

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) 12-31-2011	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 Vicky Johnson	7c. Telephone (area code, number and extension)
	7d. Email Address vjohnson@usvipfa.com

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 02-29-2012
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Project Indicators (This Quarter)

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

The U.S. Virgin Islands Public Finance Authority/Virgin Islands Next Generation Network (VIPFA/viNGN) team successfully met the requirement for submitting a Corrective Action Plan which was accepted, and a unilateral lifting of the stop work was issued on October 17, 2011, which permitted VIPFA/viNGN to resume work. During the remaining ten weeks of Quarter 4, Calendar (CY) 2011, the new management team mobilized and restarted the following implementation activities.

The VIPFA/viNGN team hired a Vice President of Project and Program Administration to manage VIPFA/viNGN's territory-wide project management team and a St. Thomas-based Project Manager for the CCI project. These two new hires are managing projects in both districts until a St. Croix-based Project Manager for the CCI project is hired.

The U.S. Virgin Islands team has executed an Indefeasible Right of Use (IRU) agreement with Global Crossing/Level 3 for access to 10Gb of capacity through New York and Miami, providing a strong network with a diverse route and the ability to purchase and offer bandwidth at prices that are significantly less than what is currently offered in the local market. viNGN's partnership with Global Crossing/Level 3 Communications ensures that the U.S. Virgin Islands (the Territory) will have world class Internet connectivity. Global Crossing/Level 3's high capacity Internet Protocol (IP) network will connect the U.S. Virgin Islands to the most important business centers in the world. Its scalable and flexible network platform provides high speed internet connectivity which the VIPFA/viNGN team expects will support private sector and public sector efforts to drive economic growth; encourage service providers to offer more affordable, nationally competitive and reliable service offerings to customers throughout the Territory; expand access to educational opportunities for the Territory's under served populations; and, support local and national efforts in health and public safety.

United Data Technologies, Inc. (UDT), the vendor selected to supply the Carrier Ethernet equipment, has completed the first stage of the initial alpha testing of viNGN network's core gateway routers in a lab environment, using electronic equipment purchased by viNGN.

The U.S. Virgin Islands team also purchased a significant portion of the core backbone fiber (288 fiber strand count) required for its network; signed contracts for the construction of two Super FAPs (Facility Access Points), one each on St. Thomas and St. Croix; and, drafted a Request for Proposals (RFP) for the first of the St. Thomas and St. Croix regular FAPs.

The team also re-engaged with the project engineering and the facility engineering/design contractors; conducted a review of the network and Outside Plant (OSP) plant design; completed the mapping of the existing U.S. Virgin Islands Water and Power Authority (WAPA) terrestrial conduit, which was critical to finalizing the engineering plan for the installation of the OSP; and, finalized its approach to performing the trenching needed for building the OSP. The team plans to conduct a competitive procurement for external vendors, through which awards can be made to two or more contractors to conduct simultaneous excavation, trenching and fiber pulling activities in each district.

The new management team also began to review all of the business decisions made prior to its arrival, the technological requirements of the network to be built, the approved grant and local match budgets, the implementation schedules, the approved applications and the grant award agreements related to each of its four Broadband Technology Opportunities Program (BTOP) grant awards.

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)

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2a.	Overall Project	30	<p>Though VIPFA/viNGN's overall percentage completion improved from Quarter 3, CY 2011, under performance against this baseline milestone is due to 1) the simultaneous transition of the implementation of the VIPFA/viNGN's four BTOP projects to a new management team, the majority of whose members are new to the VIPFA and viNGN, 2) restarting the projects during an implementation period that was shorter by nearly three weeks due to the stop work order that was not lifted until October 17, 2011, 3) resulting delays in procurement activities related to construction activities and services, and 4) the need to relocate a few FAPS. Despite these challenges, the team has mobilized and made progress towards meeting the baseline milestone targets. The combination of the accomplishments that are outlined in Item #1 above and total expenditures incurred to date document the achievements made by the new management team during a very short period of time. Significant progress is expected during the next two quarters, as the team finalizes several of the key network build and lease contracts and begins the excavation, trenching and fiber pulling activities and construction of SuperFAPs and regular FAPs.</p> <p>As VIPFA/viNGN begins its excavation, trenching and fiber pulling activities and continues with the SuperFAP and FAP construction through Quarter 2, CY 2012, the team will coordinate with contractors to work on accelerated schedules. Contractor oversight will include, at a minimum, weekly site visits and meetings with individual contractors and monthly meetings with all contractors who are working through VIPFA/viNGN's CCI project. Meeting discussion topics will include construction status against the implementation schedule, performance against the Baseline Milestones and Indicators, approaches to accelerate construction activities, impediments to accelerating progress in the construction schedule, and ways to improve the coordination of construction activities to close gaps against the Baseline targets.</p>
2b.	Environmental Assessment	95	<p>The VIPFA/viNGN team is very near to meeting the baseline milestone of 100%. The team is awaiting the finalization of the engineering design plans and approvals and the environmental assessments for the location changes for a few of the FAPs. The team anticipated a need to also relocate beach manhole landings, which would have led to the need for additional environmental assessments and further delays; however, a determination was made that there was no need to move beach landing sites. Given the need to still relocate a few FAPs, some delays are still anticipated.</p>
2c.	Network Design	90	<p>Though the percentage completion improved from Quarter 3, CY 2011, the VIPFA/viNGN team is still awaiting the finalization of the engineering design plans and approvals and the environmental assessments for the location changes for a few of the FAPs, make-ready pole design engineering, and engineering associated with the "meet-me points" at the beach manholes (BMHs). The team anticipated a need to also relocate beach manhole landings, which would have led to further delays; however, a determination was made that there was no need to move beach landing sites. Given the need to still relocate a few FAPS, delays are still anticipated.</p>
2d.	Rights of Way	75	<p>The team is in the process of obtaining the rights of way between the FAPs (including those that must be relocated), beach manholes (BMHs) and the community anchor institutions (CAIs) / anchor tenants.</p>
2e.	Construction Permits and Other Approvals	90	<p>The VIPFA/viNGN team is still awaiting the finalization of the engineering design plans and approvals and the environmental assessments for the location changes for a few of the FAPs, make-ready pole design engineering, and engineering associated with the "meet-me points" at the beach manholes (BMHs). The team anticipated a need to also relocate beach manhole landings, which would have led to further</p>

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
			delays; however, a determination was made that there was no need to move beach landing sites. Given the need to still relocate a few FAPs, delays are still anticipated.
2f.	Site Preparation	0	<p>Contracts have been signed, and limited notices to proceed have been issued for the two SuperFAPs, one on St. Croix and one on St. Thomas. The procurement process has commenced for the first six (6) regular FAPs, with three (3) on St. Thomas and three (3) on St. Croix, and engineering designs have been completed for an additional four (4) regular FAPs.</p> <p>Under performance against this baseline indicator is due to 1) restarting the projects during an implementation period that was shorter by nearly three weeks due to the stop work order that was not lifted until October 17, 2011, 2) resulting delays in procurement, construction and other project implementation activities, and 3) the simultaneous transition of the implementation of the VIPFA/viNGN's four BTOP projects to a new management team.</p> <p>As VIPFA/viNGN begins its excavation, trenching and fiber pulling activities and continues with the SuperFAP and regular FAP construction through Quarter 2, CY 2012, the team will coordinate with contractors to work on accelerated schedules. Contractor oversight will include, at a minimum, weekly site visits and meetings with individual contractors and monthly meetings with all contractors who are working through VIPFA/viNGN's CCI project. Meeting discussion topics will include construction status against the implementation schedule, performance against the Baseline Milestones and Indicators, approaches to accelerate construction activities, impediments to accelerating progress in the construction schedule, and ways to improve the coordination of construction activities to close gaps against the Baseline targets.</p>
2g.	Equipment Procurement	10	<p>The percentage completion against this baseline milestone target improved from Quarter 3, CY 2011, as the team purchased a significant portion of the core backbone fiber (288 fiber strand count) required for its network. Delays have been experienced in finalizing contract negotiations for sourcing fiber, as suppliers of fiber face difficulties in meeting delivery milestones.</p>
2h.	Network Build (all components - owned, leased, IRU, etc)	10	<p>The percentage completion against this baseline milestone target improved from Quarter 3, CY 2011, as a fifteen (15) year IRU and collocation agreements for New York City and Miami were signed with Global Crossing/Level 3. Delays are anticipated in the core network build out until excavation and trenching activities commence during the next two quarters.</p> <p>As VIPFA/viNGN begins its excavation, trenching and fiber pulling activities and continues with the SuperFAP and FAP construction through Quarter 2, CY 2012, the team will coordinate with contractors to work on accelerated schedules. Contractor oversight will include, at a minimum, weekly site visits and meetings with individual contractors and monthly meetings with all contractors who are working through VIPFA/viNGN's CCI project. Meeting discussion topics will include construction status against the implementation schedule, performance against the Baseline Milestones and Indicators, approaches to accelerate construction activities, impediments to accelerating progress in the construction schedule, and ways to improve the coordination of construction activities to close gaps against the Baseline targets.</p>

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
	2i. Equipment Deployment	0	<p>Under performance against this baseline indicator is due to 1) restarting the projects during an implementation period that was shorter by nearly three weeks due to the stop work order that was not lifted until October 17, 2011, 2) resulting delays in procurement, construction and other project implementation activities, and 3) the simultaneous transition of the implementation of the VIPFA/viNGN's four BTOP projects to a new management team.</p> <p>As VIPFA/viNGN begins its excavation, trenching and fiber pulling activities and continues with the SuperFAP and FAP construction through Quarter 2, CY 2012, the team will coordinate with contractors to work on accelerated schedules to build out the network and deploy equipment.</p>
	2j. Network Testing	3	<p>The percentage completion against the baseline milestone target improved from Quarter 3, CY 2011, as the initial alpha testing of the network's core gateway routers in a lab environment was completed. Network testing will be ongoing in alignment with equipment purchases and network build out.</p>
	2k. Other (please specify):	0	<p>The VIPFA/viNGN team has mobilized and made progress towards meeting the Baseline milestone targets. The combination of the accomplishments that are outlined in Item #1 above and total expenditures incurred to date document the achievements made by the new management team during a very short period of time, despite facing the many challenges outlined in 2a. through 2j. above. Significant progress is expected during the next two quarters.</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).

The delays and other challenges faced by the VIPFA/viNGN team are related to slippage against the implementation schedule, driven largely by delays with procurement and construction activities and overall project implementation with a largely new management team. These delays and other challenges were further magnified by the stop work order. Under the former management team, the project suffered programmatic and compliance challenges which led to the issuance of a stop-work order and the requirement to submit a Corrective Action Plan (CAP) which was confirmed as acceptable and resulted in the unilateral lifting of the stop work order. Since the lifting of the stop work order on October 17, 2011, the new team has made significant progress towards assessing the current state of project implementation, including contract negotiations and procurement activities; understanding the technological requirements of the network to be built; re-engaging with key architectural and engineering contractors and key partners; restarting the build out/leasing of the network; conducting testing of its high-speed Carrier Ethernet network; gaining a more in depth understanding of its four BTOP programs, including the approved grant and local match budgets, the implementation schedules, the approved applications and the grant award agreements for each; and, training a full complement of new staff.

With the start of excavation, trenching and fiber pulling activities and with the SuperFAP and FAP construction through Quarter 2, CY 2012, the team expects to overcome these delays by coordinating with its contractors to work on accelerated schedules.

The team will consult with the assigned BTOP Program Officer, if technical assistance is needed. At this time, the team does not anticipate any technical difficulties that would require support from the BTOP program team members.

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)

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
New network miles deployed	0	<p>Under performance against this baseline indicator is due to 1) restarting the projects during an implementation period that was shorter by nearly three weeks due to the stop work order that was not lifted until October 17, 2011, 2) resulting delays in procurement, construction and other project implementation activities, and 3) the simultaneous transition of the implementation of the VIPFA/viNGN's four BTOP projects to a new management team.</p> <p>The VIPFA/viNGN team will coordinate with contractors to work on accelerated schedules and actively consider ways to improve the coordination of construction activities to close the gap against the Baseline. Performance against the Baseline is expected to improve significantly during Quarter 2, CY 2012 and be in line with the Baseline by the end of Quarter 3, CY 2012.</p>
New network miles leased	3,313	<p>With the signing of the Indefeasible Right of Use (IRU) agreement with Global Crossing/Level 3 for access to 10Gb of capacity through New York and Miami, VIPFA/viNGN is far outperforming the Baseline expectation of 1,600 new network miles to be leased and expects to continue to outperform this measure through at least Quarter 2, CY 2013. The IRU agreement with Global Crossing/Level 3 is providing a strong network with a diverse route and the ability to purchase and offer bandwidth at prices that are significantly less than what is currently offered in the local market. viNGN's partnership with Global Crossing/Level 3 Communications ensures that the U.S. Virgin Islands (the Territory) will have world class Internet connectivity. Global Crossing/Level 3's high capacity Internet Protocol (IP) network will connect the U.S. Virgin Islands to the most important business centers in the world. Its scalable and flexible network platform provides high speed internet connectivity which the VIPFA/viNGN team expects will support private sector and public sector efforts to drive economic growth; encourage service providers to offer more affordable, nationally competitive and reliable service offerings to customers throughout the Territory; expand access to educational opportunities for the Territory's under served populations; and, support local and national efforts in health and public safety.</p>
Existing network miles upgraded	0	<p>Under performance against this baseline indicator is due to 1) restarting the projects during an implementation period that was shorter by nearly three weeks due to the stop work order that was not lifted until October 17, 2011, 2) resulting delays in procurement, construction and other project implementation activities, and 3) the simultaneous transition of the implementation of the VIPFA/viNGN's four BTOP projects to a new management team.</p> <p>The viNGN team will coordinate with contractors to work on accelerated schedules and actively consider ways to improve the coordination of construction activities to close the gap against the Baseline. Performance against the Baseline is expected to improve significantly during Quarter 2, CY 2012 and be in line with the Baseline by the end of Quarter 3, CY 2012.</p>
Existing network miles leased	0	N/A

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Number of miles of new fiber (aerial or underground)	0	<p>Under performance against this baseline indicator is due to 1) restarting the projects during an implementation period that was shorter by nearly three weeks due to the stop work order that was not lifted until October 17, 2011, 2) resulting delays in procurement, construction and other project implementation activities, and 3) the simultaneous transition of the implementation of the VIPFA/viNGN's four BTOP projects to a new management team.</p> <p>The viNGN team will coordinate with contractors to work on accelerated schedules and actively consider ways to improve the coordination of construction activities to close the gap against the Baseline. Performance against the Baseline is expected to improve significantly during Quarter 2, CY 2012 and be in line with the Baseline by the end of Quarter 3, CY 2012.</p>
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	0	<p>Under performance against this baseline indicator is due to 1) restarting the projects during an implementation period that was shorter by nearly three weeks due to the stop work order that was not lifted until October 17, 2011, 2) resulting delays in procurement, construction and other project implementation activities, and 3) the simultaneous transition of the implementation of the VIPFA/viNGN's four BTOP projects to a new management team.</p> <p>The viNGN team will coordinate with contractors to work on accelerated schedules and actively consider ways to improve the coordination of construction activities to close the gap against the Baseline. Performance against the Baseline is expected to improve significantly during Quarter 2, CY 2012 and be in line with the Baseline by the end of Quarter 3, CY 2012.</p>

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	1
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	1
Average term of signed agreements (in quarters)	60

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

The viNGN team has one signed agreement with a wholesale service provider, i.e. Global Crossing/Level 3. The team is still in negotiations with a second wholesale service provider, AT&T. The project team is not able to finalize negotiations with last mile providers before finalizing an IRU agreement with AT&T, as the terms of the IRU agreements are key to the development of viNGN's schedule of products and pricing. As a result, viNGN has not signed any agreements with retail services providers; however, the team continues to engage the local community of anchor tenants and last mile providers in discussions. These conversations have been conducted on an individual basis, as well as under the aegis of the Broadband Coalition. Two additional Broadband Coalition meetings were held during October 2011, one on St. Thomas and the other on St. Croix. These meetings and conversations 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 viNGN formulates its range of products, prices, terms and conditions for the services and products to be offered. Based on inquiries received to date, viNGN expects to have more signed agreements by the end of Qtr. 3, CY 2012.

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:

VIPFA/viNGN plans to build out a high speed, open access, fiber optic network infrastructure which will provide Ethernet transport for service providers and, by extension, to community anchor institutions / anchor tenants territory-wide. VIPFA/viNGN's goal is to serve as a middle mile provider, and the only service the viNGN team anticipates providing is wholesale broadband. This operational model is reinforced by viNGN's enabling legislation. The main goal of this build out is to provide reliable, affordable broadband services to ISPs and other service providers 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, in turn, giving commercial and residential consumers inexpensive, reliable broadband access. The infrastructure will be deployed to ISPs, other last mile providers and community anchor institutions / anchor tenants (such as government departments and agencies, non-profit organizations, educational institutions, public safety entities, healthcare delivery providers, and other key community stakeholders), many of which are located in economically distressed areas. The team is currently testing its network and conducting market research to define its menu of service and product offerings; thus, it is 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 baseline
	Providers with signed agreements receiving improved access	0	Under performance against this baseline indicator is due to 1) restarting the projects during an implementation period that was shorter by nearly three weeks due to the stop work order that was not lifted until October 17, 2011, 2) resulting delays in procurement, construction and other project implementation activities, and 3) the simultaneous transition of the implementation of the VIPFA/viNGN's four BTOP projects to a new management team. The viNGN team will coordinate with contractors to work on accelerated schedules and actively consider ways to improve the coordination of construction activities to close the gap against the Baseline. Performance against the Baseline is expected to improve significantly during Quarter 3, CY 2012 and be in line with the Baseline by the end of Quarter 4, CY 2012.
	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	Until the network build is completed and tested, viNGN will not be able to accurately identify the speeds that will be available; however, speed tiers to last mile providers and broadband wholesalers are anticipated at four levels - Tier 1 providers are expected to receive 10Gbps; Tier 2 providers are expected to receive 1Gbps; Tier 3 and Tier 4 providers are expected to receive 5,000 Mbps. At this time, viNGN estimates that it will service two (2) providers at Tier 1, two (2) providers at Tier 2, two (2) providers at Tier 3 and one (1) provider at Tier 4.

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	Under performance against this baseline indicator is due to 1) restarting the projects during an implementation period that was shorter by nearly three weeks due to the stop work order that was not lifted until October 17, 2011, 2) resulting delays in procurement, construction and other project implementation activities, and 3) the simultaneous transition of the implementation of the VIPFA/viNGN's four BTOP projects to a new management team. The viNGN team will coordinate with contractors to work on accelerated schedules and actively consider ways to improve the coordination of construction activities to close the gap against the Baseline. Performance against the Baseline is expected to improve significantly during Quarter 3, CY 2012 and be in line with the Baseline by the end of Quarter 4, CY 2012.
	Subscribers receiving new access	0	Under performance against this baseline indicator is due to 1) restarting the projects during an implementation period that was shorter by nearly three weeks due to the stop work order that was not lifted until October 17, 2011, 2) resulting delays in procurement, construction and other project implementation activities, and 3) the simultaneous transition of the implementation of the VIPFA/viNGN's four BTOP projects to a new management team. The viNGN team will coordinate with contractors to work on accelerated schedules and actively consider ways to improve the coordination of construction activities to close the gap against the Baseline. Performance against the Baseline is expected to improve significantly during Quarter 3, CY 2012 and be in line with the Baseline by the end of Quarter 4, CY 2012.
	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	Until the network build is completed and tested, viNGN will not be able to accurately identify the speeds that will be available; however, speed tiers to CAIs are anticipated at two levels - Tier 1 are expected to receive 10Gbps; Tier 2 Institutions are expected to receive 1Gbps. At this time, viNGN estimates that it will service fourteen (14) CAIs at Tier 1 and the remainder at Tier 2.
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
	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 this quarter	Not applicable this quarter	Not applicable this quarter	Not applicable this quarter

Project Indicators (Next Quarter)

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

The VIPFA/viNGN team plans to accomplish the following during Quarter 1, CY 2012:

- Commence the construction of the Super FAPs (Facility Access Points) on St. Croix and St. Thomas, with a targeted for Quarter 2, CY 2012, and commence the construction of the initial group of regular FAPs on St. Thomas and St. Croix by the end of Quarter2, CY 2012;
- Issue solicitations for excavation and trenching, fiber pulling, the purchase of additional fiber, and the purchase of additional electronics;
- Purchase additional routers and aggregate switches from United Data Technologies (UDT);
- Sign a contract with the vendor selected to provide technical services equipment, with the purchase of the equipment to occur within the next two quarters;
- Revise the VIPFA/viNGN project implementation schedule and the related budget to reflect the U.S. Department of Commerce-approved route change;
- Continue negotiations with the vendor selected to provide the Operational Support Systems and Business Support Systems (OSS/BSS) Software;
- Plans to hire a Project Manager, based on St. Croix, in order to most effectively implement and monitor program activities on St. Croix;
- Expect to engage its project archaeological team, Maguire, in monitoring identified cultural resource sites which are located within viNGN's construction zones;
- Complete the engineering design work for the relocation of the FAPs;
- Continue to work to obtain the remaining building permits and right of way access necessary for the construction of the FAPs and the anchor tenant build out;
- Complete the design work for the next phase of regular FAPs; and,
- Continue negotiations with AT&T for an IRU.

As VIPFA/viNGN begins its excavation, trenching and fiber pulling activities and continues with the SuperFAP and regular FAP

construction through Quarter 2, CY 2012, the team will coordinate with contractors to work on accelerated schedules. Contractor oversight will include, at a minimum, weekly site visits and meetings with individual contractors and monthly meetings with all contractors who are working through VIPFA/viNGN's CCI project. Meeting discussion topics will include construction status against the implementation schedule, performance against the Baseline Milestones and Indicators, approaches to accelerate construction activities, impediments to accelerating progress in the construction schedule, and ways to improve the coordination of construction activities to close gaps against the Baseline targets. Given the stage of the network build, VIPFA/viNGN does not expect to deploy miles, connect/reconnect any CAIs or sign any broadband wholesaler/last-mile provider agreements by the end of Quarter 1, CY 2012; however, with the actions outlined above expected to be taken to speed up the build schedule, VIPFA/viNGN does expect to be in line with the Baseline targets by the end of Quarter 4, CY 2012 for 1) the number of miles planned for deployment, 2) the number of CAIs planned for reconnection, and 3) the number of broadband wholesaler/last-mile provider agreements planned to be signed.

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	31	Additional progress is expected during Quarter 1, CY 2012, as reflected in the project accomplishments planned that are outlined in Item #1 above and based on total anticipated expenditures through Quarter 1, CY 2012. The team does, however, anticipate under performing against this baseline milestone target, given the delays in the start of excavation, trenching and build-out of the aerial and underground network to date. As VIPFA/viNGN begins its excavation, trenching and fiber pulling activities and continues with the SuperFAP and regular FAP construction through Quarter 2, CY 2012, the team will coordinate with contractors to work on accelerated schedules. Also, as the team proceeds ahead to initiate and conclude procurements related to these "deliverables" and realign its construction schedule to include parallel construction activities, it is anticipated that the team will be able to significantly narrow the gap between the Baseline Milestone targets and actual performance by the end of Quarter 3, CY 2012.
2b.	Environmental Assessment	100	No variance from the baseline plan
2c.	Network Design	100	No variance from the baseline plan
2d.	Rights of Way	80	Additional progress is expected during Quarter 1, CY 2012, 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. The VIPFA/viNGN team does, 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 but still anticipate progress against the previous quarter.
2e.	Construction Permits and Other Approvals	100	No variance from the baseline plan
2f.	Site Preparation	5	Additional progress is expected during Quarter 1, CY 2012 with the anticipated finalization of the solicitation for excavation and trenching work. The team does, however, anticipate under performing against this baseline milestone, given the delays in the start of excavation and trenching and build-out of the aerial and underground network. Also, as the team proceeds ahead to initiate and conclude procurements related to these "deliverables" and realign its construction schedule to include parallel construction activities, it is anticipated that the team will be able to significantly narrow the gap between the Baseline Milestone targets and actual performance by the end of Quarter 2, CY 2012.
2g.	Equipment Procurement	30	Additional progress is expected during Quarter 1, CY 2012 with the build out of the network, including the start of construction of the SuperFAPs; the purchase of additional electronics and other technical equipment; and, the purchase of additional fiber. Also, equipment procurements are expected to be accelerated with the hiring of additional staff to support implementation activities.
2h.	Network Build (all components - owned, leased, IRU, etc.)	15	Additional progress is expected during Quarter 1, CY 2012 with the anticipated finalization of the solicitation for excavation and trenching work. The team does, however, anticipate under performing against this baseline milestone, given the delays in the start of excavation and trenching and build-out of the aerial and underground network. Also, as the team proceeds ahead to initiate and conclude procurements related to these "deliverables" and realign its construction schedule to include parallel construction activities, it is anticipated

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
			that the team will be able to significantly narrow the gap between the Baseline Milestone targets and actual performance by the end of Quarter 3, CY 2012.
2i.	Equipment Deployment	3	Additional progress is expected during Quarter 1, CY 2012 with the build out of the network, including the start of construction of the SuperFAPs; the purchase of additional electronics and other technical equipment; and, the purchase of additional fiber.
2j.	Network Testing	10	Additional progress is expected during Quarter 1, CY 2012 with the purchase of additional electronics and other technical equipment; the build out of the network, including the start of construction of the SuperFAPs; and, the purchase of additional fiber.
2k.	Other (please specify):	0	The VIPFA/viNGN team has mobilized and made progress towards meeting the Baseline Milestone targets. The combination of the planned accomplishments, as outlined above, and the total expenditures anticipated through Quarter 1, CY 2012 document the new management team's commitment to continue to accelerate the implementation of the program, despite facing the challenges outlined in 3 below. Significant progress is expected during the next two quarters.

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).

The VIPFA/viNGN team must implement the remaining activities under a very compressed schedule. These activities include all aspects of the network build (to include excavation and trenching; fiber pulling activities; FAP construction; electronics purchase, installation and testing; and, network testing), along with finalization of product profiles and a focus on revenue generating activities. The team plans to address these challenges by working its contractors to compress construction schedules, working with contractors to implement parallel construction activities; working with contractors to maintain aggressive work schedules; and, hiring additional staff.

The VIPFA/viNGN team will consult with the assigned BTOP program manager if technical assistance is needed. At this time, the team does not anticipate any technical difficulties that would require support from the BTOP program team members.

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	\$22,859	\$0	\$22,859	\$332,607	\$0	\$332,607
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	\$1,939,953	\$233,508	\$1,706,445	\$2,080,453	\$250,420	\$1,830,033
e. Other architectural and engineering fees	\$280,320	\$0	\$280,320	\$268,989	\$0	\$268,989	\$268,989	\$0	\$268,989
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	\$41,956	\$0	\$41,956	\$186,956	\$0	\$186,956
j. Equipment	\$66,838,777	\$28,886,379	\$37,952,398	\$23,996,264	\$15,247,966	\$8,748,298	\$24,599,114	\$15,247,966	\$9,351,148
k. Miscellaneous	\$11,179,661	\$0	\$11,179,661	\$121,399	\$0	\$121,399	\$121,399	\$0	\$121,399
l. SUBTOTAL (add a through k)	\$88,274,848	\$29,386,379	\$58,888,469	\$26,405,195	\$15,481,474	\$10,923,721	\$27,603,293	\$15,498,386	\$12,104,907
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	\$26,405,195	\$15,481,474	\$10,923,721	\$27,603,293	\$15,498,386	\$12,104,907

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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