

# USDA ReConnect Webinar

## Funding Opportunity Announcement Overview

December 18, 2019

**Presenter:** *Rebecca Fairchild-Lewis*

**Guest Presenters:**

*Deputy Assistant Administrator, Laurel Leverrier*

*ReConnect Program Director, Kenneth Kuchno*

### Webinar Transcript

#### Slide 1

**Rebecca Fairchild-Lewis:** Hello, and welcome to the first ReConnect Program Introduction and Overview webinar for round two of the ReConnect Program. My name is Rebecca Fairchild-Lewis, and I'm a member of the USDA RUS ReConnect support team. I will be your presenter for this webinar. Today I am joined by Laurel Leverrier, Deputy Assistant Administrator, and Ken Kuchno, ReConnect Program Director who will be answering questions at the end of the presentation. And with that, I will hand it over to Laurel for a few words.

#### Slide 2

**Laurel Leverrier:** Thank you, Rebecca. Good afternoon everybody, this is Laurel Leverrier with the Rural Utilities Service. So excited to talk with you all this afternoon about this program. The ReConnect Program is a wonderful opportunity for us to address a major need across the country. We know over 20 million Americans still don't have access to high-speed broadband service which limits the ability to access educational materials online. They can't enjoy opportunities for telehealth or distant learning. We know how critical it is for everyone in this country to have access, and we are so appreciative of this opportunity given to us by Congress to administer and oversee this program. We are here to talk about our second round of funding. We are really excited about the results from our first round where we received over 1.4 billion dollars in applications. So, we certainly know there's a great need out there, and we are here to help inform you all about this program as well as to guide you through the application process. So, we have a lot of information for you this afternoon, and I do want to note that we are going to continue to give you a lot of information online, so don't worry, this is not your only time to hear about these things. But this is a great introduction for us to talk to you about this wonderful program as well as changes that we have made in the Second Round. With that said, I will turn back over to Rebecca to actually walk us through the presentation today.

#### Slide 3 - FOA 2 Presentation Overview

**Rebecca Fairchild-Lewis:** Great. Thank you, Laurel. Before we get started, I want to go over a few logistics for the presentation. As I mentioned, when I open we will be taking questions at the end, but you can feel free to submit your questions through the Q&A box throughout the presentation, and we will address as many questions as we have time for at the end. Additionally, the materials from the webinar will be posted to the ReConnect website in the

upcoming days. For this presentation, I will walk you through the program requirements outlined in the 2019 funding opportunity announcement or FOA that was published last week on December 12th. We will start with some program updates related to the first round, and then I am going to go over the program's background and timeline. Then we will hit the eligibility and application requirements.

Finally, we will wrap up the presentation with the summary of all the changes from round one along with next steps, including upcoming outreach activities and available resources. Please keep in mind as we go through this presentation, the information provided will be high-level. This webinar is designed to foster understanding of the basic requirements of the ReConnect Program based on the 2019 FOA. Towards the end of the presentation, we will go over guidance tools, so you could find additional resources... and I would like to stress to make sure you read through the 2019 FOA as well - to make sure you're hitting all those.

#### **Slide 4 - ReConnect Program Update**

**Rebecca Fairchild-Lewis:** Before we take a closer look at the program, I want to begin with the first round of funding.

#### **Slide 5 - FOA 1 Applications Update**

**Rebecca Fairchild-Lewis:** As Laurel mentioned, we received 146 applications, requesting over \$1.4 billion. This is across 41 states. The breakdown for that: we received 78 applications for the 100 percent grants opportunity requesting \$522 million. These represented 34 states and over 150,000 households. For the combination product, the 50 percent grant/50 percent loan, we received 53 applications requesting over \$637 million, \$342 million for grants, and \$295 million for loans. And just a note here, some applicants did decide to substitute in other funds rather than the loan, and that's why there is a difference in those amounts. Those applications represented 32 states and over 148,000 households. The last product that we had applications for in this last round were the 100 percent Loans. We received 15 applications requesting \$258 million dollars and those were across 22 states and over 165,000 homes and businesses.

#### **Slide 6 - Program Overview**

**Rebecca Fairchild-Lewis:** Next, I want to go into the program overview.

#### **Slide 7 - ReConnect Program Introduction**

**Rebecca Fairchild-Lewis:** As many of you know, the ReConnect program is a broadband pilot program that offers federal loans and grants and combinations thereof to facilitate broadband deployment in rural areas. ReConnect loans and grants provide funds for the cost of construction, improvement or acquisition of facilities and equipment needed to provide broadband service in eligible rural areas. This pilot program will generate both private and public sector investment to deploy broadband infrastructure to provide high-level speed Internet e-connectivity to as many new rural premises as possible, including homes, essential community facilities, and businesses. The mission of the program is to expand broadband service to rural areas without sufficient access to broadband. For round two of ReConnect, the same definition will be used as round one with defined sufficient broadband as 10 megabit per second downstream and 1 megabit per second upstream.

#### **Slide 8 - Background**

**Rebecca Fairchild-Lewis:** In the 2018 Consolidated Appropriations Act, Congress provided \$600 million to the broadband pilot program that we are now calling the ReConnect program. The program focuses on areas that completely lack or have insufficient broadband service. Once again, I know I just mentioned it, but I would like to emphasize it for the purposes of this program -- sufficient access is defined at 10 megabit per second downstream and 1 megabit per second upstream. If an area has less than 10/1 service, then that area meets this eligibility requirement. The program also includes incentives which are built into the application process that encourages applicants to focus on farms, business educational facilities, healthcare facilities, and essential community facilities. The minimum requirement is to provide 25/3 megabit per second service throughout the proposed service areas in rural America. In fiscal year 2019, an additional \$550 million dollars was added to the program by Congress. Throughout this webinar, we would take a look at the program requirements based on the 2019 FOA, and as we do, I will highlight some important changes that will be implemented in this second round of funding.

#### **Slide 9- ReConnect Program Timeline**

**Rebecca Fairchild-Lewis:** Really quickly I want to go over the program timeline. Just to highlight some of the key milestones related to the ReConnect program...an important piece to keep in mind as we move forward. On March 23, 2018, Congress passed the Consolidated Appropriations Act, which I just talked about. And then on December 14, 2018, RUS announced the first round of funding under the ReConnect Program, and of course, by 2019 FOA 2 was released. The application windows for the first round of funding were over between April 3, 2019 and July 12, 2019. USDA conducted an application review process from July through October and then last week, December 12, 2019, the Agency officially announced the second round of funding under the ReConnect program and the corresponding funding FOA was released. Looking at the second round of funding, the application window for all three categories will be open from January 31, 2020 through March 16, 2020. Note this is a change from the first FOA which designated three separate closing dates for the three separate funding categories.

All applications will once again be accepted through the RUS online application system. However, instead of closing at midnight, the application deadline will be at 6:00 p.m. (Eastern) on March 16th.

#### **Slide 10 - Understanding ReConnect**

**Rebecca Fairchild-Lewis:** Now I am going to take a closer look at some of the eligibility requirements and highlight key components of the application process for the second round of funding.

#### **Slide 11 - Who Can Apply for ReConnect Funding**

**Rebecca Fairchild-Lewis:** Who can apply? USDA wanted to keep eligibility open to a wide range of entities in the program and is encouraging applicants to partner with other entities to deliver broadband when applying.

Eligible entities include states, local governments, or any agency, subdivision or instrumentality, or political subdivision thereof; a territory or possession of the United States; an Indian tribe (as defined in section 4 of the Indian Self Determination and Education Assistance Act); non-profit entities; for-profit entities; for-profit corporations; limited liability companies; and cooperative or mutual organizations.

As with the first round of funding, individual and legal partnerships are not eligible to apply. In addition, co-applicants are not eligible. If two entities would like to partner with one another in delivering broadband to areas without sufficient access, then one entity must take the lead in submitting the application. In this case, inter-company agreements, can be used to account for revenues and expenses on the applicant's financial projection. Additionally, the entity applying must own all assets funded through the program, and then finally, because we received this question a lot during the first round of funding, I would like to mention that ISPs and WISPs are eligible entities as long as they fall into one of the classifications previously noted.

### **Slide 12 - Grant and Loan Products**

**Rebecca Fairchild-Lewis:** Once again for round two, there will be three products offered, 100 percent loan, 50/50 combinations of loan and grant, 100 percent grants. The general terms outlined here remain the same from the first round of funding. For the 100 percent loan product, up to \$200 million is available for funding and the maximum award amount for the project will be \$50 million. The interest rate for these loans will be fixed at 2 percent. For the 50/50 combo product, up to \$200 million dollars is available for funding. \$100 million for grants and \$100 million for loans. The maximum award amount for the project will be \$50 million, and the loan and grant amount will always be equal. The interest rate for the loan component will be based on the treasury rate at the time of funds are advanced. And finally, for the 100 percent grant product, up to \$200 million will be available. The maximum award amount for this product will be \$25 million. An applicant will be required to provide a 25 percent match, and that 25 percent match can only be in cash.

Across all products, applicants must propose to build a network that is capable of providing service to every premise located in the proposed funded service area at the time the application is submitted at a speed of 25 megabit per second downstream and three megabit per second upstream. However, the combination and 100 percent grant products will be incentivized via additional scoring criteria to provide higher speeds, which we will be discussed later on in this presentation.

Additionally, by the end of the 5-year forecast period, applicants must meet at least two of the following: a minimum TIER of 1.2, a minimum debt service coverage ratio (or DSCR) of 1.2, and a minimum current ratio of 1.2. Applicants must also demonstrate positive cash flow from operations at the end of the forecast period. Finally, the application review process as seen here remains the same across products: The 100 percent loan product will be reviewed on a rolling (non-competitive) basis, while the combination and 100 percent grant products are subject to competitive scoring. We will touch more on that a little bit later.

### **Slide 13 - FOA 2 Application Eligibility Factors**

**Rebecca Fairchild-Lewis:** Similar to the previous FOA, the 2019 FOA requires applicants to provide the following information in order to be eligible:

- Unqualified, comparative audited financial statements for the previous calendar year from the date the application is submitted. Note, this requirement has changed from round one, which required audited financial statements for the past 2 years. So for round two is one year.
- Applicants must submit a complete application, including all necessary supporting documentation.

- Applicants must provide evidence of timely buildout completion (meaning that the buildout must be completed within 5 years from the date funds are first made available).
- The project must be financially feasible, sustainable, and propose to offer a technically feasible solution. Specifically, the solution must be capable of providing 25/3 megabits per second service to all premises in the proposed funded service areas and the plans must be certified by a licensed engineer.
- Applicants must provide service to all eligible service areas and applications must demonstrate the service area does not have sufficient access to broadband.
- Finally, the project must be fully funded.

Please keep in mind that this is not a comprehensive list of application eligibility requirements.

#### **Slide 14 - FOA 2 Eligible Proposed Funded Service Area**

**Rebecca Fairchild-Lewis:** Now we will take a few moments to discuss the key component of the application: the Proposed Funded Service area (or PFSA). A Proposed Funded Service Area refers to the area (whether all or part of an existing or new service area) where the applicant is requesting funds to provide broadband service. As part of the application, applicants will have to draw their PFSAs on the USDA mapping tool within the Online Application System. Applicants will also need to draw any Non-Funded Service Areas (or NFSAs) as part of completing their applications. Applicants can utilize the Eligible Area Map available on the ReConnect website to view factors of ineligibility. The mapping tool shows areas that are ineligible for a variety of reasons; however, applicants will have to do their own due diligence to ensure PFSAs meet all eligibility criteria. Please keep in mind as you are reviewing the tool, the map does not identify areas without sufficient access to broadband. As with the first round of funding, PFSAs do not need to be contiguous. However, in the case of multiple service areas, each service area has to meet the 10/1 Mbps eligibility requirement on a standalone basis.

#### **Slide 15 - FOA 2 Eligible Proposed Funded Service Area: Key Considerations**

**Rebecca Fairchild-Lewis:** The key consideration when you're looking at your PFSAs. Across all three products, 90 percent of the PFSA must not have sufficient access to broadband in order to be eligible. This requirement has changed from the first round of funding which required - for the grant product only - that 100 percent of the PFSA lack sufficient access to broadband service. Please keep in mind that this eligibility requirement specifically refers to households. If there are any businesses or community buildings such as hospitals and schools that are already receiving 10/1 or higher service in the applicant's PFSA, those buildings will not count against an applicant's eligibility. For eligibility with households, for service build out requirements is all premises.

When drawing their service areas on the map, applicants will have to draw or upload the shapefile for the Proposed Funded Service Area and overlay it with another shapefile that identifies where there is not sufficient access to broadband. As mentioned, multiple service areas will be treated as separate standalone service areas for the purpose of determining how much of the Proposed Funded Service Area does not have sufficient access to broadband. This means that for each individual PFSA polygon must meet the 90 percent eligibility requirement and be marked accordingly. An important note: if any service area in a competitive application does not meet the eligibility requirements, the entire application will be disqualified. In other words, not just the service area is thrown out; the entire application is thrown out. To determine whether service areas meets eligibility requirements, USDA will conduct Service Area Validations (abbreviated SAVs) on applications, which we will discuss again later on in today's

presentation. The SAV guide is posted on the website at [reconnect.usda.gov](http://reconnect.usda.gov) under “forms and resources.”

### **Slide 16 - FOA 2 Eligible Costs**

**Rebecca Fairchild-Lewis:** This slide includes an overview of eligible costs associated with the ReConnect program. Eligible costs must be consistent with the cost principles identified in 2 CFR 200, Subpart E, Cost Principles. In addition, costs must be reasonable, allocable, and necessary to the project. Award funds may be used for the following purposes:

- For construction or improvement of facilities, including buildings and land required to provide broadband service.
- To fund reasonable pre-application expenses (which are not to exceed 5 percent of the total award). Pre-application costs must be incurred after the publication date of the FOA (December 12, 2019) and be documented. An exception to this requirement is in the case that an applicant applied for funding in round one, pre-application expenses may be eligible for reimbursement under this second round of funding if the expenses support the round two application. However, RUS reserves the right to accept or reject expenses associated with round one.

Award funds may also be used to fund the acquisition of an existing system that does not currently provide sufficient access to broadband. However, this cost is only eligible under the 100 percent loan category and the cost of the acquisition is limited to 40 percent of the total loan amount.

### **Slide 17 - FOA 2 Network Requirements: Key Considerations**

**Rebecca Fairchild-Lewis:** Next, we will discuss some important considerations related to developing the network components of the application. Applicants will need to submit the following:

- A network design which includes a description of the proposed technology used to deliver the broadband service
- A network diagram
- A buildout timeline and milestones for implementation of the project
- And finally, a Capital Investment Workbook and Capital Investment Schedule showing that the system can be built within 5 years

Similar to the first round of funding, these requirements must be certified by a professional engineer (or PE) who is certified in at least one of the states where there is project construction, and the certification from the professional engineer must state that the proposed network can deliver broadband service at the required level of service to all premises in the PFSA. The ReConnect Program remains technology neutral, and only requires that the solution meet the minimum construction requirements of 25/3 to all premises. Please note that this is a high-level introduction to network requirements. More detailed information can be found in the 2019 FOA and the application guide.

### **Slide 18 - FOA 2 Financial Requirements: Key Considerations**

**Rebecca Fairchild-Lewis:** Alright, the next slide talks about financial considerations related to the financial components of the application. Applicants will need to submit detailed financial information related to their proposed project. This information includes the following:

- A financial pro forma to include four years of historical data, the current (bridge) year, and five years of projections. This document should validate the sustainability of the project by including: (1) subscriber estimates related to all proposed service offerings; (2) annual financial projections with balance sheets, income statements, and cash flow statements; and, (3) supporting assumptions for the five-year forecast period and a depreciation schedule for existing facilities, those facilities funded with federal assistance, matching funds, and other funds.

Additionally, applicants will need to provide unqualified, comparative, audited financial statements for the previous year from the date the application has been submitted. Note that this is an important change from the previous FOA that we talked about earlier, which required statements for the previous two calendar years. Also added to this requirement is the explicit approval for a subsidiary to use the consolidated financial statements of a parent organization as long as the parent fully guarantees the loan, or in the case of a grant, guarantees construction will be completed. There are numerous other forms and documentation the applicant will need to provide. More details can be found in the 2019 FOA and the Application Guide. The Application Guide will be available concurrent with the opening of the application system on January 31st .

#### **Slide 19 - FOA 2 Environmental Requirements: Key Considerations**

**Rebecca Fairchild-Lewis:** Now we will discuss a few important considerations related to the environmental components of the application. Applicants are expected to design their projects so that they minimize the potential for adverse impacts to the environment. When beginning an application, applicants should consider taking environmental scoping actions sooner than later. To do this, applicants should identify the service area of their proposed project and understand the environmental and historic research areas that their project could impact. Next, applicants should facilitate early consultation with resource agencies and identify if the proposed project will require new rights of way or if it can be built within the existing rights of way. Additionally, applicants should determine whether the project service area will impact the native tribal land, protected farmland, or federal land.

Similar to the 2018 FOA, the 2019 FOA requires that applications comply with procedural provisions outlined in 7 CFR 1970. To facilitate compliance, the applicant must provide completed Environmental Questionnaires (or EQs) as prompted by the application system, which consist of project descriptions for environmental review purposes. All project activities, specific project locations, and supporting documentation must be provided to further the Agency's analysis of potential impacts to the environment.

Additionally, the applicant must supply required environmental authorizations and permits, including those required by the National Environmental Policy Act of 1969 (or NEPA), the National Historic Preservation Act of 1966 (or NHPA), and the Endangered Species Act of 1973 (or ESA) as applicable. Project maps or site plans are required to identify cable routes, building locations, tower locations, equipment locations, and all structures and facilities that are part of the project. The Agency will use this data provided in the intake system to complete the environmental review for the project and reserves the right to request additional information post-application in order to assist with efficient and timely review of environmental requirements. As with the 2018 FOA, applicants will be required to complete construction maps, which are comprised of sites and routes, corresponding descriptions, and any required EQs.

## Slide 20 - FOA 2 Scoring Criteria

**Rebecca Fairchild-Lewis:** As mentioned earlier in this presentation, the combination and 100 percent grant products will be reviewed competitively, and applications will be scored based on a variety of criteria. On this slide, we will give you an idea of the different types of elements that contribute to the scores, as well as how you achieve those points.

Up to 25 points will be awarded based on the rurality of the Proposed Service Area as measured by the population of the proposed funded service area per square mile. If multiple service areas are proposed, the density calculation will be made on the combined areas as if they were a single area and not the average densities. Expanded for the 2019 FOA applicants are also able to gain points for rurality if the PFSA is located at least one hundred miles from a city or town that has a population of greater than 50,000 inhabitants. USDA is providing a map layer on the eligible area map on the ReConnect website that shows areas that would be eligible for rurality points under these criteria. This score will be calculated automatically by the intake system. Note here applicants can only receive points for criteria one and they will not get extra points for satisfying both criteria.

Applicants can receive 1 point for every 10 farms served up to a maximum of 20 points. For the second round of funding, farms will be counted using 2017 Census of Agriculture data presented in the GIS layer of the RUS mapping tool. This score will be calculated automatically by the intake system. Applicants will no longer be required to submit pre-subscription forms to gain points for farms as was the case during round one.

20 points will be awarded for projects that are proposing to build a network that is capable of providing at least 100 megabits per second symmetrical service to all premises. Note that the certification from the Professional Engineer must certify that the proposed system can deliver these speeds to every premise in the PFSA. Applicants can receive 1 point for each business that pre-subscribes for broadband service up to a maximum of 15 points. Applicants must have the owner of the business sign the pre-subscription form provided in the application system and submit them as part of their application. Applicants will receive 1 point for every healthcare facility within their PFSA for a maximum of 15 points. Similarly, applicants will receive 1 point for each educational facility, for a maximum of 15 points. And applicants will receive 1 point for each essential community facility (previously called a critical community facility) for up to a maximum of 15 points.

Healthcare, educational, and essential community facilities will be identified using the GIS layer located in the RUS mapping tool on the ReConnect website along with corresponding datasets and definitions. Note that additional guidance has been added to the 2019 FOA to address facilities in tribal areas not identified in the GIS layer: in such cases, the tribal leader of the area can submit documentation supporting the number of healthcare, educational, and or essential community facilities. The documentation must certify that the facilities exist and are being used.

A new scoring criteria added in the 2019 FOA aims to recognize Opportunity Zones. For applications that are proposing to provide service in at least part of an area identified as an Opportunity Zone, 5 points will be awarded. Opportunity Zones will be analyzed using the GIS layer located in the mapping tool.

And finally, there are a total of 20 points available for state broadband activity: for projects that are in a state or tribal area that has a broadband plan that has been updated within five years of the date of publication of this FOA, 10 points will be awarded. An additional 5 points will be awarded for projects located in states or tribal area that do not restrict utilities from delivering broadband service, and 5 more points for projects located in states or tribal areas that expedite right-of-way and environmental requirements. Applicants will be required to submit evidence from the appropriate state or tribal official demonstrating these stipulations. And if service is proposed in multiple states or tribal areas, then evidence must be submitted from each state or tribal area to receive the appropriate points.

### **Slide 21 - Summary of Changes from FOA 1 to FOA 2**

**Rebecca Fairchild-Lewis:** Before we move on to the final section of today's webinar, I would like to take a moment to review a summary of key changes between the 2018 and 2019 funding opportunity announcements. The application window for all three funding categories will be open from January 31, 2020 through March 16, 2020, instead of three different application deadlines. Definitions have been added for healthcare and educational facilities, and the name of critical community facilities has been changed to essential community facilities. For 100 percent grants, 90 percent of the households in PFSA's cannot have sufficient access to broadband, as opposed to 100 percent under round one. The requirement for the two years of unqualified, comparative, audited financial statements has been changed to unqualified, comparative, audited financial statements for the previous year from the date the application has been submitted. Applicants are encouraged to work with the Governor's office for the states where they are proposing to provide broadband service and submit additional information detailing where state funding has been provided in order to ensure the area is not already receiving state funding; however, this is no longer a requirement as it was in round one.

### **Slide 22 - Summary of Changes: Continued**

**Rebecca Fairchild-Lewis:** Continuing, pre-application expenses that were incurred for round one, but benefit an application for round two, may be funded up to the 5 percent of the total award in round two. Under certain conditions, a subsidiary can use the unqualified, comparative, audited statements of the parent to meet certain eligibility requirements. The scoring criteria for farms has been changed. Applicants will receive 1 point for every 10 farms served for a maximum of 20 points. Farms will be counted using 2017 Census of Agriculture data. Tribal leaders can submit documentation supporting scoring points for the number of healthcare, educational and essential community facilities. And, with regard to the public notice response process, public notice of a submitted application will remain posted for 45 calendar days, a 15 day increase from the 30-day public notice response period during the first round.

Please keep in mind that this is not a comprehensive list of changes. Be sure to review the 2019 FOA for more information.

### **Slide 23 - Next Steps**

**Rebecca Fairchild-Lewis:** The final section of this webinar provides an overview of an application evaluation processes, key first steps to starting an application, upcoming outreach activities, along with available resources.

### **Slide 24 - FOA 2 Evaluation and Processing**

**Rebecca Fairchild-Lewis:** As mentioned previously, products will be reviewed and awarded as follows:

- 100 percent loans will be evaluated on a rolling basis, meaning eligible applications will be reviewed on a first come, first serve basis. In other words, if two applications are received for the same PFSA and both applications meet all eligibility requirements, the one that was received first will be awarded.
- Combination loan/grants as well as 100 percent grants will be evaluated and scored in a competitive process, meaning submitted applications will be scored against other applications for that product. Note that 100 percent grant applications are only competitive against other 100 percent grant applications and 50/50 loan/grant combinations are only competitive against other 50/50 combos.

All applications will be evaluated using the criteria set forth in the current FOA and eligibility of proposed funded service areas will be verified by the Agency through a service area validation. Service area validations on applications will check for 10/1 service in the PFSA, validate other information submitted in the application, and consider any public notice responses, which will be posted online for 45 calendar days

As mentioned earlier in the presentation, the SAV guide is posted on the website under “forms and resources.” RUS also reserves the right to ask applicants for clarifying information and additional verification of assertions in their applications. Finally, for those applications that have been selected for funding, RUS will send out award documents.

### **Slide 25 - Key First Steps for Applying**

**Rebecca Fairchild-Lewis:** Key First Steps for Applying. This slide highlights a few important items that applicants will need in order to start an application in the ReConnect application portal. As a reminder, the application system will be available starting January 31st. In order to start your application, you will require the following items:

- A Taxpayer Identification Number or TIN
- USDA Level II eAuthentication (or eAuth)
- A DUNS number
- A current, accurate entry in SAM.gov; and
- A CAGE code (which is obtainable in SAM.gov)
- Applicants will also need their organization’s legal name, address, and contact information.

Please keep in mind, it can take up to three weeks to register in SAM and get a DUNS number, so it is important to keep these initial steps in mind and get started with the process as soon as possible. Additionally, in order to begin completing their applications, applicants will need to complete the ARR process. Note, previous applicants will be able to use their existing ARRs.

### **Slide 26 - Available Resources for Application Help**

**Rebecca Fairchild-Lewis:** In closing, I want to mention some resources available for applicants. USDA Rural Development is providing resources and technical assistance to applicants as they prepare to apply for the ReConnect Program. The ReConnect support team will be conducting workshops and webinars leading up to and throughout the application window. These locations have not been finalized for the workshops, but they will likely take place in late January through February. To stay up to date on upcoming events, subscribe on the ReConnect website by clicking the “stay up to date” link towards the bottom of the home page. Additionally, webinars would also be posted on those as we get those dates out.

The ReConnect website is also a great resource. It contains program information, fact sheets, and technical assistance materials that can be used when developing applications. Materials are currently being updated for the 2019 FOA. Additionally, USDA is maintaining a Help Desk to respond to questions submitted via the ReConnect website. If you have any questions after today's webinar, please be sure to use the "contact us" resource on the ReConnect website to get your question answered. And finally, I would also like to mention the Rural Development eConnectivity toolkit, which came out of the Rural Prosperity Taskforce. You can find that full toolkit on USDA's Broadband homepage under "resources."

#### **Slide 27 - Q&A**

**Rebecca Fairchild-Lewis:** This concludes the FOA 2 ReConnect Program Overview webinar, and now we will now take a few minutes to answer live questions. Please feel free to continue submitting your questions through the Q&A option and we will get to as many as we can as we go through as time allows.

All right, and once again, I have here Ken Kuchno to help answer questions.

**Rebecca Fairchild-Lewis (Q):** So, we are applying for multiple areas within a county, can we use the square miles of the entire county to calculate the population density, or are we restricted to using just the square miles of the PFSA?

**Ken Kuchno (A):** You are restricted to just using the square miles of the PFSA. We have made improvements to the process from round 1, so it will be much more accurate here in round two. What it is, is only the square miles of the PFSA.

**Rebecca Fairchild-Lewis (Q):** Can round one awardee submit an application for a different PFSA within its service territory?

**Ken Kuchno (A):** Yeah, round one applicants and round one recipients can submit additional applications for round two, but the area has to be in a different area than the area in round one.

**Rebecca Fairchild-Lewis (Q):** Okay, so I think this question is in regard to ineligible service areas. Service areas of companies that receive the ReConnect award in round one are not eligible for funding under round two under this FOA. Are round one awardee eligible for funding in round two in different service areas? I believe you just answered this one.

**Ken Kuchno (A):** Yeah round one are eligible for different areas than round two.

**Rebecca Fairchild-Lewis (Q):** When will applicants from the first round be notified of their status of their application?

**Ken Kuchno (A):** Some applicants have been notified so far up to today. We are in the process of wrapping up round one, and within the next couple weeks, all applicants will be notified that they either received an award or that there were didn't make it through the funding process.

**Rebecca Fairchild-Lewis (Q):** Is there funding to pay back fiber bill to companies who jumped in who have already finished their build before there was funding?

**Ken Kuchno (A):** Unfortunately, there is no funding for that situation. As filed in the FOA, only construction started after an award offer has been made will be eligible for funding in round two.

**Rebecca Fairchild-Lewis (Q):** Will an application that was not submitted but remains online with all documents be allowed to just finish up with that application and submit?

**Ken Kuchno (A):** Unfortunately, the system that is designed right now does not allow for the applicants that have started an application in round one to finish. They would have to restart that application in round two.

**Rebecca Fairchild-Lewis (Q):** The FOA states that matching funds must be deposited into the RUS construction plan at the closing of the award. For the 100 percent grant application that contributes to more than the required 25 percent match, does the applicant need to submit the required 25 percent match into the RUS plan or all of the applicant matching funds? For example, assuming 800 million projects, 25 million RUS grants, does the applicant need to submit 25 percent of the 25 million or 75 million in cash?

**Ken Kuchno (A):** At a minimum the 25 percent match would have to be submitted into the construction fund account. We would have to review the other purposes for the additional funds to identify the timing of when they would be needed, and we may have requirements that additional funding be staged in over the five-year construction period versus putting all up front. A lot of that would just be determined as we review the application, so if you are in that kind of situation, please put more detail in your construction plan versus less detail.

**Rebecca Fairchild-Lewis (Q):** Why is the minimum speed to be considered unserved at 1/10 and not 25/3?

**Ken Kuchno (A):** Right now, we are still seeing a lot of various areas in the country that do not even have the 10/1 service, so to try to get it to the most needy area, we left it at 10/1. If applications come in and we don't get sufficient applications to use the funding for 10/1, then we will consider a higher limit in future rounds.

**Rebecca Fairchild-Lewis (Q):** If at the time of application many areas on the application are shown not to be serviced by 10/1 and another entity purposely builds to one area to disqualify the entire application, can that one area be carved out?

**Ken Kuchno (A):** If you are submitting a 100 percent loan application, that one area can be carved out, and we will work with you. If you are submitting a 50/50 or 100 percent grant, we don't have the ability to change those areas, so when that situation happens, it's unfortunate, but that could cause an application to become ineligible.

**Rebecca Fairchild-Lewis (Q):** Can a state or local government supply resources for the 25 percent cash match requirement for the ReConnect Fund?

**Ken Kuchno (A):** A state or county can provide the matching funds as long as it's not other federal funds that they are receiving through something else. If there's other federal funds involved that they want to commit to this project, then they would have to provide the statutory language for whatever program they are getting those funds from that says that those funds can be used to support another federal program.

**Rebecca Fairchild-Lewis:** Okay, I see a couple more questions about whether a round one awardee can apply for different service areas, and once again Ken already answered that round one awardees can apply for different PFSA's.

Give me one second.

**Rebecca Fairchild-Lewis (Q):** Are geographical areas that receive FCC CAF II awards eligible for ReConnect to broadband or other USDA programs, and then can an ISP apply or only CAF II awardee?

**Ken Kuchno (A):** The CAF II 903 auction area -- we need to know the difference because there is a difference between CAF II and CAF II 903 areas. The CAF II 903 areas like in round one are only eligible to the entities that receive the CAF II funding. They are not eligible to other entities.

**Rebecca Fairchild-Lewis (Q):** Are fairgrounds considered essential community facilities because of their public safety?

**Ken Kuchno (A):** In the mapping tool, there is a GIS layer that has essential community facilities, so if it's in that layer, then it's considered an essential community facility. If is not in that layer, for the purpose of round two, it is not considered an essential community facility. That's not to say it's not essential in that particular community, but we are going by the GIS layer for essential community facilities that is located in the mapping tool.

**Rebecca Fairchild-Lewis (A):** And to build on that, there will be definitions for all of those layers and descriptions of where that data came from, as well, so you can review that.

**Rebecca Fairchild-Lewis (Q):** When are audited financial statements for the prior year required to be available and may it possible by 3/16 of 2020?

**Ken Kuchno (A):** We understand that you know opening this up at the start of the calendar year with audits can be a problem, and if you don't have the 2019 audit ready to go, we will accept the 2018 audit, but we are asking that the engagement letter for the 2019 audit also be submitted as part of the application.

**Rebecca Fairchild-Lewis (Q):** Will shape files be allowed for PFSA upload?

**Ken Kuchno (A):** Yes, shape files will be allowed for GSA upload.

**Rebecca Fairchild-Lewis (A):** I will note that each individual PFSA shape has to be uploaded separately. If you are applying for multiple different PFSA's that are not continuous, they all have to be uploaded individually.

**Ken Kuchno (A):** They all have to be uploaded individually. That's the way; that's the structure of the application system. You know, we have had a lot of comments about doing that, so in the future, we will take a look at it. But for this round, you will have to still upload them individually.

**Rebecca Fairchild-Lewis (Q):** The program specifies helpful areas in regard to eligibility, what about farm fields? So, I believe this question is with regards to the eligibility requirements, it does count as helpful to having access to the 10/1 service.

**Ken Kuchno (A):** So, for the statutory language for the program, we only count households. So no, a farm field is obviously is not a household, so it won't be counted, unless there happens to be a house in the middle of the field.

**Rebecca Fairchild-Lewis (Q):** We have a question. When will the shape files for around two be released? I am going to take an assumption and please resubmit your question if this isn't correct. You're asking about the shape files for the eligibility and score criteria layer?

**Ken Kuchno (A):** Again, whoever submitted that question, please resubmit it if we don't get it right. I think you're asking when will the shape files from all the submitted applications be available. Once the application window closes, then we will package up all those shape files like we did in round one, and we will put them on the layer that are submitted. And eventually those

will go from submitted to approved, or they will be taken off because they did not make it at the end of the day.

**Rebecca Fairchild-Lewis (Q):** If there are multiple non-continuous PFSA's identified, will all the PFSA's be considered under one application, or will separate PFSA's be under separate applications?

**Ken Kuchno (A):** They will all be considered under a single application. Applicants can only submit a single application in round two.

**Rebecca Fairchild-Lewis (Q):** I would like to request to go over the state tribal broadband activity information again.

**Ken Kuchno (A):** Yes, state tribal broadband activity. What we're looking for is what kind of activities are going on in that state. We put tribal in there because the tribal areas are a little bit different than the state areas and are governed differently. We wanted to make sure we are providing the same capabilities to anybody that wanted to apply. But it would be coming out using the governor's office in the state or the governor would set up a special broadband office, and they will be putting plans together to demonstrate so you know what they're trying to accomplish. And we're asking the same thing from the tribal areas...that the tribal leadership of that area submit their broadband plan and how it is being implemented.

**Rebecca Fairchild-Lewis (Q):** For each business or educational or essential community facility, do they have to not have 10/1 service?

**Ken Kuchno (A):** They can have 10/1 service, but they are not counted in the eligibility of households. So that's a different scoring criteria to take—try to take a snapshot of the area being proposed to serve. If a business has a 10/1 service or an essential community facility has 10/1 service, that will not eliminate that area. If households have 10/1 service for availability of 10/1 service, those areas will be eliminated.

**Rebecca Fairchild-Lewis (Q):** What data is rurality calculation based on?

**Ken Kuchno (A):** Rurality calculation. If you go up to the mapping tool again, there is a layer in there to demonstrate areas of hundred miles away from the city, but that's generally based on 2010 Census data.

**Rebecca Fairchild-Lewis (Q):** If an LLC partnered with the county, whose auditing tax financial statement should be submitted?

**Ken Kuchno (A):** That really depends on who's submitting the application. If the LLC is taking control on the application, then it is the LCC's financials that need to be submitted, but if the county is submitting the application, then it's the county's financials that would need to be submitted. What you're looking at depends on what your definition of partnership is. Legal partnerships cannot submit applications that are not eligible. It just depends on who's taking fiscal control of the application. Understanding that the person, if it's a loan of any kind will have the security arrangements, and it could possibly reach out to the county depending on how the application is structured.

**Rebecca Fairchild-Lewis (Q):** For farms, is it based upon on the total of all PFSA's?

**Ken Kuchno (A):** When we count the number of farms, it's for all of the PFSA's that are included in an application.

**Rebecca Fairchild-Lewis (Q):** So, one PFSA could get one point because they have 10 farms and other PFSA could get additional points?

**Ken Kuchno (A):** We will count the total farms in all the PFSA's, and for every 10 farms, they will get one point.

**Rebecca Fairchild-Lewis (Q):** We have a question. Does the sufficient access mean availability or must it be installed?

**Ken Kuchno (A):** Sufficient access means availability of 10/1 in a given area.

**Rebecca Fairchild-Lewis (Q):** Do we need to get new subscription forms if we applied under round one and they were signed in 2019?

**Ken Kuchno (A):** We would ask for you to get new ones again. We are only asking for businesses since we put in a different way to calculate the farms. We would ask you to get new ones as businesses come and go.

**Rebecca Fairchild-Lewis (Q):** Will there be an application guide published for round two?

**Ken Kuchno (A):** Yeah, an application guide will be published at the same time we open up the application system, so you can start submitting applications on January 31st, and the application guide will be available online.

**Rebecca Fairchild-Lewis:** I'm seeing a number of questions about the availability of the slide deck, so I just wanted to remind everybody that this information will be posted on the ReConnect website in the next coming days.

**Rebecca Fairchild-Lewis (Q):** Can you please elaborate on the function of the bridge year?

**Ken Kuchno (A):** The bridge year is really there to be a segway between historical information and the time frame for projected construction period. It's really there to account for what's currently going on in our operation, and currently going on is not exactly historical; it's not exactly projected, so that bridge year there is a segway between historical and projected financial data.

**Rebecca Fairchild-Lewis (Q):** What are the ownership requirements duration for any asset funded through a ReConnect grant or loan?

**Ken Kuchno (A):** The assets must be owned by the applicant through the economic life of the proposed system.

**Rebecca Fairchild-Lewis (Q):** Can you confirm that cellular service is not considered when determining if an area has access to 10/1?

**Ken Kuchno (A):** Cellular service and satellite are not considered when we're looking at eligibility.

**Rebecca Fairchild-Lewis (Q):** I have a question around the pre-subscription forms for farms, so I will go ahead and confirm that for this time. For round two, you do not need to do pre-subscription forms for farms, but you do need to do them for businesses. The application system will automatically calculate the points for farms this time around.

**Rebecca Fairchild-Lewis (Q):** If the company is less than one year old, does it disqualify them?

**Ken Kuchno (A):** If you do not have financial audits either for 2019 or 2018, then you would not be eligible.

**Rebecca Fairchild-Lewis:** All right, I want to recognize that we are up against the hour. There have been a number question submitted that we were not able to get to. I want to kindly just direct people to the ReConnect website. This presentation will be posted in the upcoming days. There is also the “contact us” for the Help Desk, so if you have additional questions, please use that. We are responding to those questions and getting information out, and we will be hosting more webinars. This webinar will be repeated one more time before the end of the year. In addition, we will be holding webinars and workshops throughout January, February, and March. And with that, I’d like to thank everybody for attending, and have a nice day.

*[Event Concluded/ Final Slide]*