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

NT10BIX5570050

3. DUNS Number

831414755

4. Recipient Organization

Zito Media Communications II, LLC 106 Steerbrook Road, Coudersport, PA 16915-8440

5. Current Reporting Period End Date (MM/DD/YYYY)

09-30-2013

6. Is this the last Report of the Award Period?

⦿ **Yes**   ◯ **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

Colin Higgin

Vice President

7c. Telephone (area code, number and extension)

8142609588

7d. Email Address

colin.higgin@zitomedia.com

7b. Signature of Certifying Official

Submitted Electronically

7e. Date Report Submitted (MM/DD/YYYY):

11-19-2013

Project Indicators (This Quarter)

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

During the quarter Zito continued to connect anchor institutions and other customers along the project's path. Zito continued informational brochure mailings to potential anchor institutions. With this project Zito Media Communications II, LLC was able to bring broadband internet speeds to our last mile service areas that did not have it previous to this project. Also, the project brought competition and better rates in the project area to anchor institutions and other commercial customers. Zito created 50 jobs under the project. Zito's commercial division is continuing its outreach with economic development groups and chambers of commerce to bring broadband options and services to underserved areas. With this project Zito was able to interconnect anchor institutions, such as a regional medical provider, to allow easy patient file transfers between multiple locations in the region and new broadband services to local governments. Finally, Zito will continue to provide non-discriminatory and open access to the network for all anchor institutions, commercial customers, and last mile providers.

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	100	No Variance from Baseline Report
2b.	Environmental Assessment	100	No Variance from Baseline Report
2c.	Network Design	100	No Variance from Baseline Report
2d.	Rights of Way	100	No Variance from Baseline Report
2e.	Construction Permits and Other Approvals	0	No Variance from Baseline Report
2f.	Site Preparation	100	No Variance from Baseline Report
2g.	Equipment Procurement	100	No Variance from Baseline Report
2h.	Network Build (all components - owned, leased, IRU, etc)	100	No Variance from Baseline Report
2i.	Equipment Deployment	100	No Variance from Baseline Report
2j.	Network Testing	100	No Variance from Baseline Report
2k.	Other (please specify):	0	No Variance from Baseline Report

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).

Zito was able to work with utility companies in areas where Zito was being held up due to make ready and connect anchor institutions in those areas.

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	363	No Variance from Baseline Report
New network miles leased	20	The 20 miles are under an IRU agreement between Zito and One Community in Ohio.
Existing network miles upgraded	0	No Variance from Baseline Report
Existing network miles leased	0	No Variance from Baseline Report

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Number of miles of new fiber (aerial or underground)	363	No Variance from Baseline Report
Number of new wireless links	0	No Variance from Baseline Report
Number of new towers	0	No Variance from Baseline Report
Number of new and/or upgraded interconnection points	17	No Variance from Baseline Report

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	1
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:
No agreements have been signed in the past quarter. There are preliminary talks with providers, but no signed agreements.

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:
See Service Offerings Attachment

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).
None

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	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. Zito is in talks with providers, but does not have any signed agreements in place.
	Providers with signed agreements receiving improved access	0	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. Zito is in talks with providers, but does not have any signed agreements in place.
	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	See Service Offerings Attachment
Community Anchor Institutions (including Government institutions)	**Total subscribers served**	66	Zito exceeded its baseline projections of 65 connected CAIs by one connecting 66 anchor institutions in total.

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Subscribers receiving new access	0	No Variance from Baseline
	Subscribers receiving improved access	66	Zito exceeded its baseline projections of 65 connected CAIs by one connecting 66 anchor institutions in total.
	Please identify the speed tiers that are available and the number or subscribers for each	1	66 - 100 Mbps Subscribers
Residential / Households	Entities passed	9,260	No Variance from Baseline
	Total subscribers served	154	Negative variance due to various make ready delays throughout the project resulting in Zito not having the amount of time to connect customers that the baseline projections were based on.
	Subscribers receiving new access	154	Negative variance due to various make ready delays throughout the project resulting in Zito not having the amount of time to connect customers that the baseline projections were based on.
	Subscribers receiving improved access	0	No Variance from Baseline
	Please identify the speed tiers that are available and the number of subscribers for each	2	46 - 10Mbps 108 - 20 Mbps
Businesses	Entities passed	5,276	No Variance from Baseline
	Total subscribers served	6	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. Zito's commercial division is negotiating and signing agreements with businesses, but these entities are not yet connected to the network. This metric will increase over the new few months as these entities are connected. Negative variance due to various make ready delays throughout the project resulting in Zito not having the amount of time to connect customers that the baseline projections were based on.
	Subscribers receiving new access	0	No Variance from Baseline
	Subscribers receiving improved access	6	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. Zito's commercial division is negotiating and signing agreement with businesses, but these entities are not yet connected to the network. This metric will increase over the new few months as these entities are connected. Negative variance due to various make ready delays throughout the project resulting in Zito not having the amount of time to connect customers that the baseline projections were based on.
	Please identify the speed tiers that are available and the number of subscribers for each	2	2 - 10 Mbps subscribers 4 - 100 Mbps subscribers

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

See Service Offerings Attachment

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
North East School District	Erie	Schools (K-12)	Yes	Zito is providing broadband and various services to this location.
North West Tri-County Intermediate Unit 5	Erie	Schools (K-12)	Yes	Zito is providing broadband and various services to this location.
Penncrest - Cambridge Springs	Cambridge Springs	Schools (K-12)	Yes	Zito is providing broadband and various services to this location.
Harbor Creek Area School District	Erie	Schools (K-12)	Yes	Zito is providing broadband and various services to this location.
Erie City School District	Erie	Schools (K-12)	Yes	Zito is providing broadband and various services to this location.
Edinboro Medical Center	Edinboro	Medical and Healthcare Providers	Yes	Zito is providing broadband and various services to this location.
Hermitage Area School District	Hermitage	Schools (K-12)	Yes	Zito is providing broadband and various services to this location.
Mercer Area School District	Mercer	Schools (K-12)	Yes	Zito is providing broadband and various services to this location.
Sharon City School District	Sharon	Schools (K-12)	Yes	Zito is providing broadband and various services to this location.
Sharon School District - Musser Elementary	Sharon	Schools (K-12)	Yes	Zito is providing broadband and various services to this location.
Sharon School District - West Hill Elementary	Sharon	Schools (K-12)	Yes	Zito is providing broadband and various services to this location.
Sharpsville Area School District	Sharpsville	Schools (K-12)	Yes	Zito is providing broadband and various services to this location.
Sharpsville School District - 7th St Elementary	Sharpsville	Schools (K-12)	Yes	Zito is providing broadband and various services to this location.
James Feeney Tech Center Sharon Regional	Sharon	Medical and Healthcare Providers	Yes	Zito is providing broadband and various services to this location.
Sharon Regional Health Services Office	Sharon	Medical and Healthcare Providers	Yes	Zito is providing broadband and various services to this location.
Sharon Regional Physcians Office	Sharon	Medical and Healthcare Providers	Yes	Zito is providing broadband and various services to this location.
Sharon Regional Sleep/ Breathing Physcian Center	Sharon	Medical and Healthcare Providers	Yes	Zito is providing broadband and various services to this location.
Sharon Regional Site Family Practice	Sharon	Medical and Healthcare Providers	Yes	Zito is providing broadband and various services to this location.
Sharon Regional Site Family Practice - Dr. Slemons	Sharon	Medical and Healthcare Providers	Yes	Zito is providing broadband and various services to this location.
Sharon Regional Site - Internal Medicine	Sharon	Medical and Healthcare Providers	Yes	Zito is providing broadband and various services to this location.
Sharon Regional Site - Hepatology/ Gastroenterology	Sharon	Medical and Healthcare Providers	Yes	Zito is providing broadband and various services to this location.
Sharon Regional Site -	Sharon	Medical and	Yes	Zito is providing broadband and various services to this location.

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
Family Practice - Dr. Sherman		Healthcare Providers		
Sharon Regional Site - Family Practice - Brown/Collier	Sharon	Medical and Healthcare Providers	Yes	Zito is providing broadband and various services to this location.
Sharon Regional Site - Hubbard Diagnostic	Sharon	Medical and Healthcare Providers	Yes	Zito is providing broadband and various services to this location.
Sharon Regional Site - Physical Medicine & Rehabilitation	Sharon	Medical and Healthcare Providers	Yes	Zito is providing broadband and various services to this location.
Sharon Regional Site - Family Medical Center Brookfield	Sharon	Medical and Healthcare Providers	Yes	Zito is providing broadband and various services to this location.
Sharon Regional Site - Family Medicine - Dr. Morgan	Sharon	Medical and Healthcare Providers	Yes	Zito is providing broadband and various services to this location.
Sharon Regional Site - Mental Health Center	Sharon	Medical and Healthcare Providers	Yes	Zito is providing broadband and various services to this location.
Sharon Regional Site - Urology Center	Sharon	Medical and Healthcare Providers	Yes	Zito is providing broadband and various services to this location.

Project Indicators (Next Quarter)

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

Zito will be completing the close out process for the grant in the next quarter. In addition, Zito will be connecting customers that have signed agreements to receive services.

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	100	No Variance from Baseline Report
2b.	Environmental Assessment	100	No Variance from Baseline Report
2c.	Network Design	100	No Variance from Baseline Report
2d.	Rights of Way	100	No Variance from Baseline Report
2e.	Construction Permits and Other Approvals	0	No Variance from Baseline Report
2f.	Site Preparation	100	No Variance from Baseline Report
2g.	Equipment Procurement	100	No Variance from Baseline Report
2h.	Network Build (all components - owned, leased, IRU, etc.)	100	No Variance from Baseline Report
2i.	Equipment Deployment	100	No Variance from Baseline Report
2j.	Network Testing	100	No Variance from Baseline Report
2k.	Other (please specify):	0	No Variance from Baseline Report

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).

None.

RECIPIENT NAME:Zito Media Communications II, LLC

AWARD NUMBER: NT10BIX5570050
DATE: 11/19/2013

OMB CONTROL NUMBER: 0660-0037
EXPIRATION DATE: 6/30/2015

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.

Cost Classification	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		
	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.	$4,210,356	$842,070	$3,368,285	$4,210,356	$842,070	$3,368,285	$4,210,356	$842,070	$3,368,285
c. Relocation expenses and payments	$0	$0	$0	$0	$0	$0	$0	$0	$0
d. Architectural and engineering fees	$0	$0	$0	$0	$0	$0	$0	$0	$0
e. Other architectural and engineering fees	$229,074	$45,815	$183,259	$229,074	$45,815	$183,259	$229,074	$45,815	$183,259
f. Project inspection fees	$102,600	$20,520	$82,080	$102,600	$20,520	$82,080	$102,600	$20,520	$82,080
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	$1,855,798	$371,160	$1,484,639	$1,855,798	$371,160	$1,484,639	$1,855,798	$371,160	$1,484,639
j. Equipment	$1,273,302	$254,661	$1,018,641	$1,273,302	$254,661	$1,018,641	$1,273,302	$254,661	$1,018,641
k. Miscellaneous	$0	$0	$0	$0	$0	$0	$0	$0	$0
l. SUBTOTAL (add a through k)	$7,671,130	$1,534,226	$6,136,904	$7,671,130	$1,534,226	$6,136,904	$7,671,130	$1,534,226	$6,136,904
m. Contingencies	$0	$0	$0	$0	$0	$0	$0	$0	$0
n. TOTALS (sum of l and m)	$7,671,130	$1,534,226	$6,136,904	$7,671,130	$1,534,226	$6,136,904	$7,671,130	$1,534,226	$6,136,904

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