

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 NT10BIX5570018 | 3. DUNS Number 014409657 |
| 4. Recipient Organization Critical Hub Networks, Inc 1314 Ponce De Leon Ave. Ste. 400, San Juan, PR 00907-4047 | | |
| 5. Current Reporting Period End Date (MM/DD/YYYY) 03-31-2012 | 6. Is this the last Report of the Award Period? <div style="text-align: center;"> <input type="radio"/> Yes <input checked="" type="radio"/> No </div> | |
| 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 Karen Elizabeth Larson Vice President | 7c. Telephone (area code, number and extension) 7877289000 | 7d. Email Address kmarazzi@caribe.net |
| 7b. Signature of Certifying Official Submitted Electronically | 7e. Date Report Submitted (MM/DD/YYYY): 05-18-2012 | |

Project Indicators (This Quarter)

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

During the previous quarter, the PRBI project activities included: (a) Terrestrial Network Deployment: Negotiated additional tower sites as per approved route change. FCC licenses submitted & pending.(b) Interconnection Agreements: Ongoing negotiations are in place with broadband providers, government agencies and other community anchor institutions on interconnection agreements. (c) Peering & Provisioning: Continued negotiations of peering agreements with network & content providers in MIA-NAP. Connections with OCCAID, Mojohost and Hostdime - 52 organizations peered in total. Continuity of provisioning of interconnections with broadband provider networks and change orders- 1 new service upgrade was activated. The Puerto Rico Health Internet Network was activated through the bridge. (d) Community Outreach: Implementation of Community Outreach plan. Meetings held with other ARRA and BTOP recipients, government representatives, government agencies and educational institutions seeking collaboration to support the expansion of broadband usage. Coordination of educational activities for broadband provider community, including IPv6 Workshop and promotion of IPv6 peering via PRBI.(e) Facilities: Facility readiness for rooftop access was completed. The electrical and fiber connectivity was completed. Terrestrial Network Deployment preparations are in progress.

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 | 94 | Variance of 2% from baseline |
| 2b. | Environmental Assessment | 100 | No variance from baseline |
| 2c. | Network Design | 92 | Variance of 5% due to redesign of network in accordance with approved route change. |
| 2d. | Rights of Way | 100 | Actual Milestone Value: 101.96%. Exceeded 100% due to expansion of network route in approved route change and acquisition of additional tower sites. |
| 2e. | Construction Permits and Other Approvals | 0 | N/A |
| 2f. | Site Preparation | 94 | Variance of 3% from baseline due to pending FCC license issuance |
| 2g. | Equipment Procurement | 61 | Variance of 33% from baseline due to pending FCC license issuance |
| 2h. | Network Build (all components - owned, leased, IRU, etc) | 99 | No significant variance from baseline |
| 2i. | Equipment Deployment | 45 | Variance of 18% from baseline due to pending FCC license issuance |
| 2j. | Network Testing | 34 | Variance of 12% from baseline due to pending FCC license issuance |
| 2k. | Other (please specify): | 0 | N/A |

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).

FCC license application submission was delayed, as we were requested to extend the standard Prior Coordination Notification (PCN) period due to the quiet zones in Puerto Rico due to the Arecibo Observatory. PCNs have been cleared, and licenses applications were submitted to FCC. FCC is taking approximately 60 days to process applications, which is longer than anticipated.

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 | Variance due to pending FCC license issuance. |

| Indicator | Total | Narrative (describe your reasons for any variance from the baseline plan or any other relevant information) |
|--|-------|---|
| New network miles leased | 3,901 | No variance |
| Existing network miles upgraded | 0 | No variance |
| Existing network miles leased | 0 | No variance |
| Number of miles of new fiber (aerial or underground) | 0 | No variance |
| Number of new wireless links | 0 | Pending FCC licenses |
| Number of new towers | 0 | Pending FCC licenses |
| Number of new and/or upgraded interconnection points | 2 | Pending FCC licenses |

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 | 13 |
| Number of agreements currently being negotiated with broadband wholesalers or last mile providers | 8 |
| Average term of signed agreements (in quarters) | 12 |

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers: OSNet, Worldnet, Liberty Cablevision, AWW, Xecure, Aeronet, Big Dog, Tropical Networks and Columbus Networks have established interconnectivity. The other three (3) pending networks are still constructing/provisioning connectivity with PRBI interconnection site. Due to competitive purposes, the names of the providers who have signed agreements will be released upon successful activation of interconnection.

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: PRBI will provide middle-mile transit and peering services to broadband service providers. In addition, PRBI will also provide peering services to Critical Community Anchor Institutions and Government Agencies.

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).
N/A

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 |
| | Providers with signed agreements receiving improved access | 9 | Agreements signed with 13 providers - no variance from baseline. 9 network interconnections are currently active. Pending ongoing last mile and port preparation by broadband providers in order to activate 4 remaining signed interconnection agreements. |
| | Providers with signed agreements receiving access to dark fiber | 0 | No variance |

| Subscriber Type | Access Type | Total | Narrative (describe your reasons for any variance from the baseline plan or any other relevant information) |
|---|---|-------|---|
| | Please identify the speed tiers that are available and the number of subscribers for each | 9 | Services are available from 100Mbps to 1Gbps+ |
| Community Anchor Institutions (including Government institutions) | Total subscribers served | 1 | Baseline calculations for CAI served included connectivity via interconnected last mile providers. Currently, one direct CAI connection to Puerto Rico Dept. of Health -PRHIN |
| | Subscribers receiving new access | 0 | No variance |
| | Subscribers receiving improved access | 1 | Baseline calculations for CAI served included connectivity via interconnected last mile providers. |
| | Please identify the speed tiers that are available and the number of subscribers for each | 0 | No variance |
| 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).
 PRBI will be offering peering services, both in Puerto Rico and in Florida. These services will allow for the local exchange of traffic between networks. Peering will be available for community anchor institutions such as schools, libraries, health care providers and non-profit organizations; government organizations; and broadband providers.

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

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

9. Community Anchor Institutions:
 Using the table below, please provide a list by service area of the community anchor institutions (including Government institutions) connected to your network as a result of BTOP funds. Figures should be reported for the most recent reporting quarter only (NOT cumulatively). Also indicate whether your organization is currently providing broadband service to the anchor institution. Finally, provide a short narrative description with examples of how institutions are using BTOP-funded infrastructure (300 words or less).

| Institution Name | Service Area (town or county) | Type of Anchor Institution (as defined in your baseline) | Are you also the broadband service provider for this institution? (Yes / No) | Narrative description of how anchor institutions are using BTOP-funded infrastructure |
|------------------|-------------------------------|--|--|---|
| | | | | |

| Institution Name | Service Area (town or county) | Type of Anchor Institution (as defined in your baseline) | Are you also the broadband service provider for this institution? (Yes / No) | Narrative description of how anchor institutions are using BTOP-funded infrastructure |
|--|-------------------------------|--|--|--|
| Puerto Rico Health Information Network (PRHIN) | San Juan, PR | Government | Yes | PRHIN, also an ARRA Funded project, is implementing the local health information exchange for Puerto Rico & USVI. PRBI is providing PRHIN transport and peering. |

Project Indicators (Next Quarter)

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

During the next quarter, we anticipate the following accomplishments: (a) FCC License Issuance. (b) Finalization of tower site leasing agreement(s) –Pending 1 to complete the new sites included at the route change. (c) Procurement – Receipt of wireless antenna equipment for fixed wireless terrestrial network. (d) Interconnection Agreements: continued negotiations with last mile providers. We anticipate the execution of one (1) new interconnection agreement in the quarter with a broadband provider; (e) Network Interconnectivity: Continuity of activation of peering and interconnection with content and network providers at MIA-NAP. (f) Network Build: Anticipated deployment of 3 fixed wireless links, estimated 23 miles deployed and in testing state. (g) Community Outreach: Continued IPv6 outreach activities with broadband providers, promoting peering and broadband expansion. (h) Provisioning: Anticipate the activation of two (2) interconnections with broadband providers which have signed interconnection agreements. The PRBI is not directly interconnecting most CAIs, rather we are working with broadband providers who deploy the last mile services to CAIs. We are continuing work on provisioning the direct interconnection with the Department of Education.

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 | 98 | No significant variance from baseline |
| 2b. | Environmental Assessment | 100 | No variance from baseline |
| 2c. | Network Design | 98 | Exceeded baseline due to increased costs associated with route change. |
| 2d. | Rights of Way | 100 | Actual Milestone Value: 102%. Exceeded original budget due to expansion of network route in approved route change and acquisition of additional tower sites. Program Income will be used to fund additional costs. |
| 2e. | Construction Permits and Other Approvals | 0 | N/A |
| 2f. | Site Preparation | 96 | Variance of 2% due to delays subject to route change & FCC license delays |
| 2g. | Equipment Procurement | 100 | Actual Milestone Value 109%. This milestone has exceeded the original budget because of (a) additional equipment costs due to approved route change and (b) increase in valuation of an in-kind contribution as approved by the grants office and will be booked this quarter. Program Income will be used to fund the necessary equipment for the route change. |
| 2h. | Network Build (all components - owned, leased, IRU, etc.) | 99 | No significant variance from baseline |
| 2i. | Equipment Deployment | 54 | 18% variance due to route change, pending FCC licenses |
| 2j. | Network Testing | 48 | 9% variance due to route change, pending FCC licenses |
| 2k. | Other (please specify): | 0 | N/A |

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).

Weather: Due to the nature of many facility accommodations activities, such as construction, in the case that any adverse weather conditions impact the Island, the project progress might be affected. External Contractors Deliverable: If any external contractor/supplier/vendor incur in delays or does not fulfill the established plan - deliverable - it also affects the project outcome. In order to reduce risk of contractor/supplier incompletion, we are limiting what we subcontract and supervising work on a regular basis. FCC Licenses: We are anticipating the issuance of our FCC licenses in the next quarter. Any delays or denials by the FCC will cause significant delays in miles activated. Equipment Delivery: Any delays in the receipt of our wireless network equipment for the will cause delays in network build and miles activated.

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 | \$462,500 | \$0 | \$462,500 | \$305,784 | \$0 | \$305,784 | \$344,109 | \$0 | \$344,109 |
| b. Land, structures, right-of-ways, appraisals, etc. | \$27,151,000 | \$5,840,000 | \$21,311,000 | \$27,246,000 | \$5,840,000 | \$21,406,000 | \$27,246,000 | \$5,840,000 | \$21,406,000 |
| c. Relocation expenses and payments | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| d. Architectural and engineering fees | \$1,331,091 | \$0 | \$1,331,091 | \$482,671 | \$0 | \$482,671 | \$610,517 | \$0 | \$610,517 |
| e. Other architectural and engineering fees | \$4,500 | \$0 | \$4,500 | \$4,500 | \$0 | \$4,500 | \$4,500 | \$0 | \$4,500 |
| f. Project inspection fees | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| g. Site work | \$538,370 | \$0 | \$538,370 | \$483,007 | \$0 | \$483,007 | \$483,007 | \$0 | \$483,007 |
| h. Demolition and removal | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| i. Construction | \$622,031 | \$0 | \$622,031 | \$562,986 | \$0 | \$562,986 | \$646,552 | \$0 | \$646,552 |
| j. Equipment | \$2,149,732 | \$760,950 | \$1,388,782 | \$1,308,855 | \$578,380 | \$730,475 | \$2,421,984 | \$978,380 | \$1,443,604 |
| k. Miscellaneous | \$29,571 | \$5,475 | \$24,096 | \$38,606 | \$0 | \$38,606 | \$40,661 | \$0 | \$40,661 |
| l. SUBTOTAL (add a through k) | \$32,288,795 | \$6,606,425 | \$25,682,370 | \$30,432,409 | \$6,418,380 | \$24,014,029 | \$31,797,330 | \$6,818,380 | \$24,978,950 |
| m. Contingencies | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| n. TOTALS (sum of l and m) | \$32,288,795 | \$6,606,425 | \$25,682,370 | \$30,432,409 | \$6,418,380 | \$24,014,029 | \$31,797,330 | \$6,818,380 | \$24,978,950 |

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: \$192,251 |
|---|--------------------------------------|