

**Southside Network Authority  
Summary Minutes  
December 9, 2022**

The December 9, 2022 meeting of the Southside Network Authority (SNA) was called to order by Chair Susan Vitale at 2:03 PM. Chair Vitale thanked everyone for their attendance and requested Mr. Steven DeBerry, SNA Executive Director, call the roll to determine meeting attendance.

**Southside Network Authority Voting Members in Attendance:**

Susan Vitale, Chair, Chesapeake	Al Moor, Suffolk
Andria McClellan, Norfolk	Tonya Chapman, Portsmouth
Rosemary Wilson, Virginia Beach	

**Other Participants:**

Steven DeBerry, SNA Executive Director	Laura Fitzpatrick, Alternate, Chesapeake
Peter Wallace, Alternate Virginia Beach	Mike Lockaby, Guynn, Waddell, Carroll & Lockaby, PC
Charles Kiriakou, Alternate, Suffolk	
Catheryn Whitesell, Alternate, Norfolk**	Matthew DeHaven, CTC Technology & Energy*
Cliff Hayes, Alternate, Portsmouth	

**Others Recorded Attending:**

Jay Krail and Jay Stroman (Chesapeake); Andrew Fox (Norfolk); Kelsey Swieringa (Portsmouth); Tom Mueller (Suffolk); Debra Bryan (Virginia Beach); Tom Winders, Mike Danuczek, Noel Mitchell, Jay Smith, Jennifer Stanfield and Ben Davenport (GTS); Trey Braithwaite (Core Assurance Partners); and Kelli Arledge, Rob Cofield, Matt Klepeisz, and Dmitry Rekhter (HRPDC Staff).

*\*Indicates attendance by electronic means*

*\*\*Indicates late arrival or early departure*

Chair Vitale welcomed Mr. Cliff Hayes and recognized him as the City of Portsmouth's newly appointed alternate to the SNA.

**Approval of the Agenda**

Chair Vitale called for a motion to approve the agenda as presented. Vice Chair McClellan Moved to approve the agenda; seconded by Ms. Wilson. The Motion Carried.

**General Public Comments (not related to the PPEA)**

Chair Vitale invited members of the public to address the Southside Network Authority. There were no public comments.

## **Submitted Public Comments**

There were no submitted comments.

## **Public Hearing**

Chair Vitale called upon Mr. Lockaby to provide opening statements for the public hearing on the Interim Agreement with Management Services Group, Inc., d/b/a Global Technical Systems and Smart City Capital, LLC, pursuant to the Public Private Education Facilities and Infrastructure Act (PPEA) of 2002.

Mr. Lockaby stated the Public Hearing is for the purpose of allowing the public to provide comments on the SNA's entry into an interim agreement under the PPEA of 2002. He provided background on the process that brought the Authority to this point, noting that the SNA had issued a Request for Proposals (RFP) in May 2021 for potential partners to provide any or all services to design, build, finance, operate, maintain, including commercializing, a fiber option ring in Hampton Roads. The RFP closed in August 2021, and the Authority received four proposals that were evaluated. Ultimately, the Authority agreed the GTS proposal was the most responsive and provided the best value to move forward.

Since August 2021, there has been much discussion between the Authority and GTS in terms of the structure of the agreement and as of today's meeting, the Authority is at the point where they will enter into an interim agreement under the PPEA. This interim agreement is where the Authority and GTS have entered a formal relationship whereby the Authority has the intent, but not yet a contractual requirement, to enter into a long-term agreement with the contractor. The agreement has narrowed a list of contingencies that still need to be studied or still require negotiation in order to enter into a comprehensive agreement that will govern the long-term relationship between the Authority and GTS.

Mr. Lockaby outlined the provisions of the interim agreement and noted that during the next 30 days, the Authority can continue to receive additional public comments. Concurrently, he and Mr. DeBerry will continue to negotiate with GTS for a final agreement that can be brought to the SNA for final approval in January. There are some commitments in the agreement that must still be fleshed out, but it generally defines what both the SNA and GTS have agreed to. Some of the provisions are as follows:

- Developing metrics for economic development in the region and for historically disadvantaged communities
- Dealing with contingencies in emergent situations
- GTS and its consortium will be responsible for actively marketing and soliciting additional users of the fiber ring as well as users of the system that it would build out from the regional ring
- Providing availability to community anchors such as universities and governmental users at defined prices
- Agreement on a gross revenue sharing arrangement

Chair Vitale formally opened the Public Hearing to receive comments on the interim agreement. Having no public comments, Chair Vitale proceeded to the next agenda item.

## **Approval of Minutes**

Chair Vitale announced that due to the short turnaround between the November and December SNA meetings, the minutes of the November and December 2022 meetings would be presented for approval during the January 2023 meeting.

Mr. Moor asked if the Public Hearing was officially closed. Mr. Lockaby noted that moving to the next agenda item effectively closed that portion of the meeting; however, Chair Vitale could choose to formally close the Public Hearing.

Hearing no comments or objections, Chair Vitale closed the Public Hearing.

Vice Chair McClellan asked for clarification on receiving written comments for the next 30 days and how it would affect closing the Public Hearing. Mr. Lockaby commented that while the portion of the meeting to receive in-person public comments had officially closed, the Authority will continue to receive public comments on the interim agreement until the Authority's next meeting on January 13, 2023.

*\*\*Ms. Catheryn Whitesell arrived*

## **Project Management Update**

Mr. DeBerry provide an update on the ongoing status of the fiber ring project. He directed the Authority's attention to the permitting and construction timelines included in the handouts as well as the maps for the both the Portsmouth in-kind arrangement and the Chesapeake co-build. Mr. DeBerry noted that by early April 2023 the SNA should have approximately 78 miles of permitting complete and a considerable portion of that under construction. The Authority signed its official notice to proceed with Danella and he anticipates a completion date of June 30, 2024.

Mr. DeBerry and Mr. Lockaby continue to work with city staffs on the details of the Portsmouth in-kind and Chesapeake co-build strategies. Work continues with the various stakeholders – VDOT, DHCD, USACE, DEQ, etc. Mr. DeBerry reported that he continues to meet with GTS and Danella bi-weekly as well as the local Chief Information Officers on the alternating weeks.

The Authority is still in the running for the National Telecommunications and Information Administration (NTIA) grant for the Peninsula phase of the fiber ring project. Decisions on grant awards are expected in February 2023. Mr. DeBerry expressed his appreciation for the assistance of the CTC team in putting the grant application together.

## **Budget**

Mr. DeBerry presented the proposed FY 2024 (FY24) budget for the Authority. He noted this budget does not include construction and construction oversight; it is a general administrative (G&A) budget for the upcoming fiscal year. The total G&A budget for FY24 is \$352,000, which represents a one percent increase over the current fiscal year. He reviewed the specific line items included.

Taking this budget into consideration, Mr. DeBerry noted that it was anticipated that each city would request a total of approximately \$500,000 in CIP funds for fiscal year 2024 that would be available for change orders. Mr. Lockaby wanted to ensure that each locality understood the request for the \$500,000 was to ensure that the funds were appropriated in case it was needed; however, the monies would not be transferred unless the Authority had an emergent situation. The objective is that the funds would already be available if needed, and the Authority would not need to go before each city council to request an appropriation in an emergency. Mr. DeBerry offered to provide talking points for each member for their respective city councils. Chair Vitale agreed with the offer and noted it would be best to have a consistent message across the cities.

Ms. Whitesell asked for clarification on what the liability insurance line item covered. Mr. DeBerry noted the SNA liability insurance covers malfeasance, lawsuits, etc.; it's a standard liability policy. He commented there is additional insurance that is paid with project monies such as a surety bond for at least the first year for each of the five cities.

Mr. Lockaby stated that in Virginia, larger cities and counties have their own policies specific to their locality, but smaller public entities are covered under the Local Government Self-Insurance Pools Act. This allows for smaller entities such as the SNA, small towns, etc. to pool and form one self-insurance entity. The SNA has joined one of these pools for both property and personal liability insurance as well as Directors and Officers (D&O) insurance.

Going back to the requested appropriation from each city for FY24, Ms. Fitzpatrick wanted to clarify that the request was for the fiscal year beginning July 1, 2023, through the local CIP process, as approved by each council in the Spring of 2023, so that if additional funds were needed by the Authority to address change orders, the funds were already appropriated. Mr. DeBerry replied affirmatively.

Chair Vitale called for a motion to approve the proposed budget. Vice Chair McClellan Moved to approve the draft budget as presented; seconded by Ms. Chapman. The Motion Carried.

### **Old/New Business**

There was no old/new business.

Vice Chair McClellan expressed her appreciation to Chair Vitale for her work as the inaugural Chair for the Authority over the past few years. Ms. Wilson, Mr. Moor and Mr. Crum also thanked Chair Vitale for her dedication and enthusiasm leading the SNA through the initial phases of its project. Chair Vitale thanked the Authority for its kind words and said it has been a privilege to have the opportunity to work with them while moving the regional fiber ring project forward.

### **Adjournment**

With no further business to come before the Southside Network Authority, the meeting adjourned at 2:36 PM.