Note: As a reminder, the notes below represent topics that, in my judgement, might be of interest to the business community. It does not include everything that was on the agenda.

Work Session/Special Meeting – 6:00 p.m.

NOCIX Presentation

Co-owner of NOCIX, Aaron Wendell, made an informational presentation about the origin and current state of NOCIX, the company that provides internet service throughout North Kansas City.

He offered the claim that NOCIX offers the fastest fiber optic network in the world. In 2014 after the City attempted, but failed, to sell the liNKCity fiber optic network, NOCIX, then known as DataShack, offered to take over operation of the liNKCity fiber optic network. Internet service is offered free to residents of North Kansas City and is also provided free to serve all the internet access needs of the entire North Kansas City School district.

See below for informative slides that were used to help current City Council members have a better understanding of the service NOCIX contracts with the City to provide. None of the existing City Council members were in office when the first agreement was made in 2014. The contract is scheduled to expire in 2024. A decision by the City Council will eventually be needed concerned whether to renew or not and under what conditions.

It is impressive to note the worldwide reach of NOCIX and the tremendous capabilities that existing within this company which was created in North Kansas City and continues to be an important member of the North Kansas City business community with impact on both business and residential customers as well as the entire North Kansas City school district.

liNKCity History: Where We Were.

- Conceived as a solution for the "PID Issue" – The Paseo Industrial District was unable to get anyone to service it with broadband.

- Network was built in 2006 using casino money at a cost of approximately $16 million.

- Operated as a city-run utility from 2006 to 2014.

- Incurred hundreds of thousands in losses every year. Last 3 years losses:

    1. 2011-2012 -$385,506
    2. 2012-2013 -$422,363
    3. 2013-2014 -$914,926

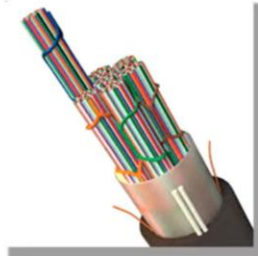- In 2014 the City decided to divest itself of the network.

KCFiber Offices

NOCIX + liNKCity: A Public/Private Partnership

- NOCIX (then known as DataShack) had approached liNKCity with the proposal to provide free internet to the school district a few years earlier.

- The City, sick of the liNKCity losses, approached NOCIX in early 2014 about the possibility of operating and maintaining the network.

- The City issued an RFP, exploring the possibility of selling the network or finding someone to operate it.

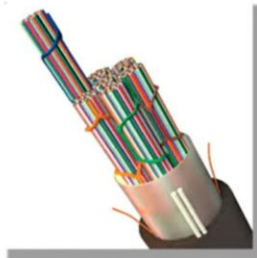- The RFP yielded 4 responses. 3 offers to purchase and 1 to operate and maintain.

This is what fiber looks like

NOCIX + liNKCity: A Public/Private Partnership

- Offers to purchase were significantly lower than the city believed the asset was worth.

- NOCIX's plan included the offer of free internet access to the residents while mitigating the majority of the losses.

- Not without skepticism, the city entered into an agreement with NOCIX to operate and maintain the liNKCity Network.

- KCFiber was established as the entity that would fulfil the contract requirements.

This is what fiber looks like

The KCFiber/liNKCity Agreement

- 10 year term ending in September of 2024
- 1 year notice and 1 year renewals
- Profits and losses are split evenly between NOCIX and the City.
- Provides for free internet access to all residents, schools, libraries and churches within the NKC city limits.
- Limits the City's share of the losses to $150,000/yr
- Exempts the two river crossings and downtown KCMO. (These are still the city's responsibility)
- KCFiber's Performance guaranteed by NOCIX

KCFIBER — **NOCIX**

Who is NOCIX? (knock-icks)

- Founded on 9/9/1999 (as Wholesale Internet)
- Largest IaaS provider in the Midwest. (Infrastructure as a Service)
- Largest Network density in North America. (1014 Networks. Next largest in KC is 73)
- Over 2Tbits of network capacity (2000Gbits)
- Over 45000 customers from 176 countries

Largest Networks in the US ranked by connectivity:

#12 – T-Mobile
#15 – Verizon
#27 – NOCIX
#29 – Charter (Spectrum)
#45 – Facebook
#59 – Apple
#207 – Google Fiber
#216 – Cerner

KCFIBER — **NOCIX**

Why the NOCIX/liNKCity partnership works.

- NOCIX provides massive economies of scale that KCFiber/liNKCity benefit from.
- Employs multiple core infrastructure engineers
- NOCIX houses infrastructure from some of the most popular networks on the planet locally in North Kansas City.
- NOCIX has additional staff and resources that it can allocate to KCFiber projects on an as-needed basis, reducing the need to hire outside contractors or employ additional, unnecessary staff.

KCFIBER — **NOCIX**

KCFiber/liNKCity: What's changed?

Before KCFiber, all residences and businesses on the network shared a single 1Gbit connection. Now the network has over 2000x that capacity.

Traffic from NKC was routed to Chicago or Dallas increasing latency and slowing down popular sites like Netflix and Google. Today that traffic stays in NKC.

The highest residential speed available was 30Mbits. The cost was $129.95. Today, the lowest speed is over 30x greater and is free.

The highest speed the physical equipment supplying a residence could handle was 100Mbit. Today it's 4.1Tbits.

Has drawn new business to town such as the iWerx facility which houses over 140 small businesses, all on the KCFiber network.

Powering new businesses

KCFIBER — NOCIX

KCFiber/liNKCity: What's in it for your kids?

NKC Schools were operating with a single 250Mbit internet connection.

NOCIX currently provides a 100Gbit internet connection free of charge, saving the district an estimated $1.2M/yr.

This enables streaming, online courses and online testing that wasn't possible before.

It also allows the district to update their 29,000 devices in hours or minutes instead of days.

NOCIX recently completed a fiber maping project for the district at no charge that was estimated to cost $150,000.

29,000 Devices and counting

KCFIBER — NOCIX

KCFiber/liNKCity: What's in it for you?

- Faster Speeds
- Lower prices
- Better performance, lower latency
- Community engagement and local control

Based on 1000 residential customers at $50 per customer, the free internet has been worth $4.8 million over the last 8 years to the citizens of NKC.

The world travels through NKC

KCFIBER — NOCIX

KCFiber/liNKCity: What you don't see.

- During COVID we removed data caps on all businesses at no additional charge to make sure they had capacity to handle work-from-home requirements.
- Also during COVID we waived install fees for low income residents without internet access who's children were suddenly required to attend school from home.
- Provide the internet used for NKC Firefighters' connections in the stations free of charge.

This is no place to power down
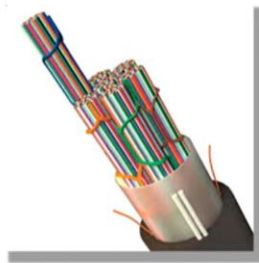
KCFIBER   **NOCIX**

KCFiber/liNKCity: The Future

Regardless of the status of the agreement with the City, KCFiber is working to expand outside the confines of NKC.

Our plan is to roll out residential service at a minimum of 10Gbits to a majority of locations in north western and north eastern Missouri.

We've applied for just under $100,000,000 in state and federal grants from the current grant round.

There will be additional grant rounds totaling $2billion for broadband expansion in Missouri.

Fiber for all

KCFIBER   **NOCIX**

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Fiber for all

KCFIBER   **NOCIX**

Regular Session – 7:00 p.m.

Progress Report on One North Development

Master Developer of One North Rick Worner gave a brief report which can be summarized by the following: making progress with the grocery store, two additional restaurants and the Genesis fitness center with sand

volleyball courts and surfing-theme restaurant. The Genesis fitness center will allow use with daily usage fees rather than monthly or annual membership rates.

Update on Chapter 100 for NOCIX project

The question at issue is does the NOCIX project meet the "but - for" requirement. The City's consultant, Matt Webster gave an interesting presentation and summarized that "yes" the project does satisfy that requirement. With City Council consensus the next step will be to review the project with the North Kansas City School District which receives the largest portion of property taxes and which would lose the most if this is approved.

The portion of the large building along Swift between 14th and 16th that is in yellow is what is at issue. Not the entire building.

Nocix LLC
Facility Expansion & Redevelopment

Project Overview

BUILDING HIGHLIGHTS:
- 146,000 Sq Ft of Tier 3 and 4 Datacenter Space
- 8,000 Sq Ft of class A office space
- 32,000 Sq Ft exterior remodel
- 5 additional jobs paying minimum of $95,000/yr

BY THE END OF YEAR ONE:
- Only tier certified datacenter space in the state of Missouri
- Only the second Tier 4 certified colocation facility in the United States
- Largest single building network density in North America

Nocix Data Center Site - Current

Looking south-west from the corner of Swift St. & E. 16th Ave.

Looking south-west from the corner of Swift St. & E. 16th Ave.

Project Benefits

- Repurposes a large, obsolete and unattractive building into a state of the art facility
- Enhances NKC broadband and NKC schools network by bringing more content providers closer to residents and businesses
- Increases the number of customers coming in from out of town to service their co-located equipment. These customers stay in NKC hotels, eat at NKC restaurants and shop at other NKC businesses
- Enhances the aesthetic of 16th and Swift as desired in the city's strategic plan
- Elevates NKC's reputation as one of the most technologically advanced cities in the world
- Adds an appealing aesthetic to a potential new streetcar expansion

Financial Review - Abatement Request

- Former Bellas Hess 1951 warehouse building

- 2022 property tax = $45,000

- Requested abatement:

  - Years 1-10:   75%
  - Years 11-15:   37.5%
  - Abatement value: $1,940,000 (15 years)
  - 25 year total: $3,311,000 (PILOTs and property tax paid with renovation)

- No development = Approximately $1.25 million (25 year total of taxes on existing building without renovation)

Analysis of Abatement Request

- Nocix is requesting less abatement than is allowed by City policy (15 year request compared to 25 year maximum abatement)

- "But – For" Test: Nocix has clearly stated the need for the incentive to proceed with the building façade upgrade project. The abatement request is less than the cost of the façade upgrade

- Incentives are a modest percentage of the total development cost

- The incentives compare favorably with other similar projects in the Kansas City metro

- The project will allow for the mitigation and remediation of long-standing blight

The full agenda for this meeting with links to critical documents is available on the City's website www.nkc.org under the heading of Agendas and Minutes. As always, additional details about City Council agenda topics are often available as attachments on the City's website www.nkc.org and later as https://www.youtube.com/watch?v=Z-6WpmTG2Ss part of the approved minutes.