

RECIPIENT NAME:Eagle-Net Alliance

AWARD NUMBER: NT11BIX5570001

DATE: 08/29/2012

OMB CONTROL NUMBER: 0660-0037

EXPIRATION DATE: 12/31/2013

### QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS

#### General Information

<b>1. Federal Agency and Organizational Element to Which Report is Submitted</b>  Department of Commerce, National Telecommunications and Information Administration	<b>2. Award Identification Number</b>  NT11BIX5570001	<b>3. DUNS Number</b>  964743988
<b>4. Recipient Organization</b>  Eagle-Net Alliance 11800 Ridge Pkwy, Broomfield, CO 80021-6525		
<b>5. Current Reporting Period End Date (MM/DD/YYYY)</b>  06-30-2012	<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>  John Bakken  Compliance and Reporting Manager	<b>7c. Telephone (area code, number and extension)</b>  720 210946	
	<b>7d. Email Address</b>  john.bakken@co-eaglenet.net	
<b>7b. Signature of Certifying Official</b>  Submitted Electronically	<b>7e. Date Report Submitted (MM/DD/YYYY):</b>  08-29-2012	

**Project Indicators (This Quarter)**

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

Project accomplishments for the second quarter of 2012 included:

- The deployment and activation of the main peering ring from which the statewide network will be connected.
- The start of construction concurrently in several areas of the state, including along northern I-25 from Denver to Wyoming, the San Luis Valley, along southern highway 285 between Monte Vista and Saguache, parts of highway 160, and in the cities and towns of Denver, Aurora, Thornton, Colorado Springs, Fort Morgan, Walsenburg, La Veta, Calhan, Flagler, Bethune and others.
- All RFPs for construction through the end of 2012 have been awarded. These will result in construction of both new fiber and wireless miles.
- The signing of three new Indefeasible Rights of Use (IRU) agreements for a total of 71.3 miles. The agreements were with the Zayo Group, KenTec Communications and RebelTec Communications in three urban areas of the state.
- Fiber being purchased on the existing contract to supply our build needs for the remainder of the year.
- The initial order of the Layer 2 and 3 equipment was received and tested at our lab/warehouse space. The remaining contracted equipment has been ordered and will be arriving during the next quarter.
- The continuation of team members driving across the state to meet with CAIs, regional and local governments, local technology groups and other interested parties.
- Continuing to complete our staffing with the hiring of Regional Community Representatives who live in more rural areas outside of the Denver Metro area to represent EAGLE-Net and continue community outreach to local communities in their quadrants of the state.
- The signing of 12 Master Service Agreements with local providers which are the framework to provide services and give them expanded bandwidth as construction is completed to their areas.
- Hosting a scheduled NTIA site visit to discuss the status of our project.

**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	46	The 46% project completion is behind the baseline projection of 74% complete because of the delays encountered with the grant transfer and with the statewide Environmental Assessment process. However significant progress was made this quarter in the network build. The peering ring was deployed and there was significant construction throughout the state to begin laying conduit and fiber.
2b.	Environmental Assessment	100	The FONSI was obtained and this milestone is complete.
2c.	Network Design	100	Although the logical and network equipment design is complete, the design will continue to be fine-tuned throughout the design/build process.
2d.	Rights of Way	92	Rights of way are behind the 99% baseline projection. However, the CDOT agreement that was signed and the rights of way provided had a value that was higher than what was used in the original baseline projection, and this will be reflected in our budget reprogram that will be submitted this quarter.
2e.	Construction Permits and Other Approvals	100	Although the permitting process has not yet been completed, based on dollars spent, the original baseline estimate was considerably understated, and we are now at about 164% of that original amount for permitting costs. Costs will continue as not all permits have been obtained, but these costs are offset by lower costs in other categories.
2f.	Site Preparation	3	This is behind our baseline projection of 85% as route construction has just started, so site preparation will begin in earnest in the next quarter. Also, some preparation costs that were originally broken out in this category are now being included in the Network Build category.
2g.	Equipment Procurement	35	This amount is behind our baseline projection of 78% as the second order for level 2 and 3 equipment has been placed, but the equipment has not yet been received or invoiced. The equipment will be received during the next quarter. Also, because of favorable pricing, the overall cost of the equipment will be about 14% less than originally projected in

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
			the baseline report, so we are actually at about 40% complete of what the total invoiced cost will be.
2h.	Network Build (all components - owned, leased, IRU, etc)	43	This amount includes all network build activities in addition to the cost of IRUs, Project Management and other administrative costs for the project. The physical build did begin this quarter, with 151 miles of duct and 12 cable miles installed. The total percent complete is behind the baseline projection of 70% because of the delays encountered with the grant transfer and in achieving the FONSI.
2i.	Equipment Deployment	23	This amount is behind our baseline projection of 74% complete as the equipment on hand will be mostly deployed during the next quarter. In addition, new equipment will be received and will be deployed during the next few quarters.
2j.	Network Testing	0	This category is actually being absorbed into the Network Build costs as these expenses are not being specifically broken out. So the roughly \$500,000 in total budget will be reallocated to Network Build.
2k.	Other (please specify):	16	The costs of our outside testing and warehouse facilities is behind our baseline projection of 70%. The facilities were just obtained in the last two quarters and at a savings over the original baseline projection.

**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).**

Permitting has slowed progress in a few areas as the complexity and quantity of required permits has impacted the schedule. The good news is that so far, weather and the severe fires throughout the state have not had an impact. We are continuing our aggressive schedule to ensure that we achieve our upcoming milestone of 2/3 complete by August 31, 2012.

**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	12	Although this is obviously far behind out baseline projection of 1440 miles, construction has now started in earnest and there were more than 150 miles of conduit laid this quarter. Fiber miles will be increasing dramatically during the next quarter.
New network miles leased	1,579	Leased fiber miles are slightly behind the baseline projection of 1825 miles as 2 IRUs are currently in negotiation, but were not completed by the end of the quarter.
Existing network miles upgraded	254	This amount is higher than our baseline projection of 235 miles.
Existing network miles leased	0	n/a. Consistent with baseline report.
Number of miles of new fiber (aerial or underground)	12	This is behind our 1254 baseline projection as conduit is now being laid and significant mile of new fiber will be completed during the next quarter.
Number of new wireless links	0	This is behind our baseline projection of 114 new wireless links because of the initial delays encountered with the grant transfer and in achieving the FONSI. Wireless construction will begin in the next quarter.
Number of new towers	0	This is behind our baseline projection of 116 new towers because of the delays encountered with the grant transfer and in achieving the FONSI.

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Number of new and/or upgraded interconnection points	31	This is behind our baseline projection of 136 new interconnection points because of the delays encountered with the grant transfer and in achieving the FONSI. However, significant number of new interconnection points will be added in the next quarter.

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	12
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	10
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: We have signed Master Service Agreements with 12 wholesale and last mile providers. The MSAs provide the framework for actual service agreements, of which we should have several in the next quarter as the network is built out. However, as of the end of June, there were no specific service orders from those agreements, which is behind our baseline projection of 10 for this 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 (100 words or less). Wholesale services description: While we are not providing wholesale services yet, as part of the project we do intend to offer services including Internet Protocol (IP) transport and add-drop capability at Peering Points and selected Points of Interconnect (POIs) to be used primarily for Internet service backhaul.

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 this third party operates (600 words or less). n/a. No third party is operating our network.

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	Although we have providers primed to sign service agreements once construction is completed in their areas, due to the network construction delays, no service is currently being provided. This is behind our baseline projection of 10 signed service agreements.
	Providers with signed agreements receiving improved access	0	n/a. Consistent with the baseline report.
	Providers with signed agreements receiving access to dark fiber	0	n/a. Consistent with the baseline report.
	Please identify the speed tiers that are available and the number of subscribers for each	0	n/a.
Community Anchor Institutions (including Government)	Total subscribers served	467	No new subscribers were added this quarter, leaving us behind our baseline projection of 872. The delays are due to the holdup in building our infrastructure because of the delays encountered by the grant transfer process and the resulting delays in achieving

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
<b>institutions)</b>			our FONSI. We do have several signed contracts that start service during the next quarter.
	<b>Subscribers receiving new access</b>	206	This is behind the baseline projection of 667 subscribers receiving new access due to the delays described above.
	<b>Subscribers receiving improved access</b>	261	This is ahead of our baseline projection of 205.
	<b>Please identify the speed tiers that are available and the number or subscribers for each</b>	0	The network is capable of providing 1 Gbps, multiple 1 Gbps, and 10 Gbps connections based on the anchor institution requests.
<b>Residential / Households</b>	<b>Entities passed</b>	0	n/a. We are a BTOP project with no last mile component.
	<b>Total subscribers served</b>	0	n/a. We are a BTOP project with no last mile component.
	<b>Subscribers receiving new access</b>	0	n/a. We are a BTOP project with no last mile component.
	<b>Subscribers receiving improved access</b>	0	n/a. We are a BTOP project with no last mile component.
	<b>Please identify the speed tiers that are available and the number of subscribers for each</b>	0	n/a. We are a BTOP project with no last mile component.
<b>Businesses</b>	<b>Entities passed</b>	0	n/a. We are a BTOP project with no last mile component.
	<b>Total subscribers served</b>	0	n/a. We are a BTOP project with no last mile component.
	<b>Subscribers receiving new access</b>	0	n/a. We are a BTOP project with no last mile component.
	<b>Subscribers receiving improved access</b>	0	n/a. We are a BTOP project with no last mile component.
	<b>Please identify the speed tiers that are available and the number of subscribers for each</b>	0	n/a. We are a BTOP project with no last mile component.

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

We are not providing any special offerings at this time.

**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
n/a	n/a	n/a	n/a	n/a

**Project Indicators (Next Quarter)**

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**1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).**  
 The next quarter will be key as network construction is now in full swing. Accomplishments should include:  
 - The signing of 5 new IRUs signed for a total of at about 760 miles.  
 - 1,017 network miles under construction with at least 450 completed with fiber and equipment installed.  
 - 185 wireless miles completed and connected to the network.  
 - Approximately 70% of our CAIs having access to the network.  
 - Signed agreements with 10 more wholesale and last mile providers.  
 - Signed agreements with 15 more CAI school districts.  
 - Continuing presence throughout the state for community outreach activities.

**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	64	Due to the previously described delays, we'll still be behind our baseline projection of 87% complete. However, this quarter will continue with significant construction activity in several parts of the state simultaneously.
2b.	Environmental Assessment	100	Our Environmental Assessment has been approved and this step is complete.
2c.	Network Design	100	Although there will be future fine-tuning of design activity as we move forward with the network build, this logical network and network equipment design is complete.
2d.	Rights of Way	100	Although currently at 100%, this category will continue to have activity as we begin construction on additional CDOT rights of way in the next quarter.
2e.	Construction Permits and Other Approvals	100	Although currently at 100% of the baseline projection, costs in this category will continue to be incurred as the baseline amount was understated.
2f.	Site Preparation	9	This amount is significantly behind the baseline projection of 94% as site preparation activity is just getting underway this quarter as construction continues and the laterals are built. However, some of this activity is being included in the Network Build category as not all Site Preparation costs have been broken out separately.
2g.	Equipment Procurement	68	Equipment procurement will remain behind the baseline projection of 90% complete despite the second wave of layer 2 and 3 equipment arriving this quarter. Part of the difference is that the equipment total actual cost is lower than the original projection amount, so this category should see a savings that is applied to other categories. Please note that in the budget categories (the last page of this report), layer 2-3 equipment costs are part of the Construction category.
2h.	Network Build (all components - owned, leased, IRU, etc.)	62	Although less than the baseline projection, the network build continues to ramp up as construction continues in several parts of the state. Obviously, the build activities have been delayed due to the grant transfer process and the subsequent FONSI delays. However, with both construction in full swing and the addition of 5 IRU's that will be signed this quarter, our deployed miles will greatly increase throughout the state.
2i.	Equipment Deployment	39	Equipment deployment continues this quarter as more site builds are completed. However, this category remains behind the baseline projection of 87% complete.
2j.	Network Testing	0	This category is actually being absorbed into the Network Build costs as these expenses are not being specifically broken out. So the roughly \$500,000 in total budget will be reallocated to Network Build.
2k.	Other (please specify):	32	The major cost for this category is for warehousing to store, test and stage equipment for deployment. While this expense is behind our 85% baseline projection, both the cost and the timing of the warehouse space will result in a budget savings in this category.

**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).**

Although on track, permitting can always become a potential issue in a large project like ours. However, we don't anticipate any serious problems going forward.  
 Also, in the next quarter we will be submitting a budget reprogram to more accurately reflect the cost categories and progress of the project as we move forward.

**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	\$252,000	\$0	\$252,000	\$304,119	\$0	\$304,119	\$431,042	\$0	\$431,042
b. Land, structures, right-of-ways, appraisals, etc.	\$24,832,866	\$11,912,238	\$12,920,628	\$9,780,342	\$8,918,958	\$861,384	\$9,980,342	\$8,918,958	\$1,061,384
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$16,755,059	\$4,687,000	\$12,068,059	\$8,689,218	\$0	\$8,689,218	\$10,332,810	\$0	\$10,332,810
e. Other architectural and engineering fees	\$232,848	\$0	\$232,848	\$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	\$93,228,004	\$18,066,349	\$75,161,655	\$43,431,785	\$1,025,000	\$42,406,785	\$65,188,073	\$1,025,000	\$64,163,073
j. Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
k. Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>l. SUBTOTAL (add a through k)</b>	\$135,300,777	\$34,665,587	\$100,635,190	\$62,205,464	\$9,943,958	\$52,261,506	\$85,932,267	\$9,943,958	\$75,988,309
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>n. TOTALS (sum of l and m)</b>	\$135,300,777	\$34,665,587	\$100,635,190	\$62,205,464	\$9,943,958	\$52,261,506	\$85,932,267	\$9,943,958	\$75,988,309

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: \$2,657
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