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Subject: Possibility for RBE Awardees to Receive Accelerated Disbursement of Funds

Parties interested in applying for support through the Rural Broadband Experiments have the option of expedited funding where they will receive 30 percent of overall support upfront.

This possibility is directly tied to an applicant's willingness and ability to commit to an accelerated build-out timeline – which we will describe below – and *applicants must select this option at the time of application*. The funding requirements for the experiments are consistent with Connect America Phase II.

While the application process is rigorous in terms of verifying an applicant's ability to provide the service it proposes in its bid(s), there are also ongoing commitments associated with accepting funding through the experiments. The funding model for the experiments is designed to disperse money once a month for 10 years, for a total of 120 installments. The first disbursement will begin this 10-year support term, and will take place once winning bidders have been selected by the Commission and have provided all necessary documentation to support their application. Winning bidders are required to offer service consistent with the regulations for their relevant experiment category to 85 percent of required locations by the end of the third year. By the end of the fifth year, service must be offered to 100 percent of required locations. Certifications confirming that providers have met these requirements must be provided by the end of the fifth year as well. These obligations must be met in order for providers to continue to receive funding, and verification that these commitments are being honored must be produced periodically.

Based on preliminary interest, it appears that some applicants may desire to complete their build-out within a shorter timeframe than three-to-five years. In light of this, an additional funding mechanism has been added into the experiments to allow for these providers to receive some upfront funding in support of this expedited build-out schedule. **An advance of 30 percent of overall funding will be given upfront to providers who are interested in and willing to offer service to at least 25 percent of their required locations within the first 15 months.** These providers will still receive payment on the remaining 70 percent of the funds in monthly installments over a period of 10 years, for a total of 120 disbursements. Additionally, these providers must adhere to other obligations associated with the funding: 85 percent of locations deployed within three years, and 100 percent of locations deployed within five years.

To be eligible to receive money upfront, providers must make the commitment during the application process to build within 15 months to at least 25 percent of their required locations. Then, they must provide certification within 15 months that they have, in fact, built to at least 25 percent of their required locations. Awardees must provide certification that they are meeting the three-to-five year commitments of the funding, as well as upholding the requirements of the 15-month build timeline to which they agreed. Certification includes not only building to these locations, but also meeting all relevant public service obligations.

Providers who opt for accelerated disbursement must also produce a letter of credit (LOC) for the thirty percent amount. This funding model is intended to encourage providers to accelerate build-out in order to hasten deployment in undeserved rural areas and make more quickly available crucial knowledge regarding these experiments to assist in key policy making.

We are available to offer comprehensive guidance as necessary about the application process, including providing assistance with technical and business planning. Please feel free to contact us if you have any questions or concerns.