

**QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS**

| General Information   |   |  |
|---|---|--|
| <b>1. Federal Agency and Organizational Element to Which Report is Submitted</b><br><br>Department of Commerce, National Telecommunications and Information Administration                          | <b>2. Award Identification Number</b><br><br>NT10BIX5570098   | <b>3. DUNS Number</b><br><br>831438424 |
| <b>4. Recipient Organization</b><br><br>California Broadband Cooperative, Inc. 1101 Nimitz Ave, Vallejo, CA 94592-1014  |   |  |
| <b>5. Current Reporting Period End Date (MM/DD/YYYY)</b><br><br>03-31-2011  | <b>6. Is this the last Report of the Award Period?</b><br><br><input type="radio"/> Yes <input checked="" type="radio"/> No |  |
| <b>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> |   |  |
| <b>7a. Typed or Printed Name and Title of Certifying Official</b><br><br>Robert Volker  | <b>7c. Telephone (area code, number and extension)</b><br><br>X   |  |
|   | <b>7d. Email Address</b><br><br>Rvolker@digital395.com  |  |
| <b>7b. Signature of Certifying Official</b><br><br>Submitted Electronically   | <b>7e. Date Report Submitted (MM/DD/YYYY):</b><br><br>05-17-2011  |  |

**Project Indicators (This Quarter)**

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

Grants Administration

- Submitted and obtained approval on 4-Month Budget
- Worked with Nevada Hospital Association and other Grants to identify overlap
- Conducted weekly meetings with National Telecommunications and Information Administration (NTIA) Federal Program Officer
- Conducted status meetings with NTIA Administration on National Environmental Policy Act issues

Network Planning and Engineering

- Finalized route plans in Nevada with all agencies to acquire existing conduit
- Developed tactical engineering plan
- Based on Agency feedback, refined routes through Owens Valley
- Created high-resolution base maps of 80% of route
- Acquired engineering equipment for detailed engineering
- Met with agencies to obtain design requirements

Environmental Assessment

- Completed and Submitted Draft EA
- Conducted Scoping Meetings with Forest Service, Bureau of Land Management, and Fish and Wildlife
- Coordinated Environmental Reviews with Dept. of Defense – US Navy
- Developed Desert Tortoise Fencing Solution with Fish and Wildlife
- Developed alternative routes to avoid major permit issues
- “Informal” meetings with 3 of 6 Tribal Councils
- Completed Section 107 Notifications (NTIA)
- Actively supported Programmatic Agreement changes with agencies
- Coordinated multiple meetings between CA agencies and counties
- Scoping meeting conducted with Fish and Game
- Conducted Phase 1 Environmental Assessment

Project Management

- Developed detailed project plan for engineering implementation
- Created Procurement Processes consistent with Federal Guidelines
- Established procurement schedule for Request for Proposal
- Initiated contacts with Anchors to determine requirements
- Submitted CPCN for California Broadband in Nevada
- Developed Conduit Agreements with NV Counties and Verizon (CA)

Rights of Way

- Hired lead Right of Way manager
- Initiated Right of Way processes with Bureau of Land Management, Forest Service, LA Dept. of Water and Power and CA Counties

**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          | 3                | Project is under running view by 2%, largely due to deferral of some key environmental work as noted below.   |
| 2b. | Environmental Assessment | 76               | Environmental work is under running by 14% due to accessibility to some federal lands. These studies were deferred until next quarter once a Programmatic Agreement is in place and work can complete. An additional 5% spent in this period was not booked in this quarter, due to late billing by vendor. |
| 2c. | Network Design           | 22               | Network design work is exceeding view by 1%, due to a slight increase in start up effort to route alignment for input to environmental studies.   |

|     | Milestone  | Percent Complete | Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)  |
|-----|--|------------------|--|
| 2d. | Rights of Way  | 2                | Right of Way work is under running view due to dependency on a final route alignment before negotiations begin. We expect to see this gap close over the next quarter as resources are brought to bear. The delay is consistent with the delayed FONSI / CEQA date.  |
| 2e. | Construction Permits and Other Approvals                 | 20               | Permits are under-running view by 20%, in part due to delays by Federal and State Agencies in determining their assessments. (10% of this budget was actually booked the week following the quarter.) Permits from Fish and Wildlife and California Department of Fish and Game are expected once the Area of Potential Effect (APE) is determined in critical habitats. Again, this is tied to delays in the completed environmental assessment |
| 2f. | Site Preparation   | 0                | No Variance  |
| 2g. | Equipment Procurement                                    | 1                | This line item is under running by 4%. Equipment procurement has been largely confined to motor vehicles and office and engineering equipment. We delayed purchase of motor vehicles until the next quarter.   |
| 2h. | Network Build (all components - owned, leased, IRU, etc) | 0                | No Variance  |
| 2i. | Equipment Deployment                                     | 0                | Equipment will not be deployed until FONSI is issued. The initial 5% was intended to supply electronics to the node manufacturer, which has been delayed into the next two quarters.   |
| 2j. | Network Testing  | 0                | No Variance  |
| 2k. | Other (please specify):                                  | 0                | NA   |

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).

California Broadband encountered challenges with several federal agencies whose programmatic requirements exceeded those originally anticipated. Both the Bureau of Land Management and the United States Forest Service had stringent Section 106 requirements requiring extensive field surveys. While these issues have been worked out through inter-agency cooperation with the NTIA, there has been some delays in obtaining guidelines and access to their jurisdictions. In addition, extensive discussions have been required with Department of Fish and Wildlife to address Desert Tortoise habitat concerns. As a result, a complete Environmental Assessment was not filed and revisions are underway in the Third Quarter. The BTOP project office is fully aware of these issues and have been actively supporting their resolution, which appears imminent.

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     | No Variance, Construction Not Started   |
| New network miles leased                             | 0     | NA  |
| Existing network miles upgraded                      | 0     | NA  |
| Existing network miles leased                        | 0     | No Variance, Construction Not Started   |
| Number of miles of new fiber (aerial or underground) | 0     | No Variance, Construction Not Started   |
| Number of new wireless links                         | 0     | NA  |
| Number of new towers                                 | 0     | No Variance, Construction Not Started   |
| Number of new and/or upgraded interconnection points | 0     | No Variance, Construction Not Started   |

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 | 12 |
| 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:**  
Presently we do not have any signed 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:**  
Presently wholesale services are not being provided, construction not started.

**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).**  
Inyo Networks, Inc. as a vendor for the California Broadband Cooperative will perform all day to day operating activities for the Digital 395 network after the initial network construction phase of the project is complete. These activities will include network management and operation, anchor institution service provisioning, customer care, billing and regulatory support.

Inyo Networks  
Michael Ort - Chief Executive Officer  
1101 Nimitz Avenue  
Vallejo, CA 94592-1014  
Phone (510) 599-4062

**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) |
|--|---|-------|---|
| <b>Broadband Wholesalers or Last Mile Providers</b>                      | Providers with signed agreements receiving new access                                     | 0     | No Variance, Construction Not Started   |
|  | Providers with signed agreements receiving improved access                                | 0     | No Variance, Construction Not Started   |
|  | Providers with signed agreements receiving access to dark fiber                           | 0     | No Variance, Construction Not Started   |
|  | Please identify the speed tiers that are available and the number of subscribers for each | 0     | No Variance, Construction Not Started   |
| <b>Community Anchor Institutions (including Government institutions)</b> | Total subscribers served  | 0     | No Variance, Construction Not Started   |
|  | Subscribers receiving new access  | 0     | No Variance, Construction Not Started   |
|  | Subscribers receiving improved access   | 0     | No Variance, Construction Not Started   |

| Subscriber Type          | Access Type   | Total | Narrative (describe your reasons for any variance from the baseline plan or any other relevant information) |
|--------------------------|---|-------|---|
|                          | Please identify the speed tiers that are available and the number or subscribers for each | 0     | No Variance, Construction Not Started   |
| 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 |
|------------------|-------------------------------|--|--|---|
| None             | None                          | None   | None   | None  |

Project Indicators (Next Quarter)

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

Grants Administration

- Develop budget for Months 10-14
- Validate Tax Exempt Status
- Obtain Certificate of Public Convenience from State of Nevada for California Broadband
- Complete the outfitting of project offices on entire route (Reno, Bishop, and Ridgecrest)

Network Planning and Engineering

- Complete final alignment, staging sites and node locations with full documentation
- Clarify details needed by permitting agencies for working drawings
- Create working drawings for first set of Design Blocks
- Define detailed node requirements
- Complete detailed design of Nodes and configurations
- Define Anchor equipment room requirements
- Initiate Anchor outreach efforts to ascertain hook up requirements
- Complete Rights of Way requirements and documentation for Federal and State Agencies
- Prepare Rights of Way documents for critical sections of route, including nodes

**Environmental Assessment**

- Complete second draft of Environmental Assessment
- Complete and obtain support on Memorandum of Understanding and Programmatic Agreements for revised Section 106 requirements
- Complete field studies in federal lands and land owned by Department of Water and Power
- Issue revised Environmental Assessment for agency commentary

**Procurement**

- Complete detailed requirements for cable, nodes, and electronics
- Initiate RFP process for materials purchases of major significance
- Screen key vendor applicants for short list of qualified construction vendors
- Validate procurement process by completing at least one pilot RFP for major plant materials
- Initiate UCC-1 filing process

**Project Planning**

- Develop integrated project planning tools and metrics for construction
- Finalize Node construction program
- Finalize Anchor outreach program
- Update and publish project web site (www.digital395.com)
- Launch systematic community communications program
- Frame and document management plan for construction and the finalization of working drawings for engineering

**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   | 8                        | While there will be an acceleration of spending, overall project will under run next quarter largely due to withholding activities (such as permits and initial materials orders) that are dependent on the issuance of a FONSI. This is expected in early October.   |
| 2b. | Environmental Assessment                                  | 95                       | Revisions to the environmental assessment will extend into June, with agency and public commentary beginning in late June. In addition a new Programmatic agreement will be circulating in May, which will define cultural study parameters to complete field studies.  |
| 2c. | Network Design  | 37                       | No Variance   |
| 2d. | Rights of Way   | 25                       | We expect the rights-of-way to under run budget due to timeframes for negotiations and documentation with larger federal and state agencies.  |
| 2e. | Construction Permits and Other Approvals                  | 40                       | Construction permits from key state and federal agencies will likely follow the issuance of the FONSI in October. Permits that can be issued prior to that are being paid.  |
| 2f. | Site Preparation  | 0                        | There will be no site preparation until after FONSI is issued in October.   |
| 2g. | Equipment Procurement                                     | 5                        | The baseline plan called for the initial acquisition of Node buildings in Quarter 3. This has been deferred until Quarter 4 since the FONSI date is scheduled in October. There is no need to acquire structures at this time only to store them. Project plan calls for the development of significant RFPs in the next Quarter. |
| 2h. | Network Build (all components - owned, leased, IRU, etc.) | 0                        | No Variance   |
| 2i. | Equipment Deployment                                      | 8                        | No Variance   |

|     | Milestone               | Planned Percent Complete | Narrative (describe reasons for any variance from baseline plan or any other relevant information) |
|-----|-------------------------|--------------------------|--|
| 2j. | Network Testing         | 0                        | No Variance  |
| 2k. | Other (please specify): | 0                        | NA   |

**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).**

**Environmental Assessment:**

Since the critical path of the entire project is agency cooperation in the environmental studies and getting their approval, our primary focus will be to tightly manage deliverables. Our project plan is to obtain FONSI and CEQA authorizations by October, necessitating good inter-agency cooperation. BTOP assistance in this is already in place.

**Network Design**

Potential challenges to network design is if agencies have unique or unanticipated design requirements in the permits or as a result of the environmental assessment. These matters can be resolved locally without BTOP involvement.

**Rights of Way**

We anticipate some challenges to intervals in obtaining rights of way from the City of Los Angeles and some private parties. We have addressed this by hiring Right of Way agents familiar with Department of Water and Power processes, will pursue interim licensing agreements that will not impeded construction timing (later following with Right of Way), and by escalating issue to political leadership in the City of Los Angeles (Mayor's office and City Council). There may be process delays on Native Lands with local tribes and the Bureau of Indian Affairs, due to local administrative challenges. While we have redoubled energy around these, we may need some assistance from BTOP, should the Bureau of Indian Affairs need guidance.

**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                 | \$15,109,345      | \$3,021,870           | \$12,087,475         | \$1,322,396  | \$0            | \$1,322,396   | \$2,178,121   | \$0            | \$2,178,121   |
| b. Land, structures, right-of-ways, appraisals, etc. | \$2,285,826       | \$457,166             | \$1,828,660          | \$0  | \$0            | \$0           | \$2,000   | \$0            | \$2,000       |
| c. Relocation expenses and payments                  | \$0               | \$0                   | \$0                  | \$0  | \$0            | \$0           | \$0   | \$0            | \$0           |
| d. Architectural and engineering fees                | \$3,006,194       | \$601,239             | \$2,404,955          | \$475,069  | \$0            | \$475,069     | \$855,069   | \$0            | \$855,069     |
| e. Other architectural and engineering fees          | \$2,906,663       | \$581,333             | \$2,325,330          | \$1,294,849  | \$0            | \$1,294,849   | \$1,968,849   | \$0            | \$1,968,849   |
| f. Project inspection fees                           | \$164,635         | \$32,927              | \$131,708            | \$0  | \$0            | \$0           | \$0   | \$0            | \$0           |
| g. Site work   | \$314,813         | \$62,963              | \$251,850            | \$0  | \$0            | \$0           | \$0   | \$0            | \$0           |
| h. Demolition and removal                            | \$0               | \$0                   | \$0                  | \$0  | \$0            | \$0           | \$0   | \$0            | \$0           |
| i. Construction                                      | \$69,013,409      | \$13,802,688          | \$55,210,721         | \$10,905   | \$0            | \$10,905      | \$20,905  | \$0            | \$20,905      |
| j. Equipment   | \$8,573,312       | \$1,714,663           | \$6,858,649          | \$83,572   | \$0            | \$83,572      | \$512,924   | \$0            | \$512,924     |
| k. Miscellaneous                                     | \$61,800          | \$12,360              | \$49,440             | \$0  | \$0            | \$0           | \$0   | \$0            | \$0           |
| <b>l. SUBTOTAL (add a through k)</b>                 | \$101,435,997     | \$20,287,209          | \$81,148,788         | \$3,186,791  | \$0            | \$3,186,791   | \$5,537,868   | \$0            | \$5,537,868   |
| m. Contingencies                                     | \$0               | \$0                   | \$0                  | \$0  | \$0            | \$0           | \$0   | \$0            | \$0           |
| <b>n. TOTALS (sum of l and m)</b>                    | \$101,435,997     | \$20,287,209          | \$81,148,788         | \$3,186,791  | \$0            | \$3,186,791   | \$5,537,868   | \$0            | \$5,537,868   |

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 |
|---|--------------------------------|