

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
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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) 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 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): 11-14-2011
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Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).
 (a) Terrestrial Network Deployment: Negotiations and execution of agreements for tower sites in progress. RFP/RFQ for wireless network equipment was issued. We received responses from over 10 vendors, and are completing our formal review. (b) Interconnection Agreements: Execution of interconnection agreement with Community Anchor Institutions and 1 new Broadband Provider. Ongoing negotiations with broadband providers, government agencies and other community anchor institutions. (c) Peering & Provisions: Continued negotiations and activation of peering agreements with network & content providers in MIA-NAP. Over 40 organizations now peered. Two new provisions for broadband providers were completed. (d) Steering Committee: First meeting held at the end of 2nd quarter reporting period. (e) Employee recruiting is ongoing. (f) Provisioning: Continuity of provisioning of interconnections with broadband provider networks. 1 new network activated (g) Community Outreach: Implementation of Community Outreach plan. Meetings held with other ARRA and BTOP recipients, government representatives and agencies, and educational institutions seeking collaboration to support the expansion of broadband usage. In process of finalizing interconnection agreements with Department of Education and the Puerto Rico Health Information Network (PRHIN). (h) Facilities: Facility readiness for rooftop access is in process. The electrical and fiber connectivity was completed. (i) Wireless Network: Preparations for a route change submission is in process as a result of engineering review and loss of some originally planned sites. Alternative sites have already been identified and submitted for review by the SHPO, who has issued their confirmation that no historic properties will be affected.

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	90	No variance from revised projections
2b.	Environmental Assessment	100	No variance from baseline
2c.	Network Design	73	No significant variance from revised projections
2d.	Rights of Way	64	Variance of 30% from revised projections due to route change preparations & negotiations for wireless sites.
2e.	Construction Permits and Other Approvals	0	N/A
2f.	Site Preparation	92	Variance of 11% from revised projections, 3% from baseline due to route change preparations & negotiations for wireless sites.
2g.	Equipment Procurement	54	Variance of 7% from revised projections, 28% from baseline due to route change preparations & negotiations for wireless sites.
2h.	Network Build (all components - owned, leased, IRU, etc)	99	No variance from projections or baseline
2i.	Equipment Deployment	24	Variance of 2% from revised projections, 18% from baseline due to route change preparations & negotiations for wireless sites.
2j.	Network Testing	13	Variance of 3% from revised projections, 12% from baseline due to route change preparations & negotiations for wireless sites.
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).
 We are in the process of preparing a request for route change, due to the loss of several sites and a new obstruction. Redesign of the network and identification of alternative sites took longer than expected. SHPO's response also took longer than expected. The route change will be submitted early next quarter. Until the route change is approved, we cannot finalize all the rights of way, FCC licensing or equipment procurement. Our projected milestone achievements for the coming quarter are based on the assumption that NTIA will approve the route change promptly.

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 of 43 miles due to finalization of contracts for tower sites and pending route change submission.
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	Variance of 6 due to finalization of contracts for tower sites and pending route change submission.
Number of new towers	0	Variance of 4 due to finalization of contracts for tower sites and pending route change submission.
Number of new and/or upgraded interconnection points	2	Variance of 5 due to finalization of contracts for tower sites and ending route change submission.

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	11
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	14
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, AWV, Red Dog, and Columbus Networks have already established interconnectivity. The other five (5) pending networks are in the process of constructing their last mile to the 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/IXP 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 from baseline
	Providers with signed agreements receiving improved access	6	On-going last mile construction by broadband providers with signed interconnection agreements.

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Providers with signed agreements receiving access to dark fiber	0	No variance from baseline
	Please identify the speed tiers that are available and the number of subscribers for each	6	Services are available from 100Mbps to 1Gbps+
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	Calculations for Community Anchor Institutions served included connectivity to be provided via interconnected last mile providers. Providers will report their interconnected CAIs in 2012.
	Subscribers receiving new access	0	No variance
	Subscribers receiving improved access	0	Calculations for Community Anchor Institutions served included connectivity to be provided via interconnected last mile providers. Providers will report their interconnected CAIs in 2012.
	Please identify the speed tiers that are available and the number or 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, both in Puerto Rico and in Florida. These services will 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	Narrative description of how anchor institutions are using BTOP-funded infrastructure

			institution? (Yes / No)	
N/A	N/A	N/A	N/A	No CAI directly connected to date.

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) Submission of the Route Change. (b) Subject to route change approval, finalization of tower site capital lease agreement(s). (c) Engineering Design Implementation: Subject to route change approval, completion of rooftop facilities and initiation of wireless site deployment allocations. Final selection of vendor(s) for the wireless network equipment; (d) Interconnection Agreements: ongoing negotiations with Providers, government & CAI. Execution of additional interconnection agreements. We project 2 new interconnections agreements with broadband providers. (e) CAI's served will be reported by interconnected networks to PRBI in Q1 2012, for reporting to NTIA in Q2 2012. (f) Network Interconnectivity: Continuity of activation of network interconnection in PR, and activation of peering and interconnection with content and network providers at MIA-NAP. (g) Network Deployment. Subject to route change, we anticipate deployment of wireless network initiating in Q1 2012.

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	96	3% variance as a result of site acquisitions, delayed network equipment arrival.
2b.	Environmental Assessment	100	No variance
2c.	Network Design	79	No significant variance
2d.	Rights of Way	100	Completion of acquisition of all wireless sites.
2e.	Construction Permits and Other Approvals	0	N/A
2f.	Site Preparation	95	No variance
2g.	Equipment Procurement	88	No variance
2h.	Network Build (all components - owned, leased, IRU, etc.)	99	No variance
2i.	Equipment Deployment	35	Wireless network equipment expected to arrive at the end of the quarter.
2j.	Network Testing	19	Wireless network equipment expected to arrive at the end of the quarter.
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) Route Change. Any delay in our ability to submit the route change for NTIA review, or in NTIA's response to our request, will impact the planned progress of the project. (b) 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. (c) 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 non-compliance, we are limiting what we contract our and supervising work on a regular basis.

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	\$224,823	\$0	\$224,823	\$267,961	\$0	\$267,961
b. Land, structures, right-of-ways, appraisals, etc.	\$27,151,000	\$5,840,000	\$21,311,000	\$26,515,000	\$5,840,000	\$20,675,000	\$27,151,000	\$5,840,000	\$21,311,000
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	\$312,934	\$0	\$312,934	\$386,640	\$0	\$386,640
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	\$481,388	\$0	\$481,388	\$505,212	\$0	\$505,212
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$622,031	\$0	\$622,031	\$384,466	\$0	\$384,466	\$465,469	\$0	\$465,469
j. Equipment	\$2,149,732	\$760,950	\$1,388,782	\$1,155,265	\$578,380	\$576,885	\$2,313,238	\$978,380	\$1,334,858
k. Miscellaneous	\$29,571	\$5,475	\$24,096	\$8,477	\$0	\$8,477	\$36,157	\$0	\$36,157
l. SUBTOTAL (add a through k)	\$32,288,795	\$6,606,425	\$25,682,370	\$29,086,853	\$6,418,380	\$22,668,473	\$31,130,177	\$6,818,380	\$24,311,797
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	\$29,086,853	\$6,418,380	\$22,668,473	\$31,130,177	\$6,818,380	\$24,311,797

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: \$48,193
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