

**B. Slic Network Solutions - Clinton and Franklin Counties Unserved Broadband Capital
(132,947)**

October 17, 2019

General Project Plan

Grantee:	Slic Network Solutions, Inc. ("Slic Network Solutions, Inc." or the "Company")
ESD Investment:	A grant of up to \$4,434,173 to be used for a portion of the cost to expand broadband coverage to Unserved communities in the North Country Region of New York State.
Project Location:	Parts of Clinton and Franklin Counties Please refer to Table B for the Project Footprint
Proposed Project:	Installation of broadband networks to expand broadband access and increase capacity.
Project Type:	Infrastructure Investment Project
Regional Council:	The North Country Regional Economic Development Council has been made aware of this item. The Incentive Proposal was accepted in August of 2019. 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); Business Corporation

Company History - Slic began delivering dial-up Internet service to businesses and residents throughout St. Lawrence County in 1995. During the late 1990s, the Company grew with the expansion of the Internet. In recent years, the Company's area of focus has been constructing a dedicated fiber-optic network in the Canton, Massena and Potsdam business districts, and delivering commercial phone and high-speed Internet services via a Fiber-to-the-Home (FTTH) solution.

Ownership - The Company is privately owned.

Size - Slic employs 36 full-time employees.

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

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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 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 the \$500 million New NY Broadband Program (the “Program”), which is intended to provide every New Yorker with broadband access at Internet download speeds of at least 100 Mbps in most places, and 25 Mbps 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 maximum advertised speeds between 25-99 Mbps (download). The Program selects grant recipients through an innovative “reverse-auction” methodology, which awards funding to qualifying applicants seeking the lowest amount of State investment per location addressed.

The ESD Broadband Program Office (BPO) announced the Program’s initial round of grant awards (Phase 1) in August 2016. Phase 1 consisted of 25 projects representing a total public/private investment of approximately \$75.8 million (\$54.2 million in State funding, and \$21.6 million in private funding). In February 2017, the BPO announced the Program’s second round of grant awards (Phase 2) - 54 projects representing a total public/private investment of approximately \$268 million (\$211.8 million in State funding, and \$56.2 million in private funding).

Most recently, in March 2018, the BPO announced the Program’s third round of grant awards (Phase 3). Phase 3 will fund an additional 47 projects representing a total

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public/private investment of approximately \$388 million (\$225 million in State funding and \$163 million in estimated private and federal funding). Certain Phase 3 awarded projects will leverage federal funding through the FCC's Connect America Fund (CAF), as the result of a landmark partnership with the Federal Communications Commission.

Past ESD Support - Funding for the past five years to the Grantee is summarized in the following chart:

Program	Project #	Amount	Date Start (ESD Directors' Approval date)	Date End (Project Completion)	Purpose
Regional Council Capital Fund	X708	\$596,000	June 2013	December 2014	Capital Grant - Installation of fiber – optic infrastructure
Regional Council Capital Fund	Y582	\$1,370,306	December 2013	June 2015	Capital Grant – Infrastructure Development
NY Works Connect NY	Y588	\$2,162,656	December 2013	June 2015	Capital Grant - Infrastructure Development
NY Works Connect NY	Y589	\$1,012,366	December 2013	June 2015	Capital Grant – Infrastructure Development

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NY Works Connect NY	Y602	\$976,426	December 2013	September 2015	Capital Grant – Infrastructure Development
Regional Council Capital Fund – RC3	Z543	\$5,687,140	March 2015	June 30, 2019	Capital Grant – Infrastructure Development
New NY Broadband 15-16 Capital (Phase 2)	AB972	\$2,974,750	June 2017	April 30, 2019	Capital Grant – Infrastructure Development
New NY Broadband 15-16 Capital (Phase 2)	AB973	\$308,760	July 19, 2018	March 31, 2019	Capital Grant – Infrastructure Development
New NY Broadband 15-16 Capital (Phase 3)	AC825	\$1,370,200	July 19, 2018	December 31, 2019	Capital Grant – Infrastructure Development
New NY Broadband 15-16 Capital (Phase 3)	AC826	\$18,492,929	July 19, 2018	December 31, 2019	Capital Grant – Infrastructure Development

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New NY Broadband 15-16 Capital (Phase 3)	AC827	\$6,139,350	July 19, 2018	December 31, 2019	Capital Grant – Infrastructure Development
New NY Broadband 15-16 Capital (Phase 3)	#132,111	\$1,225,722	September 20, 2018	December 31, 2019	Capital Grant – Infrastructure Development
New NY Broadband 15-16 Capital (Phase 3)	#132,112	\$1,015,332	September 20, 2018	December 31, 2019	Capital Grant – Infrastructure Development

The Project:

Completion: Network Construction: September 30, 2020

Customer Installations: September 30, 2022

Activity - Deploy a Fiber-to- the-Home network consisting of 158 miles of fiber optic backbone and distribution cable, passive optical electronics, fiber optic drop cables, and Optical Networking Terminals (ONT). The proposed network will connect a potential 906 customers to Slic Network Solutions existing distribution network.

Results – Expand broadband access to 789 Housing Units (HUs) and 117 Other Units. (See Table A, which describes all Key Project Indicators.)¹

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 availability data. Upon completion of the Project, final Unit totals may differ from those stated herein.

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Financing Uses	Amount	Financing Sources	Amount	Percent
Network & Access Equipment:	\$228,662	ESD Grant	\$4,434,173	80%
Outside Plant Costs:	\$4,379,760	Company Equity	\$554,272	10%
Building and Land Costs:	\$52,000	Additional Financial Commitment ²	\$554,272	10%
Drop and Eligible Customer Premises Equipment:	\$552,158			
Professional Services (not included elsewhere):	\$225,136			
Other Upfront Costs:	\$105,000			
Total Project Costs:	\$5,542,716	Total Project Financing	\$5,542,716	100%

Grantee Contact - Kevin Lynch, Vice President of Technical Operations
Slic Network Solutions, Inc.
3330 State Highway 11B
Nicholville, NY 12965
Phone: (315) 244-7738

<u>Project Team</u> -	Origination	Beverly Bobb
	Project Management	Connor Corcoran
	Contractor & Supplier Diversity	Danah Alexander
	Finance	Timothy Anderson
	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, credit

² While it is anticipated that the Grantee will be eligible for federal funding support through the CAF program in connection with the Project, it will be Grantee's obligation to contribute all required Project funding in excess of the ESD Grant, irrespective of whether such federal support is realized.

CFA #997566

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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 Grantee 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 \$4,434,173 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 Grantee 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 June 6, 2019, 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 Phase 3 Request for Proposal Guidelines.

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6. Design and construction of the Project must be completed no later than September 30, 2020. All disbursements in connection with design and construction of the Project must be requested by no later than September 30, 2021.
7. All disbursements in connection with installation of service on customer premises under the Project must be requested no later than September 30, 2023.
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

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- (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.
 - (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

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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 \$4434173, 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;

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- 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: Grantees 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 Grantee'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.
16. It is anticipated that Grantee will be eligible for federal funding support through the CAF program in connection with the Project. Such support will be contingent on the Grantee's compliance with federal requirements for participation in the CAF program, and the Grantee's failure to access such support will not excuse their obligation to proceed with the Project as described herein.

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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 Grantee shall be required to include minorities and women in any job opportunities created, to solicit and utilize certified Minority-and Women-owned Business Enterprises ("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% related to the total value of ESD's funding.

Statutory Basis – New NY Broadband Program:

The funding was authorized in the FY 2015-2016 New York State enacted budget, and re-appropriated in the 2019-2020 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.

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:	
Basic Project Information	
Project Name	Slic Phase 3 Clinton and Franklin Counties Unserved Broadband Capital
Project ID Number	132,947
Contact Name	Kevin Lynch
Contact Number	(315) 244-7738
Website	http://www.slic.com/
Email	kevin.lynch@slic.com
Company	Slic Network Solutions, Inc.
REDC(s)	North Country
County(ies)	Clinton and Franklin Counties
NYS Assembly District #s	115
NYS Senate District #s	45
U.S. Congressional District #s	21
Total Census Blocks to be passed by project	122
Total Units to be passed by project	906
Total Project Cost (state + private)	\$5,542,716
Total Applicant Private Match	\$1,108,543
Total Grant Amount (\$)	\$4,434,173
Max speeds offered (download/upload)	100/100
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	789
Other Units Passed	117
TOTAL Units Passed	906
Census Blocks Passed***	122
Indicator - Customer Connections	# Proposed for Project (Column Will Not Change Without GDA Amendment)
(If Known) Average Revenue Per User (ARPU) per Unit Connected (\$)	N/A
(If Known) Average Bandwidth Delivered per Month per Connected Unit (Mbps)	N/A
Indicator - Network Infrastructure Deployed	Total # Proposed for Project (Column Will Not Change Without GDA Amendment)
New Network Miles Deployed	158
Existing Network Miles Upgraded	0
Number of Miles of New Fiber	158
Number of Towers Connected	0
Number of New Interconnection Points	2
Number of Wireless Hotspots	0
Indicator - Project Expenditures	Proposed for Project \$
MWBE expenditures	\$1,330,251.9
Eligible Project Expenditures (\$) Made	\$4,434,173
Private Match (\$)	\$1,108,543

Speed Tiers & Pricing	Max Download Speed Offered
Residential: 25x25 \$60	100 Mbps
50x50 TBD	
100x100 TBD	

Network Construction Completion Date:	September 30, 2020
Customer Installations Completion Date:	September 30, 2022
*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, except where authorized by the ESD Broadband Program Office to pass a Census Block in part	

Table B: Project Footprint

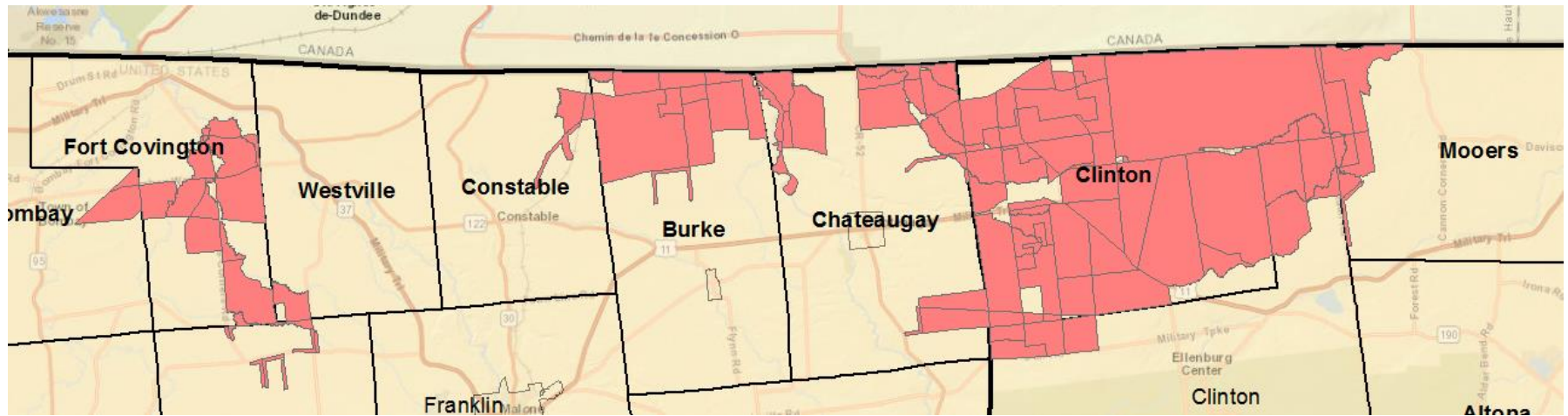


Table C: Project Milestones

Project Milestones			
<p>The following table lists the major network build-out phase and milestones that can demonstrate the entire project will be substantially completed by November 30, 2020. The table considers project areas such as a) network design b) securing all relevant licenses and agreements c) site preparation d) inside plant deployment e) outside plant deployment f) deployment of business and operational support systems g) network testing h) network operational</p>			
Project Start Date_4Q 2019_____ Projected Completion Date_November 30, 2022_ Projected # of Milestone Reports_5_____			
Time Period	Quarter	Milestones	
2019	4 QTR	Strand Maps	
		Pole Applications	
		Network Layout and Design	
2020	1 QTR	CAD Construction Drawings	
		Permitting	
		Make Ready Construction	
		Cabinet Easements	
	2 QTR	Make Ready Construction	
		Outside Plant Construction	
		Splicing and Testing	
	3 QTR	Initial Installations	
		Outside Plant Construction Complete	
	4 QTR	As Builts	
		Customer Installs	
		Construction Punch List	
2021		Customer Installs	
2022		Customer Installs	

