

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 NT10BIX5570102	3. DUNS Number 122452563
4. Recipient Organization University of Arkansas System 4301 W. Markham St, ST63, Little Rock, AR 72205-7101		
5. Current Reporting Period End Date (MM/DD/YYYY) 09-30-2012	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 Suzanne Alstadt	7c. Telephone (area code, number and extension) X	
	7d. Email Address sealstadt@uams.edu	
7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 11-20-2012	

Project Indicators (This Quarter)

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

The University of Arkansas (U of A) System project will integrate isolated community anchor networks to expand broadband capabilities & geographic reach of the Arkansas Telehealth Network (ATN) managed by Arkansas Telehealth Oversight & Management (ATOM) Network-a group of community anchor institutions with limited bandwidth & equipment that offer healthcare, higher education, public safety, & research services-and the Arkansas Research & Education Optical Network (ARE-ON), the state's only public-owned fiber optic network currently serving four-year universities. This project will permit high-speed delivery & transmission at 454 "integrated network" sites. (NOTE: The grant application indicated 474 sites, however, during Q4 2011 we identified seven (7) planned sites that closed. Eleven (11) additional sites were identified in Q1 2012 and two (2) additional sites were identified in Q3 2012 that have closed bringing the cumulative total of site closures to 20. An Award Action Request (AAR) was submitted 10/22/2012 to the Broadband Infrastructure program office to provide address changes for Community Anchor Institutions (CAIs) that have moved and corrections to addresses previously submitted.

In Quarter 3 2012, the following activities were undertaken or accomplished to meet the mission described above:

Overall Project

July 11, 2012, a verbal temporary stop-work order was issued by the National Telecommunications and Information Administration (NTIA) and the National Oceanic and Atmospheric Administrative (NOAA). This was followed up with a written temporary stop-work order dated August 3, 2012. Activities were restricted to duties associated with the response of the Corrective Action Plan (CAP), security of grant-funded property to protect it against loss, damage, or theft, and management and administration of the grant. The UAS ceased disallowed activities in compliance with this work stoppage. In a letter dated September 10, 2012, the National Telecommunications and Information Administration (NTIA) and the National Oceanic and Atmospheric Administrative (NOAA) issued an amendment to lift the temporary stop-work order and also issued a partial temporary stop-work order - prohibiting project implementation and construction activities conducted by ARE-ON.

University of Arkansas for Medical Sciences (UAMS) reports these project accomplishments with regard to the telehealth network:

- Duties associated with the response to the Corrective Action Plan (CAP) and subsequent requests for additional information
- Management and administration of the grant.
- Began Phase II deployment of IAV equipment to 158 Telemedicine CAIs & migration to the network.
- Continuance of MVP (Mobile Virtual Physician) contract for completion.
- Quarterly report preparation

ARE-ON, the program's sub-recipient, reports these project accomplishments:

- Construction and installation was halted on July 11, 2012 with the exception of:
 - any work required for human safety such as covering or filling holes or ditches
 - security (changing locks and periodic site visits)
 - asset protection (ensuring HVAC and generators were working properly for sites in which equipment was already installed).
- IRU providers continued to deliver on project milestones, completing at least 565 of 716 total miles (79.0%) by the end of the reporting quarter. This was allowed as validated by the FPO in a verbal conversation on August 27, 2012, and also in writing via an FPO e-mail dated September 18, 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		76	<p>This section of the Performance Project Report compares actual expenditures to the Quarter 3 2012 figures on the revised Baseline submitted to the project's Federal Program Officer on May 24, 2011.</p> <p>Due to the temporary suspension order by NTIA on July 11, 2012, the telemedicine portion of the project experienced delays in contract negotiations for Mobile Virtual Physician (MVP), installation/testing of video infrastructure management equipment and deployment of interactive video equipment (IAV) to the remaining Telemedicine CAIs. We expect the contract to be finalized, installation/testing of the video infrastructure management equipment and deployment of IAVs to remaining CAIs to be completed by the end of the next reporting quarter.</p>

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
			<p>ARE-ON, the program's sub-recipient, has contracted for Indefeasible Rights of Use (IRUs) from four providers over 17 intercity fiber routes. Most of the IRU contracts have milestone payments based on completion of various tasks, with the final milestone payment planned once the fiber has been delivered and tested. The final milestone payment for all IRUs is expected to be reached Q4 2012. Note: Previous reports indicated 690.14 miles total of contracted fiber for the four IRUs. However, the route between two cities was re-engineered by our telecommunications vendor which lengthened the distance by 25.49 miles for a total of 715.89 miles.</p> <p>Collectively, these circumstances resulted in a -11% variance.</p>
2b.	Environmental Assessment	100	---
2c.	Network Design	98	Although these fees have been paid in full, the invoice total cost varied from projections in the revised Baseline, resulting in a -2% variance. We anticipate no additional charges for Network Design.
2d.	Rights of Way	0	N/A
2e.	Construction Permits and Other Approvals	9	Because more IRUs are being used than originally projected, there are fewer railroad crossings and, thus, fewer required permits. Cost savings from this budget item will be applied in other areas where costs are higher than anticipated. We believe that we have completed 100% of all construction permits, ROW permits, railroad crossing permits, city permits, and highway permits. We anticipate no additional charges for permits.
2f.	Site Preparation	0	N/A
2g.	Equipment Procurement	89	Due to the temporary suspension order by NTIA on July 11, 2012, procurement of clinical assessment tools (peripherals), IAV management devices, and video infrastructure systems were delayed. However, some payments occurred during the quarter but outside the stop-work order period. Procurement of these items are expected to be complete by the end of the next reporting quarter. The variance for Q3 2012 is -8%.
2h.	Network Build (all components - owned, leased, IRU, etc)	68	<p>Construction was halted with the temporary suspension order by NTIA on July 11, 2012. ARE-ON's IRU providers have completed and invoiced 565.80 of 715.89 miles of IRU fiber. The totals of both bring the project to 598.10 of 749.13 miles.</p> <p>The variance for Q3 2012 is -13%.</p>
2i.	Equipment Deployment	89	<p>At this point, deployment of equipment has consisted of: optical equipment at 3 of 39 sites (~8%), 2 of 10 core network routers (20%), 0 of 2 access routers (0%), 0 of 16 Ethernet switches (0%), 0 of 28 security gateways, 0 of 1 remote access servers (0%), 0 of 2 network management servers (0%), and 0 of 2 iSCSI storage arrays (0%).</p> <p>The project contributes a large amount of in-kind equipment toward its match amount. The revised Baseline reflected this match contribution proportional to the grant funds expected to be expended within each quarter. Last quarter, we reported a 99% actual and we since discovered that should have been 89%. The variance is -5%.</p>
2j.	Network Testing	60	<p>The revised Baseline assumed that video infrastructure management equipment would have been installed and tested, however the temporary suspension of July 11, 2012 caused delays in procurement and installation. We expect the contract to be finalized and installation of the video infrastructure management equipment completed by the end of the next reporting quarter.</p> <p>Additionally, ARE-ON had begun preliminary testing of optical equipment and the two core network routers deployed at Dallas and Hope prior to</p>

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
			the temporary suspension. The remaining optical and router equipment is expected to be deployed over the next two quarters as lateral construction, hut construction, and IRU routes are completed. Overall, these circumstances resulted in a -6% variance.
2k.	Other (please specify): easements, project management costs	65	No progress was made on the number of hut placements due to the temporary suspension resulting in a -6% variance.

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).

Due to the temporary suspension, there have been numerous challenges to re-engaging the project and managing it to a successful completion. The project is now being managed as aggressively as possible with plans for acceleration in critical steps.

The installation/testing of video infrastructure management equipment and deployment of interactive video units was delayed. In addition, contract negotiations for Mobile Virtual Physician (MVP) were ceased during Q3 2012. Our sub-recipient, ARE-ON, had halted its construction activities. The work stoppage resulted in subcontractors' work crews being diverted to other projects or laid off. As the suspension is lifted, ramping up requires re-engagement and reassignment of the work crews and replacing supervisors. Also, work will extend into the winter months where weather-related delays could possibly occur. The hut manufacturer will need to adjust its production schedule to accommodate the project's huts.

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	46	---
New network miles leased	484	---
Existing network miles upgraded	0	N/A
Existing network miles leased	0	---
Number of miles of new fiber (aerial or underground)	46	---
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	9	---

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	0
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:
N/A

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:

N/A

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).

UAMS has one sub-recipient that will operate a portion of the BTOP-funded network: the Arkansas Research and Education Optical Network. This portion includes the publicly owned fiber network connecting the state's four-year universities and two-year colleges to high speed fiber optic services, including 33 total sites. ARE-ON is a state-supported entity. The sub-recipient's contact information appears below:

Arkansas Research and Education Optical Network (ARE-ON)

Michael D. Abbiatti, Executive Director

155 S. Razorback Road

Fayetteville, AR 72101

479-575-3901

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	N/A
	Providers with signed agreements receiving improved access	0	N/A
	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	N/A
Community Anchor Institutions (including Government institutions)	Total subscribers served	244	---
	Subscribers receiving new access	0	N/A
	Subscribers receiving improved access	244	---
	Please identify the speed tiers that are available and the number or subscribers for each	0	---
Residential / Households	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
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Businesses	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
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A

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

N/A

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
0	0	0	0	N/A

Project Indicators (Next Quarter)

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

The projections were calculated using the Revised PIP of October 2012.

It is projected that 152 Telemedicine CAIs will be connected during the next quarter.

Overall, the cumulative CAI project is:

- 33 Higher Education CAIs (to be connected by end of project)
- 13 Telemedicine CAIs (provided equipment only)
- 408 Telemedicine CAIs (provided equipment and connectivity)
- 20 Telemedicine CAIs that have closed during the grant period

474 CAIs for the grant total

ARE-ON, the program's sub-recipient, reports these project accomplishments are planned for completion during the next quarter: Previous projections were to complete fiber lateral construction and place the final huts during this past reporting quarter, but the temporary suspension at the beginning of the quarter has resulted in significant delay in all construction. Depending on when clearance to resume construction is given, ARE-ON's contractor and subcontractors will require time to ramp up activities while workers and supervisors are re-assigned to this project or new workers are hired. The prefab hut manufacturer will also have to re-insert fabrication of the remaining huts into its production schedule. The uncertainty of the schedule makes it difficult to estimate project accomplishments for the next quarter.

Construction miles: Fiber lateral construction should be approximately 99% complete (46.75 of 47.05 miles).

IRU contracted miles: 715.89 miles projected by providers for delivery Q4 2012 - 100% complete

Total Miles: 762.94 miles (47.05 lateral fiber miles + 715.89 IRU fiber miles).

Hut placement: Two additional (13 of 16 total) huts will be placed

ARE-ON engineers plan to hot stage all equipment during the quarter with anticipated preliminary deployment of equipment to begin in the first quarter of calendar year 2013.

ARE-ON does not plan to be a broadband wholesaler or provider for last mile providers. This project is planned for middle mile deployment for integrating and expanding two existing networks (ARE-ON and ATN/ATOM).

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	84	As instructed by the FPO, the projections were calculated using the Revised PIP of October 2012 resulting from the stop-work order.
2b.	Environmental Assessment	100	The Environmental Assessment was completed in June 2011. No additional costs were anticipated. However, as a result of the CAP, we were directed to enter into new consultations with the State Historic Preservation Office (SHPO).
2c.	Network Design	100	---
2d.	Rights of Way	0	N/A
2e.	Construction Permits and Other Approvals	100	---
2f.	Site Preparation	0	N/A
2g.	Equipment Procurement	92	---
2h.	Network Build (all components - owned, leased, IRU, etc.)	81	---
2i.	Equipment Deployment	93	---
2j.	Network Testing	100	---
2k.	Other (please specify): Indirects, huts, easements, project management costs	71	---

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).

Challenges anticipated could include possible CAIs that move or close prior to or during deployment of leased broadband facilities. These shifts influence several changes to deployment plans. Any unforeseen delays by vendors could preclude our projections of CAIs connected via broadband. The stop-work order has delayed the telemedicine deployment approximately 2 months.

Our sub-recipient, ARE-ON, reports the greatest challenge to the schedule is the delay resulting from the temporary suspension and the amount of time needed by the contractors to revamp their worker force, equipment, and supervisors to resume full construction. In addition, the suspension has pushed the schedule into the winter months during which we can anticipate weather delays and days when the ground is too wet to work. Since most of the construction is complete, it is less likely that contractors can simply move crews to subprojects in other parts of the state since there are fewer sites under construction. Finally, it is anticipated that some re-work will have to be done with site preparations due to deterioration of grounds around foundations from rain washout, etc.

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	\$10,709,094	\$88,400	\$10,620,694	\$7,491,920	\$0	\$7,491,920	\$8,396,699	\$528,771	\$7,867,928
b. Land, structures, right-of-ways, appraisals, etc.	\$10,711,692	\$9,851,632	\$860,060	\$5,935,408	\$2,655,255	\$3,280,153	\$8,872,980	\$4,006,388	\$4,866,592
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$2,172,357	\$0	\$2,172,357	\$2,383,964	\$0	\$2,383,964	\$3,121,384	\$0	\$3,121,384
e. Other architectural and engineering fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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	\$28,195,212	\$0	\$28,195,212	\$21,893,236	\$0	\$21,893,236	\$23,003,135	\$0	\$23,003,135
j. Equipment	\$43,605,098	\$15,998,347	\$27,606,751	\$41,655,641	\$16,844,269	\$24,811,372	\$44,068,320	\$18,325,883	\$25,742,437
k. Miscellaneous	\$33,188,367	\$512,048	\$32,676,319	\$17,920,845	\$512,048	\$17,408,797	\$20,388,754	\$484,694	\$19,904,060
l. SUBTOTAL (add a through k)	\$128,581,820	\$26,450,427	\$102,131,393	\$97,281,014	\$20,011,572	\$77,269,442	\$107,851,272	\$23,345,736	\$84,505,536
m. Contingencies									
n. TOTALS (sum of l and m)	\$128,581,820	\$26,450,427	\$102,131,393	\$97,281,014	\$20,011,572	\$77,269,442	\$107,851,272	\$23,345,736	\$84,505,536

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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