

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 NT10BIX5570023	3. DUNS Number 831497651
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4. Recipient Organization

North Florida Broadband Authority 1500 Mahan Drive Suite 250, Tallahassee, FL 32308-5177

5. Current Reporting Period End Date (MM/DD/YYYY) 06-30-2011	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 Patrick Lien System Manager	7c. Telephone (area code, number and extension) 4077019037
	7d. Email Address plien@govserv.com

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 08-18-2011
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Project Indicators (This Quarter)

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

BUSINESS DEVELOPMENT ACTIVITIES

- A Work Authorization was issued to the Network Engineer for Early Adopter Assistance and Subscriber Evaluation Services, which includes Customer Relations Management software installation and training.
- Beta Customer Acquisition procedures have been drafted for implementing a structured methodology for obtaining customer feedback and validation for the network design and its associated operations and business support systems.
- A Work Authorization was issued to the Quality Assurance Engineer for review and recommendations for the network's Operations Support System and Business Support System implementation process.

PROCUREMENT ACTIVITIES

- Civil Installation Services Request for Bids #2011-08 was released on 6/15/2011 for the procurement of additional subcontractors for civil and site electrical work. The due date for these bids is 07/05/2011, which falls into the next reporting period.

SITE ACQUISITION ACTIVITIES

- Site license agreements have been executed for 79 tower sites out of 94 sites total. Site license agreements are pending with the tower companies listed below for the remaining 15 tower sites as follows:
 - 3 Sites: 52Eighty, LLC (Point of Presence sites): Agreements pending confirmation of site licenses as capital expenses.
 - 1 Site: American Tower Corporation: Execution of site license agreement is pending (awaiting landlord's consent).
 - 3 Sites: Crown Castle International: Structural modifications are required and have been authorized.
 - 2 Sites: SBA Communications Corporation: Structural modifications are required and have been authorized.
 - 4 Sites: SBA Communications Corporation. Site license execution is pending for the remaining 4 SBA sites.
 - 2 Sites: Global Tower Partners: Structural analysis passed for both sites. Execution of site licenses is pending.

NETWORK BUILD-OUT & DEPLOYMENT ACTIVITIES (as of 6/30/2011)

- Three subcontractors have been engaged to perform civil and site electrical work for initial tower sites for the core network.
- Two subcontractors have been engaged to perform installation of microwave radios and pathing for wireless network links. This work is scheduled to start in July 2011 (next reporting period).
- Building and/or electrical permits have been issued for 31 tower sites.
- The tower companies have approved Notices to Proceed for civil work at 25 tower sites.
- Federal Communications Commission license applications for microwave radios have been submitted for all network links. None of the licenses have yet been granted (or at least received by the NFBA).
- Civil and site electrical work and associated Quality Assurance inspections are in progress at 15 tower sites. This work includes the installation of site electrical services, grounding assemblies, support posts and brackets for electrical panels and meters, cable trays, concrete equipment pads, and network equipment cabinets.

CRITICAL PATH ITEMS

- Start of equipment installation and pathing work is being driven by per-link-basis equipment delivery.
- Upstream provisioning and final fiber circuits need to be completed at all four Point of Presence sites.
- Final upstream design and fiber circuits need to be finalized and completed at the Orlando datacenter.
- Permitting documents and permit acquisition services need to be completed for remaining tower sites.
- Remaining structural assessments and post-structural modifications for failed towers need to be completed.
- In-kind leases for lateral network sites need to be finalized and executed.

The project remains behind our original Baseline Plan projections for the reasons noted in Section 1, Items #2 and #3 below. To ensure that the project will be completed within the 3 year period of performance, the General Manager, the Network Engineer, the Quality Assurance Engineer, the North Florida Economic Development Partnership, and the Compliance Office are working together to define goals for operations and business support systems and to measure current design process capabilities against program requirements and established procurement guidelines. Also, a supplementary Request for Bids was issued with the goal of securing additional civil subcontractors in order to maintain (and possibly accelerate) the network deployment schedule. We remain totally confident that the project will achieve substantial completion by the end of year 2, January 31, 2012.

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)

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2a.	Overall Project	17	<p>The variance from the Baseline Plan is a result of the network design re-evaluation and re-engineering process that began in previous quarters. In addition, substantial delays were incurred awaiting wage-rate determinations (more than 3 months), awaiting a response to a waiver request to allow eligibility of Long term Operational leases (requested process in December, 2010, AAR submitted in April 2011, received in June, 2011); and comments from the Program Office on a Route Change Request (2 months). Please see Section 1, Items #2 and #3 for further details regarding the reasons for variance from the Baseline Plan and our plans for catching up to the Baseline Plan.</p> <p>We had anticipated a significant expenditure for this reporting period for the delivery of upstream circuits for our Indefeasible Right of Use. However, we are still waiting for final fiber connections and testing to be completed at our four Point of Presence sites and also our two datacenter locations. Payment is tied to delivery, testing, and acceptance of the upstream circuits between the data centers and the Point of Presence sites, which have yet to occur. Testing has occurred for the 10 Gbps fiber link located between the Tampa and Orlando datacenter, as noted in last quarter's Performance Progress Report.</p> <p>We expect to make continued progress with network deployment activities, as civil and equipment installation contractors have been engaged and are currently in the field to build out the infrastructure for the core network. Also, as noted above, the project team (the Network Engineer, the General Manager, the Quality Assurance Engineer, the North Florida Economic Development Partnership, the Compliance Office, as well as valued members of the North Florida Broadband Authority's Board of Directors and Operations Committee) are working together to define goals for operations and business support systems and to measure current design process capabilities against program requirements and established procurement guidelines. This is part of our joint effort to take the next steps toward the acquisition of beta and early adopter customers. We fully expect to meet the "substantially complete" requirement by the end of year 2, in January 2012.</p>
2b.	Environmental Assessment	0	N/A. Categorically exempt from Environmental Assessment.
2c.	Network Design	91	<p>On schedule, but the percent complete reported here is less than the Actuals for Engineering fees reported in Cost Classifications d. and e. in the Infrastructure Budget Execution Details section of this report.</p> <p>As noted in Section 1, Item #3, we prepared a draft budget reallocation to be submitted in upcoming quarter as an Award Action Request to reconcile or adjust our SF-424C budget categories that were originally based on the turnkey link network design project plan. In the original budget allocation, costs for professional and deployment services associated with the original turnkey links network design were originally allocated to the Equipment category. Upon submittal and approval of the Award Action Request, these costs will be reallocated to the Engineering categories (d. and e.).</p> <p>As also noted in Section 1, Item #3, at the Project Officer direction, we also prepared a draft Award Action Request for Network Route / Design Change and submitted to the Program Office for review. This Route Change Request will establish that our network design has changed from the original Turnkey Link Spur Network design to our current interconnected-ring network design.</p>
2d.	Rights of Way	0	N/A
2e.	Construction Permits and Other Approvals	60	On schedule.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
	2f. Site Preparation	0	<p>In previous Performance Progress Reports (submitted prior to the Performance Progress Report for 1st Quarter 2011), progress reported for this milestone category was attributed to the engagement of tower owners, the negotiation of master commercial tower lease terms, and the initial draft development of the procurement document for civil and site electrical work. A 3 month delay in getting the Davis-Bacon wage decisions prevented issuance of RFP's for any site work until received. RFP's were issued within a week of receipt.</p> <p>As noted in Section 1, Item #3, we prepared a draft budget reallocation to be submitted as an Award Action Request following Program Office review and comment, to reconcile or adjust our SF-424C budget categories that were originally based on the turnkey link network design project plan. Upon approval of the Award Action Request, the budget amount originally allocated for Site Preparation will be re-allocated to other Cost Classification categories.</p>
	2g. Equipment Procurement	14	<p>The variance from the Baseline Plan is a result of the network design re-evaluation and re-engineering process that began in previous quarters. In addition, substantial delays were incurred awaiting wage-rate determinations (more than 3 months), awaiting a response to a waiver request to allow eligibility of Long term Operational leases (requested process in December, 2010, AAR submitted in April 2011, received in June, 2011; and comments from the Program Office on a Route Change Request (2 months). Please see Section 1, Items #2 and #3 for further details regarding the reasons for variance from the Baseline Plan and our plans for catching up to the Baseline Plan.</p> <p>In previous Performance Progress Reports (submitted prior to the Performance Progress Report for 1st Quarter 2011), progress reported for this milestone category was attributed to work associated with the development of the Request for Proposals procurement documents for network equipment, the subsequent review of submitted network equipment proposals, and the selection of equipment vendors. The progress reported in this report is based on equipment-specific line item budget expenditures that are in the Equipment Cost Classification category. Please note that the percent complete shown here is not calculated against all costs in this category, it is only calculated against equipment-specific line item budget expenditures (as it was in the previous Performance Progress Report that was submitted for the 1st Quarter of 2011).</p> <p>However, as noted in Section 1, Item #3, we prepared a draft budget reallocation request for review and approval as directed by Program Office prior to submittal as an Award Action Request to reconcile or adjust our SF-424C budget categories that were originally based on the turnkey link network design project plan. In the original budget allocation, costs for professional and deployment services associated with the original turnkey links network design were originally allocated to the Equipment category. Upon submission and approval of the Award Action Request, these costs will be reallocated to the Engineering categories (d. and e.).</p> <p>As part of our continued efforts to catch up to the Baseline Plan, purchase orders for network equipment are being executed, invoiced, and paid on an ongoing basis. Microwave radios and antennas are also currently being purchased, received, inventoried, and staged for deployment.</p>

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2h.	Network Build (all components - owned, leased, IRU, etc)	7	<p>The variance from the Baseline Plan is a result of the network design re-evaluation and re-engineering process that began in previous quarters. In addition, substantial delays were incurred awaiting wage-rate determinations (more than 3 months), awaiting a response to a waiver request to allow eligibility of Long term Operational leases (requested process in December, 2010, AAR submitted in April 2011, received in June, 2011); and comments from the Program Office on a Route Change Request (2 months). Please see Section 1, Items #2 and #3 for further details regarding the reasons for variance from the Baseline Plan and our plans for catching up to the Baseline Plan.</p> <p>In previous Performance Progress Reports (submitted prior to the Performance Progress Report for 1st Quarter 2011), progress reported for this milestone category was attributed to progress of work instead of budget expenditures for the Land, Structures, Right-of-Ways Cost Classification category (b.), and the budget amount for this Cost Classification category is based on the original turnkey link network design plan.</p> <p>However, as noted in Section 1, Item #3, we prepared a draft budget reallocation request for review and approval as directed by Program Office prior to submittal as an Award Action Request to reconcile or adjust our SF-424C budget categories that were originally based on the turnkey link. Upon submission and approval of the Award Action Request, a portion of the budget amount originally allocated for Land, Structures, Right-of-Ways Cost Classification category (b.) will be re-allocated to other Cost Classification categories.</p> <p>Upstream provisioning and circuit delivery were not completed as expected before the end of this reporting period, which would have resulted in a significant expenditure for the delivery of upstream circuits for our Indefeasible Right of Use. Circuit delivery was delayed when it was determined that the commercial tower adjacent to a Point of Presence site was no longer available. Therefore, we are still waiting for final fiber connections and testing to be completed at our four Point of Presence sites and also our two datacenter locations. Payment is tied to delivery, testing, and acceptance of the upstream circuits between the datacenters and the Point of Presence sites, which have yet to occur. Testing has occurred for the 10 Gbps fiber link located between the Tampa and Orlando datacenters, as noted in last quarter's Performance Progress Report.</p> <p>Also, significant expenditures for tower lease payments were pending the modification of site license agreements, which stemmed from the recent waiver (after 5 months) allowing eligibility of long-term leases. Modified site license agreements have been finalized for all tower companies with the exception of Crown Castle International, which is expected in July or early August.</p>

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2i. Equipment Deployment		0	<p>The variance from the Baseline Plan is a result of the network design re-evaluation and re-engineering process that began in previous quarters. In addition, substantial delays were incurred awaiting wage-rate determinations (more than 3 months), awaiting a response to a waiver request to allow eligibility of Long term Operational leases (requested process in December, 2010, AAR submitted in April 2011, received in June, 2011); and comments from the Program Office on a Route Change Request (2 months). Please see Section 1, Items #2 and #3 for further details regarding the reasons for variance from the Baseline Plan and our plans for catching up.</p> <p>In previous Performance Progress Reports (submitted prior to the Performance Progress Report for 1st Quarter 2011), progress reported for this milestone category was attributed to the progress of work associated with the solicitation of Civil and Equipment Installation contractors, the implementation of equipment inventory management and staging procedures. The progress reported in this report is based on deployment-specific line item budget expenditures in the Equipment Cost Classification category, and the budget amount for the Equipment Cost Classification category is based on the original turnkey link network design plan. Please note that the percent complete shown here is not calculated against all costs in this category, it is only calculated against deployment-specific line item budget expenditures (as it was in the previous Performance Progress Report that was submitted for the 1st Quarter of 2011).</p> <p>However, as noted in Section 1, Item #3, we prepared a draft budget reallocation request for review and approval as directed by Program Office prior to submittal as an Award Action Request to reconcile or adjust our In the original budget allocation, costs for professional and deployment services associated with the original turnkey links network design were originally allocated to the Equipment category. Upon submission and approval of the Award Action Request, these costs will be reallocated to the Engineering categories (d. and e.).</p> <p>As part of our efforts to catch up to the Baseline Plan, site civil work is currently in progress, and associated electrical infrastructure is underway and nearly complete for 15 tower sites in the core network. Payment is tied to Quality Assurance inspections, which began in early July. Therefore, percent-complete progress cannot be reported for this reporting period for Civil work that occurred at the end of this reporting period.</p> <p>According to our current deployment schedule, civil work is expected to be completed at 89 out of 94 tower sites by the end of next quarter. Equipment installation contractors are currently in place for microwave radio installation and pathing, and we anticipate that this work will be completed at 46 out of 94 tower sites by the end of next quarter.</p>

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2j.	Network Testing	0	<p>The variance from the Baseline Plan is a result of the network design re-evaluation and re-engineering process that began in previous quarters. In addition, substantial delays were incurred awaiting wage-rate determinations (more than 3 months), awaiting a response to a waiver request to allow eligibility of Long term Operational leases (requested process in December, 2010, AAR submitted in April 2011, received in June, 2011); and comments from the Program Office on a Route Change Request (2 months). Please see Section 1, Items #2 and #3 for further details regarding the reasons for variance from the Baseline Plan and our plans for catching up to the Baseline Plan.</p> <p>In previous Performance Progress Reports (submitted prior to the Performance Progress Report for 1st Quarter 2011), progress reported for this milestone category was attributed to the receipt and testing of sample equipment cabinets, sample microwave radios, and initial gateway datacenter equipment. The progress reported in this report is based on line item budget expenditures in the Equipment Cost Classification category, and the budget amount for the Equipment Cost Classification category is based on the original turnkey link network design plan.</p> <p>However, as noted in Section 1, Item #3, we prepared a draft budget reallocation request for review and approval as directed by Program Office prior to submittal as an Award Action Request to reconcile or adjust our SF-424C budget categories that were originally based on the turnkey link. In the original budget allocation, costs for professional and deployment services associated with the original turnkey links network design were originally allocated to the Equipment category. Upon submission and approval of the Award Action Request, these costs will be reallocated to the Engineering categories (d. and e.).</p> <p>As part of our efforts to catch up to the Baseline Plan, bench testing and "burn-in" testing continues for network equipment as it is received and inventoried. Site interoperability testing and link commissioning will follow in closely behind equipment deployment, and we anticipate that Network Testing will also gradually realign with the Baseline Plan over the next two quarters.</p>
2k.	Other (please specify): In-Kind Contributions	1	<p>We have received in-kind contributions in the form of donated professional services.</p> <p>The variance from the Baseline Plan is the continued result of the network design re-evaluation and re-engineering process that began in previous quarters. Please see Section 1, Item #3 for a more detailed explanation of the project's variance from the Baseline plan.</p> <p>In previous Performance Progress Reports (submitted prior to the Performance Progress Report for 1st Quarter 2011), progress reporting for this milestone category was previously based on work completed, such as identification of in-kind vertical assets in the core network design, engagement of in-kind asset owners, and development of a master in-kind site license agreement. However, per the Additional Guidance instructions provided by the Grants Office in April 2011 and beginning with the Performance Progress Report submitted for the last quarter, we are now reporting milestone completion percentages based on budget expenditures (incorporating both Federal funds and non-Federal share in-kind contributions) in the milestones calculation.</p> <p>We submitted an Award Action request to seek a waiver for the disproportionality between non-Federal share contributions (in-kind asset license agreements in our case) and Federal grant funds that have</p>

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
			<p>been drawn down. It is our understanding that this Award Action Request has been approved as indicated on the Grants Online web site.</p> <p>As part of our efforts to catch up to the Baseline Plan, we are re-establishing our efforts to execute in-kind asset leases as lateral site acquisition is being dove-tailed into the beta and early adopter customer acquisition process.</p>

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 following is an explanation of the reasons for the variance between Baseline Plan projections and milestone completion percentages experienced this past quarter and in previous quarters. This explanation was provided in the previous Performance Progress Report submitted for the first quarter of 2011, but it is summarized again here for continuity and clarity.

In previous Performance Progress Reports, we reported against Baseline Plan projections and cost classification budget categories that were based on the original turnkey link/spur network design topology and project plan. As it became evident that the original network design would not meet the carrier-class network performance requirements of our anticipated wholesale customer base, we pursued a more robust network design, which led to the development of our current interconnected-ring network design topology. This entire process (which included design re-evaluation, engineering services procurement, and network redesign) was carried out over a period of two to three quarters, which was the period of time designated in the original Baseline Plan for the turnkey link design phase as well as for subsequent equipment procurement, site acquisition, and pre-deployment activities. Additional variance from the Baseline Plan resulted substantial delays that were incurred awaiting wage-rate determinations (more than 3 months), awaiting a response to a waiver request to allow eligibility of Long term Operational leases (requested process in December, 2010, AAR submitted in April 2011, received in June, 2011); and comments from the Program Office on a Route Change Request (2 months).

In an effort to re-establish accurate baseline and budget progress indicators, we submitted an Award Action Request for the network design changes discussed above. We also drafted a Budget Reallocation for review and approval by the Program Office prior to submitting an Award Action Request for the purposes of re-aligning the budget following the microwave re-design and route change. Greater expenditures are required for engineering and program management services, and the re-design has lowered the cost of the equipment through redesign and competitive procurement.

Also, in previous Performance Progress Reports (submitted prior to the Performance Progress Report for 1st Quarter 2011), milestone completion percentages were based on actual expenditures and also on pending expenditures as determined by work completed instead of actual budget expenditure. Our intent with this approach was to reflect project progress more accurately in consideration of the time required to review, approve, and process vendor payment requests. As most of our vendor payment requests are based upon defined deliverables, payment is not processed until a completed deliverable is received, reviewed, and approved. With actual budget expenditure as a progress indicator, work performed over the course of a deliverable's life cycle would not count toward project progress until all tasks associated with the deliverable were complete, all deliverable documents were subsequently reviewed and approved, and then upon approval, payment for the deliverable was processed. Nevertheless, per the Additional Guidance instructions provided by the Grants Office in April 2011 and beginning with the Performance Progress Report submitted for the last quarter, we are now reporting milestone completion percentages based on budget expenditures (incorporating both Federal funds and non-Federal share in-kind contributions) in the milestones calculation.

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	<p>The variance from the Baseline Plan is a result of the network design re-evaluation and re-engineering process that began in previous quarters. In addition, substantial delays were incurred awaiting wage-rate determinations (more than 3 months), awaiting a response to a waiver request to allow eligibility of Long term Operational leases (requested process in December, 2010, AAR submitted in April 2011, received in June, 2011); and comments from the Program Office on a Route Change Request (2 months). Please see Section 1, Items #2 and #3 for</p>

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
		further details regarding the reasons for variance from the Baseline Plan and our plans for catching up to the Baseline Plan.
New network miles leased	1,620	The mileage indicated here represents fiber leased from our upstream provider.
Existing network miles upgraded	0	N/A. Upgrade of network facilities is being performed by our upstream provider.
Existing network miles leased	0	N/A
Number of miles of new fiber (aerial or underground)	1,620	The mileage indicated here represents fiber leased from our upstream provider.
Number of new wireless links	0	<p>The core network will have 102 wireless links.</p> <p>The variance from the Baseline Plan is a result of the network design re-evaluation and re-engineering process that began in previous quarters. In addition, substantial delays were incurred awaiting wage-rate determinations (more than 3 months), awaiting a response to a waiver request to allow eligibility of Long term Operational leases (requested process in December, 2010, AAR submitted in April 2011, received in June, 2011); and comments from the Program Office on a Route Change Request (2 months). Please see Section 1, Items #2 and #3 for further details regarding the reasons for variance from the Baseline Plan and our plans for catching up to the Baseline Plan.</p>
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	0	<p>There are 93 primary interconnection points planned for the core network.</p> <p>The variance from the Baseline Plan is a result of the network design re-evaluation and re-engineering process that began in previous quarters. In addition, substantial delays were incurred awaiting wage-rate determinations (more than 3 months), awaiting a response to a waiver request to allow eligibility of Long term Operational leases (requested process in December, 2010, AAR submitted in April 2011, received in June, 2011); and comments from the Program Office on a Route Change Request (2 months). Please see Section 1, Items #2 and #3 for further details regarding the reasons for variance from the Baseline Plan and our plans for catching up to the Baseline Plan.</p>

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	2
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: None yet. We have received a Commitment Letter for a substantial monthly service commitment from one of our last mile partners, and we expect to receive additional Commitment Letters over the next quarter as we continue to actively engage last mile providers in the network region.

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:

Internet and transport services. Services will be offered in standard, premium (protected), and enterprise packages. We will offer term and volume discounts as well. We are also reaching out to community anchor institutions in the network region to gage their level of interest as potential beta customers with simplified, straightforward service plans that may be provided on a best-effort basis before the network rings are complete and more formal service level agreement pricing strata are implemented.

A draft copy of our Wholesale Standard Ethernet Access Pricing matrix is 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 third party operates (600 words or less).

As project deployment nears completion, the North Florida Broadband Authority will advertise in an open and competitive procurement for contract network operations services. These services will be performed under the management of Government Services Group, Inc., the General Manager for the NFBA. Over the next reporting period, we expect to complete the determination of procurement requirements for contract network operations services.

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	Unless it is a new provider, or just entering the market, we will assume that all providers are receiving improved access.
	Providers with signed agreements receiving improved access	0	We are in discussion with several providers. Agreements are pending finalization of product and service plans. The variance from the Baseline Plan is a result of the network design re-evaluation and re-engineering process that began in previous quarters. In addition, substantial delays were incurred awaiting wage-rate determinations (more than 3 months), awaiting a response to a waiver request to allow eligibility of Long term Operational leases (requested process in December, 2010, AAR submitted in April 2011, received in June, 2011); and comments from the Program Office on a Route Change Request (2 months). Please see Section 1, Items #2 and #3 for further details regarding the reasons for variance from the Baseline Plan and our plans for catching up to the Baseline Plan.
	Providers with signed agreements receiving access to dark fiber	0	We will not be providing access to dark fiber, as we do not have that access.
	Please identify the speed tiers that are available and the number of subscribers for each	0	Available speed tiers will begin at 6, 12, 25, 60, 150Mbps, and can be customized to 1 Gbps.
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	Our plan outlines service to 308 anchor institutions by project closeout.
	Subscribers receiving new access	0	N/A
	Subscribers receiving improved access	0	We will assume that if service is provided through our network, that all subscribers that have some type of service will receive improved service. The variance from the Baseline Plan is a result of the network design re-evaluation and re-engineering process that began in previous quarters. In addition, substantial delays were incurred awaiting wage-rate determinations (more than 3 months), awaiting a response to a waiver request to allow eligibility of Long term Operational leases (requested process in December, 2010, AAR submitted in April 2011, received in June, 2011); and comments from the Program Office on a Route Change Request (2 months). Please see Section 1, Items #2 and #3 for further details regarding

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
			the reasons for variance from the Baseline Plan and our plans for catching up to the Baseline Plan.
	Please identify the speed tiers that are available and the number or subscribers for each	0	Available speed tiers will begin at 6, 12, 25, 60, 150Mbps, and can be customized to 1 Gbps.
Residential / Households	Entities passed	0	When completed, the NFBA network will allow last mile providers the ability to cover the entire geography of the service area.
	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	This will depend completely on the retail Last Mile providers
Businesses	Entities passed	0	When completed, the NFBA network will allow last mile providers the ability to cover the entire geography of the service area.
	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	This will depend completely on the retail Last Mile providers

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

No special offerings at this time. Service catalog products and pricing are being developed along with business support system requirements.

We have secured very substantial capacity to allow third party providers to provide a wide array of services across our network. The full range of offerings will be determined by the marketplace, but the network has been designed to efficiently accommodate all types of traffic.

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
Deployment Currently in Progress	North Florida RACEC	Colleges	No	Expanding capacity for remote learning, campus-wide Wi-Fi backhaul, and educational institution intranet.
Deployment Currently in Progress	North Florida RACEC	Local Government	No	Providing vastly greater capacity to all local government offices and facilities.

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
Deployment Currently in Progress	North Florida RACEC	Library System	No	Dramatically improve computer service centers, job seeker applications, and remote learning.

Project Indicators (Next Quarter)

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

BUSINESS DEVELOPMENT ACTIVITIES

- We have received a Commitment Letter for a substantial monthly service commitment from one of our last mile partners, and we expect to receive additional Commitment Letters over the next quarter as we continue to actively engage last mile providers in the network region.
- We expect to engage our initial group of Beta and Early Adopter Customers as network sites are activated, network rings are completed, paths to Point of Presence demarcation sites are established, and last mile access equipment is procured.
- We expect to issue a supplementary Work Authorization to the Quality Assurance Engineer to provide Quality Assurance services for the development, integration, and implementation of the network's Operations Support System, Business Support System, and Customer Relations Management system.
- We also expect to issue a Work Authorization to the Quality Assurance Engineer to provide Quality Assurance services for the integration, implementation, and operation of network elements and devices according to the Open Systems Interconnection model.

PROCUREMENT ACTIVITIES

We expect to complete the determination of procurement requirements for the following critical network operations components:

- Long-Term Network Operator to manage the network's Operations Support System and Business Support System.
- Network access equipment for last mile providers. Although Multi-Service Access Platforms are currently designated for each tower site in the network, additional equipment such as wireless transmitters and receivers will likely be required to reach some of our anticipated wholesale customers.

SITE ACQUISITION ACTIVITIES

- Remaining structural assessments and post-structural modifications for failed towers are expected to be completed.
- We expect to execute the remaining site license agreements for the 15 tower sites listed above in Section 1, Project Indicators (This Quarter).
- We expect to start the execution of in-kind leases for lateral network sites (lateral extensions of the core network utilized to reach last mile providers and community anchor institutions).

NETWORK BUILD-OUT & DEPLOYMENT ACTIVITIES (Cumulative Forecasts for Next Quarter)

- Building and/or electrical permits are expected to be issued for 89 out of 94 tower sites.
- Notices to Proceed for civil and site electrical work are expected to be issued for 89 out of 94 tower sites.
- Notices to Proceed for the installation of licensed microwave radios are projected to be issued for 80 out of 94 tower sites.
- Notices to Proceed for pathing of network links are projected to be issued for 80 out of 94 tower sites.
- Federal Communications Commission license applications for microwave radios are expected to be approved for all network links (102 links total, according to the current network design).
- Civil and site electrical work and associated Quality Assurance inspections are projected to be complete for 75 out of 94 tower sites.
- Installation of licensed microwave radios and associated Quality Assurance inspections are projected to be complete for 70 out of 94 tower sites.
- Pathing for network links and associated Quality Assurance inspections are projected to be complete for 65 out of 94 tower sites.
- Upstream provisioning and fiber circuits is expected to be complete at all four Point of Presence sites.
- Final upstream design and fiber circuits is expected to be finalized and completed at the Orlando datacenter.
- Interoperability testing at tower site locations in the core network is expected to begin next quarter.

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)

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2a.	Overall Project	54	<p>The variance from the Baseline Plan is a result of the network design re-evaluation and re-engineering process that began in previous quarters. In addition, substantial delays were incurred awaiting wage-rate determinations (more than 3 months), awaiting a response to a waiver request to allow eligibility of Long term Operational leases (requested process in December, 2010, AAR submitted in April 2011, received in June, 2011); and comments from the Program Office on a Route Change Request (2 months). Please see Section 1, Items #2 and #3 for further details regarding the reasons for variance from the Baseline Plan and our plans for catching up to the Baseline Plan.</p> <p>As we continue to make progress with ongoing site acquisition and network deployment activities, we anticipate that the overall project completion schedule will be back in line with Baseline Plan projections in subsequent quarters.</p>
2b.	Environmental Assessment	0	N/A. Categorically exempt from Environmental Assessment.
2c.	Network Design	94	Network design is expected to remain on schedule.
2d.	Rights of Way	0	N/A
2e.	Construction Permits and Other Approvals	70	Building and electrical permit acquisition is expected to remain on schedule.
2f.	Site Preparation	0	<p>In previous Performance Progress Reports (submitted prior to the Performance Progress Report for 1st Quarter 2011), progress reported for this milestone category in previous Performance Progress Reports was attributed to the progress of work associated with the development of the Request for Quotes procurement document for Civil and Electrical Site Work.</p> <p>As noted in Section 1, Item #3, we prepared a draft budget reallocation Award Action Request to submit for review and approval to the Program Office to reconcile or adjust our SF-424C budget categories that were originally based on the turnkey link network design project plan. Upon approval of the Award Action Request, the budget amount originally allocated for Site Preparation will be re-allocated to other Cost Classification categories.</p>
2g.	Equipment Procurement	57	<p>The variance from the Baseline Plan is a result of the network design re-evaluation and re-engineering process that began in previous quarters. In addition, substantial delays were incurred awaiting wage-rate determinations (more than 3 months), awaiting a response to a waiver request to allow eligibility of Long term Operational leases (requested process in December, 2010, AAR submitted in April 2011, received in June, 2011); and comments from the Program Office on a Route Change Request (2 months). Please see Section 1, Items #2 and #3 for further details regarding the reasons for variance from the Baseline Plan and our plans for catching up to the Baseline Plan.</p> <p>Equipment procurement continues to move forward as purchase orders for network equipment are being executed, invoiced, and paid on an ongoing basis. Microwave radios and antennas are also currently being purchased, received, inventoried, and staged for deployment.</p>
2h.	Network Build (all components - owned, leased, IRU, etc.)	57	<p>The variance from the Baseline Plan is a result of the network design re-evaluation and re-engineering process that began in previous quarters. In addition, substantial delays were incurred awaiting wage-rate determinations (more than 3 months), awaiting a response to a waiver request to allow eligibility of Long term Operational leases (requested process in December, 2010, AAR submitted in April 2011, received in June, 2011); and comments from the Program Office on a Route Change Request (2 months). Please see Section 1, Items #2 and #3 for further details regarding the reasons for variance from the Baseline Plan and our plans for catching up to the Baseline Plan.</p> <p>We expect final fiber connections and testing to be completed at our four Point of Presence sites and also our two datacenter locations by the end of the next reporting period.</p> <p>We also expect significant expenditures for tower lease payments that were pending modification of site license agreements that had stemmed from the recent waiver allowing eligibility of long-term leases.</p> <p>Also, as noted above, we are re-establishing our efforts to execute in-kind asset</p>

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
			leases as lateral site acquisition is being dove-tailed into the beta and early adopter customer acquisition process.
2i.	Equipment Deployment	70	This milestone category is currently scheduled to catch up to Baseline Plan projections by the end of next quarter.
2j.	Network Testing	20	<p>The variance from the Baseline Plan is a result of the network design re-evaluation and re-engineering process that began in previous quarters. In addition, substantial delays were incurred awaiting wage-rate determinations (more than 3 months), awaiting a response to a waiver request to allow eligibility of Long term Operational leases (requested process in December, 2010, AAR submitted in April 2011, received in June, 2011); and comments from the Program Office on a Route Change Request (2 months). Please see Section 1, Items #2 and #3 for further details regarding the reasons for variance from the Baseline Plan and our plans for catching up to the Baseline Plan.</p> <p>As Network Testing is follows in closely behind Equipment Deployment, we expect that this milestone category will also be be back on track with the Baseline Plan over the next two quarters.</p>
2k.	Other (please specify): In-Kind Contributions	5	<p>The variance from the Baseline Plan is a result of the network design re-evaluation and re-engineering process that began in previous quarters. In addition, substantial delays were incurred awaiting wage-rate determinations (more than 3 months), awaiting a response to a waiver request to allow eligibility of Long term Operational leases (requested process in December, 2010, AAR submitted in April 2011, received in June, 2011); and comments from the Program Office on a Route Change Request (2 months). Please see Section 1, Items #2 and #3 for further details regarding the reasons for variance from the Baseline Plan and our plans for catching up to the Baseline Plan.</p> <p>As part of our efforts to catch up to the Baseline Plan, we are re-establishing our efforts to execute in-kind asset leases as lateral site acquisition is being dove-tailed into the beta and early adopter customer acquisition process.</p>

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).

Please see Section 1, Item #3 for further details regarding the reasons for variance from the Baseline Plan and our plans for catching up to the Baseline Plan. Although we anticipate that these issues will continue into the next few quarters, we expect to achieve resolution toward these matters as the Award Action Requests discussed below are submitted and approved and as the deployment of the network continues to move forward and make progress.

In an effort to re-establish accurate baseline and budget progress indicators, we have prepared draft Award Action Requests for review and approval by the Program Office prior to submittal of the following items:

- Network Design Change: We drafted and forwarded our Network Design Change Documentation for review and approval (prior to submission of an Award Action Request) to establish that the network design has changed from the original Turnkey Link Spur Network design as originally submitted in the grant application to our current network design, which utilizes an interconnected, dual counter-rotating resilient packet ring topology in order to meet the carrier-class performance and service level agreement requirements of our anticipated wholesale customer base.

- Budget Reallocation: We drafted a budget re-allocation for the Program Office for the purposes of re-aligning the budget following the microwave re-design and route change. Greater expenditures are required for engineering and program management services, and the re-design has lowered the cost of the equipment through redesign and competitive procurement.

PLEASE NOTE: The budget amounts and expenditures listed below in the Infrastructure Budget Execution Details section are derived from the original SF-424C Cost Classification categories for this project. The figures and cost overruns shown below are not indicative of the budget amounts that were prepared for the Budget Reallocation. We hope that in the near future we will be able to measure project expenditures and progress against the re-aligned Cost Classification category amounts, as these are a more accurate reflection of the network design revision process and its impact on the project schedule. However, we wanted to avoid any presumption regarding approval, as it is dependent upon the review and approval of the Grants Office.

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	\$542,568	\$0	\$542,568	\$863,729	\$0	\$863,729	\$963,549	\$0	\$963,549
b. Land, structures, right-of-ways, appraisals, etc.	\$20,247,000	\$9,227,000	\$11,020,000	\$1,543,258	\$0	\$1,543,258	\$9,662,520	\$0	\$9,662,520
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$1,536,000	\$0	\$1,536,000	\$1,945,931	\$0	\$1,945,931	\$2,314,948	\$0	\$2,314,948
e. Other architectural and engineering fees	\$384,000	\$0	\$384,000	\$1,433,666	\$0	\$1,433,666	\$1,690,347	\$0	\$1,690,347
f. Project inspection fees	\$753,432	\$0	\$753,432	\$0	\$0	\$0	\$375,000	\$0	\$375,000
g. Site work	\$129,500	\$0	\$129,500	\$0	\$0	\$0	\$0	\$0	\$0
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
j. Equipment	\$15,667,576	\$0	\$15,667,576	\$1,008,879	\$0	\$1,008,879	\$5,736,879	\$0	\$5,736,879
k. Miscellaneous	\$109,600	\$0	\$109,600	\$253,438	\$150,545	\$102,893	\$280,438	\$150,545	\$129,893
l. SUBTOTAL (add a through k)	\$39,369,676	\$9,227,000	\$30,142,676	\$7,048,901	\$150,545	\$6,898,356	\$21,023,681	\$150,545	\$20,873,136
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$39,369,676	\$9,227,000	\$30,142,676	\$7,048,901	\$150,545	\$6,898,356	\$21,023,681	\$150,545	\$20,873,136

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