QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS

General Information

1. Federal Agency and Organizational Element to Which Report is Submitted	**2. Award Identification Number**	**3. DUNS Number**
Department of Commerce, National Telecommunications and Information Administration	NT10BIX5570071	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)	**6. Is this the last Report of the Award Period?**
06-30-2011	◯ 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	**7c. Telephone (area code, number and extension)**
David Lundy	3039477052
	7d. Email Address
	dlundy@zayo.com

7b. Signature of Certifying Official	**7e. Date Report Submitted (MM/DD/YYYY):**
Submitted Electronically	08-17-2011

Project Indicators (This Quarter)

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

Zayo received our FONSI. Zayo has almost completed engineering and is also applying for permits. Zayo also awarded Inside Plant Engineering and Design.   Awarded Materials contract. Zayo secured warehouse space from Anoka County to store materials and Fiber Optic Cable. Zayo plans on bidding out construction of 50 miles of route by next quarter.

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	3	This is 1.7% behind our baseline. This is because of delays in permitting which has delayed materials purchasing.
2b.	Environmental Assessment	100	This is 100% ahead of our baseline.
2c.	Network Design	40	This is 40% ahead of our baseline. Zayo's engineering contractor has been working hard and fast.
2d.	Rights of Way	3	This is 3% ahead of our baseline.
2e.	Construction Permits and Other Approvals	3	This is 3% ahead of our baseline.
2f.	Site Preparation	0	N/A
2g.	Equipment Procurement	0	N/A
2h.	Network Build (all components - owned, leased, IRU, etc)	0	N/A
2i.	Equipment Deployment	0	N/A
2j.	Network Testing	0	N/A
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 Minnesota State Government has been shut down since July 1, 2011 and it has not been resolved as of the date of this report. It is Zayo's understanding that the state permitting agencies were 6 weeks behind on permitting before the shutdown. If the shutdown goes for three or four weeks this could a delay of ~10 weeks. Zayo also had some issues with limited ROW's. Zayo has found existing conduit along most of the areas where this exist. Zayo has submitted purchase requests to BTOP to allow us to purchasing this existing conduit to help us avoid the limited ROW areas and BTOP is working to approve.

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	This is a 26 mile variance from our baseline because of the permitting delays. We should be caught up by next quarter.
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)	0	This is a 26 mile variance from our baseline because of the permitting delays. We should be caught up by next quarter.
Number of new wireless links	0	N/A

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	0	This is a variance of 20 from our baseline. This is because of the delays in starting construction.

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:
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:
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	N/A
	Providers with signed agreements receiving improved access	0	N/A
	Providers with signed agreements receiving access to dark fiber	0	This is a variance of 5 from our baseline because of the delays in starting construction.
	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

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number or 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 plans to have materials ordered and start stocking our warehouse. We hope to be further along with permitting and start bidding certain segments of the build based on the issuance of permits.

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	17	This is 3.9% ahead of the baseline. Which is based on resolution of the state shutdown soon and us being able to catch up with Equipment Procurement and Equipment Deployment.
2b.	Environmental Assessment	100	This is 5% ahead of the baseline.
2c.	Network Design	70	This is 50% ahead of the baseline. This is an estimate based on a quick resolution to the state shutdown and our engineering contractors being able to maintain the pace that they have set.
2d.	Rights of Way	30	This is 30% ahead of the baseline. This is based on resolution of the state shutdown.
2e.	Construction Permits and Other Approvals	30	This is 30% ahead of the baseline. This is based on resolution of the state shutdown.
2f.	Site Preparation	0	This is 9% behind the baseline and that is because of permitting and making sure that we have the official route before we do land acquisition and site preparation.
2g.	Equipment Procurement	9	N/A
2h.	Network Build (all components - owned, leased, IRU, etc.)	9	N/A
2i.	Equipment Deployment	9	N/A
2j.	Network Testing	5	N/A
2k.	Other (please specify): N/A	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 biggest challenge that Zayo sees coming up is trying to catch up with our baseline plan after the Minnesota State shutdown. It is hard to predict at this particular time how far we will be behind and how much we will have to catch up until after the shutdown ends so that we know how much time we have missed. We are figuring that if this delay goes on for another 3 weeks this could result in a 9 week delay as it is our understanding that the permitting agencies were 6 weeks behind before the shutdown. Zayo will continue to contact CAI's and last mile providers as we build out. Even with delays, it is Zayo's plan to be 90% complete by the end of the first eight quarters.

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	$172,263	$51,679	$120,584	$172,263	$51,679	$120,584	$172,263	$51,679	$120,584
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	$603,779	$181,134	$422,645	$357,772	$107,332	$250,440	$421,127	$126,338	$294,789
e. Other architectural and engineering fees	$422,675	$126,802	$295,873	$0	$0	$0	$0	$0	$0
f. Project inspection fees	$0	$0	$0	$0	$0	$0	$0	$0	$0
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	$15,271,893	$4,581,568	$10,690,325	$74,517	$22,355	$52,162	$1,069,517	$320,855	$748,662
j. Equipment	$2,647,380	$794,214	$1,853,166	$7,231	$2,169	$5,062	$1,607,231	$482,169	$1,125,062
k. Miscellaneous	$0	$0	$0	$0	$0	$0	$0	$0	$0
l. SUBTOTAL (add a through k)	$19,117,990	$5,735,397	$13,382,593	$611,783	$183,535	$428,248	$3,270,138	$981,041	$2,289,097
m. Contingencies	$0	$0	$0	$0	$0	$0	$0	$0	$0
n. TOTALS (sum of l and m)	$19,117,990	$5,735,397	$13,382,593	$611,783	$183,535	$428,248	$3,270,138	$981,041	$2,289,097

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