

Frequently Asked Questions (answers by Bug Tussel)

- What is the status of the grant application, and what is the timeline on knowing approval or denial. Still pending. We expect that we will have an answer in advance of the bonds being issued but prefer not to wait to find out if push comes to shove. In other counties, we develop a contingency plan on how to deploy the bond funds that are opened up with the grant award. If the grant is awarded for Oneida County, it would be an additional \$2.5M in funding that we would utilize to deploy fiber to the home in additional areas.
- Mention of 5 other counties that have entered into agreements with BT, please provide those specific counties and a brief explanation of their timeline, and name of a contact person at each county acting as project lead. In last December, we issued bonds for projects in Marathon, Jackson, Waushara, Calumet, and Fond du Lac County totaling \$70M in projects. The contracts allow for a three year construction period, but it is our expectation that the networks will be online this year. Contact information is below.

Fond du Lac, Erin Gerred, Director of Administration, (920) 929-3156

Marathon, John Robinson, County Supervisor / Broadband Task Force Chair, (715) 212-2227

Waushara, Donna Kalata, County Board Chair, (920) 787-3166; Melissa Pingel, County Administrator

Calumet, Matt Payette, Business Systems Analyst and Communications Manager, (920) 849-1628

Jackson, Ray Ransom, County Board Chair, (715) 333-5643

- Did you meet with Towns? And if so, have they committed Relief dollars to this project – please be specific. Jeff handed the legwork in dealing with the towns. The primary function of contributions from the towns is improving the strength of the grant application.

Town of Hazelhurst	\$	1,000.00
Town of Lake Tomahawk	\$	1,000.00
Town of Minocqua	\$	50,000.00
Town of Pelican	\$	1,000.00
Town of Schoepke	\$	1,000.00
Town of Sugar Camp	\$	1,000.00
Town of Three Lakes	\$	1,000.00
Town of Crescent	\$	1,000.00
Town of Nokomis	\$	500.00

- BT is proposing a “County-Backed” bond issue. Is this proposed to be an Industrial Development Bond (IDB)? If not, what section of IRS code permits for a tax exempt bond issue for this type of project? The bonds are issued under §66.1103. There was some discussion last year about doing the project as tax-exempt, but the interest rate difference between taxable and tax exempt did not justify the amount of legwork that would have had to have been done (specific authorization from every municipality affected by the project).
- Is the proposal for it to be a Revenue Bond, General Obligation Bond, or a Double-Barreled Bond. The Bonds are conduit industrial revenue bonds to be issued by Fond du Lac County as provided in the Intergovernmental Agreement among FDL County and each Participating County. They are not GO or Double Barreled Bonds. They are not debt of FDL County or any Participating County. Each Participating County’s obligation is limited to the County’s general obligation pledge to replenish their pro rata portion of the Debt Service Reserve Fund (DSRF) if

(1) the Trustee was required to withdraw money from the DSRF to pay principal or interest that the Borrower did not timely pay AND (2) the Borrower and the Corporate Guarantor failed to replenish the DSRF timely.

- Do you have a draft Preliminary Official Statement (POS), Bond Purchase Agreement (BPA) or other document from one of the other 5 counties for the Oneida County team to review? Please see the attached, those being the Bond Purchase Agreement, Limited Offering Memorandum, and Guaranty Agreement (Calumet County, just as an example) from the bonds that were issued in December 2021.
- Are the FA and Counsel retained by BT being paid from the bond proceeds, or a retainer, or a combination of both. Please be specific on the % or \$ fees and if they are dependent on the sizing and timing of a financing. Neither Rebecca Speckhard nor Brian Della was retained by Bug Tussel, both were retained a Participating County (Fond du Lac and Jackson, respectively). They are paid from the bond proceeds, which has been contemplated in the issuance costs. Rebecca has been retained by Wood County in this issuance, as well as her continued involvement with Fond du Lac County.
- Is BT proposing that any real or personal property acquired via these bond proceeds / projects be exempt (or abated) from applicable taxes, if so what involvement does the State have in that process? No. The assets will be taxed in the ordinary course.
- Other than the assumed pledge of the real or personal property acquired via this project, what other BT-owned (or parent-company owned) assets is BT proposing to pledge as a security for the proposed bond issue? There is a pledge of the membership units to which the bonds will be issued, Bug Tussel 1, LLC, by Bug Tussel's parent company, Hilbert Communications. Hilbert also enters into a Guaranty Agreement with each Participating County.
- Given the federal Relief dollars requested, federal grant applied for, and potential use of tax-exempt bond proceeds, does BT have a plan in place to meet any provisions such as prevailing wage, IRS financing limitations, etc.? The grant for which we applied was a state grant, but we will comply with the rules associated for utilization of any federal funds. Other participating counties are utilizing their ARPA funds for portions of this project as well, so it will be a factor for us moving forward.
- If the County does agree to a bond issue – will this be a negotiated sale, competitive sale, or a private placement? Has the underwriting team already been selected? If so, who made that selection and which firms are underwriting? The bonds are underwritten by UBS, selected by Bug Tussel. The December issuance was a competitive sale, but we have been approached for this cycle on some private placement options. At this point my expectation is again a competitive sale, but that has not yet been decided.
- Is BT expecting the County to enact an inducement resolution should the bonds not be fully sold if issued? Procedurally, the inducement resolution is the first of two resolutions which each Participating County must pass to be included in the financing. The inducement resolution is not binding without subsequent action; however, no offering can be made to sell the Bonds unless and until any Participating County to be included in the financing has adopted both resolutions. Upon adoption of the initial resolution, a notice is published to electors allowing a 30-day petition period to require a referendum. This petition almost never happens, but the petition period must pass, and the Final Resolution must be adopted (could be within the 30 days) before any closing could occur. This timing element is critical. The next set of Participating Counties are working through their Initial Resolutions in May and July, with final resolutions set for July. The resolutions become a nullity if Bonds are not issued. Prior to consideration of the Final Resolution, each County will receive copies of all documentation to be approved in the Final Resolution and will be invited to join any calls or request additional information.

- Can you describe the resolution process?

Both resolutions are prepared by our bond counsel, in cooperation with Rebecca Speckhard, of Quarles & Brady, who represents the counties in this project.

The initial resolution is notice resolution. It provides a brief outline of the mechanics of the project, but primarily is for notice. It is not binding on the County in any way, unless the final resolution is passed (which will need to be done in July). The initial resolution needs only to pass by a simple majority and fulfills a statutory obligation to notify the public that the County is evaluating a project that will utilize its debt capacity.

The final resolution is binding on the County, and defines what is going into this issuance. There is a substantial pile of documents included with the final resolution:

- (a) a Preliminary Limited Offering Memorandum;
- (b) a Bond Purchase Agreement by and among UBS Financial Services Inc., as underwriter, and the Issuer, with the Letter of Representations from the Borrower and accepted and agreed to by the Issuer;
- (c) an Indenture of Trust (the "Indenture") by and between the Issuer and U.S. Bank National Association, as trustee (the "Trustee");
- (d) a Loan Agreement (the "Loan Agreement") by and between the Issuer and the Borrower;
- (e) a Promissory Note from the Borrower to the Issuer, and assigned to the Trustee;
- (f) a Reimbursement Agreement from the Borrower to Oneida County and each of the Participating Counties;
- (g) a Facilities Access Agreement from the Borrower to Oneida County and each of the Participating Counties;
- (h) a form of Mortgage or Leasehold Mortgage, Assignment of Leases and Rents, Security Agreement, and Fixture Financing Statement from the Borrower to Iron County and each of the Participating Counties;
- (i) a Continuing Disclosure Agreement;
- (j) a Guaranty Agreement (Hilbert Guaranty) from the Guarantor to Oneida County;
- (k) a Borrower's Closing Certificate;
- (l) an Intergovernmental Agreement; and
- (m) the unconditional County Guaranty from Iron County and the unconditional County Guaranty from each of the Participating Counties.

In short, the final resolution (July) is the County official "opt-in" for the program. As it relates to a debt transaction, it requires a 3/4 approval. Once all of the final resolutions are passed, the bonds go to market.

- What will be the down load speed of the internet for the people who are connected directly to the fiber?

Residential customers will be able to connect at speeds up to 1Gbps download / 1 Gbps upload for \$99.99 per month, or 200Mbps download/200Mbps upload for \$62.50 per month. It is likely other options will be available, but those are the two price points we have committed to at this point.

- What will that speed be off the towers at different distances from them. Like out to 1 mile, out 2 miles 3,4,5,6,7,8.

The fixed wireless technology we will use in Oneida County is predominantly driven by line of sight, and distance should not play much of a role, if any, available in speeds. The primary package we will offer from the towers constructed is 25Mbps download/5Mbps upload for \$49.99 per month.

- **Additional Bond Notes:**

- Although the bonds are issued in a group, each County's obligation is limited to the money spent in the County, which is that County's pro-rata share of the bonds. The debt service reserve fund will be one years' worth of payments on the bonds. Hilbert has responsibility for maintaining the reserve fund.
- Hilbert Communications is the primary guarantor on all the debt. Any default puts the entire company on the line, so the Oneida County project could not be selectively defaulted.
- Everything incident to this program is done wholistically and divided among the County on a pro-rata basis. All the bonds are pooled together and sold in their totality, so Oneida County subscriber revenue will not be the only thing contributing to the assets related to Oneida County's portion of the bonds. Likely, the Counties that are earlier in the process, like Marathon, are going to generate the lion's share of the revenue early on because they will have customers before Oneida County's projects even begin. All that revenue is committed to the bond payments, no matter where those bonds funds were deployed.