Broadband Authority Historical Accomplishments

1. Since its inception, the MBDA has approved $27 million in loans which are impacting more than 300 cities, townships and villages across the state. It has worked directly with more than two dozen companies and consulted with roughly 40 local government organizations in Michigan to support broadband expansion efforts.

2. While the size of the MBDA's loan portfolio seems modest in historical telecommunication investment terms, new broadband technologies are more cost-efficient and the MBDA's loans will leverage an impact on more than 2.4 million people and 900,000 households in the aforementioned 300 cities, townships and villages.

3. The MBDA has not had a lack of interest in its loan programs, having reviewed more than $100 million in loan applications. It has been diligent in lending only to those companies that have solid business plans. It has received criticism for not generating loans more quickly, but has held to an important underpinning of only doing loans that meet strong financial underwriting criteria. The Authority has done this and the companies it has backed are successful and growing.

4. MBDA borrowers have generated roughly $50 million in revenues in just a few short years and employ approximately 230 people. They continue to grow and expand.

5. In addition to its lending activities, the MBDA has also consulted and helped several companies receive federal RUS dollars or other monies for expansion. These include companies like LDMI, Agri-Valley Communications, Air Advantage, Casair and Merit Network among others. The combined revenue of these companies exceeds $150 million annually and together they employ more than 500 people.

6. The MBDA has developed a positive national and global reputation having consulted with 18 states and two foreign governments looking to replicate Michigan's programs and to gain insight on the lessons learned from the MBDA experience. These include the States of Indiana, Illinois, Ohio, Wisconsin, Minnesota, Iowa, Nevada, Virginia, Arizona, North Carolina, West Virginia, Florida, Pennsylvania, Washington, Oregon, Texas, California and the District of Columbia. The MBDA has also been recognized by two prominent organizations. The Ash Institute for Democratic Governance at Harvard University's John F. Kennedy School of Government asked the MBDA to apply for its Innovation in American Government Award. The Pioneer Institute for Public Policy Research also recognized the MBDA and asked for a similar submission for their "Better Government" competition.

7. Within Michigan, the MBDA has consulted with Ottawa, Oakland, Washtenaw, Muskegon, Marquette, Kent and Genesee Counties. It has also worked with the cities of Detroit, Grand Rapids, Lansing, East Lansing, Ann Arbor, Flint, Jackson, Saginaw, Warren, Marquette, Coldwater, Quincy, Traverse City, Boyne City, Bay City, Ferndale, Royal Oak, Iron City, Kalamazoo, Battle Creek, Springfield, Port Huron, Marshall,

Ypsilanti, Highland Park, St. Joseph, Benton Harbor and Alpena—all of which are looking to expand wireless and other broadband options in their communities.

8. The MBDA has attracted investments that have put Michigan on the cutting edge of broadband deployment. MBDA loans have been used to attract innovative investments to the State. For example:

(a) The MBDA is responsible for attracting the 5th commercial deployment of broadband over power line (BPL) technology in the U.S. with its loan to Lighthouse Broadband, Inc., in Grand Ledge.
(b) Its two loans to SpeedNet have helped leverage what is the largest deployment of a commercial wireless network in the U.S. utilizing a "Wi-max" type of non-line of sight technology that will eventually provide super high-speed mobile broadband services across the state.
(c) A loan to M-33 Access in Rose City has helped expand what is now the largest line of sight wireless network in the U.S. spanning a 10,000 square mile region in rural northeast Michigan.
(d) The MBDA championed the use of CDBG grant dollars in combination with its loans to help expand broadband into low-income communities. As a result, Michigan is the first and only state in the nation to be allowed to pilot this effort. In Muskegon County, through a loan and grant to Lansing-based Arialink, Inc., this program will help bring broadband service to more than 3,300 low-income households. With this success, the Michigan model will very likely be replicated across the country in the future.

In summary, MBDA loans have expanded service into locations where few if any other broadband services existed and in markets where there was typically only one dominant carrier. In the latter markets, the MBDA has seen prices drop dramatically as a result of the competitive pressure created by its loans and the resulting expansion of broadband services. ACD.net, for example, has used MBDA loans to expand services in several dozen bedroom communities outside major metropolitan areas, from Lansing to Battle Creek, to Kalamazoo, Grand Rapids and Benton Harbor. In each instance, the incumbent carriers have matched or reduced pricing and have expanded their investments in those same areas. Quantifying the overall impact of this "multiplier" investment is difficult, but it is significant.

Beyond lending, the MBDA has pushed the envelope in Michigan by communicating and advocating the need for expanding the availability of high-speed Internet services. It has championed the need for communities to have wireless/mobile options in addition to traditional broadband services. It has been an important component of the State's overall effort to expand the 21st Century infrastructure needed to be competitive in today's global marketplace.