

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 NT10BIX5570018	3. DUNS Number 014409657
4. Recipient Organization Critical Hub Networks, Inc 1314 Ponce De Leon Ave. Ste. 400, San Juan, PR 00907-4047		
5. Current Reporting Period End Date (MM/DD/YYYY) 03-31-2011	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 Karen Elizabeth Larson Vice President	7c. Telephone (area code, number and extension) 7877289000	
	7d. Email Address kmarazzi@caribe.net	
7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 05-31-2011	

Project Indicators (This Quarter)

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

During the previous quarter, the PRBI project activities included: (a) Activation of PR-FL Services: The submarine cable capacity (FAC) for the Puerto Rico-Florida span was officially activated.(b) Inauguration Activity: On February 22, the PRBI held its inauguration event in San Juan. Congressman Pierluisi, AMPATH and INTECO participated in the event. In attendance were Puerto Rico government officials, broadband providers, Community Anchor Institutions and representatives of the press. (c) Engineering Design Implementation: Completion of copper and optical infrastructure at in PR-NAP and MIA-NAP. Ongoing PRBI facility preparations including security, emergency power, monitoring and management. (d) Terrestrial Network Deployment: Negotiations for tower sites in progress. Site inspections and review of availability of licensed frequencies initiated. Development of RFP/RFQ for wireless network equipment in progress. (e) Interconnection Agreements: Execution of interconnection agreement with broadband provider. Ongoing negotiations with broadband providers, government agencies and community anchor institutions on interconnection agreements. Continued negotiations of peering agreements with network & content providers in MIA-NAP. (f) Steering Committee: Three industry leaders have agreed to join the steering committee. Continue awaiting response from invited government representatives. (g) Employee Recruiting: Three positions were recruited. Employee recruiting is ongoing. (h) Provisioning: Continuity of provisioning of interconnections with broadband provider networks. (i) Community Outreach: Development of Community Outreach plan. Meetings held with other ARRA and BTOP recipients, government representatives, government agencies and educational institutions seeking collaboration to support the expansion of broadband usage. Ongoing community outreach through media presentations including print, television and radio. (j) Other: With the activation of the PR-Florida span, we have reached substantial completion. We are optimistic that, subject to the execution of an agreement for tower sites and the acquisition of FCC licenses in a timely manner, we will complete the project by March 31, 2013.

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	87	No variance from baseline.
2b.	Environmental Assessment	100	No variance from baseline.
2c.	Network Design	55	Variance of 2% due to delays in staff recruitment.
2d.	Rights of Way	63	Variance of 7% due to disbursement/invoicing delays, primarily for legal fees.
2e.	Construction Permits and Other Approvals	0	NA
2f.	Site Preparation	52	Variance of 35% due to finalization of legal agreements for terrestrial network tower sites.
2g.	Equipment Procurement	42	Variance of 25% due to finalization network design for RF terrestrial portion. Upon completion, we will issue RFP for equipment.
2h.	Network Build (all components - owned, leased, IRU, etc)	99	No variance from baseline.
2i.	Equipment Deployment	10	Variance of 10% due to delays in staff recruitment and equipment procurement.
2j.	Network Testing	4	Variance of 5% due to delays in staff recruitment and equipment procurement.
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).

FCC licensing and equipment procurement for RF equipment is delayed due to ongoing negotiations for tower sites and delays in recruiting of RF Engineer and Network Engineering staff. We are continuing to evaluate training alternatives for future recruitments. Expensive recurring last mile costs from last mile providers has resulted in a challenge in executing interconnection agreements with community anchor institutions. We are seeking alternatives for laterals to reduce this cost.

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
New network miles leased	3,901	No variance
Existing network miles upgraded	0	No variance
Existing network miles leased	0	No variance
Number of miles of new fiber (aerial or underground)	3,901	No variance
Number of new wireless links	0	No variance
Number of new towers	0	No variance
Number of new and/or upgraded interconnection points	2	No variance

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	6
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	11
Average term of signed agreements (in quarters)	9

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers: PRBI activated network services in late February 2011. Since activation, OSNet has completed its last mile connectivity and its interconnection was activated. The other five (5) pending networks are still in the process of constructing their last mile to the PRBI interconnection site. Due to competitive purposes, the names of the providers who have signed agreements will be released upon successful activation of interconnection. Agreements continue to be in legal negotiations with many providers, resulting in a variance of 2 contracts off our original baseline projections.

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: PRBI will provide middle-mile transit and peering services to broadband service providers. In addition, PRBI will also provide peering services to Critical Community Anchor Institutions and Government Agencies.

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).
NA

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	0	No variance from baseline

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 improved access	1	Delays in last-mile fiber construction/wireless activation by the Broadband Providers to the PRBI interconnection point have delayed network activation for five (5) pending customers. Two of the broadband providers are hopeful to complete their last mile in the following quarter.
	Providers with signed agreements receiving access to dark fiber	0	No variance from baseline.
	Please identify the speed tiers that are available and the number of subscribers for each	1	Services are available from 100Mbps to 1Gbps.
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	Calculations for Community Anchor Institutions served included connectivity via last mile interconnected providers. Delays in last-mile construction by providers to the PRBI interconnection point, and high last-mile costs for direct PRBI connections also contribute to variance.
	Subscribers receiving new access	0	No variance
	Subscribers receiving improved access	0	Calculations for Community Anchor Institutions served included connectivity via last mile interconnected providers. Delays in last-mile construction by providers to the PRBI interconnection point, and high last-mile costs for direct connections contribute to variance.
	Please identify the speed tiers that are available and the number or subscribers for each	0	No variance
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).

PRBI will be offering peering services, both in Puerto Rico and in Florida. These services will allow for the local exchange of traffic between networks. Peering will be available for community anchor institutions such as schools, libraries, health care providers and non-profit organizations; government organizations; and broadband providers.

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 institution? (Yes / No)	Narrative description of how anchor institutions are using BTOP-funded infrastructure
NA	NA	NA	NA	No CAI directly connected to date.

Project Indicators (Next Quarter)

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

During the next quarter, we anticipate the following accomplishments: (a) Finalization of tower site leasing agreement(s). Completion of site visits and site assessment needs. (b) Engineering Design Implementation: Completion of rooftop antenna mounting structure for wireless interconnection initiations; (c) Interconnection Agreements: execution of additional interconnection agreements; (d) Employee Recruitment: hiring of RF Engineer & Network Engineer; (e) Network Interconnectivity: Activation of peering and interconnection with content and network providers at MIA-NAP.(f) Steering Committee finalization: We are working towards finalizing the members on the Steering Committee, and scheduling our first meeting, with a target of June for the first meeting.

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	90	No significant variance
2b.	Environmental Assessment	100	No variance
2c.	Network Design	65	No significant variance
2d.	Rights of Way	64	Due to delays in contract negotiations for tower sites, disbursement for payment not anticipated in this quarter.
2e.	Construction Permits and Other Approvals	0	NA
2f.	Site Preparation	80	Recruitment delays of Network Analyst, RF Engineer reflected in expenditures.
2g.	Equipment Procurement	45	We anticipate completion of procurement selection process for RF equipment, however funds will not be disbursed in this quarter for payment on equipment.
2h.	Network Build (all components - owned, leased, IRU, etc.)	99	No significant variance
2i.	Equipment Deployment	18	Recruitment delays of Network Analyst, RF Engineer reflected in expenditures
2j.	Network Testing	11	Recruitment delays of Network Analyst, RF Engineer reflected in expenditures
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).

(a) Weather: Due to the nature of many facility accommodations activities, such as construction, in the case that any adverse weather conditions impact the Island, the project progress might be affected. (b) External Contractors Deliverable: If any external contractor/ supplier/vendor incur in delays or does not fulfill the established plan - deliverable - it also affects the project outcome. In order to reduce risk of contractor/supplier noncompliance, we are limiting what we contract our and supervising work on a regular basis.

Variances in Architectural and Engineering Fees disbursements versus projected are a direct result of recruitment delays. Variances in site work versus projections was due to delays in disbursement of costs associated with cage and rooftop preparation work, where invoices were received past our draw down cutoff. In our previous PPR, we reported a projection of 828,565 in equipment expenses, which was a typographical error - it should have been 858,565. The variance between this amount and the actual expenditures was due to additional routing equipment which was delivered within the quarter.

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	\$462,500	\$0	\$462,500	\$134,295	\$0	\$134,295	\$204,422	\$0	\$204,422
b. Land, structures, right-of-ways, appraisals, etc.	\$27,151,000	\$5,840,000	\$21,311,000	\$26,515,000	\$5,840,000	\$20,675,000	\$26,515,000	\$5,840,000	\$20,675,000
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$1,331,091	\$0	\$1,331,091	\$139,154	\$0	\$139,154	\$214,199	\$0	\$214,199
e. Other architectural and engineering fees	\$4,500	\$0	\$4,500	\$4,500	\$0	\$4,500	\$4,500	\$0	\$4,500
f. Project inspection fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
g. Site work	\$538,370	\$0	\$538,370	\$331,717	\$0	\$331,717	\$453,050	\$0	\$453,050
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$622,031	\$0	\$622,031	\$208,793	\$0	\$208,793	\$298,235	\$0	\$298,235
j. Equipment	\$2,149,732	\$760,950	\$1,388,782	\$874,088	\$578,380	\$295,708	\$953,857	\$578,380	\$375,477
k. Miscellaneous	\$29,571	\$5,475	\$24,096	\$4,915	\$0	\$4,915	\$7,339	\$0	\$7,339
l. SUBTOTAL (add a through k)	\$32,288,795	\$6,606,425	\$25,682,370	\$28,212,462	\$6,418,380	\$21,794,082	\$28,650,602	\$6,418,380	\$22,232,222
m. Contingencies	\$0	\$0	\$0						
n. TOTALS (sum of l and m)	\$32,288,795	\$6,606,425	\$25,682,370	\$28,212,462	\$6,418,380	\$21,794,082	\$28,650,602	\$6,418,380	\$22,232,222

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: \$7,000
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