STATE OF OKLAHOMA

Performance Report

Capital Projects Fund

2024 Annual Performance Report

State of Oklahoma

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Executive Summary

The Oklahoma Broadband Office (OBO) will use $167,683,747 from the Capital Projects Fund (CPF) to address a significant digital divide that disproportionately affects Oklahoma's rural and low-income areas. As such, the entirety of the CPF grant shall be used to fund broadband infrastructure deployment as defined by Treasury CPF guidance. It was determined by the Oklahoma Broadband Governing Board that buildout of broadband infrastructure would be the best way to address the need for individuals to work and learn from home, access online health care, and support the continued post-COVID economic development in Oklahoma. The State plans to use CPF funding for the following: (1) Oklahoma Broadband Infrastructure Grant Program (OBIG) - $159,299,559.65; and (2) OBO Recipient Admin - $8,384,187.35. These dollar figures were approved by Treasury and calculated using the Treasury's guidance which allows for 5% of the award to be utilized for administrative purposes. Over the previous twelve months the state hired a CPF grant management team, developed a new application portal, and worked with stakeholders to establish a framework to expand broadband access in areas that are most in need in the Sooner State. These Treasury approved OBIG CPF application documents and related resources are available here: https://oklahoma.gov/broadband/grant-programs/capital-projects-fund.html.

OBO opened the application process for OBIG on June 24, 2024, and 181 applications were received through the grant portal as of the closing date on July 8, 2024. The application scoring process is ongoing with the Overbuild Prevention Contest Process to follow shortly thereafter.

Uses of Funds

The OBO's intended use of funds is to conduct a statewide broadband infrastructure grant program.

The program objective is to provide internet service to areas that displayed a critical need for broadband infrastructure as a result of Covid-19. The funds will be given to projects displaying an identified need, including those promoting work and learn from home, access to online healthcare, and support for Oklahoma's economic development.

Efforts during this reporting period have focused on the development of the application portal, scoring criteria implementation, and project request intake. Once the subrecipient selection process has been completed and grant agreements have been signed, the OBO is committed to documenting performance requirements and other data that highlight key milestones accomplished, outputs produced, and outcomes achieved. This information will be submitted to Treasury through subsequent Project and Expenditure Reports during the relevant reporting periods.

Activities conducted during the reporting period include:

- Updating the Oklahoma Broadband Map with the most recent FFC availability data to ensure a current representation of unserved and underserved locations in support of potential CPF grant subrecipients
- Posting CPF application primer, scoring criteria, and other helpful preparatory materials on OBO's website
- Sharing preliminary information about the CPF Program via FAQ available on the Oklahoma Broadband Office website CPF-FAQ.pdf (oklahoma.gov)
- Hire and train OBO's internal CPF grant management team
- Contract with a vendor to develop the CPF grant application portal, automated scoring ability, auditing ability, Overbuild Prevention Contest process map and submission portal, and other ongoing services

Promoting Equitable Outcomes and Addressing Critical Needs

The OBO will fund areas lacking reliable access to reliable highspeed internet with a requirement of meeting symmetrical upload and download speeds of 100 Mbps In addition, the OBO will implement affordability measures, and consider adoption assistance in project selection. In establishing the program rules, the OBO followed the US Department of Treasury's program requirements along with 2 CFR 200 subrecipient selection and grants management requirements. Additionally, proposed investments owned, operated, or affiliated with local governments, non-profits, or tribes are encouraged in order to meet the needs of the community effectively.

The OBO has published a layered map containing demographic and economic information to identify disadvantaged communities in the priority areas who may have critical needs. With regards to scoring of applications the OBO created certain pass/fail criteria necessary for a project to be further considered for scoring. These criteria are as follows:

1. Applicant provides fabric ID and addresses of locations currently unserved and underserved in the project service area.
2. Applicant provides evidence that communities identified to be served have a critical need for the project as is related to access, affordability, reliability, and/or consistency.
3. Applicant certifies that the project is designed to deliver, upon completion, service that reliably meets or exceeds symmetrical download and upload speeds of 100 Mbps (or 100/20 scalable with documented exceptions).
4. Applicant commits to provide at least one low-cost option (not ACP) providing at least 100/20 Mbps or greater sufficient for households with multiple users to simultaneously telework and engage in remote learning.
5. Applicant certifies participation in FCC's Affordable Connectivity Program committed to participating in the FCC Affordable Connectivity Program.
6. Applicant certifies that it shall comply, as applicable, with all federal labor and construction standard requirements as required by the Department of Treasury.

7. Project must be completed no later than 12/31/2026.
8. Applicant submits all other applicable documentation.

Following the pass/fail criteria applications will be eligible to score up to 100 points in 7 broad categories as follows:

1. Number of Broadband Connections & Speeds – Up to 25 points
2. Matching Fund Amount – Up to 20 points
3. Project Readiness – Up to 15 Points
4. Project Sustainability – Up to 15 points
5. Community Support or Engagement – Up to 10 points
6. Economic Development and Community Impact – Up to 10 points
7. Broadband Adoption Assistance – Up to 5 points

The first category is "Number of Broadband Connections and Speeds", which evaluates the applications proposed improvements in broadband speed and number of connections to be served by the project. Speeds are evaluated based on anticipated broadband speed/scalability improvements from pre-existing broadband service levels to proposed service levels. The number of broadband connections are evaluated based on the number of total locations potentially served, broken down by the type of location (i.e., households, businesses, and community anchor institutions). Points will only be awarded for the eligible underserved and unserved locations.

The second category, "Matching Fund Amount", will allot points based on the percent of the total eligible project cost that is being matched by the applicant. Applicant matching funds that exceed the minimum 25% match of eligible project costs will result in a higher score. Any funding partner contributions are included in applicant matching funds for points. Preference will be given to applicants who have financial commitments from qualified community partners (e.g., county, city, town, tribal entity, etc.).

The third category, "Project Readiness", is evaluated on the applicants demonstration of their organizational capacity to initiate, construct, and launch the project. An applicant must demonstrate how their project is "shovel-ready" and how quickly the applicant can begin construction following the grant award. Full points will be awarded to applicants who have concretely demonstrated a comprehensive knowledge for – and detailed preparation for – the proposed project. Detailed preparation includes providing the complete project schedule and financial requirements, including but not limited to: all budget materials in a detailed, yet clearly understandable manner, with sources and uses of funds being realistic and eligible, all funding partners are secured, documentation of project design and plans including scalable equipment, and all preconstruction requirements (e.g., construction permits, rights-of-way, etc.) are identified and included in the detailed project timeline and schedule. Project implementation includes the projects proposed speed tiers and service pricing, 5-year service commitment, and proposed marketing strategies. The third category, "Project Sustainability", is

evaluated on the applicants demonstration of their strong internal capacity to effectively support and sustain their broadband infrastructure proposal. An applicant must demonstrate project sustainability in four main areas: technical expertise, organizational support, financial viability, and future scalability. Technical expertise includes prior experience in providing broadband services. Organizational support includes how the organization will sustain broadband service delivery and maintenance. Financial viability includes the applicants most current audited financial statements. Future scalability is how the applicant will scale broadband service delivery beyond the scope of the proposed project.

The fourth category, "Community Support or Engagement", is evaluated on the applicant's demonstration of the proposed projects community support and the critical need the project is addressing. Community support can be demonstrated by evidence of how the impacted community has participated and informed the design, implementation, and/or operation of the proposed project. Applications should include a letter of support or commitment from the appropriate community, local government, and/or tribal entity. Evidence of the critical need this proposed project is addressing relates to broadband access, affordability, and reliability. To be awarded the full points, an applicant must provide strong evidence of community support or engagement and strong evidence to explain why this is a critical need and how this proposed project will address the need.

The fifth category, "Economic Development and Community Impact", is evaluated on the applicant's demonstration of how this proposed project will impact the economic development and community enhancement of the service area. Evidence that the proposed project area will serve the economically distressed can be shown by unemployment, poverty, or population decline based on most recent data from the Qualified Census Tracts, CDC's Social Vulnerability Index, ACP eligibility data, etc. Applicants must identify the number of households, businesses, farms, agricultural-use customers, and other significant community anchor institutions and educational facilities in the proposed project area which may benefit from the improved broadband service. For businesses and community anchor intuitions customers, applicants must identify how improved broadband speeds and coverage will benefit the economic development of the proposed area.

The sixth and final category, "Broadband Adoption Assistance and Project Completion", is evaluated on demonstration of the necessary broadband adoption strategies that are in place and/or will be used to assist in the success of the overall proposed project along with affirmation that the project will be completed prior to December 31, 2026. Broadband adoption activities may include providing prospective customers with digital literacy training and/or technical support required to successfully adopt and utilize broadband service. Project completion is evaluated on the applicants demonstration in their application that they have the organizational capacity to initiate, construct, and launch the project. Evidence to be considered in determining this comprehensive knowledge and preparation include detailed budget materials that outline the funding for the project including a detailed funding schedule, and

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preconstruction documentation (e.g., construction permits, rights-of-way, etc.) including certified engineering design and diagrams. Any application that does not successfully demonstrate the project can be completed prior to December 31, 2026, will not move forward. On either a monthly or quarterly basis, depending on risk level, all subrecipients will be required to submit reporting in alignment with Treasury requirements, including but not limited to locations served, expenditure reports, and additional financial and programmatic reporting as determined by the OBO with Treasury's guidance. Subrecipients will also be required to submit an annual performance report to the OBO detailing their accomplishments, speeds, subscriber data, and other required information. This information will be used to ensure project completion within the Treasury's guidelines and will be included in future Treasury reporting.

Labor

Applicants are required to describe their workforce development considerations, including the use of project labor agreements, and indicating whether the project plan will either directly employ the workforce to ensure high labor standards or if it will have policies and procedures in place to ensure contractors and subcontractors meet high labor standards. All Recipients (including subawardees) of federal funds must complete financial, performance, and compliance reporting as required by the Grant Agreement, 2 CFR § 200.328, 2 CFR § 200.329, and as outlined in the Coronavirus Capital Projects Fund Compliance and Reporting Guidance.17 Recipients must maintain accounting records for compiling and reporting accurate financial data in accordance with appropriate accounting standards and principles. The OBO will require the subawardees to track, monitor, and detail specific project information throughout the duration of the project. In further compliance with the Treasury, the OBO will require quarterly programmatic and expenditure reports for each project.

Community Engagement

With the guidance Oklahoma Broadband Governing Board and the industry perfective from the Oklahoma Broadband Expansion Council the OBO is well positioned with stakeholder involvement. Meetings of the Governing Board and Expansion Council are open to the public and include discussion on broadband related topics including the CPF grant program. With our stakeholders we are able to reach ISPs, economic development organizations, non-profits, and local and tribal government officials. In addition, we have continued our partnerships with the County Extension Agents, the State Regents for Higher Education, among others.

In addition to the above efforts by the OBO, each OBIG applicant was required to submit evidence of community support and engagement with their submission. The OBIG scoring criteria allocated up to 5 points for community support and engagement. Applicants received 0 points for limited (minimum) evidence of three community support letters, 2.5 points for sufficient evidence of three community support letters and one community support meeting, and 5 points for submission of strong evidence consisting of five letters of community support and three community support meetings. Community support letters typically come from state

and local government officials, community groups, and anchor institutions within the project area. For projects to be conducted on tribal lands applicants were required to submit evidence of consultation with tribe officials.

The state will also conduct a speed test to validate identified broadband access gaps and provide a benchmark which will be used to evaluate the program's end results.