

Governor's Task Force on Broadband
January 26, 2017
DEED—James J. Hill Conference Room
1st National Bank Building
332 Minnesota Street
St. Paul, MN 55101
9:30 a.m. – 12:00 p.m.

Task Force Members present: Margaret Anderson Kelliher, Kevin Hansen, Bernadine Joselyn, Steve Lewsader, Neela Mollgaard, Don Niles, Jody Reisch, Andy Schriener, Dick Sjoberg

Task Force Members Participating by Telephone: Hannah Buckland, Shannon Heim, Dan Richter

Task Force Members Absent: Denise Dittrich, Maureen Ideker, Paul Weirtz

Others in attendance: John Dukich, Danna MacKenzie, Bree Maki, Ann Treacy, Megan Verdeja, Diane Wells

I. Welcome

Margaret Anderson Kelliher, Chair, called the meeting to order and welcomed everyone. Task Force members and those in the audience introduced themselves. The minutes of the December 15, 2016 meeting were approved. There were no public comments.

I. Update from the Office of Broadband Development (OBD)

Danna MacKenzie provided an update from the Office, including an overview of the recently announced grants from the 2016 appropriation. Forty-two projects were awarded funding. A map showing the location of awards granted in 2014, 2015 and 2016 was distributed. To date, OBD had presented at one legislative hearing. Task force members had questions about the challenge process and the \$500,000 in grant funding that the Minnesota Department of Education awarded for school on buses/wifi projects. A summary of bill introductions impacting broadband was also provided.

II. Planning for 2017

The Task Force discussed topics, subcommittee structure and meeting locations.

III. Legislative Panel

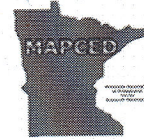
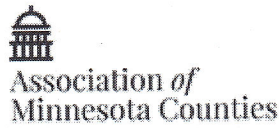
Representatives Dave Baker and Sheldon Johnson provided comments to the Task Force on broadband items they are seeing as important to the legislature. They responded to questions from the Task Force.

IV. Adjourn

The meeting adjourned at approximately 11:50 a.m.

**Governor's Task Force on Broadband
February 21, 2017
Harold E. Stassen Office Building
Conference Room #2000
600 North Robert Street
St. Paul, MN 55146
10:00 a.m. – 2:30 p.m.**

10:00 a.m. – 10:15 a.m.	Introductions, Approval of Minutes, Public Comments
10:15 a.m. – 10:30 a.m.	Update from the Office of Broadband Development (OBD)
10:30 a.m. – 10:45 a.m.	Update on Legislative Items • Bill Introductions • Testimony • Broadband Days on Hill (Feb. 22 and March 15)
10:45 a.m. – 11:45 a.m.	Follow-up to Coalition Letter of 10/3/16 • OBD Challenge Process Explanation • Laura Ziegler, LMC
11:45 a.m. – 12:15 p.m.	Lunch
12:15 p.m. – 1:00 p.m.	Lifeline Presentation • Tracy Smetana and Mike McCarthy from the Minnesota Public Utilities Commission
1:00 p.m. – 2:00 p.m.	Discussion of 2017: • Meeting topics • Committee structure/chairs • Suggested meeting locations
2:00 p.m. – 2:15 p.m.	Brief Mapping Overview
2:15 p.m. – 2:30 p.m.	Wrap-up, discussion of March meeting



October 3, 2016

Margaret Anderson Kelliher
Chair, Governor's Broadband Task Force
St. Paul, MN

Dear Chair Anderson Kelliher:

Our organizations represent a broad cross-sector of statewide and community interest groups – schools, economic development, and local government. This letter is built on the priorities that our group has discussed based on our knowledge of our community opportunities and challenges and our observations about broadband trends. We strongly urge the task force to consider our priorities as you develop and adopt recommendations for legislative and executive branches and help policy leaders understand the central role that robust broadband plays in rural community vitality.

Our priorities are:

1. Fund the Office of Broadband

The Office of Broadband is a visible sign that improving broadband networks and services – Border-to-Border – is a shared and non-partisan priority for Minnesota. The Minnesota legislature charged the office with a long list of important goals critical to the well-being and economic prosperity of all Minnesotans. These include to:

- drive job creation, promote innovation, and expand markets for Minnesota businesses;
- serve the ongoing and growing needs of Minnesota's education systems, health care system, public safety system, industries and businesses, governmental operations, and citizens; and
- improve accessibility for unserved and underserved communities.

The OBD must be adequately resourced to accomplish those important goals. Accordingly, we urge the Task Force to again include, as it did in its 2015 report to the legislature, a recommendation to create an Office of Broadband operating fund to advance and support programs and projects aimed at promoting broadband adoption and use.

2. Fund the Border-to-Border Broadband Fund

Creating the partnerships, plans, financial models, engineering, and market information necessary to submit an application for funding requires long timelines and sustained efforts and is costly to all project partners – local governments and providers alike. Increased funding as well as sustained funding from year to year is necessary for good planning. Funding uncertainty creates disincentives for applicants weighing the costs/benefits of mounting the considerable efforts needed to craft successful and impactful projects.

We urge the Task Force to again include in its 2016 report a recommendation that the legislature allocate \$100 million to the border-to-border broadband fund. Additionally, we urge the Task Force to recommend that the legislature explore options for putting the fund on a more sustainable and predictable footing.

3. Fix the Border-to-Border Broadband Fund

We believe that there are a number of policy elements with a significant negative impact that are slowing down the process and discouraging some communities from applying. This bottleneck may not only hinder disbursement of the 2016 allotment of \$35 million, but may give policymakers the wrong impression that funds are neither needed nor desired by the target communities.

First, the challenge process is vague and overly protective of incumbent providers that are not delivering broadband consistent with state speed goals in rural Minnesota. Though official information is not yet available, the word among applicants is that nearly all applications have generated challenge letters from incumbent providers. With no remedy for obstructive challenges, the net result of the current challenge process has been to create confusion and uncertainty, which in turn has discouraged and stifled prospective applications.

Second, providers that challenge projects are not required to commit, in writing with financial guarantees, to deploying equal or better broadband to that proposed by grant applicants within specific, enforceable timeframes. With Gigabit broadband increasingly common, it is not in the public interest to prevent community leaders and their competitive provider partners from submitting projects that will provide better service than the incumbent would provide after using the challenge process. The challenge process should revert to its original form as adopted when the grant program was created that allows conversations to happen among providers while allowing the Office of Broadband flexibility.

Third, in a competitive grant environment, all grant funds should be used to deliver broadband services that are transformative, not incrementally better than what exists today. At a minimum, all networks funded should be able to reach the 2026 goal of 100 Mb/20 Mb when installed.

Fourth, Minnesota's commitment to "border-to-border broadband" means that we must find a way to bring broadband even to the most difficult to serve areas of our state. Financial models and experience show that even with a 50 percent grant, some areas will not provide adequate cash flow to pay for debt service and operations. The grant program guidelines should be made flexible enough so that state grants could exceed 50 percent of project costs.

Thank you for your consideration of our recommendations. A representative of our Broadband Coalition plans to participate in the public comment portion of the October broadband task force meeting.

Sincerely,

Laura Ziegler
League of Minnesota Cities (LMC)

Steve Fenske
Minnesota Association of Townships (MAT)

Bradley Peterson
Coalition of Greater Minnesota Cities (CGMC)

Jill Sletten
Minnesota Association of Small Cities (MAOSC)

Joe Gould
Minnesota Rural Education Association (MREA)

Nick de Julio
Economic Development Association of Minnesota (EDAM)

Jack Kegel
Minnesota Municipal Utilities Association (MMUA)

JoAnne Johnson
Minnesota Public Broadband Alliance

Dan Dorman
Greater Minnesota Partnership (GMNP)

Emily Pugh
Association of Minnesota Counties (AMC)

Grace Keliher
Minnesota School Boards Association (MSBA)

Charlie Vander Aarde
Metro Cities

Dan Larson
Minnesota Rural Counties Caucus (MRCC)

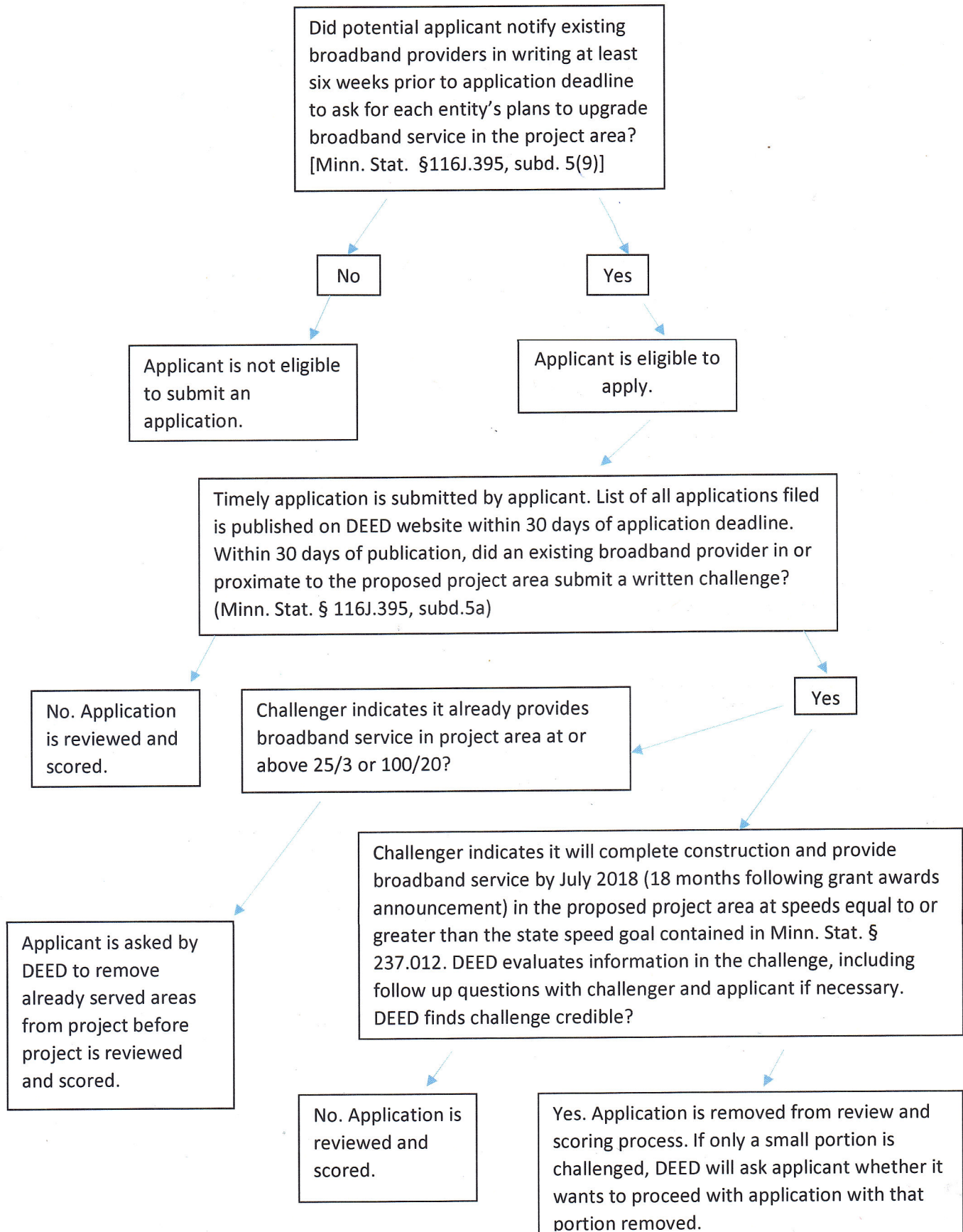
Brad Lundell
Schools for Equity in Education (SEE)

Vince Robinson
Minnesota Association of Professional County Economic Developers (MAPCED)

Mike Reardon
Minnesota Association of Community Telecommunications Administrators (MACTA)

Jennifer Frost
Swift County Rural Development Authority

Broadband Grant Pre-Application and Challenge Process
Administered by DEED Office of Broadband Development



CHALLENGE DOCUMENTATION REQUIREMENTS:

Applicants for the Border-to-Border Broadband grant program must provide in their applications, due by 4:00 p.m. on October 3, 2016, written location information and a map of the project area. For last mile projects, the information should include the geographical boundaries and list of census blocks and road segments if the census block is over two square miles. For last mile and middle mile projects, a map of the service area boundaries must be included with place names, boundaries, buildings, road/street names, street addresses or other features that clearly identify the project coverage area. Applicants must also provide the number of unserved and/or underserved locations that would receive service under their project and the speeds that will be made available.

DEED will publish on its website by October 6, 2016, a list of all applications submitted, the project area, and the proposed broadband service speeds.

A challenging provider must submit its challenge no later than 4:00 p.m., November 7, 2016. A provider must include in its challenge information documentation (that existing service is available at or above the state speed goals or verification that the construction plans are under way and have executive sign-off, budget assigned, etc. for service availability by June 2018) to support that it will provide broadband service at or above the state speed goals to the full project area. If the provider is only challenging a portion of the project area, the provider must identify the portion challenged at the same level of detail provided in the application and provide the same documentation as for a full project challenge.

The challenge must also identify the broadband speed(s) that will be available throughout the challenged portion of the project. For an application from an unserved area, the challenger must document that service is or will be provided at speeds of at least 25Mbps download and 3 Mbps upload. For an application from an underserved area, the challenger must document that service is or will be provided at speeds of at least 100Mbps download and 20Mbps upload. If the application is from an unserved area, and the challenge is found to be credible but the challenger will provide service at speeds less than 100Mbps download and 20Mbps upload, the application will be considered for funding as an underserved application.

CREDIBLE CHALLENGES:

Following evaluation of the information contained in the provider's challenge:

1. The Commissioner will determine whether a challenge is credible. If a challenge is found to be credible, no funding will be awarded to that project or portion of a project as an unserved area.
2. If a credible challenge was submitted for only a portion of a project, the rest of the project will continue through the review process for possible grant award.
3. As noted above, if the speeds that will be provided under a credible challenge are less than 100Mbps download and 20Mbps upload, the successfully challenged project or portion of a project will still be considered eligible for funding as an underserved area.
4. Where a provider's challenge has been found to be credible, the Commissioner will notify the provider.
5. DEED will also post on its website a list of challenges found to be credible and whether for the full or a portion of the project area.
6. For each challenge found to be credible, the challenging provider must submit documentation no later than 18 months from the grant award dates for this grant round to the Commissioner substantiating that it has fulfilled its commitment to deploy broadband service to the challenged area at the speeds identified in its challenge.
7. In its review of whether the provider has met its commitment, DEED may consult with the grant applicant.

DEED - OFFICE OF BROADBAND DEVELOPMENT

PROCEDURE: 2016 BORDER-TO-BORDER BROADBAND GRANT CHALLENGE PROCEDURE

SUMMARY:

In 2016, a formal challenge process was added by law to the Border-to-Border Broadband grant review process. To assist potential challengers with preparing a challenge, this document explains the process and the documentation that will be necessary to support a credible challenge. This document outlines the type of information the Commissioner will require to determine if a challenge is credible, while at the same time ensuring that DEED meets the legislative intent of achieving border to border broadband access.

CHALLENGE PROCESS AS OUTLINED IN STATUTE:

Minn. Stat. §116J.395, subd. 5a. provides:

Subd. 5a. **Challenge process.** (a) Within three days of the close of the grant application process, the office shall publish on its Web site the proposed geographic broadband service area and the proposed broadband service speeds for each application submitted.

(b) An existing broadband service provider in or proximate to the proposed project area may, within 30 days of publication of the information under paragraph (a), submit in writing to the Office of Broadband Development at the Minnesota Department of Employment and Economic Development a challenge to an application. A challenge must contain information demonstrating that:

(1) the provider currently provides or has begun construction to provide broadband service to the proposed project area at speeds equal to or greater than the state speed goal contained in section 237.012, subdivision 1; or

(2) the provider commits to complete construction of broadband infrastructure and provide broadband service in the proposed project area at speeds equal to or greater than the state speed goal contained in section 237.012, subdivision 1, no later than 18 months after the date grant awards are made under this section for the grant cycle under which the application was submitted.

(c) The commissioner must evaluate the information submitted in a provider's challenge under this section, and is prohibited from funding a project if the commissioner determines that the provider's commitment to provide broadband service that meets the requirements of paragraph (b) in the proposed project area is credible.

(d) If the commissioner denies funding to an applicant as a result of a broadband service provider's challenge made under this section, and the broadband service provider does not fulfill the provider's commitment to provide broadband service in the project area, the commissioner is prohibited from denying funding to an applicant as a result of a challenge by the same broadband service provider for the following two grant cycles, unless the commissioner determines that the broadband service provider's failure to fulfill the provider's commitment was the result of factors beyond the broadband service provider's control.