

Daily Journal - InterCarrier Networks Fiber Project

Project Overview rev.5 11/7/11

○ Project Overview

The Daily Journal would become a *Fiber Repeater* for InterCarrier Networks (Known as ICN) (www.intercarnetworks.com) Illinois fiber ring. This is 2-separate diverse fiber connections into the Daily Journal Computer Room for redundancy. The Daily Journal and WiFi Kankakee would hook directly into the in-house fiber network provided by InterCarrier Networks. The connections would be 50MB each; with options to increase both if needed. Both networks would have full class C IP sets and Reverse DNS control. Our current bandwidth would increase from 9MB to 100MB, GigE Ethernet to Chicago. Pricing and capital investment can be found under **Next Steps** on page 9.

Our objective would be to utilize the high-speed fiber to meet our existing Internet connection needs while trying to cover cost and show a positive ROI by reselling fiber, wireless, and Ethernet over copper; we would be taking the lead in adding economic value to downtown Kankakee.

We were contacted originally by Don Hungerford (08/11/11) Sr. Network Engineer for InterCarrier Networks to look at the possibilities of using the Daily Journals Computer Room as a *Fiber Repeater* for InterCarrier Networks fiber ring through Illinois that drains to 350 Cermak (Carrier Hotel) in Chicago Illinois.

The commitment would be a long term agreement of 10-years (Pricing is broken down by the first 5-years, then the last 5-years. "Brian, can we look at an 8-year out clause, or early termination amount if we decide to terminate early? The name over the project is Kankakee Daily Journal Company, LLC."). The Daily Journal would give InterCarrier Networks a rack in the Computer Room, 2 sources (separate) of power, and access to the Computer Room *anytime*. There is an \$800 rental/space fee as well; this may/may not go towards our monthly reoccurring charges; reoccurring charges have not been determined yet.

The Daily Journal will have all rights to sell fiber connections to anyone on the fiber loop and Ethernet over copper for anyone 20,000 feet of the CO (Central Office). The City of Kankakee (10/20/11) is willing to work with us regarding easements and ROW's during the installation process. In a meeting with Mayor Nina Epstein 10/21/11 she applauded the project and offered the cities assistance with the project.

Time to completion as the project moves forward is 4-months; weather dependent. Ownership of the fiber would be of mutual use; InterCarrier Networks requires a minimum of 2 of the 24 or 96. In general conversations it would be 50/50 ownership. Project could be completed by January 2012.

Project domain: www.tdjfiberproject.com

○ Existing Services

The Daily Journal current MRC on Internet access (3MB, 6MB, and dial-up/backup.) is \$4,629.22. If we take on the *Fiber Repeater* project those ATT cost will be terminated. We are then going to pay InterCarrier Networks an amount to cover the same types of services.

- 1.) Dial-up Circuit 815R1708227908, not under contract. Terminate **12/31/11**.
 - a. MRC: \$2,438.82; 09/11 invoice.
 - b. Circuit ID: 102KNKK-KNKKILDC1
- 2.) 3MB MIS Circuits 831-000-1642 758, under contract; ends 07/23/2012. Terminate **06/01/12**.
CSM No. CSM090723154552
 - a. MRC: \$772.35; 09/11 invoice.
 - b. Circuit IDs: DHEC.227795.801, .802
- 3.) 6MB MIS Circuit 831-000-1395 150, under contract; ends 12/01/2011; initially signed 12/01/2008. Terminate **10/31/2011**. CSM No. CSM081201124750

- a. MRC: \$1,418.05; 09/11 invoice.
- b. Circuit IDs: DHEC.912841.801 - .804

Total MRC cancelled \$4,629.22; \$55,548, yearly. We would like to terminate the dial-up circuit on 12/31/11. It's OK if customers would like to keep their e-mail address/s at the Daily Journal. Our existing ATT agreements will be up within 8-months; *ATT terminations require 30-day notice. If we decide to stay with ATT we will need to resign for a minimum of 3-years or we will pay the rack-rated amounts which are very high. {For reference only, DS3/45MB port from another carrier (ATT) \$6,532.18; EaMIS 50M/50MB \$2,527.49 plus build out cost.}

○ Capital Expenses

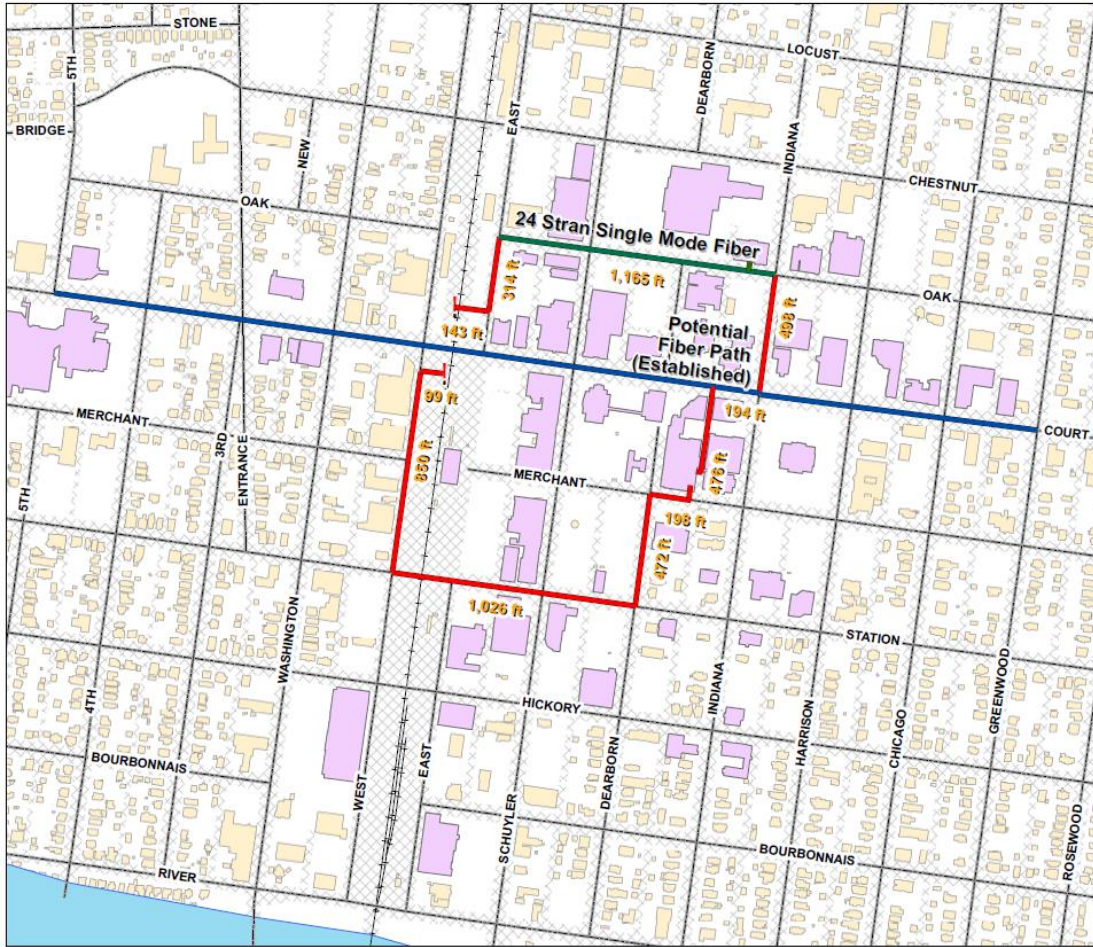
We would anticipate the Daily Journal capital expenses around \$10,000 (Estimating legal fees). New digital locks for both Computer Room doors. 2-power runs, locking cabinet, 2-fiber switches, and other possible miscellaneous networking gear.

○ InterCarrier Capital Expenses (Estimated)

We estimate the capital to be \$180,000 (\$90,000 each link.) plus hardware, splitters, miscellaneous estimated at \$80,000. This was based on case studies that were looked at for running a fiber network. Conduit size will be 2"; 1.25 into the Daily Journal. 24/96 strands of fiber optic cable. It was hard to estimate this cost as some of the variables are based on geographic location and resources.

○ Fiber Map

This map was compiled after our walk-through with the city and InterCarrier networks 10/26/11. The city has a 24-strand dark fiber cable we can use (1,165 ft); the total estimated length of fiber is 5,435. There are 2-separate paths into the Daily Journal separated by a minimum of 4-feet. The purple images are listed as businesses.



City of Kankakee
Single Mode Fiber
1,165 ft

Total Project
Length
5,435 ft

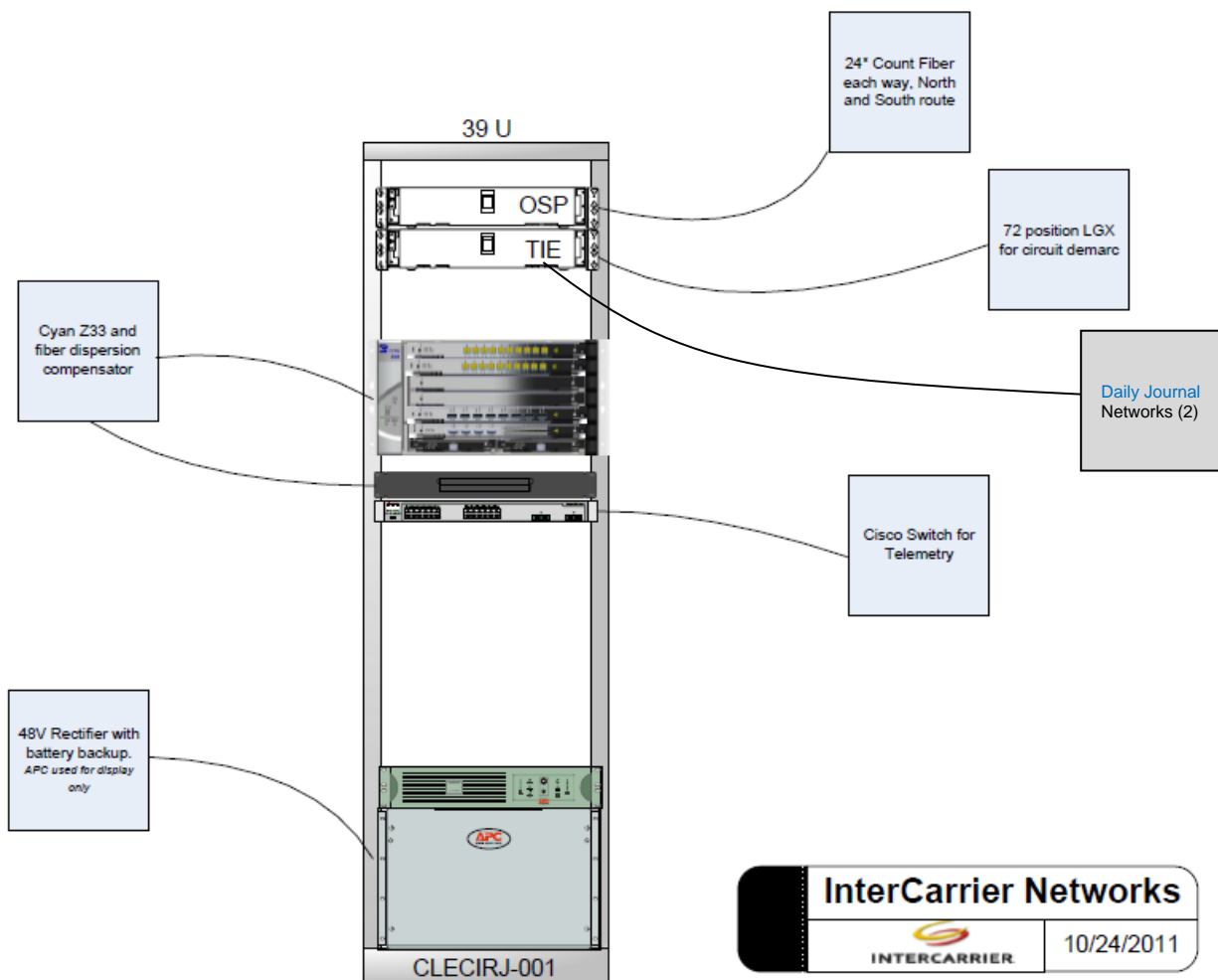
* 2 points of
delivery to the
repeater and
fail over points
located in the
Daily-Journal

○ Gear in Daily Journal Computer Room 2nd Floor

InterCarrier will not require any backup power source from the Daily Journal. The below diagram shows what gear InterCarrier Networks will place in the Daily Journal Computer Room.

Kankakee Bay Layout

Monday, October 24, 2011



○ Daily Journal Reselling Fiber and Ethernet over Copper Connections (InterCarrier Networks is a reseller to carriers, not consumers.) If we connect the fiber to the CO (Central Office) we may be able to run local and long distance at a better per-minute rate.

1.) Reselling Fiber & Ethernet over copper.

- a. Order fiber connection or Ethernet over copper (10MB max symmetrical) from InterCarrier.
- b. Install InterCarrier.
- c. MRC billed to DJ.
 - i. Costs:
 1. Installation, one-time billed to DJ, billed to customer.
 2. MRC, monthly billed to DJ, billed to customer.
- d. Ethernet over copper, Ethernet over Copper utilizes 1 to 8 pairs to deliver up to 10MB symmetric to clients up to 10,000 from the CO for full 10MB.
- e. Fiber: Client Fiber → SFP → Fiber → 350 Cermak. *SFP throttles bandwidth to ordered speed.

2.) Packets from DJ to the Internet

- a. DJ → fiber → Transport Packet Gear → 350 Cermak → InterCarrier Router → Internet

3.) CO connection

- a. If we make a connection to the CO we may be able to route our VoIP (Voice over Internet Protocol) over the fiber to the CO; local and long distance calling. *Another carrier runs along Oak Street to the Central Office.

- Other Fiber Advantages

- 1.) Remote sites served from Kankakee will see a speed increase.
- 2.) You can offer full Data Center service –like the Data Centers in Chicago.
- 3.) Will help with consolidation projects like the Business Server.

- Downtown Kankakee Economic Advantages

We would expect positive feedback and promotion from these *local* entities:

- 1.) City of Kankakee.
- 2.) EDC (Economic Development Council).
- 3.) KDC (Kankakee Development Corporation).
 - a. After the 10/25 walk-through we had talked about a pre-news story to see how much interest we could generate.

- Daily Journal fiber entrance to Computer Room plan

Our building engineers are determining the best 2 paths to enter the DJ Computer Room. The 2 paths have to be at least 5-feet apart. Location #1 north east corner of building; direct route to DTP. Location #2 south of building near vault/gas entry point, route to DTP.

- Main InterCarrier Contacts

Kurt VanHoogstrate

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VP Network Operations

InterCarrier Networks

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Suite 405

Clayton, MO 63105

Don Hungerford

hungerford@intercarriernetworks.com

Sr. Network Engineer

InterCarrier Networks

Chicago, IL

D: (708)-792-3449

- Kankakee Mayor Nina Epstein Comments



Nina Epstein
Mayor

Administration Building
304 South Indiana Avenue
Kankakee, Illinois 60901-3904
(815) 933-0500 Fax (815) 936-3619
web site: www.citykankakee-il.gov

November 4, 2011

Thomas Small
The Daily Journal
8 Dearborn Square
Kankakee, Illinois 60901

Dear Mr. Small:

I was pleased to meet with you recently to discuss the opportunity for the Daily Journal to participate in a Fiber Connectivity Project that will greatly enhance technology access in our central downtown district.

The City of Kankakee fully supports this project and will work with the Daily Journal for the use of City right-of-way and easements for the installation of the fiber. As the project proceeds, please contact David Tyson, City Engineer, to provide guidance for the installation and any City ordinances that will need to be followed.

Best regards,

Nina Epstein
Mayor

cc: Wade LaBeau
NE:28

- Letter from the President of InterCarrier Networks



October 28, 2011

Name: Wade Lebeau

Address: 8 Dearborn Square, Kankakee IL

Re: LOI between InterCarrier Networks and Kankakee Daily Journal

Dear Wade:

Please accept this correspondence as confirmation of our intention and desire to construct a diverse fiber route from our existing fiber network into the facilities of the Kankakee Daily Journal at 8 Dearborn Square, Kankakee, IL, and to establish a service delivery presence at an agreed upon location within these premises. Contingent upon concluding formal service and collocation agreements, it is expected that we will provide bandwidth transport and wholesale Internet services to the Kankakee Daily Journal.

InterCarrier Networks is highly desirous of consummating this mutually beneficial business agreement between our two parties, which will help bring affordable broadband Internet access to the residents and businesses of Kankakee. Once the necessary agreements have been completed, InterCarrier Networks is positioned to initiate an accelerated construction plan, with service availability targeted for early Q1 2012.

We appreciate being provided with this opportunity and look forward to promptly completing the remaining steps.

Sincerely,

A handwritten signature in black ink, appearing to read 'Matt Porterfield', written over a light blue horizontal line.

Matt Porterfield
President

- Fiber walk-through photos

Fiber Walk-Through

Today 10/25 we walked-through the proposed fiber paths into the Daily Journal Computer Room. Those included were members from the City of Kankakee and InterCarrier Networks.



Access to the cities dark fiber and open conduit.



Main InterCarrier splice point *south* of Court Street.



Main InterCarrier splice point *north* of Court Street.



Existing fiber access points.



City fiber traffic pedestals we may have access to.



City crews were very helpful opening manholes and checking possible fiber routes.

The city was help helpful during the walk-through. Basically they have given us/InterCarrier access to all easements, rights of way, and their fiber access points.

- InterCarrier Bloomington Agreement (Partial)

SUBJECT: Agreement with Intercarrier Networks LLC, (ICN) for the Continued Maintenance and use of a Fiber Optic Cable System Established Under and Over Certain Public Rights of Way

RECOMMENDATION: That the Agreement be approved, the Mayor and City Clerk be authorized to execute the necessary documents and the Ordinance be passed.

BACKGROUND: ICN has requested to install a telecommunication conduit system within the City right of way. The City has a standard agreement for use of the right of way and has entered into such agreements with other communication companies, like Sprint, MCI and AT&T. ICN has agreed to enter into the City's form agreement. Agreements such as this, in which a telecommunications company seeks to pass through the City, and of necessity must cross municipal rights of way, are regulated by the Illinois Telecommunications Infrastructure Maintenance Fee Act (35 ILCS 635/1 *et seq.*) Section 30 of that Act prohibits municipalities from charging franchise fees in cases such as this. The Act may be found at www.ilga.gov. (Full minutes from the meeting: <http://www.cityblm.org/upload/contents/286/M101110.pdf>) The full PDF has been given to Brian Bergstrom at Shuttleworth & Ingersoll, P.L.C.

○ **Latest e-mail from Kurt 11/1/11:**

Here is your pricing revised. 3 things have been changed/edited.

The first was to reduce the overall price to KDJ by \$1000 per month on the second half of the 10 year term. Secondly, I open up the 10% discount to any/all customers with some more definition around how it would be applied while still keeping the \$800 space/power charge option the same. The third element is the wholesale Internet Drain pricing to KDJ to be resold to your customers. This is the pricing schedule ICN would charge KDJ with a new GE and/or 100M port on our equipment being utilized.

What is not spoken to in the quote is the ability to have ICN collocate at the Central Office and provide an Ethernet over Copper (EoC) product to KDJ that would cover a MUCH larger range of customers. Since that covers a larger level of complexity, I don't include it in this proposal as it needs more details to be determined by both parties. It also includes a large sum of capital for ICN to invest, so we want to give it the proper investigation and NOT slow down this process.

This proposal assumes the role of turning up services as fast as possible, where we get the first side of the route built and then the network turned up to provide services in a 60-75 day window from contract signature. ICN would eat all the extra costs involved in doing this while still building the second/redundant route and perform a cutover to both routes in Spring 2012. That COULD look like an early January turn-up if all went quickly with the contracts and construction.

Feel free to call me with questions.

Kurt



135 N. Meramec (Suite 405)

Clayton, MO 63105

November 1, 2011

Transport + Internet Drain

Sales Quote from Kurt VanHoogstrate

314-440-8897

From		To	Service Delivery Date
Kankakee Daily Journal 8 Dearborn Square Kankakee, IL 60901		Internet Drain	

A 60-75 day window is a reasonable expectation of delivery from Contract signature/counter-signature. This assumes the quickest delivery on a single route into the facility while the second route is still being built.

Data Transport	QTY	Type/Each	Term	MRC/Circuit	NRC
ICN to provide a 100M Internet Drain and transport to the Kankakee Daily Journal Facility at 8 Dearborn Square, Kankakee, IL. It will be delivered at 2 x 50M circuits to provide separate handoffs at the facility. KDJ will provide to ICN 1 Rack of space and power where ICN will construct fiber and bring the ICN Backbone network through the location. ICN will pay the costs for the fiber delivery from outside the building to the rack location inside the building.	1	2x50M Internet Drain	Months 1-60	6,450.00	\$ -
ICN to provide a 100M Internet Drain and transport to the Kankakee Daily Journal Facility at 8 Dearborn Square, Kankakee, IL. It will be delivered at 2 x 50M circuits to provide separate handoffs at the facility. KDJ will provide to ICN 1 Rack of space and power where ICN will construct fiber and bring the ICN Backbone network through the location. ICN will pay the costs for the fiber delivery from outside the building to the rack location inside the building.	1	2x50M Internet Drain	Months 61-120	5,450.00	\$ -

ICN Assumes a Standard charge of \$800 MRC for the space and power and will reduce the MRC by that amount if ICN is charged \$0 for space/power. If a Kankakee Daily Journal customer(s) were to purchase Internet drain or transport from ICN valued at \$500.00 or more in Monthly recurring revenue to ICN on a term equal to or greater than two (2) years, then KDJ would be eligible for an additional 10% discount from their final MRC for the duration the customer(s) MRR exceeds the \$500.00 threshold. The fiber from the City of Kankakee along East Oak Street from the CO to N East Ave, then up N East Ave turning west to cross over the RR tracks would be IRU'ed to ICN (2 fibers) for a 20 year period, in exchange for that would be a no-charge Internet Drain of up to 20M solely for the City of Kankakee for that same 20 year period assuming ICN still is collocated with KDJ.

Terms:

- Pricing is valid for 30 days from issue date.
- This order will not be fully executed until Customer's credit has been approved.
- All service is provided in accordance with the Customer's Carrier Services Agreement. If no agreement exists between InterCarrier Networks Customer, InterCarrierNetwork's standard terms and conditions and any applicable ICN tariff will apply.
- All Local Access pricing is budgetary and subject to change based upon actual configuration.
- ALL PRICING PRESENTED HERE IS CONTINGENT ON AVAILABLE CAPACITY, as determined by InterCarrierNetwork's Engineering Department.
- Off-Net facilities - IXC and Local Access: If off-net pricing, based on actual circuit configuration or vendor, changes from the original quote, InterCarrierNetworks will restate revised pricing (including all resulting MRCs and NRCs) to the Customer for approval to proceed with the order at the new price. InterCarrierNetworks cannot guarantee rates from third-party vendors until orders are placed and availability is confirmed.
- When a customer orders its own Local Access Service, InterCarrier Networks will bill the customer directly for the entrance facility charge from the InterCarrier Networks POP to the SBC or to the ILEC or CLEC central office facility where the entrance facility terminates, along with any other applicable charges.

○ Next Steps

- 1.) Fiber MRC costs for the Daily Journal based on 10/25 fiber walk-through:
 - a. Current ATT MRC: \$4,629.22 (Includes taxes).
 - b. New InterCarrier Networks MRC: first 5-years \$6,450.00, next 5-years \$5,450.00.
 - c. MRC Difference: \$1,821.00 first 5-years, \$828 next 5-years.
 - d. Daily Journal MRC rental charged to InterCarrier Networks: \$800.
 - e. Move SNG Servers (Including new Business Servers.) to Kankakee; MRC: \$375 (\$575).
 - f. 20MB Internet fiber connection to the city at no charge for 20-years for letting us use their fiber connection.
 - g. If the Daily Journal sells a \$500 wholesale connection (20MB/2-years) to any customers the Daily Journal will receive 10% discount on MRC.
- 2.) The Daily Journal capital looks to be at < \$10,000 for:
 - a. Lockable rack.
 - b. Keyless door entry with logging.
 - c. 2 - Power sources.
 - d. 2 – Fiber switches.
 - e. 2 – Firewalls.
 - f. 2 – Ethernet lines from the DTP room to the Computer Room.
- 3.) Reselling fiber based on wholesale cost.
 - a. Wholesale fiber cost based on drain speeds:

Drain Speed (Meg)	Term(yrs)	MRC	Markup	MRC Customer
10	1	\$ 270.00	\$ 67.50	\$ 337.50
10	2	\$ 250.00	\$ 62.50	\$ 312.50
10	3	\$ 230.00	\$ 57.50	\$ 287.50
20	1	\$ 540.00	\$135.00	\$ 675.00
20	2	\$ 500.00	\$125.00	\$ 625.00
20	3	\$ 460.00	\$115.00	\$ 575.00
30	1	\$ 810.00	\$202.50	\$ 1,012.50
30	2	\$ 750.00	\$187.50	\$ 937.50
30	3	\$ 690.00	\$172.50	\$ 862.50
40	1	\$1,000.00	\$250.00	\$ 1,250.00
40	2	\$ 920.00	\$230.00	\$ 1,150.00
40	3	\$ 880.00	\$220.00	\$ 1,100.00
50	1	\$1,250.00	\$312.50	\$ 1,562.50
50	2	\$1,150.00	\$287.50	\$ 1,437.50
50	3	\$1,100.00	\$275.00	\$ 1,375.00
100	1	\$1,900.00	\$475.00	\$ 2,375.00
100	2	\$1,700.00	\$425.00	\$ 2,125.00
100	3	\$1,500.00	\$375.00	\$ 1,875.00

- b. We used a base **markup** of 25%.
- c. Gear needed is purchased by the customer; we deliver light at a GE interface.
- d. From InterCarrier - Biggest selling point would be the symmetrical side for business uses. ATT and Comcast will be Asymmetrical, unless they order a T1. T1 price would be over the \$100/Meg threshold.
 - i. I would see where Comcast is with pricing, but if you are \$75-90/M you'll have a hot offering with symmetrical up/down speeds with Carrier grade delivery to the market. We'll likely convert our fiber in town into a ring, so anyone on that fiber network will be ringed locally (not a promise yet, but a desired outcome depending on your equipment deployed). That is something to talk about down the road when we have both sides built. It would encompass the use of our PAETEC fiber to pull off, but is doable. No one is going to be able to touch your product set except ATT, and you know where they are with that now.

- 4.) Update website www.tdfiberproject.com with phone and project e-mail address.
- 5.) How to handle existing ATT T1 contracts; check with Brian.
- 6.) Approval or decline.

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