Considerations for FirstNet Decision

April '17: AT&T awarded 25 yr contract. Commits ~$40B in funding, including up to $6.5B from FirstNet.

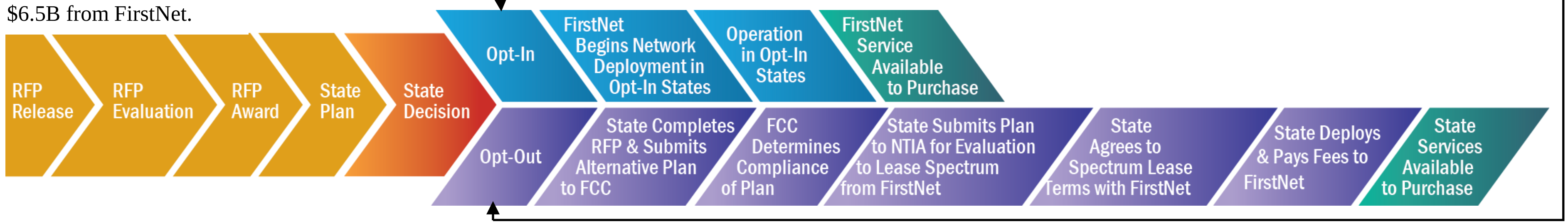
Summer-Draft State Plans: Opportunity for state to compare FirstNet's plan to other plans and provide limited feedback to FirstNet.

Fall '17-Final State Plan: Governor has 90 days to decide on opting-out of FirstNet Plan.

Governor Opts-In or Does Nothing within 90 Days: FirstNet Deploys and service available to purchase.

OR

Governor Opts-Out within 90 days: State begins Opt-out process.



OPT-OUT CONSIDERATIONS	QUESTIONS TO ASK PRIOR TO ANY DECISION
FCC and NTIA are still finalizing their respective processes for reviewing state alternative plans. An opt-out state must meet the demonstration requirements described in the Act,* which include both initial and ongoing interoperability; technical capabilities and funding to support the radio access network (RAN); and comparable security, coverage, and quality of service to that of the nationwide network. In addition, an opt-out state must agree to the specific terms and conditions of and enter into a Spectrum Manager Lease Agreement with FirstNet.	What must the state demonstrate in its alternative RAN plan to ensure it satisfies the material aspects of the FCC, NTIA, and FirstNet reviews? When will NTIA and FCC rulemakings be final? Did the state participate in a notice and comment period? Will a State Alternative Plan RFP require vendors to update their plans upon receipt of FirstNet's State Plan? Will a state RAN Opt-out decision cause significant delays to network deployment within the State?
Overall risk rests on states. Authorizing legislation states that the "**State** shall demonstrate" that it has the capabilities to operate and fund state RAN and the "**State** shall apply to the NTIA to lease spectrum capacity from FirstNet." After passing FCC and NTIA reviews, states must enter into spectrum lease with FirstNet before any deployment of the state RAN may occur. NTIA grant may only cover a portion of the construction phase of the state RAN. NTIA grant likely based on a total of $5.5 billion, which will be divided throughout the 56 states and territories, and can only be used for construction of the state RAN.	What kind of risks can be transferred? Will the State be required to pay if its vendor fails to perform? Will there be upfront and ongoing costs or only costs once deployment begins? What will FirstNet require in their spectrum lease agreement with the state? Is the state willing to agree to the terms and conditions of the lease agreement? At what point will the state have the most negotiating leverage? Is there any leverage? If the state progresses to the NTIA review, what kind of grant funds, if any, will the state receive? Will there be a match required? If a match is required, will the legislature have to be involved [e.g. appropriations]? Have CIO's been consulted on charge-back financial model, infrastructure, or cybersecurity?
Opt-out revenue must be reinvested in state RAN and nationwide network. No revenue can be diverted to a state's general fund. States do not know, at this point, the fees that they will be required to pay as part of RAN deployment, such as a fee for use of elements of the core network, integration costs, upgrade costs, and spectrum costs.	If all revenues must be reinvested into the state RAN and nationwide network, what other benefits exist for the state? Has the alternative plan vendor proven they will be able to exceed costs of the network? How? Does the state currently utilize AT&T wireless contracts? Will new devices be needed immediately with an alternative vendor's plan? What about with the FirstNet State Plan? What is the impact to future wireless contracts?

*Act refers to the Middle Class Tax Relief and Job Creation