

RECIPIENT NAME:COM Net, Inc.

AWARD NUMBER: NT10BIX5570072

DATE: 02/10/2011

OMB CONTROL NUMBER: 0660-0037

EXPIRATION DATE: 12/31/2013

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 NT10BIX5570072	3. DUNS Number 957284334
4. Recipient Organization COM Net, Inc. 13888 County Road 25 A, Wapakoneta, OH 45895-8316		
5. Current Reporting Period End Date (MM/DD/YYYY) 12-31-2010	6. Is this the last Report of the Award Period? <input type="radio"/> Yes <input checked="" type="radio"/> No	
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 Timothy Berelsman	7c. Telephone (area code, number and extension) X	
	7d. Email Address tberelsman@cniteam.com	
7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 02-10-2011	

Project Indicators (This Quarter)

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

In the fourth quarter of 2010 and the 2nd quarter of the Com Net GigEPAC project, Com Net satisfied several Special Award Conditions including non-overlap requirements with other federally funded projects, baseline report and quarterly reporting requirements in October. As part of its non-overlap SAC, Com Net finalized details for a joint build with Sycamore Telephone Company, a Round 2 BIP recipient, whom Com Net had entered into an agreement to do such in the event both projects were awarded. This collaborative effort provides for cost avoidance through a mutually beneficial relationship. The environmental assessment team completed desk reviews and drive-outs of all proposed routes for construction noting any variations from its application. Com Net initiated consultation with all necessary agencies as required in preparation of submitting its Environmental Assessment Report. Com Net continued its community outreach efforts meeting with representatives of local, county and state government, community colleges, colleges and universities, K-12 school district representatives, broadband service providers, data centers and carriers. Com Net continued to work with its primary construction firm, Kenneth G. Myers Construction, to pre-certify prevailing wages on its project which spans across multiple Metropolitan Service Areas (MSAs). Com Net prepared for the finalization and release of several requests for proposal to select vendors including RFP's for Project Auditor, Outside Plant Materials, DWDM Electronics/Optronics, Ethernet Switch/Routers, Inspection Firm Services, Plant Records System, Remote Huts and area specific inquiries for existing fiber facilities for lease or purchase. Com Net identified existing conduit space in the Toledo metropolitan area, requested a plant records review and capacity check through an affiliated entity in an effort to lease existing underground pathways rather than constructing. In order to ensure the project remains on schedule, Com Net released four segments to its Route Design firm for detailed engineering and preparation of permit applications on typically long-lead time items. This action was taken on a proactive basis to avoid unnecessary delays after a Finding of No Significant Impact (FONSI) is received in association with Com Net's Environmental Assessment. Com Net's accounting team and engineering team verified asset records of four existing Ethernet Switches then transferred them to the GigEPAC federally funded project as part of its matching obligation. Lastly, Com Net spent a significant amount of time re-evaluating new construction sites versus potential acquisition of existing structure for utilization as Points-of-Presence at key intervals on its Regional High-Speed-High Capacity Regional Fiber Optic Infrastructure.

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	1	No Variance
2b.	Environmental Assessment	80	A ten percent negative variance is reported based on the number of outstanding consultations required with agencies prior to finalization of the Environmental Assessment Report at the end of 2010. Additional time and resources will be required in January for follow-up with agencies in order to complete consultations in a timely manner.
2c.	Network Design	9	A seven percent positive variance is reported due to involvement of Com Net Route Design and Permitting Firm in the Environmental Assessment. This involvement allowed the Route Design Firm to pull ahead certain field work items associated with the project by conducting route drive-outs as part of the Environmental Assessment.
2d.	Rights of Way	1	A one percent negative variance is reported as much of the Right-of-Way work will require review of the FONSI prior to finalizing
2e.	Construction Permits and Other Approvals	1	A one percent negative variance is reported as much of the Right-of-Way work will require review of the FONSI prior to finalizing
2f.	Site Preparation	0	No Variance
2g.	Equipment Procurement	2	A one-percent positive variance is reported. Com Net transferred four CISCO 76XX series Ethernet Switch/Routers (3-7606s and one 7609) to the GigEPAC project as part of its in-kind commitment. The four Ethernet Switch/Routers transferred were for the sites Watch Tower, Worthington, Columbus and Lima as so denoted in the GigEPAC application project budget detail. The book value was greater than that reported in the application based on the actual line card population being more extensive than that used for the application budget.
2h.	Network Build (all components - owned, leased, IRU, etc)	0	No Variance

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2i.	Equipment Deployment	0	No Variance
2j.	Network Testing	0	No Variance
2k.	Other (please specify): Pre-Award Acceptance	100	Other items included in the Baseline report included Project Management and Administration Reporting at 10% complete, Contractual Solution Sales at 0% and Operation Support Systems at 0%.

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).

In terms of areas or issues where assistance from the BTOP program may be useful, the major area would be additional webinars on various aspects of the BTOP program, the various types of award action requests available through grants on-line and when they should be utilized, requirements and reporting utilities as early in the program as possible. These webinars are extremely beneficial in expanding knowledge amongst staff strengthening the depth of our team. This distant learning and training is extremely valuable in expanding the the depth and knowledge of staff while maximizing productivity and avoiding unnecessary travel expenses.

In terms of challenges or issues faced the most significant was accelerating the learning curve inside our organization as a first-time grant recipient, while attempting to satisfy Special Award Conditions under an aggressive timeline for our organization. The management of legacy operations, the federally funded project and motivation of employees proved challenging as year-end approached. As key deadlines came due on the funded project in November thru January along with those associated with legacy operations, the pressure mounted. The situation was further complicated as frustrations arose as employees were unable to obtain timely responses from third parties as the holiday season set in with Thanksgiving. Com Net was able to manage through this period with only one resignation as a result of the demanding period.

Com Net continues to become more efficient in satisfying reporting requirements as the depth of our staff continues to increase with NTIA BTOP requirements. This initiative is proving beneficial by providing additional resources for the delegation of tasks and responsibilities. The month of December and the holiday season presented issues with availability of subject matter experts and outside contacts needed to address conditions associated with the award. Com Net also elected to hold on the release of request for proposal until after the first of the year on critical components and services to ensure a thorough and accurate RFP was released and responses were maximized. Com Net's RFP for auditor will be held for release until mid-March 2011 at which time the guidelines on for profit company audits will be available from NTIA and auditing firms will be coming to an end of there peak season.

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	The EA SAC has not yet been satisfied, therefore a FONSI has not yet been granted, so network construction has not yet commenced
New network miles leased	0	The EA SAC has not yet been satisfied, therefore a FONSI has not yet been granted, so network construction has not yet commenced
Existing network miles upgraded	0	SAC Period - Zero Variance The EA SAC has not yet been satisfied, therefore a FONSI has not yet been granted, so network construction has not yet commenced
Existing network miles leased	0	The EA SAC has not yet been satisfied, therefore a FONSI has not yet been granted, so network construction has not yet commenced
Number of miles of new fiber (aerial or underground)	0	The EA SAC has not yet been satisfied, therefore a FONSI has not yet been granted, so network construction has not yet commenced
Number of new wireless links	0	The EA SAC has not yet been satisfied, therefore a FONSI has not yet been granted, so network construction has not yet commenced

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Number of new towers	0	The EA SAC has not yet been satisfied, therefore a FONSI has not yet been granted, so network construction has not yet commenced
Number of new and/or upgraded interconnection points	0	The EA SAC has not yet been satisfied, therefore a FONSI has not yet been granted, so network construction has not yet commenced

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	5
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	17
Average term of signed agreements (in quarters)	80

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words of less). Providers: Sycamore Telephone Company - Round 2 BIP Recipient Last Mile Provider with an executed agreement to conduct a joint build if both applications are awarded.
 Tier 2 Communications, LLC - An affiliate of Com Net, Inc agreeing to provide last mile connectivity services when not available through other GigEPAC partners,
 Independents Fiber Network, LLC - An Ohio Interexchange Company that is a wholly owned subsidiary of Com Net, Inc with a certificate of public necessity and convenience.
 ZAYO Bandwidth – A GigEPAC subrecipient
 OARnet – A GigEPAC subrecipient
 • Subrecipients have a binding letter commitment based on GigEPAC project being funded

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 of less). Wholesale services description:
 The EA SAC has not yet been satisfied, therefore a FONSI has not yet been granted, so network construction has not yet commenced and no Wholesale Services are available.

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).

Subrecipients Zayo (400 Centennial Parkway, Suite 200; Louisville, CO 80027; 1.303.381.4683) and OARnet (1224 Kinnear Rd. Columbus, Ohio 43212, 614-292-9191) will be designated to operate a portion of the network on activation based on specific fiber spans the providers will be responsible for operating certain fiber within. The specific portions of the network will be detailed on activation. To date the EA SAC has not yet been satisfied, therefore a FONSI has not yet been granted, so network construction has not yet commenced and no portion of the network is available for a third party to operate.

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 of 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
	Providers with signed agreements receiving improved access	0	Variation from Baseline report. Baseline report was completed with understanding provider count was reported based on those with a signed agreement to receive improved access rather than those with a signed agreement and actively receiving improved access. This variation is expected to existing until the third quarter 2011.

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	Variation from Baseline report. Baseline report was completed with understanding provider count was reported based on those with a signed agreement to receive dark fiber rather than those with a signed agreement and actively having access to such dark fiber. This variance is expected to exist until the third quarter of 2011.
	Please identify the speed tiers that are available and the number of subscribers for each	0	The EA SAC has not yet been satisfied, therefore a FONSI has not yet been granted, so network construction has not yet commenced and no speed tiers are available.
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	The EA SAC has not yet been satisfied, therefore a FONSI has not yet been granted, so network construction has not yet commenced and no subscribers are served.
	Subscribers receiving new access	0	The EA SAC has not yet been satisfied, therefore a FONSI has not yet been granted, so network construction has not yet commenced and no subscribers are receiving new access.
	Subscribers receiving improved access	0	The EA SAC has not yet been satisfied, therefore a FONSI has not yet been granted, so network construction has not yet commenced and no subscribers are receiving improved access.
	Please identify the speed tiers that are available and the number of subscribers for each	0	The EA SAC has not yet been satisfied, therefore a FONSI has not yet been granted, so network construction has not yet commenced and no subscribers are being served as no speed tiers are available.
Residential / Households	Entities passed	0	NA
	Total subscribers served	0	NA
	Subscribers receiving new access	0	NA
	Subscribers receiving improved access	0	NA
	Please identify the speed tiers that are available and the number of subscribers for each	0	NA
Businesses	Entities passed	0	NA
	Total subscribers served	0	NA
	Subscribers receiving new access	0	NA
	Subscribers receiving improved access	0	NA
	Please identify the speed tiers that are available and the number of subscribers for each	0	NA

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

NA

8a. Have your network management practices changed over the last quarter? Yes No

8b. If so, please describe the changes (300 words or less).
NA

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
NA	NA	NA	NA	NA

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
In the 1st Quarter of 2011 Com Net plans to receive a FONSI on its Environmental Assessment Report. Com Net plans to award its RFP for outside plant materials and take the initial shipment of materials into the cable yards of Kenneth G. Myers Construction. Com Net plans to award its RFP for DWDM electronics/optronics, receive shipment of a lab unit to familiarize staff with operating and management systems. Com Net plans to places orders for the initial set of DWDM units inclusive of site installation. Com Net plans to award its Remote Huts RFP, finalize acquisition of its site in Paulding County and initiate site preparation. Com Net will award its Inspection Firm RFP and have the contract in place with the firm by March 1, 2011. Com Net will finalize it's RFP for Auditor Firm and release it for responses prior to the end of March 2011. Com Net will break ground on its fiber-optic plant routes in western Ohio in March 2011. Lastly Com Net will initiate construction in Allen County, Ohio that will establish a new connection to Customer Provide Access fiber facilities of a K-12 educational institute that will result in improved service through increased capacity and survivability to 38 school districts which will be completed in the second quarter of 2011. Com Net's Route Design Firm will continue to finalize route design and permit applications ahead of construction at a pace of approximately 60-80 miles per 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	7	This represents a negative variance of 3% to the Baseline. This is primarily driven by the fact that Com Net originally planned to receive shipment of a full 475,000' of Outside Plant Fiber Optic Cable and other Outside Plant materials. Given the short lead time between award of the OSP materials RFP and the start of construction, Com Net is now planning on a partial release of OSP materials including 100,000' of OSP fiber-optic cable. Furthermore, based on Com Net's decision to structure the DWDM electronics/optronics RFP to be a turn key furnish and install request, Com Net does not anticipate any cash outlay on this equipment until it is accepted which will occur in the May 2011 time frame. Com Net's administrative costs continue to run above budgeted expectation and will continue to do so throughout the project based on underestimates of time and project audit expenses
2b.	Environmental Assessment	100	No Variance
2c.	Network Design	17	This represent a positive variance of seven (7) percent versus baseline. This positive variance is a carryover from the gains made in the second quarter by having the Route Design Firm pull ahead activities during the drive-out of routes for the Environmental Assessment.
2d.	Rights of Way	6	A negative variance of three percent is reported as Com Net does not project to receive its FONSI until mid-February at the earliest. The finalization of certain Right-of-Way applications dependent on first completing compliance reviews against the final Environmental Assessment report.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2e.	Construction Permits and Other Approvals	13	A negative variance of three percent is reported as Com Net does not project to receive its FONSI until mid-February at the earliest. The finalization of certain Construction Permits and other Approvals are dependent on first completing a compliance reviews against the final Environmental Assessment report.
2f.	Site Preparation	11	No Variance
2g.	Equipment Procurement	26	This represents a six percent positive variance to the baseline. Com Net elected during the RFP process to structure the DWDM electronics/optronics RFP to be a turn key furnish and install request, Com Net does not anticipate any cash outlay on this equipment until it is accepted which will occur in the May 2011 time frame. The actual procurment will be completed however the cash requirement will be delayed until the 2nd quarter of 2011. Com Net also plans to make positive gains on equipment procurement by working with sub-recipient OARnet to pull ahead in-kind electronics/optronic match obligation, as well as new equipment procurement within reason. Com Net and OARnet verified that OARnet as a state agency can purchase using State of Ohio contracts as it satisfies the procurement requirements associated with the project.
2h.	Network Build (all components - owned, leased, IRU, etc.)	1	Based on full percentage point reporting no variance is visible, however Com Net originally planned to receive shipment of a full 475,000' of Outside Plant Fiber Optic Cable and other Outside Plant materials in the 1st Quarter of 2011. Given the short lead time between award of the OSP materials RFP and the start of construction, Com Net is now planning on a partial release of OSP materials including 100,000' of OSP fiber-optic cable.
2i.	Equipment Deployment	1	This represents a 9% negative variance. Com Net elected during the RFP process to structure the DWDM electronics/optronics RFP to be a turn key furnish and install request, Com Net does not anticipate any cash outlay on this equipment until it is accepted which will occur in the May 2011 time frame. The actual work of placing the equipment on site may represent a minimum percent completion however the cash requirement will not occur until the 2nd quarter of 2011 after acceptance testing of deployed equipment is completed..
2j.	Network Testing	1	No Variance
2k.	Other (please specify): Pre-Award Acceptance	100	Other Baseline Items-Percent completions are: Project Management & Administration Reporting -19%, Contractual Sale of Services - 0% and Operation Support Systems - 0%.

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 major challenge for the 1st quarter of 2011 involve timely completion of the Environmental Assessment Report and receipt of the FONSI for the project. In the event the timing for the receipt of the FONSI is unfavorable to the baseline, the issue we will face will be balancing the budget against the need to expedite route construction in order to realize sixty-seven percent completion by the end of Year 2 of the project. The other major challenge for the 1st quarter of 2011 will be lead time requirements on Outside Plant fiber optic cable as well as DWDM electronics/optronics. These challenges are common ramp-up issues at the time of project start-up when demand is exceeding supply of a critical material item in the project. Com Net projects that this shortfall will be made up in the third quarter of 2011 once the inventory is fully stocked at the cable yards with a blanket order in place with pre-scheduled release dates.

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	\$186,863	\$75,013	\$111,850	\$110,983	\$26,636	\$84,347	\$176,969	\$67,303	\$109,666
b. Land, structures, right-of-ways, appraisals, etc.	\$1,497,801	\$542,165	\$955,636	\$8,600	\$2,064	\$6,536	\$117,899	\$53,083	\$64,816
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$1,536,325	\$368,718	\$1,167,607	\$143,984	\$34,556	\$109,428	\$266,890	\$64,054	\$202,836
e. Other architectural and engineering fees	\$282,530	\$84,759	\$197,771	\$184,852	\$51,127	\$133,725	\$208,852	\$58,327	\$150,525
f. Project inspection fees	\$130,000	\$31,200	\$98,800	\$0	\$0	\$0	\$2,600	\$624	\$1,976
g. Site work	\$205,600	\$61,680	\$143,920	\$0	\$0	\$0	\$20,700	\$6,210	\$14,490
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$30,306,281	\$7,831,123	\$22,475,158	\$31,409	\$7,538	\$23,871	\$323,966	\$125,581	\$198,385
j. Equipment	\$8,758,868	\$3,877,761	\$4,881,107	\$189,385	\$189,385	\$0	\$2,135,250	\$1,727,623	\$407,627
k. Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
l. SUBTOTAL (add a through k)	\$42,904,268	\$12,872,419	\$30,031,849	\$669,213	\$311,306	\$357,907	\$3,253,126	\$2,102,805	\$1,150,321
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$42,904,268	\$12,872,419	\$30,031,849	\$669,213	\$311,306	\$357,907	\$3,253,126	\$2,102,805	\$1,150,321

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