

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

**General Information**

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| <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>NT10BIX5570033 | <b>3. DUNS Number</b><br><br>141249024 |
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|---|
| <b>4. Recipient Organization</b><br><br>Iniciativa Tecnologica Centro Oriental (INTECO) Turabo University St.189 KM3.3, Gurabo, PR 00778-3030 |
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| <b>5. Current Reporting Period End Date (MM/DD/YYYY)</b><br><br>03-31-2013 | <b>6. Is this the last Report of the Award Period?</b><br><br><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.

|   |  |
|---|--|
| <b>7a. Typed or Printed Name and Title of Certifying Official</b><br><br>Francisco Garcia<br><br>Vice President of Operations | <b>7c. Telephone (area code, number and extension)</b><br><br>7876535170 |
|   | <b>7d. Email Address</b><br><br>fgarcia@intecopr.com                     |

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|---|--|
| <b>7b. Signature of Certifying Official</b><br><br>Submitted Electronically | <b>7e. Date Report Submitted (MM/DD/YYYY):</b><br><br>05-24-2013 |
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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 2012 Performance Progress Report.
- [ii] Issuance submittal and approval of the Federal Transaction Report (SF 425) for Fourth Quarter 2012.
- [iii] Issuance, submittal and approval of ARRA Progress Report for Fourth Quarter 2012.

b) Overall Project Accomplishments.

By developing a quadrant strategy and prioritizing site preparation and tower construction, INTECO activated the largest quadrant with 13 sites and the NOC (Network Operations Center) in August of 2012, ahead of the Grant schedule. We are providing Internet service to various Community Anchor Institutions (CAIs) in the quadrant. Every major equipment and component for the NOC (Network Operational Center) is already installed, tested and in service. All the applications related with billing, authentication and authorization, adding, eliminating and monitoring customers are commissioned. In the Network Operations Center we have continued integration & qualification testing, commissioning of systems, security and routing validation as well as monitoring and testing of modules. We have validated and done quality checks for Wimax set-ups, verification, testing, provisioning for customers, ensuring that the whole system is ready for expansion for future customers. All Data Center equipment and the Systems components are installed, tested and in service. Equipment such as the IBM Blade Servers, Fortinet Firewall and UTM (Unified Telecommunication Management), JUNIPER Routers, APC UPS (Uninterrupted Power System) and air conditioning system are installed and commissioned. The communication links between the NOC and Data Center are completed, tested and in service. The main egress point are installed and in service. We completed the telecommunications equipment installation in three roof-tops. The last remaining telecommunication tower, a 150 foot monopod construction was completed per schedule. The only remaining work pending on this tower is connection to power grid by the local power authority.

A total of 3.73 Full Time Equivalent (FTE) jobs were created or retained. Description of the FTE jobs includes; Construction (3.73).

**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                          | 97               | All sites implementation to be completed by Q2-2013.   |
| 2b. | Environmental Assessment                 | 100              | Received FONSI approval (Finding of No Significant Impact) received on November 23, 2010.  |
| 2c. | Network Design                           | 100              | Network redesign update completed.   |
| 2d. | Rights of Way                            | 98               | Delay in negotiations and written contract leased and/or ownership agreements. Completed lease or land lease contracts for all 24 tower sites.   |
| 2e. | Construction Permits and Other Approvals | 97               | Delay in local governmental procedures to obtain permits. Submission of permits, including if necessary soil studies, terrain elevation and foundation design, to the responsible Puerto Rican permits agency. All permits to be completed by Q2-2013. |
| 2f. | Site Preparation                         | 98               | Delay in getting invoices from suppliers. Completed site preparation , construction, telecommunication enclosures installation and telecommunication equipment installation in twenty four tower sites.  |

|     | Milestone  | Percent Complete | Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)  |
|-----|--|------------------|--|
| 2g. | Equipment Procurement  | 97               | Delay in getting invoices from suppliers. The vendor telecommunications equipment, has completed the purchase of equipment. Acquisition and installation of the NOC Equipment for INTECO's Broadband Network was completed.                      |
| 2h. | Network Build (all components - owned, leased, IRU, etc)         | 97               | Delay in getting invoices from suppliers. All telecommunications equipment purchase was completed. Acquisition and installation of the NOC Equipment for INTECO's Broadband Network was completed. All network build to be completed by Q2-2013. |
| 2i. | Equipment Deployment   | 97               | The vendor for Telecommunications Equipment, completed equipment installation in last two sites. Acquisition and installation of the NOC Equipment for INTECO's Broadband Network was completed in NOC site.                                     |
| 2j. | Network Testing  | 97               | The vendor for Telecommunications Equipment is completing network testing in Q2-2013.  |
| 2k. | Other (please specify): <b>Administrative Project Management</b> | 99               | We have met 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).**

By developing a quadrant strategy and prioritizing the tower preparation and construction, INTECO had established an objective of activating the network and the operations in the largest quadrant in the region by late summer of 2012, ahead of the Grant schedule. We have achieved this goal with service capability in the municipalities of Caguas, Cayey and Gurabo.

Completed all construction and equipment installation on the last sites, three roof-tops and a 150 ft. tower. We are pending connection to power grid of the last tower by PR Power Authority due to delay by the Power Authority in completing service to this rural area tower. This connection will be completed in May 2013.

**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      | 102   | Wireless microwave project is in its final construction stage. We initiated service in largest quadrant in 2012. We are pending two links of last tower connection. |
| New network miles leased        | 0     | No variance from baseline.  |
| Existing network miles upgraded | 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 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                         | 25    | Variance from baseline of 2. Connection to grid by PR Power Authority to last tower will be completed in May 2013.   |
| Number of new towers                                 | 24    | No variance from baseline.   |
| Number of new and/or upgraded interconnection points | 2     | Variance of 2 from baseline. We have two interconnection points , we do not need more interconnection points at this time. Third quarter report indicted 3 interconnection points which was incorrect. Development of traffic volume will determine further increment of interconnection points. |

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                     | 2 |
| Number of agreements currently being negotiated with broadband wholesalers or last mile providers | 1 |
| Average term of signed agreements (in quarters)   | 8 |

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers:

EdNet, Critical Hub.

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:

The INTECO BTOP Wireless microwave project has initiated service for Internet Connection Services in the largest two quadrants (there are four quadrants in total in the network). We are completing construction and activation of the rest of the network in the second quarter of 2013.

Basic products and services are: speed plans offering different speeds at different prices according to the selected speed. These plans are available at:

Also, available a .

Customized or Personalized case by case price estimates products and services are;

NOTE: PRODUCTS AND SERVICES AS DESCRIBED ABOVE ARE CONSIDERED CONFIDENTIAL/REDACTED.

**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                                     | 2     | Variance of two 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 | 4     | For all future providers internet service at 3/1 mbps asymmetric, 5/1 mbps ,8/1 and 10/1 mbps.  |
| Community Anchor Institutions (including Government institutions) | Total subscribers served  | 24    | Variance of 51 from total CAI's.. Wireless microwave network is in final construction stage and ready for optimization. We have initiated service in largest two quadrants. We anticipate complete CAI's connections by the end of the second quarter (Q2) of 2013. |
|   | Subscribers receiving new access  | 0     | Variance of 17 from baseline. Wireless microwave network is in final construction stage and ready for optimization. We have initiated service in largest two quadrants. We anticipate complete CAI's connections by the end of the second quarter (Q2) of 2013.     |
|   | Subscribers receiving improved access   | 24    | Variance of 34 from baseline. Wireless microwave network is in final construction stage and ready for optimization. We have initiated service in largest two quadrants. We anticipate complete CAI's connections by the end of the second quarter (Q2) of 2013.     |
|   | Please identify the speed tiers that are available and the number or subscribers for each | 4     | Present CAI's layout :<br>3/1mbps = 6<br>5/1Mbps = 12<br>8/1Mbps =3<br>10/1mbps= 3  |
| Residential / Households  | Entities passed   | 0     | N/A in baseline.  |
|   | Total subscribers served  | 0     | N/A in baseline.  |
|   | Subscribers receiving new access  | 0     | N/A in baseline.  |
|   | Subscribers receiving improved access   | 0     | N/A in baseline.  |
|   | Please identify the speed tiers that are available and the number of subscribers for each | 0     | N/A in baseline.  |
| Businesses  | Entities passed   | 0     | Variance of 605 from baseline. Wireless microwave network is in final construction stage and ready for optimization. We have initiated service in largest two quadrants. We anticipate to start providing service to Business accounts during the second quarter    |

| Subscriber Type | Access Type  | Total | Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)  |
|-----------------|--|-------|--|
|                 |  |       | (Q2) of 2013.  |
|                 | <b>Total subscribers served</b>  | 0     | Variance of 61 from baseline. Wireless microwave network is in final construction stage and ready for optimization. We have initiated service in largest two quadrants. We anticipate to start providing service to Business accounts during the second quarter (Q2) of 2013.  |
|                 | <b>Subscribers receiving new access</b>  | 0     | Variance of 15 from baseline. Wireless microwave network is in final construction stage and ready for optimization. We have initiated service in largest two quadrants. We anticipate to start providing service to Business accounts during the second quarter (Q2) of 2013.  |
|                 | <b>Subscribers receiving improved access</b>   | 0     | Variance of 46 from baseline. Wireless microwave network is in final construction stage and ready for optimization. We have initiated service in largest two quadrants. We anticipate to start providing service to Business accounts during the second quarter (Q2) of 2013.  |
|                 | <b>Please identify the speed tiers that are available and the number of subscribers for each</b> | 4     | For all future subscribers; 3/1 mbps, 5/1 mbps , 8/1 mbps and 10/1 mbps internet access. Wireless microwave network is in final construction stage and ready for optimization. We have initiated service in largest two quadrants. We anticipate to start providing service to Business accounts during the second quarter (Q2) of 2013. |

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

No special offerings are available at this moment; in final construction stage.

**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.

**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 |
|-------------------------------------|-------------------------------|--|--|---|
| Columbia Centro Universitario       | Caguas                        | Institution of Higher Education                          | Yes  | Using the infrastructure for internet access.   |
| Sanos                               | Caguas                        | Healthcare Institution                                   | Yes  | Using the infrastructure for internet access.   |
| Sanos Mobile Center                 | Caguas                        | Healthcare Institution                                   | Yes  | Using the infrastructure for internet access.   |
| Vernet                              | Caguas                        | Schools K-12   | Yes  | Using the infrastructure for internet access.   |
| Casa del Cuento                     | Cayey                         | Library  | Yes  | Using the infrastructure for internet access.   |
| Escuela de Bellas Artes             | Cayey                         | Schools K-12   | Yes  | Using the infrastructure for internet access.   |
| Faro del Saber - LMM                | Cayey                         | Library  | Yes  | Using the infrastructure for internet access.   |
| Faro del Saber-Biblioteca St Thomas | Cayey                         | Library  | Yes  | Using the infrastructure for internet access.   |
| Nuestra Escuela                     | Caguas                        | Schools K-12   | Yes  | Using the infrastructure for internet access.   |

**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 Q2-2013

1. Completion of installation of equipment and connection to power grid by Puerto Rico Power Authority in last tower constructed, Juncos9 site. Two links to be connected for 7.06 miles deployed in this quarter.

**INFRASTRUCTURE KEY INDICATOR #4 - NUMBER OF WIRELESS LINKS**

Activities Q2-2013

1. We will activate 2 additional wireless links once last tower is connected to grid by PR Power Authority.

**INFRASTRUCTURE KEY INDICATOR #6 - INTERCONNECTION POINTS**

Activities Q2-2013

1. We have two interconnection points, we do not need more interconnection points at this time. Third quarter report indicted 3 interconnection points which was incorrect. Development of traffic volume will determine further increment of interconnection points.

**INFRASTRUCTURE KEY INDICATOR #8 - NUMBER OF POTENTIAL AGREEMENTS WITH BROADBAND WHOLESALERS OR LAST MILE PROVIDERS**

Activities Q2-2013

1. We are negotiating with additional wholesaler a wholesale agreement. We will continue the negotiations with one additional wholesaler.

**INFRASTRUCTURE KEY INDICATOR #9 - FEDERAL GRANT EXPENDITURES**

Activities Q2-2013

1. Expected Federal Grant expenditures in the 2ND quarter 2013 will be \$142,410.00

**INFRASTRUCTURE KEY INDICATOR #10A - TOTAL SUBSCRIBERS SERVED (CAI's CONNECTED)**

Activities Q2-2013

1. We are a tower based, microwave project which will be activated by quadrants, we are completing construction phase of the project in last quadrant. As we continue to complete the quadrants we continue to connect CAI's. We added 9 CAI's activated in Q1-2013. We expect to connect an additional 54 CAI's in 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   | 100                      | All 24 sites to be completed by Q2-2013.   |
| 2b. | Environmental Assessment                                  | 100                      | Received FONSI approval (Finding of No Significant Impact) received on November 23, 2010.  |
| 2c. | Network Design  | 100                      | Network redesign update completed.   |
| 2d. | Rights of Way   | 100                      | Completed lease or land lease contracts for all 24 sites.  |
| 2e. | Construction Permits and Other Approvals                  | 100                      | All permits for construction will be completed by Q2-2013.   |
| 2f. | Site Preparation  | 100                      | Completion of all site preparation, construction, telecommunication enclosures installation and telecommunication equipment installation in twenty four tower sites. |
| 2g. | Equipment Procurement                                     | 100                      | All Telecommunications Equipment completed. Acquisition and installation of the NOC Equipment for INTECO's Broadband Network completed.                              |
| 2h. | Network Build (all components - owned, leased, IRU, etc.) | 100                      | Acquisition and installation of the NOC Equipment for INTECO's Broadband Network completed. All network build to be completed.                                       |
| 2i. | Equipment Deployment                                      | 100                      | All equipment for INTECO's Broadband Network, all equipment completed. All acceptance, systems and integration testing and all equipment deployment to be completed. |
| 2j. | Network Testing   | 100                      | All acquisition, installation, testing and verification of telecommunications equipment and NOC Equipment for INTECO's Broadband Network completed.                  |
| 2k. | Management and Administration                             | 100                      | All sites completed and operational.   |

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).

No issues expected for project, INTECO Broadband to be completed by Q2 2013.

