



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
OFFICE OF ACQUISITION AND GRANTS

June 20, 2013

Mr. Steven Kuller
Executive Office of Pennsylvania
2605 Interstate Dr., Suite 140
Harrisburg, PA 17110

Re: Broadband Technology Opportunities Program (BTOP)
Grant Award No. NT10BIX5570017
Executive Office of the Commonwealth of Pennsylvania
Agency Review of Project Expenditures

Dear Mr. Kuller:

The purpose of this letter is to inform you that the National Oceanic and Atmospheric Administration (NOAA) Grants Office has placed the Department of Treasury Automated Standard Application for Payments (ASAP) account for the Executive Office of the Commonwealth of Pennsylvania (Executive Office) on agency review status. This action has been taken to enable the National Telecommunications and Information Administration (NTIA) and the NOAA to review requests for payment on this award.

As you are aware, one of the key objectives of the BTOP program is to provide reliable and affordable broadband services to Community Anchor Institutions (CAIs). In its baseline report for the project, the Executive Office stated that it intended to connect 95 CAIs to its upgraded wireless network. As of its quarterly report ending March 31, 2013, the Executive Office had connected 4 out of the 95 CAIs included in its baseline report. NTIA has serious concerns regarding the Executive Office's lack of progress in light of the very limited number of CAIs connected thus far. As a result, NTIA and NOAA believe it is necessary to monitor remaining project progress and expenditures closely in order to ensure that these expenditures comply with the terms of the award, as well provide evidence that this project is making tangible progress towards satisfying the CAI expectations established in the Executive Office's baseline report.

Accordingly, NOAA has placed the Executive Office's award on agency-review status. This means that you will not be permitted to draw down funds through the ASAP system until authorized by the NOAA Grants Office. You may submit a request for payment at most monthly, but you must submit a request at least quarterly. Information on award payments can be found in Section A.02 of the Department of Commerce Financial Assistance Standard Terms and Conditions. Due to the relatively short period of time remaining in the period of

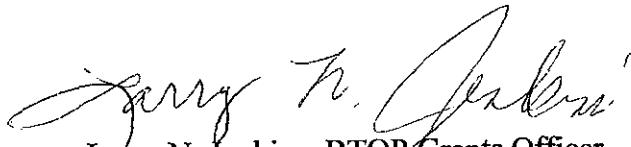
performance, NOAA and NTIA expect that the award will remain on agency-review status until the end of the closeout period.

Additionally, NOAA and NTIA require that you provide a narrative response addressing NTIA/NOAA concerns regarding the Executive Office's limited progress on CAI connections despite its substantial drawdowns. Please also provide an updated plan illustrating how the Executive Office intends to meet the CAI expectation it created in the baseline report during its extended award period. This plan should include the activities undertaken by your project team regarding community outreach efforts to educate and inform potential subscribers on the availability of this broadband service. The plan should provide realistic and achievable CAI projections for the final few months of your award period. Finally, the Executive Office's narrative and/or plan should provide clear and concise information on how your project intends to address the last-mile component of all CAI connections.

Please provide all necessary information to address these concerns no later than Friday, July 19, 2013. Failure to respond in a timely or comprehensive manner may result in additional corrective actions. If you have any questions, please contact your Federal Program Officer Mr. Christopher Holt (202) 482-4884 or your Grants Management Specialist Mr. William Ball (301) 628-1339 should you require further details about this decision.

Thank you for your cooperation and assistance.

Sincerely,



Larry N. Jenkins, BTOP Grants Officer
NOAA Grants Management Division

CC: Arlene Simpson Porter, NOAA
Anthony Wilhelm, NTIA
Alan Conway, NOAA
Doug Kinkoph, NTIA
Christopher Holt, NTIA
William Ball, NOAA