




FIRST PERFORMANCE PROGRESS REPORT First Quarter 2010

1. Recipient Organization (Name and complete address including zip code) MCNC, 3021 Cornwallis Road, PO Box 12889, Research Triangle Park, NC 27709	2. Award Identification Number <u>NT10BIX5570011</u>
<p>3. Performance Narrative (Q1)</p> <p><i>Please describe your project activities and progress for the first quarter of 2010. This should include a description of federal expenditures to date, key milestones, the primary activities needed to accomplish those milestones, significant project accomplishments, and any delays or challenges. Please use the milestone categories provided in your baseline report (e.g., environmental assessment, design, rights of way) to structure your answer. (500 words or less)</i></p> <p>MCNC was notified on January 20th, 2010 of the award. A website (www.mcnc.org/btop) was immediately established to announce BTOP related activities for constituents and vendors. We began mobilizing our efforts around the release of our initial RFP for engineering design and environmental assessment while we worked through contract related issues with the NTIA. The RFP was released on the MCNC website on 3/1/2010 and remained open until 3/22/2010. 17 proposals were received for this RFP. Three MCNC staff members and one representative from our partner FRC independently reviewed and scored each of the proposals against the award criteria set forth in the RFP. The independent scoring results were reviewed by the team and two finalists selected for interview on 3/31/2010, with a subsequent recommendation made to the MCNC CEO for selection of ONUG Communications as the awarded vendor for this RFP.</p> <p>In addition during this quarter we have held initial project status meetings with the North Carolina Department of Environmental and Natural Resources and the North Carolina Department of Transportation to status them on the MCNC project. Their assistance will be critical to the success of the project as they will provide verification on processes and procedures that will need to be adhered to for the duration of the project. Those meetings occurred on 3/10/2010 and 3/11/2010 respectively.</p> <p>For this quarter MCNC has expended \$202,718 in eligible BTOP1 costs, but has not as yet requested reimbursement for the federal portion of \$157,950.</p>	
<p>4. Performance Projections (Q2)</p> <p><i>Please describe your anticipated project activities and progress for the next quarter. This should include a description of federal expenditures, key milestones, the primary activities needed to accomplish those milestones, significant project accomplishments, and any potential delays or challenges you foresee. Please use the milestone categories provided in your baseline report (e.g., environmental assessment, design, rights of way) to structure your answer. (500 words or less)</i></p> <p>It is anticipated that for the second quarter MCNC will have a signed contract with the engineering and environmental assessment firm ONUG Communications in place by mid to late May. One of the primary drivers for completion of this will be accurately placing all federal compliance measures established by the NTIA in to the working contract. Key deliverables from this firm to MCNC for this quarter include a completed EA by 6/15/2010, pending final word from NTIA on the deadline extension request for EA submission relative to the start period of the 6 month window from award notification. As of completion of this report on 4/21/2010 this extension was still being processed by NTIA. Continued discussion with NCDOT and NCDENR will continue as the anticipated route firms up. Baseline engineering for the design route will be completed by ONUG as well as efforts to formalize build requirements for the resulting fiber plant to create a construction RFP for release in the third quarter. As the baseline route is established it is expected that all Railroad ROW's will be applied for, as well as applicable NC DOT permits.</p> <p>It is expected that MCNC will release two RFP's (or RFI's) in the second quarter. One will be for identification of an appropriate hardware manufacturer to operate on the network and to finalize the design of this equipment on the fiber network. The equipment RFP will allow MCNC to order the appropriate hardware to light the existing fiber already owned between Raleigh, NC and Wilmington, NC by MCNC that was previously purchased under IRU from ITC Deltacom in 2009. The actual procurement of this hardware is not expected to occur until the EA is accepted by the NTIA. The second "Request for Information" will be related to physical materials (fiber, conduit, hand holes, etc.) to build the resulting fiber optic system. Questions to be answered in this RFI relate to gaining answers about availability of materials for the project over the three year timeline, benefits to procuring materials outside the scope of a construction agreement with construction vendors, volume discounts, etc. Pending results of the RFI, an associated RFP for the materials independent of the actual construction RFP could be released in the second quarter.</p> <p>Lastly it is expected that many of the formal contracts related to acquisition of fiber IRU's and swaps identified in the application with FRC, ERC Broadband, and Balsam West will be started and completed or agreed to in principle during this quarter. Length of external legal review could mean this anticipated milestone does not have complete conclusion prior to the end of the quarter, but</p>	

the initial expectation is that this can be met.

Total expenditures projected for this quarter are \$800,000. The federal portion of this \$800,000 is \$623,329. We anticipate requesting reimbursement for this \$623,329 and the 1st quarter as yet undrawn \$157,950 in the second quarter for a total of \$781,279.

5. 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.

5a. Typed or Printed Name and Title of Authorized Certifying Official PATRICIA L MOODY, CFO	5c. Telephone (area code, number and extension) 919-248-1820
5b. Signature of Authorized Certifying Official 	5d. Email Address PMOODY@MCNC.ORG 5e. Date Report Submitted (Month, Day, Year) 4-30-10

According to the Paperwork Reduction Act, as amended, no person is required to respond to, nor shall any person be subject to penalty for failure to comply with, a collection of information subject to the requirements of the PRA, unless that collection of information displays a currently valid OMB control number. Public reporting burden for this collection of information is estimated to average 1 hour and 30 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Anthony G. Wilhelm, Director, Broadband Technology Opportunities Program, Office of Telecommunications and Information Applications, National Telecommunications and Information Administration, U.S. Department of Commerce (DOC), 1401 Constitution Avenue, N.W., HCHB, Room 4887, Washington, D.C. 20230.