



March 12, 2014

Mayor Michael Dever  
City of Lawrence  
6 E 6<sup>th</sup> St.  
Lawrence, KS 66044

Dear Mr. Mayor,

With the City of Lawrence RFI process now complete, we'd like to continue on toward a vote on our economic development request.

After careful consideration, we'd like to present the PIRC committee and the City Commission with the following four options A - D.

### ***Option A: Approve Original Economic Development Request***

1. Waiver of first \$20K in franchise fees for 5 years. Wicked Broadband is currently the only ISP in Lawrence that pays a 5% franchise fee on its gross Internet revenue. The company would like to keep the first \$20K of these funds for the first 5 years of this project retroactive to the date the Wicked Fiber effort began (Q3, 2013)
  - Category: Tax Abatement
  - City Expenditure: \$0
2. Permission to co-locate splice cases in City hand holes. In places where Wicked fiber intersects City of Lawrence fiber, Wicked would like to keep its splice cases in the same hand hole as the City.
  - Category: Infrastructure
  - City Expenditure: \$0
3. Permission to splice into leased fiber under City supervision. Wicked has the skills and equipment necessary to do this work. Wicked can perform this work in house at a fraction of the cost of a contractor.
  - Category: Regulatory Change
  - City Expenditure: \$0
4. Thirty year leases of middle mile fiber. Wicked would like 12 count on each of the City's existing fiber runs, except where fiber is close to exhaustion. At those sites, Wicked would like a single fiber (i.e. from City Hall to the County Courthouse). When the City puts in new fiber for traffic or other purposes, Wicked would like for the City to include 24 fibers for Wicked's use.
  - Category: Infrastructure
  - City Expenditure: \$0



5. \$500K Infrastructure Grant & Loan Guarantee. Wicked would require a matching grant from the City in the amount of \$500K. The City will also be asked to underwrite Wicked's \$500K matching loan. This reduces the interest rate and extends the term of Wicked's financing.
  - a. Category: Loan/Grant
  - b. City Expenditure: \$500K

We'd be happy to move forward with our original request. For a variety of reasons, not the least of which is the lack of enthusiasm shown by City of Lawrence staff, our lender has indicated that our portion of the \$500K match is only viable if the City of Lawrence guarantees it.

### ***Option B: Expenditure Free Economic Development Request***

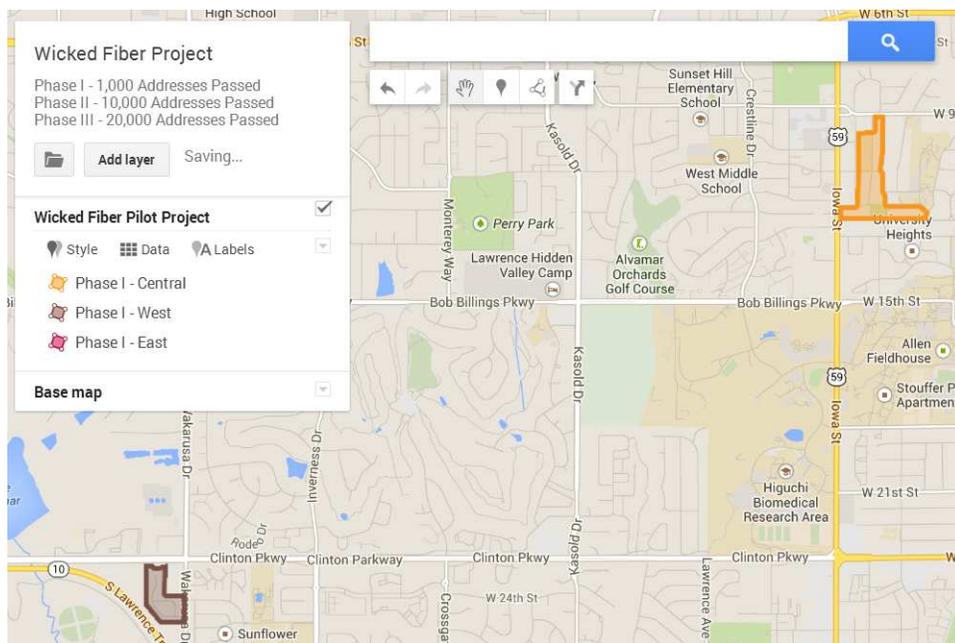
Items 1 – 4 above remain unchanged.

Item 5 would become a \$1M loan guarantee.

Pending approval by upper management, our lender has indicated a willingness to lend the full \$1M for the pilot project with a City of Lawrence guarantee. This would allow us to do the entire project without any expenditure on the part of the City of Lawrence.

### ***Option C: Limited Economic Development Request***

Items 1 – 4 above would remain unchanged.



Item 5 would be eliminated and Phases I – III delayed for at least a year pending completion of a limited pilot project in the neighborhoods designated “West” and “Central”.



***Option D: Permission to Transfer City of Lawrence Agreements***

If the City of Lawrence decides not to pursue the project, at a minimum we'd like our franchise fees (which we pay voluntarily) waived back to Q3 2012 when we made the original offer to gift the network to the City and began this process. Promoting the FTTP network and working with the City for the past 18 months has not been without cost.

Under this scenario we will be exiting the Lawrence market. To facilitate this we would like permission to transfer our agreements with the City of Lawrence to whoever purchases our Lawrence assets.

Please let me know if you have any questions.

Sincerely,

*Kris Adair*  
Kris Adair

Owner/Operator

Wicked Broadband

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