RAINIERconnect
2516 Holgate St | Tacoma, WA 98402 | www.rainierconnect.com

April 27, 2018

City of Tacoma and
Tacoma Public Utilities
1224 Martin Luther King Jr. Way
Tacoma, WA 98405

Subject: Response to RFI/Q for Partnership Arrangements for Tacoma Power's Click! Network

City of Tacoma and Tacoma Public Utilities Board:

Rainier Connect would like to formally express our continued interest and intent to partner with the City of Tacoma ("City") Department of Public Utilities ("Tacoma Public Utilities"). We want what is best for the community and will provide our support and continue to contribute to the growth and development of the Tacoma Community. As the local provider, we want to be part of the solution.

Currently, Rainier Connect is one of Click!'s largest customers, offering Ethernet, broadband and digital phone services over the network since March 12, 2001, for the Master Service Agreement and March 25, 2008, under the ISP Advantage Agreement. In addition, Rainier Connect has served outlying markets for more than 100 years. We provide services from Eatonville to Centralia, providing state-of-the-art cable TV, telephone and Internet service, including gigabit service, over our own fiber optic network. Rainier Connect has built and continues to own and operate the most technologically advanced telecommunications network in Pierce County. In addition, we have a $20-million infrastructure improvement project currently underway in Pierce County.

We are committed to the community and our proposal includes:

- Rainier Connect would add at least 37 jobs in Tacoma.
- Rainier Connect is committed to the City Council and Public Utility Board's 12 community policy goals for the Click! Network.
- We have provided business options that are flexible to best meet the needs of both the City of Tacoma, Tacoma Public Utilities Board, and the community.

Company:	Rainier Connect
Corporate Headquarters:	2516 Holgate Street, Tacoma WA 98402
Nearest local office:	2516 Holgate Street, Tacoma WA 98402
Contact for response:	Brian Haynes, President and CEO
Email:	brian.haynes@rainierconnect.net
Phone:	253.683.4203
Cell:	253.304.8370

Rainier Connect is local, proven and committed. We look forward to partnering with you.

Sincerely,

Brian Haynes
Chief Executive Officer

Partnership Arrangements for Tacoma Power's Click! Network RFI/Q

Rainier Connect
2516 Holgate Street
Tacoma, WA 98402

Your *Local* Choice for
Business Internet & Phone

RAINIER connect

Contents

BUSINESS MODEL SUMMARY 3
AFFIRMATION 4
STRUCTURE, FINANCIAL QUALIFICATIONS, AND EXPERIENCE 7
TECHNICAL AND TRANSITIONAL CAPABILITIES 8
OPERATIONAL CAPABILITIES 15
SALES AND MARKETING 19
BUSINESS STRUCTURE 21
SCHEDULE 22
MAINTENANCE 23
FINANCING 24
SERVICES 26
PRICING 27
EQUITABLE ACCESS 29
AFFORDABLE ACCESS 30
NET NEUTRALITY 31
FOSTERING COMPETITION/OPEN ACCESS 34
PRIVACY 35
LOCAL PARTICIPATION AND ECONOMIC DEVELOPMENT 36
REFERENCES 37
RESPONSIBILITY MATRIX 38
APPENDIX 39

Business Model Summary

Rainier Connect is open to discussing multiple options for the Provider Arrangement including, but not limited to, a scenario where Rainier Connect will pay a per subscriber fee of $3.00 per data subscriber and $2.50 per cable television subscriber. In this scenario, Rainier Connect manages everything from the day-to-day operations to budget, forecasting, and growth planning. All sales and operations would be the responsibility of Rainier Connect. This model would be an operating lease, the network would remain a fixed asset of Tacoma Public Utilities and Rainier Connect would request that TPU invest and maintain the health of the network with agreed upon standards.

Another option would be to renewable capital lease and Rainier Connect pays an annual fee which starts at $1.325 million in the first year we take over the network and increases to a maximum of $4.388 million. In this scenario, Rainier Connect manages everything from the day-to-day operations to budget, forecasting, and growth planning. All sales and operations would be the responsibility of Rainier Connect. In this model, the network would remain a fixed asset of Tacoma Public Utilities and Rainier Connect would request that TPU invest and maintain the health of the network with agreed upon standards.

Our priority is to keep a strong network in Tacoma and for it to be better utilized by more residents and businesses. To that end, we are open to a variety of options and our main priority is the success of the network and keeping it a local asset of the City of Tacoma. The intent of responding to this Request for Information is that we would like to open a dialogue with the City of Tacoma to genuinely be a partner and to help move the Click! Network towards becoming an asset that generates income for the City and better meets the needs of the community. Rainier Connect currently provides data and digital phone services over the Click! Network and has it's own facilities that provide similar services direct to customers in Pierce and Lewis County. In addition, we have relationships where we resell services for Gray's Harbor County, Pacific County, and Mason County. We bring a willingness to explore a unique solution that benefits all involved parties, particularly the community at large.

Refer to the Financing section for additional details on each business model.

Affirmation

CONTINUING PUBLIC OWNERSHIP

Rainier Connect also believes that ownership of the telecommunications assets should remain public and as such, we are proposing to manage the network in a more nimble way. The internet and how people access it, is quickly evolving, as well as the solutions we provide to meet the changing needs of the customer.

ENSURING EQUITABLE ACCESS

Our company was founded in rural Pierce County and our priority is bringing services to under-served populations. Whether the population is rural, urban, or low-income, we have over 100 years in the telecommunications industry and have continuously practiced equitable access.

CREATING LOW-INCOME AFFORDABLE ACCESS

First, we propose a rate adjustment to better align pricing with the competition. We offer similar products in our other service areas and have been able to keep our pricing highly competitive. Additionally, we would begin a program for low-income access to internet with an entry level option for service at $10. We have already started discussions with the Tacoma School district regarding a partnership to bring low-cost internet to families in need. We have also discussed low cost ways to bring connectivity from the schools into the homes of the students. We believe access to the internet is critical to the success of students and necessary to help educate the family as a whole.

ENFORCING NET NEUTRALITY

Rainier Connect supports net neutrality and has a published Open Internet Policy and Network Transparency Disclosure which promotes the Internet as an open platform enabling customer choice, freedom of expression, end-user control, competition, and the freedom to innovate without permission. Rainier Connect does not unreasonably discriminate in transmitting lawful network traffic over a customer's broadband Internet access service. Our complete policy is published on our website at www.rainierconnect.com/open-internet-policy-and-network-transparency-disclosure.

ALLOWING OPEN ACCESS

Rainier Connect currently participates in the open access provided by the Click! Network and would be open to continuing to provide a similar option going forward. We anticipate the details of this offering would be part of a formal agreement if the request for information moves into a contractual stage.

PRESERVING COMPETITION

As a current member of the Tacoma community, we are committed to bringing all of the before mentioned criteria to the network. Our expectation is that we could be much more competitive with larger providers and continue to provide the great service already enjoyed by customers that are on the Click! Network and ours.

SAFEGUARDING MUNICIPAL USE

Rainier Connect understands that there is municipal use of the network and is open to negotiate how to best meet the current and growing needs of the local government. We currently service multiple municipalities and appreciate and understand that each has different requirement, security as the highest priority.

MAINTAINING FINANCIAL STABILITY

We are a family owned, local business with more than 100 years of experience in the telecommunications industry. We have a clear understanding of the industry, where the market is shifting, and how to successfully navigate each of the challenges inherent to the technology.

PROMOTING ECONOMIC DEVELOPMENT

We believe it is critical to the success of our community that every student have access to the internet and all it offers. As stated previously, we have already opened discussions with the Tacoma School District. We also believe that the families of these students need access just as much to apply for work, search for local resources, and even take advantage of adult education courses. We want our business sector to thrive and consumers must be offered a more competitive product at a price that is in line with the competition. As a current provider on the network, we thoroughly understand the challenges faced by our local business and want to bring them fair rates, with top notch local service.

PROVIDING JOB OPTIONS AND SECURITY FOR CLICK! STAFF

Rainier Connect has a local office that we will continue to maintain in Tacoma and new staff hired to manage the Click! Network will have the opportunity to work from that office. We anticipate needing an additional 37 staff, this could increase depending on the model agreed to moving forward.

PROTECTING CUSTOMER PRIVACY

Rainier Connect complies with all telecommunication requirements including CPNI (Customer Proprietary Network Information) which encompasses information that is acquired about subscribers. It includes not only what services they use but their amount and type of usage. The Telecommunications Act of 1996 together with clarifications from the Federal Communications Commission (FCC) generally prohibits the use of that information without customer permission, even for the purpose of marketing the customers other services . In the case of customers who switch to other service providers, the original service provider is prohibited from using the information to try to get the customer back. CPNI includes such information as optional services subscribed to, current charges, directory assistance charges, usage data, and calling patterns. All services we provide adhere to these high standards of privacy.

PRESERVING CLICK!'S GOODWILL

As a current provider of Internet service on the Click! Network, we are absolutely familiar with Click!'s excellent customer service and having worked in this partnership since 2001 we believe we are currently performing at that same level of service and will continue to do so.

Structure, Financial Qualifications, and Experience

Rainier Connect is a licensed and bonded, telecommunications service provider franchised in Pierce County and Lewis County.

- Rainier Connect has served residents of Eatonville, Kapowsin and La Grande with telecommunication services since 1910.
- We also provide competitive gigabit fiber, broadband,telecommunications, Ethernet, and cable television in Graham, Spanaway, South Hill, Centralia, Chehalis, Lacey, Olympia, and communities in Grays Harbor, Mason, and Pacific Counties.
- Rainier Connect is currently an ISP provider on the Click! Network and offers services to both residential and commercial customers as well as, commercial Metro Ethernet services through the Greater Tacoma area.

With more than 50 employees, we take pride in our experience and expertise as the premier provider of telecommunications service in our community.

Our customers benefit from our more than 100 years of experience in the telephone industry, our product expertise, and our strong business and supplier relationships. The value we bring to our clients extends beyond a simple application. We have the expertise, resources, and relationships to deliver top quality communication products.

As a locally owned family business, Rainier Connect has had five generations of family leadership and continues to be a highly sought after employer in telecommunications. We value our ability to foresee industry changes and trends and continue to be well prepared for the future. We have a small management team of experts in each area of our industry. In just the last two years, Rainier Connect has formed a partnership managing the Click! Network customers for Net Venture, acquired an ISP with services extending from Lacey to Gray's Harbor, upgraded our cable modem network to 250 MBPS, and built a $20 million fiber network. Our team is efficient and well organized. The overall organization of Rainier Connect is flat, meaning the newest hire is likely to report directly to a management team member. This keeps our team in tune with the needs of both the staff and customer.

Technical and Transitional Capabilities

Rainier Connect, as an organization, represents over 100 years of facilities-based experience. Several types of plant are currently operated including phone, hybrid fiber-coaxial network (HFC), and various other fiber architectures.

Below are the number of years of experience we have operating the following networks by type:

HFC-21 years; Fiber-to-the-premise (FTTP) primarily Metro Ethernet services-17 years; GPON-Fiber-to-the-business (FTTB)-9 years; GPON-Fiber-to-the-home (FTTH)-2 years.

The mileage of the outside plant (OSP) currently operated is 608 miles of Fiber, 672 miles of Copper, and 192 miles of Coaxial Cable.

As Rainier Connect enters into the transitional phase of this proposed agreement, we will need to add the following technical staff to our existing team:

- Network Operations Center (NOC) technicians-6
- IT technician-1
- OSP supervisor-1
- Installation/Repair technicians-1
- Construction technicians-4
- OSP engineer-1
- Warehouse/Inventory specialist-1

In addition, the customer service support team will need an additional 8 team members and an additional Quality Assurance employee. All employees are expected to work in the Tacoma office as permanent, full-time employees. Rainier Connect does not anticipate utilizing contractors for the daily operations of the network.

We have established ongoing relationships with associations, co-ops, distributors of telecom equipment, network equipment manufacturers, and software solutions providers. Below is a sample of the most common or relevant relationships that we have for our network.

Telecom equipment distributors with established accounts:

- Power & Tel (https://www.ptsupply.com/)
- Graybar (http://www.graybar.com)
- Walker and Associates (https://www.walkerfirst.com/)
- MHz
- Vology
- AMT
- TVC

Network Equipment Manufacturers with existing agreements and currently deployed:

- Cisco (CMTS, Routing, and Switching)
- Juniper (Routing and Switching)
- Calix (FTTP)
- Adtran (FTTP)
- ECI (DWDM transport)
- Arris/Motorola (Headend equipment, cable modems, set tops, receivers, etc.)
- Harmonic (Edge QAMs)
- Fujitsu (SONET networks)
- Tellabs (TDM and legacy DSL)

Plant Materials Manufacturers:

- Clearfield (FTTP passives and Pedestals)
- TE Connectivity (FTTP passives, OptiTap, and Splice Cases)
- Prysmian (Fiber)

- AFL (Fiber)
- Corning (Fiber)
- ACI (Cable Actives and Taps)
- CommScope (HFC Plant)

Plant Software:

- OpenNMS (Monitoring)
- CMS (Calix Monitoring System-FTTP)
- AOE (Adtran NMS - FTTP)
- AutoCad/StellaRAD (Mapping)
- MapWise (GIS Mapping)

We currently have two NOC locations, our Tacoma NOC at 2516 Holgate St., Tacoma, Wa, 98402 has the following capabilities and functions:

- Sparing warehouse for Seattle/Tacoma market network equipment and customer CPE
- Dispatch location for network technicians to Seattle/Tacoma market
- Monitoring for all network assets.
- NOC call queue for escalations and priority customers.

Our second location is the Eatonville NOC at 5228 Tanwax Blvd., Eatonville, Wa, 98328 that has the following capabilities and functions:

- Sparing warehouse for Grays Harbor, Lewis, Pierce, and Thurston county markets. Including network equipment and customer CPE
- Dispatch location for Network Technicians to rural markets
- Monitoring for all network assets.
- NOC Call Queue for escalations and priority customers.

Beyond plant, staff experience and vendor relationships Rainier Connect has several tools or applications we use to ensure network reliability, security, and manage capacity. Rainier Connect utilizes OpenNMS to provide historical utilization and thresholding alarms to forecast or respond to changes in the network. We also use OpenNMS to set service level or reliability requirements for various attributes of services. OpenNMS then reports in real time as well as generates alarms once these service levels are violated or compromised. NfSen, a flows analysis tool, lets us examine the traffic types and volumes present on the network allowing us to forecast demand. We also have a suite of custom in-house built tools that utilize API's and SNMP to programmatically obtain information such as routing table changes, plant signal levels, and CPE reports to aid technicians while performing maintenances to mitigate service interruptions.

In todays environment, it is not just important to maintain focus on the operations of a network, but also the security of the network as well. Regarding network security, there are several aspects to consider both internally and externally. Examples on how we address external threats include automated security audits like port scans or automated grey/black lists for brute force attacks. We also employ techniques for remote management of devices to avoid man-in-the-middle attacks or session hijacking. Internally, examples include centralized authentication, cli command control with authorization levels by user, encrypted password management, change management notifications, and centralized logging.

Managing all of the above is challenging especially when considering a transition like the one proposed in this document. At Rainier Connect, to maintain focus on priorities and the "big picture" we employ an agile project management style. This approach allows for both expansion or shifts in priorities as a project unfolds. This style allows us to contain our tasks or sprints to a few weeks reporting on progress or roadblocks encountered in our biweekly meetings. We are very adept at reprioritizing based on changes in capacity, unexpected challenges, technological shifts, or other issues as is necessary for a modern telecommunication company. Above all else mentioned previously this dynamic approach is what makes our team successful even in the most challenging situations and projects.

TRANSITIONAL MANAGEMENT PLAN

The tasks listed below can and often will be performed in parallel by separate teams. Initially, the transition plan begins with a basic assessment of the current network elements, plant, and generating documentation. In the short term, the intent is to utilize the information obtained to automate reporting, monitoring, inventory management, and general network management tasks. Afterwards, the medium and long term focus can be turned towards planning, upgrades, and migrations to improve or upgrade service offerings.

Immediate (30 Days)

Initially, the transition begins with a basic assessment of the current network and generating documentation. The tasks are performed in parallel with each other by separate teams. The primary goals are to document the network, verify access, confirm manageability, uncover any potential security vulnerability, and ensure the ability to recover from an failure:

- Require a freeze on all changes to the network.
- Perform physical assessment of inventory of deployed equipment and spares.
- Create diagrams both physical and logical.
- Obtain, record, and test administrative credentials for all equipment, management systems, and servers.
- Once access is obtained with credentials obtain software versions, uptime, and perform terse check for alarms and log files for potentially service impacting issues.
- Assess backups for network equipment and servers. Create manual backups for each network element.
- Address the survivability of the network and the ability to maintain critical operations during various failure scenarios.
- Log optical and electrical levels at critical points in physical plant and electronics to produce baseline to assist in restoration until automated systems are in place.

Short Term (3 months)

- Configure NMS to begin automated collection of performance statistics from network elements. The data assists with historical comparison, identifying capacity issues, uncovering intermittent over-utilization of resources, and forecasting future network demands.
- Configure automated change management and configuration backup systems to lift freeze on network changes.
- Centralize privilege based access control of administrative and support personnel.
- Create priority list of network issues discovered categorized by severity and create a correction plan if necessary.
- Automate reports within NMS to provide summarized view daily of critical performance indicators on then network.
- Automate reports on inventory to provide data on stock levels, location, service life, support contract information, vendor contact information, and identified upgrade model.

- Automate polling of plant based monitoring elements to report on state of signal, noise, and levels to generate alarms and reports.
- Transition upstream bandwidth from existing provider to Rainier Connect utilizing our existing transport system. We would create two physically diverse 100Gbps circuits. One 100Gbps wave terminating in Seattle, WA where we are interconnected with several Tier 1 providers and peer with content providers at the Westin Building. The alternate 100Gbps wave circuit would terminate in Portland, OR where we also interconnect with several Tier 1 providers and peer with content providers at the Pittock Building.

Medium Term (12 months)

- Primary goal in the period is to take analysis of current network and propose upgrades to create competitive offerings.
- Identify potential to leverage existing DOCIS 3.0 CMTS platforms to offer packages up to 250Mbps/20Mbps.
- Deploy an App-based IPTV platform utilizing common consumer grade streaming devices such as a Roku, AppleTV, FireTV, etc.
- Begin migration of subscribers to App-based IPTV platform with the intent to free channels for DOCSIS 3.1 deployment.
- Perform limited deployment of DOCSIS 3.1 and R-PHY to test and refine setup. Potentially targeting smaller nodes or MDU's.
- Begin initial deployments of higher bandwidth DOCSIS 3.1 (potentially up to 2Gbps service).
- Beginning in this period new or green field construction will be FTTP.
- Develop plan for pushing fiber deeper to eliminate active elements of HFC plant while identifying potential locations for placing FTTP OLT.
- Upgrade Metro Ethernet (Click! defines as Broadband) network elements with 100Gbps backhaul providing the ability to offer 100Mbps, 1Gbps, 10Gbps, 40Gbps, and 100Gbps Ethernet services.

Long Term (24 -60 months)

- Develop strategy for approval regarding FTTP deployments.
- Create lifecycle management policy for existing network elements.
- Leverage continued DOCSIS 3.1 platform as CPE (Cable modems) advance allowing an upgrade path to the current theoretical maximum of 10Gbps.
- Leverage feature development on App-based IPTV platform for advanced capabilities such as advanced advertising and multi-tenant offerings to colleges, hotels, MDU's, etc.
- Potentially begin deployments of FTTP facilities according to approved deployment plan.
- Upgrade and replace network elements according to lifecycle management policy.

Rainier Connect's Quality Assurance team provides quality control functions that identifies any potential customer impacting errors before the customer is affected. Each staff member that creates service orders is tracked and the information is used as part of performance metrics, as well as a training tool and guide for the future. The metrics are provided to the supervisor and manager of each department who then meets monthly to counsel each individual. Corrective action plans are implemented as needed and meeting frequency increases as needed for each individual team member. In addition to accuracy and customer impacting errors, performance metrics include reviews of sales calls, call control and call quality, as well as call queue statistics.

Each team member completes a rigorous training program and on-boarding check list that assures each person is familiar with our systems, products, and services. Each representative has the ability to schedule one-on-one training with a Quality Assurance representative for further training on any processes or products.

Twice yearly, all team members participate in industry specific sales and customer experience training. This training is custom designed to Rainier Connect's products and supports the performance metrics mentioned above.

Quality Control, from a Network Operations perspective, is that following service interruptions or outages we utilize system logs, errors, traps, login records, command logs, etc. to determine the root cause for the outage. If it is determined that the outage was due to employee error, accident, or unauthorized work we will document the incident as an outage. Dependent on the severity of negligence on the employee's part and impact of the outage they may be placed on probation for as long as six months. In the case where an employee follows proper protocol, but due to improper direction, documentation, or procedures cause an outage, we address our protocol, create lessons learned, and correct any instruction set that led to the outage.

Operational Capabilities

Rainier Connect, not only currently provides service to customers over the existing Click! Network, but we also work with other public utility districts as partners including Gray's Harbor County, Pacific County PUD, and Mason County PUD. In addition, we own and maintain our own facilities that provide services, including fiber to the home.

As a partner with the other Public Utility District's we are flexible in our relationships. For instance, in Gray's Harbor the provide us with Dark Fiber and we install the equipment and work with the customer. Pacific County PUD provides lit fiber and our relationship with Mason County is very similar to how we currently provide services over the Click! Network.

A further demonstration of our experience is the work we have done over the last two years, where assumed the management of the Click! Network customers for Net Venture, acquired another ISP with services extending from Lacey to Gray's Harbor, upgraded our cable modem network to 250 MBPS, and built a $20 million fiber network. Our team brings over 100 years of facilities-based experience that includes phone, hybrid fiber-coaxial network (HFC), and various other fiber architectures.

Rainier Connect has not entered into a comparable partnership situation, but based on our experience with the Click! Network, our joint customers, our commitment to the vitality of the Tacoma community, and our extensive experience in successfully managing a very similar network we believe this places us as the only local choice that has the ability to meet the needs of the community, the City Council and Public Utility Board, and the network as a whole.

We demonstrate our success by looking at take rates in our other services areas that have similar demographics to Tacoma. Please refer to the sales and marketing plan for additional details on our marketing plan, tools, and platforms we will use, as well as examples of take rates and growth expectations. A key component of this proposal is our long-term operations team. The following is the current make-up of our Network team and the positions that will be added to manage if this proposal is accepted.

Four Network Engineers will be dedicated to monitoring the networks health and operation.

- Engineer with 21 years experience
- Engineer with 19 years experience
- Engineer with 19 years experience
- Engineer with 20 years experience

Staff dedicated to NOC

- Network/NOC Technician with 5 years experience
- Network/NOC Technician with 4 years experience
- Network/NOC Technician with 3 years experience

- Network/NOC Technician - 6 Positions added for Transition
- Systems Engineer with 25 years experience
- Systems Engineer with 10 years experience
- Systems Engineer with 7 years experience
- Systems Technician - 1 Position added for Transition

The following staff will be dedicated to Outside Plant:

- OSP Manager with 27 years experience
- Installation and Facilities Technician with 17 years experience
- Installation and Facilities Technician with 16 years experience
- Installation and Facilities Technician with 10 years experience
- Installation and Facilities Technician with 8 years experience
- Installation and Facilities Technician with 4 years experience
- Installation and Facilities Technician with 2 years experience
- OSP supervisor - 1 Position added for Transition
- Installation/Repair technicians-14 Positions added for Transition
- Construction technicians-4 Positions added for Transition
- OSP engineer-1 Position added for Transition
- Warehouse/Inventory specialist-1 Position added for Transition

The following staff will be dedicated to Customer Care and Support:

- Customer Care and Support Manager with 18 years experience
- Customer Care Supervisor with 17 years experience
- Support Supervisor with 3 years experience

- Customer Care Team existing 10 positions with 1-18 years experience
- Customer Support Team existing 5 positions with 5-18 years experience
- Quality Assurance Team existing 4 positions with 2-22 years experience
- Customer Care and Support-8 Positions added for Transition
- Quality Assurance-1 Position added for Transition

The following staff will be dedicated to Commercial Sales and Marketing:

- Sales and Marketing Manager with 20 years experience
- Commercial Account Manager with 13-19 years experience
- Commercial Sales Coordinator with 2-6 years experience

Rainier Connect has developed a very successful way to manage the long-term plan for fiber locating on it's own network and would like to implement a similar model on the Click! Network. We take into account customer request and then assess the area for other potential prospective residential and commercial subscribers. The management team then performs a cost study to determine feasibility and projected positive outcomes for the community. We propose to keep all studies, locating, splicing, and work in-house for optimal quality and cost controls.

- Rainier Connect is fully invested in the Tacoma community and is looking forward to the opportunity to deepen our existing community relationships and bring new ideas to the table. Rainier Connect is the local, proven and connected partner.
- Rainier Connect would work to deploy, Family Connect, a new partnership with Tacoma Public Schools to provide access from home to the TPS guest Internet network for students and their families who are eligible for free and reduced-price lunch for little to no cost. We have opened discussions with the school district regarding how to make this a reality for every student.
- We propose to partner with Tacoma Housing Authority to deliver internet to the Multi-Dwelling units and supply computers in common spaces for access to online programs for learning and job development.
- The Metropolitan Development Council develops innovative programs that promote self-sufficiency and is dedicated to removing individuals and families from poverty. Rainier Connect will work with the Council to create online access to opportunities, such as job training skills and high school and college courses.
- Our program will be headed by a community development professional from the Tacoma community to effectively facilitate outreach programs and explore ways that the Click! Network can move the community forward.

Currently, our customer care and support teams work in three offices; Tacoma, Eatonville, and Centralia. The expectation regarding this proposal is to add new customer care and support team staff to our Tacoma office. Our existing call center model allows our team to be proficient in supporting all of our customers, regardless of the service they subscribe to or if they are a new subscriber. We have several footprints delivering services over a variety of facilities and platforms, including copper, coaxial and fiber. Splitting the teams between our office locations insures coverage in the event that either office is inaccessible or unexpectedly off-line.

Our call center currently handles the incoming Click! Network calls as well as the calls for our own facilities. We maintain the high standards of our own network as well as meeting the standards of the Click! Network. Our current team successfully manages the following calls:

- Current average calls per day = 186
- Current average wait time = 16 seconds
- Current average talk time = 5 minutes

Rainier Connect hires local, permanent employees and intends to continue. As stated previously, we plan to add an additional 37 employees to our Tacoma operations and will increase as needed with the projected growth of the network. Since we are currently marketing and provide billing services for Click! Network, adding additional services does not create the need for additional staff to the marketing and billing teams.

Our sales objectives are straightforward, once we have had the opportunity to make the needed upgrades to the Click! Network, we will adjust the speeds and pricing to match our current offerings (detailed in sales and marketing). The first year will be focused on stabilizing the current customer base and making the needed upgrades to the network to be able to successfully compete in the local market. Once this is done, we forecast a steady increase of 2%-5% in sales for the first two to six years until we maintain a 20% -30% market penetration. In addition, we expect churn to adjust to closer meet the churn rate levels of less than 1% that we currently experience on our own facilities. Much like all other providers in the telecommunication industry, we are also experiencing a decline in cable TV subscribers and anticipated the shift beginning five years ago. As such, we focus on data as our primary offering to customers to ease the transition away from traditional cable TV. We are also in the process of deploying IPTV for customers as they move away from the traditional set-top TV model.

Sales and Marketing

Rainier Connect brings high speed data, cable TV, phone, and excellent customer service to the local residents and businesses in South Puget Sound.

In our similar service area we currently have penetration rates on our facilities of approximately 37%, where customers have at least one or more services with Rainier Connect. In addition to high penetration rates, our churn rates for customers on our facilities are significantly below industry averages at about 0.06%. We provide an exceptional product and back it with the same level of customer care, which results in a customer base that highly values everything we bring to the table.

Since we have been in business for over 100 years, it is difficult to determine how long it has taken to achieve the current take rates. For a more modern glimpse of our customer loyalty, when recently upgraded a neighborhood in Puyallup from cable modem to Fiber-to-the-Home, 99% of those customers made the transition in an area where both Comcast and Century Link are available.

Rainier Connect uses AdWords, digital retargeting, transit media, social media, local events, direct mail, online billing ads, telephone directory, and our website as marketing channels. In addition, we are heavily involved with the community and participate in school events, Chamber's of Commerce, local non-profits that support the community and families, such as The Grand Cinema in Tacoma. Last year we were able to provide more than $10,000 in technology donations to equip a local high school football team recording devices that not only helped athletes compete with video technology for college scholarships, but also provided visual safety training for students from elementary through high school.

We currently offer a variety of products and services and would propose to offer similar products at the same prices to customers in the Click! Network. It is our experience that customers primarily take our services for the data offering. We provide competitive speeds at exceptional prices, which has created high take rates and low churn. In addition, we do not rate limit or charge usage fees for our high bandwidth users.

In order to keep pace with the competition, the intent would be to upgrade the network to gigabit speeds.

Pricing for Residential cable modem customers would be proposed as follows:

Up to 30/10 Mbps	$29.95 per month
Up to 55/20	$34.95 per month
Up to 150/20	$44.95 per month
Up to 250/20	$59.95 per month

Commercial cable modem customers with a 36 month contract would be as follows:

Up to 30/10 Mbps	$64.95 per month
Up to 55/20	$74.95 per month
Up to 150/20	$89.95 per month
Up to 250/20	$105.95 per month

In addition, we propose offering Commercial GPON services to buildings that are currently in lit buildings on the Click! Network. Pricing this fiber service would be as follows:

Up to 50/25 Mbps	$99.95 per month
Up to 150/75 Mbps	$169.95 per month
Up to 500/250 Mbps	$349.95 per month

This product has been overwhelmingly successful for our small business customers that need more bandwidth and higher upload speeds at a cost much lower than traditional fiber.

We also offer telephone, SIP services, and cable television. Rainier Connect is in the process of upgrading our traditional CATV system to IPTV and would plan to upgrade the Click! Network CATV on to the new platform.

Rainier Connect is in the process of adding a module to our current billing system that will allow for online ordering of services without the need for system intervention as it currently works for both Rainier Connect and Click!.

Business Structure

Rainier Connect's approach to this proposal is open and flexible. In this response we have set out framework options for a public/private partnership that creates security for the Tacoma community and it's valuable network asset, Tacoma Public Utilities, and provides tools and options for low-income residents to have greater access to utilize the network. The City's goals and our goals are closely aligned as the success of the City, the community, and the network create success and opportunity for Rainier Connect and our employee's.

We are the local solution and risks are minimized as many of the customers on the Click! Network are also our current customers. Rainier connect has been working with Click! for many years and we have the unique position of understanding their business model, areas for improvement, the unique needs and requests of the customers, limitations of the network, and most importantly, we run our own similar facilities in areas of Pierce County that are not covered by the network.

The key assumptions Rainier Connect has made in this proposal is the health of the network, accurate financials and equipment have been disclosed, and that the intent is to find a partner that is willing to build a public/private partnership that creates success for all parties. We also assume that the Click! Network will team with us for a smooth transition and provide positive public support in the community. It is critical that the Tacoma community understand that the network remains a community asset and that the option agreed upon best meets the needs of all parties. The largest risk to the success of this transition is time and community support. We have seen a negative impact on customer subscriptions, and concerns about the long-term stability of the network each time an announcement is made regarding changes to how the business will function in the future. Risk is minimized by an open willingness for all parties to work together and provide a united front to the community.

Schedule

Again, Rainier Connect is open to a discussion around the timeline of the transition, but anticipates it could take up to a year. We would need to conduct a deep dive with the current staff to get a better understanding of the current state of the network, processes, and historical information. Once that is complete, we would put together a speed upgrade and customer transition plan, as well as assess the opportunity for current Click! employees to join Rainier Connect.

We anticipate the upgrades will take one to three years, but can begin immediately. At the same time, we would need to migrate the current customers from the existing billing system to our system. We have previous experience when we migrated Net Venture customers, so this is a known process. During this transition time, we would also be out meeting with local councils to begin deploying our community programs. Key milestones will be agreed to in further discussions based on how the City would like to proceed. For a description of the Transitional Management Plan, refer to page 11.

Maintenance

Fiber Maintenance

Our staff has extensive fiber experience covering a range of responsibilities including:

- Physical placement and repair of strand or ADSS fiber both aerial and buried.
- Installation or upgrade replacement of fiber splice cases
- Fusion splicing loose tube fiber and ribbon.
- Splicing pigtails and connectorization
- Mid-sheath or mid-entry splicing
- Visual inspection using a fiber scope and cleaning
- Emergency restoration
- OTDR operation including acceptance testing, noting reflections, calculation of optical loss, and troubleshooting.

HFC Maintenance

We maintain HFC plant through industry standard preventive maintenance and monitoring. We often re-align the maintenance schedule to respond to plant changes with the goal of avoiding service interruptions. Below are common maintenance tasks and work that is performed on a daily basis:

- Perform system sweep and balance twice annually.
- During sweeps correct issues found by adjusting or replacing active or passive elements.
- Every 90 days perform leakage checks for source of ingress noise and physical plant issues.
- File results of cumulative leakage checks annually with FCC (Form 320).
- Perform proof of performance tests twice annually.
- Install and replace network components such as power supplies/inserters, nodes, amplifiers, line extenders, taps, and splitters.
- Troubleshoot issues with drop, distribution, and trunk components.
- Troubleshoot active noise using various techniques including forward/reverse sweeps while moving through plant actives and passives taking levels to trace the source.
- Perform emergency restoration of physical plant damage, component failure, or signal degradation.

Financing

Option 1 Summary:
10-year Renewable Operating Lease of the City Network by Rainier Connect from Click!

The Operating Lease will allow Click! to borrow funds from TPU for Network upgrades and improvements, while providing TPU a return on their investment over the term of the Operating Lease. The Operating lease is anticipated to generate $28.9 million in Lease Revenue for Click!, which will be used to repay $26.25 million in loans TPU provides to Click! for investment upgrades on City Network. The Operating Lease will be a NNN lease, with three options to renew, each for another 10-years, for a total of 40 years.

Rainier Connect will lease the Network from Click! on a subscriber fee basis for an anticipated 10-year total amount of $28.9 million. The subscriber fee will be based on monthly ISP and CATV subscribers. The ISP fee will begin at $3.00 per subscriber and the CATV fee will begin at $2.50 per subscriber. As upgrades are completed to the Network, the ISP fee will increase annually to a maximum of $8.67 per ISP subscriber. It is also anticipated the ISP subscribers grow at 5% per year through 2022 and 1% a year from 2023-2027. The CATV subscriber fee will remain at $2.50 and it is anticipated that the CATV subscribers will reduce by 2% per year from 2018-2027.

The Network will be owned by TPU and will loan Click! the money to fund all Network improvements. The financing security will be provided by Click! and the 10-year Operating Lease to Rainier Connect. The total 10-year Network improvements are budgeted at $26.25 million. The improvements in year 1 will be $7.5 million, in year 2 they will be $5.0 million and maintenance capital of $1.5 - $2.0 million per year for the remaining life of the lease.

The Proforma Operating Lease is attached in the appendix as Table 1 and is a summary of the cash flows required to upgrade the Network along with the anticipated Operating Lease payments, which are based on a subscriber basis.

Option 2 Summary:
10-year Renewable Capital Lease of the City Network by Rainier Connect from Click!

The Capital Lease will allow Click! to borrow funds from TPU for Network upgrades and improvements, while providing TPU a return on their investment over the term of the Capital Lease. The Capital lease is anticipated to generate $28.8 million in Lease Revenue for Click!, which will be used to repay $26.25 million in loans TPU provides to Click! for investment upgrades on City Network. The Capital Lease will have three options to renew, each for another 10-years, for a total of 40 years.

Rainier Connect will lease the Network from the Click! for a base fee of $1.325 million and increase to a maximum of $4.388 million for a 10-year total amount of $28.8 million. Beginning in Year 2, the lease amount will be increased each year based on the annual improvements made to the Network. The lease amount increases will be calculated using a 10-year amortization at 5.0% interest. The chart below reflects the expected lease amount increases based on the annual improvements from 2019 to 2027.

The Network will be owned by TPU and will loan Click! the money to fund all Network improvements. The financing security will be provided by the Click! and the 10-year Capital Lease to Rainier Connect. The total 10-year Network improvements are budgeted at $26.25 million. The improvements in year 1 will be $7.5 million and in year 2 will be $5.0 million, with maintenance capital of $1.5 - $2.0 million per year for the remaining life of the lease.

The Proforma Capital Lease is attached in the appendix as Table 2 and is a summary of the cash flows required to upgrade the Network along with the anticipated Capital Lease payments.

The flow chart that shows funding is in the appendix as Table 3.

Services

Rainier Connect plans to offer all combinations of services currently offered by the Click! Network with the addition of voice to the end-user, which Rainier Connect already offers to subscribers on the Click! Network. Residential customers of Rainier Connect have the ability to subscribe to a single service or any combination of data, cable TV, and phone. We price each service individually and do not penalize customers that only need a single service. We do not offer or require contracts, but do often have promotions where subscribers can opt in to a lower price for a set period of time. All data speed offerings for residential customers are detailed in the sales and marketing section of the RFI.

Commercial customers will also be offered an array of similar products, also detailed in the sales and marketing section, with the addition of GPON service (speeds and pricing detailed in sales and marketing section) and symmetrical services. Commercial customers on all services, with the exception of symmetrical fiber services are offered options of month-to-month service, or receive discounts for 24, 36, and 60 month contracts if they select that option.

Ethernet services with symmetrical speeds are custom priced and built to the needs of the client. Ethernet is a high-end service and requires a contract that can be as short as 24 months and as long as 60 months.

We believe the wholesale pricing for current Click! Ethernet services is not aligned with the current market. Our expectation is to offer customers the current Click! wholesale price as the new retail rate so we can effectively compete in the Tacoma market. Our symmetrical services are covered under a Service Level Agreement. We have the follow performance metrics:

TYPE OF SERVICE	MONTHLY SERVICE AVAILABILITY TARGET
Data or Internet Services	
Business DSL or Business Cable Modem Service	99.90%
Business T1, or Integrated T1 Circuit	99.99%
DS3, OC3, 10mb Ethernet or Higher	99.999%
Voice Services	
Standard Business Phone Line (POTS)	99.99%
Business Digital Voice	99.90%
T1 or PRI Voice Service	99.99%
SIP Trunking	Dependent on DATA Type

When discussions progress, Rainier Connect will share our full SLA and all other contracts.

Pricing

Rainier Connect's most penetrated offerings continue to be our data packages. As previously stated, we propose to lower data costs and increase speeds to compete with market standards in Tacoma. We have had great success in both high take rates and low churn on our data packages. Similar to other telecommunication companies, we anticipate a decline in future sales cable television and telephone.

We participate in the same Co-Op, NCTC, as Click! Network and our cable television pricing is very similar. We have not raised rates since 2015 and do not currently anticipate rate increases.

We propose the following rates for all subscribers on the Click! Network.

Cable Television:

Broadcast Basic	$20.99 per month
Standard Cable	$59.99 per month
Premiere Digital	$75.99 per month
Matinee Digital	$102.99 per month
Showcase Digital	$131.99 per month
HBO	$18.99 per month
Cinemax	$14.99 per month
Showtime	$14.99 per month
Starz	$14.99 per month
Digital Phone Service:	
Basic Digital Phone	$9.99 per month
Enhanced Digital Phone	19.99 per month
Unlimited Calling Plan	$34.99 per month

Pricing for Residential cable modem customers would be proposed as follows:

Up to 30/10 Mbps	$29.95 per month
Up to 55/20	$34.95 per month
Up to 150/20	$44.95 per month
Up to 250/20	$59.95 per month

Commercial cable modem customers with a 36 month contract would be as follows:

Up to 30/10 Mbps	$64.95 per month
Up to 55/20	$74.95 per month
Up to 150/20	$89.95 per month
Up to 250/20	$105.95 per month

In addition, we propose offering Commercial GPON services to buildings that are currently in lit buildings on the Click! Network. Pricing this fiber service would be as follows:

Up to 50/25 Mbps	$99.95 per month
Up to 150/75 Mbps	$169.95 per month
Up to 500/250 Mbps	$349.95 per month

Equitable Access

Continued investment in the network will vary based on the model agreed to in the public/private partnership. The approach would be similar to how we determine upgrades or builds on our current facilities. We begin by tracking all requests for service by area.

Once we have an indicator of interest, we begin outreach to gauge interest in the community. If there is business core, we meet with the owners to discuss a non-binding pre-commitment. If there is not a business component, we begin discussions with the residents through direct mail, home owner associations, and local community boards. After we have a clear understanding of the needs of the community and subscriber potential, we apply a feasibility study to verify the costs, equipment, and time line for the ROI.

Decisions are based not only on a cost versus return model, but also weighted by the needs of the community that would be impacted.

Affordable Access

A component of this proposal is a low-income offering of $10 a month for a entry level subscription to our data services. In addition, we have also committed to working with local organizations to help alleviate these needs in a way that best supports each organization.

Many of the customers on the Click! Network are also customers with Rainier Connect and have experience with our payment options. Payments can be made online, in any of our local lobby offices, by automatic payment, or through traditional mail. We offer customers payment arrangements where they can extend the payment date to an agreed upon date after the final non-pay disconnect. This non-pay option is renewed each year for all subscribers.

In addition, since our customers are not required to commit to a contract for lower promotion rates, they are also not penalized with early termination fees.

Net Neutrality

We currently provide internet access over the Click! Network and comply with all net neutrality requirements they have established. Our complete policy is posted for public access on our website, and we are committed to keeping the same standards or enhancing them to better preserve the assets.

Rainier Connect adopts this Open Internet Policy and Network Transparency Disclosure to promote the Internet as an open platform enabling customer choice, freedom of expression, end-user control, competition, and the freedom to innovate without permission.

No Unreasonable Discrimination: Rainier Connect does not unreasonably discriminate in transmitting lawful network traffic over a customer's broadband Internet access service, subject to reasonable network management. Reasonable network management practices are set out below.

Rainier Connect does not:

- Discriminate among specific uses, or class of uses, of its network
- Impair, degrade or delay VoIP applications or services that compete with its voice services or those of its affiliates
- Impair, degrade, delay or otherwise inhibit access by customers to lawful content, applications, services or non-harmful devices
- Impair free expression by actions such as slowing traffic from particular web sites or blogs
- Demand pay-for-priority or similar arrangements that directly or indirectly favor some traffic over other traffic
- Prioritize its own application, services or devices or those of its affiliates.
- Discriminate among Internet providers or edge-service providers. However, in order to make voice service available over cable modem

No Blocking: Rainier Connect does not block lawful content, applications, services, or non-harmful devices, subject to reasonable network management as defined below and in its Acceptable Use Policy (AUP) at www.rainierconnect.com. Network management practices are set forth below.

NETWORK MANAGEMENT PRACTICES

General: Rainier Connect manages its network to provide an enjoyable and useful service to its customers. Rainier Connect uses a variety of measures it deemed appropriate to protect its network and customer information. However, Rainier Connect cannot guarantee that it can prevent spam, viruses, security attacks, network congestion and other actions which can affect service, but does use various filters, monitoring efforts and other measures to minimize the effects of spam, viruses, security attacks, network congestion and other actions which can affect the service provided to customers.

Congestion: It may be possible that congestion events could occur in the future, particularly as may be related to the service capacity from third parties used by Rainier Connect to provide the customer with access to the world or sudden changes in customer usage patterns due to newly introduced, popular services that may be made available by third party providers. Such service capacity is outside the control of Rainier Connect.

Where feasible, Rainier Connect will address congestion issues through improvements to its network or the capacity purchased from other providers needed to connect to the outside world. Such processes take time to implement and may not be feasible in all situations. Therefore, Rainier Connect reserves the right to monitor and identify which customer accounts are using the greatest amount of bandwidth during periods of heavy congestion and to work to provide solutions to address those issues. If a preferred solution cannot be worked out with the customer or customers, Rainier Connect reserves the right to manage the Internet traffic of high volume customers during periods of significant congestion. This means that the affected customers will still be able to access the Internet and engage in activities that they desire, but during certain periods of time they may experience conditions such as longer times to download or upload files, slower access and slower movements during online game playing. It is expected that any periods of traffic management due to congestion will be brief and infrequent.

Use of Network: In no case will Rainier Connect discriminate among customers on the basis of the type of content, applications, services or devices which the customer uses.

Applications: Customers may use any lawful and commercially available application which they desire. Rainier Connect does not normally monitor the contents of the traffic or applications of the customers and undertakes no obligation to monitor or investigate the lawfulness of any specific application used by a customer.

Rainier Connect will only take steps regarding an application-specific behavior by a customer if there is a reasonable belief that the application will cause harm to Rainier Connect's network or is unlawful.

Devices: A customer may use any lawful, compatible type-accepted and commercially available device which they desire on the network provided by Rainier Connect, as long as such device does not harm the network and is not unlawful.

Security: Rainier Connect undertakes no obligation to monitor or protect customer traffic from spam, viruses, denial of service attacks or other malicious, unlawful or unwarranted activities. Rainier Connect does not guarantee that it can protect customers from any or all security breaches. The customer is using this service at its own risk. Customers are cautioned to purchase their own spam filtering and antivirus software from commercial vendors to meet their needs. However, a customer that is subject to spam, virus, denial of service attack or similar malicious, unlawful or unwarranted activities is urged to contact Rainier Connect as soon as possible. Rainier Connect will work with the customer on how the customer can take appropriate and economically reasonable efforts to address the matter.

Other Matters: Other terms and conditions for use are found in Rainier Connect's Acceptable Use Policy (AUP) at www.rainierconnect.com, click Residential Services tab, click Internet tab, click Internet Acceptable Use Policy at bottom of page. For business services, follow a parallel path. The more specific provisions of the AUP control in case of a conflict with this Policy.

PRIVACY

Rainier Connect's privacy policy can be found at www.rainierconnect.com, click Residential Services tab, click Internet tab, click Privacy Policy at bottom of page. For business services, follow a similar path. As a general statement, Rainier Connect does not usually entail inspection of network traffic. Rainier Connect does retain and store certain traffic information for time periods required by federal and state law, including, but not limited to, the identity of the customer using a particular IP address during a specific period of time. Rainier Connect does assist law enforcement and provides traffic information that it may have available to it when requested pursuant to the Communications Assistance for Law Enforcement Act, the Foreign Intelligence Surveillance Act and other applicable national and state security and criminal statutes.

RAINIER CONNECT DOES NOT COLLECT, STORE OR USE TRAFFIC INFORMATION TO PROFILE ITS CUSTOMERS IN ORDER TO SELL ADDITIONAL SERVICES TO THEM OR FOR NON-NETWORK MANAGEMENT PURPOSES.

Fostering Competition/Open Access

Rainier Connect is open to maintaining the network with open access. As a privately-owned company, we believe competition drives higher performance for the consumer. We are open to discussions on how to establish or maintain open access in a fair and equitable manner.

Privacy

Rainier Connect is committed to the privacy of our customers and has set forth the following policy:

Rainier Connect does not sell your personal information to anyone, at any time, for any purpose. Rainier Connect takes reasonable precautions to prevent unauthorized access to this information. We may use your personal information to create personalized services and advertising that contain information about (or is related to) products and services offered by us. If we do, it will be done only as allowed by applicable federal or state laws and regulations.

In order for Rainier Connect to provide reliable, high-quality service and maintain adequate records, Rainer Connect keeps regular business records that contain your name, address, telephone numbers and other personally identifiable information. These records include such items as billing, payment, deposit, complaint and service records. The records may also include information you have furnished to Rainier Connect, such as equipment specifications and the service options you have chosen. Rainier Connect uses this information to sell, maintain, disconnect and reconnect services; to make sure that you are being billed properly for the services you receive; and to maintain financial accounting, tax, service and property records including records required to be maintained by federal or state law or regulation or which are required by the terms of Rainier Connect's Cable TV franchise.

Local Participation and Economic Development

As a current provider on the Click! Network, Rainier Connect is deeply invested in the community and has been one of Click!'s largest customers since 2001. We have established relationships with large and small businesses in the community. We not only provide the services that keep their businesses running smoothly, but also support efforts to improve the community through food and clothing drives, community events, and film and music festivals. In addition, our local employees purchase and use services from these businesses and have built close, personal relationships which, provide a local, connected commitment that creates an environment where customers reach out to us for a variety of needs.

We also plan to add 37 local employees to the existing Rainer Connect team. The expectation is that each of these new team members would reside in or around Tacoma. Since we also have two additional offices, one in Eatonville and one in Centralia, employees have the opportunity to shift offices. We often have staff members that move from a more rural area and request to transfer to Tacoma, and every effort is made to accommodate these unique needs.

References

Gary Mawhorter, Director

Department of Central Services

Grays Harbor County

100 West Broadway, Suite 32, Montesano, WA 98563

gmawhorter@co.grays-harbor.wa.us

360.249.4144

Alissa Shay, Manager of Business Development

Satsop Business Park

ashay@portgrays.org

360.482.1651

Ed & Michelle Schonack - Owners

CompPrime

360-807-0266

support@compprime.com

Fairway Collections

Greg Luhn

gluhn@fairwaycollects.com

360-330-5887

Responsibility Matrix

See attached matrix

Appendix A:

Questions / Matrix to Be Completed

Do you propose to act as a retail internet service provider (ISP)? Yes

Do you propose to allow multiple retail internet service providers (ISP)? We are open to allowing multiple ISP's as the network currently exists.

Do you propose to lease the HFC network from the City? Yes, through an Operating or Capital Lease.

Functional Area	Tasks/ Responsibilities	Operational Responsibility				Funding Responsibility			
		City	Respondent	Retail ISP (if Not Respondent)	Exceptions / Clarifications	City	Respondent	Retail ISP (if Not Respondent)	Exceptions / Clarifications
Debt Service Payments	New debt for customer expansion and network upgrade		X			X			
Security for Financing	New debt for customer expansion and network upgrade		X			X			
Ownership	HFC network (fiber and coaxial) – existing		X			X			
	HFC electronics – existing		X			X			
	Customer drop and grounding block – existing		X			X			
	Entry from grounding block and in-premises wiring – existing		X			X			
	CPE – existing		X			X			
	Customer ownership – existing		X	X			X	X	
	HFC network (fiber and coaxial) – new		X			X			
	HFC electronics – new/upgrade		X			X			
	Customer drop and grounding block – new		X			X			
	Entry from grounding block and in-premises wiring – new		X			X			
	CPE – new		X			X			

Functional Area	Tasks/ Responsibilities	Operational Responsibility				Funding Responsibility			
		City	Respondent	Retail ISP (if Not Respondent)	Exceptions / Clarifications	City	Respondent	Retail ISP (if Not Respondent)	Exceptions / Clarifications
	Customer ownership – new		X	X			X	X	
Insurance	Outside plant – existing		X				X		
	Drop and grounding block – existing		X				X		
	Network electronics – existing		X				X		
	Entry cable, CPE, and in-premises wiring – existing		X				X		
	Outside plant – new		X				X		
	Drop and grounding block – new		X				X		
	Network electronics – new		X				X		
	Entry cable, CPE, and in-premises wiring – new		X				X		
Replenishment	CPE		X				X		
	Subscriber electronics		X				X		
	Core electronics		X				X		
Taxes	USF and other federal tariffs and fees		X				X		
	Sales (state, county, municipal)		X				X		
	PILOT		X				X		
	Other (list)		X				X		
Outside Plant	Pole attachments		X				X		
	ROW fees (backbone, middle-mile, and last-mile)		X				X		
	ROW fees (drops)		X				X		
	Locates		X				X		
	Trouble ticket processing		X				X		
	HFC maintenance – material		X				X		
	HFC maintenance – labor		X				X		

Functional Area	Tasks/ Responsibilities	Operational Responsibility				Funding Responsibility			
		City	Respondent	Retail ISP (if Not Respondent)	Exceptions / Clarifications	City	Respondent	Retail ISP (if Not Respondent)	Exceptions / Clarifications
	Strand management		X				X		
	Inventory maintenance		X				X		
	Real estate for hub sites and equipment in field		X				X		
	Facilities (warehouse, crew, etc.)		X				X		
	NOC for OSP (lease)		X				X		
	Design		X				X		
	Construction oversight		X				X		
	Network engineering – fiber and/or coax (last mile)		X				X		
	Network engineering – fiber and/or coax (backbone and middle mile)		X				X		
	Drop installation (network demarcation to building entry)		X				X		
	Maintain inventory (optical and coaxial network elements)		X				X		
	Network operations center – facilities		X				X		
	Network operations center – staffing 24x7		X				X		
Network Operations	Facilities (staff)		X				X		
	Facilities (warehouse & staging)		X				X		
	Provide DIA		X				X		
	Network engineering-electronics (last mile)		X				X		
	Network engineering-electronics (backbone and middle mile)		X				X		
	In-building wiring		X				X		

Functional Area	Tasks/ Responsibilities	Operational Responsibility				Funding Responsibility			
		City	Respondent	Retail ISP (if Not Respondent)	Exceptions / Clarifications	City	Respondent	Retail ISP (if Not Respondent)	Exceptions / Clarifications
	Customer installation (on-premises)		X	X			X	X	
	Customer activation and provisioning		X	X			X	X	
	Maintain inventory (active network elements)		X	X			X	X	
	Hardware and support maintenance fees (vendor charges)		X	X			X	X	
	Contract management (retail ISPs)		X	X			X	X	
	Contract management (customer)		X	X			X	X	
Customer Service	Billing and invoicing		X	X			X	X	
	Bad debt (customer)		X	X			X	X	
	Collections		X	X			X	X	
	Tier 1 support 24x7 (basic customer issues)		X	X			X	X	
	Tier 2 support 24x7 (basic technical support)		X	X			X	X	
	Tier 3 support 24x7 (advanced technical support)		X	X			X	X	
	Prepare and manage SLAs		X	X			X	X	
	Branding		X	X			X	X	
	Marketing		X	X			X	X	
Sales and Marketing	Sales		X	X			X	X	
	Customer acquisition and retention		X	X			X	X	
	Service performance objectives		X				X		
	Service catalog		X				X		
	Monitor pricing		X				X		
	Set pricing (based on contract conditions)		X	X			X	X	
	Develop and manage customer contracts		X	X			X	X	

Functional Area	Tasks/ Responsibilities	Operational Responsibility				Funding Responsibility			
		City	Respondent	Retail ISP (if Not Respondent)	Exceptions / Clarifications	City	Respondent	Retail ISP (if Not Respondent)	Exceptions / Clarifications
	Execute customer contracts		X	X			X	X	
	Provide subscription records		X	X			X	X	
	Provide subscriber invoice and payment status (payments)		X	X			X	X	
Reporting	Provide network status information (for tier 1 support)		X				X		
	Provide network status information (for tier 2 support)		X				X		
	Provide network status information (for tier 3 support)		X				X		
	Provide with network status (uptime, outages, etc.)		X				X		
	Provide monthly sales and leads reports		X				X		

Appendix

Table 1

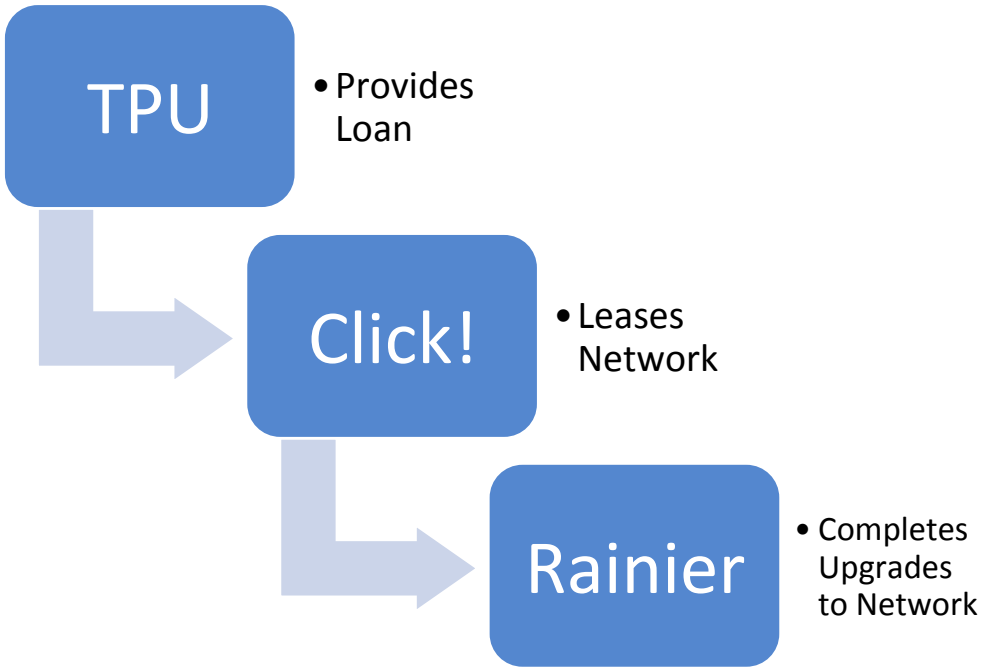
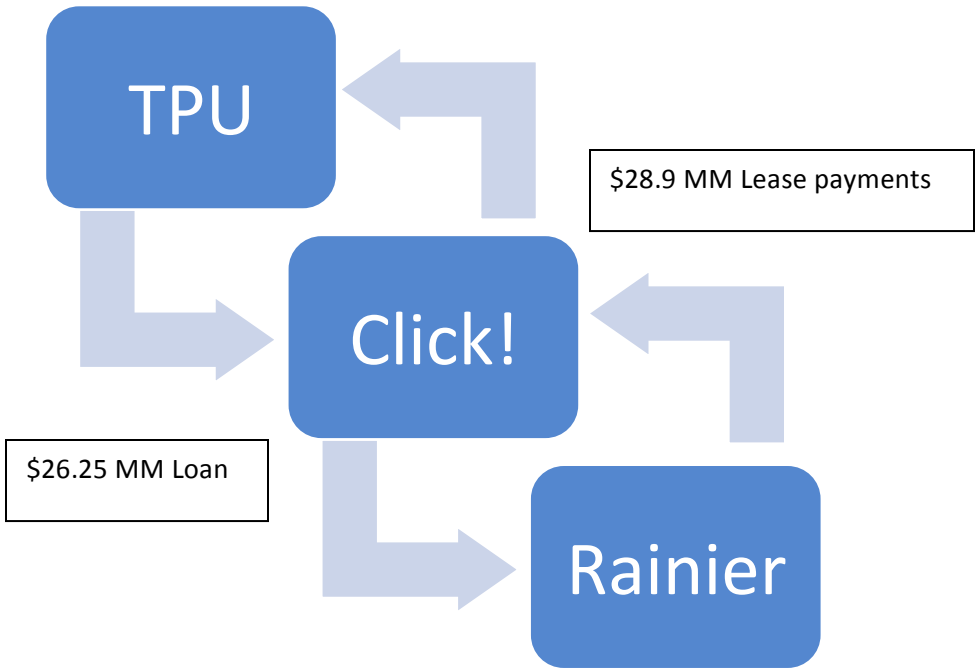
Click / Mashell Network Summary Proforma Operating Lease 2018-2028												
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
Subscribers - ISP	22,613	23,744	24,931	26,177	27,486	28,861	29,149	29,441	29,735	30,032	30,333	
Subscribers - CATV	16,010	15,690	15,376	15,068	14,767	14,472	14,182	13,899	13,621	13,348	13,081	
Total Subscribers	38,623	39,433	40,307	41,246	42,253	43,332	43,331	43,339	43,356	43,381	43,414	
Network Improvements												
Network Upgrade		(7,500,000)	(3,500,000)	-	-	-	-	-	-	-	-	(11,000,000)
Maintenance Capital		-	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,750,000)	(1,750,000)	(1,750,000)	(2,000,000)	(2,000,000)	(15,250,000)
Total Cash Outflows		**(7,500,000)**	**(5,000,000)**	**(1,500,000)**	**(1,500,000)**	**(1,500,000)**	**(1,750,000)**	**(1,750,000)**	**(1,750,000)**	**(2,000,000)**	**(2,000,000)**	**(26,250,000)**
Operating Lease Revenue												
ISP Lease Fees		854,771	1,541,721	1,871,685	2,201,649	2,631,875	3,032,079	3,062,400	3,093,024	3,123,954	3,155,193	24,568,351
CATV Lease Fees		470,694	461,280	452,055	443,013	434,153	425,470	416,961	408,621	400,449	392,440	4,305,137
Total Lease Revenue		**1,325,465**	**2,003,001**	**2,323,740**	**2,644,663**	**3,066,028**	**3,457,549**	**3,479,360**	**3,501,645**	**3,524,403**	**3,547,634**	**28,873,488**
Net Cash Flow to Click!		**(6,174,535)**	**(2,996,999)**	**823,740**	**1,144,663**	**1,566,028**	**1,707,549**	**1,729,360**	**1,751,645**	**1,524,403**	**1,547,634**	**2,623,488**
												10.0%
Annual Subscriber Rates												
ISP Rate		$3.00	$5.15	$5.96	$6.68	$7.60	$8.67	$8.67	$8.67	$8.67	$8.67	
CATV Rate		$2.50	$2.50	$2.50	$2.50	$2.50	$2.50	$2.50	$2.50	$2.50	$2.50	

Table 2

Click / Mashell Network Summary Proforma Capital Lease 2018-2028												
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
Subscribers - ISP	22,613	828,387	828,387	828,387	828,387	828,387	828,387	828,387	828,387	828,387	828,387	
Subscribers - CATV	16,010	3,850,677	3,799,399	3,816,598	3,854,488	3,903,611	3,900,563	3,900,704	3,904,027	3,910,532	3,920,218	
Total Subscribers	38,623	4,679,063	4,627,786	4,644,984	4,682,875	4,731,997	4,728,950	4,729,090	4,732,414	4,738,918	4,748,604	
Network Improvements												
Network Upgrade		(7,500,000)	(3,500,000)	-	-	-	-	-	-	-	-	(11,000,000)
Maintenance Capital		-	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,750,000)	(1,750,000)	(1,750,000)	(2,000,000)	(2,000,000)	(15,250,000)
Total Cash Outflows		**(7,500,000)**	**(5,000,000)**	**(1,500,000)**	**(1,500,000)**	**(1,500,000)**	**(1,750,000)**	**(1,750,000)**	**(1,750,000)**	**(2,000,000)**	**(2,000,000)**	**(26,250,000)**
Capital Lease Revenue												
Initial Debt service (minimum)		1,325,465	1,325,465	1,325,465	1,325,465	1,325,465	1,325,465	1,325,465	1,325,465	1,325,465	1,325,465	13,254,654
New Capital Debt Service		-	293,342	639,804	986,266	1,332,728	1,736,934	2,141,140	2,545,346	2,804,355	3,063,364	15,543,280
Total Lease Revenue		**1,325,465**	**1,618,807**	**1,965,269**	**2,311,732**	**2,658,194**	**3,062,400**	**3,466,606**	**3,870,811**	**4,129,821**	**4,388,830**	**28,797,934**
Net Cash Flow to Click!		**(6,174,535)**	**(3,381,193)**	**465,269**	**811,732**	**1,158,194**	**1,312,400**	**1,716,606**	**2,120,811**	**2,129,821**	**2,388,830**	**2,547,934**
												9.7%

Table 3

Operational Process to Upgrade Network



Cash flow Chart to Upgrade Network