

NC DIT GREAT Program
Growing Rural Economies with Access to Technology Program

Applicant Information

| | |
|--------------------------------------|--|
| Company Name | CONNECT HOLDING II LLC |
| Address | 1, Manhattanville Road Purchase, NY 10577 |
| Website | brightspeed.com |
| Federal Tax ID | |
| DUNS # | 118577017 |
| System Award Management (SAM.Gov) ID | JWYXBY1U3ML3 |

| Authorized Representative | | Authorized Representative (Alternative) | |
|---------------------------|-------------------------------|---|--|
| Full Name | John Livecchi | Full Name | |
| Contact Title | Director of Engineering | Contact Title | |
| Phone Number | (973) 224-8368 | Phone Number | |
| E-Mail | john.livecchi@brightspeed.com | E-Mail | |

Grant Administrator & Company Name(if applicable):

| | |
|----------------|--|
| Full Name | |
| Contact Title | |
| Telephone | |
| E-Mail | |
| Website | |
| Federal Tax ID | |
| Address | |

Project Information

| | | | |
|--|--------------------------|--------|-----|
| Project Title | Moore (Revised) | | |
| Project Cost | \$22,163,448 | | |
| County | Moore | Tier # | 003 |
| Estimated # of Households with improved access | 8,103 | | |
| Estimated # of businesses with improved access | 219 | | |
| Base Speed - Minimum Download/Upload | Greater than 100:100 Mbp | | |

Project Description (provide a brief summary of the project)

Brightspeed is committed to bringing advanced broadband services to consumers and businesses in Moore County. Our proposed project will bring a state-of-the-art 1G+ capable fiber-to-the-premises ("FTTP") network directly to 8,322 grant-eligible the homes and businesses. The central premise behind Apollo's acquisition of Lumen's ILEC assets in North Carolina (and elsewhere) is the opportunity to make significant, multi-year upgrades to the existing, primarily copper network. Through this investment, Brightspeed will provide a more competitive set of broadband services to the people of Moore County which will significantly improve customer choice for internet access services and the customer service experience. Equally important, deployment of the Brightspeed fiber network will vastly improve access to the internet and the multitude of economic, government, educational, healthcare, business, and entertainment opportunities that robust, fiber-based broadband internet access enables.

Brightspeed is pleased to offer the latest technology and network operations innovations as part of its commitment to building a state-of-the-art fiber network in Moore County, and throughout its serving areas in North Carolina, through the GREAT Grant Program. Our proposal includes the deployment of state-of-the-art 10G symmetrical network equipment ("XGSPON") and the fiber necessary to deliver fiber-to-the-premises ("FTTP") service directly to customers' homes and businesses. Our base speed fiber offering provides 200 Mbps/200 Mbps (download/upload) speeds, and our top-end service will be at least a 1 Gbps symmetrical (i.e., 1 Gbps upstream and 1 Gbps downstream) speed service (or higher). We intend to deploy approximately 257 miles of fiber related to this project.

Has the applicant entered into a partnership for this project as defined in S.L. 2019-230?

Yes

Checklist Details

1) Statement of Qualifications (Please provide a detailed description of qualifications and experience with the deployment of broadband):

The applicant, Connect Holding II LLC d/b/a Brightspeed ("Brightspeed"), is the entity created through the acquisition of the Incumbent Local Exchange Company ("ILEC") assets of Lumen Technologies, Inc. (which today operates under the CenturyLink brand, as further described below).

On August 3, 2021, Apollo Global Management, Inc. and Lumen Technologies, Inc. announced a definitive agreement for Apollo to acquire the assets of Lumen's ILEC operations in 20 states from Texas to New Jersey, including all CenturyLink ILEC operations in North Carolina. The new company, Connect Holding II LLC, will operate under the name, Brightspeed. After the transaction closes, Brightspeed will take over all CenturyLink ILEC operations in North Carolina (and the 19 other states), including CenturyLink's buildout and other obligations under the State Broadband Expansion Grant.

Checklist Details

For the purposes of this application and all references to business operations in North Carolina, we will use the future operating name “Brightspeed” to refer collectively to the existing CenturyLink/Lumen ILECs that Apollo is acquiring.

Apollo is acquiring Carolina Telephone & Telegraph Company, LLC d/b/a CenturyLink, Central Telephone Company d/b/a CenturyLink, and Mebtel, Inc. d/b/a CenturyLink and CenturyTel Broadband Services, LLC.

CenturyLink has a long and proud history of building, managing, and operating broadband networks in the State of North Carolina that Brightspeed will be taking over, and we are proud to continue CenturyLink’s long history of service to the state. As described below, Brightspeed is extremely well-qualified to build, manage and operate the proposed fiber broadband project in North Carolina.

First, Brightspeed will leverage the experience and expertise that CenturyLink has built over decades of operation in the state and elsewhere. Brightspeed is acquiring CenturyLink’s network, operations, customers and, importantly, its employees, in North Carolina (and 19 other states). Over its many years of operations in the state, CenturyLink has completed hundreds of internet service infrastructure projects and thousands of projects nationwide. CenturyLink (Lumen) has also completed dozens of state-funded internet service infrastructure projects across the country, participated in the FCC’s CAF II program, and won multiple RDOF auction grants in states across the country. The company has completed state-funded broadband grant projects in several states, and continually builds internally funded broadband projects in its operating territories, including North Carolina.

Second, as the successor to CenturyLink’s operations in North Carolina, Brightspeed will leverage CenturyLink’s skilled workforce and its own managerial and network expertise to build out the fiber network for which funding is being requested. Following the transaction close, Brightspeed will continue CenturyLink/Lumen’s strong tradition and expertise in building and managing network infrastructure, and will operate CenturyLink’s local fiber and copper networks (including connectivity to enabled buildings), broadband and voice customers (consumer, enterprise, and wholesale), and the operations and back-office support needed to meet the accelerating demand for high-bandwidth connectivity and fiber technology.

Third, Brightspeed will rely on its own exceptionally strong, experienced management team that includes senior executives with extensive experience designing and deploying Verizon’s cutting-edge FiOS large-scale Fiber to the Premises (“FTTP”) network. These executives each have multiple decades of telecom and business experience, and they will work with CenturyLink’s established network and operations teams to build and maintain the company’s North Carolina broadband project.

Executive summaries and experience for key executives and professionals involved in this project are listed below.

Bob Mudge
Chief Executive Officer

Bob’s leadership roles at Verizon and other telecommunications entities span the gamut from network operations to marketing and strategy. He has deep expertise in public and private companies and has served as an advisor to multiple private equity firms. While the breadth and depth of his industry experience is crucial in his role as Brightspeed’s Chief Executive Officer, his ability to develop excellent teams that deliver exceptional customer service and growth sets him apart in the industry.

Chris Creager
Chief Administration Officer

Chris brings a wealth of leadership experience in transforming wireline telecom businesses and driving customer growth. During his tenure with Verizon, he led large network and multi-billion-dollar business units that created powerful fiber optic access to millions of homes and businesses. Highly skilled in leading telecom mergers and acquisitions, Chris is focused on ensuring that Brightspeed delivers all its brand implies, for customers and employees.

Tom Maguire
Chief Operating Officer

Tom’s telecommunications experience spans four decades, from an early career as a field technician to subsequently leading many facets of the business. This experience brings a unique perspective to Brightspeed’s business model and influences Tom’s belief that operations is most effective when it works with other parts of the organization to provide the best customer experience. Tom looks forward to engaging the Brightspeed operations teams to leverage state-of-the-art technology to serve existing and future customers.

Ashok Kumar
Chief Technology Officer

As a visionary at Verizon and its predecessor company for over two decades, Ashok built systems that ran the first large scale deployment of Fiber to The Home Network (Verizon Fios) and spent a decade helping Verizon scale Fios into the most reliable broadband in America. Most recently, he enabled its brick-and-mortar business into digital first engagement for over 100 million wireless and Fios customers. As Chief Technology Officer, Ashok’s experience and leadership will play a vital role in delivering Brightspeed’s planned fiber optics transformation.

Colon McLean
Chief Human Resources Officer

Colon’s HR leadership experience is rooted in the Carolinas where he served Duke Energy for twenty-two years. Colon has led large human resources organizations within public and private equity-backed companies in the greater Chicago area since 2008 and is excited to return to his hometown of Charlotte to lead the human resources function for Brightspeed.

Checklist Details

Steve Tugentman
Chief Legal Officer

Steve is excited to join Brightspeed's mission to bridge the digital divide and connect the most underserved areas. In multiple leadership positions in Legal over a 30-year career at Verizon, Steve helped transform the telecommunications business, from sales and marketing, to technology, centralized services, policy, and operations. His objective at Brightspeed is to position the Legal Department to support the growth and development of the business.

Christie Grumbos
Chief Financial Officer

Christie is responsible for Brightspeed's finance, accounting and treasury operations and will direct capital planning and investment initiatives to drive the company's \$2 billion fiber optics transformation plan. Christie's financial, operational and leadership experience spans more than 25 years, most recently with Terminix, where she served as Chief Financial Officer of Residential business and oversaw the company's long-term corporate development and strategy as Senior Vice President of Mergers and Acquisitions.

Courtland Madock
Chief Marketing Officer

Courtland brings more than 13 years of experience at UScellular, where she led the transformation of the company's high-speed internet product line and grew market share in a fiercely competitive and predominantly rural consumer footprint. At Brightspeed, she will focus on growing sales, marketing Brightspeed's innovative product line, creating a customer experience second to none, and building recognition of the Brightspeed brand with every current and potential customer.

Tom Dailey
VP Public Policy & Government Affairs, Regulatory and Chief Compliance Officer

Tom is a senior global technology and business leader and former chief legal officer with more than 25 years of telecommunications, media and technology (TMT) leadership experience at Fortune Top 20 company, Verizon. An advisor to C-suite executives on legal, strategy, policy and regulatory matters, Tom heads up the company's public policy and government relations, regulatory, and compliance functions. Tom and the rest of the Brightspeed team are focused on bringing fiber broadband to rural America.

John Livecchi
Director of Engineering

A results-oriented decision-maker with 30+ years of technical and hands-on experience, leading large and small teams working across OSP engineering, construction, operations, regulatory, supply chain, and sourcing. Extensive FTTx Engineering, Design, Inventory Planning, and Regulatory Compliance experience at major telecom firms including Charter and Verizon.

Finally, in addition to the company's operational, network, and managerial experience, Brightspeed is exceptionally well financed by Apollo. Apollo itself is a publicly traded company with a current market cap in excess of \$35 Billion. It manages more than \$400 billion in credit, private equity, and real assets funds. Connect Holding (Brightspeed) will be strongly capitalized at closing, with Apollo making up to \$2 billion available to Connect Holding, of which \$1.5B will be available to fund capital expenditures. A proportional amount of this funding will be available for investment in North Carolina.

CenturyLink has met its past grant obligations and has not paid any penalties related to any internet service infrastructure project funded through federal or state grant programs. CenturyLink has not been a defendant in any federal or state criminal proceeding or civil litigation because of its participation in an internet service infrastructure project funded through federal or state grant programs.

2) Assessment of the current level of broadband access in the proposed deployment area – supporting data may be uploaded if applicable:

The proposed deployment area is made up of various areas around the county that have been indicated to not reliably have access to 25/3 Mbps service. In the field "Eligibility Status" of Attachments 5B and 5C, we've matched the addresses to four distinct categories of eligibility (see Attachment 6 for further clarification on our eligibility methodology).

3) Description of Proposed Services, Advertised Speeds, and Pricing Structure for proposed broadband recipients in the eligible project area:

The preliminary expected services that will be available to all eligible locations include: 200 Mbps/200 Mbps, 500 Mbps/500 Mbps, 1 Gbps/1 Gbps. All of these offers will have no data cap. At this point, pricing for these services has yet to be finalized, though we intend to offer competitive rates and will share once it is publicly available.

Brightspeed's predecessor, CenturyLink, is a long-time provider of Lifeline services through the FCC's Lifeline program and provides either the voice or the broadband credit to qualifying customers. CenturyLink also participated in the federal Emergency Broadband Benefit (EBB) program. Brightspeed intends to continue participation in these programs and intends to participate in the new federal Affordable Connectivity Program (ACP), which has replaced the EBB. At Brightspeed, a core part of our mission is to promote digital inclusion and increasing awareness of the ACP and developing solutions that encourage eligible households to participate is something that we intend to actively pursue. At this stage we have not finalized the pricing for our low-income broadband offering, but we will have a robust service available at an affordable monthly rate.

4) Description of Adoption Plan:

Brightspeed will utilize standard go-to-market plans for fiber-to-the-home launches. Brightspeed's local teams will determine, based on the geography of the impacted households, the best method of marketing the launch. This could include direct mail, a prelaunch website, a dedicated website for the county, yard signs, door hangers, press releases, and/or mobile marketing. Face to face marketing teams will be available to engage and educate prospects on Brightspeed internet product details and ordering processes.

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Community education forums may also be conducted through launch events where customers can ask questions and register for service. Customized joint marketing programs could be evaluated for applicability and mutual benefit.

By checking the appropriate box, you will upload the following documents:

| | |
|--|-------------------------------------|
| 5) Description of Project Area, Identification of locations to be served, relevant maps and mapping files: | <input checked="" type="checkbox"/> |
| 6) If submitting other data sources, including field data, to identify unserved locations (households and businesses) outside of the fully unserved census blocks provided on the NC One Map, please provide a narrative describing your methodology for determining the proposed funding area is unserved and eligible for funding in this round. | <input checked="" type="checkbox"/> |
| 7) Excel Spreadsheet (NO PDF) that itemizes the eligible activities and cost estimates. Please provide an explanation of how you estimated the costs: | <input checked="" type="checkbox"/> |
| 8) Please provide your methodology or explanation of how you calculated cost per location (Households/Businesses): | <input checked="" type="checkbox"/> |
| 9) Proof of Financial Solvency | <input checked="" type="checkbox"/> |
| 10) Technical Report | <input checked="" type="checkbox"/> |
| 11) Evidence of Support for the Project (i.e. Letter of Support) | <input checked="" type="checkbox"/> |
| 12) Evidence or proof a partnership based on the definition in the guidance document and the authorizing legislation | <input checked="" type="checkbox"/> |

SCORING

The GREAT Program is a competitive grant program. Applications shall be scored based upon a system that awards a single point for criteria considered to be the minimum level for the provision of broadband service, with additional points awarded to criteria that exceed minimum levels. Applications receiving the highest score shall receive priority status for the awarding of grants.

The tool below is being provided to Applicants so that they may estimate their score to determine estimated match requirements. All final and official scores will be determined by the BIO during the review process.

| | Reviewer | Score |
|---|-----------------------------|----------|
| a1) Partnership - One point shall be given for a proposed partnership that will make available existing infrastructure that has been installed for the partner's enterprise, non-consumer broadband purposes, or any other property, buildings, or structures owned by the partner, for a proposed project. | Choose One | 0 |
| a2) Partnership - A county or nonprofit entity that proposes to provide a financial match shall be given one point. Notwithstanding Article 8 of Chapter 143 of the General Statutes, or any provision of law to the contrary, a county may use unrestricted general funds or federal American Rescue Plan Act (P.L. 117 1) funds allocated to it for the purpose of improving broadband infrastructure for a financial match. | Choose One | 0 |
| a3) Partnership - An applicant shall receive two additional points for a proposed partnership where the county's financial match is comprised entirely from federal American Rescue Plan Act (P.L. 117 2) funds intended for broadband infrastructure. | Choose One | 0 |
| b) Unserved Households(HH) – Using most recent FCC Data or other information or supporting data, estimated number of unserved households within the eligible county (TIER ONE) | 500 or Less | 1 |
| c) Unserved Households (HH) to be Served – Using most recent FCC Data or other information supporting data, the percentage of the total unserved households with the eligible project area | Less than 15% | 1 |
| d) Unserved Business – Using most recent FCC Data or other information by NC BIO, provide broadband service to unserved business within eligible county (TIER ONE) and project area (Documentation) | 1 and 4 | 1 |
| e1) Piedmont or Coastal Plain Region | Choose One | |
| e2) Mountain Region | Choose One | |
| f) Base Speed - Min Download : Upload | 100:20 Mbps to 100:100 Mbps | 1.00 |
| Total Score | | 3 |
| g) Community Broadband Plan defined by NCBIO | No | 0 |
| h1) For counties that received an aggregate of eight million dollars (\$8,000,000) or more directly from the federal government, the following points shall be added to the application score: | Choose One | |

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| h2) For counties that (i) received less than an aggregate of eight million dollars (\$8,000,000) directly from the federal government from the American Rescue Plan Act (P.L. 117 2) and (ii) are providing a portion of a project's matching funds using the entirety of the federal funds the county received, together with any other unrestricted general fund monies, if needed, the following points shall be added to the application score: | Choose One | |
| i1) Are the matching funds partially comprised of ARPA funds a county received directly from US Treasury? | Choose One | |
| i2) Are the matching funds entirely comprised of ARPA funds a county received directly from US Treasury? | Choose One | |
| Final Score | | 3 |

List all expenses related to the project, the amount of each expense, and the corresponding funding source(s) in the table below. The table should include all of the eligible costs such as: installation, acquiring or updating easements, equipment, fiber, construction, backhaul infrastructure for the end user, and testing costs. Ineligible costs should not be included in the project budget. The table should clearly show all planned expenditures and all funding sources for the project.

| | | | |
|--|--------------|------------------------------|-----|
| Reviewer Score: | 3 | Matching Requirement (%): | 50% |
| Based on your scoring matrix, Your minimum match requirements: | | \$11,081,724 | |
| Total Project Cost: | \$22,163,448 | Grant Amount Requested (\$): | \$0 |

Please indicate which documents were submitted with your application, by checking the appropriate box.

~ Reference guidelines booklet for document details ~

| | |
|---|--------------------------|
| 1) Excel Spreadsheet (NO PDF) that itemizes the eligible activities and cost estimates. Please provide an explanation of how you estimated the costs | <input type="checkbox"/> |
| 2) What is the total cost per location for the project? Please provide your methodology or explanation of how you calculated cost per location (Households/Businesses) | <input type="checkbox"/> |
| 3) Proof of Financial Solvency | <input type="checkbox"/> |

| Project Expense | GREAT Funds | Matching Funds | Total |
|--|-------------|----------------|-------|
| Easements (one-time fees) | | | 0 |
| Materials (fiber, equipment, etc.) | | | 0 |
| Construction/Installation | | | 0 |
| Testing | | | 0 |
| Engineering | | | 0 |
| Lease/Collocation Fees (one-time fees) | | | 0 |
| Other 1 | | | 0 |
| Other 2 | | | 0 |
| Other 3 | | | 0 |
| Total Eligible Project Cost | | | 0 |

Company Certifications

| | | | |
|---|--|---|----|
| 1 | Overdue Tax Debts | Does the Company or the Related Member(s) currently have any overdue tax debts with any City, Town or County in, or with the State of North Carolina? | No |
| 2 | Occupational Safety and Health Act Violations | Does the Company, or the Related Member(s) have any citation under the Occupational Safety and Health Act that have become a final order within the past three years for willful serious violations or for failing to abate serious violations? | No |
| 3 | Loan Defaults | Is the Company, or the Related Member(s) currently in default on any loan or grant previously made by the State of North Carolina? | No |
| 4 | Incentive History | Has the Company, or Related Member(s) ever defaulted on an economic development grant or incentive or been sued by a grantor with respect to an economic development grant or incentive from the State of North Carolina? | No |
| 5 | Creditor Losses, Litigation, Government Investigations | Has any member of management or any principal of the Company, or the Related Member(s) been involved in a financial reorganization, a bankruptcy, or other situation that led to losses by creditors or bond buyers, investor lawsuits, or government investigation alleging fraud or impropriety? | No |
| 6 | Pending or Threatened Litigation | Is the Company, or Related Member(s) subject to any claim, suit, action, proceeding, or government investigation that is pending or threatened that, individually or in the aggregate, would reasonably be expected to have a material adverse effect on the proposed grantee's finances or operations or the ability to conduct the proposed project, or that would reasonably be expected to impact the NC DIT's decision to award a grant? | No |

Internet Service Provider (ISP) Certification and Attestation

The attached statements and exhibits are hereby made part of this application, and the undersigned representative of the applicant certifies that the information in this application and the attached statements and exhibits are true, correct, and complete to the best of the signatory's knowledge and belief. The signatory further certifies:

1. as Authorized Representative, the signatory has been authorized to file this application by formal action of the governing body;
2. agrees that if a grant is awarded, the applicant will provide proper and timely submittal of all documentation requested by the Grantor Agency;
3. that the applicant has substantially complied with or will comply with all federal, state, and local laws, rules, regulations, and ordinances as applicable to this project;
4. that the applicant certifies the financial and organizational strength regarding the ability to successfully meet the terms of the grant requirements and the ability to meet the potential for repayment of grant funds; and
5. attests that the proposed project area is eligible.

Authorized Representative

| | | | | | |
|-------|---------------|--------|-----------------------|-------|------------|
| Name: | John Livecchi | Title: | Director, Engineering | Date: | 05/03/2022 |
|-------|---------------|--------|-----------------------|-------|------------|