

**QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS**

**General Information**

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|--|---|--|
| <b>1. Federal Agency and Organizational Element to Which Report is Submitted</b><br><br>Department of Commerce, National Telecommunications and Information Administration | <b>2. Award Identification Number</b><br><br>NT10BIX5570104 | <b>3. DUNS Number</b><br><br>153873930 |
|--|---|--|

**4. Recipient Organization**

Contact Network Inc. d/b/a InLine 600 Lakeshore Parkway, Birmingham, AL 35209-6361

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|--|---|
| <b>5. Current Reporting Period End Date (MM/DD/YYYY)</b><br><br>09-30-2013 | <b>6. Is this the last Report of the Award Period?</b><br><br><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.

|  |  |
|--|--|
| <b>7a. Typed or Printed Name and Title of Certifying Official</b><br><br>Michele Boner<br><br>Accounting Manager | <b>7c. Telephone (area code, number and extension)</b><br><br>2052788134 |
|  | <b>7d. Email Address</b><br><br>mboner@inline.com                        |

|   |  |
|---|--|
| <b>7b. Signature of Certifying Official</b><br><br>Submitted Electronically | <b>7e. Date Report Submitted (MM/DD/YYYY):</b><br><br>11-04-2013 |
|---|--|

| <b>Project Indicators (This Quarter)</b>  |   |                         |  |
|---|---|-------------------------|--|
| <p><b>1. Please describe significant project accomplishments completed during this quarter (600 words or less).</b></p> <p>During this quarter construction maps and detailed drawings were created and used to submit permits to various entities including the Mississippi Department of Transportation and various City and County governments. Also during this quarter we submitted our final route modification. Nine new miles of fiber were constructed bringing the total miles constructed to 300. Six new anchor institutions were connected this quarter. Total anchors connected is Eighty.</p>  |   |                         |  |
| <p><b>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).</b></p> |   |                         |  |
|   | <b>Milestone</b>  | <b>Percent Complete</b> | <b>Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)</b>   |
| 2a.   | <b>Overall Project</b>  | 96                      | During this project it has become evident to Contact Network Inc. that the design, build and procurement should be conducted in such a way as to accommodate the end users for which we have signed contracts in place for services. Our primary focus for design, engineering, permitting etc. has been and will continue to be on the Community Anchor Institutions for which we have contracts. As a result the actual percent complete in this category varies from our initial baseline report.   |
| 2b.   | <b>Environmental Assessment</b>                                 | 100                     | No variance from baseline.   |
| 2c.   | <b>Network Design</b>   | 100                     | No variance from baseline.   |
| 2d.   | <b>Rights of Way</b>  | 98                      | Since the baseline was submitted it became evident that the network design will be fluid as we move forward. While the network design is 98% complete, as ride outs and meetings are held with various agencies and as permits are negotiated the network design may need to be updated and/or changed. As a result the actual percent complete in this category varies from our initial baseline report which assumed that we would be working on all sections of the build simultaneously during the first year thus causing the variance between actual and our baseline projections. |
| 2e.   | <b>Construction Permits and Other Approvals</b>                 | 85                      | Since the baseline was submitted it became evident that the network design will be fluid as we move forward. While the network design is 85% complete, as ride outs and meetings are held with various agencies and as permits are negotiated the network design may need to be updated and/or changed. As a result the actual percent complete in this category varies from our initial baseline report which assumed that we would be working on all sections of the build simultaneously during the first year thus causing the variance between actual and our baseline projections. |
| 2f.   | <b>Site Preparation</b>   | 63                      | There is a variance from our baseline in this milestone category simply based on the number of Community Anchor Institutions connected.  |
| 2g.   | <b>Equipment Procurement</b>                                    | 92                      | Equipment is being purchased on an as needed basis   |
| 2h.   | <b>Network Build (all components - owned, leased, IRU, etc)</b> | 92                      | During this project it has become evident to Contact Network Inc. that the design, build and procurement should be conducted in such a way as to accommodate the end users for which we have signed contracts in place for services. Our primary focus for design, engineering, permitting etc. has been and will continue to be on the Community Anchor Institutions for which we have contracts. As a result the actual percent complete in this category varies from our initial baseline report.   |
| 2i.   | <b>Equipment Deployment</b>                                     | 63                      | There is a variance from our baseline in this milestone category simply based on the number of Community Anchor Institutions connected.  |
| 2j.   | <b>Network Testing</b>  | 63                      | There is a variance from our baseline in this milestone category simply based on the number of Community Anchor Institutions connected.  |
| 2k.   | <b>Other (please specify):</b>                                  | 0                       | No variance from baseline.   |

**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).**

We are still experiencing delays receiving permits from the Mississippi Department of Transportation permit.

**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                           | 300   | Due to actual contracts signed and the focus being to provide these Community Anchor Institutions service this number varies from our initial baseline projections. |
| New network miles leased                             | 218   | This number exceeds our baseline projection.  |
| 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) | 300   | Due to actual contracts signed and the focus being to provide these Community Anchor Institutions service this number varies from our initial baseline projections. |
| Number of new wireless links                         | 0     | N/A   |
| Number of new towers                                 | 0     | N/A   |
| Number of new and/or upgraded interconnection points | 12    | 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                     | 1  |
| Number of agreements currently being negotiated with broadband wholesalers or last mile providers | 1  |
| Average term of signed agreements (in quarters)   | 60 |

**5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers:**

Windstream

**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:**

Our wholesale service offerings will include: 10Mbps Private Network; 10Mbps Fiber Connection with Internet Access; 100Mbps Private Network; 100Mbps Fiber Connection with Internet Access; 500Mbps Private Network; 1000Mbps Private Network

**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 third party operates (600 words or less).**

Not Applicable; we do not have a third party operating any part of our 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                                     | 1     | We were able to secure one wholesale contracts to provide new service, thus causing a variance from our baseline                     |
|   | Providers with signed agreements receiving improved access                                | 0     | We were able to secure one wholesale contracts to provide new service not improved access, thus causing a variance from our baseline |
|   | 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 | 4     | 10Mbps = 0 Subscribers<br>100Mbps = 0 Subscribers<br>500Mbps = 0 Subscribers<br>1000Mbps = 1 Subscriber                              |
| Community Anchor Institutions (including Government institutions)   | Total subscribers served  | 80    | During this quarter we connected six additional Community Anchor Institutions which varies from our baseline projections.            |
|   | Subscribers receiving new access  | 0     | No variance from baseline.   |
|   | Subscribers receiving improved access   | 80    | During this quarter we connected six additional Community Anchor Institutions which varies from our baseline projections.            |
|   | Please identify the speed tiers that are available and the number or subscribers for each | 5     | 10Mbps = 9 Subscribers<br>50Mbps = 0 Subscribers<br>100Mbps = 0 Subscribers<br>500Mbps = 0 Subscribers<br>1000Mbps = 71 Subscribers  |
| 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).<br>Not applicable   |   |       |  |
| 8a. Have your network management practices changed over the last quarter? <input type="radio"/> Yes <input checked="" type="radio"/> No   |   |       |  |

**8b. If so, please describe the changes (300 words or less).**

Our network management practices have not changed.

**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 |
|------------------|-------------------------------|--|--|---|
| See Attached     | See Attached                  | See Attached   | See Attached   | See Attached  |

**Project Indicators (Next Quarter)**

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

Permits will continue to be submitted and construction will continue. We will begin to submit our UCC filings. Once we know if the pending route modification is approved the UCC filings will be finalized. During this quarter we will begin the final close out audit. Also, we will be continuing to contact Community Anchor Institutions and presenting quotes/contracts for services. Once permits/approvals are secured construction will continue. We anticipate installation of thirty two miles of new fiber. We also expect to connect fifty four new Community Anchor Institutions. Negotiations will continue with wholesale broadband or last mile providers. If negotiations are successful we will connect one additional wholesale provider.

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

**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).**

As always in the south, weather could also have an impact on our planned progress.

**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             | \$109,143  | \$21,829       | \$87,314      | \$109,143   | \$21,829       | \$87,314      |
| b. Land, structures, right-of-ways, appraisals, etc. | \$384,000         | \$76,800              | \$307,200            | \$370,741  | \$74,148       | \$296,593     | \$370,741   | \$74,148       | \$296,593     |
| 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            | \$42,880   | \$8,576        | \$34,304      | \$42,880  | \$8,576        | \$34,304      |
| 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            | \$368,193  | \$73,639       | \$294,554     | \$403,193   | \$80,639       | \$322,554     |
| h. Demolition and removal                            | \$0               | \$0                   | \$0                  | \$0  | \$0            | \$0           | \$0   | \$0            | \$0           |
| i. Construction                                      | \$11,339,864      | \$2,267,973           | \$9,071,891          | \$10,802,955   | \$2,160,590    | \$8,642,365   | \$11,339,864  | \$2,267,973    | \$9,071,891   |
| j. Equipment   | \$2,117,516       | \$423,503             | \$1,694,013          | \$2,182,735  | \$436,548      | \$1,746,187   | \$2,214,763   | \$442,952      | \$1,771,811   |
| k. Miscellaneous                                     | \$0               | \$0                   | \$0                  | \$0  | \$0            | \$0           | \$0   | \$0            | \$0           |
| <b>l. SUBTOTAL (add a through k)</b>                 | \$14,480,584      | \$2,896,117           | \$11,584,467         | \$13,876,647   | \$2,775,330    | \$11,101,317  | \$14,480,584  | \$2,896,117    | \$11,584,467  |
| m. Contingencies                                     |                   |                       |                      |  |                |               |   |                |               |
| <b>n. TOTALS (sum of l and m)</b>                    | \$14,480,584      | \$2,896,117           | \$11,584,467         | \$13,876,647   | \$2,775,330    | \$11,101,317  | \$14,480,584  | \$2,896,117    | \$11,584,467  |

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: \$1,994,382 |
|---|--|