AzulStar Inc. submitted applications as AzulStar Inc. MetraMAX GR LLC and AzulStar Mobile LLC for consideration and has provided the following comments for review:

I. The Application and Review Process

A. *Streamlining the Applications.*

Possibly incorporate the necessary statutory waivers and legal documents in the due diligence phase of the application process or put these documents on the web application and force user to agree to the terms and conditions or fill out a digital version of the form and require signed copies during the due diligence phase of the application. If these are not options, the front end server network would have to be reviewed to ensure enough power was available based on the volume received during the first round.

In Michigan, our firm worked closely with the State IT Dept. to discuss overlap of interests as we submitted an infrastructure bid but spoke with the public computer center and sustainable broadband adoption projects to work together and incorporate efficiencies. The State also had different companies that had competing applications to have conversation about partnership or collaborative opportunities to maximize each other's strengths and allow for one use of funds in a given geography. Promotion of a State Dept. willing to participate would be a way to have these entities work together to strengthen their proposals and ensure mutual benefit of funds awarded.

1. *New Entities.*

Fostering newly created entities is very important in terms of the projects within the guidelines of the application to leverage intellectual property and potential shared assets and resources. That being said, it is also important to qualify these entities to ensure that they have the financial means and fiscal responsibility to complete a project of the desired scope with efficiency and integrity. Use firms or individuals included in the new entity's previous financial statements or wealth. Possibly place more emphasis on other qualifiers such as relevant projects completed and project references.

2. *Consortiums and Public-Private Partnerships.*

Consider adding more points in the application for those that have included community endorsement and collaboration of the project. This will promote more local discuss between the private and public sectors and ensure that local needs are met along with federal goals. Some communities have put our RFPs to help with an application for their community to choose a good local partner.

3. *Specification of Service Areas*

Shrinking the census block data would be a significant improvement to the application. The census block data was quite burdensome and required many man hours to complete. The census data set was very large and required significant research to determine the appropriate results. A map of each state that allowed a user to click on the areas by census block would be a

suggestion or including the data sets by city or county in a drop down box on the census data screen would work as well.

4. *Relationship between BIP and BTOP.*

Applications should be sent directly to NTIA and RUS concurrently and let each entity review them and award the allocated funds appropriated to them. Once applications are approved, possibly exchange the potential approvals with the agencies for comments and review of suggested approvals. This could shorten the timelines by getting the applications to each agency for review immediately upon submittal. Without full comprehension of neither federal agency relationships nor coordinated work efforts, another suggestion would be to create a joint program with resources from both NTIA and RUS review applications together.

All projects that create new revenue from federal funding should require some type of grant/loan mix based on the business model provided. This could reduce the all grant or all loan scenarios unless 100% loans are desired by the applicant.

B. *Transparency and Confidentiality*

Coverage maps should be included and more details relating to the overview of the project can be provided. However, design documents, financials and intellectual property should be protected.

C. *Outreach and Support.*

Overall the support was very good, considering the huge volume of applications. Live chat would be a welcome addition as most questions require quick clarification that can be done during chat.

D. *NTIA Expert Review Process.*

Most of the applicants are the experts in the field of the projects and could provide the best input. However, using these applicants would create a significant conflict of interest. Gage the interest of the State level participation and try and leverage State resources where projects are located as they know the State needs and geography best. Even though there has been push back from some states, the majority of states would be interested in participating as they have a stake in this process as well. Using federal staff would be best especially if federal staff is capable of understanding the broadband environment.

II. Policy Issues Addressed in the NOFA 5

A. *Funding Priorities and Objectives.*

The funds have been distributed appropriately for the three projects and the suggestions in this paragraph seem very amenable. More community collaboration and commitment is always desireable.

1. *Middle Mile "Comprehensive Community" Projects*

Middle Mile projects are excellent but very costly and seem to serve public institutions rather than the local community. It is every State or geography's desire to have wireline connectivity among all its locations but that does not necessarily serve the individual in terms of personal connectivity. There are many benefits to middle mile in terms of efficiencies and availability of large broadband pipes but it is up to the agencies to decide if that is more important than connectivity to households and businesses.

2. *Economic Development*.

The impact of having broadband available to all people has been exhaustively proven as critical for advancement of our people and society and additional studies are unnecessary. It is difficult to gage how much innovation and creativity will come from the availability of broadband but it has become a vital utility for all Americans. Leveraging state and community involvement is a great strategy. Creating partnerships in areas with private entities that collaborate with public government can ensure that the needs are met. Also, more collaboration will help prevent collusion and with community involvement will ensure that the goals of the project are met. States or regions with high unemployment should be given additional consideration as these projects can create new jobs locally to help offset some of the set-backs experienced by certain States.

3. *Targeted Populations.*

Create a separate fund for tribal communities or award additional points for covering tribal communities.

4. *Other Changes.*

Satellite has proven to be an unreliable form of broadband communication and very costly. Satellite creates a mini-monopoly in areas where there is not broadband available other than dial up. The agencies have given a proper assessment of the use of satellite technologies and no additional funds should be awarded towards its further implementation.

B. *Program Definitions.*

It was difficult to find the information available to validate 100% that an area is unserved or underserved. Best efforts and public comment provide a very good indication of the areas that are unserved and underserved and the 50 mile RUS definition still seems like as fair measure. A national study of broadband availability would have been helpful but would take years and be very costly to complete.

C. *Public Notice of Service Areas.*

Have the disputed communities get involved to validate or substantiate whether reliable and affordable service is available for all residents in an area.

D. *Interconnection and Nondiscrimination Requirements.*

Interconnection and nondiscrimination is a huge debate topic currently and will take time to sort out. As an operator, we prefer to manage the network with our own discretion as we must maintain the network integrity at all times, not the litigators.

E. *Sale of Project Assets.*

Put a shorter timeline on when a sale can be completed (say one to five years after completion) and force all loans to be paid back out of the profits of sale and possibly create some type of incentive for holding on to the assets longer.

F. *Cost Effectiveness.*

Cost per household covered is an excellent measure of value in most cases but in extreme cases that number will be skewed. In difficult terrain, wireless should be utilized as it is the most cost effective versus wireline. With a definitive number of funds available, it is up to the agencies to determine how to get the "most bang" for their buck.

Thank you for providing a forum for comments and please feel free to contact AzulStar:

Chris Borek
VP Corporate Development
616.843.1040
chrisb@azulstar.com