

Council Of Athabascan Tribal Governments

Regular Meeting January 17-18-19, 2002

Minutes verbatim portion 03/09

Tape four side A is the financial report and the beginning of side B.

Italic portions are questions from the audience. Most of the presentation is being presented with clip boards.

3. GCI and TelAlaska Proposal Presentation

Art Behm: Thank you very much we have been looking forward to this for a long time. We have had a proposal in front of you since early October for telemedicine services that will be defined a little later. There is a subsidies program that you have been taking advantage of that most health corporations in Alaska have also been taking advantage of where the government allows you to buy rural high capacity circuits; and you are only billed the cost of those circuits in Anchorage. The same price that ANMC pays for circuits from one end of town to the other end of town in Anchorage is what you pay for the circuits that goes to all your villages and back to Fairbanks to connect with CAIHC and down to Anchorage with AFHCAN and ANMC. The format for the presentation today on the agenda is to talk about our network technology; to talk about the GCI facilities and accomplishments within the last year here in Alaska; and some latest developments; some levels of services that we bring our customers; and our company policies regarding meeting customer needs and our commitments.

The people that I have with me today are Sue Simpson, consultant; Steve Constantine, telemedicine program director; Anna Sattler, Rural Service Coordinator.

Technical portion of the presentation presented by Steve Constantine:

I have been with the program since you have all received the grant that put in all the equipment, back in 1997, 98 and 99 that paid for a lot of the equipment and network system that you have now. I am to explain what you have now which is a wide area that connects to eight of the villages and the one back to Anchorage at ANMC. It is a mixed mesh. The existing circuits are 128 gauge heights sensors. There is one big circuit that goes from Fort Yukon through Tel-Alaska into the agency network and they route through the villages, Birch Creek, Circle and then there is the friendly circuit, that are all cell related. Pat have asked us to try to explain the cell related speed. What I am trying to show is that the existing mesh network is the best highly develop system network set up. The cost in trying to create a network and in the design for the data, this have been created with Alascom traditionally is a low speed connections with the other villages. I will take Arctic Village as an example. How we did that was to route the voice traffic, which we are not taking full advantage of now. The kind of activity that you are receiving now is we are piping out of CATG office and to each of the tribal governments.

What is a cell related? What is does is it takes a voice passage, a voice copier when you talk is then digitized into a cell and then is put into a buffer, we have a data buffer and a video buffer which tries to show is to put everything in order as it delivers.

EXHIBIT 10

Your data can take 10 millisecond and carry voice conversation. You do not want it to be voice delayed where there is a lapse. We set the buffers to cue what is time critical. It is critical that the data gets there, but it is not time sensitive, same with the video; we want to make sure that information is received in a timely manner. If the quality is not good than no one will use them. This is how it chooses everything and the buffer takes it in and put it into a cell and the cell is transmitted to point a to point b.

This is the GCI proposal, which is similar to the cell related system except with the Alascoms width. The one thing that you do not get with this one is you won't get the low speed links so you will end up with their network equipment, which have come along way in the last five years. From what the buffering capabilities of the network that they have now is the voice trafficking network is to reduce the long distance cost. Basically the broadband networking is on T1 system. Most all applications that you would want to do now is now all band driven. Its like a bigger sled to haul everything. This is what you are trying to get to. The existing village layout is 128 circuit which is a cell switch rotor where the data is put into a little hub, the computers, and they have a single component networking. The problem with this single component is that it was funded with the amount of funding we had, we had enough money to get conductivity to the village. What we are finding is this is not a very good place and no one wants to use it anymore because it is not easily accessible. Its not like picking up a phone anywhere here and dial anyone of the villages, but in the villages it's not the same way, for they only have one phone there and you have to use that one phone.

Here are some good things that you have in your network now: we did connect all eight villages together; we did extend the internet access to each of the clinics, although it took three years to connect all clinics before we got the internet put into it. We allow for voice calls like for the teleconferencing equipment, and you need to take full advantage of this for we only have that one conductivity with one single voice with the phone that sits within each village councils and clinics. What we are trying to do with this video conferencing over the net so that you are able to just call in without paying for a long distance call. What can we do to fix this problem of having just one phone in each of the villages? We are looking at putting in some phone systems into each one of the clinics so that with anyone of those phones it dials a line there to get to your CATG network. The idea is that it runs across your data network with no long distance cost. We just connect this phone system back to the rotor back to CATG or to anyone of the villages to make conductivity. We are trying to make conductivity simple. Right now you have this system but it is not simple to use, its not easy to go to one clinic place or tribal council to use that one phone that is connected to the network.

Would there be that system in place for the tribal council?

I can't speak on that subject, but I can the clinics.

The pools for the clinics are what we now have connected to your tribal councils remains as is.

The next thing is that there were some questions about how GCI versus AlasCom works. I will try to explain the GCI model here. They have tele-health symmetrical links, that means it is transmitting to and from on the same connection. So it comes down off the satellite into a link hood, its kind of a ATT cell relay switch, then they connects into the This keeps traffic separated to and from the satellite to the links and they to what they call the DVB, digital video broadcast. What they use this for is the transmit big band width of 30 megs or 45 megs of satellite broadcast out calls for the different villages for internet traffic. So how your internet would work is that the information comes into on a rotor to make a low feed connection of the information that you are seeking, it would make that request then send you fast down loads because it's a big broadcast like for TV networking. But it is a symmetrical delivery system, where you have a small section going one way and a big section coming the other way. Kind of like running freight, send an empty container one way and it returns full at the same range.

E-mail rides on the network. Its like the cell relay, email comes in packet. You put your email into it and then it converts to a packet and then that is put into the cell relay switch or rotor and then gets delivered. On the other side you take it out of the packet mode and convert it back to text and show it over your email. You will not need a server in every village for email, for part of our proposal is that we will provide all with servers with the net.

You currently do not have available the broadcast, you have cell relay which is the same thing. The cell relay is very efficient for putting into priority of cells into that data packet that goes back to video, or voice packets. They ideally put them back into proper lines for transmit. The difference between the link wave is that is uses a standard space ATM cells and the AlasCom one, the old ACT is not standard miles, but efficient on a low band transmissions. We are just now having some problems on learning the T1 video on things and putting the data transfer onto best-words (?); its cells per second when things start to get weak. This should handle our data trafficking, for it is the video we are worried about on the T1.

The outload versus the download is you are not requesting a lot of information, so the out load is slower than the download of information. If you request a book it will send you a whole book. The video networks is only now for the clinics but the tribal offices are connected with a dry copper (?) so you have the bandwidth, you will have the bandwidth to connect with the village councils when you have another monitor over there. The monitor right now is slated for the clinic. It is the clinic the gets the subsidies to make the connection to one rotor to connect that box at the tribal office and that too has its own features. This connection here where over dry copper or wireless can make this network connect to this network for all applications. It is the end users equipment that you need to duplicate if you want to use a monitor, a video, a camera. If you want to just do desktop using your camera on your desktop camera on your laptop, then you can do that here. The video that that clinic uses is for diagnostic quality, it's a much bigger camera, the doctors want a high level detail as possible for them to make a diagnosis over long distance. For example the network system we are operating in Kotzebue right now is delivering babies. It's allowing doctors to work and not have to use medivacs.

If they see a rash they would want to see great detail of that so assist the health aide through it. Coming up very shortly is psychiatry is now a medicare fundable transaction over video. So now this sort of a network can allow a doctor to meet with a troubled individual and have a psychiatric session. When you call your connections you go through a video rotor, they have their data network.

Being that we are always have problems with generators within our communities what kind of back-system or generator that is placed in the community?

We have a UPS system and a bank of batteries. We don't run off power directly. All of our village stations have in side a conversion system that always runs off of PC and so if the power goes out, our equipment does not see the power go out, it continues to operate until the battery is worn out. Depending on the load the battery can last a day or two. But the critical things is if the power goes up and down you do not want your system to be subjected to that. The system does not see any kind power surges, groundings or blackouts, it's all protected. ATT is the same way, they have equipment all over the state and they too cannot be subjected to that sort of condition, or the equipment would fry.

We are the only two providers in the state, GCI to owns their own satellites and microwave facilities. Over the past five years where we have distance ourselves beyond ATT is in our fiber. We continue to grow our fiber capacity inside and outside the state. That is the major choke line for networks in and out of Alaska. Five years ago when the fiber was full ATT was the provider of that fiber, we were their largest customer because we needed more fiber. When we found out they couldn't give us any more fiber we decided to go on our own. Since then GCI has been buying the fiber properties, the fiber properties from Valdez to Prudhoe Bay is call CANAS(?); we connected up our MatSu Valley/Juneau/Fairbanks/ Anchorage locations with fiber.

In rural Alaska we have nineteen regional C band stations, two regional KU band, we have 120 KU school sites and we have 56 C band village sites. Our proposal to you today is to make our 56 C band village sites to grow to 64 C band village sites. Right now we have three other C band tele-health under construction in the Aleutian Pribilof The satellites we operate on are the Galaxy 10, both frequency C and KU we operate off GEA and Moralis.

This is a quick picture of our facilities. I believe this is the original fiber NMP4, and here is the new fiber that we built. There has since then been another fiber built. This enters through Valdez and goes though power lines to Anchorage; the one to Juneau is different. We are pretty proud of our accomplishments. GCI has been growing substantially. I think this is another difference and looking at the financial and activities versus the other people you will be talking to that there is a clear difference there. We have invested over 5 million in the last three years in Alaska, buying cable companies and building fiber networks and satellite networks. In that short of time that five million have paid back in dividends for us. That is the projection and we thought it would take longer but we have grown in the past three years. We have the highest level of consumer since the third quarter of 1987; also the highest level of customer satisfaction we have enjoyed; we have grown to over 21 ½ cable modes, now you don't see that here for the

cable company here is gone, and this is a big thing now in Alaska. Other parts of Alaska where the cable companies can carry internet over the cable box, over the TV box. We have 68 thousand internet customers, and in less than three years we have 70 thousand local customers.

One of our biggest successes is the tele-health. In the three years this subsidy has been available we have now connected 76 clinics throughout Alaska with T1's. We have 138 on the GCI internet platform, in the last round of competition with one exception we swept the deal. So this is not based on anything magic there is nothing really different about customer service when you look at GCI and ATT, we both are concerned about the customer and want to do the best for them. But we have been investing, our company every year millions of dollars to do things better; to do things more efficiently and this brings the prices down. Recently we just bought the cable system in the MatSu Valley called Rogers Cable; and we rolled out cable in Valdez, Sitka, Nome and Seward. An thankfully all of our employees and shareholders our stock increased 43% last year, and this will continue to rise as we get better and better our stock will rise and this means we will remain a healthy company and when we deliver services as a healthy company then we will be able to spend money and time with our customers. When it comes to levels of services the perception is always the measure, if you call around and talk with our customers you will find we do a good job. We took a chance on technology and it paid off. We have talked with several of the Chiefs and Patricia to go visit our system and see our network in action. They went to Kotzebue and several villages and saw what you guys are doing and hopefully if you talk with them that they were impressed.

GCI standard always tries to meet our customer expectations. We do not like to start a project with a customer expecting something different than what we can deliver. Everything we talked about today we can deliver. These are very complicated networks and the network that you are about to see proposed from GCI to an organization that does not have a strong or large technology staff, it would be difficult for you to keep your level of understanding and the network operating as you need it to be operated. So all of our circuits come monitored and managed by our CNC, consultants. This is a new feature of our tele-health circuits and it takes a lot of work away from our tele-health customers. We have established clear trouble, recording and escalation procedures. Some of the things that you may hear from others is that 'they rob peter to pay paul', or they put this stuff in and you are not getting any kind of guarantee. We see it as our job to develop our network and to size it and we see it as our job to choose the platform that we choose. We do this for only one reason to do it as efficiently as possible and to have happy customers. We have what is called a bandwidth management policy that is really not available anywhere in the country. Where if the bandwidth were our backbones, whether fiber or satellite, reaches 80% capacity or more than twenty minutes on a three day stretch, we that is to make sure that when the customer wants a circuit or an application to run that activity is always there. The department that controls tele-health, which is what we are talking to you about today, has VP accountability within our company. Which means that we are not just a small department with two or three steps away from the president, we are sitting right front and center with our presidents having meetings on a monthly basis. Our strategy is to provide a program for a circuit and this has been a success for us that we just don't connect the circuits. If you will talk with our customers you will find

that we just don't connect the circuits. We know the complex rural networks that rural Alaskan networks require to support so we put this in there, its included. We also know the process, rules and procedures for these rural subsidy programs. We know them so well that we have people like Steve Walker, who reviews your questions before being submitted so that mistakes don't get made. We have added Steve as the program manager of tele-health services and all he does is work with CATG and the other 67 tele-health customers. We want to make sure all our applications are maintainable and sustainable per year and that they are up in compliance an is important to you and that we have a long term commitment to training.

Now I am a salesman and you will have some people some people say whatever you want to hear but here are some things that tells you that action is greater than words. We have a seat on the advisor board of the AFHCAN, which is what Senator Stevens set up is 30 millions dollars of money to make sure that 638 and health corporations like yourself who are providers of health care, got some federal monies for technology within this state. The board that oversees the over 2 ½ billion dollars that rolls into the USA for tele-health and school libraries have only eight seats on that board and we have one of them. We were asked as a small phone company to sit on this board because we had very good view of rural requirements and that means you have someone with the highest level looking out for you. Our president, Ron Duncan is the chairman of the Alaska Science Technology Foundation. This organization will be a continuing source in Alaska for funding when organization like CATG want to do things with technology and want to look for grants. This doesn't guarantee you will receive the grant because Ron sits on the board. What this means is that we are very sensitive and knowledgeable about the process. to give you an example on the benefits for all Alaskans because of ASTF, is that the schools across Alaska have gotten funds to be wired up. So if things come down the road where the clinic wants to do something this will be ASTF would like to listen to. Our president is also married to a pediatrician at ANMC and she used the tele-health from home every day. So he has the direct talk up to his ears, after hours on what we need to improve health care.

What I would like to show you is last spring channel 2 news flew to Kotzebue region and several villages and when they came back they did a short version and I have the tape of it. The federal funding that was talked about at the end of that video is the subsidy for the T1 circuits that are out. You currently are having 120 kbps circuits and those circuits are good enough to do part of what you just saw there, but it is not enough bandwidth to do diagnostic video. We have doctors who have been using this system on a T1, they want and they see it on half a T1, they want it and when they see it on the bandwidth they stop making a call to stop making the decisions because there just not there.

Let me define tele-health, the true definition is huge but I have it broken down to move voice, video or data in some form to improve patient care; that can be education for the providers, or education for the patients or photos, it can be many things. This is what they are doing in Alaska today. They are moving medical images, radiology films, x-ray are digitize and move to where a physician can read it. In some of the bigger places they have gone digital, they don't even take a regular film anymore, its all electronic. Ultra sound equipment has advanced so far that you can get it off a laptop. You can take a

diagnostic from someone in the village and send that to a physician to look at and you can almost get an instant interpretation of what that ultrasound says about the patient. Video and audio conferencing, high quality video conferencing have been shown as an incredible addition to the AFHCAN part. The ability to step in and help with patient care or when there is trauma. The low band video applications like they are doing in administration conferencing, I work with the AFHCAN folks quite a bit and this is one of the latest teleconferencing video cameras out there. It runs about 600 dollars and plugs into a computer. This is for video conferencing or can be used for training sessions, this camera is not used for diagnostics. This is a very effective tool. Electronic dish records, Alaska was designated Alpha Innovative Test, a location to test and develop electronic patient records. This records was created and the AFHCAN part has the core of that, to transmit that information on patient encounter. Application medial device, the AFHCAN has a 12 KU they are on, where they can look at an EKG and transmit that remotely and analysis it over the video. Digitized photos, my understanding is that your villages have high quality digital cameras that have the capabilities to do video conferencing. The AFHCAN CART comes with good quality digital cameras where you can view things like rashes. Digital cameras have gotten so small, like this one I brought as an example. This too can send photos through email.

What do I have for customers right now, is my job is to score tele-health customers. That is my job. Kotzebue is the most advanced in the State, they have put in a lot of effort and a lot of money and they have their physicians' buy in so they there doctors talking with the middle level health aides. The Eastern Aleutians has come up. In Bethel they have seven with more sites coming in the futures. Dillingham is the youngest and biggest, they have 27 sites with 26 clinics and they are working very hard now to integrate what is going on in the village into how they would see patients in a hospital. Nome has been around, they have 12 sites and they will add another here soon.

Phase 1 is a bigger contract and T1s: Manilaq started out with 128 K and they started out on their own before USF funding came into place. Out in the eastern Aleutian area we have the first place and the only one in the nation where we have partnership with the school district and health corporation on how the banner is delivered. Revenue, this is a big money maker, we get a lot of revenue and we do return a lot to our customers. This is from Akiacak, I teach at GCI where we have 11 hundred employees and we have new orientations for new employees. I set up the presentation on the school and health program. So this is a picture of an earth station taken with a digital camera. This is what I am stepping into now with a physician's office from a Denin'ia tribe on the Kenai to create a private medical network, something that goes beyond AFHCAN, that will provide services for a small private doctors office. I am looking at things that we have not developed before. I have been working on a bundle product where I manage everything in matter of the schools by bringing in the medical environment. This is something that I have been working on and this needs to be doc driven, for you need to know how to treat patients, improve the quality of care and improve access to care. In tele-health there are two important things, quality and access. Security, federal laws that congress have enacted HIPO regulations and we want to make sure all our products are like that. Anytime medical information leaves your campus, it could be neurological or physical it needs to be encrypted. So it guarantees you privacy, your medical information.

What we would like to offer the five year term contract is training, at the village clinic level we would go in every year and provide a two day training. The first year would be computer and internet know-how and then year 2-5 we would offer several classes that you would choose. What we would do is that we would bring in an entire training computer lab and a expert trainer from CompuCom.

As the years goes by the training will become more advanced, the training will be for the health aides. Some examples would be exploring the internet and its fundamentals, Microsoft, HTMO photoshop. At the regional level, Fort Yukon level the first year we would like to offer five one day training session, and again we can train up to ten students.

Again if you have concern with the health aides getting training we can half the training in Fort Yukon, so you can have the call on who will receive the training and focus on your health aides, and what direction of training and needs are. We can customize the training. We have sat with AFHCAN staff on the Health CARTS, but I know that there are things that goes on in your health clinic on how they work and what they do, just how they do things I don't know but I can learn on what they do on a day to day basis. I can sit down and figure out what they do know and what they need to know and then we can fill that in.

We are very familiar on what they are being trained on, most of the training is on medical use and practices. We are the technology people so were we are is medical technology cross. What we are committed to do with this contract is to provide ninety three total days, combined with Fort Yukon and the villages. The total cost to us is that we would pay CompuCom \$157,500. This is hopefully why we are here, that the end result is that the level of health care increases in your region. That is our goal and hopefully that is your goal too.

Here is the cost study. Here is the money. This is what you are spending this year. In the villages where we build the earth stations we lease the land from the tribal organization, the landowner. This is one way to bring money into the region, and hopefully it will go back to CATG to help pay for the network cost but that is not my call. It would be approximately \$298 per village and \$800 in Fort Yukon every month. Statewide we have a set lease agreement.

Beginning of tape 5:

It will drop your phone bill by 45%, I am not making this percent up. This is a percent that have been seen by other customers. One of the reasons why you have not saved the money that you wanted to five years ago is that the network was not set up, as Steve pointed out earlier, for easier use.

The total cost right now is calculated per circuit on your long distance is \$85,000 per year. The total cost is \$1, 500,000 per year. The government pays 93% of cost and CATG the rest of \$121,000.

For schools subsidy, the YFSD get 90%, straight flat subsidy depending on the level of economic disadvantages in the area. The way the health program is subsidized in you get circuits at the same price of a circuit in Anchorage. The way the federal program reads is that as a village, each of you, will get a circuit from the hospital to their clinic for the same circuit price as ANMC thirteen miles across town in Anchorage. They basically want to level the playing field and say you folks should have to pay only as much as the big city hospitals pay. So they say that the town with the closes fifty thousand population should pay. You have a better deal than the school got. Here is the picture I am painting, this year you will pay the hard money this year, \$128,000 a year for your network. We are making a proposal to you that included putting in a brand new network at twelve times the capacity of your current network and it will be less expensive. We are paying money to the community for rent on this stuff and we are saving you money, the reason why this will happen is that GCI will donate a portion, we are donating 225,000 in equipment and training so that these things will happen. The hardware you have today we will pull out and replace it with new hardware being used all over the state, we will put in new state of the art stuff. The reason you are not saving on your phone bill is that this little phone is not attached to your network or it is inconvenient to be used. We are going to do away with that and put in a new phone system in your clinic. The new phone system is going to save, when you pick up the phone it will give you your local dial tone in any one of the villages. When ever anyone gets on the phone and make their call to any of the sites it will automatically be routed over the network. This way CATG will get the savings they have to have. Your phone bill will decrease.

We will donate a polycom video conference system to each clinic. The model is the via-video. The one in Kotzebue is a diagnostic video, a much more expensive model. It is what the doctors want. What we are donating is a desktop one. Kotzebue paid for their own video conferencing equipment; they paid about \$8000 a piece for them. We can help you write a grant to get those. But what we can get you is a product that will cost about \$600. This will get you started using video conferencing and then you can use those videos at the CARE Center. The video system will allow you to have administrative meeting and training and do a lot of other things, but it is not the quality that a doctor in Fairbanks would want to see to make a call on a patient. I need to tell you a little bit about that the donation, it is something that you will have to consider when you make your decision. It is an added cost as part of my proposal even though we are donating it to you. You need to add it to my cost of the proposal. The federal government does not like vendors giving stuff away so that you can buy their stuff. Wrap this up as the added cost and make sure you have it documented as part of the cost over the five years of the contract. This is nothing under the table it all above board, but it needs to be done the way the federal government says so. When you make your decision make sure that this is a proceed cost to you. When you make your decision the pricing have to be the highest weighted component of your decision. It does not have to be the least expensive that wins. In fact you will do your self a disservice if that happens. We have given you a decision model in the proposal that is being used by others around the state. It has clear federal approval.

That donation, 225,000 is this a one time donation?

Yes, actually the training part of it, which is a five year commitment is the major part of it. The 157 of the 225 is a five year commitment to you. We will be coming out to your villages every year to provide training. This is important. I am not offering anything under the table. It's a pie in the sky, thing; we want you to see results. We will not be successful if after five years you are in the same spot today with high phone bills with applications running on the system. We need to ask you to look at our proposal as the most cost effective proposal because we are going to be responsible for the management, monitoring and maintenance of this equipment. We will be responsible for the training of your people in using this technology. It will take a lot off of your hands. We will come in and help. With the training over the five years should allow you to have someone at the end of the program to come in and step in for us. The idea is to created value and to provide jobs for your people when this contract is all over. So most cost effective is what we are looking at; and that is what we are hoping you look at.

After five years of operation you will step out and there should be someone trained to take over?

I will be the one who is responsible. That is my job, it my goal that at the end of the five years, there will be no competition for the contract. You will select GCI to do it again. So I will provide the best service I can throughout the term of the contract so that the next time the decision will be an easy answer.

I was just wondering that where you said that where we come from a little pie, to a big pie; that in that big pie is that just for CATG?

This is just a proposal just for CATG for the tele-medicine and we realize that there are tribal organization that makes up CATG; and as those tribes who do make up CATG you will be connect to that network. The pike is not shared by anyone outside of CATG. The T1 is a dedicated to CATG for health specific purposes.

Well, you talked before about pooled resources?

This is why you have ATT here with us, to hear all of us. I don't know how many times I have to say this but our bandwidth management policy says that if you want a T1 you will get one. If you have an application that uses half of a T1, it gets there; if your application is for $\frac{3}{4}$ of T1 you will get it. This is technology on demand. Now our technology does pool. Our bandwidth management policy says nobody ever does without. That is the strength of GCI, not Alascom. Alascom will be here saying here is a dedicated pike and no one will ever touch it, you can be guarantee it is not there; which is there way of not guaranteeing it. Our way is to dedicate it through our bandwidth policy and that policy has never been broken. They do theirs with old technology we do ours with new technology with a promise that we will not break. It is our job to size the network and choose the technology and it's our job that it will all work for our customers.

Our cost right now is about \$42,000 a year for our network, this is for our long distance and circuits costs? I would like to compare what our circuits cost are and not just the telephone bill.

That is fine, but what we are concerned about is your total bill.

What our total bill, the max part of the total bill is not the clinic phone costing so much, as it is the tribal administrative phone cost; there are more phones there being used outside. I am not sure about the telephone bill?

Yes, and I only took 45% of it. I did not say it will all go away. I was very conservative.

So if you compare just the cost for the bandwidth, what does that look like?

The cost of our circuit is 797 per month. The cost you pay today is 212 a month, so this is an increase of five hundred and some odd dollars, but there are other savings we are getting here. There are other moneys that we are contributing. This one time commitment on the equipment is going to make a big difference to your phone bill. A decision by CATG for GCI will bring in competition in your region. This will benefit everyone. When you got two people trying to help to try to get your business, the competition will drive the price down and increase the levels of services.

The 45% credit that you are estimating on the phone bills, what you are trying to say is most of those phone bills are probably generated from the interoffice calls, not from the clinic but from the council offices. My request is to add to the proposal the phone system for the council offices that is tied into the system. Then I can maybe see the 45% cut to the phone cost. I have a feeling that we would end up in the same situation as we are in now with the clinic where the phones are not being used.

If the majority of the phone calls are from the tribal councils, maybe we should set up the phone system there.

That is what I have said a long time ago to Steve.

You see, five years ago it was very specific as to where can put the phone call, and where you can terminate the circuits. We couldn't do any of that stuff through the tribal office. Now five years later the Universal people are seeing that it is not beneficial to have it in one spot that it needed to be more flexible. We can put the system where it will benefit you most as long as the government allows it.

You are just concentrating on the Clinic, right. Are you not serving me or my house. Are you talking about the whole village? I was just wondering if I was going to get a reduction in my phone calls too.

We are here talking about our proposal in competition with Alascom in the wiring network for tele-medicine. What I can tell you is that when we come in and build a facility like this we become a long distance phone company in your village and you will have the competition for that business eventually. We put this system to dedicate it initially for the clinic, for health care. But we are putting in an infrastructure that will very easily allow us to attach to a long distance services, so that we can offer you a

choice and see your cost go down. Maybe after the meeting you can talk with the Alascom rep here on your calling plan. You may be on the wrong calling plan, GCI have some very good prices.

You mentions the 255,000 donation you will make with CATG if they choose GCI, then you also said that when they submit the application that they have to mention this in it, because of what you said about the vendors. To me it sounds like it is not part of the proposal if CATG have to place it in the application. I am a member of CATG and that is why I am here now. What I am asking is that you are telling the board to insert on the application, and it sounds like it would get me covered but just that you are not going to put it into your proposal. It comes from where the cost will be covered, through universal service, so why does the board have to place this number in there.

Buzz, you are competition to me here, and I can understand that yes you are tribal member but this part of our proposal. This is my proposal, it is in writing.

The application is with Universal Service.

I can answer that. The Universal Fund is a federal program, it is being audited by federal auditors. Last summer the Kotzebue and Nome region and this summer they will be going to Dillingham and a few others. We know that the feds, because this is a high dollar program will come and look at it. So we want to make sure when they do, all the books will be clean and there will not be any problems. It is too keep everything straight.

I think what he is asking is that is if we put it into the application that these cost will be covered by the Universal fund?

No, that 225,000 does not get recovered by us at all. We make our money on the contracts, on the circuits. It is not an addition. That 225,000 is donation we do not get that money back. We don't apply for it to get it back nor do we apply for it nor do we ask that this is part of our cost and give it back to us. This is a donation, but it cannot be a donation under the table, it has to be on top of the table. So when you put your application to the government and you say you choose this vendor; that you note that this vendor provided these extra cost into the proposal. We only make our money on the circuits, its good revenue for us. We are primarily driven to do what we are doing here is because you need it. What we can see is that you need an upgraded system, upgraded equipment and training and so this is coming from us. But it cannot come from us in a back door side meeting, it has to be here at this board meeting discussed and noted. This is a federal program and the auditors are concerned that people will do things without them knowing it, so we are just trying to be above the board here to make sure that everyone understand that this is a donation from GCI but you need to document that.

Is internet to our local people in each village a part of the proposal, I don't see it here and this is something that we are all interested in?

I have had lawyers tell what to say and not to say and I have federal program people to say that we are here to give you a proposal to increase the health care in your region. I would be very happy to talk with you outside of this arena as to what further things you

can expect from GCI and they will all be true but it cannot be part of this discussion and it cannot be part of the proposal. It is very difficult of an environment, where I am from Anchorage and I am here for the day and there are several things that you want to talk with me about. You want to talk with me about increasing health care; hey can you lower my phone bill in my house; you want to talk about will you get internet service to my community okay, and I recognize that I have to answer all those questions and I want to while I am here, but legally I cannot tie them together for your business. I cannot sit here and say they will be attached at all. It will happen and I will talk to you about it but it is a hard place for me to be. I do want to talk with you about these things, but it cannot be in my proposal nor in my documentation.

Our proposal will bring four million dollars of investment into your region. it will create a GCI agent in each of your village, who will be our eyes and ears. We will train that person in other GCI products and services, similar with the agents with the airline carriers. If we get a nod from CATG, you will see your economic development here improve in this region, and the opportunity for it to improve this fall.

I heard a long time back that DAMA (?) technology, and to me that means the dishes and like those that are put on top of the schools and saw 56k, what is this.

DAMA is demand to access to multiple access. It was a technology that GCI was first to put into the state of Alaska, three days after we placed our order for the DAMA technology, Alascom too placed their order for that technology; but it was only after we did it. DAMA allows a voice call to go up be connected anywhere in the satellite network with an equivalently earth station without going through a central switch. Up till that time the network of GCI and ATT required calls to go through a central pole switch in Anchorage, Central or Juneau that was metered so that we knew what to charge you for a phone call. DAMA allowed a phone call to go from a village to a village directly on the public network and we would still know what to charge you and how long you were on call. We would know when you called, the number you called and how long you talked. That was a new technology for voice calls in fax calls on the public switch number. The dishes that were put into the villages for schools are for internet (?); just nailed up surfaces.

I want to know your working relationship with others in the Yukon Flats, including the schools.

Our working relationship with the schools is very good. Our contract with them is till 2004, we provide a high level service to them. It is hard when your customer changes administration every few years. But it is one of the benefits that GCI offers its customers that as administration change that manage service, when the new administration comes in we can catch them up. We can say this is how you are connected and here is how your internet is delivered, so they don't have to relearn it. Other than that, we don't have too many other relationships in your region, we are not a telephone company here yet. This will change all of this, if CATG says yes to the GCI contract for the tele-medicine. We will be part of your communities. We are going to hire people and we will provide

competitive services in other areas. We want you to be our second customers in this region.

Did you say you were going to replace the systems, does this mean that the phone lines and computer lines will be replaced?

You have little black boxes downstairs that say ACT on it. We are not talking about computers just the telephone units. The upgrade will be for the clinic and we were just talking about the tribal councils and maybe this is where it should go. It will be the clinic or the tribal council. The figures presented is for either or.

There would be more cost involved if we did the tribal council versus the clinic.

What they are saying is that they would help us create applications for equipment if we purchase additional systems.

What I think she is saying that as a request can we put in with this new phone lines.

We will have to review that, I can't sit here a say for sure now for I do have to know that everything is copasetic with the rules and regulations. Because this is a very high level of federal funded program I do have to maintain my own high level of digression with their money.

One of the reasons I had asked is that we are in the process of moving into a new building and when we do, are we to have the building rewired again.

No, and this is what Buzz does and we are not here to compete with him or to replace him. As your local telephone company they should be the people who should wire the buildings and provide you that service. All I am saying that in this proposal you have 85,000 a year in telephone bills and it is because this phone is very inconvenient to use. We are trying to make it automatic, for when you get on the phone with this system it will be routed over the network so that you will not get a phone bill.

You can tie into that ACT box, is yours plugged into that system.

They are trying to get it into their office, no one has that like the NVFY office does. So long as you have a system you will be able to be plug in whatever it is to that system

The wiring will not have to be changed, just the electronics.

A real important issue is that we are not here to be your local phone company, we are here to be your tele-medicine specialist, your technical assistance, your value added member for tele-medicine. Your relationship with your local telephone should remain the same if you are a customer.

So you have ACT boxes at the local tribal council and at the clinic, does that mean you will replace the one in the clinic and not the one at the tribal office?

You got cost into it you have cost into the clinic, because this is a tele-health issue.

How will those connect, we have a connectivity promise with this that this will not be destroyed. So that connectivity between the office and the clinic will it be destroyed now because of this; ACT and the other router?

You have two connections, and it will just be routed another way; It will go through the issue out of the ACT and then that issue goes through the tribal council office through their ACT. We can replace the same issue it is just the way how it comes in and routes. The goal here is to use the same connections and to use the network the way it is suppose to be used and then take the decision out of the persons hand on to whether or not to use. The object here is to save money and to increase health care.

Is it going to be designed to see who is going to be responsible for what types of systems that if we run into any problems with the system, like at the clinic.

Well after sitting here for the last several days, that will be crystal clear, because we don't want have happen in what we are hearing on the health side with TCC and some of the things in Fairbanks. It will be a very clear description with our responsibilities, equipment and support wise.

Part of our proposal and the support you are going to get is on all the wide area network equipment. We will provide internet service to you here in Fort Yukon, we will provide a server that will provide the e-mail for your organization; we will show you how to self administer your e-mail. We will filter the internet if you want, if you have objectable content that you want kept away from the users of the internet, and we will show you how this is done and we can do it for you automatically if you want. We will provide and box that will cash and proxy your most used internet sites, so that every time you want to go that internet site you don't have to go get it , it will be there. We will provide the telephone systems for the clinic or your tribal council. Whatever the laws will allow me to do. We won't provide the maintenance on those phones. We are donating those phones because you need a smart phone system out there. The same company that provided your phone system here, is the company I am buying those system from.

The e-mail that we will provide you will be excellent e-mail and we will maintain it here for CATG and for the clinic/or the tribal councils; whatever the law allows for.

The example that you gave me about dialing up on a modem, that is not using the network, that is going out on the public switch telephone network, and that is why you get that problem a lot is because you go through Tel Alaska, Alas COM, ATT's lower 48 network and you go through another little local telephone company in Denver; there is five telephone companies involved and all you are trying to do is get the modem signal to go from one end to anther. An there is a lot of people involved in that. That is just an example on how complicated a telephone network is and when you have a problem who do you talk to, you need someone here at CATG, a technology person who can help folks with software modems. My proposal will not help you with that, but in the training sessions that we will have, we can make that part of the training as to how to use the modems and how to dial up and troubleshoot.

You know those phone cards are the best things to use, and I hate to say that because I work with a company. I am sure Don will agree with me, you cannot beat going to

Walmart or Cosco and buying a phone card at 3 1/2 cents a minute. We don't have calling plans that low; do you guys Don? Quite frankly, those guys who sell those cards are losing money on your calls here in Alaska, but they are selling those cards all over the world and they are making money on it, so they lose a few bucks up so buy them.

We are not talking about phone calls or internet or anything from our home, this is only for the Clinic.

No, I am also here to answer your questions. I don't want anyone here to feel that I am dodging anything. After my presentation, if there is anyone who want to talk about village internet services, or GCI competitive long distance services, I will be more than happy to do so outside this meeting, due to the legalities of my current presentation on the proposal I am presenting this cannot be done here and now.

The meeting recessed for lunch.

Next presentation is Tel-Alaska, Don Moma

I would like to thank the chiefs for allow me to speak to you today and GCI for showing up today and for describing our network to you; that was very helpful to me so it will cut out some of my proposal to you so I don't have to rehash that.

A brief history on Alascom. Alascom has been in the industry in Alaska for over eighty years. Way back with the military was here stringing wires across the tundra, that was Alascom. It is kind of funny, but as the carrier of last resort in the state, is that what Alascom have to do is that in an area where there is over 25 people or a post office; we have to provide service to that community, this is a requirement Alascom. All over the state you will see Alascom.

Some of the highlights of what we have done over the last few years, is we brought television to Alaska. You would go outside and see a program and when you come back you get to see the same program again. Just last year we launched Aurora 3, which is our third satellite dedicated to the state of Alaska. It cost 130 m to launch that satellite. On it we have thirteen transponders with the option of adding two more. We can pretty much name that satellite, cause you know it. Right now we have over 200 communities in the state. If there is 25 people well Alascom is there. Currently, as you saw, we have a circuit into CATG into your villages. We are in the fourth year of a five-year contract with that circuit. Alascom came here before the subsidies, and actually worked with CATG to put that circuit. At the time we worked to cut all to get the best possible pricing and solutions to meet your needs. We have been here working with you for a long time and want to continue to work with you in the future. Our plan for the future is to work with the local telephone company, TelAlaska. We want to form a local partnership there to keep the local field and integrity, so I want introduce Micheal Hatton for TelAlaska networks who you know as the Interior Telephone Company.

Thank you. I am here as a representative of TelAlaska networks, which is a parent company of Interior Telephone. Interior Telephone came to Fort Yukon about 28 years ago. Some of the things that I will address is our partnership with ATT. A lot of the carriers in the state was approach by Congress, and lot of the providers in the state of

Alaska were all asked to work together as a group and in that way we can provide the services to the villagers for an affordable price. Now all the other companies have agreed to play ball because we all want to work together, we all want to provide services to the rural areas. We only had one person who did not want to play ball with us and unfortunately they are one of the competitors we have to deal with on a daily basis. The next thing I wanted to talk about is that you always here competitors say we area willing to work with the local companies, we are working with the local company. You know something about that is, that the local companies don't even know who you are because you failed to ask the local companies-do you want to do business with us, can we do business together. TelAlaska, from day one have been providing services to rural Alaska for thirty years. Jack and his father started that company thirty years ago. So we are not moving into the rural areas, we did not just show up when the money showed up, we were here from day one and worked with what we had and made the best of it. Now that the money showed up, we have every one to jump in. You say that I am here to help you, where were you if you have been here as long as you have; not because the money showed up now so you want to show up. The biggest thing that I have is the community interest, when you are dealing with community, I don't care who the provider is the best thing that a provider is to do would be to include the community. Now some of our competitors will come in a tell you and have you believe that we are working with the local phone company. But like I said it is real funny, when the local phone company don't even know you are working there. An then by not working with the local company it puts you all out of a job. If I am working with the local community I will be providing jobs, depending on the resources. If I come in a offer you a service the will take jobs out of your community, what good am I doing to you? I disagree with that, because if I cant help the community that I am taxed to serve how am I helping that community. When you take jobs away from the community, that is not a benefit to the community, that is a hurt. I am not going to stand and try to smoke some mirrors and make a deal with anyone here, because the bottom line is if I am not helping you I am hurting you.

The next thing, I heard a lady say back there today, how are we now going to get help. Let me go back and give a little bit of background of myself. I started in this business seventeen years ago, back when the computers first hit the market; that was when the first Apple 880 hit the market. So I know the frustration of calling the help desk and they tell you it is not your hardware, its your software, if its not the software it may be the phone line. At the same time I know how the network in Alaska are designed. Now from some of our competitors you will hear that they own the fiber. They do, but guess who designed it-me. I built that fiber network. Its just like taking your car to a mechanic, you take it to a guy who is out here who is knocking apples off the apple trees or to the person who built it.

Next thing I want to touch on is when you want to business in your community, ask yourself this question: is that person who is trying to give me my business, are they already in the community? And if so, what kind of references do they have? Are they doing a good job, a bad job, a mediocre job, ask them. Now we have competitors that would make you believe that everything they touch is gold, if anybody ever had a perfect product that you did not see anything go wrong with. Anybody that comes with perfect

thought, that's nothing for there is not such thing as a perfect when you deal with networks or technology. I know because I have built it.

My title as TelAlaska is technical sale consultant. That means that I go out and listen to the needs of the clients, I don't go back and try to force people to my solution to the client, but I listen to the needs of the clients first. Once the client tells me what it is that they are trying to do, I would then offer my services on how they can get there. We are not going to try to throw a lot of computers at you; my presentation will be very simple. And I am going to use it where you will understand it and I will not talk over your head, and that I promise you.

Now you have heard a lot of talk of how people say we will give you dedicated service. I am going to introduce a new word to you—it's called a share it circuit and it's called a party line or band on demand. Let me tell you the difference between the TelAlaska network and that of some of our competitor's network. From TelAlaska, from this village here back to Fort Yukon, TelAlaska have proposed to you a dedicated T1 circuit. When I tell you that it is a dedicated T1 circuit- I mean it is. You have heard competitors say we monitor our services because our services get to over-crowded. When our clients need more bandwidth, we can give them that. Listen to that, I just gave you a dedicated circuit, and that is your dedicated circuit. Why will I monitor your dedicated circuit, well I will tell you why I will monitor your dedicated circuit. You know why I monitor that circuit that I just dedicated to you, it's being shared with other circuits and I am not going to tell you that because from here to here that will be a T1. Of course the problem is this, it's just like a water hose, that when your house catches on fire I give you a water hose to put that fire out, you can put that fire out because it is a small fire right?, everybody else house catch on fire and I give you that same water hose, but on that same water hose I just gave you I just attached twenty other people to it. So how much water is coming out of that water hose now? A trickle. So all you are going to get is a trickle. So all you are hearing is to just confuse you, this is just confusion.

Designing a network is simple, there is nothing complicated about the technology at all if you explain it right.

Now here is what confuses some of you, I am going to give you a bid and will give you a bid and everyone want a piece of it but then not everyone is getting the same thing. Then they tell you we guarantee you, you will always have some service. Well excuse me, you just guaranteed me a T1 in one breath and in the other breathe you just guaranteed me some service. Just like me telling you I will give you CART for 5 million, but I am going to charge you for that 1.5 million but you will only get 384 of that but I am still going to charge you full price for it. Another example I can use is lets take a house with three bedroom, two baths, two garage and I sold it to you for 6 thousand dollars, well that one person got a good deal. Then I sell that same house for five or six times over, but I am not going to tell you that I just sold your house to seven or eight other people now how would you feel. You come home one day and there are six other people in your house but you were just told I was your house. I just failed to tell you that I just resold your house six or seven times over. But now look at that guy over here, he just sold your house that same guy is not living in your house or running into crowds or running into anything, it's his house because it is dedicated. An I can tell you this, that this is dedicated too.

Begin of side B, tape 5

Now he already told me what he wants me to do but in return in sending my response back in the doctor is standing there waiting but with TelAlaska network he is not waiting, for as soon as you set it down you can get it back, its called bidirectional. You going to send or receive at the same speed. Now competitors will have you believe that everything at the school is fine talk to your schools, talk to those board members. There is a competitor trying to come in take our business, is everything copasetic with this competitor? Is everything going alright with this competitor? TelAlaska we do not try to confuse the issues. We just tell you straight facts and we let you make the decisions. We will not offer you anything that will jeopardize your presence for your clinic? You know why, it because that's the means for community. Now why would we want to jeopardize what you are going to receive to help yourself; to benefit us. Sounds greedy to me, if all the concern is for myself I will tell you. Come of our competitors will have you believe this, if a hamburger five dollars, some of the competitors will charge you one dollar and everything else I am just going to throw in to make it perfect. Were just paying for the same hamburger, its not free. I may charge you a dollar but I will charge you four dollars for everything else or I can charge you four dollars for everything else and charge you a dollar for the burger. Okay lets look at it this way, its still only five dollars, you still are being charged with five dollars for that burger.

At TelAlaska we are not going to come and tell you we are going to give you this, because you know what it is a lie. How can I give you something without asking for something in return. That's good business now if you can afford to do that. I am not going to come in and tell you by the way to pay for this land and this facility that we will have to lease to put our satellite in so that we can provide our service to you. Look at it this way, if anything goes wrong, who does those facilities belong to. You paid for them, with your money, you paid for those facilities but if we decide to pull out, those facilities belong to us. This is the way I am going to write my contract, that if I pull out the facilities belongs to me that you just paid for, but then if you decide to pull out, we will only give you back pennies on a dollar. You spend ten dollars on something and got back two dollars worth. Nobody will pay for that, they want back what you just paid for. And if you spend any money I will be the first to tell you that you should get what you paid for, don't give and don't accept anything less than what you paid for. Now you always here people, and I call it misrepresentation of the truth, because if you misrepresent me while you are trying to get my business, what are you going to do to me after you get it. How do I know I can trust you once I sign my name on that contract. Now you have people, have you ever called people on the phone and you can never get in touch with them. Then all of a sudden when they see you they would say we were playing phone tag. Now how have we been playing phone tag, while I've been trying to get a hold of you and you never return my phone call. That's not the truth that is a lie, for you have not returned my phone call.

Then you have people who make you believe that when you spend 31,000 dollars today that it is a savings. What they forget to tell you is that from the same services you just spent 31,000 for, oh by the way you could have receive it for 20,000 from our competitors. The same services, but the only thing is its not the same service, its

dedicated. Apparently right now in your community you are paying for internet connection that you can't use. Wouldn't you rather spend less money and get a better service for the same thing. If you look at it this way the true numbers and if you look at it this way that is 31,000 for substandard services, instead of paying 20,000 for better services. How am I saving money for the community, that is saving money right there. That is the savings, I don't care who spends it, that's the savings.

Now if you look at any type of technology, if our technology cannot compete with my competitors, you know what I am going to tell you is that the same technology but I will throw in something extra. But it is the same technology, it shouldn't be no different if they are the same. But if I have substandard product on this hand and on this hand I have a higher standard product you know I will throw you something extra. But in the mean time its not extra, and its free. You know if I give you anything extra you know I will tell you it is free, but it is still me who have to go through the hassle of filling out the paperwork. I want you to do it, hey, wait a minute if its free why do I need to fill out the paperwork? Some will have you believe that we want to bring everything from under the table put on the table, there shouldn't be anything to put on the table. My thing I is if I am going to make you a donation, what is a donation. If you want to donate your time to someone and then you ask them to included it in their paperwork as part of your cost, but we are giving it to you but make sure you are including it as part of your cost. Take some time and digest that, its part of your cost on one hand and we will give it to you, but we want you to fill out the paperwork. Now if you fill out paperwork and you are the one getting the subsidies for it, that if anything goes wrong with that paperwork who will they call back. You, for you signed it, its your problem, its your clinic, its your community that is now in jeopardy because you did something that you thought someone would actually do, now its your problem. It does not work that way, if it was free don't tell me fill out my paperwork for it and then show us part of our cost. This is either part of our cost or its not part of the cost. If its not part of the cost and its free, then give it to us. That is the bottom line, there should be no gray areas. There should not be any confusion there.

The next thing I have to do is that everyone says there is competition is good. Competition is good. Competition is only good when it benefits the people involved. Competition for your communities, for CATG, for any business is good so long as it is done in fairness. Until the competition is good and its not done fair, we could be on the same basis, but I don't want to break a leg, for its not a race its competition. Its not good, its misleading, its misrepresentation of the truth. So how can I ask you to trust me when everything I tell you is a misrepresentation.

I will tell you have we are going to differ from our competitors. Our competitors will tell you I cant make those judgment calls, I don't know enough, I am out of my spectrum that is over my head and over my area. TelAlaska, the way we believe in doing it is that I am the one presenting to you, I am the one who is talking to you, I am the one who knows your needs based upon what was asked for us to provide. I am not going to come back and send a total stranger to come and negotiate with you. There is no negotiation. On what ground do they have to spend all this to negotiate with you and they don't even know what they are talking about, for they were only told. I can't tell you what Nam was

like because I was never there. So how am I to go over there and tell people how Nam was like, how can I do that and be speaking the truth. That would be lie. With me, if TelAlaska and ATT wants to change this contract, we will come back to renegotiate the contract. You will not see any strangers coming back. When we come back it is going to be us- here. How many times have you seen some of our competitors in your community if there was not business to be done. I am trying to sell this. Ask you self that, I have never seen any of those people but at TelAlaska, TelCom, ATT we have been looking at this for 28 years, some of them 30. Then it was when the money showed up you started seeing the competitors. It wasn't always about the money, and it should never be just about the money when you start pulling profits over the needs of the community and the people. Now we have people that will tell you that our technology, we are going to shoot everything up to the satellites. But I will tell you this, if I am shooting everything up to the satellite I just shot everything over the moon; that is a fact, there is not enough link. If I am sending things here through the satellite why do I need to come to you, I don't . With TelAlaska, that is what we do; we build good relationships. That is what you do, if you sign your name on that dotted line today, I won't see you again until it time to sign a new contract. If you need some help we will give you number to call. I won't say, there is somebody in the community, and we gave him a job. What you going to give him a job of, we just bypassed the man, so what are you going to teach him. What is he going to do, though I gave him a job what is he going to do for I really don't need him.

At TelAlaska here is what we will do. We do one step better than our competitors. If you buy the equipment from us, we just don't just send anything out into the field; we never have and we never will. It is called a class act versus non-class. At TelAlaska, anything we send out we guarantee we take it out the box and put it in. so don't ask one of you all do that. Sir we are going to give you a router, but I want you to figure it out so that we can communicate back to back. Can you do it, if you have not been properly schooled or properly trained on it. What kind of pressure am I asking him to do, and then if anything goes wrong I am telling you to go see him. Can he do it, no. In TelAlaska we stand behind each and every one of our products. The way our proposal is written and what I am telling you now that its all in the proposal. Anything that goes wrong with our networks we take care of ourselves. Bottom line, we take care of ourselves. We don't come here to ask you to but this network from you and we don't own everything and if you leave early we will charge you for it. Just like back to this house that seven people have bought, and then everyone decides to move out of your house. What kind of nerve do I have that I tell you, you are going to have to pay to move out and if you move out early you will have to pay. Before you move you have to pay for that lease of that room. This man here he can move, sell, or do anything he wants.

Now what is a contract, a contract is an agreement that is made between individuals, companies, entities to where it is beneficial to both people involved. Now let me mention this, I decided to sell you a brand new car, but what I am going to sell is what the contract says that if anything goes wrong with that car I will fix it. Now if you decide to sell that car before I want you to I will charge you for it. If you decide to take that car to get fixed to anyone else I will charge you for it. Sounds like a hostage holding to me. A contract that you have no rights too, but I have all the rights to the contract. But we both signed the exact same contract, now who will sign a contract like that- nobody. So now

why would you guys sign a contract like that that is being presented to you now. Would it be us or would it be our kids. Who would in their right mind sign a contract like that knowing exactly what you know right now. I am hoping to see no hands so I will move down to the next question.

With TelAlaska when it comes to the billing process for your network, we are only ones that do our billings this way. I will explain it to you. Competitors will send you a bill for the full amount. At TelAlaska you won't see any part of it that you are not responsible for. For example, out of ten thousand you are responsible for lets say five thousand dollars, but you might have the ten thousand dollars full amount. You will only pay what you have to pay and you don't owe the rest. Telalaska work in conjunction with AFHCAN Universal Services, we take care of all these things behind the scene so our clients don't have to worry about it. Our service is second to none.

They talked this morning about the technology that can run data, voice and video all at the same time, which is good. We have another link called added cell. At the same time the same services that we offer right now we can do the exact same thing. The only thing with ours is what we call a dedicated circuit, and by the way called a frame relay service. In the real world it does not run off a straight line that will burst off of a cloud. You can follow a straight line only so far before it goes off into the clouds, and when it get into the clouds it's lost. We are not going to charge you for that. We are not going to charge you for this, you're only getting this. That is misrepresentation, it s not the truth. You should not have to pay for it, you should not have to deal with it.

Now let me give you some price break down, we have competitors that want to sell you for what 121,000 for those services and it is just for those circuits. Just for the circuits. In conjunction with ATT, TelAlaska can offer you those same services and for you're the ? Now the say its based on price, why would you want a based on price? For they say they will save you money. It looks like a pretty good saving to me, so why would you want to base it on price? The next thing I will ask you to do is to pay for our facilities that we want to lease, because we don't have any facilities in the area so we want you to pay for it. TelAlaska we don't need you to pay for those facilities. I am not sure about their exact cost but I am sure I believe it will be written down on the bottom line. Just need the facilities that you need, before you can get the services that you want. We don't want you to pay for any of this, we already have it in place and in those areas. I will tell you why we have it in those areas its because we work with the local companies in those areas. We built a relationship with them. We have a relationship with them so that we can go in and use the kinds of facilities that are already built. I am not going to come here and ask you to pay for my facilities so that I can bring the services to you. That is part of the economy, where you have to pay to bring the service to yourself. You don't need me you need a bank.

The equipment that you may want to purchase you may want to ask why is the cost so high. When it comes to the cost of the hardware, and I will be the first one to tell you, that I am going to be honest with you right now I am not here to give you anything; because I don't have to give you anything due to the subsidies that your are all receiving you can get anything you want. You can get it at a better cost and at a better service and

it wont cost you anything extra. Because you are paying for everything, and everybody want to know what the big mystery is about, it's not a mystery. You can get the same services in the rural areas as you see you can get with the Anchorage area; that is the difference between urban and rural rates. That the same cost you pay in Anchorage the government help subsidize the rest of those cost for you so that is the reason why you can get the same rate as that of the Anchorage area. Everything else you can get through AFHCAN and the Universal Services. This money you can get, you are entitled to it. I am not going to get anything out of your pockets, its money you already have.

The next thing I am going to ask you to remember is that before you do business with anyone you ask yourself if you can trust them. You just don't sign your house away and thought that you can trust. Do your homework first. Don't make a rash decision. Check on the records. If they are already in your community check to see how good a job they are doing. We have been serving rural Alaska for over 28 years. So you can check those records when it comes to TelAlaska. I think you will find that we have been out there and we will continue to be there.

Also when it comes to doing business anytime in a community it is always better to benefit the community for the goods you are to sell. If I am going to bypass the community and hire someone outside the community. I am not going to hire somebody just incase you are going to have questions. What questions can you actually ask me that I don't know? Some of the things that TelAlaska do provide to CATG is that when it comes to the new network, the new services, we will provide you with the training for that network. If there is something that goes wrong with that network you will have a number you can call to get that help. You can call one number. Right now we have local people who works in the community that if something goes wrong with the network we have a man right here right now that can assist you, with TelAlaska network.

It was mentioned today that everything is running over the old ATT network, the old 128 network. That was not an old 128 network when it was first designed and since then its so old to date that design did not have future growth built into it. Now a good engineer, if he is going to build some product correctly, he should be sure that it can be upgrade at a later time at the least cost to the client. That is the sign of a good engineer. An engineer who and fit the needs of today and not the needs of tomorrow, now what kind of engineer is that. That is not a good engineer at all. Me myself when it comes to fiver optic networks, compared to what was spoken about this morning, I did design that network. I worked for the Alyeska Pipeline Company and I control everything through the system that they had through the computer from Valdez to Prudhoe Bay, so I know how to network the works. I can guarantee that nobody in this room have said that Alyeska had to upgrade the network because it was not properly engineered. You have to be in port expansion in order to work. If you decide to go ATT and TelAlaska network look at it this way everything, since you already are with ATT with this current contract you have, you cost have been reduced substantially. You don't have to go out of your own facility and you don't have to add anything. All we have to do is replace one piece of gear in each location. That is all that would be replaced. And those ATC boxes should have a router on it. When you engineered a product and you stand up here and criticize your own work, hello-you engineered it what are you complaining about. Why should I trust that it

would meet my needs in five years, and you have heard this morning that in five years you will have to have your network so secured that you will not have to worry about it and that nobody will bid for it again? You know, I disagree with that, you may have done a good job with no problems at all, but there is somebody who can do a better job than you; make money a little better than you can; and save me money at the same time; why would you go with that option. It makes good sense not too; you will at least have to listen to anyone. What was preached was that the competition is good, but what they say now is that we are doing away with the competition, for the competitor say they have a little bit if better product and service than we have; but we don't want you listening to us we just want you to listen to us. How do you know you have the best product if no one shows in five years. I will tell you this that I have been in the network business and I know and we know that technology changes. You know that the time you buy a computer today the next week, or month there will be better already computer built. So why you going to listen to that, that nothing is going to change in five years. It's because I am trying to keep the competition away from you, I don't want you to listen to anything better, I just want you to hear what I am trying to tell you. Please do not fall into that category. Technology is constantly changing and you need to change with the technology. Don't lock yourself up in a one way deal and then find out too late that you went down the wrong road and said I should have listened. My feeling is what my parents have always told me is that I warned you. You have no way of saying you did not know. The best deal is with TelAlaska and ATT. Its simple because I already said it couldn't get any better. The network you have now met the need that was originally designed for, but as we all know and that is why we are here today, that the network has changed. Don't go with that water hose with the twenty different hoses attached on to it, go with just that one hose. Water pouring through one water hose will have a lot of pressure, its constantly flowing. Water flowing with twenty other hoses attached to it is just a trickle, that is all it is. There is no advantages to it, but if you need assistance I can put a bandage around one so that you can get water. This means that the technology that you have learned today as it was explained, we want to band aid because if our clients need more we can give it to you. I am taking form a to give to b. If it was dedicated like this one we wouldn't need to mark it anyway. If I tell you what you are going to get that is what you are going to get both ways. On a monitoring line, if you are using too much I will turn you down some but I will still charge you the same price. That is the reason you have to monitor. If I tell you to buy a brand new car and then I don't need to stand there and bring you that brand new car. It is either a brand new car or its not. I have no reason to monitor a dedicated service. A true dedicated service is a circuit that no one has access to at all. This dedicated circuit is a dedicated circuit you will be sharing with somebody else. So you can guarantee you are going to get something, but not what you are paying for.

This is what you need is this and this is what we are bring to the table to you now. You are dealing with people up front and you are dealing with the same people who negotiated your contract. When that contract is signed we do not go away we are still part of your command. Every single day you get to see our face, not just when it time to sign the contract or if its something to benefit me. You will see us every single day.

Open floor for questions:

This is a quick understanding of our partnership relationship with ATT. ATT which fit into this picture is between me and you, we will be providing you with the dedicated circuits to Telalaska to provide for you. Just to give you also, a quick understanding as to how we can do this as appose to this. (flipping charts) We have with the Aurora 3, the new satellite that was launched last year we have eighteen crimps on them. That is more than all of the other long distance carries combined in this state. That is how we can do that. If you look at a transponder, just imagine this is a satellite in the sky and so what you have is a little house per site where you bounce the signal off and it comes down over here. What we do is we actually go and cut the transponder up. This is your piece and no one else touches it and we bounce off of that. Now if there is someone else over here running, and then they will go here this is there. We have enough to do this. There is no division to broadcast to launch to everybody. So if you have a conference going on and nobody else is on the network. But if it is a bunch of districts, schools, businesses, people all trying to do this at the same time you will get congestion. What will happen is that you will be calling back in stead of getting that T1 you may be getting a 76384 for you will be fighting for all the state of Alaska. That is where ATT Alascom comes in that we provide this through trade the dedicated circuits through Telalaska. You can see where our relationship is we are trying bring the best of both worlds, the local present and the Alascom present. Our facilities, their know how, our local present and the Alaska present all together to get you the best solution for CATG on your network.

What is Telalaska's plan for the future in the villages, are there any plans for having internet placed in the homes?

From the Telalaska's point of view, as far as other services in the villages in their homes. Like I said I will be the firs tone to you. Because of this with ATT (looking at flip charts) this cost money, this is called the bandwidth, if it was free –everyone will have internet access, but this cost money to provide that service to the homes. Telalaska is doing in conjunction with ATT and working with our US congress we are looking at buying enough of this transferable space to where we can provide those services to the communities at a affordable cost. So in the future that is our future goal. If you have heard in the news, especially lately, if we can get this to happen internet will be affordable to everyone in here. If we could get everyone to work as team, everyone will have access in their home. Because the state of Alaska have one only stand out, and that is our competitor, for they feel like that if they own that needed bandwidth, they can charge you with what ever they want. And if you want it you will have to pay for it. Telalaska's point of view is lets make a quote so that you can afford to pay for it. If we can just get everyone to work together we can do that. That is what congress wants us to do too, that is what Senator Stevens have tried to get us to do, but we have one exception who have said hey we don't want to play ball like that. We don't want to be equal with all of our competitors. We don't want to be as one so that we can provide a better service for all Alaskans, we want to stay separate right now. If we can get people to buy the equipment for us then we can charge you a little bit more for it.

In the villages where Telalaska is local at, we are trying to upgrade our facilities as we speak. Some of those facilities on the Aleutians our competitors have tried to come in a push us out, for they don't want to work with us. Telalaska, we pushed them out, because we took care of our communities first. So in answer to your question we are looking to upgrading our plants, or facilities. If we can get this to where we all are working together we can have this in six months to a years time. We need to have cohesion where we are all willing to work together as a team; its not always about the money.

So you are saying that if we put in a router, any router into our network that we would automatically upgraded to T1?

Yes. You maybe asking a separate question there also with ATT and Telalaska. To provide a T1 here is what we will have to currently do is to run off a currently runned cell relay platform so what we will have done and will do is to put in a T1 set mold at each site. That is not something you are being charged for separately, its included.

You said if we go with the competitors that it would take jobs from the communities, I don't know which one. What you are saying that those local guys in the communities working with the telephone company will be laid off. Will you still be the local telephone company that we have right now? You are currently running our system now, and until the competitor decides to work with you, you will not be able to provide internet service to the villages, one of the major concerns to us a chiefs is that we want the whole service to our homes in the villages and what we heard you say that it would not be impossible unless everyone joins in or until there is some that will happen that will take years.

We are now looking at eight villages, now if we are shooting everything up to the satellite; you just bypassed the local telephone company.

This piece is called the local access, this is from your local community on a local POP, point of present on another telephone. If this is a wireless shot, then that TELCO, such as Telalaska or Interior Telephone here who relays on the communities for business and as a result of being in business to make money, that if you are losing money then you will be laying off employees.

Keep in mind that if we are the local telephone company ITC, and lets just say that our competitors won this bid and the competitors can then say that we'll leave those line with ITC and shoot straight up to the satellite. Like is said they are in business to make money, and you cannot survive if everything is going up over your head.

This is currently what is going on over at the school with their network, that they are just bypassing and going straight up. So all those local telephone companies are being bypassed. That is money your local company is losing because they are sending everything up. Lets look at it this way, if I am part of your community and if my company is losing money-who is losing now. You need the phone service. We will still be here as the local telephone company, but the question is would be how would we survive.

That was the different village outside of what we are talking about now. This morning it was told to you that in order to provide internet services that it was a whole separate