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	NT10BIX5570136	831335448

4. Recipient Organization

GOVNET, INC. 7835 E. McClain Dr., Scottsdale, AZ 85260-1872

5. Current Reporting Period End Date (MM/DD/YYYY)	6. Is this the last Report of the Award Period?
09-30-2012	○ 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)
Karen McCoy Vice President	4804241411
	7d. Email Address karen.m@govnet.net

7b. Signature of Certifying Official	7e. Date Report Submitted (MM/DD/YYYY):
Submitted Electronically	11-21-2012

Project Indicators (This Quarter)

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

During this quarter, GovNET has been busy compiling responses to the CAP letter of July 19, 2012, and answering follow up questions from NTIA and NOAA. No project work has been allowed.

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**	39	Behind baseline plan projections due to less than 6 months of actual construction time from delay in issue of FONSI in November 2011 and suspension of the project by NTIA in May 2012 stopping all work. Only one partial reimbursement request for small vendors was authorized by the NTIA in this quarter.
2b.	**Environmental Assessment**	87	GovNET received its FONSI in Q4 2011. Additional funding remains in this category to cover future EA amendments and administration costs.
2c.	**Network Design**	82	Slightly behind baseline plan projections due to project suspension by NTIA. FCC licenses are held in Prior Coordination Notice (PCN) and will be filed as site construction is imminent.
2d.	**Rights of Way**	64	Remainder of sites in final approval process, but behind baseline plan due to delay in some federal approvals and NTIA stop work order.
2e.	**Construction Permits and Other Approvals**	25	Behind baseline plan due to delay in FONSI approval, which restricted construction. Many sites are permit exempt due to federal land ownership. FCC licenses filed as site construction is imminent.
2f.	**Site Preparation**	40	In a wireless network deployment, this milestone precedes site construction and includes site surveys and geo-tech work - which has been completed for almost all new tower sites in the network. Minimal prep activity is required for collocations.
2g.	**Equipment Procurement**	32	Significant equipment ordering/procurement was done in March/April/May in anticipation of continued construction. Vendors not yet reimbursement by NTIA, so the % Complete based on spending is lower until reimbursed. Majority of RFPs are done and equipment is batch ordered via outstanding purchase orders.
2h.	**Network Build (all components - owned, leased, IRU, etc)**	25	Behind Baseline Plan projections, and % Complete revised to more accurately reflect status, but still on target for full network completion. GovNET built 10 Backbone sites within 4 months, a significant accomplishment prior to stoppage.
2i.	**Equipment Deployment**	10	Significant equipment was ordered and is in warehouse, awaiting deployment. Behind baseline plan projections due to restricted construction time, and a suspension of the project by NTIA.
2j.	**Network Testing**	17	Behind baseline plan projections due to delay in FONSI approval, which restricted construction, and project suspension by NTIA. Extensive testing occurs in the labs prior, during construction, and as physical network is turned up.
2k.	**Other (please specify): 203 in-kind Leases**	46	Behind baseline plan projections due to delay in FONSI approval, which restricted construction, and suspension of the project by NTIA. Still awaiting BTOP Programmatic/EHP approval to 'swap' exempt CAIs (rooftop mounts) in project to ones who have already signed leases, making this close to 100% complete.

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).

GovNET faced many challenges this past quarter but stayed firm in its commitment to the project and local stakeholders.

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	0	450 miles were on track Q2 2012, only awaiting scheduled radio install. Behind baseline due to issue of FONSI in November 2011 and project suspension in May 2012 by NTIA.
New network miles leased	0	n/a
Existing network miles upgraded	0	n/a
Existing network miles leased	0	n/a
Number of miles of new fiber (aerial or underground)	0	n/a
Number of new wireless links	0	12 Backbone links & 62 CAI links were on track for this quarter. Behind baseline projections due to issue of FONSI November 22, 2011 restricting construction, and a suspension of the project by NTIA in May 2012.
Number of new towers	2	3 new towers were on track for Q2 2012 Behind baseline projections due to issue of FONSI in Q4 2011 restricting construction, and suspension of the project by NTIA.
Number of new and/or upgraded interconnection points	5	74 interconnects were on track for Q2 2012. Behind baseline projections due to issue of FONSI in Q4 2011 restricting construction, and a suspension of the project by NTIA.

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	2
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	3
Average term of signed agreements (in quarters)	0

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers:
Two separate site access agreements with wholesale internet provider, Cogent Communications, have been signed for GovNET to resell internet to desperate CAIs and awaiting last mile providers. Three last mile provider agreements are in process. By the end of the project, nine agreements with wholesalers & last mile providers are expected to be signed.

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 project is expected to provide the following wholesale services: Ds1, Ds3, Ethernet Transport and VOIP. Final pricing for services has not been determined but will be competitive with current market rates.

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).
No third-party operators will be used on this project.

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	Behind baseline due to delay of FONSI in Q4 2011 restricting construction, and project suspension by NTIA in May 2012.
	Providers with signed agreements receiving improved access	0	Behind baseline due to delay of FONSI in Q4 2011 restricting construction, and project suspension by NTIA in May 2012.
	Providers with signed agreements receiving access to dark fiber	0	n/a
	Please identify the speed tiers that are available and the number of subscribers for each	0	10 Mbps = 45 providers; 45 Mpbs (DS3) = 10 providers
Community Anchor Institutions (including Government institutions)	**Total subscribers served**	0	62 CAIs installed were on track for Q2 2012. Behind baseline projections due to delay of FONSI issue in Q4 2011 restricting construction, and a project suspension by NTIA in May 2012.
	Subscribers receiving new access	0	n/a
	Subscribers receiving improved access	0	62 CAIs installed were on track for Q2 2012. Behind baseline projections due to delay of FONSI issue in Q4 2011 restricting construction, and a project suspension by NTIA in May 2012.
	Please identify the speed tiers that are available and the number or subscribers for each	0	Updated Estimated Subscriber needs: 10 Mbps = 231 subscribers; 50 Mbps = 40 subscribers; 100 Mbps =10 subscribers
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	Behind baseline due to delay of FONSI in Q4 2011 restricting construction, and project suspension by NTIA in May 2012.
	Total subscribers served	0	Behind baseline due to delay of FONSI in Q4 2011 restricting construction, and project suspension by NTIA in May 2012.
	Subscribers receiving new access	0	n/a
	Subscribers receiving improved access	0	Behind baseline due to delay of FONSI in Q4 2011 restricting construction, and project suspension by NTIA in May 2012.
	Please identify the speed tiers that are available and the number of subscribers for each	0	10 Mbps (equivalent to 7 T1s) = 4 subscribers; These are Nat'l Cellular Carriers in multiple markets in AZ.

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

VoIP, cloud computing, distance learning, video conferencing, secure interoperable public safety channel for all 15 County Government Emergency Services, including connectivity to all Emergency Operations Centers.

Vendors have described this network design as the most sophisticated microwave network in the country.

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).

If the project is restarted by mid-November, we expect to make quick progress on the following key indicators:
• New network miles deployed = 450;   • Total CAI subscribers installed (CAIs connected) = 62
• New towers built = 4;   • New wireless links = 74;
• Number of signed agreements with broadband wholesalers or last mile providers = 1 additional

A partial start work order could be provided by the NTIA in early November, as the additional requested documentation has been received from GovNET, which would allow for the completion of all or substantial portions network elements planned as noted above. These milestones could have been completed Q2-2012 (April - June) had the project work not been halted in May 2012.

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	47	Project restart anticipated with outstanding unpaid reimbursements received, putting the project % complete numbers more in line since they are based on dollars expended. Multiple crews will be utilized statewide for expedited construction & installations.
2b.	Environmental Assessment	95	GovNET achieved this milestone & received a FONSI in Q4 2011. Additional funding remains in this category to cover future EA amendments and/or compliance administrative costs.
2c.	Network Design	88	Slightly behind baseline plan projections due to project suspension by NTIA. FCC licenses are held in Prior Coordination Notice (PCN) and are filed as site construction is imminent.
2d.	Rights of Way	72	Slightly behind baseline plan projections due to delay in EA approval, which restricted construction, and a project hold by NTIA.
2e.	Construction Permits and Other Approvals	34	Behind baseline plan projections due to delay in EA approval, which restricted construction, and a project suspension by NTIA. Any construction permits required are filed just prior to imminent work due to limited time frame valid.
2f.	Site Preparation	56	Behind baseline plan projections due to delay in EA approval, which restricted construction, and a project suspension by NTIA.
2g.	Equipment Procurement	40	Slightly behind baseline plan projections due to delay in EA approval, which restricted construction, and a project suspension by NTIA.
2h.	Network Build (all components - owned, leased, IRU, etc.)	37	Behind baseline plan projections due to delay in EA approval, which restricted construction, and a project suspension by NTIA.
2i.	Equipment Deployment	20	Behind baseline plan projections due to delay in EA approval, which restricted construction, and a project suspension by NTIA.
2j.	Network Testing	27	Behind baseline plan projections due to delay in EA approval, which restricted construction, and a project suspension by NTIA.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2k.	Other (please specify):	95	Ahead of baseline plan projections with expected approval to add CAIs who already signed leases into project.

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).

This next quarter, GovNET is hopeful that project work may be resumed to benefit the deserving Arizonans in schools, hospitals, and public safety without high-speed broadband capabilities.

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	$2,197,000	$35,000	$2,162,000	$1,333,089	$35,000	$1,298,089	$1,495,397	$35,000	$1,460,397
b. Land, structures, right-of-ways, appraisals, etc.	$20,023,726	$8,562,569	$11,461,157	$11,133,095	$5,451,006	$5,682,089	$11,823,922	$5,522,106	$6,301,816
c. Relocation expenses and payments	$0	$0	$0	$0	$0	$0	$0	$0	$0
d. Architectural and engineering fees	$1,687,259	$771,509	$915,750	$1,413,513	$580,446	$833,067	$1,516,501	$631,634	$884,867
e. Other architectural and engineering fees	$401,340	$0	$401,340	$353,507	$0	$353,507	$403,507	$0	$403,507
f. Project inspection fees	$0	$0	$0	$0	$0	$0	$0	$0	$0
g. Site work	$0	$0	$0	$0	$0	$0	$0	$0	$0
h. Demolition and removal	$0	$0	$0	$0	$0	$0	$0	$0	$0
i. Construction	$6,570,942	$3,262,000	$3,308,942	$640,600	$4,250	$636,350	$1,034,901	$44,420	$990,481
j. Equipment	$20,007,698	$33,180	$19,974,518	$5,052,711	$33,180	$5,019,531	$7,927,924	$33,180	$7,894,744
k. Miscellaneous	$1,051,170	$0	$1,051,170	$131,562	$0	$131,562	$151,969	$0	$151,969
l. SUBTOTAL (add a through k)	$51,939,135	$12,664,258	$39,274,877	$20,058,077	$6,103,882	$13,954,195	$24,354,121	$6,266,340	$18,087,781
m. Contingencies									
n. TOTALS (sum of l and m)	$51,939,135	$12,664,258	$39,274,877	$20,058,077	$6,103,882	$13,954,195	$24,354,121	$6,266,340	$18,087,781

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: $2,762,000	b. Program Income to Date: $4,250