



## APPLICATION FORM

All applications must include the following information. Separate applications must be submitted for each eligible program. **Deadline: June 1, 2018.** Please include this application form with electronic entry. If you do not receive an email confirming receipt of your entry within 3 days of submission, please contact [Gage Harter](#).

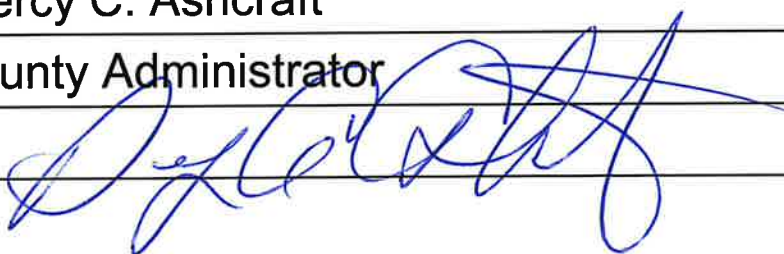
### PROGRAM INFORMATION

County: Prince George County, VA  
Program Title: Rural Fiber Broadband Public/Private Partnership  
Program Category: Regional Collaboration

### CONTACT INFORMATION

Name: Jeffrey D. Stoke  
Title: Deputy County Administrator  
Department: County Administration/Economic Development  
Telephone: 804-722-8612 Website: www.princegeorgecountyva.gov  
Email: jstoke@princegeorgecountyva.gov

### SIGNATURE OF COUNTY ADMINISTRATOR OR DEPUTY/ASSISTANT COUNTY ADMINISTRATOR

Name: Percy C. Ashcraft  
Title: County Administrator  
Signature: 

## **Prince George County, Virginia**

### **Rural Fiber Broadband: A Public / Private Partnership**

#### Executive Summary

How to serve the rural community with fiber broadband to the home with a public (Prince George County, VA) / private (Prince George Electric Cooperative) partnership using the oversized fiber of an electric company network between electric substations. County has rural underserved area with high median income (no grants), no wireless ISPs, and did not want to handle daily operations of the new system. County issued \$1,000,000 taxable bond to act as seed funding for third party entity created to oversee operations.

**1. Please provide a brief description of the project. Explain how this project addresses job creation, job retention, tax base enhancements and/or improves overall quality of life.**

Issue - How to provide rural broadband under the following scenario: Wireless providers not interested (ROI) in rural community; citizens and businesses have no access to internet; area is rural but not poor (median income \$64,805); local Board of Supervisors did not want to create broadband authority, did not want to accept gains/losses of project, did not want to involve County staff in daily operations of the project (bills, 2am calls, modem installations).

History - We stand at that same crossroads today with the most recent infrastructure advancement – the internet. Reliable and fast access to the internet does increase the standard of living. Homebuyers now assume there is electricity, they ask for internet. And,

right now, rural America is at a socioeconomic disadvantage without internet service. Students cannot complete homework, parents cannot take online classes for career employment/ advancement, and business owners cannot connect to the global economy from their own home. Over 60% of the businesses registered in Prince George County, VA are home based businesses. Realtors tell us that new employees will choose a home outside the County if home choices inside the County do not offer an internet service.

**2. What is the goal or purpose of this project?**

The goal is to develop a broadband solution that is the best possible long term solution for the citizens and businesses of the County. Reliability, utilizing a private organization that is not “fly by night” or may be purchased, and affordability (\$82/month includes modem lease) with unlimited data.

**3. Who is the target audience for this program/project?**

Citizens and businesses in a rural community not served (or poorly served) by broadband internet.

- a) 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.

- b) 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.
- c) 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.
- d) Lack of broadband is the #1 complaint of Prince George County residents.

**4. What is the impact of the project? How effective has it been in furthering economic development in your community? Identify any tangible and/or intangible results and value added. Include metrics, where available.**

The pilot project connected 50 homes with future connections currently underway. The final goal is 500 homes/businesses with fiber to the home connections within four years. The project began with a signed contract on June 16, 2017. As of March 12, 2018, there have been 129 fiber connections and 116 pending applications for fiber connection.

**5. What obstacles/barriers did you encounter in planning/implementing this project/program? How did you overcome them?**

Obstacles included gaining approval by public and public officials for investing \$1 million in taxable bonds for this project. Working through a taxable bond issue for the County, transfer of funds to the County Industrial Development Authority and creating the acceptable agreement

for all parties. How could the County help stimulate internet service without becoming the internet provider.

**6. Is this project replicable or transferable? Can it be adapted for use in other communities?**

**What lessons have been learned?**

Yes. Any electric cooperative in the Country can replicate this model. Our project idea came from Connect Missouri (Co-Mo 2010). In Virginia, the state corporation commission (SCC) would not allow an electric cooperative to operate both electric and fiber. The solution was to be granted SCC approval to create a new business subsidiary for the fiber business. Each state has different SCC laws.

After years of asking wireless providers, coaxial cable providers, and fiber providers to enter the rural market to no avail due to negative return on investment, our solution was elegantly provided by Michael Malandro, PGEC, CEO. By creating a smart grid for enhanced cooperative electric operations, the oversized fiber along the route could be used by the very electric customers it passes. The new business, PGEC Enterprises, has the lineman expertise in-house, has a nimble administrative team to respond to changes, and knows how to service rural America within the new business model.

The County was looking for a solution in which it could be a partner but, not run the daily operations of the fiber business. The County decided to partner with a local entity that it has known and trusted for decades, the local electric cooperative - PGEC. This is the long term

solution for internet in rural America: appropriate cost, last mile fiber, start small and build the business with the users, constructs fiber lines to support cooperative electric operations and supplies fiber to the home for the same electric customers/owners. When outside corporations refused to provide internet services to our rural community, the Cooperative and the County took matters into their own hands and began the process of rolling out a fiber network.

**7. Who are the participants in this project? What roles did they take in planning/implementation?**

COUNTY OF PRINCE GEORGE, VIRGINIA (the "County") a political subdivision of the Commonwealth of Virginia. Issued \$1,000,000 taxable bond for the project.

PRINCE GEORGE ELECTRIC COOPERATIVE ("PGEC") Constructed base smart grid system by running fiber between electric substations as a cost to the electric company.

PGEC ENTERPRISES, LLC ("PGEC Enterprises") a Virginia limited liability company authorized to transact business in the Commonwealth of Virginia. Provides fiber drops from the road to the home or business in need of last mile, fiber to the home internet. Provides \$82/month internet service with leased wireless router.

INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PRINCE GEORGE, VIRGINIA (the "Authority"), a political subdivision of the Commonwealth of Virginia. Holds legal agreement with PGEC Enterprises and conduit for bond proceeds to pass to a private business.

**8. In what ways is this project innovative or creative?**

The electric company wanted to expand a smart grid by installing fiber between their electric substations. This would allow real time monitoring, ability to create redundancy in the electric network and live posting of electric outage map on the internet. The Virginia State Corporation Commission (SCC) would allow the electric company to spend electric funds for this purpose. Hence, a base of fiber can be installed in any rural Cooperative electric area for electric substation connections.

The County wanted to use extra fiber capacity within this smart grid to sell fiber internet service to businesses and residents along the routes underserved by the broadband (and eventually start expanding the service area). PGEC Enterprises was formed, backed by \$1 million in taxable issued County bonds, to provide third party, last mile, fiber connections and service agreements. The fiber drops from the road to the home/business are operated by PGEC Enterprises. (The electric company, PGEC, is not allowed to provide fiber services under one Cooperative per the Virginia SCC, hence, the need to create PGEC Enterprises.)

**9. Why do you consider this project worthy of an award?**

Electric cooperatives were formed about 80 years ago to provide electric service in rural communities where the electric providers of the time refused to expand due to poor return on investment for their business. The citizens/owners of fledgling electric cooperative networks banded together financially to bring electricity to the rural home/farm. For millennium, the human race has not needed electricity to survive. But today, no one buys a home without electricity. And soon, no one will buy a home without the internet.

In December 1938, a group of leaders in the rural Disputanta area of Virginia acted on a vision of improved quality of life that residents in the rural areas of the state should have by having access to electric power, just like people in the cities.

We would like to think that same event just happened in 2017 for County internet access. We believe, 80 years from now, we will be right.

**10. Are there any other relevant details not covered above or specific to your category?**

**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.

INDUSTRIAL DEVELOPMENT AUTHORITY  
OF THE COUNTY OF PRINCE GEORGE  
FIBER TO THE HOME  
BROADBAND EXPANSION GRANT

**PERFORMANCE AGREEMENT**

This **PERFORMANCE AGREEMENT** made and entered this 16<sup>th</sup> day of June, 2017, by and among **THE 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, and the **INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PRINCE GEORGE, VIRGINIA** (the "Authority"), a political subdivision of the Commonwealth of Virginia,

**WITNESSETH:**

WHEREAS sixty-one percent of all businesses in Prince George County are home-based businesses; and

WHEREAS the extension of broadband provides enhanced educational opportunities and furthers workforce development which supports economic development in Prince George County; and

WHEREAS the availability of secure, reliable, competitive and sustainable infrastructure is essential to meet future broadband needs; and

WHEREAS small and medium size business enterprises with greater high-speed internet use grow faster than those with less high-speed internet use; and

WHEREAS the internet is a powerful catalyst for job creation; and

WHEREAS the internet drives economic modernization; and

WHEREAS the County and Authority wish to make funds available for the purpose of inducing PGECE to expand access through "Fiber To The Home" broadband at an accelerated pace, after making a significant Capital Investment through a Fiber To The Home Broadband Expansion Grant ("Grant"); and

WHEREAS the County is willing to provide funds to the Authority with the expectation that the Authority will provide the funds to PGECE, provided that PGECE has agreed to meet certain performance targets relating to construction of infrastructure, and expanding access to, Fiber To The Home broadband; and

WHEREAS the County, the Authority and PGECE desire to set forth their understanding and agreement as to the payout of the Grant, the use of the proceeds of the Grant, the obligations

of PGECE regarding Capital Investment and the potential for recapture or “claw back” upon default; and

WHEREAS, it is anticipated that the construction, equipping, operation and installation of Phase I of the Fiber To The Home broadband project will require a capital expenditure of One Million Dollars (\$1,000,000.00) by PGECE; and

WHEREAS the stimulation of additional tax revenue to the County and economic activity in the County to be generated by the Capital Investment constitutes a valid public purpose for the expenditure of public funds and is the primary purpose of the Grant by the Authority:

NOW, THEREFORE in consideration of the foregoing, the mutual benefits, promises and undertakings of the parties to this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties covenant and agree as follows:

### **Section 1 - Definitions**

For the purposes of this Agreement, the following terms shall have the following definitions:

“**Broadband**” – a minimum broadband speed of twenty-five (25) Mbps down and three (3) Mbps up as defined by the FCC.

“**Broadband Availability**” - the availability of the connection necessary to access Fiber To The Home broadband for structures that are within one thousand feet of a VDOT road where an existing PG Electric pole or other access point is located.

“**Consistent**” - ability of service to maintain promised speeds at periods of peak use.

“**Capital Investment**” - a capital expenditure by or on behalf of PGECE for the installation of a Fiber Backbone and Fiber To The Home broadband infrastructure.

“**Event of Force Majeure**” – any circumstances beyond a party’s reasonable control, including acts of God, flood, fire, earthquake or explosion, war, terrorism, invasion, riot or other civil unrest, embargoes or blockades in effect on or after the date of this Agreement, national or regional emergency, strikes, labor stoppages, shortages or slowdowns or other industrial disturbances, passage of law or any action taken by a governmental or public authority, including but not limited to imposing an embargo, export or import restriction, quota or other restriction or prohibition or any complete or partial government shutdown, or national or regional shortage of adequate power, telecommunications or transportation.

“**Fiber Backbone**” - the principal data routes between large, strategically interconnected computer networks and core routers on the Internet.

“**Fiber To The Home**” – installation of fiber optic wire from a central point directly to a structure to provide high-speed internet access.

“Phase I” - the successful completion of the necessary infrastructure in order to result in five hundred (500) connections to structures located within one thousand feet of a roadway.

“Reliable” - ability to maintain service in the case of storms or system breakdowns consistent with industry standards for a rural fiber optic network.

“Roadway” – a road that is part of the Virginia Department of Transportation (VDOT) secondary system, which is immediately adjacent to a fiber network access point owned by Prince George Electric Cooperative.

## **Section 2 - Broadband Installation 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 attached map, entitled “Potential PGEC Fiber Optic Lines and Broadband Customers,” dated April 21, 2017. 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.

## **Section 3 – Broadband Subscriptions**

As of July 1, 2021 PGECE shall have installed and made available consistent and reliable broadband service to a minimum number of five hundred (500) new subscriber structures after the effective date of the Agreement.

PGECE shall provide reasonable 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.

After the effective date of this Agreement, in the event that PGECE has not provided broadband service to a minimum of five hundred (500) new subscribers on or before July 1, 2021, PGECE shall be in default under the terms of this Agreement as defined in Section 8 – Default herein.

## **Section 4 - No Degrading of Service**

PGECE shall ensure that there is no degrading of broadband service, as defined in this Agreement, to customers during the term of this Agreement.

## **Section 5 - Continuation of Service/New Customers**

PGECE agrees that as long as a reasonable demand exists for broadband service, PGECE will continue to provide broadband service to existing and new subscribers, who reside within one thousand (1,000) feet of a roadway as defined herein.

## **Section 6 - Disbursement of Grant**

(a) Notwithstanding anything in this Agreement to the contrary, the Authority will not have any obligation to disburse any portion of the Grant under this Agreement until and unless this Agreement is approved by the County's Board of Supervisors and the Authority has received such funds from the County.

(b) Subject to the delivery of the Grant by the County to the Authority, within thirty (30) days of its receipt of the Grant funds, the Authority will disburse the Grant funds to PGECE on condition that PGECE has complied with Section 2 of this Agreement.

## **Section 7 - Community Service Commitments**

Upon request, PGECE, at its expense, will construct and make available within a reasonable timeframe, 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, upon request, 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 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.

## **Section 8 - Default**

After the effective date of this Agreement, if PGECE fails to make available consistent and reliable broadband service to five hundred (500) new subscribers by July 1, 2021 as set forth in Section 3 – Broadband Subscriptions of this Agreement, then PGECE shall be in default and shall refund to the Authority Two Thousand Dollars (\$2,000.00) for each subscriber not provided consistent and reliable broadband service below the required five hundred (500) new subscribers.

## **Section 9 - Event of Force Majeure**

PGECE shall not be considered in Default under Section 8 – Default, of this Agreement if prevented from meeting the new subscription requirements of this Agreement by July 1, 2021 on account of an Event of Force Majeure as defined herein. If such occurs, PGECE shall be allowed a reasonable extension of time from the date of the occurrence of such Event, to allow PGECE to meet the required subscription objective.

## **Section 10 – Sale or Assignment 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.

### **Section 11 - Discharge by PGECE of Contract Obligations**

All parties hereto understand and agree that as of the date PGECE has installed and made available, consistent and reliable broadband service to a minimum of five hundred (500) new subscriber structures, after the effective date of this Agreement and has provided reasonable documentation to the County and to the Authority verifying same, PGECE shall have satisfied in full all of the requirements of it under the terms of this Agreement and shall be discharged from any further obligations to the County and to the Authority hereunder.

### **Section 12 - Miscellaneous**

(a) *Entire Agreement; Amendments:* This Agreement constitutes the entire agreement among the parties and may not be amended or modified, except in writing, signed by each of the parties hereto. Other than this Agreement, PGECE shall not be required to enter into any additional agreements or submit any additional application letters in order to receive the Grant.

(b) *Governing Law; Venue:* This Agreement is made, and is intended to be performed, in the Commonwealth of Virginia and shall be construed and enforced by the laws of the Commonwealth of Virginia without regard to its conflict of laws provisions.

(c) *Counterparts:* This Agreement may be executed in one or more counterparts, each of which shall be an original, and all of which together shall be one and the same instrument.

(d) *Severability:* If any provision of this Agreement is determined to be unenforceable, invalid or illegal, then the enforceability, validity and legality of the remaining provisions will not in any way be affected or impaired, and such provision will be deemed to be restated to reflect the original intentions of the parties as nearly as possible in accordance with applicable law.

### **Section 13 - Notices**

Any notices required or permitted under this Agreement shall be given in writing, and shall be deemed to be received upon receipt or refusal after mailing of the same in the United States Mail by certified mail, postage fully pre-paid or by overnight courier (refusal shall mean return of certified mail or overnight courier package not accepted by the addressee):

if to PGECE, to:  
Micheal E. Malandro, Manager  
PGEC Enterprises, LLC  
7103 General Mahone Hwy  
Waverly, Virginia 23890

with copy to:  
F. Lewis Wyche, Jr., Esquire  
F. Lewis Wyche, Jr., P.C.  
6405 Courthouse Road  
Post Office Box 160  
Prince George, Virginia 23875

and:  
C. J. Berkeley Horne, Esquire  
LeClair Ryan  
919 East Main Street, 24<sup>th</sup> Floor  
Richmond, Virginia 23219

if to the County, to:  
Percy C. Ashcraft, County Administrator  
County of Prince George  
6602 Courts Drive, 3<sup>rd</sup> Floor  
Post Office Box 68  
Prince George, Virginia 23875-0068

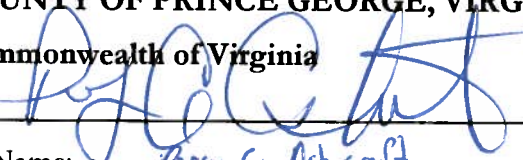
with copy to:  
Steven L. Micas, Esquire  
Prince George County Attorney  
6602 Courts Drive, 3<sup>rd</sup> Floor  
Post Office Box 68  
Prince George, Virginia 23875-0068

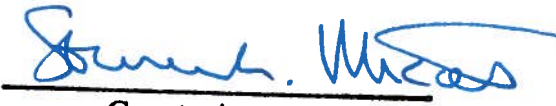
if to the Authority, to:  
Jeff Stoke, Assistant Secretary  
Industrial Development Authority of the  
County of Prince George, Virginia  
6602 Courts Drive, 3<sup>rd</sup> Floor  
Post Office Box 68  
Prince George, Virginia 23875-0068

with copy to:  
David L. Richardson, Esquire  
McGuire Woods LLP  
Gateway Plaza  
800 East Canal Street  
Richmond, Virginia 23219-3916


**IN WITNESS WHEREOF**, the parties hereto have executed this Performance Agreement as of the date first written above.

**COUNTY OF PRINCE GEORGE, VIRGINIA**, a political subdivision of the  
Commonwealth of Virginia

By   
Name: Percy C. Ashcraft  
Title: County Administrator  
Date: May 31, 2017

**Approved As To Form:**  
  
County Attorney

**PGEC ENTERPRISES, LLC**, a Virginia limited liability company

By   
Name: M. E. Malandro  
Title: Manager  
Date: 6/1/17

**INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PRINCE  
GEORGE, VIRGINIA, a political subdivision of the Commonwealth of Virginia**

By 





Name: J. Peter Clements

Title: Chairman

Date: 6/16/17



# Potential PGEC Fiber Optic Lines and Broadband Customers

-  PGEC Backbone Fiber Lines between Substations
-  Potential Broadband Customers (1,236)
-  District 1 (449)
-  District 2 (787)



April 21, 2017



The information contained in this data should not be used as a "legal description". Map information is believed to be accurate, but accuracy is not guaranteed.

