

**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>  NT10BIX5570118	<b>3. DUNS Number</b>  165271250
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<b>4. Recipient Organization</b>  Nexus Systems, Inc. 2904 Evangeline St, Monroe , LA 71201-3724
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<b>5. Current Reporting Period End Date (MM/DD/YYYY)</b>  06-30-2013	<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>  Mark Stevenson	<b>7c. Telephone (area code, number and extension)</b>  X
	<b>7d. Email Address</b>  msteve@nexussystems.net

<b>7b. Signature of Certifying Official</b>  Submitted Electronically	<b>7e. Date Report Submitted (MM/DD/YYYY):</b>  08-26-2013
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**Project Indicators (This Quarter)**

**1. Please describe significant project accomplishments completed during this quarter (600 words or less).**  
 Boring of the Red River and extension to the zero manhole for AT&T Central Office service in Alexandria was completed. Fiber to the zero manhole for this site and Monroe has completed all requirements for co-location at these sites and equipment installation is scheduled for first of next quarter. The approved project modification construction ties in for seven sites were completed along the I20 route as well as installation of repeater and power equipment in these sites. This construction allowed for about 80 of the additional 120 miles to be completed. Testing of all aspects of the fiber and microwave build to date has been accomplished with no deficiencies. Fiber laterals to CAI sites were also initiated or completed during the period. Negotiations with wholesale providers and third party providers to Critical Anchor Institutions were expanded 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	94	Percentage completion is based on federal funds expended. Federal funds claimed during the current period were for equipment and construction required for the approved project modification. 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	98	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	100	Construction permits required for ties into Windstream have been completed; no other permits are anticipated.
2f.	Site Preparation	95	Site preparation for sites (Haughton, Bossier, and Filmore) along I20 added during the program modification have not been completed during the period. Other sites in the program modification have been completed and equipment is being installed in the last three repeater sites.
2g.	Equipment Procurement	98	All major components for sites in the program has been secured. Minor equipment relating to installation is remaining.
2h.	Network Build (all components - owned, leased, IRU, etc)	95	Not all items in the requested program modification for I20 have been completed as of the end of the period. Since three sites still have equipment installation pending, all network build is not complete.
2i.	Equipment Deployment	95	Transmission equipment for the I20 program modification has been installed in repeater sites except for Haughton, Bossier, and Filmore. These sites will be completed during the next quarter.
2j.	Network Testing	95	Network components and segments have been individually tested and end to end network testing will be completed during the next quarter.
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).**

The primary delay encountered this period related to the permits from Windstream for break/tie into the existing dark fiber along I20. We reported last quarter (March 2013) that the Windstream permits had been resolved. Even after permits were issued, however, it took Windstream almost 90 days to provision a fiber tech to make the break/ties along I20. As of the end of the quarter.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.
Existing network miles upgraded	136	Microwave extension upgrades to Farmerville, Athens, and Homer total of 56 miles were completed during Quarter 1, 2013. 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. The new I20 fiber will add 120 miles for existing miles upgraded bringing the total of miles upgraded to 176 miles. As of the end of the current quarter, approximately 80 miles of the I20 upgrade had been completed and tested with the remaining 40 miles and three sites to be completed during the next quarter.
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	Interconnection points at Nexus, Vienna, Jonesboro, Winnfield, Dry Prong from the original plan have been completed. Interconnection sites for the project modification including Wells Road, Arcadia and Bossier have been completed. Three sites in the new project modification have not yet been completed due to delays in splicing from Windstream/AT&T.

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	2
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	2
Average term of signed agreements (in quarters)	20

**5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers:** Agreements for service with Network USA and Skyriders Wireless have been obtained. Network USA will be serving cellular providers along the Highway 167 fiber route. Network USA will be serving school customers through the Nexus Monroe POP.

**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 track the current AT&T MetroE pricing plan at 70% of the AT&T published pricing as proposed in the original grant application.

**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	2	Network USA (cellular) and Sky rider Wireless (Internet) are connected through the network.
	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	2	(1) subscriber each at speed tier of 100 Mbps and 150 Mbps
Community Anchor Institutions (including Government institutions)	Total subscribers served	79	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 but has not finalized agreement as of the end of the quarter.
	Subscribers receiving new access	40	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 and Pineville, 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, 100+ Mbps, Schools received 100 Mbps and 1000 Mbps. Subscriber count of 31 at 100+ Mbps Tier and count of 47 at 1000+ Mbps Tier for total of 78 CAI subscribers. One subscriber is currently being installed and there is no speed tier set on this one site.
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
Alexandria VA Medical Center	Pineville LA	Medical or Healthcare Provider	No	Backbone fiber service from the hospital to Nexus POP has been terminated at the hospital and will tie to the State LONI network for Internet

**Project Indicators (Next Quarter)**

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

The project has been extended until September 2013 and the next quarter will close the project. 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 linking in approximately 40 miles of upgrades for the DOT fiber. The construction and equipment deployment for these additions will be completed during the third quarter. Construction in Pineville/Alexandria, including boring the Red River, is completed with fiber installed to the zero manhole at the AT&T CO. Clearance for entry into the AT&T CO for Alexandria and Monroe has been obtained with equipment installation during the third quarter. The upgrades and extensions along I20 require splices at three additional points and installation of repeater equipment (already in hand) during the next 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 110 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	100	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.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
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	100	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 minor construction ties underway. The remaining items are spice ties at three sites along I20 and installation/testing of the related equipment at the repeater/colo sites. Nexus has received schedule AT&T central office install dates of the first week in August for Monroe and Alexandria sites with Shreveport pending. 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 continues to be be securing agreements with national providers. We are receiving favorable feedback from local/regional providers. Remaining CAI sites are on schedule to be completed with one third party network provider accounting for about half of all remaining sites to be served. Budget monies for almost all remaining budget have been committed and Nexus will be committing additional monies to complete the project for any budget overruns.

**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	\$1,453,606	\$1,094,263	\$359,343	\$1,642,500	\$1,094,263	\$548,237
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	\$1,459,636	\$293,746	\$1,165,890	\$1,584,142	\$377,888	\$1,206,254
e. Other architectural and engineering fees	\$570,000	\$570,000	\$0	\$427,044	\$427,044	\$0	\$570,000	\$570,000	\$0
f. Project inspection fees	\$150,000	\$0	\$150,000	\$168,044	\$0	\$168,044	\$168,044	\$0	\$168,044
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	\$6,280,554	\$776,090	\$5,504,464	\$6,350,000	\$776,090	\$5,573,910
j. Equipment	\$1,810,980	\$570,000	\$1,240,980	\$1,739,898	\$403,047	\$1,336,851	\$1,975,431	\$403,047	\$1,572,384
k. Miscellaneous	\$0	\$0	\$0	\$50,900	\$48,575	\$2,325	\$50,900	\$48,575	\$2,325
<b>l. SUBTOTAL (add a through k)</b>	\$12,343,984	\$3,180,600	\$9,163,384	\$11,582,649	\$3,042,765	\$8,539,884	\$12,343,984	\$3,269,863	\$9,074,121
m. Contingencies									
<b>n. TOTALS (sum of l and m)</b>	\$12,343,984	\$3,180,600	\$9,163,384	\$11,582,649	\$3,042,765	\$8,539,884	\$12,343,984	\$3,269,863	\$9,074,121

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