

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Schools and Libraries	)	CC Docket No. 02-6
Universal Service Support Mechanism	)	
	)	
Request for Review and/or Waiver by	)	Application Nos. 694023
Granville County Public Schools, NC,	)	and 689827
of a Funding Decision by the	)	
Universal Service Administrative Company	)	

**REQUEST FOR REVIEW AND/OR WAIVER  
BY GRANVILLE COUNTY PUBLIC SCHOOLS  
OF A FUNDING DECISION BY THE  
UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

Pursuant to sections 54.719 and 54.722 of the Commission's rules,<sup>1</sup> Granville County Public Schools (Granville or the District) hereby respectfully requests a review of a Universal Service Administrative Company (USAC) decision to rescind funding commitments for Funding Year 2009.<sup>2</sup> USAC erred in finding that Granville's competitive bidding process had been compromised by the acceptance of gifts from its service provider. The inconsequential gifts provided by Time Warner Cable Information Services (TWCIS) by low-level employees had no effect on the competitive bidding process. Granville conducted a fair and open competitive bidding process. Accordingly, Granville respectfully asks that the Commission reverse USAC's decision, waive any rules as necessary, and direct USAC to disburse funding for this application.

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<sup>1</sup> 47 C.F.R. § 54.719(b), (c); 47 C.F.R. § 54.722(a).

<sup>2</sup> See Exhibit 1 for the relevant applications. These funding requests involved approximately \$250,000.

## **EXECUTIVE SUMMARY**

Contrary to USAC's finding, Granville did not violate the Commission's competitive bidding rules. A few Granville employees accepted a handful of gifts from its service provider, TWCIS (now Charter Communications, Inc.), in 2004, 2007 and 2008. However, the gifts were small, were provided to low-level employees who had no role whatsoever in the procurement process, and did not actually affect the outcome of the procurement process because TWCIS submitted the most cost-effective—and least expensive—bid. The only gift that TWCIS claimed to have provided to a Granville employee with a decision-making role in the procurement process was a meal for three Granville employees worth less than \$15 per person, provided three years before the procurement supposedly influenced. The Granville employees who allegedly received that meal have no memory of it and believe it never happened. But even if the meal had taken place as TWCIS claimed, such a tiny gift could not possibly have affected the outcome of the competitive bidding process, especially when TWCIS had submitted the most cost-effective bid, and USAC's conclusion that it did was both unreasonable and inconsistent with Commission precedent.

If the Commission nonetheless agrees with USAC that Granville's competitive bidding process conducted prior to Funding Year 2009 was not fair and open, Granville respectfully requests a waiver of those rules, consistent with Commission precedent granting waivers for other minor, inconsequential violations of the Commission's competitive bidding rules. Further, USAC's commitment adjustment letter rescinds funding committed for Funding Year 2009 long after TWCIS provided the requested services. It would be contrary to the public interest to refuse to honor a funding commitment almost a decade after the fact because of what was, at

worst, a lapse of judgment by low-level employees who had no decision-making role in the competitive bidding process.

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## **I. BACKGROUND**

Granville County Public Schools is located in Granville County, North Carolina. Its 23 schools serve approximately 8,825 students. More than 65 percent of its students are eligible for free and reduced lunch.

On November 29, 2007, Granville filed an FCC Form 470 seeking bids for Internet access services.<sup>3</sup> Granville issued an RFP and left the competitive bidding open for the required 28 days. Granville then evaluated the bids it had received, in accordance with the requirements of the E-rate program and with state and local procurement rules and policies, and concluded that TWCIS had submitted the most cost-effective bid. Out of the four bidding carriers, Time Warner also offered the least expensive price by a significant margin.<sup>4</sup> Granville signed a multiyear contract with TWCIS on January 16, 2008.

On February 11, 2009, Granville filed its FCC Form 471 requesting funds for Internet access services for Funding Year 2009. On November 24, 2009, USAC approved Granville's funding requests.

Several months later, on May 24, 2010, USAC employee Donna Barrett notified Granville by email that USAC was conducting a Special Compliance Review with respect to Granville's Funding Year 2009 applications for the following reason:

[USAC] was informed of potential competitive bidding violations related to funding requests of Granville County School District . . . . Specifically, the concerns relate to the receipt of gifts from Time Warner Cable Information Services (North Carolina), Service

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<sup>3</sup> See FCC Form 470 882700000642556 (prior to funding year 2008). Granville also posted an FCC Form 470 (402460000724496) for its telephone services on January 13, 2009, selected TWCIS as its service provider on February 12, 2009, and filed its Funding Year 2009 Form 471 (694023) on February 12, 2009. USAC has also denied funding for this application, which totals only \$5,400.

<sup>4</sup> See Exhibit 2. Time Warner offered to provide the requested services for \$24,332.25/month. The other carriers' bids were Embarq (\$31,870/month); Norlight (\$54,802.48/month); and Conterra (\$51,015/month).

Provider Identification Number (SPIN) 143027380, to employees of Granville in exchange for special consideration in the awarding of bids where Universal Service program funding is involved.<sup>5</sup>

USAC identified five occasions—one in 2004, three in 2007, and one in 2008—on which TWCIS had thought it may have “offered or provided” gifts to Granville employees: one meal, and four sets of tickets “to the TWC suite at RBC Center” for a hockey game and other events.<sup>6</sup> USAC asked Granville to provide details for each of the gifts described in the email, as well as “a copy of the Granville Board policy regarding competitive bidding and gifts from vendors.”<sup>7</sup>

On June 21, 2010, Granville’s attorney, James E. Cross, Jr., sent a letter to USAC explaining the circumstances surrounding each of the gifts to Granville employees that TWCIS described in its letter.<sup>8</sup> Mr. Cross explained that of the five gifts that TWCIS described, four of them were provided to desktop support staff who had no role, decision-making or otherwise, in the E-rate procurement process.<sup>9</sup> In his letter, Mr. Cross explained that although one of the four gifts—tickets to a Carolina Hurricanes hockey game—was ostensibly provided to Carl Schmidt, in fact Mr. Schmidt had neither requested nor received such tickets and had never even been to a Hurricanes game. Those tickets were instead provided to a desktop support employee, Damien

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<sup>5</sup> See Exhibit 3 (Email from Donna Barrett, USAC, to Granville, May 24, 2010). USAC’s Special Compliance Review also covered other funding years that are not at issue in the instant appeal.

<sup>6</sup> See *id.* See also Exhibit 4, (Letter from Maureen Rooney, TWC Business, to Max Lightsey, USAC, Oct. 13, 2009).

<sup>7</sup> See Exhibit 3 (Email from Donna Barrett, USAC, to Granville, May 24, 2010).

<sup>8</sup> See Exhibit 5 (James E. Cross, Jr., Letter to Donna Barrett, USAC, June 21, 2010).

<sup>9</sup> *Id.* Although TWCIS valued the tickets at \$85 each, it is not clear that was the actual retail price at the time. The average price of the Hurricanes tickets in 2007 was \$38 per ticket. <https://www.statista.com/statistics/206063/nhl-average-ticket-price-for-carolina-hurricanes-games/>. The other tickets were for Disney on Ice (\$22 each) and to the circus (\$23 each).

Ball, who had no role in the procurement process.<sup>10</sup> The only other gift that TWCIS claimed to have provided to an employee in a decision-making role was a meal, provided in October 2004 to three Granville employees including Ernest Bibby, then the assistant superintendent, and Carl Schmidt, Granville's IT Director, with a total value of \$43.04, or less than \$15 per person.<sup>11</sup> Mr. Schmidt does not recall any Time Warner employee ever paying for a meal for them, and in fact, denied it ever happened.<sup>12</sup>

On July 16, 2010, Ms. Barrett responded to Mr. Cross's letter. In her email Ms. Barrett stated that USAC thought the gifts violated a local policy against gifts.<sup>13</sup> Ms. Barrett's email concluded that because a Granville employee had accepted a gift in 2008, its Funding Year 2009 commitment would be rescinded.<sup>14</sup> Ms. Barrett also stated:

In addition, based on the documentation that you have provided, the Funding Request Numbers (FRN) listed below [for Funding Year 2009] will be denied because you did not conduct a fair and open competitive bid process free from conflicts of interest. The documentation you provided indicates that throughout your contractual relationship with the service provider you have selected to provide services for these FRNs, you were offered and accepted valuable gifts of entertainment from the service provider. These gifts of entertainment show that you engaged in non-competitive bidding practices in violation of program rules.<sup>15</sup>

Ms. Barrett's email invited Granville to respond to USAC's findings. Accordingly, John Hughes, a consultant for Granville, responded to USAC via email on July 28, 2010.<sup>16</sup> Mr.

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<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> Mr. Bibby was deceased in 2010, when USAC conducted its initial investigation.

<sup>13</sup> See Exhibit 6 (Email from Donna Barrett, USAC, to Granville, July 16, 2010).

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*

<sup>16</sup> See Exhibit 7 (Email from John Hughes, Granville County School District, to USAC, July 28, 2010).

Hughes emphasized that gifts TWCIS provided in 2007 and 2008 were given to low-level employees with no decision-making authority and no role in the procurement process.<sup>17</sup> In addition, the gift apparently at issue in 2008 was given in December 2008—significantly after the contract was signed in January 2008—and there was no way to ascertain its true retail value.<sup>18</sup> Other than USAC adding a few other funding requests to its intent to deny, Granville did not receive further correspondence from USAC on the applications.<sup>19</sup> USAC did not disburse any funding for these commitments.

Almost six years later, on May 8, 2017, USAC sent Granville a notice of commitment adjustment (COMAD), rescinding in full its commitment for Funding Year 2009.<sup>20</sup> As its reason for rescinding funding, USAC stated the following:

Documents provided by you and/or Time Warner Cable indicate that there was not a fair and open competitive bid process free from conflicts of interest. The documentation indicates that prior to/throughout your contractual relationship with Time Warner Cable that [*sic*] you were offered and accepted gifts of value from the service provider, which is not allowed under your districts [*sic*] local gift rule policy. This action resulted in a competitive process that was no longer fair and open. Accordingly, your funding commitment will be rescinded in full and USAC will seek recovery of any disbursed funds from the applicant and the Service Provider.<sup>21</sup>

Granville was surprised to receive this COMAD so many years after its final correspondence with USAC on this matter. Granville appealed the COMAD on July 6, 2017,

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<sup>17</sup> *Id.* at p. 2.

<sup>18</sup> *Id.*

<sup>19</sup> Between July and September 2010, USAC sent additional emails to Granville adding additional FRNs to its original notice of intent to rescind funding. Granville responded to these emails in turn. John Hughes's final correspondence with USAC on this matter was on October 6, 2010, after which Granville heard nothing further from USAC.

<sup>20</sup> *See* Exhibit 8 (COMADs dated May 8, 2017).

<sup>21</sup> *Id.*



and on February 23, 2018, USAC denied Granville's appeal.<sup>22</sup> USAC stated the following as its reason for denying Granville's appeal:

Documents provided by you and/or Time Warner Cable indicates there was not a fair and open competitive bid process free from conflicts of interest. The documentation indicates that prior to your contractual relationship with Time Warner Cable, you were offered and accepted gifts of value from the service provider. This action resulted in a competitive process that was no longer fair and open. Program rules are such that an applicant should not have a relationship with a service provider prior to or during the competitive bidding process that would unfairly influence the outcome. The dual actions of Time Warner Cable and Granville County School District violates this tenet.<sup>23</sup>

Appeals to the Commission of USAC decisions are due within 60 days.<sup>24</sup> As such, the instant appeal is timely filed.

## **II. USAC ERRED IN FINDING THAT GRANVILLE HAD VIOLATED THE COMPETITIVE BIDDING RULES**

USAC apparently based its rescission of funding on the fact that Granville employees accepted gifts of value from TWCIS prior to its contractual relationship with Time Warner Cable, which "resulted in a competitive process that was no longer fair and open. Program rules are such that an applicant should not have a relationship with a service provider prior to or during the competitive bidding process that would unfairly influence the outcome." USAC's analysis is flawed for two reasons.

First, Granville's procurement process was fair and open. An inexpensive meal given four years before the procurement process, which the alleged recipients cannot even remember and do not believe it happened, and a few other minor tickets given to low-level employees did

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<sup>22</sup> See Exhibit 9 (Administrator's Decision on Appeal, February 23, 2018).

<sup>23</sup> *Id.*

<sup>24</sup> 47 C.F.R. §§ 54.719(a), 54.720(b).

not compromise the competitive bidding process in any way.<sup>25</sup> At the end of the competitive bidding process, based on the bids of the four competing carriers, Granville selected TWCIS as the most cost-effective bid. Time Warner's bid was also the least expensive.

Second, USAC's decision must be reversed because USAC's arbitrary rescission of funding seven years after approving Granville's funding request violates Granville's due process. First, USAC inquired about a meal that allegedly occurred six years prior to when USAC asked about it. Second, after seeking information from Granville in 2010, USAC waited six years to issue an appealable decision. USAC is correct that the Commission has stated that its longstanding five-year deadline for initiating recovery actions is a policy preference rather than a deadline. However, in this case—where USAC failed to issue a timely decision after it had collected all of the relevant facts and arguments, and instead waited six years to do so—it violates Granville's due process rights to wait so long to rescind the funding commitment without citing any justification for the delay.

#### **A. Granville Conducted a Fair and Open Competitive Bidding Process**

Granville conducted a competitive bidding process that was fully consistent with Commission requirement to conduct a fair and open procurement.<sup>26</sup> Generally speaking, the

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<sup>25</sup> Granville employees' acceptance of gifts from TWCIS also did not violate local policies governing the procurement process. USAC referenced the local rules in its COMAD but did not do so in the administrator's decision on appeal, relying instead on the timing of the gift and the Commission's requirement of "fair and open" to deny the appeal. As such, we did not address local policies herein. To the extent the Commission is concerned about any violation of local or state rules, Granville respectfully requests the opportunity to address those issues in a subsequent filing.

<sup>26</sup> USAC did not find that Granville had violated the Commission's gift rules, as they were not yet adopted at the time this competitive bidding process occurred. *Schools and Libraries Universal Service Support Mechanism; A National Broadband Plan for Our Future*, CC Docket No. 02-6, GN Docket No. 09-51, Sixth Report and Order, 25 FCC Rcd 18762, 18801 ¶ 88 (2010) (*Sixth Report and Order*). The Commission also codified the "fair and open" requirement in the *Sixth Report & Order*. *Id.* at ¶ 85. Prior to the *Sixth Report and Order*, the standard had been referenced in Commission orders. *See, e.g., Request*

Commission found that “fair and open” means that all potential bidders have access to the same information and must be treated in the same manner throughout the competitive bidding process.<sup>27</sup> Further, the Commission stated that applicants must satisfy the Commission’s competitive bidding process requirements, including posting the Form 470 and waiting 28 days before selecting a service provider to ensure that all bidders have the same information regarding the bid requirements.

Granville satisfied these requirements, even though the Commission clarified the definition of “fair and open” in 2010, after the events at issue here. Granville issued an RFP and left the competitive bidding open for the requisite 28 days before selecting a vendor. Once the bids were in, Granville evaluated them using price as the primary factor and, at the conclusion of the bid evaluation process, selected the least expensive and most cost-effective bid. There is no evidence that Granville provided information to TWCIS that it did not provide to other potential bidders or that Granville treated TWCIS differently from any other bidder.

USAC seems to believe that the acceptance of a gift from a service provider by an E-rate applicant constituted a *de facto* violation of the competitive bidding rules even before the Commission adopted a rule specifically limiting the provision and acceptance of gifts, regardless of whether there is any evidence that such acceptance actually affected the procurement process. USAC apparently believes that, if the winning bidder gave the school district a gift, no matter how trivial, by definition its selection was illegitimate. But the Commission has never said anything of the sort.

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*for Review by Ysleta Independent School District of the Decision of the Universal Service Administrator*, CC Docket Nos. 96-45, 97-21, Order, 18 FCC Rcd 26407 (2003).

<sup>27</sup> *Id.* at ¶ 86.

To the contrary, for gifts given prior to the Commission's adoption of the gift rules, the Commission analyzed whether gifts accepted by E-rate applicants had improperly influenced the competitive bidding process; they did not find a violation simply because a gift was offered or received. In the *Dimmitt Order*, the Commission found that school districts had conducted fair and open procurements, even when they received gifts totaling hundreds of dollars.<sup>28</sup> The Commission found that the gifts did not compromise the competitive bidding process because they were minimal, they were provided over the course of several years, or they were given to employees who had no authority to bind the district to a contract or who had no ability to influence the competitive bidding decision.<sup>29</sup>

The inconsequential gifts TWCIS provided to Granville employees are similarly minimal and provided over the course of several years. Similarly, most of the gifts to Granville employees were provided to junior employees who had no influence over the competitive bidding decision and certainly could not bind the District to a contract. Only one gift identified in USAC's Special Compliance Review had been given to Granville employees with decision-making authority in the procurement process: a meal that was paid for four years before Granville selected TWCIS as the winning bidder and was worth less than \$15 per person. As noted above, no Granville employee could recall that meal and, in fact, denied it happened. But even if the meal had taken place as TWCIS recalled five years later, it certainly qualified as minimal under the Commission's standard articulated in *Dimmitt*.<sup>30</sup> Further, TWCIS still submitted the most cost-effective bid and thus would have won the contract anyway. Like in

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<sup>28</sup> *Request for Review by Dimmitt Independent School District, et al., Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Order, 26 FCC Rcd 5581-87, ¶ 10 (WCB 2011).

<sup>29</sup> *Id.* at ¶ 12.

<sup>30</sup> In fact, such a gift is allowed under the Commission's current gift rules, as well as under the gift rules for federal employees. 47 C.F.R. § 54.503(d); 5 C.F.R. § 2635.201-205.

*Dimmitt*, there is no evidence that, and no reason to presume that, the meal provided four years earlier or any of the gifts provided by Granville employees by TWCIS induced Granville to select TWCIS when it otherwise would not have.

It is also helpful to contrast the facts in the instant appeal with those discussed in the Commission’s *Lakehills Consulting* order, where the Commission found the competitive bidding process was not fair and open.<sup>31</sup> Those gifts, provided by several companies to employees in the Houston ISD, totaled *thousands of dollars each year* over the course of several years.<sup>32</sup> In addition, those gifts, including several nights of entertainment and meals in Las Vegas and Seattle, were provided to top administrators in the District.<sup>33</sup> There simply is no comparison to the minimal gifts at issue here.

The *Dimmitt* decision is consistent with the Commission’s “goal of prohibiting gifts that might have undue or improper influence on a procurement decision.”<sup>34</sup> When adopting its gift rules, the Commission specifically noted that it also intended to acknowledge the “realities of professional interactions,” which includes companies giving customers token gifts.<sup>35</sup> In the *Sixth*

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<sup>31</sup> *Request for Review of Decisions of the Universal Service Administrator by Joseph M. Hill Trustee in Bankruptcy for Lakehills Consulting, LP*, CC Docket No. 02-6, Order, 26 FCC Rcd 16586 (2011).

<sup>32</sup> *Id.* at ¶ 15.

<sup>33</sup> *Id.*

<sup>34</sup> *Schools and Libraries Universal Service Support Mechanism and A National Broadband Plan for Our Future*, CC Docket No. 02-6, GN Docket No. 09-51, Order, 29 FCC Rcd 5457-58, ¶ 3 (WCB 2014) (“Among other things, the 2010 *Schools and Libraries Sixth Report and Order* adopted gift rules for the E-rate program modeled on the gift rules applicable to federal agencies, *with the goal of prohibiting gifts that might have undue or improper influence on a procurement decision.*”) (emphasis added); *see also Sixth Report and Order* 25 FCC Rcd 18762, 18801 ¶ 88-89 (the Commission intended to prohibit activities that “undermine the competitive bidding process” and to prohibit “gifts that might have undue or improper influence on a procurement decision.”).

<sup>35</sup> *Id.*

*Report and Order*, the Commission established a definition of acceptable gifts.<sup>36</sup> Prior to the 2010 adoption of the rules, however, it was not clear which gifts might constitute improper influence and which gifts were simply the result of professional interactions common to the business-customer relationship. USAC may be suggesting that prior to the adoption of a gift rule by the Commission, any gift to any employee was a violation of the Commission's competitive bidding rules or *per se* resulted in a competitive bidding process that was not fair and open.<sup>37</sup> The Commission did not state that in the *Sixth Report and Order* and such a reading is inconsistent with *Dimmitt*. USAC itself lacks the authority to create rules or even to interpret the Commission's rules.<sup>38</sup>

In short, there is simply no reason to believe that any of the gifts USAC identified had an undue, improper—or frankly *any*—influence on Granville's procurement decision, and therefore Granville's competitive bidding process was fair and open under Commission rules.

**B. USAC's Decision Represents an Arbitrary Change of Course and Violates the Commission's Preference for Concluding E-rate Investigations Within Five Years**

Finally, USAC's decision must be reversed because waiting seven years to rescind funding is contrary to the Commission's stated preference that USAC conclude investigations within five years. USAC cited no new evidence or changed circumstances in its COMAD that

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<sup>36</sup> *Id.*

<sup>37</sup> At one point in the review process, USAC noted that the FCC Form 471 in effect at the time stated that applicants were prohibited from "receiving anything of value, other than the services and equipment requested under this form . . . in connection with the request for services." *See, e.g.*, FCC Form 471, OMB 3060-0806 (November 2004). As explained above, the gifts received by District employees were not offered or received in connection with the request for services, as those receiving them had no way to influence any decisions related to the request for service, and the inexpensive meal was received four years prior to the competitive bidding process. Even if the meal actually occurred and TWCIS paid for it, the fact that the relevant employees could not remember the meal undercuts USAC's argument that the meal would have been considered "in connection with" the funding year 2009 application. Further, in *Dimmitt*, the Commission did not rely on this provision in the form to find that the school districts in that order had violated the rules.

<sup>38</sup> *See* 47 C.F.R. § 54.702(c).

might have justified rescinding funding seven years after it was authorized and six years after its last inquiry to Granville. USAC is correct that the Commission has stated that its longstanding five-year deadline for initiating recovery actions is a policy preference rather than a firm deadline. However, in a case such as this one, it is improper and arbitrary for USAC to change its mind so long after the fact without at least explaining why. If USAC's decision is allowed to stand, then the Commission's stated preference for concluding investigations within five years is meaningless.

As we have explained, USAC launched an investigation of gift giving by TWCIS in North Carolina. Granville acknowledged that its employees had accepted a few gifts, as TWCIS had stated in its letter to USAC, but that these gifts were given to help-desk staff, low-level employees who had no role whatsoever in the procurement process. The only gift TWCIS may have provided to employees with any role in the procurement process—and they have no recollection of it and believe it never happened—was a meal allegedly provided four years before the contract for Funding Year 2009 was awarded, the value of which was less than \$15 per person.

So, in effect, USAC has finally issued a commitment adjustment because it apparently believes that a \$15 meal improperly induced Granville's employees to award a contract to TWCIS—even though the meal had taken place four years earlier, and even though TWCIS had submitted the lowest-priced and most cost-effective bid. Under these circumstances, it was arbitrary for USAC to change its mind. USAC's reversal is particularly damaging—and at odds with policy concerns identified by both the Commission and the Supreme Court—given that it took place a full seven years after the funding was committed.

Granville recognizes that over the past year and a half, the Commission has declined to recognize any formal temporal limitation on recovery actions by USAC. In the *Net56 Order*, the Commission determined that the five-year investigation period it had previously established in the *Fifth Report and Order* is a “policy preference” and “not an absolute bar to recovery.”<sup>39</sup> More recently, in its *Blanca Order*, the Commission rejected an argument that the Supreme Court’s decision in *Kokesh v. SEC* imposed the general federal five-year statute of limitations in 28 U.S.C. § 2462 on USAC recovery actions.<sup>40</sup> But even taking these Commission orders into account, USAC must still respect the Commission’s unequivocal preference for concluding investigations within five years.

The Commission has recognized that there are important policy reasons to limit its review period. In its *Fifth Report and Order*, the Commission established a policy that “USAC and the Commission shall carry out any audit or investigation that may lead to discovery of any violation of the statute or a rule within five years of the final delivery of service for a specific funding year.”<sup>41</sup> In adopting that policy, the Commission recognized that “conducting inquiries within five years strikes an appropriate balance between preserving the Commission’s fiduciary duty to protect the fund against waste, fraud and abuse *and the beneficiaries’ needs for certainty*

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<sup>39</sup> *Application for Review of a Decision of the Wireline Competition Bureau by Net56, Inc., Palatine, Illinois*, CC Docket No. 02-6, Memorandum Opinion and Order, 32 FCC Rcd 963, 966 ¶ 9 (2017) (*Net56 Order*).

<sup>40</sup> *Blanca Telephone Company Seeking Relief from the June 22, 2016 Letter Issued by the Office of the Managing Director Demanding Repayment of a Universal Service Fund Debt Pursuant to the Debt Collection Improvement Act*, CC Docket No. 96-45, Memorandum Opinion and Order and Order on Reconsideration, 32 FCC Rcd 10594, 10611-12 ¶¶ 44-45 (2017) (*Blanca*).

<sup>41</sup> 47 U.S.C. § 254(b)(6).



and closure in their E-rate application processes.”<sup>42</sup> The *Net56 Order* clarified that the five-year period in the *Fifth Report and Order* was a policy preference rather than a hard deadline, but at the same time it reiterated the policy considerations described in the *Fifth Report and Order*, stressing that the Commission “continue[s] to believe that the best course is for USAC to aim to complete its investigations and seek recovery of funds within five years, whenever possible” and directing USAC “to incorporate that as an objective in its annual performance metrics plan.”<sup>43</sup>

The Supreme Court has also explained on numerous occasions why statutes of limitations are so important as a matter of policy. In *Kokesh*, the Court explained that statutes of limitations “are ‘vital to the welfare of society’ and rest on the principle that ‘even wrongdoers are entitled to assume that their sins may be forgotten.’”<sup>44</sup> The Court has gone so far as to point out that “[i]n a country where *not even treason* can be prosecuted, after a lapse of three years, it could scarcely be supposed, that an individual would remain forever liable to a pecuniary forfeiture.”<sup>45</sup>

Even if no formal statute of limitations applies to E-rate recovery actions, the policy concerns that the Commission recognized in the *Fifth Report and Order* and the *Net56 Order*, and that the Supreme Court described in *Kokesh* and elsewhere, are no less applicable. As a matter of good policy and essential fairness, USAC should be far more hesitant than it is to rescind funding committed seven years ago. The *Net56 Order* affirmed the Commission’s preference that USAC complete investigations within five years whenever possible. USAC has

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<sup>42</sup> *Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Fifth Report and Order, 19 FCC Rcd 15808 (2004) ¶ 33 (emphasis added) (*Fifth Report and Order*).

<sup>43</sup> *Id.*

<sup>44</sup> *Id.*

<sup>45</sup> *3M v. Browner*, 17 F.3d at 1457 (quoting *Adams v. Woods*, 6 U.S. (2 Cranch) 336, 341, 2 L.Ed. 297 (1805) (Marshall, C.J.) (emphasis added)).

chosen to ignore the Commission's policy preference over a \$15-per-person meal that took place *14 years ago*, long before the Commission adopted a gift rule for the E-rate program, despite a complete lack of evidence that this meal affected the competitive bidding process in any way. It is difficult to imagine a less significant reason for rescinding funding, or a more arbitrary and inexplicable change of course. If the Commission affirms decisions such as this one, E-rate applicants will *never* experience the "certainty and closure" that the Commission has directed USAC to prioritize. The Commission must reverse USAC's decision, because if this decision is permitted to stand, then the Commission's longstanding policy preference for concluding universal service funding investigations within five years is rendered meaningless.

### **III. IN THE ALTERNATIVE, A WAIVER OF THE COMMISSION'S RULES IS IN THE PUBLIC INTEREST**

As we have explained, Granville emphatically denies that it violated the Commission's competitive bidding rules. If, however, the Commission agrees with USAC that Granville failed to conduct a fair and open bidding process, Granville respectfully requests a waiver of the Commission's competitive bidding rules to the extent necessary to disburse the committed funding to Granville.

Any of the Commission's rules may be waived if good cause is shown.<sup>46</sup> The Commission may exercise its discretion to waive a rule where the particular facts make strict compliance inconsistent with the public interest.<sup>47</sup> In addition, the Commission may take into account considerations of hardship, equity, or more effective implementation of overall policy on an individual basis.<sup>48</sup>

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<sup>46</sup> 47 C.F.R. § 1.3.

<sup>47</sup> *Northeast Cellular Telephone Co. v. FCC*, 897 F.2d 1164, 1166 (D.C. Cir. 1990).

<sup>48</sup> *WAIT Radio v. FCC*, 418 F.2d 1153, 1159 (D.C. Cir. 1969); *Northeast Cellular*, 897 F.2d at 1166.

Granville has explained that no violation of the Commission’s rules occurred. Granville respectfully argues that it is contrary to the public interest to rescind \$250,000 in funding committed almost nine years ago over a handful of gifts given to low-level employees.

Furthermore, the Commission has routinely waived competitive bidding rules when the applicant has selected the lowest-cost bidder.<sup>49</sup> As we have explained, TWCIS was the lowest-cost bidder when it won the District’s business for Funding Year 2009. A finding by the Commission that (allegedly) one inexpensive meal and a handful of tickets to the circus and similar events—tickets whose stated value Granville disputes and which were provided to low-level employees uninvolved in the procurement process—constituted improper gifts would deny the District more than \$250,000 in committed funding. This disproportionately punitive outcome would cause substantial harm to Granville students and would not serve the purposes of the competitive bidding rules.

In addition, the Commission has waived competitive bidding rules when applicants’ “competitive bidding processes were not compromised by their technical violation of the Commission’s competitive bidding requirements.”<sup>50</sup> A waiver is also appropriate for Granville.

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<sup>49</sup> See, e.g., *Request for Review of Decisions of the Universal Service Administrator by Allendale County School District et al.*; *Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Order, 26 FCC Rcd 6109 (Wireline Comp. Bur. 2011) (*Allendale Order*) (finding that a waiver of the Commission’s competitive bidding rules was in the public interest where the petitioners selected the least expensive responsive service offering).

<sup>50</sup> See *Streamlined Resolution of Requests Related to Actions by the Universal Service Administrative Company*, CC Docket No. 96-45, Public Notice (WCB February 29, 2016) (granting Request for Review by Riverside Unified School District, CA, CC Docket No. 02-6 (filed Dec. 10, 2015); *Requests for Waiver and Review of Decisions of the Universal Service Administrator by Aberdeen School District et al.*; *Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Order, 27 FCC Rcd 1941 at ¶ 1 (WCB 2012) (granting waiver to San Jose Unified School District of competitive bidding rule requiring compliance with state and local procurement law when the applicant violated a state rule requiring the RFP to be published in a newspaper of general circulation but the applicant published the RFP on its website and received sufficient bid responses, and there was no evidence of waste, fraud, and abuse).

The Granville employees' acceptance of a handful of gifts may have been inappropriate but at most, it was only a technical violation. As demonstrated above, the gifts had zero effect on the competitive bidding process and therefore did not compromise the competitive bidding process. Like in *Aberdeen*, then, the Commission should find a waiver would be appropriate in these circumstances.

Finally, Granville County Public Schools is a district challenged by poverty and its rural location. The loss of \$250,000 for the past several years has affected the District's ability to provide technology and advanced services to its students. The Commission can correct this error by directing USAC to reverse the denial of funding and provide funding for its Internet access services.

Accordingly, Granville respectfully asks the Commission to waive the competitive bidding rules to the extent necessary to avoid such an outcome.

#### IV. CONCLUSION

For the foregoing reasons, Granville respectfully requests that the Commission grant this appeal. In the alternative, Granville respectfully asks that the Commission waive the Commission's competitive bidding rules to the extent necessary to grant the requested relief.

Respectfully submitted,

/s/ Dr. Vanessa Wrenn

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Dr. Vanessa Wrenn, Ed.D.  
Director, Technology Services  
& Granville Online  
Granville County Public Schools  
101 Delacroix Street  
Oxford, NC 27565  
919-693-4613 ext. 101215



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1629 K Street, NW Suite 300  
Washington, DC 20006  
DC Bar # 452207  
gina@broadbandlegal.com  
202-907-6252

*Counsel for Granville County Public Schools*

April 24, 2018

## **CERTIFICATE OF SERVICE**

This is to certify that on this 24<sup>th</sup> day of April, 2018, a true and correct copy of the foregoing Request for Review was sent to the following parties in the manner indicated below:

Schools and Libraries Division  
Universal Service Administrative Company  
[Appeals@sl.universalservice.org](mailto:Appeals@sl.universalservice.org)  
(via email)

Matthew Brill  
Latham & Watkins LLP - Washington, DC  
555 Eleventh Street, NW  
Washington, DC 20004-1304  
[matthew.brill@lw.com](mailto:matthew.brill@lw.com)  
(via email)

/s/Theresa Schrader

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Theresa Schrader

## **ATTACHMENTS**

- Exhibit 1      FRN Status Tool Spreadsheet
- Exhibit 2      Pricing Sheets from Bids Received
- Exhibit 3      Email from Donna Barrett, USAC, to Granville, May 24, 2010
- Exhibit 4      TWCIS Letter to USAC, dated October 13, 2009
- Exhibit 5      Letter from James E. Cross, Jr., to Donna Barrett, USAC, dated June 21, 2010
- Exhibit 6      Email from Donna Barrett, USAC, to Granville, dated July 16, 2010
- Exhibit 7      Email from John Hughes, consultant to Granville, to Donna Barrett, USAC, dated July 28, 2010
- Exhibit 8      COMADs, dated May 9, 2017
- Exhibit 9      Administrator's Decision on Appeal, dated February 23, 2018

## **Exhibit 1**



471 Application Number	FRN	471 Form Status	Applicant Name	BEN	Applicant City	Applicant State	Service Provider Name	Commitment Status	FCDL Comment	Funding Year	FCDL Date	Orig FRN Service Type	Orig Commitment Request	Committed Amount	Cmtd Commitment Request	Wave Number
689827	1889726	CERTIFIED	GRANVILLE COUNTY SCHOOL DIST	126864	OXFORD	NC	Time Warner Cable Business LLC	FUNDED	MR1: The shared discount was increased to a level that could be validated based on third party data.	2009	#####	INTERNET ACCESS	\$40,397.70	\$0.00	\$40,397.70	29
689827	1889789	CERTIFIED	GRANVILLE COUNTY SCHOOL DIST	126864	OXFORD	NC	Time Warner Cable Business LLC	FUNDED	MR1: The shared discount was increased to a level that could be validated based on third party data. <><><><> MR2: The FRN was modified from \$2,675.66/m to \$2,981.95/m to agree with the applicant documentation.	2009	#####	TELCOMM SERVICES	\$23,117.70	\$0.00	\$25,764.05	29
689827	1889822	CERTIFIED	GRANVILLE COUNTY SCHOOL DIST	126864	OXFORD	NC	Time Warner Cable Business LLC	FUNDED		2009	#####	TELCOMM SERVICES	\$9,846.34	\$0.00	\$9,846.34	29
689827	1889848	CERTIFIED	GRANVILLE COUNTY SCHOOL DIST	126864	OXFORD	NC	Time Warner Cable Business LLC	FUNDED	MR1: The Contract Award Date was changed from 07/01/2001 to 01/16/2008 to agree with the applicant documentation.	2009	#####	TELCOMM SERVICES	\$7,384.75	\$0.00	\$7,384.75	29
689827	1889907	CERTIFIED	GRANVILLE COUNTY SCHOOL DIST	126864	OXFORD	NC	Time Warner Cable Business LLC	FUNDED		2009	#####	TELCOMM SERVICES	\$7,384.75	\$0.00	\$7,384.75	29
689827	1889933	CERTIFIED	GRANVILLE COUNTY SCHOOL DIST	126864	OXFORD	NC	Time Warner Cable Business LLC	FUNDED		2009	#####	TELCOMM SERVICES	\$9,846.34	\$0.00	\$9,846.34	29
689827	1889953	CERTIFIED	GRANVILLE COUNTY SCHOOL DIST	126864	OXFORD	NC	Time Warner Cable Business LLC	FUNDED		2009	#####	TELCOMM SERVICES	\$8,246.31	\$0.00	\$8,246.31	29
689827	1890047	CERTIFIED	GRANVILLE COUNTY SCHOOL DIST	126864	OXFORD	NC	Time Warner Cable Business LLC	FUNDED		2009	#####	TELCOMM SERVICES	\$7,384.75	\$0.00	\$7,384.75	29
689827	1890099	CERTIFIED	GRANVILLE COUNTY SCHOOL DIST	126864	OXFORD	NC	Time Warner Cable Business LLC	FUNDED		2009	#####	TELCOMM SERVICES	\$37,728.86	\$0.00	\$37,728.86	29
689827	1890139	CERTIFIED	GRANVILLE COUNTY SCHOOL DIST	126864	OXFORD	NC	Time Warner Cable Business LLC	FUNDED		2009	#####	TELCOMM SERVICES	\$9,846.34	\$0.00	\$9,846.34	29
689827	1890154	CERTIFIED	GRANVILLE COUNTY SCHOOL DIST	126864	OXFORD	NC	Time Warner Cable Business LLC	FUNDED		2009	#####	TELCOMM SERVICES	\$9,846.34	\$0.00	\$9,846.34	29
689827	1890213	CERTIFIED	GRANVILLE COUNTY SCHOOL DIST	126864	OXFORD	NC	Time Warner Cable Business LLC	FUNDED		2009	#####	TELCOMM SERVICES	\$9,846.34	\$0.00	\$9,846.34	29
689827	1890227	CERTIFIED	GRANVILLE COUNTY SCHOOL DIST	126864	OXFORD	NC	Time Warner Cable Business LLC	FUNDED		2009	#####	TELCOMM SERVICES	\$9,846.34	\$0.00	\$9,846.34	29
689827	1890260	CERTIFIED	GRANVILLE COUNTY SCHOOL DIST	126864	OXFORD	NC	Time Warner Cable Business LLC	FUNDED		2009	#####	TELCOMM SERVICES	\$9,846.34	\$0.00	\$9,846.34	29
689827	1890285	CERTIFIED	GRANVILLE COUNTY SCHOOL DIST	126864	OXFORD	NC	Time Warner Cable Business LLC	FUNDED	MR1: The site-specific discount was increased to a level that could be validated based on third party data.	2009	#####	TELCOMM SERVICES	\$9,846.34	\$0.00	\$9,846.34	29
689827	1890335	CERTIFIED	GRANVILLE COUNTY SCHOOL DIST	126864	OXFORD	NC	Time Warner Cable Business LLC	FUNDED		2009	#####	TELCOMM SERVICES	\$8,615.54	\$0.00	\$8,615.54	29
689827	1890360	CERTIFIED	GRANVILLE COUNTY SCHOOL DIST	126864	OXFORD	NC	Time Warner Cable Business LLC	FUNDED	MR1: The site-specific discount was increased to a level that could be validated based on third party data.	2009	#####	TELCOMM SERVICES	\$8,861.70	\$0.00	\$11,077.13	29
689827	1890391	CERTIFIED	GRANVILLE COUNTY SCHOOL DIST	126864	OXFORD	NC	Time Warner Cable Business LLC	FUNDED	MR1: The shared discount was increased to a level that could be validated based on third party data.	2009	#####	TELCOMM SERVICES	\$8,861.70	\$0.00	\$8,984.78	29
689827	1890435	CERTIFIED	GRANVILLE COUNTY SCHOOL DIST	126864	OXFORD	NC	Time Warner Cable Business LLC	FUNDED		2009	#####	TELCOMM SERVICES	\$8,615.54	\$0.00	\$8,615.54	29
694023	1904709	CERTIFIED	GRANVILLE COUNTY SCHOOL DIST	126864	OXFORD	NC	Time Warner Cable Business LLC	FUNDED	MR1: The discount for BUTNER-STEM MIDDLE SCHOOL and CENTER FOR INNOVATIVE LEARNING was increased based on the requested discount in Form 471 application 689827 which was filed by GRANVILLE COUNTY SCHOOL DIST. This action increased the shared discount for Form 471 application 694023.	2009	6/16/2009	TELCOMM SERVICES	\$5,325.58	\$0.00	\$5,399.55	8
													\$250,695.60			

## **Exhibit 2**

Monthly Price Comparison of WAN/Internet Bids for FY2009

Service Provider	WAN	Internet Access	Installation	Total Monthly Cost (Including Ammortization of Installation Cost
Time Warner	\$ 19,676.00	\$ 4,500.00	\$ 5,625.00	\$ 24,332.25
Embarq	28,405.00	3,465.00	-	\$ 31,870.00
Norlight	50,802.48	4,000.00	-	\$ 54,802.48
Conterra (Internet Access Included)	51,015.00	-	-	\$ 51,015.00

Central Office	101 Delacorix Street Oxford NC 27565	50M Dedicated Internet	\$4,500.00	\$250
Central Office	101 Delacorix Street Oxford NC 27565	1000Mx1000M Aggregation	\$2,500.00	\$250
Butner Stem Elementary	201 East D Street Butner NC 27509	100Mx100M	\$850.00	\$250
Butner Stem Middle	501 East D Street Butner NC 27509	100Mx100M	\$850.00	\$250
C. G. Credle Elementary	223 College Street Oxford NC 27565	100Mx100M	\$850.00	\$250
G. C. Hawley Middle	2173 Brassfield Road Creedmoor NC 27522	100Mx100M	\$850.00	\$250
Granville Central High School	2043 Sanders Road Stem NC 27581	100Mx100M	\$850.00	\$250
J.F. Webb High School	3200 Webb School Rd Oxford NC 27565	100Mx100M	\$850.00	\$250
Joe Toler-Oak Hill Elementary	8176 Hwy 96 Oxford NC 27565	10Mx10M	\$3,576.00	\$1125
Mary Potter Intermediate	200 Taylor Street Oxford NC 27565	100Mx100M	\$850.00	\$250
Mount Energy Elementary	2652 Hwy 56 Creedmoor NC 27522	100Mx100M	\$850.00	\$250
Northern Granville Middle School	3144 Webb School Road, Oxford, NC 27565	100Mx100M	\$850.00	\$250
Wilton Elementary	2554 Hwy 96 Franklinton NC 27596	100Mx100M	\$850.00	\$250
West Oxford Elementary	412 Ivey Day Rd Oxford NC 27565	100Mx100M	\$850.00	\$250
South Granville High School	701 North Crescent Drive Creedmoor NC 27522	100Mx100M	\$850.00	\$250
Orange Street Educational Center (ADMIN SITE)	120 C Orange Street, Oxford, NC	100Mx100M	\$850.00	\$250
Alternative Program for Students (ALPS)	606 North Main Street Creedmoor, NC 27522	100Mx100M	\$850.00	\$250
Stovall Elementary	7696 Highway 15 North Stovall NC 27582	100Mx100M	\$850.00	\$250
Creedmoor Elementary School	305 E. Wilton Ave. Creedmoor, NC 27522	100Mx100M	\$850.00	\$250
		TOTAL:	\$24,176.00	\$5,625.00

#### Future Pricing:

##### Point-to-Point Circuits:

200Mx200M- \$1400/month

250Mx250M- \$1550/month

500Mx500M- \$2000/month

1000Mx1000M-\$2500/month

##### Internet Access:

75Mx75M- \$6750/month

100M-100M- \$8000/month

##### Timeframe:

TWC will need 4 weeks notice to increase any site from the existing 100M circuit. This includes time to redesign, order the equipment, and install the new equipment.

WAN  
1A

19,676.00  
4,500.00

24,176.00/mo



## Pricing Summary

### Product Pricing Section

State	Qty	Product	Speed	Term	Discount Rate	SAE Code	SAE Suffix	Price	Total Price	SAE Promotion Code	Discount Amount	Net Price	NRC
Product Selection 1													
NC	1	EMBARQ Enh Ethernet	100 Mbps	5 Year	5.00%	P100MAN	(SEC)	\$ 1,495.00	\$ 1,495.00	AAAREBT(1E)	\$ 74.75	\$ 1,420.25	\$ -
Product Selection 2													
NC	1	EMBARQ Ded IP Port	50 Mbps	5 Year	0.00%	DZM45M	E2Y	\$3,465.00	\$ 3,465.00	-	\$ -	\$ 3,465.00	
Total Product Section												\$ 4,885.25	

### Customer Information

Name: Granville County Schools  
Address: 101 Delacorte Street  
City, St, Zip: Oxford NC 27522

WAN 1,495 X 19 locations = 28,405  
1A = 34,650

\$ 31,870/month

## Pricing Options for the Granville County School District

5.

### Payment Option

Term 60 Month Service Offering	Monthly Lease Rate	MRC minus E-Rate Discount
Total	\$50,802.48	\$ 14,224.69

Payment Option: MRC minus E-Rate Discount (\$14,224.69) ÷ 17 locations = \$836.75 Monthly Per Location\*

### 50 Meg DIA

TERM	MRC	NRC
5 YEARS	\$4,000.00	WAIVED

The district will receive 50 Meg DIA at the above price with a signed Master Service Agreement and Service Order for a WAN Network at the above price and term.

NOTE: Customer, at its own cost, shall provide collocation space and power in applicable location(s) and access to such space, including any necessary easement and building entrance rights to extend our network from the public rights of way into such location(s).

This Service quote expires ninety (90) days from the date hereof.

\* The above calculations are for illustrative purposes only and are based on Customer's representation that it is eligible for an 72 % E-Rate discount. Each amount is an average over the cost of the project and may not reflect the actual cost for a specific connection.

WAN  
IA

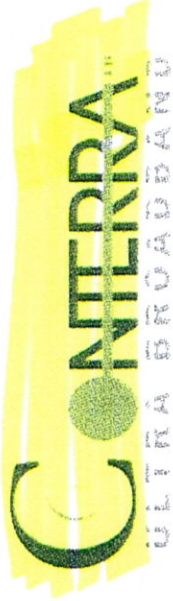
50,802.48  
4,000.00  
-----  
54,802.48 / MO

**NORLIGHT, INC.**

All information contained in the proposal shall remain confidential and not be disclosed outside of the school system without the written consent of Norlight, Inc.



# 36 MONTH: PRICING PROPOSAL



Project Name: Granville SD

State: NC

Date: 12/6/2007

E-Rate Discount: 72%

Term (Mo.): 36

Per-Site Non-Recurring Charge: \$0

Ethernet Network Description	Number of Sites	Monthly Per Site Cost	Total Monthly Recurring Cost	Total Annual Cost	Monthly Per Site Recurring Cost after E-Rate	Total Annual E-Rate Reimbursement	Total Net Annual after E-Rate
50 Mbps Switched	19	\$2,599	\$49,381	\$592,572	\$728	\$426,652	\$165,920
50 Mbps CIR	19	\$2,685	\$51,015	\$612,180	\$752	\$440,770	\$171,410
50 Mbps CIR - Freq. Redundant @ all Intermediate HUB sites	19	\$2,749	\$52,231	\$626,772	\$770	\$451,276	\$175,496

A per site installation charge can be calculated to decrease the Monthly Recurring Cost. Call us to calculate. Thank you.

The E-rate discount is provided as an estimate ONLY and may vary based on the applicant's actual numbers filed and how they file for their district. Pricing does not include any applicable sales tax or government fees.

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### **Exhibit 3**



## John Hughes

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**From:** Special Compliance <SpecCompliance@solixinc.com>  
**Sent:** Monday, May 24, 2010 4:15 PM  
**To:** John Hughes; John Hughes@1-9199299074  
**Subject:** USAC Schools and Libraries Information Request - Responses Due Date 6/8/2010 - Granville

**Importance:** High

May 24, 2010

John Hughes  
Granville County School District  
BEN: 126864  
Phone Number: (919) 9684332  
Fax Number: (919) 9299074  
Email: jhughes@newhopetech.org

### Response Due Date: June 8, 2010

We are in the process of reviewing Funding Year (FY) 2005 through 2010 Form 471 Applications for schools and libraries discounts to ensure that they are in compliance with the rules of the Universal Service program. To complete our review, we need some additional information. The information needed to complete the review is listed below.

Universal Service Administrative Company (USAC) was informed of potential competitive bidding violations related to funding requests of Granville County School District (Granville) during FY 2005 through 2010. Specifically, the concerns relate to the receipt of gifts from Time Warner Cable Information Services (North Carolina), Service Provider Identification Number (SPIN) 143027380, to employees of Granville in exchange for special consideration in the awarding of bids where Universal Service program funding is involved.

The following table details these gifts:

Date	Recipient(s)	Gift	Approximate Value
10/1/04	Ernest Bibby, Mike Louis, Carl Schmidt	Meal	\$43.00
2007	Carl Schmidt	Two tickets to the TWC suite at RBC Center for two Carolina Hurricanes hockey games (four total tickets in 2007)	\$340.00
2007	IT Staff member	Two tickets to the TWC suite at RBC Center for Disney on Ice	\$44.00
2/7/07	Network Administrator	Four tickets to TWC suite at RBC Center for Ringling Bros. and Barnum & Bailey Circus	\$92.00
2008	IT Staff member	Two tickets to the TWC suite at RBC for Disney on Ice	\$44.00

The FCC's rules require a fair and open competitive bidding process that is free from conflicts of interest. Communications between applicants, their consultants, and service providers that unfairly influence the outcome of the competition, provide

inside information, or allow the provider to unfairly compete taints the competitive process. USAC guidance provides in relevant part as follows:

According to the USAC website, <http://www.usac.org/sl/applicants/step03/run-open-fair-competition.aspx>, the competitive bidding process must be fair and open. "Fair" means that all bidders are treated the same and that no bidder has advance knowledge of the project information. "Open" means there are no secrets in the process, such as information shared with one bidder but not with others, and all bidders know what is required of them. The [FCC] Form 470 or the RFP should be clear about the products, services, and quantities the applicant is seeking.

In order to be sure that a fair and open competition is achieved, any marketing discussions held with service providers must be neutral, so as not to taint the competitive bidding process. That is, the applicant should not have a relationship with a service provider prior to the competitive bidding that would unfairly influence the outcome of a competition or would furnish the service provider with "inside" information or allow it to unfairly compete in any way.

We are sure you understand that USAC, as the program administrator, is required to address the aforementioned concerns and we need your assistance to assess the situation related to your entity. Accordingly, please respond to the following:

1. For each incidence of a gift referenced above, please provide the role of each recipient in the vendor selection process. If the recipients name is not specified above, please provide it.
2. Explain whether the conflict of interest of a school staff member at Granville accepting gifts from a service provider was mitigated so that no violation of the Schools and Libraries Competitive Bidding process occurred.
3. Provide a copy of the Granville Board policy regarding competitive bidding and gifts from vendors for the funding years mentioned above. Ensure that the funding year is specified on the policy. If the policy has not changed during that timeframe, please state that in your response.

**Lastly, please complete, sign, and date the attached certification and return with your response.**

Please fax or email the requested information to my attention. If you have any questions or you do not understand what we are requesting, please feel free to contact me.

It is important that we receive all of the information requested **within 15 calendar days** so we can complete our review. **Failure to respond may result in a reduction, denial, or rescinding of funding. If you need additional time to prepare your response, please let me know as soon as possible.**

Should you wish to cancel your Form 471 application(s), or any of your individual funding requests, please clearly indicate in your response that it is your intention to cancel an application or funding request(s). Include in any cancellation request the Form 471 application number(s) and/or funding request number(s), and the complete name, title and signature of the authorized individual.

Thank you for your cooperation and continued support of the Universal Service Program.

Donna Barrett  
Special Compliance Reviewer  
USAC Schools & Libraries Division  
Phone: 973-581-5261  
Fax: 973-599-6552  
[d Barrett@sl.universalservice.org](mailto:d Barrett@sl.universalservice.org)



## CERTIFICATION

I certify that I am authorized to make the representations set forth in the responses to the inquiry on behalf of **Granville County School District**, the entity represented on and responding to the inquiry, and am the most knowledgeable person with regard to the information set forth therein. I certify that the responses and supporting documentation to the inquiry are true and correct to the best of my knowledge, information and belief. I acknowledge that FCC rules provide that persons who have been convicted of criminal violations or held civilly liable for certain acts arising from their participation in the schools and libraries support mechanism are subject to suspension and debarment from the program. I acknowledge that false statements can be punished by fine or forfeiture under the Communications Act, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001 and civil violations of the False Claims Act.

I declare under penalty of perjury that the foregoing is true and correct. Executed on \_\_\_\_ day of \_\_\_\_\_, 2010 at \_\_\_\_\_ [city], \_\_\_\_\_ [state].

Signature		Date
Print Name	Title	
Employer		
Telephone Number	Fax Number	
Email Address		
Address		

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**Confidentiality Notice:** The information in this e-mail and any attachments thereto is intended for the named recipient(s) only. This e-mail, including any attachments, may contain information that is privileged and confidential and subject to legal restrictions and penalties regarding its unauthorized disclosure or other use. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution, or the taking of any action or inaction in reliance on the contents of this e-mail and any of its attachments is **STRICTLY PROHIBITED**. If you have received this e-mail in error, please immediately notify the sender via return e-mail; delete this e-mail and all attachments from your e-mail system and your computer system and network; and destroy any paper copies you may have in your possession. Thank you for your cooperation.

## **Exhibit 4**



October 13, 2009

Max Lightsey  
Special Compliance Review  
Schools and Libraries Division  
Universal Service Administrative Company (USAC)  
Phone: 862.432.0769  
Fax: 973-599-6552

Dear Mr. Lightsey:

Time Warner Cable Information Services (North Carolina), LLC ("TWCIS(NC)") hereby responds to your letter of September 11, 2009 in connection with TWCIS(NC)'s participation in the Schools and Libraries ("E-Rate") Program. TWCIS(NC) is proud to participate in the E-Rate Program and to play its part in ensuring that schools and libraries have access to affordable telecommunications and information services.

Your letter refers to an allegation that TWCIS(NC) may have provided gifts to the technology director and other employees of Union County Public Schools in exchange for special consideration in the awarding of E-Rate contracts. TWCIS(NC) appreciates the opportunity to address this concern. TWCIS(NC) takes its obligations as a program participant extremely seriously. In addition to seeking to ensure strict compliance with the FCC's rules, TWCIS(NC) strives to avoid even an appearance of impropriety.

In response to your letter, TWCIS(NC) conducted a thorough investigation regarding the company's gift-giving practices with respect to actual and potential E-Rate customers. Specifically, counsel for TWCIS(NC) conducted detailed interviews with company personnel who had contact with E-Rate customers during the relevant period (July 1, 2004 through June 30, 2009), including former employees, and reviewed available documentation with respect to gifts provided to E-Rate customers.

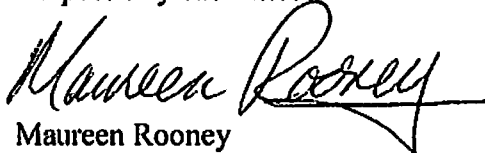
Based on this inquiry, TWCIS(NC) has determined that, on several occasions during the relevant period, company personnel offered or provided event tickets and meals to employees of E-Rate customers, including on two occasions to the technology director of Union County Public Schools. Appendix A to this letter provides the specific information requested in your letter with respect to each such gift. While TWCIS(NC) employees occasionally provided tickets or purchased meals for school personnel, TWCIS(NC) has found no evidence to suggest that any gift was provided in exchange for special consideration in the awarding of E-Rate contracts. Notably, it was company policy to not provide any gift during an active bidding cycle. Further, the offering of event tickets and taking colleagues out to eat was consistent with the company's interaction with other customers during the relevant period; in each case, TWCIS(NC) provided

items of minor value with the goal of building and improving working relationships, not to receive special consideration in connection with any competitive bidding.

During the course of the internal inquiry, TWCIS(NC) reviewed its company policy with respect to gift-giving. Although that policy provided some limitations around gift giving, it did not address E-Rate customers in particular. Upon further consideration, despite the absence of any FCC rule regarding gift practices, TWCIS(NC) has decided to amend its policy to avoid any appearance of impropriety. Specifically, TWCIS(NC) will prohibit gifts of any type to E-Rate customers and will make clear that disciplinary action, up to and including dismissal, may result in the event that any employee violates that policy. TWCIS(NC) will provide a written advisory discussing the updated policy to all company personnel who deal with the E-Rate Program.

In closing, TWCIS(NC) wishes to underscore its commitment to complying with the Commission's rules and to conducting itself in a manner that is beyond reproach. Please let me know if you have any further questions in this matter.

Respectfully submitted,



Maureen Rooney  
President, Commercial Services  
Time Warner Cable Carolina Region

**Exhibit A**

**Gifts and Meals Offered or Provided to E-Rate Customers by TWCIS(NC) Personnel**

The following chart shows identified meals and tickets<sup>1</sup> offered or provided by TWCIS(NC) personnel to employees of E-Rate customers or potential E-Rate customers from July 1, 2004 through June 30, 2009.

<b>Date</b>	<b>Recipient</b>	<b>Description</b>	<b>Value</b>
7-23-04	Keith Cooper and Gabriel Cooper, Wake County Schools	Food and other expenses at concert	\$256.00
10-1-04	Earnest Bibby, Mike Louis and Carl Schmidt, Granville County Schools	Meal	\$43.04
10-29-04	Larry Marynak, Wake County Schools	Meal	\$59.36
12-20-04	Charles Douglas, Durham County Schools	Meal	\$26.57
2-7-05	Jody Moore, Chatham County Schools	Meal	\$17.85
2-23-06	Jody Moore, Chatham County Schools	Meal	\$14.66
10-25-06	Chris Withrow, Warren County Schools	Meal	\$24.38

<sup>1</sup> We found no evidence of trips or entertainment beyond event tickets and meals.

Date	Recipient	Description	Value
12-18-06	Brian McKenzi, Vonnie Addison, Franklin Williams and Chris Evans, Wake County IT Dept.	Meal	\$92.23
2007	Mike Muirhead or Charles Douglas, Durham County Schools	Two tickets to the TWC suite at RBC Center for two or three Carolina Hurricanes hockey games (four to six total tickets in 2007)	\$340-\$510
2007	Carl Schmidt, Granville County Schools	Two tickets to the TWC suite at RBC Center for two Carolina Hurricanes hockey games (four total tickets in 2007)	\$340.00
2007	IT Staff member, Granville County Schools	Two tickets to the TWC suite at RBC Center for Disney on Ice	\$44.00
1-12-07	Cumberland County Schools	Two tickets to TWC suite at RBC Center for Carolina Hurricanes hockey game, donated to the school district's holiday raffle	\$170.00
2-3-07	Everette Teal, Robeson County Schools	Two tickets to TWC suite at RBC Center for UNC – NC State basketball game	\$300.00
2-7-07	Network administrator, Granville County Schools	Four tickets to TWC suite at RBC Center for Ringling Bros. and Barnum & Bailey Circus	\$92.00
5-8-07	Vonnie Addison, Wake County IT Dept.	Four tickets to Durham Bulls vs Norfolk baseball game	While we were unable to determine precise value of the tickets, we are confident that it is less than



<b>Date</b>	<b>Recipient</b>	<b>Description</b>	<b>Value</b>
			\$100.00
6-21-07	Brian McKenzie, Wake County Schools	Meal	\$36.73
8-17-07	Brian McKenzie, Vonnice Addison, Brian Keith and Chris Evans, Wake County IT Department	Meal	\$66.66
7-20-07	Wilson County Schools	Two tickets to Brad Paisley concert at TWC Music Pavilion donated as prize for school raffle	\$240.00
Sept. / Oct. 2007	Mike Muirhead, Durham County Schools	Two tickets to TWC suite at Bank of America Stadium for Carolina Panthers football game	\$200.00
2008	Mike Muirhead or Charles Douglass, Durham County Schools	Two tickets to TWC suite at RBC Center for two or three Carolina Hurricanes hockey games (four to six total tickets to the suite in 2008).	\$340-\$510
2008	IT Staff member, Granville County Schools	Two tickets to the TWC suite at RBC Center for Disney on Ice	\$44.00
2008	Chris Young, Cumberland County Schools	Two tickets offered but not used to TWC suite at RBC Center for Carolina Hurricanes hockey game	\$170.00
4-27-08	Pam Jack, Union County Schools	Four tickets to Bruce Springsteen concert at TWC Arena in Charlotte	\$400.00
<del>May 2008</del>	<del>Pam Jack, Union County Schools</del>	<del>Two tickets offered but not used to Kenny Chesney concert in Charlotte</del>	<del>Undetermined but &lt; \$200.00</del>
7-30-08	Gavin Hutchins and Brad Stone, Carteret County Schools	Meal	\$55.92

<b>Date</b>	<b>Recipient</b>	<b>Description</b>	<b>Value</b>
8-5-08	Leslie Stanfield, New Hanover County Schools	Meal	\$30.68
8-17-08	Lee Cummings, Rockingham County Schools	Two passes to 2008 Windham PGA golf tournament	Undetermined but < \$200.00
4-16-09	Wynn Smith, Wilson County Schools	Two tickets to Alan Jackson concert at TWC Music Pavilion	\$240.00
4-27-09	Wynn Smith, Wilson County Schools	Two tickets to Rascal Flats concert at TWC Music Pavilion	\$240.00

# SPECIAL COMPLIANCE REVIEW CERTIFICATION

I certify that I am authorized to make the representations set forth in the responses to the Special Compliance Review inquiry on behalf of Time Warner Cable Information Systems (North Carolina), LLC, the entity represented on and responding to the Special Compliance Review inquiry, and am the most knowledgeable person with regard to the information set forth therein. I certify that the responses and supporting documentation to the Special Compliance Review inquiry are true and correct to the best of my knowledge, information and belief. I acknowledge that FCC rules provide that persons who have been convicted of criminal violations or held civilly liable for certain acts arising from their participation in the schools and libraries support mechanism are subject to suspension and debarment from the program. I acknowledge that false statements can be punished by fine or forfeiture under the Communications Act, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001 and civil violations of the False Claims Act.

I declare under penalty of perjury that the foregoing is true and correct. Executed on 13<sup>th</sup> day of October, 2009 at New York [city], New York [state].

Signature  
Julie P. Laine

Date  
10-13-2009

Print Name  
Julie P. Laine

Title  
Group Vice President + Chief Counsel, Regulatory

Employer  
Time Warner Cable

Telephone Number  
212-364-8482

Fax Number  
704-973-6239

Email Address  
julie.laine@twcable.com

Address  
60 Columbus Circle  
New York, NY 10023

## **Exhibit 5**

**ROYSTER, CROSS & HENSLEY, LLP**  
ATTORNEYS AT LAW

T.S. ROYSTER, JR.  
JAMES E. CROSS, JR.  
DALE W. HENSLEY

135 COLLEGE STREET  
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TELEPHONE: (919) 693-3131  
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E-MAIL: admin@roystercross.com  
sroyster@roystercross.com  
jcross@roystercross.com  
dhensley@roystercross.com

June 21, 2010

**BY E-MAIL AND FACSIMILE**

Ms. Donna Barrett  
Special Compliance Reviewer  
USAC Schools & Libraries Division

Re: USAC Schools and Libraries Information Request

Dear Ms. Barrett:

As I informed you in our previous telephone conversation, I represent the Granville County Schools. Dr. A. Allan Jordan, Associate Superintendent of Human Resources and Financial Operations, has requested that I respond to your e-mail dated May 24, 2010, addressed to John Hughes. Please be advised that Mr. Hughes is not an employee of the Granville County Schools.

Our response is as follows:

1. The incidents of the gift referred to on your table of details have been addressed by Carl Schmidt, Granville County Schools IT Manager. Mr. Schmidt's specific responses are enclosed herein.
2. Granville County Schools Policy 7730 entitled "Employee Conflict of Interest" is enclosed herein. Please note that this policy was adopted on May 3, 2004, and remains in effect. I am also enclosing a copy of North Carolina General Statutes sec. 14-234 entitled "Public Officers or Employees Benefitting from Public Contracts; Exceptions".
3. Granville County Schools Policy 6401 entitled "Ethics and the Purchasing Function" is enclosed herein. Please note that this policy was also adopted on May 3, 2004, and remains in effect.
4. Our information reveals that the meal received in 2004 and the tickets obtained in 2007 and 2008 were such of a minimal nature that the gifts from Time Warner Cable Information Services ("Time Warner") as a service provider were mitigated so that no material violation of the schools and libraries competitive bidding process occurred. Ernest Bibby was the Assistant Superintendent for School Improvement Planning and Technology who unfortunately, is now

Ms. Donna Barrett  
June 21, 2010  
Page 2

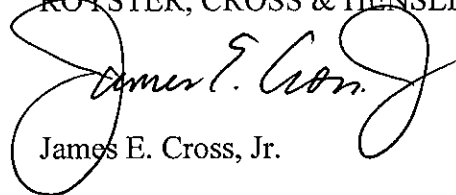
deceased. Although our employees knew the tickets were complimentary, the receipt of them did not influence their decision in any manner, shape or form. Moreover, the value of the 2004 meal was under \$15.00 for the each recipient. Our investigation was revealed that these minimal courtesies did not serve as an influence in any of the decision making process. However, we would be the first to admit that the receipt of such was inappropriate and should not have occurred.

Our new contract with Time Warner Cable Information Services was signed on January 16, 2008. Dorwin Howard, Assistant Superintendent for Student Support and Auxiliary Services, now makes the final decision regarding the acceptance of bids relating to formal requests. The contract was executed by Dr. Jordan. Neither one of these administrators were aware of the gifts described on your table, were not involved in any manner of accepting tickets or having the tickets distributed, and that the receipt of the gifts in no way impacted their decision or the Board of Education whether or not to accept or reject the bid of Time Warner Cable Informational Services.

Please find enclosed the certification signed by me as the School Board Attorney. Should you need any further information to assist you with your investigation, do not hesitate to call upon my services.

Sincerely yours,

ROYSTER, CROSS & HENSLEY, LLP



James E. Cross, Jr.

JECjr/klj

Enclosures

cc: Mr. Dorwin L. Howard, Assistant Superintendent for Student Support and Auxiliary Services  
Dr. A. Allan Jordan, Associate Superintendent for Human Resources and Financial Operations

Date	Recipient(s)	Gift	Approximate Value
10/1/04	Ernest Bibby, Mike Louis, Carl Schmidt	Meal	\$43.00
2007	Carl Schmidt	Two tickets to the TWC suite at RBC Center for two Carolina Hurricanes hockey games (four total tickets in 2007)	\$340.00
2007	Cynthia Hester	Two tickets to the TWC suite at RBC Center for Disney on Ice	\$44.00
2/7/07	Cynthia Hester	Four tickets to TWC suite at RBC Center for Ringling Bros. and Barnum & Bailey Circus	\$92.00
2008	Cynthia Hester	Two tickets to the TWC suite at RBC for Disney on Ice	\$44.00

Item 1 – Meal – Ernest Bibby was Assistant Superintendent (I think that was his title at the time). He was the decision maker at the time of our TWC contract for that funding year.

Item 2 – Hockey Tickets – Carl Schmidt – IT Manager. Made recommendations, but did not have decision authority for the TWC contract. **NOTE:** Carl did not request these tickets. Damien Ball, desktop support at the time, requested at least 2 of these tickets. He is not sure if he requested 4. As far as I can guess, the tickets were mailed to me as the main point of technical contact for GCS with TWC. Carl has not been to any Carolina Hurricanes hockey games.

Item 3-5 – Disney and Circus Tickets – These were requested by Cynthia Hester, desktop support. Cynthia has no input on vendor selection.

## **Policy Code: 7730 Employee Conflict of Interest**

Employees are expected to avoid engaging in any conduct that creates, or gives the appearance to the public of creating a conflict of interest with job responsibilities with the school district. While there may be other conflicts of interests, employees must follow board directives in the following areas.

### **Financial Interests**

An employee or member of the board will not engage or have a financial interest, directly or indirectly, in any activity that conflicts with duties and responsibilities in the school district.

#### **1. Contracts with the Board**

An employee or member of the board of education shall not do any of the following:

- a. obtain a direct benefit from a contract that he/she is involved in making or administering on behalf of the board, unless an exception is allowed pursuant to G.S. 14-234 or other law;
- b. influence or attempt to influence anyone who is involved in making or administering a contract on behalf of the board; or
- c. solicit or receive any gift, reward or promise for recommending, influencing or attempting to influence the award of a contract.

A board member or employee is involved in administering a contract if he/she oversees the performance of the contract or has authority to interpret or make decisions regarding the contract. A board member or employee is involved in making a contract if he/she participates in the development of specifications or terms of the contract or participates in the preparation or award of the contract. A board member or employee derives a direct benefit from a contract if the board member or employee or his/her spouse does any of the following: (1) has more than a 10 percent ownership or other interest in an entity that is a party to the contract; (2) derives any income or commission directly from the contract; or (2) acquires property under the contract.

#### **2. Non-School Employment**

The board recognizes that some employees may, in their own time, pursue additional compensation. Any such employee will not engage in the following:

- a. non-school employment which adversely affects the employee's availability or effectiveness in fulfilling job responsibilities;
- b. work of any type where the sources of information concerning customer, client or employer originates from any information obtained through the school district;
- c. work of any type that materially and negatively affects the educational program of the school system;
- d. any type of private business using district facilities, equipment or materials, unless prior approval is provided by the superintendent; or
- e. any type of private business during school time or on school property.

The superintendent may grant prior approval for work performed under subsections d and e above if such work enhances the employee's professional ability or professional growth for school-related work. The superintendent may establish reporting procedures to require employees to



notify the school district of any non-school employment.

### **Receipt of Gifts**

No gifts from any person or group desiring or doing business with the school district will be accepted by a school employee except for honorariums for participating in meetings, nominally valued instructional products or advertising items which are widely distributed, or meals provided at a banquet.

Legal References: G.S. 115C-47(18)

Cross References: Board Member Conflict of Interest (policy 2121)

Adopted: May 3, 2004

**GRANVILLE COUNTY BOARD OF EDUCATION POLICY MANUAL**

**§ 14-234. Public officers or employees benefiting from public contracts; exceptions.**

- (a)
  - (1) No public officer or employee who is involved in making or administering a contract on behalf of a public agency may derive a direct benefit from the contract except as provided in this section, or as otherwise allowed by law.
  - (2) A public officer or employee who will derive a direct benefit from a contract with the public agency he or she serves, but who is not involved in making or administering the contract, shall not attempt to influence any other person who is involved in making or administering the contract.
  - (3) No public officer or employee may solicit or receive any gift, reward, or promise of reward in exchange for recommending, influencing, or attempting to influence the award of a contract by the public agency he or she serves.
- (a1) For purposes of this section:
  - (1) As used in this section, the term "public officer" means an individual who is elected or appointed to serve or represent a public agency, other than an employee or independent contractor of a public agency.
  - (2) A public officer or employee is involved in administering a contract if he or she oversees the performance of the contract or has authority to make decisions regarding the contract or to interpret the contract.
  - (3) A public officer or employee is involved in making a contract if he or she participates in the development of specifications or terms or in the preparation or award of the contract. A public officer is also involved in making a contract if the board, commission, or other body of which he or she is a member takes action on the contract, whether or not the public officer actually participates in that action, unless the contract is approved under an exception to this section under which the public officer is allowed to benefit and is prohibited from voting.
  - (4) A public officer or employee derives a direct benefit from a contract if the person or his or her spouse: (i) has more than a ten percent (10%) ownership or other interest in an entity that is a party to the contract; (ii) derives any income or commission directly from the contract; or (iii) acquires property under the contract.
  - (5) A public officer or employee is not involved in making or administering a contract solely because of the performance of ministerial duties related to the contract.
- (b) Subdivision (a)(1) of this section does not apply to any of the following:
  - (1) Any contract between a public agency and a bank, banking institution, savings and loan association, or with a public utility regulated under the provisions of Chapter 62 of the General Statutes.
  - (2) An interest in property conveyed by an officer or employee of a public agency under a judgment, including a consent judgment, entered by a superior court judge in a condemnation proceeding initiated by the public agency.
  - (3) Any employment relationship between a public agency and the spouse of a public officer of the agency.
  - (4) Remuneration from a public agency for services, facilities, or supplies furnished directly to needy individuals by a public officer or employee of the agency under any program of direct public assistance being rendered under the laws of this State or the United States to needy persons administered in whole or in part by the agency if: (i) the programs of public assistance to needy persons are open to general participation on a nondiscriminatory basis to the practitioners of any given profession, professions or occupation; (ii) neither the agency nor any of its employees or agents, have control over who, among licensed or qualified providers, shall be selected by the beneficiaries of the assistance; (iii) the remuneration for the services, facilities or supplies are in the same amount as would be paid to any other provider; and (iv) although the public officer or employee may participate in making determinations of

eligibility of needy persons to receive the assistance, he or she takes no part in approving his or her own bill or claim for remuneration.

(b1) No public officer who will derive a direct benefit from a contract entered into under subsection (b) of this section may deliberate or vote on the contract or attempt to influence any other person who is involved in making or administering the contract.

(c) through (d) Repealed by Session Laws 2001-409, s. 1, effective July 1, 2002.

(d1) Subdivision (a)(1) of this section does not apply to (i) any elected official or person appointed to fill an elective office of a village, town, or city having a population of no more than 15,000 according to the most recent official federal census, (ii) any elected official or person appointed to fill an elective office of a county within which there is located no village, town, or city with a population of more than 15,000 according to the most recent official federal census, (iii) any elected official or person appointed to fill an elective office on a city board of education in a city having a population of no more than 15,000 according to the most recent official federal census, (iv) any elected official or person appointed to fill an elective office as a member of a county board of education in a county within which there is located no village, town or city with a population of more than 15,000 according to the most recent official federal census, (v) any physician, pharmacist, dentist, optometrist, veterinarian, or nurse appointed to a county social services board, local health board, or area mental health, developmental disabilities, and substance abuse board serving one or more counties within which there is located no village, town, or city with a population of more than 15,000 according to the most recent official federal census, and (vi) any member of the board of directors of a public hospital if all of the following apply:

- (1) The undertaking or contract or series of undertakings or contracts between the village, town, city, county, county social services board, county or city board of education, local health board or area mental health, developmental disabilities, and substance abuse board, or public hospital and one of its officials is approved by specific resolution of the governing body adopted in an open and public meeting, and recorded in its minutes and the amount does not exceed twenty thousand dollars (\$20,000) for medically related services and forty thousand dollars (\$40,000) for other goods or services within a 12-month period.
- (2) The official entering into the contract with the unit or agency does not participate in any way or vote.
- (3) The total annual amount of contracts with each official, shall be specifically noted in the audited annual financial statement of the village, town, city, or county.
- (4) The governing board of any village, town, city, county, county social services board, county or city board of education, local health board, area mental health, developmental disabilities, and substance abuse board, or public hospital which contracts with any of the officials of their governmental unit shall post in a conspicuous place in its village, town, or city hall, or courthouse, as the case may be, a list of all such officials with whom such contracts have been made, briefly describing the subject matter of the undertakings or contracts and showing their total amounts; this list shall cover the preceding 12 months and shall be brought up-to-date at least quarterly.

(d2) Subsection (d1) of this section does not apply to contracts that are subject to Article 8 of Chapter 143 of the General Statutes, Public Building Contracts.

(d3) Subsection (a) of this section does not apply to an application for or the receipt of a grant under the Agriculture Cost Share Program for Nonpoint Source Pollution Control created pursuant to Part 9 of Article 21 of Chapter 143 of the General Statutes or the Community Conservation Assistance Program created pursuant to Part 11 of Article 21 of Chapter 143 of the General Statutes by a member of the Soil and Water Conservation Commission if the requirements of G.S. 139-4(e) are met, and does not apply to a district supervisor of a soil and water conservation district if the requirements of G.S. 139-8

(b) are met.

(d4) Subsection (a) of this section does not apply to an application for, or the receipt of a grant or other financial assistance from, the Tobacco Trust Fund created under Article 75 of Chapter 143 of the General Statutes by a member of the Tobacco Trust Fund Commission or an entity in which a member of the Commission has an interest provided that the requirements of G.S. 143-717(h) are met.

(d5) This section does not apply to a public hospital subject to G.S. 131E-14.2 or a public hospital authority subject to G.S. 131E-21.

(d6) This section does not apply to employment contracts between the State Board of Education and its chief executive officer.

(e) Anyone violating this section shall be guilty of a Class 1 misdemeanor.

(f) A contract entered into in violation of this section is void. A contract that is void under this section may continue in effect until an alternative can be arranged when: (i) immediate termination would result in harm to the public health or welfare, and (ii) the continuation is approved as provided in this subsection. A public agency that is a party to the contract may request approval to continue contracts under this subsection as follows:

(1) Local governments, as defined in G.S. 159-7(15), public authorities, as defined in G.S. 159-7(10), local school administrative units, and community colleges may request approval from the chair of the Local Government Commission.

(2) All other public agencies may request approval from the State Director of the Budget.

Approval of continuation of contracts under this subsection shall be given for the minimum period necessary to protect the public health or welfare. (1825, c. 1269, P.R.; 1826, c. 29; R.C., c. 34, s. 38; Code, s. 1011; Rev., s. 3572; C.S., s. 4388; 1929, c. 19, s. 1; 1969, c. 1027; 1975, c. 409; 1977, cc. 240, 761; 1979, c. 720; 1981, c. 103, ss. 1, 2, 5; 1983, c. 544, ss. 1, 2; 1985, c. 190; 1987, c. 570; 1989, c. 231; 1991 (Reg. Sess., 1992), c. 1030, s. 5; 1993, c. 539, s. 145; 1994, Ex. Sess., c. 24, s. 14(c); 1995, c. 519, s. 4; 2000-147, s. 6; 2001-409, s. 1; 2001-487, ss. 44(a), 44(b), 45; 2002-159, s. 28; 2006-78, s. 2; 2009-2, s. 2; 2009-226, s. 1.)

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*This document (also available in PDF and RTF formats) is not an official document.  
Please read the caveats on the main NC Statutes page for more information.*

**Policy Code: 6401 Ethics and the Purchasing Function**

The board is committed to conducting the purchasing function in an ethical manner. The board's purchasing goals and principles will not be compromised by individuals motivated by personal gain.

The board of education and its officers, agents and employees are subject to the laws governing conflicts of interest in furnishing supplies to the board and the use of confidential information.

No board member or officer, agent or employee involved in the purchasing function will accept gifts, trips or meals from contractors, subcontractors or suppliers except gifts or favors of nominal value or meals furnished at banquets.

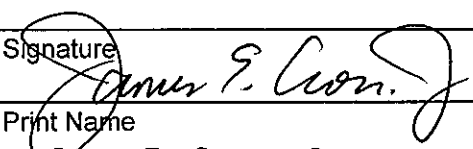
The school district's cost estimate for any public contract is confidential prior to bidding or other competitive purchasing processes. The identity of contractors who have obtained proposals for bid purposes for a public contract is confidential until the bids are opened in public and recorded in the board minutes. Any employee who divulges confidential information to any unauthorized person will be subject to disciplinary action.

The superintendent or his or her designee is responsible for ensuring that all affected personnel are aware of board policy requirements and applicable laws. Any individual aware of any violation of this policy or applicable laws should report such violation to the superintendent, or, if it involves the superintendent, to the board chairperson.

Legal References: G.S. 133-32, -33; 14-234, -234.1; Attorney General Opinion requested by L.W. Lamar regarding G.S. 133-32, the Applicability to Attorneys and Law Firms Providing Professional Services to Local Boards of Education, dated May 13, 1993

Cross References: Board Member Conflict of Interest (policy 2121), Bidders' List (policy 6441/9121), Employee Conflict of Interest (policy 7730)

Adopted: February 3, 2003 (Effective July 1, 2003)

<b>CERTIFICATION</b>	
<p>I certify that I am authorized to make the representations set forth in the responses to the inquiry on behalf of <b>Granville County School District</b>, the entity represented on and responding to the inquiry, and am the most knowledgeable person with regard to the information set forth therein. I certify that the responses and supporting documentation to the inquiry are true and correct to the best of my knowledge, information and belief. I acknowledge that FCC rules provide that persons who have been convicted of criminal violations or held civilly liable for certain acts arising from their participation in the schools and libraries support mechanism are subject to suspension and debarment from the program. I acknowledge that false statements can be punished by fine or forfeiture under the Communications Act, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001 and civil violations of the False Claims Act.</p> <p>I declare under penalty of perjury that the foregoing is true and correct. Executed on <u>21<sup>st</sup></u> day of <u>June</u>, 2010 at <u>Oxford</u> [city], <u>North Carolina</u> [state].</p>	
Signature 	Date <u>6/21/10</u>
Print Name James E. Cross, Jr.	Title School Board Attorney
Employer Royster, Cross & Hensley, LLP	
Telephone Number (919) 693-3131	Fax Number (919) 693-2919
Email Address jcross@roystercross.com	
Address P.O. Drawer 1168 Oxford, NC 27565	

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**Confidentiality Notice:** The information in this e-mail and any attachments thereto is intended for the

## **Exhibit 6**

**From:** Special Compliance [<mailto:SpecCompliance@solixinc.com>]  
**Sent:** Friday, July 16, 2010 2:24 PM  
**To:** John Hughes; John Hughes@1-9199299074  
**Subject:** USAC Schools and Libraries - Response Due Date 7/23/2010 - Granville  
**Importance:** High

July 16, 2010

John Hughes  
Granville County School District  
BEN: 126864  
Phone Number: (919) 9684332  
Fax Number: (919) 9299074  
Email: [jhughes@newhopetech.org](mailto:jhughes@newhopetech.org)

**Response Due Date: July 23, 2010**

We are in the process of reviewing Funding Year(s) 2005 through 2010 Form(s) 471 to ensure that they are in compliance with the rules of the Universal Service program.

In your June 21, 2010 response to the Special Compliance Review (SCR) Information Request dated May 24, 2010 regarding the gifts to Granville County School District (Granville) from Time Warner Cable Information Services (North Carolina), a copy of the Granville County Schools Policy 7730, "Employee Conflict of Interest" was provided. The policy states: "No gifts from any person or group desiring or doing business with the school district will be accepted by a school employee except for honorariums for participating in meetings, nominally valued instructional products or advertising items which are widely distributed, or meals provided at a banquet."

Although your response indicated that "the tickets obtained in 2007 and 2008 were such of a minimal nature," USAC does not consider the amount of \$44 for two tickets to Disney on Ice given in 2008 to be a "honorarium for participating in meetings, nominally valued instructional products or advertising items which are widely distributed, or meals provided at a banquet." As a result, USAC concludes that the district policy was violated. USAC considers the district policy to be a part of your state and local requirements.

In addition, based on the documentation that you have provided, the Funding Request Numbers (FRN) listed below will be denied because you did not conduct a fair and open competitive bid process free from conflicts of interest. The documentation you provided indicates that throughout your contractual relationship with the service provider you have selected to provide services for these FRNs, you were offered and accepted valuable gifts of entertainment from the service provider. These gifts of entertainment show that you engaged in non-competitive bidding practices in violation of program rules. For additional guidance regarding the competitive bidding process, please refer to the USAC website at: <http://www.usac.org/sl/applicants/step03/run-open-fair-competition.aspx>.

Because the gifts were received in 2008, funding requests with Time Warner for Funding Year 2009 will be impacted. As a result, the following FRNs on FCC Form 471 #689827 will be denied:

FRN 1889726	FRN 1890047	FRN 1890260
FRN 1889789	FRN 1890099	FRN 1890285
FRN 1889822	FRN 1890139	FRN 1890335
FRN 1889848	FRN 1890154	FRN 1890360
FRN 1889907	FRN 1890213	FRN 1890391
FRN 1889933	FRN 1890227	FRN 1890435
FRN 1889953		



If the FRNs should not be denied and you have alternative information, please provide the supporting documentation.

If you fail to respond to this email within 7 days, we will perform the action(s) listed above.

Thank you for your cooperation and continued support of the Universal Service Program.

Donna Barrett  
Special Compliance  
USAC Schools & Libraries Division  
Phone: 973-581-5261  
Fax: 973-599-6552  
[dbarret@sl.universalservice.org](mailto:dbarret@sl.universalservice.org)

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**Confidentiality Notice:** *The information in this e-mail and any attachments thereto is intended for the named recipient(s) only. This e-mail, including any attachments, may contain information that is privileged and confidential and subject to legal restrictions and penalties regarding its unauthorized disclosure or other use. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution, or the taking of any action or inaction in reliance on the contents of this e-mail and any of its attachments is **STRICTLY PROHIBITED**. If you have received this e-mail in error, please immediately notify the sender via return e-mail; delete this e-mail and all attachments from your e-mail system and your computer system and network; and destroy any paper copies you may have in your possession. Thank you for your cooperation.*

## **Exhibit 7**

**From:** John Hughes

**Sent:** Wednesday, July 28, 2010 1:54 PM

**To:** 'Special Compliance' <[SpecCompliance@solixinc.com](mailto:SpecCompliance@solixinc.com)>; 'dbarrett@sl.universalservice.org' <[dbarrett@sl.universalservice.org](mailto:dbarrett@sl.universalservice.org)>

**Cc:** 'Carl Schmidt' <[schmidt@gcs.k12.nc.us](mailto:schmidt@gcs.k12.nc.us)>; 'howardd@gcs.k12.nc.us' <[howardd@gcs.k12.nc.us](mailto:howardd@gcs.k12.nc.us)>; 'A. Allan Jordan' <[jordanaa@gcs.k12.nc.us](mailto:jordanaa@gcs.k12.nc.us)>; 'Kim Jones' <[kjones@roystercross.com](mailto:kjones@roystercross.com)>

**Subject:** RE: USAC Schools and Libraries - Response Due Date 7/23/2010 - Granville

Donna,

I am responding to your email copied below on which you granted me an extension until July 30, 2010 to respond.

We do not agree with the proposed denial of the FRN's referenced in your email below:

The tickets given to a staff member having an alleged value of \$44 were, as we disclosed previously, in fact allegedly given to a technician in the IT department who had no input whatsoever into any purchasing decision made by the district. Further the tickets were received for a performance that took place sometime between December 10, 2008 and December 14, 2008 while the purchasing decision and contract was signed January 16, 2008.

These tickets were accepted by very junior, low level, and absolutely non decision maker in the technology office of the Granville County School District; the recipient has no recollection of when they were received. These tickets were offered and received without any knowledge of, nor at the request of, Carl Schmidt, the IT Director of Granville Schools, or anyone else in authority at the District. Their acceptance may have been in violation of the Conflict of Interest policy of Granville School District depending upon their actual value, but NOT of any provision of the Competitive Bidding/Procurement policies of the Granville School District.

Indeed the decision for the award of the renewal of the existing contract was made on January 16, 2008 and the tickets were allegedly received on December 10-14, 2008 (as that are the dates that Disney On Ice appeared in Raleigh) therefore the decision was made well before any tickets were offered or received therefore there could not have been any quid pro quo between the decision to purchase and the acceptance of the tickets even if the recipient was in any position of authority which as already stated they were not.

Granville School District never made an assertion on its 471 application that all employees of the District were not in violation of ANY policy of the District and to think that they could do that with any accuracy is absurd given that the District has hundreds of employees in many different jobs. Indeed they did assert and certify on the FCC Form 471 Block 6 Item 28 "that the entity responsible for selecting the service provider(s) has reviewed all applicable FCC, state and local procurement/competitive bidding requirements and that the entity or entities listed on this application have complied with them" (underline added for emphasis). Indeed that statement was and is accurate even in light of the Time Warner gifts to employees who were in no way involved in the competitive bidding/procurement process and received these gifts without the knowledge of the District decision makers and management. The Conflict of Interest policy IS NOT the same as the Competitive Bidding/Procurement policy.

Further the assertion that these tickets had a value of \$44 is suspect and no proof has been offered that the value that Time Warner ascribed to them is accurate. There is no real way of determining their value. Time Warner rents a private box at the RBC Center in Raleigh, NC and as such is entitled

to tickets to many events held in that venue in return for an annual rental paid by Time Warner. The low level employee of Granville School District who accepted these gifts never received any notice of their value and had no way to determine the value of the tickets since they were a part of a yearly rental paid by Time Warner to the RBC Center. Relying on the value of them ascribed by Time Warner is suspect (as we very well know that assertions made by Time Warner that their employees gave tickets or other gifts to other North Carolina school district officials has proven to be fraudulent) and would need to be proven by sales receipts for it to have any validity.

Further it is up to the School District to determine if their policies have been violated, not USAC. The Granville School District legal counsel has determined that no violation of the school policy took place and therefore no punitive action was necessary towards the low level employee who accepted these gifts. Further it is the province of the school district legal counsel to determine if the violation was one relating to the Conflict of Interest policy or the Competitive Bidding/Procurement policy. It is clear that if a decision making employee of the district received gifts from a prospective or current vendor that the provisions of both the district and state competitive bidding/procurement policies/regulations/laws would have been violated.

That did not occur in this instance and therefore we disagree with your conclusion that the District violated its Block 6 Item 28 assertion on its FCC Form 471 number 689827 and therefore the nineteen Funding Request Numbers referenced in your July 16 email should not be denied.

Thank you.

*John Hughes*  
*O - (919)968-4332*  
*M - (919)593-2841*  
*F - (919)929-9074*

*Go Heels!*

## **Exhibit 8**



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Notification of Commitment Adjustment Letter

Funding Year 2009: July 1, 2009 - June 30, 2010

May 8, 2017

Vanessa Wrenn  
Granville County School District  
P.O. Box 927  
Oxford, NC 27565-0927

Re: SPIN:	143048275
Service Provider Name:	Time Warner Cable Business LLC
Form 471 Application Number:	694023
Funding Year:	2009
FCC Registration Number:	
Applicant Name	GRANVILLE COUNTY SCHOOL DIST
Billed Entity Number:	126864
Applicant Contact Person:	Carl Schmidt

Our routine review of Schools and Libraries Program (SLP) funding commitments has revealed certain applications where funds were committed in violation of SLP rules.

In order to be sure that no funds are used in violation of SLP rules, the Universal Service Administrative Company (USAC) must now adjust the overall funding commitment. The purpose of this letter is to make the required adjustments to the funding commitment, and to give you an opportunity to appeal this decision. USAC has determined the service provider is responsible for all or some of the program rule violations. Therefore, the service provider is responsible to repay all or some of the funds disbursed in error (if any).

This is NOT a bill. If recovery of disbursed funds is required, the next step in the recovery process is for USAC to issue you a Demand Payment Letter. The balance of the debt will be due within 30 days of that letter. Failure to pay the debt within 30 days from the date of the Demand Payment Letter could result in interest, late payment fees, administrative charges and implementation of the "Red Light Rule." The FCC's Red Light Rule requires USAC to dismiss pending FCC Form 471 applications if the entity responsible for paying the outstanding debt has not paid the debt, or otherwise made satisfactory arrangements to pay the debt within 30 days of the notice provided by USAC. For more information on the Red Light Rule, please see <https://www.fcc.gov/encyclopedia/red-light-frequently-asked-questions>.

TO APPEAL THIS DECISION:

If you wish to appeal the Commitment Adjustment Decision indicated in this letter to USAC, your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and email address (if available) for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Identify the date of the Notification of Commitment Adjustment Letter and the Funding Request Number(s) (FRNs) you are appealing. Your letter of appeal must include the
  - Billed Entity Name,
  - Form 471 Application Number,
  - Billed Entity Number, and
  - FCC Registration Number (FCC RN) from the top of your letter.
3. When explaining your appeal, copy the language or text from the Notification of Commitment Adjustment Letter that is the subject of your appeal to allow USAC to more readily understand your appeal and respond appropriately. Please keep your letter to the point, and provide documentation to support your appeal. Be sure to keep a copy of your entire appeal including any correspondence and documentation.
4. If you are an applicant, please provide a copy of your appeal to the service provider(s) affected by USAC's decision. If you are a service provider, please provide a copy of your appeal to the applicant(s) affected by USAC's decision.
5. Provide an authorized signature on your letter of appeal.

We strongly recommend that you use one of the electronic filing options. To submit your appeal to USAC by email, email your appeal to [appeals@sl.universalservice.org](mailto:appeals@sl.universalservice.org) or submit your appeal electronically by using the "Submit a Question" feature on the USAC website. USAC will automatically reply to incoming emails to confirm receipt.

To submit your appeal to us by fax, fax your appeal to (973) 599-6542.

To submit your appeal to us on paper, send your appeal to:

Letter of Appeal  
Schools and Libraries Program - Correspondence Unit  
30 Lanidex Plaza West  
PO Box 685  
Parsippany, NJ 07054-0685

For more information on submitting an appeal to USAC, see "Appeals" in the "Schools and Libraries" section of the USAC website.

On the pages following this letter, we have provided a Funding Commitment Adjustment Report (Report) for the Form 471 application cited above. The enclosed Report includes the Funding Request Number(s) from your application for which adjustments are necessary. See the "Guide to USAC Letters" posted at <http://www.usac.org/sl/tools/samples.aspx> for more information on each of the fields in the Report. USAC is also sending this information to the applicant for informational purposes. If USAC has determined the applicant is also responsible for any rule violation on the FRN(s), a separate letter will be sent to the applicant detailing the necessary applicant action.

Note that if the Funds Disbursed to Date amount is less than the Adjusted Funding Commitment amount, USAC will continue to process properly filed invoices up to the Adjusted Funding Commitment amount. Review the Funding Commitment Adjustment Explanation in the attached Report for an explanation of the reduction to the commitment(s). Please ensure that any invoices that you or the applicant(s) submits to USAC are consistent with SLP rules as indicated in the Funding Commitment Adjustment Explanation. If the Funds Disbursed to Date amount exceeds the Adjusted Funding Commitment amount, USAC will have to recover some or all of the disbursed funds. The Report explains the exact amount (if any) the service provider is responsible for repaying.

Schools and Libraries Program  
Universal Services Administrative Company

cc: David LaFrance  
TIME WARNER CABLE BUSINESS, LLC



**Funding Commitment Adjustment Report**  
**Form 471 Application Number: 694023**

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Funding Request Number:	1904709
Contract Number:	021209
Services Ordered:	TELCOMM SERVICES
Billing Account Number:	919-693-4613
Original Funding Commitment:	\$5,399.55
Commitment Adjustment Amount:	\$5,399.55
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date:	\$0.00
Funds to be Recovered from Service Provider:	\$0.00

**Funding Commitment Adjustment Explanation:**

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. Documents provided by you and/or Time Warner Cable indicate that there was not a fair and open competitive bid process free from conflicts of interest. The documentation indicates that prior to/throughout your contractual relationship with Time Warner Cable that you were offered and accepted gifts of value from the service provider, which is not allowed under your districts local gift rule policy. This action resulted in a competitive process that was no longer fair and open. Accordingly, your funding commitment will be rescinded in full and USAC will seek recovery of any disbursed funds from the applicant and the Service Provider.

**Notification of Commitment Adjustment Letter**

**Funding Year 2009: July 1, 2009 - June 30, 2010**

May 08, 2017

Vanessa Wrenn  
GRANVILLE COUNTY SCHOOL DIST  
P.O. Box 927  
OXFORD, NC 27565-0927

Re: Form 471 Application Number:	689827
Funding Year:	2009
Applicant's Form Identifier:	GCSInternetWAN
Billed Entity Number:	126864
FCC Registration Number:	0011664000
SPIN:	143048275
Service Provider Name:	Time Warner Cable Business LLC
Service Provider Contact Person:	David Lafrance

Our routine review of Schools and Libraries Program (SLP) funding commitments has revealed certain applications where funds were committed in violation of SLP rules.

In order to be sure that no funds are used in violation of SLP rules, the Universal Service Administrative Company (USAC) must now adjust your overall funding commitment. The purpose of this letter is to make the required adjustments to your funding commitment, and to give you an opportunity to appeal this decision. USAC has determined the applicant is responsible for all or some of the violations. Therefore, the applicant is responsible to repay all or some of the funds disbursed in error (if any).

This is NOT a bill. If recovery of disbursed funds is required, the next step in the recovery process is for USAC to issue you a Demand Payment Letter. The balance of the debt will be due within 30 days of that letter. Failure to pay the debt within 30 days from the date of the Demand Payment Letter could result in interest, late payment fees, administrative charges and implementation of the "Red Light Rule." The FCC's Red Light Rule requires USAC to dismiss pending FCC Form 471 applications if the entity responsible for paying the outstanding debt has not paid the debt, or otherwise made satisfactory arrangements to pay the debt within 30 days of the notice provided by USAC. For more information on the Red Light Rule, please see <https://www.fcc.gov/encyclopedia/red-light-frequently-asked-questions>.

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If you wish to appeal the Commitment Adjustment Decision indicated in this letter to USAC, your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and email address (if available) for the person who can most readily discuss this appeal with us.

2. State outright that your letter is an appeal. Identify the date of the Notification of Commitment Adjustment Letter and the Funding Request Number(s) (FRNs) you are appealing. Your letter of appeal must include the

- Billed Entity Name,
- Form 471 Application Number,
- Billed Entity Number, and
- FCC Registration Number (FCC RN) from the top of your letter.

3. When explaining your appeal, copy the language or text from the Notification of Commitment Adjustment Letter that is the subject of your appeal to allow USAC to more readily understand your appeal and respond appropriately. Please keep your letter to the point, and provide documentation to support your appeal. Be sure to keep a copy of your entire appeal including any correspondence and documentation.

4. If you are an applicant, please provide a copy of your appeal to the service provider(s) affected by USAC's decision. If you are a service provider, please provide a copy of your appeal to the applicant(s) affected by USAC's decision.

5. Provide an authorized signature on your letter of appeal.

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To submit your appeal to us by fax, fax your appeal to (973) 599-6542.

To submit your appeal to us on paper, send your appeal to:

Letter of Appeal  
Schools and Libraries Program - Correspondence Unit  
30 Lanidex Plaza West  
PO Box 685  
Parsippany, NJ 07054-0685

For more information on submitting an appeal to USAC, see "Appeals" in the "Schools and Libraries" section of the USAC website.

## FUNDING COMMITMENT ADJUSTMENT REPORT

On the pages following this letter, we have provided a Funding Commitment Adjustment Report (Report) for the Form 471 application cited above. The enclosed Report includes the Funding Request Number(s) from your application for which adjustments are necessary. See the "Guide to USAC Letters" posted at <http://www.usac.org/sl/tools/samples.aspx> for more information on each of the fields in the Report. USAC is also sending this information to your service provider(s) for informational purposes. If USAC has determined the service provider is also responsible for any rule violation on the FRN(s), a separate letter will be sent to the service provider detailing the necessary service provider action.

Note that if the Funds Disbursed to Date amount is less than the Adjusted Funding Commitment amount, USAC will continue to process properly filed invoices up to the Adjusted Funding Commitment amount. Review the Funding Commitment Adjustment Explanation in the attached Report for an explanation of the reduction to the commitment(s). Please ensure that any invoices that you or your service provider(s) submits to USAC are consistent with SLP rules as indicated in the Funding Commitment Adjustment Explanation. If the Funds Disbursed to Date amount exceeds your Adjusted Funding Commitment amount, USAC will have to recover some or all of the disbursed funds. The Report explains the exact amount (if any) the applicant is responsible for repaying.

Schools and Libraries Program  
Universal Services Administrative Company

cc: David Lafrance  
Time Warner Cable Business LLC

**Funding Commitment Adjustment Report for  
Form 471 Application Number: 689827**

Funding Request Number:	1890213
Services Ordered:	TELCOMM SERVICES
SPIN:	143048275
Service Provider Name:	Time Warner Cable Business LLC
Contract Number:	01252008
Billing Account Number:	919-693-4613
Site Identifier:	126864
Original Funding Commitment:	\$9,846.34
Commitment Adjustment Amount:	\$9,846.34
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date	\$0.00
Funds to be Recovered from Applicant:	\$0.00
Funding Commitment Adjustment Explanation:	

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. Documents provided by you and/or Time Warner Cable indicate that there was not a fair and open competitive bid process free from conflicts of interest. The documentation indicates that prior to/throughout your contractual relationship with Time Warner Cable that you were offered and accepted gifts of value from the service provider, which is not allowed under your districts local gift rule policy. This action resulted in a competitive process that was no longer fair and open. Accordingly, your funding commitment will be rescinded in full and USAC will seek recovery of any disbursed funds from the applicant and the Service Provider.

Funding Request Number:	1890335
Services Ordered:	TELCOMM SERVICES
SPIN:	143048275
Service Provider Name:	Time Warner Cable Business LLC
Contract Number:	01252008
Billing Account Number:	919-693-4613
Site Identifier:	126864
Original Funding Commitment:	\$8,615.54
Commitment Adjustment Amount:	\$8,615.54
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date	\$0.00
Funds to be Recovered from Applicant:	\$0.00
Funding Commitment Adjustment Explanation:	

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. Documents provided by you and/or Time Warner Cable indicate that there was not a fair and open competitive bid process free from conflicts of interest. The documentation indicates that prior to/throughout your contractual relationship with Time Warner Cable that you were offered and accepted gifts of value from the service provider, which is not allowed under your districts local gift rule policy. This action resulted in a competitive process that was no longer fair and open. Accordingly, your funding commitment will be rescinded in full and USAC will seek recovery of any disbursed funds from the applicant and the Service Provider.

Funding Request Number:	1889822
Services Ordered:	TELCOMM SERVICES
SPIN:	143048275
Service Provider Name:	Time Warner Cable Business LLC
Contract Number:	01252008
Billing Account Number:	919-693-4613
Site Identifier:	126864
Original Funding Commitment:	\$9,846.34
Commitment Adjustment Amount:	\$9,846.34
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date	\$0.00
Funds to be Recovered from Applicant:	\$0.00
Funding Commitment Adjustment Explanation:	

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. Documents provided by you and/or Time Warner Cable indicate that there was not a fair and open competitive bid process free from conflicts of interest. The documentation indicates that prior to/throughout your contractual relationship with Time Warner Cable that you were offered and accepted gifts of value from the service provider, which is not allowed under your districts local gift rule policy. This action resulted in a competitive process that was no longer fair and open. Accordingly, your funding commitment will be rescinded in full and USAC will seek recovery of any disbursed funds from the applicant and the Service Provider.

Funding Request Number: 1889933  
Services Ordered: TELCOMM SERVICES  
SPIN: 143048275  
Service Provider Name: Time Warner Cable Business LLC  
Contract Number: 01252008  
Billing Account Number: 919-693-4613  
Site Identifier: 126864  
Original Funding Commitment: \$9,846.34  
Commitment Adjustment Amount: \$9,846.34  
Adjusted Funding Commitment: \$0.00  
Funds Disbursed to Date \$0.00  
Funds to be Recovered from Applicant: \$0.00  
Funding Commitment Adjustment Explanation:

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. Documents provided by you and/or Time Warner Cable indicate that there was not a fair and open competitive bid process free from conflicts of interest. The documentation indicates that prior to/throughout your contractual relationship with Time Warner Cable that you were offered and accepted gifts of value from the service provider, which is not allowed under your districts local gift rule policy. This action resulted in a competitive process that was no longer fair and open. Accordingly, your funding commitment will be rescinded in full and USAC will seek recovery of any disbursed funds from the applicant and the Service Provider.





**Notification of Commitment Adjustment Letter**

**Funding Year 2009: July 1, 2009 - June 30, 2010**

May 08, 2017

Vanessa Wrenn  
GRANVILLE COUNTY SCHOOL DIST  
P.O. Box 927  
OXFORD, NC 27565-0927

Re: Form 471 Application Number:	689827
Funding Year:	2009
Applicant's Form Identifier:	GCSInternetWAN
Billed Entity Number:	126864
FCC Registration Number:	0011664000
SPIN:	143048275
Service Provider Name:	Time Warner Cable Business LLC
Service Provider Contact Person:	David Lafrance

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1. Include the name, address, telephone number, fax number, and email address (if available) for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Identify the date of the Notification of Commitment Adjustment Letter and the Funding Request Number(s) (FRNs) you are appealing. Your letter of appeal must include the
  - Billed Entity Name,
  - Form 471 Application Number,
  - Billed Entity Number, and
  - FCC Registration Number (FCC RN) from the top of your letter.
3. When explaining your appeal, copy the language or text from the Notification of Commitment Adjustment Letter that is the subject of your appeal to allow USAC to more readily understand your appeal and respond appropriately. Please keep your letter to the point, and provide documentation to support your appeal. Be sure to keep a copy of your entire appeal including any correspondence and documentation.
4. If you are an applicant, please provide a copy of your appeal to the service provider(s) affected by USAC's decision. If you are a service provider, please provide a copy of your appeal to the applicant(s) affected by USAC's decision.
5. Provide an authorized signature on your letter of appeal.

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Letter of Appeal  
Schools and Libraries Program - Correspondence Unit  
30 Lanidex Plaza West  
PO Box 685  
Parsippany, NJ 07054-0685

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Note that if the Funds Disbursed to Date amount is less than the Adjusted Funding Commitment amount, USAC will continue to process properly filed invoices up to the Adjusted Funding Commitment amount. Review the Funding Commitment Adjustment Explanation in the attached Report for an explanation of the reduction to the commitment(s). Please ensure that any invoices that you or your service provider(s) submits to USAC are consistent with SLP rules as indicated in the Funding Commitment Adjustment Explanation. If the Funds Disbursed to Date amount exceeds your Adjusted Funding Commitment amount, USAC will have to recover some or all of the disbursed funds. The Report explains the exact amount (if any) the applicant is responsible for repaying.

Schools and Libraries Program  
Universal Services Administrative Company

cc: David Lafrance  
Time Warner Cable Business LLC

**Funding Commitment Adjustment Report for  
Form 471 Application Number: 689827**

Funding Request Number:	1890047
Services Ordered:	TELCOMM SERVICES
SPIN:	143048275
Service Provider Name:	Time Warner Cable Business LLC
Contract Number:	01252008
Billing Account Number:	919-693-4613
Site Identifier:	126864
Original Funding Commitment:	\$7,384.75
Commitment Adjustment Amount:	\$7,384.75
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date	\$0.00
Funds to be Recovered from Applicant:	\$0.00
Funding Commitment Adjustment Explanation:	

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. Documents provided by you and/or Time Warner Cable indicate that there was not a fair and open competitive bid process free from conflicts of interest. The documentation indicates that prior to/throughout your contractual relationship with Time Warner Cable that you were offered and accepted gifts of value from the service provider, which is not allowed under your districts local gift rule policy. This action resulted in a competitive process that was no longer fair and open. Accordingly, your funding commitment will be rescinded in full and USAC will seek recovery of any disbursed funds from the applicant and the Service Provider.

Funding Request Number:	1890227
Services Ordered:	TELCOMM SERVICES
SPIN:	143048275
Service Provider Name:	Time Warner Cable Business LLC
Contract Number:	01252008
Billing Account Number:	919-693-4613
Site Identifier:	126864
Original Funding Commitment:	\$9,846.34
Commitment Adjustment Amount:	\$9,846.34
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date	\$0.00
Funds to be Recovered from Applicant:	\$0.00
Funding Commitment Adjustment Explanation:	

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. Documents provided by you and/or Time Warner Cable indicate that there was not a fair and open competitive bid process free from conflicts of interest. The documentation indicates that prior to/throughout your contractual relationship with Time Warner Cable that you were offered and accepted gifts of value from the service provider, which is not allowed under your districts local gift rule policy. This action resulted in a competitive process that was no longer fair and open. Accordingly, your funding commitment will be rescinded in full and USAC will seek recovery of any disbursed funds from the applicant and the Service Provider.

Funding Request Number:	1890435
Services Ordered:	TELCOMM SERVICES
SPIN:	143048275
Service Provider Name:	Time Warner Cable Business LLC
Contract Number:	01252008
Billing Account Number:	919-693-4613
Site Identifier:	126864
Original Funding Commitment:	\$8,615.54
Commitment Adjustment Amount:	\$8,615.54
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date	\$0.00
Funds to be Recovered from Applicant:	\$0.00
Funding Commitment Adjustment Explanation:	

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. Documents provided by you and/or Time Warner Cable indicate that there was not a fair and open competitive bid process free from conflicts of interest. The documentation indicates that prior to/throughout your contractual relationship with Time Warner Cable that you were offered and accepted gifts of value from the service provider, which is not allowed under your districts local gift rule policy. This action resulted in a competitive process that was no longer fair and open. Accordingly, your funding commitment will be rescinded in full and USAC will seek recovery of any disbursed funds from the applicant and the Service Provider.

Funding Request Number:	1889848
Services Ordered:	TELCOMM SERVICES
SPIN:	143048275
Service Provider Name:	Time Warner Cable Business LLC
Contract Number:	01252008
Billing Account Number:	919-693-4613
Site Identifier:	126864
Original Funding Commitment:	\$7,384.75
Commitment Adjustment Amount:	\$7,384.75
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date	\$0.00
Funds to be Recovered from Applicant:	\$0.00
Funding Commitment Adjustment Explanation:	

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. Documents provided by you and/or Time Warner Cable indicate that there was not a fair and open competitive bid process free from conflicts of interest. The documentation indicates that prior to/throughout your contractual relationship with Time Warner Cable that you were offered and accepted gifts of value from the service provider, which is not allowed under your districts local gift rule policy. This action resulted in a competitive process that was no longer fair and open. Accordingly, your funding commitment will be rescinded in full and USAC will seek recovery of any disbursed funds from the applicant and the Service Provider.

Funding Request Number:	1889907
Services Ordered:	TELCOMM SERVICES
SPIN:	143048275
Service Provider Name:	Time Warner Cable Business LLC
Contract Number:	01252008
Billing Account Number:	919-693-4613
Site Identifier:	126864
Original Funding Commitment:	\$7,384.75
Commitment Adjustment Amount:	\$7,384.75
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date	\$0.00
Funds to be Recovered from Applicant:	\$0.00
Funding Commitment Adjustment Explanation:	

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. Documents provided by you and/or Time Warner Cable indicate that there was not a fair and open competitive bid process free from conflicts of interest. The documentation indicates that prior to/throughout your contractual relationship with Time Warner Cable that you were offered and accepted gifts of value from the service provider, which is not allowed under your districts local gift rule policy. This action resulted in a competitive process that was no longer fair and open. Accordingly, your funding commitment will be rescinded in full and USAC will seek recovery of any disbursed funds from the applicant and the Service Provider.





Notification of Commitment Adjustment Letter

Funding Year 2009: July 1, 2009 - June 30, 2010

May 08, 2017

Vanessa Wrenn  
GRANVILLE COUNTY SCHOOL DIST  
P.O. Box 927  
OXFORD, NC 27565-0927

Re: Form 471 Application Number:	689827
Funding Year:	2009
Applicant's Form Identifier:	GCSInternetWAN
Billed Entity Number:	126864
FCC Registration Number:	0011664000
SPIN:	143048275
Service Provider Name:	Time Warner Cable Business LLC
Service Provider Contact Person:	David Lafrance

Our routine review of Schools and Libraries Program (SLP) funding commitments has revealed certain applications where funds were committed in violation of SLP rules.

In order to be sure that no funds are used in violation of SLP rules, the Universal Service Administrative Company (USAC) must now adjust your overall funding commitment. The purpose of this letter is to make the required adjustments to your funding commitment, and to give you an opportunity to appeal this decision. USAC has determined the applicant is responsible for all or some of the violations. Therefore, the applicant is responsible to repay all or some of the funds disbursed in error (if any).

This is NOT a bill. If recovery of disbursed funds is required, the next step in the recovery process is for USAC to issue you a Demand Payment Letter. The balance of the debt will be due within 30 days of that letter. Failure to pay the debt within 30 days from the date of the Demand Payment Letter could result in interest, late payment fees, administrative charges and implementation of the "Red Light Rule." The FCC's Red Light Rule requires USAC to dismiss pending FCC Form 471 applications if the entity responsible for paying the outstanding debt has not paid the debt, or otherwise made satisfactory arrangements to pay the debt within 30 days of the notice provided by USAC. For more information on the Red Light Rule, please see <https://www.fcc.gov/encyclopedia/red-light-frequently-asked-questions>.

TO APPEAL THIS DECISION:

If you wish to appeal the Commitment Adjustment Decision indicated in this letter to USAC, your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and email address (if available) for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Identify the date of the Notification of Commitment Adjustment Letter and the Funding Request Number(s) (FRNs) you are appealing. Your letter of appeal must include the
  - Billed Entity Name,
  - Form 471 Application Number,
  - Billed Entity Number, and
  - FCC Registration Number (FCC RN) from the top of your letter.
3. When explaining your appeal, copy the language or text from the Notification of Commitment Adjustment Letter that is the subject of your appeal to allow USAC to more readily understand your appeal and respond appropriately. Please keep your letter to the point, and provide documentation to support your appeal. Be sure to keep a copy of your entire appeal including any correspondence and documentation.
4. If you are an applicant, please provide a copy of your appeal to the service provider(s) affected by USAC's decision. If you are a service provider, please provide a copy of your appeal to the applicant(s) affected by USAC's decision.
5. Provide an authorized signature on your letter of appeal.

We strongly recommend that you use one of the electronic filing options. To submit your appeal to USAC by email, email your appeal to [appeals@sl.universalservice.org](mailto:appeals@sl.universalservice.org) or submit your appeal electronically by using the "Submit a Question" feature on the USAC website. USAC will automatically reply to incoming emails to confirm receipt.

To submit your appeal to us by fax, fax your appeal to (973) 599-6542.

To submit your appeal to us on paper, send your appeal to:

Letter of Appeal  
Schools and Libraries Program - Correspondence Unit  
30 Lanidex Plaza West  
PO Box 685  
Parsippany, NJ 07054-0685

For more information on submitting an appeal to USAC, see "Appeals" in the "Schools and Libraries" section of the USAC website.

## FUNDING COMMITMENT ADJUSTMENT REPORT

On the pages following this letter, we have provided a Funding Commitment Adjustment Report (Report) for the Form 471 application cited above. The enclosed Report includes the Funding Request Number(s) from your application for which adjustments are necessary. See the "Guide to USAC Letters" posted at <http://www.usac.org/sl/tools/samples.aspx> for more information on each of the fields in the Report. USAC is also sending this information to your service provider(s) for informational purposes. If USAC has determined the service provider is also responsible for any rule violation on the FRN(s), a separate letter will be sent to the service provider detailing the necessary service provider action.

Note that if the Funds Disbursed to Date amount is less than the Adjusted Funding Commitment amount, USAC will continue to process properly filed invoices up to the Adjusted Funding Commitment amount. Review the Funding Commitment Adjustment Explanation in the attached Report for an explanation of the reduction to the commitment(s). Please ensure that any invoices that you or your service provider(s) submits to USAC are consistent with SLP rules as indicated in the Funding Commitment Adjustment Explanation. If the Funds Disbursed to Date amount exceeds your Adjusted Funding Commitment amount, USAC will have to recover some or all of the disbursed funds. The Report explains the exact amount (if any) the applicant is responsible for repaying.

Schools and Libraries Program  
Universal Services Administrative Company

cc: David Lafrance  
Time Warner Cable Business LLC

**Funding Commitment Adjustment Report for  
Form 471 Application Number: 689827**

Funding Request Number:	1890139
Services Ordered:	TELCOMM SERVICES
SPIN:	143048275
Service Provider Name:	Time Warner Cable Business LLC
Contract Number:	01252008
Billing Account Number:	919-693-4613
Site Identifier:	126864
Original Funding Commitment:	\$9,846.34
Commitment Adjustment Amount:	\$9,846.34
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date	\$0.00
Funds to be Recovered from Applicant:	\$0.00
Funding Commitment Adjustment Explanation:	

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. Documents provided by you and/or Time Warner Cable indicate that there was not a fair and open competitive bid process free from conflicts of interest. The documentation indicates that prior to/throughout your contractual relationship with Time Warner Cable that you were offered and accepted gifts of value from the service provider, which is not allowed under your districts local gift rule policy. This action resulted in a competitive process that was no longer fair and open. Accordingly, your funding commitment will be rescinded in full and USAC will seek recovery of any disbursed funds from the applicant and the Service Provider.

Funding Request Number:	1890154
Services Ordered:	TELCOMM SERVICES
SPIN:	143048275
Service Provider Name:	Time Warner Cable Business LLC
Contract Number:	01252008
Billing Account Number:	919-693-4613
Site Identifier:	126864
Original Funding Commitment:	\$9,846.34
Commitment Adjustment Amount:	\$9,846.34
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date	\$0.00
Funds to be Recovered from Applicant:	\$0.00
Funding Commitment Adjustment Explanation:	

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. Documents provided by you and/or Time Warner Cable indicate that there was not a fair and open competitive bid process free from conflicts of interest. The documentation indicates that prior to/throughout your contractual relationship with Time Warner Cable that you were offered and accepted gifts of value from the service provider, which is not allowed under your districts local gift rule policy. This action resulted in a competitive process that was no longer fair and open. Accordingly, your funding commitment will be rescinded in full and USAC will seek recovery of any disbursed funds from the applicant and the Service Provider.

Funding Request Number:	1890260
Services Ordered:	TELCOMM SERVICES
SPIN:	143048275
Service Provider Name:	Time Warner Cable Business LLC
Contract Number:	01252008
Billing Account Number:	919-693-4613
Site Identifier:	126864
Original Funding Commitment:	\$9,846.34
Commitment Adjustment Amount:	\$9,846.34
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date	\$0.00
Funds to be Recovered from Applicant:	\$0.00
Funding Commitment Adjustment Explanation:	

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. Documents provided by you and/or Time Warner Cable indicate that there was not a fair and open competitive bid process free from conflicts of interest. The documentation indicates that prior to/throughout your contractual relationship with Time Warner Cable that you were offered and accepted gifts of value from the service provider, which is not allowed under your districts local gift rule policy. This action resulted in a competitive process that was no longer fair and open. Accordingly, your funding commitment will be rescinded in full and USAC will seek recovery of any disbursed funds from the applicant and the Service Provider.

Funding Request Number:	1889789
Services Ordered:	TELCOMM SERVICES
SPIN:	143048275
Service Provider Name:	Time Warner Cable Business LLC
Contract Number:	01252008
Billing Account Number:	919-693-4613
Site Identifier:	126864
Original Funding Commitment:	\$25,764.05
Commitment Adjustment Amount:	\$25,764.05
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date	\$0.00
Funds to be Recovered from Applicant:	\$0.00
Funding Commitment Adjustment Explanation:	

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. Documents provided by you and/or Time Warner Cable indicate that there was not a fair and open competitive bid process free from conflicts of interest. The documentation indicates that prior to/throughout your contractual relationship with Time Warner Cable that you were offered and accepted gifts of value from the service provider, which is not allowed under your districts local gift rule policy. This action resulted in a competitive process that was no longer fair and open. Accordingly, your funding commitment will be rescinded in full and USAC will seek recovery of any disbursed funds from the applicant and the Service Provider.

Funding Request Number:	1889953
Services Ordered:	TELCOMM SERVICES
SPIN:	143048275
Service Provider Name:	Time Warner Cable Business LLC
Contract Number:	01252008
Billing Account Number:	919-693-4613
Site Identifier:	126864
Original Funding Commitment:	\$8,246.31
Commitment Adjustment Amount:	\$8,246.31
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date	\$0.00
Funds to be Recovered from Applicant:	\$0.00
Funding Commitment Adjustment Explanation:	

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. Documents provided by you and/or Time Warner Cable indicate that there was not a fair and open competitive bid process free from conflicts of interest. The documentation indicates that prior to/throughout your contractual relationship with Time Warner Cable that you were offered and accepted gifts of value from the service provider, which is not allowed under your districts local gift rule policy. This action resulted in a competitive process that was no longer fair and open. Accordingly, your funding commitment will be rescinded in full and USAC will seek recovery of any disbursed funds from the applicant and the Service Provider.





Notification of Commitment Adjustment Letter

Funding Year 2009: July 1, 2009 - June 30, 2010

May 08, 2017

Vanessa Wrenn  
GRANVILLE COUNTY SCHOOL DIST  
P.O. Box 927  
OXFORD, NC 27565-0927

Re: Form 471 Application Number:	689827
Funding Year:	2009
Applicant's Form Identifier:	GCSInternetWAN
Billed Entity Number:	126864
FCC Registration Number:	0011664000
SPIN:	143048275
Service Provider Name:	Time Warner Cable Business LLC
Service Provider Contact Person:	David Lafrance

Our routine review of Schools and Libraries Program (SLP) funding commitments has revealed certain applications where funds were committed in violation of SLP rules.

In order to be sure that no funds are used in violation of SLP rules, the Universal Service Administrative Company (USAC) must now adjust your overall funding commitment. The purpose of this letter is to make the required adjustments to your funding commitment, and to give you an opportunity to appeal this decision. USAC has determined the applicant is responsible for all or some of the violations. Therefore, the applicant is responsible to repay all or some of the funds disbursed in error (if any).

This is NOT a bill. If recovery of disbursed funds is required, the next step in the recovery process is for USAC to issue you a Demand Payment Letter. The balance of the debt will be due within 30 days of that letter. Failure to pay the debt within 30 days from the date of the Demand Payment Letter could result in interest, late payment fees, administrative charges and implementation of the "Red Light Rule." The FCC's Red Light Rule requires USAC to dismiss pending FCC Form 471 applications if the entity responsible for paying the outstanding debt has not paid the debt, or otherwise made satisfactory arrangements to pay the debt within 30 days of the notice provided by USAC. For more information on the Red Light Rule, please see <https://www.fcc.gov/encyclopedia/red-light-frequently-asked-questions>.

TO APPEAL THIS DECISION:

If you wish to appeal the Commitment Adjustment Decision indicated in this letter to USAC, your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and email address (if available) for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Identify the date of the Notification of Commitment Adjustment Letter and the Funding Request Number(s) (FRNs) you are appealing. Your letter of appeal must include the
  - Billed Entity Name,
  - Form 471 Application Number,
  - Billed Entity Number, and
  - FCC Registration Number (FCC RN) from the top of your letter.
3. When explaining your appeal, copy the language or text from the Notification of Commitment Adjustment Letter that is the subject of your appeal to allow USAC to more readily understand your appeal and respond appropriately. Please keep your letter to the point, and provide documentation to support your appeal. Be sure to keep a copy of your entire appeal including any correspondence and documentation.
4. If you are an applicant, please provide a copy of your appeal to the service provider(s) affected by USAC's decision. If you are a service provider, please provide a copy of your appeal to the applicant(s) affected by USAC's decision.
5. Provide an authorized signature on your letter of appeal.

We strongly recommend that you use one of the electronic filing options. To submit your appeal to USAC by email, email your appeal to [appeals@sl.universalservice.org](mailto:appeals@sl.universalservice.org) or submit your appeal electronically by using the "Submit a Question" feature on the USAC website. USAC will automatically reply to incoming emails to confirm receipt.

To submit your appeal to us by fax, fax your appeal to (973) 599-6542.

To submit your appeal to us on paper, send your appeal to:

Letter of Appeal  
Schools and Libraries Program - Correspondence Unit  
30 Lanidex Plaza West  
PO Box 685  
Parsippany, NJ 07054-0685

For more information on submitting an appeal to USAC, see "Appeals" in the "Schools and Libraries" section of the USAC website.

## FUNDING COMMITMENT ADJUSTMENT REPORT

On the pages following this letter, we have provided a Funding Commitment Adjustment Report (Report) for the Form 471 application cited above. The enclosed Report includes the Funding Request Number(s) from your application for which adjustments are necessary. See the "Guide to USAC Letters" posted at <http://www.usac.org/sl/tools/samples.aspx> for more information on each of the fields in the Report. USAC is also sending this information to your service provider(s) for informational purposes. If USAC has determined the service provider is also responsible for any rule violation on the FRN(s), a separate letter will be sent to the service provider detailing the necessary service provider action.

Note that if the Funds Disbursed to Date amount is less than the Adjusted Funding Commitment amount, USAC will continue to process properly filed invoices up to the Adjusted Funding Commitment amount. Review the Funding Commitment Adjustment Explanation in the attached Report for an explanation of the reduction to the commitment(s). Please ensure that any invoices that you or your service provider(s) submits to USAC are consistent with SLP rules as indicated in the Funding Commitment Adjustment Explanation. If the Funds Disbursed to Date amount exceeds your Adjusted Funding Commitment amount, USAC will have to recover some or all of the disbursed funds. The Report explains the exact amount (if any) the applicant is responsible for repaying.

Schools and Libraries Program  
Universal Services Administrative Company

cc: David Lafrance  
Time Warner Cable Business LLC

Funding Commitment Adjustment Report for  
Form 471 Application Number: 689827

Funding Request Number:	1890285
Services Ordered:	TELCOMM SERVICES
SPIN:	143048275
Service Provider Name:	Time Warner Cable Business LLC
Contract Number:	01252008
Billing Account Number:	919-693-4613
Site Identifier:	126864
Original Funding Commitment:	\$9,846.34
Commitment Adjustment Amount:	\$9,846.34
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date	\$0.00
Funds to be Recovered from Applicant:	\$0.00
Funding Commitment Adjustment Explanation:	

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. Documents provided by you and/or Time Warner Cable indicate that there was not a fair and open competitive bid process free from conflicts of interest. The documentation indicates that prior to/throughout your contractual relationship with Time Warner Cable that you were offered and accepted gifts of value from the service provider, which is not allowed under your districts local gift rule policy. This action resulted in a competitive process that was no longer fair and open. Accordingly, your funding commitment will be rescinded in full and USAC will seek recovery of any disbursed funds from the applicant and the Service Provider.

Funding Request Number:	1889726
Services Ordered:	INTERNET ACCESS
SPIN:	143048275
Service Provider Name:	Time Warner Cable Business LLC
Contract Number:	01252008
Billing Account Number:	919-693-4613
Site Identifier:	126864
Original Funding Commitment:	\$40,397.70
Commitment Adjustment Amount:	\$40,397.70
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date	\$0.00
Funds to be Recovered from Applicant:	\$0.00
Funding Commitment Adjustment Explanation:	

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. Documents provided by you and/or Time Warner Cable indicate that there was not a fair and open competitive bid process free from conflicts of interest. The documentation indicates that prior to/throughout your contractual relationship with Time Warner Cable that you were offered and accepted gifts of value from the service provider, which is not allowed under your districts local gift rule policy. This action resulted in a competitive process that was no longer fair and open. Accordingly, your funding commitment will be rescinded in full and USAC will seek recovery of any disbursed funds from the applicant and the Service Provider.

Funding Request Number:	1890099
Services Ordered:	TELCOMM SERVICES
SPIN:	143048275
Service Provider Name:	Time Warner Cable Business LLC
Contract Number:	01252008
Billing Account Number:	919-693-4613
Site Identifier:	126864
Original Funding Commitment:	\$37,728.86
Commitment Adjustment Amount:	\$37,728.86
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date	\$0.00
Funds to be Recovered from Applicant:	\$0.00
Funding Commitment Adjustment Explanation:	

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. Documents provided by you and/or Time Warner Cable indicate that there was not a fair and open competitive bid process free from conflicts of interest. The documentation indicates that prior to/throughout your contractual relationship with Time Warner Cable that you were offered and accepted gifts of value from the service provider, which is not allowed under your districts local gift rule policy. This action resulted in a competitive process that was no longer fair and open. Accordingly, your funding commitment will be rescinded in full and USAC will seek recovery of any disbursed funds from the applicant and the Service Provider.

Funding Request Number:	1890360
Services Ordered:	TELCOMM SERVICES
SPIN:	143048275
Service Provider Name:	Time Warner Cable Business LLC
Contract Number:	01252008
Billing Account Number:	919-693-4613
Site Identifier:	126864
Original Funding Commitment:	\$11,077.13
Commitment Adjustment Amount:	\$11,077.13
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date	\$0.00
Funds to be Recovered from Applicant:	\$0.00
Funding Commitment Adjustment Explanation:	

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. Documents provided by you and/or Time Warner Cable indicate that there was not a fair and open competitive bid process free from conflicts of interest. The documentation indicates that prior to/throughout your contractual relationship with Time Warner Cable that you were offered and accepted gifts of value from the service provider, which is not allowed under your districts local gift rule policy. This action resulted in a competitive process that was no longer fair and open. Accordingly, your funding commitment will be rescinded in full and USAC will seek recovery of any disbursed funds from the applicant and the Service Provider.

Funding Request Number:	1890391
Services Ordered:	TELCOMM SERVICES
SPIN:	143048275
Service Provider Name:	Time Warner Cable Business LLC
Contract Number:	01252008
Billing Account Number:	919-693-4613
Site Identifier:	126864
Original Funding Commitment:	\$8,984.78
Commitment Adjustment Amount:	\$8,984.78
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date	\$0.00
Funds to be Recovered from Applicant:	\$0.00
Funding Commitment Adjustment Explanation:	

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. Documents provided by you and/or Time Warner Cable indicate that there was not a fair and open competitive bid process free from conflicts of interest. The documentation indicates that prior to/throughout your contractual relationship with Time Warner Cable that you were offered and accepted gifts of value from the service provider, which is not allowed under your districts local gift rule policy. This action resulted in a competitive process that was no longer fair and open. Accordingly, your funding commitment will be rescinded in full and USAC will seek recovery of any disbursed funds from the applicant and the Service Provider.



## **Exhibit 9**

Dr. Vanessa Wrenn  
Granville County School Dist  
101 Delacroix Street  
Oxford, NC 27565

Billed Entity Number: 126864  
Form 471 Application Number: 694023  
Form 486 Application Number:



Universal Service Administrative Company  
Schools & Libraries Division

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**Administrator's Decision on Appeal – Funding Year 2009-2010**

February 23, 2018

Dr. Vanessa Wrenn  
Granville County School Dist  
101 Delacroix Street  
Oxford, NC 27565

Re: Applicant Name: GRANVILLE COUNTY SCHOOL DIST  
Billed Entity Number: 126864  
Form 471 Application Number: 694023  
Funding Request Number(s): 1904709  
Your Correspondence Received: July 06, 2017

After thorough review and investigation of all relevant facts, the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC) has made its decision in regard to your appeal of USAC's Funding Year 2009 Notification of Commitment Adjustment Letter for the Application Number indicated above. This letter explains the basis of USAC's decision. The date of this letter begins the 60 day time period for appealing this decision. If your Letter of Appeal included more than one Application Number, please note that you will receive a separate letter for each application.

Funding Request Number(s): 1904709  
Decision on Appeal: **Denied**  
Explanation:

- USAC has reviewed your appeal and determined the funds committed under the above listed Funding Request Numbers (FRNs) must be rescinded in full. Documents provided by you and/or Time Warner Cable indicates there was not a fair and open competitive bid process free from conflicts of interest. The documentation indicates that prior to your contractual relationship with Time Warner Cable, you were offered and accepted gifts of value from the service provider. This action resulted in a competitive process that was no longer fair and open. Program rules are such that an applicant should not have a relationship with a service provider prior to or during the competitive bidding process that would unfairly influence the outcome. The dual actions of Time Warner Cable and Granville County School District violates this tenet.

Regarding your reference to FCC Policy, please note the FCC recently has reiterated that the five year time frame for recovery is a policy preference and does not serve as a bar to recovery for improperly disbursed funding (See Application for Review of A Decision of the Wireline Competition Bureau by Net56, Inc. Palatine, Illinois, CC Docket No. 02-6, Memorandum Opinion and Order, 2017 WL 211539 at \*2, para. 9 (2017) ( "...even assuming arguendo that the recovery action fell outside the five year period within which the Commission recommended that investigations be completed, that time frame constitutes merely a policy preference and not an absolute bar to recovery.")).

USAC denies your appeal and will seek recovery of any funds disbursed in violation of the programs competitive bidding rules.

Since your appeal was denied in full, dismissed or cancelled, you may file an appeal with the FCC. Your appeal must be postmarked within 60 days of the date on this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found under the Reference Area/"Appeals" of the SLD section of the USAC website or by contacting the Client Service Bureau. We strongly recommend that you use the electronic filing options.

We thank you for your continued support, patience and cooperation during the appeal process.

Schools and Libraries Division  
Universal Service Administrative Company

cc: John Hughes

Dr. Vanessa Wrenn  
Granville County School District  
101 Delacroix Street  
Oxford, NC 27565

Billed Entity Number: 126864  
Form 471 Application Number: 689827  
Form 486 Application Number:



Universal Service Administrative Company  
Schools & Libraries Division

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**Administrator's Decision on Appeal – Funding Year 2009-2010**

February 23, 2018

Dr. Vanessa Wrenn  
Granville County School District  
101 Delacroix Street  
Oxford, NC 27565

Re: Applicant Name: GRANVILLE COUNTY SCHOOL DIST  
Billed Entity Number: 126864  
Form 471 Application Number: 689827  
Funding Request Number(s): 1889726, 1889789, 1889822, 1889848, 1889907,  
1889933, 1889953, 1890047, 1890099, 1890139,  
1890154, 1890213, 1890227, 1890260, 1890285,  
1890335, 1890360, 1890391, 1890435

Your Correspondence Received: July 06, 2017

After thorough review and investigation of all relevant facts, the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC) has made its decision in regard to your appeal of USAC's Funding Year 2009 Notification of Commitment Adjustment Letter for the Application Number indicated above. This letter explains the basis of USAC's decision. The date of this letter begins the 60 day time period for appealing this decision. If your Letter of Appeal included more than one Application Number, please note that you will receive a separate letter for each application.

Funding Request Number(s): 1889726, 1889789, 1889822, 1889848, 1889907,  
1889933, 1889953, 1890047, 1890099, 1890139,  
1890154, 1890213, 1890227, 1890260, 1890285,  
1890335, 1890360, 1890391, 1890435

Decision on Appeal: **Denied**  
Explanation:

- USAC has reviewed your appeal and determined the funds committed under the above listed Funding Request Numbers (FRNs) must be rescinded in full. Documents provided by you and/or Time Warner Cable indicates there was not a fair and open competitive bid process free from conflicts of interest. The documentation indicates that prior to your contractual relationship with Time Warner Cable, you were offered and accepted gifts of value from the service

provider. This action resulted in a competitive process that was no longer fair and open. Program rules are such that an applicant should not have a relationship with a service provider prior to or during the competitive bidding process that would unfairly influence the outcome. The dual actions of Time Warner Cable and Granville County School District violates this tenet.

Regarding your reference to FCC Policy, please note the FCC recently has reiterated that the five year time frame for recovery is a policy preference and does not serve as a bar to recovery for improperly disbursed funding (See Application for Review of A Decision of the Wireline Competition Bureau by Net56, Inc. Palatine, Illinois, CC Docket No. 02-6, Memorandum Opinion and Order, 2017 WL 211539 at \*2, para. 9 (2017) ( "...even assuming arguendo that the recovery action fell outside the five year period within which the Commission recommended that investigations be completed, that time frame constitutes merely a policy preference and not an absolute bar to recovery.")).

USAC denies your appeal and will seek recovery of any funds disbursed in violation of the programs competitive bidding rules.

Since your appeal was denied in full, dismissed or cancelled, you may file an appeal with the FCC. Your appeal must be postmarked within 60 days of the date on this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found under the Reference Area/"Appeals" of the SLD section of the USAC website or by contacting the Client Service Bureau. We strongly recommend that you use the electronic filing options.

We thank you for your continued support, patience and cooperation during the appeal process.

Schools and Libraries Division  
Universal Service Administrative Company

cc: John Huhges