

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 NT10BIX5570118	3. DUNS Number 165271250
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4. Recipient Organization

 Nexus Systems, Inc. 2904 Evangeline St, Monroe , LA 71201-3724

5. Current Reporting Period End Date (MM/DD/YYYY) 03-31-2013	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 Mark Stevenson	7c. Telephone (area code, number and extension) X
	7d. Email Address msteve@nexussystems.net

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 05-21-2013
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Project Indicators (This Quarter)

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

Engineering, permits, and related technical requirements for the program modification were completed during the quarter pending approval of the environmental review of the project addition. Materials were secured for the addition of approximately 15 miles of fiber additions in the modification including boring under the Red River, incorporation of an additional 105 miles of Department of Transportation fiber along I20, extension into central telephone switch offices in Monroe, Alexandria, Shreveport, and extension to 10 breakout points along the new I20 addition. Additional fiber mileage deployed during the quarter was approximately 3 miles of laterals to CAI sites. Additional mileage for the I20 and Red River expansion was delayed pending approval of project modification. The original plan provided for 198 miles with 120 miles projected to be new fiber and 78 miles of microwave upgrades to four cities (Farmerville, Athens, Homer, Arcadia) from the Vienna north end point. The project modification provided for an additional 105 miles of Department of Transportation fiber upgrades and 15 miles of new fiber to be incorporated in the plan, but would also eliminate the 22 mile microwave extension to Arcadia. Microwave extension upgrades of 56 miles from the original plan from Vienna to Farmerville, Athens, and Homer have been completed. The Arcadia extension will be served with the new I20 fiber addition. Negotiations with wholesale providers and third party providers to Critical Anchor Institutions were expanded during the period. Fiber laterals to CAI sites were also initiated or completed during the period.

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	86	Percentage completion is based on federal funds expended. Federal funds were not claimed during the current period as the majority of work involved completion of current initiatives during the period the program modification was under review. All construction including requested program modification will be completed within grant guidelines
2b.	Environmental Assessment	100	Environmental assessment is completed for primary and program modification routes.
2c.	Network Design	95	Network design is substantially complete. Minor modifications have been made during the period to reflect connections for CAI sites and program modification.
2d.	Rights of Way	100	Right of way permits for primary route and program modification are completed.
2e.	Construction Permits and Other Approvals	95	Construction permits required for ties into Windstream were not completed during the period, but have been completed after period close.
2f.	Site Preparation	95	Site preparation for sites along I20 added during the program modification have not been completed during the period.
2g.	Equipment Procurement	95	Fiber switch, battery plant, and related equipment for the program modification sites along I20 have not been purchased as of the end of the period.
2h.	Network Build (all components - owned, leased, IRU, etc)	90	Items in the requested program modification have not been completed as of the end of the period.
2i.	Equipment Deployment	85	Items in the requested program modification have not been completed as of the end of the period.
2j.	Network Testing	85	Network testing for the original project build has been completed. Network equipment testing for the program modification components has not been completed as of the end of the period.
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).

As noted in the prior period report, cancellation of the original Board of Regents ("LONI") project caused this project connectivity problems for egress from the network. Incorporation of the program modification to extend the project into Alexandria with connectivity into the Alexandria, Monroe, and Shreveport AT&T central offices has provided relief, but with the delay from the engineering and

environmental review and related construction planning. The primary delay encountered this period related to the railroad permit required for Arcadia and permits from Windstream for break/tie into the existing dark fiber along I20. Each of these items has been resolved. The very quick NTIA review and approval of the program modification to correct the egress issues provided Nexus with the opportunity to correct a deficiency with an overall improvement in the service provided by the project.

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	120	Construction of the original 120 miles is completed with testing completed.
New network miles leased	0	N/A - No leasing is currently in the project. The pending program modification will incorporate approximately 120 miles of DOT dark fiber in a cooperative endeavor arrangement to increase the total fiber deployment. Total network miles will increase to 296 miles with 120 miles of new fiber construction and 120 miles of fiber in the DOT cooperative arrangement along with 56 miles of microwave extensions.
Existing network miles upgraded	56	Microwave extension upgrades to Farmerville, Athens, and Homer total of 56 miles were completed during the period. The original plan of 78 miles of microwave upgrades was reduced to 56 miles as the extension to Arcadia was removed with the new I20 addition. The Arcadia route will be connected on the new I20 fiber.
Existing network miles leased	0	N/A - No existing network mileage is projected in the plan.
Number of miles of new fiber (aerial or underground)	120	Original construction in the Piney Woods project
Number of new wireless links	3	Two wireless links to Farmerville, Athens, and Homer deployed for a total of 56 miles of microwave path.
Number of new towers	0	N/A No new towers projected in the plan.
Number of new and/or upgraded interconnection points	5	Multiple additional interconnection points will be added with the pending program modification.

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:
 There are no Master Sales Agreements with providers at close of period. We are in negotiations with multiple wholesalers at end of period and have signed orders/agreements with three after close of period.

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:

Wholesale agreements and related pricing plans have not been completed as of the end of the period.

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 - There is no planned third party of operate the 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	0	Negotiations with providers not completed at end of period
	Providers with signed agreements receiving improved access	0	Negotiations with providers not completed at end of period
	Providers with signed agreements receiving access to dark fiber	0	Negotiations with providers not completed at end of period
	Please identify the speed tiers that are available and the number of subscribers for each	0	Negotiations with providers not completed at end of period
Community Anchor Institutions (including Government institutions)	Total subscribers served	78	Anchor institutions in Lincoln, Jackson, Winn, and Grant parishes have been connected or upgraded in segments of the network. Major third party wholesale provider for additional CAI connections in Grant Parish has requested interconnection and will be serving additional CAI sites during second quarter.
	Subscribers receiving new access	39	Hospitals in Jackson, Union, and Claiborne received new service, Sheriff in Jackson and Winn received new service as well as libraries in Bienville, Lincoln, and Winn.
	Subscribers receiving improved access	39	Sheriff in Union, Library in Claiborne, Jackson, Winn, hospital in Claiborne, schools in Bienville, Claiborne, Jackson, Lincoln, Winn, and Union Parishes all received improved access.
	Please identify the speed tiers that are available and the number or subscribers for each	6	Libraries, Hospitals, and Sheriff received, 20+ Mbps, Schools received 100 Mbps and 1000 Mbps.
Residential / Households	Entities passed	0	N/A - Middle mile project.
	Total subscribers served	0	N/A - Middle mile project.
	Subscribers receiving new access	0	N/A - Middle mile project.
	Subscribers receiving improved access	0	N/A - Middle mile project.
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A - Middle mile project.
Businesses	Entities passed	0	N/A - Middle mile project.
	Total subscribers served	0	N/A - Middle mile project.
	Subscribers receiving new access	0	N/A - Middle mile project.
	Subscribers receiving improved access	0	N/A - Middle mile project.
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A - Middle mile project.

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

N/A - No special offerings are planned at this time.

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 - Network management practices have not changed during the quarter.

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
Farmerville Junior High	Farmerville	School (K-12)	Yes	High Speed Internet Access

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
 We have received approval of the program modification for extending the project south into Alexandria and east-west from Monroe to Shreveport. Total project will then be 120 miles of new fiber in the original project, 105 miles of upgraded fiber along I20, 15 miles of new fiber in the project modification, and 56 miles of upgraded microwave links for a total impact of 296 miles. The additional fiber projected to be deployed during the quarter will be 105 miles of upgrades for the DOT fiber and 15 miles of new fiber. The construction and equipment deployment for these additions will be completed during the second quarter. As of filing this report, the construction in Pineville/Alexandria, including boring the Red River, is essentially completed with fiber being installed. The upgrades and extensions along I20 are approximately 50% completed with fiber being lighted as each segment is brought online. Additional BTI fiber and related battery/power equipment will be delivered by mid-quarter with testing by end of quarter. Master sales agreements will be in place with several providers which will also extend services to remaining Critical Anchor Institutions. Projection is for 6 Master Sales Agreements to be in place for next quarter. Additional CAI sites will be added with Department of Transportation interconnections along I20 with the total CAI sites to be connected projected at 100 for next quarter. The overall goal will be to have to project ready for closeout on schedule in Quarter 3.

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	97	Overall project with program modification will be completed as scheduled
2b.	Environmental Assessment	100	Environmental assessment for original project and program modification is completed
2c.	Network Design	100	Network design will be completed at end of period.
2d.	Rights of Way	100	Rights of way are completed.
2e.	Construction Permits and Other Approvals	100	Permits will be completed.
2f.	Site Preparation	100	Site preparation will be completed.
2g.	Equipment Procurement	100	Equipment procurement will be completed.
2h.	Network Build (all components - owned, leased, IRU, etc.)	100	Network build will be completed.
2i.	Equipment Deployment	100	Equipment deployment will be completed.
2j.	Network Testing	95	Network testing will be essentially completed with possible closeout changes for CAI sites and network providers.
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).

The project timeline is within three months of completion with major construction builds still underway. Our contractors and suppliers have provided excellent service and we expect there to be no significant challenges during the next quarter to bring the project to completion on construction and network deployment. We are still working diligently with other wholesale providers to initiate master sales agreements/interconnection agreements and will have progress in this area. The challenge will be securing agreements with national providers. One provider (Verizon) has already informed us they will not entertain any service agreement with a BTOP recipient for dark fiber, but only will consider for lighted service by that vendor. We are receiving favorable feedback from local/regional providers. The only other challenge may be to completed co-location rights with AT&T sites in Monroe, Shreveport, and Alexandria by end of quarter due to the lengthy process with this vendor. Note in the attached Budget Execution Details we project some remaining budget at end of quarter as the challenge will be to close out all funds by end of 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	\$0	\$0	\$0	\$2,967	\$0	\$2,967	\$2,967	\$0	\$2,967
b. Land, structures, right-of-ways, appraisals, etc.	\$1,642,500	\$1,005,000	\$637,500	\$1,451,726	\$1,094,263	\$357,463	\$1,500,000	\$1,094,263	\$405,737
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$1,165,999	\$0	\$1,165,999	\$1,359,988	\$241,754	\$1,118,234	\$1,400,000	\$250,000	\$1,150,000
e. Other architectural and engineering fees	\$570,000	\$570,000	\$0	\$427,044	\$427,044	\$0	\$450,000	\$450,000	\$0
f. Project inspection fees	\$150,000	\$0	\$150,000	\$168,044	\$0	\$168,044	\$175,000	\$0	\$175,000
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	\$7,004,505	\$1,035,600	\$5,968,905	\$5,569,126	\$776,090	\$4,793,036	\$6,500,000	\$850,000	\$5,650,000
j. Equipment	\$1,810,980	\$570,000	\$1,240,980	\$1,674,807	\$403,047	\$1,271,760	\$1,900,000	\$403,047	\$1,496,953
k. Miscellaneous	\$0	\$0	\$0	\$2,200	\$0	\$2,200	\$2,200	\$0	\$2,200
l. SUBTOTAL (add a through k)	\$12,343,984	\$3,180,600	\$9,163,384	\$10,655,902	\$2,942,198	\$7,713,704	\$11,930,167	\$3,047,310	\$8,882,857
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$12,343,984	\$3,180,600	\$9,163,384	\$10,655,902	\$2,942,198	\$7,713,704	\$11,930,167	\$3,047,310	\$8,882,857

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