

RECIPIENT NAME:
AWARD NUMBER:
DATE:

OMB CONTROL NUMBER: 0660-0037
EXPIRATION DATE: 12-31-2010

QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS

General Information		
1. Federal Agency and Organizational Element to Which Report is Submitted Department of Commerce, National Telecommunications and Information Administration	2. Award Identification Number NT10BIX5570009	3a. DUNS Number 615121324
		3b. EIN 38-2210903
4. Recipient Organization (Name and complete address including country, congressional district, and zip code) Merit Network, 1000 Oakbrook Dr. Suite 200, Ann Arbor, MI 48104-6794, United States of America, Congressional District #15		
5. Current Reporting Period End Date (MM/DD/YYYY) 06/30/2010	6. Is this the last Report of the Award Period? <input type="radio"/> Yes <input checked="" type="radio"/> No	
7. Certification: I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purposes set forth in the award documents.		
7a. Typed or Printed Name and Title of Certifying Official Karen A. Smith, VP of Finance & Administration/CFO	7c. Telephone (area code, number and extension) 734-527-5710	7d. Email Address ksmith@merit.edu
7b. Signature of Certifying Official Karen A. Smith	7e. Date Report Submitted (MM/DD/YYYY): 07/21/2010	

Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (150 words or less).

A legal consultant has been hired to draw up the partnership contracts. An Environmental Assessment (EA) firm has been hired and has submitted the initial draft of the EA and received comments back for changes. Several environmental permit have been included in the EA such as SHPO, THPO, DNR&E, etc. The engineering firm has been selected and started work on the network design as well as two RFP's issued for the hardware and materials. Merit has also been cooperating with utility companies to develop processes to speed up pole permits.

2. Please provide the percent complete for the following key milestones in your project. Write "N/A" in the second column if your project does not include this activity. If you provided additional milestones in your baseline plan, please insert them at the bottom of the table. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the percent complete is different from the target provided in your baseline plan (100 words or less).

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2a.	Overall Project	5	Our EA has not been issued a Finding of No Significant Impact (FONSI); therefore, in compliance with the SAC we were not able to expend funds to advance the project.
2b.	Environmental Assessment	90	Comments from the initial submission of the EA were not received in the time period as projected in the Baseline Report and permits have been difficult and time consuming to obtain.
2c.	Network Design	35	
2d.	Rights of Way	50	Environmental Assessment requirements due to the SAC has delayed utilization of funding for this area.
2e.	Construction Permits and Other Approvals	5	Environmental Assessment requirements due to the SAC has delayed utilization of funding for this area.
2f.	Site Preparation	0	
2g.	Equipment Procurement	0	Environmental Assessment requirements due to the SAC has delayed utilization of funding for this area.
2h.	Network Build (all components - owned, leased, IRU, etc)	0	
2i.	Equipment Deployment	0	
2j.	Network Testing	0	
2k.	Other (please specify): Project & Grant Compliance Manager	20	

3. To the extent not covered above, please describe any challenges or issues faced during this past quarter in achieving planned progress against the project milestones listed above. In particular, please identify any areas or issues where technical assistance from the BTOP program may be useful (150 words or less).

The processing of the EA has been more challenging than what was anticipated and events are not on track as we initially thought. As we all are learning this process, responses of our concerns that require a narrow answer have been either slow to respond or non-responsive. Merit would like to have better technical assistance in matters that require specific details by having a direct line to certain individuals who are experts in that subject. Obtaining permits from agencies that are required has also been an added difficulty in getting through the EA process. Environmental permits processes have been slow to come and hinder our ability to draw down funds. Merit anticipates that the most recent amendment to the SAC will allow us to move the project along faster in the future.

4. Please report the following information regarding network build progress. Write "N/A" in the second column if your project does not include this activity. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the total is different from the target provided in your baseline plan (100 words or less).

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
New network miles deployed	0	
New network miles leased	0	
Existing network miles upgraded	0	
Existing network miles leased	0	
Number of miles of new fiber (aerial or underground)	0	
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of interconnection points	0	

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

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

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

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements. Providers:
 N/A

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

5d. If you have designated a third party to operate all or a portion of your network, please provide the name and contact information for this third party, indicate if this entity is a subrecipient, contractor, and/or subcontractor, and describe with specificity the portion of your network this third party operates (150 words or less).
 N/A

6. Please provide the data according to the type of subscriber. Write "N/A" if your project does not pass or serve a particular subscriber type. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the total is different from the target provided in your baseline plan (100 words or less).

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Broadband Wholesalers or Last Mile Providers	Providers with signed agreements receiving new access	0	
	Providers with signed agreements receiving improved access	0	
	Providers with signed agreements receiving access to dark fiber	0	
	Please identify the speed tiers that are available and the number of subscribers for each	0	
Community Anchor Institutions (including Government institutions)	Total subscribers served	43	
	Subscribers receiving new access	0	
	Subscribers receiving improved access	0	
	Please identify the speed tiers that are available and the number or subscribers for each	43	All 43 at 1 Gbps
Residential / Households	Entities passed	0	N/A
	Total subscribers served	0	N/A
	Subscribers receiving new access	0	N/A
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A
Businesses	Entities passed	0	N/A
	Total subscribers served	0	N/A
	Subscribers receiving new access	0	N/A
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A

7. Please describe any special offerings you may provide (150 words or less).

No additional special service offerings are planned at this time from the original application Attachment B -- Proposed Middle Mile Service Offerings.

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

8b. If so, please describe the changes (150 words or less).

9. Community Anchor Institutions:

Using the table below, please provide a list by service area of the community anchor institutions (including Government institutions) connected to your network as a result of BTOP funds. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent calendar year. Also indicate whether your organization is currently providing broadband service to the anchor institution. Finally, provide a short narrative description with examples of how institutions are using BTOP-funded infrastructure (100 words or less).

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

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (150 words or less).

Completion of the Environmental Assessments, by receiving the FONSI, and lifting the Special Awards Conditions to start construction. The engineering of the network design will start to come together and we will be breaking ground to start the project. We will have selected the companies to provide hardware and materials to construct the project and begin purchasing equipment from them. All contracts with our partners will be signed. Ground will break for the project as well as contracts in place for conduit and other various aspects of the project.

2. Please provide the percent complete for the following key milestones in your project. Write "N/A" in the second column if your project does not include this activity. If you provided additional milestones in your baseline plan, please insert them at the bottom of the table. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the percent complete is different from the target provided in your baseline plan (100 words or less).

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2a.	Overall Project	20	Due to the important compliance issues and the gathering of information the project is slightly behind the projected schedule. Although we might get back on track in the future it does not appear that we will be able to catch up with projections set for by the baseline test this quarter.
2b.	Environmental Assessment	99	Due to the challenges of permitting although confident the EA will be complete, 100% surety cannot be guaranteed.
2c.	Network Design	60	
2d.	Rights of Way	60	Coordinating efforts with new utility companies that we have not worked with in the past will create challenges of communication and overall understanding of the process.
2e.	Construction Permits and Other Approvals	20	Unknown practices and processes of permits to be returned from permitting unit.
2f.	Site Preparation	10	
2g.	Equipment Procurement	30	
2h.	Network Build (all components - owned, leased, IRU, etc.)	2	Given that we have worked through a number of preliminary issues we feel this area will start ahead of schedule.
2i.	Equipment Deployment	5	Given that we have worked through a number of preliminary issues we feel this area will start ahead of schedule.
2j.	Network Testing	0	

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2k.	Other (please specify): Project & Grant Compliance Manager	30	
<p>3. Please describe any challenges or issues anticipated during the next quarter that may impact planned progress against the project milestones listed above. In particular, please identify any areas or issues where technical assistance from the BTOP program may be useful (150 words or less).</p> <p>Foreseeable future challenges primarily consist of obtaining permits from all the environmental agencies, state agencies, utility companies and local governments. These permits are key in allowing us to develop this project at the scheduled rate.</p>			

Infrastructure Budget Execution Details

Activity Based Expenditures (Infrastructure)

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

Budget for Entire Project				Actuals from Project Inception through End of Current Reporting Period			Anticipated Actuals from Project Inception through End of Next Reporting Period		
Cost Classification	Total Cost (plan)	Matching Funds (plan)	Federal Funds (plan)	Total Cost	Matching Funds	Federal Funds	Total Costs	Matching Funds	Federal Funds
a. Administrative and legal expenses	\$422,027	\$84,405	\$337,622	\$144,384	\$28,877	\$115,507	\$170,527	\$34,105	\$136,422
b. Land, structures, right-of-ways, appraisals, etc.	\$676,200	\$135,240	\$540,959	\$3,175	\$635	\$2,540	\$70,795	\$14,159	\$56,636
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$4,703,356	\$940,671	\$3,762,685	\$40,518	\$8,104	\$32,414	\$1,726,693	\$345,339	\$1,381,354
e. Other architectural and engineering fees	\$1,424,305	\$284,861	\$1,139,444	\$53,659	\$10,732	\$42,927	\$233,529	\$46,706	\$186,823
f. Project inspection fees	\$1,690,497	\$338,100	\$1,352,397	\$0	\$0	\$0	\$422,624	\$84,525	\$338,099
g. Site work	\$1,696,807	\$339,380	\$1,357,427	\$0	\$0	\$0	\$169,690	\$33,938	\$135,752
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$25,357,466	\$5,071,406	\$20,286,060	\$0	\$0	\$0	\$507,149	\$101,430	\$405,719
j. Equipment	\$5,485,954	\$1,097,107	\$4,388,847	\$0	\$0	\$0	\$1,645,705	\$329,158	\$1,316,547
k. Miscellaneous	\$154,827	\$30,965	\$123,862	\$23,697	\$4,739	\$18,958	\$51,697	\$10,339	\$41,358
l. SUBTOTAL (add a through k)	\$41,611,521	\$8,322,306	\$33,289,215	\$265,433	\$53,087	\$212,346	\$4,998,491	\$999,699	\$3,998,792
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTALS (sum of l and m)	\$41,611,521	\$8,322,306	\$33,289,215	\$265,433	\$53,087	\$212,346	\$4,998,491	\$999,699	\$0

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

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