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Speakers

• Karen Hanson (moderator), Director of Partnerships and Interagency Affairs, BroadbandUSA
• Doug Kinkoph, Associate Administrator, OTIA, NTIA
• Keith Adams, Assistant Administrator, Telecommunications, Rural Utilities Service, USDA
• Tim Herwig, District Community Affairs Officer Office of the Comptroller of the Currency, US Department of Treasury
• Representatives from other federal agencies will be available during Q&A
Agenda

• Introductions and welcome (Karen Hanson, NTIA)
• Background on Broadband Opportunity Council and status of NTIA’s action items (Doug Kinkoph, NTIA)
• Status of RUS’ action items (Keith Adams, RUS)
• Options for broadband investment (Tim Herwig, Treasury/OCC)
• Q&A
The National Telecommunications and Information Administration (NTIA)

- NTIA is the Executive Branch agency in the U.S. Department of Commerce that is principally responsible for advising the President on telecommunications and information policy issues.
- NTIA's programs and policymaking focus largely on
  - expanding broadband Internet access and adoption in America,
  - expanding the use of spectrum by all users, and
  - ensuring that the Internet remains an engine for continued innovation and economic growth.
Broadband Opportunity Council

*Established by Presidential Memorandum on March 23, 2015*

- Co-chaired by DOC and USDA, with 25 member agencies
- Focused on Executive Branch potential for action
- Aimed at coordinating federal policies to promote broadband deployment and adoption

  - Addressing regulatory barriers
  - Encouraging public and private investment
  - Promoting broadband adoption and meaningful use
  - Supporting broadband deployment, competition and adoption

Original Report (August 2015) Outlined Agency Actions

• 36 Action Items with Four Key Themes:
  – Modernize federal programs to expand program support for broadband investments
  – Empower communities with tools and resources to attract broadband investment and promote meaningful use
  – Promote increased broadband deployment and competition through expanded access to federal assets
  – Improve data collection, analysis and research on broadband
Progress Report Released (January 2017)

- Agencies have completed 15 of the 36 Action Items
- Elevated broadband as a critical issue across the federal government
- Transitioned coordination efforts to career-level Broadband Interagency Working Group
- Commitments to complete action items

See: https://www.ntia.doc.gov/blog/2017/agencies-making-progress-connect-america
NTIA’s Major Action Items

• BroadbandUSA program – best practice guides produced and technical assistance services
• BroadbandUSA website -- portal to interagency information
• Community Connectivity Initiative – self-assessment tool
• National Broadband Research Agenda – joint effort with NSF
Direct, hands-on assistance to communities interested in planning and implementing broadband initiatives.

Established partnerships with federal and state governments, industry organizations and broadband thought leaders.

Events that bring together government officials, community leaders and other broadband stakeholders to share broadband success stories and lessons learned.

Products and planning frameworks that can help you jumpstart your broadband.
Our resources help local leaders learn, share and implement the benefits of community connectivity.
BroadbandUSA -- portal to interagency information
Community Connectivity Initiative

- Accelerate and support local broadband planning, action, and progress.
  - Better outcomes in less time
  - Engage more communities
  - Increase resource relevance & usability
- Nearly 1000 stakeholders engaged to co-design Initiative
- Framework complete | Local views of federal data | Online tool 2017
National Broadband Research Agenda (NBRA)

• NTIA/NSF joint action to identify remaining research questions related to broadband
• Issued Request for Comments
• NSF funded a visioning workshop
• NITRD created an interagency task force to create the agenda
• Report will be released soon
Expanded broadband eligibility for Rural Business Loan Guarantee Program.  
RBS issued guidance stating that broadband is an eligible infrastructure expense.

The initiative is addressed in two separate unnumbered letters, which can be found at Rural Development’s website under Regulations and Guidelines, Unnumbered Letters:  

The 1\textsuperscript{st} unnumbered letter, dated April 20, 2016, Rural Business-Cooperative Service Special Initiatives Definitions and Proper Coding in the Guaranteed Loan System (GLS), informed all B&I personnel about the proper coding required for broadband related projects in the GLS database.

The 2\textsuperscript{nd} unnumbered letter, dated April 29, 2016, Business and Industry (B&I) Guaranteed Loan Program Loan for Purposes of Broadband Deployment, was distributed to provide explanation to all staff about the program, and procedures to follow with broadband projects.
Rural Utilities Service (RUS)
Rural Electric Program

- Expand fiber eligibility for Rural Utilities Service (RUS) Electric Program.

- RUS issued guidance to its legacy electric borrowers and other stakeholders that broadband projects supporting smart grid and communications facilities for energy management are an eligible infrastructure expense.
  - RUS is working on funding requirements.

- Links:
Rural Housing Service (RHS) Community Facilities (CF)

- Update guidance for the Rural Development Community Facility Program

- Plan: RUS will collaborate with Community Facilities (CF) to share/leverage expertise and help developing the policy and plan for handling the new funding applications.
- This will be done in conjunction with legal reviews and solicitation of comments from CF stakeholders.

- Challenges: Congressionally-mandated and regulatory restrictions on existing Rural Development broadband funding.

- Next Steps: Draft a regulation with requirements for funding broadband service.
- Additional application requirements would also need approval under the Paperwork Reduction Act.
• Expand broadband eligibility for RUS Telecommunications Program.
  Recommendation: Not feasible per Office of General Counsel (OGC)

• RUS was to revise regulations currently limiting broadband investment in specific areas with inadequate service.
  This change would open funding opportunities to a different provider even though an incumbent exists and would allow new entrants to access funding.

• Without a Congressional amendment to Title II of the statute, we can only offer the program to our current Independent Local Exchange Carriers (ILECs).
  Loan demand for the Traditional Infrastructure program dramatically increased in FY 2016 into FY 2017.

• With the end of the American Recovery and Reinvestment Act (ARRA) Broadband Initiative Program (BIP) and the release of the FCC’s Connect America Fund (CAF) options most Independent Local Exchange Carriers (ILECs) now have a better sense of where to invest in improved broadband service moving forward.
EPA launched a new initiative, “Cool & Connected,” in partnership with USDA.

Cool & Connected is a pilot initiative sponsored by USDA Rural Utilities Service & the U.S. Environmental Protection Agency (EPA) Office of Sustainable Communities.

This initiative helps communities leverage investments in internet access to create walkable, healthy, economically vibrant neighborhoods.

Appalachian Regional Commission (ARC) has partnered in the initiative with a regional focus.

See [https://www.epa.gov/smartgrowth/cool-connected](https://www.epa.gov/smartgrowth/cool-connected)
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<th>Name</th>
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The Community Reinvestment Act

• The Community Reinvestment Act encourages depository institutions to meet the credit needs of low- and moderate-income (LMI) individuals and communities.
• Passed to address discrimination in access to loans and credit.
• Requires agencies to evaluate the performance of banks in meeting the credit needs in the communities in which they are chartered.
• Passed in 1977—has been revised since then.
Q&A §__.12(g)(4)(iii) New Example - Activity in Underserved Nonmetro Middle-Income Geo

- Provides guidance on how examiners consider activities related to the expansion of broadband infrastructure in CRA defined underserved non-metropolitan middle-income geographies
  - Important to global competitiveness, job creation, innovation, and expansion of markets for American businesses
- Availability of broadband is essential to:
  - Access digital banking services, particularly in light of shift away from branch-based delivery systems
  - Promote economic development as small businesses become more reliant on related technologies for payment processing systems, remote deposit capture, access to credit facilities and markets, and to deliver products
Public Welfare Investment Authority (PWI)

• OCC’s public welfare investment (PWI) authority is one tool for a national bank to help meet the credit needs of its communities.

• National banks may make investments, directly or indirectly, that are primarily designed to promote the public welfare such as by providing housing, services, or jobs, under the investment authority in 12 USC 24 (Eleventh) and the implementing regulation, 12 CFR 24.

• By “investments,” we mean both equity investments and debt investments, such as equity equivalent investments or other debt.

• By “public welfare investment,” we mean investments that primarily benefit low- and moderate-income individuals, low- and moderate-income areas, or other areas targeted by a government entity for redevelopment, or if the investments would receive consideration under 12 CFR 25.23 (the Community Reinvestment Act regulation) as a “qualified investment.”
A national bank operating in the R/S Fiber Optic Cooperative’s proposed service area recently requested and was granted permission by the OCC to purchase stock shares in the cooperative under the public welfare investment authority.

The cooperative was organized to bring high-speed fiber optic connectivity to communities in west central Minnesota and provide broadband service to homes, farms, businesses, health care facilities, schools, and local government offices at prices significantly reduced from current commercial providers.

Project would result in enhanced economic development opportunities for businesses and job creation for local residents.
How R/S Fiber Optic Met PWI Requirements

• Primary Purpose: Bank demonstrated that the investment will primarily benefit low- and moderate-income individuals, low- and moderate-income areas, and other areas targeted by a government entity for redevelopment
  – Project services census tracts that are moderate-income or in distressed non-metropolitan middle-income census tracts
  – Project creates permanent jobs that will be pay salaries that fall within the range of 80 percent of area median income of the targeted counties
  – Project receives financial support from government entities, including a grant from the state, loan from economic development authorities, and local tax abatement bonds

• Investment limits:
  – Bank’s investment was less than 1 percent of its capital and surplus
  – Bank’s purpose of preferred stock would not expose it to unlimited liability
  – No safety or soundness concerns regarding bank’s investment
Non-MSA Low- and Moderate-Income and Distressed and Underserved Census Tracts

Part 24 contains examples of Qualifying PWI Activities (12 CFR 24.6)

- Fiber optic projects generally consistent with economic development examples 12 CFR 24.6(b)
- Investment that provides financing for a small business or farm located in a LMI area
- Investment that provides financing for a small business or farm that produces or retains permanent jobs, the majority of which are held by LMI persons
- Investment that develops and operates a commercial or industrial property located in a LMI area or that is occupied by a small business that produces jobs for LMI persons
- Investment that develops and operates a business incubator located in a LMI area or that is occupied by a small business that produces jobs for LMI persons
- Investment that forms and operates an agricultural cooperative located in a LMI area or that produces jobs for LMI persons

Fiber optic investments are novel PWIs. Recommend that banks should seek prior approval before proceeding.
FCC 25 Mbps Broadband Deployment
Locating LMI, Distressed and Underserved Non-Metropolitan Middle Income Census Tracts

    - Census Demographic Data by County
    - Census Demographic and other Data by Census Tract
  - Distressed and Underserved Tracts: [http://www.ffiec.gov/cra/distressed.htm](http://www.ffiec.gov/cra/distressed.htm)
Locating Regulated Financial Institutions by County and MSA

- **FDIC Summary of Deposits Website:** [https://www5.fdic.gov/sod/](https://www5.fdic.gov/sod/)
  - Individual Counties/MSAs
  - Aggregated Counties (up to 10)
  - Financial Institutions
    - Deposits within and without county or MSA
    - Branches: Deposits
    - CRA Evaluations
    - FFIEC Uniform Bank Performance Report (UBPR)
      » Bank’s Balance Sheet
CDFI Fund
New Markets Tax Credits

• The NMTC Program incentivizes community development and economic growth through the use of tax credits that attract private investment to distressed communities. As of the end of FY 2015, the NMTC Program has:
  • Generated $8 of private investment for every $1 of federal funding
  • Created 164 million square feet of manufacturing, office, and retail space
  • Financed over 4,800 businesses
  • Broadband infrastructure and related activities are eligible for NMTC investments provided that those activities meet the IRS Regulations related to a business qualifying under the NMTC program.
CDFI Fund
New Markets Tax Credits

Alaska’s General Communication Inc. (GCI) TERRA project
• Broadband service to rural Alaska through the construction of a wireless and fiber optic network.
• Phase one completed in the fall of 2011, provides broadband service to more than 9,000 households, 750 business and many health care institutions.
• Phase two involved $78 million in NMTC allocation from three CDEs: Alaska Growth Capital, Waveland Ventures and Travois New Markets. U.S. Bancorp Community Development Corporation provided a $6.7 equity investment.

Next Generation Healthcare (Northeast Ohio)
• Using a $15 million NMTC investment, Next Generation constructed a fiber optic network connecting rural healthcare facilities with the larger national interconnected broadband network.
• Next Generation will provide telemedicine services to more than 7 million citizens in NE Ohio.
CDFI Fund
New Markets Tax Credits

• CDFI Information Mapping System (CIMS)
  – The CDFI Information Mapping System v.3 (CIMS3) is now available for geocoding addresses, mapping census tracts and counties, and determining the eligibility of census tracts and counties under the CDFI Fund's various program distress criteria.
  – https://www.cdfifund.gov/Pages/mapping-system.aspx
OCC District Community Affairs Officers

Community Affairs Contacts
https://www.occ.treas.gov/topics/community-affairs/contacts.html

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Q&A – use the question box at the right of your screen

• You may direct your question to one or more of today’s speakers:
  – Doug Kinkoph, BroadbandUSA, Dept. of Commerce
  – Karen Hanson, BroadbandUSA, Dept. of Commerce
  – Keith Adams, Rural Utilities Service, Dept. of Agriculture
  – Tim Herwig, Office of the Comptroller of the Currency, Dept. of Treasury

  – Other agencies available to answer questions:
    • Susan Bearden, Dept of Education
    • Darrell Smith, Dept of Homeland Security
    • Alejandro Avilés, Dept of Housing and Urban Development
Next Steps

• Broadband Interagency Working Group will continue to meet monthly
• Agencies working on remaining action items
• Updates will be posted to the BroadbandUSA site: 
  http://www2.ntia.doc.gov
• For more information about BroadbandUSA, contact us at 
  broadbandusa@ntia.doc.gov
• For more information about BroadbandUSA’s work with the 
  Broadband Interagency Working Group, contact:
  – Karen Hanson: khanson@ntia.doc.gov
  – Doug Kinkoph: dkinkoph@ntia.doc.gov
Thank you!