

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

November 30, 2016

Barbara Finke, Town Clerk
Town of New Baltimore
3809 County Route 51
Hannacroix, NY 12087

RE: State Telephone Underserved Broadband Capital Project, Public Hearing

Dear Clerk Finke:

I am hereby transmitting, for filing in your office, the General Project Plan of the New York State Urban Development Corporation ("UDC"), doing business as Empire State Development (the "Corporation"), together with the findings required pursuant to Sections 16-m and 10(g) of the UDC Act, for the State Telephone Underserved and Underserved Broadband Capital Projects in Greene County. This material is being filed pursuant to Section 16(2) of the UDC Act.

A public hearing, also required by the UDC Act, will be held by the Corporation at the Town of Coxsackie Town Hall, 16 Reed Street, Coxsackie, NY 12051 on Wednesday, December 14, 2016 to consider the General Project Plan.

ESD is a corporate governmental agency and public benefit corporation of the State of New York created by the New York Urban Development Corporation Act of 1968 as amended. Therefore, pursuant to CPLR Section 8017, ESD is exempt from any fee which may be imposed in connection with your receipt of these materials.

Sincerely,

Genevieve Carr

Genevieve Carr
Program Coordinator

Enc.

E. State Telephone Unserved Broadband Capital (AB157)

November 17, 2016

General Project Plan

- Grantee:** State Telephone Company, Inc. ("STC" or the "Company")
- ESD Investment:** A grant of up to \$2,914,960 to be used for a portion of the cost of expanding broadband coverage to unserved communities within the Capital Region
- Project Location:** Village of Coxsackie, Village of Athens, Town of New Baltimore, Town of Athens and Town of Coxsackie; Greene County
Please reference the Project Footprint outlined in Table
- Proposed Project:** Deploy a fiber-to-the-home ("FTTH") network, bringing high-speed broadband services to households, businesses, and key anchor institutions
- Project Type:** Infrastructure Investment Project
- Regional Council:** The Capital Regional Economic Development Council has been made aware of this project. The Incentive Proposal was accepted in October 2016. The project is consistent with the Regional Plan to expand high-speed Internet, stimulate local business growth and job creation, and enhance the economic well-being of the region.

Background:

Industry – Internet Service Provider ("ISP")

Company History – State Telephone Co. was incorporated on December 31, 1909. The Company has since evolved from a small, local telephone company into a total communications provider that offers video, voice and Internet services.

Ownership – STC is privately owned.

Size – The Company offers its services to residents and businesses within Albany and Greene counties.

Market – Access to the Internet can be achieved by a number of different technologies. The definition of broadband is determined by the data transmission speeds in both directions. "Download speeds" refer to the speeds at which data is received by an Internet user -- *i.e.*, the speeds at which the user can access websites, receive files through email, stream video, or use cloud-based services. Upload speeds refer to the speeds at which data is transmitted by an Internet user to another user, to a website, or

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cloud-based service. Average consumers typically use broadband for downloading data, making download speeds the standard measure for broadband access.

Broadband service is facilitated by either wireline or wireless technologies. Wireline services require a physical connection (through Fiber or Cable-based lines) to provide connectivity. Wireless services are transmitted using antennas and wireless receivers similar to how radio transmissions are carried. Although there are a number of different wireless technologies, many wireless broadband providers use a hybrid model of providing service, as a wireline (usually fiber) connection is required at some point in the network.

ESD Involvement - In 2015, New York State (the "State") created a \$500 million initiative, the New NY Broadband Program (the "Program"), which is intended to provide every New Yorker with high-speed Internet (broadband) access by the end of 2018. Program funds will be awarded to advance the State's goal of statewide broadband access at speeds of at least 100 Mbps (download) in most places, and 25 Mbps (download) in the most remote parts of the State. The Program provides grant funding to projects expanding broadband access to Unserved and Underserved areas across the State, with priority given to projects addressing unserved areas, public libraries, and Educational Opportunity Centers. An Unserved area is defined as an area where broadband service is not available from a wireline facilities-based provider at advertised speeds equal to or higher than 25 Mbps (download). An Underserved area is defined as an area where broadband service is available from a wireline facilities-based provider at advertised speeds of at least 25 Mbps but less than 100 Mbps (download).

Funding recipients for the New NY Broadband Program are selected through a "reverse-auction" methodology, which awards projects to qualifying applicants seeking the lowest amount of State investment on a Unit-served basis. Empire State Development's Broadband Program Office (the "BPO") accepted applications for the Program's first funding round (Phase 1) through the NYS Consolidated Funding Application ("CFA"), beginning March 1, 2016. The CFA closed, with final applications due, on April 15, 2016. On August 3, 2016, the State made three regional announcements of Phase 1 awards - 25 projects with a spending total of \$75.8 million: \$54.2 million in State funding, and an additional \$21.6 million in private investment.

Past ESD Support – This is the Company's first project with ESD

The Project:

Completion: Network Construction: December 31, 2018
Customer Installations: December 31, 2020

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Activity – The Company will construct a FTTH outside plant and electronics network infrastructure. The FTTH network architecture will provide its customers access to broadband data services at speeds of at least 100 Mbps.

This grant is one of two funding awards that will be considered for approval at the November 2016 ESD Board meeting. The other award involves Underserved broadband expansion.

Results – Expand broadband services to 516 Housing Units (HUs) and 79 Other Units. (See Table A, which describes all Key Project Indicators.).

Financing Uses	Amount	Financing Sources	Amount	Percent
Network & Access Equipment Costs	\$195,000	ESD Grant	\$2,914,960	80%
Drop & Eligible Customer Premises Equipment	\$235,000	Company Equity	\$728,740	20%
Professional Services	\$458,700			
Other Upfront Costs	\$119,000			
Outside Plant Costs	\$2,336,000			
Building & Land Costs	\$300,000			
Total Project Costs	\$3,643,700	Total Project Financing	\$3,643,700	100%

Grantee Contact - Mark Evans, Vice President
46 Reed Street
Coxsackie, NY 12051
Phone: (518) 731-6128

Project Team -	Origination	Beverly Bobb
	Project Management	Beverly Bobb
	Contractor & Supplier Diversity	Denise Ross
	Finance	John Bozek
	Environmental	Soo Kang

Financial Terms and Conditions:

1. Upon execution of the Grant Disbursement Agreement, the Company shall reimburse ESD for any direct expenses incurred in connection with this project, including costs related to holding a public hearing, attorney fees, appraisals, surveys, title insurance,

1 Please note that Indicators stated in Tables A, B, and C reflect the Broadband Program Office's estimates of total Units, Housing Units, Libraries, and other types of Units within each Census Block to be addressed by this Project, according to available data. Upon completion of the Project, final Unit totals may differ from those stated herein.

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credit searches, filing fees, and other requirements deemed appropriate by ESD.

2. The Company will demonstrate no materially adverse changes in its financial condition prior to closing.
3. Grantee Co-Investment: the New NY Broadband Program has set a goal of soliciting private sector Matching Funds for 50% of the capital needed across the Program. Consistent with that goal, the Recipient will provide a minimum financial commitment of 20% of eligible project costs. Further, a portion of the Grantee's financial commitment (at least 10% of total Eligible Project Costs) must be equity capital injected into the project by the Grantee, as described below.
4. The Company will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed after the Company's written acceptance of ESD's offer. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
5. Up to \$2,914,960 will be disbursed to Grantee as reimbursement for eligible expenses incurred no more frequently than quarterly, during the course of design and/or construction; upon completion of Key Project Indicators and Project Milestones; and in proportion to ESD's funding share, assuming that all project approvals have been completed and funds are available. The final 10% of the grant will be disbursed upon meeting all Key Project Indicators and Project Milestones as evidenced by supporting documentation and required reports. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require.

ESD will be entitled to recoup all or part of ESD's grant if the Recipient fails to reach – to a degree acceptable to ESD – project milestones, as agreed upon in Table A, which lists key indicators for infrastructure work; Table B, which captures the Project's footprint; and Table C, which lists the major network build-out phases and quarterly milestones of the entire project.

Expenses must be incurred on or after August 9, 2016, the date that ESD notified Grantee of the New NY Broadband Program award, to be considered eligible project costs. Expenditures incurred prior to the date of the Award Letter are not eligible project costs and cannot be reimbursed by grant funds. All disbursements require compliance with requirements of the New NY Broadband Program, as set forth herein and in the New NY Broadband Program Request for Proposal Guidelines.

6. Design and construction of the Project must be completed no later than December 31,

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2018. All disbursements in connection with design and construction of the Project must be requested by no later than December 31, 2019.

7. All disbursements in connection with installation of service on customer premises under the Project must be requested no later than December 31, 2021.
8. Grant Funds are to be used for the following:
 - (i) To fund the construction or improvement of all facilities required to pass all Units located within the Grantee's Service Area with a network capable of providing the specified broadband service
 - i. "Construction or improvement" should also include the cost of all network infrastructure and electronics required to connect Units to the network in order to provide service to end-users located within the Service Area that are expected to subscribe to service upon completion of the project (i.e., the cost to "run drops" to anticipated customers), where such connections are within standard drop lengths, require standard electronics, and do not require the placement poles on the end-user's premises (Special Construction). Such costs, exclusive of Special Construction and equipment sold or leased to end-user customers, are eligible expenses within these Guidelines.
 - ii. "Construction and improvement" also includes costs associated with end-users located within the Service Area that are not expected to subscribe to service upon project completion. Grantees must provide service, in a reasonable timeframe and at no additional cost (outside the standard monthly recurring cost for service), to the locations of these potential customers where such connections are within standard drop lengths, require standard electronics, and do not require Special Construction. Such costs, exclusive of Special Construction and equipment sold or leased to end-user customers, are eligible expenses within these Guidelines.
 - iii. Systems shall be designed and constructed so that customers not within a standard drop length only require installation of a longer drop, and, only in very extreme instances, additional amplification for that customer.
 - (ii) For the upfront investment associated with installing and/or upgrading existing broadband facilities on a one-time, capital improvement basis, in order to expand broadband access and increase capacity
 - (iii) Where proposed construction or equipment or other items (leases, expenses, indirect costs) may serve both the proposed areas and other areas (dual use), the grantee shall calculate the percentage of passings in the proposed area or areas relative to the total number of passings, and only that percentage of the cost of dual use construction or equipment shall be eligible
 - (iv) To fund the cost of long-term leases, defined as leases for a duration longer than

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1 year, of facilities required to provide broadband service

- (v) To fund reasonable make-ready expenses incurred as a result of providing broadband service
 - (vi) To fund reasonable indirect costs associated with the implementation of the grant efforts and consistent with the principles outlined in the New NY Broadband RFP Grant Guidelines, excluding maintenance and operating expenses, customer operations, general and administrative costs, efforts associated with bidding on and obtaining the grants, and any efforts not associated with the actual deployment of the network
 - i. A grantee may not seek indirect costs in an amount constituting more than 15% of the grantee's total eligible expenses.
 - ii. Such costs must be identified as line-items in the application to be eligible for reimbursement. Costs that appear excessive and/or without justification and costs not considered eligible will not be reimbursed. When seeking reimbursement, grantees must submit such indirect costs as line-items and provide justification for the expense.
9. Eligible Expense Categories include but are not limited to the following:
- (i) Network & Access Equipment Costs: Includes optical equipment, digital line concentrators, digital subscriber line access multiplexers, radio equipment, transport multiplexors, routers and Ethernet switches, distribution frames and panels, power equipment, and associated software costs chargeable to capital.
 - (ii) Outside Plant Costs: Includes cable (aerial, buried, underground, and submarine), fiber, conduit systems, poles, cross-connect cabinets and splitters, fiber service terminals and enclosures, pedestals, standard drops, network interface devices, optical network terminals and reasonable make-ready costs.
 - (iii) Tower Costs: Includes the construction of new towers (where required infrastructure does not exist) and costs involved with structural changes to existing towers.
 - (iv) Building and Land Costs: Includes the cost of constructing new buildings and renovating existing buildings, as well as any site preparation costs directly related to providing broadband service to the funded Service Area.
 - (v) Customer Premises Equipment: Funding only covers up to the network demarcation point (e.g., NID or ONT).
 - (vi) Professional Services: Includes site engineering, project management, and consultant services costs involved in designing and constructing the proposed project.
 - (vii) Testing: Includes items such as testing network and IT systems, user devices, servers, lab furnishing and test generators.
 - (viii) Other Upfront Costs: Includes any other upfront costs not covered in other categories, such as site preparation, permits, required licenses, sales tax applicable to new equipment purchases, shipping and warehousing expenses,

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- and miscellaneous minor material.
10. Ineligible Expenses included but are not limited to the following:
- (i) Only Standard Drop Lengths will be eligible for funding. Drops requiring Special Construction will be the responsibility of the consumer.
 - (ii) Equipment owned or leased by the customer, including routers and modems, and any other costs beyond the network interface point.
 - (iii) Operating expenses of the grantee will not be funded.
 - (iv) Expenses incurred prior to the date of the grant award announcement will not be eligible for funding.
11. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$2,914,960, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Company and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.
12. The Recapture Amount - if the property is sold within 5-years of disbursement, or if Grantee fails to complete Key Project Indicators and Milestones – is based on the time that has lapsed between when the Grant funds were disbursed and when the transfer occurred, and/or failure to complete Indicators and Milestones.
- (i) The Recapture Amount – if the failure to complete Key Project Indicators and Milestones occurs – shall be calculated by aggregating the Recapture Amount for each disbursement of the Grant, which in each instance shall be equal to:
 - i. 100% of the disbursed amount if 0% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - ii. 90% of the disbursed amount if 1% to 10% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - iii. 80% of the disbursed amount if 11% to 20% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - iv. 70% of the disbursed amount if 21% to 30% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - v. 60% of the disbursed amount if 31% to 40% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - vi. 50% of the disbursed amount if 41% to 50% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - vii. 40% of the disbursed amount if 51% to 60% of the Milestones and

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- Indicators are completed by the time of submitting final reporting requirements;
- viii. 30% of the disbursed amount if 61% to 70% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - ix. 20% of the disbursed amount if 71% to 80% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - x. 10% of the disbursed amount if 81% to 90% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - xi. 5% of the disbursed amount if 91% to 99% of the Milestones and Indicators are completed by the time of submitting final reporting requirements
13. Compliance with National Electrical Safety Code (NESC): All pole attachments shall comply with the NESC requirements. New NY Broadband grant recipients shall ensure that the attachment of fiber and equipment is designed, constructed, operated, and maintained in accordance with all applicable provisions of the most current and accepted criteria of the NESC, and all applicable and current electrical and safety requirements of any State or local governmental entity.
14. Broadband Mapping Program Compliance: Recipients shall provide to the NYS Broadband Program Office (or designated agent) address-level broadband build-out data that indicates the location of new broadband services within the recipient's entire service area.
15. In the event Reports, Updates, Mapping, and/or Milestone Reports are not received in the form and time periods as indicated in Section 2, ESD shall not be obligated to make any further Grant disbursements. In the event such Reports, Updates, Mapping, and/or Milestone Reports are not received within 45 days in the form and time periods as indicated in Section 2, Grantee will be in default. However, no default shall be deemed to have occurred if Grantee cures such default within ten (10) days of notice of default from ESD.

Non-Discrimination and Contractor & Supplier Diversity:

ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this Project. The Recipient shall be required to include minorities and women in any job opportunities created, to solicit and utilize Minority and Women Business Enterprise (MWBEs) for any contractual opportunities generated in connection with the Project and shall be required to use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve an overall MWBE Participation Goal

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of 30%.

Statutory Basis – New NY Broadband initiative:

The funding was authorized in the FY 2015-2016 New York State enacted budget, and re-appropriated in the 2016-2017 New York State budget. No residential relocation is required as there are no families or individuals residing on the site.

Additional Submissions to Directors:

Table A – Key Project Indicators

Table B – Project Footprint

Table C – Project Milestones

Table A: Key Project Indicators

The following table lists the key indicators, which must be met upon completion of this project. Indicators will be required to be reported on a monthly basis.

Table A: KEY PROJECT INDICATORS	
Key Project Indicators: In consideration for the making of the Grant, Grantee has agreed to achieve the Key Project Indicators set forth below:	
Month: <u>XX</u> Date: <u> </u> / <u>5</u> / <u>201</u> to <u> </u> / <u>4</u> / <u>201</u>	
Basic Project Information	
Project Name	State Telephone Unserved Broadband Capital
Project ID Number	AB157
Contact Name	Mark Evans
Contact Number	(518) 731-6128
Website	http://www.statetel.com/
Email	mevans@statetel.com
Company	State Telephone Company
REDC(s)	Capital Region
County(ies)	Greene
NYS Assembly District #s	102
NYS Senate District #s	46
U.S. Congressional District #s	19
Total Census Blocks to be passed by project	278
Total Units to be passed by project	595
Total Project Cost (state + private)	\$3,643,700
Total Grantee Private Match	\$728,740
Total Grant Amount (\$)	\$2,914,960
Max speeds offered (download/upload)	100 Mbps/100 Mbps
Required pricing tier offered?	Yes
Technology Type	Fiber-to-the-Home (FTTH)
Type of Service Area: Unserved vs. Underserved	Unserved
Monthly Project Questions	
Is your Project On Time? (Yes/No*)	To be answered during project progress
Is your Project On Budget? (Yes/No*)	To be answered during project progress
Have there been any project changes? (Yes**/No)	To be answered during project progress

Have you communicated with any State agency, authority or commission? (Yes**/No)	To be answered during project progress
Have there been changes in approval or permitting timeframes? (Yes**/No)	To be answered during project progress

Indicator - Project Service Area	Total # Proposed for Project (Column Will Not Change Without GDA Amendment)
Housing Units Passed	516
Libraries Passed	1
Educational Opportunity Centers Passed	0
Other Units Passed	78
TOTAL Units Passed	595
ENTIRE Census Blocks Passed***	278
Indicator - Customer Connections	# Proposed for Project (Column Will Not Change Without GDA Amendment)
(If Known) Average Revenue Per User (ARPU) per Unit Connected (\$)	To be inputted upon progress of the project
(If Known) Average Bandwidth Delivered per Month per Connected Unit (Mbps)	To be inputted upon progress of the project
Indicator - Network Infrastructure Deployed	Total # Proposed for Project (Column Will Not Change Without GDA Amendment)
New Network Miles Deployed (mainline)	106
Existing Network Miles Upgraded	0
Number of Miles of New Fiber (mainline)	106
Number of Towers Connected	0
Number of New Interconnection Points	0
Number of Wireless Hotspots	0
Indicator - Project Expenditures	Proposed for Project \$
MWBE expenditures	\$874,488
SDVOB expenditures	N/A
Eligible Project Expenditures (\$) Made	\$3,643,700
Private Match (\$)	\$728,740

Speed Tiers & Pricing [Write N/A if No Speed Tiers Currently Offered]	Max Download Speed Offered
Type - Residential, Commercial, or Other [Please Specify]	x
	To be inputted upon progress of the project

Network Construction Completion Date:	December 31, 2018
Customer Installations Completion Date:	December 31, 2020
*If project is not on time or on budget, Grantee will be asked to upload documentation explaining reason for delay/issue	
**If yes, please explain and provide any necessary documentation	
***Grantee must pass all Units in a Census Block	

Table 8: Project Footprint

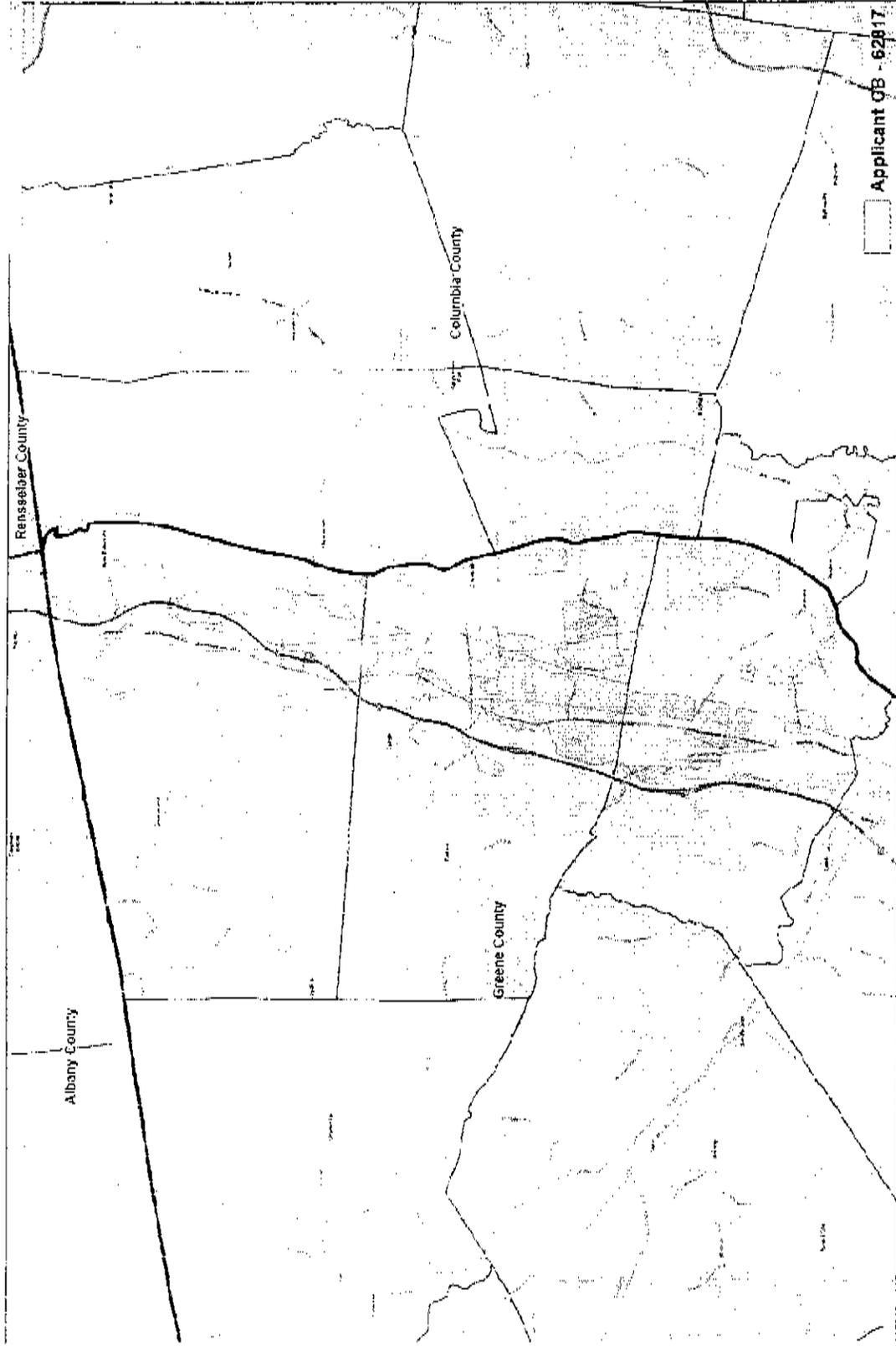


Table C: Project Milestones

The following table lists the major network build-out phases and milestones that can demonstrate the entire project will be substantially complete by December 31, 2018. The table considers project areas such as: a) network design; b) securing all relevant licenses and agreements; c) site preparation; d) inside plan deployment; e) outside plan deployment; f) deployment of business & operational support systems; g) network testing; h) network operational

Table C: Project Milestones	
The following table lists the major network build-out phase and milestones that can demonstrate the entire project will be substantially completed by the end of December 2018. The table considers project areas such as: a) network design b) securing all relevant licenses and agreements c) site preparation d) inside plan deployment e) outside plan deployment f) deployment of business and operational support systems g) network testing h) network operational	
Project Start Date: <u>10-3-2016</u> Projected Completion Date: <u>12-31-2018</u> Projected # of Milestone Reports: <u>8</u>	

Time Period	Quarter	Milestones	Narrative Explanation (if Any)
Year 1	Qtr. 1	<ul style="list-style-type: none"> Finalize network design Begin staking FTTH routes Determine pole upgrade / replacements required Commence any required brush cutting along routes 	
	Qtr. 2	<ul style="list-style-type: none"> Create OSP RFP / P&S maps Send RFP to contractors Review OSP RFP / award Obtain environmental permits (if needed) Pre-construction meeting with contractor Begin fiber construction 	
	Qtr. 3	<ul style="list-style-type: none"> Create electronics RFP Send electronics RFP to vendors Review electronics RFP / award Continue fiber construction activities 	

	Qtr. 4	<ul style="list-style-type: none"> • Electronics ship from vendor • Continue fiber construction activities • Implement marketing and customer outreach initiatives. 	
	Qtr. 1	<ul style="list-style-type: none"> • Install electronics in central offices • Continue fiber construction activity • Continue community outreach and broadband adoption efforts. • Complete central office equipment activation and testing • Commence customer drop installation and activation 	
	Qtr. 2	<ul style="list-style-type: none"> • Continue fiber construction activity • Continue community outreach and broadband adoption efforts. • Continue customer drop installation and activation 	
Year 2	Qtr. 3	<ul style="list-style-type: none"> • Continue fiber construction activity • Continue community outreach and broadband adoption efforts. • Continue customer drop installation and activation 	
	Qtr. 4	<ul style="list-style-type: none"> • Complete network testing, validation, and mapping. • Finalize fiber construction activity • Finalize customer drop installation and activation 	<p>All mainline fiber is planned to be completed by 12-31-2018. Fiber drops will be on-going for several months after 12-31-2018.</p>

D. State Telephone Underserved Broadband Capital (AB168)

November 17, 2016

General Project Plan

- Grantee:** State Telephone Company ("STC" or the "Company")
- ESD Investment:** A grant of up to \$5,805,600 to be used for a portion of the cost of expanding broadband coverage to underserved communities within the Capital Region
- Project Location:** Village of Coxsackie, Village of Athens, Town of Baltimore, Town of Athens and Town of Coxsackie; Greene County
Please reference the Project Footprint outlined in Table
- Proposed Project:** Deploy a fiber-to-the-home (FTTH) network build of 195.1 miles of fiber cable, bringing high-speed broadband services to households, businesses, and key anchor institutions
- Project Type:** Infrastructure Investment Project
- Regional Council:** The Capital Regional Economic Development Council has been made aware of this project. The Incentive Proposal was accepted in October 2016. The project is consistent with the Regional Plan to expand high-speed Internet, stimulate local business growth and job creation, and enhance the economic well-being of the region.

Background:

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speeds at which data is transmitted by an Internet user to another user, to a website, or cloud-based service. Average consumers typically use broadband for downloading data, making download speeds the standard measure for broadband access.

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Past ESD Support – This is the Company's first project with ESD

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The Project:

Completion: Network Construction: December 31, 2018
Customer Installations: December 31, 2020

Activity - The Company will construct a fiber-to-the-home ("FTTH") outside plant and electronics network infrastructure. The FTTH network architecture will provide its customers access to broadband data services at speeds of at least 100 Mbps.

This grant is one of two funding awards that will be considered for approval at the November 2016 ESD Board meeting. The other award involves Underserved broadband expansion.

Results – Expand broadband services to 3,801 Housing Units (HUs) and 333 Other Units. (See Table A, which describes all Key Project Indicators.)¹

Financing Uses	Amount	Financing Sources	Amount	Percent
Network & Access Equipment Costs	\$414,000	ESD Grant	\$5,805,600	80%
Outside Plant Costs	\$3,625,000	Company Equity	\$1,451,400	20%
Building and Land Costs	\$300,000			
Drop & Eligible Customer Premises Equipment	\$1,534,000			
Professional Services (not included elsewhere)	\$930,000			
Other Upfront Costs:				
Telco Rack, Overhead Cable Rack, Isolation	\$40,000			
Fuse & Alarm Panels	\$20,000			
Fiber Management Equipment	\$394,000			
Total Project Costs	\$7,257,000	Total Project Financing	\$7,257,000	100%

Grantee Contact - Mark Evans, Vice President
46 Reed Street
Coxsackie, NY 12051
Phone: (518) 731-6128

<u>Project Team</u> -	Origination	Beverly Bobb
	Project Management	Beverly Bobb
	Contractor & Supplier Diversity	Denise Ross
	Finance	John Bozek
	Environmental	Soo Kang

¹ Please note that Indicators stated in Tables A, B, and C reflect the Broadband Program Office's estimates of total Units, Housing Units, Libraries, and other types of Units within each Census Block to be addressed by this Project, according to available data. Upon completion of the Project, final Unit totals may differ from those stated herein.

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Financial Terms and Conditions:

1. Upon execution of the Grant Disbursement Agreement, the Company shall reimburse ESD for any direct expenses incurred in connection with this project, including costs related to holding a public hearing, attorney fees, appraisals, surveys, title insurance, credit searches, filing fees, and other requirements deemed appropriate by ESD.
2. The Company will demonstrate no materially adverse changes in its financial condition prior to closing.
3. **Grantee Co-Investment:** the New NY Broadband Program has set a goal of soliciting private sector Matching Funds for 50% of the capital needed across the Program. Consistent with that goal, the Recipient will provide a minimum financial commitment of 20% of eligible project costs. Further, a portion of the Grantee's financial commitment (at least 10% of total Eligible Project Costs) must be equity capital injected into the project by the Grantee, as described below.
4. The Company will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed after the Company's written acceptance of ESD's offer. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
5. Up to \$5,805,600 will be disbursed to Grantee as reimbursement for eligible expenses incurred no more frequently than quarterly, during the course of design and/or construction; upon completion of Key Project Indicators and Project Milestones; and in proportion to ESD's funding share, assuming that all project approvals have been completed and funds are available. The final 10% of the grant will be disbursed upon meeting all Key Project Indicators and Project Milestones as evidenced by supporting documentation and required reports. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require.

ESD will be entitled to recoup all or part of ESD's grant if the Recipient fails to reach – to a degree acceptable to ESD – project milestones, as agreed upon in Table A, which lists key indicators for infrastructure work; Table B, which captures the Project's footprint; and Table C, which lists the major network build-out phases and quarterly milestones of the entire project.

Expenses must be incurred on or after August 9, 2016, the date that ESD notified Grantee of the New NY Broadband Program award, to be considered eligible project costs. Expenditures incurred prior to the date of the Award Letter are not eligible

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project costs and cannot be reimbursed by grant funds. All disbursements require compliance with requirements of the New NY Broadband Program, as set forth herein and in the New NY Broadband Program Request for Proposal Guidelines.

6. Design and construction of the Project must be completed no later than December 31, 2018. All disbursements in connection with design and construction of the Project must be requested by no later than December 31, 2019.
7. All disbursements in connection with installation of service on customer premises under the Project must be requested no later than December 31, 2021.
8. Grant Funds are to be used for the following:
 - (i) To fund the construction or improvement of all facilities required to pass all Units located within the Grantee's Service Area with a network capable of providing the specified broadband service
 - i. "Construction or improvement" should also include the cost of all network infrastructure and electronics required to connect Units to the network in order to provide service to end-users located within the Service Area that are expected to subscribe to service upon completion of the project (i.e., the cost to "run drops" to anticipated customers), where such connections are within standard drop lengths, require standard electronics, and do not require the placement poles on the end-user's premises (Special Construction). Such costs, exclusive of Special Construction and equipment sold or leased to end-user customers, are eligible expenses within these Guidelines.
 - ii. "Construction and improvement" also includes costs associated with end-users located within the Service Area that are not expected to subscribe to service upon project completion. Grantees must provide service, in a reasonable timeframe and at no additional cost (outside the standard monthly recurring cost for service), to the locations of these potential customers where such connections are within standard drop lengths, require standard electronics, and do not require Special Construction. Such costs, exclusive of Special Construction and equipment sold or leased to end-user customers, are eligible expenses within these Guidelines.
 - iii. Systems shall be designed and constructed so that customers not within a standard drop length only require installation of a longer drop, and, only in very extreme instances, additional amplification for that customer.
 - (ii) For the upfront investment associated with installing and/or upgrading existing broadband facilities on a one-time, capital improvement basis, in order to expand broadband access and increase capacity
 - (iii) Where proposed construction or equipment or other items (leases, expenses,

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- indirect costs) may serve both the proposed areas and other areas (dual use), the grantee shall calculate the percentage of passings in the proposed area or areas relative to the total number of passings, and only that percentage of the cost of dual use construction or equipment shall be eligible
- (iv) To fund the cost of long-term leases, defined as leases for a duration longer than 1 year, of facilities required to provide broadband service
 - (v) To fund reasonable make-ready expenses incurred as a result of providing broadband service
 - (vi) To fund reasonable indirect costs associated with the implementation of the grant efforts and consistent with the principles outlined in the New NY Broadband RFP Grant Guidelines, excluding maintenance and operating expenses, customer operations, general and administrative costs, efforts associated with bidding on and obtaining the grants, and any efforts not associated with the actual deployment of the network
 - i. A grantee may not seek indirect costs in an amount constituting more than 15% of the grantee's total eligible expenses.
 - ii. Such costs must be identified as line-items in the application to be eligible for reimbursement. Costs that appear excessive and/or without justification and costs not considered eligible will not be reimbursed. When seeking reimbursement, grantees must submit such indirect costs as line-items and provide justification for the expense.
9. Eligible Expense Categories include but are not limited to the following:
- (i) Network & Access Equipment Costs: Includes optical equipment, digital line concentrators, digital subscriber line access multiplexers, radio equipment, transport multiplexors, routers and Ethernet switches, distribution frames and panels, power equipment, and associated software costs chargeable to capital.
 - (ii) Outside Plant Costs: Includes cable (aerial, buried, underground, and submarine), fiber, conduit systems, poles, cross-connect cabinets and splitters, fiber service terminals and enclosures, pedestals, standard drops, network interface devices, optical network terminals and reasonable make-ready costs.
 - (iii) Tower Costs: Includes the construction of new towers (where required infrastructure does not exist) and costs involved with structural changes to existing towers.
 - (iv) Building and Land Costs: Includes the cost of constructing new buildings and renovating existing buildings, as well as any site preparation costs directly related to providing broadband service to the funded Service Area.
 - (v) Customer Premises Equipment: Funding only covers up to the network demarcation point (e.g., NID or ONT).
 - (vi) Professional Services: Includes site engineering, project management, and consultant services costs involved in designing and constructing the proposed project.

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(vii) **Testing:** Includes items such as testing network and IT systems, user devices, servers, lab furnishing and test generators.

(viii) **Other Upfront Costs:** Includes any other upfront costs not covered in other categories, such as site preparation, permits, required licenses, sales tax applicable to new equipment purchases, shipping and warehousing expenses, and miscellaneous minor material.

10. **Ineligible Expenses included but are not limited to the following:**

(i) **Only Standard Drop Lengths will be eligible for funding.** Drops requiring Special Construction will be the responsibility of the consumer.

(ii) **Equipment owned or leased by the customer, including routers and modems, and any other costs beyond the network interface point.**

(iii) **Operating expenses of the grantee will not be funded.**

(iv) **Expenses incurred prior to the date of the grant award announcement will not be eligible for funding.**

11. **ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$5,805,600, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Company and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.**

12. **The Recapture Amount - if the property is sold within 5-years of disbursement, or if Grantee fails to complete Key Project Indicators and Milestones – is based on the time that has lapsed between when the Grant funds were disbursed and when the transfer occurred, and/or failure to complete Indicators and Milestones.**

(i) **The Recapture Amount – if the failure to complete Key Project Indicators and Milestones occurs – shall be calculated by aggregating the Recapture Amount for each disbursement of the Grant, which in each instance shall be equal to:**

i. **100% of the disbursed amount if 0% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;**

ii. **90% of the disbursed amount if 1% to 10% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;**

iii. **80% of the disbursed amount if 11% to 20% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;**

iv. **70% of the disbursed amount if 21% to 30% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;**

v. **60% of the disbursed amount if 31% to 40% of the Milestones and Indicators are completed by the time of submitting final reporting**

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- requirements;
 - vi. 50% of the disbursed amount if 41% to 50% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - vii. 40% of the disbursed amount if 51% to 60% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - viii. 30% of the disbursed amount if 61% to 70% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - ix. 20% of the disbursed amount if 71% to 80% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - x. 10% of the disbursed amount if 81% to 90% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - xi. 5% of the disbursed amount if 91% to 99% of the Milestones and Indicators are completed by the time of submitting final reporting requirements
13. Compliance with National Electrical Safety Code (NESC): All pole attachments shall comply with the NESC requirements. New NY Broadband grant recipients shall ensure that the attachment of fiber and equipment is designed, constructed, operated, and maintained in accordance with all applicable provisions of the most current and accepted criteria of the NESC, and all applicable and current electrical and safety requirements of any State or local governmental entity.
14. Broadband Mapping Program Compliance: Recipients shall provide to the NYS Broadband Program Office (or designated agent) address-level broadband build-out data that indicates the location of new broadband services within the recipient's entire service area.
15. In the event Reports, Updates, Mapping, and/or Milestone Reports are not received in the form and time periods as indicated in Section 2, ESD shall not be obligated to make any further Grant disbursements. In the event such Reports, Updates, Mapping, and/or Milestone Reports are not received within 45 days in the form and time periods as indicated in Section 2, Grantee will be in default. However, no default shall be deemed to have occurred if Grantee cures such default within ten (10) days of notice of default from ESD.

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Non-Discrimination and Contractor & Supplier Diversity:

ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this Project. The Recipient shall be required to include minorities and women in any job opportunities created, to solicit and utilize Minority and Women Business Enterprise (MWBEs) for any contractual opportunities generated in connection with the Project and shall be required to use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve an overall MWBE Participation Goal of 30%.

Statutory Basis – New NY broadband initiative:

The funding was authorized in the FY 2015-2016 New York State enacted budget and re-appropriated in the 2016-2017 New York State budget. No residential relocation is required as there are no families or individuals residing on the site.

Additional Submissions to Directors:

Table A – Key Project Indicators

Table B – Project Footprint

Table C – Project Milestones

Table A: Key Project Indicators

The following table lists the key indicators, which must be met upon completion of this project. Indicators will be required to be reported on a monthly basis.

Table A: KEY PROJECT INDICATORS	
Key Project Indicators: In consideration for the making of the Grant, Grantee has agreed to achieve the Key Project Indicators set forth below:	
Month: <u>XX</u> Date: <u> / /201</u> to <u> / /201</u>	
Basic Project Information	
Project Name	State Telephone Underserved Broadband Capital
Project ID Number	AB168
Contact Name	Mark Evans
Contact Number	(518) 731-6128
Website	http://www.statetel.com/
Email	mevans@statetel.com
Company	State Telephone Company
REDC(s)	Capital Region
County(ies)	Greene County
NYS Assembly District #s	102
NYS Senate District #s	46
U.S. Congressional District #s	19
Total Census Blocks to be passed by project	233
Total Units to be passed by project	4,134
Total Project Cost (state + private)	\$7,257,000
Total Grantee Private Match	\$1,451,400
Total Grant Amount (\$)	\$5,805,600
Max speeds offered (download/upload)	100 Mbps/100 Mbps
Required pricing tier offered?	Yes
Technology Type	BPO Populated
Type of Service Area: Unserved vs. Underserved	BPO Populated
Monthly Project Questions	
Is your Project On Time? (Yes/No*)	To be answered during project progress
Is your Project On Budget? (Yes/No*)	To be answered during project progress
Have there been any project changes? (Yes**/No)	To be answered during project progress

Have you communicated with any State agency, authority or commission? (Yes**/No)	To be answered during project progress
Have there been changes in approval or permitting timeframes? (Yes**/No)	To be answered during project progress

	Total # Proposed for Project (Column Will Not Change Without GDA Amendment)
Indicator - Project Service Area	
Housing Units Passed	3,801
Libraries Passed	1
Educational Opportunity Centers Passed	0
Other Units Passed	332
TOTAL Units Passed	4,134
ENTIRE Census Blocks Passed***	233
	# Proposed for Project (Column Will Not Change Without GDA Amendment)
Indicator - Customer Connections	
(If Known) Average Revenue Per User (ARPU) per Unit Connected (\$)	To be inputted upon progress of the project
(If Known) Average Bandwidth Delivered per Month per Connected Unit (Mbps)	To be inputted upon progress of the project
	Total # Proposed for Project (Column Will Not Change Without GDA Amendment)
Indicator - Network Infrastructure Deployed	
New Network Miles Deployed (mainline)	195.1
Existing Network Miles Upgraded	0
Number of Miles of New Fiber (mainline)	195.1
Number of Towers Connected	0
Number of New Interconnection Points	0
Number of Wireless Hotspots	0
	Proposed for Project \$
Indicator - Project Expenditures	
MWBE expenditures	\$1,590,734.40
SDVOB expenditures	N/A
Eligible Project Expenditures (\$) Made	\$7,257,000
Private Match (\$)	\$1,451,400

Speed Tiers & Pricing [Write N/A if No Speed Tiers Currently Offered]	Max Download Speed Offered
Type - Residential, Commercial, or Other (Please Specify)	x
	To be inputted upon progress of the project

Network Construction Completion Date:	December 31, 2018
Customer Installations Completion Date:	December 31, 2020
*If project is not on time or on budget, Grantee will be asked to upload documentation explaining reason for delay/issue	
**If yes, please explain and provide any necessary documentation	
***Grantee must pass all Units in a Census Block	

Table B: Project Footprint

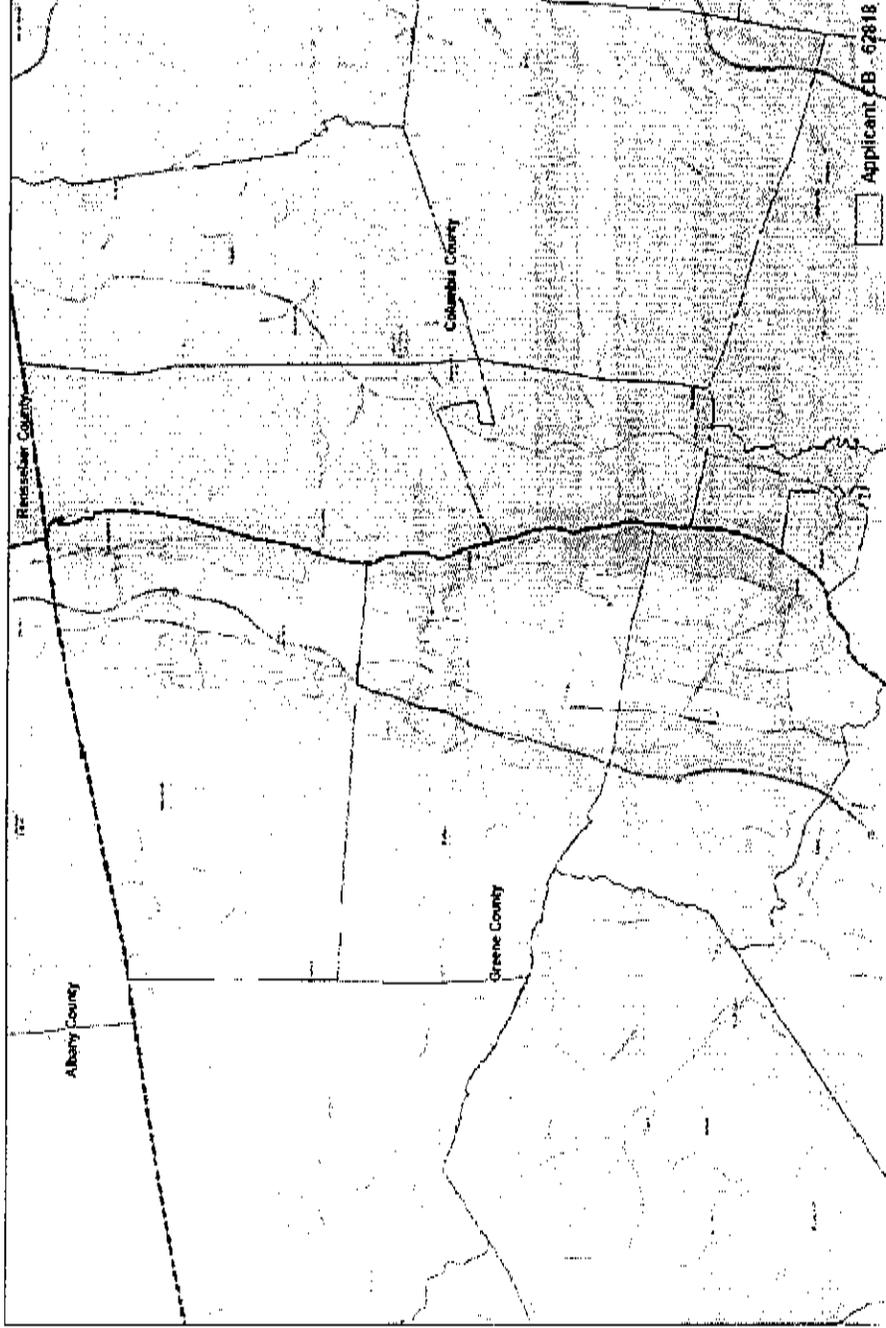


Table C: Project Milestones

The following table lists the major network build-out phases and milestones that can demonstrate the entire project will be substantially complete by December 31, 2018. The table considers project areas such as: a) network design; b) securing all relevant licenses and agreements; c) site preparation; d) inside plan deployment; e) outside plan deployment; f) deployment of business & operational support systems; g) network testing; h) network operational

Table C: Project Milestones	
The following table lists the major network build-out phase and milestones that can demonstrate the entire project will be substantially completed by the end of December 2018. The table considers project areas such as a) network design b) securing all relevant licenses and agreements c) site preparation d) inside plan deployment e) outside plan deployment f) deployment of business and operational support systems g) network testing h) network operational	
Project Start Date: 10-3-2016 Projected Completion Date: 12-31-2018 Projected # of Milestone Reports: 8	

Time Period	Quarter	Milestones	Narrative Explanation (If Any)
Year 1	Qtr. 1	<ul style="list-style-type: none"> Finalize network design Begin staking FTTH routes Determine pole upgrade / replacements required Commence any required brush cutting along routes 	
	Qtr. 2	<ul style="list-style-type: none"> Create OSP RFP / P&S maps Send RFP to contractors Review OSP RFP / award Obtain environmental permits (if needed) Pre-construction meeting with contractor Begin fiber construction 	
	Qtr. 3	<ul style="list-style-type: none"> Create electronics RFP Send electronics RFP to vendors Review electronics RFP / award Continue fiber construction activities 	

	<ul style="list-style-type: none"> • Electronics ship from vendor • Continue fiber construction activities • Implement marketing and customer outreach initiatives. 	
Qtr. 1	<ul style="list-style-type: none"> • Install electronics in central offices • Continue fiber construction activity • Continue community outreach and broadband adoption efforts. • Complete central office equipment activation and testing • Commence customer drop installation and activation 	
Qtr. 2	<ul style="list-style-type: none"> • Continue fiber construction activity • Continue community outreach and broadband adoption efforts. • Continue customer drop installation and activation 	
Qtr. 3	<ul style="list-style-type: none"> • Continue fiber construction activity • Continue community outreach and broadband adoption efforts. • Continue customer drop installation and activation 	
Qtr. 4	<ul style="list-style-type: none"> • Complete network testing, validation, and mapping. • Finalize fiber construction activity • Finalize customer drop installation and activation 	<p>All mainline fiber is planned to be completed by 12-31-2018. Fiber drops will be on-going for several months after 12-31-2018.</p>

Year 2