Attachment Letter G – Business Plan

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

Project: Fremont to Omaha Rural

Project Total Cost: $3,614,517

NBBP Requested Funds: $2,710,887

Description: Fiber to the Home build in rural Dodge, Douglas and

Washington Counties

- 425 total locations
    - 237 unserved
    - 188 underserved

Useful Life of Facilities:

As this project is 100% fiber optic, the useful life of the physical fiber plant is 20+ years. Electronics being proposed in this application will support speeds up to 10 Gig data rates. With the current minimum standard set at 100 Mbps, the electronics will have a 10+ year useful life.

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:
    - Dodge County
    - Douglas County
    - Washington County
    - Union Pacific Railroad
    - State of Nebraska Department of Roads
- Applicant will meet and work with the following entities to avoid any unexpected challenges:
    - Village of Washington, NE

Capability to maintain network:
Stealth Broadband began ISP operations in January of 2016. Since that time, the fiber optic network has grown to over 260 miles and provides Internet and data transport services in 26 communities. Midstates has been able to successfully grow our staff to match the needs of our network and customer base. Stealth Broadband has business offices located in Neligh, Norfolk, and Blair to directly interface with customers.

Employee resources are as follows:

- Billing / Customer Service – 2 employees
- Installation, repair & locating – 6 employees
- Outside Plant Manager – 1 employee
- Engineering & locating – 3 employees
- Helpdesk / Technical – 6 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 Madison County 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 2021, our fifth year in business, the company generated $3.5M in revenue serving 2,450 customers across 26 communities in Northeast Nebraska. Based on year-to-date information, revenue in 2022 should hit $4M, now servicing over 2,900 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 $3.68M of revenue in 2021, contributing $1M 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	$220,000
Other Service revenue	42,000
Total Annual revenue	**$262,000**
Average Annual Operating expenses (**NOT** included in Grant Application)	**$ 27,000**
Annual Debt Service Years 1 – 10	**$ 115,000**

Positive cash flow on this project is achieved in year two 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 $63,000 cash which is well within the capability of the current operations and banking relationship noted above.