

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 NT10BIX5570003	3. DUNS Number 623894359
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4. Recipient Organization

South Dakota Network, LLC 2900 W 10th Street, Sioux Falls, SD 57104-2543

5. Current Reporting Period End Date (MM/DD/YYYY) 12-31-2010	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 Marlene Bennett	7c. Telephone (area code, number and extension) 6059952574
	7d. Email Address marlene.bennett@chrsolutions.com

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 02-28-2011
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Project Indicators (This Quarter)			
<p>1. Please describe significant project accomplishments completed during this quarter (600 words or less). Construction continued this quarter with work in the Vermillion, Yankton Watertown, and Rapid City areas across the state. Network Build was a primary focus while continuing staking of routes, right of way acquisition and permitting.</p>			
<p>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).</p>			
	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2a.	Overall Project	27	An aggressive schedule for the last quarter fell short of our milestone when weather caused us to slow construction toward the end of the quarter.
2b.	Environmental Assessment	100	N/A
2c.	Network Design	100	N/A
2d.	Rights of Way	100	N/A
2e.	Construction Permits and Other Approvals	100	N/A
2f.	Site Preparation	42	Site preparation has proceeded without any delays and we are currently exceeding our milestone in this category.
2g.	Equipment Procurement	62	Partial equipment orders were extended into the next quarter causing some gap in milestone baseline achievement.
2h.	Network Build (all components - owned, leased, IRU, etc)	10	Although construction has fallen short of our projected milestones, additional miles have been implemented with fiber placement scheduled for the first half of this next calendar year. The project made minimal progress during the current quarter because of inclement weather. The intention is to advance the project once the weather passes for the season.
2i.	Equipment Deployment	50	Equipment deployment has fallen short of milestone as a result of some construction not completed, we are anticipating reaching this by end of Q3, 2011.
2j.	Network Testing	10	The lack of equipment deployed and shortfall in network build have caused network testing to be short of baseline projection for this timeframe. We are confident that this category will be brought up to baseline within the next year.
2k.	Other (please specify): N/A	0	N/A
<p>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). The weather came into play towards the end of the quarter, as cold and snow hampered progress on construction. Although somewhat anticipated and projected, we were hoping that some ground could be made up in the overall progress of the network build. Technical assistance is appreciated and will be asked for when it is needed for the project acceleration.</p>			
<p>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).</p>			
	Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
New network miles deployed	36	Construction has been lagging this milestone category with additional fiber ready to be deployed in early 2011. An aggressive construction schedule originally was planned to begin one quarter earlier than actual.
New network miles leased	0	N/A
Existing network miles upgraded	0	N/A
Existing network miles leased	0	N/A
Number of miles of new fiber (aerial or underground)	36	See narrative above.
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	0	N/A

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	0
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

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

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	Based on several of our sub recipients being awarded BIP awards during 2010, SDN is currently finalizing the contracts with those involved with our BTOP award.
	Providers with signed agreements receiving improved access	0	See narrative above.

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Providers with signed agreements receiving access to dark fiber	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	Although signed agreements are in place, these Last Mile Providers have not initiated service.
Community Anchor Institutions (including Government institutions)	Total subscribers served	2	SDN was not able to connect as many Community Anchor Institutions as projected in the baseline due to both the timing of initial construction start date and the inclement weather arriving early.
	Subscribers receiving new access	2	See Narrative above.
	Subscribers receiving improved access	0	See Narrative above.
	Please identify the speed tiers that are available and the number of subscribers for each	2	5,10,15,20,75,100Meg. 1-75 Meg, 1-20 Meg
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).

None at this time in the project.

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
Vermillion High School	Vermillion/Clay	School	No	Internet connection, advanced learning as well as distance learning opportunities with other institutions located throughout the State.

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
School Administration Building	Rapid City/ Pennington	School	No	Internet connection, advanced learning as well as distance learning opportunities with other institutions located throughout the State.

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
 Limited increase in baseline projections are anticipated for next quarter by schedule design. It is anticipated that some additional site preparation, network testing and construction will be completed during the next quarter. Sub-recipient participation will become more prevalent in the overall project with limited construction activities, site preparation, and planning the primary focus. Marketing of SDN's BTOP project to the Communities throughout the State continues to be a focus of attracting customers to SDN's improved Network.

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	35	N/A
2b.	Environmental Assessment	100	N/A
2c.	Network Design	100	N/A
2d.	Rights of Way	100	N/A
2e.	Construction Permits and Other Approvals	100	N/A
2f.	Site Preparation	50	Site preparation is exceeding baseline as we enter the second year of our project. We will continue at our current pace with the expectations of exceeding our baseline.
2g.	Equipment Procurement	85	Equipment procurement is ahead of baseline with most major components purchased.
2h.	Network Build (all components - owned, leased, IRU, etc.)	15	Limited construction will continue during the first quarter of 2011, however during Q2 and Q3 when the weather is conducive to construction SDN plans to deploy additional crews to bring the project back to baseline projections.
2i.	Equipment Deployment	60	Equipment purchased in this quarter will not be deployed until the quarter following.
2j.	Network Testing	20	With the build-out of the network at the current stage and deployment of equipment, testing of the network is behind baseline as originally projected.
2k.	Other (please specify): N/A	0	N/A

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).
 SDN anticipates weather to be the only item to effect the project at this time.

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	\$75,000	\$15,000	\$60,000	\$66,332	\$13,266	\$53,066	\$70,000	\$14,000	\$56,000
b. Land, structures, right-of-ways, appraisals, etc.	\$700,000	\$140,000	\$560,000	\$2,000	\$400	\$1,600	\$2,000	\$400	\$1,600
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$3,533,729	\$706,746	\$2,826,983	\$1,124,860	\$224,972	\$899,888	\$1,750,000	\$350,000	\$1,400,000
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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$16,511,000	\$3,302,200	\$13,208,800	\$3,292,868	\$658,574	\$2,634,294	\$4,000,000	\$800,000	\$3,200,000
j. Equipment	\$3,513,850	\$702,770	\$2,811,080	\$2,186,972	\$437,394	\$1,749,578	\$3,000,000	\$600,000	\$2,400,000
k. Miscellaneous	\$1,381,740	\$276,343	\$1,105,370	\$151,379	\$30,276	\$121,103	\$182,000	\$36,400	\$145,600
l. SUBTOTAL (add a through k)	\$25,715,319	\$5,143,059	\$20,572,233	\$6,824,411	\$1,364,882	\$5,459,529	\$9,004,000	\$1,800,800	\$7,203,200
m. Contingencies									
n. TOTALS (sum of l and m)	\$25,715,319	\$5,143,059	\$20,572,233	\$6,824,411	\$1,364,882	\$5,459,529	\$9,004,000	\$1,800,800	\$7,203,200

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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