



# Nez Perce

## TRIBAL EXECUTIVE COMMITTEE

P.O. BOX 305 • LAPWAI, IDAHO 83540 • (208) 843-2253

August 12, 2009

Kevin Owen  
First Step Internet  
1420 S Blaine St  
Moscow, ID 83843

Dear Mr. Owen:

The Nez Perce Tribe is pleased to support the First Step Internet application for middle mile telecommunications enhancement across north central Idaho. In addition, the recent collaboration that will enhance both the Nez Perce Tribe's Broadband Initiatives Program application and First Step Internet's Broadband technology Opportunities Program application.

Broad band connectivity is widely recognized as an increasingly important infrastructure for rural communities and regions like north central Idaho. Connectivity can be linked to success in education, healthcare delivery, public safety and economic opportunity. Currently, the coverage of broadband is intermittent; topographic challenges and costs of build out are limiting factors for the private sector. Through partnership and collaboration with First Step Internet this proposed broadband network will benefit residents, businesses and public sector entities.

The Nez Perce Tribe supports your efforts to build additional broadband infrastructure capacity within the region.

Sincerely,

Samuel N. Penney  
Chairman

NP 09-429

## RESOLUTION

WHEREAS, the Nez Perce Tribal Executive Committee has been empowered to act for and in behalf of the Nez Perce Tribe, pursuant to the Revised Constitution and By-Laws, adopted by the General Council of the Nez Perce Tribe, on May 6, 1961 and approved by the Acting Commissioner of Indian Affairs on June 27, 1961; and

WHEREAS, the Nez Perce Tribe is a federally recognized Indian Tribe that provides essential government services on and adjacent to the Nez Perce Reservation;

WHEREAS, the Tribe has developed a large wide area wire network for services necessary to operate for business, emergency response, law enforcement.

NOW, THEREFORE, BE IT RESOLVED, that the Nez Perce Tribal Executive Committee (NPTEC) does hereby authorize the Memorandum of Understanding with First Step Internet to expand the Nez Perce Tribes wide area wireless network; and

BE IT FURTHER RESOLVED, that the NPTEC Chairman and Secretary are authorized to sign the required correspondence and documents to execute MOU with first Step Internet; and

BE IT FINALLY RESOLVED that the NPTEC Treasurer is hereby authorized to disburse funds accordingly.

## CERTIFICATION

The foregoing resolution was duly adopted by the Nez Perce Tribal Executive Committee meeting in Special Session, August 11, 2009, in the Richard A. Halfmoon Council Chambers Lapwai, Idaho, and a quorum of its members being present and voting.

BY: McCoy Oatman  
McCoy Oatman, Secretary

ATTEST:

Samuel N. Penney  
Samuel N. Penney, Chairman

Uniform Relocation Assistance and Real Property Acquisition  
Policies Act of 1970 Certification

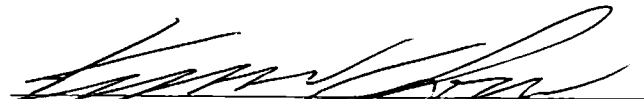
U.S. Department of Agriculture  
Broadband Initiatives Program

We, First Step Internet, LLC \_\_\_\_\_ (the Applicant) assure the U.S. government that we will comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, 42 U.S.C. §4601 *et seq.*, and with implementing federal regulations in 49 C.F.R. Part 24 and 7 C.F.R. Part 21.

Specifically, we assure that whenever Federal financial assistance is used to pay for any part of the cost of a program or Project which will result in the displacement of any person:

- (a) Fair and reasonable relocation payments and assistance shall be provided to or for displaced persons in accordance with sections 202, 203, and 204 of the Uniform Act;
- (b) Relocation assistance programs offering the services described in section 205 of the Uniform Act shall be provided to displaced persons; and
- (c) Within a reasonable period of time prior to displacement, comparable replacement dwellings will be available to displaced persons in accordance with section 205(c) (3) of the Uniform Act.

08/13/2009 \_\_\_\_\_  
(Date)

  
(Authorized Representative's Signature)

Kevin W. Owen \_\_\_\_\_  
Name:

etnt \_\_\_\_\_

*Real Property*

## Equal Opportunity and Nondiscrimination Certification

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### U.S. Department of Agriculture Broadband Initiatives Program

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All loans and grants made under the Broadband Initiatives Program are subject to the nondiscrimination provisions of Title VI of the Civil Rights Act of 1964, as amended, (7 C.F.R. Part 15); Section 504 of the Rehabilitation Act of 1973, as amended, (29 U.S.C. 901 *et seq.*; 7 C.F.R. Part 15b); and the Age Discrimination Act of 1975, as amended (42 U.S.C. 6101 *et seq.*; 45 C.F.R. Part 90), and Executive Order 11375, Amending Executive Order 11246, Relating to Equal Employment Opportunity (3 C.F.R. 1966, 1970).

All recipients of financial assistance from Rural Development, the prospective primary participant commits to carry out Rural Development's established policy to comply with the requirements of the above laws and executive orders to the effect that no person in the United States shall, "on the basis of race, color, national origin, handicap, or age, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under the Broadband Initiatives Program.

We First Step Internet, LLC (the Applicant) hereby certify that, as a prospective recipient under the said Broadband Initiatives Program, we will comply with the above referenced laws and executive orders.

08/13/2009

(Date)

  
(Authorized Representative's Signature)

Kevin W. Owen  
Name:

President

Title:

Certification Regarding Debarment, Suspension, and Other Responsibility Matters –  
Primary Covered Transactions

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U.S. Department of Agriculture  
Broadband Initiatives Program

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This certification is required by the regulations implementing Executive Order 12549, *Debarment and Suspension*, 7 C.F.R. § 3017.510, *Participants' Responsibilities*.

- (1) We, First Step Internet, LLC (the Applicant) (hereinafter the "Company") hereby certify to the best of our knowledge and belief that neither the Company, nor any of its principals:
- (a) are presently debarred, suspended, proposed for Debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
  - (b) have within a 3-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
  - (c) are presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
  - (d) have within a 3-year period preceding this Application had one or more public transactions (Federal, State, or local) terminated for cause or default.
- (2) If we are unable to certify to any of the statements in this certification, we shall attach an explanation hereto.

08/13/2009  
(Date)

  
(Authorized Representative's Signature)

Kevin W. Owen  
Name:

President

Kevin Owen  
President & CEO  
Executive

Mike Hall  
Area Sales  
Manager  
Executive

Shannon Owen  
Controller  
Executive

Jason Frawley  
Outside Plant  
Engr.  
Wireless

Bill Moore  
Director of  
Technology  
Executive

David Camden-  
Britton  
Technical Support  
II  
Technical Support

Peter Weidert  
Business  
Development  
Specialist  
Sales

Lori Middleton  
Customer Service  
Manager  
Billing

Brian Renfro  
Wireless Installer  
Wireless

Dustin Thomas  
Programmer/  
Database  
Administrator  
Web Development

Mike Harshbarger  
System  
Administrator  
System  
Administration

Eric Flanery  
Network Engineer  
NOC

Andrew Morris  
Technical Support II  
Technical Support

Eric Henson  
Technical Support  
Technical Support

Aaron Stenzel  
Business  
Development  
Specialist  
Sales

Jessica Reed  
Customer Service  
Rep.  
Billing

Nick Alexander  
Outside Plant Engr.  
Wireless

Alisa Bozer  
Programmer  
Web Development

Sam Naugler  
System  
Administrator  
System  
Administration

Nathan Anderson  
Network Engineer  
NOC

John Kirkland  
Technical Support  
Technical Support

Matthew Cernik  
Technical Support  
Technical Support

Leslie Rounds  
Receptionist  
Billing

Michael French  
Wireless Installer  
Wireless

Joe Savoy  
Sales/Graphic Artist  
Web Development

Tony Burt  
System  
Administrator  
System  
Administration

Aaron Bronson  
Network Engineer  
NOC

Joseph Gentry  
Technical Support  
Technical Support

Brian Hensley  
Technical Support  
Technical Support

Steve Bacon  
Wireless Installer  
Wireless

Tabitha Simmons  
Technical Support  
Technical Support

Jace Wrigley  
Technical Support  
Technical Support

Matt Renfro  
Wireless Installer  
Wireless

Aaron Westgate  
Technical Support  
Technical Support

Jordan Smith  
Wireless Installer  
Wireless

Robert Culbreth  
Wireless Installer  
Wireless

## ATTACHMENT E – PROJECT PLAN (KEY PHASES AND MILESTONES TO DEMONSTRATE DEGREE OF COMPLETION)

- Use the following table to list the major network build-out phases and milestones that can demonstrate that your entire project will be substantially complete by the end of Year 2 and fully complete by the end of Year 3. This is to be done at the aggregate level (combining all proposed funded service areas.)
- Indicate how the milestones listed below will demonstrate these completion objectives. The applicant should consider such project areas as: a) network design; b) securing all relevant licenses and agreements; c) site preparation; d) equipment procurement; e) inside plant deployment; f) outside plant deployment; g) equipment deployment; h) network testing; i) network complete and operational. The applicant may provide any other milestones that it believes showcase progress.
- Project inception (Year 0) starts at the date when the applicant receives notice that the project has been approved for funding.
- In the table, provide any information (e.g., facts, analysis) to: a) demonstrate the reasonableness of these milestones; b) substantiate the ability to reach the milestones by the quarters indicated.
- On a separate sheet, describe the key challenges, if any, to a timely completion of the project, including any applicable mitigation plans.

Time Period	Quarter	List All Relevant Milestones	Support for Reasonableness/Data Points
Year 0	-	Final network plan, sign relevant contracts for construction, secure all necessary lease or purchase agreements, finalize equipment purchase agreements, final negotiations for anchor tenant services and sign contracts, get final county approval for sites	As we head into the winter months, it will be necessary to get all site plans and approvals in place. We will not be able to complete any large tower construction due to access until Qtr. 2.
Year 1	Qtr. 1	Order tower components	Depending on backlog of orders, it may take 8-12 weeks for towers to arrive. Year 1 will focus on the core network build-out and development
	Qtr. 2	Build and complete Lewiston tower site Build and complete Grangeville tower site Build and complete Winchester grade tower site Order core network radios/components	Past tower construction has averaged 1 month for site prep, foundation work, tower erection, building set, electrical hook up, building readiness. If we can start in April, we will have the 6 major towers completed by the end of Qtr. 3 Actual order of tower builds may change due to environmental conditions
	Qtr. 3	Build and complete West Twin tower site Build and complete Spud Hill tower site Build and complete Cottonwood Butte tower site Begin installation of core network on towers completed in Qtr. 2	There are 15 core paths to build. Typical path build-out including testing of link takes 1 week. By budgeting 24 weeks we will have plenty of time for access and site delay contingencies.
	Qtr. 4	By end of Qtr 4. All major tower construction complete with core network installed and tested.	

Year 2	Qtr. 1	Begin anchor tenant installs to core network. Complete installation and testing of 16 paths	There are 52 anchor tenant paths to build. Average build-out including testing is .75 weeks.
	Qtr. 2	Complete installation and testing of 16 paths	Actual order of anchor installs will be determined by site readiness, customer readiness and access.
	Qtr. 3	Complete installation and testing of 16 paths	
	Qtr. 4	Complete installation and testing of final 4 anchor paths. Final testing on complete operational network.	104 week complete project build out. 6 major tower sites, 67 radio paths
Year 3	Qtr. 1	•	•
	Qtr. 2	•	•
	Qtr. 3	•	•
	Qtr. 4	•	•



## ATTACHMENT E (CONTINUED) – BUILD-OUT TIMELINE

Complete the following schedule for each proposed funded service area ( or, if a middle mile project, for each last mile service area) to indicate the planned build-out in terms of: 1) the requested infrastructure funds; and 2) the entities passed. Entities passed include households, businesses, and "strategic institutions" comprised of critical community facilities, community anchor institutions, and public safety entities. In addition, please complete a separate schedule that aggregates all projected broadband subscribers within the proposed funded service area (or if a middle mile project, for each last mile service area). For BIP only, please include this information for the non-funded service areas as well.

[illegible]

Certification Regarding Architectural Barriers

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U.S. Department of Agriculture  
Broadband Initiatives Program

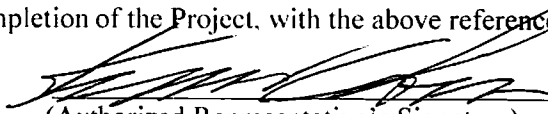
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All facilities financed with Rural Development loans that are open to the public, or in which physically handicapped persons may be employed or reside, must be designed, constructed, and/or altered to be readily accessible to, and usable by, handicapped persons. Standards for these facilities must comply with the Architectural Barriers Act of 1968, as amended, 42 U.S.C. §4151 *et seq.*) and with the Uniform Federal Accessibility Standards (UFAS), (Appendix A to 41 C.F.R. subpart 101-19.6).

As a prospective primary participant recipient of financial assistance from Rural Development, this organization commits to carry out Rural Development's established policy to comply with the requirements of the above referenced law to the effect that all facilities must be readily accessible to and usable by handicapped persons.

We, First Step Internet, LLC (the Applicant) hereby certify that, as a prospective recipient under the Rural Broadband Access Loan and Loan Guarantee Program, we are in compliance, or will be in compliance upon completion of the Project, with the above referenced law.

08/13/2009  
(Date)

  
(Authorized Representative's Signature)

Kevin W. Owen  
Name:

President  
Title:

**ASSURANCES - CONSTRUCTION PROGRAMS**

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0042), Washington, DC 20503.

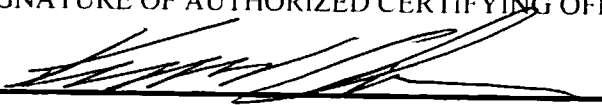
**PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.**

NOTE: Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the Awarding Agency. Further, certain Federal assistance awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance, and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project costs) to ensure proper planning, management and completion of the project described in this application.	8. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. 4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900. Subpart F).
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the assistance; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.	9. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
3. Will not dispose of, modify the use of, or change the terms of the real property title, or other interest in the site and facilities without permission and instructions from the awarding agency. Will record the Federal interest in the title of real property in accordance with awarding agency directives and will include a covenant in the title of real property acquired in whole or in part with Federal assistance funds to assure non-discrimination during the useful life of the project.	10. Will comply with all Federal statutes relating to non-discrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. 1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. 6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) 523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. 290 dd-3 and 290 ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3601 et seq.), as amended relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.
4. Will comply with the requirements of the assistance awarding agency with regard to the drafting, review and approval of construction plans and specifications.	
5. Will provide and maintain competent and adequate engineering supervision at the construction site to ensure that the complete work conforms with the approved plans and specifications and will furnish progress reports and such other information as may be required by the assistance awarding agency or State.	
6. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.	
7. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.	

11.	Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal and federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.		National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in flood plains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. 7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
12.	Will comply with the provisions of the Hatch Act (5 U.S.C. 1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.		
13.	Will comply, as applicable, with the provision of the Davis-Bacon Act (40 U.S.C. 276a to 276a-7), the Copeland Act (40 U.S.C. 276c and 18 U.S.C. 874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333) regarding labor standards of federally assisted construction subagreements.	16.	Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. 1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
14.	Will comply with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.	17.	Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. 469a-1 et seq.).
15.	Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the	18.	Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133, A Audits of States, Local Governments, and Non-Profit Organizations.®
		19.	Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL 		TITLE President	
APPLICANT ORGANIZATION First Step Internet, LLC		DATE SUBMITTED 08/13/2009	

Certification Requirements for BTOP

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U.S. Department of Commerce  
Broadband Technology Opportunities Program

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I certify that I am the duly authorized representative of the applicant organization, and that I have been authorized to submit the attached application on its behalf. A copy of the applicant organization's authorization for me to submit this application as its official representative is on file in the applicant's office, and I am identified as the applicant organization's Authorized Organization Representative (AOR) in the Central Contractor Registration database. By signing this certification, I certify that the statements contained in the application are true, complete, and accurate to the best of my knowledge, and that if an award is made, the applicant organization will comply with all applicable award terms and conditions.

8/12/2009

(Date)

  
(Authorized Representative's Signature)

Kevin W. Owen  
Name:

President  
Title:

IRWIN, MYKLEBUST, SAVAGE & BROWN, P.S.

DAVID W. SAVAGE\*†  
KELLY N. BROWN\*  
JANE T. VON FRANK\*\*  
COLLEEN A. HARRINGTON\*  
ROBERT W. REMBERT\*  
G. HOWARD UTZMAN\*  
LL.M. NYU (Tax)

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www.imsblaw.com

KENNETH B. MYKLEBUST  
Of Counsel

CLAUDE K. IRWIN  
1912-2005

e-mail: savage@imsblaw.com

\* ALSO ADMITTED IN IDAHO  
\*\* ALSO ADMITTED IN MASSACHUSETTS  
† ALSO ADMITTED IN MONTANA

August 12, 2009

Administrator  
Rural Utilities Service  
U. S. Department of Agriculture  
Washington, D.C. 20250-1500

Assistant Secretary  
National Telecommunications and Information Administration  
U.S. Department of Commerce  
Washington, D.C. 20230

RE: FIRST STEP INTERNET, LLC

Dear Sirs:

We are general counsel for First Step Internet, L.L.C., the *Applicant*, an Idaho limited liability company. In such capacity, we acted as counsel to the *Applicant* in connection with its ability to apply to the Broadband Initiatives Program and the Broadband Technology Opportunities Program and in the review of the loan and grant agreements as referenced in the Notice of Funds Availability.

We are of the opinion that:

- (a) The *Applicant* is a duly organized and existing limited liability company under the laws of the State of Idaho.
- (b) As a limited liability company, the *Applicant* has the power to (i) execute and deliver the grant and/or loan agreements and (ii) to perform all acts required to be done by it under the same.
- (c) No legal proceedings have been instituted or are pending against the *Applicant*, the outcome of which would adversely affect the *Applicant's* ability to perform its duties under the loan or loan/grant agreement, or adversely affect the security to be pledged under the loan agreement, and there are no judgments against the *Applicant* and no liens against any of the real and personal property of the *Applicant* which would adversely affect the security to be pledged under the loan or loan/grant agreement.

U.S.D.A.  
U.S.D.C.  
August 12, 2009  
Page 2

- (d) The *Applicant* has the power to own its property and carry out its business as now conducted.

Yours very truly,

IRWIN MYKLEBUST SAVAGE & BROWN, P.S.

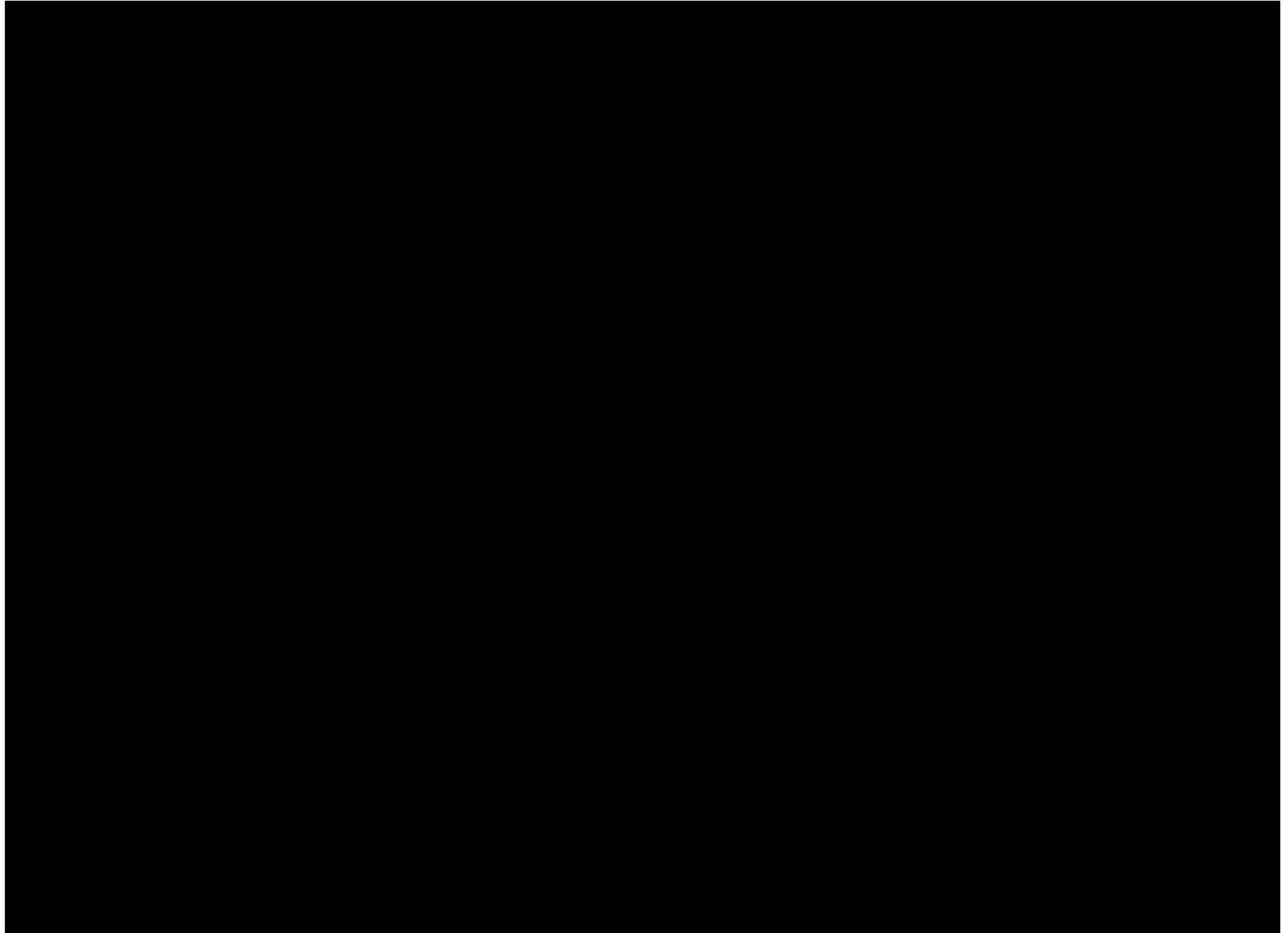
A handwritten signature in black ink, appearing to be "David W. Savage", written over a horizontal line.

David W. Savage

DWS:amm

cc: K. Owen, President FSI (via email)  
07/ZSLLCFSI081109 Legal Op Ltr

## Proposed Network Core





11 Pages

Withheld in their entirety  
pursuant to FOIA Exemption 4  
(5 U.S.C. § 552 (b)(4))

**FIRST STEP INTERNET, LLC**  
**Moscow, Idaho**

**AUDITED FINANCIAL STATEMENTS**

**For The Years Ended December 31, 2008 and 2007**

**FIRST STEP INTERNET, LLC**  
**Moscow, Idaho**

**AUDITED FINANCIAL STATEMENTS**

**For The Years Ended December 31, 2008 and 2007**

**HAYDEN & ROSS, P.A.**  
**Certified Public Accountants**  
**Moscow, Idaho**

**FIRST STEP INTERNET, LLC**  
**Moscow, Idaho**

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12 Pages

Withheld in their entirety  
pursuant to FOIA Exemption 4  
(5 U.S.C. § 552 (b)(4))

**FIRST STEP INTERNET, LLC**  
**Moscow, Idaho**

**AUDITED FINANCIAL STATEMENTS**

**For The Year Ended December 31, 2007**

**FIRST STEP INTERNET, LLC**  
**Moscow, Idaho**

**AUDITED FINANCIAL STATEMENTS**

**For The Year Ended December 31, 2007**

**HAYDEN & ROSS, P.A.**  
**Certified Public Accountants**  
**Moscow, Idaho**

**FIRST STEP INTERNET, LLC**  
**Moscow, Idaho**

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12 Pages

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(5 U.S.C. § 552 (b)(4))

**Broadband Infrastructure Application Submission  
to RUS (BIP) and NTIA (BTOP)**

**Network Design and Implementation Plan Certification (to be complete for projects requesting  
more than \$1 million in federal assistance)**

**U.S. Department of Agriculture and U.S. Department of Commerce  
BIP and BTOP Program**

We the undersigned, certify that the proposed broadband system will work as described in the System Design and Network Diagram sections, and can deliver the proposed services outlined in the Service Offerings Section. Moreover, the system, as designed, can meet the proposed build-out timeframe based on the resources designated in Project Viability Section, and will be substantially complete in two years, and complete within three years.

08/11/2009

(Date)

  
(Authorized Representative's Signature)

Kevin W. Owen

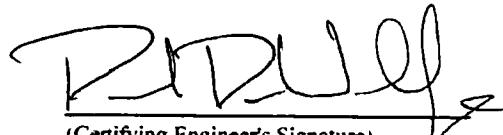
Name:

President

Title:

08-11-2009

(Date)

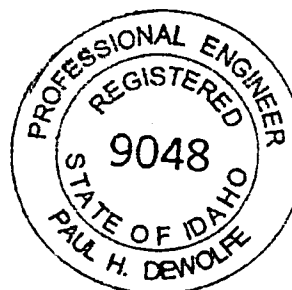
  
(Certifying Engineer's Signature)

Paul H. DeWolfe, PE

Name:

Principal

Title:



## General Budget Overview

[illegible]



## **Budget Narrative**

**Applicant Name: First Step Internet, LLC**

**EasyGrants Number: 643**

**Organization Type: For-Profit Corp**

**Proposed Period of Performance: 1/2010 – 12/2012**

**Total Project Costs: \$2,992,029**

**Total Federal Grant Request: \$2,393,623**

**Total Matching Funds (Cash): \$598,406**

**Total Matching Funds (In-Kind): \$0**

**Total Matching Funds (Cash + In-Kind): \$598,406**

**Total Matching Funds (Cash + In-Kind) as Percentage of Total Project Costs: % 20%**

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### **1. Administrative and legal expenses - \$149,950**

- List breakout of position(s), time commitment(s) such as hours or level-of-effort, and salary information/rates with a detailed explanation, and additional information as needed.

Hayden / Ross- contracted accounting firm. \$30,000 Hayden / Ross is being contracted to complete the required annual full financial audit. They will completed the audits at a cost of [REDACTED]

Palouse Hills Accounting – contracted accounting firm \$49,200. Palouse Hills Accounting will be hired to assist with the additional reporting requirements and project financial compliance. [REDACTED]

Irwin, Myklebust, Savage & Brown- contracted legal firm \$22,750 IMSB will be contracted to review all legal documents and address all site lease agreements. [REDACTED]



**First Step A/P & A/R \$48,000 – First Step will have a full time employee handling the accounts payable and accounts receivable for the duration of the project. Estimated 1,920 hours @ \$25/hour**

**- Provide description, calculation, and basis of evaluation for Cash Matching Funds.**

**The entire \$149,950 of these expenses will be cash match from available cash match funds.**

## **2. Land, structure, rights-of-way, appraisals, etc. - \$430,230**

**- Provide description of estimated costs, proposed activities, and additional information as needed.**

**Outside costs from detailed project cost: \$348,230**

OUTSIDE PLANT		cost/unit	# of units	\$	
				<b>348,230.00</b>	
<b>Cables</b>	cat5e	\$ 140.00	10	\$ 1,400.00	network cable necessary to connect equipment together for networking
<b>Towers</b>	Rohn 100'	\$ 40,600.00	6	\$ 243,600.00	core tower locations
	Rohn 50'	\$ 14,907.50	4	\$ 59,630.00	secondary network tower locations
<b>Other</b>	Equipment Rental	\$ 10,000.00	1	\$ 10,000.00	temporary equipment rental for construction
<b>Other</b>	Power systems	\$ 2,400.00	14	\$ 33,600.00	power for core distribution

**Building costs from detailed project cost: \$82,000**

BUILDINGS					\$82,000	
<b>Pre-Fab Huts</b>	shipping containers	yes	9000	6	54000	equipment housing
	exterior cabinets	yes	4000	4	16000	equipment housing
<b>Other</b>	Bennett Lumber	yes	500	24	12000	temporary rental of storage facility

**- Provide description, calculation, and basis of evaluation for Cash Matching Funds.**



**\$22,000 of this expense category will be cash matching with funds coming from the available cash matching pool.**

**- Provide description, calculation, and basis of evaluation for In-Kind Matching Funds.**

**No in-kind**

### **3. Relocation expenses and payment**

**- Provide explanation for the relocation, description of the person involved in the relocation, method used to calculate costs, and additional information as needed.**

**N/A**

### **4. Architectural and engineering fees - \$21,700**

**- Provide description of estimated fees, explanation of proposed services, and additional information as needed.**

**Access Consulting: \$1,700 Access Consulting was hired to provide the required pre-application engineering approval for projects over \$1.0 million as required by the NOFA.**

**Wireless Mapping Company: \$20,000 Wireless Mapping Company was hired for pre-project broadband mapping to determine un/under-served communities by census blocks.**

**- Provide description, calculation, and basis of evaluation for Cash Matching Funds.**

**All \$21,700 will be cash match from available cash match funds.**

**- Provide description, calculation, and basis of evaluation for In-Kind Matching Funds.**

**No in-kind**

### **5. Other architectural and engineering fees**

**- Provide description of estimated fees, explanation of proposed services, and additional information as needed.**





**N/A**

## **6. Project inspection fees**

- Provide description of estimated fees, explanation of proposed services, and additional information as needed.

**N/A**

## **7. Site work - \$20,000**

- Provide description of estimated fees, explanation of proposed services, and additional information as needed.

**Rathbun Communications: \$20,000** Rathbun Communications will be hired to complete the initial ground site preparation for the 6 core tower locations. The work is estimated to take [REDACTED] The time necessary at each location will vary with soil and vegetation conditions.

- Provide description, calculation, and basis of evaluation for Cash Matching Funds.

**No cash match**

- Provide description, calculation, and basis of evaluation for In-Kind Matching Funds.

**No in-kind match**

## **8. Demolition and removal**

- Provide description of estimated fees, explanation of proposed services, and additional information as needed.

**N/A**

## **9. Construction - \$1,021,226**

- Provide description of estimated fees, explanation of proposed services, state whether the work is being completed by the applicant or an outside contractor, and additional information as needed.



The construction labor estimates provided are First Step employees. The Project manager will be responsible for all management functions related directly to the project build and its timely completion. These tasks will involve, working daily with the crew to ensure they have the appropriate daily schedules and task lists. Directing the project flow to ensure that project milestones are appropriately met. Work with the equipment procurement staff to ensure proper levels of inventory are on hand. Coordinate on-site work and access with land owners and anchor tenants. Report directly to CEO/President on project status. The Equipment manager will be directly responsible for working with the vendors to coordinate all shipping and receiving functions as well as order placement, inventory management/control, and internal purchase order processing.

**First Step Internet, LLC Project manager \$70,000. 1 full-time salaried employee**

**First Step Internet, LLC Equipment manager \$36.56/hour \* 3,840 hours = \$140,390.**

Travel costs for employees while away from home on extended project. This is necessary as portions of our network will be nearly 4 hours from home base.  
Estimated 2 employees @ \$125/day = \$250/day \* 50 days = \$12,500

The outside plant crew will work an estimated 15,360 hours @ \$41.20/hour to complete the project tasks. The project involves building 10 new tower sites and installing 69 point to point microwave radio paths. The work also includes installing the necessary network switches and routers to complete the network paths. The network engineers will work an additional 3,840 hours @ \$24.20/hour. The network engineers will be programming radios, configuring switches and addressing the routing tables and other necessary work on the routers, switches and radios. This work will be completed over a 2 year time period.

**First Step Internet, LLC construction crew: \$798,336**

**Detailed hourly employee estimates:**

outside plant	
hourly rate	41.2
labor hours/year	1920
number of years	2
number of guys	4
subtotal	\$632,832

network engineers	
hourly rate	24.20
labor hours/year	1920
number of years	2
number of guys	1
subtotal	\$92,928
total	\$725,760





tax	\$72,576
total	\$798,336

**- Provide description, calculation, and basis of evaluation for Cash Matching Funds.**

**\$222,890 of the construction labor expense will be cash match and will be paid out of the available cash matching fund.**

**- Provide description, calculation, and basis of evaluation for In-Kind Matching Funds.**

**No in-kind match**

## **10. Equipment - \$1,251,330**

**- Provide list of equipment with description, number of units, unit cost, state whether it is being purchased or leased, and additional information as needed.**

**All equipment is being purchased. There is no leased equipment.**

NETWORK & ACCESS EQUIPMENT		Unit Cost	# of Units	\$613,970	
Switching	Dell 5424	600	45	27000	network switching at inconnection points on network
Routing	Juniper Router /cards	80000	1	80000	primary pop connection to fiber network
	Mikrotik RB1000	700	28	19600	network routing
	Mikrotik 450g	150	71	10650	network routing and handoff
Transport	Dragon Wave Horizon Compact	21500	22	473000	core network backhaul
Other	DLI reboot switches	120	31	3720	remote power control
BILLING SUPPORT AND OPERATIONS SUPPORT SYSTEMS				\$80,000	
Billing Support Systems	Playtypus Billing package	80000	1	80000	network enhanced billing and support management



SERVICE AREA or COMMON NETWORK FACILITIES:					
OPERATING EQUIPMENT				<b>\$90,100</b>	
Vehicles	Toyota Tundra	35000	1	35000	construction vehicle
	Fuel	6700	2.985074	20000	Fuel usage for construction vehicles
	Insurance for vehicles	150	24	3600	Monthly insurance for construction vehicles
	Repair and Maintenance	6500	1	6500	Repair & Maint. for construction vehicles
	Yamaha Rhino	25000	1	25000	remote tower access vehicle
TESTING				<b>\$15,000</b>	
Test Generators	Fieldfox cable sweep test/gen	7500	2	15000	infield cable, RF and antenna testing equipment
CUSTOMER PREMISE EQUIPMENT				<b>\$452,260</b>	
Modems	Redline An-80	8000	47	376000	anchor tenant connections (CPE)
Other	Miscellaneous	76,260	1	76260	Misc. connectors, fasteners, tape, paint, hand tools, etc

- Provide description, calculation, and basis of evaluation for Cash Matching Funds.

**\$173,866 will be cash match from the available cash matching fund.**

- Provide description, calculation, and basis of evaluation for In-Kind Matching Funds.

## **11. Miscellaneous - \$97,593**

- Provide additional information as needed.

**First Step Internet, LLC \$8,000 First Step incurred/allowed fringe benefit cost of project build. Explanation of cost calculation is provided in the addendum.**



**State of Idaho Sales and Use Tax - \$89,593 sales/use tax on hardware purchased. Not all products will be charged sales tax of 6% from the vendor upon acquisition. Idaho State requires a Use Tax to be paid by businesses on all items purchased for use in the business that are not charged sales tax at time of purchase. The Use Tax rate is the same as the sales tax rate of 6%. For clarity and consistency throughout the project, a flat fee of 6% was added to the equipment cost of the project and delineated here.  $\$1,493,200$  taxable equipment purchases \* 6% = \$89,593.**

**- Provide description, calculation, and basis of evaluation of Cash Matching Funds.**

**\$8,000 will be cash match coinciding with costs associated with this project and will be paid out of the available cash match fund.**

**- Provide description, calculation, and basis of evaluation of In-Kind Matching Funds.**

### **Addendum**

**- If indirect costs (i.e., indirect, overhead, general and administrative, facilities and administration, etc.) and/or fringe benefits are included in the budget, please provide a copy of your existing Negotiated Indirect Cost Recovery Agreement (NICRA), if available. If the NICRA is applied accordingly in the budget, there is no need to justify the costs. If a NICRA is not available or is not consistent with the rates/calculations in the budget, please provide an explanation of how the amounts were calculated. Please clearly list the manner in which indirect costs are calculated in the budget.**

**An overall project fringe benefit rate of \$8,000 was applied to this project. This rate was provided to us by NTIA review staff in consultation with Booz-Allen. Our rate is a reasonable estimation of what the NICRA will be. The NICRA has not yet been determined and approved. Upon award, First Step will work directly and immediately with the appropriate agency.**

**DETAIL OF PROJECT COSTS**

PLEASE COMPLETE THE TABLE BELOW FOR THE DIFFERENT CATEGORIES OF EQUIPMENT THAT WILL BE REQUIRED FOR COMPLETING THE PROJECT. EACH CATEGORY SHOULD BE BROKEN DOWN TO THE APPROPRIATE LEVEL FOR IDENTIFYING UNIT COST

SERVICE AREA or COMMON NETWORK FACILITIES:		Eligibility (Yes/No)	Unit Cost	No. of Units	Total Cost	Support of Reasonableness
<b>NETWORK &amp; ACCESS EQUIPMENT</b>					<b>\$613,970</b>	
Switching	Dell 5424	yes	600	45	27000	Inconnection points and network
					0	
					0	
Routing	Juniper Router /cards	yes	80000	1	80000	primary pop connection to fiber
	Mikrotik RB1000	yes	700	28	19600	network routing
	Mikrotik 450g	yes	150	71	10650	network routing and handoff
Transport	Dragon Wave Horizon Comp	yes	21500	22	473000	core network backhaul
					0	
					0	
Access					0	
					0	
					0	
Other	DLI reboot switches	yes	120	31	3720	remote power control
					0	
					0	
<b>OUTSIDE PLANT</b>					<b>\$348,230</b>	
Cables	cat5e	yes	140	10	1400	network cable
					0	
					0	
Conduits					0	
					0	
					0	
Ducts					0	
					0	
					0	
Poles					0	
					0	
					0	
Towers	Rohn 100'	yes	40600	6	243600	core tower locations
	Rohn 50'	yes	14907.5	4	59630	secondary network tower locations
					0	
Repeaters					0	
					0	
					0	
Other	Power systems	yes	2400	14	33600	power for core distribution
	Hahn Rental	yes	10000	1	10000	rental of misc. construction equipment
					0	

SERVICE AREA or COMMON NETWORK FACILITIES:		Eligibility (Yes/No)	Unit Cost	No. of Units	Total Cost	Support of Reasonableness
<b>BUILDINGS</b>					<b>\$82,000</b>	
New Construction					0	
					0	
					0	
Pre-Fab Huts	shipping containers	yes	9000	6	54000	equipment housing
	exterior cabinets	yes	4000	4	16000	equipment housing
					0	
Improvements & Renovation					0	
					0	
					0	
Other	Bennett Lumber	yes	500	24	12000	temporary rental of storage facility
					0	
					0	
<b>CUSTOMER PREMISE EQUIPMENT</b>					<b>\$376,000</b>	
Modems	Redline An-80	yes	8000	47	376000	anchor tenant connections
					0	
					0	
Set Top Boxes					0	
					0	
					0	
Inside Wiring					0	
					0	
					0	
Other					0	
					0	
					0	
<b>BILLING SUPPORT AND OPERATIONS SUPPORT SYSTEMS</b>					<b>\$268,390</b>	
Billing Support Systems	Playtypus Billing package	yes	80000	1	80000	network enhance billing and support manag
					0	
					0	
Customer Care Systems					0	
					0	
					0	
Other Support	Equipment Manager	yes	36.56	3840	140390.4	shipping and receiving clerk
	A/R and A/P support	yes	25	1920	48000	A/R and A/P clerk
					0	

SERVICE AREA or COMMON NETWORK FACILITIES:		Eligibility (Yes/No)	Unit Cost	No. of Units	Total Cost	Support of Reasonableness
<b>OPERATING EQUIPMENT</b>					<b>\$90,133</b>	
Vehicles	Toyota Tundra	yes	35000	1	35000	construction vehicle
	Yamaha Rhino	yes	25000	1	25000	remote tower access vehicle
					0	
Office Equipment / Furniture					0	
					0	
					0	
Other	Fuel	yes	2.99	6700	20033	fuel for construction vehicles
	Repair and Maintenance	yes	6500	1	6500	repair and maint of construction vehicles
	insurance	yes	150	24	3600	insurance on vehicles
<b>PROFESSIONAL SERVICES</b>					<b>\$206,150</b>	
Engineering Design	Access Consulting	yes	1700	1	1700	professional engineer
	Wireless Mapping	yes	20000	1	20000	census data mapping
	Hayden / Ross	yes	10000	3	30000	annual audit requirement
Project Management	Project Manager	yes	70000	1	70000	responsible for project
	Palouse Hills Accounting	yes	49200	1	49200	project accounting compliance
					0	
Consulting					0	
					0	
					0	
Other	Irwin, Myklebust, Savage & Bro	yes	325	70	22750	legal review of contracts and land use
	Various lodging	yes	250	50	12500	temp housing and food for crew
					0	
<b>TESTING</b>					<b>\$15,000</b>	
Network Elements					0	
					0	
					0	
IT System Elements					0	
					0	
					0	
User Devices					0	
					0	
					0	
Test Generators	Fieldfox cable sweep test/gen	yes	7500	2	15000	infield cable, RF and antenna testing
					0	
					0	
Lab Furnishings					0	
					0	
					0	
Servers / Computers					0	
					0	
					0	

02/05/2010

SERVICE AREA or COMMON NETWORK FACILITIES:		Eligibility (Yes/No)	Unit Cost	No. of Units	Total Cost	Support of Reasonableness
<b>OTHER UPFRONT COSTS</b>					<b>\$992,156</b>	
<b>Site Preparation</b>	Rathbun Communications	yes	2000	10	20000	tower site preparation
					0	
	Miscellaneous	yes	76227	1	76227	misc. construction supplies
<b>Other</b>	fringe benefits	yes	8000	1	8000	fringe benefits
	labor	yes	798336	1	798336	construction labor
	other	yes	89593	1	89593	sales/use tax on equipment purchased
<b>PROJECT TOTAL:</b>					<b>\$2,992,029</b>	



## Attachment A - Proposed Last Mile Service Offerings

Please complete the attached chart for each proposed funded service area modifying the chart as necessary to detail the service offerings. **For BIP applicants only:** for all other service areas where funds are not being requested, complete a chart that aggregates the service offerings.

<i>Name of Tier</i>	<i>Advertised Speeds</i>		<i>Average Speeds</i>		<i>Average Latency (BTOP only)</i>	<i>Pricing Plan \$ per month</i>
	<i>Downstream Mbps</i>	<i>Upstream Mbps</i>	<i>Downstream Mbps</i>	<i>Upstream Mbps</i>	<i>@ End User CPE Milli-seconds</i>	
<b>Residential</b>						
Entry Level Speed	800mbps	128kbps	800kbps	128kbps	20	\$35
Maximum Speed	2mbps	500kbps	1.8mbps	475kbps	20	\$50
Other Residential Tiers	1.5mbps	256kbps	1.4kbps	245kbps	20	\$40
<b>Business or Institutions</b>						
Entry Level Speed	800mbps	128kbps	800kbps	128kbps	20	\$35
Maximum Speed	2mbps	500kbps	1.8mbps	475kbps	20	\$50
Other Business or Institution Tiers	1.5mbps	256kbps	1.4kbps	245kbps	20	\$40

Services for businesses can be customized to higher levels as needed. The business pricing listed above is for small businesses or institutions up to 89 computer LAN. For larger businesses or institutions, please see our dedicated Internet offerings listed on the middle mile service offerings table.