



## VIA ELECTRONIC MAIL

February 22, 2012

Jean Rice  
Federal Program Officer  
US Department of Commerce  
NTIA/BTOP  
1401 Constitution Ave, NW  
Room 4606  
Washington, DC 20230

RE: Request for Approval of Subrecipients

Dear Ms. Rice:

South Dakota Network, LLC (SDN) seeks retroactive approval to update its grant file to reflect the subrecipients associated with our BTOP project, NTIA Award NT10BIX5570003.

As SDN prepared its application in the summer of 2009 we fully anticipated having a number of our ILEC owners participate in our project as subrecipients. These ILEC owners were listed in the original application; however, they were not specifically identified as subrecipients in the original application or subsequent due diligence. The following companies were planned to be subrecipients on our project from its conception:

- City of Faith South Dakota – Telephone Department (Subrecipient agreement signed May 31, 2011)
- Interstate Telecommunications Cooperative, Inc. (Subrecipient agreement signed December 1, 2010)
- Northern Valley Communications, LLC (Subrecipient agreement signed December 1, 2010)
- Northern Hills Transport, LLC (Subrecipient agreement signed December 1, 2010)
- TrioTel Communications, Inc. (Subrecipient agreement signed December 1, 2010)
- Venture Communications, Inc. (Subrecipient agreement signed December 1, 2010)

Since the start of the project we have added the following subrecipients;

- Mitchell Technical Institute – June 2011 (Subrecipient agreement signed June 30, 2011).  
Approved as a subrecipient via request number AAR 2234519.
- State of South Dakota – June 2011 (Subrecipient agreement signed August 1, 2011). Submitted for approval as a subrecipient via request number AAR 2238012. SDN is seeking final approval for this as well.

The following subrecipients are constructing and will own the facilities upon completion:

- City of Faith South Dakota – dollars necessary for the match come from subrecipient cash
- Interstate Telecommunications Cooperative, Inc. - dollars necessary for the match come from subrecipient cash
- Northern Hills Transport, LLC - dollars necessary for the match come from subrecipient cash
- Northern Valley Communications, LLC - dollars necessary for the match come from subrecipient cash
- TrioTel Communications, Inc. dollars necessary for the match come from subrecipient cash
- Venture Communications, Inc. - dollars necessary for the match come from subrecipient cash

SDN has fully executed subrecipient agreements with each subrecipient. A Subrecipient Monitoring Plan is in place to inform subrecipients and insure their compliance with the American Recovery and Reinvestment Act (ARRA) and Department of Commerce (DOC) Broadband and Technology Opportunity Program (BTOP) grant requirements. Each subrecipient will provide the required matching funds on this project. All subrecipients participate on our subrecipients calls and training sessions. The subrecipients have been listed in our Quarterly ARRA Report filings since First Quarter 2010.

SDN seeks acceptance of this Award Action Request to update our project file to reflect the subrecipients associated with our BTOP grant.

As additional support and documentation, SDN has included the following documents to be included in our grant file:

- E-mail from Bill Heaston of SDN to Jean Rice, BTOP Program Officer
- Answer to Q39 of the BTOP grant application which includes a list of the ILEC owners of SDN at the time of the grant application
- Due Diligence Q&A documents, dated 11-5-09 and 11-12-09
- Subrecipient ownership listing 1-6-12 identifying the 17 owners (reduction from 27 in the original application mainly due to consolidations in the industry since 2009)
- Answers to due diligence questions 5 and 11 reference our member markets and that Northern Hills Transport, LLC would be part of the new construction.
- The baseline subrecipient agreement between SDN and its subrecipients. A subrecipient agreement has been completed for each subrecipient.

Regards,



Mark Shlanta  
Chief Executive Officer  
South Dakota Network, LLC

**From:** [Bill Heaston](#)  
**To:** "Jean Rice"; [Stevens, Chelsea \[USA\]](#); [wenzler\\_kerri@bah.com](mailto:wenzler_kerri@bah.com)  
**Cc:** [Mark Shlanta](#); [Thomas Durfee](#); [Nick Kortan](#); [Nick Herrick](#); [Sarah Tuntland](#)  
**Subject:** Subrecipients  
**Date:** Tuesday, January 10, 2012 11:38:40 AM  
**Attachments:** [Application Q-39 Org ChartShrhdrsSubsidsPartnrs.pdf](#)  
[Subrecip ownership listing 1-6-12.xlsx](#)  
[DD Q&A 11-5-09.docx](#)  
[DD Q&A \(Q 5\) 11-5-09.pdf](#)  
[DD Q&A \(Q 11\) 11-5-09.pdf](#)  
[DD Q&A 11-12-09.docx](#)  
[Subrecipient Agreement \(clean draft\) 9-23-10.docx](#)

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Jean:

To follow up on our conversation 1/5/12 regarding any GOL approvals for our subrecipients, the following information is provided:

1. As stated in the Grant Application, SDN is owned by SD rural independent and cooperative telephone companies that SDN works with to provide Internet connectivity (p.10). The subrecipients identified in the ARRA quarterly report were identified as SDN owners in the application for the grant as an attachment tied to the response to Q 39 – Organizational Chart (p. 24). That chart is attached to this email. 27 identified owners are now 17 owners and identified in the color coded chart attached to this email. The reduction in number of owners is mainly due to consolidations in the industry since 2009. The SDN owners that are subrecipients are Faith Municipal, Northern Valley (a CLEC) (owned by James Valley (a Coop)), Interstate (a Coop), Venture (a Coop), Triotel (was McCook Cooperative/TriCounty) (a Coop), and Northern Hills Transport (owned equally by SDN, Golden West (a Coop) and West River Cooperative Telephone Co.).
2. During the due diligence discussions prior to the Award, we did provide information about the ownership of SDN and their potential participation in this Project. Attached are several documents which address this. In the DD Q&A, dated 11-5-09, Question 5, and in DD Q&A 11-12-09, we discuss how the owner companies would have a definite interest in participating. In DD Q&A 11-5-09, Question 11, we specifically state that Northern Hills would be a part of building fiber facilities in the western portion of the State.
3. Attached is a template for the Subrecipient Agreement each of the owners above has signed, to include James Valley. As detailed in the agreement, the subrecipients will provide the matching funds and will own the facilities and equipment purchased using BTOP grant funds. The security interests will be filed by SDN in the respective owners' names.

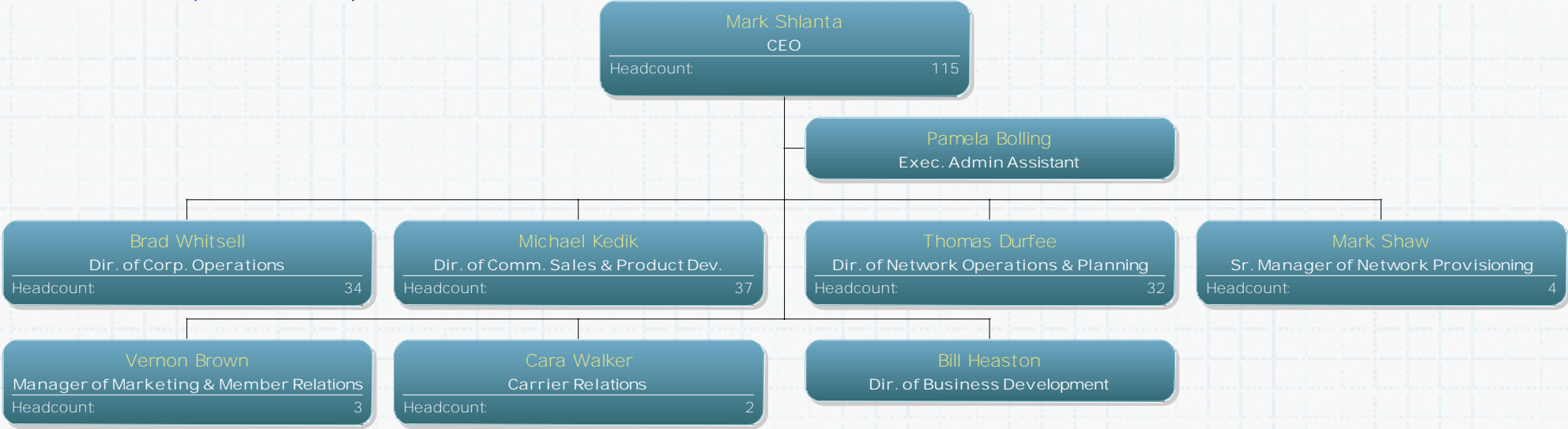
Please contact me if you have any questions or comments. Thanks.

**Bill Heaston | VP Legal & Regulatory**

South Dakota Network, LLC | 2900 West 10th Street, Sioux Falls, SD 57104  
(605) 978-3596 | [bill.heaston@sdncommunications.com](mailto:bill.heaston@sdncommunications.com)

# SDN Communications

*the business simplification experts*



**SOUTH DAKOTA NETWORK, LLC**  
**LIST OF SDN SHAREHOLDER COMPANIES**

ARMOUR INDENDENT TELEPHONE COMPANY  
WALL, SD

BERESFORD MUNICIPAL TELEPHONE COMPANY  
BERESFORD, SD

BRIDGEWATER/CANISTOTA TELEPHONE COMPANY  
BRIDGEWATER, SD

SWIFTEL COMMUNICATIONS  
BROOKINGS,SD

CHEYENNE RIVER SIOUX TRIBE TELEPHONE AUTHORITY  
EAGLE BUTTE, SD

FAITH MUNICIPAL TELEPHONE COMPANY  
FAITH, SD

GOLDEN WEST TELECOMMUNICATIONS  
WALL, SD

INTERSTATE TELECOMMUNICATIONS COOPERATIVE  
CLEAR LAKE, SD

JAMES VALLEY TELECOMMUNICATIONS  
GROTON, SD

LONG LINES  
JEFFERSON, SD

MCCOOK COOPERATIVE TELEPHONE COMPANY  
SALEM, SD

KENNEBEC TELEPHONE COMPANY  
KENNEBEC, SD

MIDSTATE COMMUNICATIONS  
KIMBALL, SD

RC COMMUNICATIONS  
NEW EFFINGTON, SD

ROBERTS COUNTY TELEPHONE COOPERATIVE

NEW EFFINGTON, SD

SANTEL COMMUNICATIONS COOPERATIVE  
WOONSOCKET, SD

ALLIANCE COMMUNICATIONS COOPERATIVE  
GARRETSON, SD

SPLITROCK PROPERTIES  
GARRETSON, SD

STOCKHOLM STRANDBURG TELEPHONE  
CLEAR LAKE, SD

VENTURE COOMUNICATIONS COOPERATIVE  
HIGHMORE, SD

VALLEY TELECOMMUNICATIONS COOPERATIVE  
WALL, SD

TRICOUNTY TELEPHONE COMPANY  
SALEM, SD

UNION TELEPHONE COMPANY  
WALL, SD

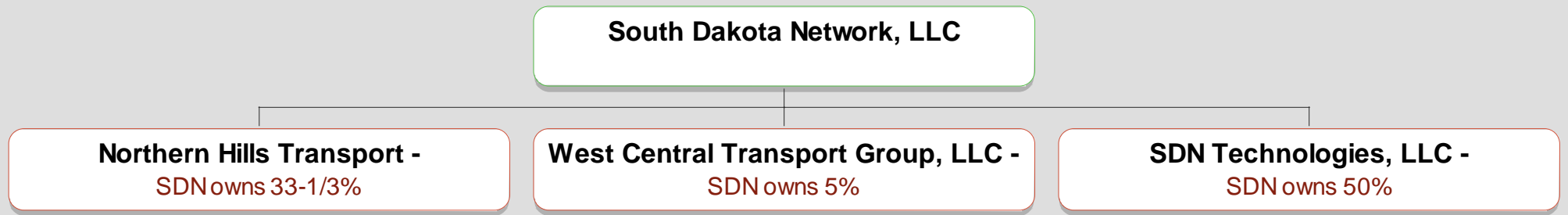
VALLEY TELECOMMUNICATIONS COOPERATIVE  
HERREID, SD

WEST RIVER COOPERATIVE TELEPHONE COMPANY  
BISON, SD

WEST RIVER TELECOMMUNICATIONS COOPERATIVE  
NAZEN, ND

WESTERN TELEPHONE COMPANY  
HIGHMORE, SD

# SDN COMMUNICATIONS - Subsidiary and Partnership Organizations



November 4, 2009

Dear Mr. Shlanta,

As we discussed on the phone, I am pleased to inform you that your application (Easy Grants ID# 73) for the Broadband Technology Opportunities Program (BTOP) has advanced to the Due Diligence phase of the application review as set forth in the BTOP Notice of Funds Availability (NOFA).

Advancing to due diligence means that your application is under consideration by NTIA; it does not guarantee a grant.

In this step of the application review process, NTIA asks applicants to submit additional information. Once NTIA receives the requested documents, the Agency will use engineering, business, and subject matter experts to review and analyze the application and supplemental information provided. That review evaluates the consistency of the applications with the supporting documents and validates the application's merit.

Although, pursuant to the NOFA, you have until December 3, 2009 to provide the requested information, we strongly encourage you to submit the documents below by 5pm Eastern Time on Monday, November 9, 2009 to permit the agency to begin its funding activities as quickly as possible. Please upload your individual documents into Easygrants as soon as they are available, and do not wait until you have completed them all.

Requested information:

- 1 Objective: Need further clarification and data on the methodology and analysis supporting methodology for area status claims for unserved/underserved.  
Question: Please provide additional clarification and data supporting the methodology utilized to support claims for underserved in Methodology for Area Status.

**McIntosh is a point of interconnection for SDN's network and does not have any competitors offering Broadband. Wireless providers reviewed were Alltel and Verizon and the landline provider reviewed was Qwest.**

- 2 Objective: System Diagram is lacking/missing detail on the design and approach for providing Network Operations and OSS/BSS support services.  
Question: Please provide additional detail on the system design, location and capabilities that SDN currently or plans to utilize to support Network Operations (NOC) and OSS/BSS support services.

**SDN operates a Network Operations Center (NOC) from its headquarters location in Sioux Falls, SD. Our NOC has nearly two dozen highly trained staff providing network support 24 hours a day 365 days a year. NOC staff manage and operate SDN's various network backbones – long haul DWDM, metro, packet, etc. SDN uses Metasolv for its network inventory, order flow and trouble ticketing systems. Metasolv is the primary network database used by our Engineering, Network Provisioning, Circuit Design and Operations teams.**



- 3 Objective: Network Diagram is missing detail on Internet Peering Points such as capacity, redundancy, etc..  
Question: Please update the Network Diagrams to provide additional detail on the Planned Peering Points with AT&T, Sprint, Cogent including capacity, redundancy and detailed locations. Also identify other main POI required to support planned LM Partners.

**Please see Attachment Q1-2.**

- 4 Objective: Network Diagram fails to illustrate or show new/vs. existing Fiber builds including route locations and POI through the planned PFSAs. For example, they talk about new fiber builds between Huron to Volga and Beresford rural to Yankton builds. It also defined new fiber builds to connect MM backbone to anchor institutions.  
Question: Please update Network Diagram to illustrate and show new vs. existing fiber routes that clearly identify the location of the main POI in each PFSA supporting the connectivity to Anchor institutions. Diagram should provide estimated fiber miles and planned capacities between main POP/POI that support fiber build cost estimates.

**Please see Attachment Q1-2.**

- 5 Objective: SDN's 27 Independent and cooperative telecommunication companies are currently and/or will act and provide LM services utilizing the MM network. Operating leases will allow Partners to provide LM services. However, Attachment C does not detail any existing/planned LM broadband services for each PFSA. In addition, Attachment C for MM broadband service provider competitor table looks incomplete by not covering all service areas.  
Question: Given that SDN LLC is a partnership of 27 Independent and Cooperative Telecommunication companies that currently or plan on providing LM services, please update Attachment C to include details on existing/planned LM broadband services for each PFSA. In addition, please update Attachment C MM competitor table to address or cover all stated PFSAs.

**Please see Attachment Q1-3. Service offerings and price are not readily available without contacting the provider.**

- 6 Objective: Limited detail (unit costs, equipment descriptions, etc) is provided in Project Budget and Detail of Project Costs. Appears to be rollup of a more detailed cost and fails to break out LM/MM access equipment. They talked about switch/router equipment from Cisco but did not include any in Detail of Project Costs.  
Question: Please provide more detailed BOM listing, equipment descriptions, unit costs to support Project Budget and Detail of Project Costs.

**Please see Attachment Q1-4.**

- 7 Objective: Regarding Broadband Data Revenue projections (Financial Notes Attachment 1), it is not clear how these revenues were calculated.  
Question: Are the quoted rates (\$800 for 5Mbps, \$1400 for 10Mbps) yearly or monthly?  
Attachment B refers to 15Mbps and 20Mbps service offerings. Do you anticipate any customers in this price segment?

**As discussed during the conference call on 11/5/09 the quoted rates are monthly rates and Attachment B refers to the possible speeds that can be ordered. However, the financial proforma assumed a conservative approach and did not initially anticipate a request for 15Mbps or 20Mbps. Also, as previously mentioned, revenues were understated in the proforma provided with the initial grant application. Revenues included on "Financial Notes Attachment 1" incorrectly assumed the rates were quarterly. We have reviewed the revenues and have adjusted the rates at which project sites will be added and producing revenues during the construction quarter and the four quarters following construction. Please see "Revised Financial Notes Attachment 1" included with Attachment Q1-5, the Project Specific Proforma.**

- 8 Objective: Need project-specific Pro Formas  
Question: In addition to company-wide Pro Forma statements, we also request project-specific Pro Forma statements.

**Please see an Attachment Q1-5.**

- 9 Objective: Project Timeline appears to start at Year 1, rather than Year 0 (grant award).  
Question: Please explain the absence of any identified activity for Year 0. Is the applicant treating Year 1 Quarter 1 as the start of the project / grant award, or is there additional design / planning that will be taking place but is not currently listed on the timeline?

**As indicated during the conference call on 11/5/09, SDN considers the grant award year to be Year 1 (calendar year 2010).**

- 10 Objective: Project Timeline does not provide detail regarding actual sites to be constructed or upgraded.  
Question: Project Timeline only mentions Year 1 / Year 2 / Year 3 projects. Please provide additional detail as to what sites / networks will be built or upgraded each year.

**Please see Attachment Q1-6 for a list of sites by year.**

- 11 Objective: SDN Communications Subsidiary Org Chart  
Question: The organizational chart showing SDN's Subsidiary and Partnership Organizations lists 3 companies. Are any of these companies being utilized for this project?

**As indicated on the conference call on 11/5/09, one of SDN's subsidiary organizations will be part of the project. Northern Hills Transport fiber will be utilized for backhaul in the western portion of the state. Northern Hills has no staff so only the fiber is part of the project. West Central Transport Group and SDN Technologies are not part of the project.**

- 12 Objective: Proposed Partnership with Mitchell Technical Institute  
Question: Part of the grant funding will be used to purchase test equipment for MTI.  
Is MTI a state or privately funded institution?

**As indicated on the conference call on 11/5/09 Mitchell Technical Institute is a public funded institution.**

You are being asked to complete the 424c and the Federal Request Match Verification documents in order to clarify your project budget.

To submit supplemental information to NTIA you must use the Easy Grants system, which can be accessed via [www.broadbandusa.gov](http://www.broadbandusa.gov). Select "Apply" on the left menu, then "ApplyOnline" in the first paragraph. Log in using your previously assigned ID and the password you created for this account. Once logged in, you will see a "Task" section at the bottom-left hand corner of the homepage. Select the task listed in this section. On the following page, select "Uploads" from the left navigation bar and follow instructions to successfully submit the requested files.

Please be certain to assign a descriptive name to each file that you upload and that you include the same name as a title or header at the top of each submitted document. Step-by-step instructions for uploading files are attached to this email.

Once again, please note that this supplemental information request does not guarantee funding. When awarding a grant, the agency takes into consideration a number of factors, including the documentation that you provide in response to this request.

If you have any questions about the information request or accessing Easy Grants, please contact me at 202-482-4698.

Sincerely,

Mark Luker

Program Officer, NTIA  
mluker@ntia.doc.gov

**1. Tribal issues**

**a. Please describe SDN’s present Internet connections and services to tribal areas.**

SDN provides backbone connections to its member companies across the state for connections from their franchise territories to the Internet2 and Lambda Rail networks. SDN members including Golden West Telecommunications, Cheyenne River Sioux Tribe Telephone Authority (CRST), Venture Communications Cooperative, West River Cooperative Telephone Company, Midstate Telecom, and Roberts County Telephone Cooperative serve the Pine Ridge, Rosebud, Cheyenne River, Standing Rock, Sisseton-Wahpeton, Lower Brule and Crow Creek Reservations in South Dakota. These member companies provide Internet connections ranging from 1.5 Mbps to GigE connections along with local dial tone / calling features and long distance service.

**b. How does the tribal access change in your proposed system?**

The enhanced backbone capacity will enable SDN and its members to offer higher speed backbone connections to tribal locations connected to SDN’s network at competitive prices.

**c. Have you communicated with the tribes regarding this project?**

As an owner of SDN, CRST, a separate entity from the Cheyenne River Sioux Tribe, has provided information for locations within its territory for new spur routes and was part of the member communications through the lifecycle of SDN’s application process. SDN did not have communications with the tribes in South Dakota.

**d. Do they support it?**

As an owner of SDN, CRST supports this project. The tribes have not communicated their views of the project to SDN.

**e. What is your historical relationship with the tribes?**

Since SDN’s expansion west of the Missouri River in 1994, SDN has had a positive and productive relationship with CRST to bring fiber-based backbone services to CRST. SDN members serving other tribal territory in the state have deployed similar fiber-based backbone services.

**2. Anchor institutions**

**a. Can you describe roughly how many and what types of institutions in rural and/or under-served areas will receive new or much better service as a result of this proposal?**

There are 305 new funded anchor institutions proposed for the build. 84 of the locations are in Non-rural areas as defined by the NOFA and 221 locations are in rural areas.

Description	Institutions
High Schools	60
Middle Schools	21
School Administration	3
Heath Care (Hospitals and Clinics)	27
Government	194

**b. How many result from the addition of the new backbone links?**

There are a total of 28 funded anchor institutions that will be fed by the new backbone facilities.

**c. How many from the new spurs?**

The spurs are used to feed the funded anchor institutions, therefore there will be 305.

**3. Network Map**

**a. Thanks for the new map. Can you send one showing the 2219 miles of new spurs to indicate where and how this project would reach new institutions in rural and/or under-served areas?**

There are 219 (not 2219) miles of new spur routes to feed the anchor institutions. These routes are located primarily within the communities in which the anchor institution is located. Approximately 209 of the builds are less than one half mile. The 10 longest builds are 10, 6, 5, 5, 5, 4.75, 4, 2.75, 2.5 and 2.5 miles in length.

**b. To what extent due the new backbone links or the new spurs overbuild existing fiber that could already provide this service?**

SDN or the member companies do not currently have facilities in place to any of the locations listed in the application.

## South Dakota Network, LLC Ownership

<u>Number</u>	<u>Aug 2009-Time of Application</u>	<u>Jan 2012-Current list</u>	<u>Description</u>	<u>Notes</u>
1	BERESFORD MUNICIPAL TELEPHONE	BERESFORD MUNICIPAL TELEPHONE	Municipal	
2	SWIFTEL COMMUNICATIONS	SWIFTEL COMMUNICATIONS	Municipal	
3	CRST TELEPHONE CO.	CRST TELEPHONE CO.	Tribal	
4	FAITH MUNICIPAL TELEPHONE	FAITH MUNICIPAL TELEPHONE	Municipal	
5	JAMES VALLEY TELECOMMUNICATIONS	JAMES VALLEY TELECOMMUNICATIONS	Cooperative	
6	INTERSTATE TELECOMMUNICATIONS COOP.	INTERSTATE TELECOMMUNICATIONS COOP.	Cooperative	
7	STOCKHOLM-STRANDBURG TELEPHONE CO.	STOCKHOLM-STRANDBURG TELEPHONE CO.	Subsidiary	
8	KENNEBEC TELEPHONE CO,	KENNEBEC TELEPHONE CO,	Commercial	
9	MIDSTATES COMMUNICATIONS	MIDSTATES COMMUNICATIONS	Cooperative	
10	SANTEL COMMUNICATIONS COOP.	SANTEL COMMUNICATIONS COOP.	Cooperative	
11	RC COMMUNICATIONS	RC COMMUNICATIONS	Subsidiary	
12	ROBERTS COUNTY TELEPHONE COOP.	ROBERTS COUNTY TELEPHONE COOP.	Cooperative	
13	VALLEY TELECOMMUNICATIONS COOP.	VALLEY TELECOMMUNICATIONS COOP.	Cooperative	
14	WEST RIVER COOPERATIVE TELEPHONE CO.	WEST RIVER COOPERATIVE TELEPHONE CO.	Cooperative	
15	WEST RIVER TELECOMMUNICATIONS COOP.	WEST RIVER TELECOMMUNICATIONS COOP.	Cooperative	
16	VENTURE COMMUNICATIONS COOP.	VENTURE COMMUNICATIONS COOP.	Cooperative	
17	WESTERN TELEPHONE CO.	WESTERN TELEPHONE CO.	Subsidiary	
18	ALLIANCE COMMUNICATIONS COOP.	ALLIANCE COMMUNICATIONS COOP.	Cooperative	Consolidated 1/1/2012
19	SPLITROCK PROPERTIES		Subsidiary	
20	GOLDEN WEST TELECOMMUNICATIONS	GOLDEN WEST TELECOMMUNICATIONS	Cooperative	Consolidated 1/1/2010
21	VIVIAN TELEPHONE COMPANY		Subsidiary	
22	ARMOUR TELECOMMUNICATIONS		Subsidiary	
23	UNION TELEPHONE		Subsidiary	
24	BRIDGEWATER-CANISTOTA TELEPHONE		Subsidiary	
25	McCOOK COOPERATIVE TELEPHONE	TRIO TEL COMMUNICATIONS	Cooperative	Consolidated 1/1/2010
26	TRI-COUNTY TELEPHONE		Subsidiary	
27	JEFFERSON TELEPHONE COMPANY		Commercial	Left SDN 12/31/2009

5. Objective: SDN's 27 Independent and cooperative telecommunication companies are currently and/or will act and provide LM services utilizing the MM network. Operating leases will allow Partners to provide LM services. However, Attachment C does not detail any existing/planned LM broadband services for each PFSA. In addition, Attachment C for MM broadband service provider competitor table looks incomplete by not covering all service areas.

Question: Given that SDN LLC is a partnership of 27 Independent and Cooperative Telecommunication companies that currently or plan on providing LM services, please update Attachment C to include details on existing/planned LM broadband services for each PFSA. In addition, please update Attachment C MM competitor table to address or cover all stated PFSA's.

**Answer:**

**See Attachment Q5 for a list of the last mile competitors in each PFSA. Qwest is also a middle mile competitor offering special access services to customers in their last mile service areas.**

## Supplement to Attachment C

Service Area	Mediacom	Midcontinent	Qwest
Aberdeen		x	x
Alexandria			
Arlington	x		x
Armour			
Belle Fourche		x	x
Big Stone City			x
Box Elder		x	x
Bridgewater			
Britton			
Canistota			
Canton		x	x
Centerville			
Chancellor			
Clark			
Clear Lake			
Colome			
Colton		x	
Corsica			
Custer			
De Smet	x		x
Deadwood		x	x
Dell Rapids			
Doland		x	
Dupree			
Elk Point			x
Emery			
Enning			
Estelline	x		
Faith			
Faulkton			
Flandreau	x		x
Frederick		x	
Freeman			
Gayville		x	
Gettysburg			
Gregory			
Groton			
Hartford			
Hayti	x		
Highmore			
Hot Springs			
Huron		x	x
Irene			
Iroquois		x	x
Isabel			
Java		x	
Kadoka			
Lake Andes			
Lake Norden	x		



## Supplement to Attachment C

Service Area	Mediacom	Midcontinent	Qwest
Lake Preston	x		x
Lead		x	x
Lennox			
Madison		x	x
Marion			
Martin			
Mellette			
Midland			
Milbank		x	
Miller		x	x
Murdo			
New Underwood			
Nunda			
Onida			
Parker			
Philip			
Pierre		x	x
Plankinton			
Rapid City		x	x
Redfield		x	x
Roslyn		x	
Salem			
Scotland			
Selby		x	
Sioux Falls		x	x
Sisseton			
Spearfish		x	x
Sturgis		x	x
Tyndall			
Vermillion		x	x
Viborg			
Volga	x		x
Wagner			
Warner		x	
Watertown		x	x
Waubay		x	
Webster		x	
Wessington Springs			
White River			
Willow Lake			
Winner			
Wood			
Yankton		x	x

11. Objective: SDN Communications Subsidiary Org Chart  
Question: The organizational chart showing SDN's Subsidiary and Partnership Organizations lists 3 companies. Are any of these companies being utilized for this project?

**Answer:**

**As indicated on the conference call on 11/5/09, one of SDN's subsidiary organizations will be part of the project. Northern Hills Transport fiber will be utilized for backhaul in the western portion of the state. Northern Hills has no staff so only the fiber is part of the project. West Central Transport Group and SDN Technologies are not part of the project.**

**PROJECT CONNECT SOUTH DAKOTA  
SUBRECIPIENT AGREEMENT**

This Agreement is entered into on October \_\_\_\_, 2010 (“Effective Date”) between South Dakota Network, LLC (hereinafter “SDN” or the “Recipient”) and \_\_\_\_\_ (hereinafter the “Subrecipient”) (also referred to as “Party” or “Parties” as context allows) for the purpose of establishing the relationship between the Parties regarding the implementation and administration of grant funding awarded to SDN for the acceleration of broadband deployment to Community Anchor Institutions in South Dakota (also known as Project Connect South Dakota).

SDN is the Recipient of a Broadband Technology Opportunities Program (“BTOP”) Award Number NT10BIX5570003 funded through the American Recovery and Reinvestment Act of 2009 (“ARRA”) as administered by the National Telecommunications and Information Administration (“NTIA”), an agency of the Department of Commerce (hereinafter referred to as “Award”). The Award is subject to specific legal requirements contained in the ARRA Award Terms and in Special Award Conditions which are attached as Exhibit A. These terms and conditions, in addition to any other relevant federal, state and local laws, are applicable to both the Recipient and the Subrecipient and are incorporated as a part of this Agreement. Each Party is responsible for knowing and following all applicable legal and regulatory requirements

Subrecipient is participating in the utilization of the funds made available by the Award to build broadband infrastructure within its specific service territory which will provide new and enhanced broadband access to facilities and services throughout South Dakota and beyond. In furtherance of that commitment, the Parties agree to the following:

A. Specific Terms and Conditions.

1. The Subrecipient understands that there is a twenty percent (20%) matching requirement for all funds provided through the Recipient from the Award and that the Subrecipient is responsible for funding that twenty percent (20%) match in its specific service territory.
2. Unless otherwise agreed to in writing between the Parties, Subrecipient agrees to use the project management, engineering and general contracting services contracted for by Recipient for those services, to include environmental assessments, necessary for the placement of infrastructure and construction of outside plant. Subrecipient and such service providers may make individual arrangements for the employment of certain subcontractors in the best interest of the Parties, the implementation of requirements and the furtherance of the goals under the Award. Recipient will provide the general contractor with all necessary signage required by the Award.
3. Recipient will apply for all Award payments from the U.S. Department of Treasury using the appropriate systems and will reimburse Subrecipient based on invoices timely provided by the Subrecipient. The Parties understand that they are subject to audits as detailed in law and regulations applicable to the Award.

4. Recipient will be responsible for ordering and managing the installation of all electronic equipment purchased using Award funds. Recipient will utilize Subrecipient personnel and equipment whenever economically feasible to install such equipment.

5. Recipient will be responsible for all reporting required by the Award. Subrecipient is responsible for providing all requested data necessary in a timely manner to allow Recipient to meet the reporting requirements and deadlines.

6. Recipient will be responsible for the preparation and filing of all security interests in real property required by law and regulation applicable to the Award. All facilities and equipment purchased, constructed, placed or installed pursuant to this Agreement become the property of the Subrecipient and any security interest filings will reflect that ownership.

7. Subrecipient will be responsible for coordinating its respective required audits with its respective auditor in a timely manner to meet all deadlines. Audits include the Program Specific Audits per OMB Circular A-133, Organizational Audits and any other audit deemed necessary by NTIA.

8. This Agreement terminates on December 1, 2012 or upon completion of any final audit of the Award, whichever is earlier.

#### B. General Terms and Conditions.

1. **Indemnification.** Each Party agrees to release, indemnify, defend and hold harmless the other Party from all losses, claims, demands, damages, expenses, suits or other actions or any liability whatsoever, including, but not limited to, costs and attorneys' fees and expenses, whether suffered, made, instituted or asserted by any other party or person, for invasion of privacy, personal injury to or death of any person or persons, or for loss, damages to or destruction of property, whether or not owned by others, resulting from the indemnifying party's performance or failure to perform under this Agreement, regardless of the form of action; except for that portion of liability which is caused by the gross negligence or willful misconduct of the Party claiming indemnification. This indemnification is conditioned upon: (a) the indemnified Party promptly notifying the indemnifying Party of any action taken against the indemnified Party relating to the indemnification; (b) the indemnifying Party having sole authority to defend any such action, including the selection of legal counsel; (c) the indemnified Party may engage separate legal counsel only at its sole cost and expense; and (d) in no event shall the indemnifying Party settle or consent to any judgment pertaining to any such action without the prior written consent of the indemnified Party.

2. **Limitation of Liability.** Neither Party shall be liable to the other for any incidental, indirect, punitive, special or consequential damages of any kind including, but not limited to, any loss of use, loss of business, or loss of profit, and regardless of the form of the action, whether in contract, warranty, strict liability or tort, including without limitation, negligence of any kind, and regardless whether a Party was advised, had reason to know, or in fact knew of the possibility of liability. A Party shall not be liable for the acts, omissions or delays caused by third party vendors.

3. Force Majeure. If performance by a Party of any obligation under this Agreement is prevented, restricted or interfered with by causes beyond the Party's control, including, but not limited to, the failure or malfunction of Customer-supplied equipment, acts of God, explosions, vandalism, cable cuts, natural disasters, power failure, national emergencies, insurrections, riots, war, strike, lockouts, boycotts, work stoppages or other labor difficulties, delays caused by third party vendors, or any order, regulation or other actions of any governmental authority, agency instrumentality or any civil or military authority, the Party shall be excused from such performance on a day-to-day basis to the extent of such restrictions or interference. The Party shall use reasonable commercial efforts under the circumstances to avoid or remove such causes of nonperformance with reasonable dispatch.

4. Choice of Law, Venue. The Parties agree that the laws of the federal and state courts located in the State of South Dakota shall apply to this Agreement.

Agreed to and signed this \_\_\_\_ day of September, 2010.

**South Dakota Network, LLC**

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Mark Shlanta  
CEO

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# **EXHIBIT A**