



POWER Supplemental Guidance and Background Information

Introduction

On February 1, 2018 the Appalachian Regional Commission (ARC) issued a Federal Fiscal Year 2018 (FY18), Request for Proposals (RFP) for Project Grants under the POWER Initiative. The FY18 POWER RFP focuses on investments that are regional, strategic, and transformational while seeking to maximize the economic revitalization of Appalachia's coal-impacted communities and regions. Pages 4 through 8 of the RFP describe the Priorities, Objectives, and Funding Principles of the FY 18 POWER initiative and highlight four focus areas:

- Building a competitive workforce;
- Enhancing access to and use of broadband services;
- Fostering entrepreneurial activities; and
- Developing industry clusters in communities.

Pages 4 through 8 of the RFP describe a wide variety of subject matter areas and economic development activities that may qualify for grant funding under POWER. This wide variety is designed to allow coal-impacted communities and regions broad latitude in determining the best types of POWER applications and projects to develop for their area or region. Applicants should review the [POWER Award Summaries by State](#) available at www.arc.gov/power to get a sense of the diversity of POWER projects funded by ARC in 2016 and 2017. Future POWER projects could represent an even more diverse mixture of subject matter areas and economic development activities.

Within this wide variety of potentially eligible POWER projects, ARC has been asked to provide additional background information on three subject matter areas described on pages 4 through 8 in the RFP: 1) Impact Investments; 2) Broadband; and 3) Health. The three attached background documents provide additional information and guidance on ARC Priorities, Objectives, and Funding Principles for the POWER Initiative in these subject matter areas.



Impact Investment Funds/Development Finance

ARC has historically provided grants to support the formation, operation and/or capitalization of a range of development finance activities, including: Revolving Loan funds (RLF), Community Development Finance Institution (CDFI) funds, Angel investment funds, Venture Capital investment funds, and New Markets Tax Credit Community Development Entities funds. A new type of investment fund is emerging in the marketplace focused on Impact Investing.

Impact investments are defined as “investments made into companies, organizations, projects, and funds with the intention to generate social and/or environmental impact alongside a financial return,¹” or “... investing that produces both financial and social returns².” Links for resources and research providing additional background on this Impact Investments category are provided below.

In addition to the Priorities, Objectives, and Funding Principles of the FY 18 POWER Initiative described in pages 4 through 8 of the RFP, the following represent ARC’s priorities for POWER applications for Impact Investment projects and development finance activities:

- **Gaps** - addresses gaps in communities, is sustainable, is connected to local/regional community development ecosystem;
- **Demand** - clear articulation of demand for the proposed financing activities, including presentation of a demonstration pipeline;
- **Financial Product Structure** – Include descriptions of financial product(s), to include examples of transaction structure and financial products to be deployed;
- **Leverage** – Leverage from new non-public sources is substantial, 3:1 to 4:1 leverage of other non-public sources or greater. This leverage shall occur at the Fund level (on Balance Sheet), ensuring POWER grant support prioritizes new private and philanthropic investment in the Region. Applicants should include a clear description of how ARC funds are to be utilized in conjunction with capital from other sources in the proposed financings, e.g., Loan Loss Reserve, restricted net assets, loan capital, other uses in the capital stack;
- **Deployment Rates** - If the applicant is currently a financing organization, deployment rates demonstrate capital need, including review of restricted and unrestricted net assets. Applicants with low rates of deployment of assets available for investment will receive a lower priority absent an explanation for the low deployment rate.

Existing ARC Grant Review Procedures for Financing Organizations

In addition to the Priorities, Objectives, and Funding Principles of the FY 18 POWER Initiative described in pages 4 through 8 of the RFP, ARC will continue to employ standard grant review procedures for providing support to financing organizations (e.g., CDFIs, loan funds, investment funds). These standard grant review procedures include assessments of:

- Management capacity, to undertake proposed activities;
- Product/Policy Review, including review of Underwriting/Investment Guidelines, Portfolio Management systems;
- Community partnerships, to ensure strategic delivery of services;

¹ See Global Impact Investing Network: <https://thegiin.org/impact-investing/>

² See Stanford Social Innovation Review: https://ssir.org/topics/category/impact_investing

- Community Impact, assessment of effectiveness of impact in the target communities;
- Financial performance, including review of historic operational and financial performance measures as needed; and
- Organizational sustainability, including review of pro forma financial projections as needed.

Please note that ARC Guidance on Revolving Loan Fund grants is located at:

<https://www.arc.gov/funding/ARCBusinessDevelopmentRevolvingLoanFundGrantGuidelines.asp>.

For additional information on POWER Impact Investments and development finance activities, or for a Fact Sheet on additional research topics and links on development finance activities, please contact Ray Daffner at rdaffner@arc.gov.



Broadband POWER Projects

Enhancing Access to and Use of Broadband Services

Broadband is critical infrastructure needed by all segments of the community. It is necessary for business development, both in the sales of existing products and services and in the acquisition of raw materials to make products. It is needed for educational purposes both in school when using distance learning or streaming applications as well as student use at home for homework assignments or to search job opportunities. In the healthcare field, telehealth applications keep patients in touch with their providers and allow providers to consult with specialists regardless of geographic differences. Government uses the internet to streamline registration and reporting activities and provide information to its citizens. In order for rural areas to keep up with more densely populated areas, broadband is a critical component.

In addition to the Priorities, Objectives, and Funding Principles of the FY 18 POWER Initiative described in pages 4 through 8 of the RFP, ARC's Priorities for POWER funding for Broadband Services include:

Fiber Deployment Projects

- Priority given to projects with a completed feasibility study;
- Understanding that broadband projects can be capital intensive, maximum grant requests can be up to \$3 million, with priority given to projects with evidence of leveraged funding for the overall project;
- Priority given to broadband fiber deployment in central business district designated areas and industrial parks;
- Priority given to networks and projects that will be operational upon the completion of construction;
- ARC will not support sole fiber-to-the-home projects; and
- ARC will not support deployment in areas that already have adequate broadband availability.

Wireless Deployment Projects

- Priority given to projects with a completed feasibility study;
- Can be used for business and residential deployment;
- Can use a variety of wireless technologies (e.g., fixed wireless/white space/LTE);
- Priority given to networks and projects that will be operational upon the completion of construction; and
- ARC will not support deployment in areas that already have adequate broadband availability;

Feasibility Study Criteria

- Provide an inventory of broadband assets already in place;
- Used to assess community broadband requirements for bandwidth needs;
- Determine best technologies to meet the coal impacted community needs;

- Provide cost estimates for different deployment strategies; and
- Provide an analysis of alternative deployment routes. This should include an analysis of existing providers who may already have ownership interests in proposed routes and, if relevant, an assessment of pole attachment costs for those routes.

Other Broadband Project Considerations

- Business development studies on how broadband can be used to increase local/regional/national/international business activity;
- Community outreach efforts to increase broadband use and adoption;
- Unique distance learning or telehealth applications;
- Simple Wi-Fi deployment projects in downtown business districts; and
- Broadband adoption, telehealth expansion, and other telecom-oriented health practice enhancements.

For additional information on ARC Broadband Services investments, please contact Mark DeFalco at mdefalco@arc.gov.



Healthcare POWER Projects

In addition to the Priorities, Objectives, and Funding Principles of the FY 18 POWER Initiative described in pages 4 through 8 of the RFP, ARC provides the following background information on ARC Priorities for Healthcare related POWER Projects:

Strengthening the Healthcare Sector & Improving Health Conditions That Affect Economic Vitality

In response to recent data on regional health and economic conditions, ARC is interested in strategic approaches to strengthening the region's healthcare business sector. Stakeholders should consider cross-sector interventions that address job creation, enterprise development, and health improvements. Successful efforts will help fill workforce gaps, leverage financial capital, or otherwise support the sustainable operation of healthcare and public health services that improve both health and local economies.

Delivering Targeted Business Technical Assistance for Healthcare Enterprises

Plan, deliver and evaluate technical assistance services which expand or strengthen public, private, or non-profit healthcare enterprises such as primary care and behavioral health providers, public health agencies, and health-related businesses. Services could focus on establishing sustainable health-related enterprises, or improving sustainability of existing enterprises. Services targeted to enterprises that integrate primary care, oral health, mental health, and substance abuse treatment are highly preferred. Interventions may vary but could include services such as:

- Market evaluation and business planning;
- Board development and training;
- Policy evaluation and practice transformation;
- Staff training, credentialing, and retention;
- Broadband adoption, telehealth expansion, and other telecom-oriented practice enhancements;
- Other non-capital supports which enable increased revenue and sustainable operations for health-related enterprises.

Leverage Investment in Sustainable Healthcare Delivery Services

Demonstrate or expand service models which generate sustainable investment in healthcare enterprises in underserved areas. Programs which enhance the provision of treatment for behavioral health and substance use disorders are particularly encouraged. Interventions may include impact investing, pay-for-success, or other investment types which:

- Enable increased, permanent reimbursement from public or private payers to healthcare enterprises; and/or
- Facilitate expanded capital investment in healthcare enterprises from private lending institutions such as private foundations, banks, CDFIs, or others. Note that proposals to use POWER funds for investing/re-lending must also comply with ARC Impact Investment Funds/Development Finance guidelines.

Build Community Capacity for Addressing Health Disparities and Social Determinants of Health

Design, deliver, and evaluate programs which enable local and regional engagement at the intersection of health and community development. Program designs may vary but elements could include:

- Educating stakeholders on local and regional health conditions, health disparities, and the social determinants of health;
- Convening meaningful, lasting groups of stakeholders from multiple sectors;
- Implementing multi-sector, data-driven community development activities that target local policy change and leverage investment;
- Establishing and evaluating performance metrics that validate increased community capacity and other measurable outcomes related to health in an economic development context.

For additional information on ARC Priorities for Healthcare projects, please contact Eric Stockton at estockton@arc.gov.