

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 NT10BIX5570074	3. DUNS Number 153873930
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4. Recipient Organization

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

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 Michele Boner Accounting Manager	7c. Telephone (area code, number and extension) 2052788134
	7d. Email Address mboner@inline.com

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 08-04-2011
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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. All Army Corp of Engineer and railroad permits applied for were approved and received. The pole attachment permits, Mississippi Department of Transportation and City and County permits were also approved and received during this quarter. The fiber and materials, huts and aerial/burial construction requests for proposals were awarded during this quarter. Purchases from these requests for proposals were made and construction began. A total of fifteen Community Anchor Institutions were connected during this 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	6	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 districts 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. Also, we are experiencing delays in the delivery of the fiber optic cable. We anticipated to receive fiber in this quarter, however did not thus our expenditures were lower than projected. As a result the actual percent complete in this category varies from our initial baseline report.
2b.	Environmental Assessment	100	No Variance from Baseline
2c.	Network Design	75	Since the baseline was submitted it became evident that the network design will be fluid as we move forward. While the network design is 75% complete, as ride outs and meetings are held with various utilities and local government 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.
2d.	Rights of Way	15	Since the baseline was submitted it became evident to Contact Network Inc. that the design, build and procurement should be conducted in such a way as to accommodate the districts for which we have signed contracts in place for services. Our primary focus for design, engineering, permitting etc. will be on these Community Anchor Institutions. As a result the actual percent complete in this category varies from our initial baseline report.
2e.	Construction Permits and Other Approvals	7	Since the baseline was submitted it became evident to Contact Network Inc. that the design, build and procurement should be conducted in such a way as to accommodate the districts for which we have signed contracts in place for services. Our primary focus for design, engineering, permitting etc. will be on these Community Anchor Institutions. As a result the actual percent complete in this category varies from our initial baseline report.
2f.	Site Preparation	8	During this quarter a total of fifteen Community Anchor Institutions were connected to our network. The site preparation was complete for these fifteen entities. Our projections for this quarter were to connect a total of twenty-two Community Anchor Institutions. The construction and site preparation for remaining seven institutions were not complete as of June 30, 2011 causing a variance in our projections.
2g.	Equipment Procurement	14	Equipment is being purchased on an as needed basis. We expect significant purchases to be made during the next quarter.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2h.	Network Build (all components - owned, leased, IRU, etc)	4	Since the baseline was submitted it became evident to Contact Network Inc. that the design, build and procurement should be conducted in such a way as to accommodate the Community Anchor Institutions for which we have executed contracts. Our primary focus for design, engineering, permitting etc. will be on these Institutions. As a result the actual percent complete in this category varies from our initial baseline report which assumed we would be working on all sections of the build simultaneously thus causing the variance between actual and baseline projections.
2i.	Equipment Deployment	7	Since the baseline was submitted it became evident to Contact Network Inc. that the design, build and procurement should be conducted in such a way as to accommodate the districts for which we have signed contracts in place for services. Our primary focus for design, engineering, permitting etc. will be on these Community Anchor Institutions. As a result the actual percent complete in this category varies from our initial baseline report.
2j.	Network Testing	7	Since the baseline was submitted it became evident to Contact Network Inc. that the design, build and procurement should be conducted in such a way as to accommodate the districts for which we have signed contracts in place for services. Our primary focus for design, engineering, permitting etc. will be on these Community Anchor Institutions. As a result the actual percent complete in this category varies from our initial baseline report.
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).

We have made some progress in regards to the franchise agreement with the City of Jackson, Mississippi. However, we are still in negotiation and have yet to secure a signed agreement. We are still experiencing the same issues with one of our competitors creating doubt with our potential end users regarding aerial fiber due to the recent tornados. Our customers are continuing to request all buried fiber.

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	61	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	0	No Variance from Baseline
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)	61	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	3	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	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: Not applicable, currently we are still in negotiations and do not have any signed agreements in place.

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; currently no wholesale services have yet to be provided. Our wholesale service offerings will include: 10Mbps Private Network; 10Mbps Fiber Connection with Internet Access; 100Mbps Private Network; 100Mbps Fiber Connection with Internet Access; 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	0	No Variance from Baseline
	Providers with signed agreements receiving improved access	0	No Variance from 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	0	No Variance from Baseline
Community Anchor Institutions (including Government institutions)	Total subscribers served	15	We secured contracts with three K-12 school districts which totaled twenty-two Community Anchor Institutions. During this quarter we connected fifteen of these twenty-two schools, which exceeds our baseline projections of twelve Community Anchor Institutions.
	Subscribers receiving new access	0	No Variance from Baseline
	Subscribers receiving improved access	15	We secured contracts with three K-12 school districts which totaled twenty-two Community Anchor Institutions. During this quarter we connected fifteen of these twenty-two schools, which exceeds our baseline projections of twelve Community Anchor Institutions.
	Please identify the speed tiers that are available and the number of subscribers for each	15	Fourteen of the Community Anchor Institutions are receiving 1000Mbps Private WAN Connections; one is receiving a 10Mbps Private WAN Connection.

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
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).

Not Applicable

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 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).

Construction will continue to the seven anchor institutions that were not connected during last quarter. Also, we will be continuing to contact Community Anchor Institutions and presenting quotes/contracts for services. We will be issuing a request for proposals for hand holes. Additional fiber optic cable, markers etc. will be ordered. Franchise agreements will be negotiated in counties where our next build will take place and permits will be secured. Once permits/approvals are secured construction will continue.

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	18	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 districts 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. Also, we are experiencing delays in the delivery of the fiber optic cable. We anticipated to receive fiber in this quarter, however did not thus our expenditures were lower than projected. As a result the actual percent complete in this category varies from our initial baseline report.
2b.	Environmental Assessment	100	No Variance
2c.	Network Design	75	Since the baseline was submitted it became evident that the network design will be fluid as we move forward. While the network design is 75% complete, as ride outs and meetings are held with various utilities and local government 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.
2d.	Rights of Way	16	Since the baseline was submitted it became evident to Contact Network Inc. that the design, build and procurement should be conducted in such a way as to accommodate the districts for which we have signed contracts in place for services. Our primary focus for design, engineering, permitting etc. will be on these Community Anchor Institutions. As a result the actual percent complete in this category varies from our initial baseline report.
2e.	Construction Permits and Other Approvals	16	Since the baseline was submitted it became evident to Contact Network Inc. that the design, build and procurement should be conducted in such a way as to accommodate the districts for which we have signed contracts in place for services. Our primary focus for design, engineering, permitting etc. will be on these Community Anchor Institutions. As a result the actual percent complete in this category varies from our initial baseline report.
2f.	Site Preparation	17	During this quarter a total of fifteen Community Anchor Institutions were connected to our network. The site preparation was complete for these fifteen entities. Our projects for this quarter were to connect a total of twenty-two Community Anchor Institutions. The construction and site preparation for remaining seven institutions were not complete as of June 30, 2011 causing a variance in our projections.
2g.	Equipment Procurement	35	No Variance
2h.	Network Build (all components - owned, leased, IRU, etc.)	16	Since the baseline was submitted it became evident to Contact Network Inc. that the design, build and procurement should be conducted in such a way as to accommodate the Community Anchor Institutions for which we have executed contracts. Our primary focus for design, engineering, permitting etc. will be on these Institutions. As a result the actual percent complete in this category varies from our initial baseline report which assumed we would be working on all sections of the build simultaneously thus causing the variance between actual and baseline projections.
2i.	Equipment Deployment	17	Since the baseline was submitted it became evident to Contact Network Inc. that the design, build and procurement should be conducted in such a way as to accommodate the districts for which we have signed contracts in place for services. Our primary focus for design, engineering, permitting etc. will be on these Community Anchor Institutions. As a result the actual percent complete in this category varies from our initial baseline report.
2j.	Network Testing	16	Since the baseline was submitted it became evident to Contact Network Inc. that the design, build and procurement should be conducted in such a way as to accommodate the districts for which we have signed contracts in place for services. Our primary focus for design, engineering, permitting etc. will be on these Community Anchor Institutions. As a result the actual percent complete in this category varies from our initial baseline report.
2k.	Other (please specify):	0	No Variance

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).

We are experience long lead times for delivery of our fiber optic cable. Also, the Electric Power Associations are overwhelmed due to the inclement weather and the volume of pole applications being filed. They cannot seem to produce the applications/approvals and complete any make ready needed in a timely fashion. We are also experiencing delays in aerial applications with the ILEC as well.

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	\$77,654	\$15,531	\$62,123	\$78,654	\$15,731	\$62,923
b. Land, structures, right-of-ways, appraisals, etc.	\$768,000	\$153,600	\$614,400	\$72,144	\$14,429	\$57,715	\$88,024	\$17,605	\$70,419
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	\$119,740	\$23,948	\$95,792	\$125,740	\$25,148	\$100,592
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	\$81,299	\$16,260	\$65,039	\$99,299	\$19,860	\$79,439
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$21,603,817	\$4,320,764	\$17,283,053	\$856,044	\$171,208	\$684,836	\$3,356,045	\$671,209	\$2,684,836
j. Equipment	\$2,865,257	\$573,051	\$2,292,206	\$409,288	\$81,858	\$327,430	\$915,791	\$183,158	\$732,633
k. Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
l. SUBTOTAL (add a through k)	\$25,906,278	\$5,181,256	\$20,725,022	\$1,616,169	\$323,234	\$1,292,935	\$4,663,553	\$932,711	\$3,730,842
m. Contingencies									
n. TOTALS (sum of l and m)	\$25,906,278	\$5,181,256	\$20,725,022	\$1,616,169	\$323,234	\$1,292,935	\$4,663,553	\$932,711	\$3,730,842

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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