

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 NT10BIX5570086	3. DUNS Number 079792722
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4. Recipient Organization

Enventis Telecom, Inc. 2950 Xenium N Ste 138, Minneapolis, MN 55441-2623

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
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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 Joann Jennings	7c. Telephone (area code, number and extension) X
	7d. Email Address joann.jennings@hickorytech.com

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 08-10-2011
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Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).
 Enventis continued working to align internal processes with program requirements; closed on real estate along the route; collaborated with Round 1 Rural Utilities Service recipient on potential joint opportunities; assessed potential joint trenching opportunity and options; continued working with project partners to confirm sites still of interest; completed Environmental Assessment Comment Matrix; completed tribal consultations; submitted final Environmental Assessment; Received FONSI; continued construction planning procedures including route and site assessments; applied for permits along planned construction route; awarded construction and materials contracts; placed first materials order; began development of Request for Proposal forms for equipment vendors and general contractors for site preparation; continued working with Departments of Natural Resources to address concerns related to protected species and wetlands; analyzed and developed community outreach strategy; completed grants management audit and implemented process revisions; completed draw down process and documentation; initiated and received first draw down of federal funds.

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	4	We continue to be delayed due to reasons listed below. In addition, The receipt of our FONSI was one quarter later than anticipated. There were route modifications required as a result of findings in the EA process. Re-design and re-permit work of the modifications was required. We were able to begin building at the beginning of Q3, which is in line with our baseline project plan.
2b.	Environmental Assessment	100	No variance
2c.	Network Design	75	We started this quarter slightly behind due to route modifications and program overlap work. We have also experienced delays due to MN DOT and government offices preparing for State government shutdown.
2d.	Rights of Way	75	We started this quarter slightly behind due to route modifications and program overlap work. We have also experienced delays due to government offices preparing for State government shutdown.
2e.	Construction Permits and Other Approvals	75	We started this quarter slightly behind due to route modifications and program overlap work. We have also experienced delays due to government offices preparing for State government shutdown.
2f.	Site Preparation	0	No variance
2g.	Equipment Procurement	0	This line only references CO and electronics equipment. We did not order this equipment yet. This line will continue to show a variance from baseline because other materials were included in that report.
2h.	Network Build (all components - owned, leased, IRU, etc)	1	Materials and invoice starting arriving early July, right after quarter end. We have now started construction, but this may continue to lag due to a delay due to a late start on construction and a potential delay in state permits.
2i.	Equipment Deployment	0	We do not have any equipment yet. This milestone may continue to lag due to difficulty with getting CAI contracts signed.
2j.	Network Testing	0	No variance
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).
 The State of Minnesota has been in a budget crisis and the budgets for two of our partners are directly related to the State budget. This has resulted in difficulty with getting CAI contracts signed. In anticipation of a State government shut down, some offices were making preparations for shutdown. This caused delays in permit processing. Permitting may be up to two months behind due to the State of MN shutdown. The State permit offices stopped accepting applications on June 18, 2011 in anticipation of the shutdown. We have the necessary permits required to begin the build but had originally planned to have all permits in place prior to starting construction. We expect to have the remaining permits in hand in advance of when the construction crew is ready to work in those

areas. If these are further delayed, inclement weather could cause risk to completion of this year's build, although we do not anticipate further delays. We do not expect these delays to affect the route build planned for next year's construction.

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
New network miles leased	0	No variance
Existing network miles upgraded	0	No variance
Existing network miles leased	0	No variance
Number of miles of new fiber (aerial or underground)	0	We were unable to begin construction this quarter due to the delay in receiving our FONSI. We have it now and will work to catch up to plan.
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

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 or less). Providers:
N/A

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:

Upon completion, this project will provide 100Mg to 10G lit capacity as well as leased dark fiber. Enventis is currently negotiating agreements and final pricing with two wholesale customers. We continue to reassess the broader retail market to determine competitive rates and standard pricing for potential retail customers.

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)

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	Enventis is in active contract negotiations with our project partners for services on the Stimulus-funded network. These negotiations were delayed as our partners were hesitant to continue moving forward in the midst of the State of MN budget crisis and resulting shutdown. Additionally, they are still finalizing all options for CAI sites. It was mutually agreed that we would resume contract negotiations upon a resolution to the State of MN budget crisis as well as final selection of CAI sites. Negotiations have since resumed, and Enventis is working to complete both open contracts as soon as possible, but prior to year end. Enventis is actively pursuing other potential wholesale and last mile service providers to engage in negotiations for increased access resulting from the expanded network.
	Providers with signed agreements receiving improved access	0	No variance
	Providers with signed agreements receiving access to dark fiber	0	This variance is due to budget constraints related to the state budget crisis and expected state government shutdown.
	Please identify the speed tiers that are available and the number of subscribers for each	0	Current design intends to provide from 100Mg to 10Gig of service to all service providers at all sites.
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 or subscribers for each	0	Current design intends to provide either dark fiber drop (either as POP or POI) or 100Mg of service to all Community Anchor Institution sites.
Residential / Households	Entities passed	0	We will not be offering last mile service to homes and businesses
	Total subscribers served	0	We will not be offering last mile service to homes and businesses
	Subscribers receiving new access	0	We will not be offering last mile service to homes and businesses
	Subscribers receiving improved access	0	We will not be offering last mile service to homes and businesses
	Please identify the speed tiers that are available and the number of subscribers for each	0	We will not be offering last mile service to homes and businesses
Businesses	Entities passed	0	We will not be offering last mile service to homes and businesses
	Total subscribers served	0	We will not be offering last mile service to homes and businesses
	Subscribers receiving new access	0	We will not be offering last mile service to homes and businesses
	Subscribers receiving improved access	0	We will not be offering last mile service to homes and businesses
	Please identify the speed tiers that are available and the number of subscribers for each	0	We will not be offering last mile service to homes and businesses

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
0	0	0	0	N/A

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
 Receive & stage outside plant equipment for Twin Cities-Duluth fiber construction
 Refine inside and outside plant design & equipment requirements for new fiber construction: Brainerd – Moorhead
 Initiate bill of materials to order Outside Plant equipment for Brainerd - Moorhead corridor
 Initiate outside plant construction for Twin Cities-Duluth fiber construction
 Initiate outside plant construction for laterals
 Initiate bill of materials & order transport equipment for Twin Cities-Duluth corridor
 Complete installation/ make ready of regen buildings for Twin-Cities-Duluth corridor
 Begin Customer Premise equipment installation for laterals
 Award contract for audit firm and initiate audit.
 The Groundbreaking Ceremony is scheduled for August 25, 2011 in Duluth, MN and we have invited a number of public and elected officials, media contacts, local business leaders, customers, and a representative from NTIA. Community-specific datasheets have been created for a number of new communities along our route. This information will be sent to local media contacts and community leaders with a letter introducing Enventis and the GMBC project and will arrive approximately 30 days in advance of construction crews beginning work in that area.

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	21	Slightly delayed due to reasons listed below
2b.	Environmental Assessment	100	No Variance
2c.	Network Design	95	We expect the final design for the Brainerd to Moorhead route to complete one quarter later due to earlier delays.
2d.	Rights of Way	90	We anticipate a continued slight delay due to the State government shutdown
2e.	Construction Permits and Other Approvals	90	We anticipate a continued slight delay due to the State government shutdown
2f.	Site Preparation	30	Slight variance due to delay in securing building sites and delay in receiving our FONSI. We have now purchased property and will continue moving forward with this milestone.
2g.	Equipment Procurement	0	We expect this milestone to continue behind plan as a result of delays in obtaining signed CAI contracts with two of our partners. We expect an equipment ship date in October.
2h.	Network Build (all components - owned, leased, IRU, etc.)	22	This will vary from baseline because we included some of the construction materials in the equipment category for the baseline report. This line will track ahead of baseline because of that.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2i.	Equipment Deployment	0	We expect this milestone to continue behind plan as a result of delays in obtaining signed CAI contracts with two of our partners. We continue pursuing other CAI contracts.
2j.	Network Testing	0	No variance
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).

The State of Minnesota government did shut down for nearly three weeks due to the budget crisis. Since the budgets for two of our partners are directly tied to the state budget, we anticipate continued difficulty and delays in getting signed contracts for the CAI's. We also anticipate continued delays in permit processing which may result in delays in obtaining permits, right of ways and the actual construction. Although we have experienced delays in beginning construction, we are confident that we will be able to meet the 67% milestone related to spending funds. The Brainerd to Moorhead route and lateral builds will likely not be complete by June 20, 2012, however we will have ordered and paid for the materials and equipment by that time.

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	\$652,967	\$195,890	\$457,077	\$118,085	\$41,105	\$76,980	\$142,856	\$45,714	\$97,142
b. Land, structures, right-of-ways, appraisals, etc.	\$551,506	\$165,452	\$386,054	\$272,864	\$94,984	\$177,880	\$302,864	\$96,916	\$205,948
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$2,384,746	\$715,424	\$1,669,322	\$336,764	\$117,228	\$219,536	\$521,764	\$166,964	\$354,800
e. Other architectural and engineering fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
f. Project inspection fees	\$3,072,060	\$921,618	\$2,150,442	\$11,415	\$3,974	\$7,441	\$459,368	\$146,998	\$312,370
g. Site work	\$1,018,443	\$305,533	\$712,910	\$0	\$0	\$0	\$45,000	\$14,400	\$30,600
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$13,382,331	\$4,014,699	\$9,367,632	\$37,282	\$12,978	\$24,304	\$3,546,607	\$1,134,914	\$2,411,693
j. Equipment	\$2,751,000	\$825,300	\$1,925,700	\$5,545	\$1,930	\$3,615	\$5,545	\$1,774	\$3,771
k. Miscellaneous	\$219,000	\$65,700	\$153,300	\$61,719	\$21,475	\$40,244	\$66,719	\$21,350	\$45,369
l. SUBTOTAL (add a through k)	\$24,032,053	\$7,209,616	\$16,822,437	\$843,674	\$293,674	\$550,000	\$5,090,723	\$1,629,030	\$3,461,693
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$24,032,053	\$7,209,616	\$16,822,437	\$843,674	\$293,674	\$550,000	\$5,090,723	\$1,629,030	\$3,461,693

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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