WEST VIRGINIA CODE: §31-15-8A

§31-15-8a. Broadband Loan Insurance Program; requirements.

(a) Definitions. – For the purposes of this section:

(1) "Broadband Enhancement Council" or "council" refers to the governmental instrumentality established by §31G-1-3 of this code.

(2) "Broadband Loan Insurance Program" or the "program" refers to the program through which the authority issues loan insurance, as authorized by this section.

(3) "Broadband provider" or "provider" means a business or enterprise providing broadband service, as defined in §31G-1-2 of this code.

(4) "Debt instrument" means any note, loan agreement, or any other form of indebtedness whatsoever and shall expressly include a letter of credit or other agreement relating to a letter of credit.

(5) "Eligible broadband provider" means a business or enterprise certified, in writing, by the Broadband Enhancement Council to the authority to be a broadband provider, and that is not disqualified from participating in the Broadband Loan Insurance Program according to subdivision (4), subsection (c) of this section, as certified, in writing, by the authority.

(6) "Federally funded broadband expansion program" means the Rural Digital Opportunity Fund of the Federal Communications Commission; the Broadband ReConnect Program of the United States Department of Agriculture; the Broadband Equity, Access, and Deployment Program of the National Telecommunications and Information Administration; or any other federally funded broadband expansion or enhancement program that Congress may from time to time establish.

(7) "Financial institution" means the bank, insurance company, or other institution in the business of lending money, that conditions issuance of a debt or security instrument on loan insurance by the authority, as provided in subdivision (2), subsection (b) of this section.

(8) "Loan insurance" refers to an agreement to insure the payment or repayment of all or any part of the principal of and interest on a debt or security instrument.

(b) Insurance of certain debt or security instruments authorized. –

(1) The authority is authorized to insure, for up to 20 years, the payment or repayment of all or any part of the principal of and interest on any form of debt or security instrument entered into by an eligible broadband provider with a financial institution, which debt or security instruments are to be solely for capital costs relating to:

WV Legislature

(A) A project which has as its principal purpose providing broadband service, as defined in §31G-1-2 of this code, to a household or business located in an unserved area, as defined in §31G-1-2 of this code, or to an underserved area meeting the following criteria:

(i) Access to internet service is only available by wireline or fixed wireless technology; and

(ii) Access to internet service in which 15 percent or more of households and businesses cannot obtain internet service with an actual downstream or upstream data rate equivalent to or faster than the current definition of broadband service as defined by the Federal Communications Commission and further certified by the council; or

(B) A project which has as its principal purpose building a segment of a telecommunications network that links a network operator's core network to a local network plant that serves either an unserved area, as defined in §31G-1-2 of this code, or an area in which no more than two wireline providers are operating.

(2) The authority may not issue loan insurance to a provider, unless the participating financial institution provides written certification to the authority that, but for the authority's insuring the debt instrument, the financial institution would not otherwise make the loan based solely on the creditworthiness of the loan applicant: *Provided*, That nothing contained in this section or any other provision of this article may be construed as permitting the authority to insure the refinancing of existing debt.

(3) The authority may make the provision of loan insurance authorized by this section contingent upon the eligible broadband provider receiving an award under a federally funded broadband expansion program.

(4) To fund the loan insurance authorized by this section, the authority shall request a loan from the West Virginia Board of Treasury Investments, according to the requirements of §12-6C-11a of this code, or utilize funds in the Insurance Fund transferred pursuant to §31-15-23a(d)(5) of this code.

(5) The authority may not award an amount of loan insurance exceeding $50 million, in any single calendar year, to insure the debt or security instruments, or costs related thereto, of any one broadband provider.

(c) Insurance application requirements. –

(1) An eligible provider may apply to the authority for loan insurance. The authority shall make the application form or forms available to the public on its website.

(2) The application for loan insurance shall, at a minimum, require the applicant to submit:

(A) Proof of business ownership and other business registration information;

(B) Detailed information regarding all current, previous, and pending business debt,

WVLegislature

including any past instances of loan delinquency or default or any breach of a borrower covenant;

(C) Detailed records of the provider's financial history, including, but not limited to, tax returns and financial statements detailing the provider's income, cash flow, and account balances for the past five years;

(D) The number of persons employed by the provider and the names and contact information for all managers of the project to be insured;

(E) Detailed information regarding assets being presented as collateral, including, but not limited to, serial or identification numbers for all large value machinery, equipment, furniture and fixtures, inventory records, and accounts receivable;

(F) Detailed business plans, financial plans, and financial projections related to the broadband deployment project for which the applicant is requesting loan insurance; and

(G) Any additional information that is relevant to the provider's eligibility to receive loan insurance and the provider's ability to deploy broadband in the state, including, but not limited to, any required authorizations or determinations by any applicable regulatory bodies.

(3) The authority shall ensure that applicants are eligible to receive loan insurance and shall select applicants who demonstrate a minimal risk of default on any debt or security instrument to be insured through the program. At a minimum, the authority shall consider the following criteria in determining whether to approve a loan insurance application:

(A) The financial ability of the applicant to complete the insured project and repay the loan;

(B) The credit history of the provider;

(C) The past earnings and projected cash flow of the provider;

(D) The provider's past performance as a participant in any previous economic development program of this state or of any other state;

(E) The provider's experience with broadband service deployment in the state or any other state; and

(F) The nature and value of the collateral being offered for the loan insurance.

(4) The authority may not issue loan insurance to a provider if the provider, or a parent company of the provider, has previously defaulted on a debt or security instrument insured by the authority.

(5) The requirements of this subsection do not apply to applications received by the

WV Legislature

authority for broadband loan insurance or debt instrument insurance prior to the effective date of this section for such applications.

(d) Public notice by applicant. –

(1) Upon the filing of an application for loan insurance under this section, the broadband provider shall cause to be published as a Class II legal advertisement in compliance with §59-3-1 *et seq*. of this code notice of the filing of the application and that the authority may approve the same unless within 10 business days after completion of publication a written objection is received by the authority from a person or persons alleging that the proposed broadband project does not satisfy the provisions of this section.

(2) The publication area for such notice is to be the county or counties in which any portion of the proposed broadband project is to be constructed. The notice shall be in such form as the authority shall direct and shall include a map of the area or areas to be served by the proposed broadband project. The applicant shall also cause to be mailed by first class, on or before the first day of publication of the notice, a copy of the notice to all known current providers of broadband service within the area proposed to be served.

(3) If an objection under this subsection is timely received by the authority, the authority shall advise the council within five business days. The council shall set the matter for hearing within 30 days of receipt of notice from the authority. The council may establish procedural rules governing such hearings by legislative rule, or the council may follow the Rules of Practice and Procedure of the Public Service Commission. The council shall issue a decision on whether the proposed project satisfies the requirements of this section or not within 30 days of completion of the hearing. Any party participating in the hearing may appeal the council's decision within 30 days of the issuance of the council's decision to the Circuit Court of Kanawha County.

(4) This subsection shall apply to all applicants except to those broadband providers that plan on providing a downstream data rate of at least one gigabyte per second to the end user or applicants that have been preliminarily determined to be eligible for a federally funded broadband expansion program.

(5) The requirements this subsection do not apply to applications received by the authority for broadband loan insurance or debt instrument insurance prior to the effective date of this section.

(e) Information to be posted by the authority. — The authority shall make the following information, pertaining to all loan insurance agreements, available on its website:

(1) The name of the insured provider;

(2) The location or locations of the project;

(3) The amount of the authority loan or financial assistance provided by the insurance fund;

WV Legislature

(4) The purpose of the loan or financial assistance;

(5) The term, rate, and interest of the loan; and

(6) The fixed assets that serve as security for the loan or insurance provided.

(f) Internal controls and accounting. — The authority shall keep itemized records of all transactions and agreements entered into in furtherance of the program. In administering the program, the authority shall adopt appropriate accounting practices and develop internal controls, including, but not limited to, strict compliance with the requirements of §5A-8-9 of this code.

(g) Quarterly reports and annual legislative audits. —

(1) On or before the 30th day of January, April, July, and October of each year, the authority shall prepare and submit to the Joint Committee on Government and Finance, the Governor, and the West Virginia Board of Treasury Investments a quarterly report which shall include, at a minimum:

(A) For each insured project, the provider name; the lending financial institution; the total value of the loan; the total amount of the loan that is insured pursuant to this section; the maturity date of the loan; the balance of loan moneys outstanding with the authority; and the status of the loan, including whether the loan is in delinquent or in default status.

(B) For loans not in good standing with the financial institution, the reason for the delinquent or default status of the loan; the provider's plans to address the delinquency or default; the availability of loan collateral that may be seized by the state; the expected outcome of the delinquency or default; and the estimated loss to any state funds that will result from the delinquency or default.

(2) During each year in which a loan insurance agreement entered into pursuant to this section remains in effect, the authority shall prepare and submit to the Joint Committee on Government and Finance, the Governor, and the board an annual report addressing the status of each project that is insured, pursuant to this section. The report shall, at a minimum, provide project-specific data addressing the broadband service levels being provided by the project, the geographic area to which different broadband service levels are being provided by the project, and the number of households actively receiving broadband service from the project.

(3) During each year in which a loan insurance agreement entered into pursuant to this section remains in effect, the Legislative Auditor shall audit the procedures, accounting practices, and internal controls of the authority for compliance with this section and §12-6C-11a of this code and report the findings of the audit to the Joint Committee on Government and Finance.

WV Legislature