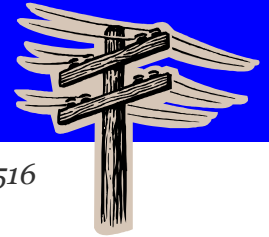


THE FEDERAL WIRE



Strain Slattery Barkley & Co., CPAs, P.C. 7130 S. 29th Street, Suite F Lincoln, NE 68516
Phone: 402.420.7300 Fax: 402.420.7302 www.ssbcpas.com

Round 2 NOFAs: The Final Round

On Friday afternoon, January 15, the NTIA and RUS released separate NOFAs (Notice of Funds Available) for the allocation of \$4.8 billion in broadband stimulus funds. The reason for separate NOFAs is to better promote each agency's distinct objectives. Their goals are to help make the application process less confusing to the applicants and also speed up the review process. The NOFAs are modified from the 1st round of funding with several distinct changes, especially noting the emphasis on middle mile projects in the NTIA. The entire application process has been simplified, which should allow for more organizations to apply for funding.

Most of the rules, criteria, and definitions from the Round 1 NOFA are still in effect for the Round 2 NOFAs, except for what is listed in this newsletter. The rules being carried over include eligible institutions, nondiscrimination and interconnections obligations, challenging, and the review process, to name a few. Projects still need to be certified that they would not have been implemented without government funding. All the NOFAs, application materials, workshops, award winners, and any other information can be found on www.BroadbandUSA.gov.

The Matchmakers

Public and private partnerships are also being pushed, more so by the NTIA than the RUS though. BroadbandUSA launched a sister website called Broadband Match: <http://match.broadbandusa.gov>. The intention of this site is to help applicants for broadband grants find potential partners in order to strengthen their applications. This tool helps those with complementary skills and resources collaborate to create stronger applications together than they could working alone.

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Application Window

Both NOFAs have issued a 30-day application window, which is shorter than expected. Applications will be accepted beginning February 16th with a deadline of March 15th. Only electronic applications will be accepted. As of publication of this newsletter, the application has not been released on the website. It is expected to be made available for download after the public workshops have begun later this month. Organizations have been given roughly 2 months from the time the NOFAs were released until the application deadline, so anyone planning on applying needs to act quickly.

For the initial application, much of the detailed budget and sustainable company information and attachments found on the Round 1 application will not be required for the Round 2 application. Due to the short time window, any supplementary information will be sought during the due diligence phase for companies that have viable projects and score high enough to advance.

NTIA – BTOP NOFA

Overview The NTIA released a 116-page NOFA that allocates \$2.6 billion in broadband stimulus funding through BTOP, including approximately \$2.35 billion for Comprehensive Community Infrastructure (CCI); at least \$150 million for Public Computer Center; and, at least \$100 million for Sustainable Broadband adoption. There is a priority to fund “Comprehensive Community” middle mile infrastructure projects that offer new or significantly upgraded connections to community anchor institutions.

Changes

- The Last Mile Remote and Last Mile Non-Remote eligibility guidelines are no longer the determining eligibility factors. Only three criteria – eligible entities, fully completed application, and matching – will be used to determine eligibility. If an application proceeds to the second review stage, additional information will be sought by the NTIA.
- The NTIA has removed the budget reasonableness and technical feasibility factors from the eligibility requirements, because these categories are more effectively evaluated during the expert review and due diligence phases of application consideration.
- The NTIA has eliminated the proposed funded service area mapping tool and modified the service area delineations from Census blocks to Census tracts and block groups.
- The overall number of attachments to the application has been reduced. There will also only be 2 reviewers per application, down from 3 used for the first round.

Challenges After a CCI application is made available for viewing to the public, incumbents will have 15 days to voluntarily challenge applications. Applicants will have the opportunity to refute challenges.

State Priorities The role of states will continue to play a pivotal role as Governors will again have the opportunity to prioritize BTOP applications in order of necessity. In Nebraska, the Public Service Commission assisted Governor Heineman in his priorities for the 1st Round, and the Nebraska PSC will most likely help him again for the 2nd Round.

Awards The NTIA is expected to make awards for the Comprehensive Community Infrastructure projects range from \$5 million-\$150 million; Public Computer Center in the \$500,000-\$15 million range; and the \$500,000-\$15 million range for Sustainable Broadband Adoption. NTIA plans to announce all the award winners on a rolling basis beginning in June and ending in September 2010.

Websites and Registration Links

[BroadbandUSA](#)

[Broadband Match](#)

[NTIA Round 2 NOFA](#)

[RUS Round 2 NOFA](#)

[Central Contractor Registration \(CCR\)](#)

[USDA Level 1 eAuthentication ID](#)

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Apply to BTOP or BIP?

Middle Mile applicants should apply to BTOP and Last Mile applicants should apply to BIP. Awards will not be given in areas where past RUS loans have been applied. Applications that get passed on by NTIA may still get passed to RUS for funding consideration. Applicants can only apply to one agency.

BTOP

- CCI projects need not include “unserved” or “underserved” areas, but extra consideration if they do
- 20% matching requirement, but extra consideration give for 30% match

BIP

- Applicants who are current RUS borrowers or grantees
- Applicants who are proposing a Last Mile service are that is 75 percent or more rural
- Target areas which not more than 50% households have access to combined 5 Mbps.

RUS – BIP NOFA

Overview This 68-page NOFA makes \$2.2 billion available, including \$1.7 billion for Last Mile projects, up to \$300 million for Middle Mile projects, and up to \$100 million for Satellite projects. RUS will concentrate funding on last mile projects, where NTIA is focusing on middle mile projects. In this second round of funding, RUS has focused its efforts on rural economic development in addition to continuing to reach unserved rural areas. RUS has qualified for funding any rural area in which at least 50 percent of the premises in the area do not have access to broadband service at the rate of 5 Mbps (upstream and downstream combined).

Changes

- The Last Mile Remote funding category has been eliminated from this NOFA, while the Satellite Project category has been added.
- All projects will be funded through a 75/25 grant/loan combination.
- Instead of a two-step review process, there is now only a one-step review process in order to improve efficiency. Much of the rigorous technical and financial questions have been moved out of the initial application and to the review phase.
- To further make it easier for applicants, to be considered underserved, at least 50 percent of the proposed service area must be without 5 Mbps (combined upstream and downstream) or greater broadband service offering. NTIA is still at 768Kbps downstream/200 upstream.

Eligibility Last Mile Service Area must be at least 75% rural and where less than 50% of premises have access to broadband faster than 5 Mbps combined upstream/downstream. Service Areas are ineligible if they overlap with awardees from the first round or services already provided by a RUS borrower.

Challenges Last mile and middle mile applications will be posted for 30-day public notice. Incumbents will have the opportunity to privately challenge applications, but applicants will be able to refute challenges.

Awards BIP will announce all awards by or on September 30, 2010.

My 2 Cents on Round 2

Organizations are going to find it easier to qualify for funding under the modified rules. The new guidelines and simplified application should help speed up the announcement of award winners as well. Since this is the second round, NTIA and RUS should have a better grasp on what they are trying to accomplish, and should have most of the trial and error out of the way. That being said, this program has not run smoothly to date. A simpler application to fill out will probably lead to more applications filed that will need to be reviewed. In addition, most of the applications from the first round that have not been confirmed or denied awards will likely reapply in order to be on the safe side of consideration. The final number of applications this round could be overwhelming.

It looks like larger last mile and middle mile projects (minimum \$5 million) will have a better chance of being funded than smaller projects. With almost \$5 billion to dispense in only a few months, it is in the best interest of NTIA and RUS to award the larger projects. NTIA and RUS do not have the resources to award lots of small projects and make sure the winners comply with the rules over the next couple of years.

Although I mentioned the BroadbandUSA Match website, I do not recommend using it to find project partners. This whole process has been complex enough the way it is set up; and combining companies should only add to the confusion, especially financially.

Filing Deadlines	
<u>February</u>	<u>March</u>
<ul style="list-style-type: none"> <u>1</u> Form 499-Q <u>1</u> NECA Monthly Settlement Certification <u>1</u> FCC Form 502 <u>19</u> NECA Forecast Line Count Data Collection 	<ul style="list-style-type: none"> <u>1</u> FCC Customer Proprietary Network Information (CPNI) Certifications <u>1</u> NECA Form 477 <u>12</u> NECA Form 507 - Line Count Data Collection <u>25</u> NECA Form 508