

RECIPIENT NAME:ONWAV INC.

AWARD NUMBER: NT10BIX5570080

DATE: 02/17/2012

OMB CONTROL NUMBER: 0660-0037

EXPIRATION DATE: 12/31/2013

### QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS

#### General Information

<b>1. Federal Agency and Organizational Element to Which Report is Submitted</b>  Department of Commerce, National Telecommunications and Information Administration	<b>2. Award Identification Number</b>  NT10BIX5570080	<b>3. DUNS Number</b>  800782943
<b>4. Recipient Organization</b>  ONWAV INC. 4100 Plantation Drive, Cookeville, TN 38506-3011		
<b>5. Current Reporting Period End Date (MM/DD/YYYY)</b>  12-31-2011	<b>6. Is this the last Report of the Award Period?</b>  <input type="radio"/> Yes <input checked="" type="radio"/> No	
<b>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.</b>		
<b>7a. Typed or Printed Name and Title of Certifying Official</b>  Michael Powell	<b>7c. Telephone (area code, number and extension)</b>  9315447224	
	<b>7d. Email Address</b>  Mpowell@onwav.com	
<b>7b. Signature of Certifying Official</b>  Submitted Electronically	<b>7e. Date Report Submitted (MM/DD/YYYY):</b>  02-17-2012	

**Project Indicators (This Quarter)**

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

- OnWav signed the first fiber IRU, providing OnWav access to over 190 miles of previously dark fiber connecting COs in it's markets. Future additions to the IRU will provide OnWav access to fiber connecting to each of its tower sites allowing for robust all fiber backhaul ring.
- The completion of the fiber IRU means that OnWav has met all of its 20% match contribution for this project.
- OnWav has completed the land acquisition of all three plots of land needed for tower construction. By acquiring this land OnWav has ensured it will have access to prime location to construct and deploy its network from as well as providing valuable middle-mile infrastructure to be used by other providers.
- OnWav completed a change in ownership; the new owner was to provide the necessary match contribution in the form of the fiber IRU to allow OnWav's project to not only continue, but will result in a superior network.
- OnWav completed and submitted its first full grant year audit.
- OnWav issued an RFP for Tower Construction Vendor and conducted a round of site visits with bidders. OnWav is finalizing its review and expects to award a contract at the beginning of 2012.
- OnWav issued an RFP for RF Engineering work associated with this project and awarded the contract to an experienced RF Engineering firm who has already begun work supporting the project
- OnWav issued an RFP for Electronics Equipment associated with this project. OnWav received multiple bids and has conducted an extensive review process with bidders including conference call discussions, site visits and multiple clarifying questions to ensure the best offering is chosen for this project. OnWav expects to award this RFP in early 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)
2a.	Overall Project	40	OnWav made substantial progress this quarter. The signing of an IRU for a large portion of the Fiber network provided all of the 20% match contribution for this project. Additionally, the acquisition of the land for the three new towers ensures that construction is able to begin as soon as the tower designs are complete. OnWav anticipates that it will be back on schedule in early 3rd Quarter 2012
2b.	Environmental Assessment	100	No Variance from Baseline, OnWav will be conducting additional new environmental analysis regarding the new fiber acquisition in early 2012
2c.	Network Design	0	OnWav has finalized the Fiber route portion of the network design and is planning on placing an order for networking equipment in early 2012. This was completed entirely with internal resources, and so was done at no cost to the grant. However, finalization of the last mile portion of the network was not completed because it is dependent on equipment vendor selection which is still under review. OnWav believes that it will be caught up in the first quarter of 2012.
2d.	Rights of Way	100	OnWav has completed all land acquisition and Rights of way associated with the construction of the three new towers. OnWav is still working to finalize the lease agreements for the collocation sites, but does not anticipate capital costs with such efforts.
2e.	Construction Permits and Other Approvals	0	OnWav has been delayed in this category as a result of the pending Equipment Request for Proposal and Tower Construction Request for Proposal which are still in the review phase. However, both RFPs should be awarded in Q1 2012 and the process of acquiring permits can begin.
2f.	Site Preparation	0	OnWav has purchased the land associated with the construction of the three new towers, but due to the delay in awarding the Tower Construction RFP, OnWav has not begun new tower construction. However, OnWav expects to begin work on this category in early 2012.
2g.	Equipment Procurement	0	OnWav is still reviewing candidates for Equipment vendor and anticipates making an award in early 2012.
2h.	Network Build (all components - owned, leased, IRU, etc)	99	OnWav completed acquisition of over 190 miles of an expected approximately 210 miles of IRUs planned for in the network.

	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	OnWav has been delayed in this category as a result of the pending Equipment Request for Proposal which is still in the review phase. However, the RFP should be awarded in Q1 2012 and the order placed for equipment placed. Some portions of the equipment will be delivered in Q1 2012, but the majority of the equipment may not be available for deployment until Q2 2012.
2j.	Network Testing	0	No Deviation from the Baseline
2k.	Other (please specify): BSS-OSS	0	OnWav's plans for BSS and OSS systems are pending finalization based on the Equipment Contract award. However, once this is complete, OnWav expects it will not only bring progress on this category back to schedule, but complete it early.

**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).**

One major challenge OnWav faced was in RFP review and decisions. OnWav faced two primary impediments for RFP review.

The first was bid responses which included too much uncertainty (too many line items were priced contingent upon further information). In order to resolve this uncertainty, OnWav walked each bidder through the sites and documented more information to the bidder for a revised price. This resulted in a much higher quality bid and a more certain RFP decision, but it did significantly increase the time needed for a decision.

The second was in greater than expected bid interest. In this case, OnWav went through an initial cut of bidders and rejected bids which had irreconcilable issues. Then meetings and interviews with the remaining bidders, as well as an opportunity for "best and final" offers helped distinguish the remaining bidders to ensure OnWav chose the optimum vendor.

**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	No Variance from Baseline
New network miles leased	0	N/A
Existing network miles upgraded	0	N/A
Existing network miles leased	190	OnWav completed an initial IRU to acquire access to 190 miles of existing dark fiber to use as part of the planned 209 mile network providing Middle Mile backhaul between OnWav's Last Mile towers. This action puts OnWav ahead of schedule on deployment of network miles.
Number of miles of new fiber (aerial or underground)	0	No Variance from Baseline
Number of new wireless links	0	With the addition of the Fiber Backhaul, the fiber will no longer include any wireless links.
Number of new towers	0	No Variance from Baseline
Number of new and/or upgraded interconnection points	0	Due to the delay in the project shift from a Microwave system to a fiber network, in addition to the equipment delays in the Equipment Request For Proposal, OnWav's network has not been constructed yet. OnWav expects it will be late Q2 2012 or early Q3 2012 before the first interconnection points are turned up.

**For questions 5 and 6 please include information relating to agreements that you are negotiating or have entered into, or that your sub recipient, contractor or subcontractor is negotiating or entered into.**

**5a. If applicable, please provide the following information with regard to agreements with broadband wholesalers and/or last mile providers as a result of your project.**

Indicators	
Number of signed agreements with broadband wholesalers or last mile providers	0
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	3
Average term of signed agreements (in quarters)	0

**5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers:**  
OnWav is still in negotiation with wholesalers as well as last mile providers for interconnection.

**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:**  
OnWav is still in the process of deploying the network, as a result, OnWav does not yet have any products available.

**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).**  
OnWav has not designated a third party to operate any of its network. OnWav will operate and manage the entire network internally.

**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)
<b>Broadband Wholesalers or Last Mile Providers</b>	Providers with signed agreements receiving new access	0	OnWav is still in the negotiation stage for contracts relating to Broadband Wholesalers or Last Mile Providers
	Providers with signed agreements receiving improved access	0	OnWav is still in the negotiation stage for contracts relating to Broadband Wholesalers or Last Mile Providers
	Providers with signed agreements receiving access to dark fiber	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	OnWav is still in the negotiation stage for contracts relating to Broadband Wholesalers or Last Mile Providers
<b>Community Anchor Institutions (including Government institutions)</b>	Total subscribers served	0	OnWav's network is not yet complete with construction, as a result subscribers will not be added until future quarters
	Subscribers receiving new access	0	OnWav's network is not yet complete with construction, as a result subscribers will not be added until future quarters
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number or subscribers for each	0	OnWav's network is not yet complete with construction, as a result subscribers will not be added until future quarters
<b>Residential / Households</b>	Entities passed	0	OnWav's network is not yet complete with construction, as a result no households have yet been passed, but this will increase in future quarters
	Total subscribers served	0	OnWav's network is not yet complete with construction, as a result no households have yet been passed, but this will increase in future quarters

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Subscribers receiving new access	0	OnWav's network is not yet complete with construction, as a result no households have yet been passed, but this will increase in future quarters
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	OnWav's network is not yet complete with construction, as a result no households have yet been passed, but this will increase in future quarters
Businesses	Entities passed	0	OnWav's network is not yet complete with construction, as a result no businesses have yet been passed, but this will increase in future quarters
	Total subscribers served	0	OnWav's network is not yet complete with construction, as a result no businesses have yet been passed, but this will increase in future quarters
	Subscribers receiving new access	0	OnWav's network is not yet complete with construction, as a result no businesses have yet been passed, but this will increase in future quarters
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	OnWav's network is not yet complete with construction, as a result no businesses have yet been passed, but this will increase in future quarters

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

OnWav is still in the process of deploying the network, as a result, OnWav does not yet have any products available.

**8a. Have your network management practices changed over the last quarter?**  Yes  No

**8b. If so, please describe the changes (300 words or less).**

OnWav has not made any changes to its network management practices over the last quarter.

**9. Community Anchor Institutions:**

Using the table below, please provide a list by service area of the community anchor institutions (including Government institutions) connected to your network as a result of BTOP funds. Figures should be reported for the most recent reporting quarter only (NOT cumulatively). Also indicate whether your organization is currently providing broadband service to the anchor institution. Finally, provide a short narrative description with examples of how institutions are using BTOP-funded infrastructure (300 words or less).

Institution Name	Service Area (town or county)	Type of Anchor Institution (as defined in your baseline)	Are you also the broadband service provider for this institution? (Yes / No)	Narrative description of how anchor institutions are using BTOP-funded infrastructure
N/A	N/A	N/A	N/A	N/A

**Project Indicators (Next Quarter)**

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

- Environmental - OnWav is planning on hiring an environmental firm to complete the necessary additional review to amend OnWav's Environmental Assessment to cover the change from Microwave backhaul to a Fiber system. OnWav has taken measures to minimize this impact to help expedite the Environmental review.
- OnWav expects to complete review of RFPs (Requests for Proposal) to cover Tower Construction and Equipment supply services.
- OnWav expects to release an RFP (Requests for Proposal) to cover network deployment (field installation, equipment installation and related deployment activities).
- OnWav expects to order and receive initial equipment required for the portion of the fiber network covered by the IRU signed in Q4 2011.
- OnWav expects to begin engineering design work on the three new towers.
- OnWav expects to complete leasing activities on the collocation sites
- OnWav expects to place an initial order for RF Network equipment.
- OnWav does not expect to deploy any additional fiber miles deployed next quarter; the remaining fiber miles will be deployed in a

later quarter.  
 - OnWav does not expect to serve any CAIs in the next quarter; initial CAI service will come in a later quarter.  
 - OnWav does not expect to sign any broadband wholesalers or last mile providers in the next quarter; signed agreements will come in a later 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)
2a.	Overall Project	54	OnWav's progress in early 2012 will revolve predominantly around completion of the awarding of the Equipment and Tower construction RFPs and initial work on those fronts. OnWav anticipates that it will be back on schedule in early 3rd Quarter 2012
2b.	Environmental Assessment	100	OnWav's Environmental assessment is complete, however OnWav will be conducting additional environmental work to create an EA amendment covering the additional work related to the planned fiber network.
2c.	Network Design	100	OnWav has hired an RF Engineering firm which will be able to complete work finalizing OnWav's network design based on chosen equipment vendor's offering.
2d.	Rights of Way	100	No Variance from baseline
2e.	Construction Permits and Other Approvals	50	OnWav anticipates making progress in this category. However, this is dependent on the timing of the award of the tower construction RFP and the completion of the necessary engineering work.
2f.	Site Preparation	50	OnWav anticipates awarding the tower construction RFP as well as completing the engineering work for the new towers. As a result, OnWav should be able to begin work related to site preparation for the new towers.
2g.	Equipment Procurement	25	OnWav anticipates choosing an Equipment vendor and making an initial order. While most equipment will not arrive before the end of the next quarter, OnWav anticipates accepting delivery of some equipment immediately, and placing deposits on other orders.
2h.	Network Build (all components - owned, leased, IRU, etc.)	99	The final portions of the fiber network build will not be finalized until tower construction and site leasing is complete so that all portions of fiber can be constructed and deployed.
2i.	Equipment Deployment	0	OnWav will deploy a very small portion of equipment next quarter, predominately related to the fiber network and the portion for which the IRU was recently signed. However the majority will not be available for deployment until the equipment vendor is chosen and new equipment arrives, which is likely to be delayed until next quarter.
2j.	Network Testing	0	No Deviation from the Baseline
2k.	Other (please specify): BSS-OSS	100	OnWav's plans for BSS and OSS systems are pending finalization based on the Equipment Contract award. However, once this is complete, OnWav expects it will not only bring progress on this category back to schedule, but complete it early.

**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).**

A potential challenge OnWav expects to face is deliver time frames for equipment and material. While OnWav may be ready to place orders for equipment and tower materials this quarter, it remains to be seen what the actual deliver dates of those orders are going to be. Significant delays due to supply or shipping delays may cause delays and hinder project construction.

Because of the technology change, OnWav will need to proceed with further environmental analysis. OnWav will gather information immediately in order to be able to minimize the review time necessary for the additional work. OnWav is also working closely with an environmental firm and regularly reviewing plans to minimize the environmental impact and corresponding approvals necessary. However, the time risk exists and cannot be mitigated entirely.

With help from OnWav's new match partner and pending owner, OnWav will be able to make significant and measurable progress in Q1 2012 and Q2 2012.

**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	\$1,145,000	\$0	\$1,145,000	\$435,796	\$0	\$435,796	\$563,296	\$0	\$563,296
b. Land, structures, right-of-ways, appraisals, etc.	\$1,054,911	\$0	\$1,054,911	\$103,751	\$0	\$103,751	\$567,411	\$0	\$567,411
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$124,440	\$0	\$124,440	\$17,575	\$0	\$17,575	\$36,838	\$0	\$36,838
e. Other architectural and engineering fees	\$30,417	\$0	\$30,417	\$0	\$0	\$0	\$30,417	\$0	\$30,417
f. Project inspection fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
g. Site work	\$7,500	\$0	\$7,500	\$0	\$0	\$0	\$7,500	\$0	\$7,500
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$150,000	\$0	\$150,000	\$0	\$0	\$0	\$37,500	\$0	\$37,500
j. Equipment	\$3,406,069	\$1,317,548	\$2,088,521	\$2,079,605	\$1,317,548	\$762,057	\$2,194,972	\$1,317,548	\$877,424
k. Miscellaneous	\$583,658	\$0	\$583,658	\$0	\$0	\$0	\$86,522	\$0	\$86,522
<b>l. SUBTOTAL (add a through k)</b>	<b>\$6,501,995</b>	<b>\$1,317,548</b>	<b>\$5,184,447</b>	<b>\$2,636,727</b>	<b>\$1,317,548</b>	<b>\$1,319,179</b>	<b>\$3,524,456</b>	<b>\$1,317,548</b>	<b>\$2,206,908</b>
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>n. TOTALS (sum of l and m)</b>	<b>\$6,501,995</b>	<b>\$1,317,548</b>	<b>\$5,184,447</b>	<b>\$2,636,727</b>	<b>\$1,317,548</b>	<b>\$1,319,179</b>	<b>\$3,524,456</b>	<b>\$1,317,548</b>	<b>\$2,206,908</b>

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
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