

FIRST PERFORMANCE PROGRESS REPORT 2010



1. Recipient Organization (Name and complete address including zip code) Bend Cable Communications, LLC (dba BendBroadband) 63090 Sherman Road, Bend, OR 97701	2. Award Identification Number NT10BIX5570073
3. Performance Narrative (Q1) Federal Expenditures to Date: \$0 Administrative and Legal Expense: \$0 Land Structures, Right of Ways, appraisals, etc – \$0 Relocation Expense and Payments – NA Architectural and Engineering Fees – \$0 Other Architectural and Engineering Fees – NA Project Inspection Fees – NA Site Work – NA Demolition and Removal – NA Construction - \$0 Equipment - -\$0 Miscellaneous – NA Contingencies - \$0 Project (program) income - \$0 Key Milestones: 1. Project Kick-off -Core project team formed -Weekly meetings are held to review project status / issues -Initial project policies and procedures implemented -Hired dedicated construction project manager -Review of terms and conditions of grant and continual review of various aspects for assurance of compliance and understanding 2. Professional Services Procurement: -Hired Environmental Assessment consultant -Hired Environmental Assessment legal for final Environmental Assessment review -Hired law firm for creation and legal review of procurement policies, procedures and Request For Proposal overview. 3. Financial systems: -Validated that we could comply with Financial system requirements 4. Environmental Assessment Submission: -Environmental Assessment is well underway. Our target date was to submit on October 31, 2010. We had some delays due to specific agencies requiring detailed information in order to approve the archeological walk-through. We believe we have mitigated the delay. -We anticipate submitting our draft Environmental Assessment in November 2010. 5. Permitting and Right of Ways: -We estimate that we require permitting / right of ways with 16 entities. We have one to date and the remaining in progress. - ODOT (Oregon Department of Transportation) permitting is requiring extensive engineering plans that we need to generate and CEC (Central Electric Co-op) is requiring all pole numbers and location. This is usual and customary but may delay our	

ability to start construction in Quarter One of 2011 as anticipated.

6. Request For Proposal Process:

- Created procurement process with legal review
- Created Technology, Construction and Materials Request For Proposals
- Legal reviewed our Request For Proposal templates

7. Delays and Challenges:

- Requirement to submit an Environmental Assessment was not anticipated. This delayed our timeline by about five months. This delay will not impact our ability to complete the project in the grant award period.
- Unforeseen extended lead time for some permitting and rights of way could impact the construction start time in some areas. We will continue to monitor and evaluate mitigation tactics as the project progresses.

4. Performance Projections (Q2)

Federal Expenditures: \$55,597 (estimated)

Administrative and Legal Expense: Federal: \$32,900 and BendBroadband: \$14,100
Land Structures, Right of Ways, appraisals, etc: Federal: \$4,935 and BendBroadband: \$2,115
Relocation Expense and Payments – NA
Architectural and Engineering Fees – Federal: \$17,763 and BendBroadband: \$7,612
Other Architectural and Engineering Fees – NA
Project Inspection Fees – NA
Site Work – NA
Demolition and Removal – NA
Construction - \$0
Equipment - -\$0
Miscellaneous – NA
Contingencies - \$0
Project (program) income - \$0

Our baseline milestones and timeline is due November 15th, 2010. Our estimated project complete date will be extended but will still adhere to the project award timeline. We will incur minimal costs in Q2. We do not anticipate incurring any construction or materials expense as we are targeting July 2011 to begin construction. We are assuming that we will obtain approval of Environmental Assessment by end of Q2.

Key Milestones for Q2:

1. Overall Project Status:

- To date, the project defined in the application remains the same. Upon response of the Environmental Assessment, there is a chance that the design could change.

- Budget re-programming will be submitted in December 2010 to reallocate monies into additional budget line items discovered after the onset of the project.
- Project confidence to date is high. We are either on track or ahead of schedule on deliverables except for some permitting and rights of way that are in progress but may take longer than expected.
- Incurred costs estimated for Q2 are related to permits, legal, engineering and admin expense only.
- Anticipate approval of Environmental Assessment.
- We will have no pre-site work or construction during the winter months.
- Continual review of various aspects for assurance of compliance and understanding.

2. Environmental Assessment submission:

- Submit draft Environmental Assessment for comments.
- Submit final comment response for approval to proceed.
- If major impact that warrants change to our route, submit change control.

3. Request For Proposal Process:

- Advertise for bid process.
- Post all Request For Proposals on our website.
- Send out Request For Proposals
- Receive bids
- Award contracts

4. Baseline Reporting Revision:

- We will submit updated project milestones and timelines in the required baseline reporting due on November 15, 2010.

5. Permitting and Rights of Way:

- We are estimating in Q2 that we will have six additional entities complete for a total of seven out of 16 required permits.
- We require three additional agreements with cities. These have not been started yet. We anticipate having in place prior to the start of construction.

6. Community Outreach:

- Create communication plan
- Central Oregon Fiber Alliance Kick-off with Community Anchor Institutes

7. Finalize Engineering Design:

- No changes are necessary unless the Environmental Assessment recommends / requires a change.

8. Delays and Challenges:

- Unforeseen extended lead time for some permitting and rights of way could impact the construction start time in some areas. We will continue to monitor and evaluate mitigation tactics as the project progresses.
- Community outreach will become the focus after initial delay associated with unforeseen requirements.

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
Melanie Grandjacques, VP Quality and Process

5c. Telephone (area code, number and extension)
541-312-6561

OMB CONTROL NO. 0660-0035

EXPIRATION DATE: 11/30/2010

	5d. Email Address mgrandjacques@bendbroadband.net
5b. Signature of Authorized Certifying Official	5e. Date Report Submitted (<i>Month, Day, Year</i>) 10/27/2010

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