

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
4. Recipient Organization Trillion Communications Corp. 4000 Farr Dr. , Bessemer, AL 35022-4836		5. Current Reporting Period End Date (MM/DD/YYYY) 12-31-2010
6. Is this the last Report of the Award Period? <input type="radio"/> Yes <input checked="" type="radio"/> No		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): 02-22-2011

Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).
 - Extensive collaboration with EA Firm and various environmental agencies that provide ultimate approvals based on Assessments.
 - Legal support finalized Non-Disclosure Agreements and execution between recipient and/or sub-recipient and 2 telecommunication companies. A third one is under review
 - Final version of Agreements for fiber optic services reviewed by our legal support

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	2	Construction work awaiting completion of Environmental Assessment
2b.	Environmental Assessment	90	Environmental Assessment Report Completed and prepared for submittal on February 1, 2011.
2c.	Network Design	100	Network Design and Systems Specifications Complete. Construction Documents for Permit 10% Complete.
2d.	Rights of Way	45	Terminal placements and right's of way easements identified. Lease agreement negotiations start in February 2011.
2e.	Construction Permits and Other Approvals	0	Awaiting completion of Phase I Construction Documents.
2f.	Site Preparation	0	Awaiting FONSI.
2g.	Equipment Procurement	10	Phase I Equipment acquired and undergoing pre-installation configuration and testing.
2h.	Network Build (all components - owned, leased, IRU, etc)	0	Awaiting FONSI.
2i.	Equipment Deployment	0	Awaiting FONSI.
2j.	Network Testing	0	Awaiting FONSI.
2k.	Other (please specify): Project notification	25	Municipal and Community Stakeholder Notification started January 2011. Phase I End User Connections Notifications to begin February 2011.

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).

Trillion worked extensively and met with the executive leadership of Troy Cable Vision to discuss the overlapping of both projects within Crenshaw County, Alabama. A Memorandum of Understanding was signed on 1/24/2011 and both companies agreed, in principle, to take the necessary steps to eliminate the overlap. This MOU ensures a win-win opportunity for both entities where the community will truly benefit from receiving the broadband-based connectivity they will need both today and tomorrow. Each company worked diligently, both singularly and collectively, to ensure the funds provided by the federal grant are appropriately utilized and allowable. Troy Cablevision's Southeast Alabama SmartBand Project and Trillion's South Central Alabama Broadband Commission (SCABC) Project provide for and embraces an open access, non-discriminatory network in contiguous counties. Our MOU stipulates which company will manage the construction of the overlapping network, as well as assessing the factors that support the determination for cost sharing.

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	Awaiting completion of Environmental Assessment
New network miles leased	0	Awaiting completion of Environmental Assessment

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Existing network miles upgraded	0	Awaiting completion of Environmental Assessment
Existing network miles leased	0	Awaiting completion of Environmental Assessment
Number of miles of new fiber (aerial or underground)	0	Awaiting completion of Environmental Assessment
Number of new wireless links	0	Awaiting completion of Environmental Assessment
Number of new towers	0	Awaiting completion of Environmental Assessment
Number of new and/or upgraded interconnection points	0	Awaiting completion of Environmental Assessment

For questions 5 and 6 please include information relating to agreements that you are negotiating or have entered into, or that your sub recipient, contractor or subcontractor is negotiating or entered into.

5a. If applicable, please provide the following information with regard to agreements with broadband wholesalers and/or last mile providers as a result of your project.

Indicators	
Number of signed agreements with broadband wholesalers or last mile providers	1
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	5
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: Current Letter of Intent Agreements: MediaCom, Frontier Communications, Trinitri Communications, Pinebelt Communications, and Troy Cablevision.

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 proposed network will aggregate and deliver the services of each interconnected last mile service provider to each of their subscriber. The service providers themselves will charge their end-user customers for services rendered. Each service provider will pay a Toll Fee which equates to 23%-44% of the retail service they charge each end-user per month per service. This fee will be reported as program income in accordance with the terms and conditions of the award and federal guidelines.

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).

A2D, Inc. is the sub-recipient and operator of the South Central Alabama Broadband Cooperative District Network. A2D's corporate office is located at 3800 Camp Creek Parkway, Bldg 1400, Suite 132, Atlanta, GA 30331. A2D will operate and manage the entire network on behalf of the Municipal Broadband Authority, as well as ensure that the network meets the required performance standards of each interconnected Wholesale Middle Mile and Last Mile service provider.

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	N/A
	Providers with signed agreements receiving improved access	0	N/A
	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	N/A

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Community Anchor Institutions (including Government institutions)	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 or subscribers for each	0	N/A
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).

NONE

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) Receive official Environmental Assessment approval from the NTIA;
- b) Officially break ground in Hayneville, AL as part of Phase I Deployment;
- c) Acquire the necessary access permits for City, County, State, Utility, Private and Railroad Right of Way Access;

d) Acquire the necessary AL DOT Permits for State Highway and Bridge Access Permits

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	22	Awaiting Approval of Environmental Assessment
2b.	Environmental Assessment	100	Complete Environmental Assessment to Begin Construction
2c.	Network Design	100	Complete Construction Drawings for Permitting
2d.	Rights of Way	45	Acquire the necessary access permits for City, County, State, Utility, Private and Railroad Right of Way Access
2e.	Construction Permits and Other Approvals	75	Acquire the necessary AL DOT Permits for State Highway and Bridge Access Permits
2f.	Site Preparation	22	Stage Materials/Equipment, Clear Easements, and Set-up Construction Management Sites
2g.	Equipment Procurement	24	Purchase, Stage, Test and Burn-In Equipment
2h.	Network Build (all components - owned, leased, IRU, etc.)	10	Install Infrastructure and Terminals
2i.	Equipment Deployment	23	Deploy Core Routing, Switching at Terminals and Implement Customer Premise Devices
2j.	Network Testing	19	Test Fiber Connectivity, Network Terminals and Validate Customer Premise Connectivity
2k.	Other (please specify): Project notification	70	Project Notifications and Scheduling and General Administration/Oversight

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).

Continued uncertainty in the regulatory environment in regards to project compliance with either (i) the Federal Communications Commission's ("FCC") Internet Policy Statement principles which were made temporarily enforceable for certain broadband providers, or (ii) the rules, including network management practices, adopted by the FCC in its December 23, 2010, REPORT AND ORDER (GN Docket No. 09-191,WC Docket No. 07-52) In the Matter of Preserving the Open Internet Broadband Industry Practices.

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	\$193,751	\$0	\$193,751	\$302,687	\$0	\$302,687
b. Land, structures, right-of-ways, appraisals, etc.	\$1,012,000	\$316,756	\$695,244	\$0	\$0	\$0	\$354,200	\$110,865	\$243,335
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	\$0	\$0	\$0	\$60,000	\$0	\$60,000
e. Other architectural and engineering fees	\$10,399,126	\$3,254,926	\$7,144,199	\$886,296	\$566,960	\$319,336	\$2,069,982	\$729,706	\$1,340,276
f. Project inspection fees	\$444,335	\$139,077	\$305,258	\$0	\$0	\$0	\$22,217	\$6,954	\$15,263
g. Site work	\$19,190,744	\$6,006,703	\$13,184,041	\$0	\$0	\$0	\$128,367	\$0	\$128,367
h. Demolition and removal	\$43,200	\$13,522	\$29,678	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$1,371,989	\$429,433	\$942,557	\$0	\$0	\$0	\$301,837	\$94,475	\$207,362
j. Equipment	\$21,306,005	\$6,668,780	\$14,637,225	\$291,170	\$164,263	\$126,907	\$1,542,349	\$497,702	\$1,044,647
k. Miscellaneous	\$31,195,356	\$9,764,147	\$21,431,209	\$10,162	\$0	\$10,162	\$1,575,896	\$488,207	\$1,087,689
l. SUBTOTAL (add a through k)	\$86,256,980	\$26,998,436	\$59,258,544	\$1,381,379	\$731,223	\$650,156	\$6,357,535	\$1,927,909	\$4,429,626
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	\$1,381,379	\$731,223	\$650,156	\$6,357,535	\$1,927,909	\$4,429,626

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