

HSNV PHASE III
NEVADA BEAD
FINANCIAL REQUIREMENTS
AUGUST 2024



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UPCOMING TECHNICAL ASSISTANCE

- **BEAD Financial Requirements:**
 - Date: 08/21/2024
 - Time: 9:00 am PT
- **BEAD Grant Requirements:**
 - Date: 08/23/2024
 - Time: 11:00 am PT
- **BEAD Technical Requirements:**
 - Date: 08/23/2024
 - Time: 1:00 pm PT
- **BEAD Program Design:**
 - Date: 08/26/2024
 - Time: 12:00 pm PT
- **BEAD Scoring Rubric Overview**
 - Date: 08/28/2024
 - Time: 11:00 am PT

AGENDA

- OSIT Approach to Pro Forma and Business Plan Requirements
- Overview of Financial Requirements
- Pro Forma
- Business Plan

APPROACH TO FINANCIAL REQUIREMENTS

NTIA has provided several financial requirements as part of the subgrantee selection process:



Applicant financials:

- Audited financial statements
- Financial institution letter of intent & Letter of credit/performance bonds



Certifications



Project financials:

1. Capacity Reviews - Scoring
2. **Pro forma**
3. **Business Plan**

OSIT is balancing NTIA requirements with making the process user friendly



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APPLICANT FINANCIALS: AUDITED FINANCIAL STATEMENTS

AUDITED FINANCIAL STATEMENTS

Requirement for audited financial statements:

1

If available, must be provided from three prior fiscal years

2

If not available, may submit unaudited financial statements, but must certify that audited statements will be provided prior to award

See IPv2 p. 60



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APPLICANT FINANCIALS: LETTER OF CREDIT AND PERFORMANCE BOND OPTIONS

LETTER OF CREDIT OPTIONS

1

Letter of credit:

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

2

Financial institution options, including credit unions

3

Alternative:

- Option to provide letter of credit equal to 10 percent of subaward
- Funding on a reimbursable basis
- No reduction in stages

See IPvII pp. 58-60

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 performance bond equal to 10 percent of subaward
- Funding on a reimbursable basis
- No reduction in stages

See IPvII pp. 58-60



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FINANCIAL CAPABILITIES CERTIFICATIONS

FINANCIAL CAPABILITY CERTIFICATIONS

Required certifications:

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

See IPvII p. 57



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PROJECT FINANCIALS: CAPACITY REVIEW

FINANCIAL CAPACITY REVIEW

Part of scoring – up to 8 points

- Narrative elements
 - Describe the Applicant’s financial strength, sustainability, and investment potential to support scope of work/project. (250 words)
 - List the funding sources available to the Applicant to complete the proposed project.
 - Examples of successfully completed past projects of similar size and scope and list the funding sources used to complete them.
- High-level project metrics derived from the business plan and pro forma:
 - Cost per passing/mile
 - Forecasted take-rate
 - Revenue estimates

See IPvII, p.27, p.41



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PROJECT FINANCIALS: BUSINESS PLAN

BUSINESS PLAN

For each project area, the Applicant should provide an explanation for:



Details and assumptions of how capital cost per pass calculation was derived



A statement providing an overview of the plan to market to prospective customers and the anticipated acquisition cost for each customer



Key metrics will be in the pro forma and in the budget plan



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PROJECT FINANCIALS: PROFORMA & PROJECT BUDGET

PROFORMA

Purpose of this exercise is to provide a view into the project cash flows of the proposed project. This is required by the NTIA.



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

Project-specific information about revenues and operational and capital costs

Financing structure, including debt, equity, and grant funding should also included


Ensure eligibility of proposed costs

8-year projected project cash flows:
NTIA BEAD NOFO requires a minimum of three years past buildout

Per the BEAD NOFO and IPvII, assume a maximum four-year buildout, unless Applicant has committed to a faster buildout schedule (see for example NOFO p.18 as well as IPvII)

PROFORMA

- Standard form of project-based financials
- Applicants may add further breakdowns if desired, but must retain the larger categories

(enter Applicant Organization Name) (enter RPA ID)								
Fiscal Year	1	2	3	4	5	6	7	8
Beginning Cash Balance	\$0	\$4,253,570	\$2,810,668	\$1,473,613	\$12,283,305	\$8,028,776	\$6,405,639	\$5,390,416
Operating Activities								
Revenues								
Subscriber fees	\$0	\$93,880	\$352,975	\$627,531	\$918,242	\$1,225,832	\$1,442,218	\$1,485,485
Operating expenses								
Plant maintenance	(\$35,141)	(\$93,896)	(\$156,144)	(\$222,042)	(\$291,753)	(\$324,709)	(\$334,451)	(\$344,484)
Network equipment maintenance	(\$5,138)	(\$16,699)	(\$34,000)	(\$52,323)	(\$71,715)	(\$86,268)	(\$94,540)	(\$97,376)
CPE maintenance	\$0	(\$5,942)	(\$22,340)	(\$39,717)	(\$58,117)	(\$77,584)	(\$91,280)	(\$94,018)
Internet peering	\$0	(\$1,485)	(\$5,585)	(\$9,929)	(\$14,529)	(\$19,396)	(\$22,820)	(\$23,505)
Customer support costs (CSRs, billing, admin,	\$0	(\$5,942)	(\$22,340)	(\$39,717)	(\$58,117)	(\$77,584)	(\$91,280)	(\$94,018)
Net cash used in operating activities	(\$40,280)	(\$30,084)	\$112,566	\$263,702	\$414,001	\$140,290	\$807,849	\$832,084
Investing Activities								
Capital expenditures								
Physical plant construction	(\$2,770,000)	(\$2,770,000)	(\$2,770,000)	(\$2,770,000)	(\$2,770,000)	\$0	\$0	\$0
Subscriber drop construction	\$0	(\$137,081)	(\$24,403)	(\$334,135)	(\$344,159)	(\$354,484)	(\$90,270)	\$0
Core network electronics (passing-dependen	(\$54,604)	(\$56,247)	(\$57,929)	(\$59,667)	(\$61,457)	\$0	\$0	\$0
Distribution / access electronics (subscriber-	\$0	(\$39,514)	(\$54,067)	(\$55,689)	(\$57,360)	(\$59,081)	(\$15,045)	\$0
Customer premises equipment	\$0	(\$118,543)	(\$162,202)	(\$167,068)	(\$172,080)	(\$177,242)	(\$45,135)	\$0
Core and distribution electronics refresh	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grant draws	\$2,118,453	\$2,416,040	\$2,526,451	\$2,539,919	\$399,138	\$0	\$0	\$0
Net cash used in investing activities	(\$706,151)	(\$805,347)	(\$842,150)	(\$846,640)	(\$3,005,918)	(\$590,807)	(\$150,451)	\$0
Financing Activities								
Loan proceeds								
Loan proceeds	\$5,000,000	\$0	\$0	\$12,000,000	\$0	\$0	\$0	\$0
Loan payments (P+I)								
Loan payments (P+I)	\$0	(\$607,471)	(\$607,471)	(\$607,471)	(\$1,672,621)	(\$1,672,621)	(\$1,672,621)	(\$1,672,621)
Net cash used in financing activities	\$5,000,000	(\$607,471)	(\$607,471)	\$11,392,529	(\$1,672,621)	(\$1,672,621)	(\$1,672,621)	(\$1,672,621)
Annual Net Cash Flows	\$4,253,570	(\$1,442,902)	(\$1,337,055)	\$10,809,692	(\$4,254,528)	(\$1,623,138)	(\$1,015,223)	(\$840,537)
Ending Cash Balance	\$4,253,570	\$2,810,668	\$1,473,613	\$12,283,305	\$8,028,776	\$6,405,639	\$5,390,416	\$4,549,879

PROJECT BUDGET

Key financial metrics that establish viability of the buildout of the project:

1. Breakdown of costs
2. Quarterly schedule
3. Ensure eligibility of proposed costs

Nevada - Project Cost Details								
Cost Item	Category	Unit Type	Unit Quantity	Unit Cost	Total Cost (Auto-Calculated)	Grant Funds Requested	Required Applicant Match (Auto-Calculated)	Cost Details and Justification
	Planning/Project Management				\$ -		\$ -	
	Design Engineering				\$ -		\$ -	
	Permitting				\$ -		\$ -	
	Infrastructure Acquisition				\$ -		\$ -	
	Network Deployment				\$ -		\$ -	
	Network Equipment				\$ -		\$ -	
	Subscriber Activations				\$ -		\$ -	
	Contingencies				\$ -		\$ -	
	Miscellaneous				\$ -		\$ -	
					\$ -		\$ -	
					\$ -		\$ -	
					\$ -		\$ -	
					\$ -		\$ -	

Nevada - Investment Schedule Summary				
Category	Q1		Q2	
	Grant Funds Expended	Match Amount Expended	Grant Funds Expended	Match Amount Expended
Planning/Project Management	\$ -	\$ -	\$ -	\$ -
Design Engineering	\$ -	\$ -	\$ -	\$ -
Permitting	\$ -	\$ -	\$ -	\$ -
Infrastructure Acquisition	\$ -	\$ -	\$ -	\$ -
Network Deployment	\$ -	\$ -	\$ -	\$ -
Network Equipment	\$ -	\$ -	\$ -	\$ -
Subscriber Activations	\$ -	\$ -	\$ -	\$ -
Contingencies	\$ -	\$ -	\$ -	\$ -
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -



Nevada Governor's
Office of Science,
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**Questions and Feedback:
HighSpeedNV@gov.nv.gov**