

Loan Loss Reserve Program Webinar – version 1

Application Window March 12, 2024 – April 9, 2024

Applicants may request more time to develop the application. To request an extension, reach out to the Loan Loss Team at broadband.loanloss@cpuc.ca.gov.



California Public
Utilities Commission

Introduction to the Loan Loss Reserve Program

The Loan Loss Reserve Program is a \$500 million fund that provides credit enhancement for bonds, loans, and letters of credit for financing local broadband infrastructure development. The Loan Loss Reserve fund expands the ability of local governments, Tribes and non-profits to possibly secure more favorable borrowing rates and terms for building publicly owned broadband projects.

Applications for the Loan Loss Reserve Program will be accepted from **Tuesday, March 12, 2024 at 12:01 a.m.** Pacific Standard Time through **Tuesday, April 9, 2024 at 4 p.m.** Pacific Standard Time. If applicants cannot meet this deadline, contact the Loan Loss team at broadband.loanloss@cpuc.ca.gov.

What is a Loan Loss Reserve Credit Enhancement?

- A credit enhancement is used to **improve the credit rating** of a bond, loan, or letter of credit and lower the borrower's financing costs.
- It accomplishes this by lowering the risk profile of the investment for the lender(s) by providing insurance that debt service payments will be made in the event revenues from the broadband project are insufficient to cover the debt service.

Loan Loss Reserve Overview

- Not a grant program
- For publicly-owned broadband projects.
- \$500M is scheduled to be appropriated over 3 fiscal years,
 - \$175 million is currently appropriated.
- The Loan Loss Program will fund projects on 3 tracks: Equity (50%), General (40%), and Tribal (10%).
- Three funding cycles per calendar year based on available funds.
- Applications that meet requirements will be automatically entered into the next cycle.
- If the Equity Track becomes oversubscribed in a cycle, Equity Track projects will be given priority over General Market Track projects during the next cycle.
- Funding prioritized for projects that benefit unserved areas
 - And not restricted to unserved areas—can support adjacent underserved and served areas.
- Applications scored on a 150-point scoring system
 - Coverage requested, whether the project area will benefit a portion of unserved locations, a low-cost plan, and infrastructure life.
- Commission will approve credit enhancements as a percentage of the debt's principal (e.g., 20%, 40%, 60%, etc.) up to 100% of the principal.
- If the credit enhancement is drawn upon awardees will have three months before interest starts to accrue.

Loan Loss Program Eligibility Criteria

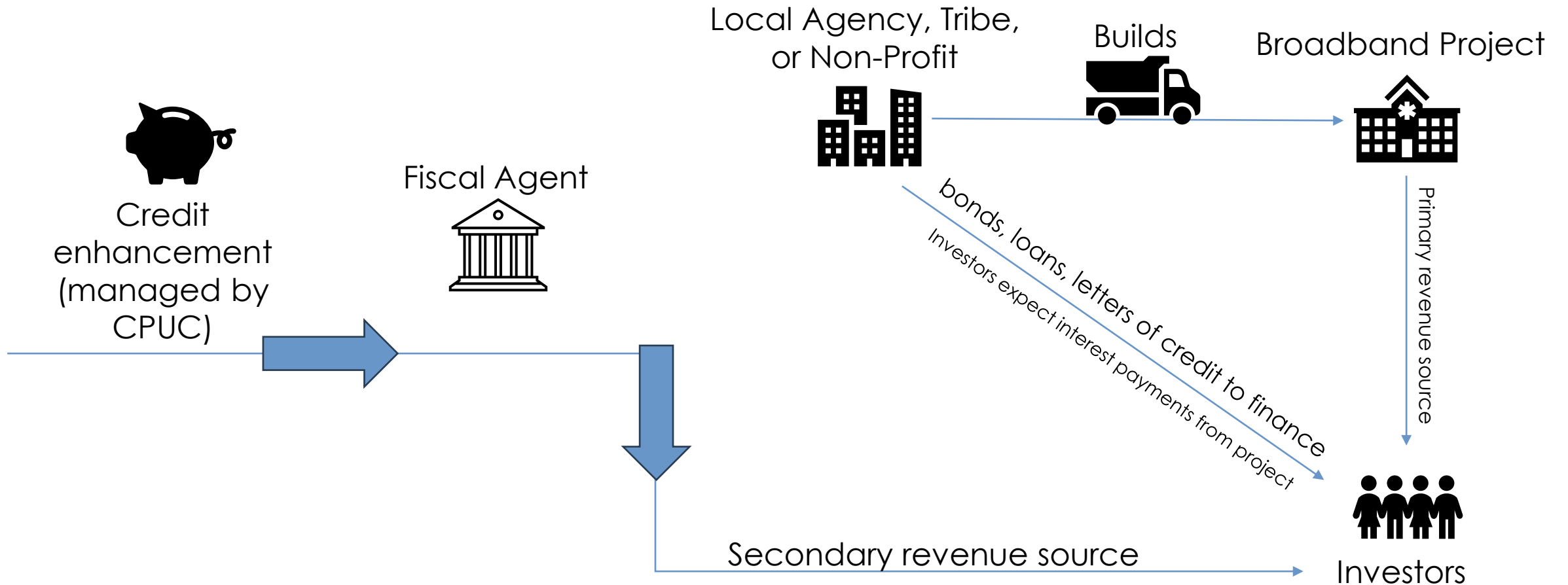
Entities eligible to participate in Loan Loss are nonprofit organizations, Tribes, and local government agencies as defined in Government Code Section 53167(e), including:

- a) city;
- b) county, including a county service area;
- c) community service district;
- d) public utility district;
- e) municipal utility district;
- f) joint powers authority;
- g) local educational agency (as defined by [Education Code section 47640](#));
- h) sovereign tribal government; and
- i) electrical cooperative (as defined by [Public Utilities Code section 2776](#))



Privately owned projects are not eligible for Loan Loss support. Public-private partnerships are allowed, but a public agency or non-profit must own infrastructure supported by the Loan Loss Program.

How will the Credit Enhancement Work if Revenues from the Broadband Project are Insufficient or Not Available to meet Debt Service



Where/How to Apply to Loan Loss Reserve

Loan Loss Reserve Fund

i ANNOUNCEMENT (March 1, 2024)

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The Broadband Loan Loss Reserve Program is a \$500 million fund that provides credit enhancement for bonds, loans, and letters of credit related to financing local broadband infrastructure development. The Loan Loss Reserve fund expands the ability of local governments, Tribes and non-profits to secure more favorable borrowing rates and terms for building publicly owned broadband projects.

Download the [Loan Loss Reserve Application](#).

The Loan Loss Reserve Application's current version is V.1-1. The application materials may be updated in response to feedback. Before applying, please check the Loan Loss Reserve website for updates. Changes will be noted in the Application version control tab.



Application Details

- The application will cover applicant identification information, broadband infrastructure, and proposed financing.
 - Applicant Identification Information (Section 1)
 - Broadband Infrastructure (Sections 3,4,5,7,8,9,10,13)
 - Proposed Financing (Sections 2, 16, 17,18)

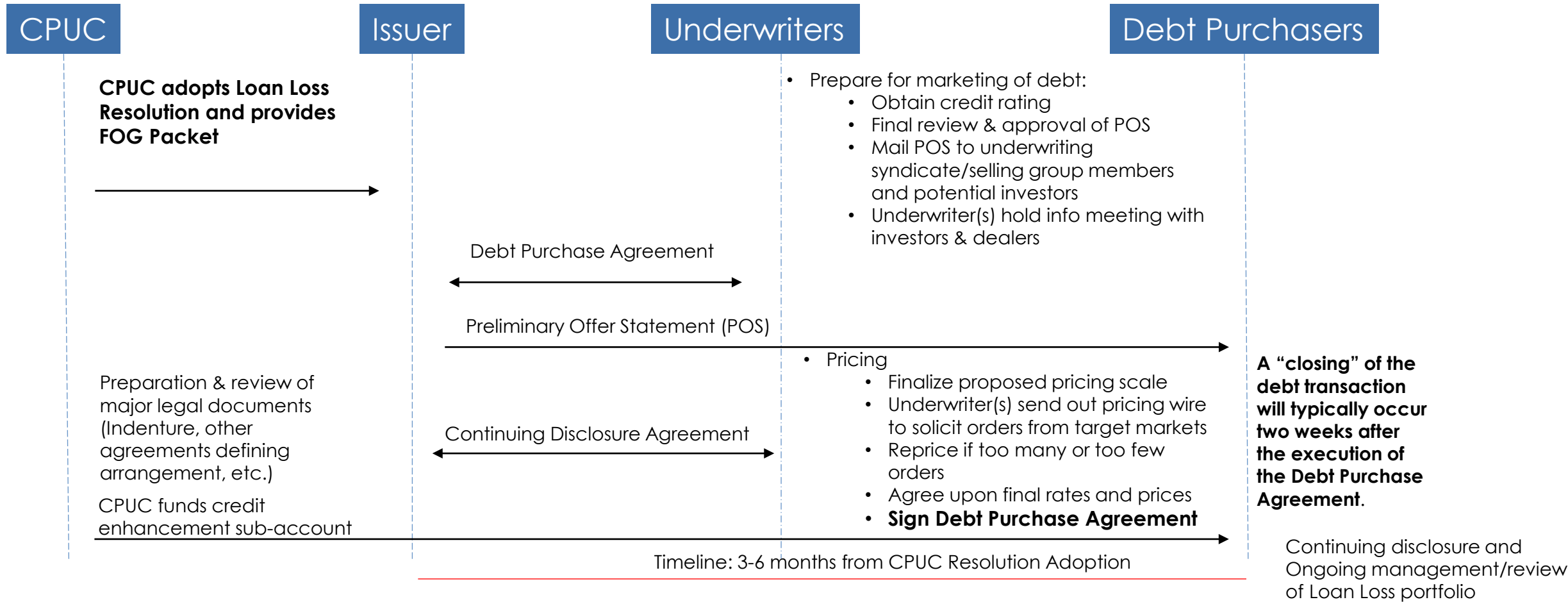
Submit your application to broadband.loanloss@cpuc.ca.gov or CPUC [Kiteworks Secure File Transfer Protocol](https://www.kiteworks.com/) to justin.fong@cpuc.ca.gov

Broadband Loan Loss Reserve Program				
LOAN LOSS RESERVE APPLICATION				
Version 1				
<p>LLR Application Instructions: Provide responses in Column D unless instructed to include items as a separate attachment. How to name file attachments, please use the following the naming convention: LLRAPP (space) Entity Name (space) Item Number(s) Please see notes/instructions in Column C to assist applicant responses. Please identify whether a response was "Included" on the right of each item in Column E, either "Yes, No, or N/A" to indicate you provided the requested information and insert or upload the requested attachments with your application spreadsheet.</p> <p>If you have any questions, please contact broadband.loanloss@cpuc.ca.gov for more information.</p> <p>Link to Decision in R.20-08-021 OIR Regarding Revisions to the California Advanced Services Fund</p>				
#	Item	Notes/Instructions	Enter Applicant Responses or Include Filename (submit separately if indicated below)	Response Included? (Yes, No, N/A)
1	Applicant Entity Information			
1a	Name of Applicant or Organization applying for LLR funding		Response Here	Yes
1b	Key Contact Information	Primary contact name, title, phone number, and email address for the LLR	File name here. Responses as separate attachment (.doc, .docx, .pdf).	No
1c	Certificate of Good Standing Issued by the CA Secretary of State (if applicable for nonprofits)			N/A
1d	Provide organizational chart to include legal counsel, project design and construction, marketing and technical support, and maintenance and operation	Broadband implementation focused		
1e	Key Company Officers	Broadband implementation focused		
1f	Provide documentation detailing in-house or contracted expertise to evaluate and deploy broadband	Narrative including resumes		
1g	Provide documentation detailing expertise in bond financing and financial administration, or contracts with consultants or advisory entities (e.g., underwriters, financial advisors, bond counsel) necessary for successful bond issuance or encumbrance of other forms	Narrative describing the applicant's expertise in bond financing and financial administration, including resumes		
1h	Provide documentation (e.g., a signed letter or contract) of in-house or contracted experts in debt management (e.g., administrative capacity, debt ratio coverage, past performance)	Narrative describing the applicant's expertise in debt management, including resumes		
	Provide statement of readiness to build	A narrative outlining the applicant's		

Equity Track Calculation

- Eligibility for the Loan Loss Reserve Equity Track can be determined based on the public census block data set from the Federal Funding Account.
- To calculate whether a Loan Loss Reserve project qualifies for the Equity Track, 75% of the census blocks within the proposed area must fall in low-income areas or disadvantaged communities, including tribal land.
- Visit the Federal Funding Account Public Map Website: Federal Funding Account Public Map (ca.gov)
 - Under “Key Information,” click on the “Census Block Data” Link for File FFA Public Map Census Block Data 2023-05
- The LLR Team recommends utilizing the Simple Area Method or the Weighted Average Method, exact details can be found on the LLR Website

Loan Loss Team Review & Steps to a Bond Sale after CPUC Resolution Adoption



Questions?



- Please send specific questions about your application via email to:

broadband.loanloss@cpuc.ca.gov