

## **Exhibit X**

### **REPORT OF THE MICHIGAN BROADBAND DEVELOPMENT AUTHORITY**

**FY 2007 (07/01/06 TO 06/30/07)**

Throughout the year 2006, the Michigan Broadband Development Authority (MBDA) has restructured and reassessed the organization's goals and mission. In April of 2007 the MBDA will cease its lending activities, and will cease its operations. The MBDA has approved more than a dozen loans for more than \$31 million. Loans to these providers are now helping to deploy cutting edge technologies across the state, impacting more than 375 cities, townships and villages. While the size of the MBDA's loan portfolio seems modest in historical telecommunication investment terms, new broadband technologies are more cost-efficient and the MBDA's loans will leverage an impact on more than 78% of the counties in the State of Michigan.

With regards to the loan portfolio performance, all of the MBDA loans have performed well. The MBDA has worked directly with dozens of companies and consulted with roughly 45 local government organizations in Michigan to support broadband expansion efforts. The MBDA reviews its loan applications similar to an investor, and does not simply 'give' the money away to fledgling start-ups. This is supported directly with the fact that 100% of our loan portfolio is in 'good' standing. The requirements to which the loan applicants have to meet are detailed and explicit. Since inception in 2003, the MBDA has rejected nearly three times as many loan requests as it has approved-working diligently to ensure that borrowers have a business plan and the technological and financial sophistication to succeed.

The Governor's Rural Broadband Initiative (RBI) was launched with a Request for Proposal (RFP) that was released on November 30, 2005. \$17 million was made available at a reduced interest rate of 4 percent. With respect to the \$17 million RBI loan monies, the MBDA has been able to work with seven different companies, having to-date approved \$13.1 million in loans and is in the process of performing due diligence on another \$3.8 million in loans. The MBDA will transition the loan portfolio to MSHDA, where the loan portfolio will continue to be monitored and any adjustments to existing loans can be made as needed.