

**QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS**

**General Information**

<b>1. Federal Agency and Organizational Element to Which Report is Submitted</b>  Department of Commerce, National Telecommunications and Information Administration	<b>2. Award Identification Number</b>  NT10BIX5570102	<b>3. DUNS Number</b>  122452563
--	---	--

<b>4. Recipient Organization</b>  University of Arkansas System 4301 W. Markham St, ST63, Little Rock, AR 72205-7101
--

<b>5. Current Reporting Period End Date (MM/DD/YYYY)</b>  03-31-2011	<b>6. Is this the last Report of the Award Period?</b>  <input type="radio"/> Yes <input checked="" type="radio"/> No
--	---

**7. Certification:** I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purposes set forth in the award documents.

<b>7a. Typed or Printed Name and Title of Certifying Official</b>  Suzanne Alstadt	<b>7c. Telephone (area code, number and extension)</b>  X
	<b>7d. Email Address</b>  sealstadt@uams.edu

<b>7b. Signature of Certifying Official</b>  Submitted Electronically	<b>7e. Date Report Submitted (MM/DD/YYYY):</b>  05-24-2011
---	--

--

**Project Indicators (This Quarter)**

**1. Please describe significant project accomplishments completed during this quarter (600 words or less).**

This project will integrate isolated community anchor networks to expand the broadband capabilities and geographic reach of the Arkansas Telehealth Oversight & Management (ATOM) Network-a group of community anchor institutions with limited bandwidth and equipment that offer healthcare, higher education, public safety, and research services-and the Arkansas Research & Education Optical Network (ARE-ON), the state's only public-owned fiber optic network currently serving four-year universities. In first quarter of 2011 (or the third project quarter), the following activities were undertaken or accomplished to meet the mission described above:

- Seven project employees were hired: (1) Project Director, (4) Program Managers and (2) Project Specialists for a cumulative total of (12) FTE.
- Drafted Request for Proposals (RFPs) for interactive video equipment with consideration given for state and grant requirements.
- Began RFP drafting process (data collection, equipment specifications) for IAV Core equipment, Public Safety, eICU, Home Health.
- Developed Memorandum of Agreements (MOAs) for network facility leases and equipment.
- Began research and quantification of network facility leases in anticipation of the RFP.
- Conducted field reviews for biological and cultural issues relating to the environmental assessment (EA).
- Actively prepared a revised EA draft, Cultural Resources Survey Report for the State Historic Preservation Office (SHPO), and a Biological Studies Report for United States Fish and Wildlife Service (USFWS).
- Began development of Network Design Phase II by submitting bids in four areas: material procurement, outside plant contractors, fiber splicing contractors, and fiber huts contractors.
- Began collaboration with the Arkansas Center for Telehealth, another BTOP-funded project through Connect Arkansas, for telemedicine site training at community anchor institutions.

The sum of these activities contribute to the planning period of the grant, allowing the University of Arkansas System to prepare the personnel, information, and resources necessary to effectively implement the proposed project. At the end of the three-year grant period, all 474 sites will function on an "integrated network" fusing ATOM and ARE-ON sites, benefiting from the following BTOP deliverables:

- Substantial bandwidth upgrades
- Significant network expansion
- Interactive video equipment additions
- Public computer additions

Fully available after grant funding ends, these deliverables will provide the tools needed to enable participation in activities that once were only limitedly available in Arkansas.

**2. Please provide the percent complete for the following key milestones in your project. Write "0" in the Percent Complete column and "N/A" in the Narrative column if your project does not include this activity. If you provided additional milestones in your baseline plan, please insert them at the bottom of the table. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the percent complete is different from the target provided in your baseline plan (300 words or less).**

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2a.	Overall Project	1	Two assumptions in the Baseline Report have primarily resulted in a variance in the percent completion for the overall project. The Baseline Report assumed Indefeasible Right-of-Use (IRU) agreements would have been in place by the end of the fourth quarter of 2010, but those negotiations are still ongoing at this time. Additionally, the Baseline Report assumed that in the first quarter of 2011, the home health and public safety components of the project would have been deployed; however, the Environmental Assessment still awaits approval, thus these projects are not possible to undertake at this time. We anticipate completing IRU agreements and receiving a Finding of No Significant Impact (FONSI) in the next quarter, which will help propel the project forward toward meeting its baseline goals.
2b.	Environmental Assessment	16	The Baseline Report assumed that UAMS would have received and paid the final invoice from the contracted engineering firm undertaking development of the EA. However, UAMS only paid a portion of these costs to-date. The first draft of the EA was submitted in the first quarter of 2011; however, revisions and further details were requested by the National Telecommunications and Information Administration (NTIA),

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
			SHPO, and USFWS. The engineering firm contracted for this project will prepare a revised EA draft, a Cultural Resources Survey Report, and a Biological Studies Report in the next reporting quarter. It is anticipated the final EA draft will be submitted in the second quarter of 2011, which is anticipated to result in a FONSI.
2c.	Network Design	0	The Baseline Report assumed that UAMS would pay 75% of the network design fees this first quarter of 2011, but the network design is now anticipated to be completed and paid in the second quarter of 2011.
2d.	Rights of Way	0	N/A
2e.	Construction Permits and Other Approvals	0	---
2f.	Site Preparation	0	N/A
2g.	Equipment Procurement	0	The Baseline Report assumed that in the first quarter of 2011, the home health and public safety components of the project would have been procured and deployed; however, the Environmental Assessment still awaits approval, thus affecting the project's full capacities to procure and deploy such items. The equipment procurement process, however, will commence in the second quarter of 2011, when equipment Request for Proposals will be issued. The project has elected to minimize the time equipment is "warehoused" while the EA is still under review, as equipment warranties would be active during the warehouse time when this equipment is not being tested or employed. We anticipate receiving a FONSI in the next quarter, which will help propel the project forward toward meeting its baseline goals.
2h.	Network Build (all components - owned, leased, IRU, etc)	0	The Baseline Report assumed IRUs would have been in place by the end of the fourth quarter of 2010, but those negotiations are still ongoing at this time. There exists one conflict protest pending resolution. The University of Arkansas Counsel has worked with the Office of State Purchasing in this quarter, and continues to work collaboratively to address and resolve this protest. Resolution is expected in the next reporting quarter, which will allow completion of the IRU agreements.
2i.	Equipment Deployment	1	This project contributes a large amount of in-kind equipment toward its match amount. The Baseline Report reflected this match contribution proportional to the expenses anticipated at the time, as indicated above: Purchase of IRUs and Payment of EA services. Without these expenditures, match contributions measure 1% for this quarter.
2j.	Network Testing	0	---
2k.	Other (please specify):--	2	The Baseline report assumed all 12 employees would be hired by the start of the first quarter of 2011. However, the project's three remaining employees were added in February, the second month of the quarter. As such, a lesser percentage of these staff salaries were paid out due to the fact the employment of the full staff was not finalized until February 2011. For the second quarter of 2011, the salaries of all 12 employees will be reflected. Due the fact these salaries were not fully active during the first quarter of 2011, indirect charges were also less than expected.

**3. To the extent not covered above, please describe any challenges or issues faced during this past quarter in achieving planned progress against the project milestones listed above. In particular, please identify any areas or issues where technical assistance from the BTOP program may be useful (600 words or less).**

Two primary factors are causing the most notable deviation from our Baseline Report in this quarter: 1) IRU Negotiation and 2) FONSI Attainment. Negotiating the IRUs has resulted in a deviation contributed to complexities resident in the contract approval process in the State of Arkansas. The University of Arkansas System must follow State Purchasing regulations requiring specific timelines, then issue and evaluate appropriate Requests for Proposals. Following contractor selection, the proposed contract must be approved by the University of Arkansas Board of Trustees, then receive approval from the Legislative Council. The organizations at the center of each step meet independently, spread over a prolonged series of months resulting in meetings scheduled after the closing date of this quarter. These regulatory steps caused a change in timing that should have no material impact on our overall project, as we anticipate completing IRU agreements next quarter. A conflict protest on the IRU process, as explained above, has further contributed to this deviation. The EA has also caused a challenge, since review of the draft EA resulted in a number of requests for revision from the

NTIA, SHPO, and USFWS. The nature of these requests pointed toward the need for greater specificity in the routes that required construction and their impact on biological and cultural resources. Finalization of these routes and careful review of their impacts required this first quarter of 2011 to complete. However, these findings will be submitted in the second quarter of 2011, which should provide the evidence necessary to result in a FONSI. The BTOP program has provided very good technical assistance, and the UAMS project continues to progress as we face these challenges.

**4. Please report the following information regarding network build progress. Write "0" in the Total column and "N/A" in the Narrative column if your project does not include this activity. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the total is different from the target provided in your baseline plan (600 words or less).**

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
New network miles deployed	0	---
New network miles leased	0	---
Existing network miles upgraded	0	N/A
Existing network miles leased	0	The Baseline Report "existing network miles leased" represented IRU miles. The Baseline report assumed IRUs would have been in place by the end of the fourth quarter of 2010, but those negotiations are still ongoing at this time. We anticipate completing IRU agreements in the second reporting quarter of 2011.
Number of miles of new fiber (aerial or underground)	0	--
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	0	---

For questions 5 and 6 please include information relating to agreements that you are negotiating or have entered into, or that your sub recipient, contractor or subcontractor is negotiating or entered into.

**5a. If applicable, please provide the following information with regard to agreements with broadband wholesalers and/or last mile providers as a result of your project.**

Indicators	
Number of signed agreements with broadband wholesalers or last mile providers	0
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	0
Average term of signed agreements (in quarters)	0

**5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers:**  
N/A

**5c. What wholesale services are being provided by this project? Please describe below. As an attachment to this report, please provide pricing plans (in \$ per month) associated with each wholesale service provided by your product (100 words or less). Wholesale services description:**  
N/A

**5d. If you have designated a third party to operate all or a portion of your network, please provide the name and contact information for this third party, indicate if this entity is a sub recipient, contractor, and/or subcontractor, and describe with specificity the portion of your network this third party operates (600 words or less).**

UAMS has one sub-recipient that will operate a portion of the BTOP-funded network: the Arkansas Research and Education Optical Network. This portion includes the publicly owned fiber network connecting the state's four-year universities and two-year colleges to high speed fiber optic services, including 33 total sites. ARE-ON is a state-supported entity. The sub-recipient's contact information appears below:  
Arkansas Research and Education Optical Network (ARE-ON)

Michael D. Abbiatti, Executive Director  
 155 S. Razorback Road  
 Fayetteville, AR 72101  
 479-575-3901

6. Please provide the data according to the type of subscriber. Write "0" in the Total column and "N/A" in the Narrative column if your project does not pass or serve a particular subscriber type. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the total is different from the target provided in your baseline plan (300 words or less).

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Broadband Wholesalers or Last Mile Providers	Providers with signed agreements receiving new access	0	N/A
	Providers with signed agreements receiving improved access	0	N/A
	Providers with signed agreements receiving access to dark fiber	0	N/A
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	The Baseline Report assumed 8 "total subscribers served" would be active during the first quarter of 2011 as made possible through IRUs that were assumed to in place by the end of the fourth quarter of 2010. However, as previous sections indicated, the IRUs are not purchased to date. These subscribers will be served once the IRUs are purchased.
	Subscribers receiving new access	0	---
	Subscribers receiving improved access	0	Please see explanation above in "total subscribers served." The "subscribers receiving improved access" were assumed to benefit from IRUs; however, these agreements are not in place to date. These subscribers will be served once the IRUs are purchased.
	Please identify the speed tiers that are available and the number or subscribers for each	0	Please see explanation above in "total subscribers served." The "subscribers receiving improved access" were assumed to benefit from IRUs; however, these agreements are not in place to date. These subscribers will be served once the IRUs are purchased.
Residential / Households	Entities passed	0	N/A
	Total subscribers served	0	N/A
	Subscribers receiving new access	0	N/A
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A
Businesses	Entities passed	0	N/A
	Total subscribers served	0	N/A
	Subscribers receiving new access	0	N/A
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A

7. Please describe any special offerings you may provide (600 words or less).

N/A

--

8a. Have your network management practices changed over the last quarter?     Yes     No

8b. If so, please describe the changes (300 words or less).

N/A

**9. Community Anchor Institutions:**

Using the table below, please provide a list by service area of the community anchor institutions (including Government institutions) connected to your network as a result of BTOP funds. Figures should be reported for the most recent reporting quarter only (NOT cumulatively). Also indicate whether your organization is currently providing broadband service to the anchor institution. Finally, provide a short narrative description with examples of how institutions are using BTOP-funded infrastructure (300 words or less).

Institution Name	Service Area (town or county)	Type of Anchor Institution (as defined in your baseline)	Are you also the broadband service provider for this institution? (Yes / No)	Narrative description of how anchor institutions are using BTOP-funded infrastructure
N/A	N/A	N/A	N/A	N/A

**Project Indicators (Next Quarter)**

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).

The second quarter of 2011 is anticipated to include several significant steps toward project completion. Most notably, the final Environmental Assessment (EA) will be completed and submitted to the National Telecommunications and Information Administration (NTIA) for review by the federal reviewers. While this process holds some unknown factors on the timing and rigidity of the review, UAMS anticipates obtaining a "Finding of No Significant Impact" (FONSI) in the second quarter of 2011, which will enable the project to move forward to its implementation and deployment phases. While UAMS has been preparing for such a finding, many of its plans are on hold until the FONSI is declared.

In this quarter, we anticipate over \$4 million in IRU purchases, which will be possible when the conflict protest on the IRU process is resolved. Additionally, the UAMS BTOP team (consisting of Project Director, managers, coordinators, technologists, and other UAMS directors) will publish a Requests for Proposals (RFP) for the project's telemedicine equipment in the second quarter of 2011. This RFP will be released as soon as it is finalized. The RFP will invite bids for 30 days, and equipment vendors will be selected and awarded shortly thereafter.

Overall, once the project receives a FONSI, the project will begin to reach its momentum and increase deployment activities as future quarters unfold.

2. Please provide the percent complete for the following key milestones in your project. Write "0" in the Planned Percent Complete column and "N/A" in the Narrative column if your project does not include this activity. If you provided additional milestones in your baseline plan, please insert them at the bottom of the table. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the next reporting quarter. Please provide a narrative description if the percent complete is different from the target provided in your baseline plan (300 words or less).

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2a.	Overall Project	6	The Environmental Assessment and subsequent FONSI were expected to be completed by the beginning of this year and deployment was expected to be well underway by this quarter. However, we now expect the FONSI to be issued by the end of the quarter, which will allow the project to move into its implementation phase, in which BTOP funding and match are largely concentrated.
2b.	Environmental Assessment	84	The Baseline Report assumed all EA work would be completed once the FONSI was issued; however, the project will now continue to purchase the services of our EA Consultant for on-going site evaluations throughout the implementation of the project, thus reserving a percentage of this category's completion to be distributed over the remaining quarters.
2c.	Network Design	100	---
2d.	Rights of Way	0	N/A
2e.	Construction Permits and Other Approvals	50	---

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2f.	Site Preparation	0	N/A
2g.	Equipment Procurement	0	The Baseline Report assumed the FONSI would have been issued in the first quarter of 2011, which would have allowed the purchase of infrastructure and some telemedicine equipment during the second quarter of 2011. However, since the final EA will be submitted this quarter and consequently no FONSI has been issued to date, equipment will not be procured. The project has elected to minimize the time equipment is "warehoused" while the EA is still under review, as equipment warranties would be active during the warehouse time when this equipment is not being tested or employed. An Equipment RFP, however, is expected to issue this quarter, which will ready the project to purchase and deploy equipment quickly following the issuance of a FONSI.
2h.	Network Build (all components - owned, leased, IRU, etc.)	8	The Baseline Report assumed the FONSI would have been issued in the first quarter of 2011. However, without this expected development, the project will not have the opportunity to install circuits, as planned. The 8% completion reported here comprises the payment of IRU agreements.
2i.	Equipment Deployment	9	Equipment Deployment to-date largely comprises in-kind match items that are contributed proportionally to the federal funds drawn down for the project. The Baseline Report assumed more federal funds would be drawn down in this quarter; however, for the reasons described in the other sections of this report, fewer funds will be drawn down than projected in the Baseline Report. As such, the "equipment deployment" match reflects the proportional decrease in the federal draw down.
2j.	Network Testing	0	The Baseline Report assumed the FONSI would have been issued in the first quarter of 2011, which would have allowed for equipment to be purchased and deployed, thus allowing for appropriate network testing. Therefore, network testing can commence following the issuance of the FONSI, at which time equipment can be purchased and deployed.
2k.	Other (please specify):	4	The Baseline Report assumed the FONSI would have been issued in the first quarter of 2011, which would have allowed for huts to be purchased and installed at fiber sites. Fiber hut purchase and installation can commence following the issuance of the FONSI. The 4% completion reported here comprises the payment of salaries and indirect costs.

**3. Please describe any challenges or issues anticipated during the next quarter that may impact planned progress against the project milestones listed above. In particular, please identify any areas or issues where technical assistance from the BTOP program may be useful (600 words or less).**

As highlighted above, the projected progress and degree of completion are largely dependent on receiving a FONSI, thus receiving clearance from NTIA to move forward with project implementation. At present, UAMS estimates the final EA will be submitted and approved prior to the end of the second quarter of 2011. If the EA process requires more time than estimated, there is a great potential the planned project progress will be delayed accordingly into subsequent quarters.

### Infrastructure Budget Execution Details

#### Activity Based Expenditures (Infrastructure)

1. Please provide details below on your total budget, cumulative actual expenditures (for the period ending the current quarter), and cumulative anticipated expenditures (for the period ending next quarter) for each line item, including detailed disbursements of both matching funds and federal funds from project inception through end of this quarter (actual) or next quarter (anticipated). Actual and anticipated figures should be reported cumulatively from award inception to the end of the applicable reporting quarter.

Budget for Entire Project				Actuals from Project Inception through End of Current Reporting Period			Anticipated Actuals from Project Inception through End of Next Reporting Period		
Cost Classification	Total Cost (plan)	Matching Funds (plan)	Federal Funds (plan)	Total Cost	Matching Funds	Federal Funds	Total Costs	Matching Funds	Federal Funds
a. Administrative and legal expenses	\$10,709,094	\$88,400	\$10,620,694	\$325,950	\$0	\$325,950	\$420,950	\$0	\$420,950
b. Land, structures, right-of-ways, appraisals, etc.	\$10,711,692	\$9,851,632	\$860,060	\$0	\$0	\$0	\$0	\$0	\$0
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$2,172,357	\$0	\$2,172,357	\$0	\$0	\$0	\$271,985	\$0	\$271,985
e. Other architectural and engineering fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
f. Project inspection fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
g. Site work	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$28,195,212	\$0	\$28,195,212	\$266,351	\$0	\$266,351	\$4,548,485	\$0	\$4,548,485
j. Equipment	\$43,605,098	\$15,998,347	\$27,606,751	\$153,397	\$153,397	\$0	\$1,389,853	\$1,389,853	\$0
k. Miscellaneous	\$33,188,367	\$512,048	\$32,676,319	\$0	\$0	\$0	\$125,133	\$0	\$125,133
<b>l. SUBTOTAL (add a through k)</b>	\$128,581,820	\$26,450,427	\$102,131,393	\$745,698	\$153,397	\$592,301	\$6,756,406	\$1,389,853	\$5,366,553
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>n. TOTALS (sum of l and m)</b>	\$128,581,820	\$26,450,427	\$102,131,393	\$745,698	\$153,397	\$592,301	\$6,756,406	\$1,389,853	\$5,366,553

2. Program Income: Please provide the program income you listed in your application budget and actuals to date through the end of the reporting period.

a. Application Budget Program Income: \$0	b. Program Income to Date: \$0
---	--------------------------------