

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
BROADBAND AND ADVANCED TECHNOLOGY COMMITTEE MEETING
MINUTES

January 4, 2016

Kandiyohi County Health & Human Services Building, Willmar

Present: Mark Boesch, Donna Boonstra, Dean Bouta, Kathy Dillon, Scott Froemming, Linda Kacher, Larry Kleindl, Mike Malone, Brian Mort, Les Nelson and Donn Winckler

Excused: Jean Marthaler, David Sisser and Paul Smith

Absent: Travis Bonnema, Bruce DeBlieck, Larry Handlin, Wes Hompe and Justin Mattern

Guest: Mark Erickson, Director of Winthrop Economic Development Authority

EDC Staff: Connie Schmoll, Business Development Specialist

Secretarial: Nancy Birkeland, Legal & Administrative Assistants, Inc. (LAA)

Chairperson Dean Bouta called the meeting to order at approximately 12:05 p.m.

MINUTES—

IT WAS MOVED BY Mike Malone, SECONDED BY Linda Kacher, to approve the minutes of the December 7, 2015 meeting as emailed. MOTION CARRIED.

UNFINISHED BUSINESS

RS (Renville Sibley) Fiber. Chairperson Bouta introduced Mark Erickson, Director of the Winthrop Economic Development Authority. Erickson stated there are 450 community-based fiber-to-the-home (FTTH) projects in the states. RS Fiber has 1 gig of symmetrical bandwidth, which is very important for telemedicine, telecommuting and education. There are 92 wave lengths of light in each strand of fiber and each wavelength can do 1 gig. In Erickson's opinion, if you do not have FTTH, you are under served. Initially, Sibley County and every community in Sibley County were behind the project when they applied for a Blandin grant for a broadband feasibility study. They also applied to do fiber to the farm. The initial project was for \$70 million. Sibley County subsequently voted out of the project as did the cities of Arlington and Henderson and some of the townships. Those townships will still receive wireless service. They held 110 public meetings, many private meetings, mailed 14,000 brochures (see attached) to the county's residents and did a massive education on FTTH. The Ag people formed RS Fiber Cooperative when Sibley County backed out of the project. A Joint Powers Agreement was formed by the 10 cities and 17 townships that voted to join the project. The project was lowered to \$45 million and all communities provided funding for the project and agreed to collectively sell a 20-year, nearly \$14 million G.O. (Generally Obligated) Tax Abatement Bond. Shannon Sweeney of David Drown Associates was their consultant. The G.O. bond ratings of the communities allowed them to take

out the bond—only one community was near its bonding capacity. The cooperative is borrowing \$42 million from various bank sources to construct and operate the network. The cooperative received the state broadband grant, is governed by a 27 member board and makes the bond payments. The project was written in two phases. Phase 1 is to build the backbone of voice and video data to the 10 cities in 2015 and 2016—Gaylord and Winthrop were built out in 2015. The cooperative entered into an eight-year contract with Hiawatha Broadband Communications (HBC) to be the project's operator for a fee. HBC manages the network, does all updates, handles payment of most bills and all operations of the project, including marketing. In year six of the operations agreement there is an option and they would begin renegotiating the contract at that time. Erickson stated a speed test on his home WiFi was 320 mg down and 325 mg up and could be faster, if his computer was faster. RS Fiber is providing 25 mg symmetrical wireless phone service to its rural areas. Because the service is with fiber, it will not slow down as more users are added. In 2017, they will begin discussions with the townships to start the build out of fiber to the farm in 2018, with a three-year completion. The build out per home in the cities was \$2,500 and the build out in the rural areas is estimated at \$10,000 per farm. Prior to forming RS Fiber, they went to Century Link, Frontier Communications and MediaComm on several occasions to request FTTH and were denied by all of them, which prompted going off on their own. RS Fiber anticipated it will be cashflow positive in five years. Erickson stated the real benefit from fiber optic is what you do with it and how it is used by businesses, schools and the medical system. RS Fiber is a part of US Ignite (www.us-ignite.org), which will help build applications specifically for their network. They are focused on what will be done with the network and have connected with Josh Rice, professor with the University of Minnesota (U of M) Extension, who is developing the 4-H Science of Agriculture Response (SOAR) program with that incorporates STEM-related projects (Science, Technology, Engineering and Mathematics) into 4-H. Winthrop is building an innovation center and the U of M plans to place a staff person in it for the SOAR program. They plan to develop an innovation center in each community. The power of their network is the intranet. Each community can have its own television channel. Plans are for the 4-H kids to do the content for the TV channels. It is high definition and can be streamed to the internet. They need to come up with approximately \$100,000 for the innovation center. There is a fee to be on the network, but not for the community intranet. Erickson showed a video on STEM School Chattanooga and stated Louisiana STEM Schools is doing real-time Chinese lessons. They did not present anything to their legislators and did not go after federal dollars, except for READ through the cooperative and did not go after state funds except for the feasibility study. Funding for their \$45 million project has come as a loan from a local consortium of banks, READ, USDA Rural Economic Development Loan and Grant (REDLG) and an equity drive for patrons. Cost to users for 100 mg is \$79.95 and 1 G is \$129; television is competitive and users can stream local sports over their wireless. Their feasibility study was done by Doug Dawson of CCD Consulting, which was the same used by Monticello. Erickson offered to assist this committee in any way he can. The cooperative model is the only way Erickson sees advancing broadband will work. Erickson stated they needed to first complete the build outs of the cities first for funds. Marketing to users included the ability for seniors to stay in their homes longer because of the applications that would be available to them and the ability to sell their home when that time comes. Initially, they used the rural enthusiasm to move the project forward, but now they are pushing the education factor. Erickson also distributed the brochure "What Fiber Broadband Can Do For Your Community," ([see attached](#)). FTTH is future proof technology, but there has been some resistance by legislators that there is other new technology.

REPORTS

Blandin WiFi grant. Schmoll reported the WiFi units are going in slowly. New London-Spicer and the Willmar Civic Center have installed their units and are using them. The Blandin Foundation gave an extension of the grant deadline until the end of March 2016. They are also trying to set up their data service. It was initially thought they could share data service, but that is not the case.

Feasibility study. Schmoll reported she received one request for additional information from the Blandin Foundation.

NEW BUSINESS

Meetings with legislators. Chairperson Bouta reported some committee members met with Senator Koenen and Rep. Miller to update them on broadband and what is being done; the message was we want to see some consistency in grant programs so future plans can be made. Because of the many questions they had, a meeting will be held tomorrow with Kevin Beyer of Federated Telephone Cooperative (FTC) so they can ask questions of Beyer and return to St. Paul with the message he would like to have transmitted. Beyer also understands both the state and federal programs and can provide additional information to the legislators in that regard. After tomorrow's meeting, speaking points will be put together for the legislators.

Other. Larry Kleindl noted a broadband article was in the weekend *Star Tribune*. Committee members recommended putting together a time line to include next steps for the project and working with FTC and if other partners are needed. Schmoll reported the next EDC publication will include information on broadband.

NEXT MEETING—The next meeting is 12 noon, Monday, February 1, 2016, in the EDC board room, Willmar.

ADJOURNMENT—There being no further business, the meeting was adjourned at 1:16 p.m.



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RS Fiber Cooperative is bringing enhanced quality of phone, cable, and Internet services at the lowest possible prices to select communities and townships in your area, including your doorstep. This means great things for our community, healthcare, public safety entities, educational institutions and farms, as well as you!

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in Select Communities
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The RS Fiber Cooperative will bring communication services to select communities and townships in your area that far exceed the inadequate services and networks presently available!

Benefiting Our Community & Economy

Construction of a fiber optic network is attractive to new businesses, encouraging job **growth** and **opportunities**. It helps sustain our farms and existing businesses. Additionally, fiber optic networks often enhance property values of homes, farms and businesses. We now have the chance to make a lasting investment in the community for our children and our children's children.

Improving Healthcare, Public Safety & Education

Our 11 healthcare organizations, 33 public safety entities and 20 public, private, and charter schools will benefit greatly from the reliability and accessibility that a fiber network provides. Home security, medical monitoring, fire protection, and other critical services will operate at the highest, most effective communication levels. Our students will be on equal technology footing and have greater learning opportunities for higher education, the job market and beyond.

Bringing Fiber Home to You & to the Farm

The fiber optic network will connect your home and farm with the rest of the world. Internet speeds will be significantly **faster** and more **reliable**. TV service will provide clear pictures unaffected by weather and will include favorite local programming like live high school sports. Prices will be very competitive.

And that's just the beginning!

Find out more at www.rsfiber.coop today!

 **Get the latest updates at www.facebook.com/RSFiber**

"Medical environments, including our homes, must have a reliable technical infrastructure to support each individual's health. The connectivity of fiber optics has limitless potential."

**-Kristin S. • Sibley County, MN
RS Fiber Cooperative Supporter**

"As the superintendent of a rural school, I am very excited about enhancing our quality of educational services through the establishment of fiber broadband in our area. I know without a doubt that it will mean greater capacity for our students to grow."

**-Tami M. • Gibbon, MN
RS Fiber Cooperative Supporter**

"Agriculture is the economic engine for Sibley & Renville Counties, and we need fast, reliable communication services that the rural area is currently not receiving. If we are left behind, it will cost us all more in the long term."

**-Curt B. • Grafton Township, MN
RS Fiber Cooperative Supporter**

Pledge Your Support Now!

Your pledge keeps this project moving. All you need to do is indicate which services you would sign up for when the network is constructed.

Already returned a card? Because of our new coop status, we need you to renew your support by simply filling out the updated pledge card.

Customer Contact Information:

Name: _____ Phone # _____

Address: _____ City _____ Zip Code _____

Email: _____

I, the undersigned, am authorized to pledge to buy the following services for this address.

____ Phone ____ Cable TV ____ Internet ____ Cell Phone

Signature _____ Date _____

Check one: The above address is in ____ City ____ Township

Name of City or Township _____ County _____

This is not a binding contract. It's a pledge of intent to purchase services

