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	NT10BIX5570114	615121324

4. Recipient Organization

Merit Network Inc. 1000 Oakbrook Drive
Suite 200, Ann Arbor, MI 48104-6815

5. Current Reporting Period End Date (MM/DD/YYYY)	6. Is this the last Report of the Award Period?
12-31-2013	◯ 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)
Andrew Frazier	X
	7d. Email Address afrazier@merit.edu

7b. Signature of Certifying Official	7e. Date Report Submitted (MM/DD/YYYY):
Submitted Electronically	02-26-2014

Project Indicators (This Quarter)

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

Bad River Tribe work is complete,including restoration, and has been connected to the network. Merit has completed almost all infrastructure, with only a few miles remaining. All Telecom huts are energized and testing is taking place. Merit has continued restoration and testing across the network as weather permits.

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	96	Construction is nearly complete for Round 2. Merit has installed almost all infrastructure and will continue construction during the next quarter with the hope of completing all outstanding construction.
2b.	Environmental Assessment	100	Merit has exceeded our Environmental Assessment costs. We are currently at 687% of original budget. This overage is due to the underestimated line item based on Request For Proposal responses to Merit and unexpected challenges in obtaining clearances in Wisconsin and Minnesota. Since Merit will continue to incur small costs related to the Environmental Assessment, Merit is considering a revision to the budget to incorporate the latest estimate of the Environmental Assessment cost at completion, which will be around 690%.
2c.	Network Design	100	Since receiving Merit's Finding of No Significant Impact, Merit has completed the required field engineering. Merit anticipates continued costs for incorporating redlines and doing final CADs. Currently Merit is at 230% of the original budget. A portion of site prep expenses and salary has been included in this category.
2d.	Rights of Way	100	Merit has prepped and submitted many permits so they can be approved as construction crews are deployed. Since receiving the Finding of No Significant Impact Merit has finalized the route and completed permit submission. Merit is currently at 180% of its original budget.
2e.	Construction Permits and Other Approvals	100	Merit has prepped and submitted many permits so they can be approved as construction crews are deployed. Since receiving the Finding of No Significant Impact Merit has finalized the route and completed permit submission. Merit is currently at 103% of its original budget.
2f.	Site Preparation	24	Due to the way Merit has been classifying their expenses, some of these costs are included with Network Design. Site preparation work has been completed.
2g.	Equipment Procurement	39	Merit ordered and received equipment, and the equipment has been placed in the field. Costs originally designed for this category have been placed in other categories resulting in being below budget. This category will be able to absorb overages from other areas.
2h.	Network Build (all components - owned, leased, IRU, etc)	100	Construction is near completion. Since construction began in late December 2011, Merit has had a large number of crews working across multiple segments each week. Merit is looking to complete construction in the following quarter.
2i.	Equipment Deployment	100	Merit has managed the equipment deployment by ordering, receiving, and placing it as needed. Merit is currently at 241% of the budget in this category but with all equipment placed, there will be minimal spending remaining.
2j.	Network Testing	100	Testing is continuing across the network with almost all infrastructure completed.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2k.	Other (please specify): **Staffing, Miscellaneous**	49	Now that the project is fully staffed, Merit anticipates gradually coming into line with the Baseline Report by project completion. Staffing has mostly been covered in the Network Design category and may reallocated back to Other.

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).

Weather has delayed the completion of the infrastructure build. Merit anticipates being able to complete the construction near the end of 2014 Q1 or early Q2 when the weather clears. Merit encountered an issue when the I-43 bridge had shifted in the mud which disrupted Merit's fiber location along the bridge. Merit worked with the appropriate parties to re-route the fiber and minimize the impact on the project.

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	1,236	Delays in some of our milestone categories have resulted in holdups in fiber installation. However, construction is near complete
New network miles leased	0	No Variance
Existing network miles upgraded	64	Merit purchased existing fiber along the planned route.
Existing network miles leased	0	No variance
Number of miles of new fiber (aerial or underground)	1,236	Delays in some of our milestone categories have resulted in holdups in fiber installation. However, construction is near complete
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	0	N/A

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

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

Indicators	
Number of signed agreements with broadband wholesalers or last mile providers	5
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	0
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:

LYNX Network Group, LLC
Boardman River Communications, LLC (BRC)
CCI Systems, Inc
Peninsula Fiber Network, LLC (PFN)
Great Lakes Comnet

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:

No wholesale services are currently being provided.

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).

Each sub recipient will own strands in the build depending on the segment/location of the build.

LYNX Network Group, LLC: Chris Barber, PO Box 237 Kalamazoo, MI 49004, Phone: 877.585.5969
Ownership: Northeastern Corridor and Middle Corridor

Boardman River Communications, LLC (BRC): Gary John, 1801 Boardman Rd., SW, PO Box 17, South Boardman, MI, 49680, Phone: 231-369-2500, 231-492-5594
Ownership: Northern Corridor

CCI Systems, Inc: Joe Esbrook, 105 Kent Street, Iron Mountain, MI, 48901, Phone: 906-776-2866
Ownership: Northeastern Corridor and Middle Corridor

Peninsula Fiber Network, LLC (PFN): David McCartney, 108 W. Superior, Munising, MI, 49862, Phone: 906-226-2010
Ownership: Northern Corridor

Great Lakes Comnet: Bill Goodfellow, 1515 Turf Lane, Suite 100, East Lansing, MI 48823, Phone:517-664-1600
Ownership:North Eastern, Middle, and North Corridor

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

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Broadband Wholesalers or Last Mile Providers	Providers with signed agreements receiving new access	0	N/A
	Providers with signed agreements receiving improved access	0	N/A
	Providers with signed agreements receiving access to dark fiber	5	Merit is providing dark fiber to wholesale providers who will in turn offer last mile services.
	Please identify the speed tiers that are available and the number of subscribers for each	0	There are no Merit-defined speed tiers available to the current subscribers because they are all project subrecipients who will be creating their own speed tiers based on the equipment they independently install to light their fiber strands.
Community Anchor Institutions (including Government institutions)	Total subscribers served	136	CAI sites that are connected with BTOP funded infrastructure.
	Subscribers receiving new access	76	Will be receiving new access due to the REACH-3MCII project.
	Subscribers receiving improved access	60	All CAI sites that have been connected will be receiving improved access thanks to the REACH-3MCII project.
	Please identify the speed tiers that are available and the number or subscribers for each	1	All 134 are receiving a 1GB connection.
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

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	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).
None at this time.

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
Bad River Tribe	**Odanah, WI**	**Other Government Facilities**	**Yes**	**This institution is connected to BTOP funded infrastructure to provide broadband connectivity to the anchor site.**

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
Merit anticipates completing remaining construction on the project. Merit also anticipates being able to continue working on testing throughout the network. Merit will look to begin warranty work on any areas of the new infrastructure that will require repair. Merit will look to light any remaining community anchor sites. Merit will be receiving As-Built drawings for the infrastructure and will begin preparing for closeout once complete.
Estimated number of miles to be deployed during the quarter: 1
Estimated number of CAIs to be connected during the quarter:12
Estimated number of Broadband wholesaler/last mile provider agreements to be signed during the quarter: 0

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	The Finding of No Significant Impact was received approximately two (2) quarters behind the projected date thus many of our key indicators are also two (2) quarters behind. Merit anticipates completing the project in the next quarter.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2b.	Environmental Assessment	100	Merit has exceeded our Environmental Assessment costs. We are currently at 687% of original budget. This overage is due to the underestimated line item based on Request For Proposal responses to Merit and unexpected challenges in obtaining clearances in Wisconsin and Minnesota. Since Merit will continue to incur minor costs related to the Environmental Assessment, Merit is considering a revision to the budget to incorporate the latest estimate of the Environmental Assessment cost at completion, which will be around 690%.
2c.	Network Design	100	Since receiving Merit's Finding of No Significant Impact, Merit has completed the required field engineering. Merit anticipates continued costs for incorporating redlines and doing final CADs. Merit anticipates spending to continue in the next quarter in this category, with the overrun being absorbed by another category. Merit anticipates spending continuing in the next quarter and will be around 261%. Some project salary has been applied to this category.
2d.	Rights of Way	100	Since receiving the Finding of No Significant Impact Merit has finalized the route and completed the necessary engineering work. Permitting is essentially complete. Merit anticipates being near 180% by the end of next quarter.
2e.	Construction Permits and Other Approvals	100	Since receiving the Finding of No Significant Impact Merit has finalized the route and completed the necessary engineering work. Permitting is essentially complete. Merit anticipates being near 103% by the end of next quarter.
2f.	Site Preparation	29	Site preparation work is esentially complete. Costs have been absorbed in other categories to date. Merit anticipates little spending to occur in this category and will absorb overages from other categories.
2g.	Equipment Procurement	39	Merit is had ordered equipment. Expenses that were originally budgeted for this category have been applied to other categories. This category will absorb overages from other areas.
2h.	Network Build (all components - owned, leased, IRU, etc.)	100	Construction is nearing completion, as soon as next quarter. Merit anticipates continued spending during the next quarter and will likely be over budget. The overrun should be able to be absorbed into another category.
2i.	Equipment Deployment	100	Merit has been behind our Baseline Report due to delays in the start of construction. However, with construction near completion, our engineers will be field testing completed fiber and finishing up equipment installs. Merit will be at or close to budget by project completion.
2j.	Network Testing	100	Merit has been behind our baseline due to delays in starting from construction. However, with construction near complete, our engineers will be out in the field testing completed fiber, and spending in this category will increase. Merit will be at or close to budget by completion.
2k.	Other (please specify): Staffing Miscellaneous	53	The project is now fully staffed and Merit anticipates a gradual alignment with the Baseline Report by project completion. Some staffing costs has been allocated to Network Design rather than this category which is part of the reason our spending is low.

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).

Weather could impact completing construction and testing of the network. Merit will be working with appropriate parties to complete and receive As-Built drawings. Merit also plans to submit a rebudget request to ensure that all expenses are properly aligned against 424C and project milestone categories.

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	$621,845	$124,369	$497,476	$232,724	$46,545	$186,179	$259,741	$51,948	$207,793
b. Land, structures, right-of-ways, appraisals, etc.	$1,116,000	$223,200	$892,800	$408,928	$81,786	$327,142	$900,504	$180,101	$720,403
c. Relocation expenses and payments	$0	$0	$0	$0	$0	$0	$0	$0	$0
d. Architectural and engineering fees	$4,301,298	$860,260	$3,441,038	$6,268,229	$1,253,646	$5,014,583	$7,173,292	$1,434,658	$5,738,634
e. Other architectural and engineering fees	$0	$0	$0	$0	$0	$0	$0	$0	$0
f. Project inspection fees	$732,625	$146,525	$586,100	$29,159	$5,832	$23,327	$104,808	$20,962	$83,846
g. Site work	$723,009	$144,602	$578,407	$65,714	$13,143	$52,571	$210,864	$42,173	$168,691
h. Demolition and removal	$0	$0	$0	$0	$0	$0	$0	$0	$0
i. Construction	$51,151,342	$10,230,268	$40,921,074	$64,147,491	$12,829,498	$51,317,993	$66,313,852	$13,262,770	$53,051,082
j. Equipment	$28,244,599	$5,648,920	$22,595,679	$11,089,300	$2,217,860	$8,871,440	$11,106,830	$2,221,366	$8,885,464
k. Miscellaneous	$158,396	$31,679	$126,717	$941,498	$188,299	$753,199	$979,223	$195,845	$783,378
l. SUBTOTAL (add a through k)	$87,049,114	$17,409,823	$69,639,291	$83,183,043	$16,636,609	$66,546,434	$87,049,114	$17,409,823	$69,639,291
m. Contingencies	$0	$0	$0	$0	$0	$0	$0	$0	$0
n. TOTALS (sum of l and m)	$87,049,114	$17,409,823	$69,639,291	$83,183,043	$16,636,609	$66,546,434	$87,049,114	$17,409,823	$69,639,291

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