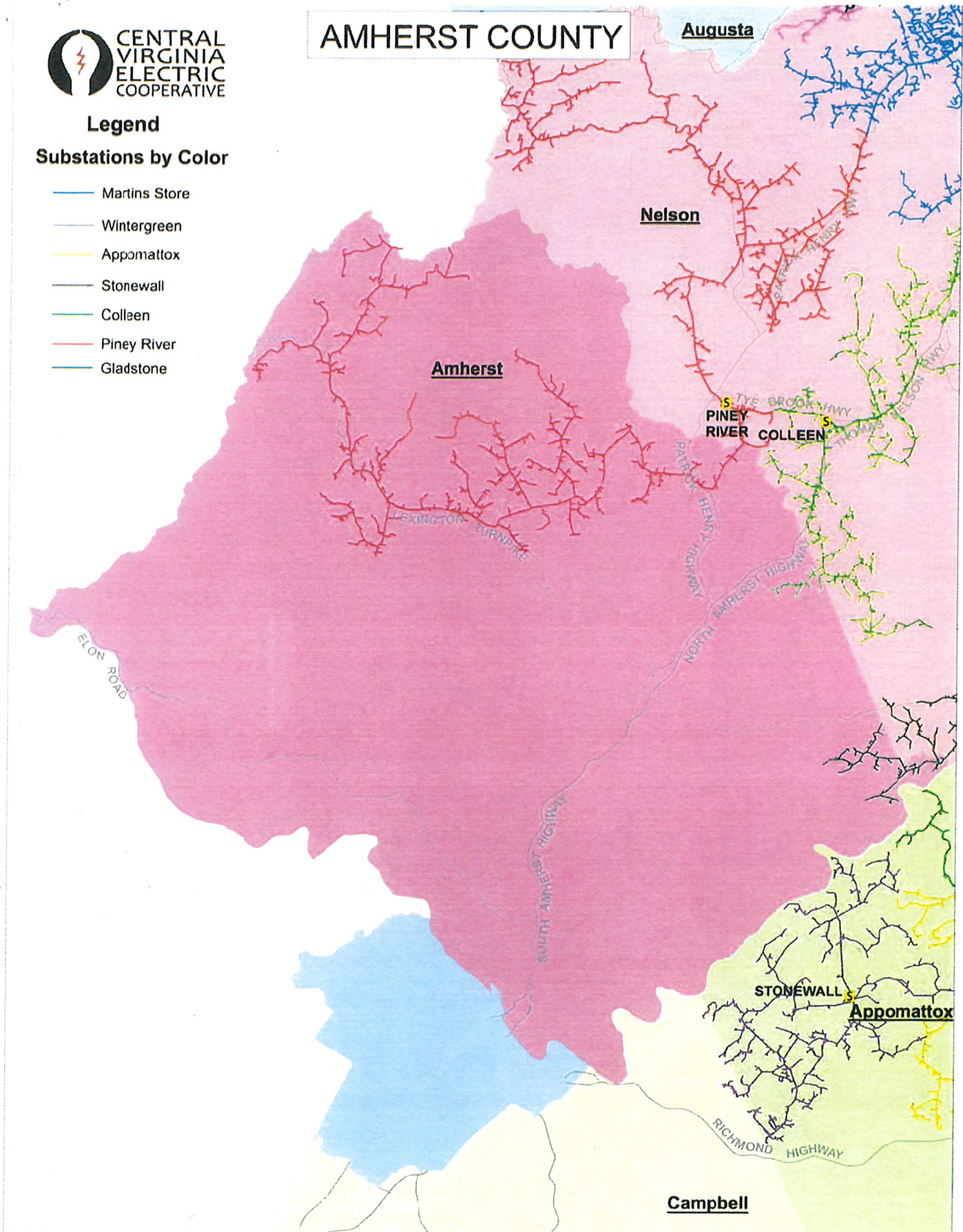
CENTRAL  
VIRGINIA  
ELECTRIC  
COOPERATIVE

### Legend

#### Substations by Color

- Martins Store
- Wintergreen
- Appomattox
- Stonewall
- Colleen
- Piney River
- Gladstone

## AMHERST COUNTY



Post Office Box 247 • Lovingson, VA 22949 • Telephone: 434/263-8336  
Toll Free: 800/FOR-CVEC (800/367-2832) • Internet: [www.mycvec.com](http://www.mycvec.com)

*This institution is an equal opportunity provider and employer.*





### **Benefits for Co-op Members, County, Businesses, and CVEC Non-members**

**Co-op Members:** CVSI's broadband initiative will put internet at the fingertips of CVEC members, providing them with affordable, unlimited internet at world-class speeds. Transforming a distant luxury into an attainable resource, CVSI will provide a service which is already considered an essential in urban and suburban America and other developed countries worldwide.

Students will enhance their learning through the wealth of information on the worldwide web. Parents will avoid unnecessary doctor visits for young children when they utilize telemedicine sites. Grandparents will have entertainment options that will keep their grandchildren coming back and staying longer. True broadband offers benefits for every member of the household.

**County:** Because CVSI will be locally-owned and operated under CVEC's not-for-profit terms, its efforts will focus on local assistance, providing technological development for local communities, and returning all margins to the local CVEC community. In addition, broadband internet access will create a more sustainable rural lifestyle for local residents, raising property values, improving education and health care options, attracting and retaining residents, and increasing overall county revenues. A better-connected citizenry facilitates better communication of government actions and programs, improves public safety through reliable communications, and provides an environment that is attractive to employees.

**Businesses:** CVSI's broadband initiative will provide businesses near CVEC lines with high-speed broadband in quantities and prices that are engineered to meet their needs. Broadband access will also produce a more connected and tech-savvy employee pool and foster a technologically-advanced environment which will attract and retain valuable employees.

Whether it's a farmer using remote coop monitors or a homeowner operating an EBay antiques store from his garage, broadband connectivity increases efficiency and opportunities for small businesses. High-speed, reliable communications help gas stations and country stores process payments, expand options for physical security and facilities monitoring, and deliver cloud connectivity and data storage for businesses with large data needs. Fiber connectivity provides a platform for businesses new and old to grow and thrive.

**CVEC Non-members:** Even for CVEC non-members, CVSI's initiative promises benefits. As CVSI develops its broadband network, it will make high-speed fiber access available at current system borders, enabling other internet and communication providers to expand their systems as they share resources and cooperate with CVEC and CVSI. Wireless providers and all service providers will have more and cheaper options for tower connectivity; internet providers will be able to extend the fiber to neighboring communities; and businesses off of the CVEC lines will have shorter fiber extensions to access high-speed broadband. By expanding the borders of broadband availability, CVSI will make it possible for other providers to meet the needs of local residents outside of CVEC's service area.





## AGREEMENT

THIS AGREEMENT, made this \_\_\_\_ day of \_\_\_\_\_, 2018, by and between the ECONOMIC DEVELOPMENT AUTHORITY OF \_\_\_\_\_ (the "EDA"), a political subdivision established by the \_\_\_\_\_ COUNTY BOARD OF SUPERVISORS (the "Board"), CENTRAL VIRGINIA ELECTRIC COOPERATIVE ("CVEC"), a Virginia utility consumer services cooperative, and CENTRAL VIRGINIA SERVICES, INC., a Virginia corporation.

### WITNESSETH:

WHEREAS, the EDA has been created to promote the economic development of \_\_\_\_\_ County, Virginia (the "County") pursuant to enabling legislation under Section 15.2-4900 *et seq.* of the Code of Virginia and has authority to make grants of money or property to encourage economic development pursuant to Section 15.2-4905;

WHEREAS, CVEC has embarked on a project throughout its fourteen county service area to install fiber optic cable for the purpose of making broadband available and which will include improvements to CVEC's distribution system required to support the fiber optic cable, cable installation, service drops to individual customers, and supporting new equipment (the "Project");

WHEREAS, the system installed through the Project shall be operated by CVSI, a wholly owned subsidiary of CVEC;

WHEREAS, CVEC desires certain financial assistance in order to pursue its undertaking;

WHEREAS, it is in the public interest of the citizens of the County for the EDA to assist with the availability of broadband in the County which will benefit the County through an increase in the tax base and the availability of additional communication, education, and employment opportunities for its citizens, thereby promoting the health, safety, welfare, convenience, and prosperity of the citizens of the County;



WHEREAS, the Board has expressed its willingness to appropriate annually to the EDA sums described hereinafter as an incentive for CVEC to pursue the Project in the County; and,

WHEREAS, the EDA, CVEC and CVSI desire to enter into this Agreement to memorialize the understandings and conditions under which financial incentives will be provided to CVSI by the EDA for the Project, and to set forth the obligations and responsibilities of the parties in connection therewith.

NOW, THEREFORE, in consideration of the mutual promises of the parties and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Undertaking. CVEC will begin the Project in 2018 at an estimated cost of \$100,000,000.00 with an estimated completion date five years from the beginning of work.

2. Grant. A. The EDA will make a cash grant to CVSI in the amount of \$ \_\_\_\_\_ payable

\_\_\_\_\_.

B. The EDA agrees to grant to CVSI annually for a period of five years a sum equal to the County machinery and tools and personal property taxes attributable to each year's construction costs of the Project in the County (the "Local Taxes Grant"). For example, if CVEC expends \$1,000,000 in construction costs in the County in calendar year 2018, then the machinery and tools and personal property taxes attributable to \$1,000,000.00 shall be payable to CVSI by the EDA during the calendar years 2019, 2020, 2021, 2022, and 2023. If an additional \$2,000,000.00 is expended in construction costs in the County in 2019, then the Local Taxes Grant shall be increased to include the machinery and tools and personal property taxes attributable to \$2,000,000 and shall be payable to CVSI during the calendar years 2020, 2021, 2022, 2023, and 2024. For each subsequent year of the construction of the Project the Local Taxes Grant shall be so calculated until the installation is complete.

3. Payments. The EDA shall make payment of the Local Taxes Grant to CVSI within sixty days of each semi-annual tax due date provided that CVEC shall have paid all local taxes to the County as they fall due. There will be no grant for the taxes attributable to CVEC's currently existing real property, improvements, machinery and tools, and personal property values.

4. Reporting. CVEC shall report, document, and verify to the EDA the construction cost and the price of its related new equipment and personal property for the Project installed in the County by no later than January 31st for the preceding year. Such information shall be provided upon written request at such other times as deemed necessary by the EDA.



5. Appropriation. While the Board has made clear its commitment to the undertaking in this Agreement, it is understood that funding must be appropriated by future Boards and thus no EDA funds are obligated to be paid under this Agreement should the EDA fail to receive the necessary funding from the County.

6. Governing Law. This Agreement shall be construed in accordance with the laws of the Commonwealth of Virginia without regard to choice of law principles.

7. Entire Agreement. This Agreement constitutes the full agreement among the parties and no party shall be bound by any terms, conditions or representations not contained herein. This Agreement may be modified only by written agreement signed by both parties hereto with the same formality.

IN WITNESS WHEREOF, the parties hereto set their signatures and seals by their respective duly authorized representatives.

ECONOMIC DEVELOPMENT  
AUTHORITY OF \_\_\_\_\_ COUNTY

By: \_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary/Treasurer

COOPERATIVE CENTRAL VIRGINIA ELECTRIC

By: \_\_\_\_\_

Its \_\_\_\_\_

CENTRAL VIRGINIA SERVICES, INC.

By: \_\_\_\_\_

Its \_\_\_\_\_





### **Central Virginia Electric Cooperative Overview and Fact Sheet**

Central Virginia Electric Cooperative (CVEC) is a privately owned public utility providing electric service to its members across parts of 14 Virginia counties. CVEC is a not-for-profit electric cooperative, organized under IRS regulation 501(c)12. The Cooperative was formed in 1937, and has grown to serve 37,000 accounts for homes and businesses today. It is self-governed by a Board of Directors of nine CVEC members chosen democratically by the entire cooperative membership.

CVEC typically has total revenue of \$80 to \$90 million, with two thirds of that going to pay for the wholesale electricity it purchases for its members and delivers across the local distribution lines. It owns and maintains about 4,600 miles of line, with about 75% of that being overhead construction and the remainder underground. Each year, CVEC builds \$12 to \$16 million worth of electric plant in a combination of new line extensions and rebuilds or upgrades to existing lines. CVEC owns \$175 million in depreciated plant and pays local taxes in each county each year for the share of the plant located in the county.

CVEC has 104 employees who work out of its 3 division offices in Appomattox, Palmyra, and its Arrington headquarters. It takes delivery of wholesale electricity at 28 delivery points which will also serve as hubs for the planned broadband internet service. The Cooperative presently operates an IT network that spans the three offices, 28 substations, and across the entire service area where cell connectivity is available. The IT department is responsible for nearly 100 file servers running specific applications as well as the communications network providing interconnections. CVEC uses leased fiber between offices and within substations, and a combination of radio and microwave systems to tie substations together.

CVEC is regulated for rates and terms of service by the Virginia State Corporation Commission. It also must meet requirements of the federal Rural Utilities Service (RUS) who serves as its primary banker. Any new business venture must be approved by both bodies and must be structured to comply with all other state and federal laws.

Through its history, CVEC has emphasize safety first for its employees and the community, resulting in sound practices that protect the entire CVEC family and the public. The Cooperative has a long track record of conservative fiscal management and a focus on delivering electricity reliably and with competitive rates. The CVEC membership recognizes the success of CVEC in achieving these goals by providing positive feedback in member satisfaction surveys. CVEC traditionally scores above average among a group of the best electric cooperatives in the US, well above investor owned utilities as well as communication and internet providers.