**Attachment Letter G – Business Plan**

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

**Project**: Elgin

**Project Total Cost:**

**NBBP Requested Funds:**

**Description**: Fiber to the Home build in Elgin and along fiber route to Elgin.

* Fiber Optic Middle Mile consisting of 8.26 miles connecting Elgin to the Midstates fiber backbone
* 22 underserved rural locations in census blocks adjacent to new middle mile fiber route included in application
* 473 underserved locations in Elgin, NE included in application

**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:
  + State of Nebraska
  + Antelope County
* Applicant will meet and work with the following entities to avoid any unexpected challenges:
  + City of Elgin

**Capability to maintain network:**

Stealth Broadband began ISP operations in January of 2016. Since that time, the fiber optic network has grown to over 230 miles and provides Internet and data transport services in 22 communities. Midstates has been able to successfully grow our staff to match the needs of our network and customer base. Stealth Broadband has business office located in Neligh, Norfolk and Blair to directly interface with customers.

Employee resources are as follows:

* Billing – 2 employees
* Installation, repair & locating – 6 employees
* Outside Plant Manager – 1 employee
* Engineering & locating – 2 employees
* Marketing & Customer Service – 2 employees
* Helpdesk / Technical – 5 employees
* Project Management – 1 employee
* Direct Sales – 1 employee

Since inception, Stealth Broadband has used Bauer Underground and Turnkey Telecom Solutions for construction and engineering services. Stealth’s strong relationship with these two companies has resulted in sustained growth, quick customer turn-ups and expedited responses to fiber outages.

This project is a natural extension to our existing network. The technicians that are serving the Neligh area today can efficiently service this adjacent area.

Stealth employees along with Turnkey Telecom engineers have extensive experience working with all State, County, and local authorities on fiber relocation projects.

**Financial capability to maintain the network over the long run:**

Stealth Broadband began operations in January 2016. In 2020, our fifth year in business, the company generated $2.7M in revenue serving 2,078 customer across 22 communities in Northeast Nebraska. Based on year-to-date information, revenue in 2021 should hit $3.5M, a 29% increase, now servicing over 2,646 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 $3.9M of revenue in 2020, 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”

**Annual Revenue – once target take-rate achieved:**

Residential Broadband revenue $147,000

Business Broadband revenue 38,000

Other Service revenue 12,000

**Total Annual revenue $197,000**

**Average Annual Operating expenses $ 29,000**

(**NOT** included in Grant Application)

**Annual Debt Service Years 1 – 10 $ 90,000**

Positive cash flow on this project is achieved in year three post-installation. During the years leading up to positive cash flow, the company will need to supplement operations with cash generated from other business activities or a bank operating line of credit. At peak, this project will require $28,000 cash which is well within the capability of the current operations and banking relationship noted above.