



RG FIBER

November 11, 2014

David Corliss
City Manager

City of Lawrence
6 E 6th St
Lawrence, KS 66044

Mr. Corliss,

Knowing that the City of Lawrence's goal with the Fiber Policy is to create a mechanism to attract Gigabit Internet Service Providers, RG Fiber would respectfully request the following slight modifications to the proposed policy.

The proposed rates are four times higher than the current market rate. RG Fiber established a market value based on the rates that RG Fiber could obtain from the transport internet suppliers in the Lawrence market. These suppliers offer more than just dark fiber. Our agreements include both lit internet service from Kansas City to Lawrence, approximately 40 miles, as well as a service level agreement that ensures that any necessary repairs will be completed within a specific time frame or RG Fiber is reimbursed service fees. Given that the City of Lawrence's proposal includes neither lit service, nor a service level guarantee, we arrived at a fair and reasonable compensation of 1/4th of the current proposed rates. Therefore, we respectfully request a rate to be modified to \$62.50 per fiber per mile per year.

Additionally, we request flexibility to negotiate longer terms. We understand the City's concerns regarding fiber exhaustion, however the industry has adequately addressed these concerns with a technique called multiplexing. This is technology that has become commonplace. In short, it allows for up to 80 signals to be sent through each strand of fiber. Implementation of this technology is as simple as plugging in the input and output fibers into a non-powered piece of equipment. Implementing this technology would enable the City to increase the capacity of a single 144-count fiber cable to carry 11,520 signals, certainly more than enough to account for the City's future use. Longer term contracts are commonplace for infrastructure projects due to their capital-intensive, multi-year investment nature. This would allow RG Fiber and others to adequately plan for multiple years of continued and sustained investment into the Lawrence community. A goal that both parties strongly desire.

Finally, we request that the City stop subsidizing a competitor and instead create a level playing field for interested parties. RG Fiber respectfully requests that the City send a clear message to the investor community and commercially viable startups that Lawrence is a great place to do business.

With these three slight modifications, RG Fiber would accept the City of Lawrence's Fiber Policy and make the decision to invest in the Lawrence and build a gigabit-capable network.

Respectfully,

A handwritten signature in blue ink, appearing to read 'Mike Bosch', with a stylized, cursive script.

Mike Bosch
CoFounder & CEO
RG Fiber

cc: Diane Stoddard, Assistant City Manager