

Exhibit I: Special Terms and Conditions (CNMI BPD BEAD Program)

CNMI Broadband Equity, Access, and Deployment (BEAD) Program Subgrant Agreement between CNMI BPD and Micronesia Telecommunications Corp. dba IT&E

Field	Detail
Project Name(s)/Identifier(s)	All 20 Project Funding Areas (CNMI-S1 through CNMI-S17, CNMI-R1, CNMI-T1, and CNMI-T2 as individually detailed in the attached Exhibits A)
Subgrantee	Micronesia Telecommunications Corp. dba IT&E
BPD Subgrant Award Identifier	CNMI Broadband Equity, Access, and Deployment (BEAD) Program Subgrant Agreement (Covering all 20 PFA Awards)
Agreement Effective Date	May 13, 2026

The following Special Terms and Conditions (SACs) apply to this Subgrant Agreement and supplement the general terms. Pursuant to the Subgrant Agreement, these SACs shall control in the event of a conflict with the General Terms and Conditions, provided they do not conflict with applicable federal or CNMI law, regulation, or policy.

1. Priority Broadband Project (PBP) Implementation Requirements

The Subgrantee certifies that this Project was selected as a Priority Broadband Project (PBP) based on specific resilience and technical hardening commitments made in its application.

Term/Condition	Description
1.1 Resilience Mandate	The Subgrantee shall implement the network design as certified by the Professional Engineer (PE), ensuring the deployment is consistent with the CNMI PBP checklist, including the specific climate-resilient practices proposed. Given the CNMI's environment (typhoons, flooding), the network must incorporate best practices for reliability and resilience .

<p>1.2 Construction Standard</p>	<p>Deployment of the fiber optic network across all 20 Project Funding Areas (CNMI-S1 through CNMI-S17, CNMI-R1, CNMI-T1, and CNMI-T2 as individually detailed in the attached Exhibits A) shall utilize 100% underground construction methods unless a variance is approved in advance and in writing by the CNMI BPD and determined to be consistent with PBP status.</p>
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2. Fixed Amount Subaward and Financial Accountability

This Subgrant is implemented as a **Fixed Amount Subaward**. The Subgrantee must adhere to the following specific conditions related to financial assurance and cost accountability, consistent with the NTIA Uniform Guidance Policy Notice.

<p>Term/Condition</p>	<p>Description</p>
<p>2.1 Milestone Disbursement Schedule</p>	<p>Payments shall be released only upon satisfactory completion and BPD verification of project milestones as defined in Exhibit S (Subgrant Milestones). Proportional expenditure of the Non-Federal Match must be verified before each disbursement.</p>
<p>2.2 Financial Assurance</p>	<p>The Subgrantee shall provide and maintain an irrevocable standby Letter of Credit (LoC) or a Performance Bond acceptable to BPD, in a minimum value of ten percent (10%) of the total Federal BEAD Grant Funds (Subaward) amount. This reduced assurance amount is expressly permitted by the NTIA programmatic waiver because BPD distributes all deployment funding via a Fixed-Amount Subaward structure with milestone payments made on a reimbursable basis for periods of no more than six months (as detailed in Exhibit S).</p>
<p>2.3 Profit and Fees Prohibition</p>	<p>Consistent with the BEAD Program, the Subgrantee acknowledges that profit, fees, or other incremental charges above the actual costs incurred are not allowable costs under this Subgrant, even though this is a Fixed Amount Subaward.</p>

3. Service Obligations and Consumer Access

Term/Condition	Description
3.1 Low-Cost Service Option (LCSO)	The Subgrantee is required to offer the LCSO proposed by the Subgrantee in its application for the 10-year Federal Interest Period . The Subgrantee may not impose data usage caps on any plans offered over the Funded Network.
3.2 Installation and Fees	The Subgrantee shall initiate fixed broadband service to any customer that desires it within ten (10) business days of a request. The Subgrantee may charge standard installation fees but is prohibited from charging fees for the extension of the network (drop costs) or requiring property modifications in connection with installation.

4. Compliance, Oversight, and Federal Interest

Term/Condition	Description
4.1 BABA Reporting (Finished Electronics)	For finished manufactured products utilized under the BEAD BABA waiver, the Subgrantee must maintain and provide to BPD a BABA Reporting Subrecipient Tracker detailing the manufacturer, product category, product identifier, and Country of Origin of the equipment.
4.2 Federal Interest Period (FIP)	The Subgrantee acknowledges that the Federal Interest in all real property and equipment acquired or improved with BEAD funds under this Subgrant shall continue for ten (10) years after the year in which the Subgrant is closed out in accordance with 2 C.F.R. § 200.344.
4.3 Encumbrance Security	Should the Subgrantee encumber any Project Property during the FIP, the Subgrantee must provide prior notice to BPD and the Grants Officer. Such encumbrance is subject to the Department of Commerce (DOC) receiving either a first priority security interest (preferred) or a shared first priority security interest in the property,

	proportional to the DOC's percentage of contribution to project costs.
4.4 UCC-1 Filing	The Subgrantee is required to file a UCC-1 statement with the appropriate CNMI office to provide public notice of the Federal interest in the equipment, accompanied by an inventory list and an Attorney's Certification , prior to project closeout.