



# UC2B Policy Board Agenda

## Regular Meeting

March 14, 2012 – 12:00 p.m. – 1:30 p.m.

Council Chambers, 102 N. Neil Street, Champaign, Illinois

- I. Call to order
- II. Roll Call – Determine Quorum
- III. Approve agenda
- IV. Approval of Minutes from February 15, 2012 and February 23, 2012 Policy Board Meetings
- V. \*Action/Discussion Items: (In this section, items will be presented to the Board and opened for technical questions, then we will go to the audience for comments – audience comments are limited to five minutes per person – then we will return to the Board for general discussion and questions)
  - a) Presentation of UC2B Pricing Recommendations and Market Assessment and Preliminary UC2B Financial Models and Feasibility Objectives (NEO Fiber, LLC)
  - b) \*Resolution 2012-07 A Resolution Approving the Annual Budget – Fiscal Year 2012/2013 (Legner)
  - c) FTTP Procurement Process Update (Legner, Smeltzer)
  - d) Marketing and Outreach Subcommittee Report (Bowersox, Kersh)
  - e) NTIA/Grant Report (Smeltzer)
- VI. Tasks to complete for next meeting
- VII. Items for future meeting agendas
  - a) Field Orders – Interim J.U.L.I.E. Locating Services and Fiber Restoration (Vandeventer, Shonkwiler)
  - b) UC2B Technical Committee Appointments – Voting member: Chris Hamb; Non-Voting Member: Brian Bell (Alkalimat)
  - c) Proposed Policy for Private Expansion of UC2B (Smeltzer)
  - d) UC2B Core Values Discussion
  - e) Gig.U (Smeltzer)
  - f) Policy Statement Regarding Use of Public Resources by Private Entities Furthering an Articulated Public Purpose (Schnuer)
- VIII. Public Participation

UC2B is an inter-governmental body. The City of Champaign serves as its administrative agent. The City of Champaign strives to ensure that its programs, services, and activities are accessible to individuals with disabilities. If you are an individual with a disability and require assistance to observe or participate, please contact the City of Champaign at 217-403-8943 at least 72 hours prior to the scheduled meeting date.



# UC2B Policy Board Agenda

IX. Adjournment

X. Next Meeting:

Thursday, March 22, 2012, 6:00 p.m. to 7:30 p.m.

Council Chambers, 102 N. Neil Street, Champaign, Illinois

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## UC2B Policy Board Minutes

February 15, 2012

### Location:

City of Champaign Council Chambers  
102 N. Neil Street  
Champaign, IL 61820

Policy Board Members Present: Abdul Alkalimat, Rev. Zernial Bogan, Brandon Bowersox, Michael DeLorenzo, Deb Feinen, Minor Jackson, Richard Schnuer, Tracy Smith

Policy Board members absent: Pete Resnick

- I. The meeting was called to order at 12:04 p.m. by Chair Feinen.
- II. Roll Call
- III. Approve Agenda: Alkalimat moved, Bowersox seconded the motion to approve the agenda. The motion was passed by voice vote.
- IV. Approve Minutes: Bowersox moved, Alkalimat seconded the motion to approve the minutes of the January 18, 2012 Policy Board meeting as written.
- V. Action\*/Discussion Items:
  - a) **NTIA/Grant Report** – Smeltzer discussed the written report provided in the packet. In particular, Smeltzer stated that the changes to the neighborhood cabinets discussed at the last Policy Board meeting were actually going to cost an additional \$36,000, rather than the \$30,000 that was approved in the Resolution. In the interest of time, he authorized the difference to make the order. There will be a new, revised Resolution for the Policy Board meeting on February 23<sup>rd</sup> for formal approval of the full amount.

No public or Board comments were made on this topic.

Bowersox moved to approve the report as written and place it on file. Seconded by Alkalimat. Board approved by voice vote.
  - b) **FTTP Procurement Process Update** – Legner informed the Board that the Fiber ToThe Premise plan was supported by the Champaign City Council last night and will be formally considered at a Special Regular Meeting on February 28, 2012. She

noted 1 significant change to the plan from that which was approved by the Policy Board at its meeting on January 18. The FTTP procurement team met with Kevin Breheny from JL Hubbard in Decatur regarding performance bonding. Mr. Breheny's company specializes in writing such bonds for contractors throughout the State. Staff reviewed the proposed procurement plan with Breheny noting that the goal of the plan is to provide for more minority inclusion in contracting on this project. Breheny agreed with the proposal to increase the threshold amount of a contract that would distinguish when a performance bond is required. He suggested that this was the best way to offer more opportunity for participation by smaller, less experienced firms. One hundred thousand dollars is an amount that offers a significant level of responsibility and performance; and if successful, companies will be able to utilize this experience as a resume builder. Legner also noted that Breheny clarified that insurance companies will not offer performance bonds in an amount less than 100% of the cost of the contract, noting there is no such thing as partial performance bonding. The price for performance bonds range in price from ¼% to 3% of the bonded amount and varies based upon the capital, character and capability of the contractor as determined by the bonding company. Bowersox asked about the timing of the project once it is approved by Council. Legner stated the FTTP procurement team is refining the specifications and evaluation process. Smeltzer is working on evaluation spreadsheets. Fred Coleman and Clark Wise at the UI are working on the CAPS certification process, noting that there will not be a performance bond required for those contracts that are \$125,000 or less. Specifications are being developed and refined. Ideally, the Request for Proposals will be out by the first part of March, so that construction may begin around the first of May. Feinen thanked Legner and Smeltzer for their work and keeping the board updated.

- c) **UC2B Business Plan Update** – Legner stated staff, along with Schnuer, had conference calls with NEO Fiber on February 8<sup>th</sup> and 9<sup>th</sup> to discuss the business plan, organizational models and financial models. NEO is making good progress. During those calls, it became apparent that better cost assumptions were needed for the financial models as they relate to outsourcing customer care/customer service. Kruse and Ansbury have the expertise to develop an RFP for this and are willing to assist UC2B in soliciting and evaluating proposals.
  
- d) **Resolution 2012-06 A Resolution Endorsing a Change Order to the NEO Fiber, LLC Contract (Outsourcing-Customer Care/Customer Service)** – Legner explained the importance of having better cost estimates for this service and how they relate to the financial models, business plan and organizational models. NEO Fiber and Gigabit Squared are very experienced in this area and it makes sound fiscal sense to have them do this work in addition to the work we have already hired them to do. Bogan asked why it is important to have NEO Fiber create the RFP. Schnuer responded that it is important to have a specialist in the field create the RFP. DeLorenzo asked if this was to create the customer service desk in the community that we had originally talked about. Legner responded yes, this RFP will seek interested and qualified companies that are capable of handling customer care for

UC2B. This is an alternative to UC2B hiring staff and managing customer care internally. Under this scenario, there would be likely be a General Manager that would manage the organization and the contractual relationship with a provider, along with perhaps an Operations Manager that is experienced technically in this industry. Schnuer explained that the business plan is a very high level description of how UC2B will operate and potentially expand. It will include the estimated costs to run the operation and provide for expansion. It will identify and evaluate optimal models for the organization as well. In the short term, it is probably more cost effective to hire a third party to provide this level of service so there is an urgency to get this RFP out so that that option may be evaluated. Feinen stated she had hoped UC2B would hire people from the census blocks to run a help desk. Smeltzer stated that assuming there is support to issue an RFP for customer care/service and that a qualified company can be in place soon, this contract does not preclude that at all. Feinen asked for a note to be placed in the RFP asking to use individuals from the census blocks.

Bowersox made a motion to approve this resolution, seconded by Alkalimat. Board approved via voice vote.

- e) **Marketing and Outreach Subcommittee Report** – John Kersh made a brief update. At the last Committee meeting held on January 24, GSLIS updated the Committee on its outreach plan. At this point, the Committee is looking for opportunities to get out and provide information to the public. Kersh will be attending Technology Night at Booker T. Washington School on February 22. He invited Board Members to attend as well. He will be bringing an I Pad and other cool gadgets for the kids to see and experience. Bogan stated that the Champaign County Black Chamber of Commerce is having an event on March 2<sup>nd</sup> which he would like the Marketing and Outreach Committee to attend. Kersh said he would put together a display board and attend. Feinen stated she would send Kersh an email regarding an event at M2 on March 9<sup>th</sup>. Alkalimat asked if they have been telling the public of a start date for services. Kersh responded that they have not been saying a specific date, just late spring, early summer. Legner stated that the date will depend on the FTTP procurement process and contractors' schedules for connections. Bowersox stated that he has been using late Spring/Early summer as a start date as well. He prefers to give a less direct answer at this time, then when the public is connected sooner, they will be happy. Smeltzer stated that the system will be functional by fall certainly and that all connections must be made and functioning no later than the end of the calendar year. Schnuer suggested everyone be on the same page with this message, i.e. everyone will be connected by fall, but if it winds up being earlier great, this way the public is not disappointed.

Public Comments: Brian Larck, Champaign resident, stated that it is important to keep the public informed about what is going on. Right now, the public does not have any information. He stated he only found out about UC2B through his job at Unit 4 and then that he lives in the census block area and is eligible for a free connection. Schnuer asked if he preferred to receive information by email, text, or

direct mail. Larck indicated via any form was fine. Bogan stated this is his concern; that UC2B needs a targeted and consistent weekly update to the community (a newspaper ad, etc.), something to build enthusiasm and awareness. Alkalimat suggested the Black Chamber of Commerce start promoting UC2B and encouraging its members to brainstorm how they will begin using this technology to better their businesses. Bowersox agreed with Alkalimat. It was noted that GSLIS has explored options for signage, banners, buttons, etc., but there is no real room in its budget to do that.

- f) **Distribution of Non-UC2B materials by UC2B Canvassers:** Feinen asked Fred Stavins to gather information and present to the Board at the meeting on the 23<sup>rd</sup>.
- g) **UC2B Core Values Discussion:** Feinen asked the Board to start thinking about UC2B as an entity and to consider creating a mission statement. Feinen stated that perhaps a facilitated meeting would be good. Schnuer agreed. Feinen asked Legner to contact Stig Lanesskog to check on his availability.

VI. Tasks for next meeting:

- a) Legner to contact Stig Lanesskog
- b) Edit Resolution 2012-005 Endorsing the Use of Contingency Funds for Redesigned Neighborhood Cabinets

VII. Items for next meeting's agenda:

- a) Presentation from Graduate School of Library and Information Science: Preliminary Study Results – UC2B Anchor social institutions & Ford Statewide Illinois Broadband Research (Alkalimat, Kate Williams)
- b) Resolution 2012-005 Endorsing the Use of Contingency Funds for Redesigned Neighborhood Cabinets
- c) Distribution of Non-UC2B materials by UC2B Canvassers (Stavins)
- d) UC2B Core Values Discussion

VIII. Public Participation: None

IX. Adjournment: Meeting was adjourned at 1:30 by Feinen.

X. Next Meeting: Thursday, February 23, 2012 at 6:00 p.m. in the Council Chambers, City of Champaign, 102 N. Neil Street, Champaign, IL 61820.

RESOLUTION NO. 2012-06

A RESOLUTION

ENDORISING A CHANGE ORDER TO THE NEO FIBER, LLC CONTRACT  
(Request for Proposals for Outsourcing – Customer Care/Customer Service)

WHEREAS, the Scope of Services for the City of Champaign’s Contract with NEO Fiber, LLC does not include work or hours to develop a Request for Proposals related to outsourcing customer care and customer service activities for UC2B; and

WHEREAS, it is an option for UC2B to provide such services by contracting with a third party that has experience delivering these types of services; and

WHEREAS, the costs associated with such service delivery are unknown for this market; and

WHEREAS, it is necessary to identify these costs so that they may be included in the financial models that NEO Fiber, LLC is preparing as a primary deliverable under its current Scope of Work; and

WHEREAS, it is necessary to identify the costs and understand the services that a third party provider may be able to deliver at this time so that the UC2B Policy Board may weigh its options and make an informed decision regarding the preferred model for operations for the foreseeable future; and

WHEREAS, the Scope of Work to deliver these services is attached and incorporated herein; and

WHEREAS, the costs to deliver this Scope of Services associated with this Request for Proposals is \$10,000; and

WHEREAS, it is recommended that the work NEO Fiber, LLC is providing relating to Regulatory Review be scaled back and alternatively incorporated into a professional services agreement with outside legal counsel; and

WHEREAS, it is estimated that this reduction in the current Scope of Services will result in a savings on the NEO Fiber, LLC Contract of \$3,000; and

WHEREAS, there has been approximately \$1,000 saved to date on the current Scope of Work due to UC2B staff time spent organizing the community stakeholder visits in January, 2012; and

WHEREAS, the net increase in costs associated with this Change Order is \$6,000 and it is within the Champaign City Manager’s purchasing authority to administratively approve this Change Order resulting in a revised total contract amount of \$66,000; and

WHEREAS, the UC2B Fund Budget that was approved in August 2011 as an Attachment to the Letter of Understanding among the member agencies is sufficient to cover these added expenses at this time.

NOW, THEREFORE, BE IT RESOLVED BY THE UC2B POLICY BOARD, as follows:

Section 1. The Policy Board endorses the approval of this Change Order and recommends that the Champaign City Manager authorize NEO Fiber LLC to prepare a Request for Proposals for Outsourced Operations addressing Maintenance and Issues Regarding Physical Plant and Assets and for Customer Service.

RESOLUTION NO. 2012-06

PASSED:

APPROVED: \_\_\_\_\_  
Policy Board Chair





## UC2B Policy Board Minutes

February 23, 2012

### Location:

City of Champaign Council Chambers  
102 N. Neil Street  
Champaign, IL 61820

Policy Board Members Present: Abdul Alkalimat, Rev. Zernial Bogan, Brandon Bowersox, Michael DeLorenzo (6:10 p.m.), Deb Feinen, Pete Resnick, Richard Schnuer, Tracy Smith (6:15 p.m.)

Policy Board members absent: Minor Jackson

- I. The meeting was called to order at 6:05 p.m. by Chair Feinen.
- II. Roll Call
- III. Approve Agenda: Resnick moved, Bowersox seconded the motion to approve the agenda. The motion was passed by voice vote. Feinen asked to take some items out of order to allow all Policy Board members time to arrive.
- IV. Approve Minutes: Resnick moved, Alkalimat seconded the motion to approve the minutes of the February 1, 2012 Policy Board meeting as written.
- V. Action\*/Discussion Items:
  - a) **NTIA/Grant Report:** Smeltzer discussed the written report provided in the packet. Smeltzer stated that the cabinets were actually closer to \$36,000 than the original \$30,000 in additional funds that were originally projected, and that there is a REVISED Resolution 2012-05 on the agenda to formally consider with this change.

**Audience comments:** None.

Bowersox asked to schedule the Gig.U discussion at an upcoming Policy Board meeting.

Alkalimat moved to approve the report as written and place it on file. Seconded by Resnick. Board approved by voice vote.

- b) **\*REVISED Resolution 2012-05 A Resolution Endorsing the Use of Contingency Funds for Redesigned Neighborhood Cabinets (Battery Chamber/Heat Exchanger):** Schnuer moved to approve the REVISED Resolution as written. Seconded by Bowersox. Bogan asked if there is a need for a third cabinet. Smeltzer explained that this Resolution is not adding to the number of cabinets, rather it authorizes the additional expense for redesigning the configuration of the planned cabinets. This change updates all twelve cabinets.

Board approved by voice vote.

- c) **Presentation from Graduate School of Library and Information Science (GSLIS): Preliminary Study Results – UC2B Anchor Social Institutions & Ford Statewide Illinois Broadband Research:** Alkalimat introduced the research project and also informed the Board that there was a large class of graduate students in attendance in the audience, all of whom worked on this during the Fall. Alkalimat introduced Dr. Kate Williams and five graduate students involved in this project and presenting this evening. This presentation is the preliminary report on data collection for ninety of the Anchor Institutions. The project is very exciting. Data collection is continuing as a team effort. Two of the students from last term have graduated and several individuals have gone on to work in BTOP (Broadband Technology Opportunities Program) impacted communities. Williams explained that the case interviews were conducted with the Directors, IT Directors and/or Volunteers or Board Members at each institution. The interviews addressed things like the history of the organization; conduct of internet speed tests; taking photos of current facilities and equipment; and the creation of a case report. After completing the study, the researchers had the Director of each Anchor Institution review the comments.

The graduate students each presented a report on an UC2B Anchor Institution. See attached PowerPoint presentation.

The consensus was that all groups use wireless connectivity a great deal, especially with smart phone use. Even people that do not have a computer in their home are using the internet on their smart phones. Williams introduced Noah Lenstra who is collecting and archiving documents for UC2B. He asked that if anyone has any documents pertaining to the early history of UC2B that they contact him and send information for the archives. Lenstra's email address is: nlenstr2@illinois.edu.

**Board Technical Comments:** Resnick stated if the Library is self reporting 500 patrons per day they could benefit from the wireless connectivity as well. He also asked if Salem Baptist Church is using the web to its full potential. Is it a cyber church? Is it streaming online? Schnuer said that several of the organizations said their computers were old and asked for a definition of "old." Alkalimat stated that many of the Anchors are not using their hardware to capacity. Bogan stated that at Salem the computer lab was updated in 2009 with new computers, however that was 2009 and now it is 2012; at this point speed is more important.

**Audience comments:** None.

**Board comments:** DeLorenzo stated that it was his understanding that some Anchor Institutions did not know they were anchor institutions. Williams agreed, she said most asked what they had to do and thought they had been signed up for something bad. After they heard more about the project from the students, they were excited and wanted more information. She noted that the students did not have a lot of information to provide as so much, including costs, is not yet available. Alkalimat added that the excitement from the Anchors is really about when the new access would be available and how much faster or better it would be. They are not really thinking about how they may begin to use the resource differently; they are not really being creative at this point. Williams gave an example of a group in Chicago that is televising their Chess Club matches on the internet for an audience. Alkalimat also stated that the Board has voted on a Community Benefit fund where \$1 of every \$20 subscription will go to fund a Community Help Desk, and Community “Geek” squad and possibly classes. Bogan stated that the community is more excited about the Intranet possibilities than the internet. Bowersox asked about Housing Authority tenants using the internet. Graduate Student, Abigail Sackmann stated most do have the internet at their fingertips with their mobile devices and that wireless might be the way to go for Public Housing.

**Public Comments:** Joshua Newport suggested getting information out to the public by placing ads on the MTD buses. Feinen said that was being considered and should be coming soon. Ray Mitchell asked whether the University might expand its role in this project and teach others about the resource while researching. Alkalimat stated that the University has many different limits, but there are a number of ideas being discussed. Feinen thanked the class for their work and report.

- d) **Contracting with Shive-Hattery For Support on the FTTP RFP:** Smeltzer said now that the Policy Board and Champaign City Council have tentatively approved the FTTP procurement process, staff has asked Shive for assistance in creating the RFP. The Champaign City Manager has the ability to do a change order within 10% of the total amount of their current contract, which would be approximately up to \$30,000 or \$35,000. Schnuer explained that this item is for information only. It does not require action on the Board’s part. Staff can handle administratively. Board Members encouraged staff to get this underway immediately as time is of the essence on this project.

**Audience Comments:** None.

- e) **FTTP Procurement Process Update:** Council will formally consider the Plan on Tuesday, February 28. Staff would like the document to be on the street for three weeks giving contractors plenty of time to respond. The goal is to have work underway by May 1<sup>st</sup>. Resnick stated the 20% cap on points allocation in the second round of evaluation still concerns him. He asked whether the Council Bill that the Champaign City Council will be considering includes these numbers. Legner stated

yes. Smeltzer stated that Folk raised the question directly with Council at its Study Session and Fred Coleman responded at that time. The Council did not direct any changes as a result of the inquiry. Smeltzer stated that the informal cutoff for NTIA grant expenses is December 23, 2012 so that all expenses are accounted for by the grant deadline of January 31, 2013. Bowersox asked if that is going to be clear in the RFP. Legner and Smeltzer both stated absolutely. Bowersox asked what recourse UC2B has if contractors fail to perform. Smeltzer said there will be goals every two months tied to retainage, so contractors have an incentive to move forward.

- f) **Marketing and Outreach Subcommittee Report:** Bowersox stated the February 28<sup>th</sup> meeting will be a joint Canvassing Meeting and GSLIS team meeting at noon at the Champaign Public Library. The UC2B.net website has been updated. Bowersox also encouraged everyone to follow UC2Bfiber on Twitter and Facebook. GSLIS is working on signage for bus routes, signage at Anchor Institutions, and other publicity. Staff is checking on funding availability for these now. Bogan asked if Bowersox or Kersh was working on a display for the Chamber of Commerce meeting on March 8 at M2. DeLorenzo stated the Economic Development Corporation will be asking Smeltzer and Legner to do a presentation on UC2B as soon as possible. Schnuer stated there is a Black Chamber of Commerce event on March 2 at 5:30 at M2 as well.

**Audience comments:** None.

- g) **Distribution of Non-UC2B materials by UC2B Canvassers:** A memo from Fred Stavins, City of Champaign Legal Counsel was included in the packet. Resnick stated the need for a policy, he asked if Stavins could create a policy to bring to the Board. Feinen stated that staff is very busy at present. While the need for a policy is important, in her opinion, staff needs to focus on grant issues and getting the fiber in the ground. She suggested that perhaps the Marketing and Outreach Committee could work on a policy. Bogan suggested that a list of resources available in the community could be added to the website. Resnick stated that we need a policy first though so that it is clear that there is a defined and approved public purpose for private sector involvement at various levels. Schnuer stated that all of these comments are good. He would be willing to draft a policy for consideration. He stated he will discuss it with Stavins and bring something back to the next meeting. Dr. Jon Gant stated that GSLIS had run into this issue in the Fall and that there are a lot of hidden costs in preparing the description of services provided by private companies, including staff time, back and forth meetings for approvals, copying, mailing, etc. And secondarily there are strict regulations imposed by the NTIA on how grant funds may be used, i.e. unless the materials or programs are geared at gaining subscribers or are construction-related, grant funds may not be utilized for their dissemination. Schnuer will meet with Gant to work together on this issue.

VI. Tasks for next meeting:

- a) Legner will schedule Gig.U for next meeting
- b) Schnuer will present draft policy for distribution of non-UC2B materials

VII. Items for next meeting's agenda:

- a) Distribution of Non-UC2B materials by UC2B Canvassers (Schnuer/Stavins)
- b) Gig.U discussion
- c) UC2B Core Values Discussion

VIII. Public Comment: Ray Mitchell stated that he would like to be added to the canvassing committee meetings. He stated that he is on the Marketing and Outreach Committee, but feels as though more things are discussed and work is conducted at the canvassing meetings.

IX. Adjournment: Bowersox adjourned the meeting at 7:35 p.m.

A RESOLUTION

ENDORING THE USE OF CONTINGENCY FUNDS FOR REDESIGNED  
NEIGHBORHOOD CABINETS  
(Battery Chamber/Heat Exchanger)

WHEREAS, the Federal Subaward Agreement between the City of Urbana and the University of Illinois includes an available construction budget of \$5,020,000 plus contingency funds of \$401,600 for a total of \$5,421,600; and

WHEREAS, UC2B Policy Board approved Resolution 2011-09 Endorsing the Use of Contingency Funds for the purchase of splice cases in an approximate amount of \$36,000 reducing the available contingency funds from \$401,600 to \$365,600; and

WHEREAS, the Federal Subaward Agreement between the City of Champaign and the University of Illinois includes an available construction budget of \$9,346,000 plus contingency funds of \$747,680 for a total of \$10,093,680; and

WHEREAS, the City of Champaign has not utilized any of these available contingency funds to date; and

WHEREAS, the neighborhood cabinet design as originally specified in the Fiber to the Curb bid documents is not sufficient to accommodate all of the necessary equipment including the batteries and a new heat exchanger required to increase the cooling capabilities of the cabinets; and

WHEREAS, it is necessary to redesign the neighborhood cabinets to add a battery chamber to be located below the original cabinet which will increase the height of the unit 16" to approximately 48" total; and

WHEREAS, it is estimated that the cost of the battery compartments, labor and 23" vertical rack adapters is \$1,364.25 per cabinet for a total of \$16,370.96; and

WHEREAS, due to Adtran equipment upgrades, it is now necessary to utilize a 24-port single slot Active Ethernet card in the Adtran TA-5000 chassis which operates at a hotter temperature than the dual-slot card originally specified which likely demands better cooling capabilities than the air circulating fan originally specified; and

WHEREAS, a heat exchanger will provide the increased cooling capabilities and is estimated to cost \$1635.75 per cabinet for a total of \$19,629.04; and

WHEREAS, the combined cost of the two upgrades is \$3,000 per cabinet - \$36,000 total. There are 7 cabinets in Champaign for a total of \$21,000. There are 5 cabinets in Urbana, for a total of \$15,000; and

WHEREAS, contingency funds are available in both Cities to accommodate these changes; and

WHEREAS, the Federal Subaward Agreements approved among the UC2B member agencies contains a clause as follows: “At the end of the Project construction phase, if one of the UC2B members has exceeded its construction budget, ILLINOIS will transfer to that UC2B member any unexpended funds that were originally assigned to the Construction Budgets of the other two UC2B members. If two of the UC2B members exceed their Construction Budgets, any unexpended funds in the Construction Budget of the third UC2B member shall be applied proportionately to the budget deficiencies of the two.”

NOW, THEREFORE, BE IT RESOLVED BY THE UC2B POLICY BOARD, as follows:

Section 1. The Policy Board endorses the use of contingency funds in the amount of \$15,000 for the City of Urbana reducing its contingency funds available for future changes from \$371,600 to \$356,600.

Section 2. The Policy Board endorses the use of contingency funds in the amount of \$21,000 for the City of Champaign reducing its contingency funds available for future changes from \$747,680 to \$726,680.

RESOLUTION NO. 2012-05  
PASSED:

APPROVED: \_\_\_\_\_  
Policy Board Chair



# **UC2B Anchor Social Institutions: Baseline Data on Technology Use Before Takeoff**

Kate Williams and Abdul Alkalimat, Co-Directors, Community Informatics Research Lab, and Abigail Sackmann, Research Assistant  
Graduate School of Library and Information Science, UIUC

Research funders:

Ford Foundation and Community Informatics Initiative

February 21, 2012



# Thank you to the leaders of C-U's anchors and to the student-researchers



Field work in two GSLIS courses:  
'Community Informatics' and  
'The Digital Divide'

# Outline

1. About our study
2. Four case studies
  - a. Salem Baptist Church, Anna Holland / Kang Zhao
  - b. Community Elements, Julianne Breck
  - c. Housing Association of Champaign Co, Emilie Vrbancic
  - d. Champaign Public Library, Abbie Sackmann
  - e. General comments, Shameem Ahmed
3. A look at speeds
4. Archiving UC2B, Noah Lenstra
5. Some basic issues

# UC2B Anchors Study, Ford Statewide Illinois Broadband Study

**Research Question: What are these organizations doing with technology, and what might they do with broadband?**

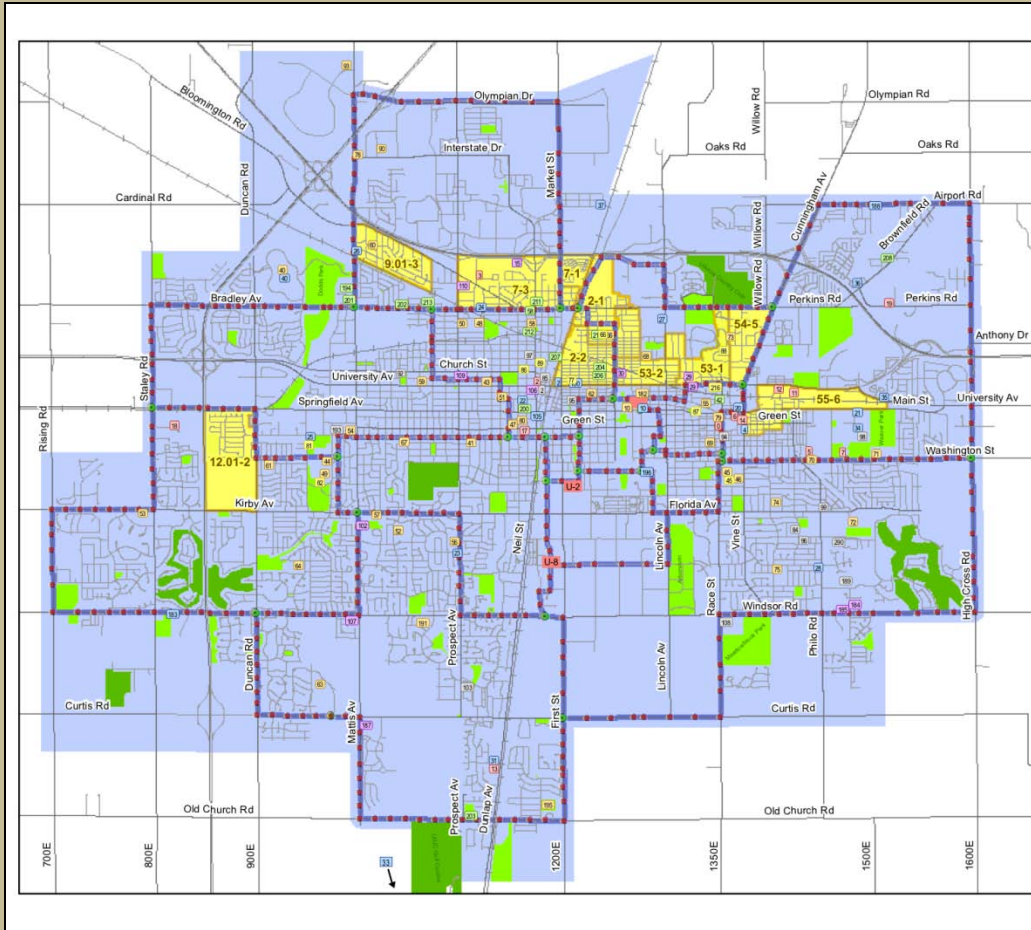
## UC2B Anchors study

1. List of anchors supplied by UC2B staff
2. Field work by GSLIS students in two classes
3. Field handbook called for data collection in the following areas:
  - Three interviews: administrator, IT person, and volunteer/board member
  - Photos, history, map, individual questionnaires, and speed test
  - Don't sell UC2B, ask about it
4. Agreement, consent form, data collection, final site director approval
5. Now producing a general report and a public access website
6. Parallel work building archive

## Statewide Illinois Broadband Research

1. Similar methodology with one professional field staffperson
2. Six downstate communities, four Chicago communities

# Sample size



143 'anchor social institutions' in UC2B proposal  
293 known anchors today  
Given many multi-site institutions...  
121 in our sample  
88 cases so far

# CU cases

**N = 88**

**Anchor case studies = 81**

**SIBR studies (asterisked) = 7**

## 22 Churches

Alpha and Omega Church of Jesus Christ  
Bethel A.M.E. Church  
Canaan Baptist Church  
Church of the Brethren  
Cornerstone Church  
First Christian Church  
First United Methodist Church  
Holy Cross Catholic Church  
Lighthouse World Ministries  
Mt Olive Baptist Church  
New Birth Missionary Baptist Church  
New Hope Church of Christ  
Park Avenue Seventh Day Adventist Church  
Prairie Zen Center  
Restoration Urban Ministries  
Salem Baptist Church  
St. John's Lutheran Church  
St. Luke Christian Methodist Episcopal Church  
St. Mary's Catholic Church  
St. Matthew's Catholic Church  
Stone Creek Church  
The Church of the Living God/Love Corner

## 20 Community

Catholic Worker House  
\*Champaign County Chamber of Commerce  
Crisis Nursery  
Cunningham Children's Home  
Developmental Services Center  
Don Moyer Boy's & Girl's Club

Empty Tomb, Inc.  
Girl Scouts of Champaign  
Habitat for Humanity  
\*IBEW Local 601  
Land of Lincoln Legal Assistance Center  
\*Metanoia Center  
Muslim American Society  
Orpheum Children's Science Museum  
Salt & Light  
Salvation Army  
Stake Family History Center  
United Way of Champaign County  
Urbana Neighborhood Connections Center  
Urbana-Champaign Independent Media Center

## 20 Government

Champaign Consortium  
\*Champaign County  
Champaign Fire Department  
Champaign Park District - Bresnan Center  
Champaign Police Department  
Champaign-Urbana Mass Transit District  
City of Champaign  
City of Champaign Township  
City of Urbana  
Cunningham Township  
Eastern Prairie Fire Protection District  
Federal Aviation Administration  
Parkland College Police Department  
United States Postal Service - Main Urbana Station  
Urbana & Champaign Sanitary District  
Urbana Fire Department  
Urbana Police Department  
Urbana Township  
USGS Illinois Water Science Center  
Willard Airport

## 7 Health

Carle Foundation Hospital  
Champaign County Christian Health Center  
Christie Clinic  
Community Blood Services of Illinois  
Community Elements  
Pavilion Behavioral Health Center  
Provena Covenant Medical Center

## 7 Housing

Amber Glen Alzheimer's Special Care Center  
Clark-Lindsey Retirement Village  
Housing Authority of Champaign County  
Illini Heritage Rehab & Health  
Prairie Winds of Urbana  
Round Barn Manor  
The Windsor of Savoy

## 6 PreK-12 education

Champaign County Head Start  
Champaign Unit 4 Schools  
Countryside School  
Judah Christian School  
Next Generation School  
Urbana School District 116

## 3 Library

Champaign Public Library  
Illinois Heartland Library System  
Urbana Free Library

## 2 Media

\*News-Gazette  
\*University of Illinois WILL

## 1 Higher Education

Parkland College



+



# Salem Baptist Today

Salem Baptist Church – Cyber-Church Committee

**Digital Technology Enhancing  
ALL ASPECTS of Church and Community Life**

**WHEN:** Committee meetings every Tuesday at 6 p.m.

**WHY:** Integrating Digital Technology to Serve the Church's Missions

**WHERE:** Salem Baptist Church conference room

**WHO:** Open to all

**HOW:** Committee projects are still being developed, and are dependent on

**YOUR participation. Possible projects include:**

- Job and Academic Training: Responsible Technical Education in a Spiritual Environment
- Sharing God's Message Online: Representing the Church on the Internet
- E-mail: Making Sure All Members of Salem Baptist Church are Online Connected to the Church

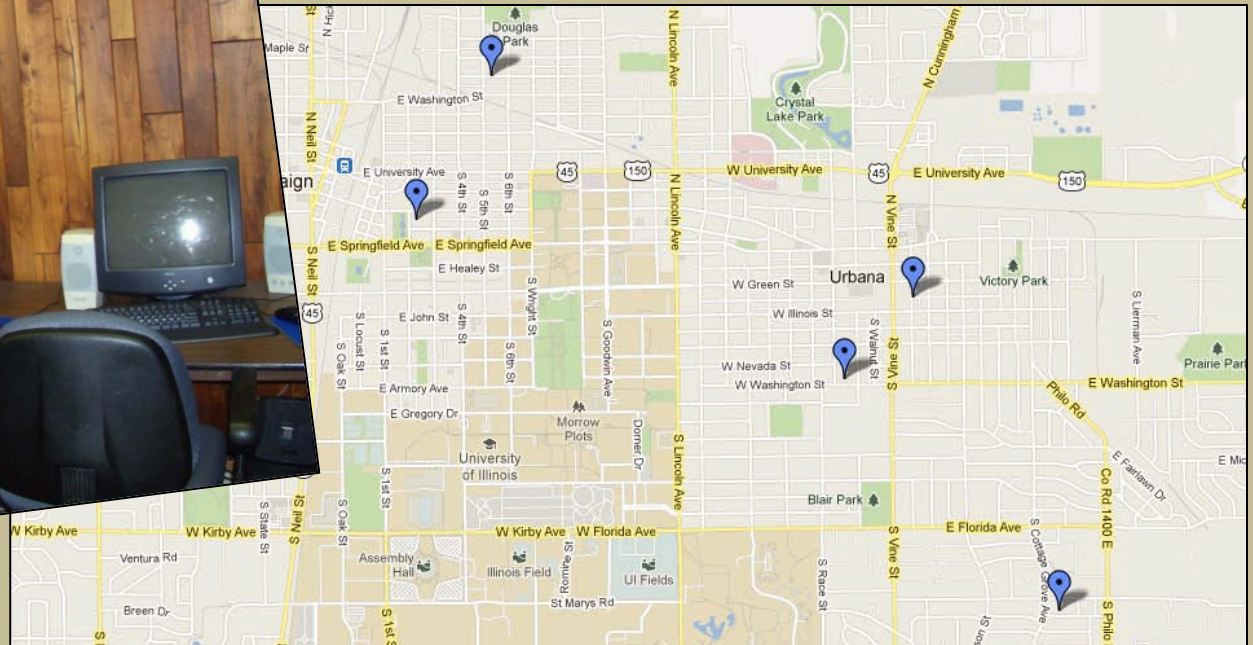


- 3 administrative computers, 9 public lab computers
- Software: Adobe suite, Dreamweaver, Microsoft Office, Open Office
- Other equipment: Camera, Scanner, Security system, Docking station, printer, projector, phones, webcam
- Staff: five volunteer members of the Cyber Committee
- 2.22 Mbps download, 0.41 Mbps upload

# Salem Baptist Tomorrow

- Church sees technology is a high priority
- With UC2B, speed will increase tenfold
- Keeping hardware up to date is the biggest problem
- “I think one of the biggest opportunities for us is the computer lab. We’re reaching quite a cross-section of people, not only at Salem but throughout the community” —Pastor

# Housing Authority of Champaign County Today



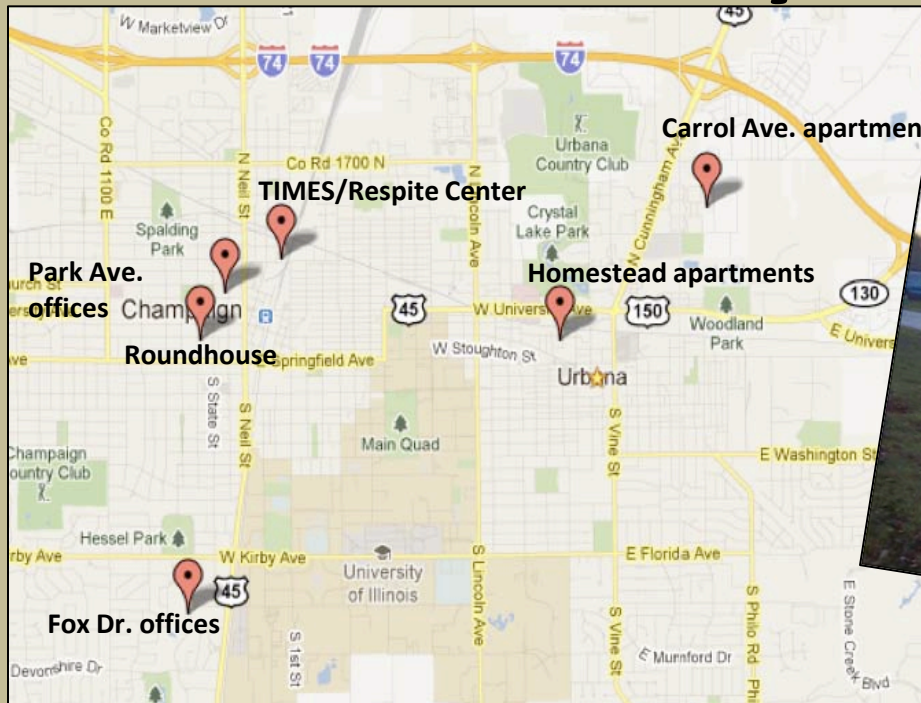
- 19 Desktops
- 10 Laptops
- Software: Microsoft Office, WinTen
- Other equipment and resources: server, phones, printers, sound system, projectors, wireless, website
- Public computers in most residences, lab for college prep at main office
- 24.64 Mbps download, 7.62 Mbps upload



# HACC Tomorrow

- Offices have IT, tenants come next
- 350 of 536 apartments in yellow zone
- Public computers at residences
- Residents could use wireless to save on smartphone data plans
- “I’m amazed by the number of tenants who have internet and use it every day.” —IT person

# Community Elements Today

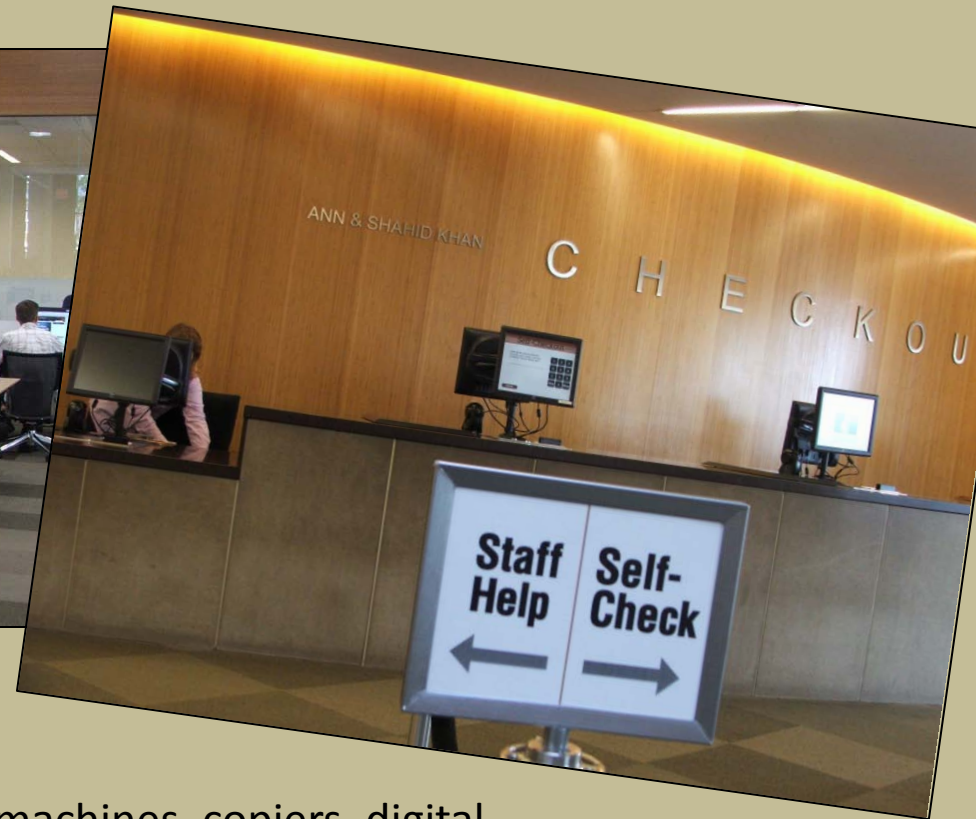


- Several sites throughout the city, homeless shelters, offices, apartments, and group homes.
- 150 Desktops and 60 Laptops connected through LAN using Comcast Broadband connection.
- Park Ave. connected to Fox Drive through T-1
- TIMES Center computer resources for men are limited and outdated.
- Staff work with clients throughout town, utilizing technology on-the-go but wireless connection is cost-prohibitive.
- 42.21 Mbps Download, 4.35 Upload at Fox Drive Office.

# Community Elements Tomorrow

- Staff working with clients in the community would benefit from reliable and inexpensive wireless connection to databases.
- Offices and facilities would benefit from 1GB interconnection.
- Opportunities for TIMES Center public computer lab.
- “I think that [UC2B] is a great resource for our agency. We are always trying to get our clients linked to the right people.” –IT Staff

# Champaign Public Library Today



- 90 Public Computers
- 120 Staff Desktops
- Other equipment: scanners, cameras, fax machines, copiers, digital projectors, TVs, WolfVision projector, security cameras, wiis, sound systems, kindles
- Software and systems: Carousel, At&t broadband, Room booking and event software, Microsoft Office, Self-checkout software, MySQL, SteadyState, Comodo Time Machine, numerous subscriptions
- 35.13 Mbps download, 35 MBps upload

# Champaign PL Tomorrow

- Weighing options for UC2B connection
- Public broadband demand continues to rise
- Indirect effects of UC2B
  
- “The minute we write our technology plan it’s out of date; within a month, we’ve done much more than we planned to do in a year” —Administrator

# UC2B

**“Sounds great, how do we find out more?”**

# Internet speeds by place

Mbps	Down			Up			Up minus down		
	Min	Average	Max	Min	Average	Max	Min	Average	Max
Chicago (24)	0.2	20.8	89.5	0.1	11.7	61.8	-58.3	-9.1	29.0
Jackson County (12)	2.6	15.6	58.5	0.7	7.2	22.0	-36.5	-8.4	1.3
East St. Louis (10)	0.7	14.9	72.0	0.4	4.6	31.0	-70.2	-10.3	0.1
<b>Champaign County (65)</b>	<b>0.1</b>	<b>14.3</b>	<b>71.0</b>	<b>0.1</b>	<b>6.7</b>	<b>50.6</b>	<b>-55.8</b>	<b>-7.6</b>	<b>12.8</b>
Kankakee (10)	1.1	11.6	40.8	0.3	4.3	17.3	-33.7	-7.3	0.3
Rockford (11)	0.2	9.2	32.8	0.4	4.7	13.9	-19.8	-4.4	5.6
Pike County (12)	0.6	6.8	19.4	0.3	3.4	22.2	-15.8	-3.3	5.3
All (144)	0.1	14.3	89.5	0.1	6.9	61.8	-70.2	-7.5	29.0

# C-U internet speeds by sector

Mbps	Down			Up			Up minus down		
	Min	Average	Max	Min	Average	Max	Min	Average	Max
Media (N = 1)	70.6	70.6	70.6	38.4	38.4	38.4	-32.1	-32.1	-32.1
Higher Education (1)	45.7	45.7	45.7	50.6	50.6	50.6	4.9	4.9	4.9
ISP (1)	33.5	33.5	33.5	28.8	28.8	28.8	-4.7	-4.7	-4.7
Library (2)	4.2	22.7	41.3	2.5	5.5	8.4	-32.9	-17.3	-1.7
PreK-12 education (6)	1.4	19.2	71.0	1.2	7.0	16.6	-55.8	-12.2	0.0
Health (4)	2.8	17.2	28.3	2.4	9.1	18.7	-19.1	-8.1	5.0
Housing (7)	0.1	13.9	33.7	0.1	4.0	7.6	-28.1	-9.9	0.1
Church (13)	2.0	12.2	61.3	0.4	4.8	37.4	-24.0	-7.5	0.7
Community (18)	1.0	9.9	42.2	0.4	2.4	5.7	-37.9	-7.4	3.8
Government (12)	1.3	9.7	35.6	0.3	8.1	30.3	-13.0	-1.6	12.8
All (65)	0.1	14.3	71.0	0.1	6.7	50.6	-55.8	-7.6	12.8



# UC2B Archives Project

- Preserving history of UC2B
  - Meeting minutes
  - Media reports
  - Administrative records
  - Website archives
  - Videos/Photographs
  - Related documentation
- Partnership with University of Illinois Archives
  - Donation of acid-free folders for analog records
  - Ensure long-term preservation and accessibility of digital & analog records at project's completion
- Everyone can add their records to this archives
- We request:
  - Oral histories on UC2B by committee-members and project stake-holders
  - Ephemeral documentation (for example, mentions of UC2B in community newsletters)
  - To help, e-mail [nlenstr2@illinois.edu](mailto:nlenstr2@illinois.edu)

# Key Issues

- Budget
  - Basic IT costs commercial will be cut for high end users
  - Stable low end users will get upgrade
  - DD and unstable hard pressed to allocate funds for start up or big upgrade of hardware and soft ware
- Technology
  - High end users for a cycle out of machines
  - General up grade of existing equipment
  - Get equipment for the first time
  - Service: troubleshooting and repair
- Staff
  - Training
  - Transforming internal IT for org
  - Transforming external IT for public
- Community
  - Linking up with other CU ASI
  - Networking to update based on best practices

To: UC2B Policy Board

FROM: NEO Fiber, LLC and Staff

DATE: March 12, 2012

SUBJECT: UC2B Pricing, Services, Billing Decisions

The purpose of the reports that follow is to present the UC2B pricing and services evaluations provided by NEO Fiber. A summary of the 15 most urgent questions needing Policy Board direction follows below and is supported with detailed explanations in the report that is attached entitled “NEO Fiber Evaluation and Recommendations for Pricing and Positioning Strategies, Best Practices for Retail Service Offerings, Residential and Business Services.” This report is updated from that which the Policy Board reviewed in January with additional market research and analysis.

Also attached is a report, “Feasibility Objectives, Background Information on the Financial Model” which seeks Policy Board direction relating to UC2B’s feasibility objectives. Once the Policy Board determines a set of feasibility objectives such as those recommended herein, the financial models (attached in a draft workbook for Board information) can be refined.

All of this information is intended to be presented for Board discussion at its meeting on Wednesday, March 14 so that Policy Board direction/action may be provided at its next meeting on March 22. Diane Kruse will be joining the meeting on the 14<sup>th</sup> via Skype and will be present at the meeting on the 22<sup>nd</sup>.

Teri Legner

Interim UC2B Consortium Coordinator

**Summary of Pricing and Services Recommendations:**

1. What are the residential pricing tiers beyond \$19.99 for 20 Mbps?

The following pricing is recommended for the grant area for residential services:

Name of Tier	Advertised Speeds		Average Speeds		Average Latency	Pricing Plan \$ Per Month
	Downstream Mbps	Upstream Mbps	Downstream Mbps	Upstream Mbps	@ end-user CPE milliseconds	
<b>Residential</b>						
UC2B 20/100Internet CNS	20	100	20	100	<10 ms	\$19.99
UC2B 30/100Internet CNS	30	30	30	30	<10 ms	\$29.99
UC2B 40/100Internet CNS	40	40	40	40	<10 ms	\$39.79

A detailed write up of the pricing considerations, service area, the preliminary impact on the Financial Plan is attached.

2. Does UC2B provide any email accounts?

No.

3. Does UC2B provide any web hosting?

No.

4. Is there an extra charge for more than 1 public IP address? And if there is what will they cost?

Yes. The following pricing is recommended:

<b>Proposed Business/Commercial Pricing</b>	
<b>IP Addresses</b>	<b>Monthly Price</b>
1 IP Address	Included in the monthly price
2 to 5 IP Addresses	\$14.95
6 to 10 IP Addresses	\$34.95
11 to 15 IP Addresses	\$59.95

This is in addition to the Internet pricing outlined below under Question 5.

5. Is there different pricing for Businesses and Anchor Institutions? If so, what are those tiers and how do we differentiate between the three groups?

The following tiers would be available for Businesses and Anchor Institutions:

1. Small Business and Non-profit Pricing. The pricing would be the same for small business and non-profit pricing as the residential rates above. In order to qualify for the non-profit status, the business must show the Federal forms designating it as a non-profit.

Small businesses qualify for this pricing if the following conditions are met:

- a. The business does not require additional IP addresses.
- b. The business has less than \$1 Million in annual revenues.
- c. The business has less than 10 employees.

2. Business and Anchor Institution Pricing:

The following pricing is suggested for Business and Anchor Institutions:

Name of Tier	Advertised Speeds		Average Speeds		Average Latency	Pricing Plan \$ Per Month
	Downstream Mbps	Upstream Mbps	Downstream Mbps	Upstream Mbps	@ end-user CPE milliseconds	

Business and Anchor Institution						
UC2B 20/20Internet CNS	20	20	20	20	<10 ms	\$114.80
UC2B 40/40Internet CNS	40	40	40	40	<10 ms	\$213.80
UC2B 60/60Internet CNS	60	60	60	60	<10 ms	\$312.60
UC2B 80/80Internet CNS	80	80	80	80	<10 ms	\$411.00
UC2B 100/100Internet CNS	100	100	100	100	<10 ms	\$509.00
Private VLAN 10 Mbps	10	10	10	10	<10 ms	\$100.00
Private VLAN 100 Mbps	100	100	100	100	<10 ms	\$400.00
Private VLAN 1 Gbps	1,000	1,000	1,000	1,000	<10 ms	\$1,200.00

If a customer wants more than one Public IP address they must pay the Business Rates in addition to the extra charges for the additional Public IP addresses.

A detailed write up on the competitive analysis, pricing justification, and the preliminary impact on the Financial Plan etc. is provided along with this response.

6. Is there a minimum term for residential service?

The pricing for the UC2B grant area is extremely competitive and should only be offered to the (11) Census Block areas within the grant coverage area. It is recommended that in order to receive this pricing, a two year term is required. The contract may be worded leniently if the customer needs to cancel prior to the two year term; however, in order to reduce the cost of churn, and because this pricing is extremely competitive, it is recommended to have a term contract in place.

7. Will an equipment deposit and/or the first month’s service charge be required to be paid at the time of signing the service agreement?

It is recommended that UC2B require an equipment deposit. The cost to UC2B for the ONT is \$389.

The demographics of the UC2B FTTP Residential service areas include a large number of lower income families and students. A large, one-time deposit on the equipment may be difficult for a lower income household to absorb. An equipment deposit may create a barrier for new customers to sign up. There is risk for UC2B however; as the equipment is expensive and will need to be returned at the end of the service agreement or when a customer terminates service. UC2B should have a policy in place to ensure that the equipment is returned.

Therefore, the following recommendations could help mitigate the risk and yet not create a barrier for signing up for the service:

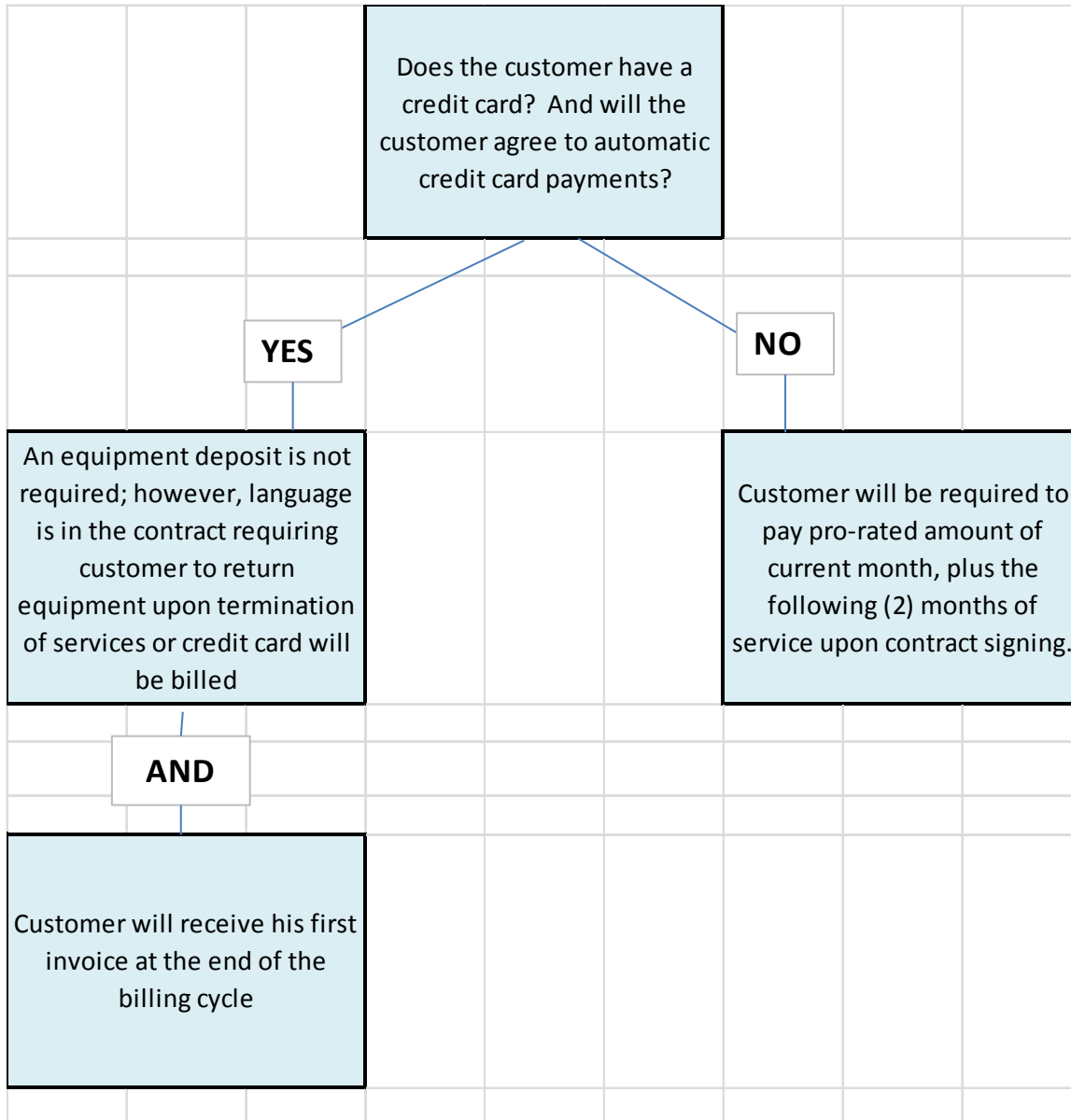
- The deposit on the equipment could be in the form of a credit card payment that is “held” but not charged unless the customer does not return the equipment, or does not pay their bill.
- Or another consideration could be to spread the costs of the deposit over a 3-month or 6-month timeframe.

Regarding credit card billing and billing in advance for services:

**Billing One-Month in Advance.** This is common practice in the telecommunications and cable TV industry. The first month billing would include a pro-rated portion of what is left of the month, plus the following month's service. The customer is essentially billed in advance for services. This payment would not necessarily be needed to be paid at the time of the customer signing up, if the customer has a credit card and agrees to automatic credit card payment.

**Credit Card Billing.** In order to have service with UC2B, it is recommended that the customer be required to have a credit card on file and have the credit card billed automatically monthly. This eliminates much of the collection efforts and costs associated with billing and collections. This does not eliminate the collection efforts entirely; however, much of the costs are diminished.

It is understood that many of the potential customers of UC2B may not have access to a credit card or have a checking account. This will be a challenge for UC2B, as again, the demographics of the customer base are of a low-income bracket. If this is the case, i.e. the customer does not have a credit card or a checking account, UC2B could require that the customer pay in cash for the pro-rated portion of what is left of the month, plus the following (2) months of service.



8. How will UC2B services be billed?

Emailed invoice.

9. Where can UC2B bill be paid in person?

Champaign City Finance Department

10. Will customers be able to pay for UC2B services on-line with a credit card?

We hope so. Again, it is recommended that if the customer has a credit card, then automatic payments will be set up for the customer. If the UC2B Policy Board does not agree with automatic credit card payments, then, it is desirable for the customer to have the ability to pay online with a credit card.

11. Will we offer a discount for direct bank draft or auto credit card?

It is not recommended to offer a discount for direct bank draft or automatic credit card payments.

12. What will happen if a monthly payment is late?

The following is recommended for temporary and permanent shut off of service.

If payment is not received within 7-10 days after the payment due date, UC2B can shut off service temporarily. If payment is not received after 14 days, the service can then be permanently shut off. This practice often facilitates timely payment for services.

13. How will we work with landlords of MDUs and MTUs?

A more detailed write up regarding the primary issues in dealing with Landlords of Multi-dwelling Units is attached for your review.

It is recommended to do the following in working with landlords of MDUs and MTUs:

For UC2B, the vision was to run fiber into each apartment unit, and to be able to treat each tenant as if it was a single family home. This strategy will eliminate the very likely risk of needing to use sub-par inside wiring. As the grant will pay for the ONTs and the installation costs, this seems to be an excellent strategy. To UC2B's network management system, the unit at the MDU would have the same appearance as a single family home, and therefore, there would be no need to establish different operational and trouble resolution processes for MDU's.

**Bulk Pricing.** The primary advantage of offering a Bulk Rate Program is that UC2B could obtain 100% take rate or in other words, would receive 100% of the customers within the multi-dwelling unit. UC2B would bill the landlord or HOA directly for the base pricing for 100% of the tenants in the building.

If UC2B cannot negotiate an agreement for 100% of the tenants, then perhaps UC2B negotiates to receive no less than 80% of the tenants within the building.

**Base Service Pricing.** The same pricing would be available to MDU/MTU buildings as would the general public. UC2B may negotiate which service level (i.e. 20 Mbps, 30 Mbps or 40 Mbps) as the Base Service Pricing that would be offered through the Bulk Pricing Plan (meaning, billing the landlord for all of the tenants). The benefit to the landlord would be that UC2B would install the service (i.e. the fiber, ONT and upgrade the inside wiring) for free, in addition to the benefits received and detailed in the attached write-up.

**Upgrades and Customer Service.** The customer relationship for customer service, billing upgrades, trouble resolution would be between UC2B and the end user (mitigating the primary disadvantage of Bulk Rate Programs.) UC2B would bill the landlord or HOA directly for the base pricing for 100% of the tenants, or whatever percentage UC2B would be able to negotiate with the landlord. Customers who elect to upgrade their Internet Service and/or obtain additional services would be billed directly by UC2B. Additional services may be wi-fi, a community intranet, a computer concierge service or through a partnership with a VoIP/IPTV player, voice and TV services. It may be negotiated with the landlord



which services are incorporated into the Bulk Rate Program in addition to the base Internet services. Obviously bulking as many services as possible through the Bulk Rate Program is an advantage for UC2B. These negotiations are usually on an individual case basis; the same program for one apartment/MDU program may not always be replicated with a different landlord.

We believe the benefits of Fiber to the Home, UC2B's competitive price offer to tenants, and bringing fiber to each unit are more than sufficient reasons for the landlord to grant building/apartment access to UC2B and engage in negotiations of Bulk Pricing.

14. When will the first services be installed?

May

15. What other services, if any, will be available in addition to UC2B Intranet/Internet?

None that we know of at this time.



**NEO Fiber**  
**Evaluation and Recommendations for**  
**Pricing and Positioning Strategies**  
**Best Practices for Retail Service Offerings**  
**Residential and Business Services**

Submitted by:

Diane Kruse  
NEO Fiber  
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**BROADBANDUSA**  
CONNECTING AMERICA'S COMMUNITIES

## Background Information

### **Purpose of Market Analysis Section.**

The purpose of this section is to provide market information and analysis, data and insight into competitive service and pricing offerings in the marketplace, and to provide strategies and best practices for retail residential and business service offerings and pricing considerations for UC2B.

This report will address the following questions:

- Provide recommendations on current pricing proposals and associated bandwidths with particular attention paid to offerings in the FTTH areas.
- Provide an evaluation of and recommendations for UC2B's options for pricing retail services for business v. residential customers.
- Should UC2B consider non-profit pricing alternatives?
- Provide alternatives, advantages and disadvantages, and recommendations for UC2B to consider related to FTTH equipment deposits.
- Identify the terms and conditions for consideration and inclusion in retail customer service agreements for all types of customer classifications, i.e. business, residential, non-profit. Provide draft agreements for UC2B to consider.
- Identify UC2B's options, the associated advantages and disadvantages, and recommendations for addressing/providing service to multi-use or multi-family structures. Should UC2B contract with landlords or the tenants? Provide draft customer service agreements if different than above.

### **Methodology**

NEO has access to a comprehensive, broadband Internet transactions database. This database is the result of collecting and analyzing over a half a billion Internet transactions from all over the country. We use proprietary analytical modeling, which includes demographic information, speed tests, Internet order information, the physical addresses of subscribers and the IP addresses of subscribers. These transactions come from hundreds of sources including e-subscription services, and various other sources where the consumer submits their address information and the database captures the consumer's IP address which the database tool then discriminates between residential carriers and business carriers.

For this study, NEO analyzed database data for all of the zip codes and census tracts by block in the Champaign-Urbana area from January through September 2011. The Champaign-Urbana communities represent over 48,761 households and 1,760 businesses. The sample data was

scrubbed for duplicate transactions (in other words, we eliminated the returning customer data records in information regarding churn rate) and then we analyzed 5% of the total households (1,845 discrete sample households) and 5% of the businesses (77 discrete sample businesses) to determine providers or carriers, type of services, pricing information. A slightly smaller sample (1,111 households and businesses) was analyzed to determine actual speed tests.

On the following pages, actual market data in the Champaign-Urbana area was captured. This data was used to make intelligent pricing, product, positioning and marketing recommendations.

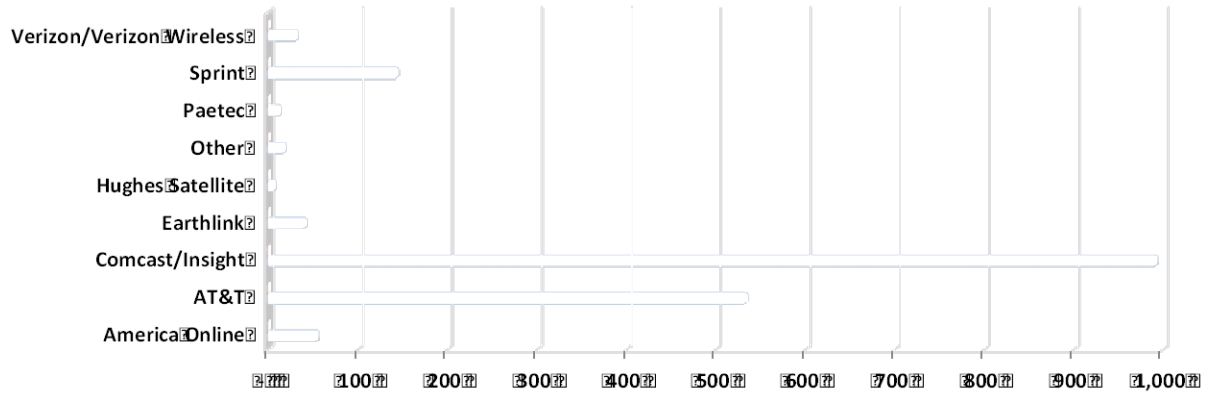
## Market Analysis

### Existing Providers and Market Share

Provider	Internet Provider	% of Internet Market
America Online	56	3.0%
AT&T	535	29.0%
<b>Comcast/Insight</b>	<b>993</b>	<b>53.8%</b>
Earthlink	42	2.3%
Hughes Satellite	8	0.4%
Other	19	1.0%
Paetec	14	0.8%
Sprint	145	7.9%
Verizon/Verizon Wireless	33	1.8%
Total	1,845	100%

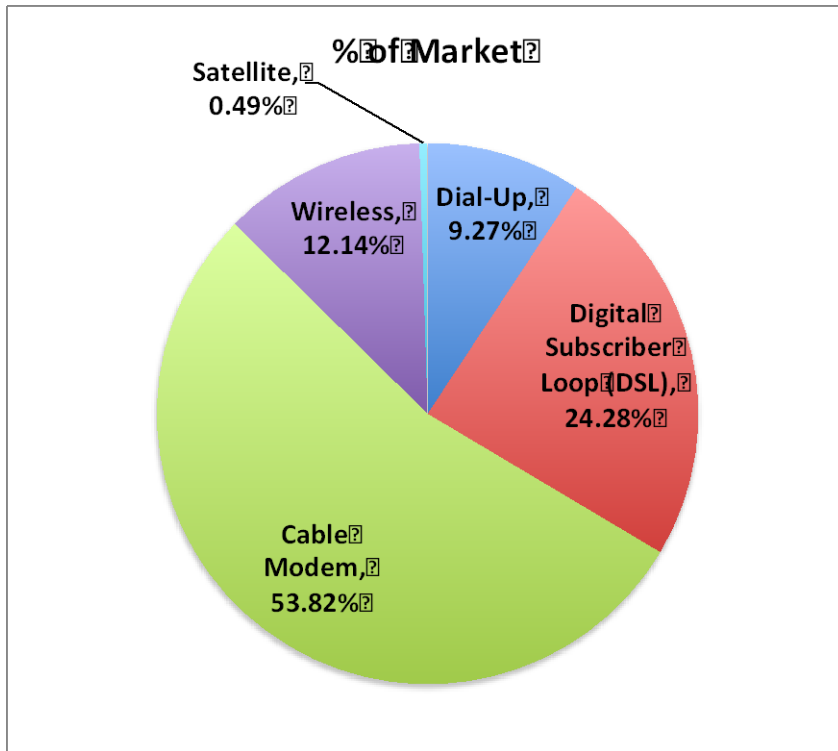
Comcast is the market leader with 53.8% of the market share. AT&T follows Comcast with 29% of the market share. Third party providers such as America Online, Volo, Juno, Earthlink and others make up over 6.4% of the market. Third party providers use DSL/Cable partners and fixed wireless to deliver network access. Approximately 1.8% currently relies on wireless as their sole Internet access service.

**Internet Provider Market Share  
Champaign-Urbana**



	America Online	AT&T	Comcast/Insight	Earthlink	Hughes Satellite	Other	Paetec	Sprint	Verizon/Verizon Wireless
% of Internet Market	3.0%	29.0%	53.8%	2.3%	0.4%	1.0%	0.8%	7.9%	1.8%
Internet Provider	56	535	993	42	8	19	14	145	33

## Type of Service Delivery



Service	Subscribers	% of Market
Dial-Up	171	9.27%
Digital Subscriber Loop (DSL)	448	24.28%
Cable Modem	993	53.82%
Wireless	224	12.14%
Satellite	9	0.49%
	<b>1845</b>	<b>100%</b>

With Comcast/Insight having 54.6% of the market share, it makes sense that a similar percentage of the service delivery is cable modem.

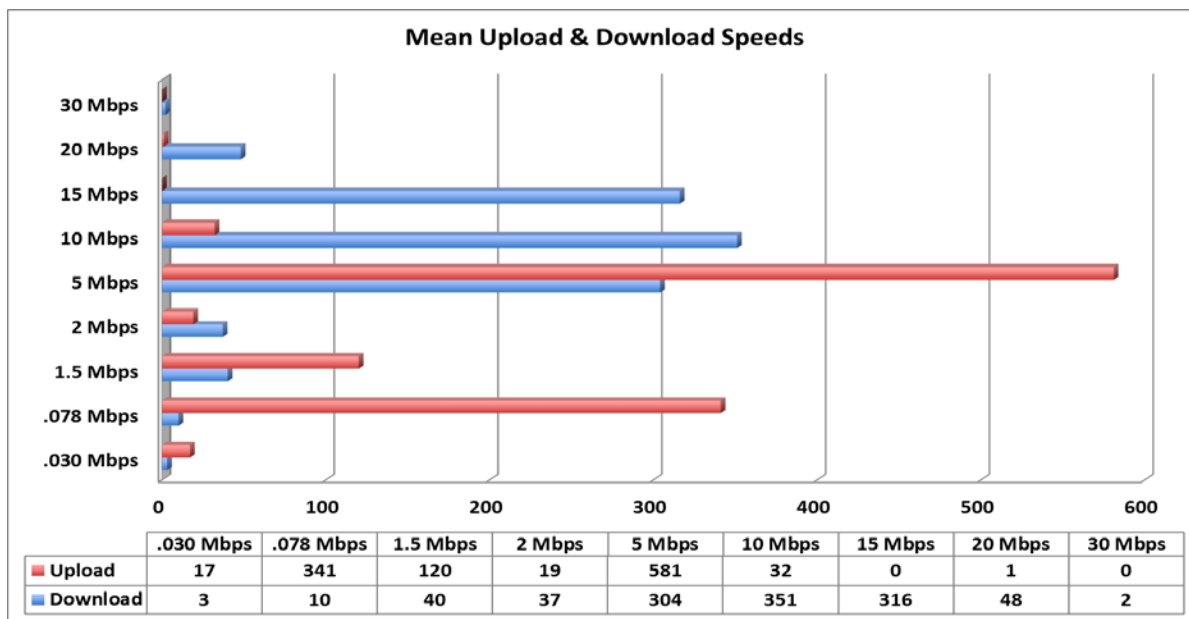
AT&T is offering their service via Digital Subscriber Loop (DSL) services. No one is currently offering services via Fiber to the Home technology. As no other company is currently offering their services using Fiber to the Home technology, UC2B should highlight this as a main selling point and advantage of its service offerings. The benefits and applications only available on Fiber to the Home are provided later in this document.

## Service Offerings

### Existing Bandwidth and Speeds Available

Mean Speeds	Download	Upload
.030 Mbps	3	17
.078 Mbps	10	341
1.5 Mbps	40	120
2 Mbps	37	19
5 Mbps	304	581
10 Mbps	351	32
15 Mbps	316	0
20 Mbps	48	1
30 Mbps	2	0
<b>Subtotal Speed Samples</b>	<b>1111</b>	<b>1111</b>

Existing service offerings are asymmetrical; meaning, the download speeds are not the same as the upload speeds. The competitors are providing service offerings where the upload speeds are much slower than the download speeds. Most of the customers are subscribing to download speeds between 5 Mbps and 15 Mbps. The upload speeds that customers are subscribing to are between less than 1 Mbps up to 5 Mbps.

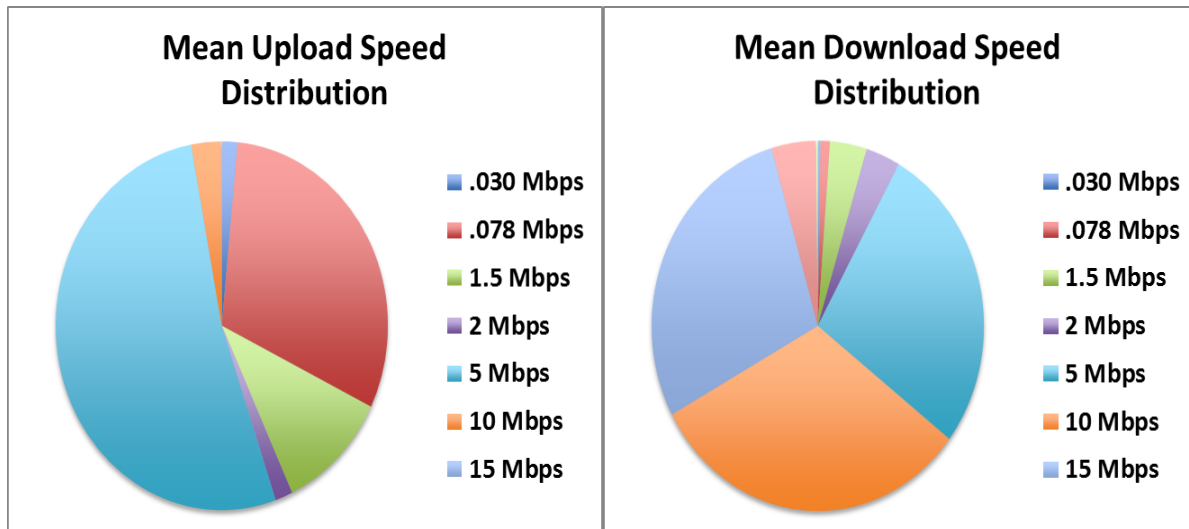


The charts above show what service offerings are being *subscribed to* by customers.

The charts on the following page show what actual speeds are *available to* customers.

The actual speed available is less than the advertised speed of the service. Another significant point to be made is that customers are paying for bandwidth that they are not currently getting. This is another differentiator of Fiber to the Home networks; more speed is available for both upload and download applications, and should be emphasized as another selling point of UC2B's service offering.

Mean Upload Speeds	Upload	Mean Download Speeds	Download
.030 Mbps	1.53%	.030 Mbps	0.27%
.078 Mbps	30.69%	.078 Mbps	0.90%
1.5 Mbps	10.80%	1.5 Mbps	3.60%
2 Mbps	1.71%	2 Mbps	3.33%
5 Mbps	52.30%	5 Mbps	27.36%
10 Mbps	2.88%	10 Mbps	31.59%
15 Mbps	0.00%	15 Mbps	28.44%
20 Mbps	0.09%	20 Mbps	4.32%
30 Mbps	0.00%	30 Mbps	0.18%
<b>Subtotal Speed Samples</b>	<b>100%</b>	<b>Subtotal Speed Samples</b>	<b>100%</b>



Actual speed test samples were taken. The actual mean upload speeds are between less than 1 Mbps and 5 Mbps, with most of the upload speeds at 5 Mbps (52.3%). The actual download speeds range between 5 Mbps (27.36%), 10 Mbps (31.59%) and 15 Mbps (28.44%).



## Residential Pricing, Service Offerings

Note: These are mostly Asymmetrical Services with a Cap of around 5 Mbps Upstream.

Residential/SMB	AT&T	Comcast/Insight DOCSIS Cable	OneEleven Wireless	OneEleven DSL	Conxxus DSL	Volo DSL/Wireless	Consolidated DSL	HughesNet Satellite
<b>1.5 Mbps</b>								
6 Month Introductory Price								39.99
12 Month Intorductory Price								
Post Introductory Price			\$40.00					79.99
Bundled Price								
<b>3-4 Mbps</b>								
6 Month Introductory Price								
12 Month Intorductory Price	\$19.95							
Post Introductory Price	\$38.00		\$50.00	\$69.95	\$39.95	\$32.00	\$19.95	
Bundled Price								
<b>5-8 Mbps</b>								
6 Month Introductory Price								
12 Month Intorductory Price	\$24.95							
Post Introductory Price	\$43.00		\$75.00	\$89.95				
Bundled Price								
<b>10-12 Mbps</b>								
6 Month Introductory Price		\$19.95						
12 Month Intorductory Price	\$29.95							
Post Introductory Price	\$48.00	\$59.95		\$101.95				
Bundled Price		\$44.95						
<b>18 Mbps</b>								
6 Month Introductory Price								
12 Month Intorductory Price	\$39.95							
Post Introductory Price	\$53.00							
Bundled Price								
<b>20 Mbps</b>								
6 Month Introductory Price								
12 Month Intorductory Price								
Post Introductory Price		\$69.95						
Bundled Price								
<b>24 Mbps</b>								
6 Month Introductory Price								
12 Month Intorductory Price	\$49.95							
Post Introductory Price	\$63.00							
Bundled Price								

UC2B is proposing to offer 20 Mbps for \$20 per month. UC2B’s initial proposal at the time of the grant applications was to offer 5 Mbps at the \$19.95 price. After a more diligent market analysis, it is clear that this offering 20 Mbps of bandwidth for the same price will encourage current subscribers to move to UC2B, especially when it is pointed out that the customer is not always receiving the level of bandwidth from the current providers that the customer is subscribing to. In other words, the customer is not getting what they are paying for from the competition.

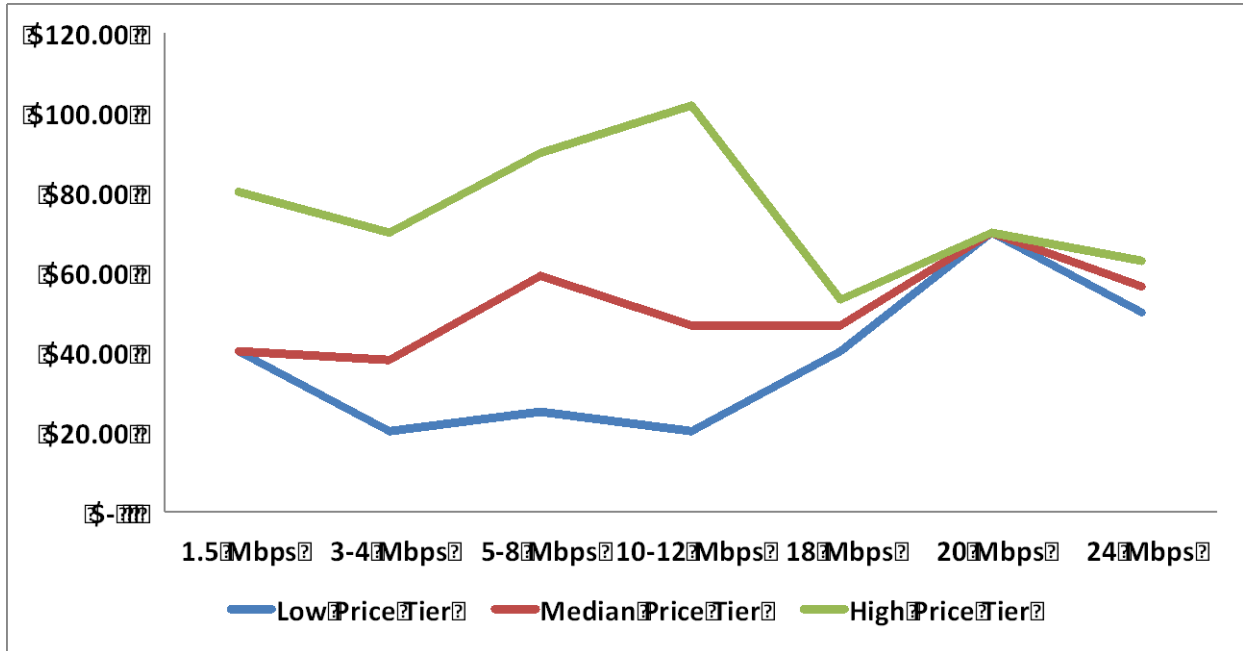
With UC2B offering 20 Mbps for \$20 per month; the competition is offering the same amount of bandwidth for 2-3 times this price. AT&T is offering 18 Mbps for \$39.95 initially; with the price increasing to \$53 per month after 12 months. Comcast/Insight is offering 20 Mbps for \$69.95. Most of Comcast’s customers are on the 10-12 Mbps offering, receiving 5 Mbps of service for a price of \$19.95 for six months, then jumping to \$59.95 per month. Other competitors are offering 3-4 Mbps for \$19.95 to \$69.95.

Consumer	Basic Services Best Effort Upstream	Upgraded Upstream 1-2 Mbps Max	Upgrade Upstream 2 to 5 Mbps Max
Price/Service Tie	Low Price Tier	Median Price Tier	High Price Tier
1.5 Mbps	\$ 39.99	\$ 40.00	\$ 79.99
3-4 Mbps	\$ 19.95	\$ 38.00	\$ 69.95
5-8 Mbps	\$ 24.95	\$ 59.00	\$ 89.95
10-12 Mbps	\$ 19.95	\$ 46.48	\$ 101.95
18 Mbps	\$ 39.95	\$ 46.48	\$ 53.00
20 Mbps	\$ 69.95	\$ 69.95	\$ 69.95
24 Mbps	\$ 49.95	\$ 56.48	\$ 63.00
Upstream	<700 Kbps	1 to 2 Mbps	2 to 5 Mbps
<b>Low</b>	<b>\$ 19.95</b>	<b>\$ 38.00</b>	<b>\$ 53.00</b>
<b>Median</b>	<b>\$ 39.95</b>	<b>\$ 46.48</b>	<b>\$ 69.95</b>
<b>Max</b>	<b>\$ 69.95</b>	<b>\$ 69.95</b>	<b>\$ 101.95</b>

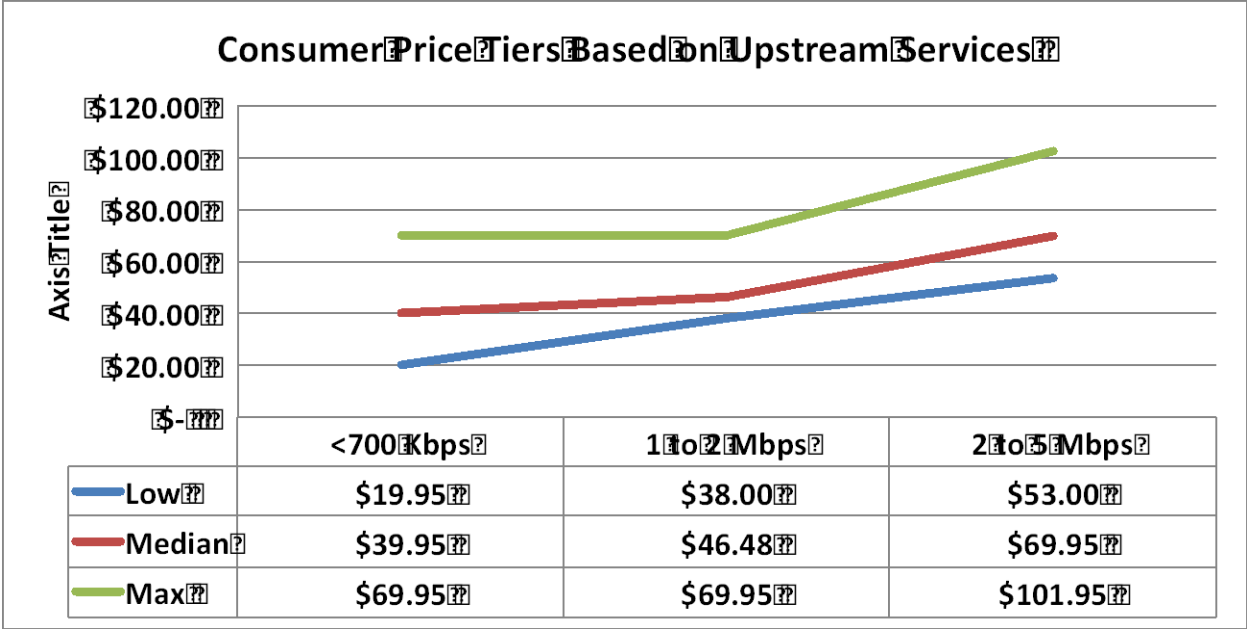
All of the service providers offer a “best effort” service; meaning, they will make their best effort, yet do not guarantee the level of service or the amount of bandwidth the customer will actually receive. To receive a higher level of service and to upgrade the available bandwidth for uploading data, the existing service providers charge the customer more. This could be a differentiating feature of UC2B’s service offering. With Fiber to the Home, the minimum bandwidth received by the customer could actually be guaranteed by UC2B.

UC2B should be aware that many of the consumers of broadband are currently purchasing bundled services from cable/DSL providers. Comcast currently offers a bundled Triple play service at \$99 which is the predominate bundle within the underserved community. Since UC2B is competing with bundled and unbundled services it will have to consider that the bundled offerings will be tougher to compete with unless there is a VoIP/IPTV alternative. Comcast

unbundled VOIP/TV will increase in price to as much as \$112 for VoIP/TV without the data component making the UC2B and Cable package more expensive for the existing consumers of these services. Comcast has already announced that it will be lowering its price for bundled services.



What is interesting is that there are currently very few high bandwidth providers and only one above 18 Mbps. So, the convergence of low, medium and high pricing at the 20 Mbps service level around \$66 per month is based on the fact that there is no competition above 18 Mbps. In addition, there is a wide variance in pricing across the Cable, DSL and Wireless providers.



**Summary of salient points:**

- Comcast/Insight is the market leader with 53.8% of the market share. AT&T follows Comcast/Insight with 29% of the market share.
- With Comcast having approximately 54% of the market share, it makes sense that a similar percentage of the service delivery is cable modem. AT&T is offering their service via traditional Digital Subscriber Loop (DSL) services as well as U-Verse, which bonds DSL copper pairs for greater bandwidth. No one is currently offering services via Fiber to the Home technology. In addition, Comcast/Insight and AT&T have not upgraded their data cable network infrastructure to support the next tier of services (100 Mbps). UC2B should market the advantages of its Fiber to the Home offering, being the only service provider using this technology.
- 97% of the Upload Speeds are less than 5 Mbps. Over 35% of the download speed is less than 5 Mbps, now considered underserved. Approximately 64% within the urban setting have speeds greater than 5 Mbps, 12% lower than the national average. The actual speeds are typically 20 to 30% less than advertised and because of oversubscription, often are less than 50% of the advertised rates at peak periods. No other provider is marketing symmetrical services or any kind of service level agreement. This is an advantage for UC2B.
- Customers are paying for a service level that they are not actually receiving. All of the other service providers are offering their service as a “best effort.” In order to actually receive the advertised bandwidth, especially for uploading data, the customer needs to pay higher rates. UC2B could offer a guarantee on service levels as a differentiator in the marketplace.
- Comcast has a 6-month introductory price of \$19.99; after that it reverts to \$59.99 or a bundled price of \$44.95 for bandwidth speeds of 10 Mbps of download,

- asymmetrical of 5 Mbps or less upload. AT&T has a 12-month introductory price of \$29.95; after that it reverts to \$48.00.
- Comcast/Insight does provide bundled services (Triple Play) that reduce the overall cost based on the uptake of the additional product offers. Both Comcast and AT&T will be able to offer bundled rates, simplifying the “triple play” decision and providing the appearance of lower rates for similar services. As UC2B does not have this capability, this is a disadvantage for UC2B. UC2B could partner with other VoIP/IPTV providers to mitigate this disadvantage. Groups like Roku, Boxee, and others are building a portfolio of Over-The-Top applications to compete with the local cable operators. UC2B will continue to negotiate with companies such as Netflix and Google as peering partners to offer movies and content on demand.

## **Recommended Positioning and Pricing Information to Consider including in Sales Materials**

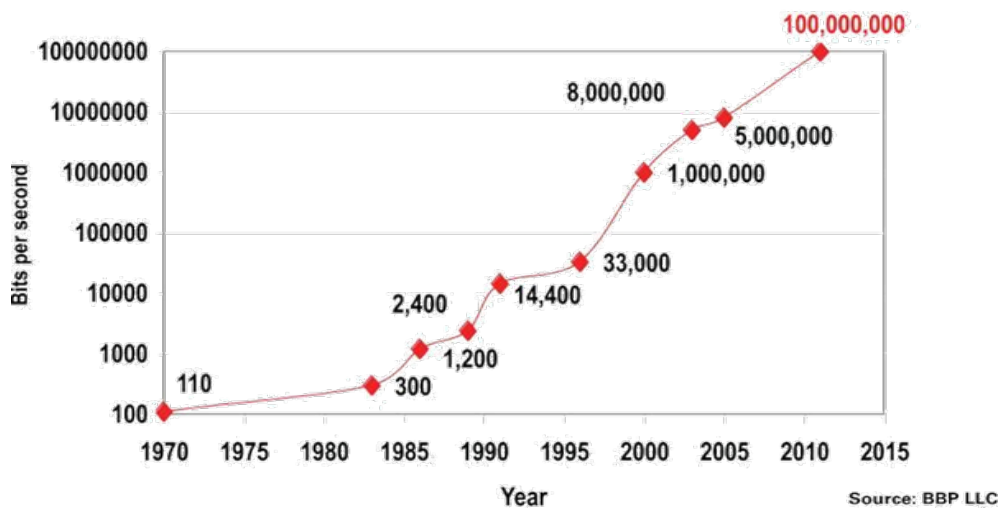
### **Positioning, Fiber to the Home Benefits**

#### **Advanced Fiber-To-The-Home (FTTH) Networks**

There are many advantages that UC2B can provide as the only company that is offering Fiber to the Home as a network service delivery technology. These advantages include:

- The future demand for more bandwidth is expected to increase to over 1 Gbps within three years (by 2015). Fiber to the Home is the only service delivery that will be “Future Proof,” offering virtually unlimited capacity for accommodating “bandwidth hungry” emerging technologies and consumers. With You Tube and Skype, cable modem and DSL are not adequately meeting the bandwidth needs of today, let alone the projected need for bandwidth in the near future.

## Home Bandwidth Growth, 1970-2012



- The current trends are already beginning to push the boundaries of existing home area networks and will continue to drive the applications bandwidth and home consumer services beyond the limits of the existing provider networks. The average in home user profile is more than one stream of video and basic applications.
- FTTH architecture eliminates all “last mile” copper limitations; bottlenecks.
- Using an all fiber network extended directly to the end-user premise will deliver higher customer satisfaction and superior performance surpassing anything in the Cable or DSL experience today. A survey conducted by the market research firm, RVA, LLC found that overall satisfaction amongst FTTH users is far greater (74% stating “very satisfied”) than cable modem users (54% stating “very satisfied”) and DSL users (51%).
- Greater bandwidth speeds, for both uploading and downloading data can be provided only by Fiber to the Home. Comcast/Insight and AT&T have not upgraded their network technology to accommodate the higher bandwidth applications that are being seen in the marketplace today. Fiber to the Home can accommodate 100 Mbps – 1 Gbps speeds; DSL and cable modem networks cannot support these speeds.
- This investment in technology will enable the delivery of new products and content while delivering cost savings through reduced operational and maintenance expense for UC2B. UC2B can then pass on the reduced operational and maintenance expenses to their customers. With regard to cost of service relative to download connection speed, the RVA national survey results showed FTTH subscribers paying \$2.91 a month per megabit of bandwidth, compared to \$3.83 for cable subscribers, \$16.40 for DSL, and \$49.38 per megabit for fixed wireless services. It is understood that fixed wireless services in the Champaign-

Urbana area are more competitively priced; these results reflect national survey information.

- With FTTH, customers will be able to more easily telecommute, with a direct connection to the business' data applications. Many of UC2B's customers will be anchor tenants (the University, hospitals, major employers, the City and government offices) with a direct connection to the Fiber to the Home network. Having the ability to connect directly to UC2B's network over a fiber optic connection gives the appearance to the computer user that they are simply an extension or "on" the corporate or university network, given speeds and access as if they were working in the corporate or university office.

### **Fiber to the Home can more readily support Symmetrical Service; Why Do We Care About This?**

There is a significant emergence of advanced, bandwidth-intensive applications that not only require large availability for download speeds, but also upload speeds as well. Customers are creating videos, pictures, and CAD files that need to be uploaded, requiring large bandwidth upload speeds. **In addition, over-the-top TV applications, gaming and cloud-based services are driving up the need for available capacity and the move towards expanded two-way communications. These over-the-top frameworks are also increasing the need for attaching and sharing home/business access creating the need for greater two-way service access.**

The Fiber to the Home Council, a non-profit organization whose mission is to promote and educate about the need for more Fiber to the Home connections, cites research concluding that consumer demand for symmetrical bandwidth, with the increasing use of applications such as cloud computing and a host of essential services in the areas of education and healthcare will "easily exceed 25 Mbps within just five years."

**What are the applications that are available only on a Fiber to the Home network?**





and economic development initiatives? As many of these anchor tenants will be directly connected to the UC2B network over a fiber optic connection, what other applications could be packaged with UC2B's Internet services to help solve many of the communities' problems or initiatives?

**What Price/Service Offering will get Residential Customers to Change?**

Typically, a 25-30% price reduction will incent a residential customer to change providers, if all other things are equal. If the price reduction is coupled with greater bandwidth speeds, enhanced services, and symmetrical bandwidth, this may provide an even greater incentive for customers to make a change to UC2B.

UC2B's initial thoughts regarding pricing and bandwidth offerings are provided on the following chart, along with a side-by-side comparison of pricing and bandwidth offerings available from the competition:

<b>Comparison of UC2B Pricing vs. the "Market"</b>				
<b>Consumer</b>	<b>Symmetrical</b>	<b>Basic Services Best Effort Upstream</b>	<b>Upgraded Upstream 1-2 Mbps Max</b>	<b>Upgrade Upstream 2 to 5 Mbps Max</b>
<b>Price/Service Tiers</b>	<b>UC2B's Pricing</b>	<b>Low Price Tier</b>	<b>Median Price Tier</b>	<b>High Price Tier</b>
1.5 Mbps	NA	\$ 39.99	\$ 40.00	\$ 79.99
3-4 Mbps	NA	\$ 19.95	\$ 38.00	\$ 69.95
5-8 Mbps	\$ 19.99	\$ 24.95	\$ 59.00	\$ 89.95
10-12 Mbps	\$ 29.99	\$ 19.95	\$ 47.95	\$ 101.95
18 Mbps	NA	\$ 39.95	\$ 46.48	\$ 53.00
20 Mbps	\$ 39.99	\$ 69.95	\$ 69.95	\$ 69.95
24 Mbps	NA	\$ 49.95	\$ 56.48	\$ 63.00
30 Mbps	\$ 49.99			
40 Mbps	\$ 59.99			
<b>Upstream</b>		<b>&lt;700 Kbps</b>	<b>1 to 2 Mbps</b>	<b>2 to 5 Mbps</b>
<b>Low</b>		\$ 19.95	\$ 38.00	\$ 53.00
<b>Median</b>		\$ 39.95	\$ 47.95	\$ 69.95
<b>Max</b>		\$ 69.95	\$ 69.95	\$ 101.95

**Conclusion and Recommendations**

UC2B has an ambitious goal of gaining 50% market share in the underserved areas within six months. As an initial introductory and incentive program, offering a price/service delivery of 20 Mbps symmetrical service for \$20 per month would seem to be an aggressive and impressive offering that would incent customers to change to UC2B. The service offering is 2-4 times better than the 5 Mbps – 15 Mbps “best effort” service offering for 50-75% of the price.

The initial feedback from UC2B's door-to-door canvassers is that between 50% and 60% of all the people they have talked to are interested in the service and want a follow-up "sales" visit. "20 Mbps for 20 bucks" would help close those sales. If UC2B hits a 50% penetration level, UC2B's financial model shows positive earnings, and positive IRR. The model works because the grant is funding the build. If UC2B expands the network to other areas, the pricing may need to be modified for the expansion areas.

The following pricing is recommended for the grant area for residential services:

Name of Tier	Advertised Speeds		Average Speeds		Average Latency	Pricing Plan \$ Per Month
	Downstream Mbps	Upstream Mbps	Downstream Mbps	Upstream Mbps	@ end-user CPE milliseconds	
<b>Residential</b>						
UC2B 20/100Internet CNS	20	100	20	100	<10 ms	\$19.99
UC2B 30/100Internet CNS	30	30	30	30	<10 ms	\$29.99
UC2B 40/100Internet CNS	40	40	40	40	<10 ms	\$39.79

The pricing for the UC2B grant area is extremely competitive and should only be offered to the (11) Census Block areas within the grant coverage area. It is recommended that in order to receive this pricing, a two year term is required. The contract may be worded leniently if the customer needs to cancel prior to the two year term; however, in order to reduce the cost of churn, and because this pricing is extremely competitive, it is recommended to have a term contract in place.

Coupled with the other benefits mentioned above, we at NEO believe this is an excellent price/service delivery to introduce into the marketplace to meet UC2B's goal of gaining as much market share as soon as possible within a relatively short amount of time. We recommend a term agreement is needed to secure this pricing to reduce churn and to lock-in customers. Something else to consider may be to offer this service and pricing coupled with other initiatives that UC2B would like to incent, working in partnership with UC2B's anchor tenant community. This may be another way to lock in a customer in the long-term and gain market share quickly. This second option may take longer for UC2B to put in place; however, having the ability to be a neutral player and not a typical service provider, coupled with the fact that UC2B is a local provider that can focus and provide a hyper-local offering, will be an excellent competitive advantage over what other providers can offer in the marketplace.

## Business and Commercial Services

### Pricing Strategies for Business and Commercial Services

Pricing is typically significantly higher for business services versus residential services, and this is certainly the case with the Champaign-Urbana market.

The following is the existing pricing and service delivery offered in the marketplace:

Commercial	Speed/Tier	Bronze Low-end Internet/Voice	Silver High-End Internet/Voice	
AT&T Ethernet	100Mbps	\$475.00	\$475.00	
	1Gbps	\$850.00	\$850.00	
	CIR-100Mbps	\$700.70	\$818.26	Have been combine services for health and education as low as \$650 for 100MBPS PORT/CIR
	CIR-1Gbps	\$1,004.25	\$1,189.68	Have been combine services for health and education as low as \$1,100 for 1000MBPS PORT/CIR
		Low-end Internet/Voice	High-End Internet/Voice	
Paetec Ethernet	100Mbps	\$425.00	600	
	1Gbps	\$1,530.00	2000	
		Low-end Internet/Voice	High-End Internet/Voice	
Comcast	22/5Mbps	\$399.00	\$899.00	
	50/10Mbps	\$489.00	\$948.00	
	100/10Mbps	\$650.00	\$1,048.00	
		Quote		
HighSpeed Solutions	10/10Mbps	\$1,076.00		
	20/20Mbps	\$1,326.00		
	50/50Mbps	\$1,888.00		
	100/100Mbps	\$2,735.00		

### Side-by-Side Comparison, Commercial Services

Mbps	Low-End AT&T	High-End AT&T	Low-End Paetec	High-End Paetec	Low-End Comcast	High-End Comcast	HighSpeed Solutions
10							\$1,076.00
20					\$399.00	\$899.00	\$1,326.00
50					\$489.00	\$948.00	\$1,888.00
100	\$1,175.00	\$1,293.68	\$425.00	\$600.00	\$650.00	\$1,048.00	\$2,735.00
1000	\$1,854.25	\$2,039.68	\$1,530.00	\$2,000.00			

UC2B's desire is to offer reliable and affordable Internet connectivity for businesses to attract businesses to Champaign-Urbana. UC2B could most certainly break from tradition in its pricing strategy by offering a similarly priced offering to small businesses as it is offering to the residential market, as its entry point in the market. Will a small 8-person office with a 20 Mbps connection use more bandwidth than a two-parent two-kid household with a 20 Mbps connection? Probably, but their demands will be at different times of the day with only overlap in the late afternoon. The demand placed on the UC2B network by business users during the day will not impact how UC2B sizes its upstream connection. It will be the residential users' evening demand that will determine that. Larger businesses that require additional IP addresses, or higher bandwidth needs would be priced competitively in the marketplace.

UC2B's vision for the UC2B network is to be one that does not slow down whenever the kids are home from school or late at night. If a customer is a customer, no matter if they are a family, a home business or a business in its own building, UC2B does not have to care about what the customer does with its Internet connection. The customer signs up for as much bandwidth as is needed (or can afford) and UC2B does not spend any time worrying about whether someone is running a business on a residential connection. There is no gaming the system, because there is no system to game.

NEO recommends the following pricing and qualifications:

1. Small Business and Non-profit Pricing. The pricing would be the same for small business and non-profit pricing as the residential rates above. In order to qualify for the non-profit status, the business must show the Federal forms designating it as a non-profit.

Small businesses qualify for this pricing if the following conditions are met:

- a. The business does not require additional IP addresses.
- b. The business has less than \$1 Million in annual revenues.
- c. The business has less than 10 employees.

2. Business and Anchor Institution Pricing.

The following pricing is suggested for Business and Anchor Institutions:

Name of Tier	Advertised Speeds		Average Speeds		Average Latency	Pricing Plan \$ Per Month
	Downstream Mbps	Upstream Mbps	Downstream Mbps	Upstream Mbps	@ end-user CPE milliseconds	

Business and Anchor Institution						
UC2B 20/20Internet CNS	20	20	20	20	<10 ms	\$114.80
UC2B 40/40Internet CNS	40	40	40	40	<10 ms	\$213.80
UC2B 60/60Internet CNS	60	60	60	60	<10 ms	\$312.60
UC2B 80/80Internet CNS	80	80	80	80	<10 ms	\$411.00
UC2B 100/100Internet CNS	100	100	100	100	<10 ms	\$509.00
Private VLAN 10 Mbps	10	10	10	10	<10 ms	\$100.00
Private VLAN 100 Mbps	100	100	100	100	<10 ms	\$400.00
Private VLAN 1 Gbps	1,000	1,000	1,000	1,000	<10 ms	\$1,200.00

If a customer wants more than one Public IP address they must pay the Business Rates in addition to the extra charges for the additional Public IP addresses.

UC2B is providing one IP address included in the \$19.99 price. If the customer only has one IP address, then the customer qualifies for the residential package of 20 Mbps for \$20. With additional IP addresses, the customer receives the higher priced business rate. Many businesses will need additional IP addresses, and the pricing could be structured in tiers, something similar to the following:

**Proposed Business/Commercial Pricing**

IP Addresses	Monthly Price
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1 IP Address	Included in the monthly price
2 to 5 IP Addresses	\$14.95
6 to 13 IP Addresses	\$34.95
14 to 29 IP Addresses	\$59.95

NEO also suggests offering businesses the option of subscribing to more bandwidth, again with a tiered pricing approach. The tiered pricing approach would also narrow the gap between what UC2B is offering versus what the competition is offering.

This pricing would narrow the gap between what UC2B is offering and what the competition is offering, and it is still very competitively priced. It also meets the requirement of covering the potential operating expenses for outsourcing customer services, and gives a discount on bandwidth with more volume of bandwidth.

Assumptions							
\$15.00	Monthly cost of providing support and billing to a customer						
\$5.00	Starting point for cost of Bandwidth for a 10 Mbps For-Profit business customer						
60%	Discount for Non-Profits						
\$150	Monthly Add-On for Ringed Service						
\$0.01	Per Mbps rate reduction for 20 Mbps						
\$0.02	Per Mbps rate reduction for 30 Mbps						
\$0.03	Per Mbps rate reduction for 40 Mbps						
\$0.04	Per Mbps rate reduction for 60 Mbps						
\$0.05	Per Mbps rate reduction for 80 Mbps						
\$0.06	Per Mbps rate reduction for 100 Mbps						
\$0.07	Per Mbps rate reduction for 125 Mbps						
\$0.08	Per Mbps rate reduction for 150 Mbps						
\$0.10	Per Mbps rate reduction for 200 Mbps						



Bandwidth In Mbps	Monthly Support & Billing	For-Profit Bandwidth Charge	Total For-Profit Business Monthly Rate	Non-Profit Bandwidth Charge	Total Non-Profit Organization Monthly Rate	Ringed Customer Bandwidth and Redundancy Cost	Total Ringed Business Customer Monthly Rate
20	\$15.00	\$99.80	\$114.80	\$39.92	\$54.92	\$249.80	\$264.80
40	\$15.00	\$198.80	\$213.80	\$79.52	\$94.52	\$348.80	\$363.80
60	\$15.00	\$297.60	\$312.60	\$119.04	\$134.04	\$447.60	\$462.60
80	\$15.00	\$396.00	\$411.00	\$158.40	\$173.40	\$546.00	\$561.00
100	\$15.00	\$494.00	\$509.00	\$197.60	\$212.60	\$644.00	\$659.00
125	\$15.00	\$616.25	\$631.25	\$246.50	\$261.50	\$766.25	\$781.25
150	\$15.00	\$738.00	\$753.00	\$295.20	\$310.20	\$888.00	\$903.00
200	\$15.00	\$980.00	\$995.00	\$392.00	\$407.00	\$1,130.00	\$1,145.00

UC2B is also considering pricing for a direct connection or Private VLAN connection on the network. Anchor tenants would be charged this pricing for Ethernet connections to other customers on the network.

Private VLANs are used for connecting multiple locations of an organization to each other. This is sometimes referred to as "Metro Ethernet". There is no Internet connectivity or Community Network Service connectivity included in the Private VLAN Service. In this model, organizations would typically centralize Internet connectivity, and then use the Private VLAN to distribute Internet and organizational data to all remote locations.

UC2B is planning to offer the following pricing:

<b>Business and Anchor Institutions, Private VLAN, Layer Two Service</b>			
	<b>Downstream Mbps</b>	<b>Upstream Mbps</b>	<b>Pricing Plan per Month</b>
Private VLAN 10 Mbps Location	10	10	\$ 100
Private VLAN 100 Mbps Location	100	100	\$ 400
Private VLAN 1 Gbps Location	1000	1000	\$ 1,200

This pricing seems to be competitively priced as well. AT&T is offering a Private VLAN product for health and education applications of \$650 for 100 Mbps (UC2B is offering this at \$400 per month) and \$1,100 for 1Gbps. UC2B may want to adjust their pricing to be more competitively priced with AT&T (UC2B is planning to offer this at \$1,200).

## Other Issues regarding Contracting, Deposits, and Best Practices

The demographics of the UC2B FTTP service areas include a large number of lower income families and students. There is significant risk of non-payment of invoices. In order to mitigate this risk, the following strategies could be put in place:

**1. Deposits on Equipment.** It is recommended that UC2B require an equipment deposit. The cost to UC2B for the ONT is \$389.

The demographics of the UC2B FTTP Residential service areas include a large number of lower income families and students. A large, one-time deposit on the equipment may be difficult for a lower income household to absorb. An equipment deposit may create a barrier for new customers to sign up. There is risk for UC2B however; as the equipment is expensive and will need to be returned at the end of the service agreement or when a customer terminates service. UC2B should have a policy in place to ensure that the equipment is returned.

Therefore, the following recommendations could help mitigate the risk and yet not create a barrier for signing up for the service:

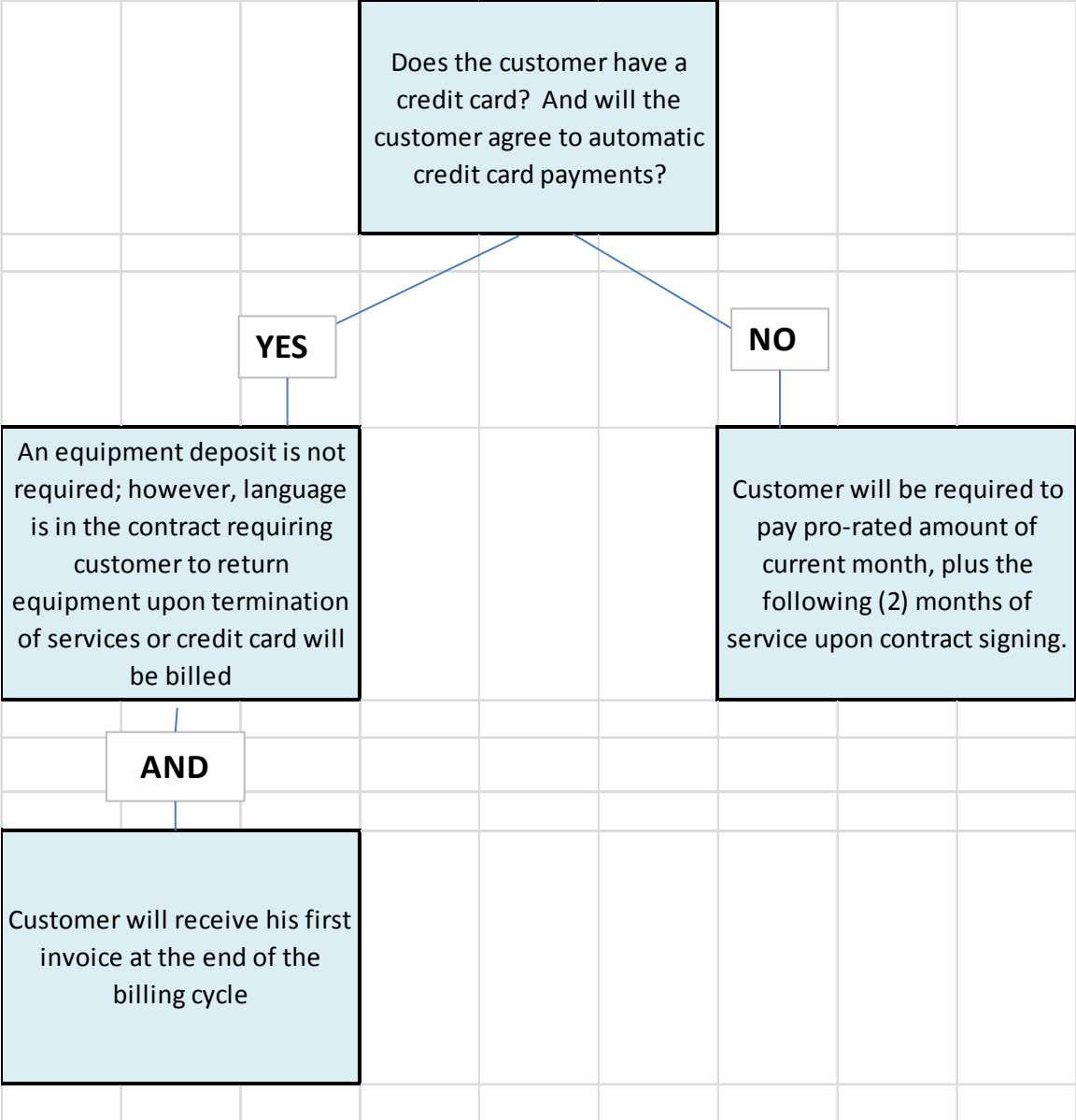
- The deposit on the equipment could be in the form of a credit card payment that is “held” but not charged unless the customer does not return the equipment, or does not pay their bill.
- Or another consideration could be to spread the costs of the deposit over a 3-month or 6-month timeframe.

**2. Billing One-Month in Advance.** This is common practice in the telecommunications and cable TV industry. The first month billing would include a pro-rated portion of what is left of the month, plus the following month’s service. The customer is essentially billed in advance for services. This payment would not necessarily be needed to be paid at the time of the customer signing up, if the customer has a credit card and agrees to automatic credit card payment.

**3. Credit Card Billing.** In order to have service with UC2B, it is recommended that the customer be required to have a credit card on file and have the credit card billed automatically monthly. This eliminates much of the collection efforts and costs associated with billing and collections. This does not eliminate the collection efforts entirely; however, much of the costs are diminished.

It is understood that many of the potential customers of UC2B may not have access to a credit card or have a checking account. This will be a challenge for UC2B, as again, the demographics of the customer base are of a low-income bracket. If this is the case, i.e. the customer does not have a credit card or a checking account, UC2B could require that the customer pay in cash for the pro-rated portion of what is left of the month, plus the following (2) months of service.





**4. Temporary and Permanent Shut off of Service.** If payment is not received within 7-10 days after the payment due date, UC2B can shut off service temporarily. If payment is not received after 14 days, the service can then be permanently shut off. This practice often facilitates timely payment for services. Another suggestion may be that UC2B customers who pay late may lose their Internet connectivity, but not their Intranet connectivity. This allows children to still do their homework and parents to still be able to work from home; and serves as a gentle reminder that payment needs to be made in order to connect to the Internet.

Draft agreements for end users have been provided to UC2B by NEO.



## **Dealing with Landlords, MDUs, Apartments, Master Planned Communities**

### **Key Objectives:**

The principal objective in negotiating a private communications transaction is to install a high quality Fiber to the Home (FTTH) infrastructure platform capable of delivering a broad array of best-in-class high-speed internet access (HSIA) and communications related services. This FTTH platform will serve as an amenity of the property that will help market the property / community and enhance the pace and revenue associated with occupying units. A secondary objective of the transaction is to derive a mutually beneficial revenue stream from the sale of these communications products and services.

A notable aspect of the arrangement is that the Property Owner is not required to fund the full cost of the infrastructure. The arrangement also ensures that the services provided to the property are of the highest quality, and includes service and performance standards that exceed the best of what is otherwise currently available, as well as provisions for service and system upgrades in light of changing technology and end user demand for greater amounts of bandwidth.

### **The Product:**

#### **High-Speed Internet Access (HSIA)**

#### **Typical service tier offerings based on the competitive marketplace for MDU's:**

- 5 Mbps download / 1 Mbps upload - basic service, lowest product in marketplace. Good product to bulk.
- 8 Mbps / 2 Mbps - competitive product, usually Cable lowest speed available, also good product to bulk
- 15 Mbps / 3 Mbps - generally highest tier that is typically offered in the marketplace
- 25 Mbps / 5 Mbps - only FTTH providers are able to offer this level of service
- 50 Mbps / 10 Mbps – unmatched in marketplace, super user status; again, only available with Fiber to the Home

#### **The Sales Strategy Options: To provide services on a “Bulk” service plan or not? What are the advantages and disadvantages of a Bulk Plan?**

Offering a Bulk Plan typically means contracting with the landlord of the MDU or master planned community for 100% of the tenants in the apartment or community. Usually there is one invoice that is sent to the landlord for 100% of the tenants; the landlord then bills the end

users or the price for services is included in the Homeowners' Association fee or in rent. Generally, pricing is established on a bulk per unit price; however a flat monthly price for the building or for the community is also an acceptable practice. Bulk price discounting typically reflects a 20-30% reduction off of the retail marketplace pricing for like or similar service tiers. Typically as an incentive to offer a Bulk Plan, the landlord receives a percentage of the revenue (i.e. a "revenue share") or an up-front door fee based upon the number of subscribers.

#### **Offering a Bulk Plan – Advantages to UC2B:**

- 100% take rate. UC2B eliminates its competition in the building or community.
- The Property purchases the desired HSIA product tier from UC2B in bulk and provides service to individual units as a part of their rent or as a separate service.
- Marketing rights are typically included in the contract with the landlord. UC2B is able to provide marketing collateral to the end user in the community or common areas; and most likely receives move-in customer information, and has exclusive rights to market its services to tenants of the building.
- UC2B has opportunity to up-sell higher tiers of HSIA service or other services directly to end-users. Base pricing could be bulked through the landlord or HOA and customers who elect for higher tiers of HSIA service or other services would be billed directly for the upgraded service.
- Minimal UC2B cost associated with end-user "churn" (move-in/move-outs)
- Minimal UC2B debt collection issues, one primary commercial grade client, one invoice, one collection point
- Limited customer billing requirements and marketing cost
- Potential for the provisioning of other communication services that can be carried on FTTH infrastructure including voice, traditional video and over-the-top, home security, etc.
- Bundling of all products to create higher penetration/ higher margin returns.
- Opportunity to up-sell higher tiers of HSIA service, billing the tenant directly for these upgraded services
- Incremental business from other adjacent commercial clients that require higher bandwidth capacity and incorporating marketplace economies of scale.

#### **Offering Bulk, the Disadvantages to UC2B:**

- In many cases, the landlord is not technology-savvy and dealing with the landlord versus working with each individual tenant can be cumbersome. The landlord acts as a gatekeeper to the tenant.

- The Cat 5 wiring within most buildings built over five years ago or longer is often sub-par. If UC2B decides to have one demarcation point and one common Ethernet switch within the building, the existing inside wiring must be upgraded. With the early entrants of Fiber to the Home service providers (i.e. Verizon, Connexion Technologies and Zoomy Communications) the number one trouble issue could be blamed on existing sub-par inside wiring.
- The landlord often has trouble keeping power to the shared Ethernet switch.

#### **Non-bulk or Subscription; Contracting directly with the Tenants – Advantages to UC2B**

- Pricing for services is the same as dealing with any other customer. No special pricing is offered to the tenants.
- No “deal” is needed with the landlord; no door fees, or revenue share.
- Individual end-users subscribe with UC2B for the provision of HSIA service. Product is priced at retail rates competitive within the marketplace.

#### **Non-bulk or Subscription; Contracting directly with the Tenants - Disadvantages to UC2B:**

- Must compete against other providers on property (or wireless carrier) including their introductory or special offers.
- Must support all end-user churn. Apartments can churn at 40% annually, student housing 100%.
- Higher bad-debt from individual users (possible solution is to require auto-pay with use of credit card on file).
- More billable accounts to support and higher marketing cost to attract subscription.

#### **Landlord Deal Strategies / Benefits to the Landlord**

- The Fiber to the Home or to each unit becomes another property amenity, providing the best infrastructure (FTTH) and HSIA product in marketplace which will contribute directly to the Property establishing and maintaining higher occupancy levels thus more rent.
- Highly reliable network.
- Offer Service Level Agreement (SLA) superior to incumbents.
- Ability to bundle with other service providers offering better value to end-user.

- Competitive advantage as the Property can market itself with a premiere broadband service offering.

Other common offerings as part of the deal to the Landlord:

- Establish demonstration center / kiosk in community center or leasing office.
- Free service in Business Center.
- Free service to property management office.
- WiFi “hot spots” in common area locations; community centers, pool, fitness center.

**Other Common Practices in Dealing with the Landlord.**

A common practice in Bulk Subscription Agreements is to offer a revenue incentive where the Landlord has the opportunity to earn incremental revenue based upon the number of subscribers that participate in the program. These revenue incentives are typically structured in the following manner:

- Door Fee (Marketing Assistance Fee), one-time payment per servable unit (door) for the right and privilege to serve property, typically \$200 - \$300 per door. Higher door fees have been paid (up to \$750) for longer deal terms in excess of 15 years. These Door Fees are not covered by the grant; NEO’s comments regarding Door Fees are provided below.
- Revenue share incentive. Should be combined with an *Exclusive Marketing Agreement* and tied to service penetration on the property. EXAMPLE revenue share penetration formula (based on 100% of units):

(Service penetration = Revenue Share)

0 – 49% = 0%

50 – 59% = 3%

60 – 69% = 5%

70 – 79% = 8%

80%+ = 10%

**NEO’s Input and Recommendations**

For UC2B, the vision was to run fiber into each apartment unit, and to be able to treat each tenant as if it was a single family home. This strategy will eliminate the very likely risk of needing to use sub-par inside wiring. As the grant will pay for the ONTs and the installation

costs, this seems to be an excellent strategy. To UC2B's network management system, the unit at the MDU would have the same appearance as a single family home, and therefore, there would be no need to establish different operational and trouble resolution processes for MDU's.

**Bulk Pricing.** The primary advantage of offering a Bulk Rate Program is that UC2B could obtain 100% take rate or in other words, would receive 100% of the customers within the multi-dwelling unit. UC2B would bill the landlord or HOA directly for the base pricing for 100% of the tenants in the building.

If UC2B cannot negotiate an agreement for 100% of the tenants, then perhaps UC2B negotiates to receive no less than 80% of the tenants within the building.

**Base Service Pricing.** The same pricing would be available to MDU/MTU buildings as would the general public. UC2B may negotiate which service level (i.e. 20 Mbps, 30 Mbps or 40 Mbps) as the Base Service Pricing that would be offered through the Bulk Pricing Plan (meaning, billing the landlord for all of the tenants). The benefit to the landlord would be that UC2B would install the service (i.e. the fiber, ONT and upgrade the inside wiring) for free, in addition to the benefits received and detailed in the attached write-up.

**Upgrades and Customer Service.** The customer relationship for customer service, billing upgrades, trouble resolution would be between UC2B and the end user (mitigating the primary disadvantage of Bulk Rate Programs.) UC2B would bill the landlord or HOA directly for the base pricing for 100% of the tenants, or whatever percentage UC2B would be able to negotiate with the landlord. Customers who elect to upgrade their Internet Service and/or obtain additional services would be billed directly by UC2B. Additional services may be wi-fi, a community intranet, a computer concierge service or through a partnership with a VoIP/IPTV player, voice and TV services. It may be negotiated with the landlord which services are incorporated into the Bulk Rate Program in addition to the base Internet services. Obviously bulking as many services as possible through the Bulk Rate Program is an advantage for UC2B. These negotiations are usually on an individual case basis; the same program for one apartment/MDU program may not always be replicated with a different landlord.

Although it is common practice to offer the landlord a door fee or a revenue share, the benefits to the landlord of having fiber to each unit may outweigh the need to provide compensation. As Door Fees are not grant eligible, and as UC2B is currently the only Fiber to the Home based service provider in the market, coupled with the fact that UC2B is providing fiber to each tenant (a substantial investment from UC2B; an excellent amenity for the landlord), NEO recommends that UC2B avoid the practice of revenue sharing or Door Fees. We believe the benefits of Fiber to the Home, UC2B's competitive price offer to tenants, and bringing fiber to each unit are more than sufficient reasons for the landlord to grant building/apartment access to UC2B and engage in negotiations of Bulk Pricing.

### **Agreements typically required to facilitate transaction:**

- Construction Agreement (terms of FTTH infrastructure placement)
- Service Agreement (Bulk or Subscription) **SAMPLE AGREEMENT PROVIDED**
- Exclusive Marketing (includes Landlord incentives)
- Right-of Entry / Perpetual Easements (establishes rights to be on property)

### **Items to be contemplated, mitigated or negotiated:**

There are a number of other considerations that need to be “thought through” in terms of implementing strategies with landlords. These items are highlighted below.

- Training for leasing agents and property managers
- Inside wiring - older existing wiring can have limitations:
  - CAT5E or better required. Buildings over 15 years old may require some re-wiring.
  - Business deal could be to offer rewiring as an alternative to door fees or revenue share
  - FTTH building and wiring specifications for distribution to Landlord(These issues regarding FTTH specifications and addressing older inside wiring standards are not a concern if, in fact, UC2B installs fiber directly to each unit)
- Student Housing challenges: hacking, gaming, bandwidth utilization, heavy customer transaction activity twice annually associated with beginning and ending of school term.
  - Require a student surcharge; student user application monthly base support fee
  - Put in place strong provider “*Terms & Conditions*” that allow you to shut down any end-user for reasons you deem necessary to protect the network
  - Consider not allowing the use of wireless routers in dorm rooms
- CPE (customer-owned premise equipment), i.e. switches, routers, gaming devices
  - Offer additional maintenance products to support
  - Sell common wireless router that you can support
- WiFi “hotspots”
  - Open or secure requiring authentication?
- Ongoing Client Relations / the Property Support Team
  - Free service to the Property Manager and on-site superintendent



- Develop program to incent the Property Manager for monthly move-in lists
- Service Activation Specialist to support new activations
  - Many users will need on-site set-up support
- Managing Email and Storage requirements
  - Possible outsource to a “gmail” type solution
- End of *Service Agreement* term alternatives
  - Renew
  - Buy out of infrastructure
- Competitor use of infrastructure and Compensated access

## Indefeasible Rights of Use (IRUs) and Dark Fiber Leases

Dark fiber is optical fiber infrastructure that is currently in place but is not being used. Optical fiber conveys information in the form of light pulses so the "dark" means no light pulses are being sent. To the extent that these installations are unused, they are described as dark.

An Indefeasible Right of Use (IRU) is the effective long-term lease (or often thought of as temporary ownership) of a portion of the capacity of fiber optic cable. IRUs are specified in terms of a certain number of fiber counts for a given segment of a fiber optic network. In most cases, the IRU is a 20- to 25-year agreement to use the fiber count for a segment. Payment for the IRU is typically an upfront fee based upon the fiber count miles. The fiber count miles are the number of miles of the segment times the number of fibers used.

Typically, the per route mile fee can range anywhere between \$1,500 to \$3,500 per fiber count. These numbers are based upon national statistics. In the State of Illinois, the per route mile fee has ranged anywhere between \$500 to \$6,500 per fiber count for long-haul fiber routes. For very shorter routes, the per route mile fee can be up to \$25,000 per route mile. This large range in pricing is due to a number of factors. Before we discuss these factors, an example of how the pricing for the IRU is shown below.

For example, ABC Company wants a 20-year IRU agreement for a (6) count fiber cable from Location 1 to Location 2. The distance on the network between Location 1 and Location 2 is 100 miles. ABC Company will pay \$2,200 per mile. The upfront payment would be:

$$(6) \text{ counts of fiber} * \$2,200 \text{ per mile} * 100 \text{ route miles} = \$1.32 \text{ Million}$$

Additionally, there is typically an annual maintenance fee in addition to the up-front payment. Annual maintenance fees are typically anywhere from \$200 to \$350 per mile. In some cases, the annual fee is included in the up-front payment as it is treated as a capital expense from the

buyer. In other cases, the maintenance fee is paid monthly or annually for the term of the agreement. Also, in some cases, the maintenance fee is a simple monthly or annual fee per customer and the number of fiber counts is not taken into consideration.

Assuming the annual maintenance fee is \$200; the annual maintenance payment would be:

(6) counts of fiber \* \$200 per mile \* 100 route miles = \$120,000 annually or valued at \$2.4 Million for (20) years.

Pricing for rural-based and long-haul IRU's are thought to be lower than metropolitan IRU's because a metropolitan lease may bring more customers and more revenue potential. Based upon national pricing, the up-front fee for a rural, long-haul IRU may be \$1,500 - \$2,500; the pricing for a metropolitan IRU may be \$2,500 - \$3,500. However, pricing is also dependent upon supply and demand factors. For instance, if there is little fiber available for lease, the pricing will be higher. Many of the incumbent phone and cable companies will not provide IRU agreements, which create a greater demand for IRU's. Pricing for IRUs is also not regulated, and unpublished; and therefore, there is often a large fluctuation of pricing offered to various customers from providers.

In addition to the up-front payment and maintenance fees, additional revenue can be gained through leasing rack-space at UC2B's hub or equipment locations. Collocation is another term used for leasing space for placement of equipment in hub locations along UC2B's fiber network. Collocation fees are typically charged monthly by the rack, by space on the rack, or by chassis or cabinet. Additional fees are typically charged for use of power at the facility. In some cases, additional up-front fees can be charged for make ready use.

UC2B has proposed IRU rates of \$1,500 per fiber-strand-mile for a 20-year IRU and has required early IRU customers to purchase entire backbone rings at a time. The rate is well within national averages for similar communities. Requiring full ring purchases increases revenue for UC2B, reduces stranded fiber strands, and encourages best practices in networking with ring-based topologies.

UC2B has proposed an annual maintenance fee of \$300 per route mile, which again is within national averages.

NEO has provided sample IRU agreements and language that is often included in IRU agreements to UC2B. NEO also provided feedback for UC2B on its initial agreement with the Illinois Department of Transportation (IDOT).

## **Feasibility Objectives, Background Information on the Financial Model**

UC2B had a fairly sophisticated financial model that was created and submitted to NTIA for the Due Diligence process. Rather than recreate the proverbial “wheel,” NEO Fiber took this model and stripped away future and projected installation, revenue and capital costs occurring after the grant period. This created a Base Model from which to build upon various financial scenarios on how to further expand the UC2B’s grant-funded FTTP network. We also expanded each spreadsheet to include projections for ten years, as the initial model only included financial projections for the first five years.

An additional worksheet was added to the Base Model to include one page with all of the Key Assumptions. This allowed NEO to make changes to the model easily to see what outcomes would occur. All of the existing spreadsheets were linked to the Key Assumptions page.

The Base Model assumptions were also verified and updated based upon the network topology and system design, the current competitive environment for pricing, and the projected operating and capital expenses made. Most of the assumptions regarding operating and capital expenses were nailed down; however, there are still a few areas that need further investigation. There is a Request for Proposal that has been written to obtain bids and pricing information regarding outsourced customer service call center services and repair services. NEO’s team is still investigating the various costs and models for day-to-day operations of the network and for providing customer service. As the proposals from the RFP are received, we will further update the preliminary financial plans and an even clearer picture will be available.

An additional worksheet was added to the Base Model that provides metrics to assist in making the decision to further expand the network. A Financing Worksheet was created with “go/no-go” tools to assist UC2B in the decision to seek additional financing and what the return on investment would be. This essentially is the Feasibility Analysis of the various scenarios.

The UC2B Policy Board will need to agree upon the financial objectives for defining what is “feasible.” For example, a typical business may need to see an unleveraged IRR of 30% or greater in order to obtain financing to further extend the FTTP network. This objective may then require an installation charge of \$2,500 per subscriber in order to make the model “feasible.” As UC2B is government consortium, their set of financial objectives to meet the “feasibility test” may be vastly different than a private sector business. After the Policy Board makes the decision on the feasibility objectives, the Financing Worksheet on the Base Model will be modified to reflect the Policy Board’s decision.

To facilitate this decision on the definition of “feasible,” NEO recommends the following feasibility objectives to be considered:

1. Debt Service Constant on Outstanding Debt. The Debt Service Constant calculates the factor that, multiplied by the original loan principal, yields the annual debt service payment (principal plus interest) required to amortize a loan. NEO provided a Debt Service Constant on Outstanding Debt with Net Operating Cashflows that ask the questions, “Can Net Operating Cashflows cover the payment of principal plus interest on the outstanding debt? And what percentage of Net Operating Cashflows can service the debt?” When this formula is over 200 percent, there is a likely opportunity to refinance; or

use the collateral of the network and the collateral of the Net Operating Cashflows to further expand the network. As a litmus test, we want to see if the network is “financeable” with this Debt Service Constant on Outstanding Debt calculation of greater than 200 percent within the first 3-5 years.

2. Cumulative Cashflows of the Network over 10 years are greater than the Debt Service.

3. Positive Income. Operating income covers interest, taxes, depreciation and amortization.

4. Positive IRR.

5. Asset Value of \$1,750 or more per subscriber. In order to determine the asset value, NEO has provided a calculation for the Asset Value of the Network by calculating the Net Present Value of Cashflows from Operations divided by the number of subscribers passed.

After the Policy Board provides a set of feasibility objectives to NEO, NEO will then run the financial model and provide a list of circumstances, pricing, take rates, etc. to meet the feasibility objectives. The following scenarios will be shown and preliminary numbers have been run:

1. No further expansion of the network after the grant period, no revenue is generated from wholesale activities. Assuming UC2B does nothing to expand the network after the grant period, the Base Model shows that UC2B could break even operationally with 50% take rate with 2400 residential customers, and serving 100% of the 137 anchor institutions and 167 of businesses with the pricing recommended for residential and business/commercial customers. UC2B could implement the grant, continue to provide services to the customers, continue to maintain the network and its customers, and would not need to seek additional financial funding, provided that the 50% take rate was achieved. The entity breaks even on EBITDA, and may need additional funding to cover shortages of operating funds as needed if the take rate targets are not met. The 20 Mbps for \$20 pricing with a 50% take rate, again, allows the entity to breakeven on EBITDA.

2. Expand the FTTP network to the Businesses and Commercial areas. This scenario creates an IRR of greater than 30%, positive EBITDA, positive income covering interest, taxes, depreciation and amortization, asset value of greater than \$1,750 per subscriber with the recommended pricing and the assumption of 40% take rate.

3. Expand the FTTP network to the Residential areas. Most FTTP networks are offering triple play services (voice, Internet and cable TV) via a retail model. As UC2B is providing Internet services only, there is substantial revenue that is not being generated per customer under this scenario. Providing services to the Other Residential Neighborhoods with Internet services only, at the 20 Mbps for \$20 pricing with a 50% take rate is not feasible. It is feasible only in the (11) census blocks covered by the grant because the grant is paying for the capital costs of the network.

If UC2B wanted to expand the network to other residential areas, the following scenarios would be run to meet the feasibility objectives that the UC2B Policy Board approves:

A. The pricing would need to be increased to \_\_\_\_\_, and UC2B would need to obtain a \_\_\_\_\_ take rate within 3 years.

B. Customers would pay \_\_\_\_\_ in an installation fee and \_\_\_\_\_ monthly with a 30% take rate within 3 years.

C. Customer would pay \_\_\_\_\_ in an installation fee and \_\_\_\_\_ monthly with a 40% take rate within 3 years.'

D. Customer would pay \_\_\_\_\_ in an installation fee and \_\_\_\_\_ monthly with a 50% take rate within 3 years.

4. Expand the FTTP network under a Wholesale model.

5. Combination of various expansion and revenue sources.

As in every business environment, the Business Plan and Financial Plan are working documents. Changes should continue to be made to the plans to make them more accurately show the current operating and competitive environment, as well as provide options for other alternatives for UC2B as they come available. For example, once the responses to the RFP for Outsourced Operations are received, the models will be changed to reflect the information. Another example is the grant requires compliance with Davis Bacon prevailing wages for labor and services provided. After the grant period, the wages and fees for services will most likely change, and the Business Plan and Financial Plan should be updated to reflect those changes. Additionally, as UC2B continues to evolve, there may be better options available for operating and expanding the network. The word of caution is to continue to seek out ways to improve the Business and Financial Plans for UC2B, and to reflect changes in the operating environment.

	Year 1			
	Q1	Q2	Q3	Q4
<b>Residential - Subscribers</b>				
UC2B 20/100Internet CNS	-	-	558	1,116
UC2B 30/100Internet CNS	-	-	6	12
UC2B 40/100Internet CNS	-	-	6	12
Wireless	-	-	6	12
Not applicable	-	-	6	12
<b>Residential - Revenues</b>				
UC2B 20/20Internet CNS	\$ -	\$ -	\$ 33,500	\$ 66,900
UC2B 40/40Internet CNS	-	-	400	700
UC2B 60/60Internet CNS	-	-	500	1,100
UC2B 80/80Internet CNS	-	-	700	1,400
UC2B 100/100Internet CNS	-	-	-	-
Total Residential	\$ -	\$ -	\$ 35,100	\$ 70,100
<b>Business - Subscribers</b>				
UC2B 20/20Internet CNS	-	-	25	5
UC2B 40/40Internet CNS	-	-	13	26
UC2B 60/60Internet CNS	-	-	1	2
UC2B 80/80Internet CNS	-	-	1	2
UC2B 100/100Internet CNS	-	-	-	-
Private VLAN 10 Mbps	-	-	10	-
Private VLAN 100 Mbps	-	-	2	-
Private VLAN 1 Gbps	-	-	-	-
<b>Business - Revenues</b>				
UC2B 20/20Internet CNS	\$ -	\$ -	\$ 8,600	\$ 1,700
UC2B 40/40Internet CNS	-	-	8,300	16,700
UC2B 60/60Internet CNS	-	-	900	1,900
UC2B 80/80Internet CNS	-	-	1,200	2,500
UC2B 100/100Internet CNS	-	-	-	-
Private VLAN 10 Mbps	-	-	3,000	-
Private VLAN 100 Mbps	-	-	2,400	-
Private VLAN 1 Gbps	-	-	-	-
Total Business	\$ -	\$ -	\$ 24,400	\$ 22,800
<b>Anchor - Subscribers</b>				
UC2B 20/100Internet CNS	-	-	-	10
UC2B 30/100Internet CNS	-	-	-	-
UC2B 40/100Internet CNS	-	-	-	-
Wireless	-	-	-	-
Not applicable	-	-	-	-
<b>Anchor - Revenues</b>				
UC2B 20/100Internet CNS	\$ -	\$ -	\$ -	\$ 600

UC2B 30/100Internet CNS	-	-	-	-
UC2B 40/100Internet CNS	-	-	-	-
Wireless	-	-	-	-
Not applicable	-	-	-	-
Total Anchor	\$ -	\$ -	\$ -	\$ 600

Wholesale - Subscribers

100 Mbps Layer 2	-	-	1	2
1 Gps Layer 2	-	-	1	2
ISP 1 Gbps	-	-	1	2
ISP 2 Gbps	-	-	1	2
ISP 10 Gbps	-	-	-	-

Wholesale - Revenues

100 Mbps Layer 2	\$ -	\$ -	\$ 100	\$ 100
1 Gps Layer 2	-	-	300	600
ISP 1 Gbps	-	-	3,600	7,200
ISP 2 Gbps	-	-	4,800	9,600
ISP 10 Gbps	-	-	-	-
Total Wholesale	\$ -	\$ -	\$ 8,800	\$ 17,500

Year 1

Revenue Summary by Quarter	Q1	Q2	Q3	Q4
Residential	\$ -	\$ -	\$ 35,100	\$ 70,100
Business	-	-	24,400	22,800
Anchor	-	-	-	600
Wholesale	-	-	8,800	17,500
Total All	\$ -	\$ -	\$ 68,300	\$ 111,000

Revenue Summary by Year

	Year 1	Year 2	Year 3	Year 4
Residential	\$ 105,200	\$ 472,500	\$ 587,600	\$ 587,600
Business	47,200	229,400	312,000	312,000
Anchor	600	22,500	35,600	35,600
Wholesale	26,300	95,300	234,200	374,400
Total All	\$ 179,300	\$ 819,700	\$ 1,169,400	\$ 1,309,600

Year 1

Customer Summary by Quarter	Q1	Q2	Q3	Q4
UC2B 20/100Internet CNS	-	-	583	1,131
UC2B 30/100Internet CNS	-	-	19	38
UC2B 40/100Internet CNS	-	-	7	14
Wireless	-	-	7	14
Not applicable	-	-	6	12
Private VLAN 10 Mbps	-	-	10	-
Private VLAN 100 Mbps	-	-	2	-
Private VLAN 1 Gbps	-	-	-	-
100 Mbps Layer 2	-	-	1	2

1 Gps Layer 2	-	-	1	2
ISP 1 Gbps	-	-	1	2
ISP 2 Gbps	-	-	1	2
ISP 10 Gbps	-	-	-	-
Total	-	-	638	1,217

Customer Summary (End-of-Year)	Year 1	Year 2	Year 3	Year 4
UC2B 20/100Internet CNS	1,131	2,449	2,449	2,449
UC2B 30/100Internet CNS	38	110	110	110
UC2B 40/100Internet CNS	14	53	53	53
Wireless	14	47	47	47
Not applicable	12	37	37	37
Private VLAN 10 Mbps	-	20	20	20
Private VLAN 100 Mbps	-	4	4	4
Private VLAN 1 Gbps	-	-	-	-
100 Mbps Layer 2	2	6	10	14
1 Gps Layer 2	2	1	5	9
ISP 1 Gbps	2	6	10	14
ISP 2 Gbps	2	3	7	11
ISP 10 Gbps	-	-	-	-
Total	1,217	2,736	2,752	2,768

Customer (By Quarter)	Year 1			
	Q1	Q2	Q3	Q4
Residential	-	-	582	1,164
Business	-	-	52	35
Anchor	-	-	-	10
Wholesale	-	-	4	8
Total	-	-	638	1,217

Customer Additions (By Year)	Year 1	Year 2	Year 3	Year 4
Residential	1,164	1,272	-	-
Business	35	112	-	-
Anchor	10	127	-	-
Wholesale	8	8	16	16
	1,217	1,519	16	16

Bill Generations (by Year)	Year 1	Year 2	Year 3	Year 4
Residential	5,238	23,508	29,232	29,232
Business	261	1,260	1,764	1,764
Anchor	30	1,050	1,644	1,644
Wholesale	36	132	312	504
Total	5,565	25,950	32,952	33,144

Customer Additions (by year)	Year 1	Year 2	Year 3	Year 4
100 Mbps	1,211	2,726	2,730	2,734



1 Gbps	<u>6</u>	<u>10</u>	<u>22</u>	<u>34</u>
	1,217	2,736	2,752	2,768

Customer Additions (by year) w/o wholesale customers

	Year 1	Year 2	Year 3	Year 4
100 Mbps	1,209	2,720	2,720	2,720
1 Gbps	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	1,209	2,720	2,720	2,720

**Oversubscription Analysis,  
Residential Only**

		Year 1			
Customer (By Quarter)	Q1	Q2	Q3	Q4	
# of Mbps in 1 Gbps Transport	1,000	1,000	1,000	1,000	
Actual Subscription	-	-	11,580	23,160	
Oversubscription Rate	40				
Subscription Supported	-	-	289.50	579.00	
# of additional 1 Gbps Connections Needed	-	-	1.00	1.00	

**Oversubscription Analysis,  
Businesses Only**

		Year 1			
Customer (By Quarter)	Q1	Q2	Q3	Q4	
# of Mbps in 1 Gbps Transport	1,000	1,000	1,000	1,000	
Actual Subscription	-	-	1,160	1,420	
Oversubscription Rate	40				
Subscription Supported	-	-	29.00	35.50	
# of additional 1 Gbps Connections Needed	-	-	1.00	1.00	

Number of Customers PASSED

	Year 2				Year 3		
Q1	Q2	Q3	Q4	Q1	Q2	Q3	
1,418	1,720	2,022	2,324	2,324	2,324	2,324	
16	20	24	28	28	28	28	
16	20	24	28	28	28	28	
16	20	24	28	28	28	28	
16	20	24	28	28	28	28	
\$ 85,000	\$ 103,100	\$ 121,300	\$ 139,400	\$ 139,400	\$ 139,400	\$ 139,400	
1,000	1,200	1,400	1,700	1,700	1,700	1,700	
1,400	1,800	2,200	2,500	2,500	2,500	2,500	
1,900	2,400	2,900	3,300	3,300	3,300	3,300	
-	-	-	-	-	-	-	
\$ 89,300	\$ 108,500	\$ 127,800	\$ 146,900	\$ 146,900	\$ 146,900	\$ 146,900	
18	31	44	57	57	57	57	
33	40	47	54	54	54	54	
3	4	5	6	6	6	6	
3	4	5	6	6	6	6	
-	-	-	-	-	-	-	
5	10	15	20	20	20	20	
1	2	3	4	4	4	4	
-	-	-	-	-	-	-	
\$ 6,200	\$ 10,700	\$ 15,200	\$ 19,600	\$ 19,600	\$ 19,600	\$ 19,600	
21,200	25,700	30,100	34,600	34,600	34,600	34,600	
2,800	3,800	4,700	5,600	5,600	5,600	5,600	
3,700	4,900	6,200	7,400	7,400	7,400	7,400	
-	-	-	-	-	-	-	
1,500	3,000	4,500	6,000	6,000	6,000	6,000	
1,200	2,400	3,600	4,800	4,800	4,800	4,800	
-	-	-	-	-	-	-	
\$ 36,600	\$ 50,500	\$ 64,300	\$ 78,000	\$ 78,000	\$ 78,000	\$ 78,000	
16	34	51	68	68	68	68	
6	14	22	28	28	28	28	
5	10	16	19	19	19	19	
4	8	11	13	13	13	13	
3	5	8	9	9	9	9	
\$ 1,000	\$ 2,000	\$ 3,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	

500	1,300	2,000	2,500	2,500	2,500	2,500
600	1,200	1,900	2,300	2,300	2,300	2,300
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 2,100</u>	<u>\$ 4,500</u>	<u>\$ 7,000</u>	<u>\$ 8,900</u>	<u>\$ 8,900</u>	<u>\$ 8,900</u>	<u>\$ 8,900</u>

3	4	5	6	7	8	9
-	1	-	1	2	3	4
3	4	5	6	7	8	9
-	1	2	3	4	5	6
-	-	-	-	-	-	-
<u>\$ 200</u>	<u>\$ 200</u>	<u>\$ 300</u>	<u>\$ 400</u>	<u>\$ 400</u>	<u>\$ 500</u>	<u>\$ 500</u>
-	300	-	300	600	900	1,200
10,800	14,400	18,000	21,600	25,200	28,800	32,400
-	4,800	9,600	14,400	19,200	24,000	28,800
-	-	-	-	-	-	-
<u>\$ 11,000</u>	<u>\$ 19,700</u>	<u>\$ 27,900</u>	<u>\$ 36,700</u>	<u>\$ 45,400</u>	<u>\$ 54,200</u>	<u>\$ 62,900</u>

Year 2				Year 3		
Q1	Q2	Q3	Q4	Q1	Q2	Q3
\$ 89,300	\$ 108,500	\$ 127,800	\$ 146,900	\$ 146,900	\$ 146,900	\$ 146,900
36,600	50,500	64,300	78,000	78,000	78,000	78,000
2,100	4,500	7,000	8,900	8,900	8,900	8,900
<u>11,000</u>	<u>19,700</u>	<u>27,900</u>	<u>36,700</u>	<u>45,400</u>	<u>54,200</u>	<u>62,900</u>
<u>\$ 139,000</u>	<u>\$ 183,200</u>	<u>\$ 227,000</u>	<u>\$ 270,500</u>	<u>\$ 279,200</u>	<u>\$ 288,000</u>	<u>\$ 296,700</u>

Year 5	6	7	8	9	10
\$ 587,600	\$ 587,700	\$ 587,700	\$ 587,700	\$ 587,700	\$ 587,700
312,000	\$ 312,300	\$ 312,300	\$ 312,300	\$ 312,300	\$ 312,300
35,600	\$ 35,500	\$ 35,500	\$ 35,500	\$ 35,500	\$ 35,500
<u>426,800</u>	<u>\$ 115,500</u>	<u>\$ 124,300</u>	<u>\$ 133,000</u>	<u>\$ 141,800</u>	<u>\$ 150,500</u>
<u>\$ 1,362,000</u>	<u>\$ 1,051,000</u>	<u>\$ 1,059,800</u>	<u>\$ 1,068,500</u>	<u>\$ 1,077,300</u>	<u>\$ 1,086,000</u>

Year 2				Year 3		
Q1	Q2	Q3	Q4	Q1	Q2	Q3
1,452	1,785	2,117	2,449	2,449	2,449	2,449
55	74	93	110	110	110	110
24	34	45	53	53	53	53
23	32	40	47	47	47	47
19	25	32	37	37	37	37
5	10	15	20	20	20	20
1	2	3	4	4	4	4
-	-	-	-	-	-	-
3	4	5	6	7	8	9

-	1	-	1	2	3	4
3	4	5	6	7	8	9
-	1	2	3	4	5	6
-	-	-	-	-	-	-
<u>1,585</u>	<u>1,972</u>	<u>2,357</u>	<u>2,736</u>	<u>2,740</u>	<u>2,744</u>	<u>2,748</u>

Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
2,449	2,449	2,449	2,449	2,449	2,449
110	110	110	110	110	110
53	53	53	53	53	53
47	47	47	47	47	47
37	37	37	37	37	37
20	20	20	20	20	20
4	4	4	4	4	4
-	-	-	-	-	-
14	15	16	17	18	19
9	10	11	12	13	14
14	15	16	17	18	19
11	12	13	14	15	16
-	-	-	-	-	-
<u>2,768</u>	<u>2,772</u>	<u>2,776</u>	<u>2,780</u>	<u>2,784</u>	<u>2,788</u>

Year 2				Year 3		
Q1	Q2	Q3	Q4	Q1	Q2	Q3
1,482	1,800	2,118	2,436	2,436	2,436	2,436
63	91	119	147	147	147	147
34	71	108	137	137	137	137
6	10	12	16	20	24	28
<u>1,585</u>	<u>1,972</u>	<u>2,357</u>	<u>2,736</u>	<u>2,740</u>	<u>2,744</u>	<u>2,748</u>

Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	4	4	4	4	4
-	4	4	4	4	4

Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
29,232	29,232	29,232	29,232	29,232	29,232
1,764	1,764	1,764	1,764	1,764	1,764
1,644	1,644	1,644	1,644	1,644	1,644
576	624	672	720	768	816
<u>33,216</u>	<u>33,264</u>	<u>33,312</u>	<u>33,360</u>	<u>33,408</u>	<u>33,456</u>

Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
2,734	2,735	2,736	2,737	2,738	2,739





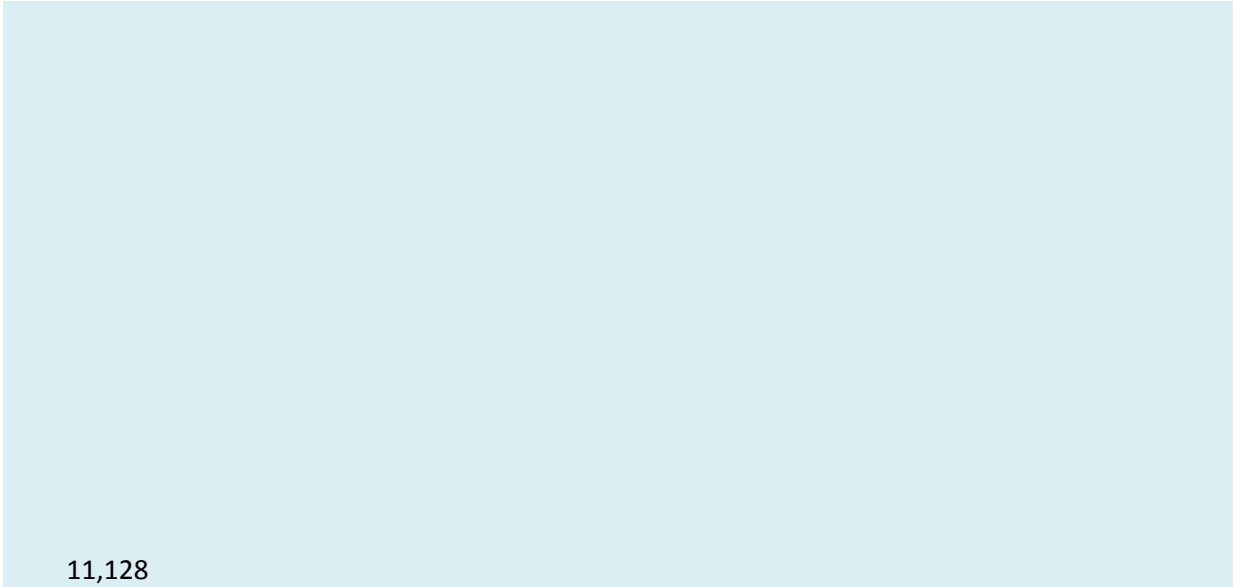
2,500	2,500	2,500	2,500	2,500	2,500	2,500
2,300	2,300	2,300	2,300	2,300	2,300	2,300
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 8,900</u>	<u>\$ 8,900</u>	<u>\$ 8,900</u>	<u>\$ 8,900</u>	<u>\$ 8,900</u>	<u>\$ 8,900</u>	<u>\$ 8,900</u>

10	11	12	13	14	14	14
5	6	7	8	9	9	9
10	11	12	13	14	14	14
7	8	9	10	11	11	11
-	-	-	-	-	-	-
<u>\$ 600</u>	<u>\$ 700</u>	<u>\$ 700</u>	<u>\$ 800</u>	<u>\$ 800</u>	<u>\$ 800</u>	<u>\$ 800</u>
1,500	1,800	2,100	2,400	2,700	2,700	2,700
36,000	39,600	43,200	46,800	50,400	50,400	50,400
33,600	38,400	43,200	48,000	52,800	52,800	52,800
-	-	-	-	-	-	-
<u>\$ 71,700</u>	<u>\$ 80,500</u>	<u>\$ 89,200</u>	<u>\$ 98,000</u>	<u>\$ 106,700</u>	<u>\$ 106,700</u>	<u>\$ 106,700</u>

Year 4				Yea		
Q4	Q1	Q2	Q3	Q4	Q1	Q2
\$ 146,900	\$ 146,900	\$ 146,900	\$ 146,900	\$ 146,900	\$ 146,900	\$ 146,900
78,000	78,000	78,000	78,000	78,000	78,000	78,000
8,900	8,900	8,900	8,900	8,900	8,900	8,900
<u>71,700</u>	<u>80,500</u>	<u>89,200</u>	<u>98,000</u>	<u>106,700</u>	<u>106,700</u>	<u>106,700</u>
<u>\$ 305,500</u>	<u>\$ 314,300</u>	<u>\$ 323,000</u>	<u>\$ 331,800</u>	<u>\$ 340,500</u>	<u>\$ 340,500</u>	<u>\$ 340,500</u>

Year 4				Yea		
Q4	Q1	Q2	Q3	Q4	Q1	Q2
2,449	2,449	2,449	2,449	2,449	2,449	2,449
110	110	110	110	110	110	110
53	53	53	53	53	53	53
47	47	47	47	47	47	47
37	37	37	37	37	37	37
20	20	20	20	20	20	20
4	4	4	4	4	4	4
-	-	-	-	-	-	-
10	11	12	13	14	14	14

5	6	7	8	9	9	9
10	11	12	13	14	14	14
7	8	9	10	11	11	11
-	-	-	-	-	-	-
<u>2,752</u>	<u>2,756</u>	<u>2,760</u>	<u>2,764</u>	<u>2,768</u>	<u>2,768</u>	<u>2,768</u>



11,128

Year 4				Yea		
Q4	Q1	Q2	Q3	Q4	Q1	Q2
2,436	2,436	2,436	2,436	2,436	2,436	2,436
147	147	147	147	147	147	147
137	137	137	137	137	137	137
<u>32</u>	<u>36</u>	<u>40</u>	<u>44</u>	<u>48</u>	<u>48</u>	<u>48</u>
<u>2,752</u>	<u>2,756</u>	<u>2,760</u>	<u>2,764</u>	<u>2,768</u>	<u>2,768</u>	<u>2,768</u>





ir 5

Years

	Q3	Q4	6	7	8	9	10
	2,324	2,324	2,324	2,324	2,324	2,324	2,324
	28	28	28	28	28	28	28
	28	28	28	28	28	28	28
	28	28	28	28	28	28	28
	28	28	28	28	28	28	28
\$	139,400	\$ 139,400	\$ 557,500	\$ 557,500	\$ 557,500	\$ 557,500	\$ 557,500
	1,700	1,700	6,700	6,700	6,700	6,700	6,700
	2,500	2,500	10,100	10,100	10,100	10,100	10,100
	3,300	3,300	13,400	13,400	13,400	13,400	13,400
	-	-	-	-	-	-	-
\$	146,900	\$ 146,900	\$ 587,700	\$ 587,700	\$ 587,700	\$ 587,700	\$ 587,700
	57	57	57	57	57	57	57
	54	54	54	54	54	54	54
	6	6	6	6	6	6	6
	6	6	6	6	6	6	6
	-	-	-	-	-	-	-
	20	20	20	20	20	20	20
	4	4	4	4	4	4	4
	-	-	-	-	-	-	-
\$	19,600	\$ 19,600	\$ 78,500	\$ 78,500	\$ 78,500	\$ 78,500	\$ 78,500
	34,600	34,600	138,500	138,500	138,500	138,500	138,500
	5,600	5,600	22,500	22,500	22,500	22,500	22,500
	7,400	7,400	29,600	29,600	29,600	29,600	29,600
	-	-	-	-	-	-	-
	6,000	6,000	24,000	24,000	24,000	24,000	24,000
	4,800	4,800	19,200	19,200	19,200	19,200	19,200
	-	-	-	-	-	-	-
\$	78,000	\$ 78,000	\$ 312,300	\$ 312,300	\$ 312,300	\$ 312,300	\$ 312,300
	68	68	68	68	68	68	68
	28	28	28	28	28	28	28
	19	19	19	19	19	19	19
	13	13	13	13	13	13	13
	9	9	9	9	9	9	9
\$	4,100	\$ 4,100	\$ 16,300	\$ 16,300	\$ 16,300	\$ 16,300	\$ 16,300

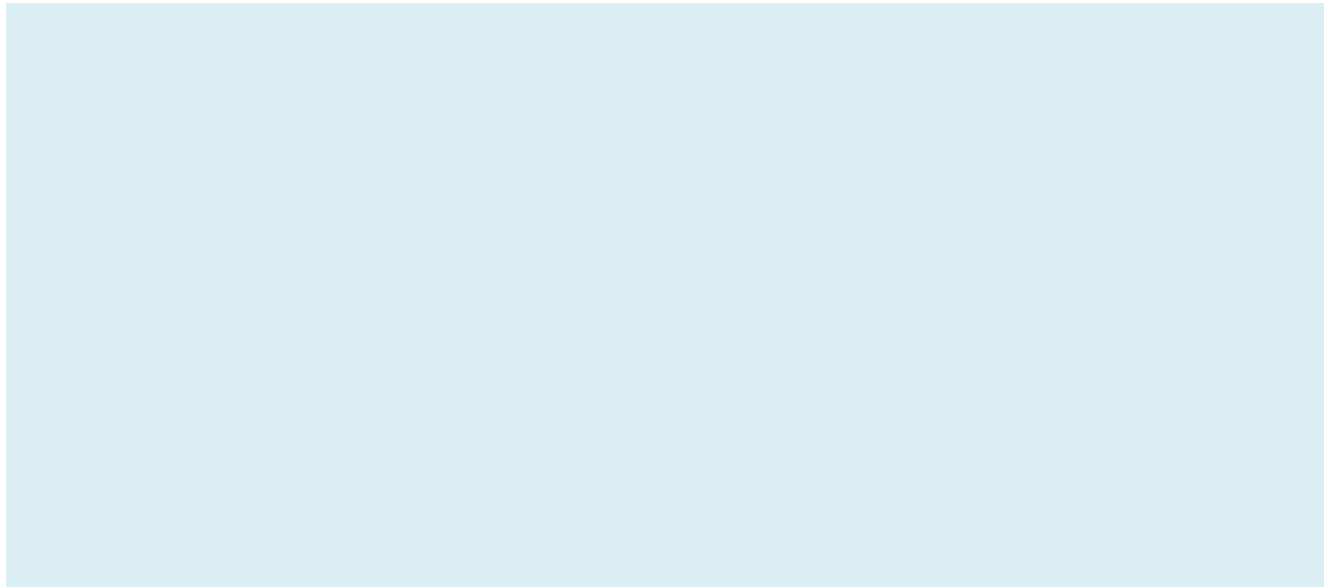
2,500	2,500	10,100	10,100	10,100	10,100	10,100
2,300	2,300	9,100	9,100	9,100	9,100	9,100
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 8,900</u>	<u>\$ 8,900</u>	<u>\$ 35,500</u>	<u>\$ 35,500</u>	<u>\$ 35,500</u>	<u>\$ 35,500</u>	<u>\$ 35,500</u>

14	14	15	16	17	18	19
9	9	10	11	12	13	14
14	14	15	16	17	18	19
11	11	12	13	14	15	16
-	-	-	-	-	-	-
<u>\$ 800</u>	<u>\$ 800</u>	<u>\$ 900</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 1,100</u>	<u>\$ 1,100</u>
2,700	2,700	3,000	3,300	3,600	3,900	4,200
50,400	50,400	54,000	57,600	61,200	64,800	68,400
52,800	52,800	57,600	62,400	67,200	72,000	76,800
-	-	-	-	-	-	-
<u>\$ 106,700</u>	<u>\$ 106,700</u>	<u>\$ 115,500</u>	<u>\$ 124,300</u>	<u>\$ 133,000</u>	<u>\$ 141,800</u>	<u>\$ 150,500</u>

ir 5	Years						
Q3	Q4	6	7	8	9	10	
<u>\$ 146,900</u>	<u>\$ 146,900</u>	<u>\$ 587,700</u>	<u>\$ 587,700</u>	<u>\$ 587,700</u>	<u>\$ 587,700</u>	<u>\$ 587,700</u>	
78,000	78,000	312,300	312,300	312,300	312,300	312,300	
8,900	8,900	35,500	35,500	35,500	35,500	35,500	
<u>106,700</u>	<u>106,700</u>	<u>115,500</u>	<u>124,300</u>	<u>133,000</u>	<u>141,800</u>	<u>150,500</u>	
<u>\$ 340,500</u>	<u>\$ 340,500</u>	<u>\$ 1,051,000</u>	<u>\$ 1,059,800</u>	<u>\$ 1,068,500</u>	<u>\$ 1,077,300</u>	<u>\$ 1,086,000</u>	

ir 5	Years						
Q3	Q4	6	7	8	9	10	
2,449	2,449	2,449	2,449	2,449	2,449	2,449	
110	110	110	110	110	110	110	
53	53	53	53	53	53	53	
47	47	47	47	47	47	47	
37	37	37	37	37	37	37	
20	20	20	20	20	20	20	
4	4	4	4	4	4	4	
-	-	-	-	-	-	-	
14	14	15	16	17	18	19	

9	9	10	11	12	13	14
14	14	15	16	17	18	19
11	11	12	13	14	15	16
-	-	-	-	-	-	-
<u>2,768</u>	<u>2,768</u>	<u>2,772</u>	<u>2,776</u>	<u>2,780</u>	<u>2,784</u>	<u>2,788</u>



ir 5

	Years						
Q3	Q4	6	7	8	9	10	
2,436	2,436	2,436	2,436	2,436	2,436	2,436	2,436
147	147	147	147	147	147	147	147
137	137	137	137	137	137	137	137
48	48	52	56	60	64	68	
<u>2,768</u>	<u>2,768</u>	<u>2,772</u>	<u>2,776</u>	<u>2,780</u>	<u>2,784</u>	<u>2,788</u>	



RESOLUTION NO. 2012-07

A RESOLUTION

APPROVING AND ADOPTING THE UC2B ANNUAL BUDGET FOR THE FISCAL YEAR  
COMMENCING JULY 1, 2012 AND ENDING JUNE 30, 2013

WHEREAS, the Annual Budget for the Fiscal Year commencing July 1, 2012 and ending June 30, 2013, (the "Annual Budget") has been prepared by the Interim UC2B Consortium Coordinator in accordance with the provisions of the City of Champaign's policies and procedures; and

WHEREAS, this Annual Budget is prepared and presented to the Policy Committee pursuant to the terms of the Intergovernmental Agreement Providing for the Creation of the Urbana-Champaign Big Broadband System Consortium and the By-Laws of the UC2B Policy Committee; and

WHEREAS, the Annual Budget is prepared and presented consistent with the Letter of Understanding approved by the City of Champaign, City of Urbana and the University of Illinois and the funding formula contained therein; and

WHEREAS, it is the desire of the Policy Committee to approve and adopt the Annual Budget which is now on file in the office of the City Clerk of Champaign, Illinois subject to its inclusion and adoption by the City of Champaign, City of Urbana and the University of Illinois in each entity's own Annual Budgets.

NOW, THEREFORE, BE IT RESOLVED BY THE UC2B POLICY COMMITTEE, as follows:

Section 1. That the Annual Budget for the Fiscal Year commencing July 1, 2012 and ending June 30, 2013 for the Urbana-Champaign Big Broadband Consortium, which is Attachment 1 hereto and which is incorporated herein by reference, is approved and adopted.

Section 2. That the Interim UC2B Consortium Coordinator is directed to present this Annual Budget to the City of Champaign, City of Urbana, and University of Illinois so that each entity may consider, include and adopt their share of expenditures in their Annual Budgets.

Section 3. That, in the event the City of Champaign, City of Urbana and University of Illinois do not approve the UC2B Annual Budget as is presented as Attachment 1 hereto, the Interim UC2B Consortium Coordinator is authorized to amend the UC2B Annual Budget to be consistent with member agencies' direction.

Section 4. That Interim UC2B Consortium Coordinator is authorized to amend the Annual Budget commencing July 1, 2012, to increase expenditures by the amount of encumbrances outstanding as of June 30, 2012.

RESOLUTION NO. 2012-07  
PASSED:

APPROVED: \_\_\_\_\_  
Policy Committee Chair

# UC2B Operations Fund Statement 08

	<u>FY10/11 Actual</u>	<u>FY11/12 Budget</u>	<u>FY11/12 Estimate</u>	<u>FY12/13 Budget</u>
<b><u>Beginning Balance</u></b>	0	0	0	0
<b>Revenues</b>				
Revenue Transfers	0	133,622	123,808	170,557
Revenues	0	234,526	221,567	265,531
<b>Total Revenues</b>	<u>0</u>	<u>368,148</u>	<u>345,375</u>	<u>436,088</u>
<b>Expenditures</b>				
Commodities	0	52,000	52,000	32,000
Contractual Services	0	180,983	207,650	281,500
Expenditure Transfers	0	27,225	85,725	122,588
Personnel Services	0	107,940	0	0
<b>Total Expenditures</b>	<u>0</u>	<u>368,148</u>	<u>345,375</u>	<u>436,088</u>
<b><u>Ending Balance</u></b>				
reserved	0	0	0	0
unallocated	0	0	0	0
<b><u>Total Ending Balance</u></b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Comments:



# BUDGET SUMMARY

Department Fund Activity	Account	Account Description	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Budget	2012 Amended	2012 YTD	2012 Revised	2013 Budget
<b>Revenues</b>											
<b>Operating Funds</b>											
UC2B Revenues											
352	352	- CITY EXPENSE REIMBURSEMENTS	0	0	0	0	0	184,526	65,156	171,067	235,531
		Adjustment: BA 2011/2012-2 OMNIBUS (27400022253)						104,989		0	0
		Adjustment: BA 2011/2012-2 OMNIBUS (27400022254)						79,537		0	0
360	360	- INTEREST & INVESTMENT INCOME	0	0	0	0	0	0	115	500	0
389	389	- ARRA GRANT FUNDS	0	0	0	0	0	50,000	0	50,000	30,000
		Adjustment: BA 2011/2012-2 OMNIBUS (27400022252)						50,000		0	0
402	402	- TFR FROM GENERAL OPERATING FUND	0	0	0	0	0	133,622	20,854	123,808	170,557
		Adjustment: BA 2011/2012-2 OMNIBUS (27400022255)						133,622		0	0
<b>Total Activity</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>368,148</b>	<b>86,126</b>	<b>345,375</b>	<b>436,088</b>

# BUDGET SUMMARY

Department	Fund	Activity	Account	Account Description	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Budget	2012 Amended	2012 YTD	2012 Revised	2013 Budget
<b>UC2B Operations</b>													
<b>Operating Funds</b>													
<b>UC2B Operations</b>													
	501		501 - SALARIES: SCHEDULED		0	0	0	0	0	84,626	0	0	0
			Adjustment: BA 2011/2012-2 OMNIBUS (27400022256)							84,626			0
	525		525 - GROUP MEDICAL & LIFE INSURANCE		0	0	0	0	0	7,235	0	0	0
			Adjustment: BA 2011/2012-2 OMNIBUS (27400022257)							7,235			0
	526		526 - CITY IMRF/SURS PAYMENTS		0	0	0	0	0	9,605	0	0	0
			Adjustment: BA 2011/2012-2 OMNIBUS (27400022258)							9,605			0
	527		527 - CITY FICA PAYMENTS		0	0	0	0	0	6,474	0	0	0
			Adjustment: BA 2011/2012-2 OMNIBUS (27400022259)							6,474			0
	600		600 - OFFICE SUPPLIES		0	0	0	0	0	2,000	1,150	2,000	2,000
			Adjustment: BA 2011/2012-2 OMNIBUS (27400022260)							2,000			0
	610		610 - ACTIVITY SPECIFIC SUPPLIES		0	0	0	0	0	50,000	4,906	50,000	30,000
			Adjustment: BA 2011/2012-2 OMNIBUS (27400022261)							50,000			0
	700		700 - PROFESSIONAL SERVICES		0	0	0	0	0	162,983	30,510	186,000	230,500
			Adjustment: BA 2011/2012-2 OMNIBUS (27400022262)							162,983			0
	712		712 - PROFESSIONAL MEMBERSHIPS		0	0	0	0	0	1,500	0	0	1,500
			Adjustment: BA 2011/2012-2 OMNIBUS (27400022263)							1,500			0

Department  
Fund

Activity		2008	2009	2010	2011	2012	2012	2012	2012	2012	2012	2013
Account	Account Description	Actual	Actual	Actual	Actual	Budget	Amended	YTD	Revised	Budget		Budget
713	713 - PROFESSIONAL DEVELOPMENT	0	0	0	0	0	3,000	1,049	1,050	3,000		3,000
	Adjustment: BA 2011/2012-2 OMNIBUS (27400022264)						3,000		0	0		0
720	720 - MISC. CONTRACTUAL SERVICES	0	0	0	0	0	4,000	0	15,500	40,500		40,500
	Adjustment: BA 2011/2012-2 OMNIBUS (27400022265)						4,000		0	0		0
721	721 - PRINTING & DOCUMENT PROCESSING	0	0	0	0	0	3,000	0	5,000	5,000		5,000
	Adjustment: BA 2011/2012-2 OMNIBUS (27400022266)						3,000		0	0		0
725	725 - POSTAGE AND EXPRESS CHARGES	0	0	0	0	0	6,500	86	100	1,000		1,000
	Adjustment: BA 2011/2012-2 OMNIBUS (27400022267)						6,500		0	0		0
902	902 - TFR TO GENERAL OPERATING FUND	0	0	0	0	0	27,225	13,613	85,725	122,588		122,588
	Adjustment: BA 2011/2012-2 OMNIBUS (27400022268)						27,225		0	0		0
<b>Total Activity</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>368,148</b>	<b>51,312</b>	<b>345,375</b>	<b>436,088</b>		<b>436,088</b>



## REPORT TO UC2B POLICY COMMITTEE

**FROM:** Teri Legner, Interim UC2B Consortium Coordinator

**DATE:** March 9, 2012

**SUBJECT:** Resolution 2012-07: A Resolution Approving and Adopting the UC2B Annual Budget for the Fiscal Year Commencing July 1, 2012 and Ending June 30, 2013

**A. Introduction:** Approval of this Resolution approves and adopts the FY 2012/13 UC2B Annual Budget. The Resolution also acknowledges that the member agencies, Champaign (42%), Urbana (25%) and the University of Illinois (33%), must approve their pro-rata share of the expenditures in their Annual Budgets as well. Member agencies are working on those now all in advance of their fiscal years beginning on July 1.

**B. Recommended Action:** Staff recommends approval of this Resolution approving the UC2B operations budget for FY 2012/13, subject to member agencies' approvals.

### **C. Summary:**

- The Intergovernmental Agreement Providing for the Creation of the Urbana-Champaign Big Broadband System Consortium ("IGA"), the By-Laws of the UC2B Policy Committee ("By-Laws") and the Letter of Understanding ("LOU") among the member agencies provide for the presentation and tentative approval of the Annual Budget in March of each year, along with an approved funding formula.
- Approval of the Annual Budget is subject to the review and approval of the member agencies. The Resolution acknowledges this and authorizes the Interim UC2B Consortium Coordinator to amend the Annual Budget subject to member agencies' direction.
- The LOU provided for a start-up operations budget beginning August 15, 2011 and ending June 30, 2013 and recognized that this start-up operations budget was the agencies' best estimate for expenses associated with this new venture.
- The FY 2011/12 start-up operations budget estimated expenses at \$368,147\*, including expenses that would be covered by \$50,000 in marketing and outreach dollars included in the NTIA grant. This means that the FY 2011/12 expenses were estimated to be \$133,622 for Champaign; \$104,989 for the UI; and \$79,537 for Urbana.
- Expenses for start-up operations through March 7, 2012 are \$86,126. This is \$282,021 less than budgeted.

- It is anticipated that expenses by the end of this FY will be \$345,375. This year end estimate presumes that encumbrances will be in place for marketing services and outside legal counsel and that all applicable staff time will be recorded and expensed based upon actual hours incurred and anticipated now that we have 7 months of actual experience upon which to base the estimates.
- The FY 2012/13 start-up operations budget estimated expenses at \$311,667\*, including \$30,000 in marketing and outreach dollars included in the NTIA grant. Member agency shares were \$118,300 for Champaign; \$92,950 for the UI; and \$70,417 for Urbana.
- The proposed FY 2012/13 Annual Budget is \$436,088 which is \$124,421 greater than that approved for start-up operations by the LOU. This increase is due to anticipated expenses associated with JULIE membership and locating services and the proposed “bonus” payment for FTTP contractors that meet their diversity pledges, which were not originally included in the start-up operations budget.
- Based upon the FY 12/13 proposed budget of \$436,088 less the \$30,000 provided for in federal grant funding for marketing and outreach, the member agencies will share expenses as follows, \$170,557 for Champaign; \$134,009 for UI; and \$101,522.

#### **D. Background:**

- 1. IGA, By-Laws, and LOU.** The IGA and the By-Laws require that an Annual Budget be presented to the Policy Committee in March of each year. The LOU provides for the funding formula that supports the Annual Budget and is 42% for Champaign, 33% for the UI, and 25% for Urbana. The Annual Budget has to be approved prior to July 1 annually or the previous year’s Annual Budget is, by default, adopted. The Resolution as written provides for approval at this time and directs staff to present it to the member agencies for consideration and inclusion in their Annual Budgets, also beginning on July 1. This step is necessary due to the fact that, other than federal grant funds for marketing and outreach, the entire Annual Budget is supported by the members. At this time, no operational income or expenses are included pending Policy Board and member agencies’ review and approval of the business plan, operating structure and financial models. In the event the member agencies do not approve and include the UC2B Annual Budget expenses, staff is directed to amend the Annual Budget accordingly.
- 2. LOU and Start-Up Operations Budget.** Section II. C. of the LOU provides for the preliminary budget for start-up services for UC2B for the period August 15, 2011 to June 30, 2013. It recognizes that the start-up operations budget is an estimate only and obligates each of the members to make their best efforts to include their share in their annual institutional budget. The start-up budget identified total expenses for FY 2011/12 as \$368,147. This amount included \$50,000 from the federal grant for marketing and outreach expenses, so the net amount to be shared by the members was \$318,147. Based upon the funding formula approved in the LOU, Champaign’s share of these expenses is \$133,622; the UI’s is \$104,989; and Urbana’s is \$79,537. The FY 2012/13 estimated budget for expenses was \$311,667, less federal grant funding for marketing and outreach of \$30,000, so the net amount to be shared by the members was \$281,667. Champaign’s share was \$118,300; the UI’s is \$92,950; and Urbana’s is \$70,417.

**3. Start-Up Operations Budget in Relation to UC2B Annual Budget as Revised and Proposed.** Annually at this time, City staff prepares current fiscal year estimates and makes proposals for the City Manager’s consideration for the upcoming fiscal year. These are illustrated in the table below and compared to the budget estimates that were prepared for the LOU.

<b>Revenues/Expenditures</b>	<b>FY 11/12 LOU*</b>	<b>FY 11/12 Revised</b>	<b>FY 12/13 LOU*</b>	<b>FY 12/13 Proposed</b>
Revenue Transfers	\$133,622	\$123,808	\$118,300	\$170,557
Revenues	\$234,526	\$221,567	\$193,367	\$265,531
<b>Total Revenues</b>	<b>\$368,148</b>	<b>\$345,375</b>	<b>\$311,667</b>	<b>\$436,088</b>
Commodities	\$52,000	\$52,000	\$32,000	\$32,000
Contractual Services	\$180,983	\$207,650	\$140,984	\$281,500
Expenditure Transfers	\$27,225	\$85,725	\$28,584	\$122,588
Personnel Services	\$107,940	\$0	\$110,099	\$0
<b>Total Expenditures</b>	<b>\$368,148</b>	<b>\$345,375</b>	<b>\$311,667</b>	<b>\$436,088</b>
Difference		(\$22,773)		\$124,421

\*The totals for the LOU budgets reflected in the table above differ slightly from those originally approved by the parties with the LOU due to correction of some errors with the spreadsheet formulas and revised salary expenses. The net difference resulting from these corrections was \$19,952 in fewer expenses in FY 11/12, as the budget estimate approved with the LOU originally was \$388,009. In FY 12/13, the original approved budget estimate was \$332,027. The revised FY 12/13 LOU budget estimate was \$311,667 which was \$20,359 less.

It is anticipated that expenses in the current fiscal year will be \$22,773 less than the expenditures expected by the start-up operations budget. It is also anticipated that expenditures in the upcoming fiscal year will be \$124,421 greater than those expenses anticipated by the start-up budget.

The FY 11/12 revised budget and the FY 12/13 proposed budget have been prepared in a slightly different manner than those done for the LOU. The LOU start-up budgets anticipated staff time as a personnel expense for UC2B, as though staff (the Interim Coordinator and clerical assistant) were employees of UC2B. That has been revised and reflected as a transfer to the City’s General Operating Fund where those salaries are currently paid. In other words, City staff salaries are no longer budgeted in the UC2B Fund but rather remain budgeted in the City’s General Operating Fund. Reimbursement that is received from the UI and Urbana for staff time spent in support of UC2B is collected in the UC2B Fund but then transferred out to the General Operating Fund. This is reflected in the table above in “Expenditure Transfers” and “Personnel Services”.

The staff time estimates have been revised to reflect expenses based upon 7 months of experience. Originally, the LOU accounted for staff support provided by the Interim Coordinator (.9 FTE) and a clerical assistant (.6 FTE). The LOU did not budget for time spent by other City employees in support of UC2B. These revised estimates only include staff time in support of UC2B, the entity and do not include time spent by these employees on UC2B construction-related activities nor staff

time spent on the City's interests in UC2B. The revised FY 11/12 budget and the FY 12/13 proposed budget anticipate staff support as follows:

<b>Position</b>	<b>FY 11/12 LOU</b>	<b>FY 11/12 Revised</b>	<b>FY 12/13 LOU</b>	<b>FY 12/13 Proposed</b>
Interim Coordinator	\$74,587	\$26,027	\$76,079	\$53,321
Clerical Assistant	\$33,353	\$21,057	\$34,020	\$21,642
A/V Operator		\$522		\$2,131
City Attorney		\$20,217		\$20,601
Law Clerk		\$9,302		\$9,302
Temp. Project Spec. for Mkt'g		\$8,600		\$15,591
<b>Total Expenditure Transfers</b>	<b>\$107,940*</b>	<b>\$85,725</b>	<b>\$110,099*</b>	<b>122,588</b>

\*Previously identified as a Personnel Services expense in the LOU budget estimates.

**4. FY 12/13 Proposed Budget for UC2B Operations.** The FY 12/13 proposed budget provides for expenses by expenditure code as follows:

600 – Office Supplies: \$2,000 – Miscellaneous office supplies such as envelopes, file folders, paper, etc.

610 – Activity Specific Supplies: \$30,000 – Marketing and outreach expenses eligible for reimbursement by the federal grant.

700 – Professional Services: \$230,500 – Outside legal counsel, professional audit, JULIE membership and locating services.

712 – Professional Memberships: \$1,500 – NATOA, etc.

713 – Professional Development: \$3,000 – Professional conference or training such as NATOA or broadband awardee workshops and associated travel.

720 – Misc. Contractual Services: \$40,500 – Marketing, advertising products and services; FTTP “bonus” payment for diversity pledge.

721 – Printing and Document Processing: \$5,000 – Miscellaneous postcards, RFP materials, posters, outside copying services, publications.

725 – Postage and Express Charges: \$1,000 – Mailings

902 – TFR to General Operating Fund: \$122,588 – Staff time and benefits as illustrated in table above.

The primary difference between the FY 12/13 expenses that were anticipated by the start-up operations budget and those of the FY 12/13 proposed budget described above is \$100,000 for UC2B's JULIE membership and locating services and \$25,000 for the FTTP "bonus" payment to be paid to those FTTP contractors that meet their workforce diversity pledge. These expenses were not previously budgeted or known when the LOU was approved. As a result, the member agencies' contributions will be approximately \$170,557 for Champaign; \$134,009 for the UI; and \$101,522 for Urbana.

**E. Alternatives:**

1. Approve the Resolution which adopts the FY 12/13 proposed budget as prepared forward it on to the member agencies for inclusion in their institutional budgets.
2. Do not approve the Resolution and provide alternative direction.

**F. Discussion of Alternatives:**

**Alternative 1** will approve the Resolution and forwards the FY 12/13 UC2B budget on to the member agencies for inclusion in their institutional budgets.

**a. Advantages**

- Budget is prepared based upon 7 months of experience and better anticipates needs, including staff time estimates
- Includes known expenses for JULIE membership and locating services
- Includes funding for robust marketing and advertising products and services
- Includes funding for outside legal counsel to assist with evaluation and implementation of business model options and implementation
- Includes funding for FTTP "bonus" payment

**b. Disadvantages**

- Is approximately \$125,000 more than originally anticipated with the start-up operations budget estimates approved with the LOU

**Alternative 2** does not approve the Resolution and seeks further direction from the Policy Board.

**a. Advantages**

- Dependent upon Policy Board direction.
- May include revisions for expenses not herein anticipated



**b. Disadvantages**

- If delayed, may not allow member agencies to adequately review expenses and include the relevant shares in their agency budgets

**G. Community Input:** Staff has not sought community input on this matter, but the public will have the opportunity to provide comment at the Policy Board meeting on March 14, 2012.

**H. Budget Impact:** With the exception of the funding provided by the federal grant for eligible marketing and outreach expenses, all of the expenses reflected in the FY 12/13 proposed budget will be shared among the member agencies in accordance with the approved formula per the LOU. The City of Champaign will cover 42%, the UI will cover 33%, and Urbana will cover 25%. These are estimated to be \$170,557, \$134,009, and \$101,522 respectively.

Prepared by:

Teri Legner  
Interim UC2B Consortium Coordinator



## **NTIA and Grant Update – 3/12/12**

We had our regular call with NTIA last Wednesday morning. I was in an airport and jet-lagged, but I remember most of it. Tim told us that we were the first of all of his grantees to have our Annual Performance Report accepted, which is good. The MST issue was resolved in our favor shortly after the last Policy Board meeting, so that is no longer a problem.

We have hit a small bump in the road on four of our Anchor Institutions. Our friends at NTIA have recently provided guidance that we cannot use grant funds to connect any swimming pools. We currently have 4 such facilities on our list of Anchors:

In Champaign - Sholem and Spaulding Pools  
In Urbana - The Aquatic Center and Crystal Lake Pool

For all of these facilities, we are going by them anyway with fiber to the curb, so there is no issue with the current work. For our official lists of Anchors for the FTTP RFP, they will need to be removed. I will be adjusting the list we gave NTIA as our official list of Anchors (that they have now accepted) and issuing new lists for Champaign/Savoy and Urbana for the FTTP RFP.

The prohibition on swimming pools is not new, only our understanding of what it really means is new. We can also not connect aquariums, golf courses, zoos or gambling establishments. Those last 4 forbidden entities do not affect us. Both Park Districts will be able to pay to connect these facilities after the grant has expired if they want them connected.

**Construction** – I have been very much out of the loop the last two weeks, but I understand that all the inter-nodal fiber on Campus has been installed, and that both contractors are making progress in other areas with installing fiber as well. We should be approaching 60% of the Ring and fiber-to-the-curb conduit installed.

**FTTP Bidding** – Shive-Hattery is working on finalizing the FTTP bid documents.

**Consultants** – You should have some information from Neo Fiber in this packet to discuss on Wednesday. Diane Kruse will be here for your meeting on the 22<sup>nd</sup>.

**The Gig.U Opportunity** – I have started some quiet conversations within the University about the Gig.U opportunity. The University is a key ingredient of the “Secret Sauce”. Thus far the feedback has been positive, but we are still a long ways from a commitment. Your plates a very full for the next couple of weeks with Business Plan decisions anyway. Once this proposal is fully fleshed out I will share it with you individually. We are constrained by confidentiality agreements and competitive considerations for now.

See you on Wednesday.

Mishmael

(see attached photo for explanation of my name change)



It was very close but thankfully also very friendly. This is the back half (20 feet or so) of this female Hump Back whale, who was nursing a calf off the west coast of Maui last week. The front half was another 20 feet long.