

**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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**4. Recipient Organization**

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

<b>5. Current Reporting Period End Date (MM/DD/YYYY)</b>  12-31-2011	<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>  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>  02-23-2012
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**Project Indicators (This Quarter)**

**1. Please describe significant project accomplishments completed during this quarter (600 words or less).**  
 Construction has been completed for approximately 85% of the route. All significant construction obstacles such as railroads, waterway and city street construction have been completed. Foundations for 50% of co-location buildings have been completed with all to be completed and placed in the first quarter 2012. All fiber material is on site and fiber is being installed with approximately 40% installed at end of quarter. Fiber transmission equipment is on site and in test to be installed with co-location buildings. The project is on schedule for construction completion in first quarter 2012.

**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	59	Percentage completion is based on federal funds expended. Significant construction has been completed with the project ahead of construction project schedule. Kansas City Southern rail permits delayed some parts of the construction and delayed installation of fiber overall, but the variances have been overcome. The project is on schedule as projected and will be completed within the grant guidelines
2b.	Environmental Assessment	100	Environmental assessment is completed as projected
2c.	Network Design	95	Engineering design is substantially complete with minor modifications possible reflecting as-build construction in the remaining fiber installation
2d.	Rights of Way	100	Acquisition is complete
2e.	Construction Permits and Other Approvals	100	All permits have been obtained
2f.	Site Preparation	90	Co-location sites have been confirmed and foundations begun. Two sites do not have foundations in places as of end of quarter, but will be installed in next quarter. Co-location buildings obtained and scheduled for delivery upon foundation completion
2g.	Equipment Procurement	90	Fiber transmission equipment received. Delivery scheduled for switching/routing equipment.
2h.	Network Build (all components - owned, leased, IRU, etc)	80	Build is on schedule with fiber installation and equipment placement for first quarter 2012
2i.	Equipment Deployment	0	Deployment is on schedule. Fiber equipment received and in test. Switch/routing equipment on schedule for delivery first quarter 2012.
2j.	Network Testing	0	Network testing is on schedule for first quarter 2012 after fiber placement completion and installation of fiber/switching equipment.
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).**

There have been no significant external challenges except for weather which has delayed some construction. The construction contractor and engineers have adjusted production schedules and the project construction is still on track for first quarter 2012 significant completion.

**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)

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
New network miles deployed	56	Construction of 109 miles of conduit build completed at this time with 56 miles of fiber placement in the conduit.
New network miles leased	0	N/A - No leasing is projected in the plan
Existing network miles upgraded	0	N/A - No existing network mileage is projected in the plan
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)	56	Installation of 56 miles of fiber in the 109 miles of conduit placed has been completed
Number of new wireless links	0	Wireless links scheduled for upgrade in 2012
Number of new towers	0	N/A - No new towers projected in the plan
Number of new and/or upgraded interconnection points	0	Interconnection points scheduled for first quarter 2012

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: We have no signed agreements at this point in the project. Initial inquiries with possible providers have shown interest, but providers wish to see all construction in place prior to signing agreements.

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 or related pricing plans have not been established at this point in the project.

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 to 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	Network not available for subscribers due to construction in progress.
	Providers with signed agreements receiving improved access	0	Network not available for subscribers due to construction in progress.

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	Network not available for subscribers due to construction in progress.
	Please identify the speed tiers that are available and the number of subscribers for each	0	Network not available for subscribers due to construction in progress.
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	Network not available for subscribers due to construction in progress. Railroad permit delays caused fiber installation to be extended until first quarter 2012. In first quarter 2012, anchor institutions in Lincoln, Jackson, and Winn Parishes are projected to be connected as fiber placement is completed.
	Subscribers receiving new access	0	Network not available for subscribers due to construction in progress.
	Subscribers receiving improved access	0	Network not available for subscribers due to construction in progress.
	Please identify the speed tiers that are available and the number or subscribers for each	0	Network not available for subscribers due to construction in progress.
Residential / Households	Entities passed	0	Network not available for subscribers due to construction in progress.
	Total subscribers served	0	Network not available for subscribers due to construction in progress.
	Subscribers receiving new access	0	Network not available for subscribers due to construction in progress.
	Subscribers receiving improved access	0	Network not available for subscribers due to construction in progress.
	Please identify the speed tiers that are available and the number of subscribers for each	0	Network not available for subscribers due to construction in progress.
Businesses	Entities passed	0	Network not available for subscribers due to construction in progress.
	Total subscribers served	0	Network not available for subscribers due to construction in progress.
	Subscribers receiving new access	0	Network not available for subscribers due to construction in progress.
	Subscribers receiving improved access	0	Network not available for subscribers due to construction in progress.
	Please identify the speed tiers that are available and the number of subscribers for each	0	Network not available for subscribers due to construction in progress.

**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	Are you also the broadband service provider	Narrative description of how anchor institutions are using BTOP-funded infrastructure
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		baseline)	for this institution? (Yes / No)	
N/A	N/A	N/A	N/A	Network not available for subscribers due to construction in progress.

**Project Indicators (Next Quarter)**

**1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).**  
 Conduit placement and fiber placement will be completed for the primary route. Additional work will be for connections to anchor institutions and beginning ties to other wholesale and last mile providers. Placement of co-location buildings and related fiber transmission and switching equipment is projected to be completed. Wholesale agreement marketing will be pursued coincident with the completion of the lighted fiber.

**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	84	Project is on schedule for completion
2b.	Environmental Assessment	100	Environmental review is completed
2c.	Network Design	100	Design modifications, if any in construction completion, will be completed
2d.	Rights of Way	100	Rights of way secured
2e.	Construction Permits and Other Approvals	100	Permits secured
2f.	Site Preparation	100	Co-location buildings projected to be completed
2g.	Equipment Procurement	100	Network switch/routing equipment to be secured
2h.	Network Build (all components - owned, leased, IRU, etc.)	90	Lighted fiber to be in place; remaining percentage completion to be for anchor institutions
2i.	Equipment Deployment	90	Remaining percentage completion to be for anchor institutions
2j.	Network Testing	90	Primary route fiber testing to be completed. Remaining percentage completion to be for anchor institutions.
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 budget category "1D" is now projecting an increase from the original budget of \$216,000 to \$1,000,000 through the next quarter. This increase is due to outsourcing all engineering and required environmental reviews needed to complete the project and substantial permit requirements. The cost increases will be offset by lower than anticipated construction cost and equipment cost reductions.

**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.	\$1,642,500	\$1,005,000	\$637,500	\$1,145,863	\$1,094,263	\$51,600	\$1,145,863	\$1,094,263	\$51,600
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$216,000	\$0	\$216,000	\$901,802	\$114,083	\$787,719	\$1,000,000	\$164,083	\$835,917
e. Other architectural and engineering fees	\$570,000	\$570,000	\$0	\$257,976	\$217,646	\$40,330	\$307,976	\$267,646	\$40,330
f. Project inspection fees	\$150,000	\$0	\$150,000	\$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	\$8,329,504	\$1,035,600	\$7,293,904	\$4,028,642	\$776,090	\$3,252,552	\$6,500,000	\$1,000,000	\$5,500,000
j. Equipment	\$1,435,980	\$570,000	\$865,980	\$973,942	\$403,047	\$570,895	\$1,415,000	\$550,000	\$865,000
k. Miscellaneous	\$0	\$0	\$0	\$1,686	\$0	\$1,686	\$1,686	\$0	\$1,686
<b>l. SUBTOTAL (add a through k)</b>	\$12,343,984	\$3,180,600	\$9,163,384	\$7,309,911	\$2,605,129	\$4,704,782	\$10,370,525	\$3,075,992	\$7,294,533
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>n. TOTALS (sum of l and m)</b>	\$12,343,984	\$3,180,600	\$9,163,384	\$7,309,911	\$2,605,129	\$4,704,782	\$10,370,525	\$3,075,992	\$7,294,533

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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