

**QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS**

**General Information**

<b>1. Federal Agency and Organizational Element to Which Report is Submitted</b>  Department of Commerce, National Telecommunications and Information Administration	<b>2. Award Identification Number</b>  NT10BIX5570050	<b>3. DUNS Number</b>  831414755
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<b>4. Recipient Organization</b>  Zito Media Communications II, LLC 106 Steerbrook Road, Coudersport, PA 16915-8440
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<b>5. Current Reporting Period End Date (MM/DD/YYYY)</b>  06-30-2011	<b>6. Is this the last Report of the Award Period?</b>  <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.

<b>7a. Typed or Printed Name and Title of Certifying Official</b>  Colin Higgin  Vice President	<b>7c. Telephone (area code, number and extension)</b>  8142609588
	<b>7d. Email Address</b>  colin.higgin@zitomedia.com

<b>7b. Signature of Certifying Official</b>  Submitted Electronically	<b>7e. Date Report Submitted (MM/DD/YYYY):</b>  08-16-2011
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**Project Indicators (This Quarter)**

**1. Please describe significant project accomplishments completed during this quarter (600 words or less).**  
 Zito made progress with utility companies who have delayed project construction from starting. Zito has begun to receive invoicing from the utility companies who have been delaying the project. The expenditure difference is due to make ready delays. During the quarter Zito continued applying for pole and railroad permits. Zito expects to be back on schedule by the end of the December 2011 quarter.

**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	30	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. Construction has yet to commence due to make ready delays. Zito expects to be back on schedule by the end of the December 2011 quarter.
2b.	Environmental Assessment	100	No Variance from Baseline Report
2c.	Network Design	100	No Variance from Baseline Report
2d.	Rights of Way	48	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010 and make ready delays. Zito expects to be back on schedule by the end of the December 2011 quarter.
2e.	Construction Permits and Other Approvals	0	No Variance from Baseline Report
2f.	Site Preparation	50	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. Negative variance also due to make ready delays. Zito expects to be back on schedule by the end of the December 2011 quarter.
2g.	Equipment Procurement	5	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010 and make ready delays. Negative variance of funds expended due to fiber and hardware shipment delay. Zito expects initial orders in September quarter and expects to receive remaining shipments in December 2011 quarter and March 2012 quarter. Zito expects to be back on schedule by the end of the December 2011 quarter.
2h.	Network Build (all components - owned, leased, IRU, etc)	4	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. Construction has yet to commence due to make ready delays. Fiber purchase & lease in northeast Ohio near completion. Zito expects to be back on schedule by the end of the December 2011 quarter.
2i.	Equipment Deployment	0	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. Construction has yet to commence due to make ready delays. Zito expects to be back on schedule by the end of the December 2011 quarter.
2j.	Network Testing	0	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. Construction has yet to commence due to make ready delays. Zito expects to be back on schedule by the end of the December 2011 quarter.
2k.	Other (please specify): N/A	0	No Variance from Baseline Report

**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).**  
 A continuing challenge has been receiving invoices from utility companies for make ready costs and objecting to those invoices if they are unreasonable. Certain utility companies are not sending us make ready invoices in a timely manner and construction cannot begin until utilities issue permits for fiber placement and have their contractors move other attachments to allow fiber placement on the utility poles.

**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	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010.Construction has yet to commence due to make ready delays. Zito expects to be back on schedule by the end of the December 2011 quarter.
New network miles leased	0	No Variance from Baseline Report
Existing network miles upgraded	0	No Variance from Baseline Report
Existing network miles leased	0	No Variance from Baseline Report
Number of miles of new fiber (aerial or underground)	0	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010.Construction has yet to commence due to make ready delays. Zito expects to be back on schedule by the end of the December 2011 quarter.
Number of new wireless links	0	No Variance from Baseline
Number of new towers	0	No Variance from Baseline
Number of new and/or upgraded interconnection points	0	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010.Construction has yet to commence due to make ready delays. Zito expects to be back on schedule by the end of the December 2011 quarter.

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:**  
None. No agreements have been signed or negotiated as construction as not commenced.

**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:**

See Service Offerings Attachment

**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).**

None

**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	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010.
	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	0	See Service Offerings Attachment
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010.Construction has yet to commence due to make ready delays. As construction commences this metric will increase due to the fiber build passing these entities. Zito expects to be back on schedule by the end of the December 2011 quarter.
	Subscribers receiving new access	0	No Variance from Baseline
	Subscribers receiving improved access	0	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010.Construction has yet to commence due to make ready delays. As construction commences this metric will increase due to the fiber build passing these entities. Zito expects to be back on schedule by the end of the December 2011 quarter.
	Please identify the speed tiers that are available and the number of subscribers for each	0	See Service Offerings Attachment
Residential / Households	Entities passed	0	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010.Construction has yet to commence due to make ready delays. As construction commences this metric will increase due to the fiber build passing these entities. Zito expects to be back on schedule by the end of the December 2011 quarter.
	Total subscribers served	0	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010.Construction has yet to commence due to make ready delays. As construction commences this metric will increase due to the fiber build passing these entities. Zito expects to be back on schedule by the end of the December 2011 quarter.
	Subscribers receiving new access	0	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010.Construction has yet to commence due to make ready delays. As construction commences this metric will increase due to the fiber build passing these entities. Zito expects to be back on schedule by the end of the December 2011 quarter.
	Subscribers receiving improved access	0	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010.Construction has yet to commence due to make ready delays. As construction commences this metric will increase due to the fiber build passing these entities. Zito expects to be back on schedule by the end of the December 2011 quarter.
	Please identify the speed tiers that are available and the number of subscribers for each	0	See Service Offerings Attachment
Businesses	Entities passed	0	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010.Construction has yet to commence due to make ready delays. As construction commences this metric will increase due to the fiber build passing these entities. Zito expects to be back on schedule by the end of the December 2011 quarter.

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	<b>Total subscribers served</b>	0	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. Construction has yet to commence due to make ready delays. As construction commences this metric will increase due to the fiber build passing these entities. Zito expects to be back on schedule by the end of the December 2011 quarter.
	<b>Subscribers receiving new access</b>	0	No Variance from Baseline
	<b>Subscribers receiving improved access</b>	0	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. Construction has yet to commence due to make ready delays. As construction commences this metric will increase due to the fiber build passing these entities. Zito expects to be back on schedule by the end of the December 2011 quarter.
	<b>Please identify the speed tiers that are available and the number of subscribers for each</b>	0	See Service Offerings Attachment

**7. Please describe any special offerings you may provide (600 words or less).**

See Service Offerings Attachment

**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
None	None	None	None	None

**Project Indicators (Next Quarter)**

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

In the next quarter Zito expects to begin construction on the project. Also, Zito expects to finalize fiber lease for a portion of the project in northeast Ohio. In addition, Zito will receive the initial shipments of fiber and hardware from selected vendors. Zito will begin locating the potential hub sites along the project path. Zito will also contact potential anchor institutions and businesses to connect to the 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	42	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. Construction has yet to commence due to make ready delays. Zito expects to be back on schedule by the end of the December 2011 quarter. In addition, percentage is based off of projected expenditures.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2b.	Environmental Assessment	100	No Variance from Baseline
2c.	Network Design	100	No Variance from Baseline
2d.	Rights of Way	63	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. Construction has yet to commence due to make ready delays. Zito expects to be back on schedule by the end of the December 2011 quarter.
2e.	Construction Permits and Other Approvals	0	No Variance from baseline
2f.	Site Preparation	85	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. Construction has yet to commence due to make ready delays. Zito expects to be back on schedule by the end of the December 2011 quarter.
2g.	Equipment Procurement	13	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. Construction has yet to commence due to make ready delays. Zito expects to be back on schedule by the end of the December 2011 quarter.
2h.	Network Build (all components - owned, leased, IRU, etc.)	15	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. Construction has yet to commence due to make ready delays. Zito expects to be back on schedule by the end of the December 2011 quarter.
2i.	Equipment Deployment	40	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. Construction has yet to commence due to make ready delays. Zito expects to be back on schedule by the end of the December 2011 quarter.
2j.	Network Testing	20	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. Construction has yet to commence due to make ready delays. Zito expects to be back on schedule by the end of the December 2011 quarter.
2k.	Other (please specify): N/A	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).**

Although progress has been made with utility companies there is still a possible challenge of receiving the invoices from utility companies for make ready costs and objecting to those invoices if they are unreasonable. Zito expects to be back on schedule by the end of the December 2011 quarter. A potential timing issue in the next quarter is the lead time for delivery of fiber shifting from 5 to 14 weeks due to increased demand.

**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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Land, structures, right-of-ways, appraisals, etc.	\$3,762,000	\$752,400	\$3,009,600	\$1,803,428	\$361,954	\$1,441,474	\$2,385,842	\$477,168	\$1,908,674
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
e. Other architectural and engineering fees	\$229,003	\$45,801	\$183,202	\$226,866	\$45,373	\$181,493	\$229,003	\$45,801	\$183,202
f. Project inspection fees	\$102,600	\$20,520	\$82,080	\$102,600	\$20,520	\$82,080	\$102,600	\$20,520	\$82,080
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	\$1,663,723	\$332,745	\$1,330,978	\$49,784	\$9,957	\$39,827	\$245,566	\$49,113	\$196,453
j. Equipment	\$1,913,804	\$382,761	\$1,531,043	\$90,623	\$18,125	\$72,498	\$238,543	\$47,709	\$190,834
k. Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>l. SUBTOTAL (add a through k)</b>	\$7,671,130	\$1,534,227	\$6,136,903	\$2,273,301	\$455,929	\$1,817,372	\$3,201,554	\$640,311	\$2,561,243
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>n. TOTALS (sum of l and m)</b>	\$7,671,130	\$1,534,227	\$6,136,903	\$2,273,301	\$455,929	\$1,817,372	\$3,201,554	\$640,311	\$2,561,243

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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