

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

General Information		
<b>1. Federal Agency and Organizational Element to Which Report is Submitted</b>  Department of Commerce, National Telecommunications and Information Administration	<b>2. Award Identification Number</b>  NT10BIX5570074	<b>3. DUNS Number</b>  153873930
<b>4. Recipient Organization</b>  Contact Network Inc. d/b/a InLine 600 Lakeshore Parkway, Birmingham, AL 35209-6361		
<b>5. Current Reporting Period End Date (MM/DD/YYYY)</b>  06-30-2013	<b>6. Is this the last Report of the Award Period?</b>  <div style="text-align: center;"> <input type="radio"/> Yes    <input checked="" type="radio"/> No                     </div>	
<b>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>		
<b>7a. Typed or Printed Name and Title of Certifying Official</b>  Michele Boner  Accounting Manager	<b>7c. Telephone (area code, number and extension)</b>  2052788134	<b>7d. Email Address</b>  mboner@inline.com
<b>7b. Signature of Certifying Official</b>  Submitted Electronically	<b>7e. Date Report Submitted (MM/DD/YYYY):</b>  08-27-2013	

**Project Indicators (This Quarter)**

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

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. Railroad permits were applied for but not yet approved. Pole attachment permits were submitted and approved. Mississippi Department of Transportation and City and County permits were also approved and received during this quarter. A total of one hundred twelve miles of fiber were constructed and an additional two hundred sixty three miles were leased. As of June 30, 2013 the total miles constructed is 677 miles. We connected an additional sixty five Anchor Institutions during this quarter bringing the total Anchors connected to 139. By the end of September 2013, Contact Network Inc. plans to have built 686 miles of new fiber construction and connected over 200 Community Anchor Institutions. Also, for the Budget Execution Details listed on the last page, when information was gathered for the UCC filings during this quarter, it was determined that 4 purchase orders were received incorrectly which caused the Land and Structures category (too high in Q1) as well as the Equipment category (too low in Q1) to be reported incorrectly for Q1. Equipment that was in the initial application budget under the Equipment category, not Land and Structures category, was received and posted to Land and Structures in error. This error was corrected during this quarter. The amounts reported under Land and Structures and Equipment for Q1 were incorrect, the amounts reported in those categories for Q2 are now correct.

**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
2b.	Environmental Assessment	100	No variance from baseline
2c.	Network Design	98	Slight variance from baseline due to the finalization of laterals to connect Community Anchor Institutions.
2d.	Rights of Way	98	Slight variance from baseline due to the finalization of laterals to connect Community Anchor Institutions.
2e.	Construction Permits and Other Approvals	98	Slight variance from baseline due to the delay in receiving railroad permits.
2f.	Site Preparation	72	Slight variance from baseline due to the finalization of laterals to connect Community Anchor Institutions.
2g.	Equipment Procurement	100	No variance from baseline
2h.	Network Build (all components - owned, leased, IRU, etc)	98	Slight variance from baseline due to the finalization of laterals to connect Community Anchor Institutions.
2i.	Equipment Deployment	98	Slight variance from baseline due to the finalization of laterals to connect Community Anchor Institutions.
2j.	Network Testing	98	Slight variance from baseline due to the finalization of laterals to connect Community Anchor Institutions.
2k.	Other (please specify):	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).**

Our biggest challenge faced during this quarter was obtaining needed Railroad permits to finish our construction. Also, there were many construction delays due to rain.

**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	677	This number exceeds our baseline projection.
New network miles leased	263	This number exceeds our baseline projection.
Existing network miles upgraded	14	No variance from baseline
Existing network miles leased	0	No variance from baseline
Number of miles of new fiber (aerial or underground)	677	This number exceeds our baseline projection.
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	24	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	4
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: PEG Bandwidth, Windstream, Bailey Cable TV, DSL by Air,

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 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	4	Baseline projections did not include any Broadband Wholesalers or Last Mile Providers receiving new access
	Providers with signed agreements receiving improved access	0	Negotiations are still ongoing.
	Providers with signed agreements receiving access to dark fiber	0	No variance from baseline

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Please identify the speed tiers that are available and the number of subscribers for each	4	10Mbps = 1 Subscriber 100Mbps = 0 Subscribers 500Mbps = 0 Succribers 1000Mbps = 3 Subscribers
Community Anchor Institutions (including Government institutions)	Total subscribers served	139	During this quarter we connected sixty five additional Community Anchor Institutions which varies from our baseline projections. We are working aggressively to catch up the Baseline Projections
	Subscribers receiving new access	2	Two of the locations we are servicing are newly built Board of Education office and Police Station and weren't part of our baseline projections
	Subscribers receiving improved access	137	During this quarter we connected sixty five 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 = 1 Subscriber 50Mbps = 0 Subscribers 100Mbps = 3 Subscribers 500Mbps = 0 Subscribers 1000Mbps = 135 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).

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).

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	Narrative description of how anchor institutions are using BTOP-funded infrastructure

			<b>institution? (Yes / No)</b>	
<b>See attached</b>	<b>See attached</b>	<b>See attached</b>	<b>See attached</b>	<b>See attached</b>

**Project Indicators (Next Quarter)**

**1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).**  
 The final railroad permit will be received and construction will be finished. All approved laterals will be constructed. Also, we will be continuing to contact Community Anchor Institutions and presenting quotes/contracts for services. Negotiations will continue with wholesale broadband or last mile providers; if negotiations are successful we should connect one more wholesale provider next quarter. By the end of next quarter we plan to build nine additional miles bringing the total to 686 miles of newly constructed fiber and to connect an additional sixty three CAI's bringing the total CAI's connected to 202.

**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).**

	<b>Milestone</b>	<b>Planned Percent Complete</b>	<b>Narrative (describe reasons for any variance from baseline plan or any other relevant information)</b>
2a.	<b>Overall Project</b>	100	No variance from baseline
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>	100	No variance from baseline
2e.	<b>Construction Permits and Other Approvals</b>	100	No variance from baseline
2f.	<b>Site Preparation</b>	100	No variance from baseline
2g.	<b>Equipment Procurement</b>	100	No variance from baseline
2h.	<b>Network Build (all components - owned, leased, IRU, etc.)</b>	100	No variance from baseline
2i.	<b>Equipment Deployment</b>	100	No variance from baseline
2j.	<b>Network Testing</b>	100	No variance from baseline
2k.	<b>Other (please specify):</b>	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	\$110,544	\$22,109	\$88,435	\$110,544	\$22,109	\$88,435
b. Land, structures, right-of-ways, appraisals, etc.	\$768,000	\$153,600	\$614,400	\$706,274	\$141,255	\$565,019	\$710,595	\$145,576	\$565,019
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$216,000	\$43,200	\$172,800	\$121,394	\$24,279	\$97,115	\$121,394	\$24,279	\$97,115
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	\$306,273	\$61,255	\$245,018	\$335,000	\$67,000	\$268,000
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$21,603,816	\$4,320,763	\$17,283,053	\$22,771,786	\$4,554,357	\$18,217,429	\$23,000,000	\$4,805,553	\$18,194,447
j. Equipment	\$2,865,258	\$573,052	\$2,292,206	\$1,890,007	\$378,001	\$1,512,006	\$1,890,832	\$378,826	\$1,512,006
k. Miscellaneous									
<b>l. SUBTOTAL (add a through k)</b>	\$25,906,278	\$5,181,256	\$20,725,022	\$25,906,278	\$5,181,256	\$20,725,022	\$26,168,365	\$5,443,343	\$20,725,022
m. Contingencies									
<b>n. TOTALS (sum of l and m)</b>	\$25,906,278	\$5,181,256	\$20,725,022	\$25,906,278	\$5,181,256	\$20,725,022	\$26,168,365	\$5,443,343	\$20,725,022

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: \$4,627,598      b. Program Income to Date: \$2,654,843