

# Overview of Telecommunications and Broadband Loan and Grant Programs

RURAL UTILITIES SERVICE



# Seventy Six Year History

- RUS is a rural policy, planning and lending agency which provides loan and grant financing to electric, telecommunications, broadband, water and sewer utilities serving rural Americans.
- Celebrating 76 years since the creation of the Rural Electrification Administration and 75 years since the signing of the Rural Electrification Act.

# REA to RUS

RUS is a Rural Development agency within the USDA and the successor agency to the REA. In 1993, the Congress re-organized the USDA and combined the telecommunications and electric programs of the REA with the water and environmental programs of the Farmers Home Administration to create a one-stop utilities shop in the RUS.



**RUS 2011 Loan Portfolio = \$61B**

**Electric (1935)**

**Telecommunications (1949)**

**Broadband (2000/2002/2008)**

**Water and Waste (1937)**



# Incentive Lender

- RUS is an incentive lender, not a lender of last resort;
- No credit elsewhere test;
- Financial feasibility required;
- Solid history of repayment;
- Low interest rates encourage investment in areas where costs are high.

# RUS Telecommunications Infrastructure Loan and Grant Programs in Rural Areas

Telecommunications Infrastructure Loan Program (Titles II and III):

Loans to improve and expand broadband telecommunications

Rural Broadband Loan Program (Title VI): Loans to build and expand broadband networks and services

American Recovery and Reinvestment Act of 2009 (ARRA)

Broadband Initiatives Program (BIP): Loans, grants and loan/grant combinations to build broadband networks

Community Connect: Grants for communities with no broadband

Distance Learning/Telemedicine Loan and Grant Program: Loans and grants for providing Distance Learning and Telemedicine services

# Broadband Financing Since the 1990s

- Agency has been lending for broadband capable plant since the early 1990s
- Congress enacted State Modernization Planning (English Amendment) in 1993 which continues to guide the agency's lending policies
- Philosophy of *build it right the first time*
- Technological neutrality

# A Pillar of Rural Economic Development

“If we're going to out-innovate and out-educate and out-build global competitors, if we're going to empower folks in rural areas to participate in this national effort to be competitive, they have to have access to 21st century infrastructure, and there's no more important aspect of that 21st century infrastructure than broadband.”

*USDA Secretary Tom Vilsack*

March 10, 2011

# RUS Telecommunications Program

## Three Major Loan Portfolios

- **Telecommunications Infrastructure Program**  
(1949) 487 borrowers; \$5.3 billion loans approved (net) since 2001
- **Broadband Loan Program** (2000, 2002, 2008)  
62 borrowers; \$1.1 billion loans approved (net)
- **Broadband Initiatives Program** (ARRA 2009)  
242 borrowers/grantees; \$1.2 billion loans approved (net)/\$2.3 billion grants approved (net)

# RUS Telecommunications Grants

- **Distance Learning and Telemedicine Program (DLT):** A Notice of Solicitation of Applications for the DLT Program was announced on Feb. 24, 2011. Applications window closed April 25, 2011.
- **Community Connect Grant Program:** A Notice of Solicitation of Applications for the Community Connect Grant Program was announced on March 4, 2011. Application window closed May 3, 2011.

<b>MICHIGAN INVESTMENT</b>	
<b>As of 1/18/12</b>	
<b>SUMMARY</b>	
<b>Type of Funding</b>	<b>Total Amount</b>
Traditional Telecom Loans (includes RUS, RTB, & FFB)	<b>\$84,861,354</b>
Broadband Loans	<b>\$7,880,918</b>
Community Connect grants	<b>\$1,101,933</b>
DLT loans and grants	<b>\$9,556,916</b>
Digital TV grants	<b>\$3,174,247</b>
Weather Radio Grants	<b>\$314,833</b>
Broadband Initiative Program	<b>\$123,855,880</b>
<b>TOTAL INVESTMENT</b>	<b>\$230,746,081</b>

<b>Infrastructure Loans:</b>	
<b>Name</b>	<b>TOTAL LOANS</b>
Ace Telephone Company of Michigan, Inc.	\$2,503,000
AllBand Communications Cooperative	\$8,067,000
ALLTEL Michigan, Inc.	\$12,154,000
Baraga Telephone Company	\$763,395
Bloomington Telephone Company, Inc.	\$2,462,000
CenturyTel Midwest-Michigan, Inc.	\$23,069,308
CenturyTel of Northern Michigan, Inc.	\$213,000
Chatham Telephone Company	\$2,778,250
Communication Corporation of Michigan	\$1,805,100
Frontier Communications of Michigan, Inc.	\$6,318,958
Hiawatha Telephone Company, Inc.	\$4,605,500
Island Telephone Company	\$2,487,000
Ontonagon County Telephone Company	\$1,044,000
Peninsula Telephone Company	\$2,715,534
Pigeon Telephone Company	\$896,000
Shiawassee Telephone Company	\$2,446,400
The Deerfield Farmers Tele Co	\$911,200
The New Morenci Home Tel Co	\$656,000
The Winn Telephone Company	\$432,000
Upper Peninsula Telephone Company	\$6,611,025
Waldron Telephone Company	\$454,184
Wolverine Telephone Company	\$1,468,500

<b>Broadband Loans:</b>	
<b>Name</b>	<b>TOTAL LOANS</b>
Trophy Technologies, Inc.	\$1,883,707
Air Advantage, LLC	\$2,403,818
Southwest Michigan Communications, Inc	\$3,295,393
Mutual Data Services, Inc.	\$298,000
<b>Total</b>	<b>\$7,880,918</b>

**DLT Loans and Grants:**

<b>Name</b>	<b>Grant</b>	<b>Loan</b>	<b>Total</b>	<b>FY</b>
Upper Great Lakes Educational Technologies, Inc.	\$373,894	\$0	\$373,894	1993
Baldwin Family Health Care, Inc.	\$250,000	\$0	\$250,000	1994
Baldwin Family Health Care, Inc.	\$82,919	\$0	\$82,919	2000
Delta-Schoolcraft Intermed. Sch Dist.	\$325,000	\$0	\$325,000	1995
MidMichigan Regional Health System, Inc.	\$336,124	\$0	\$336,124	1996
Upper Peninsula Health Care Network	\$327,224	\$0	\$327,224	1996
U. P. Health Care Network, Inc.	\$500,000	\$0	\$500,000	2006
Scheurer Hospital	\$52,820	\$99,864	\$152,684	1997
Cheboygan Area Schools	\$55,841	\$50,659	\$106,500	1997
Hills and Dales General Hospital	\$125,664	\$180,853	\$306,517	1998
Marquette General Hospital, Inc.	\$64,679	\$66,321	\$131,000	1998
Marquette General Health System	\$176,421	\$0	\$176,421	2004
Atlanta Community Schools	\$54,007	\$83,646	\$137,653	1998
West Shore Community College	\$291,296	\$0	\$291,296	1999
Alpena General Hospital	\$156,069	\$0	\$156,069	1999
Alpena General Hospital	\$350,000	\$0	\$350,000	2000
Alpena General Hospital	\$421,872	\$0	\$421,872	2005
Iosco Regional Educational Service Agency	\$106,362	\$0	\$106,362	2001
Gratiot-Isabella Regional Educational Service District	\$296,500	\$0	\$296,500	2001
Owendale-Gagetwon Area Schools	\$54,000	\$0	\$54,000	2001
Borgess Health Alliance, Inc.	\$368,183	\$0	\$368,183	2002
Borgess Health Alliance, Inc.	\$321,020	\$0	\$321,020	2005
Borgess Health Alliance, Inc.	\$218,800	\$0	\$218,800	2006
Mid Michigan Health Alliance	\$99,200	\$24,800	\$124,000	2007
Harbor Beach Community School District	\$446,865	\$0	\$446,865	2004
Mid-Michigan Visiting Nurse Association	\$215,519	\$0	\$215,519	2004
Mid-Michigan Visiting Nurse Association	\$412,722	\$0	\$412,722	2006
Berrien County Intermediate School District	\$350,000	\$0	\$350,000	2005
Trinity Health Michigan	\$200,015	\$0	\$200,015	2005
REMEC TeleHealth Network	\$106,211	\$0	\$106,211	2006
Hackley Visiting Nurse Services, Inc.	\$159,691	\$0	\$159,691	2006
MidMichigan Health Services	\$24,800	\$99,200	\$124,000	2007
Charlevoix Area Hospital	\$248,627	\$0	\$248,627	2007
Lakeshore Community Hospital, Inc. dba Hackley Lakeshore Hospital	\$343,096	\$0	\$343,096	2007
Munson Home Care	\$329,494	\$0	\$329,494	2007
Bell Memorial Hospital	\$200,000	\$0	\$200,000	2008
Mecosta County Medical Center	\$163,253	\$0	\$163,253	2008
Keweenaw Bay Ojibwa Community College	\$250,473	\$0	\$250,473	2008
Munising Memorial Hospital Association	\$92,912	\$0	\$92,912	2011
<b>Total</b>	<b>\$8,951,573</b>	<b>\$605,343</b>	<b>\$9,556,916</b>	

<b>Community Connect Grants:</b>		
<b>Name</b>	<b>Grant Amount</b>	<b>Fiscal Year</b>
Air Advantage, LLC	\$214,532	2003
Air Advantage, LLC	\$219,176	2003
Air Advantage, LLC	\$223,862	2008
Crystal Automation Systems, Inc.	\$444,363	2005
<b>Total</b>	<b>\$1,101,933</b>	

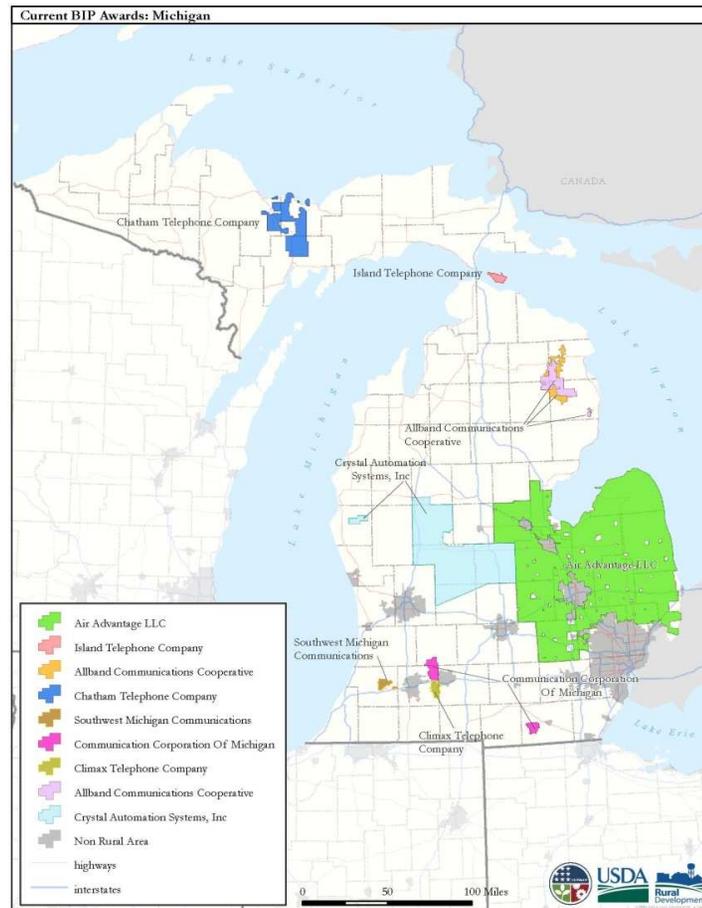
**Weather Radio Grants:**

<b>Name</b>	<b>Grant Amount</b>	<b>Fiscal Year</b>
Delta County Emergency Management	\$67,756	2001
Cloverland Electric Cooperative	\$73,600	2002
Schoolcraft County Emergency Management	\$58,870	2004
Gogebic County Office of Emergency Services	\$71,642	2007
County of Huron	\$42,965	2008
<b>Total</b>	<b>\$314,833</b>	

<b>Digital TV Grants:</b>		
<b>Name</b>	<b>Grant Amount</b>	<b>Fiscal Year</b>
Board of Trustees of Northern Michigan University	\$1,000,000	2006
Northern Michigan University	\$633,231	2008
Central Michigan University	\$791,016	2004
Central Michigan University	\$750,000	2008
<b>Total</b>	<b>\$3,174,247</b>	

<b>Broadband Initiatives Program:</b>				
<b>Name</b>	<b>Grant Amount</b>	<b>Loan Amount</b>	<b>Total Amount</b>	<b>Fiscal Year</b>
Southwest Michigan Communications	\$4,165,512	\$4,165,513	\$8,331,025	2010
Chatham Telephone Company, Inc.	\$8,605,935	\$0	\$8,605,935	2010
Island Telephone Company	\$2,001,528	\$0	\$2,001,528	2010
Climax Telephone Company	\$2,144,998	\$1,072,501	\$3,217,499	2010
Crystal Automation Systems, Inc	\$18,548,197	\$7,949,227	\$26,497,425	2010
Communication Corporation Of Michigan	\$1,221,811	\$0	\$1,221,811	2010
Allband Communications Cooperative	\$8,622,754	\$0	\$8,622,754	2010
Allband Communications Cooperative	\$1,107,903	\$0	\$1,107,903	2010
Air Advantage LLC	\$31,950,000	\$32,300,000	\$64,250,000	2010
<b>Total</b>	<b>\$78,368,638</b>	<b>\$45,487,241</b>	<b>\$123,855,880</b>	

# Broadband Initiative Program



# RUS Telecommunications Program

## FY 2011 Results and FY 2012 Budget

Program Level Funding				
	2011 Available Funding*	2011 Obligations	2012 Budget	2012 Available Funding*
Infrastructure Loans	\$690 million	\$690 million	\$690 million	\$690 million
Broadband Loans	\$325 million	\$37.4 million	\$169 million	\$736 million
Distance Learning and Telemedicine Grants	\$25 million	\$29 million	\$15 million	\$16.1 million
Community Connect Grants	\$13.4 million	\$13.5 million	\$10.4 million	\$14.2 million

\*Available funding includes authorized budget and amounts carried over from the previous fiscal year

# Questions?

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