QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS

General Information

1. Federal Agency and Organizational Element to Which Report is Submitted	**2. Award Identification Number**	**3. DUNS Number**
Department of Commerce, National Telecommunications and Information Administration	NT10BIX5570003	623894359

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)	**6. Is this the last Report of the Award Period?**
06-30-2011	◯ **Yes** ⦿ **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	**7c. Telephone (area code, number and extension)**
Marlene Bennett	6059952574
	7d. Email Address
	marlene.bennett@chrsolutions.com
7b. Signature of Certifying Official	**7e. Date Report Submitted (MM/DD/YYYY):**
Submitted Electronically	08-10-2011

Project Indicators (This Quarter)

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

South Dakota Network focused on construction activities this quarter, in anticipation of achieving Baseline projections for network build and overall project milestones. Additionally, two Sub Recipients were added this quarter for equipment purchases to supplement the project. Planning for additional resources as needed to insure the project is completed on time was another major component of this quarters' activity. Community Outreach efforts continue as the project extends out to additional towns and areas throughout the State.

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	41	Aggressive Baseline projections have left this metric short of forecast, but thirteen percent above last quarter actuals. Additional expenditures in the next quarter will continue to bring this number in line with the Baseline.
2b.	Environmental Assessment	100	No variance.
2c.	Network Design	100	No variance.
2d.	Rights of Way	100	No variance.
2e.	Construction Permits and Other Approvals	100	No variance.
2f.	Site Preparation	65	No variance.
2g.	Equipment Procurement	75	No variance.
2h.	Network Build (all components - owned, leased, IRU, etc)	26	The Network Build will continue to lag Baseline projections into 2012. Based on a later start to the construction of the project than originally forecasted, this metric will miss forecast. Additional resources have been allocated and the project will be completed as outlined in the Broadband Technology Opportunities Program guidelines.
2i.	Equipment Deployment	68	Equipment Deployment although slightly behind Baseline currently will exceed the planned metric in the next quarter.
2j.	Network Testing	20	Testing is currently lagging Baseline projections due to Network Build progress. This metric will lag until the middle of 2012.
2k.	Other (please specify): N/A	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).

An unusually wet spring altered original plans, but revisions to the construction schedule were made to continue the build and keep the project moving. Weather issues continue to be a challenge, but adjustments will be made and no technical assistance is currently needed.

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	94	Based upon the environmental process taking longer than anticipated and therefore a later than planned construction start date, the number of network miles of fiber has not met our Baseline projections. The Baseline originally called out for

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
		minimal construction during the final year of the project. We anticipate meeting the Baseline projections in Q3 of 2012.
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)	94	See narrative under 'New network miles deployed' 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	A clerical error is in the process of being revised with the Program Office with this milestone.

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	This milestone originally included the Sub Recipients to calculate the Baseline projection. Based upon feedback from NTIA, we will not be counting Sub Recipients as Last Mile Providers. Agreements with Sub Recipients do not involve interconnection, peering, or other related verbiage.
	Providers with signed agreements receiving improved access	0	See narrative above under Access Type.

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	N/A
Community Anchor Institutions (including Government institutions)	Total subscribers served	124	South Dakota Network had originally based their projections on an earlier Environmental Assessment, as a result have not been able to connect to the number forecasted.
	Subscribers receiving new access	102	See narrative above.
	Subscribers receiving improved access	22	See narrative above for this milestone as well.
	Please identify the speed tiers that are available and the number or subscribers for each	34	5, 10, 15,20, 75, 100 Meg. 31-10 Meg, 1-20Meg, 1-75Meg., 1-100 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	Narrative description of how anchor institutions are using BTOP-funded infrastructure

See attached list.	See attached list.	See attached list.	institution? (Yes / No) See attached list.	See attached list.

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).

South Dakota Network (SDN) intends to continue an aggressive schedule for construction in the following quarter. Equipment for Sub Recipients recently added will be ordered and deployed. Planning for additional resources as required to shorten the gap between the Baseline projections and actual build will be implemented. Community Outreach efforts continue as the project is kept updated via the SDN website and other media outlets.

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**	59	As previously communicated, Baseline projections were based on an earlier construction start date, therefore the overall project expenditures have lagged the preliminary baseline projections. The anticipation of meeting the Broadband Technology Opportunities Program guidelines are attainable.
2b.	**Environmental Assessment**	100	No variance.
2c.	**Network Design**	100	No variance.
2d.	**Rights of Way**	100	No variance.
2e.	**Construction Permits and Other Approvals**	100	No variance.
2f.	**Site Preparation**	80	Although lagging Baseline insignificantly, projections are to substantailly complete this milestone by the end of year 2011. Minimal site preparation will remain in 2012.
2g.	**Equipment Procurement**	90	Equipment procurement is ahead of schedule.
2h.	**Network Build (all components - owned, leased, IRU, etc.)**	50	Network build has lagged our initial projections as has been indicated earlier. This metric will lag in 2011 and reach projections during the final year of the project.
2i.	**Equipment Deployment**	75	Equipment deployment will occur as equipment is received. Equipment deployment lags Baseline as a result of some purchases delayed. Although purchases will be made, some installation will not occur until the following quarter.
2j.	**Network Testing**	40	Preliminary Baseline projections anticipated an earlier construction start date. With the delay in the Environmental process, with other milestone categories following construction, testing will lag and be completed as the network is built.
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).

Although nothing is anticipated, weather can always be a factor and slow progress against milestone projections. We are confident our aggressive build schedule and ability to add construction crews in the event of a delay caused by weather, will keep us on track with our projections.

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.

Cost Classification	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		
	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	$123,835	$24,767	$99,068	$160,000	$32,000	$128,000
b. Land, structures, right-of-ways, appraisals, etc.	$700,000	$140,000	$560,000	$31,086	$6,217	$24,869	$300,000	$60,000	$240,000
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	$1,543,591	$308,718	$1,234,873	$2,000,000	$400,000	$1,600,000
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	$5,919,391	$1,183,878	$4,735,513	$8,500,000	$1,700,000	$6,800,000
j. Equipment	$3,513,857	$702,771	$2,811,086	$2,507,102	$501,420	$2,005,682	$3,900,000	$780,000	$3,120,000
k. Miscellaneous	$1,381,717	$276,344	$1,105,373	$318,556	$63,711	$254,845	$350,000	$70,000	$280,000
l. SUBTOTAL (add a through k)	$25,715,303	$5,143,061	$20,572,242	$10,443,561	$2,088,711	$8,354,850	$15,210,000	$3,042,000	$12,168,000
m. Contingencies	$0	$0	$0	$0	$0	$0	$0	$0	$0
n. TOTALS (sum of l and m)	$25,715,303	$5,143,061	$20,572,242	$10,443,561	$2,088,711	$8,354,850	$15,210,000	$3,042,000	$12,168,000

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: $54,549