

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) 12-31-2011	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): 02-27-2012
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Project Indicators (This Quarter)

- 1. Please describe significant project accomplishments completed during this quarter (600 words or less).**
- a. Received Loan Commitment Letter from 2nd Lender for balance of Cash Match Funds;
 - b. Started construction of Backbone route;
 - c. Increased construction management team in Alabama, engineering design and network engineering team in Atlanta and mobile field project engineering/inspection team in order to meet the construction activities that would ramp up significantly in the first calendar Quarter in 2012;
 - d. Engineers successfully tested and configured the required backbone and transport cores that would be installed in the Level 3 Co-Location facility outside of Marion Junction, AL;
 - e. secured heavy construction equipment to serve 3 additional crews and placed additional orders to accommodate 3 more crews;
 - f. Reviewed SCABC - CCI Asset Transfer Plan and discussed SCABC's membership, organizational structure, and compliance laws and regulations;
 - g. Reviewed terms of the County of Dallas, Alabama and Charter Communications Cable Franchise Agreement for compliance with federal, state and/or grant legal requirements;
 - h. Trillion's program specific audit for FYE 7/31/11 was completed and submitted to OIG.

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	12	We are making progress in catching up to the baseline. The delay in obtaining Construction Permits was our largest obstacle this quarter.
2b.	Environmental Assessment	100	N/A
2c.	Network Design	100	N/A
2d.	Rights of Way	50	Although behind the baseline, there is no impact to the schedule. Appraisals for all eCommunity Technology Centers (eCTCs)/Network Operation Centers (NOC) facilities are complete and Lease Agreements have been sent out for review by the Lessor.
2e.	Construction Permits and Other Approvals	10	The permit process has been significantly slower than expected due to 1) The A2D team being new to Alabama Department of Transportation (ALDOT) inspectors, thereby receiving a higher level of scrutiny, and 2) ALDOT not being able to process the number of permits simultaneously as originally planned. We have set up meetings with ALDOT and State Officials to address this issue and ensure a much more efficient and productive process to get back on schedule.
2f.	Site Preparation	33	Site preparation is directly tied to Construction Activity. The project construction activity is behind the baseline due to the slow pace of the permit approvals process. One of three planned construction management sites fully set up and staffed.
2g.	Equipment Procurement	22	In relationship with construction activity, there is no need to over purchase equipment until more network is built. We have acquired the equipment for 90% of phase 1.
2h.	Network Build (all components - owned, leased, IRU, etc)	4	The slower than planned permit process slowed network build; however, the installation of fiber conduit did commence in December.
2i.	Equipment Deployment	16	As discussed in 2g above, We have acquired the equipment for 90% of phase 1.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2j.	Network Testing	12	Although behind baseline, as an indirect result of the slow permit process, we were able to stand up and begin testing and refining the eCommunity intranet-based platform and customized set-top box.
2k.	Other (please specify): Notification	31	Delay in the project's construction caused a delay in notification efforts for phase 1 and phase 2 last mile areas.

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 driving challenges/issues from this quarter were around acquiring construction permits on a timely basis. Details are provided above.

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	29	10 Miles of backbone conduit has been installed to date.
New network miles leased	0	N/A
Existing network miles upgraded	0	N/A
Existing network miles leased	0	N/A
Number of miles of new fiber (aerial or underground)	29	29 Miles of fiber (90% aerial) has been installed by Troy Cable as part of our Overlap Agreement.
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	0	N/A

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	1
Average term of signed agreements (in quarters)	0

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers:
No new providers to report at this time.

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:

No new services to be reported at this time.

5d. If you have designated a third party to operate all or a portion of your network, please provide the name and contact information for this third party, indicate if this entity is a sub recipient, contractor, and/or subcontractor, and describe with specificity the portion of your network this third party operates (600 words or less).
 A2D Inc (Sub Recipient)
 Attn: Network Operations
 Phone: (678) 999-2525 Fax: (678) 523-5116
 Network engineering & design, operations & maintenance, sales and marketing, service provider management, datacenter collocation, and data storage

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	To be served in subsequent quarters
	Providers with signed agreements receiving improved access	0	To be served in subsequent quarters
	Providers with signed agreements receiving access to dark fiber	0	To be served in subsequent quarters
	Please identify the speed tiers that are available and the number of subscribers for each	0	To be served in subsequent quarters
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	To be served in subsequent quarters
	Subscribers receiving new access	0	To be served in subsequent quarters
	Subscribers receiving improved access	0	To be served in subsequent quarters
	Please identify the speed tiers that are available and the number or subscribers for each	0	To be served in subsequent quarters
Residential / Households	Entities passed	0	To be served in subsequent quarters
	Total subscribers served	0	To be served in subsequent quarters
	Subscribers receiving new access	0	To be served in subsequent quarters
	Subscribers receiving improved access	0	To be served in subsequent quarters
	Please identify the speed tiers that are available and the number of subscribers for each	0	To be served in subsequent quarters
Businesses	Entities passed	0	To be served in subsequent quarters
	Total subscribers served	0	To be served in subsequent quarters
	Subscribers receiving new access	0	To be served in subsequent quarters
	Subscribers receiving improved access	0	To be served in subsequent quarters

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	To be served in subsequent quarters

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

Dark fiber lease for Public Safety, Emergency Responders, and Department of Homeland Security

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

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

N/A

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).

Phase 1 Middle Mile (network backbone) route complete.
 Phase 1-1st Last mile connectivity 50% - Town of Hayneville (250)
 Phase 1-2nd Last mile connectivity 10%- City of Selma (270)
 Phase 1- 10+ CAI's connected
 Phase 2 Middle Mile (network backbone)Permits Received.
 Phase 2 Pre-construction (backbone) in process
 Phase 3 Backbone GPS location completed.
 Network Inside Plant Equipment Deployed to NOC.
 Notification: Phase 2 Pre-construction complete
 Notification: Phase 2 Last mile Notification 30% complete- City of Tuskegee
 New network miles deployed: 237 miles
 New network miles leased: 194 miles
 Number of signed agreements with broadband wholesalers- 2

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	46	N/A
2b.	Environmental Assessment	100	N/A
2c.	Network Design	100	N/A
2d.	Rights of Way	65	We anticipate having the core local NOC leased
2e.	Construction Permits and Other Approvals	35	Based on meetings with ALDOT and Other State Officials we anticipate a significant improvement in the permitting process and timeline

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2f.	Site Preparation	60	We should get much closer to baseline in this area as the second A2D construction office is scheduled to be operational in this quarter
2g.	Equipment Procurement	40	Catching up to baseline will be a direct correlation with construction activities. This area will increase significantly the next quarter as we move into phase 2 backbone and phase one CAI and premise connections.
2h.	Network Build (all components - owned, leased, IRU, etc.)	35	We anticipate taking a few quarters to catch up to baseline, however, we plan to mitigate this by commencing more simultaneous construction efforts with more construction crews.
2i.	Equipment Deployment	20	Related to 2g above. Catching up to baseline will be a direct correlation with construction activities. This area will increase significantly the next quarter as we move into phase 2 backbone and phase one CAI and premise connections.
2j.	Network Testing	20	Based on the current construction progress we anticipate having the Network lit and several CAI's connected
2k.	Other (please specify): Notification	37	Phase 1 and Phase 2 Notification complete

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).

Closing on our Cash Match loan will determine how fast we can ramp up construction operations and catch up to baseline.

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	\$1,761,710	\$386,312	\$1,375,398	\$872,079	\$0	\$872,079	\$1,597,687	\$243,631	\$1,354,056
b. Land, structures, right-of-ways, appraisals, etc.	\$349,577	\$316,756	\$32,821	\$0	\$0	\$0	\$106,000	\$16,164	\$89,836
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$100,000	\$18,780	\$81,220	\$0	\$0	\$0	\$35,948	\$5,482	\$30,466
e. Other architectural and engineering fees	\$10,379,021	\$3,254,926	\$7,124,095	\$4,757,362	\$567,019	\$4,190,343	\$7,285,453	\$1,110,959	\$6,174,494
f. Project inspection fees	\$444,335	\$139,077	\$305,258	\$0	\$0	\$0	\$87,873	\$13,400	\$74,473
g. Site work	\$19,589,925	\$6,006,703	\$13,583,222	\$846,714	\$7,000	\$839,714	\$7,589,014	\$1,157,249	\$6,431,764
h. Demolition and removal	\$43,200	\$13,522	\$29,678	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$1,371,989	\$429,433	\$942,556	\$0	\$0	\$0	\$439,364	\$66,999	\$372,365
j. Equipment	\$22,470,612	\$6,668,780	\$15,801,832	\$2,979,111	\$365,524	\$2,613,587	\$17,642,460	\$2,690,300	\$14,952,160
k. Miscellaneous	\$29,746,611	\$9,764,147	\$19,982,464	\$945,040	\$15,278	\$929,762	\$5,158,378	\$786,601	\$4,371,778
l. SUBTOTAL (add a through k)	\$86,256,980	\$26,998,436	\$59,258,544	\$10,400,306	\$954,821	\$9,445,485	\$39,942,177	\$6,090,785	\$33,851,392
m. Contingencies									
n. TOTALS (sum of l and m)	\$86,256,980	\$26,998,436	\$59,258,544	\$10,400,306	\$954,821	\$9,445,485	\$39,942,177	\$6,090,785	\$33,851,392

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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