

QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS

General Information

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| 1. Federal Agency and Organizational Element to Which Report is Submitted Department of Commerce, National Telecommunications and Information Administration | 2. Award Identification Number NT10BIX5570087 | 3. DUNS Number 143482482 |
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4. Recipient Organization

 Mid-Atlantic Broadband Cooperative 1100 Confroy Drive, Ste 4, South Boston, VA 24592-6888

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| 5. Current Reporting Period End Date (MM/DD/YYYY) 03-31-2013 | 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 Janet Rogers Grants Administrator | 7c. Telephone (area code, number and extension) 4345701305 |
| | 7d. Email Address janet@mbc-va.com |

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|---|--|
| 7b. Signature of Certifying Official Submitted Electronically | 7e. Date Report Submitted (MM/DD/YYYY): 05-10-2013 |
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Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).
 MBC has completed all fiber cable construction up to the City of Suffolk and City of Chesapeake jurisdictional boundaries. The Franchise Agreement with the City of Chesapeake was approved on February 26, 2013 and the construction permits are under review. We intend to resume construction work in April, 2013. MBC met with the Chief Operating Officer of Old Dominion University this quarter to solicit support for our Franchise applications in Chesapeake and Suffolk. He agreed the University would support us in any way possible. The Franchise application and supporting documents have been prepared and the City of Suffolk's City council will consider the application at their April 17, 2013 meeting. Our expectation is that it will be approved and we can begin construction immediately.

After several months of delay by the Isle of Wight School Board, they approved the easement for the hut to be placed near Smithfield High school on March 14, 2013. The application for the building permit has been submitted and we should begin site work in mid-April, 2013. Upon completion, all four (4) hut sites will be ready for equipment installation.

Two (2) additional CAIs were served this quarter, bringing the total served to eighteen. They were Hardy Elementary School and the Surry County Bus Garage. We are continuing negotiation on services several to cell tower sites and an electric cooperative.

We have placed 1 mile of fiber cable during this quarter for a total of 144 miles placed or 85% of the total. We spent \$456,283.82 this quarter, bringing the total spent to \$9,012,365.51 or 71.9% of the total. The majority of the expenditures were for construction and retainage. The majority of the project activity this quarter has been in Isle of Wight County.

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 | 72 | Awaiting approval of Suffolk Franchise Agreement to resume construction. Expected approval 4-17-13 |
| 2b. | Environmental Assessment | 100 | Complete |
| 2c. | Network Design | 100 | Complete |
| 2d. | Rights of Way | 100 | Complete |
| 2e. | Construction Permits and Other Approvals | 100 | Complete |
| 2f. | Site Preparation | 75 | Completed 3 or 4 sites. 4th site work to begin 4-15-13 |
| 2g. | Equipment Procurement | 100 | Complete |
| 2h. | Network Build (all components - owned, leased, IRU, etc) | 85 | Awaiting completion of huts and approval of Suffolk Franchise Agreement before resuming construction |
| 2i. | Equipment Deployment | 30 | Awaiting completion of huts |
| 2j. | Network Testing | 40 | Awaiting completion of huts and cable placement |
| 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).

- Obtaining the easement for the Smithfield node.
- Obtaining permits and agreements from the City of Chesapeake and the City of Suffolk

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 | 144 | Placed one (1) mile in Y4Q1(Y3Q3) |
| New network miles leased | 0 | N/A |
| Existing network miles upgraded | 0 | N/A |
| Existing network miles leased | 0 | N/A |
| Number of miles of new fiber (aerial or underground) | 144 | Placed one (1) mile in Y4Q1(Y3Q3) |
| Number of new wireless links | 0 | N/A |
| Number of new towers | 0 | N/A |
| Number of new and/or upgraded interconnection points | 3 | Work to start 4-15-13 on 4th site |

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 | 1 |
| Number of agreements currently being negotiated with broadband wholesalers or last mile providers | 7 |
| Average term of signed agreements (in quarters) | 12 |

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers: Town of Surry; co-location agreement to provide access and transport offered by the county or their agent.

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:

MBC provides secured, carrier-class collocation space (in 1/4 rack increments or 12 rack units) for members
 Due to grant funds being used in the construction of the MBC backbone network, dark fiber IRUs are no longer offered.
 Fiber lease arrangements are considered on case by case basis. (Member pays annual fee for use of the dark fiber strands.) Five year minimum lease term.

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

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 | 1 | Cable not placed in service as of 3-31-13 |
| | Providers with signed agreements receiving improved access | 0 | N/A |

| 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 | N/A |
| | Please identify the speed tiers that are available and the number of subscribers for each | 0 | 10 mbps-100 mbps; Open access |
| Community Anchor Institutions (including Government institutions) | Total subscribers served | 18 | Added Hardy Elementary (Isle of Wight School) and Surry County Bus Garage (other Gov't institute) |
| | Subscribers receiving new access | 1 | Other government Institution |
| | Subscribers receiving improved access | 17 | Schools and other government institutions |
| | Please identify the speed tiers that are available and the number or subscribers for each | 18 | 10 mbps-100 mbps; Open Access |
| Residential / Households | Entities passed | 0 | N/A |
| | Total subscribers served | 0 | N/A |
| | Subscribers receiving new access | 0 | N/A |
| | Subscribers receiving improved access | 0 | N/A |
| | Please identify the speed tiers that are available and the number of subscribers for each | 0 | 10 mbps-100 mbps; Open Access |
| Businesses | Entities passed | 0 | N/A |
| | Total subscribers served | 0 | N/A |
| | Subscribers receiving new access | 0 | N/A |
| | Subscribers receiving improved access | 0 | N/A |
| | Please identify the speed tiers that are available and the number of subscribers for each | 0 | 10 mbps-100 mbps; Open Access |

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

N/A

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

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 | Narrative description of how anchor institutions are using BTOP-funded infrastructure |
|------------------|-------------------------------|--|--|---|
| | | | | |

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|--------------------------------|----------------------|-------------------------------------|------------------------------------|---|
| | | | institution? (Yes / No) | |
| Hardy Elementary School | Isle of Wight | K-12 | No | Providing LAN & WAN Services |
| Surry County Bus Garage | Surry | Other Government Institution | No | Providing LAN & WAN Services |

Project Indicators (Next Quarter)

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

- Place remaining 28 miles of fiber cable to complete fiber construction on the project
- Complete the equipment installation in the nodes
- Complete the four remaining bridge crossings
- Complete the one remaining hut site
- Complete City of Suffolk Franchise agreement and begin construction
- One additional CAI to be added this 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 | 88 | Complete |
| 2b. | Environmental Assessment | 100 | Complete |
| 2c. | Network Design | 100 | Complete |
| 2d. | Rights of Way | 100 | Complete |
| 2e. | Construction Permits and Other Approvals | 100 | Complete |
| 2f. | Site Preparation | 100 | Complete |
| 2g. | Equipment Procurement | 100 | Complete |
| 2h. | Network Build (all components - owned, leased, IRU, etc.) | 100 | Complete |
| 2i. | Equipment Deployment | 100 | Complete |
| 2j. | Network Testing | 100 | Complete |
| 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).

- Completion of four bridge crossings in a timely manner
- Completion of the remainder of the fiber construction by June 30, 2013.

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 | \$630,000 | \$1,971 | \$628,029 | \$144,632 | \$1,971 | \$142,661 | \$174,883 | \$1,971 | \$172,912 |
| b. Land, structures, right-of-ways, appraisals, etc. | \$603,637 | \$66,400 | \$537,237 | \$340,074 | \$65,486 | \$274,588 | \$347,074 | \$65,486 | \$281,588 |
| c. Relocation expenses and payments | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| d. Architectural and engineering fees | \$799,800 | \$352,000 | \$447,800 | \$553,553 | \$350,489 | \$203,064 | \$603,553 | \$350,489 | \$253,064 |
| e. Other architectural and engineering fees | \$298,012 | \$22,000 | \$276,012 | \$196,178 | \$21,764 | \$174,414 | \$226,178 | \$21,764 | \$204,414 |
| f. Project inspection fees | \$154,000 | \$0 | \$154,000 | \$88,876 | \$0 | \$88,876 | \$100,876 | \$0 | \$100,876 |
| g. Site work | \$420,000 | \$40,000 | \$380,000 | \$167,870 | \$48,786 | \$119,084 | \$256,656 | \$48,786 | \$207,870 |
| h. Demolition and removal | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| i. Construction | \$5,863,534 | \$1,393,441 | \$4,470,093 | \$4,571,186 | \$685,994 | \$3,885,192 | \$5,770,935 | \$1,344,373 | \$4,426,562 |
| j. Equipment | \$3,760,076 | \$630,000 | \$3,130,076 | \$2,949,996 | \$620,950 | \$2,329,046 | \$3,559,046 | \$630,000 | \$2,929,046 |
| k. Miscellaneous | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| l. SUBTOTAL (add a through k) | \$12,529,059 | \$2,505,812 | \$10,023,247 | \$9,012,365 | \$1,795,440 | \$7,216,925 | \$11,039,201 | \$2,462,869 | \$8,576,332 |
| m. Contingencies | | | | | | | | | |
| n. TOTALS (sum of l and m) | \$12,529,059 | \$2,505,812 | \$10,023,247 | \$9,012,365 | \$1,795,440 | \$7,216,925 | \$11,039,201 | \$2,462,869 | \$8,576,332 |

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