



80 Livingston Blvd. • Gaylord, MI 49735 • 989-705-3700 • Fax: 989-705-3703
Email: info@ucgaylord.org • Web: www.ucgaylord.org

August 3, 2009

Dr. Donald J. Welch
President and CEO
Merit Network, Inc.
1000 Oakbrook Drive, Suite 200
Ann Arbor, Michigan 48104-6794

Dear Dr. Welch:

I am writing to express support for Merit Network Inc.'s application related to the Broadband Initiatives Program (BIP) and Broadband Technology Opportunities Program (BTOP) under the American Recovery and Reinvestment Act (ARRA) Stimulus Program where that application supports the broader objectives embodied by University Center in Gaylord and the University Center Metropolitan Area Network (UCMAN).

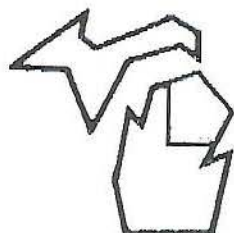
The project you propose has the distinct potential to assist with the critical services currently being delivered by UCMAN to Gaylord and the surrounding community. Enhancing those services through additional network backbone connectivity options for UCMAN and providing more direct interconnectivity between UCMAN and other critical institutions Statewide will assist University Center in Gaylord with building last mile to industrial parks, residential neighborhoods, townships and residences.. We anticipate that this additional support for UCMAN will enable us to extend our network services to other institutions and, perhaps more importantly, to the more difficult to reach residents, businesses, and rural facilities with the result of significant economic benefit to Gaylord and our surrounding communities.

Merit's over 40 year heritage of providing advanced networking services throughout the State positions Merit well to assist us in serving the needs of these unserved and underserved communities.

UCMAN is a public/private partnership of service providers, consultants, and network users based at the University Center in Gaylord. It is a fiber-based area wide network serving both public and private users throughout the Gaylord area. UCMAN is pleased to support Merit Network Inc.'s application and the additional network connectivity that will represent to our community.

Sincerely,

John. D. Thompson
Executive Director
University Center at Gaylord
jthomps@ucgaylord.org
(989) 705-3701

Q-41 Attachment: Government and Other Key Partnerships**Northeast Michigan Consortium**

20709 State Street
P.O. Box 711
Onaway, Michigan 49765



(989) 733-8548

A Workforce Development Office

FAX (989) 733-8069

August 5, 2009

Dr. Donald J. Welch
President and CEO
Merit Network, Inc.
1000 Oakbrook Drive, Suite 200
Ann Arbor, Michigan 48104-6794

Dear Dr. Welch:

I am writing to express support for Merit Network Inc.'s application related to the Broadband Initiatives Program (BIP) and Broadband Technology Opportunities Program (BTOP) under the American Recovery and Reinvestment Act (ARRA) Stimulus Program.

The project you are proposing will extend critical Broadband Services to anchor institutions in our area, such as the Northeast Michigan Consortium located in Grayling (Crawford County) and Gaylord (Otsego County). This will enable our institution to provide better services to our customers at the Michigan Works Offices.

Merit's over 40 year heritage of providing advanced networking services throughout the State positions Merit well to meet the needs of unserved and underserved communities throughout Michigan.

Northeast Michigan Consortium is pleased to continue a relationship that is beneficial to our Michigan Works Offices and to Merit Network, Inc.

Sincerely,

Kurt B. Ries
Northeast Michigan Consortium
Kurt@miworks-nemc.gen.mi.us
(989) 733-8548

Serving the counties of Alcona, Alpena, Cheboygan, Crawford, Montmorency, Oscoda, Otsego and Presque Isle

Q-41 Attachment: Government and Other Key Partnerships

Houghton Lake Public Library
4431 W. Houghton Lake Dr.
Houghton Lake, MI 48629
Phone: 989.366.9230 Fax: 989.366.0063
www.hlpl.org

August 3, 2009

Dr. Donald J. Welch
President and CEO
Merit Network, Inc.
1000 Oakbrook Drive, Suite 200
Ann Arbor, MI 48104-6794

Dear Dr. Welch,

As a small, rural library with a goal of exceeding customer expectations, the Houghton Lake Public Library chooses service providers very carefully. Knowing technology's important role in delivering quality service at geographically remote locations, and, just as crucial, the support of the vendors to assist us in this endeavor, we chose Merit Network, Inc., back in 1997 as our first Internet service provider. Based on years of responsive, reliable service, and comparisons from other libraries' experiences with Internet providers, we chose to continue our relationship with the Merit Network, Inc., because it has been so beneficial to the library.

We wholeheartedly support Merit Network, Inc.'s application related to the Broadband Initiatives Program (BIP) and the Broadband Technology Opportunities Program (BTOP) under the American Recovery and Reinvestment Act (ARRA) Stimulus Program. Who better to handle a complex project? Merit Network, Inc., serves our small, rural library with the same attention to detail that it delivers to their other customers such as school districts, counties, and public and private universities. This ability to serve all of us regardless of size, needs and location, demonstrates why they have a reputation for exceeding customer expectations and will be most successful in bringing a project like this to fruition.

The project you are proposing will extend critical Broadband Services to the Houghton Lake Public Library in Roscommon County, which not only serves the residents in 12 townships, but, through its open door policy, all visitors and tourists. This will enable the library to upgrade our bandwidth to adequately operate 35 public access computers and provide support for the many patrons who can no longer afford to upgrade older computers and maintain Internet access at home. Some here only have access to dial-up connectivity, which is woefully inadequate.

Roscommon County has been hit hard by the current economic crisis and that is not likely to change for some time to come. Here are just a few statistics. During the past school year, 62% of students received free and reduced lunch. Roscommon County's unemployment rate for June was 16.4%, which exceeds Michigan's 15.2% and greatly exceeds the national rate of 9.5%. The library has become *the* place to file for unemployment benefits, create resumes, and seek jobs. More people are seeking education, training and degrees online at the library to eliminate the expenses of commuting when their income has already decreased.

Q-41 Attachment: Government and Other Key Partnerships

Houghton Lake Public Library
4431 W. Houghton Lake Dr.
Houghton Lake, MI 48629
Phone: 989.366.9230 Fax: 989.366.0063
www.hlpl.org

Houghton Lake Public Library's ability to best serve its patron base is directly linked to the amount of bandwidth provided. Increased bandwidth will mean greater opportunities for everyone who comes to the library for free Internet access. The Library's long-standing open-door policy has made this library *the* library of choice in the county and led to increased use. Last year, the library served an average of 1,259 computer users per week taking full advantage of the library's public computers and wireless access. However, continuing to run all this on one 1.5M T1 connection is already proving to be inadequate. Usage has already increased in July to 1,359 uses along with the amount of video content, which is bandwidth intensive.

We need increased, reliable bandwidth now. Based on our past 12 years, Internet connectivity from Merit Network, Inc., has been more reliable than any other connectivity in the county. Downtime days can be counted on one hand but, just as important, the support and service provided by Merit is second to none. Response time is always IMMEDIATE, which is why we value our relationship with Merit Network, Inc., and want to see it continue and grow. No provider is more capable in providing connectivity and support to rural and underserved areas. Simply having the bandwidth is not enough for these areas. Administration is key. Merit Network, Inc. has a proven record in their ability to do what needs to be done efficiently and quickly even when the network administrator is not available and they deal with staff that lacks technical expertise.

Sincerely,



Donna J. Alward, Library Director



Kim Frazho, Technology Coordinator/Trainer

Q-41 Attachment: Government and Other Key Partnerships

Beaverton Rural Schools

OFFICE OF THE SUPERINTENDENT

P.O. BOX 529
BEAVERTON, MICHIGAN 48612
(989) 246-3000

August 12, 2009

Dr. Donald J. Welch
President and CEO
Merit Network, Inc.
1000 Oakbrook Drive, Suite 200
Ann Arbor, Michigan 48104-6794

Dear Dr. Welch:

I am writing to express support for Merit Network Inc.'s application related to the Broadband Initiatives Program (BIP) and Broadband Technology Opportunities Program (BTOP) under the American Recovery and Reinvestment Act (ARRA) Stimulus Program.

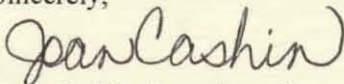
The Beaverton area has suffered greatly from a lack of affordable, reliable and widely available broadband services. Institutions such as Beaverton Rural School District have established methods of communication that serve their purposes, but at a much higher cost than that borne by similar institutions in the more highly populated areas where multiple providers compete for market share. In addition, the high cost of providing the "middle mile" service has prevented commercial entities from competing effectively in our local market. As a result, a very high percentage of our households and businesses have no access to broadband services of any kind. This Merit Network's proposal would address many of those problems by bringing a reliable and cost effective broadband capability to our community.

Beaverton Rural School District, in particular, may benefit by having a more robust, reliable, and affordable connection that will allow for more choices and better quality of service. It will also permit private entities to make cost-effective investments in a distribution infrastructure to deliver broadband to our business community, students, and families which have been unable to access broadband in any form. As regards the delivery of curriculum, this approach will help to deliver on-line credit recovery programs, courses not offered by the school district, and, potentially, reduce the dropout rate.

Merit's over 40 year heritage of providing advanced networking services throughout the State positions Merit well to meet the needs of unserved and underserved communities throughout Michigan.

The Beaverton Rural School District is pleased to have this opportunity to build a relationship that is beneficial to the schools, citizens, business community, and to Merit Network, Inc.

Sincerely,



Joan Cashin, Superintendent
Beaverton Rural Schools
jcashin@brs.cgresd.net
(989) 246-3000

Q-41 Attachment: Government and Other Key Partnerships



P.O. Box 477
Beaverton, MI 48612

CITY OF BEAVERTON *"Equal Opportunity Employer"*

Phone: (989) 435-3511
Fax (989) 435-3223
Email: beavertonmanager@ispmgt.com
Web Site: www.beavertonmi.org

August 12, 2009

Dr. Donald J. Welch
President and CEO
Merit Network, Inc.
1000 Oakbrook Drive, Suite 200
Ann Arbor, Michigan 48104-6794

Dear Dr. Welch:

I am writing to express support for Merit Network Inc.'s application related to the Broadband Initiatives Program (BIP) and Broadband Technology Opportunities Program (BTOP) under the American Recovery and Reinvestment Act (ARRA) Stimulus Program.

The proposed project will extend critical Broadband Services to important institutions in Gladwin County, such as the City of Beaverton, Beaverton Hydro-Electric facility, Beaverton Rural Schools, Beaverton Branch Library, Gladwin Housing Commission, Beaverton Area Business Association and the many businesses upon which our economy depends. The lack of sufficient bandwidth and delivery of high-speed internet services has had a strong negative effect on economic development in the Beaverton area. This project will enable our institutions and enterprises to compete successfully with larger areas and permit a more effective web presence so important to business communication and success in the twenty-first century. We anticipate, as a result, we will improve the monitoring and control of critical infrastructure such as our hydro, water and sewage systems, permit growth of local manufacturing concerns, and allow the modernization of commercial distribution systems.

Merit's over 40 year heritage of providing advanced networking services throughout the State positions Merit well to meet the needs of unserved and underserved communities throughout Michigan.

The City of Beaverton is pleased to develop a relationship that is beneficial to our city, our business community, public institutions, infrastructure facilities, and to Merit Network, Inc.

Sincerely,

A handwritten signature in cursive script that reads "Nila Frei".

Nila Frei, Mayor
City of Beaverton
Nila@freiguys.com
(989) 435-3598

Nila Frei, Mayor

Kerry Posey, City Manager

Q-41 Attachment
Page 65

Q-41 Attachment: Government and Other Key Partnerships



1000 West Cedar Avenue
Gladwin, Michigan 48624
Telephone: (989) 426-9231
Fax: (989) 426-6942

August 12, 2009

Merritt Networks

LETTER OF SUPPORT

To Whom It May Concern:

Please accept this letter from the City of Gladwin as unconditional support for the broadband grants that would serve Gladwin County and the region.

If you have any questions, please contact me at the number listed above.

Sincerely,

A handwritten signature in black ink that reads "Robert Moffit".

Robert Moffit
City Administrator

Gladwin City Housing Commission

215 S. Antler Street
Gladwin, MI 48624-2051

Telephone (989) 426-5721
Fax (989) 426-6944
TTY/Voice - Dial 711

August 12, 2009

Dr. Donald J. Welch
President and CEO
Merit Network, Inc.
1000 Oakbrook Drive, Suite 200
Ann Arbor, Michigan 48104-6794

Dear Dr. Welch:

I am writing to express support for Merit Network Inc.'s application related to the Broadband Initiatives Program (BIP) and Broadband Technology Opportunities Program (BTOP) under the American Recovery and Reinvestment Act (ARRA) Stimulus Program.

The project you are proposing will extend critical Broadband Services to anchor institutions in our area, such as the Gladwin City Housing Commission. This should enable our Housing Commission to provide community computing service to our establish clientele and make the internet available to our residents. This proposal will bring down the overhead cost of providing broadband access to the businesses and citizens of Gladwin County, allowing more effective use of private investment capital in their "last-mile" distribution systems.

Merit's over 40 year heritage of providing advanced networking services throughout the State positions Merit well to meet the needs of unserved and underserved communities throughout Michigan.

The Gladwin City Housing Commission is pleased to have this opportunity to build a community network room that will benefit the senior Citizens and the disabled in the County of Gladwin, and to Merit Network, Inc.

Sincerely,



Lauren M. Essenmacher
Executive Director
Gladwin City Housing Commission
laurengchc@sbcglobal.net
(989) 426-5721



Equal Housing Opportunity
Equal Opportunity Employer



Gladwin Community Schools

401 N. Bowery, 2nd Floor
Gladwin, Michigan 48624



Phone: (989) 426-9255
Fax: (989) 426-5981

August 12, 2009

Dr. Donald J. Welch
President and CEO
Merit Network, Inc.
1000 Oakbrook Drive, Suite 200
Ann Arbor, Michigan 48104-6794

Dear Dr. Welch:

I am writing to express support for Merit Network Inc.'s application related to the Broadband Initiatives Program (BIP) and Broadband Technology Opportunities Program (BTOP) under the American Recovery and Reinvestment Act (ARRA) Stimulus Program.

Gladwin County has suffered greatly from a lack of affordable, reliable and widely available broadband services. Institutions such as Gladwin Community Schools have established methods of communication that serve their purposes, but at a much higher cost than that borne by similar institutions in the more highly populated areas where multiple providers compete for market share. In addition, the high cost of providing the "middle mile" service has prevented commercial entities from competing effectively in our local market. As a result, a very high percentage of our households and businesses have no access to broadband services of any kind. This Merit Networks proposal would address many of those problems by bringing a reliable and cost effective broadband capability to our community. Gladwin Community Schools in particular may benefit by having a more robust, reliable and affordable connection that will allow us more choices and better quality of service. It will also permit private entities to make cost-effective investments in a distribution infrastructure to deliver broadband to our business community, students and families which have been unable to access broadband in any form. Specifically, this will help us to deliver credit recovery programs and other methods of maximizing student performance and minimizing dropouts.

Merit's over 40 year heritage of providing advanced networking services throughout the State positions Merit well to meet the needs of unserved and underserved communities throughout Michigan.

Gladwin Community Schools is pleased to have this opportunity to build a relationship that is beneficial to the schools, citizens and our business community, and to Merit Network, Inc.

Sincerely,

A handwritten signature in black ink, appearing to read 'RKS', is written over the typed name.

Rick Seebeck, Superintendent
Gladwin Community Schools
rseebeck@gcsnet.org
(989) 426-9255

Q-41 Attachment: Government and Other Key Partnerships



GLADWIN COUNTY BOARD OF DISTRICT COMMISSIONERS

401 West Cedar Avenue
Gladwin, Michigan 48624
(989) 426-4821

August 12, 2009

Dr. Donald J. Welch
President and CEO
Merit Network, Inc.
1000 Oakbrook Drive, Suite 200
Ann Arbor, Michigan 48104-6794

Dear Dr. Welch:

I am writing to express support for Merit Network Inc.'s application related to the Broadband Initiatives Program (BIP) and Broadband Technology Opportunities Program (BTOP) under the American Recovery and Reinvestment Act (ARRA) Stimulus Program.

The project you are proposing will extend critical Broadband Services to anchor institutions in our area, such as the County of Gladwin. This will enable our Circuit, District and Family courts to provide a reliable, redundant system to replace the outdated systems that have been in use for several decades. Remote processing requires the kind of reliability only fiber can provide. An accident on Washington Avenue in Saginaw a few years ago severed a fiber bundle that disconnected most of central and northeastern Michigan for several days. The Merit proposal would provide resiliency that would allow the courts to function even in the event of such massive failure. In addition, the commercial environment will benefit from having reliable, cost-effective access to the data infrastructure so vital to every business entity in the modern world; access that has been largely unavailable to a very large portion of the county. This proposal will bring down the overhead cost of providing broadband access to the businesses and citizens of Gladwin County, allowing more effective use of private investment capital in their "last-mile" distribution systems.

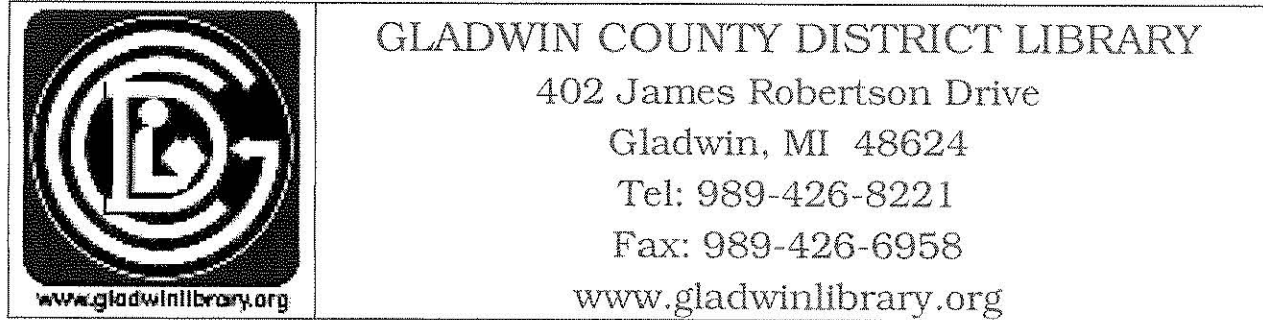
Merit's over 40 year heritage of providing advanced networking services throughout the State positions Merit well to meet the needs of unserved and underserved communities throughout Michigan.

The County of Gladwin is pleased to have this opportunity to build a relationship that is beneficial to the County, its citizens and business community, and to Merit Network, Inc.

Sincerely,

A handwritten signature in cursive script, reading "Terry Whittington".

Terry Whittington, Chair
County of Gladwin Board of District Commissioners
commissioner@gladwinco.com
(989) 426-4821



6 August 2009

The Gladwin County District Library supports the Merit application for ARRA money, because without this influx of money the Library would not be able to provide appropriate Broadband Internet services to those of low income or unemployed in our county.

The last number I heard for the percentage of unemployed in Gladwin County was over 17%. We are a very rural county, with a large number of people over 65 who rely on us as a public library to provide free Computer/Internet training. But without grant money we will not be able to provide the kind of computer training room that the Seniors in our community need. MidMichigan Community College has provided classes in our Gladwin library, but they were unable to provide any computer related classes due to our lack of community computing capacity. As a public library we will work with Merit's Middle Mile Broadband network to provide the Last Mile Broadband training and access to those that the Last Mile will never reach due to poverty and age.

I am, as the Library Director, an active member of the Economic Development Corporation of Gladwin County. The Gladwin County District Library is working with Saginaw Valley State University on grants to try and create a regional Business Resource Center, and to do it we need our Last Mile Broadband services to be connected to Merit's Middle Mile Broadband network.

Bruce Guy, Director
Gladwin County District Library



GLADWIN COUNTY
ECONOMIC DEVELOPMENT CORPORATION

August 12, 2009

Dr. Donald J. Welch
President and CEO
Merit Network, Inc.
1000 Oakbrook Drive, Suite 200
Ann Arbor, Michigan 48104-6794

RE: Application to Broadband Initiatives Program

Dear Dr. Welch:

This is our letter of support for your efforts in applying to BIP and Broadband Technology Opportunities under the American Recovery and Reinvestment Act (ARRA) stimulus program.

Gladwin County's Economic Development Plan specifically identifies goals to improve levels of service in the full spectrum of telecommunications, including cell phones and broadband. We know how important these things are for the attraction and retention of businesses in our county with an unemployment rate of over 17%.

We are pleased that two of our EDC Board members: Harmony Nowlin of Consumers Energy, and Bruce Guy, Director of the Gladwin County District Library, have been serving all along with the Clare-Gladwin Broadband Task Force. Along with the Gladwin County Director of IT, Bob Frei, I was invited to listen in on a very long group telephone call involving people from Merit, the Clare-Gladwin group, and local providers. I was impressed with the scope of the project, the technical expertise of those on the call, and the speed with which they were cooperating in creating a meaningful grant application.

The central and northern areas of Michigan are already far behind the technically savvy economies of southern Michigan. It is vital to our long term sustainability that we be able to join the list of broadband counties able to supply widespread service to our population and businesses.

Sincerely,

Frank E. Starkweather

Frank E. Starkweather, Director
Economic Development Corporation of Gladwin County

401 West Cedar Ave. • Gladwin, MI 48624-2023

PERE MARQUETTE DISTRICT LIBRARY

185 E. FOURTH STREET
CLARE, MICHIGAN 48617

Phone: 989-386-7576
Fax: 989-386-3576

www.pmdl.org

August 11, 2009

Pere Marquette
District Library
Board

James Mishler
Chairman
City of Clare

Lisa Card
Secretary
Wise Township

Susan Wentworth
Treasurer
Grant Township

Julie Cole
Trustee
Vernon Township

Lee Ranck
Trustee
Wise Township

Dr. Donald J. Welch
President and CEO
Merit Network, Inc.
1000 Oakbrook Drive, Suite 200
Ann Arbor, Michigan 48104-6794

Dear Dr. Welch:

I am writing to express support for Merit Network Inc.'s application related to the Broadband Initiatives Program (BIP) and Broadband Technology Opportunities Program (BTOP) under the American Recovery and Reinvestment Act (ARRA) Stimulus Program.

The project you are proposing will extend critical Broadband Services to anchor institutions in our area, such as Pere Marquette District Library located in the City of Clare in Clare County. The Pere Marquette District Library provides training to community members assisting them in overcoming barriers to accessing technology and assist patrons with such services as updating and creating resumes through the Michigan Works website, creating professional resumes through Microsoft Office, and providing guidance for filing taxes online. With our county unemployment rate at 16.9% the library also provides the necessary guidance to community members needing to file for unemployment benefits.

Merit's over 40 year heritage of providing advanced networking services throughout the State positions Merit well to meet the needs of unserved and underserved communities throughout Michigan.

The Pere Marquette District Library is pleased to develop a relationship that is beneficial to Clare County and to Merit Network, Inc.

Sincerely,



Sheila M. Bissonnette, MLIS
Library Director
Pere Marquette District Library
sbissonnette@cityofclare.org
989-386-7576 ext 4

CLARE COUNTY ENTERPRISE COMMUNITY

A grassroots revitalizing effort at work... the essence of collaboration

August 11, 2009

Dr. Donald J. Welch
President and CEO
Merit Network, Inc.
1000 Oakbrook Drive, Suite 200
Ann Arbor, Michigan 48104-6794

Dear Dr. Welch:

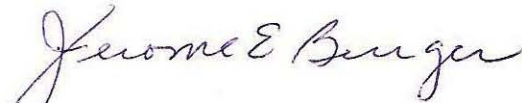
I am writing to express support for Merit Network Inc.'s application related to the Broadband Initiatives Program (BIP) and Broadband Technology Opportunities Program (BTOP) under the American Recovery and Reinvestment Act (ARRA) Stimulus Program.

The project you are proposing will extend critical Broadband Services to anchor small business development, entrepreneurship and other underserved rural populations in Clare County. The Clare County Enterprise Community is a Federally Designated Round II Rural Enterprise Community with 52 benchmarked goals. Benchmark 23 is specifically aimed at technology development including extending critical broadband services.

Merit's over 40 year heritage of providing advanced networking services throughout the State positions Merit well to meet the needs of Clare County's unserved and underserved communities.

Clare County Enterprise Community is pleased to support a relationship that is beneficial to the citizens of Clare County and to Merit Network, Inc. Should you have any questions, please feel free to contact our office at (989) 539-7805 or burgerj@clareco.net.

Sincerely,



Jerome E Burger, Executive Director
Clare County Enterprise Community



August 11, 2009

Dr. Donald J. Welch
President and CEO
Merit Network, Inc.
1000 Oakbrook Drive, Suite 200
Ann Arbor, Michigan 48104-6794

Dear Dr. Welch:

I am writing to express support for Merit Network Inc.'s application related to the Broadband Initiatives Program (BIP) and Broadband Technology Opportunities Program (BTOP) under the American Recovery and Reinvestment Act (ARRA) Stimulus Program.

The project you are proposing will extend critical Broadband Services to anchor institutions in both Clare and Gladwin Counties, both underserved areas. This will enable local companies to expand their business reach, allow more students internet access, enhance collaboration between businesses and governmental units and improve the quality of life in this area. Our hope is that this will result in multiple job creation, especially from an entrepreneurial perspective.

Merit's over 40 year heritage of providing advanced networking services throughout the State positions Merit well to meet the needs of unserved and underserved communities throughout Michigan.

Sincerely,

Harmony Nowlin
Community Services Area Manager
hlnowlin@cmsenergy.com
(989) 466-4200



August 11, 2009

Dr. Donald J. Welch
President and CEO
Merit Network, Inc.
1000 Oakbrook Drive, Suite 200
Ann Arbor, Michigan 48104-6794

Dear Dr. Welch,

I am writing to express support for Merit Network Inc.'s application related to the Broadband Initiatives Program (BIP) and Broadband Technology Opportunities Program (BTOP) under the American Recovery and Reinvestment Act (ARRA) Stimulus Program.

In recent years, Mid Michigan Community College has become a leader in providing greater access for our students through online coursework. We offer an array not only of completely online courses, but we also supplement instruction and increase the physical capacity of our campuses by offering hybrid courses, conducted partially online and partially on ground.

Unfortunately, many students in our service area cannot take advantage of the rich and convenient online learning environment because they lack access to high speed connectivity. The project you are proposing will extend critical Broadband Services to those deserving students. Your project will help us accomplish President Obama's goal of increasing the number of college graduates by five million in the next five years. In addition, your project will ensure that Michigan's pool of college graduates are equipped with the skills needed to obtain and retain employment in high demand, high skill emerging occupations.

Merit's over 40 year heritage of providing advanced networking services throughout the State positions Merit well to meet the needs of unserved and underserved communities throughout Michigan. Mid Michigan Community College is pleased to continue a mutually beneficial relationship with Merit Network, Inc.

Sincerely,

Carol A. Churchill

Carol A. Churchill, President
cchurchill@midmich.edu
989.386.6602

Q-41 Attachment: Government and Other Key Partnerships



August 11, 2009

Dr. Donald J. Welch
President and CEO
Merit Network, Inc.
1000 Oakbrook Drive, Suite 200
Ann Arbor, Michigan 48104-6794

Dear Dr. Welch:

I am writing to express support for Merit Network Inc.'s application related to the Broadband Initiatives Program (BIP) and Broadband Technology Opportunities Program (BTOP) under the American Recovery and Reinvestment Act (ARRA) Stimulus Program.

The project you are proposing will extend critical Broadband Services to anchor institutions in our area, such as the City of Mt. Pleasant, Mt Pleasant Community Education, Isabella Commission on Aging, and the Mt. Pleasant Public School District in Isabella County. This will enable our institution to increase our collaborations with these organizations and to expand city services and education resources for all residents. We anticipate that this will result in more civic involvement by residents, allow businesses to flourish by streamlining access, and enable students (both traditional and returning students) to receive the training they need to succeed at their chosen professions. In Michigan we are desperate need to increase our broadband infrastructure to give our resident a fair chance to compete both nationally and globally.

Merit's over 40 year heritage of providing advanced networking services throughout the State positions Merit well to meet the needs of unserved and underserved communities throughout Michigan.

Chippewa River District Library is pleased to continue a relationship that is beneficial to our residents and to Merit Network, Inc.

Sincerely,

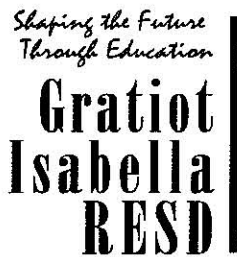
Lise Mitchell

Lise Mitchell, Director
lhmitch@crdl.org
989-772-3488 x12

Faith Johnston
Memorial Library
4026 Michigan St.
Rosebush, MI 48878
ph./fax/989.433.0006

Veterans Memorial Library
301 South University Ave.
Mount Pleasant, MI 48858
ph. 989.773.3242
fax. 989.772.3280

Branches also located in:
Blanchard
Shepherd
Weidman
Winn



Q-41 Attachment: Government and Other Key Partnerships

August 11, 2009

Dr. Donald J. Welch
President and CEO
Merit Network, Inc.
1000 Oakbrook Drive, Suite 200
Ann Arbor, Michigan 48104-6794

Dear Dr. Welch:

I am writing to express support for Merit Network Inc.'s application related to the Broadband Initiatives Program (BIP) and Broadband Technology Opportunities Program (BTOP) under the American Recovery and Reinvestment Act (ARRA) Stimulus Program.

The project you are proposing will extend critical Broadband Services to anchor institutions in Isabella County, such as Mt. Pleasant Public Schools in Mt. Pleasant, Shepherd Public Schools in Shepherd and Beal City Schools in Beal City. This will enable our institution to share educational resources such as network services, network applications, teachers and programs. This will also provide for a more reliable connection within the region as well as to the Internet. We anticipate that this will result in improved efficiencies for all schools resulting in real savings, additional curriculum opportunities for students and better collaborative opportunities for educators. Students in Mid-Michigan will have better access to world wide resources resulting in better job opportunities.

Merit's over 40 year heritage of providing advanced networking services throughout the State positions Merit well to meet the needs of unserved and underserved communities throughout Michigan.

MMNet / Gratiot-Isabella RESD is pleased to continue a relationship that is mutually beneficial to MMNet / Gratiot-Isabella RESD and to Merit Network, Inc.

Sincerely,

Matt McMahon
Director, Network Operations
MMNet / Gratiot-Isabella RESD
mmcmahon@giresd.net
989-875-5603

1131 East Center Street • P.O. Box 310 • Ithaca, Michigan 48847-0310
(989) 875-5101 • Fax (989) 875-2858 • TDD (989) 875-8720

GIRESD is an Equal Opportunity Employer.
Auxiliary aids & services are available upon request to individuals with disabilities.

Q-41 Attachment: Government and Other Key Partnerships**MidMichigan**
Medical Center
Midland

August 3, 2009

Dr. Donald J. Welch
President and CEO
Merit Network, Inc.
1000 Oakbrook Drive, Suite 200
Ann Arbor, Michigan 48104-6794

Dear Dr. Welch:

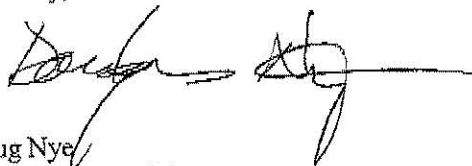
I am writing to express support for Merit Network Inc.'s application related to the Broadband Initiatives Program (BIP) and Broadband Technology Opportunities Program (BTOP) under the American Recovery and Reinvestment Act (ARRA) Stimulus Program.

The project you are proposing will extend critical Broadband Services to anchor institutions in our area, such as MidMichigan Medical Center-Gladwin and other healthcare organizations in Gladwin county and surrounding areas. This will enable our institution to more easily and cost-effectively provide healthcare services, to work more closely with other healthcare organization, and to offer new types of services to residents of the area. We anticipate that this will result in increased levels of collaboration among healthcare providers, cost savings, improved access to healthcare resources, and an improved ability to recruit primary care physicians and other caregivers to the area.

Merit's over 40 year heritage of providing advanced networking services throughout the State positions Merit well to meet the needs of unserved and underserved communities throughout Michigan.

We are pleased to lend support to the ongoing development of Merit's network throughout this region; the relationship we've established with Merit Networks is extremely beneficial to MidMichigan Health and all its affiliates, and we support it's further development throughout our service area..

Sincerely,



Doug Nye
IT Infrastructure Manager
MidMichigan Health
(989) 839-3332
doug.nye@midmichigan.org



SPRING ARBOR UNIVERSITY

August 5, 2009

Dr. Donald J. Welch
President and CEO
Merit Network, Inc.
1000 Oakbrook Drive, Suite 200
Ann Arbor, Michigan 48104-6794

Dear Dr. Welch:

I am writing to express support for Merit Network Inc.'s application related to the Broadband Initiatives Program (BIP) and Broadband Technology Opportunities Program (BTOP) under the American Recovery and Reinvestment Act (ARRA) Stimulus Program.

The project you are proposing will extend critical Broadband Services to our business and professional students in our campuses located in Bay City (Bay County) and Gaylord (Otsego County) in Michigan. This will enable our institution to increase the number of programs and degrees we can offer to the Bay City and Gaylord business professionals. We anticipate that this will result in increased number of qualified educated professional candidates available in Michigan's job markets.

Merit's over 40 year heritage of providing advanced networking services throughout the State positions Merit well to meet the needs of unserved and underserved communities throughout Michigan.

Spring Arbor University is pleased to engage in building relationships that is beneficial to working professionals and to Merit Network, Inc.

Sincerely,

Jeff Edwards, MBA
VP of Technology Services/CIO
jeff.edwards@arbor.edu
517-750-6438

Q-41 Attachment: Government and Other Key Partnerships**IOSCO-ARENAC DISTRICT LIBRARY**

120 W. WESTOVER STREET, EAST TAWAS, MI 48730
(989) 362-2651 FAX (989) 362-6056
www.ioscoarenaclibrary.org

August 5, 2009

Dr. Donald J. Welch
President and CEO
Merit Network, Inc.
1000 Oakbrook Drive, Suite 200
Ann Arbor MI 48104-6794

Dear Dr. Welch:

I am writing to say how much we appreciate and support your efforts on behalf of the rural northeast in Michigan. This letter is to support Merit Network Inc.'s application related to the Broadband Initiatives Program (BIP) and Broadband Technology Opportunities Program (BTOP) under the American Recovery and Reinvestment Act (ARRA) Stimulus Program.

The project you are proposing will extend critical Broadband Services to anchor institutions in our area, most notably eight Public Library branches (five of them are within one mile of the proposed fiber), two hospitals, six public school districts, two county government seats, five chambers of commerce, various local government units, charter schools, tourism councils, and more.

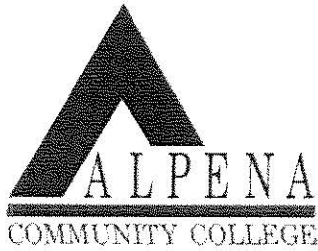
We have been experiencing increasingly high numbers in unemployment and our libraries are struggling to keep up with serving jobseekers and the underemployed. We cooperate with Michigan Works and are working members of Develop Iosco, Inc. We offer various low and no cost services to our residents and to visitors to our area.

Internet service is both limited and expensive for our area.....MERIT has been competitive and has provided outstanding service to our branch libraries. We look forward to improvements that fiber vs. leased line access that is high speed and robust will provide for our Iosco and Arenac County community.

Sincerely,



Stephanie Mallak Olson
District Director



665 Johnson Street
Alpena, MI 49707-1495
(989) 358-7246
FAX (989) 358-7553
Website: www.alpenacc.edu

August 6, 2009

Dr. Donald J. Welch
President and CEO
Merit Network, Inc.
1000 Oakbrook Drive, Suite 200
Ann Arbor, Michigan 48104-6794

Dear Dr. Welch:

I am writing to express support for Merit Network Inc.'s application related to the Broadband Initiatives Program (BIP) and Broadband Technology Opportunities Program (BTOP) under the American Recovery and Reinvestment Act (ARRA) Stimulus Program.

The project you are proposing will allow us to extend critical Broadband Services to our Alpena Community College Huron Shores campus branch institution in the Oscoda area. The ability to provide a robust, high-speed network service that is more cost effective will enable not only the college but other areas of education, libraries, not-for-profit organizations, and businesses to extend services to the Oscoda area and other locations along the proposed fiber path. It will provide a backbone path for the Alpena Regional Fiber Consortium, whose membership consists of 13 area core non-profit organizations and branches which include education, health, libraries, and other non-profit state agencies. It will enable services to the Oscoda area and beyond to create a collaborative network to provide services in the area of voice, data, and video.

We anticipate that this will result in the enhancement of education by providing us a means to expand our programs and services that provide training and development in the areas of technical program offerings which in turn support the development and training within the communities of Northeastern Michigan.

Merit's over 40 year heritage of providing advanced networking services throughout the State positions Merit well to meet the needs of unserved and underserved communities throughout Michigan.

Alpena Community College is pleased to continue our relationship with Merit Network, Inc. Our affiliation with Merit has been beneficial to our organization as well as many others within the community as they are always working toward goals that provide the best solution for its members and the community it serves.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Olin Joynton', is written over a horizontal line.

Olin Joynton
President

Q-41 Attachment: Government and Other Key Partnerships



8/5/09

Dr. Donald J. Welch
President and CEO
Merit Network, Inc.
1000 Oakbrook Drive, Suite 200
Ann Arbor, Michigan 48104-6794

Dear Dr. Welch:

I am writing to express support for Merit Network Inc.'s application related to the Broadband Initiatives Program (BIP) and Broadband Technology Opportunities Program (BTOP) under the American Recovery and Reinvestment Act (ARRA) Stimulus Program.

Davenport University maintains 14 sites throughout the state of Michigan. Some of these sites suffer from poor or expensive network connectivity due to the lack of infrastructure. The project you are proposing will extend critical Broadband Services to areas that are underserved. This will enable our institution to more affordably and efficiently interconnect with our other sites, and with the students we serve. We anticipate that this will result in more learning opportunities for residents in these areas, leading to a greater quality of life.

Merit's over 40 year heritage of providing advanced networking services throughout the State positions Merit well to meet the needs of unserved and underserved communities throughout Michigan.

Davenport University is pleased to develop a relationship that is beneficial to underserved communities of Michigan and to Merit Network, Inc.

Sincerely,

Brian Miller, VP of Information Technology Services and CIO
Davenport University
Brian.Miller@davenport.edu
616-732-1195

**MICHIGAN STATE
UNIVERSITY**

August 5, 2009

To Whom It May Concern:

On behalf of Michigan State University (MSU), I am writing this letter in support of Merit Network's broadband infrastructure proposal under the American Recovery and Reinvestment act of 2009 (ARRA).

MSU is developing state-wide BTOP computer center and sustainable adoptions proposals on in conjunction with the State of Michigan's Department of Information Technology. For the computing centers, we are coordinating with Merit Network to expand the computing capacity in local libraries and other key public access institutions. Merit Network's broadband infrastructure is a key component in maximizing the value of these computer centers. Reciprocally, we expect that these computer centers will stimulate demand for this their network infrastructure.

Our sustainable adoption proposals focus on three fundamental elements of broadband adoption: education, commerce, and health care. Through these projects, we will stimulate broadband demand by training high school students in the development and use of emerging technologies, connect students and businesses to develop local web content, provide general training programs for the unemployed and entrepreneurs, prepare local healthcare providers for the upcoming EMR requirements, coordinate telehealth collaborations, and facilitate online continuing education for healthcare providers.

All of the above applications are designed to build on the broadband networks developed by Merit Network. This partnership will help both of our organizations achieve connectivity and economic development goals of the ARRA broadband program.

Sincerely,



Pamela S. Whitten
Dean



COLLEGE OF
**COMMUNICATION
ARTS AND
SCIENCES**

Dean's Office

Michigan State University
287 Communication Arts and
Sciences Building
East Lansing, MI
48824-1212
517-355-3410
FAX: 517-432-1244
www.cas.msu.edu

**Q-41 Attachment: Government and Other Key Partnerships
Regional Educational Media Center #10**

Serving the Schools of the Thumb

www.rem10.org



August 11, 2009

Dr. Donald J. Welch
President and CEO
Merit Network, Inc.
1000 Oakbrook Drive, Suite 200
Ann Arbor, Michigan 48104-6794

Dear Dr. Welch:

I am writing to express support for Merit Network Inc.'s application related to the Broadband Initiatives Program (BIP) and Broadband Technology Opportunities Program (BTOP) under the American Recovery and Reinvestment Act (ARRA) Stimulus Program.

The schools in the "Thumb Area" of Michigan are also working on an ARRA BIP/BTOP grant application to expand broadband capabilities in our region. In our project we are partnering with Air Advantage, LLC (a private wireless Internet service provider), Saginaw Valley State University and several other anchor institutions including libraries, public safety, county government, economic development, hospitals and other health care agencies. We believe that the network that Merit is looking to build can and will tie directly into the network in the Thumb and will be mutually beneficial.

REMC 10 is pleased to continue a relationship that is beneficial to REMC 10, and to Merit Network, Inc.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert J. Frost".

Robert J. Frost
Director of REMC 10
rfrost@tisd.k12.mi.us
989-673-2144x310



Tuscola Intermediate School District

The Tuscola Intermediate School District will develop and maintain educational excellence through the programs and services provided for Tuscola County area residents.

ADMINISTRATION

Carol L. Soda
Superintendent

Gene W. Pierce
Assistant Supt.
Career/Technical Ed.

James N. Walker
Assistant Supt.
Special Ed.

BOARD OF ED.

James Welke
President

Nancy Laethem
Vice President

James Brown
Secretary

Dean Nichols
Treasurer

Charles Squires
Trustee

August 11, 2009

Dr. Donald J. Welch
President and CEO
Merit Network, Inc.
1000 Oakbrook Drive, Suite 200
Ann Arbor, Michigan 48104-6794

Dear Dr. Welch:

I am writing to express support for Merit Network Inc.'s application related to the Broadband Initiatives Program (BIP) and Broadband Technology Opportunities Program (BTOP) under the American Recovery and Reinvestment Act (ARRA) Stimulus Program.

The schools in the "Thumb Area" of Michigan are also working on an ARRA BIP/BTOP grant application to expand broadband capabilities in our region. In our project we are partnering with Air Advantage, LLC (a private wireless Internet service provider), Saginaw Valley State University and several other anchor institutions including libraries, public safety, county government, economic development, hospitals and other health care agencies. We believe that the network that Merit is looking to build can and will tie directly into the network in the Thumb and will be mutually beneficial.

The Tuscola Intermediate School District is pleased to continue a relationship that is beneficial to Tuscola ISD, and to Merit Network, Inc.

Sincerely,

Robert J. Frost
Information Systems Coordinator, Tuscola Intermediate School District
rfrost@tisd.k12.mi.us
989-673-2144x310

1385 Cleaver Road, Caro, MI 48723 ♦ PHONE 989-673-2144 ♦ FAX 989-673-5366

Please visit us at www.tisd.k12.mi.us

In compliance with Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, and the Americans with Disabilities Act of 1990, it is the policy of the Tuscola Intermediate School District that no person shall, on the basis of religion, race, color, national origin, sex, disability, age, marital status, height, weight, arrest record, and familial status be excluded from participation in, be denied the benefits of, or be subjected to discrimination during any program or activity or employment. Inquiries regarding this policy should be directed to the Tuscola ISD Superintendent, 1385 Cleaver Road, Caro, Michigan 48723, 989/673-2144.

Subrecipient Last Mile Letters of Support

On the following pages are letters of support for this proposal received by subrecipients from potential last mile customers.

Coldwater Board of Public Utilities
County National Bank, Hillsdale
ITS Communications, Kalamazoo
Lakeland HealthCare, St. Joseph
NUQ Networks, Benton Harbor
SabreTech Consulting, LLC, Hillsdale
Southwestern Medical Clinic, P.C., Berrien Springs

Q-41 Attachment: Government and Other Key Partnerships**Coldwater Board of Public Utilities**

One Grand Street • Coldwater, Michigan 49036
Telephone (517) 279-9531 • Facsimile (517) 278-5107 • E-mail: cbpu@cbpu.com

Worldwide Technology with Hometown Service

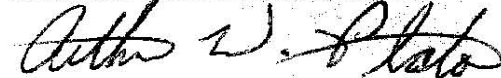
I am writing to express support for Lynx Network Group's application related to the Broadband Initiatives Program (BIP) and Broadband Technology Opportunities Program (BTOP) under the American Recovery and Reinvestment Act (ARRA) Stimulus Program.

The project you are proposing will extend critical Broadband Services to many underserved and un-served areas within our network. This will enable our institution to facilitate more comprehensive broadband coverage. We anticipate that this will result in a higher level of broadband penetration within our county.

Lynx Network Group's history of providing advanced networking services throughout the State positions Lynx well to meet the needs of un-served and underserved communities throughout Michigan.

Coldwater Board of Public Utilities is pleased to continue our relationship that is beneficial to the Coldwater Board of Public Utilities and to Lynx Network Group.

Internet Engineer
Coldwater Board of Public Utilities



Arthur W Plato

Q-41 Attachment: Government and Other Key Partnerships



County National Bank

CINDY DWYER
Assistant Vice President
Technology

August 6, 2009

I am writing to express support for Lynx Network Group's application related to the Broadband Initiatives Program (BIP) and Broadband Technology Opportunities Program (BTOP) under the American Recovery and Reinvestment Act (ARRA) Stimulus Program.

The project you are proposing will extend critical Broadband Services to many underserved and un-served areas within our network. This will enable our institution to offer better and faster service to our customers and for our staff.

Lynx Network Group's history of providing advanced networking services throughout the State positions Lynx well to meet the needs of un-served and underserved communities throughout Michigan.

County National Bank is pleased to continue our relationship that is beneficial to our surrounding market area and to Lynx Network Group.

Cindy Dwyer

VP Technology

County National Bank

Main Office

One South Howell Street • P. O. Box 283 • Hillsdale, Michigan 49242 • (517) 439-4300 Fax (517) 439-0454
www.countynationalbank.com



August 10, 2009

**LYNX Networks Group, LLC
PO Box 237
Kalamazoo, MI 49004**

I am writing to express support for Lynx Network Group's application related to the Broadband Initiatives Program (BIP) and Broadband Technology Opportunities Program (BTOP) under the American Recovery and Reinvestment Act (ARRA) Stimulus Program.

Any project that will extend critical Broadband Services to the many underserved and unserved areas within Michigan is desperately needed. This will enable us both to provide services at reasonable costs to customers in these areas. We anticipate that this will result in increased employment opportunities and additional tax revenue for the state.

Lynx Network Group's history of providing advanced networking services throughout the State positions Lynx well to meet the needs of unserved and underserved communities throughout Michigan.

ITS Communications is pleased to continue any relationship that is beneficial to the broadband starved areas of Michigan and to Lynx Network Group.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Becker", is written over a horizontal line.

**Douglas Becker
VP Operations
ITS Communications, Inc.**

Q-41 Attachment: Government and Other Key Partnerships



August 13, 2009

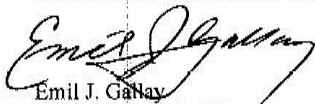
I am writing to express support for Lynx Network Group's application related to the Broadband Initiatives Program (BIP) and Broadband Technology Opportunities Program (BTOP) under the American Recovery and Reinvestment Act (ARRA) Stimulus Program.

The project you are proposing will extend critical Broadband Services to a few underserved and unserved areas within our network. This will enable our institution to connect to the Cassopolis Medical Center and help get an alternate path concept for our Niles hospital.

Lynx Network Group's history of providing advanced networking services throughout the State positions Lynx well to meet the needs of un-served and underserved communities throughout Michigan.

Sincerely,

LAKELAND REGIONAL HEALTH SYSTEM


Emil J. Galley
Vice President & CIO



Networks Internet Services



Aug 6, 2009
LYNX Network Group, LLC
P.O. Box 237
Kalamazoo, MI 49004-0237

Dear Scott Sullivan,

I'm writing to express my support for the Lynx Network Group's application related to the Broadband Initiatives Program (BIP) and Broadband Technology Opportunities Program (BTOP) under the American Recovery and Reinvestment Act (ARRA) Stimulus Program.

For years we have worked together with the shared goal of bringing the Internet and Data services to the underserved of Michigan. We have witnessed the value of these services to the economic health businesses and communities they serve. Unfortunately as the Internet has matured and the dependency on it grown, the acceptable level of performance has shifted, leaving the communities furthest from the major backbone routes without handicapped levels of service.

The large telephone and cable companies have ignored the needs of these un-served or underserved areas for both economic and anti-competitive reasons. That is why I am excited to support LYNX Network Group efforts. NUQ Networks will leverage the network to bring services to people and businesses of Southwest Michigan.

I look forward to working with Lynx Network Group as we build the Internet highways of opportunity.

Sincerely,

Douglas Griggs
President of NUQ Networks, LLC



Friday, February 27th, 2009

To Whom It May Concern:

I am writing to express support for Lynx Network Group's application related to the Broadband Initiatives Program (BIP) and Broadband Technology Opportunities Program (BTOP) under the American Recovery and Reinvestment Act (ARRA) Stimulus Program.

The project you are proposing will extend critical Broadband Services to many underserved and un-served areas within our network. This will enable our institution to reach new communities with our services. We anticipate that this will result in increased business and lead to new job creation.

Lynx Network Group's history of providing advanced networking services throughout the State positions Lynx well to meet the needs of un-served and underserved communities throughout Michigan.

Jonathan Hoyt is pleased to continue our relationship that is beneficial to SabreTech Consulting LLC and to Lynx Network Group.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jon Hoyt', is written over a horizontal line.

Jon Hoyt
SabreTech Consulting LLC

154 Lewis St. ♦ Hillsdale, MI 49242 ♦ 517-437-7150

Q-41 Attachment: Government and Other Key Partnerships

From SWMC

Thu 06 Aug 2009 11:40:34 AM EDT

Page 1 of 1



ADMINISTRATIVE OFFICES

8008 M 139
Berrien Springs, MI 49103
Phone: 269-471-1700
Fax: 269-471-1975

I am writing to express support for Lynx Network Group's application related to the Broadband Initiatives Program (BIP) and Broadband Technology Opportunities Program (BTOP) under the American Recovery and Reinvestment Act (ARRA) Stimulus Program.

The project you are proposing will extend critical Broadband Services to many un-served and underserved areas within our area. This will enable Southwestern Medical Clinic to reduce costs and improve service offerings. We anticipate that this will result in better service to our patients.

Lynx Network Group's history of providing advanced networking services throughout the State positions Lynx well to meet the needs of un-served and underserved communities throughout Michigan.

Southwestern Medical Clinic is pleased to continue our relationship that is beneficial to southwest Michigan and to Lynx Network Group.

Brian Meyer
IS Department
Southwestern Medical Clinic

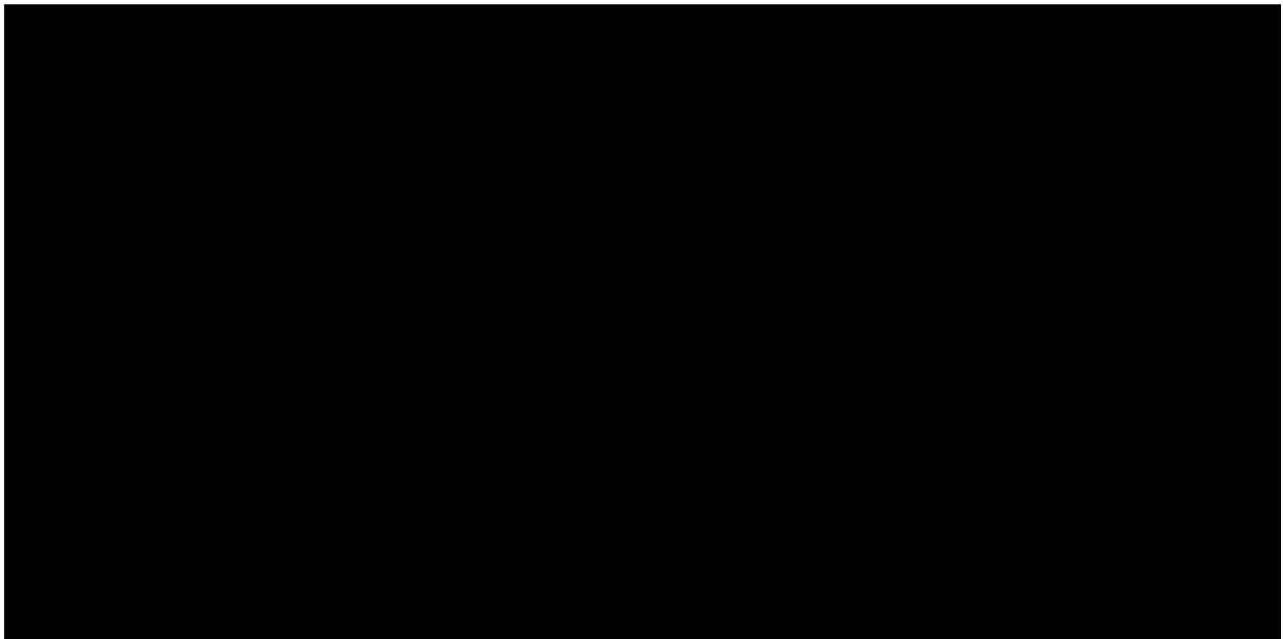
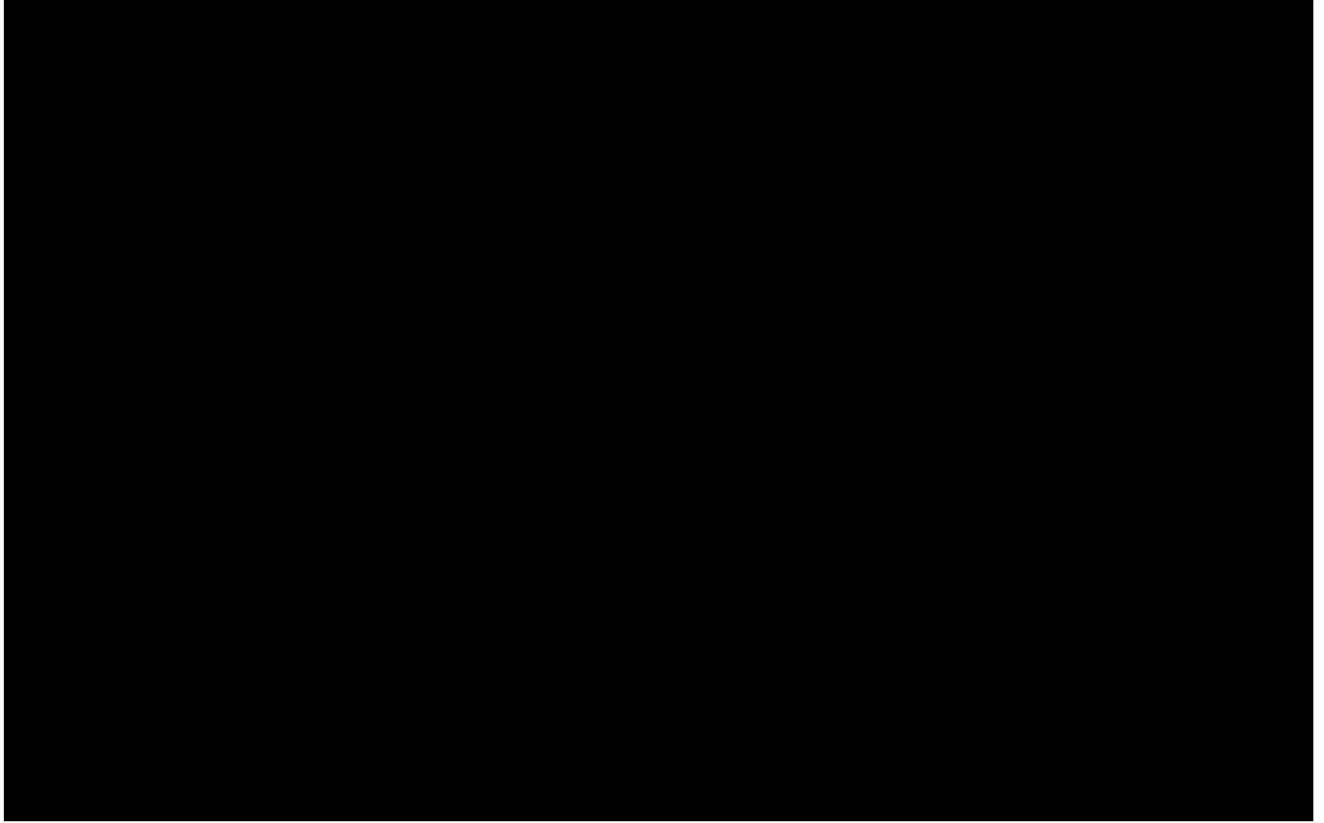
Q-41 Attachment: Government and Other Key Partnerships

Financial Proposal, United Bank and Trust - Washtenaw

On the following page is a support letter from United Bank and Trust - Washtenaw describing a financial proposal for a term loan to fund Merit Network's portion of the fiber builds described in this proposal.

Banking • Mortgage • Wealth Management • Insurance

Q-41 Attachment: Government and Other Key Partnerships



By: _____

Its: _____

Date: _____

General Overall Budget For Joint Applications Only (Q44) REACH-3MC BTOP: Please complete the following table only if you are submitting a joint BIP/BTOP Application. Please use the grid on Project Budget Tab in the online system for the BIP budget and then complete the table below for BTOP.

Equipment Category	Grant Request	Equity	Debt	Bonds	Other Funding	Total
Network & Access Equipment (switching, routing, transport, access)	\$4,388,764.00	\$496,712.00	\$600,479.00			\$5,485,955.00
Outside Plant (cables, conduits, ducts, poles, towers, repeaters, etc.)	\$27,047,960.00	\$4,660,020.00	\$2,101,970.00			\$33,809,950.00
Buildings and Land – (new construction, improvements, renovations, lease)						
Customer Premise Equipment (modems, set-top boxes, inside wiring, etc.)						
Billing and Operational Support Systems (IT systems, software, etc.)	\$6,000.00	\$1,500.00				\$7,500.00
Operating Equipment (vehicles, office equipment, other)	\$13,632.00		\$3,408.00			\$17,040.00
Engineering/ Professional Services (engineering design, project management, consulting, etc.)	\$1,787,745.00	\$64,072.00	\$382,863.00			\$2,234,680.00
Testing (network elements, IT system elements, user devices, test generators, lab furnishings, servers/computers, etc.)	\$40,000.00		\$10,000.00			\$50,000.00
Site Preparation	\$5,120.00		\$1,280.00			\$6,400.00
Other						
Total Broadband System	\$33,289,221.00	\$5,222,305.00	\$3,100,000.00			\$41,611,526.00

DETAIL OF PROJECT COSTS (Q45)

PLEASE COMPLETE THE TABLE BELOW FOR THE DIFFERENT CATEGORIES OF EQUIPMENT THAT WILL BE REQUIRED FOR COMPLETING THE PROJECT. Each CATEGORY SHOULD BE BROKEN DOWN TO THE APPROPRIATE LEVEL FOR IDENTIFYING UNIT COST.

SERVICE AREA or COMMON NETWORK FACILITIES:		Eligibility (Yes/No)	Unit Cost	No. of Units	Total Cost	Support of Reasonableness
NETWORK & ACCESS EQUIPMENT						
Switching	12 Port 10/100/1000 Switch	Yes	7,254.00	12	\$87,048.00	Quote From Vendor
Routing	24 Port 10/100/1000 10Gbps Uplinks	Yes	13,520.00	11	\$148,720.00	Quote From Vendor
	Metro 10 Gbps Ethernet Router	Yes	241,840.00	2	\$483,680.00	Quote From Vendor
	Core Router with OC3 Interfaces	Yes	68,155.00	1	\$68,155.00	Quote From Vendor
Transport	40 Wave DWDM Optical Network	Yes	2,282,945.00	1	\$2,282,945.00	Quote From Vendor
	Multiprotocol Optical/Switching System	Yes	2,415,407.00	1	\$2,415,407.00	Quote From Vendor
Access						
Other						
OUTSIDE PLANT						
	Fiber Build 72 Strands	Yes	\$34,500	706.3	\$24,367,350	Consultation from two fiber installation contractors that \$34,500 per mile for 72 strand fiber installation is reasonable. The number of miles have been mapped out and measured.

Cables	Fiber Build 72 Strands	yes	\$32,800	173.9	\$5,703,920	Consultation from two fiber installation contractors that \$32,800 per mile for 72 strand fiber installation is reasonable. The number of miles have been mapped out and measured.
	Fiber Build 72 Strands	yes	\$28,750	74.9	\$2,153,375	Consultation from two fiber installation contractors that \$28,750 per mile for 72 strand fiber installation is reasonable. The number of miles have been mapped out and measured.
Cables	Central Office Access	yes	\$25,000	8	\$200,000	Consulation from Vendors who have built access into central offices.
	Central Office Access	yes	\$35,000	7	\$245,000	Consulation from Vendors who have built dual entrance access into central offices.
	Central Office wiring materials	yes	\$95,105	1	\$95,105	Quote from Vendor
	Anchor Tenant Access	yes	\$30,000	25	\$750,000	Consultation from two outside plant fiber installation contractors and one inside contractor and Merit's own experience installing fiber into anchor tenants.
Conduits	N/A					
Ducts	N/A					

Poles						Merit's experience and consultation with fiber installation contractors that 1/2% of poles will need to be replaced. Cost for replacements in the areas of which fiber installation is being projected the estimated cost is \$2000 per pole.
		Yes	\$1,550.00	144	\$223,200.00	
Towers	N/A					
Repeaters	N/A					
Other						Current Pricing of tags that Merit is currently using per Michigan State Law. The estimate of 100 poles per mile and Michigan State Law requires a tag at every pole attachment.
	Fiber Tags	Yes	\$2.50	28,800	\$72,000.00	
Buildings						
New Construction	N/A					
Pre-Fab Huts	N/A					
Improvements & Renovation	N/A					

Renovation						
Other	N/A					
Customer Premise Equipment						
Modems	N/A					
Set Top Boxes	N/A					
Inside Wiring	N/A					
Other	N/A					
BILLING SUPPORT AND OPERATIONS SUPPORT SYSTEMS						
Billing Support Systems	N/A					
Customer Care Systems	Network Management System	Yes	7,500.00	1	\$7,500.00	Quote from Vendor
Other Support	N/A					
SERVICE AREA or COMMON NETWORK FACILITIES:		Eligibility (Yes/No)	Unit Cost	No. of Units	Total Cost	Support of Reasonableness
OPERATING EQUIPMENT						
Vehicles						
Office	Computers	yes	2,100.00	4	\$8,400.00	Estimated Cost From Vendor

Equipment/ Furniture						
Other	Phones	yes	2,160.00	4	\$8,640.00	Three year estimated cost
PROFESSIONAL SERVICES						
Engineering Design	Engineering Design Team-Various	yes	33,823.32	1	\$33,823.32	Actual hours worked
Project Management	Project Manager	yes	282,682.40	1	\$282,682.40	Estimated project hours and salary
Consulting	BBCGI	yes	16,000.00	1	\$16,000.00	Quote from Vendor
	Engineering Consultant	yes	3,500.00	1	\$3,500.00	Quote from Vendor
	Grant Specialist	yes	24,666.00	1	\$24,666.00	Actual hours worked
	Grant Specialist 2	yes	353,324.40	1	\$353,324.40	Actual hours worked
	Grant Specialist Aid	yes	1,873.00	1	\$1,873.00	Actual hours worked
	Lawyer -contracts	yes	23,000.00	1	\$23,000.00	Actual hours worked
	Lawyer	yes	500.00	1	\$500.00	Estimated 2 hours worked
Other	General Installation&Wiring per site	yes	197,954.00	1	\$197,954.00	Quote from Vendor
	System Lineup and test	yes	84,203.50	1	\$84,203.50	Quote from Vendor
	Deployment Charge	yes	22,405.00	1	\$22,405.00	Quote from Vendor
	Training Partner	yes	15,800.00	1	\$15,800.00	Quote from Vendor
	General Installation & System Testing	Yes	1,107,800.13	1	\$1,107,800.13	Estimated project hours & travel
	Training	yes	24,984.00	1	\$24,984.00	Quote from Vendor
	Accounting and Research	yes	42,164.00	1	\$42,164.00	Actual hours worked
TESTING						
Network Elements	OTDR	Yes	35,000.00	1	\$35,000.00	Quote from Vendor
	OSA	YES	15,000.00	1	\$15,000.00	Quote from Vendor
IT System Elements						
	N/A					

User Devices	N/A					
Test Generators	N/A					
Lab Furnishings	N/A					
Servers/ Computer	N/A					
SERVICE AREA or COMMON NETWORK FACILITIES:		Eligibility (Yes/No)	Unit Cost	No. of Units	Total Cost	Support of Reasonableness
OPERATING EQUIPMENT						
Site Preparation	Power Improvements at AMP Sites	Yes	800.00	8	\$6,400.00	Current rate estimates.
Other	N/A					

Merit Network, Inc.

Financial Statements

Pages 1 - 13	Merit Network, Inc. FY 2008 audited financials
Pages 14 - 17	Merit Network, Inc. FY 2009 pro forma financials scheduled for audit in October, 2009

Note: Merit's fiscal year runs July 1 through June 30

Merit Network, Inc.

Financial Report
June 30, 2008

Merit Network, Inc.

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Independent Auditor's Report

To the Board of Directors
 Merit Network, Inc.

We have audited the accompanying balance sheet of Merit Network, Inc. as of June 30, 2008 and 2007 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Merit Network, Inc. at June 30, 2008 and 2007 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

December 23, 2008

Merit Network, Inc.**Balance Sheet**

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Assets		
Cash and cash equivalents	\$ 5,305,736	\$ 6,324,193
Accounts receivable (Note 2)	562,165	428,315
Restricted cash (Note 3)	-	1,497,091
Prepaid expenses and other:		
Prepaid expenses	260,163	66,015
Bond financing fees - Net of amortization of \$40,484 in 2008 and \$30,363 in 2007	111,324	121,445
Property and equipment - Net (Note 3)	8,219,532	6,225,412
Total assets	<u>\$ 14,458,920</u>	<u>\$ 14,662,471</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 378,048	\$ 691,800
Accrued liabilities and other:		
Accrued wages and other liabilities	480,640	380,463
Deferred revenue	824,467	854,306
Debt (Note 4)	4,383,969	5,754,332
Total liabilities	6,067,124	7,680,901
Net Assets		
Unrestricted	8,391,453	6,833,082
Temporarily restricted	343	148,488
Total net assets	8,391,796	6,981,570
Total liabilities and net assets	<u>\$ 14,458,920</u>	<u>\$ 14,662,471</u>

Merit Network, Inc.

Statement of Activities and Changes in Net Assets

	Year Ended					
	June 30, 2008			June 30, 2007		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and Support						
Grant revenue	\$ 140,359	\$ -	\$ 140,359	\$ 162,520	\$ -	\$ 162,520
Membership fees	6,348,519	-	6,348,519	6,388,899	-	6,388,899
MichNet affiliate and service fees	6,266,162	-	6,266,162	7,073,957	-	7,073,957
Global routing and operations	455,885	-	455,885	451,811	-	451,811
MANOG fees	972,798	-	972,798	718,560	-	718,560
Other service revenue	757,625	-	757,625	809,794	-	809,794
Interest income	293,949	13,662	307,611	351,596	79,235	430,831
Total revenue and support	15,235,297	13,662	15,248,959	15,957,137	79,235	16,036,372
Net Assets Released from Restrictions	161,807	(161,807)	-	39,127	(39,127)	-
Total revenue, support, and net assets released from restrictions	15,397,104	(148,145)	15,248,959	15,996,264	40,108	16,036,372
Expenses						
Program services	13,236,205	-	13,236,205	12,952,755	-	12,952,755
Management and general	602,528	-	602,528	545,041	-	545,041
Total expenses	13,838,733	-	13,838,733	13,497,796	-	13,497,796
Increase (Decrease) in Net Assets	1,558,371	(148,145)	1,410,226	2,498,468	40,108	2,538,576
Net Assets - Beginning of year	6,833,082	148,488	6,981,570	4,334,614	108,380	4,442,994
Net Assets - End of year	<u>\$ 8,391,453</u>	<u>\$ 343</u>	<u>\$ 8,391,796</u>	<u>\$ 6,833,082</u>	<u>\$ 148,488</u>	<u>\$ 6,981,570</u>

See Notes to Financial Statements.

Merit Network, Inc.**Statement of Functional Expenses**

	Year Ended June 30, 2008		
	Program Services	Management and General	Total
Salaries, wages, and fringe benefits	\$ 4,710,087	\$ 486,190	\$ 5,196,277
Data circuits	4,511,947	-	4,511,947
Office phones	37,433	3,864	41,297
NOC	482,127	-	482,127
Materials and services	582,482	18,015	600,497
Travel and professional development	207,710	-	207,710
Host agreement fees	-	74,390	74,390
Other expenses	487,467	9,948	497,415
Rental expense	688,007	-	688,007
Interest expense	184,866	-	184,866
Amortization of bond fees	-	10,121	10,121
Depreciation	1,344,079	-	1,344,079
Total functional expenses	\$ 13,236,205	\$ 602,528	\$ 13,838,733

	Year Ended June 30, 2007		
	Program Services	Management and General	Total
Salaries, wages, and fringe benefits	\$ 4,327,669	\$ 390,263	\$ 4,717,932
Data circuits	4,528,493	-	4,528,493
Office phones	36,306	3,635	39,941
NOC	717,003	-	717,003
Materials and services	679,566	15,892	695,458
Travel and professional development	181,843	-	181,843
Host agreement fees	-	115,330	115,330
Other expenses	547,438	9,800	557,238
Rental expense	692,290	-	692,290
Interest expense	223,865	-	223,865
Amortization of bond fees	-	10,121	10,121
Depreciation	1,015,789	-	1,015,789
Bad debt expense	2,493	-	2,493
Total functional expenses	\$ 12,952,755	\$ 545,041	\$ 13,497,796

Merit Network, Inc.**Statement of Cash Flows**

	Year Ended	
	June 30, 2008	June 30, 2007
Cash Flows from Operating Activities		
Increase in net assets	\$ 1,410,226	\$ 2,538,576
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation	1,344,079	1,015,789
Bad debt expense	-	2,493
Amortization of debt costs	10,121	10,121
Changes in operating assets and liabilities that provided (used) cash:		
Accounts receivable	(133,850)	395,839
Prepaid expenses	(194,148)	1,459
Accounts payable	(313,752)	41,299
Accrued wages and other liabilities	100,177	(48,424)
Deferred revenue	(29,839)	102,196
Net cash provided by operating activities	2,193,014	4,059,348
Cash Flows from Investing Activities - Purchase of property and equipment	(2,672,861)	(2,169,930)
Cash Flows from Financing Activities		
Proceeds from debt	-	256,932
Payments on debt	(2,035,701)	(966,529)
Net cash used in financing activities	(2,035,701)	(709,597)
Net (Decrease) Increase in Cash and Cash Equivalents	(2,515,548)	1,179,821
Cash and Cash Equivalents - Beginning of year	7,821,284	6,641,463
Cash and Cash Equivalents - End of year	\$ 5,305,736	\$ 7,821,284
Supplemental Disclosure of Cash Flow Information - Cash paid for interest	\$ 184,866	\$ 233,865
Cash and Cash Equivalents Are Comprised of the Following:		
Undesignated	\$ 5,305,736	\$ 6,324,193
Designated	-	1,497,091
Total cash and cash equivalents	\$ 5,305,736	\$ 7,821,284

Merit Network, Inc.

Notes to Financial Statements June 30, 2008 and 2007

Note 1 - Nature of Business and Significant Accounting Policies

Nature of Organization - Merit Network, Inc. (the "Organization") is a not-for-profit organization serving more than one million people within Michigan. The Organization's mission is to develop and promote advanced Internet services for research and education. The Organization's network connects universities, community colleges, K-12 schools, libraries, state agencies, and cultural organizations.

Method of Accounting and Basis of Presentation - The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization's significant accounting policies are presented below.

Revenue Recognition - Merit Network, Inc.'s main source of funding comes from the membership fees of the 12 member universities as well as service fees from other nonmember organizations. Members include Central Michigan University, Eastern Michigan University, Ferris State University, Grand Valley State University, Lake Superior State University, Michigan State University, Michigan Tech., Northern Michigan University, Oakland University, University of Michigan, Wayne State University, and Western Michigan University. Merit Network, Inc. reports this funding as unrestricted support.

Merit Network, Inc. also receives grants related to certain projects. This source of funding is reported as temporarily restricted support until used, when the net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. Deferred revenue represents unused portions of Internet service agreements, which will be recognized in subsequent years as services are rendered.

Equipment - Purchased equipment is stated at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. The assets of the Organization are estimated to have useful lives of 3, 6, and 20 years.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from these estimates.

Hosting Agreement with University of Michigan - Merit Network, Inc. has a hosting agreement with the University of Michigan (the "University"), in which the University will provide general and administrative services such as billing, collections, accounts payable, and payroll services to the Organization for an annual fee. As part of this agreement, the University will assign employees and provide facilities and other support to the Organization as necessary to perform operating activities.

Merit Network, Inc.

Notes to Financial Statements June 30, 2008 and 2007

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Employees are covered under the University's retirement plan and Merit Network, Inc. is charged 10 percent of the employees' annual salary to fund the plan. If the hosting agreement were to terminate, the University would negotiate in good faith a settlement covering net retirement costs. The settlement would determine a schedule of payments to cover the anticipated future costs of retirement benefits that the University will pay to staff who retire from University employment while working at Merit Network, Inc. At June 30, 2007, there are no plans to terminate the agreement and it is not feasible to estimate what the future retirement costs would be.

Cash Equivalents - Merit Network, Inc.'s cash is held at the University and is commingled with other University cash. The Organization has unlimited access to this cash and, therefore, considers the balance as cash and cash equivalents.

Accounts Receivable - The Organization's accounts receivable are stated at the net invoice amount. Management reviews accounts receivable balances greater than 90 days from invoice date and, based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected as well as a general valuation allowance for those accounts based on historical experience. All accounts or portions thereof deemed to be uncollectible are written off to the allowance for bad debts.

Restricted Cash - Restricted cash represents unspent bond proceeds that the Organization has committed to use for the purchase of fiber optic lines.

Tax Status - Merit Network, Inc. is a nonprofit tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes.

Functional Allocation of Expenses - The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and support services benefited. The basis used is considered appropriate; however, other methods could be used that would produce different results.

Net Assets - For financial statement purposes, the Organization distinguishes between unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization reports net assets are not subject to imposed stipulations as unrestricted net assets. Net assets subject to stipulations that may or will be met by actions of the Organization and/or the passage of time are recorded as temporarily restricted net assets. Temporarily restricted net assets at June 30, 2008 and 2007 totaled \$343 and \$148,488, respectively, and were restricted for the purchase of fiber optic lines.

Merit Network, Inc.**Notes to Financial Statements
June 30, 2008 and 2007****Note 2 - Accounts Receivable**

The details of accounts receivable are as follows:

	2008	2007
Accounts receivable	\$ 560,429	\$ 460,508
Due from member organizations	5,911	1,498
Less allowance for doubtful accounts	(4,175)	(33,691)
Total	<u>\$ 562,165</u>	<u>\$ 428,315</u>

Note 3 - Property and Equipment

The cost of property and equipment is summarized as follows:

	2008	2007
Office equipment	\$ 2,997,475	\$ 1,937,404
Field equipment	8,675,524	7,872,760
Field equipment - Fiber optic lines	5,214,345	3,738,981
Leasehold improvements	735,365	735,365
Total cost	17,622,709	14,284,510
Accumulated depreciation	(9,403,177)	(8,059,098)
Net carrying amount	<u>\$ 8,219,532</u>	<u>\$ 6,225,412</u>

Depreciation expense was \$1,344,079 for 2008 and \$1,015,789 for 2007.

At June 30, 2006, the Organization has committed to purchase fiber optic lines with the proceeds from the debt issuance. The amount committed approximated \$1.5 million at June 30, 2007. All the bond proceeds have been spent as of June 30, 2008.

Merit Network, Inc.**Notes to Financial Statements
June 30, 2008 and 2007****Note 4 - Debt**

The following is a summary of debt at June 30:

	2008	2007
Note payable to Michigan Information Technology Center (MITC), a related party, in annual installments of \$82,000 through 2011. There is no interest on this note	\$ 232,333	\$ 321,167
Capital lease at 3.336 percent with Cisco Systems, due in annual installments ranging from \$90,224 to \$183,547 including interest, through 2011. The note is collateralized by the equipment	343,863	510,363
Michigan Strategic Fund Limited Obligation Revenue Bonds Series 2005 in the amount of \$4,204,000, which have an original maturity date of March 1, 2012. The bonds bear interest at 3.87 percent annually. Annual principal payments began in 2007, ranging from \$533,474 to \$926,120 through 2012, and are due on the first day of each month. The bonds are collateralized by all equipment and assets of the Organization	3,094,123	3,850,591
Capital lease to Peninsula Fiber Network, LLC, in two installments of \$284,037 and one installment of \$568,973, through 2008. There is no interest on this note. The note is collateralized by the equipment	-	852,110
Capital lease at 2.035 percent with Steelcase Financial Services, Inc., due in monthly installments of \$8,135 including interest, through 2009. The note is collateralized by the equipment	137,391	220,101
Capital lease at 6.86 percent with United Bank & Trust - Washtenaw, due in monthly installments of \$8,719 including interest, through 2013. The note is collateralized by the equipment	414,646	-
Capital lease at 6.95 percent with United Bank & Trust - Washtenaw, due in monthly installments of \$6,962 including interest, through 2010. The note is collateralized by the equipment	161,613	-
Total	\$ 4,383,969	\$ 5,754,332

Merit Network, Inc.**Notes to Financial Statements
June 30, 2008 and 2007****Note 4 - Debt (Continued)**

The above debt will be repaid as follows:

Years Ending June 30	Principal	Interest
2009	\$ 1,311,068	\$ 159,579
2010	1,224,705	103,782
2011	1,153,163	56,768
2012	629,862	14,997
2013	65,171	1,629
Total	<u>\$ 4,383,969</u>	<u>\$ 336,755</u>

Note 5 - Related Party Transactions

The Organization receives revenue and purchases services from various organizations that are members of the board of directors. Following is a summary of transactions and balances with member organizations:

	2008	2007
Revenue from member organizations	\$ 6,652,444	\$ 6,388,899
Due from member organizations (included in accounts receivable)	7,163	1,498
Services purchased from member organizations	1,122,765	1,408,509

In addition to transactions with member organizations, Merit Network, Inc. has a note payable of \$232,333 and \$321,167 due to MITC, a related party, as of June 30, 2008 and 2007, respectively.

Merit Network, Inc. also has a rental agreement for office space with MITC. Rental payments made to MITC totaled \$702,434 and \$630,365 for the years ended June 30, 2008 and 2007, respectively.

Future rental obligations related to this agreement are as follows:

2009	\$ 617,834
2010	617,834
2011	636,369
2012	636,369
2013	636,369
2014 and thereafter	<u>4,379,360</u>
Total	<u>\$ 7,524,135</u>

Merit Network, Inc.**Notes to Financial Statements
June 30, 2008 and 2007****Note 6 - Operating Leases**

The Organization leases various circuits and telecommunication lines under operating leases that include provisions for ongoing maintenance expiring at various dates through June 2030. The following is a schedule of future minimum rental payments for the years ending June 30:

2009	\$ 2,315,412
2010	748,735
2011	559,509
2012	554,083
2013	391,513
2014 and thereafter	<u>5,360,116</u>
Total	<u>\$ 9,929,368</u>

Total rent expense on these leases for 2008 and 2007 was \$2,902,130 and \$2,187,889, respectively, and is included in data circuits expense.

Note 7 - Cash Flows

During the years ended June 30, 2008 and 2007, Merit Network, Inc. entered into capital leases resulting in noncash transactions in the amount of \$665,338 and \$1,175,567, respectively.

Merit Network, Inc.
Financial Statements Pro Forma
FY 2009 - Year Ending June 30, 2009

PlanteMoran, PLLC. engaged for October, 2009 audit

Merit Network, Inc.
Income Statement Pro Forma
FY 2009 (July 1, 2008 through June 1, 2009)
PlanteMoran, PLLC. engaged for October, 2009 audit

FY09 (Pro Forma)

Revenues

Grant Revenue	446,115
Membership Fees	6,348,519
Michnet Affiliate and Service FeesBroadband	6,510,473
Global Routing and Operations	571,000
NANOG Fees	834,533
Other Service Revenue	1,330,274
Interest Income	80,642
Total Revenues	\$ 16,121,556

Expenses

Salaries, Wages and Fringe Benefits	6,392,457
Data Circuits	4,171,683
Office Phones	27,235
NOC	354,000
Materials and Services	383,890
Travel and Professional Develop	311,595
Host Agreement Fees	75,250
Other Expense	317,320
Rental Expense	524,896
Interest Expense	155,788
Amortization of Bond Fees	10,121
Depreciation	1,556,673
Total	\$ 14,280,908

Net Income \$ 1,840,648

Merit Network, Inc.
Balance Sheet Pro Forma
FY 2009 (July 1, 2008 through June 1, 2009)
PlanteMoran, PLLC. engaged for October, 2009 audit

		FY09 (Pro Forma)
<u>Assets</u>		
<i>Current Assets</i>		
Cash		5,859,509
Accounts Receivable (net)		842,067
Prepayments		161,187
Total Current Assets		6,862,763
<i>Non-Current Assets</i>		
Long-Term Investments		19,478,376
Amortizable Asset (Net of Amortization)		101,203
Less: Accumulated Depreciation		(10,959,850)
Total Non-Current Assets		8,619,729
Total Assets	\$	15,482,492
 <u>Liabilities & Owners' Equity</u>		
		FY09 (Pro Forma)
<i>Liabilities</i>		
<i>Current Liabilities</i>		
Accounts Payable		492,076
Notes Payable		314,611
Current Portion - Other Debt		1,144,062
Other Current Liabilities		891,804
Total Current Liabilities		2,842,552
<i>Long-Term Liabilities</i>		
Long term Debt		2,407,496
Total Long-Term Liabilities		2,407,496
Total Liabilities	\$	5,250,048
 <i>Owner's Equity</i>		
Retained Earnings		10,232,444
Total Equity	\$	10,232,444
Total Liabilities & Owner's Equity	\$	15,482,492

Merit Network, Inc.
Cash Flow Pro Forma
FY 2009 (July 1, 2008 through June 1, 2009)
PlanteMoran, PLLC. engaged for October, 2009 audit

	FY09 (Pro Forma)
Beginning Cash	\$ 5,305,736

CASH FLOWS FROM OPERATING ACTIVITIES:

Net Income	1,840,648
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>	
Add: Depreciation	1,556,673
Add: Amortization	10,121
<i>Changes in Current Assets & Liabilities:</i>	
Accounts Receivable	(279,902)
Prepayments	98,976
Accounts Payable	114,027
Other Current Liabilities	(413,304)
Net Cash Provided (Used) by Operations	\$ 2,927,239

CASH FLOWS FROM FINANCING ACTIVITIES:

Principal Payments	(750,410)
Notes Payable	232,611
Net Cash Provided by Financing Activities	\$ (517,799)

CASH FLOWS FROM INVESTING ACTIVITIES:

Capital Expenditures	(1,855,667)
Net Cash Used by Investing Activities	\$ (1,855,667)

Net Increase (Decrease) in Cash	\$ 553,773
---------------------------------	------------

Ending Cash	\$ 5,859,509
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ATTACHMENT H(Q48) – Broadband Subscriber Estimates

Instructions: Using the table below, please estimate the number of subscribers for each distinct type of service offering on a quarterly basis over the five year forecast period. Combine all service pricing tiers of broadband data services into a single service offering. The subscriber projections must be described separately by the type of services offered, and by type of entity (households, businesses, "strategic institutions" i.e., critical community facilities, community anchor institutions, and public safety entities) to which services are offered. For last mile subscribers, please also provide, on a separate sheet, your estimated take rate (the percentage of total customers passed who will subscribe to your service), along with a brief description of the methodology used to forecast these subscribers/take rates. Middle mile applicants should indicate their subscriber forecasts in terms of the entities served via the last mile service providers, community anchor institutions, or public safety entities that are connected to their middle mile network. Middle mile applicants should also provide a reasoned basis for these subscriber forecasts (e.g., agreements in principle with existing or planned last mile service providers, market studies, etc).

		YEAR 1		YEAR 2		YEAR 3			
<i>Service Type #1</i>	YEAR 0	Qtr. 1	Qtr. 2						
Net add-ons									
Cumulative subscribers									
<i>Service Type #2</i>									
Net add-ons		0	0						
Cumulative subscribers		0	0						
<i>Service Type #3</i>									
Net add-ons		0	0						
Cumulative subscribers		0	0						
		YEAR 4				YEAR 5			
<i>Service Type #1</i>									
	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	
Net add-ons									
Cumulative subscribers									
<i>Service Type #2</i>									
Net add-ons									
Cumulative subscribers									
<i>Service Type #3</i>									
Net add-ons									
Cumulative subscribers									

	YEAR 0	YEAR 1				YEAR 2				YEAR 3				YEAR 4				YEAR 5			
<i>Service Type #1</i>		Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4
Net add-ons																					
Cumulative subscribers																					

**SUBSCRIBER PROJECTION TABLE AND RATE PLANS
VOICE SERVICES**

**COMPLETE THE CHART BELOW FOR EACH PROPOSED FUNDED SERVICE AREA. FOR ALL
OTHER SERVICE AREAS, PLEASE PREPARE A CHART THAT AGGREGATES THIS
INFORMATION**

SERVICE AREA NAME: REACH 3MC is a Middle Mile Project.

	Census Community	Year 1		Year 2		Year 3		Year 4		Year 5	
		Res	Bus	Res	Bus	Res	Bus	Res	Bus	Res	Bus
1											
2											
3											
4											
5											
6											
7											
8											
9											
10											
TOTAL											

Rates:

Residential Service:

Business Service:

Other (Specify):

Note: Complete a separate table for each service area.

VIDEO SERVICES

SUBSCRIBER PROJECTS AND RATE PLANS

COMPLETE THE CHART BELOW FOR EACH PROPOSED FUNDED SERVICE AREA. FOR ALL OTHER SERVICE AREAS, PLEASE PREPARE A CHART THAT AGGREGATES THIS INFORMATION

SERVICE AREA NAME: REACH 3MC is a Middle Mile Project

	Census Community	Year 1			Year 2			Year 3			Year 4			Year 5		
		Pkg 1	Pkg 2	Other	Pkg1	Pkg 2	Other	Pkg 1	Pkg 2	Other	Pkg 1	Pkg 2	Other	Pkg 1	Pkg 2	Other
1																
2																
3																
4																
5																
6																
7																
8																
9																
10																
TOTAL																

Rates:

Package 1: (ex. 150 basic
channels / \$35)

Package 2:
(ex. 150 basic channels and
Premium / \$60)

Other (Specify):

Q49 Attachment J Projects, Rate Plans-Video

Note: Complete a separate table for each service area. Column headings should be changed to reflect the name of the service package to be offered. Additional columns may be added for each year if more than three packages are offered.

Income Statement: REACH 3MC
BIP Question #50 Attch K.

	Historical		Forecast Period				
	FY08	FY09 (Pro Forma)	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues							
Network Services Revenues:							
		\$ 5,710					
	\$ 12,604,681	\$ 12,858,992					
	\$ 10,000	\$ 10,500					
Network Access Service Revenues							
Universal Service Fund							
Toll Service/Long Distance Voice							
Installation Revenues							
Other Operating Revenues		\$ 2,719,597					
Other Revenues	\$ 2,634,278	\$ 526,757					
Uncollectible Revenues							
Total Revenues	\$ 15,248,959	\$ 16,121,556					
Expenses							
Backhaul	\$ 4,078,125	\$ 3,937,845	\$ 4,009,035	\$ 3,688,518	\$ 3,695,854	\$ 3,518,312	\$ 2,980,437
Network Maintenance/Monitoring	\$ 577,624	\$ 594,644	\$ 640,757	\$ 886,385	\$ 965,369	\$ 1,054,181	\$ 1,154,201
Utilities	\$ 12,201	\$ 15,201	\$ 17,576	\$ 20,698	\$ 21,319	\$ 21,959	\$ 22,618
Leasing	\$ 1,086,157	\$ 1,108,130	\$ 1,154,130	\$ 1,015,634	\$ 893,758	\$ 786,507	\$ 692,126
Sales/Marketing	\$ 85,660	\$ 88,230	\$ 163,493	\$ 171,667	\$ 180,251	\$ 189,263	\$ 198,727
Customer Care	\$ 651,879	\$ 664,917	\$ 720,355	\$ 826,945	\$ 851,753	\$ 877,306	\$ 903,625
Billing	\$ 174,015	\$ 179,235	\$ 188,571	\$ 246,228	\$ 253,615	\$ 261,223	\$ 269,060
Corporate G&A	\$ 1,882,166	\$ 1,978,383	\$ 2,436,346	\$ 2,971,494	\$ 2,764,376	\$ 2,844,594	\$ 2,927,219
Other Operating Expense	\$ 3,936,706	\$ 3,991,741	\$ 4,843,839	\$ 5,682,072	\$ 5,897,982	\$ 6,118,492	\$ 6,348,775
Total	\$ 12,299,667	\$ 12,558,326	\$ 14,174,102	\$ 15,509,642	\$ 15,524,277	\$ 15,671,837	\$ 15,496,788
EBITDA	\$ 2,949,292	\$ 3,563,230	\$ 3,638,215	\$ 2,607,200	\$ 4,052,285	\$ 4,701,983	\$ 4,815,149
Depreciation	\$ 1,344,079	\$ 1,556,673	\$ 3,514,508	\$ 3,273,321	\$ 3,206,630	\$ 2,857,283	\$ 2,749,035
Amortization	\$ 10,121	\$ 10,121	\$ 10,121	\$ 10,121	\$ 10,121	\$ 10,121	\$ 10,121
Earnings Before Interest and Taxes	\$ 1,595,092	\$ 1,996,436					
Interest Expense - New RUS Debt							
Interest Expense - Existing RUS Debt							
Interest Expense - Other	\$ 184,866	\$ 155,788					
Income Before Taxes	\$ 1,410,226	\$ 1,840,648					
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income	\$ 1,410,226	\$ 1,840,648					

Income Statement: REACH 3MC
BTOP Question #50 Attach. K

	Historical		Forecast Period				
	FY08	FY09 (Pro Forma)	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues							
Network Services Revenues:							
Local Voice Service		\$ 5,710					
Broadband Data	\$ 12,604,681	\$ 12,858,992					
Video Services	\$ 10,000	\$ 10,500					
Network Access Service Revenues							
Universal Service Fund							
Toll Service/Long Distance Voice							
Installation Revenues							
Other Operating Revenues		\$ 2,719,597					
Other Revenues	\$ 2,634,278	\$ 526,757					
Uncollectible Revenues							
Total Revenues	\$ 15,248,959	\$ 16,121,556					
Expenses							
Backhaul	\$ 4,078,125	\$ 3,937,845	\$ 4,009,035	\$ 3,688,518	\$ 3,695,854	\$ 3,518,312	\$ 2,980,437
Network Maintenance/Monitoring	\$ 577,624	\$ 594,644	\$ 640,757	\$ 886,385	\$ 965,369	\$ 1,054,181	\$ 1,154,201
Utilities	\$ 12,201	\$ 15,201	\$ 17,576	\$ 20,698	\$ 21,319	\$ 21,959	\$ 22,618
Leasing	\$ 1,086,157	\$ 1,108,130	\$ 1,154,130	\$ 1,015,634	\$ 893,758	\$ 786,507	\$ 692,126
Sales/Marketing	\$ 85,660	\$ 88,230	\$ 163,493	\$ 171,667	\$ 180,251	\$ 189,263	\$ 198,727
Customer Care	\$ 651,879	\$ 664,917	\$ 720,355	\$ 826,945	\$ 851,753	\$ 877,306	\$ 903,625
Billing	\$ 174,015	\$ 179,235	\$ 188,571	\$ 246,228	\$ 253,615	\$ 261,223	\$ 269,060
Corporate G&A	\$ 1,882,166	\$ 1,978,383	\$ 2,436,346	\$ 2,971,494	\$ 2,764,376	\$ 2,844,594	\$ 2,927,219
Other Operating Expense	\$ 3,936,706	\$ 3,991,741	\$ 4,843,839	\$ 5,682,072	\$ 5,897,982	\$ 6,118,492	\$ 6,348,775
Total	\$ 12,299,667	\$ 12,558,326	\$ 14,174,102	\$ 15,509,642	\$ 15,524,277	\$ 15,671,837	\$ 15,496,788
EBITDA	\$ 2,949,292	\$ 3,563,230	\$ 3,638,215	\$ 2,607,200	\$ 4,052,285	\$ 4,701,983	\$ 4,815,149
Depreciation	\$ 1,344,079	\$ 1,556,673	\$ 1,784,250	\$ 1,543,064	\$ 1,476,372	\$ 1,127,026	\$ 1,018,778
Amortization	\$ 10,121	\$ 10,121	\$ 10,121	\$ 10,121	\$ 10,121	\$ 10,121	\$ 10,121
Earnings Before Interest and Taxes	\$ 1,595,092	\$ 1,996,436					
Interest Expense - New RUS Debt	\$ -	\$ -					
Interest Expense - Existing RUS Debt	\$ -	\$ -					
Interest Expense - Other	\$ 184,866	\$ 155,788					
Income Before Taxes	\$ 1,410,226	\$ 1,840,648					
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income	\$ 1,410,226	\$ 1,840,648					

Balance Sheet: REACH 3MC BIP
Question #50 Attch L.

	Historical		Year 1	Year 2	Year 3	Year 4	Year 5
	FY08	FY09 (Pro Forma)					
Assets							
<i>Current Assets</i>							
Cash	\$ 5,305,736	\$ 5,859,509					
Marketable Securities							
Accounts Receivable	\$ 562,165	\$ 842,067					
Notes Receivable							
Inventory							
Prepayments	\$ 260,163	\$ 161,187					
Other Current Assets	\$ -	\$ -					
Total Current Assets	\$ 6,128,064	\$ 6,862,763					
<i>Non-Current Assets</i>							
Long-Term Investments	\$ 17,622,709	\$ 19,478,376					
Amortizable Asset (Net of Amortization)	\$ 111,324	\$ 101,203					
Plant in Service							
Less: Accumulated Depreciation	\$ (9,403,177)	\$ (10,959,850)					
Net Plant	\$ 8,330,857	\$ 8,619,729					
Other							
Total Non-Current Assets	\$ 8,330,857	\$ 8,619,729					
Total Assets	\$ 14,458,920	\$ 15,482,492					
Liabilities and Owners' Equity							
Liabilities							
<i>Current Liabilities</i>							
Accounts Payable	\$ 378,048	\$ 492,076					
Notes Payable	\$ 82,000	\$ 314,611					
Current Portion - Total RUS Debt							
Current Portion - Other Debt	\$ 1,235,901	\$ 1,144,062					
Other Current Liabilities	\$ 1,305,108	\$ 891,804					
Total Current Liabilities	\$ 3,001,057	\$ 2,842,552					
<i>Long-Term Liabilities</i>							
Existing RUS Debt							
Proposed RUS Debt							
Existing non-RUS Debt	\$ 3,066,067	\$ 2,407,496					
Total Long-Term Liabilities	\$ 3,066,067	\$ 2,407,496					
Total Liabilities	\$ 6,067,125	\$ 5,250,048					
Owner's Equity							
Capital Stock							
Additional Paid-In Capital							
Patronage Capital Credits							
Retained Earnings	\$ 8,391,796	\$ 10,232,444					
Total Equity	\$ 8,391,796	\$ 10,232,444					
Total Liabilities and Owner's Equity	\$ 14,458,920	\$ 15,482,492					

Balance Sheet: REACH 3MC BTOP
Question #50 Atch. L

	Historical		Year 1	Year 2	Year 3	Year 4	Year 5
	FY08	FY09 (Pro Forma)					
Cash	\$ 5,305,736	\$ 5,859,509					
Marketable Securities							
Accounts Receivable	\$ 562,165	\$ 842,067					
Notes Receivable							
Inventory							
Prepayments	\$ 260,163	\$ 161,187					
Other Current Assets	\$ -	\$ -					
Total Current Assets	\$ 6,128,064	\$ 6,862,763					
Long-Term Investments	\$ 17,622,709	\$ 19,478,376					
Amortizable Asset (Net of Amortization)	\$ 111,324	\$ 101,203					
Plant in Service							
Less: Accumulated Depreciation	\$ (9,403,177)	\$ (10,959,850)					
Net Plant	\$ 8,330,857	\$ 8,619,729					
Other							
Total Non-Current Assets	\$ 8,330,857	\$ 8,619,729					
Total Assets	\$ 14,458,920	\$ 15,482,492					
	FY08	FY09 (Pro Forma)	Year 1	Year 2	Year 3	Year 4	Year 5
Accounts Payable	\$ 378,048	\$ 492,076					
Notes Payable	\$ 82,000	\$ 314,611					
Current Portion - Total RUS Debt							
Current Portion - Other Debt	\$ 1,235,901	\$ 1,144,062					
Other Current Liabilities	\$ 1,305,108	\$ 891,804					
Total Current Liabilities	\$ 3,001,057	\$ 2,842,552					
Existing RUS Debt							
Proposed RUS Debt							
Existing non-RUS Debt	\$ 3,066,067	\$ 2,407,496					
Total Long-Term Liabilities	\$ 3,066,067	\$ 2,407,496					
Total Liabilities	\$ 6,067,125	\$ 5,250,048					
Capital Stock							
Additional Paid-In Capital							
Patronage Capital Credits							
Retained Earnings	\$ 8,391,796	\$ 10,232,444					
Total Equity	\$ 8,391,796	\$ 10,232,444					
Total Liabilities and Owner's Equity	\$ 14,458,920	\$ 15,482,492					

Statement of Cash Flows: REACH 3MC
BIP Question #50 Attch. M

	Historical						
	FY08	FY09 (Pro Forma)	Year 1	Year 2	Year 3	Year 4	Year 5
Beginning Cash	\$ 7,821,284	\$ 5,305,736					
CASH FLOWS FROM OPERATING ACTIVITIES:							
Net Income	1,410,226	1,840,648					
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>							
Add: Depreciation	1,344,079	1,556,673					
Add: Amortization	10,121	10,121					
<i>Changes in Current Assets and Liabilities:</i>							
Marketable Securities							
Accounts Receivable	(133,850)	(279,902)					
Inventory							
Prepayments	(194,148)	98,976					
Other Current Assets							
Accounts Payable	(313,752)	114,027					
Other Current Liabilities	70,338	(413,304)					
Net Cash Provided (Used) by Operations	\$ 2,193,014	\$ 2,927,240					
CASH FLOWS FROM FINANCING ACTIVITIES:							
Notes Receivable	-	-					
Notes Payable		232,611					
Principal Payments	(2,035,701)	(750,410)					
New Borrowing	-	-					
Additional Paid-in Capital	-	-					
Additions to Patronage Capital Credits	-	-					
Payment of Dividends	-	-					
Net Cash Provided by Financing Activities	\$(2,035,701)	\$ (517,799)					
CASH FLOWS FROM INVESTING ACTIVITIES:							
Capital Expenditures	(2,672,861)	(1,855,667)					
Amortizable Asset (Net of Amortization)	-	-					
Long-Term Investments	-	-					
Net Cash Used by Investing Activities	\$(2,672,861)	\$ (1,855,667)					
Net Increase (Decrease) in Cash	\$(2,515,548)	\$ 553,773					
Ending Cash	\$ 5,305,736	\$ 5,859,509					

Statement of Cash Flows: REACH 3MC
BTOP Question #50 Attch. M

	Historical						
	FY08	FY09 (Pro Forma)	Year 1	Year 2	Year 3	Year 4	Year 5
Beginning Cash	\$ 7,821,284	\$ 5,305,736					
CASH FLOWS FROM OPERATING ACTIVITIES:							
Net Income	1,410,226	1,840,648					
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities							
Add: Depreciation	1,344,079	1,556,673					
Add: Amortization	10,121	10,121					
Changes in Current Assets and Liabilities:							
Marketable Securities							
Accounts Receivable	(133,850)	(279,902)					
Inventory							
Prepayments	(194,148)	98,976					
Other Current Assets							
Accounts Payable	(313,752)	114,027					
Other Current Liabilities	70,338	(413,304)					
Net Cash Provided (Used) by Operations	\$ 2,193,014	\$ 2,927,240					
CASH FLOWS FROM FINANCING ACTIVITIES:							
Notes Receivable	-	-					
Notes Payable		232,611					
Principal Payments	(2,035,701)	(750,410)					
New Borrowing	-	-					
Additional Paid-in Capital	-	-					
Additions to Patronage Capital Credits	-	-					
Payment of Dividends	-	-					
Net Cash Provided by Financing Activities	\$ (2,035,701)	\$ (517,799)					
CASH FLOWS FROM INVESTING ACTIVITIES:							
Capital Expenditures	(2,672,861)	(1,855,667)					
Amortizable Asset (Net of Amortization)	-	-					
Long-Term Investments	-	-					
Net Cash Used by Investing Activities	\$ (2,672,861)	\$ (1,855,667)					
Net Increase (Decrease) in Cash	\$ (2,515,548)	\$ 553,773					
Ending Cash	\$ 5,305,736	\$ 5,859,509					

Merit Network, Inc,
Financial Forecast Assumptions
Fiscal Years 2010 through 2014

Note: Merit's fiscal year runs from July 1st through June 30th. The project will begin to impact Merit's financials in the last half of FY 2010. Merit is audited annually with audits scheduled in October. Merit has received an unqualified opinion for all of its audits.

Merit will realize, at a minimum, its FY 2009 projections of a \$5.9M cash balance and retained earnings balance of \$10.2M when audited in October, 2009.

Merit will continue operations as a non-profit with a 501(c)(3) designation. Merit currently has less than 4% of unrelated revenue and does not project a significant increase in that percentage.

The forecast is constructed to demonstrate probable operational sustainability. Therefore, as directed, grant and partner funding and infrastructure expenses are not included in the financials. Loans and the related debt entries on the balance sheet are included to demonstrate sustainability through the loan repayment period.

Under BIP an [REDACTED] loan at a [REDACTED] for ten years is assumed. Under BTOP a [REDACTED] loan at a fixed [REDACTED] for five years is assumed.

General operating revenue and expense assumptions applied to the first forecast year:

The FY 2010 budget serves as the basic foundation for building the five year forecast. In general, Merit's Board of Directors' approved FY 2010 budget will remain intact except for the following adjustments that are made in anticipation of the infrastructure build's financial impact on the last half of the fiscal year:

- Backhaul associated revenues increase marginally [REDACTED] in the first half year of the project due to connections made available by the initial segment of the infrastructure build.
- Project service related revenues increase by [REDACTED] due to service contract adjustments since the budget was approved.

- A [REDACTED] reduction in general backhaul expense and an increase in commodity expense of [REDACTED] based upon the anticipated circuit modifications.
- A [REDACTED] increase in maintenance fees associated with a standard maintenance fee percentage related to the [REDACTED] of equipment to be ordered in February, 2010.
- Salary and fringe benefit increase of [REDACTED] to support an additional three customer care and outreach staff. The salaries are within the company range for the positions and fringe benefits are standard.
- Additional expense of [REDACTED] for office space, utilities, and general expenses associated with additional staffing have been added based upon a standard [REDACTED] for related overhead costs for all new staffing including direct project hires.

General operating revenue assumptions applied to the four additional forecast years:

- Merit's backhaul revenues are generated from two sources: first, its Governing Members and second, its Affiliate Members. Merit anticipates that as costs decline the Governing Member fees will decline by 3% annually. Revenues for Merit's established Affiliate Members are projected to be flat. This has been determined by analyzing current contracts, churn rates, anticipated upgrades and applying reasonably reduced rates in response to the lowering of costs produced by the infrastructure build. However, the revenue projection associated with new members is very different. Over the four year forecast, increase in revenues is projected as follows: [REDACTED]
[REDACTED] These projections are based upon analysis of the related customer base in the service area. Probable service level attainment has been determined based upon experience with the specific target markets. A very conservative 50% market sweep has been projected and then timing-adjusted for completion of the build within the related service area.
- Merit has recently begun to offer Internet related services. Many of these services (e.g. email, VoIP, cloud storage, NOC, etc.) are in their infancy stage and are as of yet untested. A general conservative assumption of an annual [REDACTED] increase has been applied to these service offerings. In some cases, based on FY 2009 data, a service has been discontinued altogether in the out years.
- Merit sponsors several outreach services at a budgeted loss or breakeven scenario in support of the networking community. Professional Learning Services, an outreach program offering training seminars, has been given a [REDACTED] annual revenue increase but its associated expenses have increased by approximately [REDACTED]. Revenue generated by NANOG Services, running three national network operators' conventions annually, is projected to be flat due to the large variability of attendance. The service's associated expenses have been contained based upon historical practice.

- Research funding is projected to decline by [REDACTED] each year and is not continued in the forecast in FY 2013. The program is important to Merit, however, the projections are generated on known grants only and their current pattern of funding and related expenses. Since research expenses are traditionally in a one-to-one ratio with their associated revenues this presentation will not be material.
- Merit is restricted by its Board of Directors in the application of investment strategies. Reserve fund investing is limited to Treasury Bill and CDARS programs. Even though reserves will begin to increase, an extremely conservative [REDACTED] increase in interest income has been added to FY 2011 and FY 2012 and [REDACTED] to FY 2013 and FY 2014 all based upon current reserve projections for FY 2010 and not the much higher reserves of the forecast model. Merit would expect the market to improve (especially as stimulus dollars are entering the economy) and would anticipate a much better return on its reserve investments.

General operating expense assumptions applied to the four additional forecast years:

- Backhaul costs drop significantly. Though uncertain of the exact timing, Merit anticipates a four year drop of [REDACTED] due to the major decrease in circuit costs. And although the build will be over 70% completed by the third forecast year, for simplicity, Merit has evenly distributed the reduction over the four years.
- Commodity service expense is estimated by calculating the delta between consecutive Affiliate Member Service revenue years and multiplying that by a historic service factor. The increase in FY 2011 is estimated at [REDACTED] and continues to increase, matching the increase in revenues until flattening out in FY 2013 and FY 2014 at [REDACTED].
- Fiber and equipment maintenance fees associated with the build and additional operating equipment expense ranges from [REDACTED] in FY 2001 to [REDACTED] in FY 2014. This has been estimated by reviewing current fiber IRUs, owned fiber service agreements, equipment requirements, and vendor maintenance agreements. It is anticipated that Merit would, within the forecasted five year time span, establish a self-funded model to support fiber and equipment maintenance with funding that is not utilized during that time. Additional equipment maintenance expense has been added to all years to support supplemental member equipment purchases.
- General telecommunications expense, associated with Affiliate Member Services, has been decreased by an average of [REDACTED] annually. Though the presentation of the annualized increase in associated revenues in the financials does not completely match this simplistic methodology, in aggregate the model is realistic.

- An annual [REDACTED] overall salary and fringe benefit increase factor has been applied to all the forecast years. Historically, this is the range of increase approved by the Board of Directors.
- The essential customer care and outreach personnel, indicated above, continue into the remainder of the forecast years. In addition, it is anticipated that the engineering and administrative project positions will be repurposed and continue to be funded outside of the build years. An aggregated cost for salary and fringe benefits is [REDACTED]. The salaries are within the company range for the positions and fringe benefits are standard.
- Additional expense of [REDACTED] for office space and a new furniture build-out, associated with additional staffing and general needs, has been added. The amount is reasonable based upon the square footage allotted per employee, current rental rates, and prior furniture acquisitions.
- In aggregate, additional insurance, legal, and audit expense of [REDACTED] has been added across the four forecast years based upon prior service expense increase experience.
- An overall inflation factor ranging from [REDACTED] as been applied to other general expense categories.

Other general operating assumptions and information:

- Merit does not have any immediate plans to enter into additional loan agreements outside of debt funding for the stimulus infrastructure build. The current outstanding debt payment schedule below illustrates a significant reduction in debt by FY 2012. This is due, in large part, to the debt retirement for all current equipment and fiber builds.

	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>
Outstanding Annual Debt	[REDACTED]				

- Budgeted cash reserve levels for operating purposes are kept adequate in order to provide for a cash flow of [REDACTED] times average monthly expenditures.
- A business plan, including a detailed analysis of market conditions, direct expenses, project management, projected revenues, and strategic alignment must accompany all requests for new service offerings. Budgeting for new services requires that all expenditures are completely covered by aggregated service revenues generated in the service year.
- Contingency amounts and equipment reserves are represented in the annual budget; equipment replacement schedules are generated and matched to budget.


- Operational budgets are designed for long term financial and operational stability, consistent with the corporate strategic plans. As a non-profit, Merit is committed to strategic community reinvestment of its assets.
- Operating budgets are approved by the Board of Directors annually and cannot be in deficit. Loan agreements over \$500K must be approved by the board and use of cash reserves for operating purposes must also be approved by the board. Budget to forecasts reviews are performed monthly and quarterly reports are sent to the Board of Directors.
- Merit Network, Inc. currently receives no State of Michigan or federal funding and manages an independently sustainable operation.

Certification Requirements for BTOP

U.S. Department of Commerce
Broadband Technology Opportunities Program

I certify that I am the duly authorized representative of the applicant organization, and that I have been authorized to submit the attached application on its behalf. A copy of the applicant organization's authorization for me to submit this application as its official representative is on file in the applicant's office, and I am identified as the applicant organization's Authorized Organization Representative (AOR) in the Central Contractor Registration database. By signing this certification, I certify that the statements contained in the application are true, complete, and accurate to the best of my knowledge, and that if an award is made, the applicant organization will comply with all applicable award terms and conditions.

17 Aug 09
(Date)


(Authorized Representative's Signature)

DONALD J WENT
Name:
PRESIDENT & CEO
Title:

Section J-1 (Pg 22): U.S. D.O.C., BTOP Submission

OMB Number: 0660-0031
Expiration Date: 01/31/2010

Broadband Infrastructure Application Submission to RUS (BIP) and NTIA (BTOP)

Certification Requirements BTOP

U.S. Department of Commerce Broadband Technology Opportunities Program

(i) I certify that I am authorized to submit this grant application on behalf of the eligible entity(ies) listed on this application, that I have examined this application, that all of the information and responses in this application, including certifications, and forms submitted, all of which are part of this grant application, are material representations of fact and true and correct to the best of my knowledge, that the entity(ies) that is requesting grant funding pursuant to this application and any subgrantees and subcontractors will comply with the terms, conditions, purposes, and federal requirements of the grant program; that no kickbacks were paid to anyone; and that a false, fictitious, or fraudulent statements or claims on this application are grounds for denial or termination of a grant award, and/or possible punishment by a fine or imprisonment as provided in 18 U.S.C. § 1001 and civil violations of the False Claims Act.

(ii) I certify that the entity(ies) I represent have and will comply with all applicable federal, state, and local laws, rules, regulations, ordinances, codes, orders and programmatic rules and requirements relating to the project. I acknowledge that failure to do so may result in rejection or deobligation of the grant or loan award. I acknowledge that failure to comply with all federal and program rules could result in civil or criminal prosecution by the appropriate law enforcement authorities.

(iii) If requesting BTOP funding, I certify that the entity(ies) I represent has and will comply with all applicable administrative and federal statutory, regulatory, and policy requirements set forth in the DOC Pre-Award Notification, published in the Federal Register on February 11, 2008 (73 FR 7696), as amended; DOC Financial Assistance Standard Terms and Conditions (Mar. 8, 2009); DOC American Recovery and Reinvestment Act Award Terms (April 9, 2009); and any Special Award Terms and Conditions that are included by the Grants Officer in the award."

8/12/09
(Date)


(Authorized Representative's Signature)

Donald J. Welch

Name:

President and CEO

Title:

ASSURANCES - CONSTRUCTION PROGRAMS

OMB Approval No. 4040-0009
Expiration Date 07/30/2010

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0042), Washington, DC 20503.

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.


NOTE: Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the Awarding Agency. Further, certain Federal assistance awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance, and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project costs) to ensure proper planning, management and completion of the project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, the right to examine all records, books, papers, or documents related to the assistance; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will not dispose of, modify the use of, or change the terms of the real property title, or other interest in the site and facilities without permission and instructions from the awarding agency. Will record the Federal awarding agency directives and will include a covenant in the title of real property acquired in whole or in part with Federal assistance funds to assure non-discrimination during the useful life of the project.
4. Will comply with the requirements of the assistance awarding agency with regard to the drafting, review and approval of construction plans and specifications.
5. Will provide and maintain competent and adequate engineering supervision at the construction site to ensure that the complete work conforms with the approved plans and specifications and will furnish progress reports and such other information as may be required by the assistance awarding agency or State.
6. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
7. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
8. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
9. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
10. Will comply with all Federal statutes relating to non-discrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681 1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee 3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and, (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.

Pg.23 Section J-2 BTOP: SF-424D, Assurances—Construction Programs (Attachment N)

11. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal and federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
12. Will comply with the provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.
13. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333) regarding labor standards for federally-assisted construction subagreements.
14. Will comply with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
15. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
16. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
17. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq.).
18. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
19. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.

*SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL 	*TITLE President and CEO
*APPLICANT ORGANIZATION Merit Network, Inc.	*DATE SUBMITTED 8/12/09

Pg. 24 Section J-3 BTOP: CD-511, Certification Regarding Lobbying (Attachment O)

<small>FORM CD-511 (REV 1-09)</small>	<small>U.S. DEPARTMENT OF COMMERCE</small> CERTIFICATION REGARDING LOBBYING
<p>Applicants should also review the instructions for certification included in the regulations before completing this form. Signature on this form provides for compliance with certification requirements under 15 CFR Part 28, "New Restrictions on Lobbying." The certifications shall be treated as a material representation of fact upon which reliance will be placed when the Department of Commerce determines to award the covered transaction, grant, or cooperative agreement.</p>	
<p>LOBBYING</p> <p>As required by Section 1352, Title 31 of the U.S. Code, and implemented at 15 CFR Part 28, for persons entering into a grant, cooperative agreement or contract over \$100,000 or a loan or loan guarantee over \$150,000 as defined at 15 CFR Part 28, Sections 28.105 and 28.110, the applicant certifies that to the best of his or her knowledge and belief, that:</p> <p>(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.</p> <p>(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-L.L.L., "Disclosure Form to Report Lobbying," in accordance with its instructions.</p> <p>(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.</p> <p>This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure occurring on or before October 23, 1996, and of not less than \$11,000 and not more than \$110,000 for each such failure occurring after October 23, 1996.</p>	<p>Statement for Loan Guarantees and Loan Insurance</p> <p>The undersigned states, to the best of his or her knowledge and belief, that:</p> <p>In any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States to insure or guarantee a loan, the undersigned shall complete and submit Standard Form-L.L.L., "Disclosure Form to Report Lobbying," in accordance with its instructions.</p> <p>Submission of this statement is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required statement shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure occurring on or before October 23, 1996, and of not less than \$11,000 and not more than \$110,000 for each such failure occurring after October 23, 1996.</p>
<p>As the duly authorized representative of the applicant, I hereby certify that the applicant will comply with the above applicable certification.</p>	
<small>NAME OF APPLICANT</small> <i>Merit Network, Inc.</i>	<small>AWARD NUMBER AND/OR PROJECT NAME</small> <i>Broadband Technology Opportunities Program</i>
<small>PRINTED NAME AND TITLE OF AUTHORIZED REPRESENTATIVE</small> <i>Donald J. Welch, President and CEO</i>	
<small>SIGNATURE</small> 	<small>DATE</small> <i>8/12/09</i>

Pg. 25 Section J-4: SF-LLL, Disclosure of Lobbying Activities (Attachment P)

INSTRUCTIONS FOR COMPLETION OF SF-LLL, DISCLOSURE OF LOBBYING ACTIVITIES

This disclosure form shall be completed by the reporting entity, whether subawardee or prime Federal recipient, at the initiation or receipt of a covered Federal action, or a material change to a previous filing, pursuant to title 31 U.S.C. section 1352. The filing of a form is required for each payment or agreement to make payment to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a covered Federal action. Complete all items that apply for both the initial filing and material change report. Refer to the implementing guidance published by the Office of Management and Budget for additional information.

1. Identify the type of covered Federal action for which lobbying activity is and/or has been secured to influence the outcome of a covered Federal action.
2. Identify the status of the covered Federal action.
3. Identify the appropriate classification of this report. If this is a followup report caused by a material change to the information previously reported, enter the year and quarter in which the change occurred. Enter the date of the last previously submitted report by this reporting entity for this covered Federal action.
4. Enter the full name, address, city, State and zip code of the reporting entity. Include Congressional District, if known. Check the appropriate classification of the reporting entity that designates if it is, or expects to be, a prime or subaward recipient. Identify the tier of the subawardee, e.g., the first subawardee of the prime is the 1st tier. Subawards include but are not limited to subcontracts, subgrants and contract awards under grants.
5. If the organization filing the report in item 4 checks "Subawardee," then enter the full name, address, city, State and zip code of the prime Federal recipient. Include Congressional District, if known.
6. Enter the name of the Federal agency making the award or loan commitment. Include at least one organizational level below agency name, if known. For example, Department of Transportation, United States Coast Guard.
7. Enter the Federal program name or description for the covered Federal action (item 1). If known, enter the full Catalog of Federal Domestic Assistance (CFDA) number for grants, cooperative agreements, loans, and loan commitments.
8. Enter the most appropriate Federal identifying number available for the Federal action identified in item 1 (e.g., Request for Proposal (RFP) number; Invitation for Bid (IFB) number; grant announcement number; the contract, grant, or loan award number; the application/proposal control number assigned by the Federal agency). Include prefixes, e.g., "RFP-DE-90-001."
9. For a covered Federal action where there has been an award or loan commitment by the Federal agency, enter the Federal amount of the award/loan commitment for the prime entity identified in item 4 or 5.
10. (a) Enter the full name, address, city, State and zip code of the lobbying registrant under the Lobbying Disclosure Act of 1995 engaged by the reporting entity identified in item 4 to influence the covered Federal action.

(b) Enter the full names of the individual(s) performing services, and include full address if different from 10 (a). Enter Last Name, First Name, and Middle Initial (MI).
11. The certifying official shall sign and date the form, print his/her name, title, and telephone number.

According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is OMB No. 0348-0046. Public reporting burden for this collection of information is estimated to average 10 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0046), Washington, DC 20503.

Pg. 25 Section J-4: SF-LLL, Disclosure of Lobbying Activities (Attachment P)

DISCLOSURE OF LOBBYING ACTIVITIES

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352

Approved by OMB

0348-0046

(See reverse for public burden disclosure.)

1. Type of Federal Action: <input type="checkbox"/> a. contract <input type="checkbox"/> b. grant <input type="checkbox"/> c. cooperative agreement <input type="checkbox"/> d. loan <input type="checkbox"/> e. loan guarantee <input type="checkbox"/> f. loan insurance		2. Status of Federal Action: <input type="checkbox"/> a. bid/offer/application <input type="checkbox"/> b. initial award <input type="checkbox"/> c. post-award		3. Report Type: <input type="checkbox"/> a. initial filing <input type="checkbox"/> b. material change For Material Change Only: year _____ quarter _____ date of last report _____	
4. Name and Address of Reporting Entity: <input type="checkbox"/> Prime <input type="checkbox"/> Subawardee Tier _____, if known: Congressional District, if known:			5. If Reporting Entity in No. 4 is a Subawardee, Enter Name and Address of Prime: Congressional District, if known:		
6. Federal Department/Agency:			7. Federal Program Name/Description: CFDA Number, if applicable:		
8. Federal Action Number, if known:			9. Award Amount, if known: \$		
10. a. Name and Address of Lobbying Registrant (if individual, last name, first name, MI):			b. Individuals Performing Services (including address if different from No. 10a) (last name, first name, MI):		
11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be reported to the Congress semi-annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.			Signature: _____ Print Name: <u>Donald J. Welch</u> Title: <u>President and CEO</u> Telephone No.: <u>734-527-5701</u> Date: <u>8/12/09</u>		
Federal Use Only:			Authorized for Local Reproduction Standard Form LLL (Rev. 7-97)		

FORM CD-512
(REV 12-04)

U.S. DEPARTMENT OF COMMERCE

**CERTIFICATION REGARDING LOBBYING
LOWER TIER COVERED TRANSACTIONS**

Applicants should review the instructions for certification included in the regulations before completing this form. Signature on this form provides for compliance with certification requirements under 15 CFR Part 28, "New Restrictions on Lobbying."

LOBBYING

As required by Section 1352, Title 31 of the U.S. Code, and implemented at 15 CFR Part 28, for persons entering into a grant, cooperative agreement or contract over \$100,000 or a loan or loan guarantee over \$150,000 as defined at 15 CFR Part 28, Sections 28.105 and 28.110, the applicant certifies that to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure occurring on or before October 23, 1996, and of not less than \$11,000 and not more than \$110,000 for each such failure occurring after October 23, 1996.

As the duly authorized representative of the applicant, I hereby certify that the applicant will comply with the above applicable certification.

NAME OF APPLICANT

AWARD NUMBER AND/OR PROJECT NAME

Merit Network, Inc. Broadband Technology Opportunities Program

PRINTED NAME AND TITLE OF AUTHORIZED REPRESENTATIVE

Donald J. Welch, President and CEO

SIGNATURE

DATE



8/12/09

Pg. 27 Section K-1: Equal Opportunity and Nondiscrimination Certification

OMB Number: 0660-0031
Expiration Date: 01/31/2010

Broadband Infrastructure Application Submission to RUS (BIP) and NTIA (BTOP)

Equal Opportunity and Nondiscrimination Certification

U.S. Department of Agriculture Broadband Initiatives Program

All loans and grants made under the Broadband Initiatives Program are subject to the nondiscrimination provisions of Title VI of the Civil Rights Act of 1964, as amended, (7 C.F.R. Part 15); Section 504 of the Rehabilitation Act of 1973, as amended, (29 U.S.C. 901 *et seq.*; 7 C.F.R. Part 15b); and the Age Discrimination Act of 1975, as amended (42 U.S.C. 6101 *et seq.*; 45 C.F.R. Part 90), and Executive Order 11375, Amending Executive Order 11246, Relating to Equal Employment Opportunity (3 C.F.R. 1966, 1970).

All recipients of financial assistance from Rural Development, the prospective primary participant commits to carry out Rural Development's established policy to comply with the requirements of the above laws and executive orders to the effect that no person in the United States shall, "on the basis of race, color, national origin, handicap, or age, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under the Broadband Initiatives Program.

We Merit Network, Inc. (the Applicant) hereby certify that, as a prospective recipient under the said Broadband Initiatives Program, we will comply with the above referenced laws and executive orders.

8/12/2009
(Date)


(Authorized Representative's Signature)

Donald J. Welch
Name:
President and CEO
Title:

Pg. 28 Section K-2: Certification Regarding Architectural Barriers

OMB Number: 0660-0031
Expiration Date: 01/31/2010

Broadband Infrastructure Application Submission to RUS (BIP) and NTIA (BTOP)

Certification Regarding Architectural Barriers

U.S. Department of Agriculture Broadband Initiatives Program

All facilities financed with Rural Development loans that are open to the public, or in which physically handicapped persons may be employed or reside, must be designed, constructed, and/or altered to be readily accessible to, and usable by, handicapped persons. Standards for these facilities must comply with the Architectural Barriers Act of 1968, as amended, 42 U.S.C. §4151 *et seq.* and with the Uniform Federal Accessibility Standards (UFAS), (Appendix A to 41 C.F.R. subpart 101-19.6).

As a prospective primary participant recipient of financial assistance from Rural Development, this organization commits to carry out Rural Development's established policy to comply with the requirements of the above referenced law to the effect that all facilities must be readily accessible to and usable by handicapped persons.

We, Merit Network, Inc. (the Applicant) hereby certify that, as a prospective recipient under the Rural Broadband Initiatives Program, we are in compliance, or will be in compliance upon completion of the Project, with the above referenced law.

8/12/2009
(Date)


(Authorized Representative's Signature)

Donald J. Welch
Name:

President and CEO
Title:

Pg. 29 Section K-3: Uniform Relocation Assistance

OMB Number: 0660-0031
Expiration Date: 01/31/2010

**Broadband Infrastructure Application
Submission to RUS (BIP) and NTIA (BTOP)**

**Uniform Relocation Assistance and Real Property Acquisition
Policies Act of 1970 Certification**


**U.S. Department of Agriculture
Broadband Initiatives Program**

We Mav+ Network, Inc. (the Applicant) assure the U.S. government that we will comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, 42 U.S.C. §4601 *et seq.*, and with implementing federal regulations in 49 C.F.R. Part 24 and 7 C.F.R. Part 21.

Specifically, we assure that whenever Federal financial assistance is used to pay for any part of the cost of a program or Project which will result in the displacement of any person:

- (a) Fair and reasonable relocation payments and assistance shall be provided to or for displaced persons in accordance with sections 202, 203, and 204 of the Uniform Act;
- (b) Relocation assistance programs offering the services described in section 205 of the Uniform Act shall be provided to displaced persons; and
- (c) Within a reasonable period of time prior to displacement, comparable replacement dwellings will be available to displaced persons in accordance with section 205(c) (3) of the Uniform Act.

8/12/2009
(Date)


(Authorized Representative's Signature)

Donald J. Welch
Name:
President and CEO
Title:

Pg. 30 Section K-4: Certification Regarding Debarment

OMB Number: 0660-0031
Expiration Date: 01/31/2010

Broadband Infrastructure Application Submission to RUS (BIP) and NTIA (BTOP)

Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions

U.S. Department of Agriculture
Broadband Initiatives Program

This certification is required by the regulations implementing Executive Order 12549, *Debarment and Suspension*, 7 C.F.R. § 3017.510, *Participants' Responsibilities*.

- (1) We Mart Network, Inc. (the Applicant)
(hereinafter the "Company") hereby certify to the best of our knowledge and belief that neither the Company, nor any of its principals:
- (a) are presently debarred, suspended, proposed for Debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
 - (b) have within a 3-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - (c) are presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
 - (d) have within a 3-year period preceding this Application had one or more public transactions (Federal, State, or local) terminated for cause or default.
- (2) If we are unable to certify to any of the statements in this certification, we shall attach an explanation hereto.

8/12/2009
(Date)

Deffau
(Authorized Representative's Signature)

Donald J. Welch
Name:
President and CEO
Title:

Pg. 31 Section K-5: Certification Regarding Lobbying

OMB Number: 0660-0031
Expiration Date: 01/31/2010

Broadband Infrastructure Application Submission to RUS (BIP) and NTIA (BTOP)

Certification Regarding Lobbying for Contracts, Grants, Loans, and Cooperative Agreements

U.S. Department of Agriculture Broadband Initiatives Program

We Merit Network, Inc. (the Applicant)
, the undersigned certify, to the best of our knowledge and belief, that:

- (1) No Federal appropriated funds have been paid or will be paid, by or on our behalf, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant or loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, we shall complete and submit Standard Form-LLL, Disclosure Form to Report Lobbying, in accordance with its instructions. See <http://www.whitehouse.gov/omb/grants/sfillin.pdf> for Disclosure Instructions.
- (3) We shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. § 1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

8/12/2009
(Date)

Donald J. Welch
(Authorized Representative's Signature)
Name: Donald J. Welch
Title: President and CEO



1000 Oakbrook Drive
Suite 200
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Phone: 734-527-5700
Fax: 734-527-5790
www.merit.edu

17 August 2009

Subject: Reference Map and Clarification of Key Application Components

To Whom It May Concern:

The following includes a reference map and clarification of key components of the application process and mechanism related to our application:

REACH Michigan Middle Mile Collaborative (REACH-3MC) Reference Map (Attachment 1)

The attached map, titled "REACH Michigan Middle Mile Collaborative," illustrates Merit's current fiber network infrastructure and plans for the REACH-3MC project. It incorporates the following portions:

- In blue, Merit's current fiber network, which includes broad coverage of the southern portion of the Lower Peninsula; coverage of many portions of the Upper Peninsula; and connections to Chicago, Toledo and Cleveland for the purpose of connecting to commodity Internet providers and other regional high-capacity networks. The blue lines represent only fiber assets, and do not include leased circuits that currently contribute to the overall Merit backbone.
- In red, the planned fiber corridors described in this proposal. The Southern, Western, Central and Eastern Corridors serve to bring middle mile connectivity to rural and underserved counties, and will enhance the ability for anchor institutions to acquire fiber connections with short fiber lateral connections.
- In gray, new fiber networks planned by other organizations that will connect to the REACH-3MC infrastructure. Air Advantage will build fiber in the Thumb Region, with Merit interconnecting with this network; Allband Communications will build in the northeast portion of the Lower Peninsula, with Merit acquiring fiber strands for middle mile services; and Peninsula Fiber Network will build throughout the Upper Peninsula, also with Merit acquiring fiber strands.
- Service areas are denoted by County and color coded by service category per the legend.
- Interconnection points are noted on the map per the legend.

This plan represents a coordinated approach to acquiring middle mile infrastructure with which to provide improved access for anchor institutions in Michigan.

Mapping Considerations

US Census Bureau statistics were employed to calculate "Total Number of Businesses in the Last Mile Service Area" for Question 14. US Census Bureau totals business establishments by county and by zip code. For the purposes of defining the total number of businesses in a given last mile service area, Merit determined the ratio of last mile service area population to entire county population. We then applied this percentage to total number of businesses for a county in 2000. Our logic is such that businesses are more likely to be located in populous areas.

Other statistics used to populate Question 14 were obtained directly from the BroadbandUSA Online Mapping Tool. Some census block numbers will be repeated more than once in "Census Blocks in a Middle Span" field due to a lack of precision of the Online Mapping Tool when determining overlap of Last Mile Service Area and census designated communities within a given middle mile span.

In other sections of the application, numbers indicating total number of households and total number of businesses in proposed funded service area were obtained from the US Census Bureau for the year 2000. These sections include, but on are not limited to: Attachment H (used to calculate end user projections); Question 8, Executive Summary; Question 18, Middle Mile Benefits; Question 34 Infrastructure and Buildout Timeline, Attachment H; and Supplemental Information form 3.

Total Rural Area square mileage was obtained from the BroadbandUSA Mapping Tool.

When using the Mapping Tool, Merit included lake water surface area only where appropriate and not to the extent to which the county limits encompass.

BIP/BTOP Determination:

REACH-3MC is a middle mile initiative spanning 32 counties. The REACH-3MC last mile service area is 99% rural by surface area, 58% underserved by surface area and includes:

- [REDACTED] for Middle Mile Partners and service providers as part of the project build – [REDACTED] are in Underserved Areas
- [REDACTED] as part of the project build [REDACTED] are in Underserved Areas
- [REDACTED]
[REDACTED] are in Underserved Areas

As such, the REACH-3MC service area as a whole reflected as "Underserved" for BIP and BTOP in Question #14, in accordance with the application, BIP and BTOP Guidelines and NOFA which note:

A proposed funded service area may qualify as underserved for Middle Mile projects if one interconnection point terminates in a proposed funded service area that qualifies as unserved or underserved for Last Mile project (*NOFA-Federal Register/Vol. 74 No. 103-July 9, 2009/Notices-Page 3313*).

Sincerely,



Donald J. Welch, Ph.D.
President and CEO

Attachment 1: REACH-3MC Map



REACH Michigan Middle Mile Collaborative

