

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) 06-30-2012	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): 08-27-2012
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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) team continued to make progress with its network build out during Quarter 2, Calendar Year (CY) 2012.

The final order for Fiber Optic Cable was placed during Quarter 2, CY 2012, and the Fiber Optic Cable is expected to be received during Quarter 3, CY 2012.

The construction of the Super FAPs on both St. Thomas and St. Croix are nearing completion. Final details, such as adding permanent power, alarm systems, and landscape details, are in progress and will be completed during Quarter 3, CY 2012. Further, the construction of FAP STX-13 at the U.S. Virgin Islands Department of Public Works-Queens Crossing on St. Croix was started during Quarter 2, CY 2012 and was approximately 70% complete at the end of Quarter 2, CY 2012. Also, at quarter end, the viNGN team was working to finalize six (6) construction services contracts for the construction of six (6) additional FAPs. Construction of these FAPs is expected to start during Quarter 3, CY 2012. The team also expects to issue the remaining solicitations for the construction of the remaining FAPs during Quarter 3, CY 2012.

The contract with Atlantic Engineering Group (AEG) was amended during the quarter, in order to include support services for the development of solicitations for services and equipment. During this time, AEG recommended several design changes which will shorten the construction schedule and reduce certain costs which will be reallocated to address other project needs. These changes include 1) reducing the number of Fiber Access Points (FAPs), 2) reducing the number of new conduits in new underground sections of the network and 3) reducing the size of new manholes. These changes do not entail route changes and will not impact the performance of the network.

Also during the quarter, viNGN hired a President and Chief Executive Officer, a Vice President of CCI Project, a Project Manager for St. Croix, a Director of Property and Procurement and a Warehouse Manager for St. Thomas. Additionally, a Vice President of Sales and Marketing and a Marketing Coordinator were hired to manage broadband sales once the CCI network is complete and to support coordination of the Broadband Coalition which consists of the Community Anchor Institutions (CAIs), prospective customers for viNGN and other stakeholders. The President and Chief Executive Officer, the Director of Property and Procurement, the Vice President of Sales and Marketing and the Marketing Coordinator are not charged to the federal grant; these positions are funded by VIPFA/viNGN and play significant roles in ensuring that the CCI project and other Broadband Technology Opportunities Program (BTOP) projects are managed effectively and efficiently. Given the increase in staff, viNGN also secured office space in Christiansted on St. Croix.

During the quarter, viNGN also received several proposals related to the solicitation for Construction Administration and Site Inspection Services. These proposals are being evaluated, and an award is expected to be made during Quarter 3, CY 2012.

In addition, all Cisco equipment ordered through United Data Technologies (UDT) was received during Quarter 2, CY 2012. This is 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 included 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.

The Requests for Proposals (RFPs) for Trenching for St. Thomas and St. Croix were delayed and will be issued during early Quarter 3, CY 2012. The trenching work was divided into four (4) solicitations (two (2) solicitations for each of St. Croix and St. Thomas), in order to reduce the construction schedule for this work.

Additionally, all RFPs for underground and aerial fiber installation and splicing are expected to be released during Quarter 3, CY 2012.

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)
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	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2a.	Overall Project	32	<p>The current VIPFA/viNGN team has implemented a recovery plan to address delays in the construction schedule and to ensure that the network will be built-out by June/July 2013. In addition, with increased communication between supporting entities, the RFPs for Trenching, the RFPs for Pulling and Splicing Fiber in new and existing conduits and the RFPs for Aerial Construction will be released during Quarter 3, CY 2012. Additionally, AEG's contract is being amended to restore the overall project management support that was removed from the contract scope of work earlier this year. The team intends to implement strategies discussed during Quarter 2, CY 2012 to accelerate the network build without creating a cost-prohibitive environment.</p> <p>Significant progress is expected during the next two quarters, as the team finalizes several key solicitations, implements resolutions to the past impediments to the network build-out, executes contracts more expeditiously, begins the excavation, begins trenching, begins fiber pulling activities and moves forward on the construction of additional regular FAPs. As VIPFA/viNGN begins its excavation, trenching and fiber pulling and splicing activities, simultaneous with completing the construction of the Super FAPs and FAPs 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 began to renegotiate a Survey Company Contract during Quarter 2, CY 2012 and expects to finalize it during Quarter 3, CY 2012. The team is also awaiting final engineering design plans and approvals and related environmental assessments for location changes for a few of the FAPs. These assessments are scheduled to be completed during Quarter 3, CY 2012.</p>
2c.	Network Design	98	<p>The VIPFA/viNGN team completed its reassessment of the network design and made final decisions regarding adjustments in the design during Quarter 2, CY 2012. The design changes, including reductions in the number of FAPs, reductions in the number of conduits and a reduction in the size of the manholes will not impact the capacity of the network or its effectiveness. The changes will, however, positively impact the implementation of the project by 1) reducing the time needed to build the network and address points of failure and 2) reducing construction costs, as well as ongoing operational and maintenance costs.</p>
2d.	Rights of Way	90	<p>During Quarter 2, CY 2012, FAP locations were being reassessed and the network redesigned. VIPFA/viNGN was in the process of renegotiating a Survey Company Contract during late Quarter 2, CY 2012. The remainder of Environmental assessments are anticipated to be completed during Quarter 3, CY 2012.</p>
2e.	Construction Permits and Other Approvals	91	<p>No additional FAP Building Permits were received during Quarter 2, CY 2012. During the quarter, a few FAPs were identified as needing to be re-located which required the preparation of new surveys and architectural drawings. During the quarter, the company also completed a FAP Rationalization Study which led the team to decide to reduce the total number of FAPs from 38 to 26. The reduction in the number of FAPs will not impact the operational efficiency of the network but will reduce costs and improve the schedule to completion. The reduction in the number of FAPs will also result in fewer FAP Building Permits being required.</p>

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2f.	Site Preparation	12	<p>Construction of the two Super FAPs (Facility Access Points), one on St. Thomas and one on St. Croix, is well underway and near completion. Final details, such as adding permanent power, alarms system, and landscape details, are in process and will be completed during Quarter 3, CY 2012 for both Super FAPs. Construction has also begun on one (1) regular FAP on St. Croix, with anticipated completion during Quarter 3, CY 2012.</p> <p>At the end of the quarter, the team was reviewing Requests for Proposals (RFPs) for six (6) FAPs and expects to award these contracts during Quarter 3, CY 2012. RFPs for the installation of underground conduit, excavation, aerial and underground fiber pulling and splicing will be released during Quarter during Quarter 3, CY 2012, and site preparation for all of these activities will follow shortly thereafter.</p> <p>The VIPFA/viNGN team will coordinate with contractors to work on accelerated schedules. The team will also 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	90	<p>The VIPFA/viNGN team has made significant progress in its equipment procurement activities and has now exceeded the percentage completion against this Baseline Milestone target. During Quarter 2, CY 2012, the team received the routers and switches needed to begin the staging for the placement of the equipment. Once permanent power is installed in the Super FAPs and the other FAPs are 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 has purchased all of the needed fiber optic cable and is awaiting delivery of the final order, which is expected during Quarter 3, CY 2012.</p>
2h.	Network Build (all components - owned, leased, IRU, etc)	15	<p>The lease agreement for the SONET OC-48 with AT&T to connect St. Thomas and St. Croix was executed during Quarter 2, CY 2012. RFPs for trenching and aerial and underground fiber pulling and splicing activities are scheduled to be posted during early Quarter 3, CY 2012. Significant progress has been made with the construction of the two Super FAPs; completion of the construction of the Super FAPs is expected during Quarter 3, CY 2012. Once they are completed, progress against this milestone will improve.</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 Quarter 4, CY 2011.</p>
2i.	Equipment Deployment	0	<p>Given that 1) VIPFA/viNGN has purchased a large portion of the network management equipment, 2) the construction of the two SuperFAPs is near completion, and 3) the remaining FAPs are targeted for completion during Quarter 3, CY 2012/ early Quarter 4 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>

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
	2j. Network Testing	20	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. Testing was also completed from Proof of Design from the NAPs to the Super FAPs to Community Anchor Institutions (CAIs). No testing was carried out during Quarter 2, 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 Super FAPs by Quarter 3, CY 2012, final testing and staging for placement of the routers and switches will now begin during the latter part of late Quarter 3, CY 2012 or early in Quarter 4, CY 2012. Once connection of the FAPs is completed, the routers and switches will be installed and will await final activation to the fiber to bring the network on line.
	2k. Other (please specify):	0	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.

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).

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 that have experienced and/or 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 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)

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. Under performance against this baseline indicator is largely due to the delays documented in Section 2 and Section 3 above in this report.</p> <p>The team purchased the remaining portion of the core backbone fiber (288 fiber strand count) and the other fiber optic cable required for its network during the past quarter and is currently warehousing it on St. Thomas and St. Croix to ensure that it is immediately available for deployment.</p> <p>In addition, construction of the two Super FAPs is near completion, and construction of the remaining FAPs is expected to begin during Quarter 3, CY 2012. Further, a large portion of the network management equipment has been procured and will be prepared for testing and staging for placement once the FAPs are completed.</p> <p>Significant progress is anticipated during the latter half of Quarter 3, CY 2012/early Quarter 4, CY 2012. The RFPs for the aerial fiber pulling and splicing, existing underground fiber pulling and splicing and trenching/excavation will be issued during Quarter 3, CY 2012. Templates for contracts have been developed; thus, contracts are expected to be signed soon after.</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>
New network miles leased	3,353	<p>VIPFA/viNGN team is currently over performing against the Baseline Indicator for the current quarter (i.e. Quarter 4 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>The lease agreement with AT&T for the SONET OC-48 to connect St. Thomas and St. Croix was executed during Quarter 2, CY 2012, and the team expects to report additional new network miles under lease during late Quarter 3, CY 2012/early Quarter 4, CY 2012.</p>

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
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 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 3, CY 2012, the team expects to receive the remainder of its fiber needs.</p> <p>In addition, construction of the two Super FAPs is near completion, and construction of the remaining FAPs is expected to begin during Quarter 3, CY 2012. A large portion of the network management equipment has been procured and will be prepared for testing and staging for placement once the FAPs are completed.</p> <p>Significant progress is anticipated during the latter half of Quarter 3, CY 2012/early Quarter 4, CY 2012. The RFPs for the aerial fiber pulling and splicing, existing underground fiber pulling and splicing and trenching/excavation will be issued in Quarter 3, CY 2012. Templates for contracts have been developed; thus, contracts are expected to be signed soon after.</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
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 3, CY 2012, the team expects to receive the remainder of its fiber needs.</p> <p>In addition, construction of the two Super FAPs is near completion, and construction of the remaining FAPs is expected to begin during Quarter 3, CY 2012. A large portion of the network management equipment has been procured and will be prepared for testing and staging for placement once the FAPs are completed.</p> <p>Significant progress is anticipated during the latter half of Quarter 3, CY 2012/early Quarter 4, CY 2012. The RFPs for the aerial fiber pulling and splicing, existing underground fiber pulling and splicing and trenching/excavation will be issued in Quarter 3, CY 2012. Templates for contracts have been</p>

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
		<p>developed; thus, contracts are expected to be signed soon after.</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>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 3, CY 2012, the team expects to receive the remainder of its fiber needs.</p> <p>In addition, construction of the two Super FAPs is near completion, and construction of the remaining FAPs is expected to begin during Quarter 3, CY 2012. A large portion of the network management equipment has been procured and will be prepared for testing and staging for placement once the FAPs are completed.</p> <p>Significant progress is anticipated during the latter half of Quarter 3, CY 2012/early Quarter 4, CY 2012. The RFPs for the aerial fiber pulling and splicing, existing underground fiber pulling and splicing and trenching/excavation will be issued in Quarter 3, CY 2012. Templates for contracts have been developed; thus, contracts are expected to be signed soon after.</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>

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	2
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	0
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 two signed agreements with wholesale service providers, i.e. Global Crossing/Level 3 and AT&T. The lease agreement with AT&T for the SONET OC-48 was signed during Quarter 2, CY 2012. viNGN has not signed any agreements with retail

service providers/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. 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 specific 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	0	No variance from the Baseline Indicator target
	Providers with signed agreements receiving improved access	0	Refer to the response to Section 5b above in this report. 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 remaining quarters, the team will be positioned to come in line with the Baseline Indicator targets. 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.
	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 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.

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
<p>Community Anchor Institutions (including Government institutions)</p>	<p>Total subscribers served</p>	<p>0</p>	<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 remaining 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>
	<p>Subscribers receiving new access</p>	<p>0</p>	<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 remaining 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>
	<p>Subscribers receiving improved access</p>	<p>0</p>	<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 remaining 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>
	<p>Please identify the speed tiers that are available and the number or subscribers for each</p>	<p>0</p>	<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>
<p>Residential / Households</p>	<p>Entities passed</p>	<p>0</p>	<p>N/A</p>
	<p>Total subscribers served</p>	<p>0</p>	<p>N/A</p>
	<p>Subscribers receiving new access</p>	<p>0</p>	<p>N/A</p>
	<p>Subscribers receiving improved access</p>	<p>0</p>	<p>N/A</p>

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Please identify the speed tiers that are available and the number of subscribers for each	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/viINGN team plans to accomplish the following during Quarter 3, CY 2012:

- Issue all RFPs for Underground Trenching, Fiber Pulling and Splicing and for all Aerial Fiber Pulling and Splicing;
- Complete the construction of the Super FAPs on St. Croix and on St. Thomas and install the network management equipment;
- Complete the construction of the regular FAP on St. Croix;
- Begin construction of an additional six (6) FAPs;
- Release all remaining solicitations for FAP construction;
- Issue solicitations for Generators, AC/DC Power and racking equipment and related installation work for all FAPs;
- 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;
- Complete all archaeological surveys required for FAP relocations and additional archeological surveys for FAPs located near historical sites;
- Select successful proposers/bidders, execute contracts and begin underground trenching, fiber pulling and splicing for existing underground conduit, and aerial fiber pulling and splicing;
- Complete the engineering design work for the minimal relocation of a few FAPs;
- 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; Until the revised budget is approved, the team will report modest overspending against the Administrative and legal expenses budget line item, though that line item will not be exceeded under the revised budget and is exceeded by less than 10% of the budget line item;
- Hire a new Project Manager, based on St. Thomas, in order to most effectively implement and monitor program activities on St. Thomas; and
- Conduct a Broadband Coalition meetings with Community Anchor Institutions, prospective customers for viNGN and other stakeholders to discuss the status of the network build and to provide updates on the anticipated service offerings and pricing schedule.

Based on the revised project schedule, VIPFA/viNGN expects to deploy the initial set of miles, connect the first group of CAIs and enter into the first agreement with last mile providers, likely for off-island Internet transit and possibly for CAI pass-through buys, all during late Quarter 4, CY 2012.

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

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2a.	Overall Project	35	The SuperFAP construction is expected to be completed, and the Team intends to begin the construction of an additional six (6) FAPs during Quarter 3, CY 2012. Additional progress is expected during Quarter 3, CY 2012, based on the project accomplishments planned that are outlined in Item #1 above and based on total anticipated expenditures 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 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; The VIPFA/viNGN team does plan to complete additional archeological surveys for FAPs that are located near historical sites during Quarter 3, CY 2012/early Quarter 4, 2012.
2c.	Network Design	100	No variance from Baseline Milestone target
2d.	Rights of Way	95	Additional progress is expected during Quarter 3, CY 2012, as additional Rights of Way are obtained for the locations of a few FAPs on private properties. 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).
2e.	Construction Permits and Other Approvals	100	No variance from Baseline Milestone target
2f.	Site Preparation	80	Additional progress is expected during Quarter 3, CY 2012 with the anticipated finalization of FAP construction and the posting of RFPs for Excavation and Underground Trenching, Underground Fiber Pulling and Splicing, and Aerial Fiber Pulling and Splicing Construction. 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

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
			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	92	<p>VIPFA/viNGN anticipates over performing against this Baseline Milestone target.</p> <p>The VIPFA/viNGN team has made significant progress in its equipment procurement activities and currently exceeds the percentage completion against this Baseline Milestone target. During Quarter 2, CY 2012, the team received the routers and switches needed to begin the staging for the placement of the equipment. Once permanent power is installed in the Super FAPs and the other FAPs are 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 has purchased all of the needed fiber optic cable and is awaiting delivery of the final order, which is expected during Quarter 3, CY 2012.</p>
2h.	Network Build (all components - owned, leased, IRU, etc.)	20	<p>Significant progress has been made with the construction of the two Super FAPs; completion of the construction of the Super FAPs is expected during Quarter 3, CY 2012. 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.</p> <p>Further, RFPs for excavation/trenching and aerial and underground fiber pulling and splicing activities are scheduled to be posted during Quarter 3, CY 2012.</p> <p>The VIPFA/viNGN team has also made significant progress in its equipment procurement activities and currently exceeds the percentage completion against the related Baseline Milestone target. The team has purchased all of the fiber required for its network, with the final order expected to be delivered during Quarter 3, CY 2012. During Quarter 2, CY 2012, the team received the routers and switches needed to begin the staging for the placement of the equipment. Once permanent power is installed in the Super FAPs and the other FAPs are built, the routers and switches will be installed to await final connection to the fiber to bring the network on line.</p> <p>The lease agreement for the SONET OC-48 with AT&T to connect St. Thomas and St. Croix was executed during Quarter 2, CY 2012, and 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 Quarter 4, CY 2011.</p> <p>No route changes are anticipated.</p>
2i.	Equipment Deployment	10	When the construction of the two Super FAPs is completed during Quarter 3 CY, 2012, equipment can be deployed. As the regular FAPs are built, the routers and switches and other equipment will be installed to await final connection to the fiber to bring the network on line.
2j.	Network Testing	40	With the planned completion of construction of the two Super FAPs during Quarter 3, CY 2012, the final testing and staging for placement of the routers and switches will begin during late Quarter 3, CY 2012 or early Quarter 4, CY 2012. Once connection of the FAPs is completed, the routers and switches will be installed and will await final activation to the fiber to bring the network on line.
2k.	Other (please specify):	0	The combination of the planned accomplishments, as outlined above, and the total expenditures anticipated through Quarter 3, 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.

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 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	\$493,621	\$0	\$493,621	\$493,621	\$0	\$493,621
b. Land, structures, right-of-ways, appraisals, etc.	\$1,500,108	\$0	\$1,500,108	\$50,231	\$0	\$50,231	\$50,231	\$0	\$50,231
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	\$2,226,370	\$340,317	\$1,886,053	\$2,426,370	\$340,317	\$2,086,053
e. Other architectural and engineering fees	\$280,320	\$0	\$280,320	\$269,351	\$0	\$269,351	\$299,351	\$0	\$299,351
f. Project inspection fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
g. Site work	\$992,050	\$0	\$992,050	\$18,900	\$0	\$18,900	\$21,600	\$0	\$21,600
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$2,880,000	\$0	\$2,880,000	\$269,362	\$0	\$269,362	\$519,362	\$0	\$519,362
j. Equipment	\$66,838,777	\$28,886,379	\$37,952,398	\$24,039,141	\$15,232,764	\$8,806,377	\$26,039,141	\$15,232,764	\$10,806,377
k. Miscellaneous	\$11,179,661	\$0	\$11,179,661	\$291,087	\$0	\$291,087	\$679,816	\$0	\$679,816
l. SUBTOTAL (add a through k)	\$88,274,848	\$29,386,379	\$58,888,469	\$27,658,063	\$15,573,081	\$12,084,982	\$30,529,492	\$15,573,081	\$14,956,411
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	\$27,658,063	\$15,573,081	\$12,084,982	\$30,529,492	\$15,573,081	\$14,956,411

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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