

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
JOINT OPERATIONS BOARD OF DIRECTORS (OB)
BROADBAND AND ADVANCED TECHNOLOGY COMMITTEE MEETING
MINUTES
April 6, 2015
EDC Board Room, Willmar

Present: Mark Boeschen, Dean Bouta, Kathy Dillon, Wes Hompe, Linda Kacher, Larry Kleindl, Jean Marthaler, Les Nelson, David Sisser and Donn Winckler

EDC Staff: Jean Spaulding, Assistant Director

Guest: Scott Froemming of Kandiyohi Power Cooperative

Excused: Mike Malone and Justin Mattern

Absent: Travis Bonnema, Bruce DeBlieck, Gary Geiger, Leslie Kelly and Jonathan Marchand

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

Jean Spaulding called the meeting to order at approximately 12 noon followed by self introductions.

MINUTES

IT WAS MOVED BY Donn Winckler, SECONDED BY Mark Boeschen, to approve the minutes of the February 2, 2015 meeting as emailed. MOTION CARRIED.

UNFINISHED BUSINESS

Broadband survey. Spaulding informed the committee she did not mail a survey to the Blomkest, Prinsburg and Svea areas as the printing cost was higher than expected at approximately \$500 and questioned whether it was a good value in relation to the information that would be obtained. If the survey is done, question 1 will be changed to "Who is your primary Internet provider?" and Winckler requested ranges for up speed and down speed. It was suggested one range could be less than 1 MB per second. Spaulding suggested there should be some follow up since the potential survey was published in the newspaper. Spaulding felt the committee would want to make sure survey results would be for a purpose—to assist a provider to determine a project area or to provide information to the providers that there is a need for upgrades. Spaulding contacted TDS as to possible plans for upgrading in their service areas, but TDS has no plans to upgrade. It was the committee's consensus not to do a survey at this time.

Blandin Foundation feasibility study. Spaulding indicated a survey becomes part of a feasibility study should one be done.

Alumnus Blandin Broadband Community. Spaulding stated the county was selected as an Alumnus Community by Blandin and will receive \$30,000 over a two-year period with a goal of expanding broadband. One brainstorming session was held and resulted in five next steps and potential projects, including WiFi on public transportation. CCT is interested in having WiFi on its buses, the United Way is interested in having WiFi for its Growmobile, area schools would like increased WiFi and Willmar may also be interested in having public WiFi areas in its city parks. New London-Spicer and Willmar's activity buses have WiFi. The next application deadline is in June.

Hackathon. Spaulding reported a grant application was submitted to Blandin Foundation to host a hackathon to be co-sponsored with Ridgewater College and WORKUP. A hackathon or hackfest is a weekend event where programmers that create device applications come up with ideas for community applications to solve a problem, i.e. an aquatic invasive species app. The grant funds would be used to continue the project after the hackathon is done. The event will be September 18-20, 2015. There is no cost to the programmers except for lodging. Ridgewater College will send students to the hackathon.

NEW BUSINESS

Meeting with Federated Telephone Cooperative. Spaulding reported she, Wes Hompe and Dean Bouta attended a meeting with Federated Telephone Cooperative (FTC). Bouta reported the meeting with Kevin Beyer of FTC was a very good meeting. FTC is doing projects in Lac Qui Parle, Big Stone and Stevens Counties and will be applying for broadband funds for Swift County. Any project in Swift County will depend upon receiving a state grant. FTC runs Fiber-to-the-Premises (FTTP) to every building in a county in a ring so it is redundant and has back up. Spaulding reported Lac Qui Parle County was FTC's first project and, in 2010, it received nearly \$10 million for infrastructure through The American Recovery and Reinvestment Act (ARRA). ARRA funding is no longer available. Beyer spoke about what it takes to deploy fiber into areas where there is low population density. FTC and Big Stone County received a \$3.92 million grant through the Minnesota Department of Employment and Economic Development (DEED) Border-to-Border Broadband Development Grant Program. The total project cost is \$7.92 million to provide service to 1,072 unserved premises in the communities of Barry, Beardsley and Johnson and rural parts of Big Stone County. The project will deploy this summer. Matching funds will be raised one-third through tax abatement bonds with the county loaning the bond proceeds to FTC, one-third via a cooperative using a USDA program for a 10-year loan; and one-third from private contributions. Beyer showed an interest in working in Kandiyohi County, dependent upon it receiving the Swift County project. Bouta stated FTC's equipment is scaled to 150,000 subscribers and, thus, it would like to add more subscribers to utilize its current equipment. FTC's return on investment is for a longer term than a for profit provider as it is more tied to the life of the asset than the return on investment (ROI) for a shareholder. Beyer was clear that the key to its success in this kind of deployment is receiving the 50% matching grant through the DEED program. TDS and Frontier have different decision making processes that are not locally represented and are based on

ROI. All providers are deploying fiber, but they will deploy it on their schedule depending on the need to improve infrastructure based on their ROI. Local providers will not change their current infrastructure until it can no longer be fixed. FTC is run by a board of local members who are invested in the community. FTC's board will be informed of Kandiyohi County's interest at its April 13 meeting. FTC deployed into Frontier and Century Link's areas in Lac Qui Parle County and it does not have a problem competing with area providers. Lac Qui Parle County did a shared cost and any lost revenue each month was equally divided for approximately 10 years with a cap for the county. FTC's approach in Kandiyohi County would be different as it would be a larger area than they have previously done. It would be a two-phase approach with a grant application for unserved and under served areas in the northern half of the county and another application for the southern half of the county. Areas served by Charter and TDS would be excluded in the Willmar, Spicer and New London areas. Scott Froemming stated Kandiyohi Power Cooperative is always looking for investment opportunities that make sense and interested in providing better services to its membership. FTC does not need a feasibility study and would base its modeling after the data. Beyer would consult with FTC's engineering staff on how to deploy in Kandiyohi County with all of its lakes. At Beyer's request, Spaulding will provide him with the number of unserved and under served buildings in Kandiyohi County per the Connect Minnesota map. Kandiyohi County has been helpful in providing GIS information. There are approximately 21,000 buildings in Kandiyohi County, which includes areas that are served. Spaulding contacted DEED's Department of Broadband Services as to the process for contesting the Connect Minnesota map. No other telco has gone up against TDS and its territories. TDS was resistant to doing upgrades in Monticello so the city of Monticello did it themselves after which TDS put in a competing FTTP system, under priced the city's fiber and sued the city. FTC has one set price for its bundled services (\$125 per month for phone, cable/TV, internet) and does not get into price wars. Users do not have to bundle services with FCT. Committee members felt it would be wise for this committee to advocate for FTC. FTC's difference will be good quality service that cannot be done by the local providers.

[Wes Hompe joined the meeting]

Larry Kleindl stated the county's involvement will be dependent upon the cost. FTC's modeling is a loan from the county. Swift County's application has the support of its county board and includes RDCs and connecting five counties with fiber which helped improve its scoring. FTC's estimated cost for FTTP is \$7,500 as opposed to the local providers' estimates of \$20,000 per home.

Spaulding reported that at Rep. Dave Baker's request, she emailed TDS and Frontier asking what it would take for them to deploy fiber in the county. TDS has not responded. Spaulding will forward Frontier's response to the committee, which included a comment that Frontier had partnered on applications with northern Minnesota communities.

Next steps include Spaulding providing FTC with the number of unserved and under served buildings in Kandiyohi County. Committee members recommended sending a letter of support from this committee to FTC's board of directors, assistance with moving Swift County's project along, contesting Connect Minnesota's map as to the areas around the county's lakes, public awareness of what this committee is doing and making sure the county is aware of the

broadband problem. FTC wanted to know the mood of the county board. FTC was informed there were no known roadblocks, the county board knows the issues and this committee is looking for someone to solve the issues. Spaulding noted the committee's philosophy has been to work with a current provider, but none have been interested. In the future, citizens may be encouraged to voice their concerns to their county commissioners. Spaulding will inform the EDC boards of this committee's work. Hompe stated it will be a few years before anything happens with FTC so this committee has the time to build a foundation.

NEXT MEETING—The next meeting is 12 noon, Monday, May 4, 2015 in the board room at the EDC, 222 20th Street SE, Willmar.

ADJOURNMENT—There being no further business, the meeting was adjourned at approximately 1:11 p.m.