

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) 03-31-2011	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): 05-13-2011
-----------------------------------------------------------------------------	------------------------------------------------------------------

--

Project Indicators (This Quarter)

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

The Trillion Team completed the following objectives: Completed Phase I Permit Drawings for Middle Mile Network deployment with Lowndes and Dallas County, formed the Broadband Municipal Authority, began testing Phase I Transport and Access Systems, and completed 75% of the required documentation to ensure the project receives its FONSI within May of 2011.

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	Milestone was not completed due to not receiving FONSI before March 31, 2011.
2b.	Environmental Assessment	95	Completed all necessary documents to receive FONSI in May, 2011.
2c.	Network Design	95	100% of Network Design is complete however, 100% of Permit Drawings are not complete due to time required to obtain, digitize and overlay as-build information.
2d.	Rights of Way	45	Ahead of schedule. Terminal placements and right's of way easements identified. Lease agreement notifications started in February 2011.
2e.	Construction Permits and Other Approvals	5	Prepared documents to Permit Phase I Rail Road Crossings in Dallas and Lowndes County as well as Alabama DOT right-of-way. Construction Permits are driven by final route design hence is dependent on the Environmental Assessment and FONSI which took longer than anticipated. We expect to catch up to baseline projections within the next 2 quarters.
2f.	Site Preparation	2	Mobilization of construction site to begin staging materials was deferred because we had not received letters of concurrence for EA by March 15th. This caused site preparation activity to be reduced by 2%. We expect to catch up to baseline projections within the next 2 quarters.
2g.	Equipment Procurement	15	Reviewed and installed test equipment from key manufacturers for Phase I of the network. With the delay in construction noted above, inside plant equipment procurement becomes a secondary need and not critical path. We have procured the necessary equipment needed at this time for beta testing and network setup. We expect to catch up to baseline projections within the next 2 quarters
2h.	Network Build (all components - owned, leased, IRU, etc)	0	Projected during last quarter that FONSI would have been secured by March 2011. Since it was not, construction was deferred to May 2011 which resulted in a reduction in percentage complete
2i.	Equipment Deployment	0	Projected to deploy equipment to site facilities and terminals by end of March 2011. Due to FONSI not being obtained, percentage had to be reduced.
2j.	Network Testing	0	Projected to deploy fiber infrastructure in March 2011. However without securing FONSI, construction was deferred to May 2011.
2k.	Other (please specify):	15	Municipal and Community Stakeholder Notification started January 2011. Phase I End User Connections Notifications started in 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).

The Trillion Team had a delay in receiving the FONSI due to more information required for premise connections, bridge attachments and tower connections. The Trillion Team also had a delay in systems testing due to the winter storms that slowed delivery of critical network equipment and components. Finally, the Trillion Team was delayed in producing the required permit drawings for Phase I construction due to the non-availability of adequate digital as-build drawings which required extensive field survey and GIS-based validation. Although these challenges cause several adjustments in our time line, technical assistance from BTOP was only required in

addressing some of the concerns with our Environmental Assessment Reviewers.

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 for FONSI after completion of environmental assessment.
New network miles leased	0	Awaiting for FONSI after completion of environmental assessment.
Existing network miles upgraded	0	Awaiting for FONSI after completion of environmental assessment.
Existing network miles leased	0	Awaiting for FONSI after completion of environmental assessment.
Number of miles of new fiber (aerial or underground)	0	Awaiting for FONSI after completion of environmental assessment.
Number of new wireless links	0	Awaiting for FONSI after completion of environmental assessment.
Number of new towers	0	Awaiting for FONSI after completion of environmental assessment.
Number of new and/or upgraded interconnection points	0	Awaiting for FONSI after 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	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 agreements are with Level 3 Communications, Windstream Communications and Kentucky Datalink. Note of Correction: Pine Belt Communications currently has not executed a Letter of Intent with the Trillion Team although a formal NDA is currently in place previously reported as an entity who signed 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:

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 customers (subscribers) for services rendered over the network. Each service provider pays to the network a monthly per service fee (Toll Fee) which equates to 23%-44% of the monthly retail services charged each end-user (subscriber). Network services are as listed: 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).

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 is 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	Negotiations still underway
	Providers with signed agreements receiving improved access	0	Negotiations still underway
	Providers with signed agreements receiving access to dark fiber	0	Negotiations still underway
	Please identify the speed tiers that are available and the number of subscribers for each	0	Wholesale Carrier Access (FTTP): The current bandwidth matrix available is 1mbps; 500mbps; 1 GigE; 10 GigE. The delivery speed per provider will be determined by the demand generated by the Sales effort by each service provider. Wholesale Dark Transport: Dark Fiber Lease- 2 Strand/mile + Maintenance/ 1,3,5 Year IRU; Fiber swap.
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	Awaiting FONSI; No construction has begun.
	Subscribers receiving new access	0	Awaiting FONSI; No construction has begun.
	Subscribers receiving improved access	0	Awaiting FONSI; No construction has begun.
	Please identify the speed tiers that are available and the number of subscribers for each	0	Internet: The speeds that will be available will be 10mbps-500mbps;up 1 GigE. The delivery speed per Anchor institution will be determined by the size and need per site. Intranet: 100mbps-1GigE on-net connectivity to public "connected" facilities on the network. \$100+/facility/month.
Residential / Households	Entities passed	0	Awaiting FONSI; No construction has begun.
	Total subscribers served	0	Awaiting FONSI; No construction has begun.
	Subscribers receiving new access	0	Awaiting FONSI; No construction has begun.
	Subscribers receiving improved access	0	Awaiting FONSI; No construction has begun.
	Please identify the speed tiers that are available and the number of subscribers for each	0	The speed available at home will range between 1mbps - 100 mbps; actual speeds provided based on the services orders from Commercial Service Providers initiated by Home owners. Intranet: 1mbps-100mbps on-net connectivity to public "connected" facilities on the network subsidized by Nonprofit or State agencies. \$2-10/end-user/month.
Businesses	Entities passed	0	Awaiting FONSI; No construction has begun.
	Total subscribers served	0	Awaiting FONSI; No construction has begun.
	Subscribers receiving new access	0	Awaiting FONSI; No construction has begun.
	Subscribers receiving improved access	0	Awaiting FONSI; No construction has begun.
	Please identify the speed tiers that are available and the number of subscribers for each	0	The speed available at businesses will be between 1mbps- 1 GigE; Actual need will be based on services orders from the Commercial Service Providers initiated by Businesses (end-user).

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).
The objective of the next quarter is as follows: 1. Secure FONSI to begin construction within May 2011. 2. Install approximately 113 Miles of Middle Mile Outside Plant Infrastructure within Lowndes and Dallas County. 3. Begin construction of last mile access connections to 3200 households within the NTIA approved census block groups of the City of Selma and the City of Hayneville. 4. Complete Drawings and Secure Permits for construction activities in Macon County and Escambia County. 5. Begin beta testing of network services within Lowndes and Dallas County.

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	11	The Trillion team will continue to work out all site mobilization, construction, materials logistics, and systems testing and validation processes. Project timeline has been delayed as FONSI was not received as previously expected.
2b.	Environmental Assessment	100	N/A
2c.	Network Design	96	The Trillion Team will concentrate on producing the required permit-ready drawings. Each county completed represents a 0.5% completion in the network design.
2d.	Rights of Way	50	The Trillion Team will continue negotiating leases with property owners. However, no leases will be executed for terminals until the end of 2011.
2e.	Construction Permits and Other Approvals	10	The Trillion Team has applied for a permit to encompass the entire middle mile portion of the network with the Alabama DOT. The Trillion Team will secure city and county permits 1 month before construction activity starts in that area.
2f.	Site Preparation	10	N/A
2g.	Equipment Procurement	20	N/A
2h.	Network Build (all components - owned, leased, IRU, etc.)	5	Begin to install infrastructure and terminals. Delayed because of FONSI
2i.	Equipment Deployment	15	N/A
2j.	Network Testing	5	N/A
2k.	Other (please specify): Project Notification	55	The South Central Alabama Broadband Commission authority still enrolling members. Several Municipalities have signed resolutions to join the South Central Alabama Broadband Commission.

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).

The Trillion Team is preparing to receive all of the required concurrency letters required by the Environmental Assessment. If the FONSI is not received by May 15, 2011, delays in construction could be incurred due to material and equipment shortages resulting from increased competition from other applicants and reduction in component systems from Asian markets affected by the Tsunami. The noted potential delays can be mitigated by increasing simultaneous installation crews. We have discussed potential material delays with our vendors and have built our schedule around their current updated supply capabilities.

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	\$359,194	\$6,000	\$359,194	\$502,687	\$157,341	\$345,346
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	\$0	\$0	\$0	\$0	\$0	\$0
e. Other architectural and engineering fees	\$10,399,125	\$3,254,926	\$7,144,199	\$1,823,533	\$566,960	\$1,256,573	\$2,769,033	\$866,707	\$1,902,326
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	\$2,140,000	\$669,820	\$1,470,180
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	\$301,837	\$94,475	\$207,362
j. Equipment	\$21,306,005	\$6,668,780	\$14,637,225	\$329,613	\$194,263	\$299,613	\$4,030,000	\$1,261,390	\$2,768,610
k. Miscellaneous	\$31,195,356	\$9,764,147	\$21,431,209	\$10,737	\$0	\$10,737	\$0	\$986,511	\$2,165,281
l. SUBTOTAL (add a through k)	\$86,256,980	\$26,998,436	\$59,258,544	\$2,523,077	\$767,223	\$1,926,117	\$10,029,774	\$4,125,830	\$9,055,736
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	\$2,523,077	\$767,223	\$1,926,117	\$10,029,774	\$4,125,830	\$9,055,736

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