



FIRST PERFORMANCE PROGRESS REPORT

First Quarter 2010

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| 1. Recipient Organization (<i>Name and complete address including zip code</i>) Merit Network, Inc., 1000 Oakbrook Dr., Suite 200, Ann Arbor, MI 48104-6794 | 2. Award Identification Number NT10BIX5570009 |
| 3. Performance Narrative (Q1) <i>Please describe your project activities and progress for the first quarter of 2010. This should include a description of federal expenditures to date, key milestones, the primary activities needed to accomplish those milestones, significant project accomplishments, and any delays or challenges. Please use the milestone categories provided in your baseline report (e.g., environmental assessment, design, rights of way) to structure your answer. (500 words or less)</i> <i>In the Other category the project manager and grant administrator have been hired. The grant administrator has been working with the NTIA on compliance regulations, establishing project report structures, completing required reports and administering the project RFP. The project manager has driven and defined the fiber route including aerial and underground locations and river crossing. Contacts have been made with facility owners (i.e. power companies, pole owners, ISD's State of Michigan DOT, etc. to determine the Right of Way category issues. Pole and conduit agreements are being written and signed. Pole ownership information is still being collected. In the Environmental Assessment category an RFP for the environmental assessment was written and posted and responses are being evaluated. Under the Equipment Procurement category the optical equipment is being reviewed. Partner meeting was held and a temporary MOU was distributed. Exact contract language is being determined. Approximately \$130,000 of grant supported funding will have been expended.</i> <i>The most challenging aspect so far has been to meet the deadlines and clearly understanding all the compliance issues related to the project and how those will be incorporated into the corporate structure. Merit accepted the grant on January 22, 2010. The clock was ticking before Merit even became aware that they were awarded the grant, the environmental assessment has a sixth month time limit and that began January 1, 2010. Meetings with the NTIA did not begin until mid-February. A great deal has been accomplished in a very short time period and Merit expects to make great progress in the next quarter.</i> | |

4. Performance Projections (Q2)

Please describe your anticipated project activities and progress for the next quarter. This should include a description of federal expenditures, key milestones, the primary activities needed to accomplish those milestones, significant project accomplishments, and any potential delays or challenges you foresee. Please use the milestone categories provided in your baseline report (e.g., environmental assessment, design, rights of way) to structure your answer. (500 words or less)

The grant administrator and the project manager continue to work on project related issues under the **Other** category. Also in that category a legal consultant will be hired to draw up the partnership contracts. In the **Environmental Assessment** category the environmental assessment consultant firm will be reviewed and hired. Several meetings will be held with the firm to determine the quickest course of action including contacting the SHPO in THPO. Detailed mapping will be completed after the route is driving several times and sections walked to determine the exact placement of poles and trenching. Alterations will be made after the environmental assessment firm identifies any possible issues. The alterations will be submitted for approval to the NTIA. The environmental assessment should be completed by June 30, 2010. An RFP for engineering, in the **Network Design** category, will be posted, reviewed, and a firm hired. It is expected that the engineering design work will begin in late May and continue to the end of June with approximately 35% of the design work completed so that early building can commence in the next quarter. Over 60% of the **Right of Way** category requirements will have been identified and permits submitted for the early build portion. Work will begin on the Metro Act permits. Trips to tour fiber company facilities, in the **Equipment Procurement** category, within the United States will take place in May. RFPs will be posted for materials and construction and vendors reviewed and selected. The optical equipment and other related materials will also be selected before the end of June and many of the orders will be placed. In the Equipment Approximately \$372, 000 of the grant funded portion of the project will have been spent.

The biggest challenge will be to complete the environmental assessment before June 30, 2010. State agencies require 60 to 90 days of response time with the possibility of requests for additional information. Although we posted the environmental assessment as soon as possible after our first consultation with the NTIA that left us only 120 days for completion of the environmental assessment.

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.

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| 5a. Typed or Printed Name and Title of Authorized Certifying Official | 5c. Telephone 734-527-5710 |
| Karen A. Smith, VP of Finance & Administration/CFO | 5d. Email Address ksmith@merit.edu |
| 5b. Signature of Authorized Certifying Official  Karen A. Smith | 5e. Date Report Submitted 4/28/1010 |

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