

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 NT10BIX5570104	3. DUNS Number 153873930
--	---	--

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) 03-31-2011	6. Is this the last Report of the Award Period? <input type="radio"/> Yes <input checked="" type="radio"/> 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 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): 05-17-2011
---	--

Project Indicators (This Quarter)

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

During this quarter, the Environmental Assessment was finalized and a draft submitted. Meetings were held with the Mississippi State Historic Preservation Officer to determine guidelines for construction in areas where archaeological sites exist. A plan was agreed upon and approval was sent to the National Telecommunication and Information Administration along with our final Environmental Assessment. In anticipation of receiving our Finding of No Significant Impact, we began riding all routes and submitting applications to attach to utility poles in the initial build counties. One administrative person was hired to process pole attachment agreements. Meetings were held with the Electric Power Associations involved and pole attachment agreements with the Electric Power Associations were negotiated. 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. Army Corp of Engineer and Railroad permitting also began during this quarter. Collocation space in Jackson, Mississippi was procured. The overlap special award condition was satisfied. Face to face meetings were held with potential Community Anchor Institutions. A total of seven district contracts were won which will connect forty seven Anchor Institutions by July 1, 2011. Three request for proposals were released during this quarter for: fiber and materials, huts and aerial/burial construction.

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	2	During this quarter 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 to be delivered as of July 1, 2011. Our primary focus for was on the counties where these districts are located due to the strict time lines to deliver services on July 1, 2011. 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.
2b.	Environmental Assessment	85	The final draft of the Environmental Assessment was submitted during this quarter. We expect to receive the Finding of No Significant Impact during the next quarter. Likewise, we will also receive the final invoice from the Environmental Firm during the next quarter.
2c.	Network Design	75	During this quarter it became evident that the network design will be fluid as we move forward. While the network design is 75% complete, as ride outs are held with various utilities and permits are negotiated with various entities the network design may need to be updated/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	During this quarter 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 to be delivered as of July 1, 2011. Our primary focus for design, engineering, permitting etc. was on the counties where these districts are located due to the strict time lines to deliver services on July 1, 2011. We now have a new tool to use to help us pinpoint our total dollars spent on this category. 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.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2e.	Construction Permits and Other Approvals	8	During this quarter 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 to be delivered as of July 1, 2011. Our primary focus for design, engineering, permitting etc. was on the counties where these districts are located due to the strict timelines to deliver services on July 1, 2011. We now have a new tool to use to help us pinpoint our total dollars spent on this category. 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.
2f.	Site Preparation	19	During this quarter 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 to be delivered as of July 1, 2011. Our primary focus for design, engineering, permitting etc. was on the counties where these districts are located due to the strict time lines to deliver services on July 1, 2011. We now have a new tool to use to help us pinpoint our total dollars spent on this category. 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.
2g.	Equipment Procurement	1	During this quarter 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 to be delivered as of July 1, 2011. Also, delays caused by the Environmental Assessment and the need to pull resources that would have focused on material and equipment RFP's hindered our progress. The equipment RFP was not posted as anticipated during this quarter, therefore the procurement is behind versus the baseline projections.
2h.	Network Build (all components - owned, leased, IRU, etc)	0	No variance from baseline
2i.	Equipment Deployment	0	No variance from baseline
2j.	Network Testing	0	No variance from baseline
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).

One of our competitors is creating doubt with our end user's regarding aerial fiber due to the recent tornados. Our customers are now requesting all fiber to be buried. The budget we submitted was based on an aerial/burial combination.

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	No variance from baseline

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
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)	0	No variance from baseline
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	0	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: N/A; currently we have no signed agreements

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; 100Mbps Private Network; 100Mbps Fiber Connection with Internet; 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 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	No variance from baseline
	Providers with signed agreements receiving improved access	0	No variance from baseline, we are currently in negotiation with a couple of providers but nothing has yet been signed.
	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	0	10Mbps/100Mbps/1000Mbps Private WAN; 10Mbps/100Mbps Fiber Connection with Internet
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	No variance from baseline
	Subscribers receiving new access	0	No variance from baseline
	Subscribers receiving improved access	0	No variance from baseline
	Please identify the speed tiers that are available and the number of subscribers for each	0	10Mbps/100Mbps/1000Mbps Private WAN; 10Mbps/100Mbps Fiber Connection with Internet
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

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; Construction not started during this quarter

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
 During the next quarter we anticipate the receipt of our Environmental Assessment Finding of No Significant Impact. The fiber and materials RFP will be awarded and materials for construction will be purchased. Also, the construction RFP will be awarded. An RFP for equipment will be released, awarded and equipment will be purchased. Pole attachment agreements will be finalized. Pole attachment applications will be finalized. Railroad crossing permits will be secured. Army Corp of Engineers approval letters and/or permits will be received. Construction permits will be received. Contractors will begin construction on both aerial and burial components of our route. All forty-seven community anchor institutions for which contracts have been received will be connected during this quarter.

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	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 to be delivered as of July 1, 2011. Our primary focus for was on the counties where these districts are located due to the strict time lines to deliver services on July 1, 2011. 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.
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 are held with various utilities and permits are negotiated with various entities the network design may need to be updated/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 to be delivered as of July 1, 2011. Our primary focus for design, engineering, permitting etc. was on the counties where these districts are located due to the strict time lines to deliver services on July 1, 2011. We now have a new tool to use to help us pinpoint our total dollars spent on this category. 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.
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 to be delivered as of July 1, 2011. Our primary focus for design, engineering, permitting etc. was on the counties where these districts are located due to the strict time lines to deliver services on July 1, 2011. We now have a new tool to use to help us pinpoint our total dollars spent on this category. 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.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2f.	Site Preparation	37	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 to be delivered as of July 1, 2011. Our primary focus for design, engineering, permitting etc. was on the counties where these districts are located due to the strict time lines to deliver services on July 1, 2011. We now have a new tool to use to help us pinpoint our total dollars spent on this category. 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.
2g.	Equipment Procurement	20	Since the baseline report was submitted it has become evident to Contact Network Inc. the equipment procurement should be conducted in such a way as to accommodate the districts for which we have signed contracts in place for services to be delivered as of July 1, 2011. Due to delays in issuing the Equipment request for proposal we are behind in procurement. We will be placing equipment orders this quarter to somewhat catch up in this category versus our initial baseline projections.
2h.	Network Build (all components - owned, leased, IRU, etc.)	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 to be delivered as of July 1, 2011. Our primary focus for design, engineering, permitting etc. was on the counties where these districts are located due to the strict time lines to deliver services on July 1, 2011. We now have a new tool to use to help us pinpoint our total dollars spent on this category. 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.
2i.	Equipment Deployment	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 to be delivered as of July 1, 2011. Our primary focus for design, engineering, permitting etc. was on the counties where these districts are located due to the strict time lines to deliver services on July 1, 2011. We now have a new tool to use to help us pinpoint our total dollars spent on this category. 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.
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 to be delivered as of July 1, 2011. Our primary focus for design, engineering, permitting etc. was on the counties where these districts are located due to the strict time lines to deliver services on July 1, 2011. We now have a new tool to use to help us pinpoint our total dollars spent on this category. 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.
2k.	Other (please specify):	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).

The tornados that came through our area on April 27, 2011 slowed the progress of our aerial pole attachment applications. The utility companies have pulled their crews to work on restoring services in the damaged areas instead of processing our new attachment requests. Likewise, the Mississippi River flooding is causing the same types of delays with both the utility companies and Rail Roads that are processing our Crossing Applications.

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	\$80,025	\$16,005	\$64,020	\$89,863	\$17,973	\$71,890
b. Land, structures, right-of-ways, appraisals, etc.	\$384,000	\$76,800	\$307,200	\$0	\$0	\$0	\$82,500	\$16,500	\$66,000
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$186,000	\$37,200	\$148,800	\$29,939	\$5,988	\$23,951	\$42,323	\$8,465	\$33,858
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	\$5,970	\$1,194	\$4,776	\$35,970	\$7,194	\$28,776
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$11,339,864	\$2,267,973	\$9,071,891	\$115,615	\$23,123	\$92,492	\$1,655,296	\$331,059	\$1,324,237
j. Equipment	\$2,117,516	\$423,503	\$1,694,013	\$9,762	\$1,952	\$7,810	\$420,762	\$84,152	\$336,610
k. Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
l. SUBTOTAL (add a through k)	\$14,480,584	\$2,896,117	\$11,584,467	\$241,311	\$48,262	\$193,049	\$2,326,714	\$465,343	\$1,861,371
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$14,480,584	\$2,896,117	\$11,584,467	\$241,311	\$48,262	\$193,049	\$2,326,714	\$465,343	\$1,861,371

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
---	--------------------------------