

Fiber to the Home Broadband in Prince George County, VA



An agreement between PGEC Enterprises,
Prince George County IDA, and the
County of Prince George
May 23, 2017

Need for broadband in rural areas:

- 1) 61% of all businesses in Prince George County, VA are home-based businesses. Small and medium size businesses with greater high-speed internet use grow faster than those with less high-speed internet.
- 2) Enhanced educational opportunities (dual enrollment, complete homework, check grades/lunch account) and furthers workforce development (online training & job search) which supports economic development in Prince George County.
- 3) Availability of secure, reliable, competitive and sustainable broadband infrastructure is essential to meet citizen's needs. Broadband is either not present (coaxial cable), not affordable (wireless systems), or not reliable (satellite service) in rural areas.
- 4) Lack of broadband is the #1 complaint of Prince George County residents.

Parties to the agreement:

COUNTY OF PRINCE GEORGE, VIRGINIA (the “County”) a political subdivision of the Commonwealth of Virginia

PGEC ENTERPRISES, LLC (“PGECE”) a Virginia limited liability company authorized to transact business in the Commonwealth of Virginia

INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PRINCE GEORGE, VIRGINIA (the “Authority”), a political subdivision of the Commonwealth of Virginia

Request for \$1 million grant:

Prince George Electric Cooperative (PGECE) has established a Fiber-To-The-Home (FTTH) pilot project on West Quaker Road and Prince George Drive to test the business model for providing residential/commercial broadband service. The next step would be extending the service in phases throughout the County. The fiber subsidiary created by PGECE, PGECE Enterprises, LLC, is undercapitalized in order to build FTTH connections in the rural community due to the distances between homes/businesses. PGECE Enterprises, LLC is requesting a grant from the Authority of \$1,000,000 to help cover the overhead costs for this project.

Grant path:

The Prince George County Board of Supervisors would allocate \$1,000,000 from taxable bond proceeds to the Prince George County Industrial Development Authority. The Authority would establish a Broadband Expansion Grant in the amount of \$1,000,000 and enter into a contract with the County and PGECE to award the funds.

Broadband plan:

Within sixty (60) days of the execution of this agreement, PGECE shall provide to the Authority a broadband installation plan for installation of the Fiber Backbone, in substantial conformity with the proposed map. The broadband installation plan shall include, but not be limited to, the locations where PGECE proposes to install broadband infrastructure, the types of materials proposed to be used, and the capacity and lifespan of the materials.

Annual reporting:

PGECE shall provide documentation to the County and the Authority annually, beginning July 1, 2018 and continuing through July 1, 2021, verifying new subscribers to broadband service with a minimum of one-year subscriptions each.

Sale of PGECE:

In the event of a sale or assignment of PGEC Enterprises, LLC to any person, firm or corporation prior to PGECE's fulfillment of its obligations under the terms of this agreement, such sale or assignment shall be made expressly subject to all terms of this agreement.

Community Service Commitments:

PGECE will construct and make available fiber optic cable connections to all public structures and facilities owned or operated by the County that are within one thousand (1,000) feet of Fiber Backbone including, but not limited to schools, libraries, parks and recreation facilities, fire stations, and wireless communications towers. Internet service charges for these facilities shall be at the commercial rate.

In addition, PGECE will construct and make available to the County's Central Wellness Center, the Prince George Emergency Crew Building, the Burrowsville Volunteer Fire Department and the Burrowsville Community Center internet service at the residential internet service rate (currently \$82/month with leased router) during the term of this agreement. At such time as PGECE has satisfied in full all of the requirements of it under the terms of this agreement, the rate for internet service to the County's Central Wellness Center, the Prince George Emergency Crew building, the Burrowsville Volunteer Fire Department and the Burrowsville Community Center shall be at the PGECE commercial internet rate.

Questions?