

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 NT10BIX5570084	3. DUNS Number 836204271
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4. Recipient Organization Iowa Health System 1200 Pleasant Street, Des Moines, IA 50309-1406
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5. Current Reporting Period End Date (MM/DD/YYYY) 09-30-2012	6. Is this the last Report of the Award Period? <input type="radio"/> Yes <input checked="" type="radio"/> No
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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 Stephanie Young	7c. Telephone (area code, number and extension) X
	7d. Email Address YoungSJ@ihs.org

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 11-20-2012
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Project Indicators (This Quarter)

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

During this quarter, Iowa Health System (IHS)/Broadband, Inc. (BBI) IHS received approval for the five route modifications that were submitted to NTIA for approval and construction crews were dispatched to the 9 locations to start the fiber lateral builds. IHS completed all permitting for the 9 hut locations in the beginning of this quarter. Fiber lateral builds were completed for Ames, Clinton, Davenport, Iowa City, Marshalltown, Mason City, Ottumwa, and Waterloo. The Cedar Rapids fiber lateral construction on part of the route was started at the end of this quarter and is projected to be completed by beginning of Q4 2012. The main ring will have 14 of the 21 sites ready for equipment deployment beginning Q4 2012 and all sites completed by end of Q4 2012 to fully activate the main ring this year.

IHS/BBI submitted the 2nd route modification package (middle mile fiber extension builds to three last mile providers) to NTIA beginning of Q3 2012 and has been working with NTIA to finalize route approval before sending the Iowa SHPO for concurrence. Final route approval is projected for beginning of Q4 2012 to start construction activities.

During this quarter, BBI executed five capacity agreements totaling twelve capacity agreements with last mile providers to date. IHS continues to engage the customers on its prospect list, moving them into the sales pipeline for negotiations.

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	73	IHS is slightly behind target due to the route modifications requiring EA approval prior to construction for the 9 hut locations and middle mile extension fiber builds are pushed back due to route modification approvals. IHS anticipates that it will be at 80% of overall project completion by end of Q4 2012 to complete construction to 3 LMP customers and to activate the main ring.
2b.	Environmental Assessment	80	IHS received approval from NTIA and SHPO concurrence to move forward with construction activities for the hut and lateral re-routes this quarter. IHS submitted another route modification for 3 middle mile customer reroutes during this qtr and anticipates approval start of Q4 2012. More EA activities associated with the middle mile extension during Q4 2012 are anticipated and the route modification package will be submitted to NTIA end of Q4 2012.
2c.	Network Design	95	Outside Plan and Inside Plant engineering has been completed for the 9 hut and lateral locations. IHS continues to work on obtaining last mile customers to migrate them onto the network. IHS anticipates that all customers will be signed by end of Q4 2012 and plans to connect those customers will be finalized in Q1 2013.
2d.	Rights of Way	75	Variance from baseline due to the unanticipated time frame to obtain permitting and land leases for the 9 hut locations and 3 last mile providers. Rights of Way activities are completed for the 9 hut sites and 3 last mile providers. IHS anticipates ROW completion for the middle mile extensions through Q1 2013.
2e.	Construction Permits and Other Approvals	70	IHS has obtained all construction permits and additional approvals for the 8 hut and lateral locations. IHS is finalizing the approvals for the Cedar Rapids lateral portion of the route and anticipates finalizing all additional approvals in Q4 2012. IHS will continue to obtain approvals for the middle mile extensions through Q1 2013.
2f.	Site Preparation	75	Variance from baseline due to the unanticipated timeframe to obtain permitting and land leases for the 9 hut locations. IHS finalized agreements with two site prep vendors and they are projected to complete all site prep activities in Q3 2013.
2g.	Equipment Procurement	95	IHS continues to move forward procuring equipment necessary to deploy to the proposed upgraded capacity. IHS anticipates to upgrade capacity on the western long haul route and will send in an AAR

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
			beginning of Q4 2012 for approval. Ethernet switches were procured during Q3 2012 for 3 last mile customer sites.
2h.	Network Build (all components - owned, leased, IRU, etc)	80	Variance from baseline due to the EA route changes to complete the 9 fiber lateral builds. IHS completed 8 hut fiber laterals by end of the quarter and will finish the 9th site by beginning of Q4 2012. IHS anticipates the middle mile extension for three customers to start following the Route Modification approval beginning Q4 2012.
2i.	Equipment Deployment	40	IHS has deployed equipment to 14 site locations during Q3 2012. IHS anticipates deploying all equipment to bring up the main ring by Q4 2012.
2j.	Network Testing	30	Network testing started this qtr for the main ring with the anticipation of main ring activation by end of Q4 2012.
2k.	Other (please specify): N/A	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).

IHS faces the challenges of the route modifications and the turnaround time for approval due to pole replacements and new city ordinances. IHS also faces the challenge of finalizing the Middle Mile Extension routes that are dependent on finalizing capacity agreements with Last Mile Providers.

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	3	This variance from the baseline is due to the route modifications for the hut laterals due to unexpected circumstances. IHS completed 8 hut laterals and anticipates finalizing the last in Q4 2012. 38.54 new network miles will be deployed by end of Q4 2012.
New network miles leased	99	On Target
Existing network miles upgraded	378	IHS anticipates completing the hut laterals by end of Q3 2012 and will upgrade 1168 miles in Q4 2012 once equipment is deployed and activated. Total 3088 existing network miles will be upgraded by end of Q2 2013.
Existing network miles leased	0	N/A
Number of miles of new fiber (aerial or underground)	3	IHS anticipates constructing 38.54 new miles by end of Q4 2012
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	30	This variance of 30 interconnection points from the baseline is due to the route modifications for the hut laterals. IHS anticipates completing the hut laterals by end of Q3 2012 and will upgrade 30 interconnection points by end of Q3 2012

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	12
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	5
Average term of signed agreements (in quarters)	20

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers:
 Cedar Falls Utilities
 US Secure Hosting Center
 Bellevue Municipal Utilities
 Mahaska Communications Group
 Osage Municipal Utilities
 FiberComm
 InfoBunker
 Riverside Clinic
 Sunnybrook Clinic
 VS Enterprises
 Laurens Municipal
 TCA

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:
 See Attachment

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

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	1	Variance from baseline due to the longer than expected negotiation time frames and dependency on IHS' ring bring ups that have been pushed back due to EA modifications. Cedar Falls Utilities started receiving new access this quarter and there were not any construction activities required to build fiber
	Providers with signed agreements receiving improved access	0	No variance from baseline report.
	Providers with signed agreements receiving access to dark fiber	0	No variance from baseline report.
	Please identify the speed tiers that are available and the number of subscribers for each	0	No variance from baseline report.
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	Variance from baseline due to the longer than expected negotiation time frames and dependency on IHS' ring bring ups that have been pushed back due to EA modifications.
	Subscribers receiving new access	0	No variance from baseline report.

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Subscribers receiving improved access	0	No variance from baseline report.
	Please identify the speed tiers that are available and the number or subscribers for each	0	No variance from baseline report.
Residential / Households	Entities passed	0	N/A
	Total subscribers served	0	N/A
	Subscribers receiving new access	0	N/A
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A
Businesses	Entities passed	0	N/A
	Total subscribers served	0	N/A
	Subscribers receiving new access	0	N/A
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A

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

No special offering are anticipated this qtr.

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

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

N/A

9. Community Anchor Institutions:

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

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

Project Indicators (Next Quarter)

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

IHS anticipates completing 9th lateral installation by in the beginning of Q4 2012 and completing 50% of the 3 Middle Mile Fiber Extension builds if the route modifications are approved at the beginning of Q4 2012. IHS anticipates obtaining approval for 3 middle mile extension routes and will begin to move forward with construction activities to ensure 3 middle mile extensions are completed by end of Q4 2012. IHS does not anticipate any new subscribers served until Q1 2013 due to the time frame it has taken to obtain EA approvals. IHS will have 80% of the overall project completed by the end of Q4 2012 and will be on track for 100% project completion

by end of Q2 2013. IHS anticipates that it will deploy 38.54 new network miles during Q4 2012. IHS anticipates that it will have 4 more signed agreements by the end of Q4 2012. IHS anticipates 162 CAIs by end of Q1 2013 with the total 190 CAIs by end of Q2 2013 receiving improved services.

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	80	IHS anticipates that the main ring will be activated by end of Q4 2012. IHS anticipates executing customer agreements will at least 4 more customers.
2b.	Environmental Assessment	90	IHS anticipates that the middle mile extension route modifications will be approved in Q4 2012 allowing IHS to start constructing fiber to our newly signed customers. Therefore, the only environmental assessment left will be for the newly signed customers in Q1 2012.
2c.	Network Design	95	No variance from baseline report.
2d.	Rights of Way	75	IHS anticipates the ROW will be started for the additional middle mile extensions.
2e.	Construction Permits and Other Approvals	80	IHS anticipates the construction permits and other approvals will be finalized for the 3 middle mile extensions.
2f.	Site Preparation	85	IHS anticipates the site prep will be started and partially completed for the 3 middle mile extensions pending EA approval.
2g.	Equipment Procurement	95	IHS anticipates the DWDM equipment will be procured for the western long haul route upgrade and installation kits will continually be ordered as are deploying equipment.
2h.	Network Build (all components - owned, leased, IRU, etc.)	90	IHS anticipates the 9th hut laterals will be completed and the 3 middle mile extensions under way.
2i.	Equipment Deployment	50	IHS anticipates that the equipment deployment will be finalized on the main ring.
2j.	Network Testing	50	IHS anticipates network testing will be completed for the main ring.
2k.	Other (please specify):	0	No variance from the baseline report

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).

IHS continues to face the challenge of reroute modifications that will need to be finalized prior to construction activities for the middle mile extensions.

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	\$85,800	\$0	\$85,800	\$60,612	\$0	\$60,612	\$80,000	\$0	\$80,000
b. Land, structures, right-of-ways, appraisals, etc.	\$1,146,600	\$0	\$1,146,600	\$539,448	\$0	\$539,448	\$1,000,000	\$0	\$1,000,000
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$2,908,015	\$0	\$2,908,015	\$1,899,817	\$0	\$1,899,817	\$1,980,000	\$0	\$1,980,000
e. Other architectural and engineering fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
f. Project inspection fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
g. Site work	\$502,600	\$0	\$502,600	\$300,400	\$0	\$300,400	\$380,400	\$0	\$380,400
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$3,071,873	\$0	\$3,071,873	\$491,929	\$0	\$491,929	\$1,000,000	\$0	\$1,000,000
j. Equipment	\$16,226,313	\$9,355,655	\$6,870,658	\$14,203,968	\$8,154,254	\$6,049,714	\$14,903,968	\$8,154,254	\$6,749,714
k. Miscellaneous	\$161,084	\$0	\$161,084	\$56,185	\$0	\$56,185	\$75,000	\$0	\$75,000
l. SUBTOTAL (add a through k)	\$24,102,285	\$9,355,655	\$14,746,630	\$17,552,359	\$8,154,254	\$9,398,105	\$19,419,368	\$8,154,254	\$11,265,114
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$24,102,285	\$9,355,655	\$14,746,630	\$17,552,359	\$8,154,254	\$9,398,105	\$19,419,368	\$8,154,254	\$11,265,114

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: \$25,000
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