

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
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) 09-30-2013	6. Is this the last Report of the Award Period? <p style="text-align: center;"> <input checked="" type="radio"/> Yes <input type="radio"/> No </p>	
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): 01-03-2014	

Project Indicators (This Quarter)

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

Prior to InLine constructing of a fiber network and the competitive climate in which this has created, many Mississippi schools, libraries, government facilities and healthcare organizations' broadband connectivity was too slow, with insufficient bandwidth.

At present, we have connected over 195 CAIs at many times, migrating them from T-1 and other legacy service to 10-1000 MBPS Internet connections and 1-10 GBPS Ethernet-Class services.

Mississippi Health Care Facilities have taken advantage of this newly constructed fiber. Many of these Health Care Facilities are now preparing to take advantage of federal funding distributed via the USAC Rural Health Care and the New Health Care Connect program due to the very fact that fiber now exist in their area.

Local municipalities have signed up and are now providing their facilities the needed bandwidth to serve their community and citizens better.

As a result of the miles constructed/leased and because of our extensive outreach efforts, we have established agreements with several wholesale providers in our affected area, allowing them to expand the reach of the services they provide to local communities.

Several of the Mississippi school districts have taken a bold move in moving away from the current state telecommunication contract, which was high in cost and limited the districts ability to provide their students the needed broadband by going out for bid for their needed service.

The average district who has bid in the past two years for services is paying less than half the contract prices offered by the Mississippi Department of Education circuit offerings per Mbps and much less than that when compared to the current State offered contract circuit costs.

Based on State of Mississippi March 2013 Enrollment data and a self reported 2013 – 2014 K12 Internet Enrollment Figures, 36 Districts with a total of 186,636 Students have drastically reduced their internet/bandwidth cost in the past three years since this project begin.

One particular tenant of the original NTIA grant was to encourage competition, which would lower prices. InLine has achieved this very tenant within our project area. Not only did we reduce the cost to the many of our original CAIs that elected to move forward with our fiber offering, but also we affected the entire pricing structure within our Fiber footprint.

We are proud to note that our original baseline goal was to construct 635 miles of fiber, upgrade 14 miles of fiber and lease 233 miles of fiber for a total of 882 miles.

Following approved modifications during our project, we were actually able to construct 687 miles, upgrade 14 miles and lease 263 miles for a total of 964 miles (109% more than our baseline goal).

Here at InLine, we feel that we have not only been able to provide needed broadband to an underserved area, but we have truly Improve the 'Quality of Life for many Citizens of Mississippi. It is our hopes that we will be able to continue this improvement in additional areas of the state in the future.

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	100	No variance from baseline
2d.	Rights of Way	100	No variance from baseline
2e.	Construction Permits and Other Approvals	100	No variance from baseline
2f.	Site Preparation	100	No variance from baseline

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2g.	Equipment Procurement	100	No variance from baseline
2h.	Network Build (all components - owned, leased, IRU, etc)	100	No variance from baseline
2i.	Equipment Deployment	100	No variance from baseline
2j.	Network Testing	100	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).

There were no challenges or issues faced during this past quarter.

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	687	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)	687	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	5
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	0
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, Netlink Voice,

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 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	1	We were able to provide more Broadband Wholesalers or Last Mile Providers with new access versus the improved access as anticipated in our baseline projects.
	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	4	10Mbps = 1 Subscriber 100Mbps = 1 Subscribers 500Mbps = 0 Subscribers 1000Mbps = 3 Subscribers
Community Anchor Institutions (including Government institutions)	Total subscribers served	195	During this quarter we connected four additional Community Anchor Institutions which varies from our baseline projections. If the pending route modification is approved we should exceed our 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	193	During this quarter we connected fifty six 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	6	10Mbps = 7 Subscriber 20Mbps = 1 Subscriber 50Mbps = 12 Subscribers 100Mbps = 16 Subscribers 500Mbps = 7 Subscribers 1000Mbps = 152 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

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	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 institution? (Yes / No)	Narrative description of how anchor institutions are using BTOP-funded infrastructure
See attached	See attached	See attached	See attached	See attached

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 will be undergoing the final audit per BTOP requirements. We will also file all UCC Filings and complete close out.

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	100	No variance from baseline
2b.	Environmental Assessment	100	No variance from baseline
2c.	Network Design	100	No variance from baseline
2d.	Rights of Way	100	No variance from baseline
2e.	Construction Permits and Other Approvals	100	No variance from baseline
2f.	Site Preparation	100	No variance from baseline
2g.	Equipment Procurement	100	No variance from baseline
2h.	Network Build (all components - owned, leased, IRU, etc.)	100	No variance from baseline
2i.	Equipment Deployment	100	No variance from baseline
2j.	Network Testing	100	No variance from baseline

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
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).

We do not anticipate issues or challenges during the next quarter.

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	\$743,485	\$148,697	\$594,788	\$743,485	\$148,697	\$594,788
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	\$317,574	\$63,515	\$254,059	\$317,574	\$63,515	\$254,059
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$21,603,816	\$4,320,763	\$17,283,053	\$22,718,616	\$4,543,723	\$18,174,893	\$22,718,616	\$4,543,723	\$18,174,893
j. Equipment	\$2,865,258	\$573,052	\$2,292,206	\$1,894,665	\$378,933	\$1,515,732	\$1,894,665	\$378,933	\$1,515,732
k. Miscellaneous									
l. SUBTOTAL (add a through k)	\$25,906,278	\$5,181,256	\$20,725,022	\$25,906,278	\$5,181,256	\$20,725,022	\$25,906,278	\$5,181,256	\$20,725,022
m. Contingencies									
n. TOTALS (sum of l and m)	\$25,906,278	\$5,181,256	\$20,725,022	\$25,906,278	\$5,181,256	\$20,725,022	\$25,906,278	\$5,181,256	\$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: \$5,334,176	b. Program Income to Date: \$3,270,148
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