

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 NT10BIX5570033	3. DUNS Number 141249024
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4. Recipient Organization Iniciativa Tecnologica Centro Oriental (INTECO) Turabo University St.189 KM3.3, Gurabo, PR 00778-3030

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
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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 Oscar Jimenez-Martir	7c. Telephone (area code, number and extension) 7879612001
	7d. Email Address ojimenez@intecopr.com

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 05-12-2011
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Project Indicators (This Quarter)

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

a) Special Award Conditions (SAC) accomplishments.

- [i] Issuance, submittal, revision and approval of BTOP Fourth Quarter 2010 Progress Report.
- [ii] Issuance submittal and approval of the Federal Transaction Report (SF 425) for Fourth Quarter 2010.
- [iii] Issuance, submittal and approval of ARRA Progress Report for Fourth Quarter 2010.

b) Overall Project Accomplishments.

[i] Held open meeting to explain major project milestones with expected dates of RFP's with all entities interested in INTECO BTOP project.

[ii] Published Request for Proposal (RFP) requesting proposals for Permits and Tower Construction Design of 9 New Towers; in state and regional newspapers. Held meeting with over 18 interested entities, received proposals from 10 companies. Evaluated proposals, based on criteria and evaluation report. Selected entity, established contract and initiated work.

[iii] Developed promotional project awareness through various news items in regional and Puerto Rico's national newspapers.

[iv] Obtained leveraged funds for the project, matching share from the Government of Puerto Rico in the amount of \$1.2M during this Fiscal Year.

[v] Signed contracts for land lease for 6 of new build tower sites.

[vi] Received draft leasing contract or letter of intent for all existing tower sites.

[vii] Published a Request for Proposal (RFP) requesting proposals for Site Preparation for Existing Tower Sites; in state newspaper. Held meeting with over 50 interested companies.

[viii] Prepared Draft of Request for Proposal Number (RFP) in relation to the Acquisition of Telecom Equipment for all tower sites.

[ix] Attended on site monitoring visit of NTIA executive in relation to the compliance and performance of the project development process.

[x] Jobs retained or created during this Quarter were 3.9 Full Time Equivalent jobs.

[xi] Outreach activities

We have numerous activities and presentations taking place in various professional and community events. We have had a number of newspaper articles in regional and national papers, regarding the INTECO project. The Puerto Rican government who is supporting the project has numerous mentions of the project in different forums and it's importance in the strategic planning of economic development of the island.

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	4	Time to complete network design update and EA " Environmental Assessment". Currently RFP "Request for Proposals", process in full cycle with three RFP's being worked on in the quarter.
2b.	Environmental Assessment	88	Received FONSI approval (Finding of No Significant Impact) received on Nov 23, 2010. The contract for the EA Environmental Assessment was made with a small portion of the funds allocated to ongoing support during the twelve months following the delivery of the EA report. In this way we have eliminated the need for additional contracts for the ongoing support in this critical area.
2c.	Network Design	100	No variance. Network redesign update completed
2d.	Rights of Way	0	Due to delay in completing network redesign update and EA process. Signed contracts for land lease for new build towers sites. Received draft leasing contract or letter of intent for all existing tower sites.
2e.	Construction Permits and Other Approvals	0	Delay in completing network redesign update and EA process. Published Request for Proposal evaluated proposals, selected entity, established contract and initiated work.
2f.	Site Preparation	0	Delay in completing network redesign update and Environmental Assessment "EA" process. Published Request for Proposal for Site Preparation of existing towers in state newspaper. Held meeting with over 50 interested companies. We initially underestimated the time it would take to construct new towers and the time to process the RFP's

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
			for construction permits. Our project planning activities and RFP's activities currently has the first towers expenditures completed in Q1 2012.
	2g. Equipment Procurement	1	Delay in completing network redesign update and EA process. Completed Draft of Request for Proposal for acquisition of Telecom equipment (Microwave and Wimax). Initiated FCC licencing agreements for all Point to Point links.
	2h. Network Build (all components - owned, leased, IRU, etc)	0	Delay in completing network redesign update and EA process.
	2i. Equipment Deployment	0	Delay in completing network redesign update and EA process.
	2j. Network Testing	0	No variance from baseline.
	2k. Other (please specify): Administrative Project Management 27%	27	NOTE: For the Q1 report we revised the milestone percentages to reflect the actual expenditures in the line items/categories. Our prior reports had been based upon activities not cash expenditures. We are very involved in processing Request for Proposals which have required a lot of preparation, we are now executing the RFP's along a strategy of quadrant priorities which will ensure we meet the expenditures guidelines.

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).

(a) In the process of obtaining rights of way we have found three sites of towers to be built that had issues that impeded their use. Three alternate sites were identified. Requested and obtained SHPO feedback of no findings, coordination with NTIA's environmental group was made to update the Environmental Assessment.

(b) The original baseline was prepared based on the planning and execution of activities, not based upon measurement of cash disbursement, which uses cash spent versus project total cash as the project progress measurement method. A number of planning elements such as permits, design, contacting, proposal evaluation, negotiation, lead times for equipment, lead times for construction and installation take a lot preliminary work /time and do not require a large amounts of cash disbursement. Therefore the progress made in the project, measured with the cash disbursement method is not recognized. Based upon expenditure we are six months behind our baseline report. We are taking steps to meet both planning activities and cash disbursement requirements in order to comply with the SAC goal of more than 67% completion of the project in two years, as measured in money drawdown's and 100% completion in the three years of the project.

We have developed a quadrant strategy, dividing our network of 23 towers into four quadrants. We are assigning priorities to two quadrants where we will initialize the installation of equipment and eventually initiate operations in these areas first. The initial two quadrants have 14 existing towers, 3 new towers and the command center. The site preparation for these 17 sites and all the equipment for all sites will be purchased in 2011 which will assure substantial completion of expenditures for the project within the initial two year requirement. The request for proposals of the permits, site preparation and telecom equipment have been published and are in process.

Our current Project planning is updated and we have confidence in meeting the 67% expenditure target in two years and 100% in three years.

(c) During the quarter we were heavily involved in preparing and initiating action with various Request for Proposals, We started with the longest lead time elements and a fast track strategy of implementation based upon a quadrant strategy which will ensure the execution of the project within the guidelines of NTIA.

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 from baseline.
New network miles leased	0	No variance from baseline.

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Existing network miles upgraded	0	No variance from baseline.
Existing network miles leased	0	No variance from baseline.
Number of miles of new fiber (aerial or underground)	0	No variance from baseline.
Number of new wireless links	0	No variance from baseline.
Number of new towers	0	No variance from baseline.
Number of new and/or upgraded interconnection points	0	No variance from baseline.

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	0
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:

Not applicable. Pre construction stage.

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:

No wholesale services are currently being offered at this stage.

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).

No designated third party.

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.
	Providers with signed agreements receiving improved access	0	No variance from baseline.
	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	0	No variance from baseline. For all future providers dedicated internet access at 2/1 mbps symmetrical, 6/2 mbps and 9/3 mbps.

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	No variance from baseline.
	Subscribers receiving new access	0	No variance from baseline.
	Subscribers receiving improved access	0	No variance from baseline.
	Please identify the speed tiers that are available and the number or subscribers for each	0	No variance from baseline. For all future subscribers dedicated internet access at 2/1 mbps symmetrical, 6/2 mbps and 9/3 mbps.
Residential / Households	Entities passed	0	No variance from baseline.
	Total subscribers served	0	No variance from baseline.
	Subscribers receiving new access	0	No variance from baseline.
	Subscribers receiving improved access	0	No variance from baseline.
	Please identify the speed tiers that are available and the number of subscribers for each	0	No variance from baseline.
Businesses	Entities passed	0	No variance from baseline.
	Total subscribers served	0	No variance from baseline.
	Subscribers receiving new access	0	No variance from baseline.
	Subscribers receiving improved access	0	No variance from baseline.
	Please identify the speed tiers that are available and the number of subscribers for each	0	No variance from baseline. For all future subscribers; 2/1 mbps, 6/2 mbps and 9/3 mbps dedicated internet access and Metro E.

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

Not applicable at this stage; pre construction.

8a. Have your network management practices changed over the last quarter? Yes No

8b. If so, please describe the changes (300 words or less).

Not applicable at this stage; pre construction.

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

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	Central East Region of PR	NONE	N/A	Any anchor institution is connected to network. Pre construction stage.

Project Indicators (Next Quarter)

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

Milestone #1 Overall Project
Activities Q2-2011
1. Deployment and service delivery of INTECO's Infrastructure Middle Mile Network as approved by NTIA-BTOP.

Milestone #4 Rights of Ways
Activities Q2-2011
1. Identification, research of right of way requirements and acquisition agreements. Identification of space allocation, Negotiation leading to letters of intent or contract signing with all tower sites.

Milestone #5 Construction Permits and Other Approvals
Activities Q2-2011
1. Entity selected for Permits Tower Construction will review new build sites, do terrain study and develop pre design foundation build. Permits applications worked on for high priority sites, packaging and submittals and/or data gathering; produce and file additional information as requested by endorsing agencies and/or conduct meetings, coordination and clarifications and obtain permits and/or endorsements approvals PR Permits Administration; PR Telecommunications Regulation Board; PR Electric Energy Authority; PR Planning Board, among others.

Milestone #6 Site Preparation
Activities Q2-2011
1. Site Preparation Request for Proposals for existing sites completed, published, coordinating site visits, receive proposals, evaluation of proposals, selection and signature of contracts.

Milestone #7 Equipment Procurement
Activities Q2-2011
1. Telecom Equipment Request for Proposals, for 23 Sites (all sites), final edition, published, coordinating site visits, receive proposals, evaluation of proposals, selection, contract(s) signature and acquisition of equipment.

Milestone #8 Network Build
Activities Q2-2011
1. New tower construction Request for Proposals for new Towers Sites , final edition, published.

Outreach activities
We will be doing presentations in various professional such as a College of Engineers of PR, 2nd Infrastructure Congress. We continue to do presentations in municipalities of the region and are updating a plan for the operational and business part of the project.

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	Due to time to complete network design update and EA " Environmental Assessment". RFP "Request for Proposals", process in full cycle with all major RFP's being worked on in the quarter.
2b.	Environmental Assessment	93	Received FONSI approval (Finding of No Significant Impact) received on Nov 23, 2010
2c.	Network Design	100	Network redesign update completed.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2d.	Rights of Way	5	Delay in completing network redesign update and EA process. Have signed contracts for land lease for new build towers sites. Received draft leasing contract or letter of intent for all existing tower sites. Will be accelerating payments on leases.
2e.	Construction Permits and Other Approvals	43	Delay in completing network redesign update and EA process. Entity selected for Permits Tower Construction will review new build sites, do terrain study and develop pre-design foundation build. Permits applications being worked on for high priority sites.
2f.	Site Preparation	5	Delay in completing network redesign update and EA process. Complete Site Preparation RFP " Request for Proposals", for existing sites; published, receive proposals, evaluation of proposals, selection and signature of contract.
2g.	Equipment Procurement	3	Delay in completing network redesign update and EA process. Complete Request for Proposals for Telecom Equipment, for 23 Sites (all sites), published, receive proposals, evaluation of proposals initiated , selection,and acquisition of equipment initiated . Complete FCC licencing agreements for all Point to Point links.
2h.	Network Build (all components - owned, leased, IRU, etc.)	0	Delay in process for completion of EA and network designs update. Develop New Tower Construction RFP,"Request for Proposals" for Sites New Towers, final edition, publish.
2i.	Equipment Deployment	0	Delay in completion of EA and network designs update held up procurement process.
2j.	Network Testing	0	No variance from baseline.
2k.	Other (please specify): Management and Administration 38%.	38	We are very involved in processing Request for Proposals which have required a lot of preparation, we are now executing the RFP's along a strategy of quadrant priorities which will ensure we meet the expenditures guidelines.

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).

1. In the process of obtaining rights of way we have found three sites of towers to be built that had issues that impeded their use. Three alternate sites have been identified. Requested and received SHPO feedback of no findings, coordination with NTIAS environmental was made to update the Environmental Assessment. The new sites are in the same municipalities and neighborhoods as the original sites. The environmental site conditions are the same including flora and fauna, soils, hydrology, ect.. The change in coordinates does not impact the planning stage. The permitting process will integrate these changes for evaluation and permit requirements for the site.

2. Strategy to catch up and meet substantial completion on project.

(a) We have developed a quadrant strategy, dividing out network of 23 towers into four quadrants. We are assigning priorities to two quadrants where we will initialize the installation of equipment and eventually initiate operations in these areas first. The initial two quadrants have 14 existing towers, 3 new towers and the command center. The site preparation for these 17 sites and all the equipment for all sites will be purchased in 2011 which will assure substantial completion of expenditures for the project within the initial two year requirement.

(b) We have updated our project management tasks and the activities with latest information and experiences. Activities are being reviewed to integrate steps and assure the completion of the acquisition and installation of the equipment and the network.

3. The original baseline was prepared based on the planning and execution of activities, not based upon measurement of cash disbursement, which uses cash spent versus project total cash as the project progress measurement method. A number of planning elements such as permits, design, contacting, proposal evaluation, negotiation, lead times for equipment, lead times for construction and installation take a lot preliminary work /time and do not require a large amounts of cash disbursement. Therefore the progress made in the project, measured with the cash disbursement method is not recognized. Based upon expenditure we are six months behind our baseline report. We are taking steps to meet both planning activities and cash disbursement requirements in order to comply with the SAC goal of more than 67% completion of the project in two years, as measured in money drawdown's and 100% completion in the three years of the project.

RECIPIENT NAME:Iniciativa Tecnologica Centro Oriental (INTECO)

AWARD NUMBER: NT10BIX5570033

DATE: 05/12/2011

OMB CONTROL NUMBER: 0660-0037

EXPIRATION DATE: 12/31/2013

We have developed a quadrant strategy, dividing our network of 23 towers into four quadrants. We are assigning priorities to two quadrants where we will initialize the installation of equipment and eventually initiate operations in these areas first. The initial two quadrants have 14 existing towers, 3 new towers and the command center. The site preparation for these 17 sites and all the equipment for all sites will be purchased in 2011 which will assure substantial completion of expenditures for the project within the initial two year requirement. The request for proposals of the permits, site preparation and telecom equipment have been published and are in process.

Our current Project planning is updated and we have confidence in meeting the 67% expenditure target in two years and 100% in three years.

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	\$1,202,000	\$0	\$1,202,000	\$574,744	\$0	\$574,744	\$668,574	\$0	\$668,574
b. Land, structures, right-of-ways, appraisals, etc.	\$4,805,650	\$3,412,500	\$1,393,150	\$8,750	\$6,250	\$2,500	\$280,750	\$156,250	\$124,500
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$178,000	\$0	\$178,000	\$65,125	\$0	\$65,125	\$97,125	\$0	\$97,125
e. Other architectural and engineering fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
f. Project inspection fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
g. Site work	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$2,038,396	\$0	\$2,038,396	\$0	\$0	\$0	\$6,300	\$0	\$6,300
j. Equipment	\$7,489,453	\$0	\$7,489,453	\$44,000	\$0	\$44,000	\$156,000	\$0	\$156,000
k. Miscellaneous	\$630,175	\$0	\$630,175	\$0	\$0	\$0	\$0	\$0	\$0
l. SUBTOTAL (add a through k)	\$16,343,674	\$3,412,500	\$12,931,174	\$692,619	\$6,250	\$686,369	\$1,208,749	\$156,250	\$1,052,499
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$16,343,674	\$3,412,500	\$12,931,174	\$692,619	\$6,250	\$686,369	\$1,208,749	\$156,250	\$1,052,499

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
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