

QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS

General Information

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| 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 |
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| 5. Current Reporting Period End Date (MM/DD/YYYY) 06-30-2013 | 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.

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| 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 |

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| 7b. Signature of Certifying Official Submitted Electronically | 7e. Date Report Submitted (MM/DD/YYYY): 08-20-2013 |
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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) team continued to make tremendous progress with its network build-out during Quarter 2, Calendar Year (CY) 2013.

All backbone trenching operations (i.e. all four segments) were completed during Quarter 2, CY 2013 in preparation for underground backbone fiber optic cable installation on St. Thomas and St. Croix, a critical performance milestone.

With the completion of trenching and continuing successful collaboration with the team's key partner, the U.S. Virgin Islands Water and Power Authority (WAPA), to ensure that utility poles are ready, another key milestone, VIPFA/viNGN began its underground backbone, aerial backbone, and later fiber installations which resulted in the following significant progress:

On St. Croix:

Aerial Backbone Fiber Installed = 20.0 miles

Underground Backbone Fiber Installed = 27.9 miles

Lateral Fiber Installed = 0.0 miles

Total Fiber Installed on St. Croix during Quarter 2, CY 2013 = 47.9 miles

On St. Thomas and on Water Islands:

Aerial Backbone Fiber Installed = 14.4 miles

Underground Backbone Fiber Installed = 6.7 miles

Lateral Fiber Installed = 13.9 miles

Total Fiber Installed on St. Thomas and Water Islands = 35.0 miles

On St. John:

Aerial Backbone Fiber Installed = 5.9 miles

Underground Backbone Fiber Installed = 0.0 miles

Lateral Fiber Installed = 0.0 miles

Total Fiber Installed on St. John = 5.9 miles

Cumulative Total Fiber Installed on St. Croix, St. Thomas, Water Island and St. John during Quarter 2, CY 2013:

Aerial Backbone Fiber Installed = 40.3 miles

Underground Backbone Fiber Installed = 34.6 miles

Lateral Fiber Installed = 13.9 miles

Cumulative Total Fiber Installed on All Islands = 88.8 miles

Further, as of June 30, 2013, the construction of FAP (Fiber/Facility Access Point) STX-05 at Estate La Reine on St. Croix was approximately 90% complete. The brick and mortar construction was 95% complete, while the AC (Air Conditioning) units, racking equipment and DC Power installation were pending. Also, FAP STX-06, located near the John Woodson School, was approximately 85% complete, and FAP STX-12 in Cotton Valley was nearly 80% complete. At FAP STX-06 and FAP STX 12, the Cisco System routers, AC unit, and DC backup power are pending installation. An additional four FAPs were under construction on St. Croix as of June 30, 2013.

On St. Thomas, the construction of four (4) FAPs began during Quarter 2, CY 2013, and contractors were selected for the construction of the remaining FAPs on St. Thomas. Construction of the remaining FAPs on St. Thomas by these contractors is expected to begin during Quarter 3, CY 2013.

Contractors were also selected to begin construction of FAPs on St. John, starting in Quarter 3, CY 2013.

In addition, during Quarter 2, CY 2013, VIPFA/viNGN hired two Network Technicians, one for the St. Thomas/St. John/Water Island District and one for the St. Croix District. The Network Technicians will perform "hands on"/day-to-day operational surveillance and network management tasks to ensure that the Gigabit Ethernet fiber optic network and its supporting systems and related services are operated/provided and maintained as cost effectively and efficiently as possible.

As a result of the progress noted above, the VIPFA/viNGN team was successful in executing its first contract with a last mile provider/Internet Service Provider (ISP)/retail service provider during Quarter 2, CY 2013. The contract is with Orbitel, a new market entrant which expects to offer cable television and Internet service to the general population in the U.S. Virgin Islands.

The team also held discussions and began negotiations with other last mile providers/Internet Service Providers (ISPs)/retail service providers during Quarter 2, CY 2013.

Moreover, NTIA and NOAA conducted a follow-up Site Visit during April 2013 and provided positive feedback on the improvements in internal controls and the overall management and implementation of the CCI program by the new VIPFA/viNGN team.

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 | 49 | <p>The VIPFA/viNGN team made tremendous progress with the construction of its middle mile network during Quarter 2, CY 2013. Refer to the response to Question 1 above for a summary of the significant accomplishments made during the reporting quarter. The progress outlined in the response to Question 1 above, combined with the total expenditures incurred to date, document the significant achievements made by the new management team at VIPFA/viNGN during a very short period of time.</p> <p>Also, much of the construction work that was completed has not been invoiced by construction contractors; thus, the actual percentage of completion of the project is underrepresented at 49%, i.e. when considering total federal expenditures plus allowable matching contributions alone. Expenditures are expected to increase significantly, starting in Quarter 3, CY 2013, as construction contractors begin to invoice for work that is confirmed as completed by the team's engineers and architects.</p> |
| 2b. | Environmental Assessment | 97 | <p>During Quarter 2, CY 2013, an addendum to the Environmental Assessment and an update to the Phase I Archeological Survey were completed to address FAP relocations and aesthetic modifications to FAPs. During various stages of the construction planning process, including consultations with the U.S. Virgin Islands State Historic Preservation Office (VISHPO), and during construction, the team determined that two (2) additional FAPs needed to be relocated to provide better access to the sites, to lessen the environmental and other impacts of locating FAPs in the previously-approved locations, and/or to ensure that each new site location is in alignment with current and adjacent property uses.</p> <p>The U.S. Virgin Islands State Historic Preservation Office (VISHPO) requested a minor relocation of the STT FAP-05 in Estate Dorothea on St. Thomas to increase the space between the new FAP construction site and the historical structure, and the VISHPO requested a minor modification to the exterior of STT FAP-14 on Veterans Drive on St. Thomas, so that it better matched the architecture in the historical zone of downtown Charlotte Amalie.</p> <p>The FAP relocations and modifications are deemed to be minor changes, as the new locations and modifications do not result in any significant adverse impacts on the natural environment nor the human environment and, although some do include changes in earth moving activities, all represent equivalent impact or in several cases even a reduction of impact.</p> <p>No potentially significant cultural resources were identified during the archaeological survey for the FAP relocations on St. Thomas or St. Croix. From the archaeological perspective, it was recommended that the State Historic Preservation Office issues a conditioned finding of no objection to the proposed construction activities.</p> <p>The VIPFA/viNGN team continued to monitor its construction sites for artifacts as work was performed near sensitive archaeological sites and</p> |

| | Milestone | Percent Complete | Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer) |
|-----|--|------------------|--|
| | | | for any endangered species that viNGN or its contractors might encounter. To date, viNGN and its contractors have not encountered any artifacts or any of the above species and their habitat on any of the construction sites. |
| 2c. | Network Design | 100 | <p>The core network design is complete. A minor modification was made to the network design on the island of St. Croix in Christiansted. Along the path on King Street, there are many utility connections, shallow conduit, deep storm water lines and poured concrete that blocked the network path. Because of these obstructions and though on the same network route, fiber traffic was diverted around a one block area along West Street to Strand Street, thence along Strand Street to Prince Street for the connection to FAP STX-09. Further, a connection was made in the same area along the short path between North Street and King Street. The length of the trenches and the fiber installations did not change, and the network path remains in the same area as originally planned.</p> <p>As part of the network design, VIPFA/viNGN will add "express routes" to provide unhindered 10 gigabyte bandwidth to the farthest reaches of the islands. For example, an express route will be constructed from the SuperFAP location to the farthest located FAP, on both St. Thomas and St. Croix, thus providing unhindered bandwidth to CAIs (Community Anchor Institutions) and ISPs (Internet Service Providers) that might be located great distances from the SuperFAPs on St. Thomas and St. Croix.</p> |
| 2d. | Rights of Way | 91 | <p>The VIPFA/viNGN team has an agreement with the United States Virgin Islands (U.S.V.I.) Department of Public Works and the U.S.V.I. Department of Planning and Natural Resources for the trenching of four segments of highway, two on St. Thomas and two on St. Croix. During Quarter 2, CY 2013, VIPFA/viNGN completed trenching of the backbone on St. Croix and on St. Thomas.</p> <p>The minor modification referenced above required a change in the Right of Way for the network on the island of St. Croix in Christiansted.</p> <p>The team also continued to engage with the VIHSP and current land owners to ensure that FAPs are constructed in the approved Rights of Way.</p> |
| 2e. | Construction Permits and Other Approvals | 96 | <p>VIPFA/viNGN continued to work with the local U.S. Virgin Islands Department of Planning and Natural Resources to ensure that VIPFA/viNGN's permits are updated and in compliance with the previous permits issued. During Quarter 2, CY 2013, VIPFA/viNGN prepared two (2) additional permit applications for FAPs to be constructed on St. John. The two permits are anticipated to be approved during early Quarter 3, CY 2013.</p> |
| 2f. | Site Preparation | 40 | <p>VIPFA/viNGN and its contractors continued to assess the roads on which road work will be performed. Traffic patterns, road construction and other potential obstructions that may cause unsafe conditions or impact work progress were noted. This activity required upfront planning and coordination with other local government departments and agencies and private entities doing road work. Public notifications were issued.</p> <p>Following these coordinated planning efforts, during Quarter 2, CY 2013, trenching and paving/road repair work occurred nightly along busy thoroughfares on both St. Thomas and St. Croix to minimize the impact on traffic flow.</p> <p>Further, the VIPFA/viNGN team submitted a weekly schedule update for St. Thomas and St. Croix to the local telephone company, the U.S.V.I. Department of Public Works (DPW), the Virgin Islands Territorial</p> |

| | Milestone | Percent Complete | Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer) |
|-----|--|------------------|--|
| | | | <p>Emergency Management Agency (VITEMA) and other government agencies and their contractors who are engaging in work in the same zones.</p> <p>VIPFA/viNGN completed trenching of its underground backbone during Quarter 2, CY 2013.</p> <p>In addition, as a part of the daily site preparation activities for FAP construction, additional measures, including fencing, storm water pollution control and site walk down, were implemented as a typical safety process for construction activities.</p> |
| 2g. | Equipment Procurement | 95 | <p>The VIPFA/viNGN team is currently performing slightly under the Baseline Milestone that was set at 100% complete for Quarter 1, CY 2013.</p> <p>During Quarter 2, CY 2013, VIPFA/viNGN procured additional support/hanging materials for its aerial fiber installation. These materials are anticipated to arrive during Quarter 3, CY 2013. Once these materials arrive, it is anticipated that the aerial fiber installation will be completed during Quarter 3, CY 2013.</p> |
| 2h. | Network Build (all components - owned, leased, IRU, etc) | 49 | <p>During Quarter 2, CY 2013, VIPFA/viNGN completed backbone trenching operations in preparation for underground backbone fiber optic cable installation on St. Thomas and St. Croix. With the completion of the trenching, a key milestone, a cumulative total of 88.8 miles of underground backbone, aerial backbone and later fiber installations across St. Croix, St. Thomas, Water Island and St. John were deployed during Quarter 2, CY 2013.</p> <p>Further, as of June 30, 2013, the construction of FAP (Fiber/Facility Access Point) STX-05 at Estate La Reine on St. Croix was approximately 90% complete. The brick and mortar construction was 95% complete, while the AC (Air Conditioning) units, racking equipment and DC Power installation were pending. Also, FAP STX-06, located near the John Woodson School, was approximately 85% complete, and FAP STX-12 in Cotton Valley was nearly 80% complete. At FAP STX-06 and FAP STX 12, the Cisco System routers, AC unit, and DC backup power are pending installation. An additional four FAPs were under construction on St. Croix as of June 30, 2013.</p> <p>On St. Thomas, the construction of four (4) FAPs began during Quarter 2, CY 2013, and contractors were selected for the construction of the remaining FAPs on St. Thomas. Construction of the remaining FAPs on St. Thomas by these contractors is expected to begin during Quarter 3, CY 2013.</p> <p>Contractors were also selected to begin construction of FAPs on St. John, starting in Quarter 3, CY 2013.</p> |
| 2i. | Equipment Deployment | 5 | <p>Under performance against the Baseline Indicator is due to VIPFA/viNGN not completing the build-out of the network segments that will enable VIPFA/viNGN to provide new access to Internet Service Providers and other service providers. As the FAP construction is completed, the Community Anchor Institutions are connected and all backbone node equipment is installed, the team will be positioned to come in line with the Baseline Indicator targets. Equipment will be deployed as FAPs are built and equipment racks are installed.</p> <p>During Quarter 2, CY 2013, VIPFA/viNGN installed a core distribution switch in the Level 3 facilities on St. Croix to provide bandwidth to customers, with the anticipation of providing service on the portion of the network that will be completed as of Quarter 3, CY 2013, as an alternate</p> |

| | Milestone | Percent Complete | Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer) |
|-----|-------------------------|------------------|---|
| | | | way for customers to access VIPFA/viINGN's network prior to the complete build-out of the network. |
| 2j. | Network Testing | 30 | <p>Under performance against the Baseline Indicator is due to the fact that VIPFA/viINGN has not completed the build-out of the additional network segments that will enable additional network testing. As the FAP construction is completed, the Community Anchor Institutions are connected and all backbone node equipment is installed, the team will be positioned to come in line with the Baseline Indicator targets. Network testing will be ongoing in alignment with network build out and equipment deployment.</p> <p>With the completion of the SuperFAPs during CY 2012, final testing and staging for placement of the routers and switches were completed during Quarter 2, CY 2013. The Network Technicians and Engineers designed initial configurations in preparation for the "turn up" of the network. These configurations served as templates that can be applied directly to future customer installations.</p> <p>As the construction of all other FAPs is completed, the routers and switches will be installed, and final testing and activation will begin to bring the network fully on line.</p> |
| 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).

The new VIPFA/viINGN team has successfully increased the speed of implementation and will continue to work hard to further speed up the implementation. However, the team has experienced circumstances that have resulted in the need for a short extension beyond the original project implementation end date of July 31, 2013; thus, the team is working closely with NTIA and NOAA, in an effort to obtain a five (5) month extension through December 31, 2013. During the grant award extension period, the team will work to complete the construction of the remaining FAPs, to complete testing of the equipment in the FAPs, to connect the CAIs, to test the resulting network connections, to complete the installation of the Operating Support System/Business Support System (OSS/BSS) and to complete the testing of the OSS/BSS, using unspent grant funding. The VIPFA/viINGN team will continue to engage in active oversight of all project activities during the extension period.

The VIPFA/viINGN team continues to coordinate with its contractors to work on accelerated schedules and to identify and create ways to speed up project activities. This includes any guidance that is received from BTOP program team members, based on the experiences from other BTOP grantees that have experienced and/or are experiencing delays in implementation but have identified or developed ways to speed up the infrastructure build.

On March 29, 2013, NTIA and NOAA approved a Budget Modification/Reallocation. The total approved budget, including the Federal Share and the Recipient Share, remained the same as the initial approved budget; however, costs were reallocated between budget line items, resulting in a \$56,311 reduction in the total dollar amount of the match, which came out of the Architectural and Engineering Fees budget line item. On a percentage basis, the recorded match percentage (42.8%) of total expenditures exceeds the required match percentage of the total budget (33.3%) by nearly 10%.

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 | 89 | During Quarter 2, CY 2013, VIPFA/viINGN completed backbone trenching operations in preparation for underground backbone fiber optic cable installation on St. Thomas and St. Croix. With the completion of the trenching, a key milestone, a cumulative total of 88.8 miles of underground backbone, aerial backbone and later fiber installations across St. Croix, St. Thomas, Water |

| Indicator | Total | Narrative (describe your reasons for any variance from the baseline plan or any other relevant information) |
|---|-------|---|
| | | Island and St. John were deployed during Quarter 2, CY 2013. All remaining new network miles (i.e. 184.4 miles) are expected to be deployed by December 31, 2013. |
| New network miles leased | 3,353 | With the leasing of new network miles from Level 3 and AT&T, the VIPFA/viNGN has met its immediate plans for new leased miles. |
| Existing network miles upgraded | 0 | The VIPFA/viNGN does not anticipate that it will upgrade network miles. All network miles are expected to be new installations of fiber or new leases of network miles. |
| Existing network miles leased | 0 | N/A |
| Number of miles of new fiber (aerial or underground) | 89 | During Quarter 2, CY 2013, VIPFA/viNGN completed backbone trenching operations in preparation for underground backbone fiber optic cable installation on St. Thomas and St. Croix. With the completion of the trenching, a key milestone, a cumulative total of 88.8 miles of underground backbone, aerial backbone and later fiber installations across St. Croix, St. Thomas, Water Island and St. John were deployed during Quarter 2, CY 2013. All remaining miles of new fiber (184.4) are expected to be deployed by December 31, 2013. |
| Number of new wireless links | 0 | N/A |
| Number of new towers | 0 | N/A |
| Number of new and/or upgraded interconnection points | 0 | All interconnection points will be new. With the completion of the SuperFAPs during CY 2012, final testing and staging for placement of the routers and switches were completed during Quarter 2, CY 2013. With the staging and initial testing completed, the SuperFAP on St. Croix, along with the connection of one CAI, is expected to "come on line" during Quarter 3, CY 2013. As the construction of FAPs is completed, the routers and switches will be installed, final testing and activation will begin to bring the network fully on line. CAIs will be connected as FAPs are connected. |

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 | 3 |
| Number of agreements currently being negotiated with broadband wholesalers or last mile providers | 3 |
| Average term of signed agreements (in quarters) | 32 |

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

VIPFA/viNGN has two broadband wholesale service contracts, one for 15 years with Global Crossing/Level 3 and the other for 1 year with AT&T, both providing leased fiber miles to viNGN. As a result, the average term of signed agreements to date (in quarters) is 32.

The VIPFA/viNGN team was successful in executing its first service contract with a last mile provider/Internet Service Provider (ISP)/retail service provider during Quarter 2, CY 2013. The contract is with Orbitel, a new market entrant which expects to offer cable television and Internet service to the general population in the U.S. Virgin Islands.

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 is building a high speed, open access, 100% fiber optic network which will provide inexpensive, high speed, reliable Ethernet transport to service providers and, by extension, to Community Anchor Institutions (such as government departments and agencies, non-profit organizations, educational institutions, public safety entities, healthcare delivery providers, and other key community stakeholders). VIPFA/viNGN's goal is to serve as a Middle Mile provider, primarily offering wholesale broadband bandwidth on-net (i.e. within the U.S.V.I.) and off-net (i.e. outside of the U.S.V.I.) through a variety of service offerings, starting with 100 Megabit, 1 Gigabit and 10 Gigabit bandwidth plans; Multiprotocol Label Switching (MPLS)/Virtual Private Network (VPN) service to the U.S.; and, Transport Aggregation services. The team continues to conduct market research to define its menu of service/product offerings and is not publicizing 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) |
|---|---|-------|--|
| Broadband Wholesalers or Last Mile Providers | Providers with signed agreements receiving new access | 3 | Refer to the response to Questions 5a and 5b above. With the signing of 1 agreement with a last mile provider (Orbitel) and the signing of 2 agreements with broadband wholesalers to lease network miles (Level 3 and AT&T), the VIPFA/viNGN team has exceeded the Baseline Indicator target of 2. Though the network build-out is not complete, the VIPFA/viNGN team has agreements in place to allow it to connect its network through these service providers. |
| | Providers with signed agreements receiving improved access | 0 | All agreements will result in the provisioning of new access. |
| | Providers with signed agreements receiving access to dark fiber | 0 | N/A |
| | Please identify the speed tiers that are available and the number of subscribers for each | 0 | Until the network build is completed and is fully 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 up to 500 Mbps. |
| Community Anchor Institutions (including Government institutions) | Total subscribers served | 0 | Under performance against this Baseline Indicator is due to the fact that VIPFA/viNGN has not completed the construction and connections of the FAPs and the build-out of other portions of the network that will enable viNGN to connect CAIs. As FAPs are connected and other portions of the network are built out, the team will be positioned to come in line with the Baseline Indicator targets. CAI connections are expected to begin during Quarter 3, CY 2013, and all FAP construction and connections are expected to be completed by December 31, 2013. |
| | Subscribers receiving new access | 0 | Under performance against this Baseline Indicator is due to the fact that VIPFA/viNGN has not completed the construction and connections of the FAPs and the build-out of other portions of the network that will enable viNGN to connect CAIs. As FAPs are connected and other portions of the network are built out, the team will be positioned to come in line with the Baseline Indicator targets. CAI connections are expected to begin during Quarter 3, CY 2013, and all FAP construction and connections are expected to be completed by December 31, 2013. |

| 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 | All subscribers will receive new access. |
| | Please identify the speed tiers that are available and the number or subscribers for each | 0 | Until the network build is completed and is fully 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 up to 500 Mbps. |
| 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).

At this time, there is no special offering being proposed. 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 finalize the following during Quarter 3, CY 2013:

- Estimate of New Fiber Miles To-Be-Installed/Deployed during Quarter 3, CY 2013:

Cumulative Total Fiber To-Be-Installed on St. Croix, St. Thomas, Water Island and St. John during Quarter 3, CY 2013:

Aerial Backbone Fiber To-Be-Installed = 13.9 miles
Underground Backbone Fiber To-Be-Installed = 18.8 miles
Lateral Fiber To-Be-Installed = 62.6 miles

Cumulative Total Fiber To-Be-Installed on All Islands = 95.3 miles

- Estimate of CAIs To-Be-Connected during Quarter 3, CY 2013:

On St. Croix = 66 CAIs
On Thomas = 54 CAIs
On St. John = 0 CAIs

Cumulative Total Number of CAIs To-Be-Connected = 120 CAIs

- Estimate of Broadband Wholesaler or Last Mile Provider Agreements To-Be-Signed during Quarter 3, CY 2013 = 2

The VIPFA/viNGN team also plans to finalize the following during Quarter 3, CY 2013:

- Finalize and submit its official request to NTIA and NOAA for a no-cost project extension through December 31, 2013 and the related budget reallocations needed to carry out project activities during the extension period;
- Continue the construction of FAPs (Fiber/Facility Access Points) and the installation of fiber patch panels, AC (Air Conditioning) units, racking equipment, and DC Power on St. Croix and St. Thomas;
- After FAPs are built, install routers and switches to await the final connections to the aerial or underground fiber to bring the network on line;
- Issue Notice(s) to Proceed to selected contractors for FAP construction on St. Thomas, St. Croix and St. John and begin construction of the additional FAPs;
- Revise the procurement solicitations for the Fiber Management Software, Network Operations Center (NOC) Equipment and IP communications systems;
- Continue to coordinate with contractors to work on accelerated schedules and actively identify and create ways to speed up the construction activities;
- 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; and
- Participate in Broadband Coalition meetings that may be scheduled with Community Anchor Institutions, future VIPFA/viNGN customers and other stakeholders to discuss the status of the network build and to provide updates on the anticipated service offerings and pricing schedule.

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 | 59 | <p>The VIPFA/viNGN team made tremendous progress with the construction of its middle mile network during Quarter 2, CY 2013, and the momentum is expected to continue through Quarter 3, CY 2013. Refer to the response to Question 1 immediately above for a summary of the significant accomplishments planned during the next reporting quarter.</p> <p>The aerial backbone, underground backbone and lateral fiber installations will continue on St. Croix, St. Thomas, Water Island and St. John.</p> <p>In addition, the construction of FAPs (Fiber/Facility Access Points) and the</p> |

| | Milestone | Planned Percent Complete | Narrative (describe reasons for any variance from baseline plan or any other relevant information) |
|-----|--|--------------------------|---|
| | | | <p>installation of fiber patch panels, AC (Air Conditioning) units, racking equipment and DC Power installation will continue on St. Croix and St. Thomas. Also, the construction of additional FAPs will begin on St. Thomas and St. John.</p> <p>Further, expenditures are expected to increase significantly, starting in Quarter 3, CY 2013, as construction contractors begin to invoice for work that is confirmed as completed by the team's engineers and architects.</p> |
| 2b. | Environmental Assessment | 100 | <p>During Quarter 2, CY 2013, an addendum to the Environmental Assessment and an update to the Phase I Archeological Survey were completed to address FAP relocations and aesthetic modifications to FAPs.</p> <p>The FAP relocations and modifications that were addressed in the assessments that were completed during Quarter 2, CY 2013 were deemed to be minor changes, as the new locations or orientations do not result in any significant adverse impacts on the natural environment nor the human environment and, although some do include changes in earth moving activities, all represent equivalent impact or in several cases even a reduction of impact.</p> <p>No potentially significant cultural resources were identified during the archaeological survey for the FAP relocations on St. Thomas or St. Croix. From the archaeological perspective, it was recommended that the State Historic Preservation Office issues a conditioned finding of no objection to the proposed construction activities.</p> <p>The team hopes to receive NTIA and NOAA approval of the relocations and modifications during Quarter 3, CY 2013.</p> <p>No additional environmental assessments are anticipated during Quarter 3, CY 2013.</p> <p>The VIPFA/viNGN team will continue to monitor its construction sites for artifacts as work is performed near sensitive archaeological sites and for any endangered species that viNGN or its contractors might encounter.</p> |
| 2c. | Network Design | 100 | <p>The core network design is complete.</p> <p>The routing protocol design will continue to be updated to best utilize new and existing network nodes.</p> |
| 2d. | Rights of Way | 100 | <p>All Rights of Way have been obtained.</p> |
| 2e. | Construction Permits and Other Approvals | 100 | <p>During Quarter 2, CY 2013, VIPFA/viNGN prepared two (2) additional permit applications for FAPs to be constructed on St. John. The two permits are anticipated to be approved during early Quarter 3, CY 2013.</p> <p>The VIPFA/viNGN team will continue to work with the U.S. Virgin Islands Department of Planning and Natural Resources to ensure that VIPFA/viNGN's permits are updated and that FAP construction meets local building codes.</p> |
| 2f. | Site Preparation | 50 | <p>The VIPFA/viNGN team will continue to conduct site visits to ensure that sites are ready for aerial fiber installation by identifying impediments, such as tree branches, sagging power lines, etc. The team will continue to coordinate with WAPA to address these impediments.</p> <p>Also, for all new and continuing FAP construction, site visits will be conducted, along with construction contractors and current land custodians (as needed), to identify and address traffic patterns, any other safety concerns, any environmental concerns, any concerns that may impact the project completion schedule, etc.</p> <p>For example, in areas where new FAP construction is expected to start, the site will be examined for any preexisting utilities lines, including water lines, sewer lines and electric lines.</p> <p>Further, silt barriers and silt fencing will be monitored on applicable sites to ensure that seepage from the construction zone does not occur.</p> |

| | Milestone | Planned Percent Complete | Narrative (describe reasons for any variance from baseline plan or any other relevant information) |
|-----|---|--------------------------|---|
| 2g. | Equipment Procurement | 98 | <p>The majority of the equipment that is needed for the network build-out has been procured. Any additional equipment procurement will be the result of needs identified as the final phases of the network build-out continues, as network and equipment testing continues and as network connection activities continue.</p> <p>VIPFA/viNGN will continue to receive equipment as a result of prior procurement activities, including fiber, FAP racking equipment, DC power equipment and minor materials like plastic straps, belts, and screws, for example.</p> |
| 2h. | Network Build (all components - owned, leased, IRU, etc.) | 60 | <p>During Quarter 3, CY 2013, the VIPFA/viNGN team plans to install/deploy a cumulative total of 95.3 new fiber miles on St. Croix, St. Thomas, Water Island and St. John and connect 120 CAIs.</p> <p>The VIPFA/viNGN team also plans to finalize the following during Quarter 3, CY 2013:</p> <ul style="list-style-type: none"> • Continue the construction of FAPs (Fiber/Facility Access Points) and the installation of fiber patch panels, AC (Air Conditioning) units, racking equipment and DC Power on St. Croix and St. Thomas; • Begin the construction of additional FAPs on St. Thomas, St. Croix and St. John; • As the FAPs are built, install routers and switches to await the final connections to the aerial or underground fiber to bring the network on line; and • Continue to coordinate with contractors to work on accelerated schedules and actively identify and create ways to speed up the construction activities. <p>Further, the AT&T SONET OC-48 Link was initiated for activation during Quarter 1, CY 2013, and the connection is expected to be available during Quarter 3, CY 2013 or Quarter 4, CY 2013.</p> |
| 2i. | Equipment Deployment | 50 | <p>Under performance against the Baseline Indicator is due to VIPFA/viNGN not completing the build-out of the network segments that will enable VIPFA/viNGN to provide new access to Internet Service Providers and other service providers. As FAP construction is completed, the Community Anchor Institutions are connected and all backbone node equipment is installed, the team will be positioned to come in line with the Baseline Indicator targets. Equipment will be deployed as FAPs are built and equipment racks are installed.</p> <p>During Quarter 2, CY 2013, VIPFA/viNGN installed a core distribution switch in the Level 3 facilities on St. Croix to provide bandwidth to customers, with the anticipation of providing service on the portion of the network that will be completed as of Quarter 3, CY 2013, as an alternate way for customers to access VIPFA/viNGN's network prior to the complete build-out of the network.</p> <p>Further, the AT&T SONET OC-48 Link was initiated for activation during Quarter 1, CY 2013, and the connection is expected to be available during Quarter 3, CY 2013 or Quarter 4, CY 2013.</p> |
| 2j. | Network Testing | 75 | <p>Under performance against the Baseline Indicator is due to the fact that VIPFA/viNGN has not completed the build-out of the additional network segments that will enable additional network testing. As the FAP construction is completed, the Community Anchor Institutions are connected and all backbone node equipment is installed, the team will be positioned to come in line with the Baseline Indicator targets. Network testing will be ongoing in alignment with network build out and equipment deployment.</p> <p>As the construction of all other FAPs is completed, the routers and switches will be installed, and final testing and activation will begin to bring the network fully on line.</p> <p>Further, the last batch of fiber that was procured will be tested prior to installation, and additional fiber testing will occur prior to connections to the routers and switches being made.</p> |
| 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).

Refer to the response in Question #3 above, as it relates to challenges experienced during Quarter 2, CY 2013.

Another challenge is that the next two quarters are in the height of the Atlantic Ocean's Hurricane Season, i.e. an active tropical storm season, during which heavy rain/flooding, wind, and lightning typically result in weather-related delays during the course of construction projects. The VIPFA/viNGN team will continue on its accelerated schedule during the good weather periods and ensure that it effectively coordinates with the NTIA/NOAA team, its contractors, and its staff during periods of inclement weather. The VIPFA/viNGN team has successfully overcome the delays experienced to date by closely coordinating with its partners at NTIA, NOAA and WAPA and with its contractors and by focusing its efforts on working on accelerated schedules and continuing to identify and create ways to speed up project activities in all areas of implementation. The team will need NTIA's and NOAA's ongoing support during this period of inclement weather through to the successful build-out of the network.

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 | \$1,550,790 | \$0 | \$1,550,790 | \$755,929 | \$0 | \$755,929 | \$943,999 | \$0 | \$943,999 |
| b. Land, structures, right-of-ways, appraisals, etc. | \$100,000 | \$0 | \$100,000 | \$85,200 | \$0 | \$85,200 | \$90,200 | \$0 | \$90,200 |
| c. Relocation expenses and payments | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| d. Architectural and engineering fees | \$6,250,000 | \$0 | \$6,250,000 | \$3,620,656 | \$0 | \$3,620,656 | \$4,470,656 | \$0 | \$4,470,656 |
| e. Other architectural and engineering fees | \$425,000 | \$0 | \$425,000 | \$379,243 | \$0 | \$379,243 | \$405,243 | \$0 | \$405,243 |
| f. Project inspection fees | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| g. Site work | \$10,000 | \$0 | \$10,000 | \$0 | \$0 | \$0 | \$10,000 | \$0 | \$10,000 |
| h. Demolition and removal | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| i. Construction | \$40,591,368 | \$14,138,413 | \$26,452,955 | \$10,166,767 | \$324,543 | \$9,842,224 | \$15,166,767 | \$324,543 | \$14,842,224 |
| j. Equipment | \$38,700,857 | \$15,247,966 | \$23,452,891 | \$27,796,334 | \$15,192,227 | \$12,604,107 | \$30,139,677 | \$15,192,227 | \$14,947,450 |
| k. Miscellaneous | \$646,833 | \$0 | \$646,833 | \$605,843 | \$0 | \$605,843 | \$646,833 | \$0 | \$646,833 |
| l. SUBTOTAL (add a through k) | \$88,274,848 | \$29,386,379 | \$58,888,469 | \$43,409,972 | \$15,516,770 | \$27,893,202 | \$51,873,375 | \$15,516,770 | \$36,356,605 |
| m. Contingencies | | | | | | | | | |
| n. TOTALS (sum of l and m) | \$88,274,848 | \$29,386,379 | \$58,888,469 | \$43,409,972 | \$15,516,770 | \$27,893,202 | \$51,873,375 | \$15,516,770 | \$36,356,605 |

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 |
|---|--------------------------------|