

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 NT10BIX5570104	3. DUNS Number 153873930
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4. Recipient Organization Contact Network Inc. d/b/a InLine 600 Lakeshore Parkway, Birmingham, AL 35209-6361
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5. Current Reporting Period End Date (MM/DD/YYYY) 12-31-2010	6. Is this the last Report of the Award Period? <input type="radio"/> Yes <input checked="" type="radio"/> No
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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 Michele Boner Accounting Manager	7c. Telephone (area code, number and extension) 2052788134
	7d. Email Address mboner@inline.com

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 02-07-2011
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Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).
 A detailed map of the fiber route including potential Community Anchor Institution's for the project was developed. A firm was hired to assist with the Environmental Assessment. Received letter from the United States Fish and Wildlife service that our project would not likely adversely affect the surroundings. Negotiations for new collocation space in Jackson, MS also occurred. A Computer Aided Drafting department was created and three new employees were hired along with an outside construction project manager. Baseline reports were submitted and finalized. Vendor meetings were held to evaluate equipment, fiber management software etc.

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	1	Environmental Assessment is not complete therefore, no funds have been spent other than allowable funds as described in the Environmental Assessment Special Award Condition.
2b.	Environmental Assessment	85	No Variance
2c.	Network Design	75	Unforeseen variables arose during the quarter due to additional needs surrounding the Environmental Assessment. Resources that would have been used to design the network had to be pulled and used for Environmental Assessment needs.
2d.	Rights of Way	15	After discussions with several of the entities involved in Rights Of Way, Contact Network Inc. now sees that Rights of Way need to be submitted on a county/service area basis. Therefore our percent complete as reported in the baseline will not be accurate based on how the Rights Of Way are currently being processed.
2e.	Construction Permits and Other Approvals	0	Environmental Assessment is not complete therefore, no funds have been spent other than allowable funds as described in the Environmental Assessment Special Award Condition.
2f.	Site Preparation	0	No Variance
2g.	Equipment Procurement	1	We are in the process of negotiating additional equipment to purchase. Not all vendor meetings or equipment evaluation has taken place, therefore we have not purchased all equipment anticipated when baseline was completed.
2h.	Network Build (all components - owned, leased, IRU, etc)	0	No Variance
2i.	Equipment Deployment	0	No Variance
2j.	Network Testing	0	No Variance
2k.	Other (please specify):	0	No 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).
 The environmental assessment process has used resources that would have used to design network, obtain rights of ways and permits, as well as, issue requests for proposal's for procurement and construction. Reassignment of these resources to tackle issues within the environmental assessment has caused variance in the initial baseline figures. In addition, inconsistent instructions and/or changes/clarification on required forms for reporting has used internal resources that typically would be used to process rights of way, obtain permits etc. We need the ability to make decisions on our own or have National Telecommunications and Information Administration respond in a more timely fashion (i.e: Fiber Strand Miles in the Annual Progress Performance Reports).

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	0	No Variance from baseline
New network miles leased	0	No Variance from baseline
Existing network miles upgraded	0	No Variance from baseline
Existing network miles leased	0	No Variance from baseline
Number of miles of new fiber (aerial or underground)	0	No Variance from baseline
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	0	No Variance from baseline

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	2
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 of less). Providers: not applicable, construction not started

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 of less). Wholesale services description: not applicable, construction not started

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

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 of 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	No Variance from baseline
	Providers with signed agreements receiving improved access	0	No Variance from baseline

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Providers with signed agreements receiving access to dark fiber	0	No Variance from baseline
	Please identify the speed tiers that are available and the number of subscribers for each	0	No Variance from baseline
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	No Variance from baseline
	Subscribers receiving new access	0	No Variance from baseline
	Subscribers receiving improved access	0	No Variance from baseline
	Please identify the speed tiers that are available and the number or subscribers for each	0	No Variance from baseline
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
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
N/A	N/A	N/A	N/A	not applicable, construction not started

Project Indicators (Next Quarter)

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

Receipt of FONSI. Release and award of construction RFP(s). Beginning of construction.

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	3	Unforeseen variables arose during the last quarter due to additional needs surrounding the Environmental Assessment. Therefore spending of funds was delayed in the last quarter thus affecting this quarter as well.
2b.	Environmental Assessment	100	No Variance from Baseline
2c.	Network Design	90	Unforeseen variables arose during the last quarter due to additional needs surrounding the Environmental Assessment. Resources that would have been used to design the network had to be pulled and used for Environmental Assessment needs which affected network design last quarter and again in this quarter.
2d.	Rights of Way	25	After discussions with several of the entities involved in Rights Of Way, Contact Network Inc. now sees that Rights of Way need to be submitted on a county/ service area basis. Therefore our percent complete as reported in the baseline will not be accurate based on how the Rights Of Way are currently being processed.
2e.	Construction Permits and Other Approvals	25	Environmental Assessment submitted during this quarter and Finding Of No Significant Impact is anticipated to be received, however there was a delay in receipt of the response from the Mississippi State Historic Preservation Officer that we anticipate will delay the receipt of Finding Of No Significant Impact. As per the Environmental Assessment Special Awards Condition only allowable funds will be spent prior to receipt of Finding Of No Significant Impact causing the variance from the baseline report.
2f.	Site Preparation	15	No Variance from baseline
2g.	Equipment Procurement	20	No Variance from baseline
2h.	Network Build (all components - owned, leased, IRU, etc.)	1	When Finding Of No Significant Impact is received we intend to purchase fiber. This expenditure represents the first fiber purchase assuming receipt of Finding Of No Significant Impact.
2i.	Equipment Deployment	0	No Variance

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2j.	Network Testing	0	No Variance
2k.	Other (please specify):	0	No Variance

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).

If Finding Of No Significant Impact is not received further delays are expected in permitting, rights of way etc. Also, if changes are necessary and requested, delayed responses from National Telecommunications and Information Administration could also impact the planned progress above.

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	\$93,905	\$18,781	\$75,124	\$21,000	\$4,200	\$16,800	\$75,396	\$15,079	\$60,317
b. Land, structures, right-of-ways, appraisals, etc.	\$384,000	\$76,800	\$307,200	\$0	\$0	\$0	\$0	\$0	\$0
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$186,000	\$37,200	\$148,800	\$5,007	\$1,001	\$4,006	\$42,907	\$8,582	\$34,325
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	\$359,299	\$71,860	\$287,439	\$3,058	\$612	\$2,446	\$18,058	\$3,612	\$14,446
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$11,339,864	\$2,267,973	\$9,071,891	\$22,487	\$449	\$17,989	\$166,318	\$33,264	\$133,054
j. Equipment	\$2,117,516	\$423,503	\$1,694,013	\$8,016	\$1,603	\$6,413	\$136,416	\$27,283	\$109,133
k. Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
l. SUBTOTAL (add a through k)	\$14,480,584	\$2,896,117	\$11,584,467	\$59,568	\$7,865	\$47,654	\$439,095	\$87,820	\$351,275
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$14,480,584	\$2,896,117	\$11,584,467	\$59,568	\$7,865	\$47,654	\$439,095	\$87,820	\$351,275

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