Preparing for ReConnect Round 4

USDA Rural Development
U.S. DEPARTMENT OF AGRICULTURE

Agenda

- Getting Started

- Authorized Representative Request (ARR)

- ReConnect Program Introduction

- Required Documents

- Application System Tips

- ReConnect Mapping Demo

- Next Steps

- Summary and Q&A

Getting Started

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SAM.gov Registration

- **System for Award Management (SAM – www.sam.gov)**

  - Applicants must have an **active** registration in SAM.gov **prior** to submitting an application. It can take 12-15 business days after submitting a SAM registration for it to be active. Please plan accordingly.

  - SAM registration must **remain active** with current information while RUS is considering an application or while a ReConnect award is active.

  - Financial certifications and representations must be made. If these certifications were not made when creating or updating your SAM registration, they must be made be **before applying**. Edit your SAM registration to include these certifications before applying.

SAM.gov Registration (continued)

- **SAM.gov Registration**
  - Applicants will be asked "Does [Entity Name] wish to apply for a Federal financial assistance project or program, or is [Entity Name] currently the recipient of funding under any Federal financial assistance project or program?"

    - The system **default** answer to this question is "No".

    - Applicants **must make the certifications and representations required** of entities which are applying for or have received funding under any Federal financial assistance project or program in order to be eligible for the ReConnect Program. **To do this, applicants must change the answer to "Yes".**

SAM.gov Registration (continued)

■ FINANCIAL ASSISTANCE REPRESENTATION AND CERTIFICATION

The Grants Certifications are a common set of certifications and representations required by Federal statues or regulations in accordance with the grants guidance under Title 2 of the Code of Federal Regulations (2 CFR 200.208 Certifications and Representations). Those non-Federal entities who intend to apply for, or are already recipients of Federal grants or agreements, must read and agree to the corresponding certifications and representations. Registrants who reply yes to the following questions are required to keep these certifications and representations current, accurate, and complete as part of their entity registration.

Does ████████████████████████ wish to apply for a Federal financial assistance project or program, or is ████████████████ currently the recipient of funding under any Federal financial assistance project or program? **No**

System Registration Requirements

- **System Registration Requirements**
  - USDA verified (Level II) eAuthentication (or eAuth) ID
    - https://www.eauth.usda.gov/
    - Each user added to an application **must** have a verified Level II eAuth
    - Obtain or upgrade your eAuth credentials **before** the application opens
    - Keep track of your Username and Password. RUS **cannot** retrieve this information for you
  - Authorized Representative Request (ARR)
    - The ARR cannot be completed until the Application window opens
    - Prepare the resolution now
    - Obtain your TIN and Unique Entity Identifier (UEI) now
- **Online Applications**
  - All applications are submitted through the online system
    - https://www.usda.gov/reconnect

Application Identification Requirements

- **Application Identification Requirements**
  - Taxpayer Identification Number (TIN)
    - https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online
    - It can take **two weeks** for the TIN to become part of the IRS's permanent records.
  - Current SAM.gov registration (including certifications)
    - Note: Entities are currently experiencing delays with SAM.gov registration. Begin this process **now.**
  - Unique Entity Identifier (UEI)
    - Assigned to entities during SAM.gov registration
- Optional:
  - CAGE Code
    - No longer required, but applicants **may** enter the CAGE code

Authorized Representative Request (ARR)

Authorized Representative Request (ARR)

- **Returning applicants** who already have an approved ARR do not need to submit a new one.
  - **Exceptions:**
    - The roles assigned on the previous ARR have changed
    - The entity's previous ARR did not request access to the ReConnect, Community Connect, and Reporting and Compliance systems

- **First-time applicants must submit an ARR**

- **ARRs require an approved resolution. TIP: start this process now**
  - Some entities only meet once per quarter, making it hard to edit the resolution if there is an error

- **TIP:** Use sample resolutions provided on the ReConnect website under "Forms and Resources"

ARR (continued)

- **Cannot submit an ARR until the application window is open**
  - o Have your resolution prepared to attach once the system opens

- **Applicants cannot begin work on an application prior to ARR approval**
  - o If you need a new or updated ARR, submit the request as soon as the application system opens. Don't wait.

ARR Process

- Designates the Representative-Signature-Certifier (Rep-Sign-Cert) and Administrator roles

- The individual identified as the Rep-Sign-Cert will have the authority to provide signatures, authorize certifications, submit applications for consideration, and assign access to new users. If awarded, the Rep-Sign-Cert will also have the authority to submit compliance reports

- Submitted by the Rep-Sign-Cert or Administrator, but must assign the Rep-Sign-Cert role
  - Administrators and Rep-Sign-Cert must be employed by the applying entity
  - Multiple people can be assigned as Administrators, **only one person** may be designated as Rep-Sign-Cert
  - The Rep-Sign-Cert has all the same permissions as the Administrator. Do not assign the same person as both Rep-Sign-Cert and Administrator
  - Both roles can add other users to the account, once created

ARR Process (continued)

- Steps:
  - Prepare the ARR Resolution to verify the correct people are assigned to the correct roles
    - Review instructions on the ReConnect website under Forms and Resources
      - https://www.usda.gov/reconnect/forms-and-resources
    - Ensure the resolution includes the applicant's legal name, Rep-Sign-Cert, and Administrator(s) names **<u>exactly</u>** as they are in the ARR
    - Use the samples provided on the ReConnect website (can be modified to reflect the applicant's legal structure)

  - **Once the application is open:** Submit the ARR and upload the Resolution through the Online Application System

ARR Process (continued)

- ARRs take one to two **business days** to process
  - Keep in mind Federal holidays and weekends.

  - ARRs are reviewed by RUS staff, not an automated system.

  - The ARR submitter and contacts on the ARR form will receive an email if the ARR is approved.

  - If the ARR is rejected the submitter will receive an email stating the issue.
    - Resolve ARR issues in a timely manner.

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ReConnect Program Introduction

ReConnect Program Introduction

- **Broadband program**
  - Federal loans, grants, and loan/grant combinations to facilitate broadband deployment in rural areas

  - Funds can be used for the costs of construction, improvement, or acquisition of facilities and equipment needed to provide broadband service in eligible rural areas

- **Mission**
  - To expand broadband service to rural areas without sufficient access to broadband, determined by the Funding Opportunity Announcement.

Definitions

- **Fixed wireless service:** a wireless system between two fixed locations (e.g., fixed transmitting tower to fixed customer premise equipment)

- **Broadband service:** any fixed terrestrial technology, including fixed wireless, having the capacity to transmit data, voice, and video as set forth in the FOA

- **Non-funded service area (NFSA):** any area in which the applicant offers or intends to offer service but not requesting funding

- **Proposed funded service area (PFSA):** the area where the applicant is requesting funds to provide broadband service

- **Sufficient access to broadband:** a rural area in which households have broadband service at the minimum acceptable level of broadband, as set forth in the FOA

Eligibility Requirements: Eligible & Ineligible Entities

- **Eligible:**
  - ✓ 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

- **Ineligible:**
  - X Individuals
  - X Legal partnerships formed with individuals
  - X Co-applicants
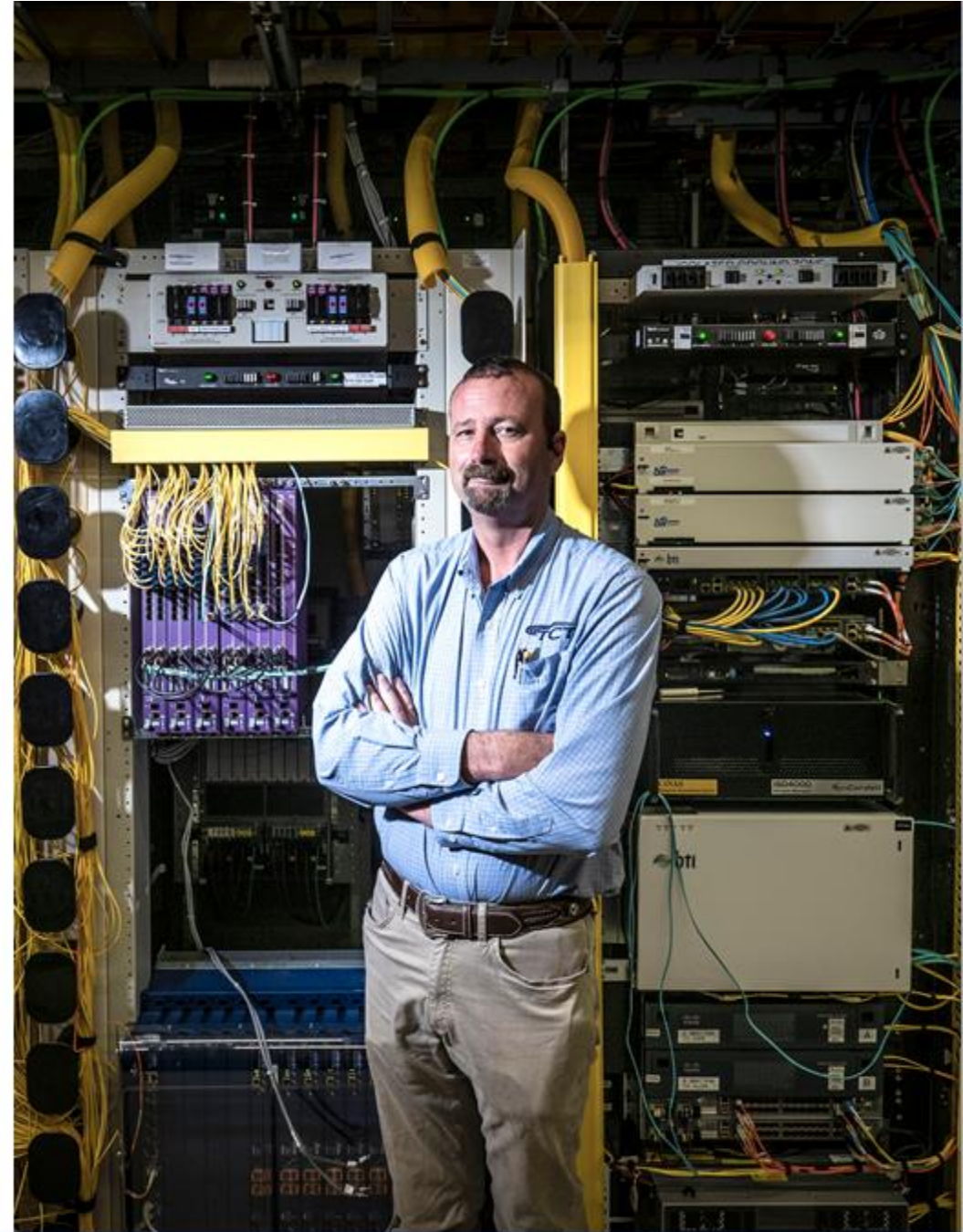
Eligible Projects

- **Eligible projects must:**
  - o Submit audited financial statements

  - o Timely Buildout Completion within five years from the date funds are first made available

  - o Demonstrate Technical Feasibility

  - o All project costs can be fully funded and accounted for

  - o Financially Feasible and Sustainable

  - o Facilities with grant funds must provide broadband service for the composite economic life of the facilities

  - o Facilities with loan funds must provide broadband service through the amortization period of the loan

Eligible & Ineligible Service Areas

- **Eligible Service Areas:**
  - Provide broadband access directly to all premises in PFSA
  - If any part of 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
    - Previously constructed Community Connect projects **not** offering sufficient access to broadband
    - RUS Broadband Initiatives Program (BIP) projects **not** offering sufficient access to broadband

- **Ineligible Service Areas:**
  - Overlapping proposed project service areas
  - Prior-funded service areas providing sufficient access to broadband as defined in the FOA
    - RUS Broadband Loans including ReConnect Awards
    - RUS Community Connect Grants still under buildout

Service Areas: Additional Considerations

- Service areas that received federal broadband service grants or funds from the FCC may be restricted from funding. **Please review the FOA for more details.**

- Additional service area restrictions may be identified in the FOA

Eligible Cost Purposes

- **Eligible costs must be:**
  - o Reasonable, allocable, and necessary to the project
  - o Incurred post award (except approved pre-application expenses)
  - o Consistent with 2 CFR 200, Subpart E, Cost Principles

- **Award funds may be used to fund:**
  - o Construction or improvement of facilities required to provide fixed terrestrial broadband service, and any other facilities required for providing other services over the same facilities
  - o Reasonable pre-application and environmental review expenses (not to exceed 5% of award)
    - ▪ Up to 3% of the total 5% allowed for pre-application expenses may be used for satisfying environmental review requirements
  - o 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 this regulation (not to exceed 40% of award)

Ineligible Cost Purposes

- **Award funds may not be used to fund:**
  - o Operating expenses
    - ▪ Costs related to obtaining an Irrevocable Letter of Credit (ILOC) are considered operating expenses, and therefore are ineligible
    - ▪ Indirect costs

  - o Costs incurred prior to application submission date with the exception of reasonable pre-application expenses, as determined by RUS

  - o Acquisition of an affiliate

  - o Purchase or acquisition of an affiliate's facilities or equipment

  - o Acquisition of a system previously funded by RUS

  - o Purchase or lease of a vehicle other than those used primarily in construction or system improvements

Ineligible Cost Purposes (continued)

- **Award funds may not be used to fund:**
  - o Broadband facilities leased under the terms of an operating lease or an IRU agreement

  - o Merger or consolidation of entities

  - o Costs in acquiring spectrum from an FCC auction or secondary market acquisition

  - o Facilities that provide mobile services

  - o Facilities that provide satellite service including satellite backbone services

  - o Acquisition of a system providing sufficient access to broadband

  - o Refinancing of outstanding debt

Tribal Coordination

- **Vital to coordinate with Tribes early in the application process in order to ensure ample time to obtain the appropriate tribal certification.**

- If service is being proposed on <u>**or**</u> crossing tribal land, a certification from the proper tribal official stating that they are in support of the project and will allow construction to take place on tribal land **is required**. The certification must:
  - o Include a description of the land proposed for use as part of the proposed project;
  - o Identify whether the land is owned, held in Trust, land held in fee simple by the Tribe, or land under a long-term lease by the Tribe;
  - o If owned, identify the landowner; and
  - o Provide a commitment in writing from the landowner authorizing the applicant's use of that land for the proposed project

- Any application that does not provide a certification to provide service on the tribal lands identified in the PFSA will not be considered for funding.

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Required Documents

Required Account Documents

Document	Required For These Entities
501(c)(3) – Tax-Exempt Status	Non-Profit Entities
Affiliate Company's Historical Financial Statements	Applicants with significant financial or operational relationship with any other affiliated companies
Affiliate's Organizational Chart	Applicants with significant financial or operational relationship with any other affiliated companies
Affiliate's Services Agreement	If applicant relies on services provided by an affiliate.
Amounts of Common and Preferred Stock Issued and Outstanding	For-Profit Corporations
Articles of Incorporation	Non-profit entities, For-profit corporations, and cooperatives or mutual organizations
Articles of Organization	LLCs and LLPs
Board of Directors	Non-profit entities, For-profit corporations, and cooperatives or mutual organizations

Required Account Documents (continued)

Document	Required For These Entities
Broadband Operations Experience	**ALL Applicants**
By-laws	Non-profit entities, For-profit corporations, LLCs and LLPs, and cooperative or mutual organizations
Copies of Real Estate Deeds and Real Property Schedule	If applicant owns real property
EEO-1 Report	If applicant has 100 or more employees
Evidence of Good Standing with the Secretary of State	Territory or possession of the United States, Non-profit entities, For-profit entities, LLCs and LLPs, cooperatives and mutual organizations
Evidence of Legal Existence	Local governments (or any agency, subdivision instrumentality, or political subdivision thereof) and Indian tribes
List of Members and Corresponding Membership Units	LLCs and LLPs

Required Account Documents (continued)

Document	Required For These Entities
Managing Members	LLCs and LLPs
Operating Agreements	LLCs and LLPs
Organizational Chart	**ALL Applicants**
Parent Company's Debt Instruments	If applicant has a parent company
Parent Company's Historical Financial Statements	If applicant has a parent company
Parent Company's Organizational Chart	If applicant has a parent company
Parent Company's Services Agreement with Applicant	If applicant relies on any services or employees of the parent company
Partner's Guarantee for Loan of a Start-up Company	If applicant is a start-up operation formed from partnerships of existing utility providers
Partner's Historical Financial Statements	If application is a start-up operation formed from partnerships of existing utility providers

Required Account Documents (continued)

Document	Required For These Entities
PUC-approved depreciation rates	If applicant is regulated by a Public Utilities Commission
Resolution of Utility Authority	An Indian tribe
Resumes of Key Management	**ALL Applicants**
Subsidiary's Historical Financial Statements	If applicant has a subsidiary
Subsidiary's Organizational Chart	If applicant has a subsidiary
Subsidiary's Services Agreement with Applicant	If applicant relies on any services or employees of the subsidiary

- Required account documents will remain the same
  - A few will be moving to the Project Information section of the application
- Review description of required account documents in the current application guide and begin preparing them now

Licenses and Agreements

- Licenses and Agreements section may be completed at any time. It is not dependent on other application sections

- Refer to the application guide available on the ReConnect website for a list of agreements.
    - https://www.usda.gov/reconnect/forms-and-resources

- Licenses and Agreements will not change for FOA 4.

- Not all Licenses or Agreements will apply to every entity
    - However, every license or agreement must be assigned a status in the Licenses and Agreements tab. Some will require a document upload.

Licenses and Agreements (continued)

- Licenses and Agreements include:
  - Video Franchise Agreement
  - Internet Services Agreement
  - Pole Attachment Agreement
  - Spectrum Lease Agreement
  - Tower Lease Agreement
  - Building Lease Agreement
  - Video Services Agreement
  - Fiber Lease Agreement
  - Certificate of Public Convenience and Necessity (CPCN)
  - Wireless Spectrum License(s) for Backhaul
  - Wireless Spectrum License(s)
  - Special Permits (Federal, highway, bridge, etc.)
  - Network Management Agreement

Required Documents – Legal Opinion

- **ALL APPLICANTS** will be required to submit a legal opinion

- The legal opinion must:
  - Address the applicant's ability to enter into the award documents;
  - Describe all material pending litigation matters;
  - Address the applicant's ability to pledge security as required by the award documents; and
  - Address the applicant's ability to provide broadband service under state or tribal law.

- A sample of the legal opinion can be found on the ReConnect website under "Forms and Resources"
  - https://www.usda.gov/reconnect/forms-and-resources

Financial Requirements

Applicants will need to submit the following:

- All applicants must submit audited financial statements

- Detailed information for all outstanding and contingent obligations

- Evidence of all other funding necessary to support the project

- A financial pro forma to include four years of historical data, the current (bridge) year, and five years of projections.
  - Publicly traded companies with an investment grade bond rating from Moody's, Standard and Poor's, or Fitch do not need to submit NFSAs or complete the pro forma financial projections. Evidence of bond rating is required.
  - 100% grant applicants who provide an Irrevocable Letter of Credit (ILOC) do not need to submit NFSAs or complete the pro forma financial projections.

Financial Requirements (continued)

- A subsidiary applying for ReConnect funding must submit financials on a stand-alone basis. Consolidated financial information for the pro forma is not acceptable.

- The financial pro forma should validate the sustainability of the project by including:
  - Subscriber estimates related to all proposed service offerings
  - Annual financial projections with balance sheets, income statements, and cash flow statements
  - 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

Required Documents – Audited Financials

- The following entities must submit **unqualified, comparative, audited financial statements** (As outlined in 7 CFR 1740)
  - Corporation,
  - Commercial Business,
  - Limited Liability Company,
  - Cooperative, or
  - Mutual Organization

- An applicant can use the consolidated audit of a parent as long as the parent fully guarantees the loan, or in the case of a grant, guarantees that construction will be completed as approved in the application or will repay the grant to RUS
  - However, the historical and pro forma financial information must be the applicant's own information provided on a standalone basis
  - If the applicant has more than one parent, then each parent's audits must be submitted, and each parent must fully guarantee the award.

Required Documents – Audited Financials (continued)

- **"Unqualified Opinion"** means the type of opinion that the Auditor provides on the financial statements. An unqualified opinion is an independent auditor's judgment that a company's financial statements are fairly and appropriately presented, without any identified exceptions, and in compliance with accounting principles generally accepted in the United States of America (US-GAAP).

- **"Comparative"** refers to presenting multiple years of information so that the financial statements can be compared to previous years. Comparative financial statements show two or more consecutive years of information, all years have been subjected to an audit, and the auditor is providing an opinion on all years presented. Typically, only two years are presented, which is the minimum number of years that are required.

- **"Audited"** refers to the fact that the financial statements have been audited by an independent certified public accountant. The audits of our Awardees must be conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS).

Required Documents – Audited Financials (continued)

- The following entities (non-Federal entities) are subject to 2 CFR 200 and must have a single audit conducted
  - Authority
  - Municipality
  - Public Body
  - Public Power or Utilities District
  - Indian Tribe
  - Tribal Government
  - Higher Education
  - Non-Profit
  - Territory or Possession of the United States
  - A State or Local Government

- Non-Federal entities should review 2 CFR 200.501 for additional information
  - All Non-Federal entities that meet this requirement must file with the Federal Audit Clearinghouse (FAC) as specified under 2 CFR 200.512 Report Submission

Required Documents – Audited Financials (continued)

- Audited financials must be from the year prior to application submission
  - If an application is submitted and the most recent year-end audit has not been completed, the applicant can submit the previous unqualified audit that has been completed.
  - If qualified audits containing a disclaimer or adverse opinion are submitted, the application will not be considered.

- For governmental entities, financial statements must be accompanied with certifications as to unrestricted cash that may be available on a yearly basis to the applicant.

Application System Tips

Application System Tips

- If you change information in the early portions of the application, it WILL LIKELY change later sections, which might require manual updating or saving individual pages. BE CAREFUL about changing data in Project Information, Service Area(s) and Network after you start the Financial section.

    o Examples:
    - The funding type cannot be changed once selected. If the applicant wishes to change the funding type, they **must start a new application**
    - The applicant's answer to the Irrevocable Letter Of Credit (ILOC) or Publicly Traded Company question **cannot be changed.** If the applicant wishes to change their answer, they **must start a new application**
    - Answering "Yes" to the NFSA or Unadvanced Prior Loan Funds (UPLF) questions in Project Information will display the relevant sections of the Capital Investment Workbook in the Network section, and relevant portions of the Financial section

Application System Tips (ccntinued)

Complete application sections in the order they are displayed (left to right and top to bottom)

Application System Tips (continued)

- Many application sections are dependent on answers to earlier sections.
    - Project Information feeds information to Network and Financials

    - Service Area(s) feeds information to Network, Financials, Environmental and Evaluation Criteria

    - Network feeds information to Financials

    - Complete the application sections in the order they are displayed (from left to right and top to bottom)

Application System Tips (continued)

- Begin working on your application as soon as possible. Do **NOT** wait until the last week to begin.
  - o Sections such as mapping, network design, financial, and environmental are time intensive

- First-time Applicants: You must complete the basic Account Information before starting an application
  - o The Start Application button will NOT appear until your account information is completed
  - o You can upload account documents as you work on an application, but all required documents must be uploaded before submitting your application

- Returning applicants should ensure their account information is up to date. Additionally, returning ReConnect applicants do not have to delete account documents from previous rounds. These may be replaced in order to provide updated documents.

- More than one person can work on the application at the same time.

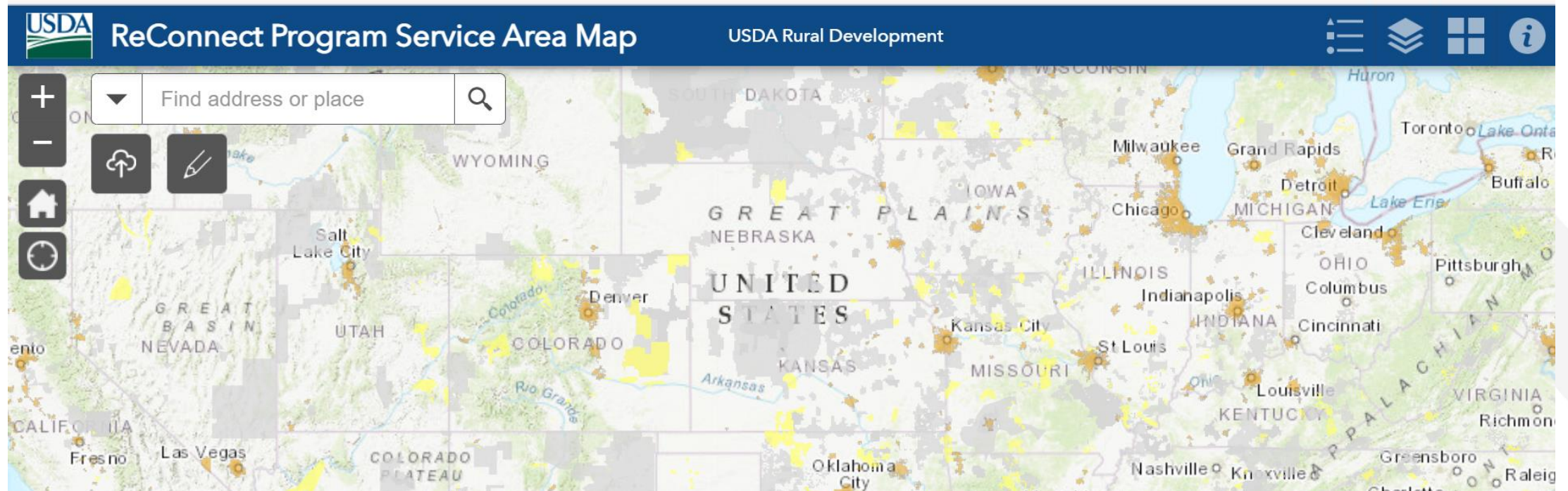- If you have questions or are having trouble with your application, complete a "Contact Us" form as soon as possible.

Exploring Potential Service Areas
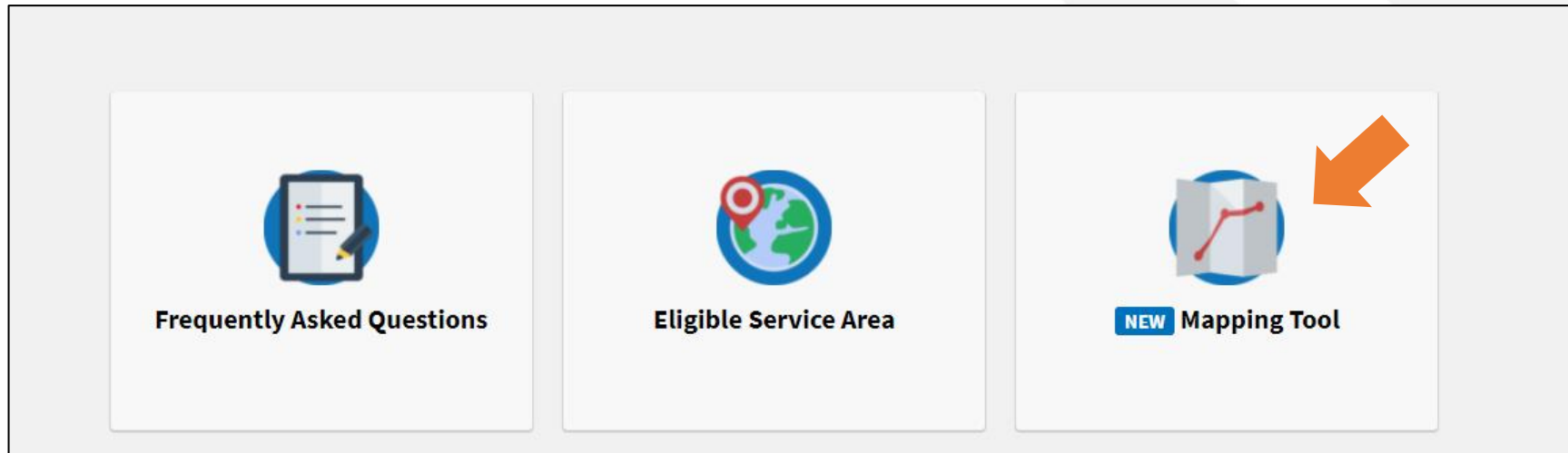
Public Service Area Map

Map Layers

NOTE: Available layers will
be updated once the FOA
is published
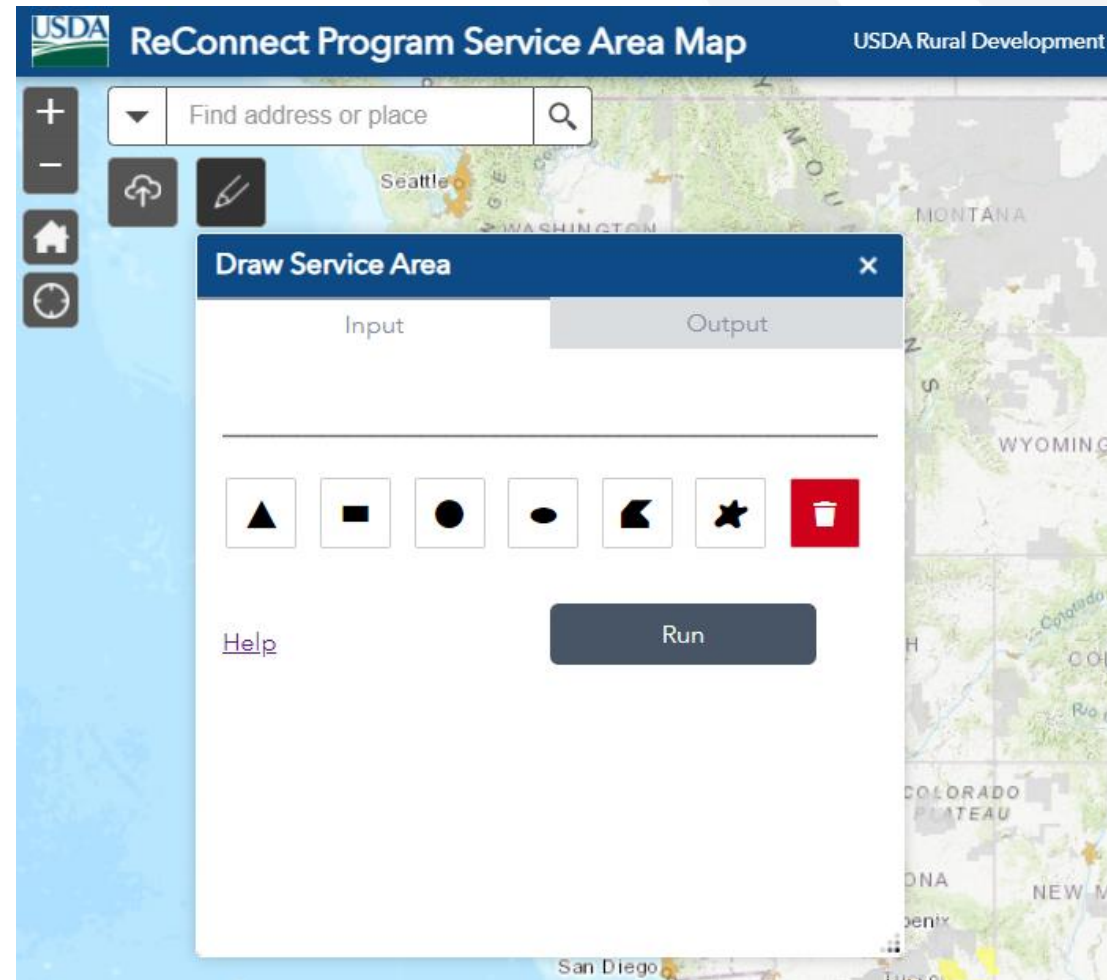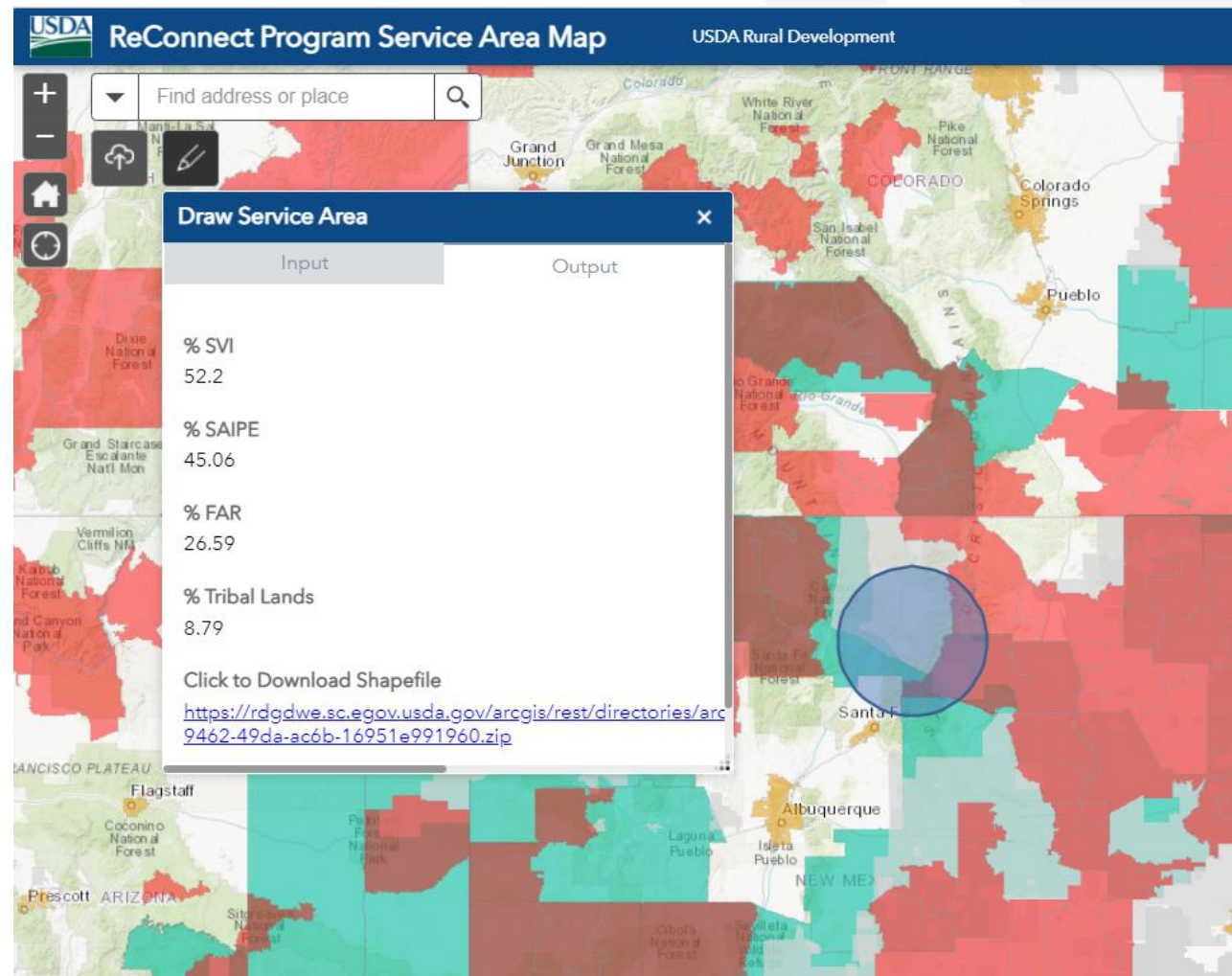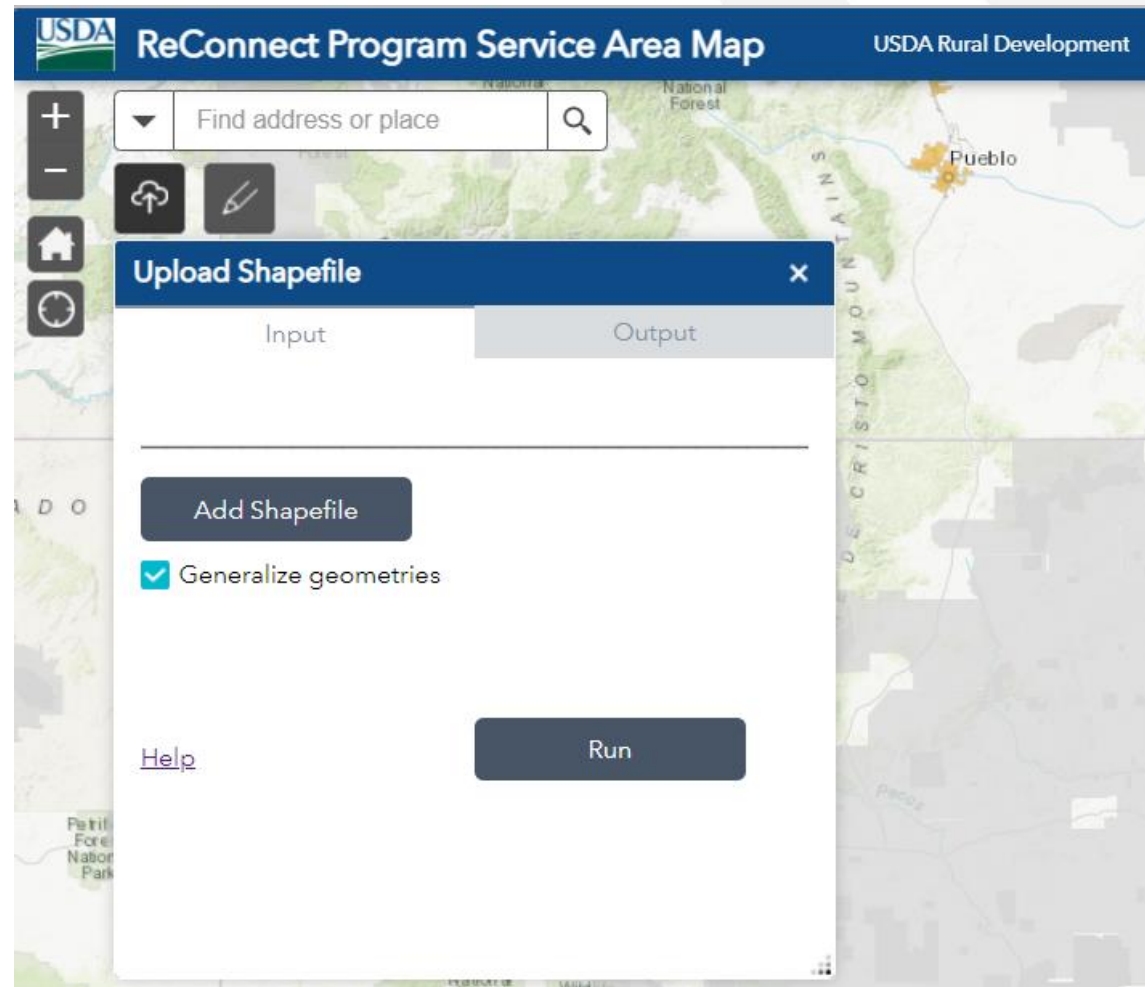
Drawing Service Areas

Service Area Output Information

Upload Shapefile

Map Datasets

- The Service Area Map Datasets can be found at https://www.usda.gov/reconnect/service-area-map-datasets.
  - This webpage will be updated when the FOA is published

- This page provides:
  - A description of each dataset
  - Ability to download a shapefile or Excel file of each dataset

- Map Datasets will also be updated when the FOA is published

Next Steps

Understanding Program & Application Requirements
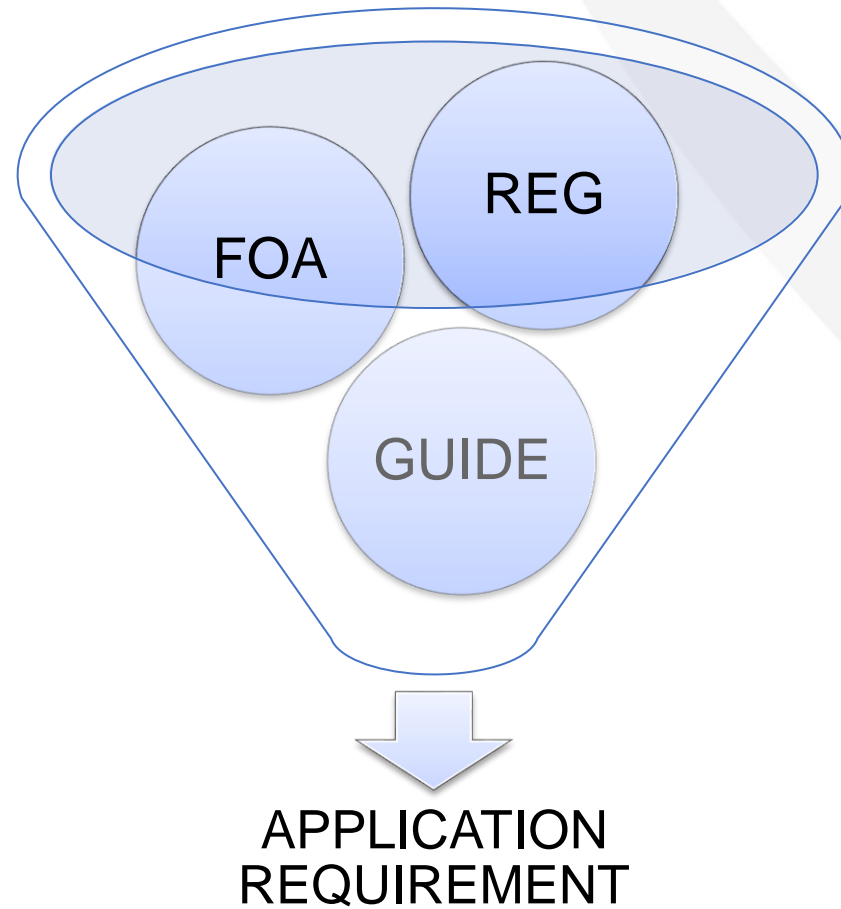
ReConnect Regulation – 7 CFR 1740

- Applicants should read and become very familiar with the ReConnect Regulation, 7 CFR 1740.
    - Available at https://www.govinfo.gov/content/pkg/FR-2021-02-26/pdf/2021-03443.pdf

- The Regulation covers important topics such as:
    - Basic applicant eligibility
    - Basic environmental requirements
    - Financial requirements
        - Review TIER, DSCR, and Current Ratio requirements now (7 CFR 1740.61)
    - Network requirements
    - Interest rates

- Applicants should consider whether they will need assistance from outside consultants to complete application sections such as environmental, financial, and network.

ReConnect Funding Opportunity Announcement

- Applicants should read and become very familiar with the Funding Opportunity Announcement (FOA) once it is published.

- The FOA contains important information such as:
  - Application timeline and important deadlines
  - Amount of funding available
  - Minimum and maximum amount of funding that may be requested
  - Type of funding available
  - Matching requirements
  - Definition of sufficient access to broadband
  - Required buildout speeds
  - Scoring criteria
  - Important information from the Infrastructure Investment and Jobs Act (IIJA)

Application Evaluation and Processing Procedures

- **100% Loans** are **not** competitively scored and will be accepted, evaluated, and processed on a *rolling basis*
- **Combination Loan/Grants** will be evaluated and scored in a *competitive process*
- **100% Grants** will be evaluated and scored in a *competitive process*

- Applicants may start multiple applications in the online system, but only **one** application may be submitted.

- RUS reserves the right to ask applicants for clarifying information and additional verification of assertions in the application

- Applications that have been selected for funding will receive award documents from RUS

Summary

Summary: What you can do NOW

- Make sure everyone who will access the application has a verified Level II eAuth ID
- If you need to update your ARR, prepare your resolution **before** the window opens
- If you contemplate serving or crossing Tribal lands, coordinate with the Tribes **now**
- Read and understand the program regulation
- Assemble account documents as necessary
  - Historical and pro-forma financial data will be required. Prepare these documents **now**. Review the regulation for additional information.
- Obtain your audit
- Start assembling market research
  - Competitors, service offerings, etc.
- Engage with your consultants now

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
  - 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

Q&A