

ASSURANCES - CONSTRUCTION PROGRAMS

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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.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, 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.
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 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.
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.
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).
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.
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.

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.
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 provisions 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 for federally-assisted construction subagreements.
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.
15. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the 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 floodplains 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).
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.
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).
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-1 33, "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 <i>Stephen H. Full</i>	*TITLE <i>8/11/2009</i>
*APPLICANT ORGANIZATION <i>NORTH FLORIDA BROAD BAND AUTHORITY</i>	*DATE SUBMITTED <i>8/12/09</i>

REVENUES

OPERATING COST ASSUMPTIONS

GM Fee to GSG	\$	8,000	per month
GSG misc exp	\$	1,200	
NG&N Gen Counsel	\$	2,500	first 6 months thereafter
	\$	5,000	
Gen Board Expense	\$	5,000	per month
External Audit fee	\$	35,000	year 2
Insurance	\$	15,000	per year

Loan Terms	\$500,000
Rate	6%
Payback Period	120

(see amortization schedule)

Loan Terms	
Federal Loan (BIP only)	5% 10 year term
	50% funding by loan

CAPITAL EXPENDITURES

All amounts including timing of purchase provided by WINS

DEPRECIATION USEFUL LIVES:

Network & Access Equip	5
Outside Plant Buildings	7
Customer Premise Equip	5
Billing support & Op Sys	5
Op Equip	7
Prof Services	0
Testing	5
Other Upfront Costs	20

Costs for System Manager

	Year 1		Year 2-5	
	Annual Cost	Monthly	Annual Cost	Monthly
Operating Costs for WINS				
Salaries				
CEO - Darrin Mylet	\$ 180,000	\$ 15,000	\$ 180,000	\$ 15,000
CTO - Jim Selby	\$ 60,000	\$ 5,000	\$ 90,000	\$ 7,500
COO - Scott Stevens	\$ 36,000	\$ 3,000	\$ 60,000	\$ 5,000
Sales & Business Development (14 County)			\$ 80,000	\$ 6,667
CFO	\$ -	\$ -	\$ 60,000	\$ 5,000
Admin	\$ 36,000	\$ 3,000	\$ 72,000	\$ 6,000
Performance Bonus			\$ -	\$ -
Total	\$ 312,000	\$ 26,000	\$ 542,000	\$ 45,167
General Corporate Expenses				
Auto Allowance CEO	\$ 12,000	\$ 1,000	\$ 24,000	\$ 2,000
Health Benefits	\$ 20,000	\$ 1,667	\$ 60,000	\$ 5,000
401k/SEP	\$ -	\$ -	\$ 50,000	\$ 4,167
Sales, marketing, public relations	\$ 15,000	\$ 1,250	\$ 60,000	\$ 5,000
Legal	\$ 30,000	\$ 2,500	\$ 60,000	\$ 5,000
Operations contingencies	\$ 10,000	\$ 833	\$ -	\$ -
Support staff contingencies	\$ 10,000	\$ 833	\$ -	\$ -
Misc. office, telecoms, travel	\$ 15,000	\$ 1,250	\$ 30,000	\$ 2,500
Liability Insurance	\$ 15,000	\$ 1,250	\$ 30,000	\$ 2,500
Total	\$ 127,000	\$ 10,583	\$ 314,000	\$ 26,167
Operations Hardware & Software (NOE)				
Year 4 & 5 Subscriber Add on mach estimates				
Year 4 & 5 Software and Hardware Upgrades				
Total				

NOTES TO FINANCIAL STATEMENTS

Revenues

Revenues were determined based on two main customer groupings: public sector and private sector. Generally, the assumption was made that public sector subscribers will purchase lesser bandwidth, but in greater volume. Private sector subscribers will purchase more bandwidth in lower volume. Both of these customer groupings were categorized into the following revenue categories:

- Best Effort Transport Only (In-Net)
- Best Effort Transport & Internet (In-Net)
- Transport with CIR (Committed Information Rates)

The Full CIR were based on 10 Mbps dedicated unlimited in-network offering. Public sector revenues were discounted by 25% to allow for government discounted offerings.

In addition, installation revenues were included based on the aggregate number of subscribers utilizing a non-discounted rate for all customers.

Operating Expenses

Government Authority Board expenses relate to the costs associated with managing board functions, as it relates to board meetings, production of documents, recording and legal notice of documents, and publication requirements.

The authority does not have any employees. All functions are provided on a contractual basis predicated on the management and operational needs of the authority. This includes management of the network, operations of the network, and legal counsel. General Manager expenses relate to those costs associated with management and oversight of the authority assets and network operator. WINS System/Network manager expenses relate to those costs associated with day to day operation and technical management/oversight of the network. Legal Counsel expenses relate to those costs associated with the provision of legal counsel related to board functions and action, regular operations, and potential or problem issues for the authority.

Pre-application Expenses

Eligible expenses for the development of the Grant Application are approximately \$400,000. Full invoices and documentation will be available in Step 2, and will be incorporated into the detailed costs and financial statements at that time.

Interest Expenses

There are two categories of interest expense:

- those related to the non RUS Bank Loan
- those related to the capital leases

Property Taxes & Income Taxes

The broadband authority was formed as a legal entity and public body based on Florida Statute and Interlocal agreements between multiple Florida Counties and Cities. Since the broadband authority is a government entity, it does not pay property taxes or income taxes.

Accounts Receivable

Due to time constraints, no determination was made as to accounts receivable. Since these proformas represent enterprise operations which do not yet exist, revenues were considered paid in full within 30 days. Therefore, no value was assigned to accounts receivable.

Capital Leases Asset & Liability

The following items were considered capital leases: 1) Transport \$400,000 (Transport to Outside Vendor Network) and 2) IRU Backbone \$540,000 (Indefeasible Right of Use capacity)*.

*Quotes from vendors are being negotiated. Due to the complex nature and length of these negotiations, the final cost is not yet available. Firm commitment for delivery has been provided by 2 vendors, but for differing amounts of capacity, and at different locations. Negotiations include capacity and connection points, so minor changes in the configuration of the network may be made to accommodate the best value proposition. In any event, the total network costs (and the requested grant amount) will most likely come down with continued negotiation, once indications of grant award are evident.

Both of these leases are non-cancelable, and the lease term is equal to 75% or more of the estimated economic life of the leased property. The estimated economic life of the leased property totals 6 years, and the lease term for both of these items total 5 years, or 83.3 % of the estimated economic life.

The depreciation period for both of these capital leases occurs over the term of the lease since the lease does not transfer ownership to the lessee. The implicit interest rate totals 10%.

FASB requires the following information to be disclosed in the lessee's financial statements or in the notes:

- I. The gross amount of the assets at each balance sheet date categorized by nature or function. This information may be combined with comparable information for owned assets.

(Please refer to Balance sheet for presentation)

- II. Future minimum lease payments as of the latest balance sheet date, in the aggregate and for each of the five succeeding fiscal years. Separate deductions for executory costs included in the minimum lease payments and for the amount of imputed interest necessary to reduce net minimum lease payments to present value.

Fiscal Year Ending In	Total
2010	\$ 188,000
2011	\$ 188,000
2012	\$ 188,000
2013	\$ 188,000
2014	\$ 188,000
Total Minimum Lease Payments	\$ 940,000
Less: Estimated Interest Portion	\$ 156,066
Present Value of net Minimum Capital Lease Payments	\$ 783,934

	2010	2011	2012	2013	2014
Current Portion	\$ 128,407	\$ 141,247	\$ 155,372	\$ 170,908	\$ -
Long Term Portion	\$ 467,527	\$ 326,280	\$ 170,908	\$ -	\$ -
	\$ 595,934	\$ 467,527	\$ 326,280	\$ 170,908	\$ -

- III. Assets recorded under capital leases and the accumulated amortization thereon shall be separately identified in the lessee's balance sheet or notes. Likewise, related obligations shall be separately identified as obligations under capital leases. Depreciation on capitalized leased assets should be separately disclosed.

(please refer to Balance sheet for presentation)

Liabilities

The following terms pertain to the Bank Loan described in the statements:

Principal \$500,000

Term 10 year

Interest rate 6%

Depreciation Methods

The straight line depreciation was used for all plant, property & equipment (assets). The following describes the various useful life periods categorized by Attachment G areas:

DEPRECIATION USEFUL LIVES:

Network & Access Equip	5
Outside Plant	7
Buildings	5
Customer Premise Equip	5
Billing support & Op Sys	5
Op Equip	7
Prof Services	0
Testing	5
Other Upfront Costs	20

Method of Accounting

These statements were prepared in accordance with GAAP.

44. General Overall Budget

Equipment Category	Capital Budget Funding Source Breakdown						
	Loan Request	Grant Request	Equity	Debt	Bonds	Other Funding /In Kind	Total
Network & Access Equipment (switching, routing transport, access)		\$ 12,242,500					\$ 12,242,500
Outside Plant (cables, conduits, ducts, poles, towers, repeaters, etc.)		\$ 6,289,576					\$ 6,289,576
Buildings and Land - (new construction, improvements, renovations, lease)		\$ 559,000					\$ 559,000
Customer Premise Equipment (modems, set-top boxes, inside, wiring, etc.)		\$ 6,270,000					\$ 6,270,000
Billing and Operational Support Systems (IT systems, software, etc.)		\$ 100,000					\$ 100,000
Operating Equipment (vehicles, office equipment, other)		\$ 1,191,000					\$ 1,191,000
Engineering/Professional Services (engineering design, project management, consulting, etc.)		\$ 3,216,000					\$3,216,000.00
Testing (network elements, IT system elements, user devices, test generators, servers/computers, etc.)		\$ 274,600					\$ 274,600
Site Preparation						\$ 868,000	\$ 868,000
Other							\$ -
Total Broadband System		\$ 30,142,676	\$ -	\$ -	\$ -	\$ 868,000	\$ 31,010,676

Q-47 Historical Financial Statements

The North Florida Broadband Authority is a newly created government agency and as a result, has no historical financial statements.

**VIDEO SERVICES
SUBSCRIBER PROJECTS AND RATE PLANS**

COMPLETE THE CHART BELOW FOR EACH PROPOSED FUNDED SERVICE AREA. FOR ALL OTHER SERVICE AREAS, PLEASE PREPARE A CHART THAT AGGREGATES THIS INFORMATION

PROJECT NAME: NORTH FLORIDA BROADBAND AUTHORITY - *UBIQUITOUS*
SERVICE AREA NAME: NORTH FLORIDA - *RURAL* AREA OF CRITICAL ECONOMIC CONCERN

	Census Community	Year 1			Year 2			Year 3			Year 4			Year 5		
		Pkg 1	Pkg 2	Other												
1																
2																
3																
4																
5																
6																
7																
8																
9																
10																
TOTAL																

WILL NOT PROVIDE ANY CONTENT SERVICES - ONLY WHOLESALE TRANSPORT.

Rates:
 Package 1: (ex. 150 basic channels / \$35)
 Package 1: (ex. 150 basic channels and Premium / \$60)

Other (Specify): DOES NOT APPLY - MIDDLE MILE PROJECT

Note: Complete a separate table for each service area. Column headings should be changed to reflect the name of the service package to be offered. Additional columns may be added for each year if more than three package are offered.

SUBSCRIBER PROJECTION TABLE AND RATE PLANS VOICE SERVICES

COMPLETE THE CHART BELOW FOR EACH PROPOSED FUNDED SERVICE AREA. FOR ALL OTHER SERVICE AREAS, PLEASE PREPARE A CHART THAT AGGREGATES THIS INFORMATION

SERVICE AREA NAME: *NORTH FLORIDA - RURAL AREA OF CRITICAL ECONOMIC CONCERN*

	Census Community	Year 1		Year 2		Year 3		Year 4		Year 5	
		Res	Bus								
1											
2											
3											
4											
5											
6											
7											
8											
9											
10											
TOTAL											

Rates:
Residential Service
Business Service
Other (Specify):

} DOES NOT APPLY - THE NFBA IS A
WHOLESALE TRANSPORT PROVIDER

Note: Complete a separate table for each service area.

PROJECT NAME: NORTH FLORIDA BROADBAND AUTHORITY,
UBIQUITOUS MIDDLE MILE.

21. Existing Broadband Service Providers and Services Offered

All applicants should conduct a competitive analysis in their proposed service area(s) to determine the level of competition that exists and to ensure that they offer competitive prices. Describe the services currently being advertised by competitors in the proposed funded service area for last mile projects or for the service areas that will receive benefits from a middle mile project. The tables on the following page are examples of how to present the information.

The North Florida Broadband Authority will serve public and private sector anchor tenants, critical community facilities and public safety institutions within our 14 County area, deemed by the State of Florida as a “Rural Area of Critical Economic Concern” or RACEC.

Our RACEC is the highest priority for the State of Florida for deployment of critical services to create sustainable progress to battle of extreme need and vulnerability. By building a ubiquitous high-capacity middle mile network covering nearly 99% of the RACEC, this Program will dramatically alter the short and long term landscape.

Through extensive research in partnership with local, county and state officials, NFBA has not been able to identify advertised middle mile connectivity with the exception of a limited “State Owned” facilities and a few “Intra-City” fiber rings, in our 14 County Region. We have concluded that our RACEC lacks access to and will not receive the benefit of middle mile infrastructure without assistance of this Program.

The North Florida Broadband Authority defines “Middle Mile” as IP transport services above T1 (1.5Mbps) speeds with capabilities approaching 1Gbps (1000Mbps).

Further evidence to this is supported in the attached table provided by the State of Florida. This spreadsheet indicates that nearly all the connections are T-1 and below within our RACEC. Our letters of support indicate a great demand for more robust and redundant middle mile connections, but they have not been provided by the incumbents.

There are no published rates available on the websites of the incumbents. Additionally, we made calls to Embarq and AT&T to inquire about connectivity to specific towns and government buildings. It was apparent that the only option was an expensive and time-consuming fiber build.

NFBA’s wireless fiber middle mile solution costs a fraction of fiber while still delivering hundreds of megabits and even gigs in a matter of days. The network being constructed by NFBA will cover over 500 miles of route within the first year compared to fiber, but provides that capability in a ubiquitous fashion in any direction across the ENTIRE service area.

Our Microwave Network will offer a wide spectrum availability and extremely high capacity average capacity between 100 and 400Mbps, with capabilities up to and including 1Gbps. Microwave will be leveraged in the last mile access network to bring

broadband connectivity to a number of public safety, education, utilities and other verticals.

Microwave is a proven technology capable of providing and exceeding 99.999% availability in running the most critical emergency voice and data services. Microwave is not subject to backhoe fades, line cuts and other failure scenarios; wireless transport solutions often exhibit superior uptime when compared to fiber.

Meanwhile, a [report](#) issued earlier this year concluded that special access charges now represent a huge chunk of incumbent telco business. The National Association of Regulatory Utility Commissioners found that in 1996, interstate special access charges represented less than five percent of Qwest's, Verizon's, and AT&T's total revenue. In 2007 they represented almost 30 percent of Qwest's, nearly 25 percent of Verizon's, and close to a fifth of AT&T's.

Although the NARUC survey identified competition in some regions, it also found market concentration to be high in most areas, while big ILEC earnings on special access are well beyond the rates set by the FCC. "In the case of AT&T and Qwest, earnings are about three times that rate," the report said.

McKee says he could have told you that. "The rates that are being charged here are not just a little high," he complains. "This is not a question of 'oh well, you know, they're just expensive.' The rates that are being charged here are just exorbitant in comparison to what actual costs are. They're earning rates of return that are in excess of 100 percent. In AT&T's case it's 125 percent. And that money is not only being passed on as a charge to our consumers, so it's also distorting the competitive landscape.

Please also see Attachment C – Competitor Table (Middle Mile).

21. Competitive Service Providers Middle Mile (ATTACHMENT C - Competitor Table)

Service Area	Middle Mile Service Provider(s)	Technology Platform	Service Tier	Point to Point	Minimum Peak Load Network Bandwidth	Direct Internet Access Mbps	Pt to Pt or Frame Relay	Pricing
Baker County	ILEC & Cableco	Copper or Docsis 2.0	Pt to Pt or Transport+Loop	Requires Multiple Carriers	< 1.5Mbps	DS1-DSO	1.5M to 56K	\$3k-\$5k /mo
Bradford County	"	"	"	"	"	"	"	"
Columbia County	"	"	"	"	"	"	"	"
Dixie County	"	"	"	"	"	"	"	"
Gilchrist County	"	"	"	"	"	"	"	"
Jefferson County	"	"	"	"	"	"	"	"
Hamilton County	"	"	"	"	"	"	"	"
Lafayette County	"	"	"	"	"	"	"	"
Levy County	"	"	"	"	"	"	"	"
Madison County	"	"	"	"	"	"	"	"
Putnam County	"	"	"	"	"	"	"	"
Suwannee County	"	"	"	"	"	"	"	"
Taylor County	"	"	"	"	"	"	"	"
Union County	"	"	"	"	"	"	"	"

** no "middle mile" high speed connections offered. No single provider covering entire 14-county region.*

21. Competitive Service Providers (Strategic Institutions -)

Service Area Name: North Florida RACEC

TYPE	SPEED (Mbps)	Total	Mbps Total
DSL	1.5	4	6
Ethernet	1.5	3	5
	2	4	8
	6	1	6
	12	2	24
	15	2	30
	21	1	21
	33	2	66
Fractional TDM *	100	1	100
	0.064	1	0
	0.256	3	1
	0.512	13	7
	0.768	26	20
	1.5	120	180
	3	15	45
6	3	18	
45	1	45	
Grand Total		202	581
Average Mbps per Facility			3

* Fractional TDM speed is shared w/ voice channels.

CITY	TYPE	SPEED (Mbps)	Total
Bell	Fractional TDM	0.512	1
Branford	Fractional TDM	0.768	1
		0.256	1
Bronson	DSL	1.500	1
	Ethernet	2.000	1
	Fractional TDM	1.500	4
Cedar Key	DSL	1.500	1
	Fractional TDM	1.500	1
Chiefland	Fractional TDM	0.768	1
Chiefland	Fractional TDM	1.500	4
Crescent City	Fractional TDM	1.500	2
Cross City	Fractional TDM	1.500	2
		0.512	1
E Palatka	Fractional TDM	1.500	2
East Palatka	Fractional TDM	1.500	1
		0.768	1
Fort White	Fractional TDM	0.768	1
Greenville	Ethernet	1.500	2
	Fractional TDM	1.500	1
Hampton	Fractional TDM	1.500	1
Inglis	Fractional TDM	1.500	1
Interlachen	Fractional TDM	1.500	2
Jasper	Fractional TDM	3.000	1
		1.500	4
		0.768	1
		0.256	1
Kingsley Lake	Ethernet	100.000	1
		12.000	1
Lake Butler	Fractional TDM	3.000	1
		1.500	3
		0.512	1
Lake City	Ethernet	33.000	1
		21.000	1
		15.000	1
		2.000	1
	Fractional TDM	3.000	2

CITY	TYPE	SPEED (Mbps)	Total
		1.500	8
		0.768	3
Lawtey	Fractional TDM	1.500	2
Lee	Fractional TDM	1.500	1
		0.768	1
Live Oak	Fractional TDM	6.000	1
		3.000	1
		1.500	12
		0.768	3
		0.512	2
Macclenny	Fractional TDM	6.000	1
		3.000	3
		1.500	6
		0.768	2
Madison	DSL	1.500	1
	Ethernet	15.000	1
	Fractional TDM	3.000	2
		1.500	10
		0.768	1
		0.512	1
Mayo	Fractional TDM	3.000	1
		1.500	3
		0.512	1
Monticello	DSL	1.500	1
	Ethernet	1.500	1
	Fractional TDM	3.000	1
		1.500	9
		0.768	1
		0.512	1
Olustee	Fractional TDM	0.512	1
Palatka	Ethernet	33.000	1
		12.000	1
		6.000	1
		2.000	1
	Fractional TDM	1.500	12
		0.768	2
		0.512	1
Perry	Fractional TDM	6.000	1
		3.000	1
		1.500	7
		0.768	3
		0.512	2
		0.064	1
Raiford	Fractional TDM	45.000	1
		1.500	3
Sanderson	Fractional TDM	1.500	1
		0.768	1
Sebring	Fractional TDM	0.256	1
Starke	Ethernet	2.000	1
	Fractional TDM	3.000	1
		1.500	8
		0.768	1
Stnhtche	Fractional TDM	0.768	1
Trenton	Fractional TDM	3.000	1
		1.500	3
		0.768	1
Welaka	Fractional TDM	1.500	1
White Springs	Fractional TDM	1.500	4
		0.768	1
		0.512	1
Williston	Fractional TDM	1.500	2
Grand Total			202

50. Pro-Forma 5-Year Financial Forecast and Assumptions - Statement of Cash Flows (ATTACHMENT M)

	Forecast Period					
	Historical	Year 1	Year 2	Year 3	Year 4	Year 5
Beginning Cash	\$ -	\$ -	\$ 15,000,736	\$ 3,715,182	\$ 5,156,625	\$ 9,356,880
Cash Flows from Operating Activities:						
Net Income	\$ -	\$ (3,036,751)	\$ (4,049,333)	\$ (2,727,290)	\$ (1,212,455)	\$ 303,900
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities						
Add: Depreciation	\$ -	\$ 2,916,516	\$ 5,265,067	\$ 5,456,476	\$ 5,456,476	\$ 5,456,476
Add: Amortization	\$ -	\$ 156,787	\$ 156,787	\$ 156,787	\$ 156,787	\$ 156,787
Changes in Current Assets and Liabilities:						
Marketable Securities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepayments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Current Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Current Liabilities	\$ -					
Non Current Liabilities	\$ -					
Net Cash Provided (Used) by Operations	\$ -	\$ 36,552	\$ 1,372,521	\$ 2,885,972	\$ 4,400,808	\$ 5,917,163
Cash Flows from Financing Activities:						
Notes Receivable	\$ -					
Capital Leases	\$ -	(\$188,000)	\$ (128,407)	\$ (141,247)	\$ (155,372)	\$ (170,908)
Notes Payable-Bank Loan	\$ -	\$462,066	\$ (40,210)	\$ (42,623)	\$ (45,180)	\$ (47,891)
Principal Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
New Grant	\$ -	\$30,142,676	\$ -	\$ -	\$ -	
Additional Paid-in Capital/In Kind Contributions	\$ -	\$868,000	\$ -	\$ -	\$ -	
Additions to Patronage Capital Credits	\$ -	\$0	\$ -	\$ -	\$ -	\$ -
Payment of Dividends	\$ -	\$0	\$ -	\$ -	\$ -	\$ -
Net Cash Provided by Financing Activities	\$ -	\$31,284,742	\$ (168,617)	\$ (183,870)	\$ (200,552)	\$ (218,799)
Cash Flows from Investing Activities						
Capital Expenditures	\$ -	(\$16,320,558)	\$ (12,489,458)	\$ (1,260,660)	\$ -	\$ -
Amortizable Asset (Net of Amortization) Capital Leases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Long-Term Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Used by Investing Activities	\$ -	(\$16,320,558)	\$ (12,489,458)	\$ (1,260,660)	\$ -	\$ -
Net Increase (Decrease) in Cash	\$ -	\$15,000,736	\$ (11,285,554)	\$ 1,441,443	\$ 4,200,256	\$ 5,698,364
Ending Cash	\$ -	\$15,000,736	\$ 3,715,182	\$ 5,156,625	\$ 9,356,880	\$ 15,055,244

50. Pro-Forma 5-Year Financial Forecast and Assumptions - Balance Sheet (ATTACHMENT L)

	Forecast Period					
	Historical	Year 1	Year 2	Year 3	Year 4	Year 5
Assets						
<i>Current Assets</i>						
Cash	\$ -	\$ 15,000,736	\$ 3,715,182	\$ 5,156,625	\$ 9,356,880	\$ 15,055,244
Accounts Receivable	\$ -	\$ -				
Other Current Assets	\$ -	\$ -				
Total Current Assets	\$ -	\$ 15,000,736	\$ 3,715,182	\$ 5,156,625	\$ 9,356,880	\$ 15,055,244
<i>NonCurrent Assets</i>						
Plant, Property & Equipment	\$ -	\$ 16,320,558	\$ 28,810,016	\$ 30,070,676	\$ 30,070,676	\$ 30,070,676
Less: Accumulated Depreciation	\$ -	\$ 2,916,516	\$ 8,181,583	\$ 13,638,059	\$ 19,094,535	\$ 24,551,010
Net PPE	\$ -	\$ 13,404,042	\$ 20,628,433	\$ 16,432,617	\$ 10,976,141	\$ 5,519,666
Leased Plant, Property & Equipment	\$ -	\$ 783,934	\$ 783,934	\$ 783,934	\$ 783,934	\$ 783,934
Less: Accumulated Depreciation	\$ -	\$ 156,787	\$ 313,573	\$ 470,360	\$ 627,147	\$ 783,934
Net Leased PPE	\$ -	\$ 627,147	\$ 470,360	\$ 313,573	\$ 156,787	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total NonCurrent Assets	\$ -	\$ 14,031,189	\$ 21,098,793	\$ 16,746,191	\$ 11,132,928	\$ 5,519,666
Total Assets	\$ -	\$ 29,031,925	\$ 24,813,975	\$ 21,902,815	\$ 20,489,808	\$ 20,574,910
Liabilities and Owners Equity						
<i>Liabilities</i>						
<i>Current Liabilities</i>						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Leases	\$ -	\$ 128,407	\$ 141,247	\$ 155,372	\$ 170,908	\$ -
Current Portion-Proposed RUS Debt	\$ -					
Current Portion-non RUS Debt (Bank Loan)	\$ -	\$ 40,210	\$ 42,623	\$ 45,180	\$ 47,891	\$ 50,764
Other Current Liabilities	\$ -	\$ -	\$ -			
Total Current Liabilities	\$ -	\$ 168,617	\$ 183,870	\$ 200,552	\$ 218,798	\$ 50,764
<i>Long-Term Liabilities</i>						
Capital Leases	\$ -	\$ 467,527	\$ 326,280	\$ 170,908	\$ 0	\$ -
Existing RUS Debt	\$ -	\$ -				
Proposed RUS Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Existing non-RUS Debt (Bank Loan)	\$ -	\$ 421,856	\$ 379,233	\$ 334,053	\$ 286,163	\$ 235,398
Total Long-Term Liabilities	\$ -	\$ 889,383	\$ 705,513	\$ 504,961	\$ 286,163	\$ 235,398
In Kind Contributions-Government	\$ -	\$ 868,000	\$ 868,000	\$ 868,000	\$ 868,000	\$ 868,000
Retained Earnings	\$ -	\$ (3,036,751)	\$ (7,086,084)	\$ (9,813,374)	\$ (11,025,829)	\$ (10,721,929)
Grant Funding	\$ -	\$ 30,142,676	\$ 30,142,676	\$ 30,142,676	\$ 30,142,676	\$ 30,142,676
Total Equity	\$ -	\$ 27,973,925	\$ 23,924,592	\$ 21,197,302	\$ 19,984,847	\$ 20,288,747
Total Liabilities and Owners Equity	\$ -	\$ 29,031,925	\$ 24,813,975	\$ 21,902,815	\$ 20,489,808	\$ 20,574,910

50. Pro-Forma 5-Year Financial Forecast and Assumptions - Income Statement (ATTACHMENT K)

	Historical	Forecast Period				
		Year 1	Year 2	Year 3	Year 4	Year 5
Revenues						
<i>Network Service Revenues</i>						
Transport-Public	\$ -	\$ 39,556	\$ 125,048	\$ 186,296	\$ 247,544	\$ 308,792
Transport-Private	\$ -	\$ 13,800	\$ 82,800	\$ 156,400	\$ 230,000	\$ 303,600
Internet-Public	\$ -	\$ 134,596	\$ 409,640	\$ 596,904	\$ 784,168	\$ 971,432
Internet-Private	\$ -	\$ 68,000	\$ 299,200	\$ 516,800	\$ 734,400	\$ 952,000
Transport with CIR	\$ -	\$ 15,000	\$ 90,000	\$ 170,000	\$ 250,000	\$ 330,000
<i>Installation Revenues</i>	\$ -	\$ 465,000	\$ 1,590,000	\$ 2,470,000	\$ 3,350,000	\$ 4,230,000
<i>Other Revenues</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ -	\$ 735,952	\$ 2,596,688	\$ 4,096,400	\$ 5,596,112	\$ 7,095,824
Expenses						
Government Authority Board Expenses	\$ -	\$ 75,000	\$ 110,450	\$ 111,964	\$ 113,522	\$ 115,128
General Manager	\$ -	\$ 110,400	\$ 110,400	\$ 110,400	\$ 110,400	\$ 110,400
WINS System/Network Manager	\$ -	\$ 439,000	\$ 856,000	\$ 856,000	\$ 856,000	\$ 856,000
Legal Counsel	\$ -	\$ 45,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000
Other Operating Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ -	\$ 669,400	\$ 1,136,850	\$ 1,138,364	\$ 1,139,922	\$ 1,141,528
EBITDA	\$ -	\$ 66,552	\$ 1,459,838	\$ 2,958,037	\$ 4,456,190	\$ 5,954,296
Depreciation Expense-Plant, Property & Equipment	\$ -	\$ 2,916,516	\$ 5,265,067	\$ 5,456,476	\$ 5,456,476	\$ 5,456,476
Amortization/Depreciation Expense Capital Leases	\$ -	\$ 156,787	\$ 156,787	\$ 156,787	\$ 156,787	\$ 156,786
EBIT	\$ -	\$ (3,006,751)	\$ (3,962,016)	\$ (2,655,226)	\$ (1,157,073)	\$ 341,034
Interest Expense - New RUS Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Expense - Existing RUS Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Expense - Non RUS Bank Loan	\$ -	\$ 30,000	\$ 27,724	\$ 25,311	\$ 22,754	\$ 20,043
Interest Expense - Capital Leases	\$ -	\$ -	\$ 59,593	\$ 46,753	\$ 32,628	\$ 17,091
Income Before Taxes	\$ -	\$ (3,036,751)	\$ (4,049,333)	\$ (2,727,290)	\$ (1,212,455)	\$ 303,900
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income	\$ -	\$ (3,036,751)	\$ (4,049,333)	\$ (2,727,290)	\$ (1,212,455)	\$ 303,900

20. Proposed Middle Mile Service Offerings (ATTACHMENT B)

Census Area	Code	Service Offering	Distance Band (Pt to Pt)	Price per 10 Mbps Increment	Min Peak Load Network (Mbps)	Monthly Port Charge	Gov't Monthly Port Charge	Install
		Transport (Best Effort)						
ALL	10T	10 Mbps (In-Net)	+20mi from any tower	\$ 750	270+	\$ 850	\$ 638	\$ 2,500
ALL	100T	100 Mbps (In-Net)	~20mi from any tower	\$ 750	800+	\$ 2,300	\$ 1,725	\$ 2,500
ALL	1000T	1000 Mbps (In-Net)	~10mi from fiber tower	\$ 750	10,000+	\$ 5,100	\$ 3,825	\$ 2,500
		Transport w/ Internet (Best Effort)						
ALL	10TIA	10 Mbps w/ DIA	+20mi from any tower	\$ 900	270+	\$ 1,950	\$ 1,463	\$ 2,500
ALL	100TIA	100 Mbps w/ DIA	~20mi from any tower	\$ 900	800+	\$ 3,400	\$ 2,550	\$ 2,500
ALL	1000TIA	1000 Mbps w/ DIA	~10mi from fiber tower	\$ 900	10,000+	\$ 6,000	\$ 4,500	\$ 2,500
		Transport (Committed Information Rate)						
ALL	10D	10 Mbps Dedicated (In-Net)	+20mi from any tower		270+	\$ 2,500	\$ 1,875	\$ 2,500
ALL	100D	100 Mbps Dedicated (In-Net)	~20mi from any tower		800+	\$ 5,500	\$ 4,125	\$ 2,500

* network capacity/capability will continue to build over time, service plans above reflect immediately available services based on ARRA c

48. Broadband Subscriber Estimates (ATTACHMENT H)

PUBILC SECTOR SUBS <i>(more entities, less bandwidth)</i>	Year 1 (2010)				Year 2				Year 3				Year 4				Year 5			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Transport Only																				
Net Add-ons			28	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
Cumulative subscribers			28	34	40	46	52	58	64	70	76	82	88	94	100	106	112	118	124	130
Transport w/ Internet																				
Net Add-ons			42	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
Cumulative Subscribers			42	50	58	66	74	82	90	98	106	114	122	130	138	146	154	162	170	178
TOTAL CUMULATIVE SUBS			70	84	98	112	126	140	154	168	182	196	210	224	238	252	266	280	294	308

PRIVATE SECTOR SUBS <i>(less entities, more bandwidth)</i>	Year 1 (2010)				Year 2				Year 3				Year 4				Year 5			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Transport Only																				
Net Add-ons			2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Cumulative subscribers			2	4	6	8	10	12	14	16	18	20	22	24	26	28	30	32	34	36
Transport w/ Internet																				
Net Add-ons			8	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Cumulative Subscribers			8	12	16	20	24	28	32	36	40	44	48	52	56	60	64	68	72	76
TOTAL CUMULATIVE SUBS			10	16	22	28	34	40	46	52	58	64	70	76	82	88	94	100	106	112

PUBLIC/PRIVATE SECTOR <i>(committed information rates)</i>	Year 1 (2010)				Year 2				Year 3				Year 4				Year 5			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Transport Only																				
Net Add-ons			2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Cumulative Subscribers			2	4	6	8	10	12	14	16	18	20	22	24	26	28	30	32	34	36
AGREGATE CUMULATIVE			82	104	126	148	170	192	214	236	258	280	302	324	346	368	390	412	434	456

Public Sector Market Size

Total MYFLN Subs 369 (State and Local Enties using Old PSTN State Network-See Main)
 Total Non MYFLN Subs 276 (State and Local Enties not served by MYFL State Networkand/or using other facilities)

Private Sector Market Size

Mainstreet Broadband 1 (12 County RUS Business Plan)
 Medium/Large Enterprises 274 (14 County)
 Incumbent Providers 54 (14 County)
 Other New Entrants (WISP) 10 (14 County)

45. Detail of Project Costs (ATTACHMENT G)

Please complete the table below for the different equipment categories that will be required to complete the project. Each category should be broken down to the appropriate level for identifying unit costs.

Service Area or Common Network Facilities	Eligibility (Yes/No)	Unit Cost	No. of Units	Total Cost	Support of Reasonableness
Network & Access Equipment					
Switching	Y	\$ 4,000	168	\$ 672,000	Switching equipment necessary to support Layer 2 Transport
Hot Spare Switching Kits	Y	\$ 4,000	17	\$ 68,000	Switching equipment necessary to support Layer 2 Transport
Routing	Y	\$ 5,900	168	\$ 991,200	Routing equipment necessary to support Layer 3 Transport
Hot Spare Routing Kits	Y	\$ 5,900	17	\$ 100,300	Routing equipment necessary to support Layer 3 Transport
Transport	Y	\$ 80,000	5	\$ 400,000	Transport to Outside Vendor Networks
Transport-Turnkey Microwave Links	Y	\$ 73,500	126	\$ 9,261,000	Rapid Systems quote-Turnkey Microwave links Quote Ref #11644
Hot Spare Microwave Kits Transport	Y	\$ 15,000	14	\$ 210,000	Hot spare for local replacement in inclement weather or electronics failure to maintain SLAs
IRU Backbone	Y	\$ 9,000	60	\$ 540,000	Exclusive unrestricted use of backbone capacity
Other					
Outside Plant					
Cables					
Conduits					
Ducts					
Poles					
Towers	Y	\$ 53,133	72	\$ 3,825,576	120 FT Towers
Repeaters					
Other	Y	\$ 88,000	28	\$ 2,464,000	190 FT Towers
Buildings					
New construction					
Pre-Fab Huts	Y	\$ 4,000	110	\$ 440,000	Supports 100 towers and 10 POPs
Improvements & Renovation	Y	\$ 1,750	68	\$ 119,000	Site improvements for electrical, stabilization, air conditioning and other site requirements
Other					
Customer Premise Equipment					
Modems	Y	\$ 25,000	42	\$ 1,050,000	Customer premise for 3 critical infrastructure facilities per county
Set Top Boxes					
Inside Wiring	Y	\$ 10,000	42	\$ 420,000	Wire drops, electrician visits and site prep for 3 critical infrastructure facilities per county
Other	Y	\$ 25,000	192	\$ 4,800,000	Critical Facility Microwave Links
Billing Support & Operations Systems					
Billing Support Systems	Y	\$ 50,000	1	\$ 50,000	Billing software & operations support systems
Customer Care Systems	Y	\$ 50,000	1	\$ 50,000	Customer service software & operations support systems
Other Support					
Operating Equipment					
Vehicles	Y	\$ 78,000	2	\$ 156,000	Bucket Truck 4x4 construction and maintenance vehicle
Office Equip/Furniture	Y	\$960,000	1	\$ 960,000	Primary NOC Control Center
Other	Y	\$ 25,000	3	\$ 75,000	Virtual NOC Control Center
Professional Services					
Engineering Design	Y	\$144,000	9	\$ 1,296,000	On site engineers for deployment and turnup approval, mapping, network design for CPE
Project Management	Y	\$192,000	8	\$ 1,536,000	Construction Management/Inspection network provisioning/capacity management
Consulting	Y	\$ 96,000	4	\$ 384,000	Site acquisition, permitting
Other					
Testing					
Network Elements	Y	\$ 4,800	2	\$ 9,600	Intermapper license
IT System Elements	Y	\$ 30,000	1	\$ 30,000	Workstations
User Devices	Y	\$ 10,000	2	\$ 20,000	Digital meters/calibrating equipment
Test Generators	Y	\$ 28,000	1	\$ 28,000	Spectrum analyzer
Lab Furnishings					
Servers/Computers	Y	\$ 3,900	10	\$ 39,000	Test work stations
Servers/Computers	Y	\$ 1,480	100	\$ 148,000	Test work stations
Other Upfront Costs					
County Land	Y	\$ 10,000	56	\$ 560,000	In Kind Contribution from government
County Office Space	Y	\$ 12,000	14	\$ 168,000	In Kind Contribution from government
Rights of Way	Y	\$ 10,000	14	\$ 140,000	In Kind Contribution from government

Total \$ 31,010,676

Math Check \$ 31,010,676

\$ -

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.

8/11/09

(Date)



(Authorized Representative's Signature)

Jim Selby

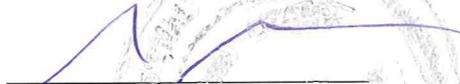
Name:

CTO North Florida Broadband Authority

Title:

08-11-09

(Date)



(Certifying Engineer's Signature)

MIKE LEAHY, FL PE #45287

Name:

CEO, POWERCOMM ENGINEERING

Title:

1500 Mahan Drive
Suite 250
Tallahassee, Florida 32308
P (850) 681-3717
F (850) 224-7206
www.nfba-fl.org



North Florida Broadband Authority

August 18, 2009

The Honorable Lawrence E. Strickling
Assistant Secretary of Commerce for Communications and Information
National Telecommunications Information Administration
U.S. Department of Commerce
1401 Constitution Avenue, Northwest
Washington, D.C. 20230

RE: BTOP Waiver Request--North Florida Broadband Authority Project

Dear Honorable Strickling:

The North Florida Broadband Authority (NFBA or Authority) is requesting a waiver of the 20% matching funds requirement for the Broadband Technology Opportunities Program (BTOP) pursuant to Section 6001(f) of the American Reinvestment and Recovery Act of 2009 (ARRA).

The NFBA is a public body of the State of Florida created pursuant to an Interlocal Agreement between Baker County, Bradford County, the City of Cedar Key, Columbia County, the Town of Cross City, Gilchrist County, Hamilton County, Jefferson County, the City of Lake City, Levy County, the City of Live Oak, Madison County, the City of Monticello, Putnam County, Suwannee County, Taylor County, Union County, the Town of White Springs and the City of Worthington Springs. The Interlocal Agreement allows these 19 separate governmental entities located throughout the North Florida region to come together under a single charter to construct, own, and operate broadband infrastructure facilities to serve the region. This governance structure provides each of the member governments with a vote in the expenditure of any BTOP or other funds awarded to the NFBA and allows the member governments control over the deployment of broadband facilities to provide reliable, cost effective internet services for the residents and businesses in the region.

Section 288.0656(7), Florida Statutes authorizes the Governor of the State of Florida to designate rural areas of critical economic concern (RACECs) within the State comprised of communities that are struggling to maintain, support or enhance job creating activity or to generate revenues for education and other critical government services such as infrastructure, transportation and safety.

Expanding Access to Broadband Throughout North Florida

Baker County • Bradford County • City of Cedar Key • Columbia County • Town of Cross City • Gilchrist County
Hamilton County • Jefferson County • City of Lake City • Levy County • City of Live Oak • Madison County • City of Monticello
Putnam County • Suwannee County • Taylor County • Union County • Town of White Springs • City of Worthington Springs

The 14 counties comprising the NFBA region -- Baker, Bradford, Columbia, Dixie, Gilchrist, Hamilton, Jefferson, Lafayette, Levy, Madison, Putnam, Suwannee, Taylor and Union – were originally designated as the North Florida Rural Area of Critical Economic Concern (NFRACEC) in 2003 by former Governor Jeb Bush. Pursuant to Executive Order Number 08-132 issued by Governor Charlie Crist on June 11, 2008, the NFRACEC designation was renewed and extended based on the ongoing economic difficulties of the region. The Executive Order also establishes that the NFRACEC gets priority assignment for Rural Economic Development Initiatives, provides additional tax credits for businesses locating within the NFRACEC and allows for waivers of certain statutory requirements to encourage economic development within the NFRACEC. The RACEC designation for the NFBA region demonstrates the extraordinary needs of the citizens and businesses in these communities for educational improvements, job creation and economic development that can be spurred by the expansion of broadband facilities within the region.

In addition to being classified as a RACEC, the counties within the NFBA region are also designated as “fiscally constrained counties” pursuant to Section 218.67, Florida Statutes. Each fiscally constrained county is entitled to additional shares of State revenue sharing funds and priority for other State appropriations to help fund government operations and essential services in these economically challenged areas. The fiscally constrained designation of these communities demonstrates the financial limitations of each of the member governments to fund or obtain financing for a project of this scope. These governments are struggling daily to provide essential public services such as law enforcement, fire protection, emergency medical services, solid waste collection and disposal and transportation improvements. As a result, these governments would have to restrict funding needed for the essential public services and facilities needed by their residents in order to contribute cash towards the 20% matching requirement which is not feasible given their limited financial resources.

In an effort that was seemingly insurmountable, the region’s governments have banded together to build their own community owned and operated network, and to take advantage of the opportunity presented by the Broadband Technology Opportunities Program. By creating the Authority, the member governments have expressed their desire to work together for a regional solution to the problem of limited broadband access in their communities. However, as a newly formed entity without assets, documented revenues or a demonstrated financial history the NFBA’s proposed project fails traditional underwriting guidelines and is incapable of obtaining conventional financing. The attached letter from Mercantile Bank (Attachment A) provides that despite the benefits the project would bring to the citizens and businesses in the NFRACEC area, the bank was unable to approve the project for traditional financing. However, Mercantile Bank has committed to provide a Standby Letter of Credit to the NFBA to fund operating costs that are ineligible for payment with BTOP funds in the event the NFBA is awarded a broadband stimulus grant. The attached projected income statements and balance sheets also demonstrate the Authority’s lack of current assets and its difficulty covering debt service obligations during the first several years of operations (Attachment B). These financial hardships should be taken into consideration in evaluating the Authority’s request for a waiver of the matching requirement.

Finally, consideration should be given to the fact that unlike many other applicants for BTOP funding, the NFBA is an unaligned organization. The NFBA is a governmental entity composed entirely of local government members. This project will be accomplished through the

cooperative efforts of the member governments and the contractors and administrators employed by its Board of Directors. The Authority's revenues will be derived from charges for access to its facilities and services rather than from private investors.

While meeting all 5 of the statutory goals identified in the Notice of Funds Availability for the BTOP Program, the NFBA project will for the first time provide ubiquitous middle mile broadband internet access to residents, private entities, community anchor institutions, critical community facilities, public institutions and the business community in unserved, underserved and remote areas of North Florida in the NFRACEC. Broadband infrastructure is critical to the region and its citizens in order to provide 21st century education, health care, public safety and business development opportunities for the communities within the NFRACEC. Availability and access to reliable, high-speed internet and other network connectivity is a critical infrastructure component necessary to attract new business and industry into the NFRACEC and to ensure that existing residents and businesses are competitive in today's state, national and global business and industrial environments. A 2008 study conducted by the Florida House of Representatives determined that expanded access to broadband facilities was one of the critical infrastructure needs of Florida's rural communities. On June 24, 2009, Florida Governor Charlie Crist signed into law Chapter 2009-226, Laws of Florida, providing that broadband internet service is critical to the economic development of rural communities in the State, including the NFBA region.

These communities are among the poorest in the nation. Five out of fourteen counties are designated Empowerment Zones. The annual income of the people in these counties stands at 33% under the national average, and these communities get poorer every year. Part of the problem with expanding middle mile facilities within the region is that the existing carriers have little economic incentive to open up existing access and build middle mile infrastructure due to the poor economy within the region. The stagnancy of the local economy is exacerbated by the inability to attract new businesses to the region due to the lack of broadband internet access. Further, the geographic expanse/terrain, poor economic climate, the current and expected prolonged recession and seasonal weather conditions within the 14 counties is difficult enough, but when you factor in the limited population in the cities and towns; there is not a large enough customer base, over which to allocate the costs of such an investment for a private carrier to receive an adequate return on their investment. Due to a lack of "Middle Mile" broadband infrastructure in the NFBA region, economic development and progress will remain stagnant with limited hope of change. The NFBA project will allow the governments within these communities to leverage grant funding to expand broadband access throughout the member communities.

The North Florida Broadband Authority believes that by acting together, these 19 local governments can create a solution that gives them a better future. Because of the region's access to public transportation via I-10 and I-75, many carriers already run transport through the area. The NFBA proposes to tap into these networks and make the middle mile access available to the area using cost-effective wireless backhaul to get the middle mile transport network in place. This will be a very cost-effective network to deploy due to the availability of access in the region. The network proposed will simply open up this access to the service providers for use to deploy cost-effective Internet to institutions and homes alike.

The need for expanded access to broadband within these communities is demonstrated by the enthusiastic support and extraordinary efforts of the leaders of the nineteen member governments

of the NFBA in establishing the Authority. This Authority began its existence in an unprecedented manner by bringing together 12 counties and 7 cities within a two week period to create a new governmental entity to strategically and systematically address the region's tremendous need for broadband access.

In addition to the support of the Authority's member governments, the NFBA's proposed middle mile broadband infrastructure project has received widespread political and community support. The Authority's application includes 65 letters of support including letters from: United States Senator Bill Nelson (Attachment C), Congressman F. Allen Boyd, Jr. (Attachment D), the Florida School Board Association, the Florida Department of State Library and Archives, as well as numerous city and county leaders, economic development agencies, educational institutions and libraries. Further, pursuant to a letter from the Chief Engineer for the Florida Department of Transportation, the State's rights of way along highway corridors will be made available to the NFBA/NFRACEC for installation of broadband infrastructure without payment of permit fees. The letter urges inclusion of the value of the State's rights of way in determining the in kind match requirement (Attachment E).

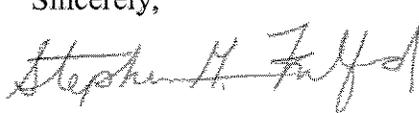
The Authority's member governments have also joined together to provide in-kind contributions towards reaching the goal of the 20% matching funds set forth in the Program requirements. A preliminary list of in-kind contributions includes tower sites, automobiles, personnel, buildings, land and other assets needed to build the broadband infrastructure facilities. Given the short time frame in which the Authority was created and these lists were compiled, the proposed value of these assets has not been verified. A final list of in-kind assets can be made available once it is determined which of these items will be needed to fulfill the project requirements and the assets are properly valued. The final list of in-kind assets once verified and valued is expected to partially satisfy the 20% match for the project.

The North Florida Broadband Authority respectfully requests that the project be given a waiver for the 20% match requirement. Clearly given the economic conditions within the NFBA region and the unique characteristics of the NFBA as a newly created governmental entity composed of fiscally constrained cities and counties, these communities simply do not have the "cash" match to meet the 20% match requirement. The NFBA's member governments and their citizens are relying on the balance of funding for this worthwhile project to come from the federal government in the form of a grant.

The citizens of these communities deserve broadband access. The network that they plan to build and operate will allow for the cost of backhaul to be delivered at or below the national rate in urban areas. This project simply must be funded if the region is to have the same opportunities as the rest of America to thrive, create clean jobs, provide high quality education and healthcare services, and provide public safety and governmental services at the nationally acceptable levels.

We thank you in advance for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Stephen G. Fulford". The signature is written in black ink and is positioned above the printed name.

Stephen G. Fulford, Chair
NFBA Board of Directors

ATTACHMENT A

REJECTION LETTER FROM MERCANTILE BANK



187 SW Baya Drive
Lake City, FL 32025

August 11, 2009

Mr. Robert E. Sheets
North Florida Broadband Authority
1500 Mahan Drive, Suite 250
Tallahassee, FL 23208

Dear Mr. Sheets:

Mercantile Bank has reviewed the proposal of the North Florida Broadband Authority for the construction of Middle Mile Broadband Infrastructure Facilities to serve the North Florida Rural Area of Critical Economic Concern. The NFBA is a newly formed governmental entity established by an interlocal agreement between 13 counties and 7 cities within the RACEC. As a result, the NFBA has no demonstrated financial history or documented revenues to support an application for conventional financing. Traditional underwriting procedures would require an evaluation of the NFBA's existing assets and revenues, however, as a newly formed entity these guidelines are inapplicable to the NFBA.

While the NFBA middle mile project will provide a great value to the citizens and businesses located within the RACEC, the size of the proposed service area and the substantial capital expenditures associated with constructing the infrastructure facilities to serve the potential customer base within this area cause the project to fail financial feasibility requirements without some governmental assistance in the project financing. The debt service associated with traditional bank financing would not be supportable in the long term by the potential revenue streams, therefore we recommend consideration of alternative funding through state or federal grants.

Upon completion of the capital expenditures for construction of the infrastructure facilities and commencement of receipt of system revenues, the NFBA would become eligible for conventional funding for operating costs and additional capital expenditures through the issuance of municipal bonds or a secured line of credit.

If you should have any questions, please give me a call at 386-752-6270.

Sincerely,

Suzanne M. Norris
Market President
North Central Region

ATTACHMENT B

PROJECTED INCOME STATEMENTS AND BALANCE SHEETS

Attachment K - Income Statement

	Historical	Forecast Period				
		Year 1	Year 2	Year 3	Year 4	Year 5
Revenues						
<i>Network Service Revenues</i>						
Transport-Public	\$ -	\$ 39,556	\$ 125,048	\$ 186,296	\$ 247,544	\$ 308,792
Transport-Private	\$ -	\$ 13,800	\$ 82,800	\$ 156,400	\$ 230,000	\$ 303,600
Internet-Public	\$ -	\$ 134,596	\$ 409,640	\$ 596,904	\$ 784,168	\$ 971,432
Internet-Private	\$ -	\$ 68,000	\$ 299,200	\$ 516,800	\$ 734,400	\$ 952,000
Transport with CIR	\$ -	\$ 15,000	\$ 90,000	\$ 170,000	\$ 250,000	\$ 330,000
<i>Installation Revenues</i>						
	\$ -	\$ 465,000	\$ 1,590,000	\$ 2,470,000	\$ 3,350,000	\$ 4,230,000
<i>Other Revenues</i>						
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ -	\$ 735,952	\$ 2,596,688	\$ 4,096,400	\$ 5,596,112	\$ 7,095,824
Expenses						
<i>Government Authority Board Expenses</i>						
	\$ -	\$ 75,000	\$ 110,450	\$ 111,964	\$ 113,522	\$ 115,128
<i>General Manager</i>						
	\$ -	\$ 110,400	\$ 110,400	\$ 110,400	\$ 110,400	\$ 110,400
<i>WINS System/Network Manager</i>						
	\$ -	\$ 439,000	\$ 856,000	\$ 856,000	\$ 856,000	\$ 856,000
<i>Legal Counsel</i>						
	\$ -	\$ 45,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000
<i>Other Operating Expense</i>						
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ -	\$ 669,400	\$ 1,136,850	\$ 1,138,364	\$ 1,139,922	\$ 1,141,528
EBITDA	\$ -	\$ 66,552	\$ 1,459,838	\$ 2,958,037	\$ 4,456,190	\$ 5,954,296
<i>Depreciation Expense-Plant, Property & Equipment</i>						
	\$ -	\$ 2,916,516	\$ 5,265,067	\$ 5,456,476	\$ 5,456,476	\$ 5,456,476
<i>Amortization/Depreciation Expense Capital Leases</i>						
	\$ -	\$ 156,787	\$ 156,787	\$ 156,787	\$ 156,787	\$ 156,786
EBIT	\$ -	\$ (3,006,751)	\$ (3,962,016)	\$ (2,655,226)	\$ (1,157,073)	\$ 341,034
<i>Interest Expense - New RUS Debt</i>						
	\$ -	\$ 753,567	\$ 693,655	\$ 630,747	\$ 564,694	\$ 495,339
<i>Interest Expense - Existing RUS Debt</i>						
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Interest Expense - Non RUS Bank Loan</i>						
	\$ -	\$ 30,000	\$ 27,724	\$ 25,311	\$ 22,754	\$ 20,043
<i>Interest Expense - Capital Leases</i>						
	\$ -	\$ -	\$ 59,593	\$ 46,753	\$ 32,628	\$ 17,091
Income Before Taxes	\$ -	\$ (3,790,318)	\$ (4,742,988)	\$ (3,358,037)	\$ (1,777,149)	\$ (191,438)
<i>Property Taxes</i>						
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Income Taxes</i>						
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income	\$ -	\$ (3,790,318)	\$ (4,742,988)	\$ (3,358,037)	\$ (1,777,149)	\$ (191,438)

Attachment L - Balance Sheet

	Historical	Forecast Period				
		Year 1	Year 2	Year 3	Year 4	Year 5
Assets						
<i>Current Assets</i>						
Cash	\$ -	\$ 13,048,929	\$ (188,432)	\$ (698,797)	\$ 1,549,651	\$ 5,296,208
Accounts Receivable	\$ -	\$ -				
Other Current Assets	\$ -	\$ -				
Total Current Assets	\$ -	\$ 13,048,929	\$ (188,432)	\$ (698,797)	\$ 1,549,651	\$ 5,296,208
<i>NonCurrent Assets</i>						
Plant, Property & Equipment	\$ -	\$ 16,320,558	\$ 28,810,016	\$ 30,070,676	\$ 30,070,676	\$ 30,070,676
Less: Accumulated Depreciation	\$ -	\$ 2,916,516	\$ 8,181,583	\$ 13,638,059	\$ 19,094,535	\$ 24,551,010
Net PPE	\$ -	\$ 13,404,042	\$ 20,628,433	\$ 16,432,617	\$ 10,976,141	\$ 5,519,666
Leased Plant, Property & Equipment	\$ -	\$ 783,934	\$ 783,934	\$ 783,934	\$ 783,934	\$ 783,934
Less: Accumulated Depreciation	\$ -	\$ 156,787	\$ 313,573	\$ 470,360	\$ 627,147	\$ 783,934
Net Leased PPE	\$ -	\$ 627,147	\$ 470,360	\$ 313,573	\$ 156,787	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total NonCurrent Assets	\$ -	\$ 14,031,189	\$ 21,098,793	\$ 16,746,191	\$ 11,132,928	\$ 5,519,666
Total Assets	\$ -	\$ 27,080,118	\$ 20,910,361	\$ 16,047,394	\$ 12,682,580	\$ 10,815,874
Liabilities and Owners Equity						
<i>Liabilities</i>						
<i>Current Liabilities</i>						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Leases	\$ -	\$ 128,407	\$ 141,247	\$ 155,372	\$ 170,908	\$ -
Current Portion-Proposed RUS Debt	\$ -	\$ 1,258,152	\$ 1,321,060	\$ 1,387,113	\$ 1,456,469	\$ 1,529,292
Current Portion-non RUS Debt (Bank Loan)	\$ -	\$ 40,210	\$ 42,623	\$ 45,180	\$ 47,891	\$ 50,764
Other Current Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Current Liabilities	\$ -	\$ 1,426,769	\$ 1,504,930	\$ 1,587,665	\$ 1,675,267	\$ 1,580,056
<i>Long-Term Liabilities</i>						
Capital Leases	\$ -	\$ 467,527	\$ 326,280	\$ 170,908	\$ 0	\$ -
Existing RUS Debt	\$ -	\$ -				
Proposed RUS Debt	\$ -	\$ 12,614,946	\$ 11,293,886	\$ 9,906,773	\$ 8,450,305	\$ 6,921,012
Existing non-RUS Debt (Bank Loan)	\$ -	\$ 421,856	\$ 379,233	\$ 334,053	\$ 286,163	\$ 235,398
Total Long-Term Liabilities	\$ -	\$ 13,504,329	\$ 11,999,399	\$ 10,411,734	\$ 8,736,467	\$ 7,156,411
In Kind Contributions-Government	\$ -	\$ 868,000	\$ 868,000	\$ 868,000	\$ 868,000	\$ 868,000
Retained Earnings	\$ -	\$ (3,790,318)	\$ (8,533,306)	\$ (11,891,343)	\$ (13,668,492)	\$ (13,859,931)
Grant Funding	\$ -	\$ 15,071,338	\$ 15,071,338	\$ 15,071,338	\$ 15,071,338	\$ 15,071,338
Total Equity	\$ -	\$ 12,149,020	\$ 7,406,032	\$ 4,047,995	\$ 2,270,846	\$ 2,079,407
Total Liabilities and Owners Equity	\$ -	\$ 27,080,118	\$ 20,910,361	\$ 16,047,394	\$ 12,682,580	\$ 10,815,874

Attachment M - Statement of Cash Flows

	Historical	Forecast Period				
		Year 1	Year 2	Year 3	Year 4	Year 5
Beginning Cash	\$ -	\$ -	\$ 13,048,929	\$ (188,432)	\$ (698,797)	\$ 1,549,651
Cash Flows from Operating Activities:						
Net Income	\$ -	\$ (3,790,318)	\$ (4,742,988)	\$ (3,358,037)	\$ (1,777,149)	\$ (191,438)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities						
Add: Depreciation	\$ -	\$ 2,916,516	\$ 5,265,067	\$ 5,456,476	\$ 5,456,476	\$ 5,456,476
Add: Amortization	\$ -	\$ 156,787	\$ 156,787	\$ 156,787	\$ 156,787	\$ 156,787
Changes in Current Assets and Liabilities:						
Marketable Securities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepayments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Current Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Current Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non Current Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Provided (Used) by Operations	\$ -	\$ (717,015)	\$ 678,866	\$ 2,255,225	\$ 3,836,113	\$ 5,421,824
Cash Flows from Financing Activities:						
Notes Receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Leases	\$ -	\$ (188,000)	\$ (128,407)	\$ (141,247)	\$ (155,372)	\$ (170,908)
Notes Payable-Bank Loan	\$ -	\$ 462,066	\$ (40,210)	\$ (42,623)	\$ (45,180)	\$ (47,891)
Principal Payments	\$ -	\$ (1,198,240)	\$ (1,258,152)	\$ (1,321,060)	\$ (1,387,113)	\$ (1,456,469)
New Borrowing & New Grant	\$ -	\$ 30,142,676	\$ -	\$ -	\$ -	\$ -
Additional Paid-in Capital/In Kind Contributions	\$ -	\$ 868,000	\$ -	\$ -	\$ -	\$ -
Additions to Patronage Capital Credits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payment of Dividends	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Provided by Financing Activities	\$ -	\$ 30,086,502	\$ (1,426,769)	\$ (1,504,930)	\$ (1,587,665)	\$ (1,675,267)
Cash Flows from Investing Activities						
Capital Expenditures (Net of Amortization) Capital Leases	\$ -	\$ (16,320,558)	\$ (12,489,458)	\$ (1,260,660)	\$ -	\$ -
Long-Term Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Used by investing Activities	\$ -	\$ (16,320,558)	\$ (12,489,458)	\$ (1,260,660)	\$ -	\$ -
Net Increase (Decrease) in Cash	\$ -	\$ 13,048,929	\$ (13,237,361)	\$ (510,365)	\$ 2,248,448	\$ 3,746,557
Ending Cash	\$ -	\$ 13,048,929	\$ (188,432)	\$ (698,797)	\$ 1,549,651	\$ 5,296,208

Attachment K - Income Statement

	Historical	Forecast Period				
		Year 1	Year 2	Year 3	Year 4	Year 5
Revenues						
<i>Network Service Revenues</i>						
Transport-Public	\$ -	\$ 39,556	\$ 125,048	\$ 186,296	\$ 247,544	\$ 308,792
Transport-Private	\$ -	\$ 13,800	\$ 82,800	\$ 156,400	\$ 230,000	\$ 303,600
Internet-Public	\$ -	\$ 134,596	\$ 409,640	\$ 596,904	\$ 784,168	\$ 971,432
Internet-Private	\$ -	\$ 68,000	\$ 299,200	\$ 516,800	\$ 734,400	\$ 952,000
Transport with CIR	\$ -	\$ 15,000	\$ 90,000	\$ 170,000	\$ 250,000	\$ 330,000
<i>Installation Revenues</i>	\$ -	\$ 465,000	\$ 1,590,000	\$ 2,470,000	\$ 3,350,000	\$ 4,230,000
<i>Other Revenues</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ -	\$ 735,952	\$ 2,596,688	\$ 4,096,400	\$ 5,596,112	\$ 7,095,824
Expenses						
Government Authority Board Expenses	\$ -	\$ 75,000	\$ 110,450	\$ 111,964	\$ 113,522	\$ 115,128
General Manager	\$ -	\$ 110,400	\$ 110,400	\$ 110,400	\$ 110,400	\$ 110,400
WINS System/Network Manager	\$ -	\$ 439,000	\$ 856,000	\$ 856,000	\$ 856,000	\$ 856,000
Legal Counsel	\$ -	\$ 45,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000
Other Operating Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ -	\$ 669,400	\$ 1,136,850	\$ 1,138,364	\$ 1,139,922	\$ 1,141,528
EBITDA	\$ -	\$ 66,552	\$ 1,459,838	\$ 2,958,037	\$ 4,456,190	\$ 5,954,296
Depreciation Expense-Plant, Property & Equipment	\$ -	\$ 2,916,516	\$ 5,265,067	\$ 5,456,476	\$ 5,456,476	\$ 5,456,476
Amortization/Depreciation Expense Capital Leases	\$ -	\$ 156,787	\$ 156,787	\$ 156,787	\$ 156,787	\$ 156,786
EBIT	\$ -	\$ (3,006,751)	\$ (3,962,016)	\$ (2,655,226)	\$ (1,157,073)	\$ 341,034
Interest Expense - New RUS Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Expense - Existing RUS Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Expense - Non RUS Bank Loan	\$ -	\$ 30,000	\$ 27,724	\$ 25,311	\$ 22,754	\$ 20,043
Interest Expense - Capital Leases	\$ -	\$ -	\$ 59,593	\$ 46,753	\$ 32,628	\$ 17,091
Income Before Taxes	\$ -	\$ (3,036,751)	\$ (4,049,333)	\$ (2,727,290)	\$ (1,212,455)	\$ 303,900
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income	\$ -	\$ (3,036,751)	\$ (4,049,333)	\$ (2,727,290)	\$ (1,212,455)	\$ 303,900

Attachment L - Balance Sheet

Assets

Current Assets

Cash
Accounts Receivable
Other Current Assets

Total Current Assets

NonCurrent Assets

Plant, Property & Equipment
Less: Accumulated Depreciation
Net PPE

Leased Plant, Property & Equipment
Less: Accumulated Depreciation
Net Leased PPE

Other

Total NonCurrent Assets

Total Assets

Liabilities and Owners Equity

Liabilities

Current Liabilities

Accounts Payable
Capital Leases
Current Portion-Proposed RUS Debt
Current Portion-non RUS Debt (Bank Loan)
Other Current Liabilities

Total Current Liabilities

Long-Term Liabilities

Capital Leases
Existing RUS Debt
Proposed RUS Debt
Existing non-RUS Debt (Bank Loan)

Total Long-Term Liabilities

In Kind Contributions-Government
Retained Earnings
Grant Funding

Total Equity

Total Liabilities and Owners Equity

Historical	Forecast Period				
	Year 1	Year 2	Year 3	Year 4	Year 5
\$ -	\$ 15,000,736	\$ 3,715,182	\$ 5,156,625	\$ 9,356,880	\$ 15,055,244
\$ -	\$ -				
\$ -	\$ -				
\$ -	\$ 15,000,736	\$ 3,715,182	\$ 5,156,625	\$ 9,356,880	\$ 15,055,244
\$ -	\$ 16,320,558	\$ 28,810,016	\$ 30,070,676	\$ 30,070,676	\$ 30,070,676
\$ -	\$ 2,916,516	\$ 8,181,583	\$ 13,638,059	\$ 19,094,535	\$ 24,551,010
\$ -	\$ 13,404,042	\$ 20,628,433	\$ 16,432,617	\$ 10,976,141	\$ 5,519,666
\$ -	\$ 783,934	\$ 783,934	\$ 783,934	\$ 783,934	\$ 783,934
\$ -	\$ 156,787	\$ 313,573	\$ 470,360	\$ 627,147	\$ 783,934
\$ -	\$ 627,147	\$ 470,360	\$ 313,573	\$ 156,787	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ 14,031,189	\$ 21,098,793	\$ 16,746,191	\$ 11,132,928	\$ 5,519,666
\$ -	\$ 29,031,925	\$ 24,813,975	\$ 21,902,815	\$ 20,489,808	\$ 20,574,910
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ 128,407	\$ 141,247	\$ 155,372	\$ 170,908	\$ -
\$ -					
\$ -	\$ 40,210	\$ 42,623	\$ 45,180	\$ 47,891	\$ 50,764
\$ -	\$ -	\$ -			
\$ -	\$ 168,617	\$ 183,870	\$ 200,552	\$ 218,798	\$ 50,764
\$ -	\$ 467,527	\$ 326,280	\$ 170,908	\$ 0	\$ -
\$ -	\$ -				
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ 421,856	\$ 379,233	\$ 334,053	\$ 286,163	\$ 235,398
\$ -	\$ 889,383	\$ 705,513	\$ 504,961	\$ 286,163	\$ 235,398
\$ -	\$ 868,000	\$ 868,000	\$ 868,000	\$ 868,000	\$ 868,000
\$ -	\$ (3,036,751)	\$ (7,086,084)	\$ (9,813,374)	\$ (11,025,829)	\$ (10,721,929)
\$ -	\$ 30,142,676	\$ 30,142,676	\$ 30,142,676	\$ 30,142,676	\$ 30,142,676
\$ -	\$ 27,973,925	\$ 23,924,592	\$ 21,197,302	\$ 19,984,847	\$ 20,288,747
\$ -	\$ 29,031,925	\$ 24,813,975	\$ 21,902,815	\$ 20,489,808	\$ 20,574,910

Attachment M - Statement of Cash Flows

	Historical	Forecast Period				
		Year 1	Year 2	Year 3	Year 4	Year 5
Beginning Cash	\$ -	\$ -	\$ 15,000,736	\$ 3,715,182	\$ 5,156,625	\$ 9,356,880
Cash Flows from Operating Activities:						
Net Income	\$ -	\$ (3,036,751)	\$ (4,049,333)	\$ (2,727,290)	\$ (1,212,455)	\$ 303,900
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities						
Add: Depreciation	\$ -	\$ 2,916,516	\$ 5,265,067	\$ 5,456,476	\$ 5,456,476	\$ 5,456,476
Add: Amortization	\$ -	\$ 156,787	\$ 156,787	\$ 156,787	\$ 156,787	\$ 156,787
Changes in Current Assets and Liabilities:						
Marketable Securities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepayments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Current Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Current Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non Current Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Provided (Used) by Operations	\$ -	\$ 36,552	\$ 1,372,521	\$ 2,885,972	\$ 4,400,808	\$ 5,917,163
Cash Flows from Financing Activities:						
Notes Receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Leases	\$ -	\$ (188,000)	\$ (128,407)	\$ (141,247)	\$ (155,372)	\$ (170,908)
Notes Payable-Bank Loan	\$ -	\$ 462,066	\$ (40,210)	\$ (42,623)	\$ (45,180)	\$ (47,891)
Principal Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
New Grant	\$ -	\$ 30,142,676	\$ -	\$ -	\$ -	\$ -
Additional Paid-in Capital/In Kind Contributions	\$ -	\$ 868,000	\$ -	\$ -	\$ -	\$ -
Additions to Patronage Capital Credits	\$ -	\$ 0	\$ -	\$ -	\$ -	\$ -
Payment of Dividends	\$ -	\$ 0	\$ -	\$ -	\$ -	\$ -
Net Cash Provided by Financing Activities	\$ -	\$ 31,284,742	\$ (168,617)	\$ (183,870)	\$ (200,552)	\$ (218,799)
Cash Flows from Investing Activities						
Capital Expenditures	\$ -	\$ (16,320,558)	\$ (12,489,458)	\$ (1,260,660)	\$ -	\$ -
Amortizable Asset (Net of Amortization) Capital Leases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Long-Term Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Used by Investing Activities	\$ -	\$ (16,320,558)	\$ (12,489,458)	\$ (1,260,660)	\$ -	\$ -
Net Increase (Decrease) in Cash	\$ -	\$ 15,000,736	\$ (11,285,554)	\$ 1,441,443	\$ 4,200,256	\$ 5,698,364
Ending Cash	\$ -	\$ 15,000,736	\$ 3,715,182	\$ 5,156,625	\$ 9,356,880	\$ 15,055,244

ATTACHMENT C

LETTER OF SUPPORT FROM U.S. SENATOR BILL NELSON



United States Senate

WASHINGTON, DC 20510-0905

BILL NELSON
FLORIDA

August 11, 2009

The Honorable Larry Strickling
Assistant Secretary of Commerce
National Telecommunications and Information Administration
U.S. Department of Commerce
1401 Constitution Avenue, Northwest
Washington, District of Columbia 20230

RE: Letter of Support - Federal Broadband Infrastructure Stimulus Grant

Dear Honorable Strickling:

I am pleased to provide this letter in support of the efforts' of the North Florida Broadband Authority (NFBA) to obtain funding under the above-mentioned grant. The goal of their proposed project is to significantly impact the expansion of, accessibility to, and affordability of an advanced broadband network throughout a 14-county region serving Baker, Bradford, Columbia, Dixie, Gilchrist, Hamilton, Jefferson, Lafayette, Levy, Madison, Putnam, Suwannee, Taylor and Union counties. I respectfully request your consideration of this organization's application for federal stimulus funding under the American Recovery and Reinvestment Act of 2009 (ARRA).

If funded, the broadband advancement and economic development of North Central Florida will create a sustainable regional and statewide infrastructure that interconnects Community Anchor Institutions and extends advanced broadband infrastructure into communities through Community Area Networks. We believe that NFBA will transform this rural region over the next ten and twenty years and provide the necessary communications infrastructure for current and prospective businesses and industry.

Again, I encourage your consideration of this worthy cause. If I can be of further assistance in this matter, please do not hesitate to contact me at the address below.

Sincerely,

BN/pg

CC: Ms. Lynn Bannister, Regional Director, U. S. Senator Bill Nelson

ATTACHMENT D

LETTER OF SUPPORT FROM CONGRESSMAN F. ALLEN BOYD, JR.

ALLEN BOYD
SECOND DISTRICT, FLORIDA

COMMITTEE:
APPROPRIATIONS

SUBCOMMITTEES:
AGRICULTURE AND RELATED AGENCIES

DEFENSE

FINANCIAL SERVICES

COMMITTEE:
BUDGET

Congress of the United States
House of Representatives
Washington, DC 20515

August 10, 2009

WASHINGTON OFFICE:
1227 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-5235

DISTRICT OFFICES:
LAKESIDE BUILDING, SUITE 103
1850 SUMMIT LAKE DRIVE
TALLAHASSEE, FL 32317
(850) 681-3979

30 WEST GOVERNMENT STREET, ROOM 203
PANAMA CITY, FL 32401
(850) 785-0812

Mr. Robert E. Sheets
North Florida Broadband Authority
1500 Mahan Dr, Suite 250
Tallahassee, FL 32308

Dear Mr. Sheets:

It is with much enthusiasm that I am writing in support of North Florida Broadband Authority (NFBA) on behalf of its efforts to obtain broadband stimulus funding under the American Recovery and Reinvestment Act of 2009 (ARRA).

As you are well aware, much of North Florida has been designated a Rural Area of Critical Economic Concern (RACEC). The NFBA is a regional collaboration designed to meet the essential and advanced broadband network needs of this RACEC region. I understand that NFBA covers 14 counties in the North Central Florida RACEC region. Five of those counties (Dixie, Jefferson, Lafayette, Suwannee & Taylor) lie within Florida's Second Congressional District. I know and realize, firsthand, the tremendous potential broadband would bring to this region's economy.

Through the NFBA, I support broadband advancement and economic development by creating a sustainable regional and statewide infrastructure that interconnects Community Anchor Institutions and extends advanced broadband infrastructure into communities through Community Area Networks. I believe that the NFBA will provide the North Central RACEC region with access to an advanced broadband infrastructure, aiding in meeting the challenges of our new information economy.

I truly believe this is a worthy project that exemplifies exactly the intentions of the ARRA legislation. A broadband network infrastructure in this area stands to bring countless opportunities to already-established small businesses as well as larger businesses looking for a new area in which to expand. I gladly lend my support to the North Florida Broadband Authority as they see this project to fruition.

Sincerely,

F. Allen Boyd, Jr.
Member of Congress

AB:th

ATTACHMENT E

LETTER OF SUPPORT FROM FLORIDA DEPARTMENT OF TRANSPORTATION



Florida Department of Transportation

CHARLIE CRIST
GOVERNOR

605 Suwannee Street
Tallahassee, FL 32399-0450

STEPHANIE C. KOPELOUSOS
SECRETARY

August 17, 2009

Mr. David J. Villano
Assistant Administrator, Telecommunications Program
Rural Utilities Service
United States Department of Agriculture
Rural Development
Washington, DC 20250-1500

Dear Mr. Villano:

Please accept this letter as an expression of support from the Florida Department of Transportation (FDOT) for the *Opportunity Florida*¹ / *North Florida Economic Development Partnership*² / *Florida's Heartland Rural Economic Development Initiative*³ application for the Rural Utilities Service Broadband Initiatives Program. These three Rural Areas of Critical Economic Concern, designated by the Governor of Florida, have come together to pursue funding to help deploy a regional broadband network in the three rural regions of Florida. By providing much needed communications infrastructure to the twenty eight rural counties, opportunities for economic development will increase and quality of life will improve in rural Florida.

Currently, Sections 337.401 - 337.404, Florida Statutes and Rule 14-46.001, Florida Administrative Code allow communication lines access along the State Highway System, other than limited access right-of-ways.⁴ All utility owned facilities on Florida Department of Transportation rights-of-way must be authorized by permit and all utility design work, to the extent allowed by Florida law, must comply with FDOT requirements. As long as each rural county submits permits with designs in accordance with the current FDOT Utility Accommodation Manual, the Florida Department of Transportation will issue the necessary permits.

Intrinsic Value and Stability of State Right-of Way

According to a report issued by the Federal Highway Administration to Congress in 2007⁵, using a state department of transportation as a right-of-way provider eliminates some risks that would otherwise accompany having a private entity as the right-of-way providers. The risk of bankruptcy of the right-of-way provider and potential rejection of the right-of-way agreement by the bankruptcy party is much lower when the provider is a governmental entity. To the extent the right-of-way grant can be made in the form of an

¹ Northwest Rural Area of Critical Economic Concern

² North Central Rural Area of Critical Economic Concern

³ South Central Rural Area of Critical Economic Concern

⁴ FDOT Utility Accommodation Manual

<http://www2.dot.state.fl.us/proceduraldocuments/procedures/bin/710020001/Chapter-1.pdf>

⁵ Rural Interstate Corridor Communications Study Report to Congress – August 2007, page 116

http://ops.fhwa.dot.gov/int_its_deployment/rural/congrpt0807/report_to_congress.pdf

Mr. David J. Villano
August 17, 2009
Page two

easement, the telecommunications company partner enjoys even greater stability of the right-of-way grant under state property laws.

Value of State Right-of-Way

Due to drastic differences in rural land values across the state and the lack of exact corridor alignments, right-of-way values reflective of the specific corridors are not available at this time. Recognizing Florida Statutes allow utilities (including telecommunications/broadband) to be placed on non-limited access right-of-way without a permit fee, utility applicants are not required to purchase easements from adjacent landowners. In comparison, some states require applicants to purchase such easements for locating utilities and/or pay a permit fee to the state.

Fortunately, this cost will not be incurred by the applicant if they comply with Rule 14-46, Florida Administrative Code and the FDOT Utility Accommodation Manual when designing their facilities. Therefore, for purposes of valuing the necessary right-of-way for this project, one may assume this cost alleviation/avoidance to the applicant as the Florida Department of Transportation's in-kind match for the Broadband Initiatives grant application.

Thank you for initiating this effort to help strengthen the information infrastructure across rural America. In addition to the direct benefits to the rural areas, such a project would increase the Department's future opportunities to co-locate Intelligent Transportation Systems (ITS) in state-owned right-of-way in these rural counties. For these reasons, the Florida Department of Transportation is committed to serving as a key partner in meeting the challenge of rapidly expanding the access and quality of broadband services in rural Florida.

Sincerely,



Brian Blanchard, P.E.
Chief Engineer

BB/mwc

Copies: Stephanie Kopelousos
Kevin Thibault
Debbie Hunt