



## FIRST PERFORMANCE PROGRESS REPORT 2010

1. Recipient Organization ( <i>Name and complete address including zip code</i> ) Contact Network, Inc. 600 Lakeshore Parkway, Birmingham, AL 35209	2. Award Identification Number NT10BIX5570074
3. Performance Narrative (Q1) <i>Please describe your project activities and progress for the first quarter of your award period. This should include a description of federal expenditures to date, key milestones, the primary activities needed to accomplish those milestones, significant project accomplishments, and any delays or challenges. Please use the milestone categories provided in your baseline report (e.g., environmental assessment, design, rights of way) to structure your answer. (500 words or less)</i>  Shortly after our award date of June 28, 2010 we began to address the Special Award Conditions of our project. It was at this time we learned of the Environmental Assessment Award Condition. This condition states that project implementation may not begin prior to being issued a Finding of No Significant Impact by the National Telecommunications and Information Administration. This requirement caused us to alter our construction schedule and modify our project plan accordingly. During the first quarter our primary objectives were to finalize our network design and gather the required information to successfully complete the Environmental Assessment. We selected an engineering firm to assist in the Environmental Assessment. A detailed map of the fiber route, which differentiates between aerial and buried fiber and lists potential hut locations along the route, as well as, all Community Anchor Institutions for the project was developed and forwarded to the engineering firm. Letters detailing the county by county construction plans, number of huts and miles of buried vs. aerial cable, along with detailed maps were sent to the United States Fish and Wildlife Service Field Office, the Mississippi Department of Archives and History and the Department of the Army, Corps of Engineers. A response from the United States Fish and Wildlife Service was received and one federally listed species can be found within our project area and could be impacted by ground disturbing activities. Gopher tortoise ( <i>Gopherus polyphemus</i> ) habitats may be found in the following counties: Forrest, Jones, Covington, Marion, Jeff Davis and Walthall. We are currently working with the United States Fish and Wildlife service to resolve this potential issue and move forward. However, this may delay construction for these counties. Vendor meetings were held to research and document leased fiber for our indefeasible rights of use agreements, equipment, fiber, fiber asset management software and heavy equipment. The equipment required for the Storage Area Network was procured. We have also developed a website dedicated to the project, ordered marketing material with the National Telecommunication and Information Administration and Recovery Act logos and organized the development of Community Anchor Institutions into four primary areas: Education, Local Government, Health Care and Broadband/Last Mile Providers. In addition we have assigned responsible personnel to hold stakeholder's meetings, individual meetings, direct mail marketing, etc in our service area. We have also started the organization and gathering of data for reporting and have begun to organize our permanent file. Federal Expenditures this quarter: \$88,823.11	
4. Performance Projections (Q2) <i>Please describe your anticipated project activities and progress for the next quarter. This should include a description of federal expenditures, key milestones, the primary activities needed to accomplish those milestones, significant project accomplishments, and any potential delays or challenges you foresee. Please use the milestone categories provided in your baseline report (e.g., environmental assessment, design, rights of way) to structure your answer. (500 words or less)</i>  During the second quarter we plan to finalize our network design and complete the Environmental Assessment. Paperwork will be sent to the United States Fish and Wildlife Service requesting a Mitigated Finding of No Significant Impact based on our face to face meetings regarding the Gopher Tortoise issue. If the United States Fish and Wildlife Service's response is delayed in any way this will push back our site preparation and construction time lines accordingly. The Alabama Coushatta Tribe of Texas responded to our project and requested additional information due to ancestral lands in some of our service area. Per their request we have submitted detailed project plans and to date have not received a response from the Tribe. While we anticipate the Tribe will have no issues with our project, if confirmation is not received this may also cause a delay in our site preparation and construction plans. Also, during the second quarter request for proposal templates will be developed for fiber plant purchases and fiber engineering. A request for proposal for fiber construction in the first three counties will be released by the end of the quarter. Also, we will hold meetings and ride outs to determine rights of way requirements and we will begin submitting any applications/paperwork required to obtain those rights of way. In addition, we will begin to file any needed construction permits and other applications as needed. A complete list of all utility pole owners in our service area will be developed. These pole owners will be contacted and negotiations of pole attachment agreements will commence. We believe that delays in permitting, identifying pole ownerships and make ready requirements may occur. If these delays occur and affect routes and/or placement design this may result in an overall delay in the construction schedule. Quotes and Agreements for collocation facilities, back haul circuits, etc will be requested and evaluated. We will begin evaluating equipment and electronics to be used at the Community Anchor Institutions and as part of our back haul. Our marketing plan is built	

around K-12 schools and the Mississippi Department of Transportation for Intelligent Traffic Systems. If the K12 schools' E-RATE (Schools and Libraries Program of the Universal Service Fund) Program has any significant changes for the next funding year our Community Anchor Institutions list would change accordingly. Another potential risk is if the partnership agreement is not finalized with the Mississippi Department of Transportation. While progress is being made, any potential changes in the plan could pose challenges in future quarters.. We continue to market to other Community Anchor Institutions to strengthen our sustainability by conducting Stakeholder meetings, individual meetings and also by direct mail marketing. In accordance with our 6 month expenditure plan submitted and approved, we project that Federal Expenditures during the second quarter will be approximately \$1,945,480.

**5. 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.**

5a. Typed or Printed Name and Title of Authorized Certifying Official  Michele Boner	5c. Telephone ( <i>area code, number and extension</i> ) 205-278-8100 extension 134
5b. Signature of Authorized Certifying Official	5d. Email Address mboner@InLine.com  5e. Date Report Submitted ( <i>Month, Day, Year</i> ) <b>October 28, 2010</b>

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