

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
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) 06-30-2011	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 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): 08-31-2011	

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 First Quarter 2011 Progress Report.
- [ii] Issuance submittal and approval of the Federal Transaction Report (SF 425) for First Quarter 2011.
- [iii] Issuance, submittal and approval of ARRA Progress Report for First Quarter 2011.

b) Overall Project Accomplishments.

Initiated work on permit requirements for new tower construction. Includes soil studies, terrain elevation and foundation design. Infrastructure expenditure purpose and rationale includes the following pre-construction activities: Published 2 RFP's, Site Preparation & Construction and Telecommunications Equipment in state/regional newspapers. For RFP 2, Site Preparation & Construction, met with over 40 interested entities, coordinated and lead 6 days of visits to existing towers with interested entities and responded to questions. Received and evaluated proposals from 10 companies for RFP 2. Based on the RFP criteria and evaluation report an entity was selected. For RFP 3, Telecommunications Equipment, met with over 20 interested entities. Coordinated and lead 2 days of visits to existing towers and responded to all questions. Received proposals from 6 companies for RFP 3. The proposals were evaluated and based on the RFP criteria and evaluation report an entity was selected.

All FCC frequencies for the project's backbone were secured. All frequencies for point to point microwave were reserved, including the Client Approval Notification. Project awareness in being achieved thru various news items in regional/state newspapers. Presented Broadband project in conferences including the 2nd Infrastructure Symposium of Puerto Rico. Obtained \$1.2M leverage funds for matching share from the Government of Puerto Rico. Completed legal review of all contracts for leasing existing towers sites. Initiated specifications development for RFP 4 & 5; Equipment for Command Site and New Tower Construction. Interviewed and selected an Engineer for coordination-inspection, Site Preparation and New Tower Construction.

A total of 15.68 Full Time Equivalent (FTE) jobs were created or retained. Description of the FTE jobs includes Professional Planners (.21); Managers and Administrators (3.69); Professional Engineers (3.96); Environmental Specialists (.13); Appraisers (.04), Marketing-Sales Business Model Specialist (1.01), Lawyers (.46), Network Design Professionals (4.5), Edition-Publications Specialists (.20), Licenciate Drivers (.25), Insurance Professionals (.06) and Leasing Agents (1.17).

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	8	Time to complete network design update and EA " Environmental Assessment". Currently RFP "Request for Proposals", process in full cycle with three RFP's being evaluated and awarded .
2b.	Environmental Assessment	91	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 from baseline. Network redesign update completed.
2d.	Rights of Way	5	Due to delay in completing network redesign update and EA process. Signed contracts for land lease for new build towers sites. Completing contracts for all existing tower sites.
2e.	Construction Permits and Other Approvals	15	Delay in completing network redesign update and EA process. Published Request for Proposal evaluated proposals, selected entity, established contract. Soil studies, terrain elevation and preliminary foundation design completed for 5 towers. We initially underestimated the time it would take to construct new towers and the time to process the RFP's for construction permits. We initially underestimated the time it would take to construct new towers and the time to process the RFP's for construction permits.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2f.	Site Preparation	0	Delay in completing network redesign update and Environmental Assessment "EA" process. Received proposals from 10 companies for Site Preparation RFP (2). Proposals were evaluated, best proposal was selected and awarded. Our project planning activities have the first first sites preparation of existing towers completed in Sept. and first new towers expenditures completed in Q1 2012.
2g.	Equipment Procurement	2	Delay in completing network redesign update and EA process. Published RFP 3 acquisition of Telecommunications Equipment (Microwave and Wimax). Received proposals from 6 companies, best proposal was selected and awarded. Secured FCC licencing agreements for all Point to Point links.
2h.	Network Build (all components - owned, leased, IRU, etc)	2	Delay in completing network redesign update and EA process.
2i.	Equipment Deployment	2	Delay in completing network redesign update and EA process.
2j.	Network Testing	2	No variance from baseline.
2k.	Other (please specify): Administrative Project Management 41%	41	We have completed 3 of 4 major RFP's, Request for Proposals which require 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) 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.

(b) 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.
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.

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Number of new towers	9	No variance from baseline. NOTE: Baseline Item 5 of Infrastructure Key Indicators Section expressed "5. Number of towers (when erected/leased)" thus we are including the leased towers as of this quarter.
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 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 at this stage; pre-construction stage.

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)	Type of Anchor Institution (as)	Are you also the broadband	Narrative description of how anchor institutions are using BTOP-funded infrastructure
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	or county)	defined in your baseline)	service provider for this institution? (Yes / No)	
NONE	Central East Region of Puerto Rico	NONE	N/A	<p>No anchor institution are connected to network. Network is in Construction Stage.</p> <p>We will not have any CAI's connected during Q3, we anticipate CAI's connections will initiate in the second quarter (Q2) of 2012.</p>

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 Q3-2011

1. Deployment and service delivery of INTECO's Infrastructure Middle Mile Network as approved by NTIA-BTOP. We will not have any CAI's connected during Q3, we anticipate CAI's connections will initiate in the second quarter (Q2) of 2012.

MILESTONE #4 RIGHTS OF WAYS

Activities Q3-2011

1. Identification, research of right of way requirements and acquisition agreements. Establish negotiation of terms and applicable elements for contracts. Complete contract signing with all existing tower sites.

MILESTONE #5 CONSTRUCTION PERMITS AND OTHER APPROVALS

Activities Q3-2011

1. Entity selected for Permits Tower Construction is working on high priority sites per quadrant strategy. Reviewing new build sites, completing terrain studies and developing pre design foundation build for five high priority sites. Developing permits applications and submittals ; producing additional information as requested by endorsing agencies and obtain endorsements from PR Telecommunications Regulation Board; PR Electric Energy Authority; PR Planning Board, among others.

MILESTONE #6 SITE PREPARATION

Activities Q3-2011

1. RFP was completed and company awarded contract. The company selected for Site Preparation and Construction will complete eight existing sites preparation and construction according to quadrant strategy priorities.

MILESTONE #7 EQUIPMENT PROCUREMENT

Activities Q3-2011

1. RFP was completed and company awarded contract. Will complete contract with company selected for Telecommunications Equipment. They will initiate all procurement acquisition per RFP3 proposal of telecommunications equipment for the network equipment,will commence deployment on existing tower sites.

MILESTONE #8 NETWORK BUILD

Activities Q3-2011

1. Will publish and hold meeting for Request for Proposals, RFP 5 New tower construction for new Towers Sites.

INFRASTRUCTURE KEY INDICATORS #9-BUDGET EXPENDITURES

Activities Q3-2011

1. INTECO will contribute with matching funds to Broadband project with at least \$406,250 by September 30, 2011, meeting goals of waiver request.

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	22	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.
2d.	Rights of Way	25	Delay in completing network redesign update and EA process. Have signed contracts for land lease for new build towers sites. Complete leasing contract for all existing tower sites.
2e.	Construction Permits and Other Approvals	63	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	31	Delay in completing network redesign update and EA process. Completed Site Preparation RFP " Request for Proposals", for existing sites, contract to be signed and initiation of work on existing sites with eight sites expected to be completed.
2g.	Equipment Procurement	19	Delay in completing network redesign update and EA process. Sign contract with selected vendor of Request for Proposal for Telecommunications Equipment, initiate acquisition of equipment. Commence Deployment.
2h.	Network Build (all components - owned, leased, IRU, etc.)	19	Delay in process for completion of EA and network designs update. Develop New Tower Construction RFP,"Request for Proposal" for New Tower Sites, final edition, publish.
2i.	Equipment Deployment	19	Delay in completion of EA and network designs update held up start of procurement process. Initiate deployment of equipment on existing tower sites.
2j.	Network Testing	19	Delay in completion of EA and network designs update.
2k.	Other (please specify): Management and Administration 58%	58	We are very involved in processing RFPs 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. 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.

2. 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. Also initiation of procurement activities were not started until EA was approved in compliance with special award requirement. We are taking steps to meet both planning activities and cash disbursement requirements in order to comply with the SAC goal of more than 70% completion of the project, as measured in money drawdown's, within the initial two year time span of the project and 100% completion in the three years of the project.

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	\$702,630	\$0	\$702,630	\$848,630	\$0	\$848,630
b. Land, structures, right-of-ways, appraisals, etc.	\$4,805,650	\$3,412,500	\$1,393,150	\$208,044	\$158,750	\$49,294	\$1,113,048	\$858,750	\$254,294
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$178,000	\$0	\$178,000	\$107,250	\$0	\$107,250	\$147,250	\$0	\$147,250
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	\$13,665	\$0	\$13,665	\$68,665	\$0	\$68,665
j. Equipment	\$7,489,453	\$0	\$7,489,453	\$178,804	\$0	\$178,804	\$1,569,454	\$0	\$1,569,454
k. Miscellaneous	\$630,175	\$0	\$630,175	\$0	\$0	\$0	\$90,000	\$0	\$90,000
l. SUBTOTAL (add a through k)	\$16,343,674	\$3,412,500	\$12,931,174	\$1,210,393	\$158,750	\$1,051,643	\$3,837,047	\$858,750	\$2,978,293
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	\$1,210,393	\$158,750	\$1,051,643	\$3,837,047	\$858,750	\$2,978,293

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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