

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 NT10BIX5570096	3. DUNS Number 789438293
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4. Recipient Organization Virgin Islands Public Finance Authority 32-33 Kongens Gade, St. Thomas, VI 00802-0430

5. Current Reporting Period End Date (MM/DD/YYYY) 09-30-2011	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 Marian Prescod	7c. Telephone (area code, number and extension) _____
	7d. Email Address mprescod@consult3p.com

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 11-30-2011
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Project Indicators (This Quarter)

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

Substantially all of the permits, environmental clearances, and construction documents necessary for commencement of underground conduit construction and build out of the new fiber network have been received.

Also, the vendor selected for the Carrier Ethernet (United Data Technologies, Inc. or UDT) has developed a test suite for the initial Alpha testing of the network's core gateway routers in a lab environment.

Further, contract negotiations began with the vendor selected for Operations Support Systems/Business Support Systems (OSS/BSS). Due to the stop work order, these contract negotiations were put on hold. The project team is, however, prepared to resume final contract negotiations related to OSS/BSS and IRU negotiations with carriers, which were also suspended, once the stop work order has been lifted and the newly-expanded VIPFA/viNGN team has had the opportunity to review all of the business decisions made to date, technological requirements, approved budgets, implementation schedules and approved applications related to each of our BTOP grant awards.

Moreover, construction documents were finalized for the two super Fiber Access Points (FAPS) which are planned for location in Frederiksted on St. Croix and on St. Thomas. RFPs were issued, and responses were received for the construction of these facilities. The evaluation of these bids has been suspended and will resume, once the stop work order is lifted and the newly-expanded viNGN team has had the opportunity to review all of the business decisions made to date, technological requirements, approved budgets, implementation schedules and the approved application.

Final design of the first ten regular FAPs was also completed; further design work is suspended for the reasons noted above.

In addition, the viNGN Board of Directors has fully executed the Memorandum of Agreement (MOA) with the U.S. Virgin Islands Water and Power Authority (WAPA) with reference to its \$15.2 million in-kind contribution related to the CCI program. The MOA also addresses terms governing the use of the existing conduit, fiber and pole locations which will assist in expediting the build out of the network.

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	10	Though our overall percentage completion improved from Quarter 2, CY 2011, we have under performed against this baseline milestone mainly due to general delays in procurements related to construction activities and delays in issuing RFPs for services. These delays were cumulative and were further exacerbated by the effects of the stop work order. Despite these challenges, progress has been made under the project, as reflected in the accomplishments that are outlined in Item #1 above and based on total expenditures incurred to date.
2b.	Environmental Assessment	95	The percentage of completion has been modified from what was reported during Quarter 2, CY 2011 due to minor location changes for a few FAPs and location finalization needed for a few beach manhole landings.
2c.	Network Design	75	Though our percentage completion improved from Quarter 2, CY 2011, we have under performed against this baseline milestone because additional design work is required for the FAP and beach manhole landing relocations.
2d.	Rights of Way	75	No variance from the baseline plan
2e.	Construction Permits and Other Approvals	90	We have over performed against the baseline milestone; however, the percentage of completion has been modified from what was reported during Quarter 2, CY 2011 due to the few FAP and beach manhole landing relocations.

	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	<p>We have under performed against this baseline milestone primarily due to impediments in the procurement process which led to construction delays, which were, in turn, exacerbated by the stop work order. The general delay in all aspects of construction impacted our ability to perform any site preparation during this reporting period.</p> <p>Construction documents have been finalized for the two super Fiber Access Points (FAPS), and RFPs have been issued and accepted for the construction of these facilities. The evaluation of these bids has been suspended and will resume, once remaining issues related to the CAP are addressed. Final design of the first ten regular FAPs has also been completed, and further design work has been suspended also until the issues related to the CAP are addressed.</p>
2g.	Equipment Procurement	3	<p>Though our percentage completion improved from Quarter 2, CY 2011, we have under performed against this baseline milestone primarily due to delays in finalizing contract negotiations, related largely to delivery milestones. Negotiations were further delayed by the stop work order.</p>
2h.	Network Build (all components - owned, leased, IRU, etc)	5	<p>Our percentage completion improved from Quarter 2, CY 2011 due to the full execution of the comprehensive MOU with WAPA. Though our percentage completion improved from Quarter 2, CY 2011, we have under performed against this baseline milestone due to delays in finalizing IRU negotiations and delays related to the commencement of trenching activities.</p>
2i.	Equipment Deployment	0	<p>We have under performed against this baseline milestone primarily due to impediments in the procurement process which led to construction delays, which were, in turn, exacerbated by the stop work order. The general delay in all aspects of construction impacted our ability to deploy any equipment under this project during this reporting period.</p>
2j.	Network Testing	2	<p>Though our percentage completion improved from Quarter 2, CY 2011, we have under performed against this base line milestone due to delays in sourcing a vendor and finalizing a contract. We now have a fully executed contract with the vendor, UDT.</p>
2k.	Other (please specify):	0	<p>We have under performed against this baseline milestone due to the reasons noted in 2a. through 2j above.</p>

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).

Overall challenges are generally directly related to slippage against the implementation schedules, specifically with respect to delays with procurement and construction activities. These delays and challenges were further magnified by the stop work order.

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	<p>We have under performed against this baseline indicator mainly due to general delays in procurement processes related to construction activities and delays in issuing RFPs for services. These delays were cumulative and were further exacerbated by the effects of the stop work order.</p>
New network miles leased	0	<p>No variance from the baseline plan</p>

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 the baseline plan
Existing network miles leased	0	N/A
Number of miles of new fiber (aerial or underground)	0	We have under performed against this baseline indicator mainly due to general delays in procurement processes related to construction activities and delays in issuing RFPs for services. These delays were cumulative and were further exacerbated by the effects of the stop work order.
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	0	We have under performed against this baseline indicator mainly due to general delays in procurement processes related to construction activities and delays in issuing RFPs for services. These delays were cumulative and were further exacerbated by the effects of the stop work order. Construction documents have been finalized for the two super Fiber Access Points (FAPS), and RFPs have been issued and accepted for the construction of these facilities. Further, evaluation of these bids has been suspended and will resume, once remaining issues related to the CAP are addressed. Final design of the first ten regular FAPs has also been completed, and further design work has been suspended until the issues related to the CAP are addressed.

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	2
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:

At this time, we have no signed agreements with wholesale or retail services providers. Negotiations with our two anticipated broadband wholesalers (AT&T and Global Crossing/Level 3) were suspended during the stop work order. We anticipate that we can resume and conclude negotiations with the intent to fully execute agreements by the end of December 2011. Negotiations will resume immediately after the lifting of the stop work order, with a focus on finalizing the technical details, such as QOS (Quality of Service) delivery. The project team is not able to finalize negotiations with last mile providers before finalizing the IRU agreements with Global Crossing/Level 3 and AT&T, as the terms of these agreements are key to the development of our schedule of products and pricing. We have had discussions with anchor tenants and last mile ISP and broadband providers. These discussions have been conducted on an individual basis and under the aegis of the Broadband Coalition and have resulted in the request for a business and technical conference to be held to further facilitate discussions and to achieve consensus on the optimal types of products and services to be offered by viNGN. The formulation of the Broadband Coalition and the technical conference are also designed to support a range of market research activities and to solicit direct feedback as we formulate our range of products, prices, terms and conditions for the services and products to be offered.

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 Comprehensive Community Infrastructure grant award funds will be utilized by viNGN to build out high speed, open access fiber optic network infrastructure which will provide Ethernet transport for service providers and anchor tenants territory-wide. The overarching goal of this segment of the viNGN BTOP implementation, which is reinforced by our enabling legislation, defines our business

operations as a middle mile provider. The only service the viNGN team anticipates providing is wholesale broadband. The main goal of this build out is to provide reliable, affordable broadband services to ISPs and anchor tenants throughout the Territory. The viNGN management team believes that giving access to relatively inexpensive, reliable bandwidth to ISPs and other retail service providers will help to increase GDP (Gross Domestic Product) growth by giving commercial and residential consumers inexpensive, reliable broadband access. The infrastructure will be deployed to ISPs, other last mile providers and community anchor institutions (such as government departments and agencies, non-profit organizations, educational institutions, public safety entities, healthcare delivery providers, and other key community stakeholders), several of which are located in economically distressed areas.

We are currently conducting market research to define our menu of service and product offerings; thus, we are unable to share pricing plans at this time.

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 third party operates (600 words or less).

Not Applicable

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 the baseline plan
	Providers with signed agreements receiving improved access	0	No variance from the baseline plan
	Providers with signed agreements receiving access to dark fiber	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	No variance from the baseline plan
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	No variance from the baseline plan
	Subscribers receiving new access	0	No variance from the baseline plan
	Subscribers receiving improved access	0	No variance from the baseline plan
	Please identify the speed tiers that are available and the number or subscribers for each	0	No variance from the baseline plan
Residential / Households	Entities passed	0	N/A
	Total subscribers served	0	N/A
	Subscribers receiving new access	0	N/A
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A
Businesses	Entities passed	0	N/A

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Total subscribers served	0	N/A
	Subscribers receiving new access	0	N/A
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A

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

Any special offerings will be determined, based upon the results of market research on optimal pricing and the optimal range of services to be offered.

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
NONE THIS QUARTER	Not applicable for this quarter	Not applicable for this quarter	Not applicable for this quarter	Not applicable for this quarter

Project Indicators (Next Quarter)

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

With the lifting of the stop work order, we are targeting the following significant accomplishments during Quarter 4, CY 2011:

- The hiring of a full complement of staff to more effectively implement and monitor program activities;
- Revisions to the implementation schedule and the related budget, based upon the U.S. Department of Commerce-approved route change and the delays which are the result of the stop work order;
- Completion of the Alpha testing of core gateway routers by UDT;
- Completion of the procurement of substantially all construction materials;
- Finalization of a significant portion of IRU negotiations;
- Substantial completion of the remaining design work associated with the relocation of a few FAPs and finalization of the beach manhole landing relocations;
- Resumption of design work for the next phase of FAP rollout; and
- Resumption of contract negotiations with the OSS/BSS vendor.

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)

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2a.	Overall Project	12	Additional progress is expected during Quarter 4, CY 2011, as reflected in the project accomplishments planned that are outlined in Item #1 above and based on total anticipated expenditures through Quarter 4, CY 2011. We do, however, anticipate under performing against this baseline indicator, given the delays in the start of trenching and build-out of the aerial and underground network to date. As we move ahead to initiate and conclude procurements related to these "deliverables" and realign our construction schedule to include parallel construction activities, we anticipate that we will be able to significantly narrow the gap between the baseline indicators and our actual performance by the end of Q2, CY 2012.
2b.	Environmental Assessment	100	No variance from the baseline plan
2c.	Network Design	90	Additional progress is expected during Quarter 4, CY 2011, as reflected in the project accomplishments planned that are outlined in Item #1 above and based on total anticipated expenditures through Quarter 4, CY 2011. We do, however, anticipate under performing against this baseline indicator as a result of adjustments which were made in the location of a few FAPs and the finalization of beach manhole landings. Additional design work will be required for the FAP and beach manhole landing relocations.
2d.	Rights of Way	95	Additional progress is expected during Quarter 4, CY 2011, as the majority of real estate included in the construction footprint for the trench work, FAP construction, manhole placement, etc. is owned by the Government of the U.S. Virgin Islands (GVI) and GVI stakeholders have been very cooperative. We do, however, anticipate under performing against this baseline indicator as a result of adjustments which were made in the location of a few FAPs which require additional approvals of rights of way.
2e.	Construction Permits and Other Approvals	95	Additional progress is expected during Quarter 4, CY 2011, given the full cooperation of the governmental entities involved in providing approval. Many of the locations which will be affected during construction are owned by the GVI and are covered by master agreements. We do, however, anticipate slightly under performing against this baseline indicator as a result of adjustments which were made in the location of a few FAPs and beach manhole landings.
2f.	Site Preparation	2	Projected under performance in this area is based on the fact that construction-related procurements were suspended as a result of the stop work order. The delay in the procurement processes have, in turn, resulted in the delay of construction-related activities. Resumption of all procurement work related to this task will resume during Q4, CY 2011, and revised implementation schedules and related budgets will be finalized during Q4, CY 2011.
2g.	Equipment Procurement	15	Projected under performance in this area is based on the fact that equipment-related procurements were suspended as a result of the stop work order. The delay in the equipment procurement processes have, in turn, resulted in the delay of construction-related activities. Resumption of all work related to this task will resume during Q4, CY 2011.
2h.	Network Build (all components - owned, leased, IRU, etc.)	7	We project under performance against this baseline indicator as a result of the delays in the commencement of construction activities. We, however, have made some progress with our IRU contract negotiations and expect to further advance these negotiations with Global Crossing/Level 3 and AT&T with the lifting of the stop work order. Revised implementation schedules and related budgets will also be finalized during Q4, CY 2011.
2i.	Equipment Deployment	0	We project under performance against this baseline indicator, given the delays in the commencement of construction activities. With the lifting of the stop work order, contract negotiations will resume, and revised implementation schedules and related budgets will be finalized during Q4, CY 2011.
2j.	Network Testing	10	We project under performance against this baseline because of delays in the Alpha testing by UDT. We anticipate that this testing can begin and possibly conclude during Q4, CY 2011.
2k.	Other (please specify):	0	Under performance against this baseline indicator is associated with the reasons for the variance from the baseline plan, as noted in 2a. through 2j above.

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).

Most challenges or issues anticipated during Quarter 4, CY 2011 are related to legacy issues and the above-referenced delays in

procurement and construction activities. The Project Team anticipates the following challenges and issues:

- The need to fully execute existing contracts that are in various stages of negotiation, all of which were further delayed as a result of the stop work order;
- Delays that are likely to result from the need to re-mobilize existing vendor teams;
- Increased lead times related to the delivery of fiber;
- Though only a few, negotiations needed with the private landowners for FAP Rights of Way (ROWs) and other related matters.

In addition, the Project Team is awaiting official written documentation from the U.S. Department of Commerce, which specifies the approved route changes.

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	\$450,000	\$0	\$450,000	\$0	\$0	\$0	\$133,477	\$0	\$133,477
b. Land, structures, right-of-ways, appraisals, etc.	\$1,500,108	\$0	\$1,500,108	\$13,775	\$0	\$13,775	\$13,775	\$0	\$13,775
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$4,153,932	\$500,000	\$3,653,932	\$1,383,430	\$166,521	\$1,216,910	\$1,978,342	\$238,129	\$1,740,213
e. Other architectural and engineering fees	\$280,320	\$0	\$280,320	\$235,071	\$0	\$235,071	\$286,278	\$0	\$286,278
f. Project inspection fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
g. Site work	\$992,050	\$0	\$992,050	\$0	\$0	\$0	\$0	\$0	\$0
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$2,880,000	\$0	\$2,880,000	\$33,796	\$0	\$33,796	\$41,956	\$0	\$41,956
j. Equipment	\$66,838,777	\$28,886,379	\$37,952,398	\$1,596,909	\$690,152	\$906,757	\$7,797,956	\$3,370,120	\$4,427,836
k. Miscellaneous	\$11,179,661	\$0	\$11,179,661	\$70,283	\$0	\$70,283	\$100,733	\$0	\$100,733
l. SUBTOTAL (add a through k)	\$88,274,848	\$29,386,379	\$58,888,469	\$3,333,264	\$856,673	\$2,476,592	\$10,352,517	\$3,608,249	\$6,744,268
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$88,274,848	\$29,386,379	\$58,888,469	\$3,333,264	\$856,673	\$2,476,592	\$10,352,517	\$3,608,249	\$6,744,268

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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