

Attachment Letter G – Business Plan

a) Project Details

Applicant: Midstates Data Transport, LLC d/b/a Stealth Broadband

Project: Nance County Northeast Unserved

Project Total Cost: \$3,198,006

CPF Requested Funds: \$2,878,205.40

Purpose: Deploy Fiber to the Home build in rural Nance County serving 116 unserved locations

Critical Needs: Rural Nance County is poorly served with most locations only having access to 10/1 Mbps DSL or expensive satellite services. Low-income households can not afford the high cost of satellite Internet services which makes it difficult for residents of the county to access Tele-Health, work from home or do remote learning when needed.

b) Risk Factors / Legal

Legal Challenges:

No legal challenges have been identified for this project.

Permitting / RoW Challenges:

Applicant has worked with the following entities on other projects and does not expect any challenges:

- Nance County
- State of Nebraska Department of Roads
- Nebraska Central Railroad

c) Financial Analysis

Stealth Broadband began operations in January 2016. In 2021, our fifth year in business, the company generated \$3.5M in revenue serving 2,450 customers across 26 communities in Northeast Nebraska. In 2022, Stealth generated \$4M in revenue serving 2,900 customers in Nebraska. In 2023, Stealth generated \$5.6M in revenue serving over 4,800 customers in Nebraska.

From an overall financial strategy standpoint, Stealth Broadband has two related sister companies who provide broadband engineering and fiber splicing services, as well as managed IT services. Combined, these two sister companies generated \$4.74M of revenue in 2023, contributing \$1.4M in positive EBITDA, and thus positive cashflow to support the growing Stealth Broadband network and customer base.

Stealth Broadband and their sister companies have maintained their banking relationship with Elkhorn Valley Bank of Norfolk since inception and have operated in compliance with all terms and covenants throughout their history. A letter of reference from Elkhorn Valley Bank is attached.

Financial analysis for the project, including a description of how project costs and expected revenue will result in financial viability of the project over the expected useful life of the facilities:

Project: **Nance County Northeast Unserved**

Nebraska Broadband Bridge Program Cash Flow											
	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	TOTAL
Homes Passed	116	116	116	116	116	116	116	116	116	116	
Take Rate	40%	56%	68%	80%	80%	80%	80%	80%	80%	80%	
Customers	46	65	79	93	93	93	93	93	93	93	
Revenue	\$38,187	\$53,462	\$64,918	\$ 76,374.00	\$76,374	\$76,374	\$76,374	\$76,374	\$76,374	\$76,374	\$691,185
Expense	(\$8,258)	(\$9,561)	(\$10,538)	(\$6,515)	(\$6,515)	(\$6,515)	(\$6,515)	(\$6,515)	(\$6,515)	(\$6,515)	(\$73,964)
EBITDA	\$29,929	\$43,901	\$54,380	\$69,859	\$69,859	\$69,859	\$69,859	\$69,859	\$69,859	\$69,859	\$617,220
Project	\$ 3,198,006										\$3,198,006
CPF Grant	\$(2,878,205)										(\$2,878,205)
Total Project Capital	\$319,801	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$319,801
Debt Service	(\$44,558)	(\$44,558)	(\$44,558)	(\$44,558)	(\$44,558)	(\$44,558)	(\$44,558)	(\$44,558)	(\$44,558)	(\$44,558)	(\$445,579)
Cash Flow	(\$14,629)	(\$657)	\$9,822	\$25,301	\$25,301	\$25,301	\$25,301	\$25,301	\$25,301	\$25,301	\$171,642

Positive cash flow on this project is achieved in year 3 post-installation. During the years leading up to positive cash flow, the company should not need to supplement operations with cash generated from other business activities or a bank operating line of credit.

d) Long-term Maintenance

Since inception, Stealth Broadband has used Bauer Underground and Turnkey Telecom Solutions for construction, engineering, splicing and restoration services. Stealth’s strong relationship with these two companies has resulted in sustained growth, quick customer turn-ups and expedited responses to fiber outages. Stealth maintains its own staff of network technicians, installation technicians and locators to ensure the network is reliable and to maximize up-time for our customers. Stealth works with all jurisdictions including state, county, and city / village on fiber relocation projects.

e) Prior Federal Funding

Stealth was awarded 6 projects through the Nebraska CPF 2023 program, which is ARPA funding that is distributed by the State of Nebraska. The project is technically federal funding. Other than CPF 2023, Stealth has not received any federal funding since inception.

f) Long-term Viability

In April, 2023, Stealth purchased the wireless Internet company formerly owned by Applied

Connective Technologies of Albion. Post purchase, we assumed 133 customers in Nance County. In all cases, the customers were poorly served with maximum speeds available of 20/5 Mbps. In addition, the backhaul radios to the wireless Internet towers were oversubscribed so that most customers couldn't even reach the 20/5 Mbps level they were paying for. Due to this, Stealth started to make significant investments in our Nance County infrastructure in order to provide higher speeds to our current customers as well as attract new customers. This started with wireless backhaul upgrades between towers.

This CPF-2024 project is a natural extension of our fiber network to one of the most poorly served area of the county. Nearly all of the customers in this area, have no other choices other than 10/1 Mbps DSL or costly satellite service. Stealth is committed to continuing to grow and support our Internet infrastructure throughout Nance County now and in the future.

There are 5 main components that allow us to determine the useful life of the facilities.

1. HDPE Duct – Stealth does not direct bury any of the fiber that we put in the ground. All of it is placed within an HDPE duct. The Plastics Pipe Institute has published data claiming that the useful life of HDPE is 2,893 years.
2. Single Jacket / Single Armor Fiber Cable – Stealth utilizes Superior Essex SJSA fiber cabling in order to protect as well as locate our fiber facilities. The published life expectancy of this type of fiber is 30 years, but that life is extended when it is placed inside HDPE duct.
3. Polycrte Hand-Holes (vaults) – Stealth utilizes polycrte hand-holes which have a published life expectancy of 50 years.
4. Vertiv UPCBD style Pedestals – Stealth utilizes Vertiv pedestals constructed of heavy gauge mill-galvanized steel treated with a multi-stage finishing process for protection. The published life expectancy is 20 years.
5. PLP Splice Enclosures – Stealth utilizes PLP splice enclosures throughout the outside plant for termination of fiber. Life expectancy is 20 years.

Stealth takes several steps to extend the useful life of our facilities.

- During the construction phase, our inspectors specifically check the amount of rock placed in vaults and pedestals to make sure that there are no gaps where rodents can gain access. If a rodent is able to get into a pedestal, they will chew up the fiber causing an outage.
- Also, during the construction phase, our inspectors do periodic depth checks of the fiber placement to make sure we are always maintaining a 4' minimum depth. This helps keep farmers and contractors for hitting a cable that is buried too shallow.
- Post construction and throughout the life of the fiber cables, our in-house locators drive the fiber routes looking for washouts or any other activity that could disturb the fiber cable.
- Post construction and throughout the life of the fiber cables, our in-house locators check the pedestals and vault to ensure they are closed properly so as not to allow rodents to enter.
- Post construction and throughout the life of the fiber cables, our in-house locators work with contractors, farmers and any other entity that contacts 811 to property mark our cables, provide depth readings and to stand-by when digging is occurring near our cables. This has helped us avoid fiber cuts and allowed us to have excellent reliability.
- Post construction and throughout the life of the fiber cables, our in-house locators check splice enclosures for damage and water ingress. If any damage is spotted, the splice

enclosure is scheduled for replacement by Turnkey Telecom Solutions fiber optic splicers.

Stealth, Bauer Underground, and Turnkey Telecom Solutions are all proactive when it comes to placing fiber in any area. Turnkey engineers first make contact to property owners during the design phase, to let them know about the upcoming project as well as provide information and answer any questions that the property owner may have. When Bauer is ready to start a project, they either talk directly with the property owner or they place a door-hanger with contact information at each property to give the owner a chance to ask questions or express their concerns. In addition, the Stealth website is kept up to date with construction progress and where our crews are expanding fiber. Lastly, Stealth's communications and marketing team schedule local events and invite all in the area to attend to ask questions or express their concerns. These events are advertised through social media. At all events and throughout the website, Stealth provides information on ACP, lifeline, and other programs available for low-income households.

g) Community Engagement

This project is a rural only project with 100% of the design within Nance County, Nebraska. Stealth has been building a relationship with the Nance County Board of Supervisors since our acquisition of Applied Connective Technologies wireless Internet business in April of 2023. Stealth will follow up with all parties who have shown support to ensure that they follow the exact process prior to the March 27, 2024 deadline.

Stealth does not expect any negative feedback for our application. We have a great working relationship with all involved and believe that this project will be fully supported by various stakeholders.