

RECIPIENT NAME:Connect Arkansas, Inc.

AWARD NUMBER: 05-43-B10591

DATE: 07/30/2014

OMB CONTROL NUMBER: 0660-0037

EXPIRATION DATE: 6/30/2015

QUARTERLY PERFORMANCE PROGRESS REPORT FOR SUSTAINABLE BROADBAND ADOPTION

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 05-43-B10591 | 3. DUNS Number 801866984 |
| 4. Recipient Organization Connect Arkansas, Inc. 200 S Commerce STE 400, Little Rock, AR 722011766 | | |
| 5. Current Reporting Period End Date (MM/DD/YYYY) 06-30-2014 | 6. Is this the last Report of the Award Period? <input type="radio"/> Yes <input checked="" type="radio"/> 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 Renetta Cheatham Compliance Officer | 7c. Telephone (area code, number and extension) 501-374-9247 | |
| | 7d. Email Address rcheatham@arcapital.com | |
| 7b. Signature of Certifying Official Submitted Electronically | 7e. Date Report Submitted (MM/DD/YYYY): 07-30-2014 | |

Project Indicators (This Quarter)

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

Sourcelink
 Arkansas SourceLink continued creating content for social media channels, and was active with social media, posting relevant, timely articles. SourceLink continued participation in the US SourceLink shared blogging program and contributed blogs this quarter. We continue to add to the Resource Navigator database.
 Work continued on the Arkansas incubators video project. The first video of the series featuring the Helena Entrepreneur Center is completed. A draft of the second video featuring UAMS BioVentures is under revisions. We have targeted Catalyst Innovation Accelerator at Arkansas State University for the third installment and are working video ideas, confirming story details, and scheduling a shoot date.
 Re-organization on the website to help increase search engine rankings was completed. We condensed information into one page per section and added titles and keywords into the backend, while adding keywords into site copy. An emphasis was placed on ensuring users encountered no broken links.
 Arkansas SourceLink conducted a direct mail campaign for county clerks and chambers of commerce, providing information on SourceLink services and ways it can benefit communities. Information was included at the Arkansas Rural Development and Arkansas Municipal League conferences.
 We trained at the high school entrepreneurship boot camp sponsored by the Fayetteville Chamber of Commerce and Northwest Arkansas Community College. The presentation centered on using e-commerce and creating websites for businesses. Each student designed and published their website during the session.
Computers for Kids
 Computers for Kids provides refurbished computers to families completing three technology courses. 2,141 total computers have been given to families completing the program, out of a goal of 1,700. Counties covered in this quarter include: Clark, Cleburne, Crawford, Garland, Hempstead, Hot Spring Independence, Izard, Lee, Logan, Lonoke, Pulaski, and Saline. The largest class served 53 families and the smallest served 17. A total of 371 computers went to families in the second quarter of 2014. A new instructor has been hired to complete the northwest Arkansas. She is a retired technology teacher and is also assisting in curriculum updates.
Technology Training
 Families in 13 counties were trained in introductory and advanced computer use classes through the Technology Training component in the Computers for Kids program from mid-April through the end of June. This training engages families to learn together the basics of computer set up, use, and Internet operation and safety.
Annual Survey Results: 90% of participants were satisfied with the program, 96% believe the class provided relevant material, 65% currently now use broadband in their home.
Marketing
Advertising
 Continued "Connect to Life" ad campaign, running from November 2013 through July 2014. The campaign was designed to increase awareness of uses for high-speed Internet service, resulting in increased Internet adoption. It appeared in 106 newspapers, 52 radio stations, 12 TV stations and 5 cable markets.
 The ad campaign effectively reached the entire state, and drove more than 62 calls in 2nd Q 2014 requesting more information about high-speed Internet. Production for a new advertising campaign began in 2nd quarter and will more actively promote Connect programs in addition to still promoting Internet awareness.
Enewsletter
 Sent three monthly newsletters in the quarter, with an average 26% open rate and a current distribution list of 1,623 addresses.
Web Results for April - June 2014
 25,584 unique users
 Average time on site of 29 seconds
 Average pages viewed per visit at 1.35.
Social Media
 Facebook - 486 likes, including 16 new likes in 2nd Q 2014
 Twitter – 2,255 followers, including 453 new followers in 2nd Q 2014.

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 report, please insert them at the bottom of the table. 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 any other relevant information) |
|------|-----------------|------------------|--|
| 2.a. | Overall Project | 95 | N/A |

| | Milestone | Percent Complete | Narrative (describe reasons for any variance from baseline plan or any other relevant information) |
|------|------------------------------|------------------|--|
| 2.b. | Equipment / Supply Purchases | - | Progress reported in Question 4 below |
| 2.c. | Awareness Campaigns | - | Progress reported in Question 4 below |
| 2.d. | Outreach Activities | - | Progress reported in Question 4 below |
| 2.e. | Training Programs | - | Progress reported in Question 4 below |
| 2.f. | Other (please specify): | - | Progress reported in Question 4 below |

3. 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).

Entrepreneurship/ Sourcelink
Milestones for the project have been reached.

Computers for Kids/ Technology Training

We have not yet been able to have the materials translated into Spanish, which would be helpful with our changing population. There was some delay in locating the instructor for Northwest Arkansas, which pushed some of those classes back into the schedule. The annual survey showed that satisfaction with the computers participants receive was not high, with only 77%. As a result, we have added a follow up loop to track computer problems and ensure satisfactory resolution of those problems. The vendor will provide us with a monthly report on any problems and we will follow up as needed. A member of the team from the refurbisher also sat in on classes to help determine if there was a portion of the instruction that centered on computer set up and disc installation which could be adjusted, as many of the participants had difficulty loading the software. We are making those adjustments.

We have had discussions with both the computer refurbisher and instructors about elements of the curriculum which may need revision to ensure each family receiving a computer feels confident getting it up and running.

Marketing
None identified.

4a. In the chart below, please provide the requested information on your BTOP grant-funded SBA activities. Please also provide a short description of the activity (600 words or less). Figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please ensure that the numbers of new household subscribers and business or community anchor institution (CAI) subscribers reflected in the "Total" row represent the unduplicated number of new subscribers that can be attributed to your SBA project as a whole.

| Name of the SBA Activity | Location of SBA Activity | Description of Activity (600 words or less) | Size of Target Audience | Actual Number of Participants | New Subscribers: Households | New Subscribers: Businesses and/or CAIs |
|--------------------------|--------------------------|---|-------------------------|-------------------------------|-----------------------------|---|
| See Attachment | See Attachment | See Attachment | 11,211 | 13,697 | 145,200 | 0 |
| Total: | | | 11,211 | 13,697 | 145,200 | 0 |

4b. Please describe your method for determining the number of households, businesses, and/or (CAIs) subscribing to broadband as a result of your SBA programs (600 words or less).

New Subscriber counts have been reduced from what was stated in this section of the Q4 2013 PPR from 220,000 to 145,200 due to a change in how we calculated broadband subscribers. Previously, Connect Arkansas gathered survey statistics at the individual level instead of the NTIA requested household level. This methodology resulted in a higher than actual new subscriber count achieved during the course of the grant. Naturally, there are less households than individuals in the state of Arkansas. There are roughly 3 million people in the states versus 1.8 million households. The new 145,200 subscriber count has been adjusted to reflect the differences in households vs. population.

The annual broadband survey was conducted via telephone and interviewed 600 Arkansans. The survey was completed in November of 2013 and released on January 5, 2014. There is a margin of error of plus/minus 4.00 percentage points in 95 of 100 cases.

4c. Please provide a narrative explanation if the total number of new subscribers is different from the targets provided in your baseline plan (600 words or less).

Connect Arkansas has exceeded all new subscriber numbers listed in the original SBA baseline by a total of 82,200 new households subscribing to broadband in the Connect Arkansas SBA Grant service area.

4d. Please provide the number of households and the number of businesses and CAIs receiving discounted broadband service as result of BTOP funds.

Households: 0

Businesses and CAIs : 0

Project Indicators (Next Quarter)

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

SourceLink

This program will be completed.

Computers for Kids / Technology Training

Computers for Kids classes will be completed. Sebastian County is scheduled for mid -July, leaving Washington and Boone to wrap up the entire state. Faulkner and Craighead counties will each host an additional class to complete the program by September 30 with all of Arkansas' 75 counties covered at least one time

Marketing

Production for a new advertising campaign began in 2nd quarter and will more actively promote Connect programs in addition to still promoting Internet awareness. The new campaign will roll later in 2014.

2. Please provide the percent complete anticipated for the following key milestones in your project as of the end of the next quarter. Write "0" in the second column if your project does not include this activity. If you provided additional milestones in your baseline report, please insert them at the bottom of the table. Figures should be reported cumulatively from award inception to the end of the next reporting quarter. Please provide a narrative description if the planned 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 any other relevant information) |
|------|-------------------------|------------------|--|
| 2.a. | Overall Project | 99 | N/A |
| 2.b. | Equipment Purchases | - | Milestone Data Not Required |
| 2.c. | Awareness Campaigns | - | Milestone Data Not Required |
| 2.d. | Outreach Activities | - | Milestone Data Not Required |
| 2.e. | Training Programs | - | Milestone Data Not Required |
| 2.f. | Other (please specify): | - | Milestone Data Not Required |

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).

Entrepreneurship

None identified.

Computers for Kids/ Technology Training

None identified.

Marketing

None identified.

