

RECIPIENT NAME:University of Illinois

AWARD NUMBER: NT10BIX5570044

DATE: 05/06/2012

OMB CONTROL NUMBER: 0660-0037

EXPIRATION DATE: 12/31/2013

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 NT10BIX5570044 | 3. DUNS Number 041544081 |
| 4. Recipient Organization University of Illinois 506 S. Wright St. 364 Henry Admin. Bldg., Urbana, IL 61801-3620 | | |
| 5. Current Reporting Period End Date (MM/DD/YYYY) 03-31-2012 | 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 Michael K Smeltzer Director of Networking | 7c. Telephone (area code, number and extension) 2172443835 | |
| | 7d. Email Address smeltzer@illinois.edu | |
| 7b. Signature of Certifying Official Submitted Electronically | 7e. Date Report Submitted (MM/DD/YYYY): 05-06-2012 | |

Project Indicators (This Quarter)

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

Our fiber construction contractors were able to capitalize on the unusually mild winter we have just come through. While they had hoped to be able to average 5-10 working days each month in the past quarter, they were actually able to work almost every single day. As of the end of March, they had installed 622,558 feet of conduit (117.91 miles), which represents 74.2% of the planned total for our seven fiber rings and the fiber-to-the-curb in our targeted 11 Census Block Groups that will receive Fiber-to-the-Premise (FTTP) services. Further, both contractors received their first shipments of fiber in February and have been able to install 41,890 feet of fiber (18.0 miles) thus far, which represents 7.3% of our planned total for the project.

Our Fiber-to-the-Premise electronics vendor has shipped all of our core FTTP equipment, and the node locations are being prepared for that equipment to be installed in the second quarter.

The RFP for contractors to install the fiber from the curbs into buildings has taken longer to develop than we would have liked, and it was not released in the first quarter as we had hoped. It was issued on April 20th. We have taken some extra steps to encourage participation from Minority and Female-owned businesses, as well as implementing a scoring scheme that promotes diversity in the workforce. We will know by the end of the next quarter if those efforts have been successful.

Our Community Ambassadors have been out knocking on doors in our FTTP areas, and thus far more than 70% of those households they have spoken with have expressed interest in subscribing to UC2B service. Once we have retail service agreements ready for them to sign in May, the Ambassadors will revisit those households who expressed interest and get them signed up for UC2B service. We are converging on early July as the date for the turn up of our first retail fiber customers.

The UC2B Policy Board has now approved our complete suite of retail Internet services. They are attached to this report. In general they are very similar to what was proposed in our BTOP grant application. In the interest of sustainability, we did add some differentiation (higher rates) for customers who need more than one public IP address and for customers who require more than 40 Mbps of symmetric Internet bandwidth. All of our customers have access to 1 Gbps of Intranet bandwidth, regardless of how much Internet bandwidth they purchase.

Our three core retail tiers remain 20 Mbps, 30 Mbps and 40 Mbps of symmetric Internet bandwidth that is priced at roughly \$1.00 per Mbps per month. Those tiers are available to homes and businesses located in the 11 underserved Census Block Groups that are eligible for FTTP services as well as to Community Anchor Institutions located throughout the community. As we have no current funding to expand our network beyond the grant-funded areas, we have not yet developed a retail rate structure for other areas of the community.

UC2B was one of the founding communities of the Gig.U initiative and we continue to work with the 36 other University communities to develop strategies for expanding our services through our community in the future. For now we are concentrating on executing and finishing our BTOP grant-funded construction. In some ways UC2B is a prototype for the Gig.U effort. We know that the higher education community is watching us closely.

In May, the UC2B Policy Board will be considering the Wholesale pricing that was proposed in our BTOP grant application and throughout the Due Diligence process.

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 | 25 | Our baseline projected 85%, which was based on getting a lot of construction completed this past summer. Due to the delays in completing our detailed fiber design and in hiring our construction contractors, construction did not begin until the end of the 3rd quarter of 2011. Both contractors now have fiber and are currently installing conduit, manholes and handholes. Now that we have construction workers in the field, we expect to complete our overall project in January of 2013. The percentage shown reflects the actual dollars spent to date. |
| 2b. | Environmental Assessment | 100 | Complete |
| 2c. | Network Design | 100 | Complete |

| | Milestone | Percent Complete | Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer) |
|-----|--|------------------|---|
| 2d. | Rights of Way | 95 | Baseline projected 100%. We are in the final stages of securing several previously identified private easements. Since construction has started, we have discovered several additional locations where the cities thought they had an existing right-of-way, but the nearby property owners believe otherwise. Those issues are in the process of being resolved. We do not project this to impact the timely completion of our project. |
| 2e. | Construction Permits and Other Approvals | 100 | Complete |
| 2f. | Site Preparation | 100 | Complete |
| 2g. | Equipment Procurement | 3 | Baseline projected at 90%. We have now received 25% of our equipment, but those invoices did not clear by the end of the quarter. The equipment that resides at a customer location will be purchased on an as-needed basis. There is typically a one or two-year warranty on the customer equipment, which starts when it is purchased, not when it is installed. If we purchase the customer equipment too far ahead of time, we use up too much of the warranty before it is ever deployed. We expect to purchase the last of the customer premise equipment in the 4th quarter of 2012. |
| 2h. | Network Build (all components - owned, leased, IRU, etc) | 20 | Baseline projection was 92%. Construction was delayed by the length of time it took for the Environmental Assessment, the fiber engineering and completing the RFP process for our construction contractors. We underestimated all three in our baseline plan. The final Network Build will be completed in January of 2013. While this is not a metric that NTIA is tracking, we have installed 118 miles of conduit through March, which represents 74% of the total conduit for the project. |
| 2i. | Equipment Deployment | 0 | Baseline projection was 90%. Equipment Deployment has been delayed by the length of time it took for the Environmental Assessment, the fiber engineering and completing the RFP process for our construction contractors. We underestimated all three in our baseline plan. We will be installing customers through January of 2013, so the final date for equipment deployment will be January 31, 21013. |
| 2j. | Network Testing | 0 | Baseline projection was 80%. Network Testing has been delayed by the length of time it took for the Environmental Assessment, the fiber engineering and completing the RFP process for our construction contractors. We underestimated all three in our baseline plan. We originally projected network testing to be complete by the 2nd quarter of 2012. It seems likely that the actual date will be late in the 3rd quarter or early in the 4th quarter of 2012 instead. |
| 2k. | Other (please specify): | | N/A |

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 past quarter had no significant challenges.

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) |
|-----------|-------|---|
| | | |

| Indicator | Total | Narrative (describe your reasons for any variance from the baseline plan or any other relevant information) |
|---|-------|--|
| New network miles deployed | 18 | Baseline projected 172 miles. Our detailed fiber engineering and our construction bidding have taken longer than we estimated in our baseline plan. We are therefore behind in starting construction by about two quarters. Our contractors did receive their fiber in the 1st quarter of 2012. As they get close to finishing their conduit installations, they will increasingly turn more of their attention to installing fiber. We expect to get caught up to our baseline projection in the 3rd quarter of 2012. While this is not a metric that NTIA is tracking, we have installed 118 miles of conduit through March. |
| New network miles leased | 0 | N/A |
| Existing network miles upgraded | 0 | This was not a milestone in the Baseline Plan. |
| Existing network miles leased | 0 | N/A |
| Number of miles of new fiber (aerial or underground) | 18 | Baseline projected 172 miles. Our detailed fiber engineering and our construction bidding have taken longer than we estimated in our baseline plan. We are therefore behind in starting construction by about two quarters. Our contractors did receive their fiber in the 1st quarter of 2012. As they get close to finishing their conduit installations, they will increasingly turn more of their attention to installing fiber. We expect to get caught up to our baseline projection in the 3rd quarter of 2012. While this is not a metric that NTIA is tracking, we have installed 118 miles of conduit through March. |
| Number of new wireless links | 0 | N/A |
| Number of new towers | 0 | N/A |
| Number of new and/or upgraded interconnection points | 111 | Baseline projected 495 interconnection points. Our detailed fiber engineering and our construction bidding took longer than we estimated in our baseline plan. We are therefore behind in starting construction by about two quarters. As our contractors start installing and splicing fiber in the second quarter, this number will grow significantly. We expect to get caught up to our baseline projection in the 3rd quarter of 2012. |

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 | 1 |
| 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: We do not have any signed agreements with wholesale or last mile providers yet. The UC2B Policy Board has engaged the services of a municipal broadband consultant (with non-grant funds) to perform a final review of our business model and services matrix. The Policy Board is considering the report from the consultant before taking final action in this area.

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 wholesale services we anticipate providing include private VLAN transport and dark fiber leases. While the proposed wholesale services matrix is being reviewed and may be adjusted in the next quarter, we have attached the plan as it stands today.

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).

While we we may do so in the future, at this time we have not designated a third party to operate any of our network.

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 | Our baseline projected 1 provider with new access. Because we have not connected any providers yet we are behind in this category. Our detailed fiber engineering and our construction bidding took longer than we estimated in our baseline plan. We are therefore behind in starting construction by about two quarters. We expect to be caught up with our baseline projection in this area by the end of the 2nd quarter of 2012. |
| | Providers with signed agreements receiving improved access | 0 | Our baseline projected 4 providers with improved access. Because we have not connected any providers yet we are behind in this category. Our detailed fiber engineering and our construction bidding took longer than we estimated in our baseline plan. We are therefore behind in starting construction by about two quarters. We expect to be caught up with our baseline projection in this area by the end of the 2nd quarter of 2012. |
| | Providers with signed agreements receiving access to dark fiber | 0 | The baseline did not include a projection for dark fiber customers. |
| | Please identify the speed tiers that are available and the number of subscribers for each | 5 | While our suite of services is currently under review, the proposed wholesale services are provided on the attachment titled UC2B Wholesale Services. There are five planned levels of Wholesale and Last Mile Provider connectivity. This will be finalized in the next quarter. |
| Community Anchor Institutions (including Government institutions) | Total subscribers served | 0 | Our baseline was 143 total CAIs served. Our detailed fiber engineering and our construction bidding have taken longer than we estimated in our baseline plan. We will serve our first Community Anchor Institutions in the 3rd quarter of 2012. We will get back on our baseline plan in the 4th quarter of 2012. |
| | Subscribers receiving new access | 0 | Our baseline was zero. |
| | Subscribers receiving improved access | 0 | Our baseline was 143 CAIs receiving improved access. Our detailed fiber engineering and our construction bidding have taken longer than we estimated in our baseline plan. We will serve our first Anchor Institutions in the 3rd quarter of 2012. We will get back on our baseline plan in the 4th quarter of 2012. |
| | Please identify the speed tiers that are available and the number or subscribers for each | 11 | There are 3 tiers of symmetric bandwidth that form the core of our retail services for Community Anchor Institutions. We expect most of our CAI customers to subscribe to one of those three tiers. They are detailed on the attached rate sheet. However, we do also have eight additional expanded tiers that allow for additional public IP addresses and greater bandwidth than in our core tiers. While we do expect a few customers to want these expanded services, we believe our three core tiers will meet the needs of most of our CAI customers. These 8 additional tiers and the charges for additional public IP addresses are provided on an attached file. None of these tiers have any subscribers at this time. |
| Residential / Households | Entities passed | 1,013 | Our baseline was 4,640. Our detailed fiber engineering and our construction bidding took longer than we estimated in our baseline plan. We have now begun to blow fiber. We will serve our first residential customer in the 3rd quarter of 2012. We will get back on our baseline plan in the 4th quarter of 2012. |

| Subscriber Type | Access Type | Total | Narrative (describe your reasons for any variance from the baseline plan or any other relevant information) |
|-------------------|--|-------|--|
| | Total subscribers served | 0 | Baseline was 1,500. Our detailed fiber engineering and our construction bidding took longer than we estimated in our baseline plan. We have now begun to blow ring and fiber-to-the-curb fiber. We will finish hiring our contractor(s) for installing fiber from the curb into the buildings (FTTP) in the second quarter, but they will probably not begin making those installations until the last week of June or the first week of July. We are requiring our bidders on the FTTP RFP to demonstrate that they can accomplish the number of installations per week that we need to achieve in order to complete our project by 1/31/2013. We do not expect to catch up to our baseline numbers until the end of the 4th quarter of 2012. |
| | Subscribers receiving new access | 0 | Our baseline was 225. Our detailed fiber engineering and our construction bidding took longer than we estimated in our baseline plan. We have now begun to blow fiber. We will serve our first residential customer in the 3rd quarter of 2012. We will get back on our baseline plan in the 4th quarter of 2012. |
| | Subscribers receiving improved access | 0 | Our baseline was 1,275. Our detailed fiber engineering and our construction bidding took longer than we estimated in our baseline plan. We have now begun to blow fiber. We will serve our first residential customers in the 3rd quarter of 2012. We will get back on our baseline plan in the 4th quarter of 2012. |
| | Please identify the speed tiers that are available and the number of subscribers for each | 11 | There are 3 tiers of symmetric bandwidth that form the core of our retail residential services. We expect most of our residential customers to subscribe to one of those three tiers. They are detailed on the attached rate sheet. However, we do also have eight additional expanded tiers that allow for additional public IP addresses and greater bandwidth than in our core tiers. While we do expect a few residential customers to want these expanded services, we believe our three core tiers will meet the needs of most of our residential customers. These 8 additional tiers and the charges for additional public IP addresses are provided on an attached file. None of these tiers have any subscribers at this time. |
| Businesses | Entities passed | 8 | Our baseline was 200 businesses passed with fiber. Our detailed fiber engineering and our construction bidding took longer than we estimated in our baseline plan. We have now begun to blow fiber. We will serve our first business in the 3rd quarter of 2012. We will get back on our baseline plan in the 4th quarter of 2012. |
| | Total subscribers served | 0 | Our baseline was 57 total businesses served. Our detailed fiber engineering and our construction bidding took longer than we estimated in our baseline plan. We have now begun to blow fiber. We will serve our first business in the 3rd quarter of 2012. We will get back on our baseline plan in the 4th quarter of 2012. |
| | Subscribers receiving new access | 0 | Our baseline was 9 businesses receiving new access. Our detailed fiber engineering and our construction bidding took longer than we estimated in our baseline plan. We have now begun to blow fiber. We will serve our first business in the 3rd quarter of 2012. We will get back on our baseline plan in the 4th quarter of 2012. |
| | Subscribers receiving improved access | 0 | Our baseline was 48 businesses receiving improved access. Our detailed fiber engineering and our construction bidding took longer than we estimated in our baseline plan. We have now begun to blow fiber. We will serve our first business in the 3rd quarter of 2012. We will get back on our baseline plan in the 4th quarter of 2012. |
| | Please identify the speed tiers that are available and the number of subscribers for each | 11 | There are 3 tiers of symmetric bandwidth that form the core of our retail businesses services. We expect most of our business customers to subscribe to one of those three tiers. They are detailed on the attached rate sheet. However, we do also have eight additional expanded tiers that allow for additional public IP addresses and greater bandwidth than in our core tiers. While we do expect a few customers to want these expanded services, we believe our three core tiers will meet the needs of most of our business customers. These 8 additional tiers and the charges for additional public IP addresses are provided on an attached file. None of these tiers have any subscribers at this time. |

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

All of our customers will have 1 Gbps symmetric Intranet connectivity to each other, and to all local Community Anchor Institutions.

While Internet connectivity will be sold in tiers of bandwidth, UC2B Intranet connectivity will be limited only by the port speed of the customer's Optical Network Terminal (ONT), which will be 1 Gbps. This is very similar to the service model deployed by Lafayette, Louisiana in their Fiber-to-the-Premise system.

We are in the final stages of planning for a layered community-wide Wi-Fi service on top of the private Wi-Fi SSID that each of our customers will have. UC2Bnet Wi-Fi service would be available anywhere that there was UC2B service and would use the existing Wi-Fi equipment. UC2B fiber customers and "Wi-Fi only" UC2Bnet service customers could access the UC2Bnet wireless service wherever they can get the signal. As the number of UC2B subscriber locations grows, the UC2Bnet Wi-Fi signal will be available in ever increasing areas throughout the community. UC2Bnet "Wi-Fi only" customers would pay a daily, weekly, monthly or annual fee that would be less than the lowest rate that a fiber-connected UC2B customer pays, and would have access to less Internet bandwidth. UC2Bnet "Wi-Fi only" customers would still have connectivity to all UC2B-connected Community Anchor Institutions and customers at the full speed of their wireless adapter.

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 |
|------------------|-------------------------------|--|--|---|
| None | 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).

The next quarter will be all the behind-the-scenes activity leading up to the lighting of our first fiber customers. We expect that to happen in early July.

Before we can light up that first customer, we will have decided on the contractor to install fiber from the curb to the residences and businesses, hired a firm to provide call-center customer support, hired a firm to do truck-roll customer support, accepted the first of twelve fiber distribution hub service areas' infrastructure and turned up our upstream Internet connection in Chicago. It will be a very active quarter.

We will also finalize our IRU agreements with the organizations that provided our local matching funds, and collect the first installments of those payments.

We expect all of our conduit to be completed in the next quarter and a significant portion of our fiber blown into those conduits. Our estimate is that we will have 166 miles of new fiber installed by the end of the next quarter which is 67.7 percent of our estimate for the entire project. We will light up the first couple of fiber distribution hubs for testing purposes and make sure all of our equipment is performing as expected.

As part of our testing process, we will also connect 20 Community Anchor Institutions, whose fiber from the curb to the building will be installed by our phase one contractors. We moved those CAI locations to our phase one contractors due to one or more of several reasons which included: the length or the complexity of the construction, the need to coordinate with other phase one construction, and some critical time factors for the CAI.

We expect to finalize our terms and conditions for broadband wholesale and last mile providers in the next quarter and sign one agreement prior to June 30th.

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 | 68 | Baseline projection was 85%. All milestones that are projected to be behind are due to the unplanned-for length of time required by the Environmental Assessment, and then the delays in completing our fiber engineering and the delays in hiring our fiber construction contractors. We are now past all of those delays and construction began with a great deal of urgency in the 3rd quarter. The 68% projection is based on the projection of spending 68% of our total project budget, not just our federal grant. We are currently top heavy with local matching expenditures, so just measuring the federal spend against the federal grant is not a true representation of where we will be. There will be significant federal spending in the 2nd quarter of 2012 and in the remaining quarters. We believe we can complete the project by our 1/31/2013 end date. |
| 2b. | Environmental Assessment | 100 | Complete |
| 2c. | Network Design | 100 | Complete |
| 2d. | Rights of Way | 100 | Complete |
| 2e. | Construction Permits and Other Approvals | 100 | Complete |
| 2f. | Site Preparation | 100 | Complete |
| 2g. | Equipment Procurement | 70 | Baseline projection was 90%. All milestones that are projected to be behind are due to the unplanned-for length of time required by the Environmental Assessment, and then the delays in completing our fiber engineering and the delays in hiring our fiber construction contractors. We are now past all of those delays and construction progressed with a great deal of urgency in the 4th quarter. Equipment procurement has been further delayed by a conscious decision to wait until after FTTP electronics vendor released a significant upgrade to their product. That upgrade has now been released. We will buy much of this equipment up-front to bring up the core network in the 1st quarter of 2012. However, the equipment that resides at a customer's location and the core components that connect directly to the customers' equipment will be purchased on an as-needed basis. There is typically a one or two-year warranty on the customer equipment, which starts when it is purchased, not when it is installed. If we purchase the customer equipment too far ahead of time, we use up too much of the warranty before it is ever deployed. We expect to purchase the last of this customer-specific equipment in the 4th quarter of 2012. |
| 2h. | Network Build (all components - owned, leased, IRU, etc.) | 71 | Baseline projection was 92%. All milestones that are projected to be behind are due to the unplanned-for length of time required by the Environmental Assessment, and then the delays in completing our fiber engineering and the delays in hiring our fiber construction contractors. We are now past all of those delays and construction began with a great deal of urgency in the 4th quarter. We will receive our fiber during this next quarter and will get a small amount installed this coming quarter. We expect to conform to the projections in our baseline by the 4th quarter of 2012. The final network build will be completed in January of 2013. |
| 2i. | Equipment Deployment | 60 | Baseline projection was 90%. All milestones that are projected to be behind are due to the unplanned-for length of time required by the Environmental Assessment, and then the delays in completing our fiber engineering and the delays in hiring our fiber construction contractors. We are now past all of those delays and construction has begun with a great deal of urgency in the 4th quarter. Equipment procurement has been further delayed by a conscious decision to wait until after our FTTP electronics vendor released a significant upgrade to their product. That upgrade has now been released. We do not expect to get back on track with this baseline projection until the 1st quarter of 2013, which is the end of our project. All of the core network and most of the core FTTP equipment will be deployed by the end of next quarter. |
| 2j. | Network Testing | 50 | Baseline projection was 80%. All milestones that are projected to be behind are due to the unplanned-for length of time required by the Environmental Assessment, and then the delays in completing our fiber engineering and the delays in hiring our fiber construction contractors. We are now past all of those delays and construction has begun with a great deal of urgency in the 4th quarter. However, our contractors will not receive fiber until the first quarter of 2012, and it may well be the 2nd quarter of 2012 before they have anything ready for testing. We projected network testing to be complete by the 2nd |

| | Milestone | Planned Percent Complete | Narrative (describe reasons for any variance from baseline plan or any other relevant information) |
|-----|-------------------------|--------------------------|---|
| | | | quarter of 2012. It now seems likely that the actual date will be in the 4th quarter of 2012 instead. |
| 2k. | Other (please specify): | 0 | N/A |

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).

We will bid and award our construction from the curb into our customer's buildings in the next quarter. Some of our existing contractors may win this work, but we could end up with an entirely new set of contractors to work with. There will be a short period of time when our existing contractors who are building fiber to the curb overlap with the new contractors. That overlap could be contentious in regards to issues such as landscape restoration, or it could go smoothly. We know that it will tax our resources to be able to oversee all of the crews simultaneously. There is not much that NTIA can do to assist with this period of overlap.

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 | \$23,200 | \$0 | \$23,200 | \$0 | \$0 | \$0 | \$15,000 | \$0 | \$15,000 |
| b. Land, structures, right-of-ways, appraisals, etc. | \$23,200 | \$0 | \$23,200 | \$0 | \$0 | \$0 | \$10,000 | \$0 | \$10,000 |
| c. Relocation expenses and payments | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| d. Architectural and engineering fees | \$1,802,479 | \$1,500,000 | \$302,479 | \$1,000,000 | \$1,000,000 | \$0 | \$1,300,000 | \$1,300,000 | \$0 |
| e. Other architectural and engineering fees | \$742,471 | \$500,000 | \$242,471 | \$468,890 | \$468,890 | \$0 | \$500,000 | \$500,000 | \$0 |
| f. Project inspection fees | \$783,992 | \$0 | \$783,992 | \$300,000 | \$300,000 | \$0 | \$600,000 | \$500,000 | \$100,000 |
| g. Site work | \$33,500 | \$0 | \$33,500 | \$33,500 | \$0 | \$33,500 | \$33,500 | \$0 | \$33,500 |
| h. Demolition and removal | \$74,880 | \$0 | \$74,880 | \$74,880 | \$0 | \$74,880 | \$74,880 | \$0 | \$74,880 |
| i. Construction | \$22,232,196 | \$4,852,149 | \$17,380,047 | \$5,367,851 | \$939,657 | \$4,428,194 | \$15,000,000 | \$2,500,000 | \$12,500,000 |
| j. Equipment | \$3,592,892 | \$0 | \$3,592,892 | \$100,000 | \$0 | \$100,000 | \$2,500,000 | \$0 | \$2,500,000 |
| k. Miscellaneous | \$78,115 | \$0 | \$78,115 | \$35,000 | \$0 | \$35,000 | \$40,000 | \$0 | \$40,000 |
| l. SUBTOTAL (add a through k) | \$29,386,925 | \$6,852,149 | \$22,534,776 | \$7,380,121 | \$2,708,547 | \$4,671,574 | \$20,073,380 | \$4,800,000 | \$15,273,380 |
| m. Contingencies | \$0 | \$0 | \$0 | | | | | | |
| n. TOTALS (sum of l and m) | \$29,386,925 | \$6,852,149 | \$22,534,776 | \$7,380,121 | \$2,708,547 | \$4,671,574 | \$20,073,380 | \$4,800,000 | \$15,273,380 |

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 |
|---|--------------------------------|