

March 17, 2010

The Middlesex Governing Body held a special session in the Conference Room of the Town Hall to hear a request from Nash County Administration for the town to apply for federal stimulus grant funds to provide high speed broadband internet service to all areas of Nash County. Mayor Luther H. Lewis, Jr. called the meeting to order at 7:30p.m. Members present were Commissioners Harold Meacombs, Fred Hough, and Luke Robinson. Commissioner J.W. McClenny had an emergency and had to leave before the meeting started. Guests were Pasty King McGhee and Alton Vick with Nash County, Dick Sposito and Terry Crawford with Onug Communications, and Dale Bachmann.

Mayor Lewis then turned the floor over to Patsy McGhee. Patsy advised the Board that one-time federal stimulus funds are available for broadband internet services and the county would like to take advantage of this opportunity. Nash County is requesting that Middlesex be the grant applicant.

Alton Vick, Nash County MIS Director, then gave the Board a brief history of the efforts made over the course of the last five years to try to bring high speed broadband to the county. These efforts were a result of many citizen complaints because of no broadband services. Uptown Services, a consulting firm, completed a survey which proved the need and RFP's were sent out, but no one wanted to take on the project. Computer Central in Wilson placed an antenna on the Town of Bailey's water tower, the economy hit bottom, and consumers could or would not pay the \$200-\$250 cost for the antenna and box needed for the service. Computer Central then applied for a grant to cover this cost, but the grant was denied, and that's where the situation stands at the present.

Patsy stated they had been working feverishly with Onug Communications, which has worked with Centurylink to try to put a grant application together before the March 29<sup>th</sup> deadline. She advised that Nash County just found out about the available funds on February 26<sup>th</sup> and they have attended workshops and many meetings. When the project is completed, high speed broadband will be available to every house and business in Nash County, with much faster speeds than existing wireless service.

Dick Sposito and Terry Crawford, Onug Communications, the consulting firm, presented and reviewed a Nash County map indicating all existing internet services, all existing Centurylink fiber optic lines, proposed extensions to these lines, and proposed locations of twenty eight new towers, which would be placed in DOT right of ways. The minimum speed for any customer in Nash County would be 24 meg, which is much faster than anything available at the present

time. According to the 2000 census, 12,682 households had no existing internet service, and that figure would probably be much higher now.

Commissioner Meacombs noted that customers in areas where service overlaps would have a choice. Mr. Sposito added that law enforcement, or anyone for that matter, would benefit anywhere in the county by using a card to pick up the service band with their laptop.

Patsy McGhee then summarized the course of events that had taken place just over the last week, adding that situations have changed from day to day. Nash County was proceeding with the grant application until they found out just last week that NC General Statutes do not allow a county to own a broadband system, but it is one of the powers granted to municipalities. The county then approached Mayor Lewis because of the good working relationship on other projects; and, they feel Middlesex is a good candidate because of the new Corporate Park, which should result in a lot of growth potential and economic development.

The total project cost will be about \$3 million, which will be a \$2.1 million grant and a \$900,000 USDA loan for ten years at an approximate 4% interest rate. The application should be filed as a 70% grant and a 30% loan because no 75% grant applications have ever been funded. McGhee said if the grant was awarded that contractual agreements between all parties will be drawn up and reviewed because there will be a lot of details to work out. She added that the contract would be worded so that the person awarded the bid would be the one responsible for everything. Project construction, operation and maintenance will be bid. Patsy said no bill would go out related to the internet service that would involve the town and the town would receive no complaints regarding the service from consumers.

Mayor Lewis and Patsy both agreed that the \$900,000 match would come from someone else, not Middlesex. Possible and probable sources for the match could come from Nash County, Carolina Gateway Partnership, or the tobacco buyout money (Golden Leaf Foundation), and Middlesex would most likely not have to borrow USDA funds for the match. Patsy said she had talked with the attorney and the Institute of Government, and it is perfectly legal for Nash County to contribute funds to municipalities to promote economic growth and development.

Mayor Lewis advised that he is definitely in favor of applying for the grant; however, it should be clear to all that Middlesex is not willing to place the town in financial problems, and all "i's" must be dotted and all "t's" must be crossed. He also stated that the town is requesting a part of the administration fee included in

the grant application and also requests that, if at all possible and legal, that the town be paid an assessment fee for each consumer. Patsy replied that she understood but could not promise any assessment fees. She added that the chance of being awarded the grant is 50/50.

Commissioner Meacombs inquired about who will be doing all the work. Patsy advised that they are working with Onug to complete the application and Middlesex will need to provide Onug with the last two years audited financial statements, which they will review. Patsy added that they would do everything they could to not put a heavy burden on the town staff. Clerk Lambert advised that these are American Recovery and Reinvestment Act funds and would require a separate checking account and setting up a new fund account for the capital project. All invoices would be paid by the Town of Middlesex and would make sure they were reimbursed. Patsy stated that they would assist with monthly project projects and quarterly update reports. Commissioner Hough added that these administrative duties would be a minimum of three years and possibly ten years.

Administrator Peggy Bisette reported that the town's auditor, John Anthony, advised that this loan would be on our audited financial statements and would be the town's liability. John added that it is possible this could adversely effect decisions on future grants the town may need for other projects and he recommended that we call the Local Government Commission and get their input before we commit to the project.

The audited financial statements for 2008 and 2009 were given to Dick Sposito to see if the town's debt ratio would qualify for the grant application, and Administrator Bisette added that she would call the Local Government Commission and get their input also.

Mayor Lewis and Commissioner Meacombs were in favor of applying for the grant so the county could move forward, because with a 50/50 chance of being funded, and if the grant was awarded, the Board could get all the necessary answers before committing to the grant and that we didn't have to accept it. Administrator Bisette added that if we were awarded and declined, that Middlesex probably would never get another USDA loan for other projects. Mayor Lewis and Pasty McGhee added that it probably would not have anything to do with future projects because this project was not handled through the Smithfield office, and all contact would be at the federal level in Washington DC.

Commissioner Hough added that he thought we were putting the cart before the horse and he had some reservations about placing that kind of debt on the town with no concrete reassurance that the town would get the matching

funds from Nash County and other sources and he was not in favor of voting at this time. Patsy stated that there is a very, very good chance that the matching funds would be made available to Middlesex and we would not have to borrow any funds.

Mayor Lewis asked if everyone was in agreement to apply in the towns' name if Middlesex is found to be a good applicant. Commissioner Hough stated he was not ready to vote without further input and answers.

Asked if the county had another town in mind that could apply if Middlesex could not, Patsy answered "yes" and they have a tentative meeting set for Friday night if Middlesex cannot be the applicant.

It was agreed by all that Dick Sposito and Administrator Bissette would get the answers regarding debt ratio as soon as possible the following morning. Therefore, Commissioner Meacombs moved to recess and reconvene the next evening, Thursday, March 18<sup>th</sup> in the Conference Room at 7:30 pm, contingent on the fact that Middlesex was found qualified to apply for the grant. His motion was seconded by Commissioner Robinson and carried unanimously.

The following morning Dick Sposito called Town Administrator Peggy Bissette and advised that the Town of Middlesex could not be the grant applicant due to the amount of existing debt service, and therefore the reconvened meeting was cancelled the following afternoon.

Jennifer Lambert  
Clerk

Mayor Luther H. Lewis, Jr.  
Commissioners  
Harold Meacombs  
Fred Hough  
Luke Robinson