

STATE OF NORTH CAROLINA

Subgrantee Selection Guidance for Last-Mile Broadband Deployment Projects

BROADBAND EQUITY, ACCESS, AND DEPLOYMENT (BEAD) PROGRAM

The guidance document titled above was published by the NC Department of Information Technology (NCDIT) on July 11, 2025, with updates published on August 1, 2025 during the initial Benefit of the Bargain application round for the Broadband Equity, Access and Deployment (BEAD) program. Below is the updated Appendix A and Appendix B published August 7, 2026 addressing additional materials needed from preliminarily approved awardees prior to contracting of awards.

APPENDIX A – FINANCIAL COMMITMENT

Under the BEAD Program, the National Telecommunications and Information Administration (NTIA) requires demonstration of financial commitment by broadband providers participating in the program. The Letter of Credit (LOC) and the [conditional waiver](#) requirement are a form of financial security meant to protect taxpayer funds by ensuring that subgrantees have the capability of fulfilling the broadband deployment obligations. This commitment is separate from the program's requirement of matching funds. Session Law 2024-55 Section 10.2.(d) authorized the BEAD grants as "fixed amount subawards for purposes of the federal requirements within the meaning of the Policy Notice on Tailoring the Application of the Uniform Guidance to the BEAD Program issued by the NTIA. The Broadband Infrastructure Office (office) shall further make available to awardees all options available under the BEAD Letter of Credit Waiver issued by NTIA." The office incorporated all the alternatives into the approved Initial Proposal Volume 2 and will continue to offer all the alternatives consistent with Session Law 2024-55.

The Letter of Credit and conditional waiver options are listed below. Additional information on materials to be submitted for these requirements will be forthcoming.

Option 1: Standard Letter of Credit (25% of Subaward)

This option requires a commitment letter for a LOC from a qualifying bank for an amount of no less than 25% of the subaward. The LOC must be substantially similar to the model letter of credit established by the FCC in connection with the Rural Digital Opportunity Fund (RDOF). Before the final grant agreement is signed, preliminarily approved awardees must also be prepared to submit an opinion letter from legal counsel regarding the treatment of the LOC in a bankruptcy proceeding.

Option 2: LOC from a Credit Union

This option requires a commitment letter for an LOC from a credit union insured by the National Credit Union Administration (NCUA). The LOC must be for an amount no less than 25% of the

subaward. The LOC must be substantially similar to the model letter of credit established by the FCC in connection with the Rural Digital Opportunity Fund (RDOF). Before the final grant agreement is signed, preliminarily approved awardees must also be prepared to submit an opinion letter from legal counsel regarding the treatment of the LOC in a bankruptcy proceeding.

Option 3: Performance Bond

This option requires a commitment letter for a Performance Bond from a surety company holding a certificate of authority as an acceptable surety on federal bonds, as identified in the Department of Treasury Circular 570. The Performance Bond must be for an amount equal to 100% of the total BEAD subaward. Per the [NTIA waiver notice](#), where a preliminarily approved awardee chooses this option, the requirement to provide an opinion letter from legal counsel regarding bankruptcy proceedings is waived.

Where a preliminarily approved awardee chooses to exercise the option to obtain a performance bond, they must obtain a performance bond within 60 days of entering into any subgrant agreement. If a performance bond has not been obtained prior to entering a subgrant agreement and should the Provisional Subgrantee fail to obtain the performance bond within 60 days, the subgrant agreement may be terminated.

Option 4: Reduction of LOC or Performance Bond

This option allows for the value of an initial 25% LOC or 100% Performance Bond to be reduced as the project meets specific milestones.

Option 5: Alternative Initial 10% LOC or 10% Performance Bond

As specified in the NTIA BEAD LOC Waiver Notice, this option requires the Provisionally Awarded Subgrantee to commit to maintaining an LOC or Performance Bond in the amount of 10% of the subaward until 100% of project locations are built out or the performance period ends, whichever occurs first. Further milestone-based reductions may not be applied to this option. Please note when selecting this option that funds will be distributed on a reimbursable basis and all reimbursements must be made for periods of no longer than six months. Submission of the Performance Bond 60 days after executing the subgrant agreement is available for this option.

Preliminarily approved awardees should be working with their qualifying bank or United States credit union and/or the bond holding company on these requirements in preparation to submit necessary documents for contracting.

APPENDIX B – ADDITIONAL TECHNICAL AND PROJECT MATERIALS

Additional Materials Collected after Preliminary Assignment for each Project:

This Appendix B expands on information provided in [Section 8. Tentative Awards](#) of the Subgrantee Selection Guidance for Last-Mile Broadband Deployment Projects.

Technical Capability and Requirements

As a requirement of the BEAD program and as outlined in the NOFO, each prospective subgrantee seeking funding to deploy or upgrade a broadband network had to certify that it is technically qualified to complete and operate broadband projects and that it is capable of carrying out funded activities in a competent manner. The purpose of the BEAD prequalification

process was to assess these technical capabilities (as well as financial, managerial and operational capabilities). As such, thirty-two companies successfully completed North Carolina's BEAD prequalification process.

In addition, as outlined in the NOFO, the BEAD program requires certain network capabilities for all funded networks. Information on basic network capabilities was collected through the initial application materials collected under the Benefit of the Bargain round.

After completion of the evaluation of applications, recommendations to NTIA, and negotiations with applicants, NCDIT received tentative approval of projects by NTIA. NCDIT subsequently notified applicants of these *preliminarily approved* projects. NCDIT subsequently received its BEAD award from NTIA which allows us to move forward with contracting of subgrantee projects.

Additional technical and project cost details must be collected and reviewed by NCDIT prior to execution of Subgrant Agreements – as outlined in this Appendix B. These additional materials must reflect the final project details (such as funding amount, BSLs, groupings, etc.) as they have been preliminarily approved by NTIA.

Projects Administered/Monitored at the Sub-Project/County-Level

As tentative awardees develop their final pre-contract materials, be aware that the office intends to monitor projects at the county-level for all wired and fixed wireless projects, although some limited exceptions may be considered. Initial BEAD applications were received at the county-level. During negotiations, some projects were combined and approved at a larger regional level. In general, for regional awards with multiple counties the intent is to contract the awards at the regional project level as approved by NTIA, but the award will be administered and monitored at the county-level as sub-projects within the larger award. This structure allows for reporting, monitoring and payments to be made at a more granular level. Once milestones are completed for one county, payments can then be requested as opposed to waiting for completion of work in all counties within a regional project. Pre-contract materials outlined in this Appendix B may be submitted for the overall award or at the sub-project level depending on the item. Clarifications are outlined in the description for each item below.

Additional Technical and Project Cost Materials

The BEAD NOFO states the following: "Prospective subgrantees must submit a network design, diagram, project costs, build-out timeline and milestones for project implementation, and a capital investment schedule evidencing complete build-out and the initiation of service within four years of the date on which the entity received the subgrant, **all certified by a professional engineer, stating that the proposed network can deliver broadband service that meets the requisite performance requirements to all locations served by the Project.** An Eligible Entity shall not approve any grant for the deployment or upgrading of network facilities unless it determines that the materials submitted to it demonstrate the prospective subgrantee's technical capability with respect to the proposed project."

In addition to the initial application materials submitted for the Benefit of the Bargain application round, applicants selected for preliminary assignment for projects must submit additional technical and cost details on individual projects prior to contracting. These additional materials must reflect the final project details (such as funding amount, BSLs, groupings, etc.) as the project has been preliminarily approved by NTIA and must align with any adjustments made to the initial project as a result of the negotiation phase. These additional materials include:

- **NC_BEAD_ProjectData (and Sub-Projects)**
- [*Network Design Diagram](#)
- [*Project Timeline Template for Build-Out](#)
- [*Project Costs Template](#)
- [*Professional Engineer Certification Template](#)
- **Capital Investment Schedule**
- **Pro Forma Statement**

**Requires review and certification by Professional Engineer (PE)*

Note that the BEAD NOFO requires that the Network Design Diagram, Project Timeline Template for Build-Out and Project Costs Template be certified by a professional engineer, stating that the proposed network can deliver broadband service that meets the requisite performance requirements to all locations served by the Project. NTIA's BEAD Frequently Asked Questions and Answers document (Q1.26) waives the professional engineer certification requirement for the Capital Investment Schedule. Also note that the BEAD FAQs document states that the professional engineer making certifications in connection with the Professional Engineer Certification Requirement may be licensed in any of the 56 Eligible Entities (states and territories eligible for BEAD).

Documents Required:

The documents below must be completed for the relevant projects that have received preliminary assignment as outlined below.

- **NC BEAD ProjectData (and Sub-Projects)**: Preliminary awardees are being provided a Project Data spreadsheet containing data for the preliminarily-approved project including BSLs in the project and CAIs as applicable. For projects in one county only, this spreadsheet just needs to be reviewed to understand what has been awarded. For projects with multiple counties, the BEAD support and match must be broken out by sub-project. See the ReadMe tab in the worksheet for exact instructions. (This worksheet will be provided to each preliminary awardee via email.)
- **Network Design Diagram**: This documentation can be the same network design diagram submitted as part of the Project Technical Plan and Evidence Submission for this application, or a more detailed design. Regardless, the network design diagram must be reviewed by a Professional Engineer and resubmitted to include with the Professional Engineer certification. There is no required template for this document, but a sample is linked above. Designs may be submitted at the project or sub-project level.
- **Project Timeline Template for Build-Out**: Using the Project Timeline Template provided, upload a detailed project timeline demonstrating deployment timelines and milestones that reflect a construction and installation process of no longer than four years, including planning/engineering, Environmental & Historic Preservation (EHP) review, permitting/make ready, procurement, construction, installation, network turn-up and testing, and service initiation. The timeline template must be reviewed by a Professional Engineer and should be submitted with the Professional Engineer certification. The template may be completed at the project or sub-project level.
- **Projects Costs Template**: Using the Project Costs Template provided, upload documentation of project costs, operational costs, and budgets that connect these showings to other sections of the application to create a comprehensive description of

the proposed project and demonstration of its technical and financial feasibility. Project costs should align with the budget narrative provided with the initial application. The projects cost template must be reviewed by a Professional Engineer and submitted with the Professional Engineer certification. The template may be completed at the project or sub-project level.

- **Professional Engineer Certification Template:** As outlined above, review and certification from a professional engineer is required for the **Network Design Diagram, the Project Timeline Template for Build-Out and the Project Costs Template.** Using the Professional Engineer Certification Template provided, upload a PDF document signed by a currently licensed Professional Engineer stating that the proposed network can deliver broadband service that meets the requisite performance requirements to all locations served by the Project. The applicant is not required to use this exact template, but the Professional Engineer certification must include the general statement outlined in this template as required by the BEAD NOFO. The signed original document must be retained in accordance with program rules. The office may also request documentation of the Professional Engineer's licenses as well as any written reports, letters, or analysis provided by the Professional Engineer regarding the proposed project.
- **Capital Investment Schedule:** Applicants with preliminarily approved projects must provide a capital investment schedule reflecting financial feasibility of all BEAD-funded projects. The schedule should reflect assets and costs during at least the four-year life of the project(s). A brief narrative explaining the schedule in relation to the BEAD funding is requested. Information may be provided on a per project basis or for all preliminarily approved projects combined. (No template for this information is provided so that applicants may utilize outputs from their own systems.)
- **Pro Forma Statement:** Applicants with preliminarily approved projects must submit information addressing the sustainability of the proposed project(s). This information can be provided in the form of business plans and related analyses that address anticipated revenue and operating expenses and substantiate the sustainability of the proposed project(s). Information can include pro forma statements or analyses, inclusive of cash flow and balance sheet projections and should include at least three years of operating cost and cash flow projections post targeted completion of project. Information may be provided on a per project basis or for all preliminarily approved projects combined. (No template for this information is provided so that applicants may utilize outputs from their own systems.)