



ARConnect

The Arkansas State Broadband Office

Arkansas BEAD Program

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Final Proposal Questions

1. How long will it take NTIA to approve the Final Proposal once submitted?
There is no specified timeline for approval once the Final Proposal is submitted. Several levels of approval are needed. First, NTIA will approve the Final Proposal. Then, the National Institute of Standards and Technology (NIST) must authorize the use of funding. Finally, the Arkansas General Assembly needs to approve the Final Proposal before the subgrant agreements can be executed.

Preliminary Selectee Questions

2. Will selectees have an opportunity to review a draft subgrant agreement?
Yes. ARConnect is currently drafting a subgrant agreement which will be available for review once completed.

Letter of Credit Questions

3. What are the letter of credit or performance bond waiver options?
NTIA released a [Letter of Credit Waiver Notice](#) in 2023 specifying different waiver options for the letter of credit (LOC) requirement. Section 2.2 of this notice allows applicants to obtain a performance bond in a value of no less than 100 percent of the subaward amount. Additional options available to applicants are as follows:

Option 1: Section 2.3 Reduction of LOC/Performance Bonds Upon Completion of Milestones

Applicants who obtain an LOC with a value of no less than 25% of the subaward amount or a performance bond with a value of no less than 100% of the subaward amount may obtain a new LOC or performance bond at a reduced amount upon achievement of specific milestones determined by ARConnect.

Option 2: Section 2.4 Subgrantee Option for Alternative Initial LOC or Performance Bond Percentage

Applicants may obtain an LOC or performance bond in an amount not less than 10% of the subaward amount. Under this option, funding must be issued on a reimbursable basis which matches ARConnect's use of the fixed amount subaward structure. Reimbursement must be for periods of no more than six months. Under Section 2.4, applicants may not reduce the value of the LOC or performance bond.

4. Is the 25% letter of credit requirement under section 2.3 of the Letter of Credit Waiver the same as the waiver for the 25% match requirement?

No. The letter of credit and match commitment are two separate requirements for the BEAD Program.

5. If an applicant obtained a letter of commitment for a LOC worth 10% of the subaward amount, will they be required to change the value to 25%?

No. Applicants may choose whether they would like to obtain an LOC worth 25% of the subaward amount or a LOC worth 10% of the subaward amount. Note that when an applicant opts for an LOC worth 10% of the subaward amount, they must file for disbursement every six months, and they may not reduce the value of the LOC as project milestones are met.

6. If an applicant exercises Section 2.3 of the Letter of Credit Waiver, is the applicant required to maintain a certain value through project closeout?

Applicants may terminate the LOC or performance bond prior to project closeout only once 100% of the buildout is complete.

As stated in NTIA's [Letter of Credit Waiver Notice](#):

Upon demonstrating to the satisfaction of the Eligible Entity that it has completed the buildout of 100 percent of locations to be served by the project, a subgrantee may terminate its letter of credit.

7. Can an applicant obtain one performance bond per project?

Yes. However, please keep in mind that there will only be one subgrant agreement per awardee.

Match Requirement Questions

8. Will ARConnect accept waiver requests, with evidence, for the 25% match requirement?

Yes. However, Arkansas **does not** have the authority to approve a waiver for the match requirement. Arkansas will need to send the request to NTIA for approval.