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July 11, 1997

BY HAND DELIVERY

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Mr. William Caton
Acting Secretary
1919 M Street, NW, Room 222
Washington, D.C. 20554

Re: C Block Restructuring Options
Amendment of Part 1 of the Commission's Rules -- Competitive Bidding
WT Docket No. 97-82, DA 97-679, DA 97-1152

Dear Mr. Caton:

This is to notify the Commission that on July 9, 1997, Thomas M. Roskos, Jr., Jonathan D. Foxman, Julia F. Kogan, Esq., and Ronald D. Belin, all of AmeriCall International, LLC ("AmeriCall"), met with Kathleen O'Brien Ham, Esq., Amy Zoslov, Esq., Diane Conley, Esq., Ms. Rachel Kazan, and Matthew Moses, Esq., all of the Auctions Division of the Wireless Telecommunications Bureau.

AmeriCall elaborated on its proposals for restoring the health of the C and F block PCS industries. Issues noted in the attachment were discussed, as well as the following points.

Quick Action is Necessary. First and foremost, AmeriCall urged quick action concerning C and F block restructuring and the Part 1 amendments addressed herein, because uncertainty tends to eliminate interest from the generally risk-averse investment community.

Amnesty By Thirds. AmeriCall emphasized a spectrum disaggregation solution we believe meets the needs of both the C block industry and the Commission. Under this proposal, the FCC would permit each licensee to disaggregate the spectrum authorized by one or more of its C block licenses into three 10 MHz portions, each of which would carry one-third of

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the existing debt burden, and each of which could be returned to the Commission in a modified amnesty solution. ***This proposal is designed to avoid overt invitations to litigation, while at the same time enabling licensees to reduce debt and thus promote investor interest, remain competitive and fulfill the Congressional mandates of Section 309(j).***

For example, consider a license won for $30 per pop. Assume the winning bidder remitted a $3 per pop down payment and was issued a note for $27 per pop plus interest. Under the proposed plan, each 10 MHz block authorized by the license would carry a $9 debt. The licensee could choose to retain one or more of these 10 MHz spectrum blocks, utilizing the current FCC payment plan applicable to that licensee (e.g., 10-year installment payment plan financing at 7% interest rate with 6 years of interest-only payments). FCC security agreements, UCC filings and notes would be modified accordingly. The Commission then could resume its thorough look at restructuring, and if legal challenges arise, the C block could continue to move forward while the courts adjudicate the matter, avoiding an increased time to market disadvantage. If any ultimate revisions to the FCC installment payment plans are adopted, a licensee that finds those changes desirable could choose to utilize the revised options for its retained, modified licenses.

Eliminate 25% Limit on Nonattributable Investor Participation Outside the Control Group. AmeriCall also advocated a rule change to raise the limit on nonattributable investor equity participation in companies that selected the "25% option." AmeriCall urges, in fact, that this restriction should be eliminated. Ceilings on equity contributions are artificial constructs ultimately unrelated to control when other mechanisms vest control firmly in the hands of qualified investors. The current 25% limit on individual investment outside the control group should be eliminated because increased passive equity participation will infuse additional capital into the industry at a time of highly intensive capital demands, while qualified investors in the control group continue to maintain control through their minimum 50.1% voting interest, management of day-to-day operations, and additional existing rights and responsibilities.

Clarify That There Will Be No Cross-Default. In addition, AmeriCall strongly endorsed amendment of the FCC rules to clarify that there will be no "cross-default" domino effect concerning other licenses held by a licensee that defaults on installment payments for only a portion of the total number of licenses held. This installment payment issue is, as the FCC has stated, new. However, in the down payment context, FCC offices have resisted any desire to make an automatic finding of cross-default. See, e.g., In the Matter of Tel-Com Wireless Cable TV Corp., BTA no. B189 Multipoint Distribution Service, File No. BMDS960510HAS , DA 97-1100 (Video Services Div., May 23, 1997); In the Matter of Wireless Telecommunications, Inc., BTA No. B179 Multipoint Distribution Service, File No. BMDP960510RW, DA 97-1101 (Video

Services Div., May 23, 1997). In this time of great industry distress, apparently due in part to C block license devaluation after rapid conduct of follow-on auctions, the reasons to avoid making default assessments on licenses not involved in a default are all the more compelling.1/

Adopt "Amnesty Day." AmeriCall also endorsed the proposed adoption of an "amnesty day" -- a date upon which licensees could return one or several licenses on some date certain and receive absolute debt "amnesty" as to those licenses. We stated that although a licensee returning authorizations might be barred from bidding for those particular licenses in the reauction, it would not be desirable to limit that licensee's participation in reauction of other licenses whereby it could refine its geographic focus, nor to limit its future repurchase of its returned licenses after expiration of a one or two year waiting period. Changed circumstances could make those licenses once again viable options for the licensee; for example, it might obtain investment from consortia focusing on investments in those particular geographic areas.

Avoid "Roaming Swiss Cheese." Reference was made to the remark I made during the FCC Open Forum on C and F block financing issues. I rebutted the proposition that parties should not be permitted to choose which among their licenses to return to the Commission by noting that the greater the number of licenses returned to the FCC, the greater will be the level of difficulty and length of time before remaining C block licensees will be able to facilitate roaming by their subscribers onto neighboring systems (C block customers' handsets are already tuned to transmit and receive communications utilizing C block spectrum).

If you have any questions concerning these matters, please contact the undersigned.

Sincerely,

Julia F. Kogan, Esq.
General Counsel / V.P.

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1 / No procedure is yet in place for returning cancelled FCC security agreements and notes and terminated UCC filings to a license assignor after an assignee of a license has signed new agreements, notes and UCC-1 statements for the assigned license or licenses. Thus, if a C block license assignee defaults on installment payments, the former licensee could be viewed -- pursuant to the still existing initial set of security documents -- as secondarily liable to the FCC for default penalties, including cross-default penalties, despite its utter lack of control over actions of the assignee, a wholly separate entity.

cc: Rudolfo L. Baca, Esq.
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AmeriCall International, LLC

Financial Restructuring Is Desirable to Avoid Wide-scale Industry Default.
To Restore C Block Financial Health, We Advocate:

- **Adopting 0% Interest Rate,**
- **Postponing Repayment of Principal Until 13th Year After License Grant,**
- **Restoring Priority of Other Creditors, and**
- **Adopting An Annual Payment Schedule**

Alternatively, the FCC Should Revive Industry By:

- **Forbearing From Adding Cross-Default Penalties**

-- **FCC Benefits Already From Individual License Default Penalties Plus Reauction Payments. Individual Default Penalties Already Can Exact Serious Toll, Standing Alone**

-- **"Amnesty Day" Would Lead to More Correct Valuation of Licenses**

- **Raising the 25% Nonattributable Investment Threshold**

Attachment I

to comments of Americall International, LLC
Filed before the Federal Communications Commission
WT Docket 97-82
June 23, 1997

Typical C Block Capital Structure

Purpose of Financing	Form of Financing	Typical Provider of Financing	Typical Rate		Percent of Financing		WACC Contribution
Working Capital 1/	Equity	Private and Public Sources	35.00%	*	40.00%	=	14.00%
Network	Debt	Vendor or Third Party	12.00%	*	40.00%	=	4.80%
License	Debt	Government	7.00%	*	20.00%	=	1.40%
					100.00%		20.20%
Weighted Average Cost of Capital 2/					20.20%		

1/ Working Capital will be funded with equity for most C block companies. The effective rate will vary depending on the source (public vs. private), the timing (equity raised in Yr. 1 vs. equity raised in Yr. 4), and numerous company-specific factors.

2/ Weighted Average Cost of Capital (WACC) represents a common method of calculating the appropriate discount rate for a company.

Attachment II

to comments of Americall International, LLC
Filed before the Federal Communications Commission
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F Block:

Average Price per Pop	$2.45		Target
NPV @ 20%	$1.68	times 3 =	$5.05

C Block:

FCC C Block Debt Interest Rate	7.00%	U.S. Government Cost of Capital	7.00%
Proposed Interest Rate	0.00%	C Block Average Cost of Capital	20.00%

Average C Block Price per Pop $37.97
(based on 1995 pops)

	Yr. 1	Yr. 2	Yr. 3	Yr. 4	Yr. 5	Yr. 6	Yr. 7	Yr. 8	Yr. 9	Yr. 10
Existing Repayment Schedule	$6.19	$2.39	$2.39	$2.39	$2.39	$2.39	$10.94	$10.34	$9.74	$9.14

Net Present Value:
To Government @ 7% $37.97
To C Block Co.s @ 20% $19.94

Restructuring Step 1	Yr. 1	Yr. 7	Yr. 8	Yr. 9	Yr. 10
(0% interest rate)	$3.80	$8.54	$8.54	$8.54	$8.54

Net Present Value:
To Government @ 7% $22.83
To C Block Co.s @ 20% $10.57

Restructuring Step 2 - Option A	Yr. 1	Yr. 13	Yr. 14	Yr. 15	Yr. 16	Yr. 17	Yr. 18	Yr. 19	Yr. 20
(postponement of principal payback)	$3.80	$4.27	$4.27	$4.27	$4.27	$4.27	$4.27	$4.27	$4.27

Net Present Value:
To Government @ 7% $14.87 Represents Reduction in NPV from Step 1 of: 34.85%
To C Block Co.s @ 20% $5.00

Restructuring Step 2 - Option B	Yr. 1	Yr. 7	Yr. 8	Yr. 9	Yr. 10
(reduction of principal repaid)	$3.80	$2.12	$2.12	$2.12	$2.12

Represents Principal Reduction of: 73.89%

Net Present Value:
To Government @ 7% $8.33 Represents Reduction in NPV from Step 1 of: 63.52%
To C Block Co.s @ 20% $5.00