

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

MINUTES

March 5, 2018

Kandiyohi County Health & Human Services Building, Willmar

- Present: Mark Boeschen, Travis Bonnema, Donna Boonstra, Bruce DeBlieck, Larry Kleindl, Brian Mort, Les Nelson, Ramsey Schaffnit and Donn Winckler
- Excused: Dean Bouta, Michelle Marotzke, Gregg Price and David Sisser
- Absent: Scott Froemming
- Guest: Dan Pecarina, CEO, Hiawatha Broadband Communications (via video call)
- Staff: Connie Schmoll, Business Development Specialist
- Secretarial: Nancy Birkeland, Legal & Administrative Assistants, Inc. (LAA)

Chairperson Mark Boeschen called the meeting to order at approximately 12:00 p.m. and stated a quorum was present.

[Dan Pecarina joined the meeting via video call.]

Hiawatha Broadband Communications. Connie Schmoll informed the committee they received her notes from her conversation with Dan Pecarina (see attached). Pecarina stated that in 1992-1993 LuminetK fiberoptic networks was started in Winona from a public/private partnership to provide enhanced teaching and learning for K-12 education and two universities and for some city locations where incumbents were not providing adequate services. In 1997, the board of LuminetK created a for profit company, Hiawatha Broadband Communications (HBC), to connect all homes in Winona to a wired network. Within two years, it had 1,500 customers. In 1999, HBC started delivering video/cable TV services; in 2000, high-speed data was added; in 2002, telephone was added; and in 2005, the first all fiber-to-the-home was done in Wabasha. HBC constructed and operates the RS Fiber Cooperative network, which has 10 cities in its service area, including Renville County. HBC competes with all incumbents. HBC runs fiber between towns and in rural areas. In 2011, HBC started providing HBC Air, which is broadband wireless services from fiber running to tower locations. HBC is in its third round of equipment for HBC Air and upgrades about every four years. HBC is now offering 25 Mbps and 50 Mbps off broadband wireless, which is typical service. HBC has 3,000 customers and 2,000 wired customers in cities. HBC started bringing towers closer to the customer via utility poles or structures close to homes. Some customers receive 30 Mbps download/25 Mbps upload, 50 Mbps download/25 Mbps upload and 100 Mbps download/25 Mbps upload services from such towers and 1 GB on other services. HBC has 115 employees and its own call center. Most of its marketing is word of mouth.

HBC looks at where it can provide services and fill gaps. A 600 mile fiberoptic ring covers most of southern Minnesota. HBC is partnering with Renville County to install a fiber ring around the county close to the southern border of Kandiyohi County. This project is half done. HBC is installing HBC Air towers in that area and is looking at expanding services around that area and into Kandiyohi County. There are no regulations for wireless services. Before offering television services, it must look at any franchise agreements. It also can provide telephone services and is providing those services in the area near Kandiyohi County. HBC goes after Tier 3 communities and becomes a part of those communities. HBC seeks out school systems to be one of its first customers.

HBC would look at providing services to the 12 townships south of Willmar. It would provide 1 GB service to each home within the cities south of Willmar. It does not serve more than 25 customers from a sector and tries to keep customers within 8 miles of a tower and sometimes 11 miles. Customers within five miles of a tower receive 50 Mbps download service and within eight miles, 25 Mbps. HBC installs fiber around a county just outside all of the cities and it serves the cities by doing a drop. It installs fiber to most of its towers.

Pecarina stated he met with the Minnesota Department of Employment and Economic Development (DEED) Office last Friday, whose representatives encouraged HBC to apply for a border-to-border broadband grant wherever it feels it makes sense. HBC did not apply for a grant in the last round. The state grants serve mostly rural areas. If HBC's grant applications are contested, it builds the grant around those contested areas, which is what it is doing in Renville County—it went around areas that might be contested. Most wireless companies cannot meet the speeds (cannot do speeds greater than 50 Mbps) or infrastructure needed to apply for the state grant. Incumbents are providing services over copper, which does nothing in the rural areas, but may do more within cities.

HBC would request:

- information on any easements from Kandiyohi County;
- an introduction to the townships;
- help getting to know the area;
- facilitation of meetings with the cities and townships;
- a letter of support from this committee, Kandiyohi County and the townships for any grant application; and
- help identifying any internal funds or other grant monies.

The estimated cost may be \$4,000 per pass. HBC wants to expand into more rural areas and it is not looking for an immediate payback, but rather, payback over an extended time. HBC would look at the number of homes in each city that could be served with 1 GB fiber. It may have some fiber drops between the cities and fiber along the county roads. HBC would look at the townships north of Highway 7 and would move north. Larry Kleindl noted County Roads 8 and 2 need upgrading. Without having done any engineering, Pecarina estimated the project would be \$1 million. HBC would do a grant application for 48% of the needed funds; it would need \$520,000 as its match. HBC has historically paid some or all of the match required. HBC's best projects are where a county and HBC both put in money for the grant match. HBC might consider a portion of the project going up to Highway 7 without local funds. Pecarina estimated the project would be

done over a couple of years. The four townships along the border of Renville County would be done first.

HBC would compete on the business side into Willmar, which would be a secondary project. HBC has never done a take rate and believes it can compete with any provider. HBC has a history of getting 30% of the customers in a community the size of Willmar the first year; 40% the second year and 50% after three years. It generally gets 30% the first year in smaller cities too.

Pecarina stated the time line over the next two to three months would be to get the introductions in place by mid-June; engineering completed for the first year of the build; and apply for the state grant in August. Pecarina estimated one to five meetings with the cities and townships be held to determine the interest by the residents. Pecarina has a copy of this committee's feasibility study.

HBC's price for 25 Mbps up and down is \$39 per month. HBC can swap out technology as necessary. In some of its service areas, HBC is in its third generation of technology. Pecarina provided some information on its television services. Early communication to potential customers is important as incumbents try to lock customers into long contracts. HBC does not do any contracts.

[The call with Pecarina was terminated.]

Kleindl indicated it would be difficult for the county to sign off on a wireless project. Members voiced concern about the right of first refusal for incumbents relative to the state grant. The committee recommended staying in contact with HBC and continuing to do due diligence. Kleindl stated the townships are meeting today and voted to keep broadband a priority. Each township will hold their annual meetings on March 13th. Schmoll will invite Pecarina to attend next month's meeting as well and asked that any questions committee members have for HBC be emailed to her before the next meeting.

MINUTES—

IT WAS MOVED BY Bruce DeBlieck, SECONDED BY Donn Winckler, to approve the minutes of the February 5, 2018 meeting as emailed. MOTION CARRIED.

UNFINISHED BUSINESS

Minnesota Rural Broadband Coalition. Schmoll reported she and Ramsey Schaffnit attended the Minnesota Rural Broadband Coalition meeting via video conference. A number of people have joined the Coalition, but not all are paying members. Schmoll will challenge them to separate the voting members from those who simply attend the meetings.

[Travis Bonnema was excused from the meeting.]

Judy Erickson has been hired by the Coalition and will be asking the state to for an additional \$54 million for the state grant program.

NEW BUSINESS

Broadband Day at the Capitol. Schmoll reported Broadband Day at the Capitol will be on Thursday, April 12, 2018. Anyone interested in attending should contact Schmoll as she will look at arranging transportation. The registration deadline is March 29, 2018.

Other. Donn Winckler thanked the committee and those who attended the legislative roundtable on broadband in Litchfield. Rep. Dave Baker and Rep. Dean Urdahl attended, as well as aides from Senator Klobuchar's office and Congressman Peterson's office. Schmoll reported Bill Coleman did a PowerPoint presentation and gave a definition of broadband and state standards. Chair Boesch suggested keeping in contact with David Krueger, Executive Director of Meeker Development Corp. as he is getting incumbents to the table.

ADJOURNMENT—There being no further business, the meeting was adjourned at approximately 1:05 p.m.

NEXT MEETING—The next committee meeting is 12 noon, Monday, April 2, 2018 at Kandiyohi County Health & Human Services Building, Willmar.

Hiawatha - Dan Pecarina

Hiawatha has fiber just south of the Kandiyohi County line on south end

Would offer gigabit service to Raymond, Prinsburg, Blomkest, and Lake Lillian

Would utilize assets in or just outside of towns for wireless

Speeds of 25/25 50/25 or 100/25 point to multipoint landsite - An Airmax small cell product

Far more capacity than other wireless providers

Hiawatha has their own backhaul to the internet

Wholesale and not relying on one technology

Hiawatha support for customers is optimal

Prices:

25/25 - \$39 month

50/25 - \$50 month

100/25 - \$69 month

Gigabit - \$89 month

Installation - \$100, With FTTH – no installation charge??? Dan not sure on this

Local, new wireless providers popping up here in K. County are not a problem for them

Says LTD bandwidth is limited

Dan is on Blandin Broadband Board