

MEMORANDUM

To: City Council
From: Bill Beck, Deputy CIO
Date: August 24, 2006
Re: Wireless Broadband IP Data Access Network-Term Sheet

The following terms have been agreed upon by USI Wireless, Inc. (USIW):

A. Scope of Work and SLA(s).

1. USIW will, at its own expense, provide City with a turnkey wireless broadband IP data access network which will include backhaul, tower and access point technologies and all design, hardware, software, installation, content development, testing, maintenance and support services necessary to provide a fully functioning Network. The Network will receive a complete technical refresh no later than year five and will be continually updated throughout the contract cycle as software and hardware, supporting desired services, are made available.
 - a. 4.9 GHz network will be available for public safety if the city chooses to use it.
 - b. USIW will upgrade the network hardware and software including such enhancements as 802.11e, n, r and s (as these are widely adopted, available from our vendor and financially viable) on a periodic basis to maintain the highest standard of service reasonably available and economically feasible such that the entire Network will have been totally refreshed within 5 years of its inception if such a refresh is technically available and economically sound. USIW will upgrade the network periodically before this and will continue to provide upgrades after the 5 year period, including infrastructure, firmware and bandwidth as is technologically and fiscally appropriate, we will be forced to do this to be competitive.

2. USIW will design, implement and finance the required City owned Fiber construction for the City from:
 - a. Internet source to USIW which will facilitate exclusive delivery by the City of all required bandwidth for the network (competitive fee)
 - b. City owned locations to complete the City's fiber loop as agreed to by the parties (city/USIW) and approved financial terms by USIW.

3. USIW will provide ubiquitous outdoor municipal, commercial, residential and roaming per SLA; and ubiquitous indoor residential coverage per the SLA at a minimum data rate of one to three megabytes per second. No individual square mile, as detailed and defined by a master implementation map to agreed upon by the City and USIW and attached to the MFA, may have less than the agreed upon coverage levels.
 - a. 95% outdoor coverage per SLA with no prejudice to demographic area.
 - b. 90% indoor coverage per SLA including high rise and multi-family locations (assuming building owner cooperation) may be provisioned using best technical means, as long as it meets the coverage requirement and provides equal network access, if fixed connectivity is used a package including a wireless account will be provided for nomadic access (i.e. mobility) to users.

- c. 99.9% availability uptime in Wi-Fi layer (wireless access points on poles) and 99.99% uptime in fixed wireless and injection layers (fiber or radio backhaul), exception of power outages outside of our control and scheduled maintenance.
4. USIW will make available all required CPE Provisioning (Ruckus) at a cost plus shipping, handling, taxes to the end user per month with an option to purchase desired devices with a one time payment of \$75.00, or to CPE rental at a Monthly charge of \$ 5.00 includes service, support and maintenance.
 5. USIW will provide 7 x 24 customer and technical support available via telephone, e-mail and web for all municipal, commercial, residential and roaming customers and will implement multi-language support services for Spanish, Hmong and Somali languages as well as disability functionality (TDD.). The City will provide a list of available resources. Implementation will occur upon acceptance of the network by the City.
 6. USIW will provide a full service wholesale offering with complete technical functionality (IP addresses, location information, etc.) to competitive providers and hot spot locations throughout the City. Wholesale ISP providers shall be provided with Layer 2 access to the network to obtain diagnostic information for technical customer support services. ISP partners will have equal access to sale of all network services and be provided with pricing that allows for fair competition within overall network capacity. ISP partners shall be allowed to brand their offered services. ISP partners will have to comply with minimum service level requirements and credit approval.
 7. USIW in an effort to work with existing hot spot vendors will provide multiple partnership options. USIW will provide the capability to offer branded hot spots in geographic areas allowing existing hot spot vendors to offload their network and technical functionality to USIW. Another option is the capability of roaming agreements between existing hot spot vendors.
 8. USIW will designate a dedicated Project Management and Support team and, in addition, will make available all technical and operational information necessary to deploy and operate the network.
 9. USIW will obtain all necessary permits as required. The City will work with USIW to streamline and optimize the permitting and approval processes wherever possible.
 10. USIW will provide City with on demand monthly, quarterly and annual reports online to verify compliance with agreed upon service level requirements attached hereto.
 11. USIW will offer standard included and premium optional secure connection options for City usage. USIW uses Standard Based (Ipsec, VPN, 802.1x) security techniques recognized and excepted through the internet. The combination and usage of Standard Based security techniques should allow the fulfillment of all City security needs.

B. Community Benefits.

1. USIW will contribute an advance of \$500,000 to the Digital Inclusion Fund (DIF), \$ 200,000 upon contract execution and \$ 300,000 upon network signoff by the City of Minneapolis to support creation of the Digital Inclusion Fund. USIW will support the Digital Inclusion Fund with a minimum of 5% of net pretax income and 100% of all local community portal revenues that are sold by Digital Inclusion fund agency or its designee. USIW will also contribute 2% of all net profit from network revenues that accrue from other Local Governments that subsequently utilize the expanded network.
2. USIW will provide a "walled garden" as a free level of service and, in addition, offer open Internet limited-time free service with 1 Meg broadband access in defined public locations (Parks, Plazas) not to exceed 5% of the geographic area throughout the City, USIW may limit the service in any reasonable way with online time being the preferential method in order to prevent unauthorized pirating of free bandwidth by customers that would otherwise be required to pay for access to the Network.
3. USIW will develop up to 90 Location based Community Log-in Sites and associated templates for City of Minneapolis neighborhoods that will allow access to selected government sites, community service sites, CTCs, Neighborhood Associations, and local event calendars; as well as offer a platform for localized advertising. The Community Log-in Sites will include multi-lingual functionality. USIW will provide tools and processes as well as technical support for developing and implementing Community Content.
4. USIW will provide free network access services for defined CTCs. USIW will also provide training to Digital Inclusion Agency and CTC personnel and/or volunteers so they can assist user education, activation, installation and service signup. USIW will provide additional "trial account" vouchers to the Digital Inclusion Agency to distribute to CTCs and their volunteers participating in the program, (service value not to exceed \$ 15,000/year).

USIW will provide a dedicated network server, to be made available for collaborative application testing and development by community users in conjunction with USIW. Server will also be used to host the community websites and content management software tools.

5. USIW will provide Residential services at \$19.95 per month, plus any taxes or usage fees charged or assessed by any governmental authority on such services or usage, at 1 Megabit. Business services will be provided at no more than \$29.95 per month plus any taxes or usage fees charged or assessed by any governmental authority on such services or usage, and standard City of Minneapolis services (1 to 3 megabit laptop connections) will be provided at no more than \$12.00 per month plus any taxes or usage fees charged or assessed by any governmental authority on such services or usage, and will maintain a baseline service at 1 Megabit minimum service level for the initial term of the contract. Premium services may be made available as they are developed and deployed. Internet filtering options will be standard for all City and Board users and made available to all other users. Any taxes or increased costs imposed on USIW as a result of additional taxes or usage fees imposed by any governmental authority on USIW in connection with the operation of the Network or the provision of services thereon, or on a supplier of access

or services to USIW in connection therewith that are passed on to USIW, may be added to such pricing in the future.

6. USIW will comply with all City of Minneapolis standard Terms and Conditions and Ordinances including the Living Wage Ordinance will be included in the contract.
7. The agreement between the City and USIW will prohibit Red-lining of network services to any area or location in the City by any means except where power infrastructure and hanging assets are not available.
8. USIW will commit to an agreed upon schedule of ongoing meetings and action plans to ensure continued support of the Community Benefits contained in the contract.
9. USIW commits to sponsor an annual Digital Inclusion fundraising event and to a specified level of employee volunteering in support of community benefits.
10. USIW will ensure net neutrality defined as not limiting bandwidth, limiting content or otherwise implementing any limitation on use or access to bandwidth in order to create or provide any competitive advantage to USIW or any wholesaler, application or network lawfully accessing or utilizing the Network with the exception of any harmful or malicious traffic, except for the purpose of maximizing the speed and efficiency of the Network and for the purpose of providing the highest standard of services to the largest number of customers on the Network.
11. Advertising Programs for Local Businesses:
 - a. USIW will ensure advertisers will have the ability to choose Selected Neighborhood Portals or Citywide view for advertising coverage areas commensurate with capacity.
 - B. USIW will offer turn key advertising services through specified partners.
 - c. Reporting will be made available to advertisers to allow them to analyze effectiveness.
12. USIW recognizes the significance to life safety of the capability to provide location information for 911 calls. USIW commits that any VOIP service offered over the Network will implement a strategy which recognizes the importance of this information and the need to make it available.

C. Use of City Owned Assets/City Commitments.

1. USIW agrees to give first preference to the use of City and Boards (Schools, Park, Library, and MPHA) hanging assets and pay agreed upon use fee to be negotiated, provided that such fees shall be competitive and those assets provide equal or greater network functionality.
2. The City will agree to allow the use of City controlled signalized intersection assets for agreed upon fee to be negotiated, provided that such fees shall be competitive.
3. City will grant the right to use the City of Minneapolis Brand. City has right to approve all manner of brand usage.
4. The City will allow use of Building and Rooftop Attachment for City properties and will support USIW in making arrangements with Boards (Schools, Park, Library, and MPHA) at fees to be negotiated, provided that such fees shall be competitive.

5. The City will make available selected Fiber Infrastructure to support the network. USIW agrees to use City provided, and USIW financed Fiber to provision the network with overall bandwidth required and feed access points as fiber is made available at competitive access rates and network functionality.
6. The City will pay \$ 2,200,000.00 in advance for City acquired services (Advance) and will agree to a minimum annual commitment for the first 10 years of the contract to pay not less than \$1,250,000, less credit for a portion of the Advance as set forth below. The City will have the ability to carry forward annual commitments for contract volumes based on overall contract life calculations. Credit for unused portions of commitment will be applied to future periods. The City will provide a ten (10) year contract with two, five (5) year renewals, which requires a minimum annual payment commitment by the City for Wireless services and USIW Integration services as follows:

10 Year Option:

Prepayment credit over Initial Term

Years 1-7 = \$ 100,000

Years 8-10 = \$ 500,000

\$ 1,250,000 per year commitment

Year 1 = \$ 1,250,000 – 100,000 = \$ 1,150,000

Year 2 = \$ 1,250,000 – 100,000 = \$ 1,150,000

Year 3 = \$ 1,250,000 – 100,000 = \$ 1,150,000

Year 4 = \$ 1,250,000 – 100,000 = \$ 1,150,000

Year 5 = \$ 1,250,000 – 100,000 = \$ 1,150,000

Year 6 = \$ 1,250,000 – 100,000 = \$ 1,150,000

Year 7 = \$ 1,250,000 – 100,000 = \$ 1,150,000

Year 8 = \$ 1,250,000 – 500,000 = \$ 750,000

Year 9 = \$ 1,250,000 – 500,000 = \$ 750,000

Year 10 = \$ 1,250,000 – 500,000 = \$ 750,000

Explanation: USIW is requesting a base commitment from the city in annual services and integration services of \$ 1,250,000 per year. USIW is also assuming that the \$ 2,200,000 prepayment will be distributed over the initial 10 year term, the first 7 years will have \$ 100,000 offset on the commitment, bringing the payment down to \$ 1,150,000 per year. After year 7; years 8, 9, 10 will allow \$ 500,000 of the commitment to be used, bringing the required payment per year down to \$750,000 due.

7. USIW agrees to make a grant to the City in the amount of \$450,000 to support City technology investments to be addressed further in the contract. USIW will pay \$150,000 on award and \$300,000 on network signoff.
8. This commitment may be offset dollar for dollar by other Local Governments' usage of the expanded network and a threshold of overall network subscription levels which exceed anticipated projections after year 2. In addition, USIW will pay the City for use of its marketing support at USI's discretion. USIW requires access to City water bills as approved by City policy, City voice announcement systems , i.e. City systems and metering

D. Pricing Tiers (Video, Internet Access, Machine Connectivity, etc.).

1. USIW agrees to unit pricing by service type, per Tiered pricing schedule.
2. An application and professional services rate schedule is included for services to be provided by USIW and partners; Siemens and other providers.

E. Pricing Guarantees and Price Escalation Protection.

1. USIW agrees to escalation limitations on prices for City services other than guaranteed 1 Mg. City Services which shall not exceed increases based upon an index to be determined by negotiation and which will be commercially reasonable. In the event of a default by USIW in the contract to be executed with the City that shall continue unremedied beyond the expiration of any period provided therein to cure such default, City will have the Right to Purchase Network at its fair market value as determined by appraisal.
2. In the event that USIW shall desire to sell the Network to any entity other than an entity in which USIW or its parent holds a controlling interest or a mutual failure to extend the term of the agreement, the City shall have the equal right with any other entity to negotiate and bid for the purchase of the Network, and USIW shall sell the Network to the City if the City offers a purchase price and terms that are equal to or greater than those which USIW may be willing to accept from any entity that is not controlled by USIW.
3. USIW and the City will work together to specify geographic implementation priorities. Such priorities will be established by negotiation based on the priorities of the City and sound technical design. USIW and the City will establish an implementation strategy that is in the City's best interest.

Signatures

U. S. Internet Wireless, Inc.

City of Minneapolis

By: _____

By: _____

Its: _____

Its: _____

Title: _____

Title: _____

Date: _____

Date: _____