

**Southside Network Authority
Summary Minutes
February 11, 2022**

The February 11, 2022 meeting of the Southside Network Authority (SNA) was called to order by Chair Susan Vitale at 2:04 PM. Chair Vitale thanked everyone for their attendance at the meeting and requested Mr. Robert Crum, HRPDC Executive Director, call the roll to determine Authority members' attendance.

Southside Network Authority Voting Members in Attendance:

Susan Vitale, Chair, CH	Albert Moor, SU
Andria McClellan, Vice-Chair, NO	Daniel Jones, PO
Rosemary Wilson, VB	

Other Participants:

Steven DeBerry, SNA Executive Director	Peter Wallace, Alternate VB
Robert Crum, HRPDC Executive Director	Matthew DeHaven, CTC Technology & Energy (by phone)
Regina Chandler, Alternate SU	Mike Lockaby, Guynn, Waddell, Carroll & Lockaby, PC
Scott Fairholm, Alternate CH	
Catheryn Whitesell, Alternate NO	

Others Recorded Attending:

Andrew Fox (City of Norfolk); Kelsey Swieringa (City of Portsmouth); Karla Carter (City of Suffolk); Jay Stroman (City of Chesapeake) and Kelli Arledge, Rob Cofield and Dmitry Rekhter (HRPDC Staff).

Approval of the Agenda

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

Public Comments

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.

Approval of the Minutes

Chair Vitale noted an error in the agenda for the date of the Minutes to be approved. Correcting the date of the Minutes to December 10, 2021, she called for a motion. Ms. McClellan Moved to approve the minutes; seconded by Mr. Al Moor. The Motion Carried with four votes in favor and one abstention by Ms. Wilson.

Fiscal Year General and Administrative Budget

Mr. Steven DeBerry, SNA Executive Director, provided an overview of the proposed budget for Fiscal Year (FY) 2023. He stated the budget is essentially the same as last year's, with slight increases for HRPDC support and legal services, and noted funds were budgeted for the municipal financial advisor.

Mr. Daniel Jones Moved to defer the approval of the proposed budget to the March meeting to afford members time to review the proposal; seconded by Ms. Wilson.

Chair Vitale called for any discussion or questions. Ms. McClellan asked if the deferral would hinder the SNA's movement forward on its planned path. Mr. DeBerry noted the proposed budget is for FY 2023 beginning July 1, 2022, and the SNA has some carryover funds from last year that it is using to pay some of the operating expenses for CTC. There would be no negative impact.

Chair Vitale called for a vote on the motion to defer the approval of the budget to the next meeting. The Motion Carried.

Project Participation Agreement and Distribution of Shares

Mr. DeBerry reported that each of the five Southside city councils approved the Project Participation Agreement that provides the requested funding for the initial phase of the Regional Fiber Ring. He asked Mr. Lockaby to walk the Authority through the next steps.

Mr. Lockaby reported that each of the cities has authorized their respective City Manager to sign the Project Participation Agreement. Therefore, the SNA needs to formally adopt the Agreement. Once the vote is taken, the Agreement will be in effect. Secondly, each voting member who has been authorized to purchase shares will need to state how many shares their city is planning to purchase. Chair Vitale stated that 20 shares is 20%; 20% is \$5 million. Mr. Lockaby noted that if anyone states that they are purchasing less than 20 shares (20%), then another round of voting will ensue to decide how to allocate shares that were not originally purchased.

Chair Vitale called for a motion to approve the Project Participation Agreement. Mr. Jones Moved to approve the Project Participation Agreement; seconded by Ms. McClellan.

Roll Call Vote:

Ms. Vitale	Yes
Ms. McClellan	Yes
Mr. Jones	Yes
Mr. Moor	Yes
Ms. Wilson	Yes

The Motion Carried.

Chair Vitale called for each Authority member to report the number of shares their city wishes to purchase.

Ms. Vitale	20 shares (20%); \$5 million
Ms. McClellan	20 shares (20%); \$5 million
Mr. Jones	20 shares (20%); \$5 million
Mr. Moor	20 shares (20%); \$5 million
Ms. Wilson	20 shares (20%); \$5 million

Mr. Lockaby noted that based on the vote, the next step is to issue a Notice of Intent to Award a construction contract next week and a Notice to Proceed within four weeks. Chair Vitale suggested a ground-breaking ceremony once the contract is fully executed.

Regional Connective Ring – Proposed Next Steps

Mr. DeBerry reminded the SNA members that at their November 12, 2021 board meeting, two resolutions were signed. Resolution 2021-01 directed the SNA Executive Director to enter the Detail Phase of negotiations with Global Technical Systems (GTS) regarding a possible public-private partnership to operate and market the SNA Regional Connectivity Ring. There have been some preliminary conversations with GTS, and Mr. DeBerry anticipates negotiations will begin in March.

Resolution 2021-02 directed the SNA Executive Director to award SNA-IFB-2021-01 upon approval of funding from the five member cities. Based on today's vote, Mr. DeBerry noted he will provide a construction contract for signature to Cox, the lowest responsive bidder, on February 14th or 15th. Cox has 10 days to accept the terms of the contract. If Cox and the Authority are unable to come to terms, Mr. DeBerry anticipates providing a construction contract to Danella for signature as the second lowest, responsive bidder. Danella has agreed to extend their bids until February 28, 2022.

Mr. DeBerry reported that at this point, the SNA will need to approve the award of Phase II of the original contract to CTC to complete the 100% design and act as the oversight on construction as SNA's engineering partner. As a reminder, Mr. DeBerry noted that the FY 2021 budget included approximately \$710,000 for design. When CTC, as the lowest bidder, was selected, the SNA made the strategic decision to design to the 50%-70% level as the Authority continued to determine how it would fund and operate the fiber ring. In Phase II, at a cost not to exceed \$918,000, CTC will provide the construction oversight, work with the construction contractors, the Army Corps of Engineers and Virginia Department of Environmental Quality when necessary. Mr. DeBerry stated the SNA currently has the lead in the legal permitting; however, if one or more of the construction contractors is better-positioned, the SNA will negotiate with them to get the best price. Mr. DeBerry noted that he is seeking approval of the Phase II final design and oversight contract with CTC not to exceed \$918,000.

Mr. Jones asked for clarification of what activities fall under "construction oversight." Mr. DeBerry asked Mr. Matt DeHaven of CTC Technology and Energy to give a high-level overview of CTC's responsibilities.

Mr. DeHaven explained that CTC will begin by meeting with the contractor to establish parameters around reporting and subcontracting in accordance with the contract specifications. CTC will also develop quality assurance and quality control checklists, which will be agreed upon with the contractors, to facilitate CTC oversight. These checklists will clearly convey to the contractors their responsibilities. CTC will provide ongoing monitoring in order to identify any problems with the workmanship. The monitoring will be a combination of random inspections of job sites during construction throughout the project and will target certain phases to ensure areas like safety, proper handling of fiber to prevent damage, etc. are being addressed. CTC will also be providing ongoing reporting and tracking of the contractor's progress to the SNA and facilitating review of invoices. Finally, CTC will be conducting a final acceptance inspection – a 100% inspection of all aspects of the project – in which it will determine if the contractors have met all technical requirements.

Mr. Jones inquired if audit procedures are built into this phase of the contract with CTC to verify that what contractors say they are doing is in fact occurring. Mr. DeBerry replied that CTC will have sign-off on all work from a technical standpoint and then information will be sent to him as SNA Executive Director for review and payment. Mr. DeHaven added that CTC will be conducting the technical audit to ensure contractors are in compliance with the contract specifications and will also conduct a comprehensive final audit of the entire 119 miles of fiber. Mr. Lockaby also noted that there are provisions within the contract for the SNA to bring in a forensic project inspector if CTC determines there are pervasive problems.

Mr. Jones asked if the construction management fee for CTC is a fixed fee for the entire network. Mr. DeHaven noted that CTC is viewing this as fixed, all within an assumed level of effort that will be required for the project. However, if things are not going as planned and begin to require efforts beyond what was originally anticipated, the costs may need to be revisited.

Mr. Moor inquired as to whom would be acquiring the permits on behalf of the Authority – CTC or the contractor. Mr. DeHaven replied that while CTC may generally submit the application packages, the contractor is the one that ultimately needs to be permitted. CTC will be tracking, submitting and providing the engineering exhibits and materials necessary for the contracts to obtain permitting.

Ms. McClellan asked for a review of the timeline. Mr. DeBerry outlined the following steps:

- Award of the construction
- Begin discussions with GTS after the construction agreement is signed
- Meet with construction contractor to map out a timeline for project execution

Discussion continued on the timeline and steps moving forward. Mr. Crum offered that once the contract is signed, the SNA would be in a position for a ceremonial groundbreaking. He asked that SNA members forward any recommendations they may have for a location.

Chair Vitale asked all members to please stay after the meeting so they can commemorate the signing of the agreement with a ceremonial photo. She suggested the SNA wait until the contractor signs the construction agreement before releasing a formal press release. The other members agreed.

Chair Vitale called for a motion to approve the Phase II contract to CTC. Ms. Wilson Moved to approve the Phase II contract with CTC at a price not to exceed \$918,000; seconded by Ms. McClellan. The Motion Carried.

Old/New Business

Mr. Crum noted that with the combination of the Regional Fiber Ring at 119 miles and a value of over \$20 million, and the award of the VATI grant to Hampton Roads' western localities of Suffolk, Isle of Wight and Southampton at \$21 million, the Southside localities are about to realize approximately \$50 million of fiber construction at over 2,000 linear miles by 2024.

Adjournment

With no further business to come before the Southside Network Authority, the meeting adjourned at 2:55 PM.