

**ECONOMIC DEVELOPMENT AUTHORITY
MEETING AGENDA
TUESDAY, APRIL 29, 2014 @ 6:00 P.M.
Council Chambers**

1. Call to Order.
2. Pledge of Allegiance.
3. Oath of Office: Larry Sorenson.
4. Approval of Agenda.
5. Guests: Barry Paulsen & Robert Zuzek (Mediacom), Dennis Lusk & Mike Palletta (Frontier), and Anthony Will (Broadband Corp)
6. Approval of Minutes.
 - A. March 25, 2014
7. Approval of Financial Reports.
 - A. March, 2014
8. Old Business.
 - A. None
9. New Business.
 - A. EDA Annual Report to Council
10. Board Announcements.
11. Adjourn

**MEETING MINUTES
APRIL 29, 2014 @ 6:00 PM**

The meeting was called to order by President Lundstrom at 6:00 pm.

Members Present: Bergersen, Kloeckl, President Lundstrom, Sorenson, Thomes, Councilmember Nuesse, Councilmember Ruehling

Member Absent: None

Also Present: Director Smith-Strack, Lowell Nagel of SEDCO, Councilmember Ben Jaszewski, Barry Paulsen & Robert Zuzek of Mediacom, Dennis Lusk & Mike Palletta of Frontier, Anthony Will of Broadband Corp.

Director Smith-Strack administered the Official Oath of Office to returning member Larry Sorenson.

Motion by Ruehling, seconded by Bergersen, and passed by unanimous vote to approve the agenda as presented.

President Lundstrom noted guests were present at the EDA meeting representing Mediacom and Frontier Communications. He indicated a guest from Broadband Corp was also anticipated. Lundstrom thanked the guests for attending and requested Jennifer Nuesse lead discussion.

Nuesse stated fiber to residential units is not currently available in the City of Arlington. She stated the RS Fiber Cooperative had approached the City Council about joining an effort to bring fiber to all premises within the City limits. She noted the City did not join the effort, however, additional opportunities to work with existing providers remained the subject of discussion. Nuesse noted a list of questions had been developed and distributed. She then invited each representative to speak to services offered to City residents.

Barry Paulsen from Mediacom spoke regarding residential services provided in Arlington. He handed out press releases that were distributed to local media outlets earlier in the day. The press releases announced that residential internet speeds will be increasing in Arlington at no cost to customers. Paulsen stated the current high level offering through Mediacom in Arlington is 105MB; that is being increased to 150MB without an increase in rates. Paulsen explained Mediacom primarily operates a fiber to coax cable system within the City limits. He further stated many business customers are using the fiber to coax distribution system and a few 'enterprise' accounts exist in Arlington which have fiber connections from end to end. The Sibley East campus and the Ridgeview Sibley Medical Center are enterprise accounts.

Paulsen stated Mediacom is also testing a 300MB service in Iowa which is expected to be available in Minnesota within the next year. Paulsen stated the 105MB package at this time is not a large seller and that most common residential service level is 30MB. Paulsen noted Mediacom raised speeds last year and is doing so again this year. He opined 'fiber to the home' would not provide any residential service level not currently available through Mediacom.

Bob Zuzek from Mediacom spoke next. He reiterated that the Mediacom model includes fiber into neighborhoods with the 'last mile' being coax cable. He stated their fiber infrastructure runs through Winthrop, Gaylord, and to Arlington. He stated Mediacom continues to pull fiber lines further out from the trunk. Zuzek noted he is responsible for business connections in places including the City of Arlington. He stated on the business side, current speeds of up to 105MB are available, however, there most common package used includes speeds of 10 to 20MB download with 1 to 2MB upload. He opined the most common package seems to be sufficient at this time judging from the reaction of business owners in town.

Nuesse reconfirmed Mediacom provides fiber to premises service to Sibley East and Ridgeview Sibley Medical Center. Zuzek confirmed both entities are enterprise level customers.

Ruehling inquired as to where Mediacom fiber is located. Paulsen stated a fiber trunk line comes into town and then is broken down into smaller fiber lines and connected to nodes which transition from fiber to coax cable. Paulsen stated that as demand increases additional portions of the existing fiber lines are activated to accommodate local demand. Paulsen noted that if any business in town wanted a fiber to the premises connection Mediacom can provide the service at their 'enterprise' level. Paulsen stated Mediacom responds needs as they are apparent.

Next Denny Lusk from Frontier spoke. He stated Frontier's fiber line comes through Green Isle to their office in Arlington by Four Seasons Park. He stated that if a customer needs fiber to their premises Frontier is willing to work with them to create the connection. He noted Frontier also has a fiber connection to the Sibley East campus. The connection can be activated at any time. Lusk stated that their infrastructure within the entire City limits is similar to Mediacom in that it is fiber to the node with the last mile being coax cable.

Mike Palletta representing Frontier stated they offer different tiers of service but are able and willing to meet any need over their fiber backbone. He stated their most common residential product is a 6MB speed package. Palletta opined fiber to every premises in Arlington is not feasible for Frontier at this time as the project cost would outpace the revenue generated. He noted Frontier does have fiber to a few homes adjacent to the new elementary school in Belle Plaine as a new fiber line was installed while the school and subdivision were being built. He stated that special wiring which is not typical of residential electrical installation is required to utilize the fiber. He opined putting fiber in the ground is not as difficult as how it relates to what is downstream, most equipment is not able to utilize a fiber connection at this time. Palletta reiterated that if a fiber to the premises connection is needed that Frontier is willing to provide it.

Lusk agreed with Palletta's statement regarding the wiring of existing premises and existing equipment being incompatible with fiber to premises service. Lusk stated modems are being continually updated and eventually technology may pass them by but it isn't the rule at this point. He reiterated the wiring inside private structures needs to be very different from conventional wiring to be able to accommodate fiber to the premises connections.

Nuesse acknowledged Anthony Will representing Broadband Corp. Will stated Broadband Corp has fiber lines in town as well. He noted their delivery method for the 'final mile' used wireless technology as opposed to coax cable, so fiber to the tower. He opined the question for those interested in expanding broadband capabilities should be, 'What is needed' as opposed to how that bandwidth is delivered. He stated Broadband Corp. can provide 100MB and over if it is needed – just through a different delivery method. He suggested those supporting the project ask themselves 'What is not having fiber to every door step keeping us from doing?'. He opined the honest answer to that question would be 'nothing'.

Bergerson stated he understood wireless technology was where the broadband industry was headed. He asked if that was correct. Will stated that fiber optic and wireless are in effect the same technology – waves of energy just moving through a different medium, glass versus air. He stated transportation of data is the next medium to be developed.

Will stated that when Broadband Corp started ten years ago the most popular product offering was service at 250KB. Since that time the Company had replaced all equipment four different times to keep up with demand. He stated technology keeps improving but they still haven't had a request for a one gigabit service.

Lundstrom asked Will if Broadband Corp had a data limit. Will stated all providers in reality have a data limit. He stated his company doesn't compete with Mediacom or Frontier but rather his company provides services that compete with satellite technology. Will stated there is not a data cap in the Arlington city limits.

Lusk agreed with Will keeping up with demand and technological advancements lead to constant capital improvements. It is not possible to simply invest in infrastructure and then do nothing for years.

Will opined fiber is most definitely not 'lay it and forget it'.

Palletta opined that what is at the end of the fiber strand is what becomes outdated most quickly.

Will opined the fiber product put in the ground ten years ago is different than that placed this year due to changes in technology.

Nuesse stated that globally fiber optic from beginning to the premises is preferred over other methods. She asked how America as a nation can compete with countries that have fiber to all premises.

Paulsen stated that most countries with fiber from beginning to end didn't have any other system in place prior to development; that they were built from scratch with fiber. He stated that in new subdivision developments Frontier looks at whether or not fiber to the premises is financially feasible. They do this because existing telecommunication infrastructure is not present. He stated over the lifetime of Frontier's infrastructure fiber is less expensive if installed as original infrastructure. He again stated that Frontier can bring fiber to any home but the limiting factor is on the 'backend' in that home wiring and home equipment aren't designed to accommodate fiber connection. He opined there is not a fiber to the home carrier that is providing more service than Frontier is over existing network at this time. He stated he wished more residential households would take their 105MB service but they simply don't, demand is for less not more. He stated that as a company Frontier continues to do what they need to in order to compete for consumer demand.

Zuzek stated that Mediacom's service, equipment, and network in Arlington is the same as that in Chicago, Miami, and Dallas. He opined the United States is the technology incubator of the world. He stated several nations have a national 'cap' on service, speed, and bandwidth for all consumers. He noted several nation's primary technology is wireless as opposed to anything in the ground.

Lusk commented that the greatest advances in service technology is currently in coax and copper applications. He stated he spends time in the Caribbean each winter and the primary service is fiber to tower, so wireless. Lusk stated he assisted in system design for the City of Tokyo Japan which is a fiber to coax last mile system.

Will inquired as to what need in Arlington is not being met currently. He stated that if a need is here he will provide a service as soon as possible.

Nuesse asked about technology that would allow residents to work from home offices at an affordable rate.

Lusk stated that people who have home offices in Minneapolis where the service provider is Comcast have the same technology as what Frontier has here in Arlington.

Ruehling stated that the RS Fiber effort is fundamentally about bringing service to rural residents. Palletta stated that rural areas are completely different than municipalities. He opined wireless technology is available to most rural areas if users are willing to pay for it.

Will opined RS Fiber is essentially asking people to subsidize extension to farms in rural areas. He opined fiber is not financially feasible in rural or low density applications, he opined even coax would not cash flow. He stated telephone and electrical service started in cities and then extended into rural areas. He opined that if there is a need private investors then invest to meet that need and thereby make money.

Lusk stated the western part of Sibley County is deficient in technology as a matter of fact. He then opined that if the eastern portion of the county wanted to subsidize the western part that was a decision residents would need to make.

Will stated he is a former resident of Windom and he is aware that system is fiber to the node and not fiber to the premises.

Paulsen noted he is a former resident of Jackson which is close to Windom. He noted Windomnet doesn't have any competition, the public service is the only provider allowed in the City.

Will opined fiber to the home is a technology looking for a problem to fix. He opined pricing that has been published by RS fiber will not work. He opined that if RS network is built it will go bankrupt and then incumbent providers will look to buy the network for pennies on the dollar. Finally, he opined video service is going to go away and that all television programming will be accessed over the internet as opposed to through the air or antenna/cable box connections.

Nuesse closed the discussion and thanked all the representatives for attending the meeting.

Motion by Thomes, seconded by Bergersen, and passed by unanimous vote to approve the minutes from the March 25th meeting as presented.

The March Financial Report was reviewed.

Motion by Bergersen, seconded by Ruehling, and passed by unanimous vote to approve the March Financial Report as presented.

Motion by Nuesse, seconded by Kloeckl, and passed by unanimous vote to adjourn the meeting at 7:17 pm.

President Mark Lundstrom

Director Cynthia Smith-Strack