



# CDFA Federal Financing Webinar Series: The Federal Role in Financing Broadband

**Thank you**

for joining the conversation today. Send us your questions and comments!

# Welcome

**The Broadcast will begin at 2:00 PM (Eastern)**



# CDFA Federal Financing Webinar Series: The Federal Role in Financing Broadband

## Moderator



### **Malcolm Guy, DFCP**

Coordinator, Government & External Affairs  
Council of Development Finance Agencies

**Thank you**

for joining the  
conversation  
today. Send us  
your questions  
and comments!

See all of CDFA's resources online at [www.cdfa.net/resources](http://www.cdfa.net/resources)



# CDFA Federal Financing Webinar Series: The Federal Role in Financing Broadband

## Legal Disclaimer

CDFA is not herein engaged in rendering legal, accounting, financial or other advisory services, nor does CDFA intend that the material included herein be relied upon to the exclusion of outside counsel or a municipal advisor. This publication, report or presentation is intended to provide accurate and authoritative general information and does not constitute advising on any municipal security or municipal financial product. CDFA is not a registered municipal advisor and does not provide advice, guidance or recommendations on the issuance of municipal securities or municipal financial products. Those seeking to conduct complex financial transitions using the best practices mentioned in this publication, report or presentation are encouraged to seek the advice of a skilled legal, financial and/or registered municipal advisor. Questions concerning this publication, report or presentation should be directed to [info@cdfa.net](mailto:info@cdfa.net).

**Thank you**  
for joining the  
conversation  
today. Send us  
your questions  
and comments!



# CDFA Federal Financing Webinar Series: The Federal Role in Financing Broadband

Submit your questions to the panel.



**Thank you**

for joining the conversation today. Send us your questions and comments!



# CDFA Federal Financing Webinar Series: The Federal Role in Financing Broadband

## Panelists



**Joan Keiser**

Management & Program Analyst  
Rural Utilities Service  
U.S. Department of Agriculture



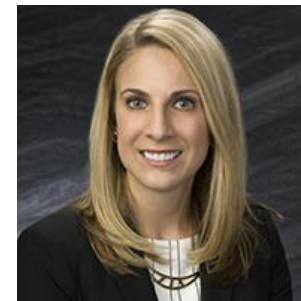
**Jeff Reiman**

President  
The Broadband Group



**Gilbert Resendez**

Broadband Program Specialist  
National Telecommunications and  
Information Administration  
U.S. Department of Commerce



**Lindsay Miller**

Partner  
Ice Miller LLP

**Thank you**

for joining the  
conversation  
today. Send us  
your questions  
and comments!

See all of CDFA's resources online at [www.cdfa.net/resources](http://www.cdfa.net/resources)



# CDFA Federal Financing Webinar Series: The Federal Role in Financing Broadband

## Panelist

**Thank you**

for joining the conversation today. Send us your questions and comments!



**Joan Keiser**

Management & Program Analyst  
Rural Utilities Service  
U.S. Department of Agriculture

See all of CDFA's resources online at [www.cdfa.net/resources](http://www.cdfa.net/resources)

# Telecommunications Funding Programs – Rural Utilities Service

For The Council of  
Development Finance  
Agencies Webinar “The  
Federal Role in Financing  
Broadband”

September 14, 2021

Presented by:  
Joan Keiser, Policy and Outreach  
Division, RUS  
Telecommunications



## About RUS – History

- Rural Utilities Service (RUS) is an agency in the Rural Development mission area at USDA
- Established in 1935 to fund central station electric service in rural areas
- RUS received statutory authority to make telephone loans in 1949 for rural areas
- RUS also makes loans, grants and loan guarantees for drinking water, sanitary sewer, solid waste and storm drainage facilities in rural communities

# About RUS – Today



- USDA Rural Development's Rural Utilities Programs provide a variety of loans and grants to build and expand broadband networks
  - To build broadband networks and deliver service to rural households and businesses
  - To provide capital for rural telecommunications companies and broadband providers serving rural communities
  - Grants are reserved for communities with the highest need

# RUS Telecommunications Programs



# RUS Telecommunications Programs - Infrastructure

- Loans/Guarantees for
  - Financing construction, maintenance, improvement, expansion of telephone service and broadband in rural areas
- Local gov't, Tribe, not-for-profits, cooperatives, for-profit companies are eligible
- Applications accepted on a rolling basis
- Highlights:
  - \$690 million available in FY2021
  - 3 loans approved: \$66.5 million in 2 States: CA (1), NM
  - 6 loans in process for \$75.8 million



More information available: <https://www.rd.usda.gov/programs-services/all-programs/telecom-programs>

# RUS Telecommunications Programs – Farm Bill

- Rural Broadband Access Loans/Loan Guarantees (“Farm Bill”)
- Financing for construction, improvement, or acquisition of facilities and equipment needed to provide service at the broadband lending speed in eligible rural areas
- Eligible organizations similar to Infrastructure Loans/Guarantees
- Program is on hiatus



More information available: <https://www.rd.usda.gov/programs-services/all-programs/telecom-programs>

# RUS Telecommunications Programs – Distance Learning and Telemedicine (DLT)

- Grants to enable/improve distance learning, telemedicine services in rural areas
- Supports use of telecommunications-enabled information, a/v equipment, related advanced technologies by students, teachers, medical professionals, rural residents
- Eligible organizations similar to Infrastructure Loans/Guarantees, plus consortiums
- Application window closed June 4, 2021
- Highlights:
  - \$34.3 million available for traditional DLT FY2021
  - \$10.2 million available for projects focused on Substance Use Disorder
  - 274 applications received for \$122.2 million and under review



More information available: <https://www.rd.usda.gov/programs-services/all-programs/telecom-programs>

# RUS Telecommunications Programs – Community Connect

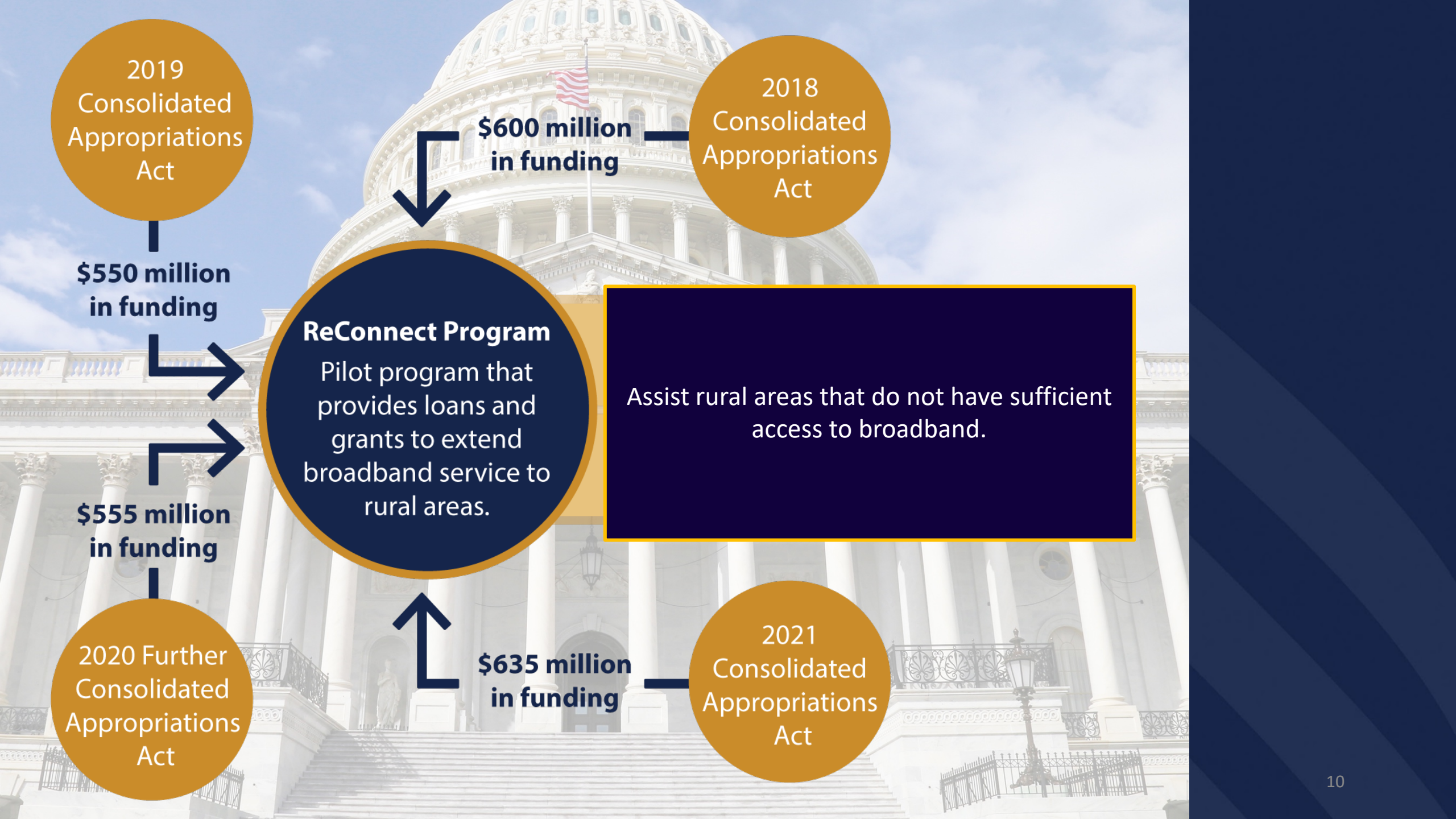
- Grants to eligible applicants to provide broadband service in rural, economically-challenged communities where service does not exist:
  - Construction or acquisition of facilities to provide broadband service
  - Cost of providing broadband service free of charge to critical community facilities for 2 years
  - <10% of the grant amount or up to \$150,000 may be used to improve, expand, construct or acquire of a community center that provides online access to the public
- Eligible organizations similar to Infrastructure Loans/Guarantees
- Highlights:
  - \$35.0 million appropriated for FY2021 + FY2020 carryover funds
  - 72 applications for \$146.1 million received and under review



More information available: <https://www.rd.usda.gov/programs-services/all-programs/telecom-programs>

# ReConnect Program





2019  
Consolidated  
Appropriations  
Act

\$550 million  
in funding

\$555 million  
in funding

2020 Further  
Consolidated  
Appropriations  
Act

**ReConnect Program**  
Pilot program that  
provides loans and  
grants to extend  
broadband service to  
rural areas.

Assist rural areas that do not have sufficient access to broadband.

2018  
Consolidated  
Appropriations  
Act

\$600 million  
in funding

2021  
Consolidated  
Appropriations  
Act

\$635 million  
in funding

# FOA 1 Summary

## Applications

- **100% Loan:** 15 applications; \$258 million
- **100% Grant:** 78 applications; \$522 million
- **50/50 Loan/Grant:** 53 applications; \$637 million
  - \$342 million for Grants
  - \$295 million for Loans
- **Total:** 146 applications; \$1.4 billion
  - 41 states

## Awards

- **100% Loan:** 4 awarded projects; \$56,792,673
- **100% Grant:** 41 awarded projects; \$241,733,251
- **50/50 Loan/Grant:** 31 awarded projects; \$363,397,819
- **Total:** 76 awarded projects; \$661,923,743
  - 33 states

# FOA 2 Summary

## Applications

- **100% Loan:** 7 applications; \$63,505,379
- **100% Grant:** 123 applications; \$903,962,310
- **50/50 Loan/Grant:** 42 applications; \$602,897,398
  - \$313,084,610 for Grants
  - \$289,812,788 for Loans
- **Total:** 172 applications; \$1.57 billion
  - 41 states

## Awards

- **100% Loan:** 3 awarded projects; \$12,725,398
- **100% Grant:** 79 awarded projects; \$546,394,665
- **50/50 Loan/Grant:** 23 awarded projects; \$292,957,149
- **Total:** 105 awarded projects; \$852,077,212
  - 37 states

# ReConnect Regulation – Highlights

- Published February 26, 2021: 7 CFR 1740, et seq.
  - Codifies policies and procedures for the Rural eConnectivity Program (ReConnect)
- **90% of households** in the Proposed Funded Service Area (PFSA) **must lack sufficient access to broadband service** as defined in the FOA
- Applicants must propose a network that can **provide broadband service to every premises within the PFSA at the same time at the speed defined** in the FOA
- Eligible purposes:
  - Construction/improvement of facilities required to provide fixed terrestrial broadband service
  - Reasonable pre-application expenses (not to exceed 5% of award)
  - 100% loans only: Acquisition of an existing system that does not currently provide sufficient access to broadband for upgrading that system to meet the requirements of the regulation (not to exceed 40% of award)



# ReConnect Regulation – Eligible Organizations

- Corporation
- Limited Liability Company (LLC) and Limited Liability Partnership (LLP)
- Cooperative or mutual organization
- **States or local governments, including any agency, subdivision, instrumentality, or political subdivision thereof**
- Territory or possession of the United States
- Indian tribe, as defined in Section 4 of the Indian Self-Determination and Education Assistance Act
- Not Eligible:
  - Individuals
  - Legal partnerships formed with individuals
  - Co-applicants

# ReConnect Regulation – Eligible & Ineligible Service Areas



- **Eligible Service Areas:**

- Provide broadband service directly to all premises in the PFSA
- If any part of the PFSA is ineligible, RUS may request modification(s) or reject the application
- Service areas of existing RUS borrowers without sufficient access to broadband, as defined in the FOA, are eligible for ReConnect funding

- **Ineligible Service Areas:**

- Overlapping proposed project service areas
- Prior-funded service areas
  - RUS Broadband Loans including ReConnect Awards
  - RUS Community Connect Grants
  - RUS Broadband Initiatives Program (BIP) Grants

# ReConnect Regulation – New Topics and Changes

- **Limited Liability Partnerships (LLPs)** are now eligible to apply for ReConnect
- **100% grant applicants** may request that standard grant security arrangements be replaced with an **Irrevocable Letter of Credit (ILOC)**
  - ILOC removes requirement to provide financial projections, meet financial ratios requirements in the application, and submit the maps of NFSAs
- **Publicly traded companies** with Investment Grade bond rating from Moody's, S&P or Fitch at time of application submission don't have to provide pro forma financial projections or NFSAs
- Regulation provides **flexibility** to change some requirements as technology and other factor change, by stating that **a number of requirements are addressed in Funding Opportunity Announcements (FOAs)**
- More information: [7 CFR 1740 et seq.](#)

# ReConnect Regulation – Items Specified in the FOA

- Definition of “**sufficient access to broadband**”
- **Broadband speed** of the proposed network
- Amounts and types of **funds available**, and maximum and minimum award amounts
- **Additional areas restricted from ReConnect funding** (see 7 CFR 1740.11(b) for the basic list of service areas not eligible for ReConnect funding)
- **Interest rate** for loans
- **Deferral period** for loans
- Whether an applicant may submit more than one application
- **Scoring criteria** for 100% grant and 50-50 loan-grant combination applications



# ReConnect What's Next?

## Funding Opportunity Announcement

- Published in the Federal Register
  - Will specify:
    - Items as provided in 7 CFR 1740
    - Application window opening date
    - Application window closing date and time
- Currently undergoing final development, review, and approvals
- Estimated timeframe for publication: Autumn 2021

## Outreach on ReConnect Round 3:

- Webinars on the regulation and FOA to coincide with FOA publication
- Virtual workshops on creating and submitting a ReConnect application
  - Dates TBD
- FAQs will be posted on the ReConnect webpage
- Application Guide will be posted on the ReConnect webpage

# RUS Telecommunications Programs – ReConnect

- Questions?
  - Today's Q/A
  - [7 CFR 1740 et seq.](#)
  - [Contact Us](#) link on the ReConnect webpage (<https://www.usda.gov/reconnect>)
  - Joan Keiser
    - [joan.keiser@usda.gov](mailto:joan.keiser@usda.gov)
    - 202-407-6713





Rural Development

U.S. DEPARTMENT OF AGRICULTURE



# CDFA Federal Financing Webinar Series: The Federal Role in Financing Broadband

## Panelist

**Thank you**

for joining the conversation today. Send us your questions and comments!



**Gilbert Resendez**

Broadband Program Specialist  
National Telecommunications and Information Administration  
U.S. Department of Commerce

See all of CDFA's resources online at [www.cdfa.net/resources](http://www.cdfa.net/resources)



# Council of Development Finance Agencies

Federal Financing Webinar

September 14, 2021



**Gilbert Resendez**  
*Broadband Program Specialist*  
NTIA

# BroadbandUSA Overview

# National Telecommunications & Information Administration Overview

The National Telecommunications and Information Administration (NTIA) advises on telecom policy issues.

Expanding broadband access and adoption

Expanding the use of federal spectrum

Ensuring the Internet remains an engine for continued innovation and economic growth



# NTIA's Commitment to Connecting America

The Department of Commerce supports the Biden Administration's agenda and our partner agencies to ensure that every American has access to affordable and reliable broadband and has the skills and opportunities to participate fully.



Deploy broadband infrastructure to communities with the **greatest need**.



Support job creation and workforce development by ensuring that **all Americans have broadband, devices, and digital skills**.



**Collaborate with states, Tribes, industry, and federal agencies** to effectively expand broadband access and digital inclusion.



**Use data to inform policies and investments** in broadband at all levels of government.

# BroadbandUSA | Services

BroadbandUSA provides communities with a variety of services to expand access to and adoption of broadband.



## NATIONAL BROADBAND AVAILABILITY MAP

Offer access to a secure [geographic information system](#) (GIS) platform for the visualization and comparison of federal, state, and commercially available data sets.



## SUPPORT FOR STATE, LOCAL, AND TRIBAL GOVERNMENTS

Facilitate networks of cohorts of state, local, and tribal government officials, including the [State Broadband Leaders Network \(SBLN\)](#) and the [Digital Inclusion Leaders Network \(DILN\)](#).



## GRANT MANAGEMENT

Administer and provide guidance for [NTIA grant programs](#) including those established in the Consolidated Appropriations Act.



## GUIDES AND TOOLS

Provide [resources](#) that incorporate field-tested best practices from BroadbandUSA's work to help guide communities in expanding broadband access.



## GROUP TECHNICAL ASSISTANCE

Offer assistance to state, local, and tribal governments, industry, and nonprofits planning and implementing broadband initiatives.



## EVENTS AND WORKSHOPS

Bring together key broadband stakeholders for [sessions](#) to share broadband success stories and lessons learned, tailoring speakers and topics to local needs.



## WEBINARS

Host virtual learning [events](#) to share information about practical broadband issues and new initiatives, provide group technical assistance, and connect stakeholders.

Source: Information is from the ["What services does BroadbandUSA offer?"](#) webpage on the BroadbandUSA website.

# NTIA Grant Programs

# Consolidated Appropriations Act, 2021 Grant Programs Overview

1

\$288  
million

## Broadband Infrastructure Deployment Grants:

Grants for covered broadband projects, defined as competitively and technologically neutral projects for the deployment of fixed broadband service in a census block with at least one household or business that does not have access to 25/3: \$288 million.

[Infrastructure NOFO Link](#)

*\*Consolidated Appropriations Act, 2021*

2

\$268  
million

## Connecting Minority Communities Pilot Program:

Grants to eligible recipients in anchor communities for the purchase of broadband internet access service or any eligible equipment, or to hire and train information technology personnel, \$268 million.

[CMC Final Rule](#)

3

\$980  
million

## Tribal Broadband Connectivity Grants:

Grants to expand access to and adoption of: (A) broadband service on Tribal land; or (B) remote learning, telework, or telehealth resources during the COVID-19 pandemic: \$980 million.

[Tribal NOFO Link](#)

# Broadband Infrastructure Program Overview

---



**\$288  
Million**



**Covered  
Partnerships**



**Covered  
Broadband  
Projects**



**Accepting  
Applications  
Through  
August 17, 2021**

# Key Definitions: Covered Partnership

---



- A covered partnership means
  - a) A State, or one or more political subdivisions of a State; and
  - b) A provider of fixed broadband service.
- A covered partnership may include more than one provider of fixed broadband service as part of its application.
- Commercial/for-profit, municipal, non-profit, or cooperative broadband service providers are eligible fixed broadband service providers that can be part of a covered partnership.
- The intent of the statute is to award funds to a “covered partnership” in which at least two parties are involved. The definition of covered partnership set forth in the Consolidated Appropriations Act, 2021.

# Key Definitions: Qualifying Broadband Service

---



- A download speed of not less than 25 Mbps;
- An upload speed of not less than 3 Mbps;
  - *The ability to deliver 25/3 simultaneously to every household in the eligible service area*
- Latency sufficient to support real-time, interactive applications.
  - *Defined as 95% or more of all peak period measurements of network round-trip latency (i.e., between customer premises and the closest Internet core peering interconnection point) are at or below 100 ms*

# Key Definitions: Unserved

---



- Household lacking access to qualifying broadband service; and
- No broadband provider has been selected to receive, or is otherwise receiving, Federal or State funding subject to enforceable build out commitments to deploy qualifying broadband service in the specific area where the household is located.
- Eligible service area means a census block in which broadband service is not available at one or more households or businesses in the census block.

# Eligibility

---

To be eligible for a grant under the Broadband Infrastructure Program, the covered partnership must submit an application that describes the following:



Covered  
Partnership



Covered  
Broadband  
Project



Proposed  
Service  
Area



Other  
Federal &  
State  
Support

## Notes:

- Each Covered Partnership may submit only one application for this grant program.
- A Covered Partnership may include more than one provider of fixed broadband services in its application.
- A provider of fixed broadband services may participate in more than one Covered Partnership.

# Connecting Minority Communities (CMC) Pilot Program

How Much	\$268 Million
Who can apply “Eligible Recipients”	<ul style="list-style-type: none"> <li>• Historically Black Colleges or Universities (HBCUs);</li> <li>• Tribal Colleges or Universities (TCUs);</li> <li>• Minority-Serving Institutions (MSIs);</li> <li>• Consortiums led by HBCUs, TCUs, or MSIs that include a Minority Business Enterprise or Tax-Exempt 501(c)(3) Organization.</li> </ul>
For What	<p>The purchase of broadband Internet access service or any eligible equipment, or to hire and train information technology personnel:</p> <ol style="list-style-type: none"> <li>(1) for the educational institution to facilitate educational instruction and learning, including through remote instruction; or</li> <li>(2) to operate the Minority Business Enterprise; or</li> <li>(3) to operate the Tax-Exempt 501(c)(3) Organization.</li> </ol>
When	<p>NTIA anticipates opening the application window for the CMC Pilot Program in mid-August 2021.</p>

# CMC| Program Requirements

---

- Funding allocation: CMC eligibility criteria & greatest unmet financial need
- No Matching Requirement & 2-Year Period of Performance
- At least 40% of Grants Funds Awarded will be made to HBCUs
- At least 20% of all Grants Funds Awarded to Eligible Recipients must be used to provide broadband access and/or devices and equipment to students
- Eligible recipients that receive a grant to provide broadband Internet access service or eligible equipment to students must prioritize students who are in need (per the needs criteria factors)
- Lending of Equipment - Eligible recipients must prioritize students and/or patrons who do not have access to such equipment
- Program Evaluation and Data Collection Requirements

# CMC Anchor Community Eligibility Dashboard - Demonstration

Connecting Minority Communities - Anchor Community Eligibility Dashboard

 School Eligibility Type: AANAPISI
 State: None
 School Name: None

### About

The CMC Anchor Community Dashboard is for informational purposes only and is intended solely to assist potential applicants in better understanding the CMC Pilot Program and the requirements set forth in the Final Rule for this program. The Dashboard does not and is not intended to supersede, modify, or otherwise alter applicable statutory or regulatory requirements, or the specific requirements set forth in the Final Rule and Notice of Funding Opportunity (NOFO). In all cases, statutory and regulatory mandates, and the requirements set forth in the Final Rule and NOFO, shall prevail over any inconsistencies contained in the Dashboard.

To identify those "anchor community" areas surrounding a qualifying institution in which the "estimated median annual household income is not more than 250 percent of the poverty line," NTIA uses the median household income estimates from the U.S. Census Bureau's American Community Survey (ACS) 5-year data (current period 2015-2019) for each census tract falling wholly or partially within the applicable area. To ensure the comparison of similar datasets, NTIA also uses corresponding poverty threshold data for the same time period. For each relevant census tract, NTIA has compared the median household income estimate with the most recent poverty thresholds published by the Census Bureau (so long as corresponding household income data is also available for the same time period, as discussed above). Currently, the most recent available data is from 2019.

Accordingly, NTIA uses the weighted average poverty threshold that corresponds to the mean household size in each census tract. If the mean household size is between two whole numbers, NTIA will round up to the next whole number household size to determine the applicable weighted average poverty threshold. This will help to ensure that the CMC program's eligibility standards include as many communities in need as possible. If the median household income of a census tract does not exceed 2.5 times the applicable weighted average poverty threshold, that tract will be considered part of the anchor community and is identified accordingly. The following table provides an overview of NTIA's poverty threshold calculations:

250% Poverty Threshold	Census 2019 Poverty Threshold	Average Household Size
\$32,528	\$13,011	1 or less
\$41,303	\$16,521	>1 and <=2
\$50,838	\$20,335	>2 and <=3
\$65,430	\$26,172	>3 and <=4
\$77,553	\$31,021	>4 and <=5
\$87,823	\$35,129	>5 and <=6
\$100,040	\$40,016	>6 and <=7
\$111,153	\$44,461	>7 and <=8
\$127,100	\$50,875	More than 8

Esri, USGS | Esri, HERE, Garmin, FAO, NOAA, USGS, EPA | Sources: Esri, TomTom, U.S. Department of Commerce, U.S. Census Bureau  
 Powered by Esri

# Tribal Broadband Connectivity Program

How Much	\$980 million
Who Can Apply	Tribal Governments, Tribal Colleges or Universities, the Department of Hawaiian Home Lands on behalf of the Native Hawaiian Community, including Native Hawaiian Education Programs, Tribal organizations, or Alaska Native Corporations.
For What	Deployment and adoption of broadband service on Tribal land and programs that promote the use of broadband to access remote learning, telework, or telehealth resources during the COVID–19 pandemic.
When	NTIA is now accepting applications for the Tribal Broadband Connectivity Program until <b>September 1, 2021</b> . NTIA cannot extend this deadline.

# Tribal Grant Program | Eligible Entities

---

## Eligible Entities

Section 905(a)(8) of the Act stipulates the following eligible entities:

- A Tribal Government;
- A Tribal College or University;
- The Department of Hawaiian Home Lands on behalf of the Native Hawaiian Community, including Native Hawaiian Education Programs;
- A Tribal Organization; or
- An Alaska Native Corporation

Link to statute: [Consolidated Appropriations Act, 2021](#)

# NTIA Broadband Planning Resources

# BroadbandUSA Funding Search

- [BroadbandUSA Funding Search](#)
- One-Stop for information on broadband funding across all federal agencies through searchable database
- Search by eligible recipient, program area, or sponsoring Agency or Department
- Updated annually



Home | Federal

**Agency/Department**

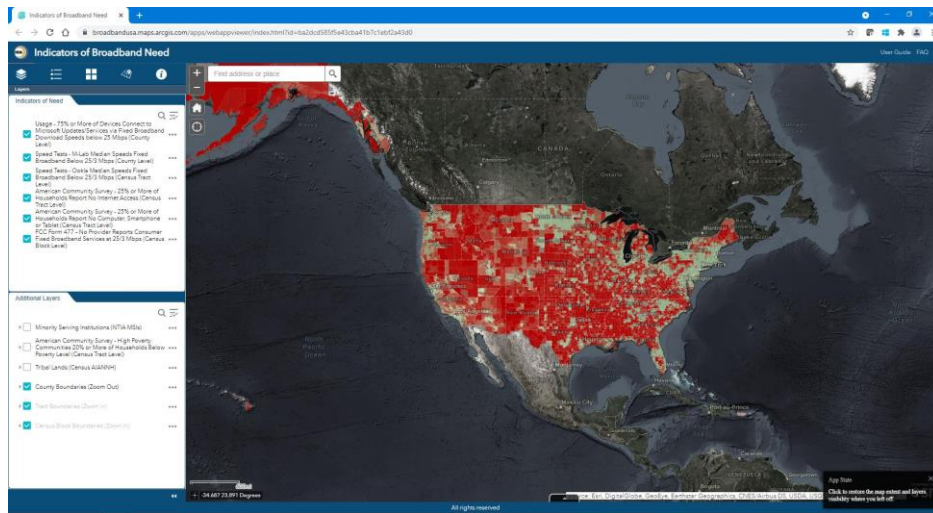
- Appalachian Regional Commission
- Delta Regional Authority
- Department of Agriculture
- Department of

## Federal Funding

USDA - Rural Development - Distance Learning Telemedicine (DLT) Grant Program

USDA Rural Development's Rural Utilities Programs provide a variety of loans and grants to build and expand broadband networks. Loans to build broadband networks and deliver service to rural households and businesses, provide capital for rural telecommunications companies and broadband providers.

# Indicators of Broadband Need Map



- Publically available digital map that displays key indicators of broadband needs across the country.
- First interactive, public map that allows users to explore different datasets about where people do not have quality Internet access.
- It contains data aggregated at the county, census tract, and census block level from the U.S. Census Bureau, the Federal Communications Commission (FCC), M-Lab, Ookla and Microsoft.
- <https://broadbandusa.ntia.doc.gov/resources/data-and-mapping>

# State Broadband Leaders Network

One-stop shop for resources on state broadband efforts

Active network of state leaders leading state-level broadband efforts

Channel for communication and review of policies between federal agencies and states

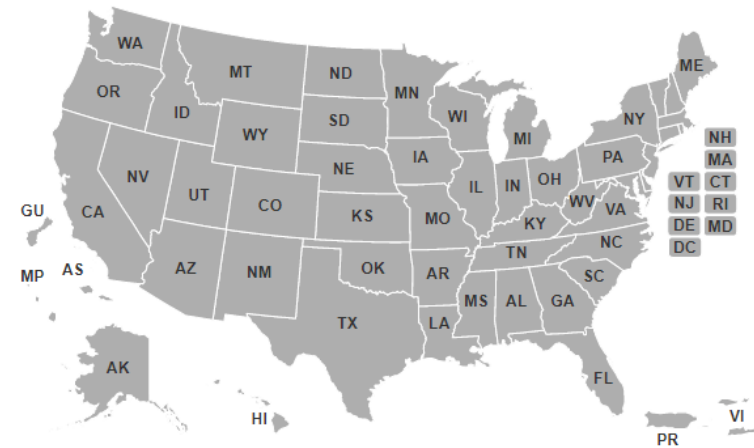
## State Broadband Leaders Network (SBLN)

The National Telecommunications and Information Administration's (NTIA) BroadbandUSA program convenes and facilitates the State Broadband Leaders Network (SBLN), a community of practitioners who work on state broadband initiatives. SBLN participants share priorities and best practices and discuss emerging telecommunications policy issues. The network also provides a forum to strengthen policy and program connections among states, local jurisdictions and federal agencies.

For more information on the SBLN, consult the [SBLN Fact Sheet](#)

## State Broadband Programs

Select 'state' to review State Broadband Programs



**Q & A**



[Broadbandusa.ntia.doc.gov/](https://Broadbandusa.ntia.doc.gov/)



[broadbandusa@ntia.doc.gov](mailto:broadbandusa@ntia.doc.gov)



202-482-2048





# CDFA Federal Financing Webinar Series: The Federal Role in Financing Broadband

## Panelist

**Thank you**

for joining the conversation today. Send us your questions and comments!



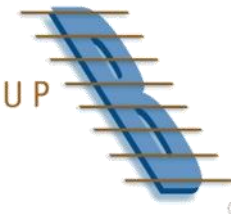
**Jeff Reiman**

President  
The Broadband Group

See all of CDFA's resources online at [www.cdfa.net/resources](http://www.cdfa.net/resources)



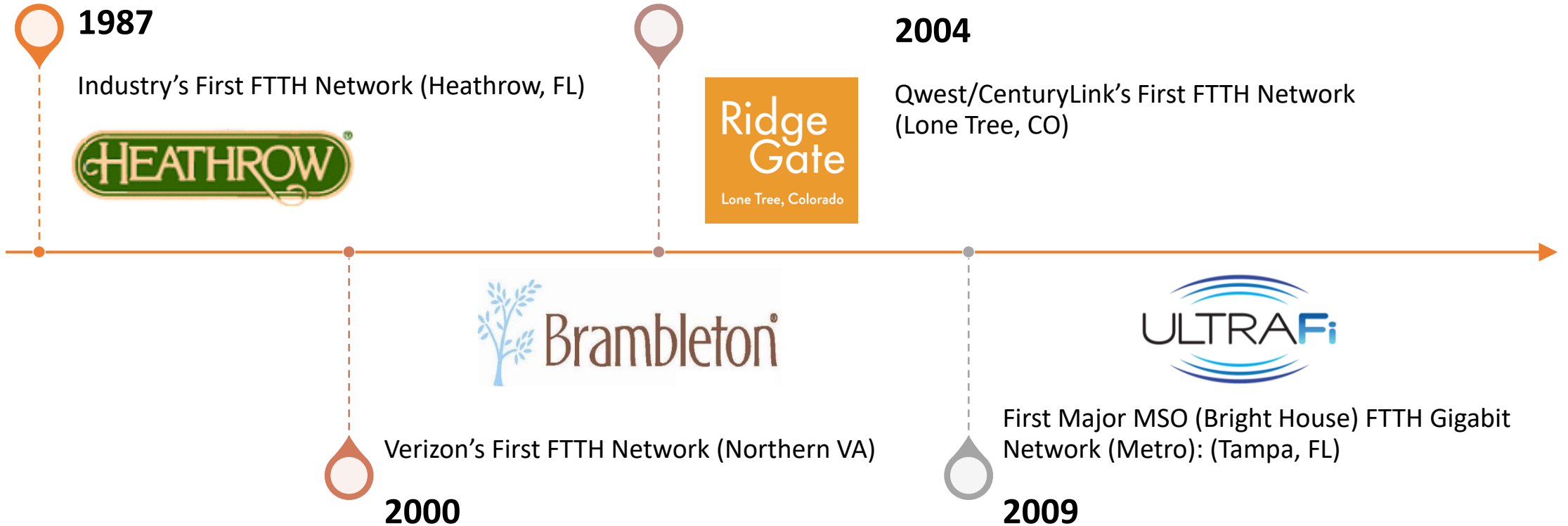
THE BROADBAND GROUP



# The Federal Role in Financing Broadband

*Jeff Reiman – President, The Broadband Group  
September 14, 2021*

# History of Broadband Networks





“I don’t know the first thing about fiber optics, but I know what people need.

And I know the most important thing we do is communicate.”

Jeno F. Paulucci  
Founder Jenos Pizza, Chung King  
and Heathrow Land & Development



# Municipal Partnerships

- Cities and utilities have begun to align with service providers to meet connectivity needs.
- While traditional municipal investments have been challenged, the “Utility Lease Model,” has emerged as a viable and sustainable deployment solution.
- The two largest and most publicized projects with this type of structure are Huntsville, Alabama and Springfield, Missouri. In both cases, the city-owned utilities have expanded their fiber networks, while reserving space to lease/sell excess fiber to meet community connectivity needs.



# Huntsville Utilities (Huntsville, AL)



**HUNTSVILLE UTILITIES**

ELECTRICITY • NATURAL GAS • WATER

Google fiber

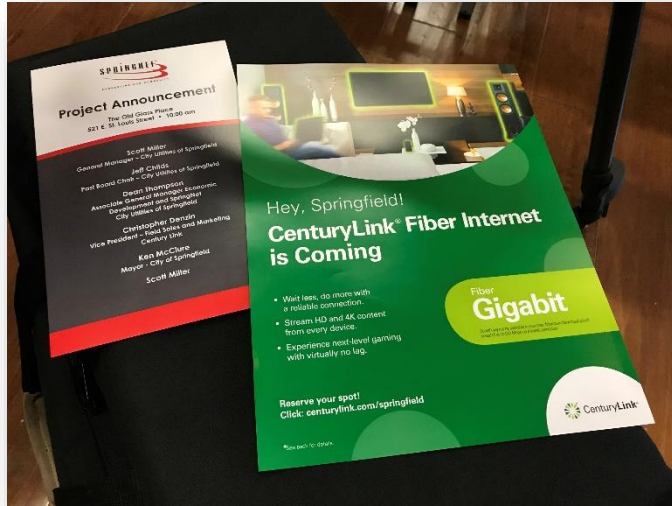


## Huntsville Utilities Broadband Network (with Google Fiber as Anchor Tenant)

- Constructing a Fiber Network for internal utility communication needs.
- Leasing excess capacity to bring new competitive providers to the market (such as Google Fiber).
- Google Fiber (leasing from HU) provides residential Gigabit Internet.
- Broadband as a community amenity and differentiator.

# Springfield, Missouri

## City Utilities Fiber Network (with CenturyLink as Anchor Tenant)



- Constructing a Fiber Network for internal utility communication needs (e.g., Grid Modernization)
- Leasing excess capacity to bring new competitive providers to the market (such as CenturyLink).
- CenturyLink (leasing from City Utilities) provides residential Gigabit Internet.
- Broadband as a community amenity and differentiator.



**FOX**  
BUSINESS

**LIVE**

THE BROADBAND GROUP HAS BEEN INSTRUMENTAL IN THE  
CREATION OF HIGH-FIBER BROADBAND CONNECTED COMMUNITIES

**EXCLUSIVE**

**DOW**

27,517.90

▲ 55.79

VIX

12.93

▲ 0.10

10.77%

SILVER

17.60

▼ 0.46

2.63%

## A Nationally Recognized & Replicable Model

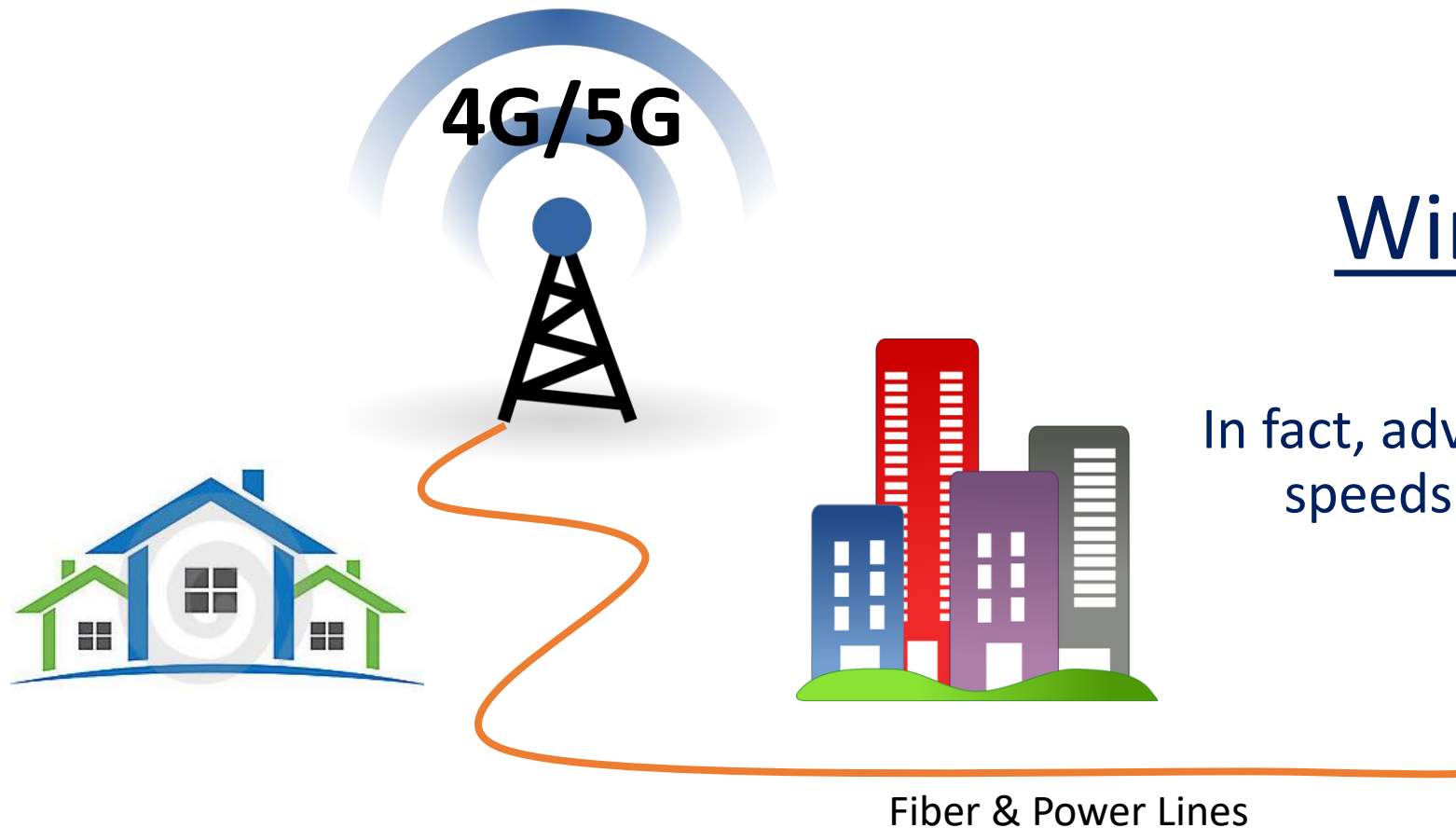


### More Muni, More Money

Small communities increasingly see municipal broadband as a means to drive economic growth

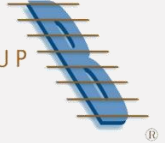
MIKE FARRELL · NOV 18, 2019

# Robust Wireless Requires Fiber Connectivity



## Wires still matter

In fact, advanced wireless coverage and speeds requires more fiber lines.



*“Actions taken today will affect what kind of broadband networks the city has in ten years. And, in ten years, whether it has faster, cheaper, better broadband networks will affect everything that state and city does.”*

*- Blair Levin, Brookings Institute*





# CDFA Federal Financing Webinar Series: The Federal Role in Financing Broadband

## Panelist

**Thank you**

for joining the conversation today. Send us your questions and comments!

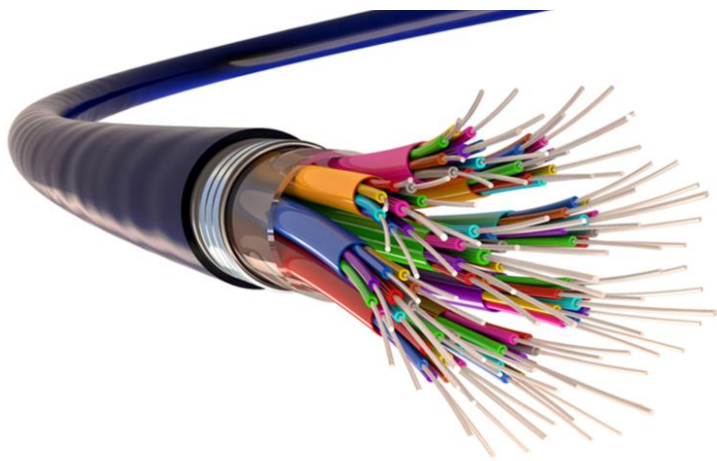


**Lindsay Miller**

Partner  
Ice Miller LLP

See all of CDFA's resources online at [www.cdfa.net/resources](http://www.cdfa.net/resources)

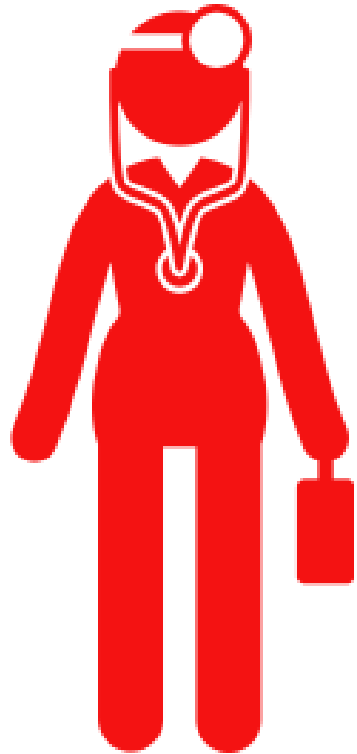
# The Federal Role in Financing Broadband



**5G**

# The Need for Connectivity

## COVID-19



The COVID-19 pandemic has highlighted the need for, and in many locations persisting lack of, broadband access and digital inclusion to support remote work, telehealth, distance learning, e-government, entertainment, etc.

In response, governments of all sizes and levels have started, or enhanced, investing in broadband infrastructure more than ever before.

# Fulfilling Many Needs

**Developers** and investors ask "Where is the **return**?"

**Workers** ask "Where are the jobs and do I need **training**?"

**Citizens** ask "How does this truly make my **life better**?"

**Community Leaders** ask "What do our communities **need**,  
**where do we start**, and **how will we pay for this**?"

# Local Policy Considerations

Local government policies can encourage and facilitate local broadband expansion through:

- effectively managing local rights-of-way;
- seeking opportunities to reduce buildout costs; and
- alleviating permitting delays.

# Local Policy Considerations

## Comprehensive Right-of-Way (“ROW”) Ordinances

- Rules and regulations commonly found in municipal codes, addressing street and sidewalk occupancy and use.
- Contribute to the provision of a coordinated and orderly use of limited ROW space, provide users with literal “rules of the road”, and allow the municipality to efficiently manage its resources to ensure that the cost and expense of ROW ownership remains reasonable.
- ROW ordinances should be designed in accordance with state and federal law, and so as to:
  - establish set standards for use by all entities who may occupy the public way, and
  - encourage the greatest amount of construction coordination and complementary use as possible.

# Local Policy Considerations

## Comprehensive ROW Ordinances (cont.)

- ROW Ordinances will often provide:
  - general ROW use and occupancy rules,
  - costs to access/use/construct in the ROW,
  - define permitting applications procedures,
  - codify permitting regulations,
  - detail municipal enforcement mechanisms to ensure proper use and effective restoration,
  - provide for any available municipal indemnities/insurance/bonding, and
  - list general construction procedures.

# Local Policy Considerations

## Comprehensive ROW Ordinances (cont.)

By drafting and implementing thoughtful and comprehensive ROW management and administration ordinances, municipalities can:

- properly protect existing rights-of-ways and public safety;
- encourage coordination among service providers; and
- promote advanced service deployments, ultimately facilitating robust and responsible economic development.

*Appropriate rights-of-way management control and use policies (aligned with state and federal requirements); clear and concise rules and regulations; and forward-thinking small cell design guidelines provide and outline important “rules of the road” (literally) for broadband providers and, if drafted with care, can aid in incentivizing providers to further deploy broadband services.*

# Local Policy Considerations

## Comprehensive ROW Ordinances (cont.)

- Consistency of rules and regulations among regional municipalities allows private providers to design builds that cross municipal boundaries and deploy infrastructure quickly and efficiently, without the need to adjust standards and permitting approaches.
- Often neighboring municipalities find that they have certain geographic, aesthetic, design, or space limitations that keep the details of their respective ROW ordinances from being identical, but substantial similar processes and formats can be achieved and are beneficial.
- A possible approach would be to have a regional entity work with outside experts to design a standard template ordinance that could be easily customized for individual municipalities, but still provide similar construction, use and occupancy procedures and rules.

# Local Policy Considerations

## Zoning Ordinances

- While small cell providers and fiber builds will seek to use local rights-of-way for expansion, providers may seek to locate other infrastructure, particularly macro wireless towers, outside of the rights-of-way, but still on public property. In such instance, a local zoning ordinance may come into play.
- Wireless equipment size has diminished, and location and placement of infrastructure based on radio frequency (RF) engineering has changed dramatically.
- Thoughtful updates and careful modifications to existing jurisdictional zoning regulations and requirements can provide important practical and legal incentives to encourage broadband deployment and development within a jurisdiction.

# Local Policy Considerations

## Dig-Once Policies

- Excavating existing roadways or otherwise digging, boring, or trenching into the ground are major cost barrier to broadband expansion, particularly wireline.
- Dig-once policies typically require that broadband providers be notified when public rights-of-ways are excavated/ opened so that they can be given the opportunity to install broadband infrastructure, including conduit and/ or fiber optics.
- Such policies often require that dedicated broadband conduit be laid in the right-of-way during new construction to prepare for future broadband needs.
- A dig-once policy is a common sense method of reducing the cost of communications infrastructure deployment. However, communities should think broadly when implementing dig-once policies, knowing that broadband infrastructure does not simply have to be buried alongside a roadway project or in coordination with a telecommunications-specific project.

# Local Policy Considerations

## Dig-Once Policy, Example:

The U.S. Department of Transportation Federal Highway Administration (USDOT FHWA) has released a memorandum encouraging State Departments of Transportation to consider practices that can further broadband deployment including minimizing repeated excavation of the roadway, coordinating with broadband utilities during highway construction, and integrating trenchless technologies into construction practices, as appropriate.

# Local Policy Considerations

## Partnerships

- Partnerships and collaboration are particularly important to encourage effective policy development and enactment.
- Such partnerships can help address the broadband access and digital equity needs.
- Partnerships with key public entities for broadband expansion and digital equity and inclusion opportunities, such as:
  - affordable housing,
  - education,
  - healthcare,
  - transit/ transportation,
  - libraries, and
  - neighboring governments

# Use of Federal and State Broadband Funding

- Incentivize construction, acquisition, or leasing of facilities for broadband build out to unserved and/ or underserved areas;
- Bring connectivity to businesses, farms, ranches, and community facilities such as first responders, health care, and schools;
- Middle mile broadband infrastructure;
- Public Wi-Fi projects;
- Partnerships for device and/or wireless hotspot distribution;
- Assistive technologies, and training and support, for individuals with disabilities;
- Low-cost broadband service for low-income consumers;
- Digital equity plans;
- Digital inclusion initiatives (e.g., programming; technical assistance);
- And more.

# Private Activity Bonds (PABs) for Broadband in the Infrastructure Act

- The proposed language in the Infrastructure Act specifically permits qualified broadband projects to be issued as tax-exempt “qualified private activity bonds” (PABs)
  - PABs allow a conduit issuer (national, state, or local; could be a county or municipality depending on applicable state law) to issue bonds on behalf of a private entity, or otherwise allow typically unpermitted private payment or private use applicable to exempt bonds, for qualified broadband projects.
  - PABs give access to the tax-exempt capital markets, which is a cheaper alternative to traditional borrowing and provides qualified broadband projects access to a known market for cheaper financing and reduced upfront capital outlay.

# PAB Examples:

- 1) As part of a financing of a county-wide qualified broadband infrastructure project, a private entity could work with a conduit issuer to issue tax-exempt PABs on its behalf to pay the costs of the qualified broadband project. The private entity would own the project and either hire an operator/manager or lease the project to broadband provider(s) or a to another third party to operate their network. Though the proposed infrastructure bill language exempts 75% of the qualified broadband project, there would still need to be an available portion of volume cap for the 25% that would could toward the state's volume cap allocation.
- 2) A government-owned qualified broadband project, financed through PABs, and operated and maintained by a private entity through a lease or management contract. Government-owned projects financed by PABs do not require a volume cap allocation.

# Summary of Municipal Finance Tools

Government-based Finance Options	Development Exactions	Public and Private Options	Private Sector Leveraging
General Obligation Bonds	Dedication Requirements	Public-Private Partnership	Loan Loss Reserve Funds
Revenue Bonds	Tap Fees	Pay for Performance	Debt Service Reserves
Industrial Revenue Bonds	Linkage Fees	Securitization and Structured Finance	Loan Guarantees
Green Bonds	Impact Fees	Catastrophe Bonds	On-Bill Financing
Qualified Energy Conservation Bonds			Pooled Bond Financing
Social Impact Bonds			Pooled Lease-Purchasing Finance
Public Benefit Funds			Value Capture
Linked Deposit Programs			Tax Increment Financing
Energy Efficiency Loans			Opportunity Zones
Property-Assessed Clean Energy Programs			
Greenhouse Emissions Allowance Auctions			
User Fees			

# Public-Private Partnerships

- Public-private partnerships for broadband are often used in **combination with other funding sources:**
  - Government bonds and financing
  - Special taxing districts and tax increments
  - Grants, financing and loans
  - Economic incentives



**Lindsay M. Miller**

*Partner*

Ice Miller LLP

[lindsay.miller@icemiller.com](mailto:lindsay.miller@icemiller.com)

614.462.1136



## CDFA Federal Financing Webinar Series: The Federal Role in Financing Broadband

**Thank you**

for joining the  
conversation  
today. Send us  
your questions  
and comments!

**Questions?**

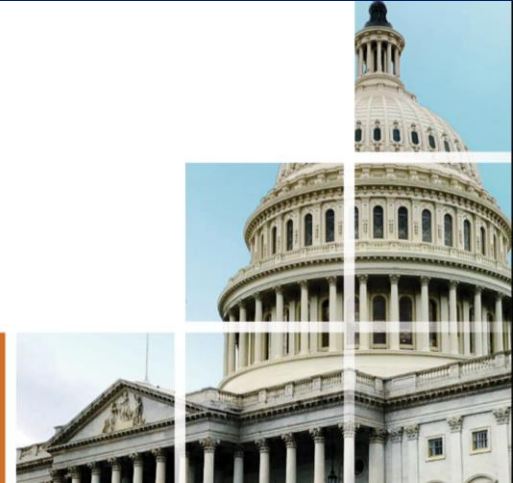


# CDFA Federal Financing Webinar Series: The Federal Role in Financing Broadband

## Upcoming Events



# CDFA Federal Financing Webinar Series



REGISTER  
TODAY >>

Feb 9 | Mar 9 | May 11 | Jun 8 | Aug 24 | Sep 14 | Dec 14

## Thank you

for joining the conversation today. Send us your questions and comments!

**Next in this Series:**

**CDFA Federal Financing Webinar Series:  
Preserving Local Food Systems with Federal Financing**

December 14, 2021

Register online at [www.cdfa.net](http://www.cdfa.net)



# CDFA Federal Financing Webinar Series: The Federal Role in Financing Broadband

## Upcoming Events

### CDFA VIRTUAL NATIONAL SUMMIT

NOVEMBER 1-5, 2021 / 1pm-5pm Eastern



TITLE SPONSOR

REGISTER TODAY

## Thank you

for joining the conversation today. Send us your questions and comments!

### **CDFA // BNY Mellon Development Finance Webcast Series: Layering the Capital Stack**

September 21, 2021

### **CDFA // BNY Mellon Development Finance Webcast Series: Exploring Local Economy Preservation Funds**

October 19, 2021

Register online at [www.cdfa.net](http://www.cdfa.net)



# CDFA Federal Financing Webinar Series: The Federal Role in Financing Broadband

**Thank you**  
for joining the  
conversation  
today. Send us  
your questions  
and comments!



**Malcolm Guy**

Coordinator, Government  
& External Affairs

614-705-1306

[mguy@cdfa.net](mailto:mguy@cdfa.net)

This webcast is designed to provide accurate and authoritative information in regard to the subject matter covered. It is available with the understanding that CDFA and the panelists are not engaged in rendering legal, accounting, or other professional services. If legal advice or other expert assistance is required, the services of a competent professional should be sought.