



Current Market Conditions for Financing Rural Broadband

Moderator:

Ted Koerner, Alpina Capital

Panelists:

Ian Flanders, NCSC

Jackie Bove, CoBank

Ben Moncrief, iCon

Laurel Leverrier, RUS





**National Cooperative
Services Corporation**

Introduction to NCSC

Ian Flanders

Associate Vice President, Senior Lender

NCSC

RTFC is now NCSC

- **RTFC merged with NCSC on December 1**
- **The merger provided operational efficiencies and Systems consolidation**
- **Our members still get the same dedicated staff serving the Telecom/Broadband industry**
- **We have commitment to the industry – 5 Telecom Directors sit on NCSC's Board**

RTFC/NCSC Background

- **Financing rural telecom providers since 1987**
- **Lends to telcos eligible for RUS infrastructure lending programs and their affiliates**
- **Funded and managed by The National Rural Utilities Cooperative Finance Corporation (“CFC”)**
- **Provides financing for construction, debt refinancing, bridge loans, working capital and acquisitions**

What is NCSC?

INDEPENDENT

COOPERATIVE

NON PROFIT



Not a bank, credit union or GSE

Not created by the government

Governed by a 15-member board



MEET THE TEAM



Nancy White

Vice President, Business Development



Andrew Coleman

Vice President, Portfolio Management



Lori Beresford

Senior Corporate Counsel



Ian Flanders

Director, Portfolio Management



Adam Lush

Associate Vice President, Account Manager



Laura Kiff

Associate Vice President, Account Manager

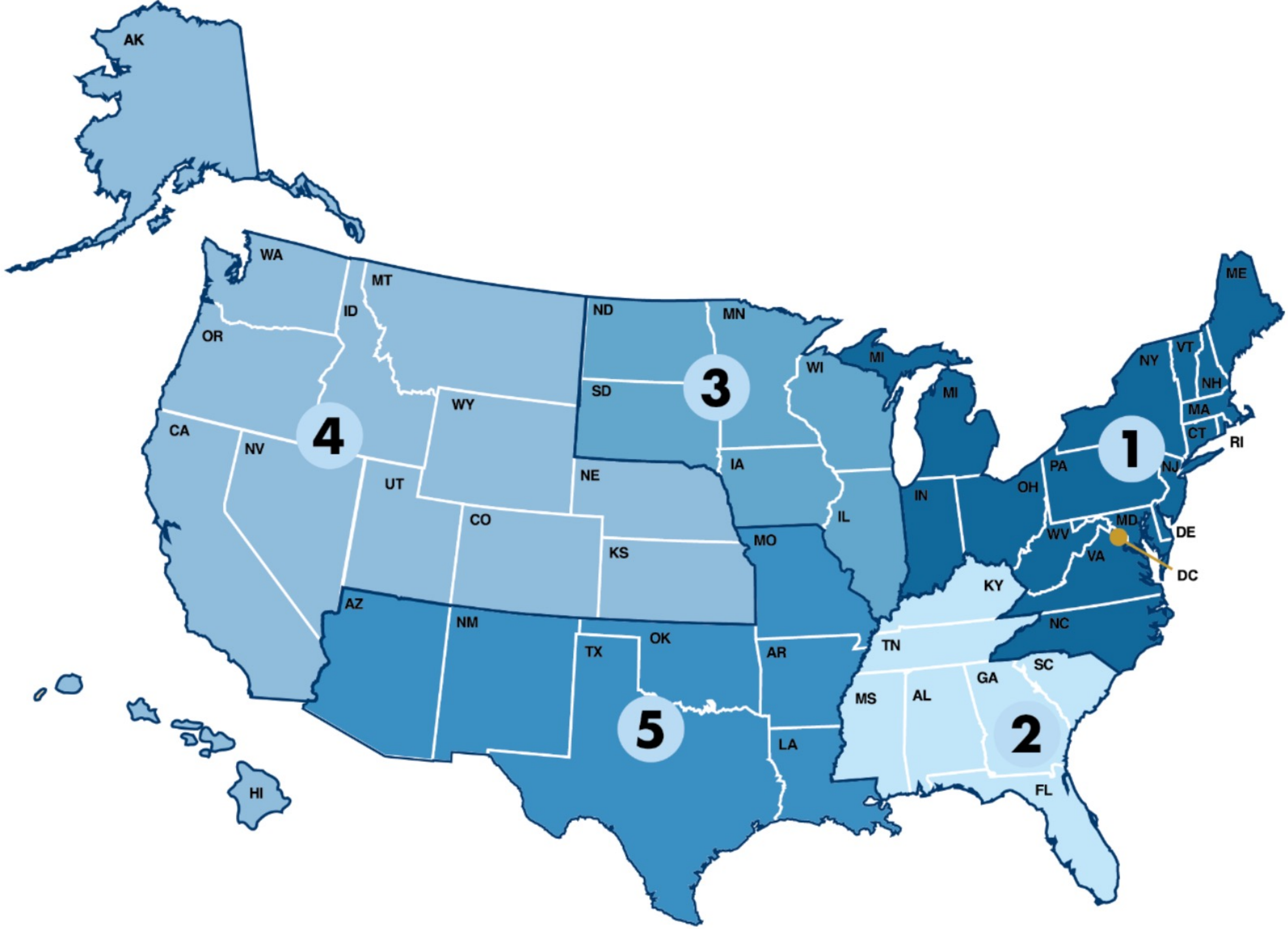


Ashley Green

Credit Analyst



Board Regions



District 1

Connecticut, Delaware, Indiana, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, Virginia, West Virginia, Vermont

District 2

Alabama, Florida, Georgia, Kentucky, Mississippi, South Carolina, Tennessee

District 3

Illinois, Iowa, Minnesota, North Dakota, South Dakota, Wisconsin

District 4

Alaska, California, Colorado, Hawaii, Idaho, Kansas, Montana, Nebraska, Nevada, Oregon, Utah, Washington, Wyoming

District 5

Arizona, Arkansas, Louisiana, Missouri, New Mexico, Oklahoma, Texas

Telco Board of Directors



Jason Miller



Bill Hegmann



Allen Hoopes



Fred Johnson



John K. Klatt

NCSC is governed by a 15-member board of directors, five of which are CEOs of rural telecom providers.

NCSC Advantages

A cooperative

Owned by those we serve

Long-term focus

Financial strength of rural networks

Individual solutions

Tailored to member needs

Unique perspective

Understands independent telcos



**National Cooperative
Services Corporation**



**National Rural Utilities
Cooperative Finance Corporation**

*AFFILIATED
WITH*

**Specialty financing
structures for telecom
companies, subsidiaries of
electric cooperatives and
their affiliates**

**Helping our
members meet their
financial needs**

CFC is our funding source

CFC FUNDING SOURCES



USDA Guaranteed Underwriter Program*

CFC can access funds from the Federal Financing Bank guaranteed by USDA. In turn, CFC pays fees that support USDA's Rural Economic Development Loan and Grant Program.



Capital Markets

Institutional investors, such as insurance companies, state pension funds, bond funds, and short- and long-term income fund managers, regularly invest in CFC securities.



Farmer Mac

The Federal Agricultural Mortgage Corporation (Farmer Mac) can purchase CFC securities and also buy CFC loans made to member electric cooperatives.



Member Investments

CFC offers a range of member investment options that earn competitive rates of return while serving as a valuable funding source.

Financing Opportunities

-  Working Capital & Interim Financing
-  Long Term Capital Expenditures
-  Acquisitions & Shareholder Buyouts
-  Credit Assurance & More



**National Cooperative
Services Corporation**

A Trusted Broadband Lender

**For 35 years, RTFC/NCSC has financed
telecommunications and high-speed internet
projects for independent telcos**

Thank You



Rural
Financial



Cooperative

**National Cooperative
Services Corporation**

iCON Infrastructure



Introduction

Independent infrastructure fund advisor

Consistent strategy and proven track record

5 active funds

24 portfolio companies¹

13 realised investments



iCON Overview

An independent, specialist fund advisor wholly-owned by its executives

Active advisor on equity investments in private infrastructure businesses

Team built over 15 years, with proven track record and responsible for deploying over \$5 billion of capital

Focus

Mid-market deals of \$100-400 million (equity), with ability to do larger deals

Primary geographical focus on Europe and North America

Focus on bilateral, proprietary origination, adding value through active oversight and maximising value through successful realisations

Team

Headquarters in London, with offices in New York, Toronto and Düsseldorf

65+ professionals with complementary skills and deep sector experience

In-house dedicated sector specialists with significant operational expertise

1. Includes iCON V's agreed acquisition of a 57.0% interest in Dobson Technologies, Inc ("Dobson Fiber") and iCON VI's agreed acquisition of a 98.0% interest in Sonorgás

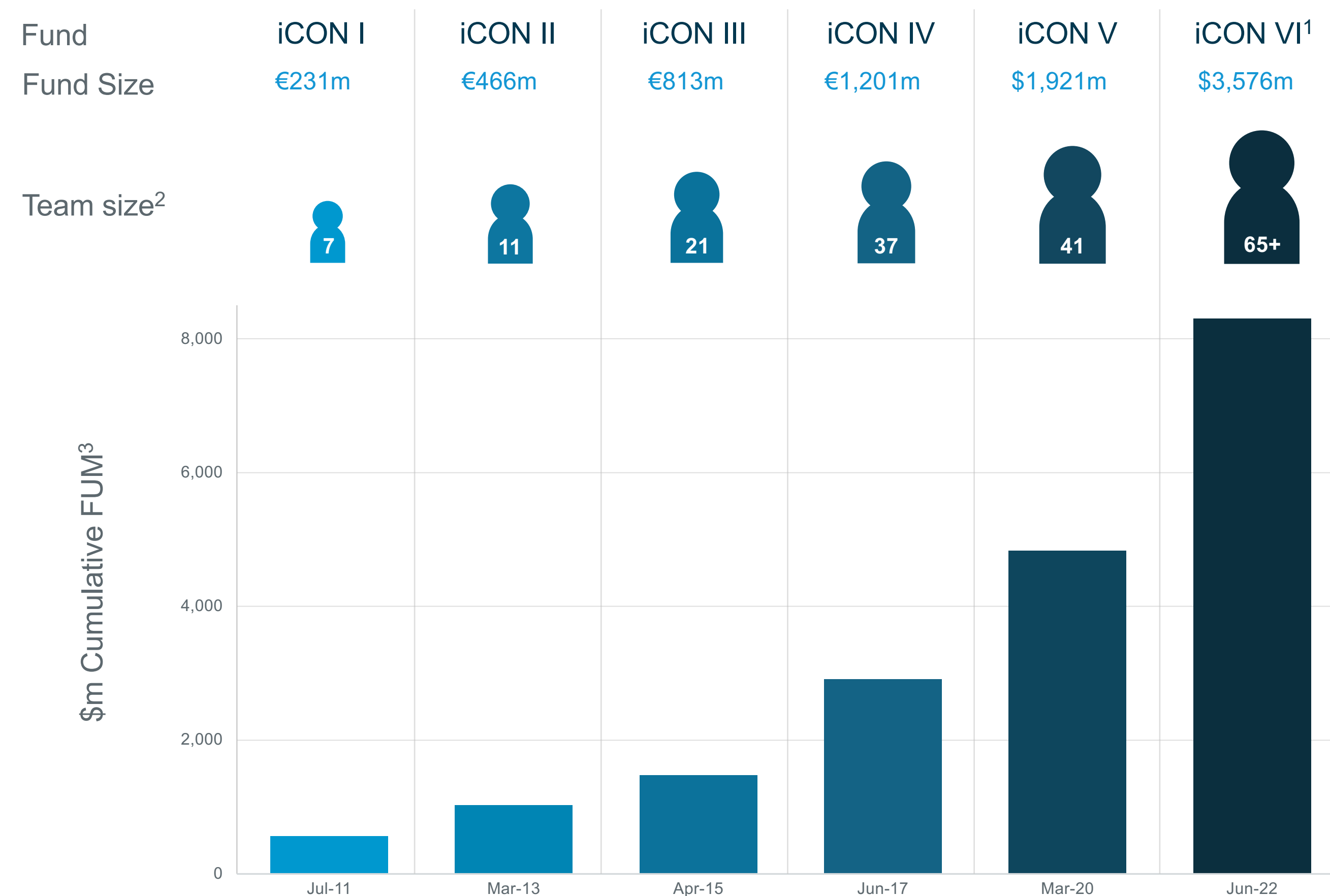


iCON History

Disciplined growth driven by successful execution of consistent strategy

Team expansion in line with FUM growth

iCON evolution and funds under management (“FUM”)



1. iCON VI subject to final iCON team commitments
2. As at 1-Jun-22
3. Includes total commitments of open iCON funds, iCON arranged co-investment and legacy investments advised by iCON; EUR:USD rate of 1.13 (31-Dec-21) applied

iCON VI Investor Base

Strategy consistent with iCON's previous funds

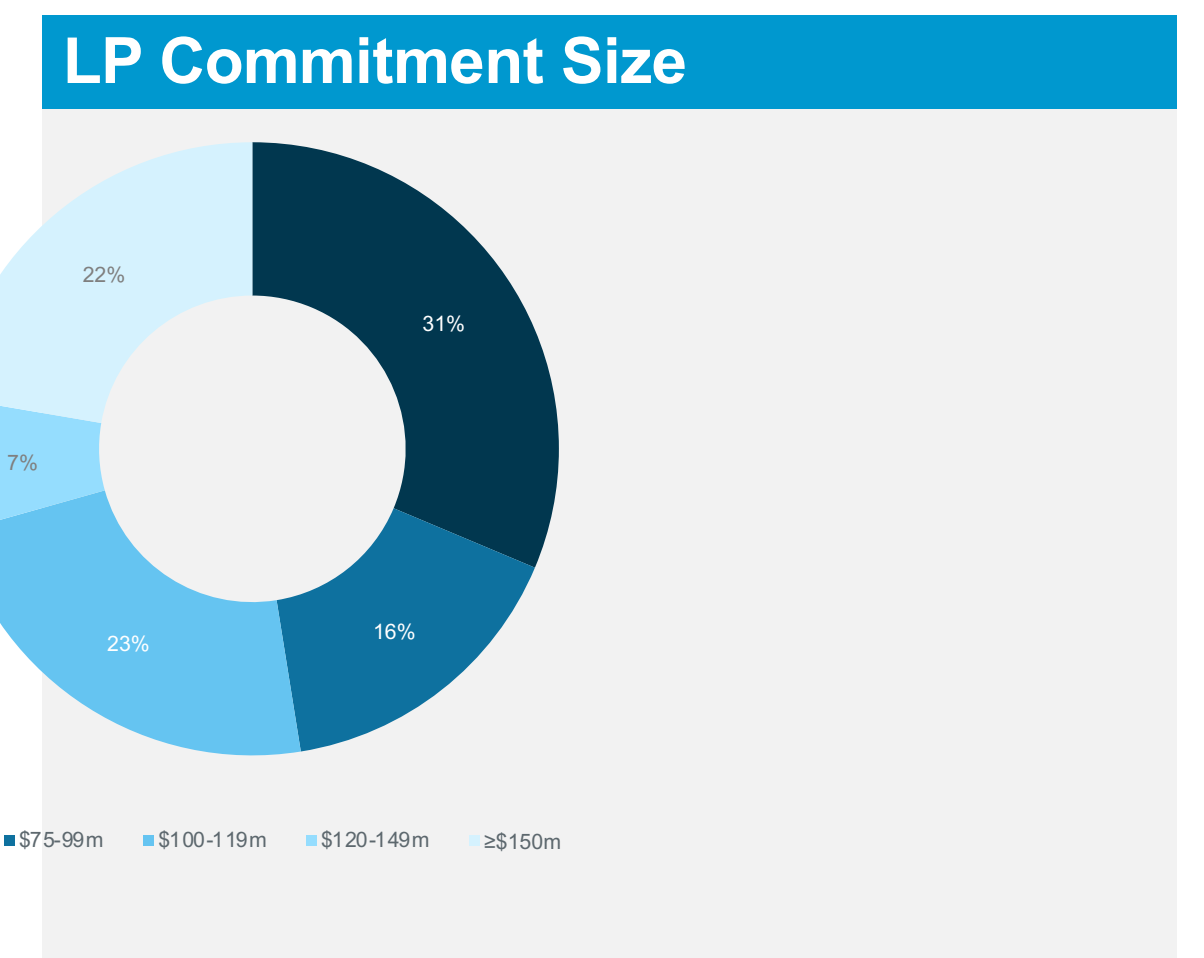
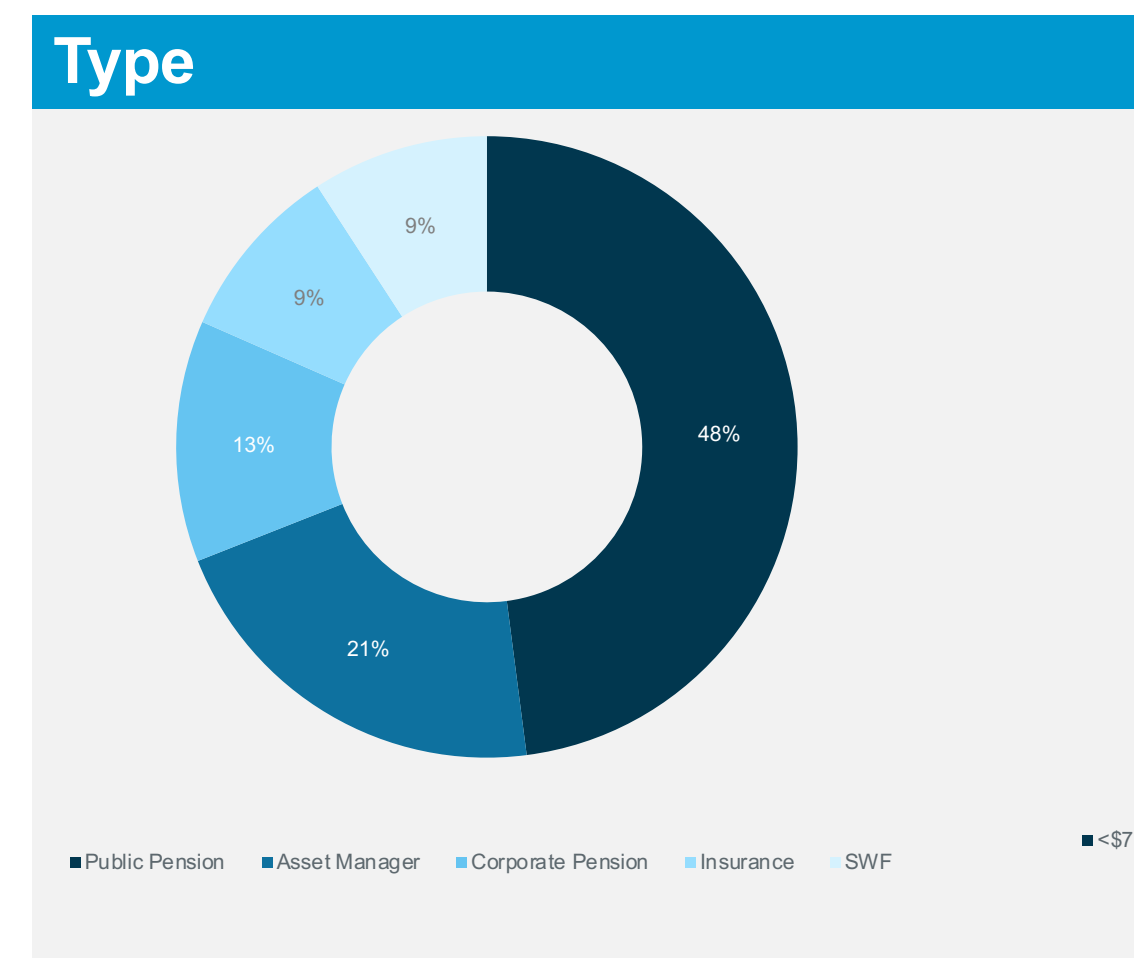
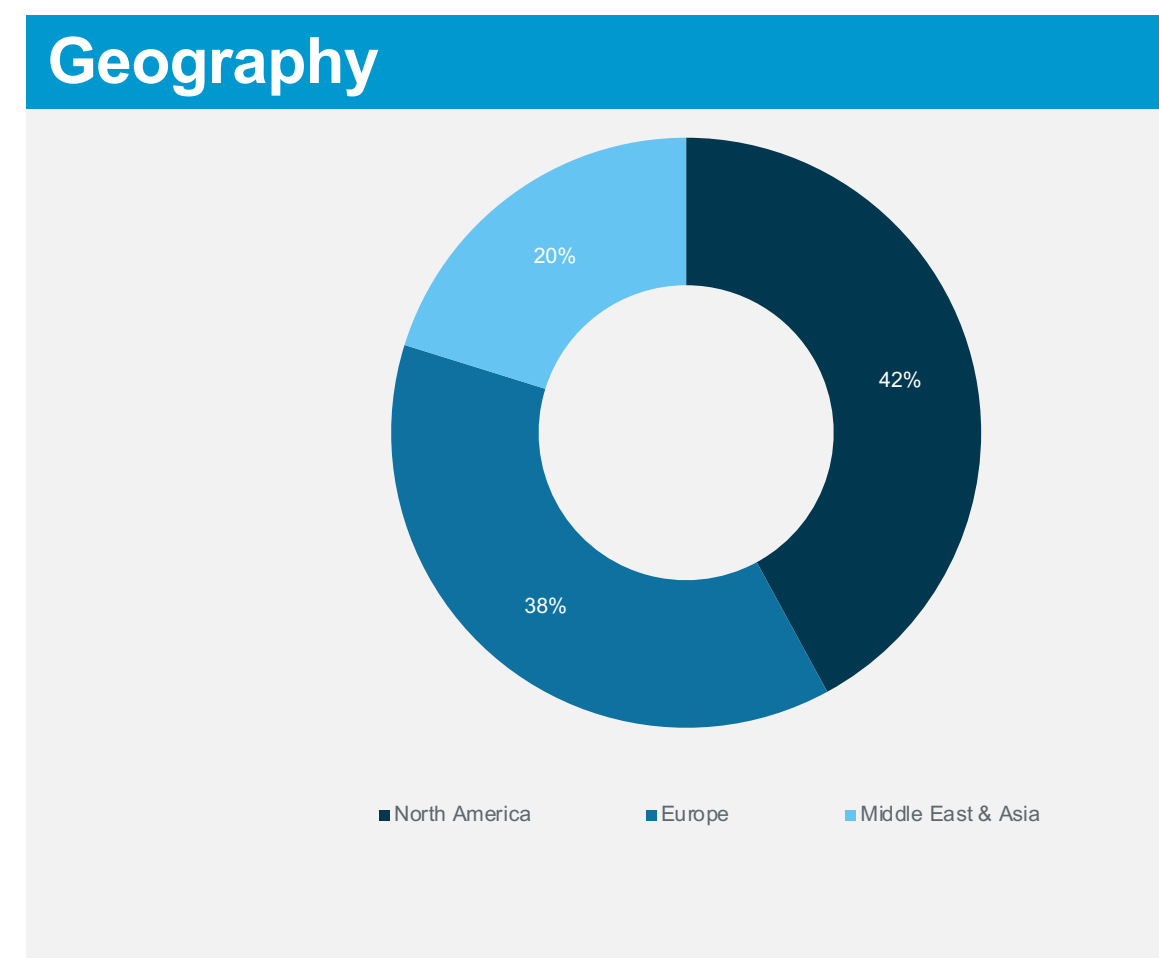
Fourth consecutive iCON fund to hold first and final close in less than four months

c.\$3.6 billion of capital commitments

96 high-quality limited partners

Three month fundraising process with one closing

Diversity of investors by location, type and size



Experienced Telecoms Investor

Expertise in the sector

iCON has significant experience in the telecoms sector, having undertaken successful investments in several network businesses in both the U.S. and Europe



Our expertise enables us to make knowledgeable contributions to our businesses



Our fund life enables us to take a long-term view, and investing in the growth of our businesses is a key pillar of iCON's approach

iCON Telecoms Investments



iCON Partnership Experience

iCON has a reputation as a trusted partner

iCON's reputation and expertise position us to be a trusted partner and counterparty, with a strong track record of successful partnerships



We focus on investing in high-quality management teams with iCON performing a strategic oversight role



We work with our partners to develop deal structures to meet the needs of all stakeholders, including both minority and majority transactions

Examples of iCON partnerships



Leading U.S. based regional railroad
—
Partnership with Family



Leading U.S. based regional fiber business
—
Partnership with Family & management

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United Kingdom

15 Golden Square
London
W1F 9JG

+44 (0)20 7292 9670
icon@iconinfrastructure.com

USA

1411 Broadway
17th Floor
New York, NY 10018

+1 (929) 226 1447

Canada

155 Wellington Street West
Suite 2930, Ontario
M5V 3H1, Toronto

+1 416 649 1334

Germany

Königsallee 14
40212
Düsseldorf

+49 211 13866 161



WTA Spring Educational Forum April 16, 2024

Jackie Bove
Senior Vice President
Digital Infrastructure Banking Group

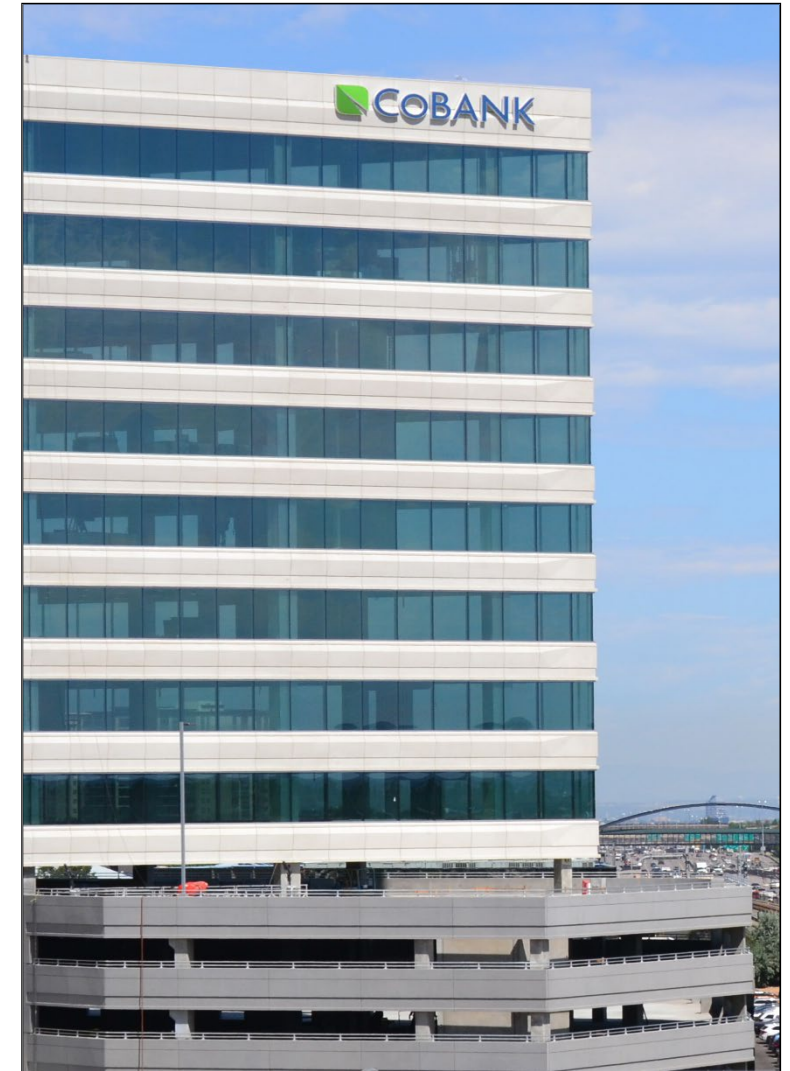


Proud Member of the Farm Credit System 

CoBank at a Glance



- A broad-based cooperative financial services organization serving vital industries across the rural communities of America:
 - Agribusiness
 - **Digital Infrastructure**
 - Energy
 - Water
 - Community Facilities
- One of the world's 50 safest banks (one of only three in the U.S.) (Ranked annually by Global Finance magazine)
 - \$194 billion in assets as of December 31, 2023
 - AA- rated by S&P and Fitch
- Cooperatively owned by approximately 3,200 customers
- Headquartered outside Denver, CO; regional offices and banking centers throughout the country, with approximately 1,400 employees nationwide
- Member of the Farm Credit System, a Government Sponsored Enterprise





- **Digital Infrastructure Division**

- ✓ Serves mission-based directly eligible and similar entity borrowers to deliver broadband services via copper line, coaxial cable, fiber optic, wireless, and satellite.
- ✓ Broadband focused regardless of medium used to deliver.
- ✓ Also supports the required infrastructure to deliver broadband including data centers, fiber transport, wireless tower, and fiber construction/engineering companies.
- ✓ Loan demand driven by ongoing need for fiber buildouts and network upgrades. Additionally, M&A drives additional loan demand (PE firms, infrastructure funds, and other strategic buyers).

- ✓ Lending Opportunities:

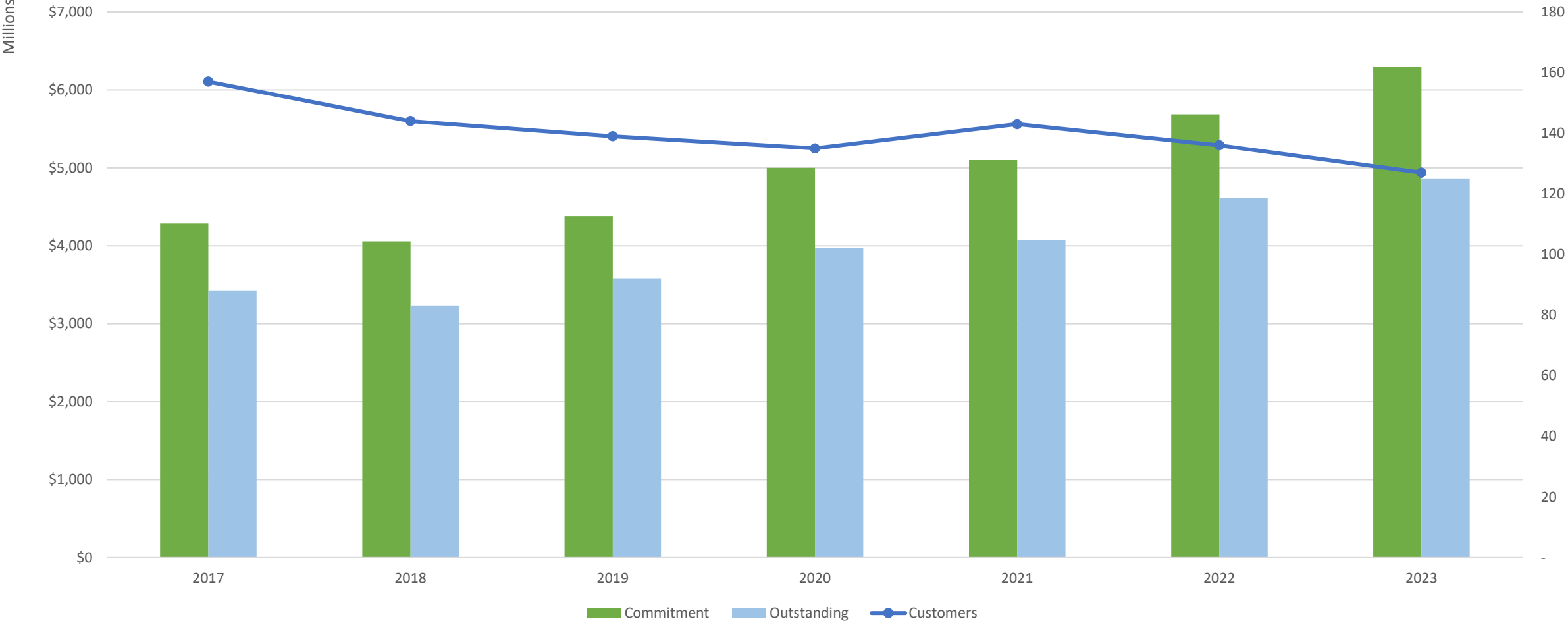
- Provide debt capital to support ongoing network fiber buildouts (overbuilding existing copper networks)
- Issue letters of credit or provide grant matching funds to support ongoing regulatory grant programs (RDOF, CAFII, BEAD, etc.)
- M&A Finance due to ongoing consolidation in the industry (PE firms, Infrastructure Funds, Strategic Acquirers, etc.)
- Risk management – interest rate derivatives
- Leasing lines / Cash Management / ACH lines



CoBank Digital Infrastructure Broadband (ex. Data Centers) Growth: Customers, Commitments, Outstanding



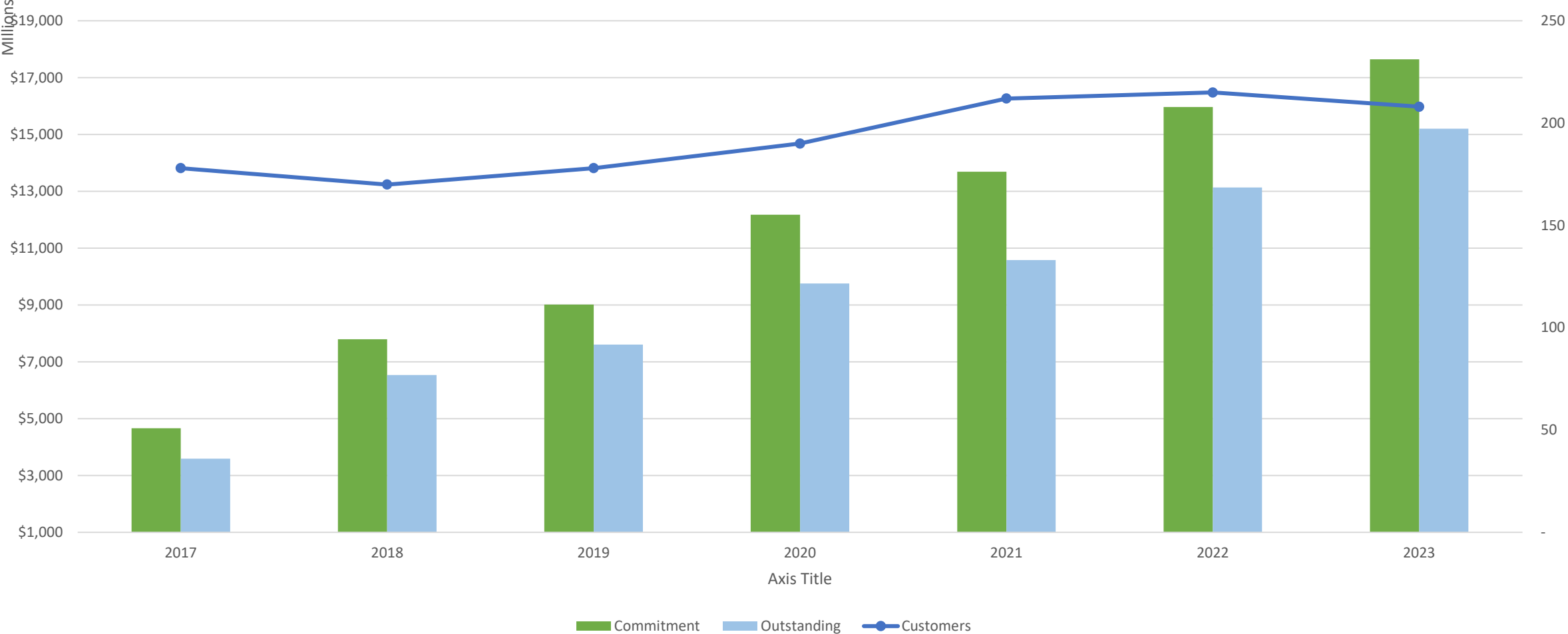
Broadband Growth: CoBank only (ex. Data Centers)
Customers, Commitments, Outstandings



CoBank Gross Broadband (ex. Data Centers) Growth: Customers, Commitments, Outstanding



Broadband Growth: CoBank + ED + FCS
Customers, Commitments, Outstandings



CoBank's Communications Portfolio



- Leading provider of capital to the Digital Infrastructure industry
 - ~160 Communication company borrowers
 - ~\$7.9 billion of CoBank commitments
 - ~\$18.1 billion of commitments including Farm Credit System partner exposure*
- Dedicated staff of Communications lending professionals including ten Relationship Managers and fourteen credit professionals
- Capital Markets team specializing in the Digital Infrastructure sector providing access to both Farm Credit and Commercial Bank capital



CoBank's Lending Approach - Capacity

- Borrowing capacity is determined by a multiple of recurring cash Earnings Before Interest Taxes Depreciation & Amortization (“EBITDA”).
- Leverage multiples dependent on a number of factors:
 - Industry Segment
 - Company characteristics
 - Growth profile
 - Purpose
- Leverage multiple for Local Exchange Carriers typically between 3.5x and 5.5x

Why this Approach?

- CoBank is an Enterprise Lender and looks to the value of the company which is also expressed as a multiple of EBITDA



Types of Credit Facilities

- Term Loans
 - Funded at closing and paid back over a fixed term of 5 to 7 years either in full or with a balloon payment at maturity.
- Delayed Draw Term Loans
 - A Term Loan with a draw period of generally up to two years with draw principal paid back over the remaining term. Funds draw during draw period can not be paid back and re-borrowed.
- Revolving Lines of Credit (“Revolvers”)
 - Line of credit where principal that is drawn can be repaid and re-borrowed up to the commitment amount for a certain amount of time, generally 3 to 5 years. Any/all outstanding principal is due on the maturity date.

A Loan package could consist of one of the above types of loans or all of them.