

## **Broadband USA Applications Database**

**Applicant Name:** insideMyCity, LLC

**Project Title:** insideMyCity-Gateway To Rural America

**Project Type:** Last Mile Non-Remote

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### **Executive Summary**

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insideMyCity, Gateway To Rural America- Congress recently passed legislation for American Reinvestment and Recovery (ARRA). Part of that initiative is the development of Broadband Telecommunications in rural areas to provide economic stimulus, add jobs and level the playing field for broadband services between rural and urban areas. insideMyCity is acutely aware of the stimulus package and its objectives. Attached in the supporting information is a copy of an Economic Impact Study that was compiled for John Podesta and his transition team and spells out the long term goals of insideMyCity and the economic impact of a rural telephone company operating in eight (80) small rural markets across 4 states. As you will see, we have created an application that is only requesting a loan for the required capital to start in 11 markets, and then we will launch the balance of the markets out of cash flow. Based on meeting those objectives, we are positioning an approach for rural Broadband Telecommunications that provides wireless connectivity to rural communities while adding sustainable jobs, not in urban areas, but rather the areas we service in rural America. Jobs would be created in technology, construction, sales, field services and many others as well as contract employees that would be required to get the company in the beginning stages. Our plan has been carefully thought out to provide enhanced broadband services into rural America while adding economic stimulus into rural America. Furthermore, this approach has been discussed with Senators, Congressman and other policy makers throughout the country and they are willing to endorse our course of action into rural America. With an award of this Loan application, insideMyCity will complete the process of creating a CLEC that is focused on Rural America. Our first deployment of 11 rural markets and 2 aggregation markets in Texas qualifies for approximately \$6.5 million US dollars in eligible costs, make available enhanced broadband services and unified messaging to over 8,000 households, increase efficiency to nearly 1,600 businesses, provide enhanced public services to 22 strategic institutions and potentially change the lives of nearly 15,000 subscribers. More importantly, we will create approximately 64 full time jobs located in the rural markets we serve supporting our 11 markets, over 375 jobs supporting 80 markets when we are complete. Additionally, our operations center will not be located in a large urban area or overseas, but most likely in one of our serving tandem markets, thus keeping the job stimulus within the geographical boundaries in which it was intended. With insideMyCity being designated a CLEC, we have the unique ability to provide other services to larger carriers that will help in moving to profitability sooner, and almost guaranteeing a sustainable business in each rural market we serve. As of the time of filing this application, we have termination contracts that we will begin to service that will add \$6.0 million dollars worth of net cash flow each year to the rural markets and will allow insideMyCity to be profitable within 4 month of delivering our first high speed circuit. As with the rest of the world, demand for enhanced

broadband services in rural America continues to grow. However, this growth has been severely hampered by the lack of competition within these rural markets. It has been demonstrated in any number of markets that competitive entries of new telecom carriers influenced pricing, increased innovation and grew the demand for expanded products and services. The ability of new entrants to push the envelope on price plans, innovative services and exceptional customer service will drive the adoption of increased broadband services resulting in higher subscriber penetration in Rural America. Our proposed markets are not serviced by tier one carriers such as AT&T, Verizon or Qwest nor are there any tier one cable providers such as Charter, Comcast or Time Warner. Rather, these markets are served by small rural telephone companies offering a form of dial-up or DSL to the homes or business. Considering the majority of users are local and these rural communities do not attract a large amount of tourist business, a significant portion of insideMyCity's revenues are based on making a profitable company out of a smaller number of subscribers. Sustainability through Diversification-While insideMyCity's focus is delivering enhanced broadband services to its customers, we know in order to achieve high levels of penetration we must diversify our approach to create a profit center in each market. We have done so by incorporating three key strategic initiatives: growth; retention; and profitability. We intend to implement a Storefront which encompasses several objectives; first to establish a presence to locally engage customers, second to offer additional services to the community such as FedX, UPS and DHL shipping and delivery, and third to provide a POP (Point of Presence) facility for our wireless equipment, monitoring systems as well as serve as a local warehouse. This diverse revenue model means insideMyCity can command a greater percentage of each dollar spent in each market allowing us to establish and maintain a deeper penetration within resulting in maintained profitability and stability. Demographics and Demand-This application proposes to provide alternative products and services for 11 rural markets in 2 geographical regions of Texas. Unlike many of the proposals you will review, insideMyCity excels in the smallest of footprints and creates revenue using a multi-product lineup to ensure sustainability is achieved. Our average market size is 1.64 square miles within the incorporated area. Using our WiMAX disbursement methodology, we can reach a six (6) mile radius from our Storefront located on 'Main Street' in a typical market. This approach provides even the most remote household, farm or ranch residing well outside the city limits to enjoy insideMyCity's products and services. As you will see when reviewing our Census Block coverage areas we can capture remote homes and businesses that will never be reached cost effectively using a typical wired infrastructure or Mesh network system. InsideMyCity's Long-Haul & Dynamic Rural Market WiMax Network-insideMyCity employs a multi-layer Core Network and Backbone Network referred to as a "high capacity communication infrastructure" that connects insideMyCity's primary markets. This core backbone network provides for the exchange of information between different last-mile sub-networks. Additionally, the back-end network is entirely packet-based, and thus is not constrained by the restrictions typically present on a wired circuit switched network. The devices and facilities in the core / backbone networks are IP based switches and routers. The trend is to push the intelligence and decision making out to "access and edge devices" thus keeping the core devices capable of handling high degrees of traffic at a fast rate. As a result, insideMyCity does not incur the high cost of deploying switches in every serving market. The gigabit Ethernet or 1000 Megabit Ethernet technologies are used in insideMyCity's core and backbone facilities which employ data link and network layer technologies such as Ceragon Point-to-Point wireless SONET transport, WiMax "last mile" spectrum, and a technology base

infrastructure employing equipment such as Cisco Routers and Switches together with Taqua 7000xx Class 5 Switching Platforms. FCC Wireless Spectrum License-On July 15, 2008 the Federal Communications Commission issued to insideMyCity, LLC a registered wireless license to operate frequency 3650 – 3700MHz (WIMAX) on a nationwide basis, to include Hawaii, Alaska and US Territories. The license is authorized under call sign WQJB445 and is in effect until 2017. We have also submitted our application to become a Competitive Local Exchange Carrier (“CLEC”) in the state of Texas which is pending approval for the last of 3 qualifying sections which is “financial qualifications” required to deliver services as outlined in the PUC application, which this loan would satisfy. We currently have Carrier Wholesale contracts that can immediately contribute to the company’s early profitability allowing time for our subscriber based business to reach forecasted growth projections. Interconnection and Non-Discrimination-Net neutrality is very important to insideMyCity. As the Provider of the ‘last mile’ to a Subscriber we realize the significant market power we carry and realize a firm stance on public internet issues, not only as it pertains to pricing, but discrimination against certain content, religious or political opinions. We encourage other Wireless Internet providers, or CLEC’s, to reach out to us to execute an Interconnection Agreement or MSA (Master Service Agreement) to avail themselves of insideMyCity’s Sonet transport backbone . Management and Experience- In March of 2008, Scott Aschenbrenner, the then Chief Operating Officer of Winstar Communications, a CLEC that operated as a regulated phone company in 48 U.S. states, left to pursue a vision with several other Winstar Management members. That vision included taking their successful experiences learned at Winstar and launching a true rural based phone company. At Winstar the Management team designed and launched Winstars’ 100% IP network, VoIP digital phone service, Audio and Video Conferencing platform as well as other IP based products and services. With over 110 years of combined telecommunications and Information Technology experience, the management team has the required credentials to design and implement its vision into rural America to become a leader of rural based products, services and community involvement.