

Broadband in Swift County



Upper Minnesota Valley
**REGIONAL
DEVELOPMENT
COMMISSION**

Helping Communities Prosper

“In one innovative, shared risk project, a state grant and a county bond issuance, a private company would deploy next-generation broadband in Swift County, a rural area in west central Minnesota that has a population of only 10 people per square mile”

CTC Technology & Energy, Engineering and Business Consulting President Joanne Hovis’ testimony before the US House of Representatives Committee On Energy and Commerce Subcommittee on March 21, 2017

Swift County and Federated Telephone Cooperative Fiber to the Premise Partnership Project

Swift County and Federated Telephone Cooperative received the highest award of the 2015 Border to Border Grant cycle administered through the Minnesota Office of Broadband, with the grant totaling \$4.95 million.

The project was estimated to deliver high-speed, fiber internet service to 600 households, 425 businesses, and 75 community institutions, including 13 townships.

With total project costs at \$12.5 million, Federated sought the county’s backing because no

source of funding exists that had the capacity to lend the amount of money needed for the project or provide the long terms to make it financially feasible for the cooperative. A loan in the private sector would only be for 10 years with an additional refinance needed after that to pay the balance. With the volatility of a higher interest rate 10 years later, they risked the project sinking.

Swift County chose to sell \$7.8 million in general obligation bonds, and lend the funds to Federated at the current interest

rate for 20 years. Federated provided a \$1 million cash security in the event of missed payments. The project financing was complete with the addition of the \$4.95 million-dollar grant authored by the Upper Minnesota Valley Regional Development Commission.

The final project cost came in almost \$1 million under the estimate and those funds were returned to the State. Cost savings resulted from lessons learned in from being over budget on the Big Stone County project and managing construction cost pay

