

RECIPIENT NAME:Zayo Bandwidth, LLC

AWARD NUMBER: NT10BIX5570025

DATE: 08/31/2011

OMB CONTROL NUMBER: 0660-0037

EXPIRATION DATE: 12/31/2013

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 NT10BIX5570025	3. DUNS Number 807871632
4. Recipient Organization Zayo Bandwidth, LLC 901 Front Street Suite 200, Louisville, CO 80027-1839		
5. Current Reporting Period End Date (MM/DD/YYYY) 06-30-2011	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 David Lundy	7c. Telephone (area code, number and extension) 3039477052	
	7d. Email Address dlundy@zayo.com	
7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 08-31-2011	

Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).
 3 Engineering firms have completed about 95% of Engineering CAD work and have submitted about 85% of the required pole attachment permit applications. There is about a 60 day turnaround time for pole permits. Some are just now coming in. In January we sent out the RFP for the Archeological requirements per the Programmatic Agreement between Zayo the Indiana SHPO and BTOP. The award went to Gray and Pape, Inc. Gray and Pape are about 95% done with the work required by the PA. Awarded our materials contract. Zayo has been ordering cable and storing it in our warehouse so that it does not slow down construction waiting on materials. Zayo awarded our Warsaw route for construction after going through our competitive bid process. We have also awarded our splicing contract and are awaiting approval from DOL on our rate proposal. Zayo has also awarded construction of our Newburgh to Huntingburg route and have sent out the rest of our core ring for competitive bid. Zayo's sales team is reaching out to our CAI's and last mile providers on a weekly basis.

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	This is 13% behind our submitted baseline. A big part of the reason for this is because of costs savings from competitively bidding out the project.
2b.	Environmental Assessment	100	Zayo is on track here because we have our FONSI. We may have more EA work required as we submit site changes requested by our customer.
2c.	Network Design	85	Zayo is 5% ahead of our baseline on this. This is because we awarded this work to more than one contractor. This allowed us to step up our schedule.
2d.	Rights of Way	55	Zayo is 55% ahead of our baseline on this. This is because we have been very aggressive with our Engineering and applying for our ROW's and lucky in getting a quick turnaround on some of our permits. Zayo has done some reroutes because of changes requested by our customer.
2e.	Construction Permits and Other Approvals	55	Zayo is 55% ahead of our baseline on this. This is because of a quick turnaround with some of our permitting agencies.
2f.	Site Preparation	20	Zayo is 80% behind on our baseline on this. This is because we just secured a consultant to help us with site acquisition and hut placement. We were delayed because of reroutes and site changes requested by our customer as outlined above. Zayo plans to be back on target by the end of next quarter.
2g.	Equipment Procurement	15	Zayo is 65% behind on this. This is because we just sent out our RFP for most of our route construction. Zayo has a warehouse and has been procuring materials, but we have not been moving to aggressively here because we are waiting to start construction so that materials are moving.
2h.	Network Build (all components - owned, leased, IRU, etc)	10	Zayo is right on target here. We have started construction on one segment and we have about 65 miles of our 645 miles built so far.
2i.	Equipment Deployment	10	Zayo is 80% behind here from our baseline. This is because of our delay in starting building. As you can see, this number matches up with our network build percentage above.
2j.	Network Testing	0	This is right in line with our baseline.
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).
 Areas where we have had issues is permitting because of staffing at the permitting offices. We have been working with the BTOP office to get approval on reroutes and site changes requested by our customer.

Splicing has also been a little delayed because we had to submit a SF 1444 to the DOL because there is not a splicer rate on the current WD as required by the Davis Bacon Act. The BTOP program office has also been very helpful with this process.

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	65	N/A
New network miles leased	0	N/A
Existing network miles upgraded	0	N/A
Existing network miles leased	0	N/A
Number of miles of new fiber (aerial or underground)	65	N/A
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	0	These will be placed along the route as needed. This will happen as we build the network. Zayo should be on target by Q1 2012.

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:
0 Zayo will develop these as we get more of the network built. Cannot sell what we do not have. We plan to be back on schedule by the end of Q1 2012.

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 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 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	Zayo will be on target by Q1 2012.
	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	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
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	N/A

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
 Zayo should have the rest of our construction awarded and start making up time on our construction progress. We should also be complete or close to complete with having all of our permits and ROW's. Our consultant should have hut site acquisition close to complete. With our construction moving forward, we should make great progress on materials acquisition and deployment.

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	50	This is 18% behind our baseline. This is partially because of our route change approval delays and partially because of our cost savings from competitively bidding out our project.
2b.	Environmental Assessment	100	N/A
2c.	Network Design	100	N/A
2d.	Rights of Way	75	This is 15% ahead of our baseline.
2e.	Construction Permits and Other Approvals	75	This is 15% ahead of our baseline.
2f.	Site Preparation	60	This is 40% behind our baseline. We should have our sites identified, purchased and prepped, but I do not think that we will have all of our huts built and up and running.
2g.	Equipment Procurement	60	This is 40% behind our baseline, but that is because of our permitting and construction schedule.
2h.	Network Build (all components - owned, leased, IRU, etc.)	50	This is 20% behind our baseline, but that is because of the delays in permitting. While some permitting offices have been very responsive, some of the larger ones have caused us some delays along with reroutes and site changes requested by our customer.
2i.	Equipment Deployment	50	This is 50% behind our baseline, but it lines up with our Network Build above.
2j.	Network Testing	5	This is 5% ahead of our baseline, this is based on our plan to light some of our sites as we go.
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).
 At this time we are not anticipating any issues or challenges for next quarter that will need BTOP assistance. As stated above, our goal is to do our best to close the gaps where we are currently behind and stay ahead of our baseline where identified above. Zayo's overall goal is to be 90% complete overall by the end of Q4 2011.

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	\$120,000	\$24,000	\$96,000	\$120,000	\$24,000	\$96,000	\$120,000	\$24,000	\$96,000
b. Land, structures, right-of-ways, appraisals, etc.	\$0	\$0	\$0	\$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	\$1,741,602	\$348,320	\$1,393,282	\$1,212,451	\$242,490	\$969,961	\$1,508,984	\$301,797	\$1,207,187
e. Other architectural and engineering fees	\$2,114,434	\$422,887	\$1,691,547	\$997,485	\$199,497	\$797,988	\$1,336,584	\$267,317	\$1,069,267
f. Project inspection fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
g. Site work	\$400,000	\$80,000	\$320,000	\$14,626	\$2,925	\$11,701	\$98,444	\$19,689	\$78,755
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$30,336,358	\$9,587,272	\$20,749,086	\$3,223,987	\$644,797	\$2,579,190	\$10,906,018	\$2,181,204	\$8,724,814
j. Equipment	\$1,113,000	\$222,600	\$890,400	\$0	\$0	\$0	\$222,600	\$44,520	\$178,080
k. Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
l. SUBTOTAL (add a through k)	\$35,825,394	\$10,685,079	\$25,140,315	\$5,568,549	\$1,113,709	\$4,454,840	\$14,192,630	\$2,838,527	\$11,354,103
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$35,825,394	\$10,685,079	\$25,140,315	\$5,568,549	\$1,113,709	\$4,454,840	\$14,192,630	\$2,838,527	\$11,354,103

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