

Monticello builds community-owned fiber optic network as infrastructure (November 2008 MN Real Estate Journal Article)

The original effort behind a city-wide fiber optic network in Monticello started in May 2005 by individual citizens and business leaders driven by the belief that control over its community's technology future is a key ingredient to economic prosperity. Today, the City continues to push forward with that same drive to serve the economic development opportunities which are present when a municipality takes the initiative to serve the community in a new way involving technology as infrastructure. The original goal of the community-owned and locally operated fiber project was to improve local economic development opportunities by offering something that would differentiate the City of Monticello from neighboring communities. Technology is playing a key factor in how businesses grow. Technology advanced infrastructure of a fiber optic network in the city limits could create an attractive amenity for the city and become a consideration for why businesses, and potentially residents, would locate here.

The city's Fiber Optic Task Force recommended to City Council that a referendum question be put to the voters on September 18, 2007. The Monticello city residents sent a loud message to the City Council with a 74% approval.

The outcome of the referendum reflected peoples desire for a locally operated telecommunications company that was community owned, where the citizens have input on service levels and operations. With FiberNet Monticello, change was on its way. In order to complete the fiber network it was determined that no taxpayer money should be used and instead, revenue bonds would finance the project. In order to obtain investor financing for the project the city first had to research and study the feasibility of the project.

This required an analysis of the soundness of the FiberNet Monticello business plan before financing could be secured. A Feasibility Study was developed to determine fiber needs and associated community opportunities; assess the benefits and risks of investing in a fiber network and provide preliminary cost projections associated with the options that would be recommended. The results of the study provided a viable and sound business plan that could be presented to the bond holders.

FiberNet's city-wide 100% fiber optic network would be available to every home and business inside the city limits. The project would be financed with revenue bonds which are to be paid back by revenues generated from those taking telephone, cable TV and internet services without a pledge of city taxes. On May 21st the City of Monticello obtained commitments from private investors to purchase revenue bonds sufficient to finance the establishment of a city owned and operated telecommunications utility called "FiberNet Monticello". On May 22nd the City Council was prepared to meet to vote on authorizing sale of the bonds. Less than 48 hours prior to that intended vote TDS Telecom through its subsidiary, Bridgewater Telephone, served a lawsuit against the City claiming that Minnesota state laws do not grant the right to use revenue bonds for establishment of a telecommunications system, despite express language in the statute

allowing revenue bonds to be issued for revenue based "utilities and public conveniences".

The city was confident that it was well within its legal rights to use revenue bonds to build a municipal network and that it would prevail against the suit and the City Council voted unanimously to vigorously oppose the lawsuit. The revenue bonds in the amount of \$25.6 Million dollars were sold to private investors this summer however, the TDS lawsuit made the proceeds from the bonds unavailable by freezing the money in an escrow account at a critical time when construction was ready to begin. The City Council voted to move forward with an 11 mile fiber loop project in order to protect the project from increased costs that would inevitably arise if construction continued to be delayed.

Court Hearing dates occurred during the summer months of June, July and August. On October 8, Wright County District Court issued its ruling dismissing the lawsuit on the merits. In his ruling, Judge Jonathan Jasper concluded that "the City has express authority" to "issue bonds to fund the FTTP project as an 'other public convenience.'" Minnesota State Statute allowed TDS to file an Appeal within 30 days from the date of the Judge's Notice. TDS decided to continue the lawsuit when it filed its Notice to Appeal on day 29 of that time period on November 6.

Currently, construction of the city's fiber loop project continues and will connect important commercial, industrial and civic facilities thereby allowing business users to have access to high-speed fiber optics for data only services via 100% fiber optics. It is anticipated to be servicing the business community by the first quarter of 2009. Construction of the smaller fiber loop allowed for the fiber backbone to be built and finished this year so that service can begin for commercial users for data only (Internet) over the early winter months. This will allow for the major infrastructure of the fiber network to be completed by the end of December 2008, prior to the full scale project to residential areas which will follow once the lawsuit is resolved and the revenue bonds are released from escrow. The city has not abandoned the full scale project serving every home and business in the City of Monticello. This network will provide full high definition TV, telephone services (LAN line, VOIP, cellular) and ultra high speed Internet both upload and download. The lawsuit served by TDS Telecom has delayed the full project for this year.

FiberNet Monticello remains committed to these original economic goals as the driving force behind building technology as infrastructure: the ability to bring new business and industry to Monticello with better paying jobs, competitive pricing for residential and business telephone, Internet and cable TV and a choice for services. A community-owned telecommunications operation with a 100% fiber optic network which makes local decisions that benefit the community can be considered an asset as well as an amenity which business and residents could determine as a key factor for locating in the City of Monticello.

For more information visit the website: www.MonticelloFiber.com