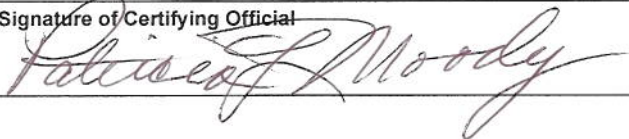


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### QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS

General Information		
<b>1. Federal Agency and Organizational Element to Which Report is Submitted</b> US Department of Commerce, National Telecommunications & Information Administration	<b>2. Award Identification Number</b> NT10BIX5570011	<b>3a. DUNS Number</b> 01-894-6590
		<b>3b. EIN</b> 58-1406628
<b>4. Recipient Organization (Name and complete address including country, congressional district, and zip code)</b> MCNC 3021 E Cornwallis Road, Research Triangle Park, NC 27709 United States of America Congressional District 4		
<b>5. Current Reporting Period End Date (MM/DD/YYYY)</b> 06/30/2010	<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> Patricia L. Moody Chief Financial Officer	<b>7c. Telephone (area code, number and extension)</b> 919-248-1820	
		<b>7d. Email Address</b> pmoody@mcnc.org
<b>7b. Signature of Certifying Official</b> 	<b>7e. Date Report Submitted (MM/DD/YYYY):</b> 07/28/2010	

**Project Indicators (This Quarter)**

**1. Please describe significant project accomplishments completed during this quarter (150 words or less).**

There were two significant accomplishments this quarter. Namely, the first draft of the environmental assessment was delivered to NTIA on 6/30/2010. The second significant accomplishment was the agreement in principle to a contract with our partner on the \$4M payment and IRU of segments of fiber related to the project as outlined in our application. Other achievements for the quarter were the issuance of RFI's for Materials and Equipment, and subsequently an RFP for materials to select a vendor for procurement.

**2. Please provide the percent complete for the following key milestones in your project. Write "N/A" in the second 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 (100 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	2	Variance relates to delay in getting the EA fully approved as well as some of our formal agreements have not been fully executed.
2b.	Environmental Assessment	75	First draft delivered on 6/30/2010, ahead of schedule related to the extension of August 15 we had been given
2c.	Network Design	50	As of 6/30/2010, all of the route had baseline engineering completed to correspond with the completion of the EA. Formal drawings of the route are still being completed but will be done in the 3rd quarter to complete this effort.
2d.	Rights of Way	0	No rights of way secured as of yet pending final acceptance of EA and subsequent issue of FONSI
2e.	Construction Permits and Other Approvals	0	No construction permits applied for as of yet as a FONSI is needed to be granted construction permits
2f.	Site Preparation	0	
2g.	Equipment Procurement	0	
2h.	Network Build (all components - owned, leased, IRU, etc)	0	Our agreements with our IRU partners were not completed by end of June as we had hoped from a signature point of view. First and second drafts had been given to our IRU partners. The primary partner agreement was done in principle but lacked signatures due to key individuals being on vacation. No concerns here on these being executed in Q3, but because they weren't formally complete in Q2, we will not consider any of them complete.
2i.	Equipment Deployment	0	
2j.	Network Testing	0	
2k.	Other (please specify):	0	

**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 (150 words or less).**

No concerns with the project to date. The EA process has been more exhaustive than anticipated which delayed the overall activities of the project as initially outlined in the application, but that have been adjusted in the baseline report to reflect the completion of this key activity. Initial strategic agreements, from a legal perspective have taken longer to complete, but are expected to be done by the end of the 3rd quarter. These are agreements that related to swaps with our IRU partners.

**4. Please report the following information regarding network build progress. Write "N/A" in the second 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 (100 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	
New network miles leased	0	

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Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Existing network miles upgraded	0	
Existing network miles leased	0	
Number of miles of new fiber (aerial or underground)	0	
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of interconnection points	0	

For questions 5 and 6 please include information relating to agreements that you are negotiating or have entered into, or that your subrecipient, 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	20



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**5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements. Providers:**

None to report as of end of the 6/30/2010 reporting quarter.

**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. Wholesale services description:**

No wholesale services provided as part of the project as of end of the 6/30/2010 reporting quarter.

**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 subrecipient, contractor, and/or subcontractor, and describe with specificity the portion of your network this third party operates (150 words or less).**

N/A

**6. Please provide the data according to the type of subscriber. Write "N/A" 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 (100 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	Principle terms of our agreement with primary IRU partner were agreed to by 6/30/2010, but we did not have a signed agreement at that time. This should be complete by 9/30/2010.
	Providers with signed agreements receiving improved access	0	
	Providers with signed agreements receiving access to dark fiber	0	No variance to note
	Please identify the speed tiers that are available and the number of subscribers for each	0	No variance to note
			No variance to note.
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	No variance to note.
	Subscribers receiving new access	0	No variance to note.
	Subscribers receiving improved access	0	No variance to note.
	Please identify the speed tiers that are available and the number of subscribers for each	0	No variance to note.
Residential / Households	Entities passed	0	N/A, but total field will not allow this to be typed.
	Total subscribers served	0	N/A, but total field will not allow this to be typed.
	Subscribers receiving new access	0	N/A, but total field will not allow this to be typed.
	Subscribers receiving improved access	0	N/A, but total field will not allow this to be typed.
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A, but total field will not allow this to be typed.
Businesses	Entities passed	0	N/A, but total field will not allow this to be typed.
	Total subscribers served	0	N/A, but total field will not allow this to be typed.
	Subscribers receiving new access	0	N/A, but total field will not allow this to be typed.
	Subscribers receiving improved access	0	N/A, but total field will not allow this to be typed.
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A, but total field will not allow this to be typed.

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**7. Please describe any special offerings you may provide (150 words or less).**

Once constructed, our offerings will relate to dark fiber, middle mile transport for Community Anchor Institutes, and internet service for Community Anchor Institutes.

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

**8b. If so, please describe the changes (150 words or less).**

MCNC's network operations center (NOC) has historically been staffed 24 x 5 with pager response during the weekends. This has been changed such that the NOC is now staffed 24 x 7

**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. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent calendar year. 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 (100 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

**Project Indicators (Next Quarter)**

**1. Please describe significant project accomplishments planned for completion during the next quarter (150 words or less).**

We expect to receive a FONSI early in the next quarter which will allow us to start construction on 3-4 priority sections of our network. We expect to award a materials contract for a supplier of the materials from results of the RFP released in the June quarter. We expect to release an RFP for construction and award the first priority sections. We expect to order the first equipment required to light the existing Raleigh-Wilmington fiber. Finally, we expect all engineering efforts of the fiber to be completed.

**2. Please provide the percent complete for the following key milestones in your project. Write "N/A" in the second 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 (100 words or less).**

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2a.	Overall Project	8	
2b.	Environmental Assessment	100	
2c.	Network Design	100	
2d.	Rights of Way	25	As we have begun exact project planning we have identified 4 priority routes that encompass approximately 125 miles of our build. Due to this all permits and rights of way related to these sections will be expedited and therefore completed sooner than expected.
2e.	Construction Permits and Other Approvals	25	As we have begun exact project planning we have identified 4 priority routes that encompass approximately 125 miles of our build. Due to this all permits and rights of way related to these sections will be expedited and therefore completed sooner than expected.
2f.	Site Preparation	0	
2g.	Equipment Procurement	15	We are ahead of schedule on identification of our desired network design and believe that by the end of September we will have ordered, but not received, the equipment needed to light the Raleigh to Wilmington span ahead of schedule.
2h.	Network Build (all components - owned, leased, IRU, etc.)	10	
2i.	Equipment Deployment	0	
2j.	Network Testing	0	



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2k.	Other (please specify):	0	
<p><b>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 (150 words or less).</b></p> <p>Should a FONSI not be received by August, start of any construction activities will be in jeopardy by the end of the quarter. Responses to requests from the NTIA seem to be slow, and in some cases, now as we are getting in to contracts, will create potential delays.</p>			

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**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	\$326,500	\$72,104	\$254,396	\$315,527	\$69,681	\$245,846	\$345,527	\$76,306	\$269,221
b. Land, structures, right-of-ways, appraisals, etc.	\$150,000	\$33,126	\$116,874	\$0	\$0	\$0	\$165,000	\$36,438	\$128,562
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$1,005,147	\$221,974	\$783,168	\$362,765	\$80,113	\$282,652	\$1,396,497	\$308,401	\$1,088,096
e. Other architectural and engineering fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
f. Project inspection fees	\$3,470	\$766	\$2,704	\$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	\$32,084	\$7,085	\$24,999	\$500	\$110	\$390	\$500	\$110	\$390
j. Equipment	\$6,415	\$4,346	\$2,069	\$0	\$0	\$0	\$0	\$0	\$0
k. Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
l. SUBTOTAL (add a through k)	\$39,985,511	\$11,760,010	\$28,225,501	\$678,792	\$149,904	\$528,888	\$1,907,527	\$421,255	\$1,486,269
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTALS (sum of l and m)	\$39,985,511	\$11,760,010	\$28,225,501	\$678,792	\$149,904	\$528,888	\$1,907,527	\$421,255	\$1,486,269

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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① could not get pdf to auto total & it would not let me overtype. plmoody 8/20/10