



**URBANA-CHAMPAIGN
BIG BROADBAND
Not-for-Profit**

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NEWS ADVISORY

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Date: Thursday, May 29, 2014

URBANA-CHAMPAIGN BIG BROADBAND NOT-FOR-PROFIT (UC2B NFP) TO HOLD EXPANSION NEWS CONFERENCE

Champaign, IL – Members of the UC2B NFP Board and management team, along with community representatives, will hold a news conference for an exciting announcement about gigabit fiber-optic broadband in Champaign-Urbana.

What: UC2B NFP Officials and Community Representatives Address Expansion of the UC2B Fiber-Optic Network

Who: UC2B NFP Board Chair Brandon Bowersox-Johnson, iTV-3 Vice President Levi Dinkla, City of Champaign Mayor Don Gerard, University of Illinois Chief Information Officer Paul Hixson, iTV-3 President Keith Hoogland, Gig.U Executive Director Blair Levin, City of Urbana Mayor Laurel Prussing

When: Thursday, May 29, 2014
2:00 P.M.

Where: EnterpriseWorks at Research Park
60 Hazelwood Drive
Champaign, IL 61820
(Parking is free)



News Release

Date: May 29, 2014

For Immediate Release

Contact: Brandon Bowersox-Johnson, UC2B
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Champaign – UC2B (Urbana-Champaign Big Broadband) has formed a partnership with iTV-3 to operate and extend fiber-optic broadband in Urbana and Champaign. iTV-3 will operate the existing UC2B network and will extend gigabit fiber-optic internet services to more areas of the community. C-U will be among the few elite communities in the U.S. with gigabit fiber-optic internet.

The partnership gives every area of Champaign-Urbana an equal opportunity to receive gigabit service. iTV-3, a Family Video company, will be taking online subscriptions for households and businesses at www.theperfectupgrade.com and information for signing up will be available in person at C-U's 3 Family Video stores. iTV-3 agrees to build fiber infrastructure in any area of the community where 50% of the potential customers subscribe.

“We are excited to be bringing fiber optic service to the communities of Champaign and Urbana. I would like to specifically thank the Cities of Champaign and Urbana, their elected officials, the University of Illinois, and the team at UC2B for working so hard to make this opportunity possible. We look forward to bringing a 100% fiber to the home and business network and gigabit Internet service to the people of Champaign and Urbana,” says **iTV-3 President Keith Hoogland**.

“In the 21st Century a few American cities stand out with regards to successfully combining a dynamic cultural landscape and economic prosperity. Champaign, like Chattanooga, Kansas City and Austin, has recently received national and international accolades running the gamut from arts and music to sustainability, livability and opportunities. We now join these cities as part of an elite group of communities which will experience all the benefits of broadband fiber with this partnership. Champaign, Urbana, the University of Illinois and the private sector are

moving forward together to lead the U.S. in prosperity and growth in the new frontier with what is undoubtedly the next great revolution,” says **Champaign Mayor Don Gerard**.

Urbana Mayor Laurel Prussing recognized the positive local impact of the project, saying, “This has been a great example of cooperation between Urbana, Champaign and the University of Illinois. I’m very pleased we’ve chosen an Illinois company, Family Video, with an excellent record of customer service. We owe a special thanks to President Obama for his broadband initiative, which will make this community more attractive for both business investment and quality of life.”

University of Illinois at Urbana-Champaign Chancellor Phyllis M. Wise recognized how the gigabit network would impact the campus and community. “From the early steps of winning the UC2B grant to the start of operations, this has been a strong and productive collaboration among Urbana, Champaign and the university. The partnership with an Illinois company, iTV-3, will move the project forward to the next phase of the broadband build. We are excited at both the prospects of greater access for all of our community as well as looking forward to the positive economic impact it will have for all of East Central Illinois.”

Steve Traylor, Executive Director of the National Association of Telecommunications Officers and Advisors (NATOA), applauded this innovative partnership. “NATOA congratulates UC2B for pioneering an innovative public-private partnership and demonstrating the ways in which localities and private companies can together build state-of-the-art gigabit networks. NATOA was proud to give the UC2B project a community broadband award in 2012, and expects that Urbana and Champaign’s remarkable model will guide other communities nationwide.”

Existing UC2B customers will receive notices in upcoming bills that iTV-3 will provide continued service under their existing contracts. iTV-3 will also continue service for institutional users and will provide wholesale access on the network to competing companies. The partnership is based on the Community Broadband Principles approved by UC2B and both city councils in 2012. For a detailed Q&A about the partnership, visit www.uc2b.net.

iTV-3 is a subsidiary of the Illinois-based family-owned company that owns and operates more than 775 Family Video stores in 19 states and Canada. Family Video is the largest movie and game rental chain in the United States. Family Video has three stores in Champaign-Urbana. It has been in the Internet Service Provider business since the mid 1990’s, and has provided fiber-based services since 2009. Learn more at www.itv-3.com and www.familyvideo.com.

UC2B is a not-for-profit organization created by the Cities of Urbana and Champaign and the University of Illinois to oversee the UC2B fiber optic network throughout

the community. UC2B started as an intergovernmental consortium in 2010 to build and operate the UC2B fiber-optic network using federal and state grants with local matching funds. For more information about UC2B, visit www.uc2b.net.

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The UC2B and iTV-3 Partnership - Questions & Answers - 5/29/14

Today, UC2B and iTV-3 announce an unprecedented partnership to expand the reach of fiber optic networking in Urbana and Champaign.

We believe that this unique partnership will make available to C-U residents and businesses a world-class network and Internet access to be provided by iTV-3, an Illinois company. The partnership leverages the capabilities and investment of the private company – and, at the same time, protects local community interests.

Below are some frequently asked questions about the partnership.

THE UC2B & iTV-3 PARTNERSHIP

What is the current status of UC2B?

UC2B's grant and construction periods have ended, and UC2B is now in an operations mode. More than 1,000 residences, 250 Anchor Institutions and 75 businesses were connected to UC2B fiber through our state and federal grants and with local funds. The residences and businesses are concentrated in the eleven neighborhoods that qualified for Federal funding. The Anchor Institutions are spread throughout the community.

Why has UC2B entered into this partnership?

We have determined that private investment is necessary to help expand the benefits of the network throughout Champaign and Urbana. This partnership allows us to work together towards that goal in a sustainable way that meets the community's values.

From the very first draft of UC2B's grant applications in 2009, the plan has always been to expand the Fiber-to-the-Premise (FTTP) service areas. This agreement with iTV-3 will result in the expansion of fiber to more areas of the community and also bring in an experienced Illinois company to operate the system.

We chose this particular partner because it has an established track record of providing this type of service in other Illinois communities and also aligns well with our Community Broadband Principles that have been part of UC2B since its inception.

Why is this agreement good for our community?

Expanded areas of fiber service will help our community grow as well as attract and retain businesses and University faculty, staff and students. Champaign-Urbana can remain a community where your kids can grow up, find good jobs and stay in the community. There is risk with any broadband capital investment, and the risk for expanding the UC2B network is now with iTV-3 rather than that risk falling on city taxpayers.

What are the main components of this agreement?

The agreement between UC2B and iTV-3 protects the local community interests in many ways. This public-private partnership is unprecedented compared to other projects around the U.S.

First, iTV-3 agrees to operate and maintain the existing fiber network, continuing to provide service to existing UC2B customers under their existing contracts.

iTV-3 also agrees to build fiber infrastructure in any area of the community where 50% of the potential customers subscribe through a transparent subscription process. This commitment fulfills our Community Broadband Principles that the technology be fiber (not some lesser technology) and that all members of the Champaign and Urbana communities have the same potential to get this service.

iTV-3 will be investing tens of millions of dollars to build gigabit fiber optic internet in Champaign-Urbana.

iTV-3 also agrees to offer wholesale access on the network to competing companies. This commitment fulfills our Community Broadband Principle of open access. In addition, after five years, if any neighborhoods of C-U are not connected, iTV-3 will make unused ring fiber available for competing companies to offer service.

iTV-3 also agrees to contribute to UC2B's Community Benefit Fund, which will be used to promote digital literacy and digital inclusion.

UC2B agrees to lease unused backbone fiber strands to iTV-3 and allows iTV-3 to utilize the existing equipment to provide services.

What is iTV-3 getting from UC2B?

iTV-3 is gaining the ability to serve UC2B's existing customers, and getting access to equipment and unused backbone fiber strands that will allow them to serve more neighborhoods. UC2B will continue to own the existing fiber and equipment. The existing fiber and equipment will be leased to iTV-3.

What is UC2B getting from iTV-3?

UC2B is getting an experienced Illinois operator with a strong commitment to customer service along with a commitment to expand the fiber-optic network to more neighborhoods of C-U. iTV-3 typically does not require residential customers to sign contracts. iTV-3 believes it should earn your business every day and if they fail to do so, you should be able to drop their service with no penalty.

iTV-3 has also agreed to invest tens of millions of dollars in expanding the Fiber-to-the-Premise (FTTP) services areas in Campaign and Urbana. iTV-3 will use a subscription model to determine where to build, which is now an industry standard way of making those investment decisions.

Who is iTV-3?

iTV-3 is a subsidiary of the Illinois-based family-owned company that owns and operates more than 775 Family Video stores in 19 states and Canada. Family Video is the largest movie and game rental chain in the United States. Family Video has three stores in our community and those three locations will serve as customer service locations for iTV-3. Family Video has a strong record of creating local jobs, hiring minorities for staff and management positions, and paying local property taxes.

Family Video was started in Springfield, Illinois and now has its corporate headquarters in Glenview, Illinois. Now in its third generation of family ownership, each generation has refined the overall business model of the company. It has been in the Internet Service Provider business since the mid 1990's, and has provided fiber-based services since 2009.

Where else does iTV-3 provide fiber services?

iTV-3 currently provides Fiber-to-the-Premise (FTTP) services in Pekin, Morton and East Peoria, and is working on building fiber infrastructure in several additional communities in the Peoria area.

How was iTV-3 selected to work with UC2B?

In July of 2012, UC2B submitted a response to a Request for Information (RFI) from a company called Gigabit Squared, which hoped to build Fiber-to-the-Premise projects in 10 university communities. In the process of developing that RFI response for Gigabit Squared, both City Councils adopted a set of Community Broadband Principles that would be expected of Gigabit Squared or any other private expansion partner. In August of 2012, UC2B released an RFI of its own to help identify any other organizations that were interested in expanding the UC2B fiber infrastructure and operating the network.

Between 2012 and now, UC2B has received RFI submissions or contacts from nine organizations interested in this private partnership. UC2B explicitly reached out to many existing ISPs inviting them to respond to the RFI—those included ISPs already operating in our community such as AT&T, Pavlov, Volo, and Comcast as well as outside ISPs such as Google Fiber. UC2B diligently reviewed all submissions, holding phone and in-person meetings as it narrowed the pool and focused on the organizations that best met the three Community Broadband Principles approved by the City Councils.

In October 2013, UC2B connected with iTV-3. Since that time, there has been an ongoing two-way due diligence process between UC2B and iTV-3. The result of that due diligence is the agreement being announced today.

Were there any local organizations that were interested in working with UC2B?

Yes, there were three organizations with local connections that responded to UC2B's RFI. One of the organizations did not meet our qualifications to be a viable partner. Two of the three organizations said in their responses that they were not interested in being UC2B's private expansion partner under the terms of the Community Broadband Principles, but that they looked forward to working with whoever was selected.

Google Fiber is already building Fiber-to-the-Home in several communities and is talking to several more. Would it be better to wait for Google Fiber?

We have made overtures to Google multiple times, including a formal application in 2010, when Google was soliciting applications. We are not privy to Google's selection criteria, but we have no reason to believe that Google will be interested in building in Champaign-Urbana anytime in the near future. In this way, we are like most American communities; thus far, Google Fiber reaches a very small percentage of localities and it's not clear how extensive its eventual network will be.

It's also important to note that Google Fiber's agreements with the cities where it is already building fiber are not consistent with our Community Broadband Principles that were adopted by both the Urbana and Champaign City Councils in 2012. For example, Google does not provide wholesale access to its network to competitors, as iTV-3 has agreed to do in Champaign and Urbana. Google also does not make binding build-out commitments, as iTV-3 has agreed to do.

What happens if iTV-3 fails to live up to its commitments in the agreement?

Should iTV-3 fail to live up to the commitments in the agreement designed to protect our communities and further the Community Broadband Principles, the use of the leased UC2B network will revert back to UC2B. Any fiber infrastructure built by iTV-3 remains the property of iTV-3. UC2B has an option to purchase the fiber infrastructure built by iTV-3 should some day iTV-3 wish to sell it.

What happens to the existing fiber leases that private and public organizations have with UC2B?

The fiber lease agreements entered into by UC2B will be honored by iTV-3. iTV-3 will assume the responsibility of maintaining the existing UC2B fiber infrastructure. There will be no change in how those organizations use the currently leased fiber strands.

Are there any additional public funds or obligations associated with this agreement?

No, there are no public bodies that are parties to this agreement. iTV-3 may elect to enter into additional agreements with Champaign, Urbana or the University, but those agreements would be independent of this agreement.

CURRENT CUSTOMERS & SERVICE AREAS:

What will happen to the current UC2B customer's services?

iTV-3 will take over support for UC2B's existing customers and will maintain the current services and rates for the duration of each customer's contract.

Will existing UC2B customers be able to switch to one of the iTV-3 service packages?

Yes, existing UC2B customers may switch to any of the iTV-3 service packages at any time with no penalty.

Will households and businesses in the existing UC2B service areas that do not currently have UC2B service be able to subscribe to iTV-3's services?

Yes, the full suite of iTV-3 services will be available to households and businesses in the current service areas, whether or not they are currently UC2B customers.

NEW CUSTOMERS:

What process will be used to determine where iTV-3 will build fiber first?

iTV-3's web site includes a page where households and businesses in Champaign and Urbana can sign up for iTV-3 services: www.theperfectupgrade.com. Additionally, subscription forms may be completed at any of the three local Family Video locations.

In iTV-3's fiber design, the entire community has been divided into service areas of between 150 and 350 locations. iTV-3 refers to those service areas as "sectors."

While Google Fiber calls its service areas "fiberhoods", this is a very similar approach to what Google Fiber is using in other communities to prioritize its fiber construction investments.

iTV-3 will determine what sectors get built and when, with the exception of when more than 50% of the locations in a sector sign up for iTV-3 service. Under the agreement with UC2B, when that 50% threshold is reached, iTV-3 must begin construction in that sector within 120 days. Additional time is allowed if the 120 days includes winter, when underground fiber construction may not be possible.

Where can I see the map of the service areas?

The map of the service areas (sectors) will be available online or at any of the three local Family Video locations soon.

When will construction start?

iTV-3's local fiber construction will start later this summer. iTV-3 has committed to starting construction within 120 days (weather permitting) in any sector once it reaches the 50% threshold.

How long might it take for iTV-3 to build the additional fiber?

iTV-3 is already doing engineering and plans to do as much fiber construction this summer and fall as the weather will allow. Depending on how many sectors reach the 50% threshold and the weather, construction could continue through three more construction seasons after 2014.

Will the iTV-3 fiber construction mean we will have more cabinets and pedestals in our community's rights of way?

No, iTV-3's network and equipment design places the entire fiber infrastructure below ground. No new cabinets or pedestals will need to be installed by iTV-3.

When will iTV-3 start taking subscriptions?

The iTV-3 website is able to take subscriptions from Champaign and Urbana today. www.theperfectupgrade.com . The local Family Video locations will be ready to take subscriptions later today.

Can I sign up in person somewhere in addition to online?

Yes, you can sign up at any of the three local Family Video locations starting later today.

Where will iTV-3's customer service centers be located?

iTV-3's customer service agents will be located in the three local Family Video stores. Customers will also be able to pay iTV-3 service bills in person at those three local locations.

What will happen to the money already pledged to attract a private partner?

iTV-3 has agreed to a service discount plan that will be similar to what was envisioned in 2012 when most of those pledges were made. There will be an email sent to people that made pledges that details their options, which will always include the option for a total refund.

iTV-3 SERVICES:

What services will iTV-3 offer?

Initially, iTV-3 will offer Internet and telephone – either independently of each other or in bundles. iTV-3 has committed to offering a gigabit Internet service as the top tier of its residential Internet services.

What contracts does iTV-3 require for residential customers?

iTV-3 does not require contracts for residential customers. They believe they should earn your business every day and if they do not, you should not be penalized for dropping their service.

What contracts does iTV-3 require for business customers?

Business installations can often be more complex and costly than residential installations, so in some cases iTV-3 will require a business to commit for a certain length of time to allow iTV-3 to recover its investment in the installation.

Will the service rates for the rest of the community be the same as for the existing customers in the grant-funded service areas?

No, iTV-3's Internet services and rates will be different than UC2B's subsidized rates in the existing grant-funded service areas. As described above, existing UC2B customers will be able to continue getting service at their current rates for the duration of their contracts.

What type of equipment will iTV-3 install in a typical home or business?

Once an iTV-3 fiber cable enters a residence or a business, it will be connected to an Optical Network Terminal (ONT), which converts the pulses of light on the fiber-optic cable to electrical pulses on a copper Ethernet cable. For Internet service, a small router will plug into the ONT. That router will provide connection ports for wired Ethernet connections and also functions as a Wi-Fi access point.

If I purchase services today from Champaign Telephone, Pavlov Media, Volo Broadband or some other local service provider, will I be able to receive those services over a fiber connection from iTV-3?

Yes, in keeping with Champaign and Urbana's Community Broadband Principles, iTV-3 has agreed to provide wholesale services to other service providers. Service providers who already lease UC2B fiber in order to deliver their services can continue to do so. This agreement with iTV-3 does not change those existing leases. Should you desire to do so, you could purchase Internet service from one provider, television service from a second provider and telephone service from a third provider – all over one iTV-3 fiber connection and one ONT supplied and operated by iTV-3.

Will I be able to receive AT&T or Comcast services over a fiber connection from iTV-3?

Like all the ISPs in Champaign and Urbana, AT&T and Comcast can take advantage of iTV-3's commitment to offer wholesale services. If AT&T and Comcast choose to buy wholesale services from iTV-3, you will be able to receive their services over iTV-3 fiber.

THE UC2B / iTV-3 TRANSITION:

When will iTV-3 assume operational responsibility for the existing UC2B customers and infrastructure?

UC2B and iTV-3 are planning for an orderly transition of operations, customer support and billing in June.

What will happen to the Community Benefit Fund?

iTV-3 has agreed to fund UC2B's Community Benefit fund for five years. Those funds will be administered by UC2B to promote digital literacy and digital inclusion.

What happens to the Community Benefit fund after five years?

Our community will probably still need digital literacy and digital inclusion programs in five years, so UC2B will work to find additional funding sources.

Who will own the existing equipment and fiber infrastructure that was purchased with Federal, State and local funds?

That infrastructure will continue to be owned by the UC2B Intergovernmental Consortium as it is today (subject to the Federal interest.) iTV-3 will have use of much of the existing fiber and equipment, but will not legally own it.

Who will own the new equipment and fiber infrastructure that iTV-3 installs?

iTV-3 will own the fiber and equipment that it pays for and installs.

What is the role of the UC2B Not-for-Profit Corporation Board of Directors moving forward?

The UC2B Not-for-Profit Corporation Board of Directors will be able to turn its primary attention from the construction and operations of the fiber network to working on how to best leverage the network for the benefit of our community. Those efforts could take many forms and the Board members are looking forward to those opportunities.