



**Broadband Infrastructure Application
Submission to RUS (BIP) and NTIA (BTOP)**

Submitted Date: 8/19/2009 6:40:57 PM	Easygrants ID: 73
Funding Opportunity: Broadband Initiatives Program and Broadband Technology Opportunities Program	Applicant Organization: South Dakota Network, LLC
Task: Submit Application - Infrastructure Programs	Applicant Name: Mr. Mark Shlanta

Uploads

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42) Pg-35 - Step 2 Form -BIP ONLY- Service Metric
02) Q-16. Census Block Coverage Waiver Request
04) Q-20. Attachment B - Middle Mile Offerings
05) Q-21. Attachment C - Competitor Tables
08) Q-30. Network Diagram
09) Q-31. Attachment D - Engineer Certification*
10) Q-34. Attachment E - Build-Out Timeline
11) Q-37. Management Team Resumes
12) Q-39. Organization Chart
13) Q-40. Attachment F - Legal Opinion*
14) Q-41. Government and Other Key Partnerships



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14) Q-41. Government and Other Key Partnerships
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14) Q-41. Government and Other Key Partnerships
15) Q-44. JOINT APPS ONLY: Additional Budget
15) Q-44. JOINT APPS ONLY: Additional Budget
16) Q-45. Attachment G - Detailed Project Cost
17) Q-47. Historical Financial Statements
17) Q-47. Historical Financial Statements
17) Q-47. Historical Financial Statements
17) Q-47. Historical Financial Statements
17) Q-47. Historical Financial Statements
18) Q-48. Attachment H - Subscriber Estimates



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21) Q-50. Attachment K - Income Statement
22) Q-50. Attachment L - Balance Sheet
23) Q-50. Attachment M - Statement of Cash Flows
24) Q-50. Financial Assumptions
26) Pg-22. BTOP ONLY Certification Requirements*
27) Pg-23. BTOP ONLY Att. N - Assur-Construction*
28) Pg-24. BTOP ONLY Attachment O - Lobbying*
29) Pg-25. BTOP ONLY Attachment P - Disclosure*
30) Pg-26. BTOP ONLY Attachment Q - Lobbying*
43) Supplemental Information 1
44) Supplemental Information 2

To preserve the integrity of the uploaded document, headers, footers and page numbers have not been added by the system

Not applicable to this project.

16. Coverage Wavier

This project is not involved with the last mile of connectivity. The emphasis is on middle mile spans and reaching community anchor institutions. In each census block, the coverage of the project is to directly link to community anchor attractions. Other parts of the census block such as private homes will be left for end-point service by SDN owner companies and cooperatives that link to the middle mile spans.

Attachment B – Proposed Middle Mile Service Offerings

Please complete the table below describing the service offerings that will be available indicating the bandwidth packages, the distance band (length of the network section) or point-to-point (geographical end points) of the specific package, the minimum peak load bandwidth that is available on the route, and the monthly or yearly pricing for the services. The chart may be adapted to adequately describe the service offerings of the project as long as the information described is included. If different packages will be available based on the area that will be receiving the benefits, then separate charts should be developed indicating which are the services for each area.

Service Offering	Distance Band or Point to Point	Minimum Peak Load Network Bandwidth Capacity (Mbps)	Monthly/Yearly Pricing (\$)	Other
5Mbps	Point to Point / Point to Multipoint	N/A	\$800	
10Mbps	Point to Point / Point to Multipoint	N/A	\$1,400	
15Mbps	Point to Point / Point to Multipoint	N/A	\$2,400	
20Mbps	Point to Point / Point to Multipoint	N/A	\$4,000	

ATTACHMENT C – COMPETITOR TABLE – LAST MILE

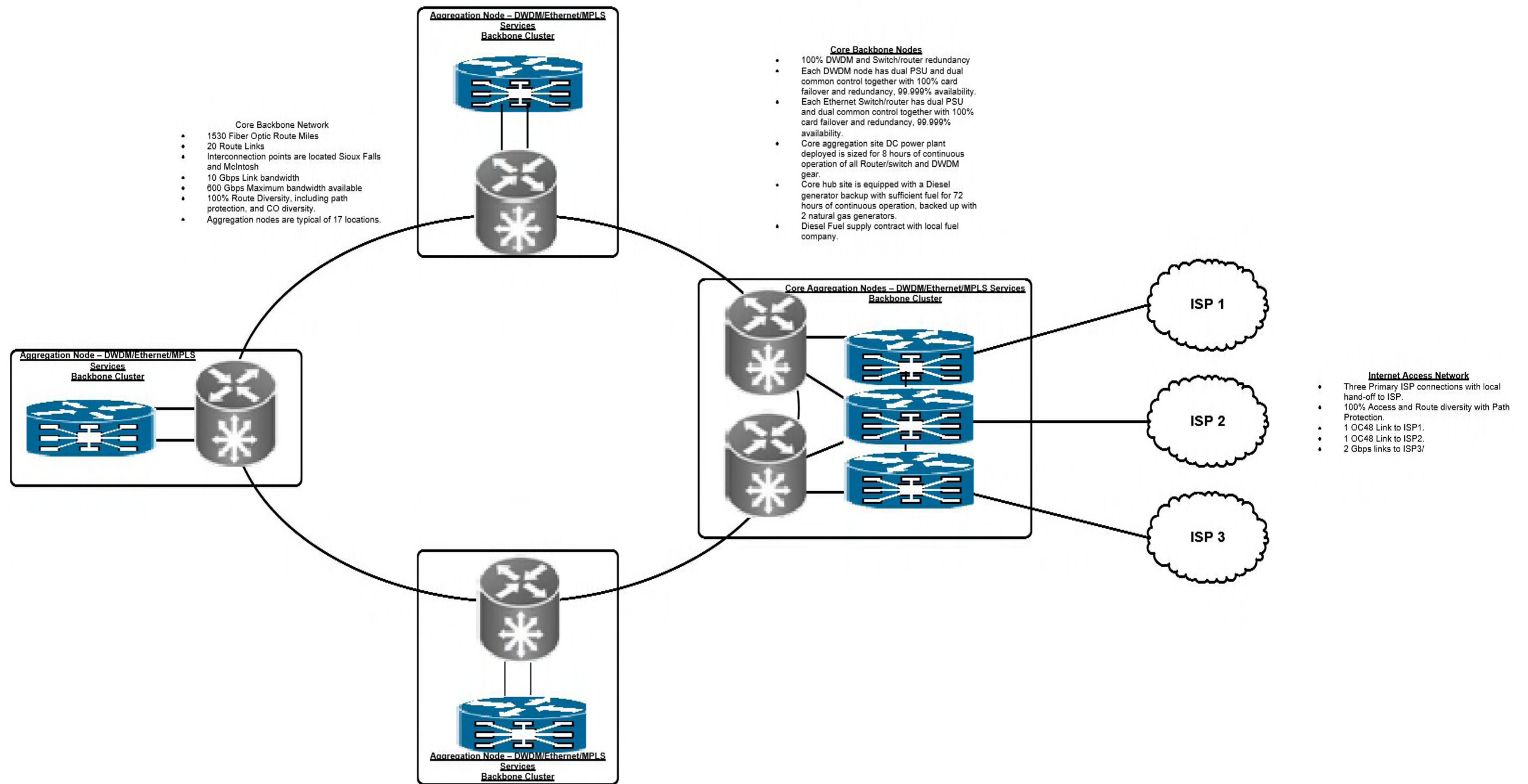
Existing Last Mile Broadband Service Providers and Services Offered: Please complete a table describing the competing last mile providers’ broadband service offerings being advertised in each proposed funded service area (BIP applicants should complete this table for each census designated community within the proposed funded service area) . For each competitor, explain the following: a) technology; b) service tiers; c) advertised speeds for residential and business; d) pricing. Include any other comments to explain your findings, if necessary.


<Applicant Service Area Name>								
Service Area	Last Mile Services Provider	Technology Platform	Service Tier	Advertised Residential Offering		Advertised Business Offering		Other Comments
				Downstream Speed (Mbps)	Price	Downstream Speed (Mbps)	Price	
Service Area 1/ Census community 1	Provider A		Entry Level Plan					
			Highest Speed Plan					
			Other Plans (e.g., Mid-Tier Plan)					
	Provider B		Entry Level Plan					
			Highest Speed Plan					
			Other Plans (e.g., Mid-Tier Plan)					
Service Area 2/ Census community 2	Provider A	Entry Level Plan						
		Highest Speed Plan						
		Other Plans (e.g., Mid-Tier Plan)						
	Provider B	Entry Level Plan						
		Highest Speed Plan						
		Other Plans (e.g., Mid-Tier Plan)						

ATTACHMENT C – COMPETITOR TABLE – MIDDLE MILE

Existing Middle Mile Broadband Service Providers and Services Offered: Please complete a table describing the competing middle mile providers’ broadband service offerings being advertised in the last mile service areas associated with the proposed middle mile project. **For BIP**, please provide this information for each census designated community within each last mile service area. For each competitor, explain the following: a) technology; b) service tiers; c) point-to-point of the competitor’s service offering; d) speed; and e) pricing. Include any other comments to explain your findings if necessary.

<Applicant Service Area Name>							
Service Area	Middle Mile Services Provider	Technology Platform	Service Tier	Point-to-Point	Minimum Peak Load Network Bandwidth Capacity	Pricing	Other Comments
McIntosh	Qwest Communications	Copper	Not Advertised	yes		Not Advertised	
Sioux Falls	Qwest Communications	Copper	Not Advertised	yes		Not Advertised	
	Midcontinent Communications	Fiber	Lowest: Optical X Highest: Wavelength	Yes		Not Advertised	
	Knology	Fiber	Lowest: DS1 Highest: Ethernet	Yes		Not Advertised	



 <p>PRIVATE/PROPRIETARY: Contains private and/or proprietary information. May not be used or disclosed outside of SDN Communications except pursuant to a written agreement.</p>	PROJECT SDN Statewide Carrier Ethernet Network	
	DOCUMENT TITLE Ethernet Topology Layout	
	AUTHOR sdn engineering	DATE 8/13/2009
	VERSION 2009_08_13	PAGE 2

Network Design and Implementation Plan Certification (to be complete for projects requesting more than \$1 million in federal assistance)

**U.S. Department of Agriculture and U.S. Department of Commerce
BIP and BTOP Program**

We the undersigned, certify that the proposed broadband system will work as described in the System Design and Network Diagram sections, and can deliver the proposed services outlined in the Service Offerings Section. Moreover, the system, as designed, can meet the proposed build-out timeframe based on the resources designated in Project Viability Section, and will be substantially complete in two years, and complete within three years.

8/13/09

(Date)

Mr. Shlanta

(Authorized Representative's Signature)

Mark S. Shlanta

Name:

Chief Executive Officer

Title:

8/12/09

(Date)

Wade A. Ziegeldorf

(Certifying Engineer's Signature)

Wade A. Ziegeldorf

Name:

Engineering Staff Manager

Title:



Please see
Supplemental
Information 1
for a readable version
of Attachment E –
Project Plan and Build
Out Schedule.

Year 3	Qtr. 1	For year 3 projects: Stake and confirm initial OSP design. Confirm site requirements. Finalize BOM and procure equipment.	Time line and projected costs are based on similar projects in the areas where the work is to be completed. OSP scheduling is based upon typical construction season for the area.
	Qtr 2	Begin Year 3 OSP construction	Time line and projected costs are based on similar projects in the areas where the work is to be completed. OSP scheduling is based upon typical construction season for the area.
	Qtr 2	Complete OSP testing and acceptance as construction is completed.	Time line and projected costs are based on similar projects in the areas where the work is to be completed. OSP scheduling is based upon typical construction season for the area.
	Qtr 3	Complete OSP testing and acceptance as construction is completed.	Time line and projected costs are based on similar projects in the areas where the work is to be completed. OSP scheduling is based upon typical construction season for the area.
	Qtr 3	Continue and complete Year 2 OSP construction	Time line and projected costs are based on similar projects in the areas where the work is to be completed. OSP scheduling is based upon typical construction season for the area.
	Qtr 4	Final testing, cleanup and project completion.	Time line and projected costs are based on similar projects in the areas where the work is to be completed. OSP scheduling is based upon typical construction season for the area.

Notes:

Year one projects include: last mile fiber builds in Sioux Falls area, Rapid City area, West River area, Southeast area, Aberdeen area, Midland area, Bison area, Bonesteel, Brooking .

Year two projects include last mile fiber builds in the Northeast area, and Central area and Southeast area.

Year 1 Areas
Sioux Falls
Rapid City
West River
Southeast
Aberdeen
Brookings
Watertown
Mitchell
Pierre

Year 2 Areas
Northeast
Central
Yankton
Huron
Vermillion
Spearfish
Madison
Sturgis
Brandon
Belle Fourche
Hot Springs
Milbank
Moabridge
Winnier
Canton

Attachment E: Key Challenges

The following items are the potential challenges to completing the project according to the projected timeline.

--Weather and plant conditions. A majority of this project is OSP construction and has to be completed as conditions permit. If delays are experienced additional crews and resources may be assigned to the project. Certain tasks are required to complete in sequential order. This and additional resource costs could cause schedule slippage.

--Lack of availability of materials and equipment. Material lead-times and prices fluctuate with demand. There is a concern with the magnitude of projects potentially starting at the same time, due to the ARRA program, that domestic resources of materials and equipment will become scarce. Timely material procurement and alternate sourcing may help mitigate this problem.

--Timely release of funds is required to maintain financial commitments to suppliers and keep the required material and resources flowing.

Management Team

The SDN Communications management team is comprised of seven individuals. Mark Shlanta, CEO, has worked for over 20 years in telecommunications. He is a registered professional engineer. Six key staff report directly to him. Three managers directing Network Operations and Planning, Commercial Sales, Product Development, Network Pricing and Provisioning have a combined xx years of continuous work in telecommunications. They each have broad based experiences in adapting to the constantly changing technology of telecommunications. The Director of Business Development is licensed to practice law in South Dakota. He has expertise in transactional, federal and state regulatory and telecommunications law and is an arbitrator with the American Arbitration Association.

The Director of Corporate Operations is a licensed certified public accountant whose duties are to oversee the financial, human resources and administration departments of SDN. The Marketing and Member Relations director's background is in journalism. He brings to the team experiences in working with the public through a career in news reporting and serving as an elected city official in Sioux Falls, the largest city in South Dakota. All are active and contributing members of their community, serving on a variety of community programs. Six of the seven-team members have been working together for at least seven years.

The upgrading proposed to be completed by Project Connect South Dakota is an example of the operations that this management team works with on a day-to-day basis. SDN's growth and stability can be contributed to the multiple projects that have been successfully managed resulting in a constantly growing customer base. Inherent in growing the customer base is SDN's commitment to bring to that customer the latest in connectivity through Broadband.


An example, the major 2008 project was the REED Network Project, a DWDM network that connected all the public universities in South Dakota as well as the EROS Data Center and the Homestead Mine research center. At each site in this network, there were multiple circuit connections. The REED Project mirrors the goals of Project Connect in accomplishing a statewide upgrade and connection of sites.

One of the primary anchor institutions served in Project Connect are the regions health care providers. The management team has a record of working with this industry almost constantly over the past five years to convert and integrate multiple clinics and hospital, each time increasing connectivity bandwidth.

In summary, each member of the management team of SDN is well qualified in his field. All have years of experience working in the business and a record of accomplishment with SDN. They have bought into the community where they live and provide a stable leadership group to move any business plan of SDN forward.

Mark S. Shlanta

2900 W. 10th Street
Sioux Falls, SD 57104
(605) 978-3590 (O)
(605) 334-4782 (F)



Professional Experience

2000 to present Chief Executive Officer-South Dakota Network, LLC

Sioux Falls, SD

- Oversee the complete operation of South Dakota Network, LLC
- Direct reports include:
 - Director-Corporate Operations
 - Director-Network Operations and Planning
 - Director-Information Technology and Product Development
 - Director-Business Development
 - Sr. Manager-Network Provisioning
 - Manager-Marketing and Member Relations
- Maintain communication with Board of Managers and SDN Ownership

1998 to 2000

Director Network Planning and Operations-South Dakota Network, Inc.

Sioux Falls, SD

- Oversaw the planning for future and current technologies
- Ensured that sufficient network capacity was in place to support the needs of SDN, it owners and external customers

1997 to 1998

Director Network Planning and Optimization-McLeod USA, Inc.

St. Louis, MO

1994 to 1997

Engineer-Network Facilities-Ameritech Cellular

St. Louis, MO

1988 to 1994

Outside Plant Engineer-GTE of Missouri (formerly Contel of Missouri, currently Century Telephone of Missouri), Wentzville, MO

Education

1988 to 1991

Master of Science-Engineering Management

University of Missouri-Rolla

Rolla, MO

1983 to 1988

Bachelor of Science-Mechanical Engineering

Minor-Communications

University of Missouri-Rolla

Rolla, MO

Professional Licenses

1993 to present

Registered Professional Engineer (PE)-State of Missouri

License Number-025687

Civic and Personal Interests

2002 – present

Sioux Falls Development Foundation Board

2005 – present

Sioux Council of the Boy Scouts of America Board

2003 – 2008

Junior Achievement of South Dakota – Sioux Empire Board

Vernon Brown
Marketing Manager
SDN Communications
2900 W. 10th St.
Sioux Falls, SD 57104

vernon.brown@sdncommunications.com

605.978.3592 - Office

Experience

- 2002 – present **Marketing & Member Relations Manager**, SDN Communications
- Lead SDN's branding and marketing efforts
 - Coordinate public, community, and government relations
 - Facilitate marketing requests from SDN's Member Companies
 - Supervise two marketing specialists and an intern
 - Manage the annual marketing/advertising budget
- 2004 – present **Sioux Falls City Councilor**, at large, elected in 2004 and 2008 (part time)
- Develop, analyze, vote on city government policy
 - Vote on budget adoption and appropriation
 - Respond to constituent communication
- 1990 – 2002 **Reporter**, KELO-TV – Sioux Falls CBS affiliate, ranked #1 in Nielsen ratings
- Developed story ideas into on-air live or taped story packages
 - Focused largely on local, state and national government stories
 - Edited video packages
 - Anchored and produced live news shows
- 1989 – 1990 **Stringer Reporter**, *Argus Leader* – Sioux Falls, daily newspaper (part time)
- Developed story ideas into printable stories for South Dakota's largest daily newspaper
 - Focused on stories from the Brookings, SD region

Education

- 2003 – 2004 **Master of Business Administration** (partial)
University of Sioux Falls, Sioux Falls, SD
- Suspended coursework after elected to Sioux Falls City Council
- 1986 – 1990 **Bachelor of Arts, Journalism**
South Dakota State University, Brookings, SD

Other Interests

- 2006 – Present **South Dakota Municipal League**, vice president and incoming president
- 2005 – Present **Southeastern Council of Governments**, secretary/treasurer
- 2006 – Present **Homeless Advisory Board**, Sioux Falls City Council representative
- 2006 – 2008 **Dakota Business Finance**, president and vice president

Tom Durfee

2900 W. 10th Street
Sioux Falls, South Dakota 57104
(605) 978-3581 (O)
(605) 334-0130 (F)

Professional Experience

- 2005 to present Director Network Operations and Planning – South Dakota Network, LLC
Sioux Falls, SD
- Oversee the planning for future and current network technologies
 - Ensure sufficient network capacity is in place to support the needs of SDN, its owners and external customers.
 - Direct reports include:
 - Sr. Manager Network Operations
 - Sr. Manager Switching Operations
 - Manager – Network Engineering
 - Supervisor – Outside Plant Engineering
- 2002 – 2005 Network Engineer – South Dakota Network, LLC
- Responsible for network capacity planning
 - Recommendation or new equipment purchases
 - Project management for network installations
 - Business case analysis for network growth and new technologies
- 1995 to 2002 Vice President of Operations – RevCom, Inc – Dallas, TX
- In charge of project management, engineering, integration and installation teams
 - Sales and engineering support
 - Design and engineer of cellular, data, voice, digital video and analog video terminals.
 - Worked directly with customers to develop their requirements and give best solutions to fit their needs.
- 1993 to 1995 Sr. Project Manager – IDB Systems – Carrollton, TX
- In charge of team of 6 project managers, integration and installation personnel
 - Manger of multiple projects
 - Design and engineer of data and video earth stations
- 1992 to 1993 Manager Equipment Integration – IDB Systems – Carrollton, TX

Education

1988 to 1990 Telecommunications / Satellite Communications
Mitchell Technical Institute
Mitchell, SD

Civic and Personal Interests

2002 – Present Sioux Council of the Boy Scouts of America volunteer
2004 – Present Junior Achievement of South Dakota volunteer

William P. Heaston
2900 West 10th Street
Sioux Falls, South Dakota 57104
Tel: (605) 978-3596

bill.heaston@sdcncommunications.com

Position. Director of Business Development
South Dakota Network, LLC dba SDN Communications

Experience. As the Director of Business Development since 2008, Bill provides advice and support to SDN for regulatory, legal and significant customer issues. He is licensed to practice law in South Dakota, Nebraska, Minnesota, and Colorado, and before the 8th Circuit Court of Appeals and United States Supreme Court. He is a member of the Federal Communications Bar Association.

Before SDN, Bill spent 21 years in the Army Judge Advocate General's Corps (JAG) as a trial and appellate advocate and provided advice to senior staff and commanders on military, environmental, government contracting, administrative, law of war, and military installation law. He spent 4 years on the Staff and Faculty of the United States Military Academy teaching constitutional, military, operational and business law to cadets in their third and fourth year at the Academy.

In 1986 Bill retired from the Army and for the next 22 years provided legal advice and support for US West (Senior Attorney), DTG (General Counsel), McLeodUSA (Deputy General Counsel), PrairieWave (General Counsel) and Knology (Counsel). He is an experienced trial and appellate advocate and has expertise in transactional, federal and state regulatory and telecommunications law.

Education: Bill has Bachelor of Arts and Juris Doctor degrees from Creighton University and a Master of Laws degree from New York University. He is a graduate of the Army's Command and General Staff College.

Other. He is an arbitrator with the American Arbitration Association and a qualified arbitrator and mediator in Minnesota. Bill serves as the president of the Worthing Olde Towne Dinner Theatre board and works with the Sudanese Lost Boys community in Sioux Falls.

J. Michael Kedik



Professional Experience

Director of Commercial Sales / Product Development, SDN Communications, Sioux Falls SD – 9/02 to Present
Directed Six Departments - Commercial Sales, Pricing, Application Development, Product Development, Corporate IT and Network Surveillance Center

Central Region Area Manager, Syntellect Inc., Sioux Falls, SD – 9/01 to 9/02
Manager of Sales and Implementations for speech recognized Interactive Media Response Technology

Vice President, Information Technology, CAPITAL Card Services Inc., Sioux Falls, SD – 4/99 to 9/01
Executive Committee member of start-up credit card processing company with a full service call center.

Manager, Computing Services, Wells Fargo, NA, Sioux Falls, SD - 2/97 to 4/99
Managed all aspects of end-user software and hardware support and network infrastructure needs.

Senior Network Technical Consultant, SSA, Inc., Holliston, MA – 3/96 to 2/97
Sourced, researched, and implemented networking and connectivity solutions in client server computing environment.

LAN Manager, SPS Payment Systems, Sioux Falls, SD – 8/92 to 3/96
Managed all aspects of end-user software and hardware support and network infrastructure needs.

Manager of Business Information, Ultraviolet LID, Lexington, KY – 5/91 to 6/92
Managed all aspects of end-user software and hardware support and network infrastructure needs.

Senior Systems Consultant, ValCom Computer Center, Sioux Falls, SD – 4/89 to 5/92

Achievements

- Wells Fargo Best Shot - Awarded 6 times
- Wells Fargo Service Excellence Award
- ValCom Circle of Excellence 1990 (Awarded to top 100 consultants nationally)
- Sales and Marketing Executives - Distinguished Sales Award – Received three consecutive years
- Sales and Marketing Executives – Outstanding Sales Director Finalist

Community Involvement

- ABA youth basketball coach
- Junior Achievement Classroom Consultant
- South Dakota Junior Achievement Board of Directors Member

Education

- Indiana University 1986
- South Dakota State University 1986-1989, 1991-1992

Mark G. Shaw

(605)978-3573 (O)

Professional Experience

- 2004 – Present SOUTH DAKOTA NETWORK, LLC, Sioux Falls SD
Senior Manager Network Pricing and Provisioning
- Responsible for price and design of our own leased network capacity and to assist in creating pricing for our Wholesale services.
 - Responsible for the design of DS0, DS1, DS3, and OC-n level circuits, as well as Frame Relay, ATM, Ethernet, and MPLS services using our own and vendor provided facilities.
- 2001 – 2004 OSP Engineer/Project Manager
- Engineered fiber construction projects
 - Contracted directly with vendors and acted as project manager for all fiber construction and splicing.
- 1998 – 2001 Provisioning Engineer
- Designed voice and data circuits through the network. Coordinated efforts of outside vendors and operations to ensure a timely installation to include placing orders or ASRs with ILECs or IXCs.
- 1997 – 1998 CABLE AND WIRELESS USA, Akron OH
- Installed, tested and repaired digital and analog data circuits, long-haul transmission services and dedicated voice trunks. DMS 250 experience.
- 1996 – 1997 MCI, Cleveland OH
- Installed, tested and repaired digital and analog data circuits, long haul transmission services and dedicated voice trunks. DMS 250 experience.
- 1992 – 1996 UNITED STATES AIR FORCE, Fairbanks AK
- Install, maintain and repair single-line phones, electronic key systems and PBX's. Basic DMS 100 experience.
 - Honorable Discharge

Education

B.S. Business Administration, Cum Laude, Capella University, June 2005
A.A.S. Electronic Systems Technology, Community College of the Air Force, 1995

Certifications

Project Management Professional, PMI, 2005
Six Sigma Green Belt, Villanova University, 2004

Brad D. Whitsell, CPA
2900 West 10th Street
Sioux Falls, SD 57104
(605) 978-3591 – Office

Professional Experience:

1999 to present *Director of Corporate Operations: South Dakota Network, LLC*
Sioux Falls, SD

Overall duties:

1. Oversee the complete operation of the Finance, Human Resource, and Administration departments.
2. Ensure the overall profitability of the company
3. Review, interpret, and report financial condition of company to CEO and Board of Managers
4. Coordination of cash management and cash investments
5. Coordination of all financing with lending institutions
6. Supervision of and control of accounting systems, internal control policies, and cost accounting controls.
7. Supervise Human Resource department and the related company hiring criteria, employee benefit plans, and personnel policies.
8. Preparation of company long-term strategic plans and budgets

1994 to 1999 *Chief Operating Officer: Sun Mountain Sports*
Missoula, MT

Overall duties:

1. Supervision, direction, and coordination of all departments
2. Directly responsible for 200+ employees
3. Coordination of production and importing to meet sales demand
4. Continual analysis of sales and margins on all products
5. Communication of financial results to President and Board of Directors

1987 to 1994 *Senior Audit Manager: Henry Scholten & Company, CPA's*
Sioux Falls, SD

Overall duties:

1. Planning, coordination, and supervising client audit, review, and compilation engagements.
2. Preparation of tax returns for individuals, trusts, corporations, employee benefit plans, and nonprofit organizations
3. Consulting with client management on financial reporting, accounting systems, and management policies and recommending improvements
4. Appraising client internal control policies and effectiveness

Professional Licenses

1987 to present Certified Public Accountant – State of Iowa and South Dakota
License # - 6238

Civic Interests

2005 to present Chairperson of the City of Sioux Falls Internal Audit Committee

SDN Communications

the business simplification experts



SOUTH DAKOTA NETWORK, LLC
LIST OF SDN SHAREHOLDER COMPANIES

ARMOUR INDEPENDENT TELEPHONE COMPANY
WALL, SD

BERESFORD MUNICIPAL TELEPHONE COMPANY
BERESFORD, SD

BRIDGEWATER/CANISTOTA TELEPHONE COMPANY
BRIDGEWATER, SD

SWIFTEL COMMUNICATIONS
BROOKINGS, SD

CHEYENNE RIVER SIOUX TRIBE TELEPHONE AUTHORITY
EAGLE BUTTE, SD

FAITH MUNICIPAL TELEPHONE COMPANY
FAITH, SD

GOLDEN WEST TELECOMMUNICATIONS
WALL, SD

INTERSTATE TELECOMMUNICATIONS COOPERATIVE
CLEAR LAKE, SD

JAMES VALLEY TELECOMMUNICATIONS
GROTON, SD

LONG LINES
JEFFERSON, SD

MCCOOK COOPERATIVE TELEPHONE COMPANY
SALEM, SD

KENNEBEC TELEPHONE COMPANY
KENNEBEC, SD

MIDSTATE COMMUNICATIONS
KIMBALL, SD

RC COMMUNICATIONS
NEW EFFINGTON, SD

ROBERTS COUNTY TELEPHONE COOPERATIVE

NEW EFFINGTON, SD

SANTEL COMMUNICATIONS COOPERATIVE
WOONSOCKET, SD

ALLIANCE COMMUNICATIONS COOPERATIVE
GARRETSON, SD

SPLITROCK PROPERTIES
GARRETSON, SD

STOCKHOLM STRANDBURG TELEPHONE
CLEAR LAKE, SD

VENTURE COOMUNICATIONS COOPERATIVE
HIGHMORE, SD

VALLEY TELECOMMUNICATIONS COOPERATIVE
WALL, SD

TRICOUNTY TELEPHONE COMPANY
SALEM, SD

UNION TELEPHONE COMPANY
WALL, SD

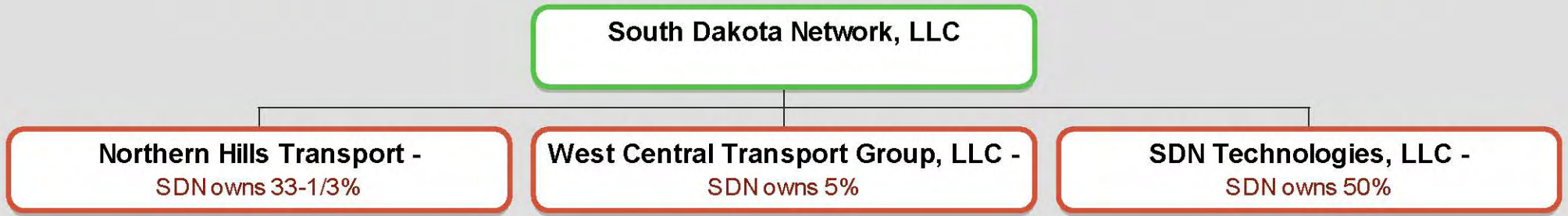
VALLEY TELECOMMUNICATIONS COOPERATIVE
HERREID, SD

WEST RIVER COOPERATIVE TELEPHONE COMPANY
BISON, SD

WEST RIVER TELECOMMUNICATIONS COOPERATIVE
NAZEN, ND

WESTERN TELEPHONE COMPANY
HIGHMORE, SD

SDN COMMUNICATIONS - Subsidiary and Partnership Organizations





Legal Opinion

August 12, 2009

Administrator
Rural Utilities Service
U. S. Department of Agriculture
Washington, DC 20250-1500

Assistant Secretary
National Telecommunications and Information Administration
U. S. Department of Commerce
Washington, DC 20230

RE: American Recovery and Reinvestment Act of 2009
Application for Funds Pursuant to Notice of Funds Availability, dated July 1, 2009

Dear Sir:

I am in-house counsel for the South Dakota Network, LLC (dba SDN Communications) (the "Applicant"). In such capacity I acted as counsel to the Applicant in connection with its ability to apply to the Broadband Initiatives Program and the Broadband Technology Opportunities Program and in review of the grant agreement as referenced in the Notice of Funds Availability.

I am of the opinion that:

(a) the Applicant is a duly organized and existing limited liability company under the laws of South Dakota.

(b) the Applicant has the corporate power: (1) to execute and deliver the grant agreement; and (2) to perform all acts required to be done by it under the said agreement.

(c) no legal proceedings have been instituted or are pending against the Applicant, the outcome of which would adversely affect the Applicant's ability to perform the duties under the grant agreement, and there are no judgments against the Applicant which would adversely affect the Applicant's ability to perform the duties under the grant agreement.

Very truly yours,

William P. Heaston
Its Attorney

August 12, 2009

Dear Committee:

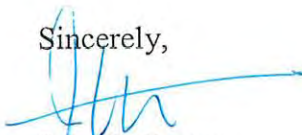
The Avera Health Care System is the result of a century-old commitment by the Benedictine and Presentation sisters to offer high-quality health services to people living in the rural areas and small towns of the Northern Plains. SDN Communications and its ownership – the independent telephone companies of South Dakota – deliver a parallel commitment when it comes to rural communications services. That's why Avera and SDN teamed up years ago to offer sophisticated telemedicine technology and service connecting more than 160 hospitals, clinics, pharmacies and other health-related facilities.

Patients in rural areas with access to telemedicine technology at a local hospital can be close to home and have appointments at their local facility via a broadband consult with their doctor. For those who live in locations without that connection, they must leave their families, drive extraordinarily long distances for care and incur additional out-of-pocket expenses. Our two organizations have made great strides in delivering the best quality healthcare services in rural communities.

Federal funding, such as that available through the American Recovery and Reinvestment Act of 2009 (ARRA), will enable SDN to provide bandwidth at a minimum of 10 Mbps with the electronic components to connect to a diverse, survivable SDN network that allows Avera to continue to modernize its telemedicine capabilities and provide the level of health care the residents of South Dakota expect and deserve.

We at Avera endorse SDN's application for ARRA funds to allow us to fulfill our mission to serve.

Sincerely,



John T. Porter
President and CEO

Congress of the United States

Washington, DC 20510

August 12, 2009

Lawrence E. Strickling
Assistant Secretary for Communications and
Information
Administrator, National Telecommunications
and Information Administration (NTIA)
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

Jonathan Adelstein
Administrator
Rural Utilities Service
U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington, DC 20250

Dear Assistant Secretary Strickling and Administrator Adelstein:


We write in support of SDN Communications' application for broadband funds appropriated to your respective agencies under the American Recovery and Reinvestment Act (ARRA). SDN, of Sioux Falls, SD, would use the requested funds to bring broadband access to unserved and underserved rural populations, in keeping with the purpose of the appropriated funds.

As you know, in this era of rapidly changing information and communications technology, lack of access to broadband now poses a significant impediment to business development, affordable medical care, news distribution, and effective public safety services, among other things. We agree with those who have drawn the analogy between current efforts to extend broadband access and the rural electrification movement of the past. Unfortunately, many of the rural citizens in our state continue to face this impediment of inadequate or non-existent broadband access, and we are hopeful that the funds appropriated to your agencies will help these citizens.

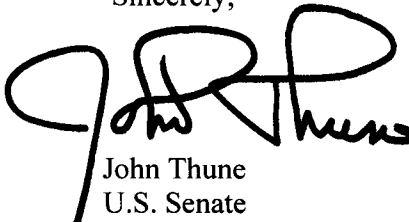
SDN Communications and South Dakota's independent telephone companies are already heavily invested in connecting South Dakotans, but their ability to extend their infrastructure even further is constrained by the availability of affordable capital. The funds requested in its application would complement SDN's network, which already touches more than 400 hospitals, clinics, schools, universities, and government locations. SDN would leverage this existing network to target South Dakota's areas of broadband void, and in so doing, would help to fulfill your agencies' important broadband missions.

Thank you very much for your consideration of this important matter, and please do not hesitate to contact any of us if we can provide you with additional information.

Sincerely,



Tim Johnson
U.S. Senate



John Thune
U.S. Senate



Stephanie Herseth Sandlin
Member of Congress



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Mitchell Technical Institute

821 North Capital • Mitchell, South Dakota 57301 • (800) MTI-1969 • www.mitchelltech.com

August 13, 2009

Mark Shlanta, CEO
SDN Communications
2900 W. 10th Street
Sioux Falls, SD 57104

Dear Mr. Shlanta:

As President of Mitchell Technical Institute, I appreciate your brief on SDN Communications' plan to apply for an ARRA stimulus grant to connect community anchor institutions across our state with scalable, high speed communications connections. These connections will enable the institutions to provide cost effective and vital healthcare, governmental, and educational services to all South Dakotans. I am writing to express my full support for SDN's application for these funds.

In addition to the benefits of scalable, high-speed connections for South Dakota educational institutions like MTI, SDN's application includes a request to fund state-of-the-art equipment additions to our telecom training laboratory. The work force training benefits of adding this equipment to our lab are profound. The benefits include:

- Ongoing, hands-on training for MTI students to properly prepare them for jobs within the South Dakota telecommunications industry
- State-of-the-art equipment to attract top educators and students
- Hands-on, local, retraining for South Dakota telecommunications workforce members (many of whom are MTI graduates employed by SDN and its member owners) on the mission critical equipment carrying the majority of communications traffic for South Dakota's higher education, K-12 education, public safety providers, economic development efforts and state and local government entities

I heartily endorse your application for ARRA stimulus grant funds and look forward to working with you to make this project a reality.

Sincerely,

A handwritten signature in blue ink that reads "G. Von Wald".

Greg Von Wald
President



1305 W 18TH ST
PO BOX 5039
SIOUX FALLS SD 57117-5039
Phone: (605) 333-1000
sanfordhealth.org

Aug. 12, 2009

Dear Committee,

Sanford Health is the largest healthcare system between Denver, CO and Mayo Clinic in Rochester, MN. Based in Sioux Falls, SD, we are an integrated healthcare delivery system consisting of 128 clinics, 23 hospitals, 12 nursing homes and 18 assisted and congregate living facilities. Sanford Health has a broad service area, serving the 80,000 square mile five state region of South Dakota, Iowa, Minnesota, Nebraska and North Dakota. Plus, we have seven research centers, including our flagship Sanford Children's Health Research Center with national and international components focusing on curing Type 1 diabetes.

For years Sanford Health has worked with the South Dakota Network, LLC (dba SDN Communications) ("SDN") to meet the telecommunications and broadband needs of our health care system in South Dakota. The broadband funding available through the American Recovery and Reinvestment Act of 2009 ("ARRA") will enable SDN to upgrade and expand its network to provide fiber optic connectivity and increased bandwidth. Using that network we will be able to provide and improve patient recordkeeping, enhance testing and diagnostic capabilities, and significantly improve responsiveness to doctor and patient needs in our more rural and remote locations in South Dakota. Specifically, SDN will build out its fiber network to provide bandwidth scalable to more than 100 Mbps, and the necessary electronic components to allow our individual South Dakota locations to connect to the main medical care campus through a diverse, survivable SDN network.

The SDN application coincides very nicely with the application that Sanford Health will be submitting under the Public Computer Centers Program. With the funding available through this program we are proposing implementation of a guest wireless network and public computer workstations at each of our community hospitals. SDN will play a pivotal role in our project as we will rely on SDN to provide broadband connections at several of the community hospitals.

SDN delivers on its promises. It is a high-quality organization that would assure the ARRA funds were put to their optimum use. We at Sanford endorse SDN's application and look forward to continuing our partnership to provide broadband services at healthcare facilities.

Sincerely,

Arlyn Broekhuis

Vice President and Chief Information Officer
Sanford Health

44. General Overall Budget For Joint Applications Only:

Please complete the following table only if you are submitting a joint BIP/BTOP Application. Please use the grid on Project Budget Tab in the online system for the BIP budget and then complete the table below for BTOP.

	Loan Request	Grant Request	Equity	Debt	Bonds	Other Funding	Total
Network & Access Equipment (switching, routing, transport, access)	\$0	\$2,979,750	\$744,938	\$0	\$0	\$0	\$3,724,688
Outside Plant (cables, conduits, ducts, poles, towers, repeaters, etc.)	\$0	\$14,001,328	\$3,500,332	\$0	\$0	\$0	\$17,501,660
Buildings and Land – (new construction, improvements, renovations, lease)	\$0	\$560,000	\$140,000	\$0	\$0	\$0	\$700,000
Customer Premise Equipment (modems, set-top boxes, inside wiring, etc.)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Billing and Operational Support Systems (IT systems, software, etc.)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Equipment (vehicles, office equipment, other)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Engineering/ Professional Services (engineering design, project management, consulting, etc.)	\$0	\$3,031,164	\$757,791	\$0	\$0	\$0	\$3,788,955
Testing (network elements, IT system elements, user devices, test generators, lab furnishings, servers/computers, etc.)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Site Preparation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Broadband System	\$0	\$20,572,242	\$5,143,061	\$0	\$0	\$0	\$25,715,303

Not applicable to this project.

Detail of Project Costs

Please complete the table below for the different categories of equipment that will be required for completing the project. Each category should be broken down to the appropriate level for identifying unit cost

SERVICE AREA or COMMON NETWORK FACILITIES:		Eligibility (Yes/No)	Unit Cost	No. of Units	Total Cost	Support of Reasonableness
NETWORK & ACCESS EQUIPMENT						
Switching	none	N/A	0	0	0	
Routing	none	N/A	0	0	0	
Transport	Last Mile Electronics	Yes	\$1,200	305	\$366,000	2008/2009 Project Pricing
	Lab Electronics	Yes	\$860,107	1	\$860,107	2008/2009 Project Pricing
	Middle Mile Electronics	Yes	\$2,287,750	1	\$2,287,750	2008/2009 Project Pricing
Access	none	N/A	0	0	0	
Other	Sales Tax	Yes	\$242,457	1	\$242,457	SD Sales Tax
OUTSIDE PLANT						
Last Mile Cable	Fiber Construction Town	Yes	\$75,000	177.5	\$13,312,500	2008/2009 Project Pricing
	Fiber Construction Rural	Yes	\$15,000	41.5	\$622,500	2008/2009 Project Pricing
Middle Mile Cable	Fiber Construction Town	Yes	\$85,000	9.5	\$807,500	2008/2009 Project Pricing
	Fiber Construction Rural	Yes	\$13,500	131	\$1,768,500	2008/2009 Project Pricing
Ducts	none	N/A	0	0	0	
Poles	none	N/A	0	0	0	
Towers	none	N/A	0	0	0	
Repeaters	none	N/A	0	0	0	
Other	Sales Tax	Yes	\$1,139,260	1	\$1,139,260	SD Sales Tax

SERVICE AREA or COMMON NETWORK FACILITIES:	Eligibility (Yes/No)	Unit Cost	No. of Units	Total Cost	Support of Reasonableness	
BUILDINGS						
New Construction	none	N/A	0	0	0	
Pre-Fab Huts	Huts	Yes	\$120,000	5	\$600,000	2008/2009 Project Pricing
	Land	Yes	\$20,000	5	\$100,000	2008/2009 Project Pricing
Improvements & Renovation	none	N/A	0	0	0	
Other	none	N/A	0	0	0	
CUSTOMER PREMISE EQUIPMENT						
Modems	none	N/A	0	0	0	
Set Top Boxes	none	N/A	0	0	0	
Inside Wiring	none	N/A	0	0	0	
Other	none	N/A	0	0	0	
BILLING SUPPORT AND OPERATIONS SUPPORT SYSTEMS						
Billing Support Systems	none	N/A	0	0	0	
Customer Care Systems	none	N/A	0	0	0	
Other Support	none	N/A	0	0	0	

SERVICE AREA or COMMON NETWORK FACILITIES:		Eligibility (Yes/No)	Unit Cost	No. of Units	Total Cost	Support of Reasonableness
OPERATING EQUIPMENT						
Vehicles	none	N/A	0	0	0	
Office Equipment/ Furniture	none	N/A	0	0	0	
Other	none	N/A	0	0	0	
PROFESSIONAL SERVICES						
Engineering Design	Network Design	Yes	\$527,079	1	\$527,079	2008/2009 Project Pricing
	OSP Design	Yes	\$2,476,650	1	\$2,476,650	2008/2009 Project Pricing
	Building Design	Yes	\$105,000	1	\$105,000	2008/2009 Project Pricing
Project Management	Middle Mile Project Management	Yes	\$90,000	1	\$90,000	2008/2009 Project Pricing
Consulting	Application Preparation	Yes	\$335,000	1	\$335,000	2008/2009 Project Pricing
Other	Legal	Yes	\$75,000	1	\$75,000	2008/2009 Project Pricing
TESTING						
Network Elements	none	N/A	0	0	0	
IT System Elements	none	N/A	0	0	0	
User Devices	none	N/A	0	0	0	
Test Generators	none	N/A	0	0	0	
Lab Furnishings	none	N/A	0	0	0	
Servers/ Computers	none	N/A	0	0	0	
OTHER UPFRONT COSTS						
Site Preparation	none	N/A	0	0	0	
Other	none	N/A	0	0	0	

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Certificate # 2092
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Issue Date: 04/22/1999
Exp Date: 07/31/2010
Phone #: 605-339-1999

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Address: PO Box 5125 Sioux Falls, SD 57117-5125
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Issue Date: 08/12/2004
Exp Date: 07/31/2010
Phone #: 605-339-1999

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Name: Doyle, Kevin
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Certificate #: 760
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**FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

SOUTH DAKOTA NETWORK, LLC

SOUTH DAKOTA NETWORK, LLC

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CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

The Board of Managers
South Dakota Network, LLC

We have audited the accompanying balance sheets of **South Dakota Network, LLC** as of December 31, 2008 and 2007, and the related statements of income, members' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **South Dakota Network, LLC** as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

EideBailly LLP

February 23, 2009
Sioux Falls, South Dakota

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SOUTH DAKOTA NETWORK, LLC
BALANCE SHEETS
DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents		
Certificate of deposit		
Accounts receivable, net of allowance for doubtful accounts		
Accounts receivable - related party		
Prepaid rents		
Other current assets		
Total current assets		
NONCURRENT ASSETS		
Investments in affiliated companies		
Prepaid rents		
Total noncurrent assets		
TELECOMMUNICATIONS PLANT		
In service		
Under construction		
Less accumulated depreciation and amortization		
Total telecommunications plant - net		

See Notes to Financial Statements

2008

2007

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES

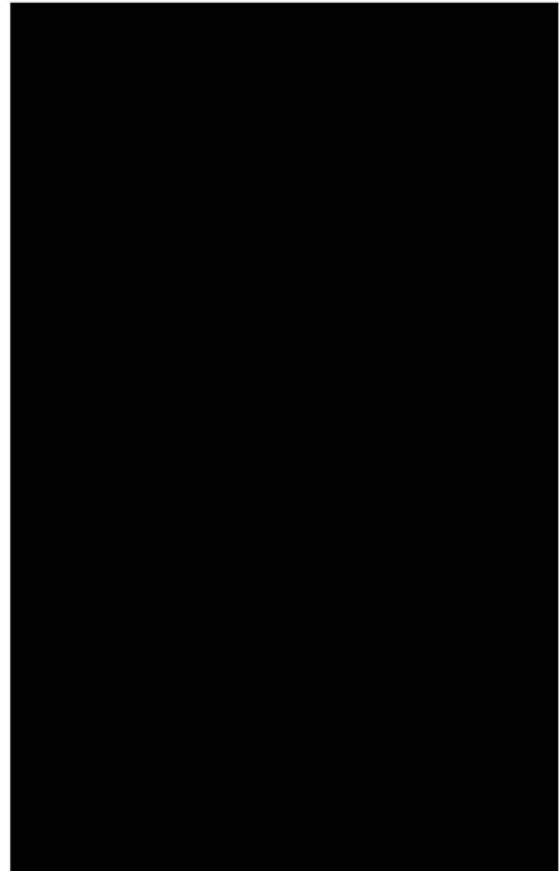
Current maturities of long-term debt
Accounts payable
Accounts payable - related party
Accrued taxes - other
Deferred revenue
Other accrued liabilities

Total current liabilities

LONG-TERM DEBT, LESS CURRENT MATURITIES

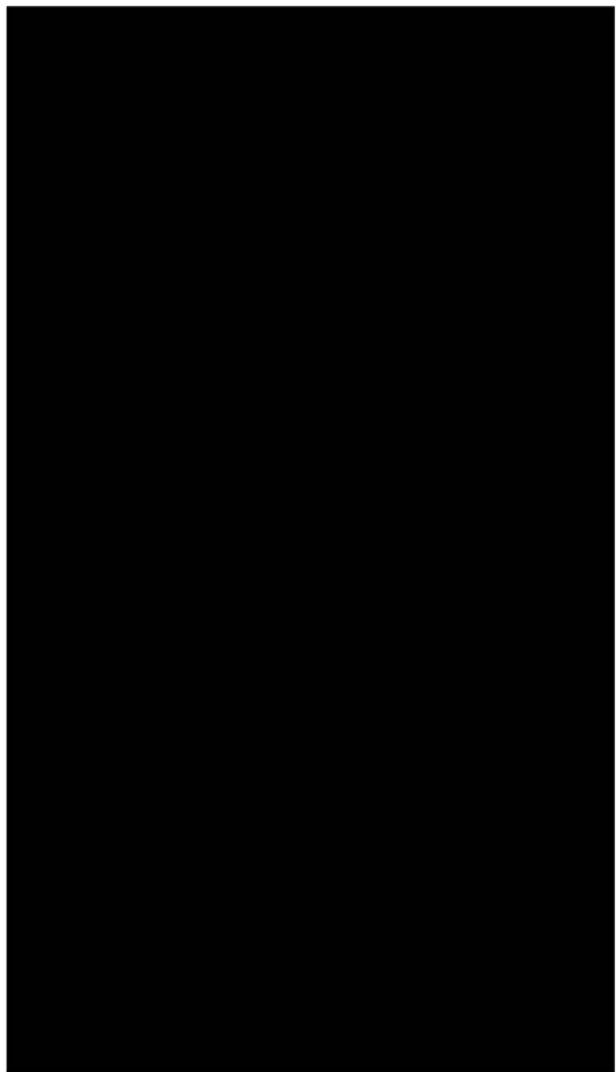
MEMBERS' EQUITY

Members' contribution
Retained earnings



SOUTH DAKOTA NETWORK, LLC
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
OPERATING REVENUES		
Network access services revenue		
Contract services revenue		
Miscellaneous revenue		
Allowance for uncollectible revenue		
Total operating revenues		
Direct cost of contract sales		
Total net operating revenues		
OPERATING EXPENSES		
Plant specific operations		
Plant nonspecific operations		
Depreciation and amortization		
Customer operations		
Corporate operations		
Other operating taxes		
Total operating expenses		
OPERATING INCOME		
NONOPERATING INCOME		
Interest income		
Earnings in equity investments		
Allowance for funds used during construction		
INCOME BEFORE INTEREST EXPENSE		
INTEREST EXPENSE		
NET INCOME		



SOUTH DAKOTA NETWORK, LLC
STATEMENTS OF MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

BALANCE, JANUARY 1, 2007

Net income

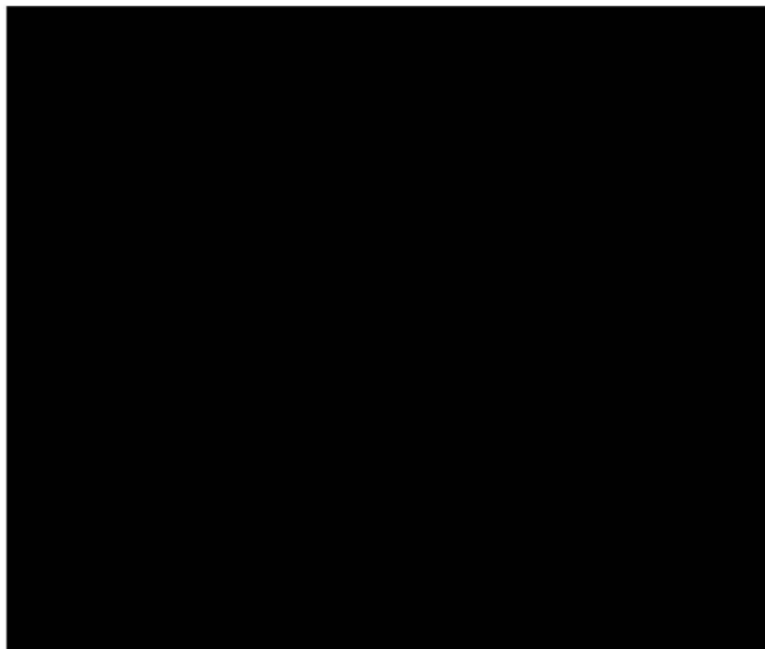
Distributions - cash

BALANCE, DECEMBER 31, 2007

Net income

Distributions - cash

BALANCE, DECEMBER 31, 2008



SOUTH DAKOTA NETWORK, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

2008

2007

CASH FLOWS FROM OPERATING ACTIVITIES

Net income
 Adjustments to reconcile net income to net
 cash provided by operating activities:
 Depreciation and amortization
 Earnings in equity investments
 Change in assets and liabilities
 (Increase) decrease in other assets
 Accounts receivable
 Other current assets
 Prepaid rent
 Increase (decrease) in other liabilities
 Accounts payable and accrued expenses
 Deferred revenue

NET CASH FROM OPERATING ACTIVITIES

CASH FLOWS USED IN INVESTING ACTIVITIES

Telecommunications plant additions
 Reimbursement of construction cost by customer
 Net increase in certificates of deposit
 Distributions of earnings - equity investments
 Capital contributions - equity investments
 Payments received on note receivable
 Increase in other investments

NET CASH USED IN INVESTING ACTIVITIES

CASH FLOWS USED IN FINANCING ACTIVITIES

Principal payments on long-term borrowings
 Distributions paid

NET CASH USED IN FINANCING ACTIVITIES

NET CHANGE IN CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD

CASH AND CASH EQUIVALENTS, END OF PERIOD

