



1 GIGABIT PER SECOND



Project Summary

Wicked Broadband has asked the City for certain concessions of franchise fees, access to conduit, access to fiber and a direct grant to enable the company to construct a 1 Gigabit fiber to the premises network in Lawrence.

This project has already garnered Lawrence its first mention in Wired magazine as well as a couple mentions in Forbes. With this project in the works, Lawrence is being highlighted as a national leader in broadband deployment.

Project Scope

The eventual goal of the Wicked Fiber project is to build fiber-optic network infrastructure that connects every Lawrence address to a state-of-the-art fiber network. This network will deliver service at 100x the speeds currently available through legacy Cable or DSL systems.

With municipal involvement, the company's goal of universal access to this resource can be expanded to include ubiquitous no-cost WiFi access to government networks (City of Lawrence, USD 497, Douglas County, KU), and the installation of excess fiber capacity sufficient to allow multiple competitors to provide service here in Lawrence.

Without the city's involvement, it is likely that the company will substantially scale back its efforts here in Lawrence, focusing instead on the most lucrative sites and a quick exit from the market. The company will not build a fiber to the premises project without participation from the City.

Project Phases

The fiber project here in Lawrence has been broken into three phases with a target of having the network completed in 5 to 6 years. The first phase of the project involves the City of Lawrence as a direct funding source, the second and third phases do not. The City would, however, continue to be involved in the form of managing of the right-of-way facilitating access to existing fiber, conduit and other real property where necessary.

Here are the anticipated project phases as they are currently planned:

1. **Pilot project** – the pilot project will provide service to around 1,000 homes in a specific area to be determined through the company's pre-registration contest. Four fibers will be pulled and terminated at each customer's residence. Once funded, the total calendar time for this project is expected to be 9 to 12 months.
2. **Equity Expansion** – in 2014 and 2015 the company will pursue an equity investment on the order of \$10M to expand the pilot project to an additional 10,000 homes. This expansion is expected to take two years to implement.



- 3. Debt Expansion** – As part of the equity round, the company will secure follow-on funding to complete the network. This funding will likely take the form of \$20M in bonds or other long term debt obligation. This phase is also expected to take two years to implement. At the end of this project, Lawrence will have fiber installed or available to all of the households in the community.

Pricing Structure

The company is pricing the fiber offerings to be in line with what other communities are charging. Chattanooga Tennessee for example is charging \$300 per month for a 1 Gigabit connection, while Google is charging a mere \$70. CWC is pricing its product near the bottom of this scale. One Gigabit links are being offered for \$99.98/Mo.

The company is also offering two lower cost products to accommodate folks who might not want or need a 1 Gigabit connection. Our 100 Mbps service is being offered for \$69.98/Mo and a 20 Mbps package for \$49.98.

The company will continue providing free services to individuals, communities and entities that express a need. As fiber becomes available at these addresses, the company will make fiber services available to these customers as well.

Benefits

The grant the company is seeking will bring substantial benefits to the community.

- 1. Community Image** - The project will help to show that Lawrence is a community that supports and fosters innovation. It is amazing how much money, how many start-ups and how much international attention Chattanooga and Kansas City have received as a result of their fiber projects.
- 2. Government Access** - The wireless system that will be layered on top of this network has the potential to substantially expand the reach of local government. It can be opened up to make government websites, library resources, USD497 resources, even KU network infrastructure available to everyone.....with or without a paid account.

This could be a substantial innovation in making government accessible to low income households and would mark Lawrence as a national leader in bridging the digital divide.

Access to these networks would have to be negotiated with the various entities involved, but with City of Lawrence involvement in the pilot project, Wicked Broadband is more than willing to carry this traffic within the City of Lawrence at no charge.

- 3. Fostering Competition** - By pulling excess capacity and offering it to other providers at a reasonable price, the proposed project will promote competition without the need for new competitors to build out large scale infrastructure.

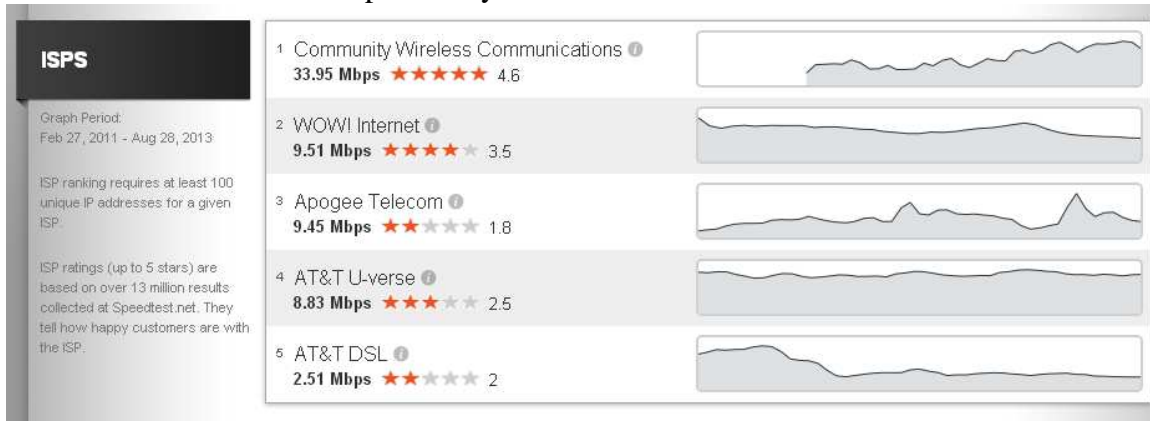


From Wicked Broadband’s perspective, this provides a potential wholesale customer base and ensures that future competitors have an incentive to work with local operators.

From the municipality’s perspective, this fosters competition, reduces prices for consumers and ensures that the right of way only gets to be dug up once, not once by each competitor.

4. **Enabling Growth** - In the 21st century the Internet is to industry what highways were to the 20th century and railroads were to the 19th. Communities with cutting edge communications infrastructure will enable their citizens to better participate in the knowledge economy.

Lawrence is currently 19th in the State when it comes to Internet speeds and the local cable provider’s average speed (according to Netindex.com retrieved August 30, 2013) has persistently trended downward over the past two years.



One of the few roles of government that the public widely agrees on is that government is responsible for providing infrastructure. The fiber network Wicked Broadband is building is the type of cutting-edge infrastructure on which the businesses of the 21st century will be built.

Conclusion

Lawrence is falling behind other communities when it comes to providing broadband access. With Olathe receiving 1 Gigabit per second service right next door, Lawrence needs to be innovative in its efforts to bring this level of service to the community. Wicked Broadband has developed a plan that is already putting Lawrence on the map as a leader in broadband access. With support from the City of Lawrence, the company can take this plan and implement it to make Lawrence a national leader in broadband access.