

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) 09-30-2011	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 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): 11-29-2011
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Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).
 Significant construction has been accomplished with approximately one third of all conduit laid. Most of the construction during the quarter has been the slower and more difficult directional boring in the northern sector of the route. The initial delivery of fiber has been received as well as fiber transmission equipment and testing equipment. Co-location units have been secured and are awaiting delivery as the schedule requires. The project is on schedule for completion in first quarter 2012.

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	Percentage completion is based on cost of miles of conduit installed. Although significant construction has been accomplished, Kansas City Southern rail permits are still pending and therefore fiber has not been installed into the conduit yet. Project is still on schedule as projected.
2b.	Environmental Assessment	100	Environmental assessment is completed as projected
2c.	Network Design	90	Engineering design is substantially complete with minor modifications possible reflecting as-built construction.
2d.	Rights of Way	100	Acquisition is complete
2e.	Construction Permits and Other Approvals	90	Kansas City Southern railroad has not issued required permits as of end of quarter, but resolution is expected shortly.
2f.	Site Preparation	75	Co-location sites confirmed, surveys performed, regen buildings acquired and awaiting delivery. Permits to place colo buildings expected within the next 30 days.
2g.	Equipment Procurement	90	Fiber transmission equipment received. Awaiting delivery of switching/routing equipment during the next quarter.
2h.	Network Build (all components - owned, leased, IRU, etc)	50	Build is ahead of projected schedule. Conduit installation is projected to be completed by January. All fiber has been delivered and is now being installed in conduit. Shelters, equipment, and related electronics are scheduled to be deployed in February.
2i.	Equipment Deployment	0	Deployment is on schedule. Network equipment has been secured; installation is waiting on completion of fiber deployment.
2j.	Network Testing	0	Network testing is on schedule for February as equipment is deployed.
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 only significant challenge has been our attempt to clarify the exorbitant fees demanded by the Kansas City Southern railroad for bore permits. We are working to resolve this issue without delaying the progress of the project.

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)

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
New network miles deployed	41	Deployment of 41 miles of conduit build has been completed at this time. Railroad crossings are pending at 3 sites with fiber installation to complete new network build.
New network miles leased	0	N/A - No leasing is projected in the plan.
Existing network miles upgraded	0	N/A - No existing network mileage is projected in the plan.
Existing network miles leased	0	N/A - No existing network mileage is projected in the plan.
Number of miles of new fiber (aerial or underground)	0	Deployment of 41 miles of conduit build has been completed at this time. Railroad crossings are pending at 3 sites with fiber installation to complete new network build.
Number of new wireless links	0	Wireless links scheduled for upgrade in next quarter.
Number of new towers	0	N/A - No new towers projected in this plan
Number of new and/or upgraded interconnection points	0	Interconnection points scheduled for first quarter 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: We have no signed agreements at this stage of the project. Nexus is expecting to begin active prospecting for wholesale providers in third quarter 2011 as sections of the route become available.

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:

Wholesale agreements or related pricing plans have not been established 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 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	Network not available for subscribers due to construction in progress.
	Providers with signed agreements receiving improved access	0	Network not available for subscribers due to construction in progress.

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	Network not available for subscribers due to construction in progress.
	Please identify the speed tiers that are available and the number of subscribers for each	0	Network not available for subscribers due to construction in progress.
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	Network not available for subscribers due to construction in progress. Construction is currently targeting parishes of Lincoln and Jackson to link school, medical, library, and governmental sites to the backbone. Fiber installation in completed conduit has not been completed due to railroad permits pending, but will be completed in 4th Quarter 2011.
	Subscribers receiving new access	0	Network not available for subscribers due to construction in progress.
	Subscribers receiving improved access	0	Network not available for subscribers due to construction in progress.
	Please identify the speed tiers that are available and the number or subscribers for each	0	Network not available for subscribers due to construction in progress.
Residential / Households	Entities passed	0	Network not available for subscribers due to construction in progress.
	Total subscribers served	0	Network not available for subscribers due to construction in progress.
	Subscribers receiving new access	0	Network not available for subscribers due to construction in progress.
	Subscribers receiving improved access	0	Network not available for subscribers due to construction in progress.
	Please identify the speed tiers that are available and the number of subscribers for each	0	Network not available for subscribers due to construction in progress.
Businesses	Entities passed	0	Network not available for subscribers due to construction in progress.
	Total subscribers served	0	Network not available for subscribers due to construction in progress.
	Subscribers receiving new access	0	Network not available for subscribers due to construction in progress.
	Subscribers receiving improved access	0	Network not available for subscribers due to construction in progress.
	Please identify the speed tiers that are available and the number of subscribers for each	0	Network not available for subscribers due to construction in progress.

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

N/A - No special offerings are planned 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).

N/A - Network management practices have not changed during the 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)	Type of Anchor Institution (as)	Are you also the broadband	Narrative description of how anchor institutions are using BTOP-funded infrastructure
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	or county)	defined in your baseline)	service provider for this institution? (Yes / No)	
N/A	N/A	N/A	N/A	Network not available for subscribers at end of quarter due to construction in progress.

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
 Significant construction with high conduit installation mileage is projected for the next quarter. During the current quarter, the construction emphasis targeted directional boring requirements. The next quarter will target primarily rural plowing with much faster deployment of conduit. New network miles deployed are projected to be 100 miles of the 120 miles total project. Deployment of co-location buildings and fiber transmission equipment is projected to be completed during this quarter. Connections to over 35 Critical Anchor Institutions are projected to be accomplished during the period. Signed wholesale agreements with other providers will be pursued in Quarter 1, 2012 with the availability of lighted fiber on the network.

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	72	Project is on schedule for completion.
2b.	Environmental Assessment	100	Environmental review is completed.
2c.	Network Design	100	Design modifications, if any, will be completed.
2d.	Rights of Way	100	Rights of way secured
2e.	Construction Permits and Other Approvals	100	Kansas City Southern is the only permit remaining; will be completed.
2f.	Site Preparation	100	Sites and colo buildings secured; pending delivery and setup.
2g.	Equipment Procurement	100	Network switch/router equipment is remaining; will be received
2h.	Network Build (all components - owned, leased, IRU, etc.)	65	Construction will be substantially complete with network fiber lighted for northern sections of the route projected.
2i.	Equipment Deployment	65	Equipment deployment and testing to coincide with construction schedule.
2j.	Network Testing	65	Segments of network to be tested as construction deployment allows.
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 only pending item is negotiation of permits from Kansas City Southern railroad. This item is not expected to impact progress of the project schedule for the next quarter. Fiber deliveries have been on schedule. If fiber delivery should be delayed, this issue could impact the overall schedule. No other significant challenges are anticipated.

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	\$382,333	\$330,733	\$51,600	\$1,080,733	\$830,733	\$250,000
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$216,000	\$0	\$216,000	\$707,520	\$65,379	\$642,141	\$800,000	\$65,379	\$734,621
e. Other architectural and engineering fees	\$570,000	\$570,000	\$0	\$72,588	\$32,258	\$40,330	\$272,588	\$232,258	\$40,330
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	\$1,262,560	\$325,567	\$936,993	\$5,600,000	\$1,000,000	\$4,000,000
j. Equipment	\$1,435,980	\$570,000	\$865,980	\$702,716	\$136,290	\$566,426	\$1,000,000	\$400,000	\$600,000
k. Miscellaneous	\$0	\$0	\$0	\$1,685	\$0	\$1,685	\$1,685	\$0	\$1,685
l. SUBTOTAL (add a through k)	\$12,343,984	\$3,180,600	\$9,163,384	\$3,129,402	\$890,227	\$2,239,175	\$8,855,006	\$2,528,370	\$5,726,636
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	\$3,129,402	\$890,227	\$2,239,175	\$8,855,006	\$2,528,370	\$5,726,636

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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