

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) 03-31-2012	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 Vicki Johnson	7c. Telephone (area code, number and extension) 3407141635
	7d. Email Address vjohnson@usvipfa.com

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 05-30-2012
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Project Indicators (This Quarter)

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

The Virgin Islands Public Finance Authority (VIPFA)/Virgin Islands Next Generation Network (viNGN)'s team continued to make progress with its network build-out. Construction of the two Super FAPs (Facility Access Points), one on St. Thomas and one on St. Croix, is well underway. These will be the first locations where the team can test and light the off-island internet connection points which are being facilitated via an Indefeasible Right of Use (IRU) and Collocation Agreements with Global Crossing/Level 3.

VIPFA/viNGN also concluded a competitive procurement process to select contractors to construct six FAPs, three each on St. Thomas and St. Croix. The team obtained the building permits and is prepared to issue Notices to Proceed immediately after the construction contracts have been finalized. Construction is expected to begin by the end of Quarter 2, CY 2012. The team also received construction drawings for an additional twelve (12) FAPs and expects to issue a solicitation for the construction of these FAPS during May 2012.

In addition, VIPFA/viNGN purchased 100% of the main network management equipment/switch gear needed for the fiber connections at each FAP, for more than two-thirds of the Community Anchor Institutions (CAIs), for turning on and lighting the network and for managing the network. This purchase includes the software needed to ensure that devices on the network can communicate with each other and to support the partitioning of data/setting up of individual accounts/provisioning. All of the equipment is CISCO-branded equipment.

The viNGN management team continues to negotiate with AT&T to lease a SONET OC-48 connection between St. Thomas and St. Croix for up to two years to ensure broadband capacity between the two islands until viNGN is able to build out and/or otherwise obtain capacity along this segment of the approved network route.

Further, along with its design engineers, the team continued to assess strategies for accelerating the network build and lighting some segments faster, without creating a cost-prohibitive environment. The strategies being considered include: 1) using pre-fabricated manholes, rather than constructing them; 2) contracting for seven day work weeks; 3) contracting for multiple work shifts; and 4) offering performance incentives for early, satisfactory completion. The team will continue to identify ways to improve productivity and to accelerate implementation.

During Quarter 1, Calendar Year (CY) 2012, VIPFA/viNGN hired a Warehouse Manager to manage the St. Croix warehouse. The Warehouse Manager is supervised by the viNGN Director of Property and Procurement who, in turn, is supervised by the viNGN Chief Financial Officer and is responsible for inventory control, including receiving property, logging in property, planning the arrangement of property within the warehouse, identifying any special requirements for certain stock, maintaining property, securing property, maintaining records/administrative documents, maintaining automated storage and retrieval systems, controlling access to the warehouse, signing out assets and reporting on the status of property.

Moreover, during Quarter 1, CY 2012, a Broadband Technology Opportunities Program (BTOP) team from National Telecommunications and Information Administration (NTIA) and National Oceanic and Atmospheric Administration (NOAA) conducted a routine site visit, including visits to the locations for the two SuperFAPs, the landing site for the Global Crossing/Level 3 connection on St. Croix and locations for the WAPA-owned conduit and utility poles for which access is being provided as local match. The visiting NTIA/NOAA team cited significant improvements in financial management, internal controls and compliance related to VIPFA/viNGN's management of its BTOP projects.

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		31	<p>The VIPFA/viNGN team remains confident that its network will be built-out by June/July 2013, despite experiencing delays in the build-out of the infrastructure during Quarter 1, CY 2012, which resulted in a very modest improvement in its overall percentage completion from Quarter 4, CY 2011. Under performance against this baseline milestone is due to the fact that the new management team is reviewing the project schedule and reassessing some of the business decisions that were made by the former management team, including: 1) the phasing of the construction; 2) the type and number of manholes to be utilized and installed; and 3) the timing of the procurement of long lead items, e.g. additional fiber. As a result of this reassessment, the issuance of the solicitations for construction administration and inspection services, trenching, fiber pulling and splicing for existing underground conduit, and aerial fiber pulling and splicing was delayed. The team also experienced delays in finalizing the negotiations of the AT&T SONET OC-48 lease agreement to connect St. Thomas and St. Croix; thus, those additional leased network miles could not be reported during Quarter 1, CY 2012, as expected. Negotiations are near to completion, and the VIPFA/viNGN team expects that the up to two-year lease agreement will be executed during Quarter 2, CY 2012.</p> <p>Additional progress towards meeting the baseline milestone targets has been made. 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.</p> <p>Significant progress is expected during the next two quarters, as the team finalizes several of the key solicitations and network build and lease contracts and begins the excavation, trenching and fiber pulling activities and construction of regular FAPs.</p> <p>As VIPFA/viNGN begins its excavation, trenching and fiber pulling and splicing activities and continues with the SuperFAP and FAP construction through Quarter 3, CY 2012, the team will coordinate with contractors to work on accelerated schedules. The team will continue to engage in active oversight of all project activities to assess 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 final engineering design plans and approvals and related environmental assessments for minimal location changes for a few of the FAPs and beach manhole landings. The assessment of the final location of a few FAPs and beach manhole landings is in the final stages, and completion of the assessment and the related designs are anticipated during Quarter 2, CY 2012.</p>
2c. Network Design		90	<p>The VIPFA/viNGN team is in the final stages of making adjustments in the design of the network to include reducing the number of FAPs and the number of underground conduits. These changes will not impact the capacity of the network or its effectiveness, and no additional route changes are anticipated. These changes will positively impact the implementation of the project and its "sustainability" by reducing the time needed to build the network, construction costs, and ongoing operational and maintenance costs.</p>

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
	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. Because a few FAP locations and BMH landings are being reassessed and designed, the rights of way will be adjusted once the designs have been approved and any environmental assessments completed. Completion of the assessment and the related designs are anticipated during Quarter 2, CY 2012, and the rights of way should be finalized during the following quarter.</p>
	2e. Construction Permits and Other Approvals	91	<p>The VIPFA/viINGN team has obtained 25% of the construction permits for the FAPs; an additional 40% of the approvals are expected during Quarter 2, CY 2012. The team is awaiting the final engineering design plans and approvals and the environmental assessments for the location changes for a few of the FAPs and Beach manhole landings. Construction permits and other approvals will be obtained after these are finalized and approved.</p>
	2f. Site Preparation	1	<p>Contracts have been signed, and construction has begun on the two (2) SuperFAPS, one on St. Croix and one on St. Thomas. Significant progress has been made. The site preparation for both of these FAPs is complete. Construction of the St. Thomas FAP is more than 60% complete, and the St. Croix FAP is more than 20% complete. Completion of the St. Croix FAP was expected to take longer, as there is considerably more site preparation and there are special design and construction requirements that were mandated by the State Historic Preservation Officer (SHPO). Completion of the construction of both of the SuperFAPS is expected by late Quarter 2, CY 2012/early Quarter 3, CY 2012.</p> <p>VIPFA/viINGN also concluded a competitive procurement process to select contractors to construct six FAPs, three each on St. Thomas and St. Croix. The team obtained the building permits and is prepared to issue Notices to Proceed immediately after the construction contracts have been finalized. Construction is expected to begin by the end of Quarter 2, CY 2012. The team also received construction drawings for an additional twelve (12) FAPs and expects to issue solicitations for the construction of these FAPS during May 2012.</p> <p>Requests for Proposals (RFPs) for the remaining FAPs are very near to completion and are expected to be issued during Quarter 2, CY 2012. Further, the RFPs for the aerial pulling and splicing, fiber pulling and splicing in existing underground conduit and excavation are anticipated to be released during late Quarter 2, CY 2012/early Quarter 3, CY 2012. Site preparation for all of these activities will follow shortly thereafter.</p> <p>The VIPFA/viINGN team will coordinate with contractors to work on accelerated schedules. The team will continue to engage in active oversight of all project activities to assess 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	85	<p>The VIPFA/viINGN team has made significant progress in its equipment procurement activities and has now exceeded the percentage completion against this baseline milestone target. The team has purchased more than 90% of the network management equipment needed for the build-out of the network. The team is awaiting delivery and final testing of these routers and switches to begin the staging for the placement of the equipment. Once the SuperFAPS and FAPs are</p>

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
			<p>built, the routers and switches will be installed to await final connection to the fiber to bring the network on line.</p> <p>Further, the team purchased a significant portion of the core backbone fiber (288 fiber strand count) required for its network during the past quarter.</p>
2h.	Network Build (all components - owned, leased, IRU, etc)	10	<p>Significant progress has been made with the construction of the two SuperFAPs; completion of the construction of the SuperFAPs is expected during late Quarter 2, CY 2012/early Quarter 3, CY 2012. Once they are completed, progress against this milestone will improve. Delays are anticipated in the core network build out until excavation and trenching and aerial and underground fiber pulling and splicing activities commence during the next two quarters and until the lease agreement for the SONET OC-48 with AT&T to connect St. Thomas and St. Croix is executed. Based on the status of current negotiations with AT&T, the agreement is expected to be fully executed during Quarter 2, CY 2012.</p> <p>A fifteen (15) year Indefeasible Right of Use (IRU) and collocation agreements for New York City and Miami were signed with Global Crossing/Level 3 during the past quarter.</p>
2i.	Equipment Deployment	0	<p>Given that 1) VIPFA/viNGN has purchased a large portion of the network management equipment, 2) significant progress has been made with the construction of the two SuperFAPs, 3) the construction of the SuperFAPs is expected to be completed during late Quarter 2, CY 2012/early Quarter 3, CY 2012, 4) construction of the remaining FAPs is expected to begin during Quarter 2, CY 2012, 5) fiber pulling and splicing in underground conduit is expected to begin during Quarter 3, CY 2012, and 6) aerial fiber pulling and splicing is expected to begin during Quarter 3, CY 2012, progress against this milestone will improve during the next two quarters, as the equipment can be deployed with the start and completion of these activities.</p>
2j.	Network Testing	3	<p>Network testing will be ongoing in alignment with equipment purchases and network build out. The initial alpha testing of the network's core gateway routers in a lab environment was completed during Quarter 4, CY 2011. No testing was carried out during Quarter 1, CY 2012; however, with the purchase of a large portion of the network management equipment during Quarter 1, CY 2012 and the planned completion of construction of the SuperFAPs by late Quarter 2, CY 2012/early Quarter 3, CY 2012, final testing and staging for placement of the routers and switches will begin during the latter part of Quarter 2, CY 2012 or early in Quarter 3, CY 2012. Once the FAPs are built, the routers and switches will be installed to await final connection to the fiber to bring the network on line.</p>
2k.	Other (please specify):	0	<p>The VIPFA/viNGN team has 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 some delays in the implementation, as outlined in 2a. through 2h. above. Significant progress is expected during the next two quarters.</p>
<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).</p> <p>Though the VIPFA/viNGN team remains confident that its network will be built-out by June/July 2013, despite the delays it has experienced to date, the team will continue to work closely with the assigned BTOP program team members to identify ways to speed up the implementation. Discussions will include the experiences from other BTOP grantees who have experienced and/or are experiencing delays in implementation but have identified or developed ways to speed up their infrastructure build.</p>			

Further, BTOP program team members and VIPFA/viNGN team members plan to coordinate a discussion/discussions with the National Telecommunication and Information Administration (NTIA)'s Director of Minority Telecom Development.

VIPFA/viNGN continues to build its new management and project implementation team. 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 and the requirement network management equipment; 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.

The team expects to overcome the delays experienced to date by coordinating with its contractors to work on accelerated schedules and to identify and create ways to speed up project activities. This will include any guidance that is received from 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)
New network miles deployed	0	<p>The VIPFA/viNGN team remains confident that its network will be built-out by June/July 2013, despite the delays it has experienced to date. The team already purchased a significant portion of the core backbone fiber (288 fiber strand count) required for its network during the past quarter, and it is currently warehousing it on St. Thomas and St. Croix to ensure that it is immediately available for deployment. During Quarter 2, CY 2012 and Quarter 3, CY 2012, the team expects to complete the procurement for the remainder of its fiber needs.</p> <p>In addition, the team executed a fifteen (15) year Indefeasible Right of Use (IRU) and collocation agreements for New York City and Miami with Global Crossing/Level 3 during the past quarter, and with the expected execution of the lease agreement with AT&T for the SONET OC-48 to connect St. Thomas and St. Croix, the team expects to have additional new network miles to deploy during Quarter 2, CY 2012.</p> <p>Further, construction of the two SuperFAPs is well underway; construction of the remaining FAPs is expected to begin during Quarter 2, CY 2012; and, a large portion of the network management equipment has been procured and is being prepared for testing and staging for placement.</p> <p>Thus, under performance against this baseline indicator is largely due to the delays documented in Section 2 and Section 3 above in this report. Once the RFPs for the aerial fiber pulling and splicing, existing underground fiber pulling and splicing and trenching/excavation are issued during Quarter 2, CY 2012 and Quarter 3, CY 2012 and contracts signed soon after, significant progress is anticipated during the latter half of CY 2012.</p> <p>The VIPFA/viNGN team will coordinate with contractors to work on accelerated schedules and actively identify and create ways to speed up the implementation and to improve the coordination of construction activities to close the gap against the Baseline during CY 2012.</p>

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
New network miles leased	3,313	<p>VIPFA/viNGN team is currently over performing against the Baseline Indicator for the current quarter (i.e. Quarter 3 of Year 2 of the project) and, in fact, exceeds the Baseline Indicator targets that were set through Quarter 2 of Year 3 of the project due to the successful negotiation of a fifteen (15) year Indefeasible Right of Use (IRU) and collocation agreements for New York City and Miami with Global Crossing/Level 3 during the past quarter.</p> <p>With the expected execution of the lease agreement with AT&T for the SONET OC-48 to connect St. Thomas and St. Croix , the team expects to report additional new network miles under lease during Quarter 2, CY 2012.</p>
Existing network miles upgraded	0	<p>Under performance against this baseline indicator is largely due to the delays documented in Section 2 and Section 3 above in this report. The VIPFA/viNGN team remains confident that existing network miles will be upgraded and its network will be built-out by June/July 2013, despite the delays it has experienced to date.</p> <p>The team already purchased a significant portion of the core backbone fiber (288 fiber strand count) required for its network during the past quarter, and it is currently warehousing it on St. Thomas and St. Croix to ensure that it is immediately available for deployment. During Quarter 2, CY 2012 and Quarter 3, CY 2012, the team expects to complete the procurement for the remainder of its fiber needs.</p> <p>In addition, the team executed a fifteen (15) year Indefeasible Right of Use (IRU) and collocation agreements for New York City and Miami with Global Crossing/Level 3 during the past quarter, and with the expected execution of the lease agreement with AT&T for the SONET OC-48 to connect St. Thomas and St. Croix, the team expects to have additional new network miles to deploy during Quarter 2, CY 2012.</p> <p>Further, construction of the two SuperFAPs is well underway; construction of the remaining FAPs is expected to begin during Quarter 2, CY 2012; and, a large portion of the network management equipment has been procured and is being prepared for testing and staging for placement.</p> <p>Once the RFPs for the aerial fiber pulling and splicing, existing underground fiber pulling and splicing and trenching/excavation are issued during Quarter 2, CY 2012 and Quarter 3, CY 2012 and contracts signed soon after, significant progress is anticipated during the latter half of CY 2012.</p> <p>The VIPFA/viNGN team will coordinate with contractors to work on accelerated schedules and actively identify and create ways to speed up the implementation and to improve the coordination of construction activities to close the gap against the Baseline during 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 largely due to the delays documented in Section 2 and Section 3 above in this report. The VIPFA/viNGN team remains confident that its network will be built-out by June/July 2013, despite the delays it has experienced to date.</p> <p>The team already purchased a significant portion of the core backbone fiber (288 fiber strand count) required for its network during the past quarter, and it is currently warehousing it on St. Thomas and St. Croix to ensure that it is immediately available for deployment. During Quarter 2, CY 2012 and Quarter 3, CY 2012, the team expects to complete the procurement for the remainder of its fiber needs.</p> <p>In addition, construction of the two SuperFAPs is well underway; construction of the remaining FAPs is expected to begin during Quarter 2, CY 2012; and, a large portion of the network management equipment has been procured and is being prepared for testing and staging for placement.</p> <p>Once the RFPs for the aerial fiber pulling and splicing, existing underground fiber pulling and splicing and trenching/excavation are issued during Quarter 2, CY 2012 and Quarter 3, CY 2012 and contracts signed soon after, significant progress is anticipated during the latter half of CY 2012.</p> <p>The VIPFA/viNGN team will coordinate with contractors to work on accelerated schedules and actively identify and create ways to speed up the implementation and to improve the coordination of construction activities to close the gap against the Baseline during 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 largely due to the delays documented in Section 2 and Section 3 above in this report. The VIPFA/viNGN team remains confident that its network will be built-out by June/July 2013, despite the delays it has experienced to date.</p> <p>Construction of the two SuperFAPs is well underway; construction of the remaining FAPs is expected to begin during Quarter 2, CY 2012; and, a large portion of the network management equipment has been procured and is being prepared for testing and staging for placement.</p> <p>In addition, the team already purchased a significant portion of the core backbone fiber (288 fiber strand count) required for its network during the past quarter, and it is currently warehousing it on St. Thomas and St. Croix to ensure that it is immediately available for deployment. During Quarter 2, CY 2012 and Quarter 3, CY 2012, the team expects to complete the procurement for the remainder of its fiber needs.</p> <p>Once the RFPs for the aerial fiber pulling and splicing, existing underground fiber pulling and splicing and trenching/excavation are issued during Quarter 2, CY 2012 and Quarter 3, CY 2012 and contracts signed soon after, significant progress is anticipated during the latter half of CY 2012.</p>

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
		The VIPFA/viNGN team will coordinate with contractors to work on accelerated schedules and actively identify and create ways to speed up the implementation and to improve the coordination of construction activities to close the gap against the Baseline during CY 2012.

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 expects to execute a short-term lease agreement with a second wholesale service provider, AT&T, during Quarter 2, CY 2012. The 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/last mile 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. viNGN held a Broadband Coalition business and technical conference during January 2012 to further facilitate discussions to support viNGN's efforts to develop an optimal range of types of products and services to be offered by viNGN. Broadband Coalition meetings and technical conferences are 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 discussions held to date with last mile providers, viNGN has received indications of interest to enter into agreements.

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 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)

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Broadband Wholesalers or Last Mile Providers	Providers with signed agreements receiving new access	0	No variance from the Baseline Indicator target
	Providers with signed agreements receiving improved access	0	<p>Refer to the response to Section 5b above in this report.</p> <p>Under performance against this baseline indicator is due to the fact that we have not completed the build-out of the network segments that will enable us to provide improved access to providers; however, as the FAP construction is completed during the next three quarters, the team will be positioned to come in line with the Baseline Indicator targets.</p> <p>The VIPFA/viNGN team will coordinate with contractors to work on accelerated schedules and actively identify and create ways to speed up the implementation and to improve the coordination of construction activities to close the gap against the Baseline during CY 2012. Performance against the Baseline is expected to improve during Quarter 3, CY 2012 and be in line with the Baseline by the end of Quarter 4, CY 2012.</p>
	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	<p>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.</p>
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	<p>Refer to the response to Section 5b above in this report.</p> <p>Under performance against this baseline indicator is due to the fact that we have not completed the build-out of the network segments that will enable us to provide improved access to providers; however, as the FAP construction is completed during the next three quarters, the team will be positioned to come in line with the Baseline Indicator targets.</p> <p>The VIPFA/viNGN team will coordinate with contractors to work on accelerated schedules and actively identify and create ways to speed up the implementation and to improve the coordination of construction activities to close the gap against the Baseline during CY 2012. Performance against the Baseline is expected to improve during Quarter 3, CY 2012 and be in line with the Baseline by the end of Quarter 4, CY 2012.</p>
	Subscribers receiving new access	0	<p>Refer to the response to Section 5b above in this report.</p> <p>Under performance against this baseline indicator is due to the fact that we have not completed the build-out of the network segments that will enable us to provide improved access to providers; however, as the FAP construction is completed during the next three quarters, the team will be positioned to come in line with the Baseline Indicator targets.</p> <p>The VIPFA/viNGN team will coordinate with contractors to work on accelerated schedules and actively identify and create ways to speed up the implementation and to improve the coordination of construction activities to close the gap against the Baseline during CY 2012. Performance against the Baseline is expected to improve during Quarter 3, CY 2012 and be in line with the Baseline by the end of Quarter 4, CY 2012.</p>

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Subscribers receiving improved access	0	<p>Refer to the response to Section 5b above in this report.</p> <p>Under performance against this baseline indicator is due to the fact that we have not completed the build-out of the network segments that will enable us to provide improved access to providers; however, as the FAP construction is completed during the next three quarters, the team will be positioned to come in line with the Baseline Indicator targets.</p> <p>The VIPFA/viNGN team will coordinate with contractors to work on accelerated schedules and actively identify and create ways to speed up the implementation and to improve the coordination of construction activities to close the gap against the Baseline during CY 2012. Performance against the Baseline is expected to improve during Quarter 3, CY 2012 and be in line with the Baseline by the end of Quarter 4, CY 2012.</p>
	Please identify the speed tiers that are available and the number or subscribers for each	0	<p>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.</p>
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	None this quarter	None this quarter	No	None 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 2, CY 2012:

- Finalize the negotiations with AT&T for an IRU for the SONET OC-48 to connect St. Thomas and St. Croix and execute the related short-term, wholesale agreement which will result in an additional 46.6 miles (75 kilometers) for the network;
- Issue an Invitation for Bid (IFB) and select a vendor to supply the remaining fiber needs;
- Execute an agreement with the selected vendor to supply fiber and issue a Purchase Order for the remaining fiber;
- Begin construction of the first six (6) regular FAPs;
- Complete the design work for the next phase of regular FAPs;
- Issue RFPs for the next phase of FAP construction;
- Order additional network management equipment from UDT;
- Continue to coordinate with contractors to work on accelerated schedules and actively identify and create ways to speed up the implementation and to improve the coordination of construction activities to close the gap against the Baseline during CY 2012; Discussions will also include construction status against the implementation schedule and overall contract terms, approaches to accelerate construction activities and impediments to accelerating progress in the construction schedule;
- Continue to assess the project implementation schedule and the network design to identify ways to speed up the build-out and “lighting up” of the network and to reduce network construction, operational and maintenance costs;
- Work with the BTOP program team and grants office, in efforts to finalize the revised project implementation schedule and the related budget to reflect the U.S. Department of Commerce-approved route change;
- Complete the construction of the St. Thomas SuperFAP and place the network management equipment in it;
- Engage the project’s archaeological team, Maguire, in monitoring identified cultural resource sites which are located within viNGN’s construction zones on St. Croix;
- Finalize and release solicitation(s) for excavation and trenching;
- Finalize and release solicitation(s) for fiber pulling and splicing for existing underground conduit;
- Finalize and release solicitation(s) for aerial fiber pulling and splicing;
- Hire a Project Manager, based on St. Croix, in order to most effectively implement and monitor program activities on St. Croix;
- Continue negotiations with the vendor selected to provide the Operational Support Systems and Business Support Systems (OSS/ BSS) Software;
- Complete the engineering design work for the minimal relocation of a few FAPs and potentially a few beach manhole landings;
- Continue to work to obtain the remaining building permits and rights of way access necessary for the construction of the FAPs and for the Community Anchor Institution (CAI)/anchor tenant build out; and,
- Continue to build out the management and project implementation team.

With the actions outlined above expected to be taken to speed up the build schedule, VIPFA/viNGN expects to be in line with the Baseline targets by the end of Quarter 1, CY 2013 for 1) the number of miles planned for deployment, 2) the number of CAIs planned for re-connection, and 3) the number of broadband wholesaler/last-mile provider agreements planned to be signed. Further, during Quarter 2, CY 2012, VIPFA/viNGN expects to lease an additional 46.6 miles (75 kilometers) through the IRU/wholesale agreement with AT&T; however, these miles are not expected to be "deployed" operationally until late CY 2012/CY 2013. Further, the first phase of CAIs are expected to be connected during late CY 2012/early CY 2013.

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 2, CY 2012, as reflected in the project accomplishments planned that are outlined in Item #1 above and based on total anticipated expenditures through Quarter 2, CY 2012. The team does 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 and splicing activities and continues with the SuperFAP and regular FAP construction through Quarter 3, CY 2012, the team will coordinate with contractors to work on accelerated schedules. Also, as the team proceeds 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 Baseline Milestone target
2c.	Network Design	100	No variance from Baseline Milestone target
2d.	Rights of Way	90	Additional progress is expected during Quarter 2, 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 Baseline Milestone target
2f.	Site Preparation	5	Additional progress is expected during Quarter 2, CY 2012, with the anticipated finalization of the solicitations for additional FAP construction and 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 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.
2g.	Equipment Procurement	90	VIPFA/viNGN anticipates over performing against this Baseline Milestone target. The VIPFA/viNGN team has made significant progress in its equipment procurement activities and currently exceeds the percentage completion against this Baseline Milestone target. The team has purchased more than 90% of the network management equipment needed for the build-out of the network. The team is awaiting delivery and final testing of these routers and switches to begin the staging for the placement of the equipment. Once the SuperFAPs and FAPs are built, the routers and switches will be installed to await final connection to the fiber to bring the network on line. Further, the team purchased a significant portion of the core backbone fiber (288 fiber strand count) required for its network during the past quarter.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2h.	Network Build (all components - owned, leased, IRU, etc.)	15	<p>Additional progress is expected during Quarter 2, CY 2012, with the construction of the two SuperFAPs; completion of the construction of the SuperFAPs is expected during late Quarter 2, CY 2012/early Quarter 3, CY 2012. Once they are completed, progress against this milestone will improve. Delays are anticipated in the core network build out until excavation and trenching and aerial and underground fiber pulling and splicing activities commence during the next two quarters and until the lease agreement for the SNET OC-48 with AT&T to connect St. Thomas and St. Croix is executed. Based on the status of current negotiations with AT&T, the agreement is expected to be fully executed during Quarter 2, CY 2012.</p> <p>A fifteen (15) year Indefeasible Right of Use (IRU) and collocation agreements for New York City and Miami were signed with Global Crossing/Level 3 during the past quarter.</p> <p>Alternative plans to illuminate the network are currently being considered, e.g. consideration is being given to connecting the SuperFAPs prior to the completion of the excavation. The team has engaged its design team and the project engineers to identify and/or develop approaches to accelerate implementation, including redesigning the deployment of network miles, without compromising the capabilities of the network. This is likely to include design changes. No route changes are anticipated.</p>
2i.	Equipment Deployment	3	<p>Additional progress is expected during Quarter 2, CY 2012. Given that 1) VIPFA/viNGN has purchased a large portion of the network management equipment, 2) significant progress has been made with the construction of the two SuperFAPs, 3) the construction of the SuperFAPs is expected to be completed during late Quarter 2, CY 2012/early Quarter 3, CY 2012, 4) construction of the remaining FAPs is expected to begin during Quarter 2, CY 2012, 5) fiber pulling and splicing in underground conduit is expected to begin during Quarter 3, CY 2012, and 6) aerial fiber pulling and splicing is expected to begin during Quarter 3, CY 2012, progress against this milestone will improve during the next two quarters, as the equipment can be deployed with the start and completion of these activities.</p>
2j.	Network Testing	5	<p>Additional progress is expected during Quarter 2, CY 2012. Network testing will be ongoing in alignment with equipment purchases and network build out. The initial alpha testing of the network's core gateway routers in a lab environment was completed during Quarter 4, CY 2011. With the purchase of a large portion of the network management equipment during Quarter 1, CY 2012 and the planned completion of construction of the SuperFAPs by late Quarter 2, CY 2012/early Quarter 3, CY 2012, final testing and staging for placement of the routers and switches will begin during the latter part of Quarter 2, CY 2012 or early in Quarter 3, CY 2012. Once the FAPs are built, the routers and switches will be installed to await final connection to the fiber to bring the network on line.</p>
2k.	Other (please specify):	0	<p>The combination of the planned accomplishments, as outlined above, and the total expenditures anticipated through Quarter 2, 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.</p>

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).

Though the VIPFA/viNGN team remains confident that its network will be built-out by June/July 2013, despite the delays it has experienced to date, the team will continue to work closely with the assigned BTOP program team members to identify ways to speed up the implementation. Discussions will include the experiences from other BTOP grantees who have experienced and/or are experiencing delays in implementation but have identified or developed ways to speed up their infrastructure build.

Further, BTOP program team members and VIPFA/viNGN team members plan to coordinate a discussion/discussions with the National Telecommunication and Information Administration (NTIA)'s Director of Minority Telecom Development.

VIPFA/viNGN continues to build its new management and project implementation team. 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 and the

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requirement network management equipment; 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. Personnel changes within the management team may slow down program execution, though this is expected to be a short-term impact, given ongoing recruitment efforts and the reassignment of responsibilities. Also, the team still expects to hire additional personnel to implement project activities.

The VIPFA/viNGN team expects to overcome the delays experienced to date by coordinating with its contractors to work on accelerated schedules and to identify and create ways to speed up project activities. This will include any guidance that is received from 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	\$316,656	\$0	\$316,656	\$316,656	\$0	\$316,656
b. Land, structures, right-of-ways, appraisals, etc.	\$1,500,108	\$0	\$1,500,108	\$24,950	\$0	\$24,950	\$29,897	\$0	\$29,897
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	\$2,084,060	\$250,854	\$1,833,206	\$2,084,060	\$250,854	\$1,833,206
e. Other architectural and engineering fees	\$280,320	\$0	\$280,320	\$269,029	\$0	\$269,029	\$271,042	\$0	\$271,042
f. Project inspection fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
g. Site work	\$992,050	\$0	\$992,050	\$0	\$0	\$0	\$18,900	\$0	\$18,900
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$2,880,000	\$0	\$2,880,000	\$149,648	\$0	\$149,648	\$240,409	\$0	\$240,409
j. Equipment	\$66,838,777	\$28,886,379	\$37,952,398	\$24,399,654	\$15,330,277	\$9,069,376	\$24,554,014	\$15,361,774	\$9,192,239
k. Miscellaneous	\$11,179,661	\$0	\$11,179,661	\$265,277	\$0	\$265,277	\$268,266	\$0	\$268,266
l. SUBTOTAL (add a through k)	\$88,274,848	\$29,386,379	\$58,888,469	\$27,509,274	\$15,581,131	\$11,928,142	\$27,783,244	\$15,612,628	\$12,170,615
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	\$27,509,274	\$15,581,131	\$11,928,142	\$27,783,244	\$15,612,628	\$12,170,615

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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