



APPALACHIAN
REGIONAL
COMMISSION

*A Proud Past,
A New Vision*

Office of the Inspector General

March 31, 2003

MEMORANDUM FOR The Federal Co-Chairman
 ARC Executive Director

SUBJECT: OIG Report 03-11—ARC Grant KY-12014-0-I/C1/C2
 Big Sandy Telecommuting Services, Inc.
 Big Sandy Telecommunications Center, Phases II & III

Attached is a copy of the subject report dealing with the Big Sandy Telecommunications Center in Pikeville, Kentucky. The grant was transferred to Pikeville College near the end of the grant period. There were two recommendations that the grantee has promised to remedy for future grants. We recommend that the project coordinator monitor any future grants with Pikeville College to ensure compliance. I would appreciate notification of the action taken by the project coordinator. I consider this report closed.

Please contact me if you have any questions on this issue.

Clifford H. Jennings
Inspector General

Attachment

cc: Director Program Operations

TICHENOR & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS and MANAGEMENT CONSULTANTS

304 MIDDLETOWN PARK PLACE SUITE C
LOUISVILLE KY 40243

BUSINESS: (502) 245-0775
FAX: (502) 245-0725
E-MAIL: TICHENORKY@AOL.COM

March 28, 2003

Mr. Clifford H. Jennings, Inspector General
Appalachian Regional Commission
1666 Connecticut Avenue NW, Suite 215
Washington, DC 20009-1068

RE: Final Report on Reviews of the following:

1. Big Sandy Telecommunications Center Phases II and III – KY-12014-0-I/C1/C2

Dear Mr. Jennings:

Enclosed please find five copies (two bound and three unbound) of our final report on the above listed Grantee. It has been our pleasure working with you and your staff on this project. If we can be of further assistance, please call (502) 245-0775.

Sincerely,



William R. Tichenor
Tichenor & Associates, LLP

Enclosures

WRT/ska

**MEMORANDUM REPORT ON REVIEW OF
BIG SANDY TELECOMMUTING SERVICES, INC.
PIKEVILLE, KENTUCKY**

**BIG SANDY TELECOMMUNICATIONS CENTER
PHASES II AND III**

ARC Grant No. KY-12014-0-I/C1/C2

January 1, 1995 through December 31, 2002

Prepared By:

**Tichenor & Associates, LLP
Certified Public Accountants
304 Middletown Park Place, Suite C
Louisville, Kentucky 40243**

TICHENOR & ASSOCIATES, LLP

CERTIFIED PUBLIC ACCOUNTANTS and MANAGEMENT CONSULTANTS

304 MIDDLETOWN PARK PLACE, SUITE C
LOUISVILLE, KENTUCKY 40243

BUSINESS: (502) 245-0775
FAX: (502) 245-0725
E-MAIL: TichenorKY@AOL.COM

TO: Appalachian Regional Commission (ARC)
Office of Inspector General (OIG)

FROM: Tichenor & Associates, LLP
Louisville, Kentucky

REPORT FOR: The Federal Co-Chairman
ARC Executive Director
OIG Report No. 03-11

SUBJECT: Memorandum Review Report on Big Sandy Telecommuting Services,
Inc. Pikeville, Kentucky. ARC Grant No. KY-12014-0-I/C1/C2

PURPOSE: The purpose of our review was to determine if (a) the total funds claimed for reimbursement by Big Sandy Telecommuting Services, Inc. for the Big Sandy Telecommunications Center, Phases II and III, were expended in accordance with the ARC-approved grant budget and did not violate any restrictions imposed by the terms and conditions of the grant; (b) the accounting, reporting and internal control systems provided for disclosure of pertinent financial and operating information; and (c) the objectives of the grant were met.

BACKGROUND: ARC awarded Grant No. 12014-0-I/C1/C2 to Big Sandy Telecommuting Services, Inc. for the period January 1, 1995 through December 31, 2002. Total project costs were estimated at \$174,114, of which total ARC funding was not to exceed \$100,000, or 57 percent of actual, reasonable and eligible project cost, whichever was less. ARC required that the grant be matched with \$74,114, or 43 percent in cash, contributed services, or in-kind contributions as approved by ARC. On January 3, 1997, the grant was amended as Phase II, extending the period through December 31, 1997, and increasing the total project costs to \$487,714, of which total ARC funding was not to exceed \$300,000, or 62 percent of actual, reasonable, and eligible project cost, whichever was less. ARC required that the grant be matched with \$187,714 or 38 percent in cash, contributed services, or in-kind contributions as approved by ARC. Phase III of the project required ARC to provide \$153,530 or 80 percent of actual, reasonable, and eligible project cost, whichever is less for equipment purchases. ARC required that the grant be matched with \$38,382, or 20 percent in cash, contributed services, or in-kind contributions as approved by ARC. ARC was to provide an additional \$100,000 for operating expenses.

The purpose of the grant was to provide funds and necessary equipment to maintain and operate a telecommuting center located in Pikeville, Kentucky. The telecommuting center provides classes and technical training to prepare individuals with the knowledge required to compete with the technological job base in the area.

The ARC funds were to be used to provide operating expenses and equipment purchases associated with the Big Sandy Telecommunications Center. ARC made grant payments to the grantee as follows:

<u>Payment Date</u>	<u>Payment Amount</u>
01/31/96	\$ 29,617
04/05/96	17,578
06/13/96	22,716
09/16/96	19,126
09/26/96	10,963
01/08/97	100,000
05/19/97	50,000
12/09/97	30,000
01/06/98	15,000
04/18/01	5,000
05/07/99	66,000
02/22/02	<u>105,515</u>
 TOTAL	 <u>\$ 471,515</u>

SCOPE: We performed a program review of the grant as described in the Purpose above. Our review was based on the terms of the Grant Agreement and on the application of certain agreed-upon procedures previously discussed with the ARC OIG. Specifically, we determined if the tasks described above were being performed; if the accountability over ARC funds is sufficient, as required by applicable Office of Management and Budget (OMB) Circulars; and if Big Sandy Telecommuting Services, Inc. was in compliance with the requirements of the grant agreement. Big Sandy Telecommuting Services, Inc was administratively dissolved. Pikeville College assumed the fiscal administration of the Big Sandy Telecommunications Center. In addition, we discussed the program objectives and performance with Pikeville College personnel. Our results and recommendations are based on those procedures. These review procedures were performed in accordance with applicable Government Auditing Standards.

RESULTS: The following results are based on our review performed at the Pikeville College in Pikeville, Kentucky, from March 3 through March 7, 2003.

A. Incurred Costs

Big Sandy Telecommuting Services, Inc. claimed total program costs of \$610,346 for the period January 1, 1995 through December 31, 2002 of which they claimed direct reimbursable cost of \$471,515 and matching costs of \$138,831. We reviewed the direct and matching costs claimed and determined that, in general, the funds were expended as reported and were used to provide funds required to operate and maintain the telecommuting center in Pikeville, Kentucky.

B. Internal Controls

1. Progress Reports Not Prepared in a timely manner

The Big Sandy Telecommuting Services, Inc did not submit 45-day progress reports for the Big Sandy Telecommunications Center in a timely manner during the period of the grant. Due to management changes, the reports were delayed but eventually submitted to the ARC.

Grant Agreement No. KY-12014-0-I/C1/C2 between the Appalachian Regional Commission and Big Sandy Telecommuting Services, Inc., Part I--Special Provisions, Paragraph 3 states:

“Reports. A progress report for each 45-day period and a final report are required under this agreement (see Part II, Article 4).”

The Controller of Pikeville College, Ms. Marcia Little, stated Mr. James Wallen had previously prepared most of the progress reports when he was the Board Director. There have been several individuals involved with the project; and apparently, none of them prepared the reports after the departure of Mr. Wallen. The progress and the final reports have been prepared and forwarded to ARC.

RECOMMENDATION

We recommend that the Pikeville College prepare progress reports in accordance with the Grant Agreement should future awards be made.

GRANTEE'S RESPONSE

The grantee responded by stating that their reason for not complying with the grant agreement's 45-day progress report requirement was a direct result of management turnover. They acknowledged the fact that the reports were not submitted timely and would make every effort to provide future reports in a timely manner.

2. Grantee Did Not Maintain A Separate General Ledger System For The Grant

During our review, we determined that the Grantee did not maintain a separate general ledger for the ARC grant award. Funds awarded by the ARC were commingled with other funds to be used in achieving the goals of the Big Sandy Telecommunications Center. The grantee was advised that Federal awards should be accounted for separately according to OMB Circular A-110, Subpart C--Post Award Requirements, Financial and Program Management, .21 standards for financial management systems, which states:

“(b) Recipients financial management systems shall provide for the following.

- (1) Accurate, current and complete disclosure of the financial results of each federally sponsored project or program in accordance with the reporting requirements set forth in Section .52.
- (2) Records that identify adequately the source and application of funds for federally sponsored activities. These records shall contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, income and interest.”

The Controller of Pikeville College again stated the project had been inherited by the college and was essentially in the wrapping-up phase when they became involved.

RECOMMENDATION

We recommend future grant awards be accounted for in a separate fund to eliminate potential commingling and increase accountability.

GRANTEE’S RESPONSE

The grantee responded by stating that a separate general ledger was not kept due to management turnover and lack of accountability within the new board members and directors.

C. Program Results

It appears that the ARC grant funds were used for the purpose of the grant--providing operating funds and necessary computer/telephonic equipment to sustain the ongoing operations and personnel costs associated with managing the Big Sandy Telecommunications Center.

Tichenor & Associates, LLP (sc)

Tichenor & Associates, LLP
Louisville, Kentucky
March 7, 2003

ARC FINAL PAYMENT/CLOSEOUT SUMMARY

For Commission Administered Projects

ARC Contract No: KY-12014-95 & KY-12014-97-C1 Contract Period: 1/1/1995 – 12/31/2000
Project Title: Big Sandy Telecommunications Center Project
Name of Grantee: Big Sandy Telecommuting Services, Inc.
Final Payment: \$5,000 Total ARC Funds Paid to Date: \$295,000
Most Recent ARC Approval: 11/26/1996 Final Accepted Costs Dated: 11/14/1997

BZGSANDY

<u>Funding Source</u>	Original	%	Change	Final
ARC Section	\$300,000	62	-0-	\$300,000
Other Federal	-0-		-0-	-0-
State	-0-		-0-	-0-
Local	187,714	38	-0-	187,714
Total Eligible Cost	\$487,714	100	-0-	\$487,714

Project Remarks: The project has been completed to the satisfaction of the Project Coordinator. The initial 2 phases of the project have been completed. The grantee established a telecommunications center in Pikeville in contributed office space from a bank. The center provided an extensive amount of training over the past 5 years. The center offered beginning and advanced courses in Cisco Network engineering, WEB site design, Internet training, continuing education classes, and a variety of training programs in software to businesses and the government sector. The center operated an extensive "HELP DESK" of services to the community on any subject concerning the use of computers, WEB site design, community bulletin board development, and all types of technical assistance to the government, business, and general public. The grantee had to become an ISP in order to handle its own needs when its 'own ISP failed. The creation of an ISP resulted in a serious drain on the management resources of the grantee, and after nearly 3 1/2 years the grantee was finally able to sell-off this aspect of the overall telecommunications center, and return to the delivery of only telecommunication services as were originally projected. The center offered a variety of telemedicine / telehealth services to nurses in the service area, and over 700 individuals participated in training programs on network engineering, computer repair, WEB page design, continuing education, and MBA classes, etc. The center was directly responsible for the training of numerous displaced or disabled coal miners in computer repair, and many of the network managers in the area initially received training at the Big Sandy Telecommuting Center. In late 1999 the center, the local library and School of Osteopathic Medicine entered into an agreement to jointly co-locate and create a community telecommunications center. The facility is nearing completion, and when it is completed the C2 phase of the project will be able to be closed. The projects are ready to be closed.

Contract Coordinator Date

Judy P. Rae 4/12/01
Judy P. Rae Date
Director, Program Operations Division

To be completed by Offices of Finance and Administration & General Counsel

Total of ARC payments \$ 300,000- AVL / 4-18-01
Initial/Date

Amount of deobligation, if any \$ _____ Initial/Date

Contract requirements satisfied: General Counsel's Office [Signature] 9.15.07
Name Date

Date of final payment 4/18/01 Name _____ Date _____
Date of deobligation action _____

Entered in the historical record file by _____ Name _____ Date _____

*** TX REPORT ***

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CONNECTION TEL 85022450725
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File

APPALACHIAN REGIONAL COMMISSION
1666 Connecticut Avenue, N.W.
Washington, D.C. 20235

ARC Contract No: 95-105

Big Sandy Telecommuting Services
P.O. Box 155 /317 Main St.
Pikeville KY 41502

Appalachian Regional Commission
1666 Connecticut Avenue, N.W.
Washington, D.C. 20235
Ph: 202/884-7774.

AMENDMENT NO. 3

The Appalachian Regional Commission has made the following amendments to the above-referenced agreement:

Article 3-3.1: The total of such progress payments shall not exceed\$295,000.

Article 3-3.2: TOTAL ADVANCE PAYMENT SHALL NOT EXCEED\$295,000.

Article 3-3.3: Final Payment.estimated ...\$5,000.

All other terms and conditions remain in full force and effect.

File

APPALACHIAN REGIONAL COMMISSION 1666 Connecticut Avenue, N.W. Washington, D.C. 20235		ARC Contract No: 95-105
Big Sandy Telecommuting Services P.O. Box 155 /317 Main St. Pikeville KY 41502		Appalachian Regional Commission 1666 Connecticut Avenue, N.W. Washington, D.C. 20235 Ph: 202/884-7774
AMENDMENT NO. <u>3</u>		

The Appalachian Regional Commission has made the following amendments to the above-referenced agreement:

Article 3-3.1: The total of such progress payments shall not exceed\$295,000.

Article 3-3.2: TOTAL ADVANCE PAYMENT SHALL NOT EXCEED\$295,000.

Article 3-3.3: Final Payment.estimated ...\$5,000.

All other terms and conditions remain in full force and effect.

EVANGELINE E. WELLS
Assistant General Counsel

DATE 1/6/98

Post-it® Fax Note 7671		Date <u>3/28</u>	# of pages <u>10</u>
To <u>Bill Tichenor</u>	From <u>I. Rickard</u>		
Co./Dept. <u>T + A</u>	Co. <u>ARC OIG</u>		
Phone #	Phone #		
Fax # <u>(502) 245-0725</u>	Fax #		

APPALACHIAN REGIONAL COMMISSION
1666 Connecticut Avenue, N.W.
Washington, D.C. 20235

ARC Contract No: 95-105

Telecom. Center, Phase I

Grantee's Project Coordinator:
Sue Fultze

ARC Project Coordinator:
Harry Roesch

Big Sandy Telecommuting Services
P.O. Box 155 / 317 Main Street
Pikeville, KY 41502
Ph: 606/886-2374

Appalachian Regional Commission
1666 Connecticut Avenue, N.W.
Washington, D.C. 20235
Ph: 202/884-7774

AMENDMENT NO. 2

The above referenced agreement shall be amended as follows:

- Article 1-1 Grantee's Project Director shall be changed to **Ms. Sue Fultze**;
- Article 1-3 The State Administration and Liaison Officer shall be changed to **Ms. Peggy Satterly, Program Manager**;
- Article 2-1.1 The first sentence shall read as follows: This agreement implements a grant made under the authorities in Section 302 of the Appalachian Regional Development Act of 1965 (ARDA) as amended, to provide funds for the establishment and **operations support** of a telecommunication center in the Big Sandy Development District.
- Article 2-1.4 The first sentence shall read as follows: Grantee's proposal, submitted to the ARC on March 23, 1995, as amended by letters and attachments of July 17 and July 21, 1995 from Anne Chaney to Harry Roesch, **and Grantee's supplemental proposal submitted to the ARC on October 1, 1996**, are incorporated by this reference and made a part of this agreement as Supplement A to Part I.
- Article 2-2 The following shall be added at the end of (2-2): **including Internet access, skills training services, technical support services, and interactive instruction services.**
- Article 3-1 The following shall replace (3-1): Total. For the complete and satisfactory performance of this grant agreement, as determined by ARC, Grantee shall be paid by ARC a total sum not to exceed **\$300,000**, or **62%** of actual, reasonable and eligible project costs, whichever is less. Grantee shall pay or cause to be paid the non-federal share of **\$187,714 (38%)** in cash, contributed services, or in-kind contributions as approved by ARC. *
- Article 3-2 The following shall replace (3-2): Basis for Determination. Costs will be determined in general accord with the budget which Grantee is required to submit under Article 2-4, **and the second year budget submitted on October 1, 1996**, subject to the terms of this grant agreement and to pertinent ARC Code Provisions.

Article 3-3.1 The last sentence shall read as follows: The total of such progress payments shall not exceed.... **\$280,000.**

Article 3-3.2 The TOTAL ADVANCE PAYMENT of (3-3.2) (see Amendment No. 1) shall be changed from \$11,000 to **\$280,000.**

Article 3-3.3 The following shall replace (3-3.3) (see Amendment No. 1): Final Payment. Upon Grantee's satisfactory completion of the agreement, Grantee shall receive any balance of funds which may be due under this agreement, estimated....**\$20,000.**

Article 4 The last sentence shall read: The period of performance is January 1, 1995 through **December 31, 1997.**

* It is understood that of the total grant amount (\$300,000), \$200,000 is being made under Amendment No. 2 (January 3, 1997).



CHARLES S. HOWARD
General Counsel

1/3/97 _____
Date

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D. : ARCT

PAGE : 1
USER : lewi

ARC Test Environment
OBLIGATION BATCH TRANSACTIONS - POSTED
BATCH #15

PC

DELIVERY STOCK		COMMITMENT/		UNIT		FULLY
DATE NUMBER	MDL# DESCRIPTION	ITEM	QTY	PRICE/AMT		TOTAL TOLERANCE LIQUIDATE

POSTING DATE : 01-08-97
SOURCE CODE : AVL

TRANSACTION NUMBER : 000001
VENDOR : BIGSANDY BIG SANDY TELECOMMUTING SVCS
DOCUMENT NUMBER : 95C0105A
TRANSACTION TYPE : N Non Federal
EXPIRATION DATE : 09-30-50

0005. FUND : B
PROGRAM : NH.0006.02.00.00
ORGANIZATION : KY
OBJECT : 41.01.00

09-30-50	AMEND #1	200,000		200,000.00		200,000.00		N
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TRANSACTION TOTAL 200,000.00

GRAND TOTAL 200,000.00



To: The Federal Co-Chairman

AMEND #1

Subject: Big Sandy Telecommunications Project, Phase II, KY-12612-97-RI-302-1001,
Telecommunication Regional Initiative

12014-97-RI-CI

Grantee: Big Sandy Telecommuting Services, Inc.

County: Regular - Pike, Floyd, Johnson, Martin, Magoffin - Dist. Basic Agency: N/A

Purpose: The project will underwrite the administrative costs associated with operating the
"Televillage" facility for an additional year.

Funding:	Section 302	\$ 200,000	64%	
	Federal	-0-		
	State	-0-		
	Local	113,600	36%	Local cash [\$20,000], and Program Income [\$93,600]
	Total Project Cost	\$ 313,600	100%	

Description: The ARC funds will provide continued support of the personnel costs, travel, equipment acquisition, supplies, and consultant services necessary to operate the "Televillage" for an additional year.

Rationale:

- * The first operational ARC grant covered a two year period of time 1/1/95 through 12/31/96. This will be the second ARC grant for operation.
- * The "Televillage" has been readily accepted as a center for a wide variety of telecommunication services, training, technical assistance services, and as an access point to data bases and the Internet.
- * The project is generating program income and these funds will be used to the support the project this year.
- * The "Televillage" is marketing services such as: WWWeb page development, Internet access, skills training on application development, on-line services, E-Mail, data base access, distance learning, teleconferencing, and other services to the business, government, and education sectors. Telemedicine applications are still being developed for future implementation.
- * The agency has increased its full time staff from 1-4 persons, increased the number of Internet customers from 50 to over 330, increased their number of telephone lines from 30-60 to serve the Internet customer needs, and plans are underway to expand the telephone line service by an additional 30 lines in the next 3 months to keep up with the growing demand. Overall the project is a success from the point of view of program delivery and program income is rapidly meeting projected levels based on repeat business, expanded services now being offered, and use of the Internet.
- * The ARC has assisted this project's development from the feasibility study stage to the implementation stage. This is a successful endeavor.

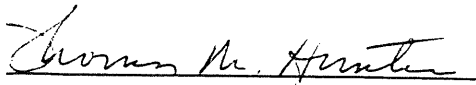
- Benefits:
- * The "Televillage" marketing effort will be dramatically expanded in this year of support with the addition of a Marketing Director, and two part-time training staff.
 - * The project will underwrite the development of a comprehensive marketing plan.
 - * The project will assist the grantee to implement its business plan through the addition of the new staff which will result in expanded services that will generate new business revenue.
 - * In 1998 or early 1999 the "Televillage" office complex will be moved to a new permanent location. The new facility will be located in a campus complex consisting of a community collage, library, technical school, and a private university. All of these facilities are using the "Televillage" now, or will in the future. Respective funding sources for the new facility have either committed funds at the present time, or are in the final stages of grant application review.

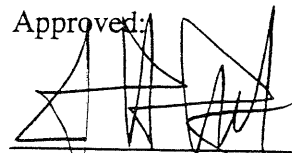
Comments: The grantee has requested an amendment to the current project to include second year funding and an extension of the grant period through December 31, 1997. There is a critical cash flow problems as a result of higher than expected telecommunication phone services costs. Because Big Sandy Telecommuting Services is a non profit, sponsored by the State, the Grantee was told to expect coverage under the "State Backbone Network". This network is an agreement between the State and local phone companies that gives significantly lower rates to public entities for telecommunications services. Upon commencement of telecommunications activities, Big Sandy Telecommuting Services was informed they were not covered and as a result significantly larger than expected costs have been incurred for telecommunication phone services. Big Sandy has been working to correct this and has received positive encouragement from State Information and Financial parties involved with negotiations with phone companies and are on the December meeting's agenda for consideration under the State Backbone Network.

Once resolved, Big Sandy Telecommuting Services will be on track to meet their eventual goal of self-sufficiency. However, due to the significant impact of the above-mentioned telecommunication cost, they may require a third ARC operations grant in the future.

The project is consistent with the ARC Act and Code and is recommended for funding.

Recommended:


THOMAS M. HUNTER
Executive Director

Approved: 
JESSE L. WHITE, JR.
Federal Co-chairman

NOV 26 1996

APPALACHIAN REGIONAL COMMISSION
1666 Connecticut Avenue, N.W., Suite 700
Washington, D.C. 20009-1068

ARC Contract No. Big Sandy Telecommuting
Services, Inc.

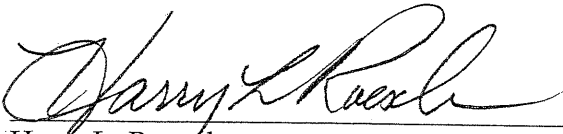
Big Sandy Telecommuting Services, Inc.
P.O. Box 155
Pikeville, Kentucky 41502
Attn: Clyde Stalker, Interim Director

Harry L. Roesch
ARC Project Coordinator
Phone: 202-884-774
Fax: 202-884-7682
email: hroesch@arc.gov

AMENDMENT NO. 2

Article 6 of the above referenced agreement is amended by extending the period of performance to **June 30, 2001**

This amendment involves no additional ARC funds and all other terms and conditions remain in full force and effect.



Harry L. Roesch
Project Coordinator

12/20/2000
Date

cc: Peggy Satterly

APPALACHIAN REGIONAL COMMISSION
1666 Connecticut Avenue, N.W.
Washington, D.C. 20235

ARC Contract No. KY-12014 Big Sandy
Telecommunications Project

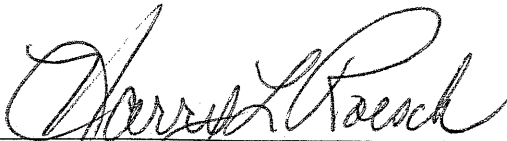
Big Sandy Telecommuting Services, Inc.
100 Resource Drive
Prestonsburg, Kentucky 41653
Attn: Sandra Saad
Leon Huffman

Harry L. Roesch
ARC Project Coordinator
Phone: 202-884-7774
Fax: 202-884-7682
email: hroesch@arc.gov

AMENDMENT NO. 1

Article 6 of the above referenced agreement is amended by extending the period of performance to **December 31, 2000**.

This amendment involves no additional ARC funds and all other terms and conditions remain in full force and effect.



Harry L. Roesch
Project Coordinator



Date

cc: Peggy Satterly

GRANT AGREEMENT between APPALACHIAN REGIONAL COMMISSION and BIG SANDY TELECOMMUTING SERVICES, INC.	
ARC Contract Number: KY-12014 Page 1 of 2	
Project Title: Big Sandy Telecommunications Project	
GRANTEE: Big Sandy Telecommuting Services, Inc. P.O. Box 155 317 Main St. Pikeville, KY 41502 Grantee's EIN: 61-1270338 Project Director: Sandra Saad Telephone Number: 606/886-2374	ARC Project Coordinator/Telephone Number: Harry Roesch 202-884-7774 Fax Number: 202-884-7682 State Administration and Liaison Officer: Peggy Satterly 502-573-2382
Part I - Special Provisions	

1. Statement of Purpose; Incorporation of Proposal. This agreement implements a grant made under the authorities in Section 302 of the Appalachian Regional Development Act of 1965 (ARDA), as amended, to provide funds to continue support for the Big Sandy Telecommunications project. Grant funds will be used to provide general administrative services associated with operating Grantee's "Televillage" facility and for the acquisition of supplies, equipment and furnishings for the new center.


This project shall be carried out in general accord with Grantee's proposals, dated July 13, 1998, as supplemented by correspondence from Grantee dated August 14, 18, 21, and 24, 1998, all of which is incorporated by this reference as Supplement A to Part I. To the extent the Articles of this grant agreement conflict with the incorporated proposal, as supplemented, the Articles shall control.

2. Order of Precedence. This grant agreement is subject to the provisions of the ARDA, the ARC Code, these Special Provisions (Part I), the attached General Contract and Administrative Provisions (Part II), and any incorporated Supplements. Any conflicts among these provisions shall be resolved giving precedence to these authorities in the order in which they are listed above.

ARC Contract Number: KY-12014

Page 2 of 2


3. Reports. A progress report for each 120-day period and a final report are required under this agreement (see Part II, Article 4).
4. Consideration and Method of Payment.
- A. Total. For the complete and satisfactory performance of this grant agreement, as determined by ARC, Grantee shall be paid by ARC a total sum not to exceed \$253,530 of actual, reasonable and eligible project costs. Grantee shall pay or cause to be paid the non-ARC share of \$363,862 in cash, contributed services, or in-kind contributions, as approved by ARC.
- B. Method. Progress and advance payments not to exceed 90% of total ARC-approved funds are authorized under this agreement. Upon Grantee's satisfactory completion of the agreement, Grantee shall receive any balance of funds which may be due under this agreement (see Part II, Article 11).
5. Budget. Costs will be determined in general accord with the budget (which is attached as Supplement B to Part I and hereby incorporated into this agreement), subject to the terms of this grant agreement and to pertinent ARC Code provisions.
6. Period of Performance. The period of performance for this project is January 1, 1998 through June 30, 1999.



CHARLES S. HOWARD
General Counsel

9/21/98

Date



Grantec's Authorized Representative

9/28/98

Date

APPLICATION FOR
FEDERAL ASSISTANCE

2. DATE SUBMITTED

Applicant Identifier

1. TYPE OF SUBMISSION:

Application

☐ Construction☒ Non-Construction

Preapplication

☐ Construction☐ Non-Construction

3. DATE RECEIVED BY STATE

State Application Identifier

4. DATE RECEIVED BY FEDERAL AGENCY

Federal Identifier

5. APPLICANT INFORMATION

Legal Name

Big Sandy Telecommuting Services, Inc.

Organizational Unit

Non-profit

Address (give city, county, state, and zip code):

P. O. Box 155

317 Main Street

Pikeville, Kentucky 41502

Name and telephone number of the person to be contacted on matters involving this application (give area code)

Sue Fultz 606-886-2374

6. EMPLOYER IDENTIFICATION NUMBER (EIN):

6 1 - 1 2 7 0 3 3 8

8. TYPE OF APPLICATION:

☐ New☒ Continuation☐ RevisionIf Revision, enter appropriate letter(s) in box(es): ☐ ☐

A. Increase Award

B. Decrease Award

C. Increase Duration

D. Decrease Duration Other (specify):

7. TYPE OF APPLICANT: (enter appropriate letter in box)

N

A. State

H. Independent School Dist.

B. County

I. State Controlled Institution of Higher Learning

C. Municipal

J. Private University

D. Township

K. Indian Tribe

E. Interstate

L. Individual

F. Intermunicipal

M. Profit Organization

G. Special District

N. Other (Specify) Non profit

9. NAME OF FEDERAL AGENCY:

Appalachian Regional Commission

11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT:

Big Sandy Telecommuting Services, Inc.

10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER:

2 3 - 0 0 1

TITLE:

12. AREAS AFFECTED BY PROJECT (cities, counties, states, etc.):

Pike, Floyd, Johnson, Martin and
Magoffin Counties, Kentucky

13. PROPOSED PROJECT:

Start Date

10/96

Ending Date

9/97

14. CONGRESSIONAL DISTRICTS OF:

a. Applicant

5th

b. Project

5th

15. ESTIMATED FUNDING:

a. Federal \$ 200,000 .00

b. Applicant \$.00

c. State \$.00

d. Local \$ 20,000 .00

e. Other \$.00

f. Program income \$ 93,600 .00

g. TOTAL \$ 313,600 .00

16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?

YES THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE
STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON:

DATE 9/18/96

b. NO. ☐ PROGRAM IS NOT COVERED BY E.O. 12372☐ OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW

17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?

☐ Yes If "Yes," attach an explanation.☒ No18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT, THE DOCUMENT HAS BEEN DULY
AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED

a. Typed Name of Authorized Representative

James Donald Wallen

b. Title

Chairman, Board of Directors

c. Telephone number

606-432-8833

d. Signature of Authorized Representative

e. Date Signed

9-18-96

ATTACHMENT A

PROJECT DESCRIPTION

Big Sandy Telecommuting Services, Inc. (BSTSI) is a service oriented, non-profit corporation located in Central Appalachia at Pikeville, Kentucky. The Corporation requests \$200,000 from the Commission through the "Telecommunication Initiative" to assist with working capital for the operation of its array of telecommunication services for a twelve-month period. BSTSI is presently at that critical point faced by most start up businesses, namely 'after the initial start-up but before solvency'. The ARC funds requested for this phase of the project will be expended for similar purposes as were the \$100,000 of Commission funds received in 1995. However, the requested assistance will secure and sustain the corporations achievements to date, and will allow a dramatic advancement toward fiscal self-sufficiency through the addition of critical staff in the areas of marketing and training.

To date, in addition to Commission funding assistance, the corporation has received \$150,607 in funding from the Rural Development Administration for the purchase of equipment which is presently in use. The project has been actively supported, both financially and organizationally, by Pike County. The City of Pikeville has provided both financial support and land for facility development. The Commonwealth, BellSouth, and many local contributors have donated financial support to the corporation during its start-up phase.

The corporation is now poised to be the catalyst for a viable and vibrant "televillage", stimulating all sectors of the community to better understand that aggressive utilization of the array of telecommunications services will create a positive future for the region. While the Corporation has already blazed many trails in this venture the most exciting and beneficial challenges lay ahead. The dawning awareness of the advantages of connectivity to the global marketplace is beginning to light the eyes and excite the minds of emerging entrepreneurs throughout the region. This phase of the corporation's growth will assure the region's budding entrepreneurs a technology-based incubator which will stimulate and sustain the growth of their businesses!

Funding requests for the facility development phase of this project, (involving the construction of a 2 story permanent facility in conjunction with area libraries, technical schools, the community college, and a private, four year college) is already secured or in final stages of review. Specifically, \$200,000 is pledged from the Brown Foundation and \$49,487 is allocated from Pike County Local Government Economic Development Funds. A full application to EDA for \$748,463 through the Sudden and Severe Economic Dislocation Program is under final review, and all indications are positive that these funds will be awarded. BSTSI has formed a working partnership with the Kentucky Department of Library

Future

PROJECT DESCRIPTION, continued

and Archives and the Pike County Library board to locate and construct the Center on property created by the famed "Pikeville Cut-Through" in conjunction with the new library.

Presently operating from the fourth floor of a downtown bank building, the Corporation is actively engaged in information transfer, application of technology, and associated training. Specifically, the corporation has established full service Internet Access; provides Internet classes to new and experienced 'surfers', develops and assists others to create 'home pages' and promotes marketing on the Internet. Additionally, the small staff, an executive director, administrative assistant, and a trainer have provided and assisted others in providing virtually all of the services envisioned by the telecommunications center. In part, these include:

Current Services

- * **skills training services:** "hands on training" for telecommunication equipment;
- * **business services:** shared computers, printers, fax, personnel and incubator space;
- * **information access:** on-line services and subscriptions to major databases;
- * **technical support services:** counseling in selection of appropriate platforms for specific applications and hands on assistance with equipment setup, maintenance, and usage;
- * **support services:** electronic mail via the Internet pop.
- * **interactive instruction service:** coordinate remote teaching, shared resources and teleconferencing;

>> Morehead State University is presently using the center for distance learning applications--specifically in its MBA program offerings; Pikeville College and Prestonsburg Community College have also expressed interest in sharing in distance learning and other applications,

The planned addition of a Marketing Director^① and an additional part-time^② trainer to be made possible with the funds requested will provide for the next level of growth for the Center. More specifically, the Marketing Director will help move the Center from adolescent growth to mature stability. The Marketing Director will facilitate a comprehensive marketing effort to sustain and expand continuing operations. In this process, he/she will develop electronic and conventional promotional materials to market the Center's services to potential users. By continually assessing the existing and potential markets, gathering interest in the market area and planning and implementing new applications and services, the Marketing Director will promote the BSTSI mission and vision throughout the service region.

New Staff

It is apparent that providing services to match the demonstrated needs of the community are critical to the corporation, and that appropriate staffing is critical.

Based on accomplishment to date, the requested investment by the Commission in the development of Big Sandy Telecommuting Services Inc, is a real investment in the region's future!

PROJECT DESCRIPTION, continued

BUDGET - BUDGET NARRATIVE

Based on actual expenses for the stated period, it is now possible for BSTSI to project the budget for the period of October, 1996 to September, 1997 more accurately. Based on the actual expenditures, BSTSI has determined the shortfall for this 12 month period to be \$200,000 and is requesting this amount in ARC funding assistance, as follows:

PROJECT EXPENSES

1. Personnel	\$151,924
2. Space	22,800
3. Communication	96,156
4. Supplies/Presentation Materials	10,000
5. Advertising/Printing	5,000
6. Dues and Subscriptions	600
7. Insurance	4,000
8. Software	10,120
9. Travel	5,000
10. Professional Services	8,000

Total annual expenses \$313,600

BUDGET NOTES

1. Personnel - Includes salary and fringe benefits for the following positions: Executive Director, Administrative Assistant, Marketing Director, Training Specialist/full time, Training Specialist/part time ✓
2. Space - The interim center will continue to operate from its fourth floor suite in the TransFinancial Building in downtown Pikeville until the completion of the permanent facility, anticipated to be in the spring of 1998. The rental charge per month for these offices is \$1,900. ✓

3. Communications - Actual cost incurred for previous twelve month period: Telephone expense-\$11,400; Internet Lines-\$29,784; Internet T-1 -\$22,200; Internet Access-\$21,600; Video Conference T-1 - \$11,172

PROJECT REVENUE

1. Income Generated By Program Services	\$93,600 ✓
Internet Income	62,400
Video Conference Income	18,000
Skills Training Income	12,000
Presentation Income	1,200

(Note: The above figures were derived from our experience during the first full program year. It is reasonable to anticipate that the income generated by these program services will be very nearly the same during the next twelve months as for the last twelve months.)

2. Local Contributions	\$20,000
City of Pikeville	10,000
Pike County	10,000
3. ARC Investment	\$200,000
Total	\$313,600 ✓

The total working capital required for the program for the next twelve month period is \$313,600. Of this amount, the services provided by the program will generate \$93,600, the local contribution will be \$20,000 and BSTSI is requesting \$200,000 in ARC funds.

ATTACHMENT B

PROJECT BENEFITS:

All the counties in the Big Sandy Area of Kentucky are "distressed counties" with the recent exception of Pike County. Telecommunication services organized, facilitated, and/or provided directly by BSTSI have already begun to expand opportunities to access information, speed communication, and provide distance learning resources and will continue to enhance the quality of life for all citizens in these and neighboring counties. The activities of the corporation are becoming more of a catalyst for job development throughout the region, assisting in national initiatives such as the One Stop Career Development Program. These telecommunication services provided not only serve to assist the region in "catching up" with the rest of the state and the nation economically, but serve to further diversify the economic base, thereby better assuring a stable and growing economic future.

While no single economic sector can replace the loss to the regions economy, presently being experienced through the loss of coal jobs, the region is best served by long term development of a multifaceted array of economies. In this array, information and communication are considered by area leadership to offer the greatest return on investment. Big Sandy Telecommuting Services, Inc. responds to this vision of the best future for the region. Attainment of the mountain "televillage", until now a concept is becoming that real-time meeting place where people, both electronically and physically, gather to share ideas, conduct business, learn and communicate. The corporation's goals, more surely within our reach each successive day(!), redound to the can-do spirit of the region and at once provide a needed challenge to the region. Attainment of these goals will allow the leap-frogging of many of the time (duration) and time-honored restraints (e.g. transportation) on development in this area. To date, the actions of the corporation have begun to generate an enthusiasm among young adults and business leaders alike -- and this kindling of hope -based in reality- for a positive future, here, at home, is a significant benefit of the project in itself!

Also, the programs and facilities of the corporation are becoming crucial to families in this region who are geographically far removed from opportunities others take for granted. Considering factors of educational attainment, per-capita and household income, and overall economic strength, the area still lags well behind the remainder of the state and the nation as a whole. The quality of life and the basic livelihood of every area resident is impacted by this problem of isolation. The state-of-the-art telecommunications programs and projects of BSTSI provides the vital hardware and software infrastructure and the necessary leadership needed to remove the barriers and permit the region to participate and excel in the American mainstream of business and economics, health services, education, and government services.

A report recently released by the National Telecommunication Information Administration (NTIA) of the US Department of Commerce states that only 4.5 of the rural poor have computers and these rural poor are the most information disadvantaged. This is an acknowledged reality in the Big Sandy region. The NTIA study recommends the creation of public "safety nets" (e.g., public schools, libraries and other *community access centers*) to "provide, at least for the interim period, a means of electronic access to all those who might not otherwise have such access". BSTSI will create this "safety net" for the Big Sandy region's citizens through the establishment of its telecommuting programs and center. Due to the Big Sandy Area's mountainous terrain and low income levels, true education - government - library network access is critical if socio-economic conditions are to improve, and the goals of a nation-wide, state implemented "welfare reform" are to be even minimally achieved in this region.

Big Sandy Telecommuting Services, Inc. brings resources, data, information, and expertise to the region through its telecommunications services. This integration of services constitutes a non-traditional industry for the region, and portents to change the way "we do business" in virtually every part of the economy in Eastern Kentucky. The corporation will provide training and retraining in and by means of telecommunications, helping displaced workers, unemployed and under-employed individuals to successfully transition to an economy based on state-of-the-art technology and the information highway. In addition, as businesses expand their use of the corporation's teleconferencing services, valuable operating revenues are generated which will then be re-invested to further expand the corporation's capacity to serve the area.

The anticipated benefits of the project for new job creation, both direct and indirect, as a result of this Project are virtually unlimited. The Project provides the up-to-date technological base and openness to innovation which often serves as the primary incentive for new businesses to locate in the region.

It is estimated that approximately 450-500 new spin-off jobs will be created in the initial years of the Project's full implementation in the Big Sandy Area alone. These jobs will be in various fields. Some examples of the potential job spin-offs in our targeted service fields are:

HEALTH: Medi-Link, a telecommunication link up with large out-of-the-area hospitals and medical specialist for diagnostic and informational purposes, will create a need for new technical personnel in health departments, physician offices, health clinics and hospitals in the region. Managed care is on the horizon for all areas of the nation, but is in the final planning stages in Kentucky. True managed care is unthinkable unassisted by telecommunications. An estimated 10 new jobs will be created.

EDUCATION: As tele-conferencing opens up access to world-wide educational resources, a need for technical personnel is being created throughout the education community. Colleges, libraries, Tech Schools, as well as local school systems will expand classes offered, training opportunities provided and seminars and workshops presented. An estimated 10-15 new jobs will be created.

HUMAN SERVICES: A combined social services program involving electronic benefits transfer, via a "Smart Card" has been studied and planned in the region. Under this program, individuals receiving public assistance will be issued a debit card, similar to a credit card. This card will be used to purchase food, housing, utilities, etc. This new program will necessitate BSTSI technical assistance and training of individuals to administer the program. BSTSI will also retrain some existing personnel thereby enhancing their

positions. With the new welfare reform act just passed by Congress, the Smart Card concept has unlimited potential. An estimated 400 new jobs/job upgrades will be created.

COTTAGE INDUSTRIES: With BSTSI's desktop publishing and Internet capabilities, it is anticipated that "cottage industries" will flourish. An estimated 25 new cottage industries will be established within the next 2 years.

JUDICIAL: Personnel training and equipment hook-ups provided by BSTSI will facilitate the judicial system's capabilities to conduct arraignments and other court procedures without transporting inmates from jails to courthouses. This new way of processing judicial procedures will create a need for new technical positions in the judicial system in the first two years. An estimated 10 new jobs will be created.

Geographic boundaries have all but lost their meaning in this present, ever-expanding, communication age. In this remote mountainous area where conventional economic development does not work well, the prospects of overcoming geographic boundaries and having the capacity to access and transmit ideas and information nearly instantaneously provides hope, excitement and promise for creating and sustaining regional economic growth. Thereby, virtually every citizen in this Big Sandy Valley region will benefit from the programs, services, and facilities of Big Sandy Telecommuting Services, Inc.



APPALACHIAN
REGIONAL
COMMISSION

*A Proud Past,
A New Vision*

PROJECT ANNOUNCEMENT

Project Title/No.: Big Sandy Telecommunications Project, KY ^{12014 C/}~~12012~~-97-~~12012~~302-1001,
Telecommunication Regional Initiative

Grantee: Big Sandy Telecommuting Services

Local Contact: Sue Fultz 606-886-2374 **Congressional District:** 5

Funding:

ARC: \$200,000
Federal:
State:
Local: 113,600
Total: \$313,600

NOV 26 1996

WASHINGTON, D.C.--The Appalachian Regional Commission announced today the approval of a \$200,000 grant to Big Sandy Telecommuting Services to expand the organization's "televillage" program, which provides a variety of regional public and private telecommunications services to residents and organizations in the five counties of Pike, Floyd, Johnson, Martin, and Magoffin.

The project, which was initially developed and coordinated by community-based teams, meets the unique needs of the region and serves as a center for the exchange of information and services. Such services include: Internet training and web page development; access to online services; e-mail access and training; distance learning; and teleconferencing. Partnerships have been developed with Morehead State University, Kentucky Department of Library and Archives and the Pike County Library Board.

This grant will expand services to individuals, businesses, educational institutions, and public-sector agencies. The grantee will also continue to pursue partnerships with area hospitals to advance telemedicine applications, as well as continue to strengthen partnerships with educational institutions to promote shared-resources, distance learning and teleconferencing.

Total project cost is \$313,600, with a local contribution of \$113,600.

ARC funding for this project is provided through a special ARC regional initiative which targets funds to improve access to and use of telecommunications in Appalachian communities.

 *** TX REPORT ***

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Post-it® Fax Note	7671	Date	3/27/03	# of pages	19
To	Mike Presson	From	I. Rickard		
Co./Dept.	T + A	Co.			
Phone #		Phone #	(202) 884-7675		
Fax #	(502) 245-0725	Fax #	7696		

ARC Contract No. 95-105
KY-12014-95-I-302-0327

GRANT AGREEMENT

Between

BIG SANDY TELECOMMUTING SERVICES, INC.

and

THE APPALACHIAN REGIONAL COMMISSION

This grant agreement consists of the following:

1. Cover Letter, attached
2. Part I -- Special Provisions
3. Supplement A to Part I
4. Part II -- General Contract Provisions
5. Part III -- Administrative Provisions

PART I -- SPECIAL PROVISIONS

ARTICLE 1.

PARTIES.

1-1

(1) The term "Grantee" refers to Big Sandy Telecommuting Services, Inc., P.O. Box 155, Pikeville, Kentucky 41501. Hereinafter, Grantee may also be referred to as "Contractor."

(2) The Grantee's Project Director (see Part III -- Administrative Provisions, Article 8) is Ms. Anne Chaney, at the above address, telephone number 606-886-2374.

1-2

(1) The "Commission" refers to the Appalachian Regional Commission (ARC), 1666

 *** TX REPORT ***

TRANSMISSION OK

TX/RX NO 0046
 CONNECTION TEL 85022450725
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 RESULT OK

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Project - General: KY-12014-0 -I

Project	Grantee	Location	Funding	Payment	Notes	Performance
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ID: 8605

Payment #	Payment Date*	Payment Type*	Payments Fulfillment(s)		Payment (
			Payment Amount(\$)*		
0	8/31/1995	Obligation	\$100,000.00	I	
0	1/8/1997	Obligation	\$200,000.00	CA	
1	1/31/1996	Progress	\$-29,616.80		
2	4/5/1996	Progress	\$-17,578.08		
3	6/13/1996	Progress	\$-22,715.56		
4	9/16/1996	Progress	\$-19,126.07		
5	9/26/1996	Advance	\$-10,963.49		
6	1/8/1997	Progress	\$-100,000.00		
7	5/19/1997	Progress	\$-50,000.00		
8	12/9/1997	Progress	\$-30,000.00		
9	1/6/1998	Progress	\$-15,000.00		
10	4/18/2001	Final Payment	\$-5,000.00		
BALANCE			\$0.00		



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Project	Grantee	Location	Funding	Payment	Notes	Performance
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ID: 8605

Payments Fulfillment(s)

Payment #	Payment Date*	Payment Type*	Payment Amount(\$)*	Payment (
0	8/31/1995	Obligation	\$100,000.00	I
0	1/8/1997	Obligation	\$200,000.00	CA
1	1/31/1996	Progress	\$-29,616.80	
2	4/5/1996	Progress	\$-17,578.08	
3	6/13/1996	Progress	\$-22,715.56	
4	9/16/1996	Progress	\$-19,126.07	
5	9/26/1996	Advance	\$-10,963.49	
6	1/8/1997	Progress	\$-100,000.00	
7	5/19/1997	Progress	\$-50,000.00	
8	12/9/1997	Progress	\$-30,000.00	
9	1/6/1998	Progress	\$-15,000.00	
10	4/18/2001	Final Payment	\$-5,000.00	
BALANCE			\$0.00	

Post-it® Fax Note 7671		Date 3/26/03	# of pages 10
To Mike Presson		From I. Rickard	
Co./Dept. T+A		Co. ARC GIG	
Phone # (502) 875-8112		Phone # (202) 884-7675	
Fax # (502) 245-0725		Fax #	



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Project - General: KY-12014-0 -C1

Project	Grantee	Location	Funding	Payment	Notes	Performance	
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ID: 62

Payments Fulfillment(s)

Payment #	Payment Date*	Payment Type*	Payment Amount(\$)*	Payment C
BALANCE			\$0.00	

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Project - General: KY-12014-0 -C2

Project	Grantee	Location	Funding	Payment	Notes	Performance	
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ID: 23724

Payments Fulfillment(s)

Payment #	Payment Date*	Payment Type*	Payment Amount(\$)*	Payment (
0	10/8/1998	Obligation	\$253,530.00	
0	2/22/2002	De-Obligation	\$-82,015.07	
1	5/7/1999	Progress	\$-66,000.00	
2	2/22/2002	Final Payment	\$-105,514.93	
BALANCE			\$0.00	



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Project - General

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3 matching project(s) found. Click on Project # to edit Project. Click column name to sort.
0 matching **WITHDRAWN** project(s) found [Click to view](#)

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ID	PROJECT # ↑	TITLE	FY FUNDING	APPROVAL DATE	AMT. - ARC (\$)	STATUS	ADMIN AGENCY	COORDINATOR
23724	KY-12014-0 - C2	Big Sandy Telecommuting Center, Phase I	1998	9/16/1998	253530	Closed	Appalachian Regional Commission	Roesch, Harry
62	KY-12014-0 - C1	Big Sandy Telecommuting Center, Phase I	1997	11/26/1996	200000	Closed	Appalachian Regional Commission	Roesch, Harry
8605	KY-12014-0 - I	Big Sandy Telecommuting Center, Phase I	1995	7/26/1995	100000	Closed	Appalachian Regional Commission	Roesch, Harry

1 to 3 of 3

KY-12014-0-I

Withdraw ProjectCoordinator Admin Agency Project Goal Project Objective Project Category Project Type Project Purpose Regional Initiative Authority **Project Description**

Underwrites operational expenses, line charges, other general costs.

 Basic Agency Information (Non-ARC)Basic Agency Project Number Basic Agency Approval Date (i.e. mm/dd/yyyy)Basic Agency Obligated Date (i.e. mm/dd/yyyy)**POD Processing**Press Release Date (i.e. mm/dd/yyyy)

KY-12014-0-C2

Withdraw ProjectCoordinator Admin Agency Project Goal Project Objective Project Category Project Type Project Purpose Regional Initiative Authority **Project Description**

This project continues the operational support for the BSTSI for one more year. The grant primarily pays for traditional operational support services including salary, travel, equipment, supplies, consultant services, etc.

Save**Cancel****Delete X****Basic Agency Information (Non-ARC)**Basic Agency Project Number Basic Agency Approval Date (i.e. mm/dd/yyyy)Basic Agency Obligated Date (i.e. mm/dd/yyyy)**POD Processing**Press Release Date (i.e. mm/dd/yyyy)

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Project - General: KY-12014-0 -C2

Project	Grantee	Location	Funding	Payment	Notes	Performance	0
ID: 23724						New Grantee	Sele

Grantee's Name * Contact Person: Type of Grantee:* Employer ID Number (EIN): Phone: Fax: Email: **Grantee Address**Address City State Zip Code [Save](#)[Cancel](#)

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Project - General: KY-12014-0 -I

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The initial 2 phases of the project have been completed. The grantee established a telecommunications center contributed office space from a bank. The center provided an extensive amount of training over the past 5 year beginning and advanced courses in Cisco Network engineering, WEB site design, Internet training, continuing a variety of training programs in software to businesses and the government sector. The center operated an ex of services to the community on any subject concerning the use of computers, WEB site design, community bu development, and all types of technical assistance to the government, business, and general public. The grantee ISP in order to handle its own needs when its 'own ISP failed. The creation of an ISP resulted in a serious drain resources of the grantee, and after nearly 3 1/2 years the grantee was finally able to sell-off this aspect of the o telecommunications center, and return to the delivery of only telecommunication services as were originally pro offered a variety of telemedicine / telehealth services to nurses in the service area, and over 700 individuals pa programs on network engineering, computer repair, WEB page design, continuing education, and MBA classes directly responsible for the training of numerous displaced or disabled coal miners in computer repair, and man managers in the area initially received training at the Big Sandy Telecommuting Center. In late 1999 the center School of Osteopathic Medicine entered into an agreement to jointly co-locate and create a community telecomm The facility is nearing completion, and when it is completed the C2 phase of the project will be able to be closer ready to be closed.

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Project - General: KY-12014-0 -C1

View Project Note

The initial 2 phases of the project have been completed. The grantee established a telecommunications center contributed office space from a bank. The center provided an extensive amount of training over the past 5 year beginning and advanced courses in Cisco Network engineering, WEB site design, Internet training, continuing a variety of training programs in software to businesses and the government sector. The center operated an ex of services to the community on any subject concerning the use of computers, WEB site design, community bu development, and all types of technical assistance to the government, business, and general public. The grante ISP in order to handle its own needs when its 'own ISP failed. The creation of an ISP resulted in a serious drain resources of the grantee, and after nearly 3 1/2 years the grantee was finally able to sell-off this aspect of the o telecommunications center, and return to the delivery of only telecommunication services as were originally pro offered a variety of telemedicine / telehealth services to nurses in the service area, and over 700 individuals pa programs on network engineering, computer repair, WEB page design, continuing education, and MBA classes directly responsible for the training of numerous displaced or disabled coal miners in computer repair, and man managers in the area initially received training at the Big Sandy Telecommuting Center. In late 1999 the center School of Osteopathic Medicine entered into an agreement to jointly co-locate and create a community telecomm The facility is nearing completion, and when it is completed the C2 phase of the project will be able to be closer ready to be closed.

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Project - General: KY-12014-0 -C2

View Project Note

The project has been completed to the satisfaction of the Project Coordinator. Over the life of the project the gr telecommuting center, a Help Desk, trained over 500 people in Cisco Network Engineering principles, establish board Web page, provided training to over 200 individuals in computer repair, and Web page development, offe MBA programs through Morehead State University, and a variety of continuing educational programs to teache Eventually the Big Sandy Telecommuting Center became part of a medical school / local library / telecommutin is now serving the City of Pikeville as well as the surrounding 5 counties. The telecommuting center was respon establishment of stable ISP services that are now based throughout the service area of the project. The center a wide variety of services to the general public.



Post-it® Fax Note	7671	Date	3/27/03	# of pages	19
To	Mike Presson	From	I. Rickard		
Co./Dept.	T + A	Co.			
Phone #		Phone #	(602) 884-7675		
Fax #	(502) 245-0725	Fax #	7696		

ARC Contract No. 95-105
KY-12014-95-I-302-0327

GRANT AGREEMENT

Between

BIG SANDY TELECOMMUTING SERVICES, INC.

and

THE APPALACHIAN REGIONAL COMMISSION

This grant agreement consists of the following:

1. Cover Letter, attached
2. Part I -- Special Provisions
3. Supplement A to Part I
4. Part II -- General Contract Provisions
5. Part III -- Administrative Provisions

PART I -- SPECIAL PROVISIONS

ARTICLE 1.

PARTIES.

- 1-1
 - (1) The term "Grantee" refers to Big Sandy Telecommuting Services, Inc., P.O. Box 155, Pikeville, Kentucky 41501. Hereinafter, Grantee may also be referred to as "Contractor."
 - (2) The Grantee's Project Director (see Part III -- Administrative Provisions, Article 8) is Ms. Anne Chaney, at the above address, telephone number 606-886-2374.
- 1-2
 - (1) The "Commission" refers to the Appalachian Regional Commission (ARC), 1666 Connecticut Avenue, N.W., Washington, D.C., 20235.
 - (2) The Commission's Project Coordinator (see Part III -- Administrative Provisions, Article 9) for this agreement is Mr. Harry Roesch, at the above address, telephone number 202-884-7774.
- 1-3

State Administration and Liaison Officer. Tom Craighead, Assistant Director, Division of Development Finance, Department of Local Governments, 1024 Capitol Center Drive, Frankfort, Kentucky 40601-8024, is hereby designated as State Administration and Liaison Officer for this project. Grantee shall submit copies of all correspondence, reports, and requests for payment to ARC and simultaneously to the State Administration and Liaison

Officer. Mr. Craighead may be reached at the above address, telephone number 502-573-2382.

ARTICLE 2.

SCOPE OF SERVICES.

2-1

General.

2-1.1 Background; Statement of Purpose. This agreement implements a grant made under the authorities in Section 302 of the Appalachian Regional Development Act of 1965 (ARDA), as amended, to provide funds for the establishment of a telecommunication center in the Big Sandy Development District. The center is currently operating in temporary leased space and is providing advanced telecommunication services to a wide variety of users. It offers work force and educational training to the business, educational and medical communities. It will also offer demonstration programs, Bulletin Board access, E-Mail services, and technical assistance to the business community as well as to other citizens of the region. ARC funds will support personnel costs, rent and supplies.

2-1.2 Authorities/Order of Precedence. This grant is made subject to the provisions of the ARDA, the ARC Code, and the specific terms of this grant agreement in the order listed on page 1 of Part I, and any conflicts among these provisions shall be resolved giving precedence to these authorities in the order in which they are listed here.

2-1.3 Grantee's Responsibility. Grantee, as an independent contractor and not as an agent of the Commission, shall provide all personnel, facilities, supplies, and equipment necessary to carry out the specific tasks in Article 2-2.

2-1.4 Incorporation of Proposal. Grantee's proposal, submitted to the ARC on March 23, 1995, as amended by July 17 and June 21, 1995 letters and attachments from Anne Chaney to Harry Roesch, is incorporated by this reference and made a part of this agreement as Supplement A to Part I. A copy has been placed in the master contract file. To the extent the Articles of this grant agreement conflict with the incorporated proposal and amending material, the Articles shall control.

2-2

Specific Tasks. Grantee shall perform the following specific tasks: Establish and equip a telecommunications center in Pikeville, KY, which will provide telecommunications services, including but not limited to training in computer applications, demonstration programs, establishing a community bulletin board, and providing technical support to businesses and individuals.

2-3

ARC Right to Request Refinement. ARC reserves the right to require Grantee, upon reasonable notice, to submit detailed work plans for, or to refine proposal provisions relating to, any activities and work to be performed under this agreement. Grantee agrees, after receipt of such notice under this Article, to provide such work plans and/or refinements of the proposals within a reasonable time. No costs pertaining to such activities or work shall be eligible project costs until ARC approves such plan or refinement.

2-4

Detailed Budget.

(1) Within thirty (30) days after execution of this agreement, Grantee shall submit a revised and detailed budget for the work to be carried out under this agreement.

(2) Prior to submission of the budget to ARC, no costs shall be eligible for reimbursement except those costs directly related to the preparation of such budget. Within one week after receipt, ARC shall complete a preliminary review of the budget and shall immediately advise the Grantee either that the budget is unacceptable or that it is preliminarily approved. After such preliminary approval by ARC, the Grantee may proceed with work on the project immediately with such modifications in the budget as requested by ARC. Thereafter, only those costs which are incurred in accord with the approved budget shall be eligible for reimbursement.

2-5

Indemnification. Notwithstanding any other provisions of this grant agreement, it is expressly agreed that:

(1) Grantee will carry out the program under this grant agreement as an independent contractor and not as agent of the Commission;

(2) Grantee assumes sole and complete responsibility for the conduct of the program in such a manner as to assure the safety and welfare of all persons participating in or in any way involved in, or affected by, any activities conducted under this grant agreement;

(3) The Commission, by its provision of funds for this project, undertakes no responsibility in this regard;

(4) Grantee shall indemnify and save harmless the Commission, its agents, officers and employees, from and against any and all claims, demands, suits, judgments, settlements, etc., for sums of money for or on account of personal injuries, property damage, or loss of life or property of any persons arising from or in any way connected with the performance of the project covered by this agreement; and

(5) Further, the Grantee expressly releases the ARC from any liability for any losses or damages suffered by Grantee, directly or indirectly, from or in any way connected with the performance of this grant agreement.

2-6

Project Personnel. ARC reserves the right to approve or disapprove the selection or continued participation of any personnel supported with funds made available under this grant agreement.

2-7

Grantee Assurances; Conduct of Grant Activities.

2-7.1 Compliance with Applicable Laws. Grantee shall assure that all provisions of applicable federal, state, and local laws shall be complied with in the conduct of activities under this grant agreement. Grantee shall take appropriate steps to insure fair and non-discriminatory procedures for the selection of participants. Grantee shall assure that no person shall, on the grounds of race, color, national origin, or sex, be excluded from

participation in, be denied the benefits of, or be subjected to discrimination under the program or project assisted with funds under this ARC grant agreement. In addition, Grantee shall assure that no otherwise qualified individual with handicaps, as defined in 29 U.S.C. 706(8), shall solely by reason of such handicap(s), be excluded from participation in, be denied the benefits of, or be subjected to discrimination under the funds provided by this ARC grant agreement.

2-7.2 Noncompliance. The ARC reserves the right to suspend or terminate this agreement in the event that applicable federal, state, and local laws and regulations are not complied with. Such right shall not be exclusive and does not affect rights and remedies provided elsewhere by law, regulation, or agreement.

2-8 Contracting Procedures. In contracting for services and/or purchasing equipment under this agreement, Grantee shall assure that (1) all contracting shall be at prices and on terms most advantageous to the Grantee and to the project; and (2) all interested parties shall have a full and fair chance at doing business with the Grantee. Grantee shall arrange for all contracting through competitive bidding, or, if permitted by state law, other negotiating and contracting procedures that will assure compliance with (1) and (2) above.

2-9 Retention of Rights in Equipment and Residual Supplies.

(1) Equipment.

(a) Title to equipment purchased with grant funds resides with the Grantee and assignees and successors approved by ARC, but the equipment must be accounted for during and after the end of the project period. Accountability may be satisfied by continued use during its useful life in the same or other projects related to objectives of the ARC, as approved by ARC. If the equipment is disposed of or transferred during its useful life to a use outside the scope of the ARC objectives, an amount equal to the resale value or the value of the ARC share at the time of disposal must be deposited in the grant account if still open, or the federal share must be refunded to ARC or an ARC-designated successor. ARC reserves the right to transfer such equipment and title thereto or other interest therein, to ARC, or an agency of the federal government or to another Grantee, in the event equipment, leased or purchased with funds under this agreement, is no longer used primarily for the purposes for which it is dedicated under this agreement, or is not used in substantial accord with the applicable provisions of this agreement.

(b) It is the intent of the Commission that equipment, approved by ARC for acquisition, shall be retained in the possession of the Grantee and any assignees or successors approved by ARC only so long as it is used primarily for the purposes of the project, as outlined in this agreement. In the event that any such equipment is no longer being used primarily for the purposes for which it is intended under this agreement, Grantee shall notify ARC of such fact. Grantee shall place appropriate provisions guaranteeing use for intended purposes in any agreements entered into with regard to this project. It shall be Grantee's responsibility to monitor all use to ascertain that all such equipment is being used primarily for the purposes outlined herein. Grantee may propose to ARC that the equipment be transferred to another agency or entity which could utilize it for the purposes outlined in this agreement. Such transfers shall be subject to prior approval by the ARC Project Coordinator and to the reservation of rights in ARC under (a) above.

(2) Residual Supplies. Title to supplies and other expendable property shall vest in the Grantee upon acquisition. If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project and the supplies are not needed for any other federally-sponsored project or program, the recipient shall retain the supplies for use on non-Federal sponsored activities or sell them, but shall, in either case, compensate the Commission for its share. The amount of compensation shall be computed in the same manner as for equipment.

2-10

Reports.

2-10.1 Progress Reports. Grantee shall prepare and submit to the ARC Project Coordinator, in three copies, quarterly progress reports indicating the work accomplished under the agreement to date, any problems encountered and ameliorative actions taken, and a forecast of work for the next report period.

2-10.2 Final Report.

(1) Draft; Contents. Within one (1) month after the period of performance (see Article 4), Grantee shall prepare and submit to the ARC Project Coordinator for approval, three copies of a draft final report of all work accomplished under this agreement including recommendations and conclusions based on the experience and results obtained.

(2) Draft; Organization. The draft report shall be organized so as to clearly indicate, by reference to grant agreement Articles and subsections, the specific grant agreement requirements that each section of the draft report is addressing. The draft report shall contain a Table of Contents or similar listing of contents which shall indicate by reference to specific pages in the draft report the portion of the report that addresses specified grant agreement provisions.

(3) Review. After ARC review of the draft final report, which will be completed within 15 days after submission by the Grantee, the Commission will either (a) return to the Grantee the approved draft with such comments, including any requirements or suggestions for modifications as deemed necessary, or (b) require resubmission of the draft report if it is deemed necessary, in which case Grantee shall, within 15 days, submit another draft for review and comment.

(4) Final Submission. Within 15 days after receipt of the approved draft final report, the Grantee will prepare and submit to the Commission, through the ARC Project Coordinator, 5 copies of the approved report and a reproducible master.

ARTICLE 3.

CONSIDERATION AND METHOD OF PAYMENT.

3-1

Total. For the complete and satisfactory performance of this grant agreement, as determined by ARC, Grantee shall be paid by ARC a total sum not to exceed \$100,000, or 57% of actual, reasonable and eligible project cost, whichever is less. Grantee shall pay or cause to be paid the non-federal share of \$74,114 (43%) in cash, contributed services, or in-kind contributions, as approved by ARC.

3-2 Basis for Determination. Costs will be determined in general accord with the budget which Grantee is required to submit under Article 2-4, subject to the terms of this grant agreement and to pertinent ARC Code Provisions.

3-3 Method of Payment.

3-3.1 Progress Payments. Grantee may receive progress payments (1) on the basis of the work performed; (2) upon ARC concurrence as to reasonableness of costs and submission of Form SF 270 (Request for Advance or Reimbursement); (3) upon submission to ARC of, and with the same frequency as, progress reports; and (4) upon determination by the ARC that the requirements of the agreement are being met. The total of such progress payments shall not exceed \$90,000.

3-3.2 Final Payment. Upon Grantee's satisfactory completion of the agreement, Grantee shall receive any balance of funds which may be due under this agreement, estimated \$10,000.

ARTICLE 4.

EFFECTIVE DATE.

The effective date of this grant agreement is January 1, 1995. The period of performance January 1, 1995 is through December 31, 1996.