

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 NT10BIX5570130	3. DUNS Number 039872192
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4. Recipient Organization

 Trillion Communications Corp. 4000 Farr Dr.
 , Bessemer, AL 35022-4836

5. Current Reporting Period End Date (MM/DD/YYYY) 06-30-2011	6. Is this the last Report of the Award Period? <input type="radio"/> Yes <input checked="" type="radio"/> No
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7. Certification: I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purposes set forth in the award documents.

7a. Typed or Printed Name and Title of Certifying Official Dawit Aynachew	7c. Telephone (area code, number and extension) X
	7d. Email Address DAynachew@hoskinscpas.com

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 08-29-2011
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Empty space for additional information or comments
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Project Indicators (This Quarter)

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

The following significant accomplishments were realized this quarter:
 a) The SCABC Authority continues to enroll/sign-up additional municipalities;
 b) Developed an independent System Performance Validation plan;
 c) SCABC signed lease for space in the Hayneville Plaza Building;
 d) A2D Sub-Recipient Agreement Signed.
 e) Submitted construction permit drawings to Alabama Department of Transportation
 f) First project construction management office opened and staffed in Hayneville, Al

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	4	We are making progress in catching up to baseline. The delay in proceeding with construction stemmed from the effect of the the FONSI delay.
2b.	Environmental Assessment	100	EA is complete
2c.	Network Design	95	We are making progress in catching up to baseline. The delay in proceeding with route and fiber design stemmed from the effect of the the FONSI delay. Construction Drawings are being adjusted per specific municipal permit requirements
2d.	Rights of Way	45	We are ahead of baseline.
2e.	Construction Permits and Other Approvals	10	We are making progress in catching up to baseline. The delay in proceeding with final construction drawings and submittal of permits stemmed from the effect of the the FONSI delay. Regardless. A2D Signed Lease and opened first construction office.
2f.	Site Preparation	10	We are ahead of baseline
2g.	Equipment Procurement	15	We are ahead of baseline
2h.	Network Build (all components - owned, leased, IRU, etc)	0	We are making progress in catching up to baseline. The delay in proceeding with construction stemmed from the effect of the the FONSI delay.
2i.	Equipment Deployment	0	We are making progress in catching up to baseline. The delay in proceeding with construction stemmed from the effect of the the FONSI delay.
2j.	Network Testing	0	We are making progress in catching up to baseline. The delay in proceeding with construction stemmed from the effect of the the FONSI delay.
2k.	Other (please specify):	21	Public Notification is fairly dependant on the final design plan and being able to provide expectation dates. The delay of the FONSI affected our ability to provide this information. Public Notification will be implemented across eight (8) counties in South Central Alabama. The Notification Program is being developed via a collaboration with the Broadband Authority and Stakeholders. Lowndes County Notification in currently in process. We are entering Wave 2 which will have a direct impact to all anchor institutions, businesses, and residences in the last mile FTTP serving area.

3. To the extent not covered above, please describe any challenges or issues faced during this past quarter in achieving planned progress against the project milestones listed above. In particular, please identify any areas or issues where technical assistance from the BTOP program may be useful (600 words or less).

The extended lead time on the availability of the fiber material will impact the actual testing and lighting of long fiber runs. However, we will mitigate this delay by deploying and installing the fiber conduit prior to receipt of the fiber cables.

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4. Please report the following information regarding network build progress. Write "0" in the Total column and "N/A" in the Narrative column if your project does not include this activity. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the total is different from the target provided in your baseline plan (600 words or less).

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
New network miles deployed	0	The delay in proceeding with construction stemmed from the effect of the FONSI delay.
New network miles leased	0	The delay in proceeding with construction stemmed from the effect of the FONSI delay.
Existing network miles upgraded	0	The delay in proceeding with construction stemmed from the effect of the FONSI delay.
Existing network miles leased	0	The delay in proceeding with construction stemmed from the effect of the FONSI delay.
Number of miles of new fiber (aerial or underground)	0	The delay in proceeding with construction stemmed from the effect of the FONSI delay.
Number of new wireless links	0	The delay in proceeding with construction stemmed from the effect of the FONSI delay.
Number of new towers	0	The delay in proceeding with construction stemmed from the effect of the FONSI delay.
Number of new and/or upgraded interconnection points	0	The delay in proceeding with construction stemmed from the effect of the FONSI delay.

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	0
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	3
Average term of signed agreements (in quarters)	20

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers:
 Pending- Level 3 Communications, Windstream Communications(KDL)
 Note of Correction: Pine Belt Communications currently has not executed a Letter of Intent. A formal NDA is currently in place.

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:

The 'network' will aggregate and deliver the services of each interconnected commercial service providers (carrier, wholesale, last mile, community-based) to each of their end-users (subscribers) connected. Each service provider charges and bills each end-user customer (subscribers) for services rendered over the network. Each service provider pays to access the network a monthly per service fee (Toll Fee) which equates to 23% - 44% of the monthly retail services charged each end-user (subscriber). This fee will be reported as program income in accordance with the terms and conditions of the grant award and federal guidelines. Network services are as follows: Dark Fiber Lease(protected/unprotected), High-Capacity Data Transport (Dedicated/Point2Point), Wireless Backhaul, and Last Mile Toll Services.

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).

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A2D, Inc has been designated as the Operator of the Network. A2D is also a sub-recipient. A2D will manage the day-to-day operations of the proposed network on behalf of the municipal broadband authority by providing the required personnel, field equipment and vehicles, and network support and provisioning systems required to meet the Service Level Agreements of each service provider that competes to deliver services across the network. This includes but not limited to managing the network's Transport, Access and Wireless-based systems, Outside Plant infrastructure, terminals, as well as co-location facilities.

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	What we have encountered is that most providers will want to perform their own validation of the network before executing a comprehensive MSA and SLA given the uniqueness of our design and model. We do however, expect Level 3 and Magnolia Belle to execute MSA's prior to network lighting. In the interim we have executed 8 LOI's and 2 stronger LOC's
	Providers with signed agreements receiving improved access	0	What we have encountered is that most providers will want to perform their own validation of the network before executing a comprehensive MSA and SLA given the uniqueness of our design and model. We do however, expect Level 3 and Magnolia Belle to execute MSA's prior to network lighting. In the interim we have executed 8 LOI's and 2 stronger LOC's
	Providers with signed agreements receiving access to dark fiber	0	What we have encountered is that most providers will want to perform their own validation of the network before executing a comprehensive MSA and SLA given the uniqueness of our design and model. We do however, expect Level 3 and Magnolia Belle to execute MSA's prior to network lighting. In the interim we have executed 8 LOI's and 2 stronger LOC's
	Please identify the speed tiers that are available and the number of subscribers for each	0	What we have encountered is that most providers will want to perform their own validation of the network before executing a comprehensive MSA and SLA given the uniqueness of our design and model. We do however, expect Level 3 and Magnolia Belle to execute MSA's prior to network lighting. In the interim we have executed 8 LOI's and 2 stronger LOC's
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	The delay in proceeding with construction stemmed from the effect of the FONSI delay.
	Subscribers receiving new access	0	The delay in proceeding with construction stemmed from the effect of the FONSI delay.
	Subscribers receiving improved access	0	The delay in proceeding with construction stemmed from the effect of the FONSI delay.
	Please identify the speed tiers that are available and the number or subscribers for each	0	The delay in proceeding with construction stemmed from the effect of the FONSI delay.
Residential / Households	Entities passed	0	The delay in proceeding with construction stemmed from the effect of the FONSI delay.
	Total subscribers served	0	The delay in proceeding with construction stemmed from the effect of the FONSI delay.
	Subscribers receiving new access	0	The delay in proceeding with construction stemmed from the effect of the FONSI delay.
	Subscribers receiving improved access	0	The delay in proceeding with construction stemmed from the effect of the FONSI delay.
	Please identify the speed tiers that are available and the number of subscribers for each	0	The delay in proceeding with construction stemmed from the effect of the FONSI delay.

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Businesses	Entities passed	0	The delay in proceeding with construction stemmed from the effect of the FONSI delay.
	Total subscribers served	0	The delay in proceeding with construction stemmed from the effect of the FONSI delay.
	Subscribers receiving new access	0	The delay in proceeding with construction stemmed from the effect of the FONSI delay.
	Subscribers receiving improved access	0	The delay in proceeding with construction stemmed from the effect of the FONSI delay.
	Please identify the speed tiers that are available and the number of subscribers for each	0	The delay in proceeding with construction stemmed from the effect of the FONSI delay.

7. Please describe any special offerings you may provide (600 words or less).
Private LAN (On-Net) Backhaul and Inter-Jurisdictional Access Services for Public Safety & First Responders

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

8b. If so, please describe the changes (300 words or less).
None

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
N/A	N/A	N/A	N/A	N/A

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
a) 32%- Project Notification will be in process of Phase 2- Macon County;
b) Extensive dialogue/collaboration with city and municipal entities will occur to ensure timely issuance of road/highway permits;
c) Groundbreaking event(s) to be planned/scheduled;
d) Initiate a Financial Assessment and Program Specific Audit;
e) Construction-related Material and equipment will be ordered.

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	18	We are making strides to catch up with the baseline. The delay in proceeding with construction stemmed from the effect of the FONSI delay.
2b.	Environmental Assessment	100	EA is complete
2c.	Network Design	97	We are making strides to catch up with the baseline. The delay in proceeding with construction stemmed from the effect of the FONSI delay.
2d.	Rights of Way	50	There is no variance
2e.	Construction Permits and Other Approvals	18	We are making strides to catch up with the baseline. The delay in proceeding with construction stemmed from the effect of the FONSI delay.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2f.	Site Preparation	13	We are making strides to catch up with the baseline. The delay in proceeding with construction stemmed from the effect of the FONSI delay.
2g.	Equipment Procurement	25	There is no variance
2h.	Network Build (all components - owned, leased, IRU, etc.)	8	We are making strides to catch up with the baseline. The delay in proceeding with construction stemmed from the effect of the FONSI delay.
2i.	Equipment Deployment	18	We are making strides to catch up with the baseline. The delay in proceeding with construction stemmed from the effect of the FONSI delay.
2j.	Network Testing	10	We are making strides to catch up with the baseline. The delay in proceeding with construction stemmed from the effect of the FONSI delay.
2k.	Other (please specify):	60	Public Notification will be implemented across eight (8) counties in South Central Alabama. The Notification Program is being developed via a collaboration with the Broadband Authority and Stakeholders. Lowndes County Notification is currently in process. We are entering Wave 2 which will have a direct impact to all anchor institutions, businesses, and residences in the last mile FTTP serving area.

3. Please describe any challenges or issues anticipated during the next quarter that may impact planned progress against the project milestones listed above. In particular, please identify any areas or issues where technical assistance from the BTOP program may be useful (600 words or less).

a) Permitting delays
 b) Access to fiber cable;
 c) Ramp up with contractors
 d) working out full logistics to effect placement of the fiber;
 e) Full adoption by last mile stakeholders.

Infrastructure Budget Execution Details

Activity Based Expenditures (Infrastructure)

1. Please provide details below on your total budget, cumulative actual expenditures (for the period ending the current quarter), and cumulative anticipated expenditures (for the period ending next quarter) for each line item, including detailed disbursements of both matching funds and federal funds from project inception through end of this quarter (actual) or next quarter (anticipated). Actual and anticipated figures should be reported cumulatively from award inception to the end of the applicable reporting quarter.

Budget for Entire Project				Actuals from Project Inception through End of Current Reporting Period			Anticipated Actuals from Project Inception through End of Next Reporting Period		
Cost Classification	Total Cost (plan)	Matching Funds (plan)	Federal Funds (plan)	Total Cost	Matching Funds	Federal Funds	Total Costs	Matching Funds	Federal Funds
a. Administrative and legal expenses	\$1,234,225	\$386,312	\$847,913	\$520,764	\$7,000	\$513,764	\$544,578	\$170,453	\$374,125
b. Land, structures, right-of-ways, appraisals, etc.	\$1,012,000	\$316,756	\$695,244	\$0	\$0	\$0	\$264,000	\$82,632	\$181,368
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$60,000	\$18,780	\$41,220	\$60,000	\$0	\$60,000	\$0	\$0	\$60,000
e. Other architectural and engineering fees	\$10,399,125	\$3,254,926	\$7,144,199	\$2,404,797	\$566,960	\$1,837,837	\$3,156,697	\$988,046	\$2,168,651
f. Project inspection fees	\$444,335	\$139,077	\$305,258	\$0	\$0	\$0	\$23,994	\$7,510	\$16,484
g. Site work	\$19,190,744	\$6,006,703	\$13,184,041	\$0	\$0	\$0	\$2,204,200	\$689,915	\$1,514,285
h. Demolition and removal	\$43,200	\$13,522	\$29,678	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$1,371,990	\$429,433	\$942,557	\$0	\$0	\$0	\$322,965	\$101,088	\$221,877
j. Equipment	\$21,306,005	\$6,668,780	\$14,637,225	\$544,646	\$205,738	\$338,908	\$4,150,900	\$1,299,232	\$2,851,668
k. Miscellaneous	\$31,195,356	\$9,764,147	\$21,431,209	\$15,364	\$0	\$15,364	\$3,309,381	\$1,035,836	\$2,273,545
l. SUBTOTAL (add a through k)	\$86,256,980	\$26,998,436	\$59,258,544	\$3,545,571	\$779,698	\$2,765,873	\$13,976,715	\$4,374,712	\$9,662,003
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$86,256,980	\$26,998,436	\$59,258,544	\$3,545,571	\$779,698	\$2,765,873	\$13,976,715	\$4,374,712	\$9,662,003

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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