

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) 06-30-2012	6. Is this the last Report of the Award Period? <input type="radio"/> Yes <input checked="" type="radio"/> No	
7. Certification: I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purposes set forth in the award documents.		
7a. Typed or Printed Name and Title of Certifying Official 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): 08-08-2012	

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: Continuity of the facilities preparation were managed this quarter and we anticipate having them completed by the end of Q3. (b) Interconnection Agreements: Ongoing negotiations are in place with broadband providers, government agencies and other community anchor institutions on interconnection agreements. 3 new interconnection agreements signed in reporting period. (c) Peering & Provisions: Continued negotiations of peering agreements with network & content providers in MIA-NAP. Connections with Nordunet -53 organizations peered in total. (d) Employee recruiting: Employee recruiting is ongoing. (e) Provisioning: Continuity of provisioning of interconnections with broadband provider networks and change orders -3 new interconnections were activated. (f) 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. Attendance at NTIA-SHLB 2012 Conference in Arlington, VA. (g) Wireless Network: Activities related to the allocation of facilities for the Terrestrial Network are in progress. The engineering design implementation for the Wireless Towers allocations was initiated. (h) FCC Licensing: As of May 31, pending issuance of FCC licenses.

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	96	No significant variance from baseline
2b.	Environmental Assessment	100	No variance from baseline
2c.	Network Design	95	Variance of 4% due to redesign of network in accordance with approved route change.
2d.	Rights of Way	100	Actual 101.99%. 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	96	Variance of 2% from baseline due to delays in FCC license issuance
2g.	Equipment Procurement	82	Variance of 15% from baseline due to delays in FCC license issuance
2h.	Network Build (all components - owned, leased, IRU, etc)	99	No significant variance from baseline
2i.	Equipment Deployment	54	Variance of 18% from baseline due to delays in FCC license issuance
2j.	Network Testing	50	Variance of 6% from baseline due to delays in 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).
 Due to delays in the receipt of FCC licenses, we were unable to commence the installation and activation of our terrestrial microwave network in Q2-2012.

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	Delays in issuance of FCC licenses. Deployed wireless infrastructure pending link activation, testing & acceptance.

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	Delays in issuance of FCC licenses.
Number of new towers	0	Delays in issuance of FCC licenses.
Number of new and/or upgraded interconnection points	2	Delays in issuance of 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	16
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, Columbus Networks, Puerto Rico Webmasters (PRW), and AT&T have established interconnectivity. The other five (5) pending networks are constructing/provisioning last mile connectivity to PRBI interconnection site, or are awaiting for activation of a terrestrial POP nearest to their facilities. 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	11	Agreements signed with 16 providers - +2 over original baseline projection. 11 network interconnections are currently active. Pending ongoing last mile and port preparation by broadband providers in order to activate remaining 5 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	11	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 offers peering services in Puerto Rico and Florida. These services allow for the local exchange of traffic between networks. Peering is 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 health information exchange for Puerto Rico. 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).

(a) Receipt of FCC licenses, and initiation of activation of microwave network. We estimate deployment of 136 Miles in the licensed microwave network by the end of the next quarter.
 (b) Finalization of tower site leasing agreement(s).
 (c) Engineering Design Implementation: Continuity of Wireless Towers allocations.
 (d) Interconnection Agreements: continuity of the execution of additional interconnection agreements; Anticipate the execution of one new interconnection agreement for broadband wholesaler/last mile provider during the quarter.
 (e) Network Interconnectivity: Continuity of activation of peering and interconnection with content and network providers at MIA-NAP. Working to establish physical presence at PRBI facilities in Puerto Rico for key content providers. We anticipate the activation of interconnections with two broadband wholesaler/last mile networks during the quarter. We do not anticipate activation of any CAIs during the quarter.

2. Please provide the percent complete for the following key milestones in your project. Write "0" in the Planned Percent Complete column and "N/A" in the Narrative column if your project does not include this activity. If you provided additional milestones in your baseline plan, please insert them at the bottom of the table. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the next reporting quarter. Please provide a narrative description if the percent complete is different from the target provided in your baseline plan (300 words or less).

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2a.	Overall Project	98	No significant variance from baseline
2b.	Environmental Assessment	100	No variance from baseline
2c.	Network Design	95	No significant variance from baseline
2d.	Rights of Way	100	No significant variance from baseline
2e.	Construction Permits and Other Approvals	0	N/A
2f.	Site Preparation	98	No significant variance from baseline
2g.	Equipment Procurement	92	Procurement of licensed wireless equipment delayed due to FCC license issuance delays.
2h.	Network Build (all components - owned, leased, IRU, etc.)	99	No significant variance from baseline
2i.	Equipment Deployment	65	Deployment delayed due to FCC license issuance delays
2j.	Network Testing	59	Testing delayed due to FCC license issuance delays
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).

(a) 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. Hurricane season officially started in June, and peak season is during the months of August & September. (b) 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 in compliance, we are limiting what we contract our and supervising work on a regular basis. (c) Tower Sites. In the event that a tower/rooftop site becomes unavailable, we will face delays in deployment of the terrestrial network and will be forced to seek an alternative site and submit for a new route change and new FCC licenses. Some sites will have more impact than others in the overall network build-out.

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	\$330,845	\$0	\$330,845	\$347,801	\$0	\$347,801
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	\$605,024	\$0	\$605,024	\$701,758	\$0	\$701,758
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	\$483,116	\$0	\$483,116	\$484,116	\$0	\$484,116
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$622,031	\$0	\$622,031	\$647,771	\$0	\$647,771	\$720,706	\$0	\$720,706
j. Equipment	\$2,149,732	\$760,950	\$1,388,782	\$1,781,377	\$760,935	\$1,020,442	\$2,027,019	\$760,935	\$1,266,084
k. Miscellaneous	\$29,571	\$5,475	\$24,096	\$43,280	\$0	\$43,280	\$47,719	\$0	\$47,719
l. SUBTOTAL (add a through k)	\$32,288,795	\$6,606,425	\$25,682,370	\$31,141,913	\$6,600,935	\$24,540,978	\$31,579,619	\$6,600,935	\$24,978,684
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	\$31,141,913	\$6,600,935	\$24,540,978	\$31,579,619	\$6,600,935	\$24,978,684

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: \$276,709