

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
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5. Current Reporting Period End Date (MM/DD/YYYY) 06-30-2011	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): 08-18-2011
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Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).
 Project engineering and environmental assessment have been completed and the environmental assessment was approved. The approval included project modifications to improve service to selected communities in the route. Construction bids were let and contracts awarded for all underground fiber installation. Bids received were within budget allocations even after consideration of the project modifications. Installation is to begin in July with mandated completion in January 2012. Purchase orders for fiber cable and transmission equipment have been issued with fiber delivery to begin in September, 2011. The project is on schedule to be completed 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	20	Engineering and environmental assessment delayed due to initial engineering firm withdrawal; new firm completed major design and environmental's this quarter. The project is shown as 20% complete based on the all initial environmental, engineering, and network design being completed with award of construction contracts during the quarter. Expenditures are less than 5% at this time with these monies expended for the initial design, engineering, and environmental assessment. Significant expenditures are projected in the third quarter reflecting construction contracting costs.
2b.	Environmental Assessment	100	Environmental delayed due to engineering re-assignment; new firm completed and obtained approval of environmental assessment.
2c.	Network Design	90	Engineering design is substantially complete with minor modifications possible reflecting as-built construction.
2d.	Rights of Way	100	Acquisition is complete at end of quarter
2e.	Construction Permits and Other Approvals	90	Acquisition is substantially complete at end of quarter. One railroad is demanding \$250,000 for crossing fees in addition to normal permits; these fees are being protested.
2f.	Site Preparation	40	Co-location and regeneration sites confirmed with engineering staking of the sites. Regen sites to be completed during next quarter to coincide with construction schedule.
2g.	Equipment Procurement	80	Fiber and network equipment is on order at end of quarter
2h.	Network Build (all components - owned, leased, IRU, etc)	0	Build is on schedule.
2i.	Equipment Deployment	0	Deployment is on schedule.
2j.	Network Testing	0	Testing is on schedule.
2k.	Other (please specify):	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).
 Challenges related to the environmental assessment, but aggressive schedules from our environmental consultant along with outstanding assistance from BTOP personnel have secured the approved assessment during May 2011. One railroad has demanded \$250,000 in crossing fees for this project (in addition to the customary permit fee and safety fees); these fees are being protested at this time.

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	Environmental assessment received May, 2011; construction to begin July 2011. Network not available at end of quarter.
New network miles leased	0	Environmental assessment received May, 2011; construction to begin July 2011. Network not available at end of quarter.
Existing network miles upgraded	0	Environmental assessment received May, 2011; construction to begin July 2011. Network not available at end of quarter.
Existing network miles leased	0	Environmental assessment received May, 2011; construction to begin July 2011. Network not available at end of quarter.
Number of miles of new fiber (aerial or underground)	0	Environmental assessment received May, 2011; construction to begin July 2011. Network not available at end of quarter. Construction is proceeding at the rate of approximately one mile per working day, or six miles per working week. The construction schedule projects we will have between 45 and 50 miles of fiber construction completed by the end of quarter September 30, 2011.
Number of new wireless links	0	Environmental assessment received May, 2011; construction to begin July 2011. Network not available at end of quarter.
Number of new towers	0	Environmental assessment received May, 2011; construction to begin July 2011. Network not available at end of quarter.
Number of new and/or upgraded interconnection points	0	Environmental assessment received May, 2011; construction to begin July 2011. Network not available at end of 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:
 We have no signed agreements at this stage of the project. Nexus is expecting to begin active prospecting for wholesale providers in the October 2011 timeframe. Nexus has been receiving informal inquiries from various potential providers, but providers are reluctant to commit until there are sections of the route ready for occupancy.

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:

We have not established wholesale agreements or related pricing plans 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 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 at end of quarter due to environmental and construction delays.
	Providers with signed agreements receiving improved access	0	Network not available for subscribers at end of quarter due to environmental and construction delays.
	Providers with signed agreements receiving access to dark fiber	0	Network not available for subscribers at end of quarter due to environmental and construction delays.
Community Anchor Institutions (including Government institutions)	Please identify the speed tiers that are available and the number of subscribers for each	0	Network not available for subscribers at end of quarter due to environmental and construction delays.
	Total subscribers served	0	Network not available for subscribers at end of quarter due to environmental and construction delays. The fiber construction to date has targeted the northern section of the route including Jonesboro, Quitman, Ruston and Vienna. We anticipate connection of a number of school, medical, library and related Critical Anchor Institution (CAI) sites to the fiber backbone by September 30, 2011. We have identified approximately 20 sites which we believe can be connected to the backbone during this time period.
	Subscribers receiving new access	0	Network not available for subscribers at end of quarter due to environmental and construction delays.
	Subscribers receiving improved access	0	Network not available for subscribers at end of quarter due to environmental and construction delays..
Residential / Households	Please identify the speed tiers that are available and the number of subscribers for each	0	Network not available for subscribers at end of quarter due to environmental and construction delays.
	Entities passed	0	Network not available for subscribers at end of quarter due to environmental and construction delays.
	Total subscribers served	0	Network not available for subscribers at end of quarter due to environmental and construction delays.
	Subscribers receiving new access	0	Network not available for subscribers at end of quarter due to environmental and construction delays.
	Subscribers receiving improved access	0	Network not available for subscribers at end of quarter due to environmental and construction delays.
Businesses	Please identify the speed tiers that are available and the number of subscribers for each	0	Network not available for subscribers at end of quarter due to environmental and construction delays.
	Entities passed	0	Network not available for subscribers at end of quarter due to environmental and construction delays.
	Total subscribers served	0	Network not available for subscribers at end of quarter due to environmental and construction delays.
	Subscribers receiving new access	0	Network not available for subscribers at end of quarter due to environmental and construction delays.
	Subscribers receiving improved access	0	Network not available for subscribers at end of quarter due to environmental and construction delays.

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

We do not have any special offerings 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).

Network management practices have not changed during this 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
N/A	N/A	N/A	N/A	Network not available for subscribers at end of quarter due to environmental and construction delays.

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
Construction contracts have been awarded with significant construction to be accomplished during the next quarter. Construction will have heavy focus on the northern portion of the route (Jonesboro, Weston, Ruston, Grambling, Vienna) to allow Nexus to begin service to a number of Critical Anchor Institutions. Co-location facility in Vienna has been purchased and will be fitted during next quarter. Additinoal co-location site land servitudes will be completed during the next quarter as well as securing and placing co-location huts for Jonesboro, Winnfield, Dry Prong, and Pineville in conjunction with construction schedule. Fiber transmission equipment is on order with acquisition and testing to begin during the next quarter.

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	50	Significant construction to be accomplished during quarter. Prior delays due to engineering re-assignment.
2b.	Environmental Assessment	100	Environmental review complete. Prior delays due to engineering re-assignment.
2c.	Network Design	100	Design complete; equipment to be secured and tested as construction schedule allows.
2d.	Rights of Way	100	Rights of way secured.
2e.	Construction Permits and Other Approvals	100	Permits to be completed. Prior delays due to railroad permit demands.
2f.	Site Preparation	90	Sites secured; pending delivery of co-location buildings and install of services
2g.	Equipment Procurement	80	Network equipment on order; testing and installation pending construction schedule.
2h.	Network Build (all components - owned, leased, IRU, etc.)	40	Significant network build to be accomplished by end of quarter; prior delays due to delayed engineering and environmental assessments.
2i.	Equipment Deployment	40	Equipment deployment and testing to coincide with construction schedule.
2j.	Network Testing	40	Segments of network to be tested as construction deployment allows.
2k.	Other (please specify):	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).
Construction is underway with multiple contractor and subcontractor crews assigned to segments of the project. The challenges for the next two quarters will be coordination of the construction process and for equipment deployment and testing. A favorable fiber delivery schedule has been obtained but must be monitored closely as all fiber manufacturers are running at peak production. Since construction is during July - September, weather is not anticipated to be a significant factor. No other significant challenges are anticipated.

