



FEDERAL RURAL WIRELESS OUTREACH INITIATIVE
RUS TELECOMMUNICATIONS PROGRAM

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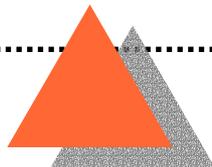
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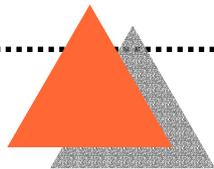
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FEDERAL RURAL WIRELESS OUTREACH INITIATIVE
RUS TELECOMMUNICATIONS PROGRAM

**RUS REQUIREMENTS AND OPERATIONAL
SOPHISTICATION**





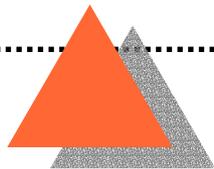
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FINANCIAL REQUIREMENTS

RUS REVIEW OF APPLICATIONS

- ◆ **ELIGIBILITY**
- ◆ **ENGINEERING**
- ◆ **FEASIBILITY**



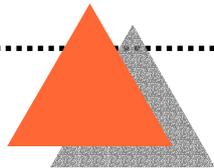


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FINANCIAL REQUIREMENTS

RUS FEASIBILITY STUDIES

- ◆ **PROJECTED REVENUES AND EXPENSES**
- ◆ **PROFORMA FINANCIAL PROJECTIONS**
- ◆ **ABILITY TO MEET DEBT SERVICE: TIER**



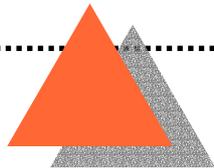


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FINANCIAL INDICATORS

- ◆ **TIER – TIMES INTEREST EARNED RATIO**
 - RATIO OF NET INCOME (AFTER TAXES) PLUS INTEREST EXPENSE DIVIDED BY INTEREST EXPENSE
 - MUST BE AT LEAST 1.0
- ◆ **NET PLANT TO DEBT RATIO**
 - GREATER THAN 1.2



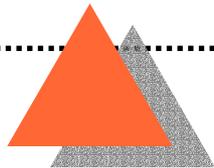


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FINANCIAL INDICATORS

- ◆ **EQUITY OR NET WORTH**
 - DETERMINED ON CASE-BY-CASE BASIS
 - USED AS QUALIFIER IN SOME CASES
- ◆ **OPERATING FUNDS**
 - FOR START-UPS, RUS RECOMMENDS CASH EQUAL TO 2 YEARS OF OPERATIONS
 - BROADBAND PROGRAM REQUIRES 1 YEAR

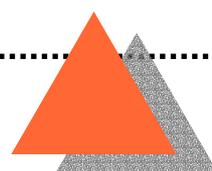




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TECHNICAL REQUIREMENTS

- ◆ RUS PRIMARILY FINANCES TELECOMMUNICATIONS PLANT
 - ◆ CAN ALSO COVER REFINANCING AND ACQUISITIONS (WITH CERTAIN RESTRICTIONS)
 - ◆ WE ARE “END USER” ORIENTED
 - ◆ WE ARE “TECHNOLOGY NEUTRAL”
- 

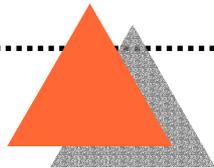


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TECHNICAL REQUIREMENTS

- ◆ **MOST COMMON DESIGN IS FIBER-IN-THE-LOOP WITH ELECTRONIC SERVING AREAS FEEDING COPPER BURIED CABLES**
- ◆ **INCREASING NUMBER OF FIBER-TO-THE-HOME SYSTEMS**
- ◆ **WIRELESS SYSTEMS USING UNLICENSED SPECTRUM ARE POPULAR FOR SMALL BROADBAND SYSTEMS**



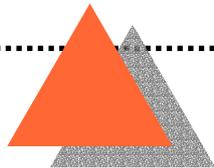


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OPERATIONAL SOPHISTICATION

- ◆ **KNOW WHAT YOU'RE GETTING INTO**
- ◆ **DETERMINE YOUR MARKET, SERVICES, ETC.**
- ◆ **IS THERE COMPETITION?**
- ◆ **WHAT IS THE REGULATORY ENVIRONMENT?**



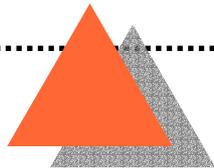


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OPERATIONAL SOPHISTICATION

- ◆ **WHAT'S YOUR EXPERIENCE LEVEL?**
 - **NEED EXPERIENCED MANAGEMENT**
 - **WILL NEED CONSULTANTS**
 - **SYSTEM DESIGN, ENGINEERING, OVERSIGHT**
 - **COST CONSULTANT**
 - **CPA**
 - **LEGAL**





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OPERATIONAL SOPHISTICATION

- ◆ **WAYS TO GAIN EXPERIENCE**
 - **ON STAFF OR LOCAL**
 - **HIRE NEW PEOPLE**
 - **PARTNER WITH EXPERIENCED COMPANIES**
- ◆ **DEVELOP GOOD LONG-RANGE PLAN AND KEEP IT UPDATED!**

