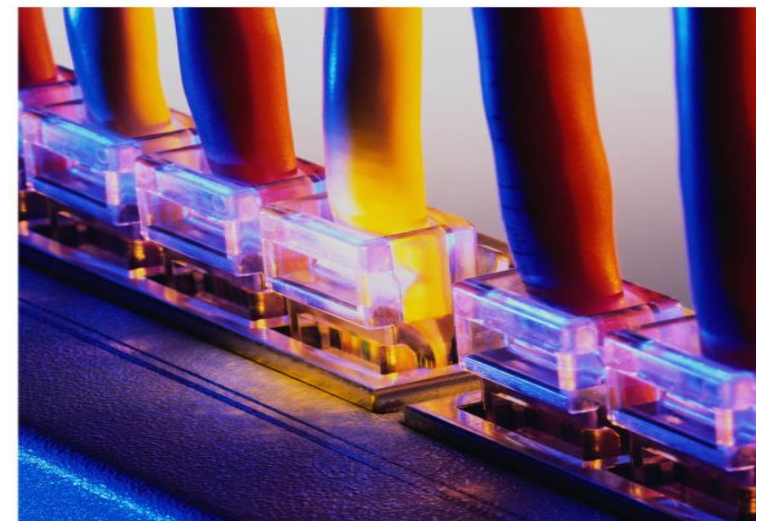


Rural Utility Service ReConnect Loan and Grant Program Update

Lynn R. Merrill, P.E.
Monte R. Lee &
Company
405-842-2405

MATSS 2022
Tuesday,
October 11th, 2022



Items to Discuss

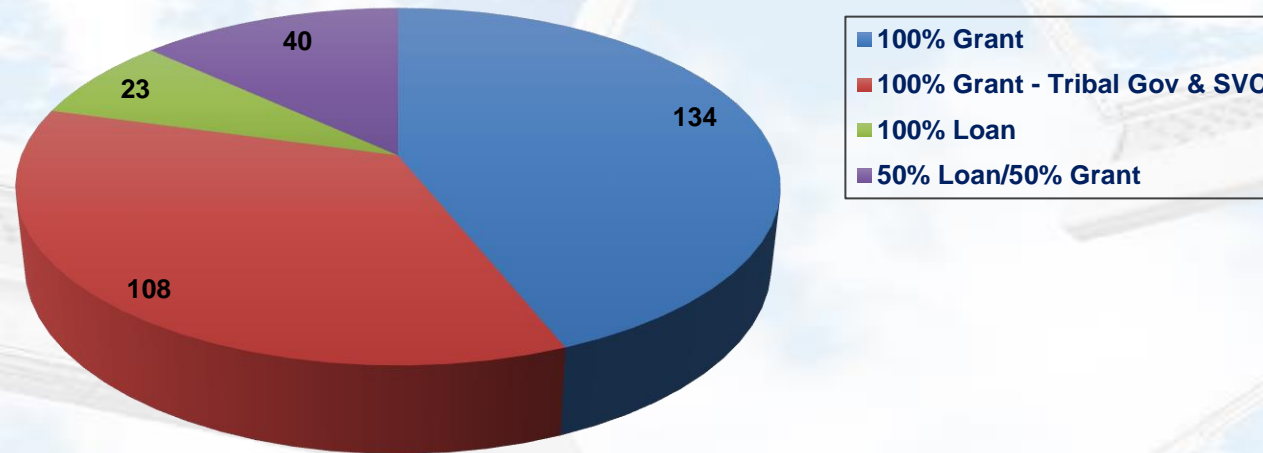


- Round 3 Applications Summary
- Round 3 Application Awards
- Round 2 and 3 Comparisons
- Round 4 Application Process
- IIJA Funding Additions
- IIJA Build America Buy America
- Additional Funding Opportunities
- Tricks for Smooth Construction



RUS ReConnect Round 3 Summary and Awards

Applications Submitted By Funding Type

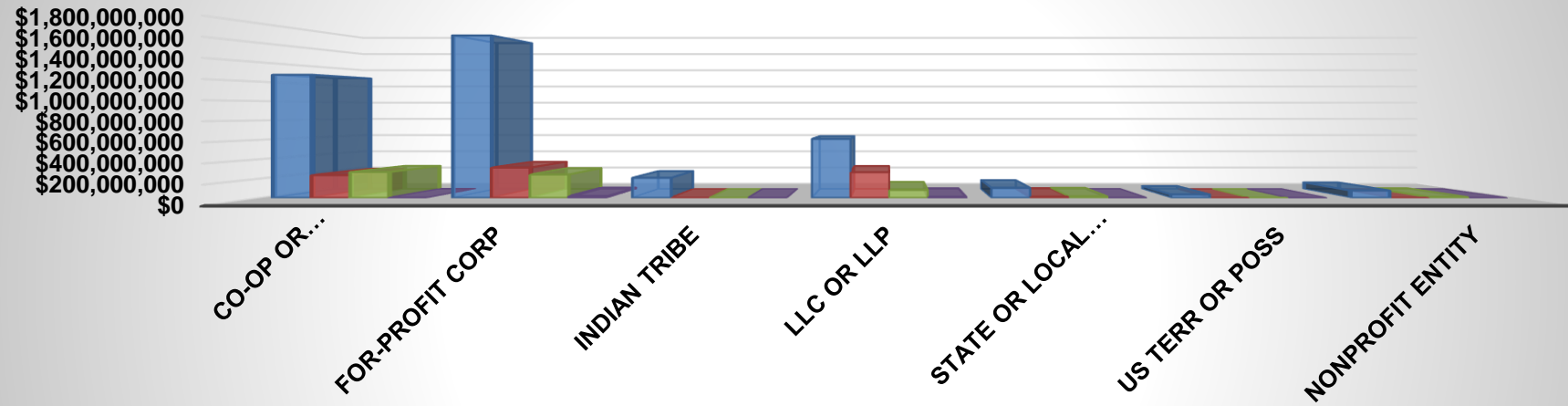


Total Submitted: 305

Source: RUS Slides presented to ACE

April, 2022

Funding Requested by Applicant Type

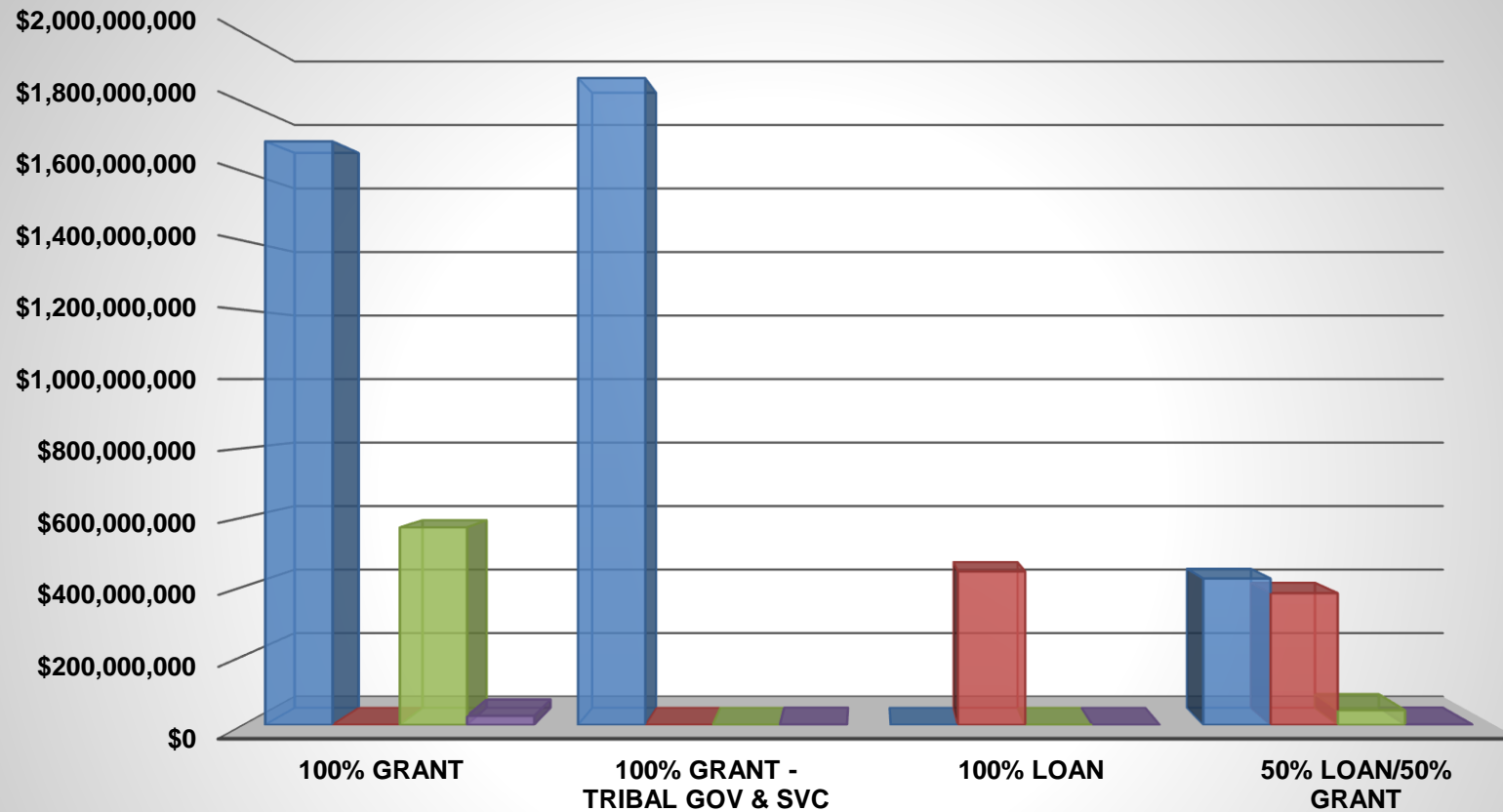


	Co-op or Mutual Org	For-Profit Corp	Indian Tribe	LLC or LLP	State or Local Govt	US Terr or Poss	Nonprofit Entity
Total Grant Amount Requested	\$1,272,383,467	\$1,678,018,086	\$207,025,293	\$608,937,402	\$103,347,774	\$34,991,340	\$75,968,136
Total Loan Amount Requested	\$235,238,421	\$313,084,165	\$0	\$265,356,763	\$10,753,149	\$0	\$0
Total Matching Funds	\$267,239,911	\$240,991,030	\$0	\$82,488,830	\$14,063,707	\$0	\$8,876,813
Total Other Funds	\$1,576,758	\$17,208,351	\$0	\$9,944,558	\$752,137	\$0	\$0

Source: RUS Slides presented to ACE

April, 2022

Funds Requested by Funding Type



	100% Grant	100% Grant - Tribal Gov & SVC	100% Loan	50% Loan/50% Grant
Total Grant Amount Requested	\$1,687,159,259	\$1,870,072,428	\$0	\$423,439,811
Total Loan Amount Requested	\$0	\$0	\$443,485,749	\$380,946,749
Total Matching Funds	\$571,167,229	\$0	\$0	\$42,493,062
Total Other Funds	\$26,342,363	\$1,265,118	\$297,560	\$1,576,763

Source: RUS Slides presented to ACE

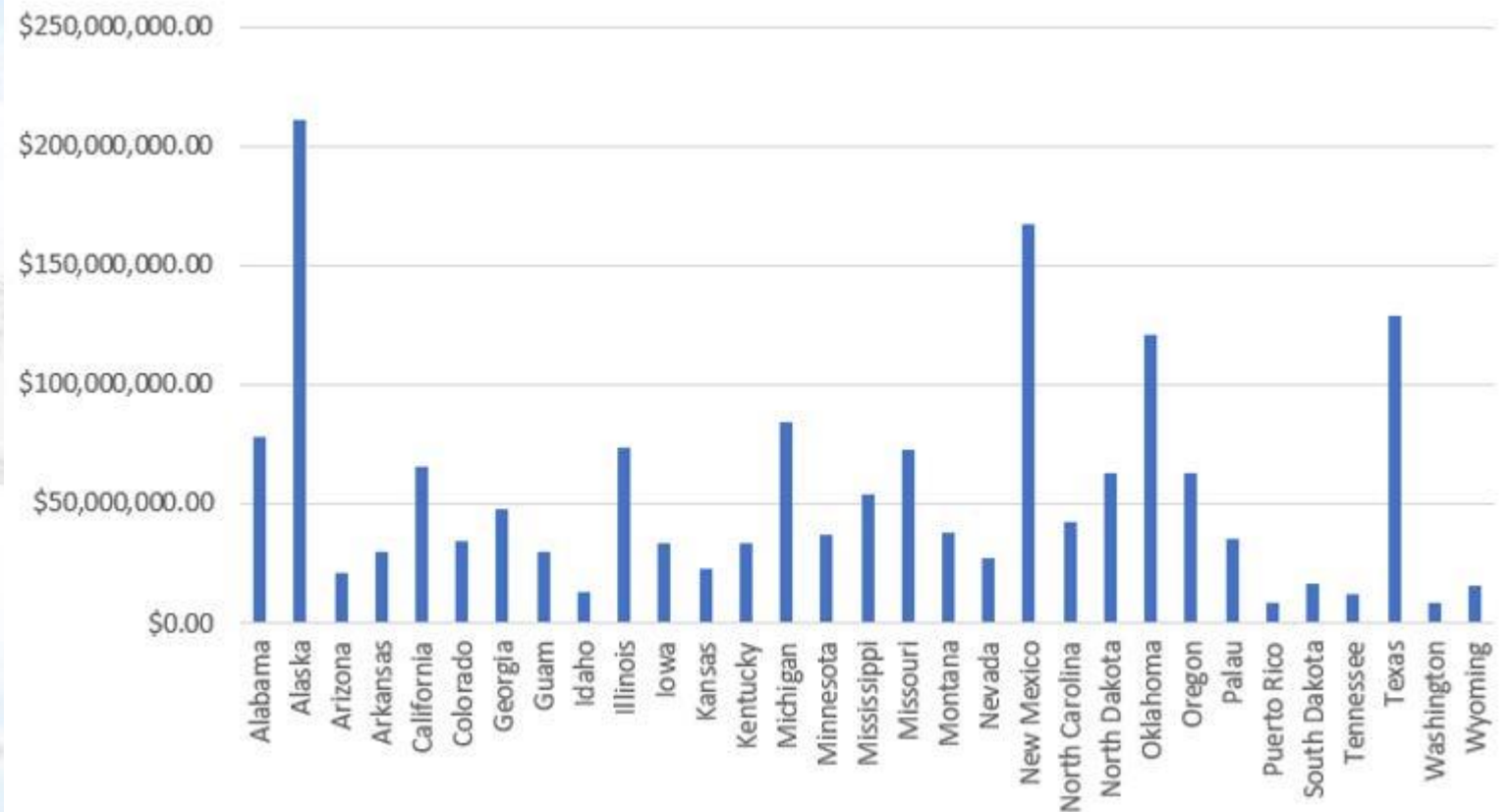
April, 2022

Round 3 Award Summary

- **\$1.15B** Available plus an additional ~ **\$500M** in IIJA funding due to high demand

25,000 Fiber Route Miles

Total Award Amount by Funding Type
Total: \$1,688,720,108



ReConnect Round 3

Total Points Required to Obtain a Grant

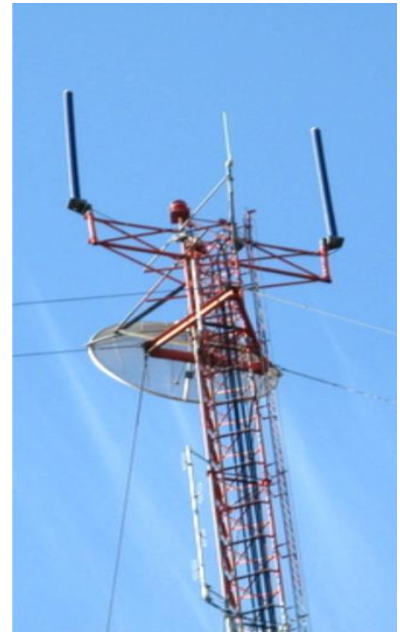
Type	Total Points
Loan	None
Combo 50% Grant / 50% Loan	50
Grant with Matching Funds	80
100% Grant – Tribal Gov. & Socially Vulnerable Communities	120

Difference Between Round 2 and 3



Round 2	Round 3
More Environmental Reviews Required	Larger amount of Categorical Exclusions
Sufficient Funding Point Scoring – not used	Insufficient Funds available
	Required Use of Scoring Criteria
	Approximately 100* grants out of 305 Applications Submitted

**Official Number has not been announced*



RUS ReConnect Round 4

Application Portal opened September 1st, 2022

Application Portal closes at noon – Eastern time on November 2nd, 2022

Funding Amount \$1.15 Billion + Extra Funds could be allocated

ReConnect Round 4

	100% Loan	50% Loan-50% Grant Combination	100% Grant
Terms	Max Award: \$50 million Minimum Award: \$100,000 2% Interest Rate	Max Award: \$50 million Minimum Award: \$100,000 UST Interest Rate	Max Award: \$25 million* Minimum Award: \$100,000 25% matching funds**
Application Review	First come, First served	Competitive	Competitive
Round 4 Federal Funds	\$150 million	\$300 million	\$150 million
Buildout Speed	100 Mbps symmetrical service to every premises in the PFSA.		

*Applicants may request up to \$35 million by providing supporting information that demonstrates that the PFSA(s) is comprised 100 percent of locations within areas classified by the USDA Economic Research Service as FAR Level 4

** Awardees may deposit matching funds into the Pledged Deposit Account on a rolling basis

Symmetrical service means same download and upload speeds

ReConnect Round 4

Funding Types (continued)

	100% Grant for Alaska Native Corporations, Tribal Governments, Colonias, Persistent Poverty Areas and Socially Vulnerable Communities	100% Grant for Projects where 90 percent of households lack sufficient access to broadband.
Terms	Max Award: \$25 million* Minimum Award: \$100,000 No matching fund requirement	Max Award: \$25 million Minimum Award: \$100,000 No matching fund requirement
Application Review	Competitive	Competitive
Round 4 Federal Funds	\$350 million	\$200 million
Buildout Speed	100 Mbps symmetrical service to every premises in the PFSA.	

*Applicants may request up to \$35 million by providing supporting information that demonstrates that the PFSA(s) is comprised 100 percent of locations within areas classified by the USDA Economic Research Service as FAR Level 4

Symmetrical service means same download and upload speeds

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Changes from RUS ReConnect Round 3 to ReConnect Round 4

- Language was added in FOA 4 to clarify that pole attachment fees are eligible costs
- Advance of funds guidance was added to FOA 4
- Repooling
 - For categories that do not receive applications that request the full amount of allocated funds, excess funds may be directed to another funding category at RUS's discretion, including but not limited to eligible applications not funded in Round 3. Additionally, if RUS does not make awards in the full amount allocated to a category, RUS may, at its discretion, direct such excess funds to another category or round of funding.
- Build America, Buy America requirements were added in round 4
- Cybersecurity Risk Management requirements were added in round 4
- Requirement of awardees to apply to participate in the ACP

Changes from RUS ReConnect Round 3 to ReConnect Round 4

- 50% of the Proposed Funded Service Area (PFSA) must lack sufficient access to broadband service, defined as at least 100 Mbps downstream and 20 Mbps upstream
- Applicants must propose a network that can provide 100 Mbps symmetrical service to every premises within the PFSA simultaneously
- Service areas of existing RUS borrowers **without sufficient access to broadband**
- Service areas that have received other federal funds but do not offer service at the minimum required speeds stated in the current FOA
 - May not include areas receiving funds to improve current speeds that match the minimum required speeds stated in the current FOA

Mapping Changes for RUS ReConnect Round 4

Will not allow Connector Lines to map single PFSA

Will not allow amassing of large areas with no service shown to gain rurality points

Note Contact GFS to review any map questions

FY 2022 Scoring Criteria

Points	Criteria
25 Points	Rurality of the Proposed Service Area
25 Points	Level of Existing Service
20 Points	Economic Need of the Community
20 Points	Affordability
20 Points	Labor Standards
15 Points	Tribal Lands
15 Points	Local Governments, Non-Profits, and Cooperatives
15 Points	Socially Vulnerable Communities
10 Points	Net Neutrality
10 Points	Wholesale Broadband Services
Total: 175 Points	

Available Resources for Application Help

- **Technical Assistance**

- Register for upcoming workshops/webinars <https://www.usda.gov/reconnect/events>
- Subscribe to receive updates about upcoming events on the ReConnect website

- **Resources**

- ReConnect website <https://www.usda.gov/reconnect>
- FOA: <https://www.federalregister.gov/d/2022-16694>
- Regulation: <https://www.govinfo.gov/content/pkg/FR-2021-02-26/pdf/2021-03443.pdf>
- Updated Application Guide
- Updated Frequently Asked Questions (published once the FOA is released)

- **Contact Us**

- When working **inside** the application, use the “contact us” button on your screen. **Outside** of the application system, use <https://www.usda.gov/reconnect/contact-us>
- Contact your General Field Representative (GFR): <https://www.rd.usda.gov/contact-us/telecom-gfr/all>

IIJA Funding



ReConnect Round 1 and 2

- Grant Funds available for Cost Over Runs
- Expected timeline by End of Year

Project Cost Overruns – Now what?

- ~\$130M available to fund cost overruns
- RUS will offer a 100% Grant with no match requirement for all Round 1 and Round 2 awardees to assist with cost overruns
- Up to 10% of the original award amount will be offered to the awardees
 - RUS will determine what additional funds – if any – remains and can be allocated to projects requesting funds above that level
- If the awardee wants to accept the additional funding, it must provide a general description as to the causes of the cost overages and an updated budget with the cost to complete the project
- No expansion or scope growth is allowed as part of the request



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IIJA Build America Buy America Act

RUS grant, loan, and loan guarantee applications in the telecommunications program will be evaluated and determine whether:

1. the applicant is a non-Federal entity,
 2. the project to be funded is an infrastructure project, and
 3. the activity is a defined project activity.
- If the application meets all three criteria, then the project is subject to Build America Buy America Act.

What is a Non-Federal Entity?

Non- Federal Entities defined in 2 CFR 200.1:

“State, local government, Indian tribe, Institution of Higher Education (IHE), or nonprofit organization that carries out a Federal award as a recipient or subrecipient.”

“Non-profit” excludes telecom and electric cooperatives.

Additional Funding Opportunities

ReConnect 5
To Be Announced FY 2023
\$400M – \$500M

Community Connect Program
By End of year \$80M

Broadband Loan Program
\$100M with a Grant Component FY 2023
Distance Learning TeleMedicine
\$90M FY 2023

Tricks for a Smooth Construction of a PFSA

1. Complete a Construction Work Plan and Stick with it

- a. Changes cause delays
- b. Must request any changes from RUS

2. Ask to pre-purchase long lead time items

3. Spend effort to get environmental approval

4. Assign a Project Manager

- a. Can cut down or eliminate delays
- b. Use consultants with RUS Experience
- c. Attend RUS Contract Workshops when available
- d. Solicit GFR Assistance
 - i. Keep up to date on project
 - ii. Ask questions early

5. Can't spend money on items outside PFSA unless approved in Grant

6. Need to adjust budget (purpose) if planning on changes





Questions?

Lynn R. Merrill, PE

Monte R. Lee & Company

525 Central Park Drive, Suite 300

www.mrleng.com

405-842-2405