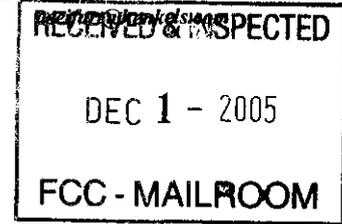




VIA FAX 202-418-0187
AND USPS EXPRESS MAIL

985 JOLLY ROAD • P. O. BOX 950
BLUE BELL, PENNSYLVANIA 19422-0900
(215) 283-7600

Direct Line: 215-283-7714



November 29, 2005

FEDERAL COMMUNICATIONS COMMISSION (FCC)
Office of the Secretary
445 12th Street, SW
Washington, DC 20554

RE: REQUEST FOR REVIEW
CC Docket No. 02-6

Schools & Libraries Division (SLD)
Universal Service Administrative Company (USAC)

Billed Entity: Little Rock School District (LRSD)
471 Application Number: 341105
FRN Invoice Numbers: 1030699, 1030354, 1030299, 1030525,
1030669 and 1030636
Vendor SPIN Number: 143008784

Dear FCC Reviewing/Hearing Officer:

Henkels & McCoy, Inc. (H&M) is a service provider under RFP 23-015, for the installation of video PBX systems, at several schools of the LRSD. H&M hereby files a Request for Review of the decision of the SLD/USAC dated September 30, 2005 that "Denied in Full" H&M's appeal of the reduction/denial of H&M's invoices specified above (See Exhibit A). H&M's original Appeal to the SLD/USAC was dated May 20, 2005 (See Exhibit B, without attachments). The stated reason for such denial by the USAC Decision was that our "Form 474 included costs for ineligible products and/or services: Emerson CATV Tuner, Installation of Classroom File Commander and Remote Desktop Software, Power Strips, Little Rock Tax, and End-User Training on Head End that is not directly related to the installation of eligible products." After further examination of the specified invoices and the above denial explanation, the basis for such decision is unclear to us and the calculation of the reduced payment amounts do not coincide with the line items that are deemed to be ineligible. This Request for Review seeks a further explanation and accounting of the method used for determining the reductions in H&M's invoices, in the total amount of \$178,283.23, and moreover,

No. of Copies rec'd 0

List A B C D E

PERFORMANCE has built our business . . . ®

100% payment for all eligible items as indicated in the Funding Commitment Decision Letters referenced below.

In some cases, we believe a discrepancy and cause for the reductions to the invoices may exist solely due to the words used to describe certain items, which possibly, in a cursory examination may not appear to be an eligible product. We believe that if given an opportunity to identify the specific products or line items that have been deemed ineligible, we would be able to provide valid eligible product descriptive names that are consistent with the FCC rules and the Eligible Services List. We attempted to contact the SLD/USAC for further detailed explanations, but such attempts have gone unheeded. For example: terms used by H&M such as "De-Modulator- CATV Tuners" is a product being utilized to distribute one signal to the classroom for educational purposes, and does not display multiple channels, but rather one preset educational channel to multiple classrooms; "Install Classroom Software and Configure" is considered operational software and a core component of the Safari System which allows system control and only e-rateable items are installed, such as the Safari DMC, which is a media converter; "Head-End Training" is the basic technical training provided to Media Specialists, IT Director and other Network Personnel who will maintain the system functions, operating procedures and upkeep. All of the above are eligible items that should be compensated as provided under the SLD/USAC program rules if installed or performed at the LRSD.

The invoices in question are the following: FRN 1030699 (Brady), FRN 1030354 (Fair Park), FRN 1030299 (Franklin), FRN 1030525 (Rockefeller), FRN 1030669 (Watson) and FRN 1030636 (Wakefield). A breakdown of the subject invoices and the amount of the discrepancies between the invoiced amount and the amount paid by the USAC/SLD is found below in Table 1:

Table 1

| FRN | SLD Inv Number | Date Paid | Amount Requested | Amount Approved | Amount Paid | Difference |
|---------|----------------|----------------|------------------|-----------------|--------------|--------------|
| 1030699 | 535884 | May 5, 2005 | \$167,986.03 | \$167,528.86 | \$158,666.55 | \$8,862.31 |
| 1030354 | 527374 | May 5, 2005 | \$146,601.91 | \$146,144.75 | \$144,954.02 | \$1,190.73 |
| 1030299 | 535639 | May 5, 2005 | \$181,993.49 | \$181,536.33 | \$172,674.02 | \$8,862.31 |
| 1030525 | 501242 | March 16, 2005 | \$186,984.78 | \$186,578.42 | \$150,928.85 | \$35,649.57 |
| 1030636 | 501903 | Feb. 21, 2005 | \$224,017.86 | \$188,311.05 | \$94,155.52 | \$94,155.53 |
| 1030669 | 493120 | Feb. 21, 2005 | \$177,959.75 | \$177,502.58 | \$147,939.80 | \$29,562.78 |
| | | | | | | |
| Total | | | \$1,085,543.82 | \$1,047,601.99 | \$869,318.76 | \$178,283.23 |

With respect to each of the subject invoices an E-Rate Funding Commitment Decision Letter was issued, dated May 18, 2004, for funding year 2003 (See Funding Commitment Letter attached as Exhibit C). With respect to invoice FRN 1030636 a revised Funding Commitment Decision Letter was issued and is dated November 8, 2004 (See Revised Funding Commitment Letter attached as Exhibit D). H&M performed the approved work relying on the amounts approved by the SLD/USAC in the Funding Commitment Letters and invoiced the SLD/USAC in a timely manner for all completed and eligible equipment, materials and services.

On May 9, 2005 H&M received ACH payments for invoices and FRN's 1030699, 1030354, 1030299, for amounts less than the approved Funding Commitment Decision Letter amount. No explanation was provided with the payment or notice received reciting the reason for such deductions. On March 16, 2005 H&M received a check for invoice FRN 1030525, which was substantially less than the approved Funding Commitment Decision Letter amount. No explanation was provided with the payment or notice received reciting the reason for such deduction. On February 21, 2005 H&M received checks for invoices FRN 1030636 and FRN 1030669, for amounts substantially less than the approved Funding Commitment Decision Letter amount. Again, no explanation was provided with the payment or notice received reciting the reason for such deductions. In the case of invoice FRN 1030636, the amount paid was exactly 50% less than the submitted and approved amount, but no explanation was received for such deduction.

H&M in good faith performed work from the eligible product and services lists provided for the 2003 funding year under the SLD/USAC programs. H&M respectfully requests an opportunity to review the reasons for such large deductions, and in addition, the opportunity to resubmit such invoices with legitimate corrections as allowed and substantiated by additional documentation, language corrections or inspections if necessary. The LRSD currently has use of and is benefiting from the full value of the H&M work completed to date, and H&M is entitled to receive full payment for eligible equipment, materials or services. The LRSD has submitted a letter, signed by its Chief Financial Officer, in support of this Request for Review and a copy is attached for your review (See Exhibit E).

In addition, for your information, and indicative of the confusion and lack of clarity of issues on eligible products and their definitions, H&M and the LRSD received a Notification of Commitment Adjustment Letter from the SLD/USAC, dated October 25, 2005 which now requests refunds (of approximately \$66,305.00) by H&M for already disbursed amounts and relating to items on four of the subject invoices (#'s 1030299, 1030354, 1030669 and 1030699) (See Exhibit F). The Notification of Commitment Adjustment Letter will be appealed in a timely manner in a separate document to the SLD/USAC, but deserves mention here as it relates directly to the reasons that merit this

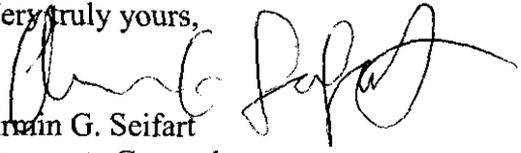
Federal Communications Commission
November 29, 2005
Page 4

Request for Review, and increases the potential loss to H&M to approximately \$244,588.00 on services and products that were provided in good faith, and in accordance with the Funding Commitment Decision Letters of the SLD/USAC and ultimately the FCC.

We believe that the products and services provided by H&M were eligible products under the SLD's E-Rate Program. H&M should be afforded the opportunity to verify and/or clarify any product or service definitions so they can be consistently applied. Additionally, H&M should receive full compensation for its services as permitted and expected under the approved SLD/USAC Funding Commitment Letters.

Please contact me at 215-283-7714 or aseifart@henkels.com to discuss these issues further. We appreciate your attention to these important matters.

Very truly yours,


Armin G. Seifart
Corporate Counsel

CC: Lucy Neal (LRSD)



EXHIBIT A

Universal Service Administrative Company
Schools & Libraries Division

Administrator's Decision on Invoice Appeal

September 30, 2005

Armin G. Seifart
Henkels & McCoy, Inc.
985 Jolly Road
PO Box 950
Blue Bell, PA 19422

Re: Your appeal of the reduction/denial of your invoice

SLD Invoice Numbers: 535884, 527374, 535639, 501242, 501903, 493120
471 Application Number: 341105
Funding Request Numbers: 1030699, 1030354, 1030299, 1030525, 1030636,
1030699
Correspondence Dated: May 20, 2005

After thorough review and investigation of all relevant facts, the Schools and Libraries Division (SLD) of the Universal Service Administrative Company has made its decision in regard to your appeal. This letter explains the basis of SLD's decision. The date of this letter begins the 60-day time period for appealing this decision to the Federal Communications Commission (FCC). If your letter of appeal included more than one SLD Invoice Number, please note that for each invoice for which an appeal is submitted, a separate letter is sent.

Funding Request Numbers: 1030699, 1030354, 1030299, 1030525, 1030636,
1030699

Decision on Appeal: **Denied in full**
Explanation:

Upon review of the appeal letter and relevant documentation, it was determined that your Form 474 included costs for the following ineligible products and/or services: Emerson CATV Tuner, Installation of Classroom File Commander and Remote Desktop Software, Power Strips, Little Rock Tax, and End-user training on Head End that is not directly related to the installation of eligible products. FCC rules provide that funding may be approved only for eligible products and/or services. 47 C.F.R. §§ 54.502, 54.503. The USAC web site contains a list of eligible products and/or services. See the web site, www.sl.universalservice.org, Eligible Services List. It has not been determined through our review of your appeal that the amount of the request that we reduced was for eligible items.

If you believe there is a basis for further examination of your application, you may file an appeal with the Federal Communications Commission (FCC). You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received or postmarked within 60 days of the above date on this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD web site or by contacting the Client Service Bureau. We strongly recommend that you use the electronic filing options.

Schools and Libraries Division
Universal Service Administrative Company

cc: Lucy Neal
Little Rock School District
3001 S. Pulaski
Little Rock, AK 72206



VIA FAX 973-599-6542

985 JOLLY ROAD • P. O. BOX 950
BLUE BELL, PENNSYLVANIA 19422-0900
(215) 283-7600
Direct Line: 215-283-7714
aseifart@henkels.com

May 20, 2005

Letter of Appeal
Schools & Libraries Division (SLD)
Universal Service Administrative Company (USAC)
Box 125 - Correspondence Unit
80 South Jefferson Road
Whippany, NJ 07981

RE: Little Rock School District
FRN Invoice Numbers: 1030699, 1030354, 1030299, 1030525,
1030669 and 1030636
SPIN Number: 143008784

Dear USAC Customer Service Bureau Representative:

Henkels & McCoy, Inc. ("H&M") is a service provider under RFP 23-015, for the installation of video PBX systems, at several schools of the Little Rock School District. We are writing to appeal the deductions taken on certain invoices, and to request the reasons for such deductions so that we may correct them if possible in order to receive 100% of the invoiced amount. The invoices in question are the following: FRN 1030699 (Brady), FRN 1030354 (Fair Park), FRN 1030299 (Franklin), FRN 1030525 (Rockefeller), FRN 1030669 (Watson) and FRN 1030636 (Wakefield). A breakdown of the subject invoices and the amount of the discrepancies between an invoiced amount and the amount paid by the SLD can be found in Exhibit A, attached hereto.

With respect to each of the subject invoices an E-Rate Funding Commitment Decision Letter was issued, dated May 18, 2004 (for funding year 2003) for an amount that, except in one case, differed by not more than \$2000 less than the H&M Item 21 submitted amount. (See Funding Commitment Letter attached as Exhibit B). On invoice FRN 1030636 (Wakefield) the Funding Commitment Decision Letter amount was approximately \$8300 less, but this is mostly due to a change in scope for the Wakefield School, as described in a revised Funding Commitment Letter, dated November 8, 2004. (See Exhibit C) Nevertheless, H&M performed the approved work relying on the amounts approved by the SLD in the Funding Commitment

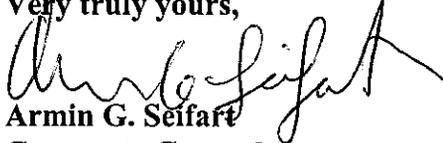
Letters and invoiced the SLD for all completed work and allowed equipment, materials and services.

On May 9, 2005 H&M received ACH payments for invoices and FRN's 1030699, 1030354, 1030299, each being, \$8,941.28, \$1,190.73 and \$8,862.31, respectively, less than the approved Funding Commitment Decision Letter amount. No explanation was provided with the payment or notice received reciting the reason for such deductions. On March 16, 2005 H&M received a check for invoice FRN 1030525, that was \$35,649.57 less than the approved Funding Commitment Decision Letter amount. No explanation was provided with the payment or notice received reciting the reason for such deduction. On February 21, 2005 H&M received checks for invoices FRN 1030636 and FRN 1030669, each being \$94,155.53 and \$29,562.78, respectively, less than the approved Funding Commitment Decision Letter amount. Again, no explanation was provided with the payment or notice received reciting the reason for such deductions. In the case of invoice FRN 1030636, the amount paid by SLD was exactly 50% less than the submitted and approved amount, but no explanation was received for such deduction.

The total of all deductions mentioned above from the May 18, 2004 Funding Commitment Decision Letter approved amounts equal \$178,362.20. H&M in good faith performed work from the approved lists provided for the 2003 funding year under the SLD programs. H&M respectfully requests an opportunity to review the reasons for such large deductions, and in addition, the opportunity to resubmit such invoices with legitimate corrections as allowed and substantiated by additional documentation, language corrections or inspections if necessary. The Little Rock School District has use of and is benefiting from the full value of the H&M work performed, and H&M is entitled to receive full payment for SLD approved equipment, materials or services.

Please contact either Dean Giambrone at 215-283-7730, Al Hussey at 972-512-2922 or me, at the number listed above to discuss these issues further. We appreciate your attention to these important matters.

Very truly yours,



Armin G. Seifart

Corporate Counsel

CC: Sharon Dowdy (EDS)
Lucy Neal (Little Rock SD)
Dean Giambrone, H&M
Al Hussey, H&M
Jim Duffy, H&M

 *** TX REPORT ***

TRANSMISSION OK

TX/RX NO 4788
 CONNECTION TEL 919735996542
 SUBADDRESS
 CONNECTION ID
 ST. TIME 05/20 16:08
 USAGE T 07'54
 PGS. SENT 21
 RESULT OK

Henkels & McCoy, Inc.
 985 Jolly Road
 P. O. Box 950
 Blue Bell, PA 19422-0900
 215-283-7600

Legal Department
 (215) 283-7714 (SENDER'S DIRECT LINE)
 (215) 283-7933 (FAX)

Original [] will, [X] will not, follow by mail.

TO: Schools and Libraries Division - Letter of Appeals OF: USAC

FAX: 973-599-6542 PHONE:

FROM: Armin G. Seifart (aseifart@henkels.com)
 Corporate Counsel

CC: FAX:

DATE: May 20, 2005

RE: Letter of Appeal of Payment Decisions on Invoices

MESSAGE: Please see attached.

Total of 21 page(s), including this page.

If you do not receive all pages, please call (215) 283-7718.



Universal Service Administrative Company
Schools & Libraries Division

FUNDING COMMITMENT DECISION LETTER

(Funding Year 2003: 07/01/2003 - 06/30/2004)

May 18, 2004

Henkels & McCoy, Inc.
Carl Spencer
515 Huffines Blvd.
Lewisville, TX 75056

Re: Service Provider Name: Henkels & McCoy, Inc.
Service Provider Identification Number: 143008784

Thank you for participating in the E-rate program for Funding Year 2003 (07/01/2003 - 06/30/2004). This letter is your notification of our decision(s) regarding applications that listed your company's Service Provider Identification Number (SPIN) as providing service(s) for which discounts are being sought.

NEW FOR FUNDING YEAR 2003

The Important Reminders and Deadlines immediately preceding this letter are provided to assist you and your customers throughout the application process.

NEXT STEPS

- File Form 473 (SPAC)
- Work with customer to provide appropriate invoicing to the SLD
- File Form 498, if appropriate
- Invoice the SLD - Service Provider Invoice (Form 474) or Billed Entity Applicant Reimbursement (Form 472)

ADDRESS INFORMATION

USAC needs to have current, complete and accurate contact and address information in order to properly make payments to service providers. The Form 498, Service Provider Information Form, is the official record of service provider contact and address information. If USAC determines that the contact or address information listed is not current, we will be unable to process payments. The Form 498 and its instructions are posted on the SLD web site under SL Forms. Service provider forms are found toward the bottom of the page. You may submit a Form 498 to revise contact and/or address information by fax to 202-772-5202. Label your fax cover sheet "FORM 498 REVISION".

Please refer to the Funding Commitment Reports on the page following this letter for specific funding request decisions and explanations for customers listing your SPIN in their Form 471 applications. Each report contains detailed information extracted from the applicant's Form 471.

Once you've reviewed this letter, we urge you to contact your customers to begin any necessary arrangements regarding start of services, billing of discounts or any other administrative details for implementation of E-rate services. As a reminder, only eligible services delivered in accordance with Federal Communications Commission (FCC) rules on service delivery periods are eligible for these discounts.

Any appeal of the funding decisions detailed in a Funding Commitment Decision Letter must be postmarked within 60 days of the date on the Funding Commitment Decision Letter. Information on the appeal process can be found in the "Appeals Procedure" posted in the

Reference Area of the SLD web site www.sl.universalservice.org. Therefore, prompt communication with your customer is essential.

NOTICE ON RULES AND FUNDS AVAILABILITY

Applicants' receipt of funding commitments is contingent on their compliance with all statutory, regulatory, and procedural requirements of the Schools and Libraries Universal Service Support Mechanism. Applicants who have received funding commitments continue to be subject to audits and other reviews that the SLD and/or the FCC may undertake periodically to assure that funds that have been committed are being used in accordance with all such requirements. The SLD may be required to reduce or cancel funding commitments that were not issued in accordance with such requirements, whether due to action or inaction, including but not limited to that by the SLD, the applicant, or the service provider. The SLD, and other appropriate authorities (including but not limited to USAC and the FCC), may pursue enforcement actions and other means of recourse to collect erroneously disbursed funds. The timing of payment of invoices may also be affected by the availability of funds based on the amount of funds collected from contributing telecommunications companies.

Schools and Libraries Division
Universal Service Administrative Company

A GUIDE TO THE FUNDING COMMITMENT REPORT

A report for each E-rate funding request featuring your SPIN is attached to this letter. We are providing the following definitions for the items in that report.

FUNDING REQUEST NUMBER (FRN): A Funding Request Number is assigned by the SLD to each Block 5 of the applicant's Form 471 once an application has been processed. This number is used to report to applicants and service providers the status of individual discount funding requests submitted on a Form 471.

FORM 471 APPLICATION NUMBER: A unique identifier assigned to a Form 471 application by the SLD.

FORM 470 APPLICATION NUMBER: A unique identifier assigned by the SLD to a Form 470 as listed in Block 5, Item 12 of the Form 471.

NAME OF 471 APPLICANT: Name of entity that applied to the SLD, from Block 1, Item 1 of the Form 471.

ADDRESS OF 471 APPLICANT: Address of entity that applied to the SLD from Block 1, Item 4 of the Form 471. Includes street address and city, state and zip code.

ENTITY NUMBER: A unique identifier assigned by the SLD to the Billed Entity, from Block 1, Item 3 of the Form 471.

NAME OF CONTACT PERSON: The name of the contact person from Block 1, Item 6a of the Form 471.

PREFERRED MODE OF CONTACT: The preferred mode of contact from Block 1, Item 6 of the Form 471, i.e., telephone, fax, or e-mail.

CONTACT INFORMATION: The telephone number, fax number, or e-mail address based on preferred mode of contact.

FUNDING YEAR: The funding year for which discounts have been requested. Funding years begin on July 1 and end on the following June 30. Funding years are designated by the calendar year in which they begin.

FUNDING STATUS: Each FRN will have one of the following definitions:

1. An FRN that is "Funded" will be approved at the level that the SLD determined is appropriate for that item. The funding level will generally be the level requested unless the SLD determined during the application review process that some adjustment is appropriate.
2. An FRN that is "Not Funded" is one for which no funds will be committed. The reason for the decision will be briefly explained in the "Funding Commitment Decision," and amplification of that explanation may be offered in the section, "Funding Commitment Decision Explanation." An FRN may be "Not Funded" because the request does not comply with program rules or because the total amount of funding available for this funding year was insufficient to fund all requests.

CONTRACT NUMBER: The number of the contract between the eligible party and the service provider. This will be present only if a contract number was provided on Form 471.

SERVICES ORDERED: The type of service ordered from the service provider, as shown on Form 471.

SITE IDENTIFIER: The Entity Number listed in Form 471, Block 5, Item 22a will be listed. This will appear only for "site specific" FRNs.

BILLING ACCOUNT NUMBER: The account number that you have established with your customer for billing purposes. This will be present only if a Billing Account Number was provided on Form 471.

ALLOWABLE VENDOR SELECTION / CONTRACT DATE: The earliest date the applicant was permitted to sign a contract for services after posting a Form 470.

CONTRACT AWARD DATE: The date that the contract for this service was awarded.

EARLIEST POSSIBLE EFFECTIVE DATE OF DISCOUNT: The first possible date of service for which the SLD will reimburse service providers for the discounts for the service.

CONTRACT EXPIRATION DATE: The date the contract expires. This will be present only if a contract expiration date was provided on Form 471.

MONTHLY RECURRING CHARGES: The total monthly charges for the recurring service.

PORTION OF MONTHLY RECURRING CHARGES THAT IS INELIGIBLE: Total charges associated with ANY ineligible services, entities, or uses included in the monthly recurring charges for this service.

ELIGIBLE MONTHLY PRE-DISCOUNT AMOUNT FOR RECURRING CHARGES: Total eligible monthly recurring charges approved for the funding year.

NUMBER OF MONTHS RECURRING SERVICE PROVIDED IN FUNDING YEAR: Number of months the service will be provided in the funding year.

ANNUAL PRE-DISCOUNT AMOUNT FOR ELIGIBLE RECURRING CHARGES: Eligible monthly pre-discount amount for recurring charges multiplied by number of months recurring service provided in the funding year.

ANNUAL NON-RECURRING CHARGES: The total amount of non-recurring (one-time) pre-discount charges for this service.

PORTION OF ANNUAL NON-RECURRING CHARGES THAT IS INELIGIBLE: Total cost associated with ANY ineligible services, entities, or uses included in the annual non-recurring charges.

ANNUAL PRE-DISCOUNT AMOUNT FOR ELIGIBLE NON-RECURRING CHARGES: Annual eligible non-recurring charges approved for the funding year.

TOTAL PROGRAM YEAR PRE-DISCOUNT AMOUNT: The total eligible recurring and non-recurring charges under the program for the funding year.

APPLICANT'S APPROVED DISCOUNT PERCENTAGE: This is the discount rate that the SLD has approved for this service.

FUNDING COMMITMENT DECISION: This represents the total amount of funding that the SLD has reserved to reimburse you for the approved discounts for this service through the pertinent funding year service delivery date. It is important that you and the Form 471 applicant both recognize that the SLD should be invoiced and the SLD may direct disbursement of discounts only for eligible, approved services actually delivered and installed.

FUNDING COMMITMENT DECISION EXPLANATION: This entry may amplify the comment in the "Funding Commitment Decision" area.

TECHNOLOGY PLAN APPROVAL STATUS: This reports whether the applicant indicated in Block 6, Item 27 of the Form 471 that the technology plans of the entities included in the form 471 application have received approval, are pending, or are not needed. Consortium applications may feature both "approved" and "pending approval" status.

WAVE NUMBER: The number of the grouped mailing in which the applicant's Funding Commitment Decision Letter was included.

APPLICANT LETTER DATE: The date on the applicant's Funding Commitment Decision Letter.

FUNDING COMMITMENT REPORT

Service Provider Name: Henkels & McCoy, Inc.
Service Provider Identification Number: 143008784

Funding Request Number: 1030299
Form 471 Application Number: 341105
Form 470 Application Number: 915990000425779
Name of 471 Applicant: LITTLE ROCK SCHOOL DISTRICT
Applicant Street Address: 810 W MARKHAM ST
Applicant City: LITTLE ROCK
Applicant State: AR
Applicant Zip: 72201-1306

FRANKLIN

Entity Number: 139544
Name of Contact Person: LUCY NEAL
Preferred Mode of Contact: EMAIL
Contact Information: lucy.neal@lrzd.org
Funding Year: 2003 (07/01/2003 - 06/30/2004)
Funding Status: Funded

Contract Number: REF 23--015
Services Ordered: Internal Connections
Site Identifier: 05 09000 00612
Billing Account Number: 12765--3781

Allowable Vendor Selection/Contract Date: 12/24/2002
Contract Award Date: 02/05/2003

Earliest Possible Effective Date of Discount: 07/01/2003
Contract Expiration Date: 06/30/2004

Monthly Recurring Charges: \$0.00
Portion of Monthly Recurring Charges that is Ineligible: \$0.00
Eligible Monthly Pre-Discount Amount for Recurring Charges: \$0.00

Number of Months Recurring Service Provided in Funding Year: 12
Annual Pre-Discount Amount for Eligible Recurring Charges: \$0.00
Annual Non-Recurring Charges: \$245751.25

Portion of Annual Non-Recurring Charges that is Ineligible: \$44044.22
Annual Pre-Discount Amount for Eligible Non-Recurring Charges: \$201707.03
Total Program Year Pre-Discount Amount: \$201707.03

Applicant's Approved Discount Percentage: 90

Funding Commitment Decision: \$181536.33 - ERN approved; modified by SLD

Funding Commitment Decision Explanation: The dollars requested were reduced to remove

power strip.
Technology Plan Approval Status: Approved

Wave Number: 029

Applicant Letter Date: 05/18/2004

FUNDING COMMITMENT REPORT

Service Provider Name: Henkels & McCoy, Inc.
Service Provider Identification Number: 143008784

Funding Request Number: 1030354
Form 471 Application Number: 341105
Form 470 Application Number: 915990000425779
Name of 471 Applicant: LITTLE ROCK SCHOOL DISTRICT
Applicant Street Address: 810 W MARKHAM ST
Applicant City: LITTLE ROCK
Applicant State: AR
Applicant Zip: 72201-1306

F-FAIRPARK

Entity Number: 139544
Name of Contact Person: LUCY NEAL
Preferred Mode of Contact: EMAIL
Contact Information: lucy.neal@lrzd.org
Funding Year: 2003 (07/01/2003 -- 06/30/2004)
Funding Status: Funded

Contract Number: REP 23--015
Services Ordered: Internal Connections
Site Identifier: 05 09000 00609

Billing Account Number: 12765--3781
Allowable Vendor Selection/Contract Date: 12/24/2002
Contract Award Date: 02/05/2003

Earliest Possible Effective Date of Discount: 07/01/2003
Contract Expiration Date: 06/30/2004

Monthly Recurring Charges: \$0.00

Portion of Monthly Recurring Charges that is Ineligible: \$0.00
Eligible Monthly Pre-Discount Amount for Recurring Charges: \$0.00

Number of Months Recurring Service Provided in Funding Year: 12

Annual Pre-Discount Amount for Eligible Recurring Charges: \$0.00

Annual Non-Recurring Charges: \$192979.94

Portion of Annual Non-Recurring Charges that is Ineligible: \$30596.89

Annual Pre-Discount Amount for Eligible Non-Recurring Charges: \$162383.05

Total Program Year Pre-Discount Amount: \$162383.05

Applicant's Approved Discount Percentage: 90

Funding Commitment Decision: \$146144.75 - FRN approved; modified by SLD

Funding Commitment Decision Explanation: The dollars requested were reduced to remove power strip.

Technology Plan Approval Status: Approved

Wave Number: 029

Applicant Letter Date: 05/18/2004

FUNDING COMMITMENT REPORT

Service Provider Name: Henkels & McCoy, Inc.
Service Provider Identification Number: 143008784

Funding Request Number: 1030488
Form 471 Application Number: 341105
Form 470 Application Number: 915990000425779
Name of 471 Applicant: LITTLE ROCK SCHOOL DISTRICT
Applicant Street Address: 810 W. MARKHAM ST
Applicant City: LITTLE ROCK
Applicant State: AR
Applicant Zip: 72201-1306
Entity Number: 139544

RIGHT SIDE

Name of Contact Person: LUCY NEAL
Preferred Mode of Contact: EMAIL
Contact Information: lucy.neal@lrsc.org
Funding Year: 2003 (07/01/2003 - 06/30/2004)
Funding Status: Funded

Contract Number: RFP 23--015
Services Ordered: Internal Connections
Site Identifier: 05 09000 00629
Billing Account Number: 12765--3781
Allowable Vendor Selection/Contract Date: 12/24/2002
Contract Award Date: 02/05/2003
Earliest Possible Effective Date of Discount: 07/01/2003
Contract Expiration Date: 06/30/2004
Monthly Recurring Charges: \$0.00

Portion of Monthly Recurring Charges that is Ineligible: \$0.00
Eligible Monthly Pre-Discount Amount for Recurring Charges: \$0.00
Number of Months Recurring Service Provided in Funding Year: 12
Annual Pre-Discount Amount for Eligible Recurring Charges: \$0.00
Annual Non-Recurring Charges: \$199368.24
Portion of Annual Non-Recurring Charges that is Ineligible: \$32407.88
Annual Pre-Discount Amount for Eligible Non-Recurring Charges: \$166960.36
Total Program Year Pre-Discount Amount: \$166960.36

Applicant's Approved Discount Percentage: 90
Funding Commitment Decision: \$150264.32 - FRN approved; modified by SLD
Funding Commitment Decision Explanation: The dollars requested were reduced to remove power strip.
Technology Plan Approval Status: Approved
Wave Number: 029
Applicant Letter Date: 05/18/2004

FUNDING COMMITMENT REPORT

Service Provider Name: Henkels & McCoy, Inc.
Service Provider Identification Number: 143008784

Funding Request Number: 1030525
Form 471 Application Number: 341105
Form 470 Application Number: 915990000425779
Name of 471 Applicant: LITTLE ROCK SCHOOL DISTRICT
Applicant Street Address: 810 W MARKHAM ST
Applicant City: LITTLE ROCK
Applicant State: AR
Applicant Zip: 72201-1306

ROCKEFELLER

Entity Number: 139544
Name of Contact Person: LUCY NEAL
Preferred Mode of Contact: EMAIL
Contact Information: lucy.neal@lrzd.org
Funding Year: 2003 (07/01/2003 - 06/30/2004)
Funding Status: Funded

Contract Number: REP 23--015
Services Ordered: Internal Connections
Site Identifier: 05 09000 01217

Billing Account Number: 12765--3781
Allowable Vendor Selection/Contract Date: 12/24/2002
Contract Award Date: 02/05/2003

Earliest Possible Effective Date of Discount: 07/01/2003
Contract Expiration Date: 06/30/2004

Monthly Recurring Charges: \$0.00
Portion of Monthly Recurring Charges that is Ineligible: \$0.00
Eligible Monthly Pre-Discount Amount for Recurring Charges: \$0.00
Number of Months Recurring Service Provided in Funding Year: 12

Annual Pre-Discount Amount for Eligible Recurring Charges: \$0.00
Annual Non-Recurring Charges: \$288956.09
Portion of Annual Non-Recurring Charges that is Ineligible: \$55733.07
Annual Pre-Discount Amount for Eligible Non-Recurring Charges: \$233223.02
Total Program Year Pre-Discount Amount: \$233223.02

Applicant's Approved Discount Percentage: 80
Funding Commitment Decision: \$186578.42 - FRN approved; modified by SLD
Funding Commitment Decision Explanation: The dollars requested were reduced to remove power strip.

Technology Plan Approval Status: Approved
Wave Number: 029
Applicant Letter Date: 05/18/2004

FUNDING COMMITMENT REPORT

Service Provider Name: Henkels & McCoy, Inc.
Service Provider Identification Number: 143008784

Funding Request Number: 1030576
Form 471 Application Number: 341105
Form 470 Application Number: 915990000425779
Name of 471 Applicant: LITTLE ROCK SCHOOL DISTRICT
Applicant Street Address: 810 W MARKHAM ST
Applicant City: LITTLE ROCK
Applicant State: AR
Applicant Zip: 72201-1306
Entity Number: 139544
Name of Contact Person: LUCY NEAL
Preferred Mode of Contact: EMAIL
Contact Information: lucy.neal@lrzd.org
Funding Year: 2003 (07/01/2003 - 06/30/2004)
Funding Status: Funded
Contract Number: REP 23--015
Services Ordered: Internal Connections
Site Identifier: 05 09000 00624
Billing Account Number: 12765--3781
Allowable Vendor Selection/Contract Date: 12/24/2002
Contract Award Date: 02/05/2003
Earliest Possible Effective Date of Discount: 07/01/2003
Contract Expiration Date: 06/30/2004
Monthly Recurring Charges: \$0.00
Portion of Monthly Recurring Charges that is Ineligible: \$0.00
Eligible Monthly Pre-Discount Amount for Recurring Charges: \$0.00
Number of Months Recurring Service Provided in Funding Year: 12
Annual Pre-Discount Amount for Eligible Recurring Charges: \$0.00
Annual Non-Recurring Charges: \$222920.22
Portion of Annual Non-Recurring Charges that is Ineligible: \$37908.39
Annual Pre-Discount Amount for Eligible Non-Recurring Charges: \$185011.83
Total Program Year Pre-Discount Amount: \$185011.83
Applicant's Approved Discount Percentage: 90
Funding Commitment Decision: \$166510.65 - FRN approved; modified by SLD
Funding Commitment Decision Explanation: The dollars requested were reduced to remove power strip.
Technology Plan Approval Status: Approved
Wave Number: 029
Applicant Letter Date: 05/18/2004

MATCHELL

FUNDING COMMITMENT REPORT

Service Provider Name: Henkels & McCoy, Inc.
Service Provider Identification Number: 143008784

Funding Request Number: 1030636
Form 471 Application Number: 341105
Form 470 Application Number: 915990000425779
Name of 471 Applicant: LITTLE ROCK SCHOOL DISTRICT
Applicant Street Address: 810 W MARKHAM ST
Applicant City: LITTLE ROCK
Applicant State: AR
Applicant Zip: 72201-1306
Entity Number: 139544
Name of Contact Person: LUCY NEAL
Preferred Mode of Contact: EMAIL
Contact Information: lucy.neal@lrzd.org
Funding Year: 2003 (07/01/2003 - 06/30/2004)
Funding Status: Funded

WAKE FISC

Contract Number: RFP 23--015
Services Ordered: Internal Connections
Site Identifier: 05 09000 01385
Billing Account Number: 12765--3781
Allowable Vendor Selection/Contract Date: 12/24/2002
Contract Award Date: 02/05/2003
Earliest Possible Effective Date of Discount: 07/01/2003
Contract Expiration Date: 06/30/2004
Monthly Recurring Charges: \$0.00
Portion of Monthly Recurring Charges that is Ineligible: \$0.00
Eligible Monthly Pre-Discount Amount for Recurring Charges: \$0.00
Number of Months Recurring Service Provided in Funding Year: 12
Annual Pre-Discount Amount for Eligible Recurring Charges: \$0.00
Annual Non-Recurring Charges: \$282019.60
Portion of Annual Non-Recurring Charges that is Ineligible: \$53099.16
Annual Pre-Discount Amount for Eligible Non-Recurring Charges: \$228920.44
Total Program Year Pre-Discount Amount: \$228920.44
Applicant's Approved Discount Percentage: 90
Funding Commitment Decision: \$206028.40 - FRN approved; modified by SLD
Funding Commitment Decision Explanation: The dollars requested were reduced to remove power strip.
Technology Plan Approval Status: Approved
Wave Number: 029
Applicant Letter Date: 05/18/2004

FUNDING COMMITMENT REPORT

Service Provider Name: Henkels & McCoy, Inc.
Service Provider Identification Number: 143008784

Funding Request Number: 1030669
Form 471 Application Number: 341105
Form 470 Application Number: 915990000425779
Name of 471 Applicant: LITTLE ROCK SCHOOL DISTRICT
Applicant Street Address: 810 W MARKHAM ST
Applicant City: LITTLE ROCK
Applicant State: AR
Applicant Zip: 72201-1306
Entity Number: 139544
Name of Contact Person: LUCY NEAL
Preferred Mode of Contact: EMAIL
Contact Information: lucy.neal@lrzd.org
Funding Year: 2003 (07/01/2003 - 06/30/2004)
Funding Status: Funded
Contract Number: RFP 23--015
Services Ordered: Internal Connections
Site Identifier: 05 09000 01386
Billing Account Number: 12765--3781
Allowable Vendor Selection/Contract Date: 12/24/2002
Contract Award Date: 02/05/2003
Earliest Possible Effective Date of Discount: 07/01/2003
Contract Expiration Date: 06/30/2004
Monthly Recurring Charges: \$0.00
Portion of Monthly Recurring Charges that is Ineligible: \$0.00
Eligible Monthly Pre-Discount Amount for Recurring Charges: \$0.00
Number of Months Recurring Service Provided in Funding Year: 12
Annual Pre-Discount Amount for Eligible Recurring Charges: \$0.00
Annual Non-Recurring Charges: \$239471.82
Portion of Annual Non-Recurring Charges that is Ineligible: \$42246.73
Annual Pre-Discount Amount for Eligible Non-Recurring Charges: \$197225.09
Total Program Year Pre-Discount Amount: \$197225.09
Applicant's Approved Discount Percentage: 90
Funding Commitment Decision: \$177502.58 - FRN approved; modified by SLD
Funding Commitment Decision Explanation: The dollars requested were reduced to remove power strip.
Technology Plan Approval Status: Approved
Wave Number: 029
Applicant Letter Date: 05/18/2004

Watson

FUNDING COMMITMENT REPORT

Service Provider Name: Hankels & McCoy, Inc.
Service Provider Identification Number: 143008784

Funding Request Number: 1030699
Form 471 Application Number: 341105
Form 470 Application Number: 915990000425779
Name of 471 Applicant: LITTLE ROCK SCHOOL DISTRICT
Applicant Street Address: 810 W-MARKHAM ST
Applicant City: LITTLE ROCK
Applicant State: AR
Applicant Zip: 72201-1306
Entity Number: 139544

BRADY

Name of Contact Person: LUCY NEAL
Preferred Mode of Contact: EMAIL
Contact Information: lucy.neal@lrzd.org
Funding Year: 2003 (07/01/2003 - 06/30/2004)
Funding Status: Funded
Contract Number: REP 23--015
Services Ordered: Internal Connections
Site Identifier: 05 09000 605
Billing Account Number: 12765--3781
Allowable Vendor Selection/Contract Date: 12/24/2002
Contract Award Date: 02/05/2003
Earliest Possible Effective Date of Discount: 07/01/2003
Contract Expiration Date: 06/30/2004
Monthly Recurring Charges: \$0.00
Portion of Monthly Recurring Charges that is Ineligible: \$0.00
Eligible Monthly Pre-Discount Amount for Recurring Charges: \$0.00
Number of Months Recurring Service Provided in Funding Year: 12
Annual Pre-Discount Amount for Eligible Recurring Charges: \$0.00
Annual Non-Recurring Charges: \$225727.47
Portion of Annual Non-Recurring Charges that is Ineligible: \$39584.29
Annual Pre-Discount Amount for Eligible Non-Recurring Charges: \$186143.18
Total Program Year Pre-Discount Amount: \$186143.18
Applicant's Approved Discount Percentage: 90
Funding Commitment Decision: \$167528.86 - FRN approved; modified by SLD
Funding Commitment Decision Explanation: The dollars requested were reduced to remove power strip.
Technology Plan Approval Status: Approved
Wave Number: 029
Applicant Letter Date: 05/18/2004

IMPORTANT REMINDERS & DEADLINES

Date: May 18, 2004
SPIN: 143008784

The following information is provided to assist you and your customer throughout the application process. We recommend that you keep it in an easily accessible location and that you share it with the appropriate members of your organization.

FORM 473 - Invoices received by the SLD will not be paid unless the SLD has a Service Provider Annual Certification Form 473 (SPAC) on file for the funding year associated with the invoice.

FORM 498 - USAC needs to have current, complete and accurate contact and address information in order to properly make payments to service providers. The Form 498, Service Provider Information Form, is the official record of service provider contact and address information.

FORM 486 DEADLINE - The Form 486 must be postmarked no later than 120 days after the Service Start Date featured in the Form 486 Notification Letter or no later than 120 days after the date of the Funding Commitment Decision Letter, whichever is later.

INVOICE DEADLINE - Invoices must be postmarked no later than 120 days after the last date to receive service - including extensions - or 120 days after the date of the Form 486 Notification Letter, whichever is later. Invoices should not be submitted until the invoiced products and services have been delivered and billed, and (for BEAR Forms) the service provider has been paid.

RETAIN DOCUMENTATION - Applicants and service providers must retain documentation, including but not limited to, documents showing:

- compliance with all applicable competitive bidding requirements,
- products and/or services delivered (e.g., customer bills detailing make, model and serial number),
- the specific location of each item of E-rate funded equipment, and
- the applicant has paid the non-discount portion.

These documents must be retained and available for review for five years.

OBLIGATION TO PAY NON-DISCOUNT PORTION - Applicants are required to pay the non-discount portion of the cost of the products and/or services. Service providers are required to bill applicants for the non-discount portion. The FCC has stated that requiring applicants to pay their share would ensure efficiency and accountability in the program. The non-discount portion must not be donated, forgiven, or otherwise credited without payment. If the applicant is using a trade-in as part of the non-discount portion, please refer to the SLD web site.

FREE SERVICES ADVISORY - Applicants and service providers are prohibited from using the Schools and Libraries Support Mechanism to subsidize the procurement of ineligible or unrequested products and services, or from participating in arrangements that have the effect of providing a discount level to applicants greater than that to which applicants are entitled.

Complete program information, reminders, forms, instructions, and tools are posted to the SLD web site at www.sl.universalservice.org. Information is also available by contacting the SLD Client Services Bureau by e-mail at question@universalservice.org, by fax at 1-888-276-8736 or by phone at 1-888-203-8100.

EXHIBIT D

USAC**Universal Service Administrative Company**
Schools & Libraries Division**FORM 500 NOTIFICATION LETTER**
(Funding Year 2003: 07/01/2003 ~ 06/30/2004)

November 08, 2004

Henkels & McCoy, Inc.
Carl Spencer
515 Huffines Blvd.
Lewisville, TX 75056Re: Service Provider Name: Henkels & McCoy, Inc.
Service Provider Identification Number: 143008784

This letter is to notify you that the Schools and Libraries Division (SLD) of the Universal Service Administrative Company has received and accepted FCC Form(s) 500 (Adjustment to Funding Commitment and Modification to Receipt of Service Confirmation Form) from Billed Entities who filed FCC Form(s) 471 listing your company's Service Provider Identification Number (SPIN). This Form 500 information will affect information previously reported to you.

As described in the "Funding Commitment Synopsis Explanation" below, this letter confirms several important pieces of information from each Form 500. Each Funding Commitment Synopsis relates to a particular Funding Request Number (FRN) and will set forth the modifications requested by the applicant for that FRN. (An FRN is the number assigned to each Block 5 of the applicant's Form 471 once an application has been processed.) Changes may include:

- change of the previously reported Service Start Date;
- change of the previously reported Contract Expiration Date;
- cancellation of an FRN;
- reduction of an FRN.

NOTICE ON SERVICE START DATE

There may be some situations where the New Service Start Date as reflected on this letter has been changed from what the applicant indicated on the Form 500. Such changes are made by the SLD to be sure that the service start date is in compliance with program rules. You will know that a change has been made if there is an asterisk (*) next to the New Service Start Date. It is important that you and the 471 applicant both recognize that the SLD should be invoiced and the SLD may direct disbursement of the discounts only on eligible, approved services actually delivered and installed after the Service Start Date indicated on this letter.

Any appeal of the change in Service Start Date detailed in a Form 500 Notification Letter must be received within 60 days of the date on the Form 500 Notification Letter. (Information on the appeal process can be found in "Appeals Procedure" posted in the Reference Area of the SLD web site, www.sl.universalservice.org) Therefore, prompt

communication with your customer is essential.

NOTICE ON INVOICING

INVOICING DEADLINES: After a Form 486 has been properly filed, the SLD must receive an invoice from either the applicant or the service provider in order to make payments for approved discounts on eligible services. Form 472, Billed Entity Applicant Reimbursement (BEAR) Form, is filed by the applicant; Form 474, Service Provider Invoice Form, is filed by the service provider. Invoices must be postmarked no later than 120 calendar days after the last date to receive service or 120 calendar days after the date of the Form 486 Notification Letter, whichever is later. If an invoice is postmarked after the later of those two dates, payment will be denied.

Please note that the SLD encourages service providers to work with their customers to establish whether discounts will appear on bills or whether customers prefer a reimbursement process. The SLD will process either reimbursements based on Form 472 (BEAR) or discounts based on Form 474 (SPIE) for a given FRN. Once established, however, the selected process - SPIEs or BEARS - must be used consistently for the entire Funding Year.

NOTE: The SLD will base the billing mode (reimbursement or discounting) on the first invoice type that it processes for payment. It is therefore imperative for the service provider and the customer to establish together the preferred invoicing mode.

EXPLANATION OF INFORMATION PROVIDED IN THE FORM 500 NOTIFICATION LETTER

On the following pages is a list of FRNs under which you are providing service and for which the applicant has notified us that it is making a modification. To help you understand this list, the following definitions are provided. Most of these are identical to the definitions that were included in the Funding Commitment Decision Letters (FCDL) earlier sent to you.

Funding Request Number (FRN): A Funding Request Number is assigned by the SLD to each Block 5 on the applicant's Form 471 once an application has been processed. This number is used to report to applicants and service providers the status of of individual discount requests submitted on a Form 471.

Form 471 Application Number: A unique identifier assigned to a Form 471 application by the SLD.

Name of 471 Billed Entity Applicant: The name of entity that applied to the SLD, from Item 1 of the Form 471.

Entity Number: A unique identifier assigned by the SLD for the Billed Entity applicant.

Name of Form 500 Contact Person: The name of the contact person from Block 1 of the Form 500.

Form 500 Contact Person Information: Mailing address from Block 1, Item 5 of the Form 500, telephone number, fax number, and e-mail address.

Funding Year: The funding year for which discounts have been approved. Funding years begin on July 1 and end on the following June 30. Funding years are designated by the calendar year in which they begin.

Billing Account Number: The account number that you have established with your customer for billing purposes. This will be present only if a Billing Account Number was provided on Form 471.

Service Start Date Change (SHOWN ONLY IF REQUESTED): The New Service Start Date as indicated on the Form 500. If this date is marked with an asterisk, it was changed by SLD from what the applicant indicated on the Form 500 to be in compliance with program rules and an explanation for the change has been provided. This date as shown is controlling and USAC will not reimburse discounts on services delivered prior to this date.

Service Start Date Change Explanation (SHOWN ONLY IF RELEVANT): If the Service Start Date is marked with an asterisk, this field will appear to explain why SLD changed the date. One of the following explanations may appear:

AVSCD: The Service Start Date may not be before the Allowable Vendor Selection/Contract Date (AVSCD) from the Form 470 cited for this FRN on the Form 471. If the applicant indicated an earlier SSD on the Form 500, SLD changed the SSD to the AVSCD.

486 DEADLINE: Applicants can not use the Form 500 to change the Service Start Date from an adjusted Service Start Date on the Form 486. If the applicant indicated an earlier SSD on the Form 500, SLD changed the SSD to what was reflected on the Form 486 Notification letter sent to both the applicant and the service provider.

Contract Expiration Date Change (SHOWN ONLY IF REQUESTED): The Original Contract Expiration Date as shown on the Form 471 and the New Contract Expiration Date. A contract extension does not result in more money being committed to the FRN; the funding remains at the level provided in the Funding Commitment Decision Letter, but an extension may provide more time for the provision of service.

Cancel FRN (SHOWN ONLY IF REQUESTED): The Original Commitment Amount as shown in the Funding Commitment Decision Letter (FCDL) and a New Commitment Amount of \$0.00. Canceling an FRN is an irrevocable action.

Reduce FRN (SHOWN ONLY IF REQUESTED): The Original Commitment Amount as shown in the Funding Commitment Decision Letter (FCDL) and the New Commitment Amount After Reduction. The New Commitment Amount will become the new cap for the FRN. Reducing an FRN is an irrevocable action.