

6. On April 21, 2009, Mr. Colvard informed PNC staff, myself included, that he had received notification from Ms. Hardin that the Form 486 had been filed with USAC. PNC staff immediately began making plans to move forward with the project.

7. On May 28, 2009, I attended the project charter meeting at CCS, the purpose of which was to review the E-Rate project implementation schedule. Attending with me from PNC were engineers Mike Kelly, Kevin Chai, and Vitaliy Greben. Attending from Cherokee were Ms. Hardin and Ms. Beaver. Ms. Hardin explained that the school system had been unable to verify the discount for which E-rate funding had been requested. According to Ms. Hardin, after analyzing the survey information, CCS had discovered problems with the survey forms, including missing information. Because CCS had lost confidence in the underlying data, Ms. Hardin explained that the school superintendent – Dr. Stephen Lane – had decided that CCS should file a Form 500 to withdraw the Funding Requests. However, Ms. Hardin stated that she was looking for reasons to delay doing so, and both Ms. Hardin and Ms. Beavers indicated that CCS was continuing to try to justify its discount. Ms. Hardin and Ms. Beaver asked if PNC could prepare a new proposal for a much smaller project that could be funded without the use of E-Rate funds. I reminded both Ms. Hardin and Ms. Beaver that PNC had already ordered equipment and drawn down funds for the planned E-Rate project that USAC had previously approved. Ms. Beaver expressed surprise that PNC had not obtained purchase orders from CCS before ordering the equipment. I explained that our contract did not require purchase orders, nor had PNC obtained purchase orders for E-Rate work performed during the previous funding year. During this meeting, Ms. Hardin and Ms. Beaver stated several times that they wanted to continue to work with PNC. I encouraged

Ms. Hardin to speak with Marty Williams at New Hope Technology Foundation, a nonprofit dedicated to increasing the use of technology in North Carolina schools, about helping address issues with the discount rate. Ms. Hardin explained that she could not make the decision to speak with Ms. Williams without approval from Dr. Lane, the CCS Superintendent. At this meeting, I attempted to deliver the invoices for the non-discounted equipment and services to Ms. Beaver. Ms. Beaver would not accept the invoices until CCS decided how they were going to proceed with the project.

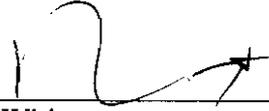
8. On June 1, 2009, PNC received a letter from Dr. Lane asking PNC to “cease any activity regarding the Year 11 Form 471 funding commitments,” a copy of which is attached as Exhibit X of the Request for Review. The only reason given by Dr. Lane for the request PNC cease activity on the funding requests was that CCS had not issued Purchase Orders for the equipment. Dr. Lane’s letter made no mention of any alleged agreement by PNC to delay work on the project until CCS’s discount level could be verified and, in fact, is completely silent on the discount rate issue.

9. On June 10, 2009, I sent a letter responding to Dr. Lane’s June 1, 2010 letter expressing PNC’s willingness to work with CCS to reach a mutually beneficial solution and suggesting that PNC and CCS seek guidance from USAC. A copy of my letter is attached as Exhibit Y to the Request for Review. For whatever reason, CCS would not agree to a joint meeting with USAC. My letter also raised the possibility that CCS could conceivably seek to cancel the funding requests, even though they “have already been approved and partially performed.” For whatever reason, CCS did not file a Form 500 seeking to cancel the funding requests in June 2009, waiting instead to do so until January 2010.

10. On June 24, 2009, in response to an inquiry from Ms. Hardin, I sent her an email expressing PNC's willingness to move forward with only a portion of the project that involved installing a Call Manager system. A copy of this email is attached as Exhibit 1 to my Affidavit. Because PNC had received E-Rate funds to purchase equipment and implement the project, I explained that CCS would need only to pay its undiscounted portion of the project (10%) to PNC. However, I cautioned CCS that if its E-Rate funding "falls apart," then CCS would need to reimburse USAC for the project. CCS subsequently asked PNC to install the Call Manager system and paid its 10 percent of the cost.

11. Other than the undiscounted portion of the Call Manager system, CCS has not paid for the undiscounted services, despite repeated requests by PNC to do so. PNC has provided CCS with copies of the invoices for the undiscounted services on multiple occasions and demanded that CCS pay these invoices. Copies of demand letters from Bennett L. Ross, counsel for PNC, to Dr. Lane dated November 10, 2009 and December 18, 2009 are attached as collective Exhibit 2 to my Affidavit.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.



Dan Whitt

Date: 4/30/10

Exhibit 1

From: Dan Whitt <dan@professionalnetworks.com>
Date: Wed, 24 Jun 2009 11:06:16 -0400
To: jeana.hardin@cherokee.k12.nc.us<jeana.hardin@cherokee.k12.nc.us>
Cc: Phillip Colvard<phillip@professionalnetworks.com>; Jeff Gaura<jeff@professionalnetworks.com>
Subject: [Defender Restored] Call Manager

With the borrowed Cisco Call Manager closing in on its last days at CCS, I wanted to reiterate to you a conversation we had about a month ago regarding this part of the project.

We can come in and install your Call Manager servers as a part of the overall eRate project, without having to schedule anything beyond that. If at some point down the road everything falls apart with this year's eRate funding, then CCS would at that point be liable for the USAC portion of whatever product and labor we spent toward the Call Managers that USAC has already paid for. But we have not been advised by legal counsel nor have we communicated to CCS that we have to do all of the eRate project or nothing. Since we are under contract with USAC for this project and have not been advised by USAC to the contrary, we cannot pull a part of the project out and do it separately, billing CCS, especially since we have already billed USAC for it. But, we can go ahead and complete any part of the project under the current plan as long as we know that CCS will pay us for their portion (roughly 10%) of that part of the project when it is completed.

As we have stated many times, we want to work with CCS on this sticky eRate situation any way we can. But, we want to know that you want to work with us, too. If CCS changes the SPIN numbers on next eRate year's 471's, and works toward getting as much as possible of this year's eRate project "squared away" with USAC, then PNC will know that CCS wants to work with us also, and we can be as flexible as possible. I would love to have a few minutes tomorrow for us to strategize together so you can guide me on how we can communicate our heart to work with CCS so that your management knows that we are not greedy or stubborn or after some kind of all-or-nothing outcome, but want to work toward something that helps us all move forward.

Thanks!

Dan Whitt
980-297-7141
Professional Network Consultants
Charlotte, NC

Integrating voice, video and data into a single resilient, reliable network

See Cisco's Unified Communications in Action

Exhibit 2



1776 K STREET NW
WASHINGTON, DC 20006
PHONE 202.719.7000
FAX 202.719.7049

7925 JONES BRANCH DRIVE
MCLEAN, VA 22102
PHONE 703.905.2800
FAX 703.905.2820

www.wileyrein.com

November 10, 2009

Bennett L. Ross
202.719.7524
bross@wileyrein.com

VIA OVERNIGHT DELIVERY

Dr. Stephen Lane, Ed.D.
Superintendent
Cherokee County Schools
911 Andrews Road
Murphy, NC 28906

Dear Dr. Lane:

We represent Professional Network Consultants, Inc. ("PNC"), which entered into a Professional Services Agreement ("Agreement") with the Cherokee County Schools for equipment to bring high-speed Internet access and associated capabilities to schools in Cherokee County. By this letter, PNC formally notifies Cherokee County Schools that it is in breach of Section 3.E.iii of our Agreement, which provides that payment for the undiscounted percentage of eligible equipment is due immediately upon receipt of equipment. Cherokee County Schools has thirty (30) days to cure this breach. Should it fail to cure its breach of contract within this time period, PNC will take action immediately to protect its legal rights, including seeking to recover the amounts owed, damages, and attorney fees, consistent with Section 13 of the Agreement.

The Agreement contemplates that PNC will provide systems design, integration and consulting services as well as equipment to Cherokee County Schools. Equipment and services approved by the Schools and Libraries ("E-Rate") program administered by the Universal Service Administrative Company ("USAC") are eligible for partial reimbursement. As you are aware, service providers are required to bill E-Rate applicants for the non-discount portion of the cost of goods and services – an amount that applicants are required to pay. In fact, the Cherokee County Schools certified compliance with this requirement on FCC Forms 470 and 471 that it filed in connection with this project.

Nevertheless, Cherokee County Schools has failed to pay its portion of the cost of E-Rate eligible services and equipment provided to it by PNC. Under our Agreement, the undiscounted percentage of equipment is "due immediately" upon receipt of that equipment. The Agreement also provides that the Cherokee County Schools "will pay an interest charge on any amounts not paid when due, at the rate of 8% annually on any unpaid balance." The attached invoices are now significantly past due and are subject to an 8% interest charge. Cherokee County Schools must immediately remit payment for \$106,864.04, which represents the original invoiced amounts plus interest.

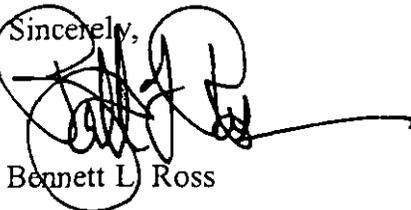


Dr. Stephen Lane
November 10, 2009
Page 2

Representatives of Cherokee County Schools have made statements suggesting that the school system may seek to cancel funding requests for equipment that PNC delivered to Cherokee County Schools many months ago. PNC's vendor has advised that this equipment cannot be returned. Thus, in the event Cherokee County Schools were to seek to cancel these funding requests at this juncture, it would expose the school system to liability for PNC's losses under Section 10 of the Agreement, which obligates Cherokee County Schools to "indemnify and hold harmless PNC and its directors, officers, employees and agents from and against all claims, liability, losses, damages and expenses (including attorneys' fees and court costs) arising from or in connection with any acts or omissions" of the school system.

PNC has spent considerable time and money in providing services consistent with our Agreement and the E-Rate program, and we understand and take seriously our obligations under both. PNC has invoiced USAC for the services and equipment it has delivered and received USAC funds in connection with the approved funding requests, a significant portion of which PNC has spent in good faith. PNC has fulfilled its obligations under the Agreement and the E-Rate program. However, Cherokee County Schools has failed to do so, which is causing PNC significant harm.

PNC has provided an important service to you and your students, and we have appreciated the opportunity to work with Cherokee County Schools in making sure that the school system has equipment necessary to access high-speed Internet. But we can no longer sit idly by while the school system disregards its contractual and statutory obligations.

Sincerely,

Bennett L. Ross

cc: Universal Service Administrative Company
Jeff Gaura
Terelle Beaver
Jeana Hardin
Ellen Davis, Esquire



Professional | Network | Consultants

Connecting with Technology

PO Box 731
Monroe, NC 28111

Invoice

DATE	INVOICE #
5/22/2009	CCS-AHI-BC

BILL TO

Cherokee County Schools
211 Andrew Road
Murphy, NC 28906

P.O. NO.	TERMS	PROJECT
	See Contract	

DESCRIPTION	QTY	RATE	AMOUNT
FRN:1759871 - CCS Pays10% - Andrews Highschool			
Cisco Catalyst 3560 24 10/100 Switch -part#WS-C3560-24TS-S	1	193.80	193.80T
Cisco 2851 Voice Bundle with IOS SP Services, PVDM2-48, FL-SRST (72/96* users), 64 MB Flash/256 MB DRAM -part#CISCO2851-SRST/K9	1	1,880.75	1,880.75T
Cisco 2821-51 AC- IP Power Supply -part#PWR-2821-51-AC-IP	1	38.80	38.80T
4 Port Voice Interface Card FXO -part#VIC2-4FXO=	1	51.80	51.80T
Unified CM Device License - 100 units -part#LIC-CM-DL-100=	1	323.50	323.50T
Unified CM Device License - 10 units -part#LIC-CM-DL-10=	7	32.40	226.80T
Cisco Catalyst 3750 48 10/100/1000 Port Switch with PoE; Enhanced Image -part#WS-C3750G-48PS-E	1	1,519.90	1,519.90T
Cisco Catalyst 3750 48 10/100/1000 Port Switch with PoE; Standard Image -part#WS-C3750G-48PS-S	2	1,002.60	2,005.20T
Cisco Catalyst 3750 48 10/100/1000 Port Switch with PoE; Standard Image -part#WS-C3750G-48PS-S	3	1,002.60	3,007.80T
Cherokee County - Sales Tax		6.75%	624.26

Thank you for your business.

Total

\$9,872.61



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 Monroe, NC 28111

Invoice

DATE	INVOICE #
5/19/2009	CCS-AEL-BC

BILL TO

Cherokee County Schools
 911 Andrew Road
 Murphy, NC 28906

P.O. NO.	TERMS	PROJECT
	See Contract	

DESCRIPTION	QTY	RATE	AMOUNT
FRN:1759787 -CCS Pays 10% - Andrews Elementary			
Cisco Catalyst 3560 24 10/100 Switch -part#WS-C3560-24TS-S	1	193.80	193.80T
Unified CM Device License - 100 units -part#LIC-CM-DL-100=	1	323.50	323.50T
Unified CM Device License - 10 units -part#LIC-CM-DL-10=	2	32.40	64.80T
Cherokee County - Sales Tax		6.75%	39.29

Thank you for your business.

Total \$621.39



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DATE	INVOICE #
5/20/2009	CCS-MARN-BC

BILL TO

Cherokee County Schools
 911 Andrew Road
 Murphy, NC 28906

P.O. NO.	TERMS	PROJECT
	See Contract	

DESCRIPTION	QTY	RATE	AMOUNT
FRN:1759708 -USAC Pays 90% - Martins Creek Elementary			
Cisco Catalyst 3560 24 10/100 Switch -part#WS-C3560-24TS-S	1	193.80	193.80T
Cisco 2821 Voice Bundle with IOS SP Services, PVDM2-32, FL-SRST(48 users), 64 MB Flash/256 MB DRAM -part#CISCO2821-SRST/K9	1	1,324.08	1,324.08T
4 Port Voice Interface Card FXO -part#VIC2-4FXO=	1	51.80	51.80T
Unified CM Device License - 100 units -part#LIC-CM-DL-100=	1	323.50	323.50T
Unified CM Device License - 10 units -part#LIC-CM-DL-10=	2	32.40	64.80T
Wireless LAN Controller 2106 -part#AIR-WLC2106-K9	1	210.30	210.30T
802.11ag LWAPP AP Dual 2.4,5GHz RP-TNC FCC Cnfg -part#AIR-LAP1242AG-A-K9	3	58.20	174.60T
2.4 GHz; 2.2 DBI Dipole Antenna (2 per Access Point) -part#AIR-ANT4941	6	1.20	7.20T
Cisco Catalyst 3750 48 10/100/1000 Port Switch with PoE; Enhanced Image-part#WS-C3750G-48PS-E	1	1,519.90	1,519.90T
Cisco Catalyst 3750 48 10/100/1000 Port Switch with PoE; Standard Image -part#WS-C3750G-48PS-S	2	1,002.60	2,005.20T
Cisco Catalyst 3750 48 10/100/1000 Port Switch with PoE; Standard Image -part#WS-C3750G-48PS-S	1	1,002.60	1,002.60T
Cherokee County - Sales Tax		6.75%	464.25

Thank you for your business.

Total

\$7,342.03



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DATE	INVOICE #
5/22/2009	CCS-HIWA-BC

BILL TO

Cherokee County Schools
 911 Andrew Road
 Murphy, NC 28906

P.O. NO.	TERMS	PROJECT
	See Contract	

DESCRIPTION	QTY	RATE	AMOUNT
FRN:1758846 -CCSC Pays 10% -Hiwassee Dam			
Cisco Catalyst 3560 24 10/100 Switch -part#WS-C3560-24TS-S	1	193.80	193.80T
Cisco 2851 Voice Bundle with IOS SP Services, PVDm2-48, FL-SRST (72/96* users), 64 MB Flash/256 MB DRAM -part#CISCO2851-SRST/K9	1	1,880.81	1,880.81T
4 Port Voice Interface Card FXO -part#VIC2-4FXO=	1	51.80	51.80T
Unified CM Device License - 100 units -part#LIC-CM-DL-100=	2	323.50	647.00T
Cisco Catalyst 3750 48 10/100/1000 Port Switch with PoE; Enhanced Image-part#WS-C3750G-48PS-E	1	1,519.90	1,519.90T
Cisco Catalyst 3750 48 10/100/1000 Port Switch with PoE; Standard Image-part#WS-C3750G-48PS-S	1	1,002.60	1,002.60T
Catalyst 3750 24 10/100/1000 Port Switch with Power over Ethernet -part#WS-C3750G-24PS-S	1	504.40	504.40T
Cherokee County - Sales Tax		6.75%	391.52

Thank you for your business.

Total 56,191.83



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DATE	INVOICE #
5/20/2009	CCS-AMI-BC

BILL TO

Cherokee County Schools
 11 Andrew Road
 Murphy, NC 28906

P.O. NO.	TERMS	PROJECT
	See Contract	

DESCRIPTION	QTY	RATE	AMOUNT
FRN:1759840 -CCS Pays 10% - Andrews Middle			
Cisco Catalyst 3560 24 10/100 Switch -part#WS-C3560-24TS-S	1	193.80	193.80T
Cisco 2821 Voice Bundle with IOS SP Services, PVDM2-32, FL-SRST(48 users), 64 MB Flash/256 MB DRAM -part#CISCO2821-SRST/K9	1	1,324.20	1,324.20T
4 Port Voice Interface Card FXO -part#VIC2-4FXO=	1	51.80	51.80T
Unified CM Device License - 100 units -part#LIC-CM-DL-100=	1	323.50	323.50T
Unified CM Device License - 10 units -part#LIC-CM-DL-10=	4	32.40	129.60T
Cisco 4400 Series WLAN Controller - Up to 12 LWAPs -part#AIR-WLC4402-12-K9	1	646.70	646.70T
802.11ag LWAPP AP Dual 2.4,5GHz RP-TNC FCC Cnfg -part#AIR-LAP1242AG-A-K9	11	58.20	640.20T
2.4 GHz; 2.2 DBI Dipole Antenna (2 per Access Point) -part#AIR-ANT4941	22	1.20	26.40T
Cisco Catalyst 3750 48 10/100/1000 Port Switch with PoE; Enhanced Image -part#WS-C3750G-48PS-E	1	1,519.90	1,519.90T
Cisco Catalyst 3750 48 10/100/1000 Port Switch with PoE; Standard Image -part#WS-C3750G-48PS-S	1	1,002.60	1,002.60T
Catalyst 3750 24 10/100/1000 Port Switch with Power over Ethernet -part#WS-C3750G-24PS-S	1	504.40	504.40T
Cherokee County - Sales Tax		7.75%	493.14

Thank you for your business.	Total	\$6,856.24
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DATE	INVOICE #
5/20/2009	CCS-NOC-BC

BILL TO

Cherokee County Schools
 911 Andrew Road
 Murphy, NC 28906

P.O. NO.	TERMS	PROJECT
	See Contract	

DESCRIPTION	QTY	RATE	AMOUNT
FRN:1760217 - CCS Pays 10% Network Operations Center ASA 5520 Appliance (300 VPN Peers, 4 Gig Ethernet + 1 Fast Ethernet, 3DES/AES) -part#ASA5520-BUN-K9	1	517.30	517.30T
Cisco Catalyst 3560 24 10/100 Switch -part#WS-C3560-24TS-S	1	183.00	183.00T
Cisco Catalyst 6509E Bundle. Comes with chassis, Supervisor 32-GE-3B and software -part#WS-C6509E-S32-GE	1	1,294.10	1,294.10T
Cisco Catalyst IOS Software for Servisor 32 -part#S323AIK9M-12218SXF	1	647.10	647.10T
Catalyst 6500 6 Port T1 Interface Port Adapter -part#WS-SVC-CMM-6T1=	1	776.10	776.10T
Cisco Catalyst 6500 PoE 802.3af 10/100, 48 port(RJ45) line card -part#WS-X6148-45AF=	1	517.30	517.30T
Cisco Catalyst 6500 48 port 10/100/1000 MB blade. -part#WS-X6148-GE-TX=	2	485.30	970.60T
Cisco Catalyst 6500 3000W AC Powe Supply -part#WS-CAC-3000W=	2	194.10	388.20T
Cisco 4400 Series WLAN Controller - Up to 12 LWAPs -part#AIR-WLC4402-12-K9	1	646.70	646.70T
802.11ag LWAPP AP Dual 2.4,5GHz RP-TNC FCC Cnfg -part#AIR-LAP1242AG-A-K9	5	58.20	291.00T
2.4 GHz; 2.2 DBI Dipole Antenna (2 per Access Point) -part#AIR-ANT4941	10	1.20	12.00T
WCS CD with Windows and Linux; No License Included -part#WCS-CD-K9	1	1.50	1.50T
Option of WCS-Standard K9; 100 Access Points -part#WCS-APBASE-100	1	366.40	366.40T
Unity 5.0; Exchange UM; 300 Users; 16 Sessions; 2 Text-to-Speech -part#UNITYU5-300USR-E=	1	5,294.10	5,294.10T
Unity 5.0 DVD Media Kit -part#UNITY-DVD-5.0=	1	6.50	6.50T
Cisco Unity 5.0 (UM or VM) Upgrade ports from 16 to 32 -part#UNITY5.X-SVR-UPG32	1	355.90	355.90T
Cisco MDS 9124; 24 Port; 4 GBps Fibre Channel Switch; 8 Active Ports with base license -part#DS-C9124-K9	2	194.10	388.20T

Thank you for your business.

Total



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5/20/2009	CCS-NOC-BC

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Cherokee County Schools
 911 Andrew Road
 Murphy, NC 28906

P.O. NO.	TERMS	PROJECT
	See Contract	

DESCRIPTION	QTY	RATE	AMOUNT
Cisco Shortwave LC SFP for MDS Fibre Channel Switch -part#DS-SFP-FC4G-SW=	12	8.40	100.80
Cherokee County - Sales Tax		6.75%	861.08

Thank you for your business. **Total** 513,617.88



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5/20/2009	CCS-MHI-BC

BILL TO

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 911 Andrew Road
 Murphy, NC 28906

P.O. NO.	TERMS	PROJECT
	See Contract	

DESCRIPTION	QTY	RATE	AMOUNT
FRN:1758563 -CCS Pays 10% - Murphy High School			
Cisco Adaptive Security Appliance (3 Fast Ethernet, 50 VPN peers, Triple Data Encryption Standard/Advanced Encryption Standard-3DES/AES)-part#ASA5510-BUN-K9	1	226.10	226.10T
Cisco Catalyst 3560 24 10/100 Switch -part#WS-C3560-24TS-S	1	193.80	193.80T
Cisco 3825 Voice Bundle with IOS SP Services, PVDM2-64, FL-SRST (168 users), 64 MB Flash/256 MB DRAM-part#CISCO3825-SRST/K9	1	2,944.01	2,944.01T
Cisco Single Port T1 Card - RJ48 Multiflex -part#VWIC-1MFT-T1=	1	84.10	84.10T
4 Port Voice Interface Card FXO -part#VIC2-4FXO=	1	51.80	51.80T
Unified CM Device License - 100 units -part#LIC-CM-DL-100=	2	323.50	647.00T
Unified CM Device License - 10 units-part#LIC-CM-DL-10=	5	32.40	162.00T
Cisco 4400 Series WLAN Controller - Up to 12 LWAPs -part#AIR-WLC4402-12-K9	1	646.70	646.70T
1000BASE-T SFP -part#GLC-T=	2	25.60	51.20T
802.11ag LWAPP AP Dual 2.4,5GHz RP-TNC FCC Cnfg -part#AIR-LAP1242AG-A-K9	5	58.20	291.00T
2.4 GHz; 2.2 DBI Dipole Antenna (2 per Access Point) -part#AIR-ANT4941	10	1.20	12.00T
Catalyst 3750 48 Port Switch POE -part#WS-C3750G-48PS-E	1	1,519.90	1,519.90T
Cisco Catalyst 6513, Includes Supervisor 32 Engine and Fan tray -part#WS-C6513-S32-GE	1	1,682.40	1,682.40T
Cisco CAT6000 Switch Software IP SERVICES SSH -part#S323ISK9-12218SXF	1	1,176.50	1,176.50T
Cisco Catalyst 6500 PoE 802.3af 10/100, 48 port(RJ45) line card -part#WS-X6148-45AF=	9	517.30	4,655.70T
Catalyst 6500 48 port 100Base-X module -part#WS-X6148-FE-SFP=	1	582.40	582.40T
Cat6500 6000W AC Power Supply -part#WS-CAC-6000W	1	323.50	323.50T
Catalyst 6500 Power Cord -part#CAB-AC-2500W-US1=	2	2.90	5.80T
Memory Upgrade - Cat 6500 512MB DDR -part#MEM-XCEF720-512M	2	310.60	621.20T

Thank you for your business.

Total



Professional | Network | Consultants

Connecting with Technology

PO Box 731
Monroe, NC 28111

Invoice

DATE	INVOICE #
5/20/2009	CCS-MHI-BC

BILL TO

Cherokee County Schools
911 Andrew Road
Murphy, NC 28906

P.O. NO.	TERMS	PROJECT
	See Contract	

DESCRIPTION	QTY	RATE	AMOUNT
Catalyst 6500 High Speed Fan Tray-part#WS-C6K-13SLT-FAN2=	1	48.20	48.20T
Cisco Catalyst 3750 48 10/100/1000 Port Switch with Power over Ethernet -part#WS-C3750G-48PS-S	3	1,002.60	3,007.80T
Cisco Catalyst 3750 48 10/100/1000 Port Switch with Power over Ethernet -part#WS-C3750G-48PS-S	3	1,002.60	3,007.80T
Cisco Catalyst 2960 24PORT 10/100 + 2PT DP UPL LAN BASE IMAGE -part#WS-C2960-24TC-L	1	161.40	161.40T
Cisco Catalyst 2960 24PORT 10/100 + 2PT DP UPL LAN BASE IMAGE -part#WS-C2960-24TC-L	1	161.40	161.40T
Cisco Catalyst 2960 24PORT 10/100 + 2PT DP UPL LAN BASE IMAGE -part#WS-C2960-24TC-L	1	161.40	161.40T
Cherokee County - Sales Tax		6.75%	1,513.69

Thank you for your business.

Total

\$23,938.80



Professional | Network | Consultants

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PO Box 731
Monroe, NC 28111

Invoice

DATE	INVOICE #
5/20/2009	CCS-MMI-BC

BILL TO

Cherokee County Schools
911 Andrew Road
Murphy, NC 28906

P.O. NO.	TERMS	PROJECT
	See Contract	

DESCRIPTION	QTY	RATE	AMOUNT
FRN:1758759 -CCS Pays 10% - Murphy Middle School			
Cisco Catalyst 3560 24 10/100 Switch -part#WS-C3560-24TS-S	1	193.80	193.80T
Cisco 2821 Voice Bundle with IOS SP Services, PVD2-32.	1	1,669.91	1,669.91T
FL-SRST(48 users), 64 MB Flash/256 MB DRAM-part#CISCO2821-SRST/K9			
4 Port Voice Interface Card FXO -part#VIC2-4FXO=	1	51.80	51.80T
Unified CM Device License - 100 units -part#LIC-CM-DL-100=	1	323.50	323.50T
Unified CM Device License - 10 units-part#LIC-CM-DL-10=	3	32.40	97.20T
Cisco Catalyst 3750 48 10/100/1000 Port Switch with PoE:	1	1,519.90	1,519.90T
Enhanced Image-part#WS-C3750G-48PS-E			
Cisco Catalyst 3750 48 10/100/1000 Port Switch with PoE:	2	1,002.60	2,005.20T
Standard Image-part#WS-C3750G-48PS-S			
Cisco Catalyst 3750 48 10/100/1000 Port Switch with PoE:	1	1,002.60	1,002.60T
Standard Image-part#WS-C3750G-48PS-S			
Cisco Catalyst 2960 24PORT 10/100 + 2PT DP UPL LAN BASE IMAGE-part#WS-C2960-24TC-L	1	161.40	161.40T
Cherokee County - Sales Tax		6.75%	474.21

Thank you for your business.	Total	\$7,499.52
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Professional | Network | Consultants
Connecting with Technology

PO Box 731
 Monroe, NC 28111

Invoice

DATE	INVOICE #
5/20/2009	CCS-MEL-BC

BILL TO

Cherokee County Schools
 911 Andrew Road
 Murphy, NC 28906

P.O. NO.	TERMS	PROJECT
	See Contract	

DESCRIPTION	QTY	RATE	AMOUNT
FRN:1758668 - CCS Pays 10% - Murphy Elementary			
Cisco Catalyst 3560 24 10/100 Switch -part#WS-C3560-24TS-S	1	193.80	193.80T
Cisco 2851 Voice Bundle with IOS SP Services, PVDM2-48, FL-SRST (72/96* users), 64 MB Flash/256 MB DRAM -part#CISCO2851-SRST/K9	1	1,880.70	1,880.70T
4 Port Voice Interface Card FXO -part#VIC2-4FXO=	1	51.80	51.80T
Unified CM Device License - 100 units -part#LIC-CM-DL-100=	2	323.50	647.00T
Unified CM Device License - 10 units -part#LIC-CM-DL-10=	2	32.40	64.80T
Cisco Catalyst 3750 48 10/100/1000 Port Switch with PoE; Enhanced Image -part#WS-C3750G-48PS-E	1	1,519.90	1,519.90T
Cisco Catalyst 3750 48 10/100/1000 Port Switch with PoE; Standard Image-part#WS-C3750G-48PS-S	1	1,002.60	1,002.60T
Cisco Catalyst 3750 48 10/100/1000 Port Switch with PoE; Standard Image-part#WS-C3750G-48PS-S	2	1,002.60	2,005.20T
Cisco Catalyst 3750 48 10/100/1000 Port Switch with PoE; Standard Image-part#WS-C3750G-48PS-S	2	1,002.60	2,005.20T
Cisco Catalyst 3750 48 10/100/1000 Port Switch with PoE; Standard Image-part#WS-C3750G-48PS-S	1	1,002.60	1,002.60T
Cherokee County - Sales Tax		6.75%	700.22

Thank you for your business.	Total	511,073.82
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Invoice

DATE	INVOICE #
5/20/2009	CCS-COF-BC

BILL TO

Cherokee County Schools
911 Andrew Road
Murphy, NC 28906

P.O. NO.	TERMS	PROJECT
	See Contract	

DESCRIPTION	QTY	RATE	AMOUNT
FRN:1760182 -CCS Pays 10% - Central Office			
Cisco Catalyst 3560 24 10/100 Switch -part#WS-C3560-24TS-S	1	193.80	193.80T
Cisco 2821 Voice Bundle with IOS SP Services, PVD2-32, FL-SRST(48 users), 64 MB Flash/256 MB DRAM -part#CISCO2821-SRST/K9	1	1,324.30	1,324.30T
4 Port Voice Interface Card FXO -part#VIC2-4FXO=	1	51.80	51.80T
Unified CM Device License - 10 units -part#LIC-CM-DL-10=	8	32.40	259.20T
Wireless LAN Controller 2106 - part#AIR-WLC2106-K9	1	210.30	210.30T
802.11ag LWAPP AP Dual 2.45GHz RP-TNC FCC Cnfg -part#AIR-LAP1242AG-A-K9	2	58.20	116.40T
2.4 GHz; 2.2 DBI Dipole Antenna (2 per Access Point) -part#AIR-ANT4941	4	1.20	4.80T
Cisco Catalyst 3750 48 10/100/1000 Port Switch with PoE; Enhanced Image -part#WS-C3750G-48PS-E	1	1,519.90	1,519.90T
Cisco Catalyst 3750 48 10/100/1000 Port Switch with PoE; Standard Image-part#WS-C3750G-48PS-S	1	1,002.60	1,002.60T
Cherokee County - Sales Tax		6.75%	316.11

Thank you for your business.

Total

\$4,999.21



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Invoice

DATE	INVOICE #
5/20/2009	CCS-MARL-BC

BILL TO

Cherokee County Schools
911 Andrew Road
Murphy, NC 28906

P.O. NO.	TERMS	PROJECT
	See Contract	

DESCRIPTION	QTY	RATE	AMOUNT
FRN:1759746 - CCS Pays 10% - Marble Elementary			
Cisco Catalyst 3560 24 10/100 Switch -part#WS-C3560-24TS-S	1	193.80	193.80T
Cisco 2821 Voice Bundle with IOS SP Services, PVDM2-32, FL-SRST(48 users), 64 MB Flash/256 MB DRAM -part#CISCO2821-SRST/K9	1	1,323.49	1,323.49T
4 Port Voice Interface Card FXO -part#VIC2-4FXO=	1	51.80	51.80T
Unified CM Device License - 10 units - part#LIC-CM-DL-10=	7	32.40	226.80T
Wireless LAN Controller 2106 -part#AIR-WLC2106-K9	1	210.30	210.30T
802.11ag LWAPP AP Dual 2.4.5GHz RP-TNC FCC Cnfg -part#AIR-LAP1242AG-A-K9	2	58.20	116.40T
2.4 GHz; 2.2 DBI Dipole Antenna (2 per Access Point) -part#AIR-ANT4941	4	1.20	4.80T
Cisco Catalyst 3750 48 10/100/1000 Port Switch with PoE; Enhanced Image -part#WS-C3750G-48PS-E	1	1,519.90	1,519.90T
Cisco Catalyst 3750 48 10/100/1000 Port Switch with PoE; Standard Image -part#WS-C3750G-48PS-S	1	1,002.60	1,002.60T
Cherokee County - Sales Tax		6.75%	313.87

Thank you for your business.

Total

\$4,963.76



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Invoice

DATE	INVOICE #
5/20/2009	CCS-RANR-BC

BILL TO

Cherokee County Schools
 911 Andrew Road
 Murphy, NC 28906

P.O. NO.	TERMS	PROJECT
	See Contract	

DESCRIPTION	QTY	RATE	AMOUNT
FRN:1759911 - CCS Pays 10% - Ranger Elementary			
Cisco Catalyst 3560 24 10/100 Switch -part#WS-C3560-24TS-S	1	193.80	193.80T
Cisco 2821 Voice Bundle with IOS SP Services, PVDM2-32, FL-SRST(48 users), 64 MB Flash/256 MB DRAM -part#CISCO2821-SRST/K9	1	1,324.02	1,324.02T
4 Port Voice Interface Card FXO -part#VIC2-4FXO=	1	51.80	51.80T
Unified CM Device License - 100 units -part#LIC-CM-DL-100=	1	323.50	323.50T
Unified CM Device License - 10 units -part#LIC-CM-DL-10=	8	32.40	259.20T
Cisco 4400 Series WLAN Controller - Up to 12 LWAPs -part#AIR-WLC4402-12-K9	1	646.70	646.70T
802.11ag LWAPP AP Dual 2.4.5GHz RP-TNC FCC Cnfg -part#AIR-LAP1242AG-A-K9	5	58.20	291.00T
2.4 GHz; 2.2 DBI Dipole Antenna (2 per Access Point) -part#AIR-ANT4941	10	1.20	12.00T
Cisco Catalyst 3750 48 10/100/1000 Port Switch with PoE: Enhanced Image -part#WS-C3750G-48PS-E	1	1,519.90	1,519.90T
Cisco Catalyst 3750 48 10/100/1000 Port Switch with PoE: Standard Image -part#WS-C3750G-48PS-S	1	1,002.60	1,002.60T
Catalyst 3750 24 10/100/1000 Port Switch with Power over Ethernet -part#WS-C3750G-24PS-S	1	504.40	504.40T
Cherokee County - Sales Tax		6.75%	413.70

Thank you for your business.

Total

\$6,542.62



1776 K STREET NW
WASHINGTON, DC 20006
PHONE 202.719.7000
FAX 202.719.7049

7925 JONES BRANCH DRIVE
McLEAN, VA 22102
PHONE 703.905.2800
FAX 703.905.2820

www.wileyrein.com

December 18, 2009

Bennett L. Ross
202.719.7524
bross@wileyrein.com

**VIA FACSIMILE 828.835.7896
AND OVERNIGHT DELIVERY**

Dr. Stephen Lane, Ed.D.
Superintendent
Cherokee County Schools
911 Andrews Road
Murphy, NC 28906

Dear Dr. Lane:

On November 10, 2009, Professional Network Consultants, Inc. ("PNC") sent Cherokee County Schools a demand letter for \$106,864.04, which represents the amount that the school system owes to PNC for the undiscounted percentage of eligible equipment delivered to Cherokee County Schools pursuant to the Professional Services Agreement ("Agreement") executed by the parties. PNC gave Cherokee County Schools thirty (30) days to cure this breach, which Cherokee County Schools has failed to do.

In addition to the undiscounted percentage of eligible equipment that has not been paid, Cherokee County Schools also has not paid the undiscounted percentage of base maintenance services that PNC has provided to the school system, which is \$37,292 for the period of July 1, 2008 through June 30, 2009. The invoices for the basic maintenance services provided by PNC during this time period are enclosed. Under the Agreement, payment of invoices is due immediately upon receipt. An interest charge also applies under the Agreement "on any amounts not paid when due, at the rate of 8% annually." The attached invoices are more than 30 days past due and are subject to an 8% interest charge.¹

The Cherokee County School system also remains liable under the Agreement for basic maintenance services after June 30, 2009. The Agreement provides that "[o]n or [b]efore November 1 of each year, PNC will deliver a record of service hours provided during the immediately preceding calendar year" and contemplates that the parties will "review the service hours provided and project hours for the next

¹ PNC staff attempted on a number of occasions to hand deliver the invoices for basic maintenance services to Cherokee County School employees, who refused to accept delivery.



Dr. Stephen Lane, Ed.D.
December 18, 2009
Page 2

calendar year." PNC delivered this information to Jeana Hardin on November 1, 2009, but Cherokee County Schools has not demonstrated an interest in revisiting the assumptions underlying the basic maintenance services that PNC is ready, willing, and able to provide consistent with the terms of the Agreement.

The continuing failure by Cherokee County Schools to remit its portion of the costs of Schools and Libraries ("E-Rate") eligible services and equipment provided by PNC is a violation of the E-Rate program rules and a breach of our Agreement. PNC has made every effort to work with Cherokee County Schools in good faith to resolve this dispute. We have had a meeting and attempted to have a conference call today to discuss nonpayment by Cherokee County Schools and to explore resolution of PNC's claims for breach of contract by the school system. Unfortunately, Cherokee County Schools has not provided to PNC an explanation for its failure to pay these outstanding invoices or offered any proposals to make PNC whole.

Under the circumstances, unless PNC receives payment by the Cherokee County Schools for all outstanding sums no later than January 12, 2010, PNC will have no choice but to initiate legal action against the school system and to seek all appropriate relief.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Bennett L. Koss", written over a circular stamp or seal.

Bennett L. Koss

Enclosures

cc: Universal Service Administrative Company
Jeff Gaura
Terelle Beaver
Jeana Hardin
Ellen Davis, Esquire
Michael Zeller, Esquire