QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS

General Information

1. Federal Agency and Organizational Element to Which Report is Submitted	2. Award Identification Number	3. DUNS Number
Department of Commerce, National Telecommunications and Information Administration	NT10BIX5570044	041544081

4. Recipient Organization

University of Illinois 506 Wright Street
364 Henry Admin. Bldg, Urbana, IL 61801-3620

5. Current Reporting Period End Date (MM/DD/YYYY)	6. Is this the last Report of the Award Period?
09-30-2013	⦿ Yes ◯ 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	7c. Telephone (area code, number and extension)
Michael K Smeltzer	2172443835
Director of Networkiing	**7d. Email Address** smeltzer@uillinois.edu

7b. Signature of Certifying Official	7e. Date Report Submitted (MM/DD/YYYY):
Submitted Electronically	04-25-2014

Project Indicators (This Quarter)

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

September 30th marked the end of UC2B's construction performance period. In the "middle-mile" component of our project, we completed 114.12 route miles of backbone and lateral fiber and connected 256 Community Anchor Institutions - 113 more Anchors than we projected in our grant application.

UC2B was the only BTOP project that leveraged the language in the ARRA legislation to expand the definition of Community Anchor Institution to include organizations that serve "vulnerable populations". In addition to the standard categories of Community Anchor Institutions (CAI's): we have brought UC2B fiber connections to agencies that serve low-income families and the homeless; to agencies that serve battered women, their children and people with disabilities; to Head Start centers, a Boys and Girls club and a crisis nursery; and to multiple senior living facilities.

In the "last-mile" component of our project we passed 4,838 locations with fiber-to-the-curb, and connected 1,058 residences and 75 businesses with Fiber-to-the-Premise (FTTP.) UC2B is the Internet provider for most of those sites, but four other ISP's also provide Internet connectivity over UC2B's open access network.

UC2B had originally projected that it would connect 2,557 residences and businesses. When the residential subscription rate ended up being below projections, we added 113 CAI's, which will greatly increase the impact of the UC2B project throughout the fabric of our entire community. There were 109.72 route miles of fiber built in the "last-mile" FTTP component of our project.

In December, the members of the Urbana-Champaign Big Broadband Intergovernmental Consortium formed the UC2B-NFP not-for-profit corporation to administer the operations of the UC2B network. While there are no direct legal ties between the Consortium members and the new NFP, the Board members of the NFP are appointed by the Consortium members.

UC2B has already impacted the local competitive Internet Service Provider landscape. Since the end of the third quarter, UC2B has negotiated IRU dark fiber agreements with two additional providers (ICN and PEG) and is in the final stages of executing short-term dark-fiber leases with two more providers (Volo and Metro.)

Working with one of UC2B's IRU holders, Champaign Unit 4 Schools is now saving $130,000 (post e-Rate) a year on their connectivity, and has increased their bandwidth from 100 Mbps to 1 Gbps between their facilities.

Prior to the UC2B project, the City of Champaign had approved a long-term plan to connect all of its public safety, public works and other facilities together with fiber. The estimated cost of that project was greater than $4 million, and it was estimated to be a 5-7 year capital project.

Champaign's dark-fiber IRU with UC2B has allowed the City to be totally connected in less than two years, and was done at 17% of the original projected cost. Champaign now has Gigabit and 10 Gigabit connections between its facilities, and its annual recurring cost for fiber maintenance is less than the leased T-1 lines that the fiber replaced. Its internal bandwidth between its buildings is now 600 times greater than before. Now that the City has fiber between its buildings, it has further saved money by consolidating backup and disaster recovery services.

In February of 2014, the UC2B NFP Board of Directors entered into a contract with a private provider to build out the remaining 90% of our community with Fiber-to-the-Premise. Subject to NTIA's approval, this provider will leverage the existing UC2B fiber infrastructure and invest $50 million of its own money to build out our entire community with FTTP. By the end of 2016, we could be of the few communities in this country with universal coverage and open access for competing providers.

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

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2a.	**Overall Project**	100	Complete
2b.	**Environmental Assessment**	100	Complete
2c.	**Network Design**	100	Complete
2d.	**Rights of Way**	100	Complete
2e.	**Construction Permits and Other Approvals**	100	Complete

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2f.	Site Preparation	100	Complete
2g.	Equipment Procurement	100	Complete
2h.	Network Build (all components - owned, leased, IRU, etc)	100	Complete
2i.	Equipment Deployment	100	Complete
2j.	Network Testing	100	Complete
2k.	Other (please specify):	0	N/A

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

The construction budget overrun was dealt with by a loan from the University to the UC2B Not-for-Profit Corporation to be paid back over a 10-year period starting in 2017.

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

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
New network miles deployed	215	This is slightly less than the 216.3 miles projected in our extension request, but still significantly greater than our original project plan of 187.1. Due to issues with landlords that we were not able to resolve within our grant period, we ended up serving fewer MDU residents than we projected. That reduction accounts for the variance.
New network miles leased	0	N/A
Existing network miles upgraded	9	This was not a milestone in the Baseline Plan, but we do have slightly more than 8.5 miles of conduit and fiber that we have taken over from the cities and upgraded with larger fiber cables and additional manholes and splice cases.
Existing network miles leased	0	N/A
Number of miles of new fiber (aerial or underground)	224	Extension projection was 224.8, so this is slightly less than that projection. Due to issues with landlords that we were not able to resolve within our grant period, we ended up serving fewer MDU residents than we projected. That reduction accounts for the variance.
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	1,120	We now have the early drafts of our as-built files, and we ended up with a net increase of 6 more fiber network splice points that we had originally planned for, so this is a very slight increase.

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

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

Indicators	

Indicators	
Number of signed agreements with broadband wholesalers or last mile providers	3
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	4
Average term of signed agreements (in quarters)	80

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

UC2B has two executed IRU agreements with Big Broadband Services (CTC-BBS), which is referred to in our grant application as Champaign Telephone Company (CTC.) We also now have an executed IRU with the CIRBN BTOP project that allows CIRBN to connect to a secondary CMS/ICN node in our service area. UC2B is also providing wholesale transport for its own last mile operations. Four additional service providers have expressed interest in dark fiber leases or IRU's and several of them may be interested in layer two transport. There are two IRU's and one short-term fiber lease that are in the final stages of being negotiated.

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

The UC2B Policy Committee has approved pricing and contract terms for 20-year dark fiber IRU's, for short-term dark fiber leases, for layer two transport and for layer three transport. Contract templates exist for IRU's and short-term dark fiber leases. We have not yet developed contract templates for layer two and layer three transport services. The approved pricing plans for these wholesale services are attached.

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

The City of Champaign has been designated by the members of the UC2B Intergovernmental Consortium to be the lead agency for all of UC2B's operations. The City of Champaign is also an NTIA grant sub-recipient - managing the first phase of construction in the City of Champaign and the second and third phases of construction throughout the community. The City has named Teri Legner as acting Consortium Coordinator. She can be reached at Teri.Legner@ci.champaign.il.us, or by phone at (217) 403-8705. Her office is at 102 North Neil Street, Champaign, IL 61820. After the close of the 3rd quarter, but before this writing, UC2B's operations were transferred to the new Urbana-Champaign Big Broadband not-for-profit corporation, which had it's first Board of Directors meeting on October 29, 2013. Its offices are at 713 Edgebrook Drive, Champaign, IL 61820. The NFP's Operations Manager is Sabrina Gosnell. She may be reached at (217) 239-6683 or by e-mail at sabrina@uc2b.net.

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

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Broadband Wholesalers or Last Mile Providers	**Providers with signed agreements receiving new access**	0	Our baseline plan projected 1 provider with new access. In 2010 in setting our baseline, we believed that this category included Wholesalers or Last Mile Providers that were leasing UC2B's dark fiber. We have since learned that dark fiber customers are not to be included in this category.
	Providers with signed agreements receiving improved access	0	Our baseline plan projected 4 providers with improved access, which to our thinking in 2010 included both dark fiber leases and layer-two transport services. There were 2 providers - Champaign Telephone (CTC-BBS) and the Illinois Century Network (ICN) - that were testing using UC2B's lit layer-two services to improve their customers' access at the end of the quarter, but no layer-two transport contracts had been signed yet.
	Providers with signed agreements receiving access to dark fiber	3	Our baseline plan did not include a specific projection for dark fiber customers. We have signed two separate IRU agreements with one provider - Big Broadband Services (BBS), and one with the Central Illinois Regional Broadband Network (CIRBN.) This is confusing because there are thee signed fiber access agreements but one provider signed two of them. To make the numbers on this report internally consistent and match the number of contracts shown in section 5A above, this is shown as 3 providers.

Four providers - Volo Broadband, Metro Communications, PEG Bandwidth and the Illinois Century Network (ICN) have expressed interest in dark fiber IRU's or short-term leases and are negotiating contracts. Our fiber rings have been accepted from the contractors and we now have contract templates for short-term leases as well as for IRU's. At the end of the 3rd Quarter, ICN and Metro Communications were already using UC2B dark fiber in |

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
			advance of the finalization of their contract paperwork, while PEG Bandwidth and Volo Broadband were working towards signed agreements. At one time, Pavlov Media had expressed interest in UC2B dark fiber, but now appears to be on a course to build their own fiber infrastructure. Pavlov specializes in providing Internet access to Multiple Dwelling Units's for college students, and the UC2B fiber build did not intensely cover the areas in our community where most of those student MDU's are located. Those areas did not qualify for our FTTP build. The pricing for IRU's and for the short-term lease of dark fiber is attached with our other wholesale pricing.
	Please identify the speed tiers that are available and the number of subscribers for each	4	UC2B's wholesale services are provided on the attachment titled UC2B Wholesale Services. There are four planed levels of Wholesale and Last Mile Provider connectivity. Three of those are core connection options and there is a single customer connection option. UC2B formerly had two customer connection options, but that was an artifact of our our previous plan to use both 100 Mbps and 1 Gbps Customer Premise Equipment (CPE). Now that we are only using 1 Gbps CPE, we opted to drop the 100 Mbps offering, as it would be hard to implement technically while still providing Gigabit access to our local Intranet network resources. There were 2 providers - Champaign Telephone (CTC/BBS)and the Illinois Century Network (ICN) - that were testing using UC2B's lit layer-two services to improve their customers' access at the end of the quarter, but no layer-two transport contracts had been signed yet. Champaign Telephone (CTC) had six layer-two sites operational, while Illinois Century Network (ICN) had two.
Community Anchor Institutions (including Government institutions)	**Total subscribers served**	256	Our Extension projection was 230 CAI's connected at the end of this quarter. We exceeded this projection.
	Subscribers receiving new access	31	Our Extension projection was 12 CAI's with new access. We exceeded this projection.
	Subscribers receiving improved access	225	Our Extension projection was 218. We exceeded this projection.
	Please identify the speed tiers that are available and the number or subscribers for each	11	Community Anchor Institutions can self select to subscribe to either our Consumer or Commercial service plans. There are three Consumer plans and eight Commercial plans that allow for additional IPv4 public IP addresses, static IPv4 public IP addresses, reverse DNS and greater bandwidth than in our Consumer plans. IRU holders serve roughly one third (89) of all of our CAI sites. Another 31 sites get their Internet indirectly from UC2B as a satellite of another location. The retail tiers are detailed on the attached Schedule of Retail Services. The current CAI customer breakout is: 94 are subscribed to our 20 Mbps symmetrical Consumer service 3 are subscribed to our 30 Mbps symmetrical Consumer service 15 are subscribed to our 40 Mbps symmetrical Consumer service 13 are subscribed to our 20 Mbps Commercial service 3 are subscribed to the 40 Mbps Commercial service 1 is subscribed to the 80 Mbps Commercial service, 3 is subscribed to the 100 Mbps Commercial service 2 are subscribed to the 200 Mbps Commercial service 89 CAI's are being served by IRU holders 31 CAI's are satellites of a main UC2B connection at another CAI 2 CAI's cancelled service after it had been installed. A good number - 120 (47.2%) - of our Community Anchor Institutions are not getting their Internet access directly from UC2B. They are either using UC2B fiber to connect to a different service provider or they are purchasing UC2B bandwidth at a

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
			single main location and then using UC2B fiber to distribute that UC2B bandwidth internally to their "satellite" locations.
Residential / Households	Entities passed	4,620	Our Extension projection was 4620.
	Total subscribers served	1,058	The Extension projection was 1,420. That was later reduced to 1,150. Due to issues with landlords that we were not able to resolve within our grant period, we ended up serving fewer MDU residents than we projected. That reduction accounts for the variance.
	Subscribers receiving new access	531	The Extension projection was 710, That was later reduced to 575. Due to issues with landlords that we were not able to resolve within our grant period, we ended up serving fewer MDU residents than we projected. That reduction accounts for the variance.
	Subscribers receiving improved access	527	The Extension projection was 710, That was later reduced to 575. Due to issues with landlords that we were not able to resolve within our grant period, we ended up serving fewer MDU residents than we projected. That reduction accounts for the variance.
	Please identify the speed tiers that are available and the number of subscribers for each	11	Households can self select to subscribe to either our Consumer or Commercial service plans. There are three Consumer plans and eight Commercial plans that allow for additional IPv4 public IP addresses, static IPv4 public IP addresses, reverse DNS and greater bandwidth than in our Consumer plans. The retail tiers are detailed on the attached Schedule of Retail Services. The breakout of our residential customer subscriptions is: 821 subscribe to our Consumer 20 Mbps symmetrical service 99 subscribe to our Consumer 30 Mbps symmetrical service 72 subscribe to our Consumer 40 Mbps symmetrical service 1 Subscribes to the Commercial 100 Mbps symmetrical service There are an additional 65 residential locations that were connected with fiber, but then the subscriber cancelled service. In some cases the customer moved. In others there were issues with the UC2B service or the equipment. Yet in others, the customer may have had financial issues or repeated problems with copyright infringement complaints. Only one residential customers has opted for one of our Commercial plans. Across all of our residential subscribers, 17.3% have elected a service that provides more than our minimum 20 Mbps of Internet bandwidth.
Businesses	Entities passed	218	Our Extension projection was 211. We exceeded this projection.
	Total subscribers served	75	Our Extension projection was 87. While we missed our Extension projection, we exceeded our application baseline of 57.
	Subscribers receiving new access	30	Our Extension projection was 14. We exceeded this projection.
	Subscribers receiving improved access	45	Our Extension projection was 73. We did not end up with as many layer two sites as we had expected. One of our providers cut back on the number of sites they said they would serve.
	Please identify the speed tiers that are available and the number of subscribers for each	11	Businesses can self select to subscribe to either our Consumer or Commercial service plans. There are three Consumer plans and eight Commercial plans that allow for additional IPv4 public IP addresses, static IPv4 public IP addresses, reverse DNS and greater bandwidth than in our Consumer plans. Some businesses are served by other providers via layer two services and some are served by dark fiber IRU holders. The UC2B retail speed tiers are detailed on the attached Schedule of Retail Services. We do not track the speed tiers that are provided by other providers via layer two or IRU's. The breakout of our business customer subscriptions is: 33 subscribe to our Consumer 20 Mbps symmetrical service 2 subscribe to our Consumer 30 Mbps symmetrical service 3 subscribe to our Consumer 40 Mbps symmetrical service 2 subscribe to our Commercial 20 Mbps service 1 subscribes to our Commercial 40 Mbps service

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
			24 are served by providers with IRU's for UC2B fiber 10 are served by providers via layer two service Across all of our business subscribers with UC2B Internet, 19.5% have elected a service that provides more than our minimum 20 Mbps of Internet bandwidth.

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

All of our customers have 1 Gbps symmetric Intranet connectivity to each other, and to all local Community Anchor Institutions. While Internet connectivity is sold in tiers of bandwidth, UC2B Intranet connectivity is limited only by the port speed of the customer's Optical Network Terminal (ONT), which is 1 Gbps. This is very similar to the service model deployed by the City of Lafayette, Louisiana in their Fiber-to-the-Premise system. This means that even our customers who subscribe to our least expensive Consumer service plan - $19.99 a month for a symmetric 20 Mbps Internet connection - still have access to local schools, local medical providers, local businesses, local government and to each other at far greater speeds - up to 1 Gbps.

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

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

N/A

9. Community Anchor Institutions:

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

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

Project Indicators (Next Quarter)

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

The next quarter will be devoted to completing project closeout paperwork.

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

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2a.	Overall Project	100	Complete
2b.	Environmental Assessment	100	Complete
2c.	Network Design	100	Complete
2d.	Rights of Way	100	Complete
2e.	Construction Permits and Other Approvals	100	Complete
2f.	Site Preparation	100	Complete
2g.	Equipment Procurement	100	Complete

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2h.	Network Build (all components - owned, leased, IRU, etc.)	100	Complete
2i.	Equipment Deployment	100	Complete
2j.	Network Testing	100	Complete
2k.	Other (please specify):	0	N/A

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

We ended up with an extra $59 of local matching funds due to interest paid by the State of Illinois on a delayed grant payment. That $59 was applied to the project.

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.

Cost Classification	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		
	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	$23,200	$0	$23,200	$111,605	$0	$111,605	$111,605	$0	$111,605
b. Land, structures, right-of-ways, appraisals, etc.	$23,200	$0	$23,200	$46,750	$0	$46,750	$46,750	$0	$46,750
c. Relocation expenses and payments	$0	$0	$0	$0	$0	$0	$0	$0	$0
d. Architectural and engineering fees	$1,802,479	$1,500,000	$302,479	$1,851,949	$1,487,965	$363,984	$1,851,949	$1,487,965	$363,984
e. Other architectural and engineering fees	$742,471	$0	$742,471	$836,299	$0	$836,299	$836,299	$0	$836,299
f. Project inspection fees	$783,992	$0	$783,992	$619,447	$0	$619,447	$619,447	$0	$619,447
g. Site work	$33,500	$0	$33,500	$33,500	$0	$33,500	$33,500	$0	$33,500
h. Demolition and removal	$74,880	$0	$74,880	$74,880	$0	$74,880	$74,880	$0	$74,880
i. Construction	$22,126,108	$2,854,716	$19,271,392	$22,838,991	$2,906,013	$19,932,978	$22,838,991	$2,906,013	$19,932,978
j. Equipment	$3,592,892	$2,391,345	$1,201,547	$2,844,388	$2,352,142	$492,246	$2,844,388	$2,352,142	$492,246
k. Miscellaneous	$78,115	$0	$78,115	$23,087	$0	$23,087	$23,087	$0	$23,087
l. SUBTOTAL (add a through k)	$29,280,837	$6,746,061	$22,534,776	$29,280,896	$6,746,120	$22,534,776	$29,280,896	$6,746,120	$22,534,776
m. Contingencies									
n. TOTALS (sum of l and m)	$29,280,837	$6,746,061	$22,534,776	$29,280,896	$6,746,120	$22,534,776	$29,280,896	$6,746,120	$22,534,776

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