



BEAD SUBGRANTEE APPLICATION: FINANCIAL REQUIREMENTS

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INTRODUCTION



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AGENDA

1. Overview of financial requirements
2. Final notes



OVERVIEW OF FINANCIAL REQUIREMENTS

FINANCIAL REQUIREMENTS



The BEAD NOFO requests that states mandate several financial requirements as part of the subgrantee selection process. Wyoming's requirements can be found in the [Initial Proposal Volume II \(IPvII\)](#) and are as follows:



Applicant financials

- Audited financial statements
- Financial institution letter of intent and Letter of credit or performance bond



Certifications

- Signed statement by an executive certifying the subgrantee applicant's qualifications



Project financials

- Pro forma
- Business Plan

Source: Wyoming IPvII (July 2024)

TENETS OF FINANCIAL CAPABILITY



In the financial capability section of the application, subgrantee applicants must prove they are or will:

1

Qualified to meet the obligations associated with a Project

2

Have funds available for all project costs that exceed the amount of the grant

3

Comply with all BEAD Program requirements, including service milestones

LETTER OF CREDIT OPTIONS



1

Letter of credit:

- Must equal at least 25% of subaward
- Option to reduce in stages at milestones

2

Credit union option:

- Must be insured by the National Credit Union Administration
- Safety rating of B- or better issued by Weiss required

3

Alternative:

- Option to provide letter of credit equal to at least 10% of subaward
- Reimbursement for periods of no more than six months
- Must maintain LOC until completing the buildout of 100% of locations are served by the project or period of performance ends, whichever occurs first

Source: Wyoming IPVII (July 2024)

PERFORMANCE BOND OPTIONS



1

Performance bond:

- 100 percent of subaward
- Option to reduce in stages at milestones

2

Legal opinion waived for performance bonds

3

Alternative:

- Option to provide letter of credit equal to at least 10 percent of subaward
- Reimbursement for periods of no more than six months
- Must maintain performance bond until completing the buildout of 100 percent of locations are served by the project or period of performance ends, whichever occurs first

Source: Wyoming IPVII (July 2024)

BUSINESS PLAN



For each project area, the subgrantee applicant should provide a business plan that includes:

- Project costs demonstrates financial soundness of buildout estimates by summarizing and breaking down project expenditures
- Pro forma that demonstrates long-term financial sustainability of project and includes at a minimum estimated capital and operating expenditures (e.g., labor, materials, regulatory costs, etc.) and revenue from BEAD-deployed infrastructure
- Budget narrative that details critical assumptions and overall approach

Source: Wyoming IPVII (July 2024)

PROJECT COST BUDGET



The purpose of the project cost budget is to provide a view into the estimated buildout costs of the proposed project, and it is required by NTIA for each subgrantee applicant.

The project budget establishes the soundness of estimated financial obligations for the buildout of the project. A template will be provided and incorporates key cost breakdowns such as:

- *Management of the Applicant's internal staff or third-party contractors*
- *Items pertaining to the design of the Applicant's proposed project*
- *Costs and fees associated with permitting*
- *Purchase of any land or infrastructure to facilitate the network deployment*
- *Deployment of the proposed network, excluding components exclusive to subscriber activations*
- *Purchase of network electronics and active equipment*
- *All cost associated with the connection of subscribers*
- *Contingency costs the applicant anticipates*
- *Any costs not captured by the other categories*

Source: Wyoming IPvII (July 2024)

PRO FORMA REQUIREMENT



The purpose of the pro forma is to provide a view into the project cash flows of the proposed project and it is required by NTIA for each subgrantee applicant.

Key financial metrics that establish the long-term sustainability of the project:

- Estimated capital and operating expenditures (such as labor, materials, and regulatory costs)
- Per the BEAD NOFO, assume a maximum four-year buildout, unless subgrantee applicant has committed to a faster buildout schedule (see for example NOFO p.18)
- The BEAD NOFO requires a minimum of three years of projected project cash flows past buildout

Source: Wyoming IPVII (July 2024)

PRO FORMA



- Key financial metrics that establish viability of the buildout of the project:
- Breakdown of costs
- Ensure eligibility of proposed costs

Proforma Financials

(enter Applicant Organization Name)
(enter CBG ID)



	Fiscal Year	1	2	3
Beginning Cash Balance		\$0	\$0	\$0

Operating Activities

Revenues				
Subscriber fees				
Operating expenses				
Plant maintenance				
Network equipment maintenance				
CPE maintenance				
Internet peering				
Customer support costs (CSRs, billing, admin, etc.)				
Net cash used in operating activities		\$0	\$0	\$0

PRO FORMA



- Key financial metrics that establish viability of the buildout of the project:
- Breakdown of costs
- Ensure eligibility of proposed costs

Investing Activities

Capital expenditures			
Physical plant construction			
Subscriber drop construction			
Core network electronics (passing-dependent)			
Distribution / access electronics (subscriber-dependent)			
Customer premises equipment			
Core and distribution electronics refresh			
Grant draws			
Net cash used in investing activities	\$0	\$0	\$0

Financing Activities

Loan proceeds			
Loan payments (P+I)			
Net cash used in financing activities	\$0	\$0	\$0
Annual Net Cash Flows	\$0	\$0	\$0
Ending Cash Balance	\$0	\$0	\$0

FINAL NOTES

QUESTIONS?



WEBINAR DATES



BEAD Grant Application Process

September 13, 2024
1:00 – 2:00 PM MT

BEAD Grant Project Plan (Technical Requirements)

September 19, 2024
1:00 – 2:00 PM MT

BEAD Grant Project Areas & Selection

September 23, 2024
1:00 – 2:00 PM MT

BEAD Application Scoring Criteria

September 30, 2024
1:00 – 2:00 PM MT

BEAD Application Financial Capability

October 7, 2024
1:00 – 2:00 PM MT

BEAD Application Portal Deep Dive

October 14, 2024
1:00 – 2:00 PM MT

BEAD Grant Application Q&A

November 4, 2024
1:00 – 2:00 PM MT

FOR MORE INFORMATION



<https://wyomingbusiness.org/broadband/>

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