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?
09-30-2013	◯ **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)
Karen McCoy	4804241411
Vice President	**7d. Email Address** karen.m@govnet.net

7b. Signature of Certifying Official	7e. Date Report Submitted (MM/DD/YYYY):
Submitted Electronically	11-15-2013

Project Indicators (This Quarter)

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

In July 2013, GovNET built a new tower site to serve the rural border community of Arivaca. During this quarter, GovNET received a one year grant project time extension to September 30, 2014. During the month September 2013, a formal letter from NTIA/NOAA was received pronouncing a full project release and additional hiring commenced to ramp company personnel back up to execute project.

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	53	Slight increase due to construction activity and vendor invoices that were processed by NTIA.
2b.	Environmental Assessment	89	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	FCC licensing will be held until site construction is imminent.
2d.	Rights of Way	65	Slight increase to resumed activity.
2e.	Construction Permits and Other Approvals	26	Slight increase to resumed activity.
2f.	Site Preparation	41	Slight increase to resumed activity.
2g.	Equipment Procurement	47	Slight increase to resumed activity.
2h.	Network Build (all components - owned, leased, IRU, etc)	26	Slight increase to resumed activity.
2i.	Equipment Deployment	11	Slight increase to resumed activity.
2j.	Network Testing	17	Slight increase to resumed activity.
2k.	Other (please specify): CAI leases	60	Increase in approved CAI leases due to NTIA approval of Batch 4.

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).

As the project resumes, the task of completing necessary right-of-ways and receiving requested route change approvals will gauge how fast the network can be built. Since all activity was on hold, some new variables may come into play that were not known prior.

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	Project miles will be added in Q4 due to a restart of construction activity.
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	N/A

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Number of new towers	3	GovNET was able to construct a new tower at Arivaca
Number of new and/or upgraded interconnection points	6	Addition of Arivaca; all sites are interconnection points.

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	0
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:
No agreements were allowed to be signed until project restart approval. Three agreements are in negotiation.

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	Project is now able to restarted and negotiations can recommence with providers.
	Providers with signed agreements receiving improved access	0	Project is now able to restarted and negotiations can recommence with providers.
	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	1 Mbps to 1 Gbps is available based on subscriber needs
Community Anchor Institutions (including Government institutions)	**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

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	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 or subscribers for each	0	1 Mbps to 1 Gbps is available based on subscriber needs
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).

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).

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).
GovNET is looking forward to fully re-engaging in project work and network construction to finish the project for the deserving citizens of Arizona. Pre-construction planning, increased staffing, contractor positions, RFP / RFQ releases have commenced and network deployment activities are beginning again with anticipated heavy increase in the next quarter. Heavy emphasis will be placed on discussions with last mile providers, community anchor institutions, and community outreach. We estimate to deploy 150 network

miles, connect 1 CAI, and 1 wholesaler/last mile agreement next quarter. A new General Manager has been hired.

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	58	Project increase in funds reimbursed for outstanding vendors and forward progress on the network build.
2b.	Environmental Assessment	90	Increase in environmental/ cultural work to progress project.
2c.	Network Design	82	FCC Licenses will be held until site construction is imminent
2d.	Rights of Way	70	Increase in advance activity
2e.	Construction Permits and Other Approvals	30	Increase in advance activity
2f.	Site Preparation	42	Slight Increase as construction activity restarts
2g.	Equipment Procurement	48	Slight Increase as construction activity restarts; invoicing will be following quarter
2h.	Network Build (all components - owned, leased, IRU, etc.)	28	Increase due to restarting of project activity
2i.	Equipment Deployment	18	Increase due to restarting of project activity
2j.	Network Testing	17	No Change
2k.	Other (please specify):	65	Additional CAI leases signed and returned.

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).

GovNET will be getting a Construction Management company up to speed, who will be secured via RFP release scheduled for this quarter. Snow may play into build timing. Many other RFPs willl be issued to allow for deployment the following quarter.

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	$4,854,785	$0	$4,854,785	$2,625,620	$0	$2,625,620	$2,925,620	$0	$2,925,620
b. Land, structures, right-of-ways, appraisals, etc.	$22,287,483	$11,076,276	$11,211,207	$15,303,596	$8,075,370	$7,228,226	$16,576,771	$8,348,545	$8,228,226
c. Relocation expenses and payments	$0	$0	$0	$0	$0	$0	$0	$0	$0
d. Architectural and engineering fees	$2,053,091	$733,009	$1,320,082	$1,477,485	$539,509	$937,976	$1,712,860	$674,884	$1,037,976
e. Other architectural and engineering fees	$604,613	$0	$604,613	$403,694	$0	$403,694	$453,694	$0	$453,694
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	$4,479,813	$821,793	$3,658,020	$927,577	$4,250	$923,327	$1,371,616	$148,289	$1,223,327
j. Equipment	$17,059,271	$33,180	$17,026,091	$6,770,680	$33,180	$6,737,500	$7,070,680	$33,180	$7,037,500
k. Miscellaneous	$222,873	$0	$222,873	$197,638	$0	$197,638	$200,638	$0	$200,638
l. SUBTOTAL (add a through k)	$51,561,929	$12,664,258	$38,897,671	$27,706,290	$8,652,309	$19,053,981	$30,311,879	$9,204,898	$21,106,981
m. Contingencies	$0	$0	$0	$0	$0	$0	$0	$0	$0
n. TOTALS (sum of l and m)	$51,561,929	$12,664,258	$38,897,671	$27,706,290	$8,652,309	$19,053,981	$30,311,879	$9,204,898	$21,106,981

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: $821,793	b. Program Income to Date: $4,250