

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 NT10BIX5570118	3. DUNS Number 165271250
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4. Recipient Organization

Nexus Systems, Inc. 2904 Evangeline St, Monroe , LA 71201-3724

5. Current Reporting Period End Date (MM/DD/YYYY) 03-31-2011	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 Mark Stevenson	7c. Telephone (area code, number and extension) X
	7d. Email Address msteve@nexussystems.net

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 05-26-2011
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Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).
 Project engineering and environmental assessment have been completed at the end of the quarter with the draft environmental assessment submitted for BTOP review on 04/14/2011. The engineers and Nexus reviewed an alternate route for services from Jonesboro to Weston utilizing fiber in lieu of microwave and concluded this change could be implemented within the project scope and budget to provide better long range services to the community. For the fiber route, staking has been completed and co-location/repeater sites confirmed. The engineering firm is currently reviewing potential bidder qualifications. Interviews with fiber and other materials suppliers have begun to secure materials in advance of contractor bid packages. Elements necessary for the bid package have been assembled with bids due for release within 30 days after approval of the environmental assessment.

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	15	Engineering and environmental assessment delayed due to initial engineering firm withdrawal; new firm completed major design and environmental's this quarter. The project is shown as 15% complete based on the all initial environmental, engineering, and network design being completed with bidding during the second quarter. Although expenditures are less than 5% at this time, the complex issues involved in the initial design and engineering constitute a very significant part of the overall project.
2b.	Environmental Assessment	90	Environmental delayed due to engineering re-assignment; new firm substantially completed draft environmental assessment; draft assessment has been submitted for BTOP review
2c.	Network Design	90	Engineering design is substantially complete with bid package projected for 05/15/2011.
2d.	Rights of Way	80	Acquisition is substantially complete at end of quarter
2e.	Construction Permits and Other Approvals	80	Acquisition is substantially complete at end of quarter
2f.	Site Preparation	20	Co-location and regeneration sites confirmed with engineering staking of the sites; awaiting bid package for contractor construction
2g.	Equipment Procurement	0	Acquisition is awaiting construction bid package next quarter
2h.	Network Build (all components - owned, leased, IRU, etc)	0	Build is on schedule
2i.	Equipment Deployment	0	Deployment is on schedule
2j.	Network Testing	0	Testing is on schedule
2k.	Other (please specify):	0	N/A

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).

Challenges related to the environmental assessment, but aggressive schedules from our environmental consultant along with outstanding assistance from BTOP personnel have completed the draft assessment to help get the project back to a acceptable schedule. Additional challenges related to highway right of way permits due to existing construction on some portions of the route along with some protected surface segments which required slight changes in the route. The Louisiana Department of Highways (DOT) offered assistance to mitigate the issues. In the original budget submitted, the plan was for a "design build" project whereby the awarded contractor performed much of the environmental and engineering design as part of the construction bid submitted. The construction segment reflected these costs. The engineering budget provided only for CAD and drawings. To provide the most competitive construction bids, Nexus separated all engineering and therefore the engineering category is over budget. The additional monies required will be moved from the construction budget. The change will not negatively impact the construction funding required to complete the project. Nexus Systems provided for 26% matching funding in the project in both cash and in-kind match. All in-kind match and a significant portion of the cash match will be reflected in the Q2 Progress Report which will provide match in excess of the proportion of expenditures to date.

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	Project is still in engineering and environmental assessment
New network miles leased	0	Project is still in engineering and environmental assessment
Existing network miles upgraded	0	Project is still in engineering and environmental assessment
Existing network miles leased	0	Project is still in engineering and environmental assessment
Number of miles of new fiber (aerial or underground)	0	Project is still in engineering and environmental assessment
Number of new wireless links	0	Project is still in engineering and environmental assessment
Number of new towers	0	Project is still in engineering and environmental assessment
Number of new and/or upgraded interconnection points	0	Project is still in engineering and environmental assessment

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:
We have no signed agreements at this stage of the project.

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:

We have not established wholesale agreements or related pricing plans at this point in the project.

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 - There is no planned third party to operate the 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	Project is still in engineering and environmental assessment.
	Providers with signed agreements receiving improved access	0	Project is still in engineering and environmental assessment.

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	Project is still in engineering and environmental assessment.
	Please identify the speed tiers that are available and the number of subscribers for each	0	Project is still in engineering and environmental assessment.
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	Project is still in engineering and environmental assessment.
	Subscribers receiving new access	0	Project is still in engineering and environmental assessment.
	Subscribers receiving improved access	0	Project is still in engineering and environmental assessment.
	Please identify the speed tiers that are available and the number or subscribers for each	0	Project is still in engineering and environmental assessment.
Residential / Households	Entities passed	0	Project is still in engineering and environmental assessment.
	Total subscribers served	0	Project is still in engineering and environmental assessment.
	Subscribers receiving new access	0	Project is still in engineering and environmental assessment.
	Subscribers receiving improved access	0	Project is still in engineering and environmental assessment.
	Please identify the speed tiers that are available and the number of subscribers for each	0	Project is still in engineering and environmental assessment.
Businesses	Entities passed	0	Project is still in engineering and environmental assessment.
	Total subscribers served	0	Project is still in engineering and environmental assessment.
	Subscribers receiving new access	0	Project is still in engineering and environmental assessment.
	Subscribers receiving improved access	0	Project is still in engineering and environmental assessment.
	Please identify the speed tiers that are available and the number of subscribers for each	0	Project is still in engineering and environmental assessment.

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

We do not have 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).

Network management practices have not changed during this quarter.

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	Narrative description of how anchor institutions are using BTOP-funded infrastructure

			institution? (Yes / No)	
N/A	N/A	N/A	N/A	Project is still in engineering and environmental assessment.

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
 Construction bids are projected to be let May 15 with projected awards June 15 with construction to begin by end of quarter. Additional materials and equipment contracts are projected to be let by end of quarter. Establishment of pre-fab co-location huts and services will begin during the quarter with projected completion during the next (Summer) quarter. Budget projections for next quarter reflect projected payments for materials and equipment from federal funds as well as cash and in-kind contributions from Nexus Systems.

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	20	Environmental review complete; bids released; construction begin by end of quarter. Overall delays due to engineering re-assignment.
2b.	Environmental Assessment	100	Environmental review complete. Overall delays due to engineering re-assignment.
2c.	Network Design	100	Design complete; bids to be released this quarter.
2d.	Rights of Way	90	Rights of way secured for major segments; railways pending
2e.	Construction Permits and Other Approvals	90	Permits secured for major segments; railways pending
2f.	Site Preparation	90	Sites secured; pending delivery of co-location buildings and install of services.
2g.	Equipment Procurement	50	Network equipment to be ordered; held pending construction schedule.
2h.	Network Build (all components - owned, leased, IRU, etc.)	20	Network build to commence by end of quarter; delayed due to environmental assessments. Construction and network build to commence by end of quarter; delayed due to engineering and environmental.
2i.	Equipment Deployment	0	Not planned in current quarter
2j.	Network Testing	0	Not planned in current quarter
2k.	Other (please specify):	0	N/A

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).
 Possible challenges relate to the procurement of fiber materials as we see the lead times for these products becoming longer. Permits for the railway crossings are pending as of the end of the quarter. Procedure for rail permits in the past has been for the rail company to only issue permit to the awarded contractor due to insurance requirements placed on the contractor. After the end of the quarter, we successfully negotiated a change in the procedure to issue permits directly to Nexus Systems and permits will therefore not impede the construction process.

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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Land, structures, right-of-ways, appraisals, etc.	\$1,642,500	\$1,005,000	\$637,500	\$0	\$0	\$0	\$1,205,000	\$1,005,000	\$200,000
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$216,000	\$0	\$216,000	\$238,234	\$0	\$238,234	\$600,000	\$0	\$600,000
e. Other architectural and engineering fees	\$570,000	\$570,000	\$0	\$0	\$0	\$0	\$100,000	\$100,000	\$0
f. Project inspection fees	\$150,000	\$0	\$150,000	\$0	\$0	\$0	\$100,000	\$0	\$100,000
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	\$8,329,504	\$1,035,600	\$7,293,904	\$0	\$0	\$0	\$1,000,000	\$0	\$1,000,000
j. Equipment	\$1,435,980	\$570,000	\$865,980	\$0	\$0	\$0	\$0	\$0	\$0
k. Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
l. SUBTOTAL (add a through k)	\$12,343,984	\$3,180,600	\$9,163,384	\$238,234	\$0	\$238,234	\$3,005,000	\$1,105,000	\$1,900,000
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$12,343,984	\$3,180,600	\$9,163,384	\$238,234	\$0	\$238,234	\$3,005,000	\$1,105,000	\$1,900,000

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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