

**QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS**

**General Information**

<b>1. Federal Agency and Organizational Element to Which Report is Submitted</b>  Department of Commerce, National Telecommunications and Information Administration	<b>2. Award Identification Number</b>  NT10BIX5570096	<b>3. DUNS Number</b>  789438293
<b>4. Recipient Organization</b>  Virgin Islands Public Finance Authority 32-33 Kongens Gade, St. Thomas, VI 00802-0430		
<b>5. Current Reporting Period End Date (MM/DD/YYYY)</b>  09-30-2012	<b>6. Is this the last Report of the Award Period?</b>  <input type="radio"/> Yes <input checked="" type="radio"/> No	
<b>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.</b>		
<b>7a. Typed or Printed Name and Title of Certifying Official</b>  Vicki Johnson	<b>7c. Telephone (area code, number and extension)</b>  3407141635	
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<b>7b. Signature of Certifying Official</b>  Submitted Electronically	<b>7e. Date Report Submitted (MM/DD/YYYY):</b>  11-29-2012	

**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 3, Calendar Year (CY) 2012.

During Quarter 3, CY 2012, VIPFA/viNGN received the final order of fiber optic cables needed to complete the build out of its entire network. VIPFA/viNGN also received bids for aerial and underground hardware and installation services for the fiber optic cables for the entire network. The team expects to finalize contract negotiations and begin installation of these materials, including fiber pulling, during Quarter 4, CY 2012, especially through the existing conduit and on the existing poles for which we received rights to access through an agreement with the U.S. Virgin Islands Water and Power Authority (WAPA).

The Requests for Proposals (RFPs) for all of the trenching required on St. Thomas and St. Croix were issued during Quarter 3, CY 2012. VIPFA/viNGN selected two contractors for trenching work, one on St. Croix and one on St. Thomas. These trenches will be the backbone for the fiber optic lines throughout a major portion of each island. The trenching work is divided into four segments (two on St. Thomas and two on St. Croix) and work will be carried out simultaneously, along with aerial installations, starting mid-Quarter 4, CY 2012.

In addition to the fiber optic cables being placed on poles and underground through existing conduit, access to which was provided by the U.S. Virgin Islands Water and Power Authority, and through new conduit that is purchased under the grant, fiber will be pulled and spliced through underground traffic-rated vaults. VIPFA/viNGN issued an Invitation for Bids (IFB) for traffic-rated vaults during Quarter 3, CY 2012.

The construction of three Fiber Access Points (FAPs) were completed as of September 30, 2012. Overall, the Super FAP on St. Croix was 98% complete, with only testing of the backup equipment remaining. The Super FAP was constructed in the town of Fredriksted, St. Croix and is the main FAP on that island. On St. Thomas, the Super FAP was 98% complete overall, pending electrical and telephone connections, backup equipment testing and security installation. This Super FAP is the main FAP on St. Thomas. The two Super FAPs will be the access points for the AT&T Sonnet OC-48 connection between St. Thomas and St. Croix. In addition, through the Super FAP in Fredriksted, St. Croix, viNGN will connect through Global Crossing/Level 3 to Miami, Florida and New York, New York. A second FAP on St. Croix was also 98% complete overall, as finishing work continues. It is located near the U.S. Virgin Islands Department of Public Works-Queens Crossing location on St. Croix. This FAP serves one of the largest clusters of Community Anchor Institutions (CAIs) and Public Computer Centers (PCCs). For example, the U.S. Virgin Islands Department of Public Works, the Girls Scouts, the U.S. Virgin Islands Department of Labor, the U.S. Virgin Islands Department of Education's Warehouse and the islands only Youth Rehabilitation Center (YRC).

At the end of Quarter 3, CY 2012, the VIPFA/viNGN team worked to finalize contract negotiations for eleven (11) contracts for the construction of eleven (11) additional FAPs, four (4) on St. Thomas and seven (7) on St. Croix. Construction of these FAPs is expected to start during Quarter 4, CY 2012.

VIPFA/viNGN also issued requests for proposals/bids for the construction of two additional FAPs; FAP racking and installations; FAP DC power/batteries and installations; FAP air conditioning (AC) and installations; FAP generators and installations; network operating software and systems (OSS/BSS); and, underground innerduct and fiber installations on St. Croix and St. Thomas. Proposals/bids were received for the FAP racking and installations; FAP DC power/batteries and installations; FAP AC equipment and installations; FAP generators and installations; and the OSS/BSS network operating software and systems.

One contractor was selected for installing transfer switches and backup generators for the remaining FAPs to be constructed. Another contractor was selected for installing racks in the FAPs, including the Super FAPs on St. Thomas and St. Croix, for which construction was completed during Quarter 3, CY 2012.

Further, during Quarter 3, CY 2012, VIPFA/viNGN hired a new Project Manager, based on St. Thomas, in order to most effectively implement and monitor program activities on St. Thomas. The team also hired a Controller, CCI for St. Croix and a Safety Coordinator. The Controller, CCI oversees management and coordination of all financial activities for the CCI project team and reports to viNGN's Chief Financial Officer (CFO). The Safety Coordinator reports to the Vice President (VP) of CCI and will ensure that safety meetings are held periodically and that all safety signs are installed prior to construction, including road signs, detour signs, etc. In addition, the Safety Coordinator ensures compliance against Occupational Safety and Health Act (OSHA) Rules and Regulations and conducts safety inspections of all workplace facilities and sites. This position is also in charge of evacuation plans and procedures for viNGN's offices.

Moreover, during Quarter 3, CY 2012, a team from the National Telecommunications and Information Administration (NTIA) and the National Oceanic and Atmospheric Administration (NOAA) conducted a follow-up site visit to its February/March 2012 site visit. The visiting NTIA/NOAA team cited significant improvements in VIPFA/ViNGN's management of its four broadband projects.

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

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2a. Overall Project		34	<p>Please refer to the response to Question 1 above. 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.</p> <p>Construction of three FAPs is completed. One is a Super FAP on St. Thomas; another is a Super FAP St. Croix, and the third one is a regular FAP on St. Croix. Final details, such as adding permanent power, alarm systems, and landscape details, are in progress and will be completed during the first half of Quarter 4, CY 2012.</p> <p>In addition, key project goals were completed for the island of St. John. Site visits were conducted with property owners on St. John to confirm/re-confirm FAP sites. After the site visits, viNGN conducted land survey activities at the three sites. The land survey is an important milestone in completing the FAPs design activities for the island of St. John.</p> <p>Significant progress is expected during the next two quarters, as the team finalizes the network build-out. Construction contracts will be executed, and underground construction with fiber pulling will begin during Quarter 4, CY 2012 and will conclude prior to the end of the grant award period, i.e. July 31, 2012. These activities will be executed concurrently on both St. Thomas and St. Croix.</p> <p>The VIPFA/viNGN team will continue to engage in active oversight of all project activities to assess construction status against the project plan/schedule. On a weekly basis, construction performance will be measured against the Baseline Milestones and Indicators, in order to ensure the close monitoring of construction activities.</p>
2b. Environmental Assessment		96	<p>The VIPFA/viNGN team has negotiated and executed two land survey contracts with two surveying companies, one on St. Thomas and one on St. Croix. VIPFA/viNGN has also contracted with an environmental assessment company to evaluate the site conditions at relocated FAP sites. These FAP sites will be evaluated for endangered flora and fauna that may impact the construction process.</p>
2c. Network Design		98	<p>As part of the network design, VIPFA/viNGN will add an "express route" to provide unhindered 10 gigabyte bandwidth to the farthest reaches of the islands. For example, an express route will be constructed from the Super FAP location to the farthest located FAP. Thus providing bandwidth to CAIs (Community Anchor Institutions) and ISP (Internet Service Providers) that might be located great distances from the Super FAP.</p> <p>VIPFA/viNGN is in the process of revising the logical network design and finalizing and adjusting network routing protocol. This process has increase/balance the network to accommodate for physical design changes implemented in Quarter 3, CY 2012. In addition, VIPFA/viNGN is updating fiber splicing and distribution maps which will be used for vendors and maps out express routes.</p> <p>In Quarter 3, CY 2012, engineering design plans were received but the remaining final design plans and approvals for FAP location changes are scheduled to be completed during Quarter 4, CY 2012.</p>

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2d.	Rights of Way	91	VIPFA/viNGN team has an agreement with the local Department of Public Works for the trenching of four segments of highway, two on St. Thomas and St. Croix. As a result of arrangement, VIPFA/viNGN is about to begin trench work in the first half of the fourth quarter. Once the trench work (backbone) is complete, a major milestone will be completed.
2e.	Construction Permits and Other Approvals	95	During Quarter 3, CY 2012, VIPFA/viNGN submitted application for additional building permits and in some cases VIPFA/viNGN are awaiting final approval based on the permit application process. VIPFA/viNGN is anticipating all building permits for FAP construction to be issued by the third week of the next quarter.
2f.	Site Preparation	30	<p>VIPFA/viNGN and its contractors travelled on the roads which the trench work will be performed. As a result, VIPFA/viNGN and its contractors noted traffic patterns, road constructions and other potential road obstructions to include unsafe conditions that may impact work progress. In addition, VIPFA/viNGN and its contractors made contact with existing contractors to secure plans of on-going construction and to discuss procedures and methods so that both construction teams will have limited impact on each others construction.</p> <p>On a separate occasion, VIPFA/viNGN and its contractors marked out the location of underground drainage culvert that is in the path of trench work to be undertaken. VIPFA/viNGN also identified critical location for vault placement.</p>
2g.	Equipment Procurement	93	<p>The VIPFA/viNGN team continues to make significant progress in its equipment procurement activities and remains above the percentage defined in our Baseline Milestone.</p> <p>During Quarter 2, CY 2012, the team received the routers and switches needed to begin the staging for the placement of the equipment. Further, the team has purchased all of the needed fiber optic cable and is awaiting delivery of the final order.</p> <p>During Quarter 3, CY 2012, the team procured traffic rated vaults for installation during the trench work on both St. Thomas and St. Croix. In addition, VIPFA/viNGN purchased about 30,000 linear feet of PVC conduit for underground fiber optic installation.</p> <p>Some miscellaneous items purchased are couplings, spacers, adapters, cable racks and supports. VIPFA/viNGN also procured 51 reels (408,000 linear feet) of inner ducts for both islands.</p>
2h.	Network Build (all components - owned, leased, IRU, etc)	20	<p>VIPFA/viNGN installed a ASR 9006 (Core Aggregation Services Router) at level (3) co-location facilities in Miami. Our additional ASR 9006 will be installed in New York and completed prior to the end of Quarter 4, CY 2012.</p> <p>Currently, AT&amp;T has a co-location connection point at its facility on St. Thomas. VIPFA/viNGN will install an hand hole near the AT&amp;T co-location facility and run aerial fiber optics to its Super FAP location. Similarly, on St. Croix, VIPFA/viNGN will construct a hand hole near AT&amp;T facility and run underground fiber optic to its Super FAP location. this will create a redundancy in the network system, that will allow VIPFA/viNGN to offer middle service to its customers sooner than its network completion.</p>
2i.	Equipment Deployment	1	At our Level 3 facility in Miami, the ASR 9006 installation process is complete. At our Level 3 facility in New York, the ASR 9006 was purchased and shipped and is awaiting installation.

	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 3, CY 2012; however, with the purchase of a large portion of the network management equipment during Quarter 1, CY 2012 and the completion of the Super FAPs in 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 1, CY 2013. Once connection of the FAPs are complete, 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 continues to make progress towards meeting the Baseline Milestone targets. The progress 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. 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 is still focused on overcoming 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. For example, instead of issuing RFPs for individual FAPs, viNGN will issue RFPs for a combination of FAPs. This will also 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)
<b>New network miles deployed</b>	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.</p> <p>The team procured traffic rated vaults for installation during the trench work on both St. Thomas and St. Croix. In addition, VIPFA/viNGN purchased about 30,000 linear feet of PVC conduit for underground fiber optic installation.</p> <p>Some miscellaneous items purchased are couplings, spacers, adapters, cable racks and supports. VIPFA/viNGN also procured 51 reels (408,000 linear feet) of inner ducts for both islands.</p> <p>In addition, construction of the two Super FAPs is complete, and construction of the remaining FAPs is expected to begin during Quarter 4, CY 2012. Further, a large portion of the network management equipment has been procured and will be prepared for staging and testing for placement once the FAPs are completed.</p> <p>The RFPs for the aerial fiber pulling and splicing was 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 safely 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 2013.</p>
<b>New network miles leased</b>	3,353	<p>VIPFA/viNGN team is currently over performing against the Baseline Indicator for the current quarter and, in fact, exceeds the Baseline Indicator targets that were set through Quarter 3, CY 2012 of the project due to the successful negotiation of a fifteen (15) year Indefeasible Right of Use (IRU) and co-location agreements for New York City and Miami with Global Crossing/ Level 3 during the past quarter.</p> <p>The lease agreement with AT&amp;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 4, CY 2012/ Quarter 1, CY 2013.</p> <p>No additional miles have been leased and currently the final work is being done to facilitate final connectivity and activation of SONET OC-48.</p>
<b>Existing network miles upgraded</b>	0	<p>Existing backbone fiber remains the same as single-mode (long range backbone fiber). This fiber exist in viNGN warehouse on both islands, St. Thomas and St. Croix, for deployment for aerial for construction phase. This includes backbone fiber and distribution fiber ranges from 288 to 12 fiber strand count. All required fiber arrived in the 3rd quarter.</p>
<b>Existing network miles leased</b>	0	N/A

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Number of miles of new fiber (aerial or underground)	0	<p>VIPFA/viNGN team issued RFPs for aerial construction for fiber optic lines installation on all four islands of the Virgin Islands. This includes 44.6 miles of aerial plant construction on St. Thomas, St. John and Water Island. As a result, there will be 235,426 ft. aerial placement of cables. In addition, VIPFA/viNGN will install 80,000 ft. of High Density Polyethylene (HDPE) into existing conduit and 260,000 ft. of fiber optic cable into newly placed underground conduit. This placement includes 105,000 ft. of fabric innerduct inside of newly placed conduit.</p> <p>On the island of St. Croix, VIPFA/viNGN will install 36.6 miles of aerial plant. As a result, there will be 193,241 ft. aerial placement of cables. In addition, VIPFA/viNGN will install 130,000 ft. of High Density Polyethylene (HDPE) into existing conduit and 300,000 ft. of fiber optic cable into newly placed underground conduit. This placement includes 130,000 ft. of fabric innerduct inside of newly placed conduit.</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>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 received the remainder of its fiber needs.</p> <p>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 by the latter half of Quarter 4, CY 2012. Templates for contracts have been developed; thus, contracts are expected to be signed in the early half of Quarter 4, CY 2012.</p> <p>The VIPFA/viNGN team will coordinate with contractors to work on accelerated schedules and actively identify and create ways to speed up the implementation and to improve the coordination of construction activities to close the gap against the Baseline during CY 2012.</p>

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)	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 wholesale service contracts, one for 15 years and the other for 1 year. As a result, the average term of signed

agreements to date (in quarters) is 32. This figure is a correction to the average term reported of 60 in the last quarterly report.

VIPFA/viNGN two agreements are 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. VIPFA/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 VIPFA/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. No change is anticipated in this quarter

**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 4, CY 2012 and be in line with the Baseline by the end of Quarter 1, CY 2013.
	Providers with signed agreements receiving access to dark fiber	0	N/A



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	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.
Community Anchor Institutions (including Government institutions)	Total subscribers served	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 4, CY 2012 and be in line with the Baseline by the end of Quarter 1, CY 2013.
	Subscribers receiving new 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 4, CY 2012 and be in line with the Baseline by the end of Quarter 1, CY 2013.
	Subscribers 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 4, CY 2012 and be in line with the Baseline by the end of Quarter 1, CY 2013.
	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)
Residential / Households	Entities passed	0	N/A
	Total subscribers served	0	N/A
	Subscribers receiving new access	0	N/A
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A
Businesses	Entities passed	0	N/A
	Total subscribers served	0	N/A
	Subscribers receiving new access	0	N/A
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A

**7. Please describe any special offerings you may provide (600 words or less).**

Any special offerings will be determined, based upon the results of market research on optimal pricing and the optimal range of services to be offered. At this time, there is no special offering being proposed.

**8a. Have your network management practices changed over the last quarter?**  Yes  No

**8b. If so, please describe the changes (300 words or less).**

NOT APPLICABLE

**9. Community Anchor Institutions:**  
Using the table below, please provide a list by service area of the community anchor institutions (including Government institutions) connected to your network as a result of BTOP funds. Figures should be reported for the most recent reporting quarter only (NOT cumulatively). Also indicate whether your organization is currently providing broadband service to the anchor institution. Finally, provide a short narrative description with examples of how institutions are using BTOP-funded infrastructure (300 words or less).

Institution Name	Service Area (town or county)	Type of Anchor Institution (as defined in your baseline)	Are you also the broadband service provider for this institution? (Yes / No)	Narrative description of how anchor institutions are using BTOP-funded infrastructure
NONE THIS QUARTER	None this quarter	None this quarter	No	None this quarter

**Project Indicators (Next Quarter)**

**1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).**

The VIPFA/viNGN team plans to accomplish the following during Quarter 4, CY 2012:

- Release all remaining solicitations for FAP construction and begin construction on the additional 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 locations
- Complete the engineering design work for the relocation of a few FAPs
- During the next two quarters (Quarter 4, CY 2012 and Quarter 1, CY 2013), VIPFA/viNGN will work with the BTOP program team and the grants office to finalize the revised 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.
- Hire a new Field Coordinator, based on St. Thomas, in order to most effectively implement and monitor program activities on St. Thomas, St. John and Water Island
- Obtain the remaining permits needed to begin construction
- Obtain the remaining environmental assessments
- Participate in Broadband Coalition meetings with Community Anchor Institutions, future 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
- Notify and enter into contracts with selected bidders for generators, AC/DC power and racking equipment and related installation work for all FAPs

Based on the revised project schedule, VIPFA/viNGN expects to trench 6.2 miles on St. Thomas and 7.2 miles on St. Croix. In addition, VIPFA/viNGN plans to connect the first two CAIs in the downtown area as well as enter into the first agreement with at least one last mile provider, likely for off-island Internet transit and possibly for CAI pass-through buys, all during late Quarter 4, CY 2012 or Quarter 1, CY 2013.

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

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2a.	Overall Project	41	<p>The Super FAP construction is completed, and the VIPFA/viNGN intends to begin the construction of additional FAPs during Quarter 4, CY 2012. Additional progress is expected during Quarter 4, CY 2012.</p> <p>At the end of the 3rd quarter, the VIPFA/viNGN team worked to finalize eight (8) construction service contracts for the construction of eight (8) additional FAPs, six on St. Thomas and two on St. Croix. During Quarter 4, CY 2012, VIPFA/viNGN will finalize any environmental, archeological studies and will award contracts for the execution of these FAPs. This will be an aggressive schedule to which most of VIPFA/viNGN project activities will be field bound.</p> <p>The RFPs for the aerial fiber pulling and splicing was issued during Quarter 3, CY 2012. As a result, VIPFA/viNGN and it contractors will begin aerial fiber installation during Quarter 4, CY 2012. This implies VIPFA/viNGN will have an aggressive schedule of activities to include FAP construction, aerial fiber pulling, underground fiber installation beginning at Quarter 4, CY 2012 and ending in Quarter 1, CY 2013.</p> <p>The team will coordinate with contractors to work safely on accelerating the schedule. Also, as the team proceeds to initiate and conclude procurements and realign its construction schedule to include parallel construction activities.</p>
2b.	Environmental Assessment	96	No variance from Baseline Milestone target; VIPFA/viNGN team does plan to complete additional archaeological surveys for all FAPs that were relocated.
2c.	Network Design	100	<p>Future network will handle security monitoring and utilizing SNMP (Simple Network Management Protocol) enable devices and IP (Internet Protocol) cameras.</p> <p>There are no variances from Baseline Milestone target.</p>

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2d.	Rights of Way	95	Additional progress is expected during Quarter 4, 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	96	Due to the relocation of a few FAPs, new environmental, archaeological and building permits are required prior to construction. As a result of reapplying for building permits, the percentage was reduce.
2f.	Site Preparation	80	<p>In the first section of Quarter 4 CY 2012, VIPFA/viNGN project team will make a site visit to identify fiber optic trench crossings such as storm drains, sewer lines and any noticeable mechanically laid underground crossing. In addition, a site visit will be conducted with the trench contractor to identify existing underground obstructions and to establish the path of the trench work for the entire trench project.</p> <p>In preparation for FAP construction, site visits will be conducted with construction contractors to identify lay down areas, traffic patterns and any other safety concerns applicable to the particular project site. This will include participation with the current land owner in vetting any concerns that maybe of significance of the project completion.</p>
2g.	Equipment Procurement	94	During Quarter 4, CY 2012, the team plans to continue to over preform against the Baseline as it will begin to install traffic rated vaults during the trench work on both St. Thomas and St. Croix. Additionally, during Quarter 4, CY 2012, VIPFA/viNGN will procure a stocking equipment for the warehouse team.
2h.	Network Build (all components - owned, leased, IRU, etc.)	25	<p>Significant progress has been made with the construction of the two Super FAPs. The Super FAPs were completed during Quarter 3, CY 2012. Permanent power was installed in the Super FAPs. However, once the other FAPs are built, the routers and switches will be installed to await final connection to the aerial or underground fiber to bring the network on line.</p> <p>The lease agreement for the SONET OC-48 with AT&amp;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	11	<p>Significant progress has been made with the construction of the two Super FAPs. The Super FAPs were completed during Quarter 3, CY 2012. Permanent power was installed in the Super FAPs. However, once the other FAPs are built, the routers and switches will be installed to await final connection to the aerial or underground fiber to bring the network on line in the final quarter.</p> <p>The lease agreement for the SONET OC-48 with AT&amp;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>
2j.	Network Testing	40	Construction of the two Super FAPs are complete. Once connection of the FAPs are completed, the routers and switches will be installed and will await final activation to the fiber to bring the network on line. In Quarter 2, CY 2013, the final testing and staging for placement of the routers and switches will begin.
2k.	Other (please specify):	0	The combination of the planned accomplishments, as outlined above, and the total expenditures anticipated through Quarter 4, 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/viINGN team members plan to coordinate a discussion/discussions with the National Telecommunication and Information Administration (NTIA)'s Director of Minority Telecom Development.

VIPFA/viINGN 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; 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/viINGN 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	\$507,474	\$0	\$507,474	\$507,474	\$0	\$507,474
b. Land, structures, right-of-ways, appraisals, etc.	\$1,500,108	\$0	\$1,500,108	\$45,626	\$0	\$45,626	\$70,626	\$0	\$70,626
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	\$2,556,055	\$340,317	\$2,215,738	\$2,626,370	\$340,317	\$2,286,053
e. Other architectural and engineering fees	\$280,320	\$0	\$280,320	\$271,364	\$0	\$271,364	\$314,351	\$0	\$314,351
f. Project inspection fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
g. Site work	\$992,050	\$0	\$992,050	\$25,100	\$0	\$25,100	\$84,100	\$0	\$84,100
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$2,880,000	\$0	\$2,880,000	\$983,050	\$0	\$983,050	\$1,508,400	\$0	\$1,508,400
j. Equipment	\$66,838,777	\$28,886,379	\$37,952,398	\$24,741,799	\$15,232,764	\$9,509,035	\$25,714,499	\$15,232,764	\$10,481,735
k. Miscellaneous	\$11,179,661	\$0	\$11,179,661	\$608,486	\$0	\$608,486	\$701,346	\$0	\$701,346
<b>l. SUBTOTAL (add a through k)</b>	<b>\$88,274,848</b>	<b>\$29,386,379</b>	<b>\$58,888,469</b>	<b>\$29,738,954</b>	<b>\$15,573,081</b>	<b>\$14,165,873</b>	<b>\$31,527,166</b>	<b>\$15,573,081</b>	<b>\$15,954,085</b>
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>n. TOTALS (sum of l and m)</b>	<b>\$88,274,848</b>	<b>\$29,386,379</b>	<b>\$58,888,469</b>	<b>\$29,738,954</b>	<b>\$15,573,081</b>	<b>\$14,165,873</b>	<b>\$31,527,166</b>	<b>\$15,573,081</b>	<b>\$15,954,085</b>

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