

RECIPIENT NAME:GOVNET, INC.

AWARD NUMBER: NT10BIX5570136

DATE: 05/26/2015

OMB CONTROL NUMBER: 0660-0037

EXPIRATION DATE: 6/30/2015

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 NT10BIX5570136	3. DUNS Number 831335448
4. Recipient Organization GOVNET, INC. 7835 E. McClain Dr., Scottsdale, AZ 85260-1872		
5. Current Reporting Period End Date (MM/DD/YYYY) 03-31-2015	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 Karen McCoy Vice President	7c. Telephone (area code, number and extension) 4804241411	
	7d. Email Address karen.m@govnet.net	
7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 05-26-2015	

Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).
 For the quarter October through December 2014, significant project progress occurred for GovNET as site construction gained momentum and equipment was deployed. Significant accomplishments as follows:

- Thirty-one (31) cumulative Backbone sites were completed by end of Q1-2015.
- Multiple construction crews were at work simultaneously across Arizona.
- Seventy-four (74) cumulative Node/Community Anchor Institutions (CAI) sites had full or partial installations completed by end of Q1-2015
- Three (3) new schools (CAIs) started receiving services.
- Received NTIA Environmental and Historic Preservation (EHP) approvals on sites within Batch 5A and Batch 5B route modifications.
- Received right-of-way permit from BLM for Parker tower site location.
- Hosted the NTIA & NOAA for a site visit in early March to discuss project details
- Initiated a request for, and received, a grant project extension to June 30, 2015

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	87	Project completion continuing with strong construction activity occurring, finalizing equipment procurement and architectural & engineering work. Overall project variance (including #2b-2k) from baseline plan is due to 16+ month suspension delaying forward progress. Additional factors affecting progress include getting new contractors up to speed and winter weather issues in Q1.
2b.	Environmental Assessment	97	GovNET received its FONSI in Q4 2011. Additional funding remains in this category to cover future EA amendments, required surveys, and administration costs.
2c.	Network Design	95	FCC licensing will be held until specific site construction is imminent
2d.	Rights of Way	80	Efforts continuing to obtain necessary rights of way
2e.	Construction Permits and Other Approvals	75	Additional activity and progression through municipal planning & zoning boards.
2f.	Site Preparation	65	Prep work for new construction sites is typically done on first day on-site to do construction/installation work; no advance work is required.
2g.	Equipment Procurement	83	Equipment ordering is phased per sites in grant extension.
2h.	Network Build (all components - owned, leased, IRU, etc)	55	31 backbone sites are complete. Network build continues with each site completed. Testing and integration follows.
2i.	Equipment Deployment	50	Significant deployment occurred in Q1 as more sites are completed and ready for electronics.
2j.	Network Testing	50	Network segments are brought online as constructed
2k.	Other (please specify):	100	A change in reporting methodology as Baseline Scope was 203 Leases, not 266. Over 230 leases have been received to date.

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).
 Procurement of necessary network capital equipment, including receiving pre-approval, confirming orders, shipping process, receipt of, and deployment of all such equipment within a 90-day extension window is a challenge. Complete Davis-Bacon reporting is challenging for contractors, which delays payment and construction progress. Late season snow storms in March affected construction work and completion on several sites, especially mountaintop sites. GovNET continues to work closely with our Federal Program Officer where assistance is required.

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	1,093	590 new network miles were connected in Q1, exceeding last quarter projection of new miles deployed in the quarter. Overall project variance from baseline plan is due to 16+ month suspension delaying forward progress and a change in reporting methodology from new miles to leased miles. Additional factors affecting progress include getting new contractors up to speed and weather issues.
New network miles leased	117	In order to provide timely E-rate services to the CAI, other miles had to be leased between network start/end points.
Existing network miles upgraded	0	N/A
Existing network miles leased	0	N/A
Number of miles of new fiber (aerial or underground)	0	N/A
Number of new wireless links	40	21 new active network links established between sites in a contiguous manner. Overall project variance from baseline plan is due to 16+ month suspension delaying forward progress
Number of new towers	10	One additional new tower completed construction in Q1, as well as one temp tower. Forecast two new towers completed and two new additional towers to be in process in Q2-2015. Overall project variance from baseline plan is due to 16+ month suspension delaying forward progress.
Number of new and/or upgraded interconnection points	40	All links/sites are interconnection points, including colocations and CAIs. An additional 10 sites have construction activity in process. Overall project variance from baseline plan is due to 16+ month suspension delaying forward progress.

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: Two agreements are in negotiation, and project one agreement signed by end of Q2. Finalization of another expected in Q3-2015 as network rings are completed and capacity demand is aggregated, along with projecting GovNET's own capacity need for its last mile customers.

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 project will provide the following wholesale services: internet, transport and VOIP. Final pricing and availability for services (after analyzing GovNET's last mile requirements) is estimated for Q2-2015 and will be competitive with current market rates

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).

N/A

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	As GovNET determines its own service bandwidth needs, negotiations are recommencing with providers. Overall project variance from baseline plan is due to 16+ month suspension delaying forward progress.
	Providers with signed agreements receiving improved access	0	Anticipate finalizing negotiations in Q3 of 2015.
	Providers with signed agreements receiving access to dark fiber	0	N/A
Community Anchor Institutions (including Government institutions)	Please identify the speed tiers that are available and the number of subscribers for each	0	1 Mbps to 1 Gbps is available based on subscribers needs.
	Total subscribers served	74	Remote CAIs receiving much improved internet service at a capacity previously unavailable. A total 74 CAIs are fully installed or partially installed and ready for service when contract signed. Overall project variance from baseline plan is due to 16+ month suspension delaying forward progress. Additional factors affecting progress include a critical network component delivery delay and weather issues.
	Subscribers receiving new access	0	N/A
	Subscribers receiving improved access	74	Rural CAIs have active high-speed broadband services at rates that far exceed current market availability.
Residential / Households	Please identify the speed tiers that are available and the number of subscribers for each	74	1 Mbps to 1 Gbps is available to be customized based on subscriber needs; 6 subscribers between 100 - 50 Mbps.
	Entities passed	0	N/A
	Total subscribers served	0	N/A
	Subscribers receiving new access	0	N/A
	Subscribers receiving improved access	0	N/A
Businesses	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A
	Entities passed	0	N/A
	Total subscribers served	0	N/A
	Subscribers receiving new access	0	N/A
	Subscribers receiving improved access	0	N/A

7. Please describe any special offerings you may provide (600 words or less).
 VoIP, Cloud computing, secure interoperable public safety channel for all 15 County Government Emergency Services, including connectivity to all Emergency Operations Centers.
 Vendors have described this network design as the most sophisticated microwave network in the country.

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
Bisbee High School	Bisbee	School	Yes	School district is receiving 5x greater High-speed internet bandwidth connectivity previously unavailable; they are now able to handle the student and administration demand simultaneously.
Greenway Elementary	Bisbee	School	Yes	School district is receiving 5x greater High-speed internet bandwidth connectivity previously unavailable; they are now able to handle the student and administration demand simultaneously.
Lowell Jr High	Bisbee	School	Yes	School district is receiving 5x greater High-speed internet bandwidth connectivity previously unavailable; they are now able to handle the student and administration demand simultaneously.
Ajo Justice	Ajo	Court	No	Ready for Service
Bagdad Justice Court	Bagdad	Court	No	Ready for Service
Bouse Elementary	Bouse	School	No	Ready for Service
Bowie Justice Court	Bowie	Court	No	Ready for Service
Bowie Middle School	Bowie	School	No	Ready for Service
Calabasas Middle School	Rio Rico	School	No	Ready for Service
Centennial Park	Wenden	Community	No	Ready for Service
Coatimundi Middle School	Rio Rico	School	No	Ready for Service
Elgin Elementary	Elgin	School	No	Ready for Service
Graham & Safford Juvenile Prob & Courts	Safford	Court	No	Ready for Service
Mountain View Elementary	Rio Rico	School	No	Ready for Service
AJ Mitchell Elementary	Nogales	School	No	Ready for Service
Challenger Elementary	Nogales	School	No	Ready for Service
Coronado Elementary	Nogales	School	No	Ready for Service
Desert Shadow Middle School	Nogales	School	No	Ready for Service
Mary Welty Elementary	Nogales	School	No	Ready for Service

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
Nogales High School	Nogales	School	No	Ready for Service
Rochlin Public Library	Nogales	Library	No	Ready for Service
RM Bracker Elementary	Nogales	School	No	Ready for Service
Wade Carpenter Middle School	Nogales	School	No	Ready for Service
Patagonia Municipal	Patagonia	Court	No	Ready for Service
Patagonia Public Library	Patagonia	Library	No	Ready for Service
Pena Blanca Elementary	Rio Rico	School	No	Ready for Service
Pima Superior/Justice	Tucson	Court	No	Ready for Service
Rio Rico High School	Rio Rico	School	No	Ready for Service
San Cayetano Elementary	Rio Rico	School	No	Ready for Service
Santa Cruz County Complex/Landfill	Sonoita	County	No	Ready for Service
Santa Cruz Probation Annex	Nogales	Court	No	Ready for Service
Sonoita Justice	Sonoita	Court	No	Ready for Service
Tonto Basin Elementary	Tonto Basin	School	No	Ready for Service
Tubac Community Library	Tubac	Library	No	Ready for Service
Willcox Elementary	Willcox	School	No	Ready for Service
Willcox Middle School	Willcox	School	No	Ready for Service
Payson Airport Facilites	Payson	City	No	Ready for Service
Arivaca Public Library	Arivaca	Library	No	Ready for Service
Benson High School	Benson	School	No	Ready for Service
Cobre Valley Community Hospital	Globe	Hospital	No	Ready for Service
Cochise College	Douglas	School	No	Ready for Service
Cochise County Data Center	Bisbee	County	No	Ready for Service
Cochise Superior Court Annex	Bisbee	Court	No	Ready for Service
Fire Station 11	Payson	Fire Dept	No	Ready for Service

Fire Station 12	Payson	Fire Dept	No	Ready for Service
Fire Station 13	Payson	Fire Dept	No	Ready for Service
Gila County Building Permits	Globe	County	No	Ready for Service
Gila County Emergency Services	Globe	County	No	Ready for Service
Gila County Superior Court	Globe	County	No	Ready for Service
Gila County Supervisors Office	Payson	County	No	Ready for Service
Gila Justice & Superior Courts	Globe	County	No	Ready for Service
Gila Bend Unified School District	Gila Bend	School	No	Ready for Service
Huachuca Elementary School	Huachuca City	School	No	Ready for Service
Jack Daley Primary School	Thatcher	School	No	Ready for Service
Lincoln Elementary	Nogales	School	No	Ready for Service
Main Complex	Payson	City	No	Ready for Service
Parks & Recreation Office	Payson	City	No	Ready for Service
Payson JP/Municipal	Payson	Court	No	Ready for Service
Payson Public Library	Payson	Library	No	Ready for Service
St. David High School	St David	School	No	Ready for Service
Thatcher Elementary	Thatcher	School	No	Ready for Service
Thatcher High School	Thatcher	School	No	Ready for Service
Thatcher Middle School	Thatcher	School	No	Ready for Service
Tombstone High School	Tombstone	School	No	Ready for Service
Payson Town Yard	Payson	City	No	Ready for Service
Valley Union High School	Elfrida	School	No	Ready for Service
Walter J. Meyer	Tombstone	School	No	Ready for Service
Payson Water Department Facility	Payson	City	No	Ready for Service
Bowie High School	Bowie	School	No	Ready for Service
Double Adobe Elementary	McNeal	School	No	Ready for Service
Naco Elementary	Naco	School	No	Ready for Service

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
 Next quarter, GovNET is looking to complete 14 new backbone network sites, bringing a cumulative total to 45 backbone/middle-mile sites completed. There are three new Backbone sites may incur jurisdictional permit delays, which will push out the start of construction and not allow completion in Q2. We anticipate reaching a cumulative 1,500 total new network miles placed in service, along with a goal of a cumulative number of 200 CAIs receiving installations of network equipment (pending Erate selection timing). Erate bids/selection should occur in late April/early May due to FCC deadline extension. As network backbone sections are tested & integrated, and services turned up, community outreach effort will commence in the local area and in the next section to be turned up, as well to local/regional last mile providers and estimate that one agreement will be completed by end of Q2. Work continues on obtaining key building permits that should be finalized this quarter to allow for continued build out of statewide network. GovNET will be working on its last grant extension request to continue project implementation to September 30, 2015.

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	99	Significant project construction activity will continue. Overall project variance (includes #2b-2k) from baseline plan is due to 16+ month suspension delaying forward progress. Additional factors affecting progress include getting new contractors up to speed, critical network component delivery delay, and weather issues.
2b.	Environmental Assessment	98	Increase in environmental/ cultural work to progress project as required.
2c.	Network Design	97	Design complete, only need to file FCC Licenses as new sites are brought online
2d.	Rights of Way	80	Increase in activity to complete process and receive signed documents
2e.	Construction Permits and Other Approvals	80	Increase in continued construction activity.
2f.	Site Preparation	75	Increase in continued construction activity.
2g.	Equipment Procurement	90	Increase as construction activity continues.
2h.	Network Build (all components - owned, leased, IRU, etc.)	75	Increase in continued construction activity.
2i.	Equipment Deployment	80	Increase in continued construction activity.; Rings C, B & A active
2j.	Network Testing	70	Increase in continued construction activity.; Rings C, B & A active
2k.	Other (please specify):	100	Exceeded Baseline scope for CAI & in-kind leases signed and received

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).

Further implementation and integration of additional network services will be underway and testing will be on-going to work out any issues as new routes come online. One additional route modification will be requested to clear additional CAIs ordering network services. Budget constraints may affect some site builds. The geographical dispersion of approved sites and the difficult terrain in Arizona increases the complexity and time frame for engineering and construction. Weather challenges, along with species mitigation windows will continue to be key challenges affecting many sites throughout the state. GovNET will continue to work with our Federal Program Officer when assistance is required.

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	\$4,243,622	\$0	\$4,243,622	\$4,526,031	\$0	\$4,526,031	\$4,836,631	\$0	\$4,836,631
b. Land, structures, right-of-ways, appraisals, etc.	\$23,300,140	\$11,413,633	\$11,886,507	\$21,359,125	\$11,413,633	\$9,945,492	\$23,106,192	\$11,413,633	\$11,692,559
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$2,806,265	\$842,885	\$1,963,380	\$2,596,192	\$1,166,696	\$1,429,496	\$2,871,792	\$1,166,696	\$1,705,096
e. Other architectural and engineering fees	\$605,000	\$0	\$605,000	\$514,209	\$0	\$514,209	\$529,209	\$0	\$529,209
f. Project inspection fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
g. Site work	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$4,410,965	\$370,044	\$4,040,921	\$2,125,436	\$285,614	\$1,839,822	\$4,041,566	\$370,044	\$3,671,522
j. Equipment	\$15,971,093	\$37,696	\$15,933,397	\$13,642,979	\$37,696	\$13,605,283	\$15,242,979	\$37,696	\$15,205,283
k. Miscellaneous	\$224,844	\$0	\$224,844	\$228,565	\$0	\$228,565	\$228,565	\$0	\$228,565
l. SUBTOTAL (add a through k)	\$51,561,929	\$12,664,258	\$38,897,671	\$44,992,537	\$12,903,639	\$32,088,898	\$50,856,934	\$12,988,069	\$37,868,865
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$51,561,929	\$12,664,258	\$38,897,671	\$44,992,537	\$12,903,639	\$32,088,898	\$50,856,934	\$12,988,069	\$37,868,865

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: \$370,044	b. Program Income to Date: \$285,614
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