

Finding ID: SL2008BE294_C01

Finding/Comment Narrative:

The Beneficiary does not have a formal record retention policy that meets the record retention requirements stipulated in the FCC Rule 54.516 (a)(1).

Management Comment:

Pursuant to FCC rules, applicants are required to maintain records for a minimum of five years. Going forward, the applicant should familiarize itself with the FCC's Fifth Report and Order, which clarified record keeping requirements. For further guidance, the applicant should refer to the Schools and Libraries section of USAC's website and the link to "Understanding Audits," then access the training presentations available under "Audit Presentation." USAC management concurs with the comment, effect and recommendation.

Finding ID: SL2008BE294_C02

Finding/Comment Narrative:

The Beneficiary did not retain all supporting documentation relating to the E-Rate program and did not have a complete file where all USAC documentation was organized. Specifically, the Beneficiary was unable to produce its original free and reduced student listings used to complete the funding year 2006 application (FCC Form 471). This affects all of the FRNs selected for testing: FRNs 1430180, 1430193, 1430205, 1430219, 1430238, and 1430293.

Management Comment:

Pursuant to FCC rules, applicants are required to maintain records for a minimum of five years. Going forward, the applicant should familiarize itself with the FCC's Fifth Report and Order, which clarified record keeping requirements. For further guidance, the applicant should refer to the Schools and Libraries section of USAC's website and the link to "Understanding Audits," then access the training presentations available under "Audit Presentation." USAC management concurs with the comment, effect and recommendation.

Finding ID: SL2008BE294_C03

Finding/Comment Narrative:

The Beneficiary does not have any written policies and procedures relating to fixed assets purchased using E-Rate funds. The Beneficiary was unable to provide Moss Adams with a fixed asset listing containing the internal connections purchased under FRNs 1430180, 1430219, and 1430293. The Beneficiary also does not perform a physical inspection of E-Rate purchased internal connections at the Rowe-Clark Math and Science Academy.

Management Comment:

Pursuant to the FCC's Fifth Report and Order, the Beneficiary must retain asset and inventory records of all equipment purchased with E-rate funds for a period of five years after purchase. USAC management concurs with the comment, effect and recommendation.

Finding ID: SL2008BE294_C04

Finding/Comment Narrative:

The Beneficiary received only one bid for FRNs 1430180 and 1430193. In these instances the Beneficiary selected the service provider without performing any due diligence work to ensure the reasonableness of the charges for the services requested.

Management Comment:

USAC management concurs with the comment, effect and recommendation.

This concludes the USAC management response to the audit.



**NOBLE
NETWORK OF
CHARTER
SCHOOLS**

OPERATING NOBLE STREET CHARTER SCHOOL

EXHIBIT C

**NOTIFICATION OF
COMMITMENT ADJUSTMENT LETTER TO APPLICANT**

1010 N. Noble St.
Chicago, IL 60642

ph 773.278.6895

fax 773.632.2033

[C]

Allen Ramsier
NOBLE NETWORK REPLICATION THREE
1010 N. NOBLE STREET
Chicago, IL 60622



Notification of Commitment Adjustment Letter

Funding Year 2006: July 1, 2006 - June 30, 2007

December 16, 2010

Allen Ramsier
NOBLE NETWORK REPLICATION THREE
1010 N. NOBLE STREET
Chicago, IL 60622 4011

Re: Form 471 Application Number: 519782
Funding Year: 2006
Applicant's Form Identifier: 471R3T1
Billed Entity Number: 16034434
FCC Registration Number: 0000000000
SPIN: 143021407
Service Provider Name: onShore, Inc.

Service Provider Contact Person: Nanette Tangen

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

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

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

Letter of Appeal
Schools and Libraries Division - Correspondence Unit
100 S. Jefferson Rd.
P. O. Box 902
Whippany, NJ 07981

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Schools and Libraries Division
Universal Services Administrative Company

cc: Nanette Tangen
onShore, Inc.

Funding Commitment Adjustment Report for
Form 471 Application Number: 519782

Funding Request Number:	1430251
Services Ordered:	INTERNET ACCESS
SPIN:	143021407
Service Provider Name:	onShore, Inc.
Contract Number:	MTM
Billing Account Number:	
Site Identifier:	16034434
Original Funding Commitment:	\$3,888.00
Commitment Adjustment Amount:	\$3,888.00
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date	\$0.00
Funds to be Recovered from Applicant:	\$0.00

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. A review of your technology plan provided during a beneficiary audit, lists under the "acknowledgement and stakeholder" involvement section two employees of the service provider, onShore Networks LLC. This service provider also appears on your Forms 471 causing an unfair advantage in the bidding process. The technical assistance sought shows that onShore Networks LLC had additional information regarding the schools needs and details about the procurement process prior to your Form 470 posting date or release of your RFP, which resulted in a competitive bidding process that was not open and fair. FCC rules require applicants to submit a Form 470 to initiate the competitive bidding process, and to conduct a fair and open process. Although onShore stated that their employees did not assist with the development of the technology plan, the applicant confirmed that they did. Since USAC was unable to resolve the discrepancy, we must assume that they did participate. Neither the applicant nor the applicants consultant should have a relationship with a service provider prior to the competitive bidding that would unfairly influence the outcome of a competition or would furnish the service provider with "inside" information or allow it to unfairly compete in any way. Since the applicant has engaged in an improper relationship with a selected service provider, which represents the conflict of interests and compromises the competitive bidding process, the commitment has been rescinded in full and USAC will seek recovery of any disbursed funds from the applicant and service provider.

Allen Ramsier
NOBLE NETWORK REPLICATION THREE
1010 N. NOBLE STREET
Chicago, IL 60622



Notification of Commitment Adjustment Letter

Funding Year 2006: July 1, 2006 - June 30, 2007

December 16, 2010

Nanette Tangen
onShore, Inc.
1407 West Chicago Ave.
Chicago, IL 60642-5231

Re: SPIN: 143021407
Service Provider Name: onShore, Inc.

Form 471 Application Number: 519782
Funding Year: 2006

FCC Registration Number:

Applicant Name NOBLE NETWORK REPLICATION THREE
Billed Entity Number: 16034434
Applicant Contact Person: Allen Ransier

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Schools and Libraries Division
Universal Services Administrative Company

cc: Allen Ramsier
NOBLE NETWORK REPLICATION THREE

Funding Commitment Adjustment Report
Form 471 Application Number: 519782

Funding Request Number:	1430251
Contract Number:	MTM
Services Ordered:	INTERNET ACCESS
Billing Account Number:	
Original Funding Commitment:	\$3,888.00
Commitment Adjustment Amount:	\$3,888.00
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date:	\$0.00
Funds to be Recovered from Service Provider:	\$0.00

Funding Commitment Adjustment Explanation:

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. A review of your technology plan provided during a beneficiary audit, lists under the "acknowledgement and stakeholder" involvement section two employees of the service provider, onShore Networks LLC. This service provider also appears on your Forms 471 causing an unfair advantage in the bidding process. The technical assistance sought shows that onShore Networks LLC had additional information regarding the schools needs and details about the procurement process prior to your Form 470 posting date or release of your RFP, which resulted in a competitive bidding process that was not open and fair. FCC rules require applicants to submit a Form 470 to initiate the competitive bidding process, and to conduct a fair and open process. Although onShore stated that their employees did not assist with the development of the technology plan, the applicant confirmed that they did. Since USAC was unable to resolve the discrepancy, we must assume that they did participate. Neither the applicant nor the applicants consultant should have a relationship with a service provider prior to the competitive bidding that would unfairly influence the outcome of a competition or would furnish the service provider with "inside" information or allow it to unfairly compete in any way. Since the applicant has engaged in an improper relationship with a selected service provider, which represents the conflict of interests and compromises the competitive bidding process, the commitment has been rescinded in full and USAC will seek recovery of any disbursed funds from the applicant and service provider.

Allen Ramsier
NOBLE NETWORK REPLICATION THREE
1010 N. NOBLE STREET
Chicago, IL 60622



Schools and Libraries Division

Notification of Commitment Adjustment Letter

Funding Year 2006: July 1, 2006 - June 30, 2007

December 16, 2010

Allen Ramsier

NOBLE NETWORK REPLICATION THREE

1010 N. NOBLE STREET

Chicago, IL 60622 4011

Re: Form 471 Application Number: 519770
Funding Year: 2006
Applicant's Form Identifier: 471R3Net
Billed Entity Number: 16034434
FCC Registration Number: 0000000000
SPIN: 143021407
Service Provider Name: onShore, Inc.

Service Provider Contact Person: Nanette Tangen

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Schools and Libraries Division - Correspondence Unit
100 South Jefferson Road, P.O. Box 902, Whippany, NJ 07981
Visit us online at: www.usac.org/sl

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Schools and Libraries Division
Universal Services Administrative Company

cc: Nanette Tangen
onShore, Inc.

Funding Commitment Adjustment Report for
Form 471 Application Number: 519770

Funding Request Number: 1430180
Services Ordered: INTERNAL CONNECTIONS
SPIN: 143021407
Service Provider Name: onShore, Inc.
Contract Number: Q17149-1
Billing Account Number:
Site Identifier: 16034434
Original Funding Commitment: \$64,449.36
Commitment Adjustment Amount: \$64,449.36
Adjusted Funding Commitment: \$0.00
Funds Disbursed to Date \$55,162.25
Funds to be Recovered from Applicant: \$55,162.25

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. A review of your technology plan provided during a beneficiary audit, lists under the "acknowledgement and stakeholder involvement" section two employees (Stuart Koch and Todd Simmers) of the service provider, onShore Networks LLC (onShore). This service provider also appears on your Forms 471 causing an unfair advantage in the bidding process. The technical assistance sought shows that onShore had additional information regarding the schools needs and details about the procurement process prior to your Form 470 posting date or release of your RFP, which resulted in a competitive bidding process that was not open and fair. FCC rules require applicants to submit a Form 470 to initiate the competitive bidding process, and to conduct a fair and open process. Although onShore stated that their employees did not assist with the development of the technology plan, the applicant confirmed that they did. Since USAC was unable to resolve the discrepancy, we must assume that they did participate. Neither the applicant nor the applicants consultant should have a relationship with a service provider prior to the competitive bidding that would unfairly influence the outcome of a competition or would furnish the service provider with "inside" information or allow it to unfairly compete in any way. Since the applicant has engaged in an improper relationship with a selected service provider, which represents the conflict of interests and compromises the competitive bidding process, the commitment has been rescinded in full and USAC will seek recovery of any disbursed funds from the applicant and service provider.

Also, after a thorough review, it was determined \$3,602.00 was improperly disbursed for this funding request. During the course of an audit it was determined that funding was disbursed for the following ineligible items: Smartnet maintenance charges for equipment that was not installed until after the funding year. The pre-discount ineligible cost associated with these items is \$4,002.00. At the applicants 90 percent discount rate this resulted in an improper disbursement of \$3,602.00. FCC rules provide that funding may be approved only for eligible products and/or services. The USAC web site contains a list of eligible products and/or services. See the web site, www.universalservice.org/si/about/eligible-services-list.aspx for the Eligible Services List. On the SFAC Form, the authorized person certifies at Item 10 that the service provider has billed its customer for services deemed eligible for support. Therefore, USAC has determined that the service provider is responsible for this rule violation. Accordingly, USAC is seeking recovery of \$3,602.00 of improperly disbursed funds from the service provider. (This recovery amount is also included in the recovery amount for the competitive bidding violation.)

Allen Ramsier
NOBLE NETWORK REPLICATION THREE
1010 N. NOBLE STREET
Chicago, IL 60622



Schools & Libraries Division

Notification of Commitment Adjustment Letter
Funding Year 2006: July 1, 2006 - June 30, 2007

December 16, 2010

Nanette Tangen
onShore, Inc.
1407 West Chicago Ave.
Chicago, IL 60642-5231

Re: SPIN: 143021407
Service Provider Name: onShore, Inc.

Form 471 Application Number: 519770
Funding Year: 2006

FCC Registration Number:

Applicant Name NOBLE NETWORK REPLICATION THREE
Billed Entity Number: 16034434
Applicant Contact Person: Allen Ramsier

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For more information on submitting an appeal to USAC, please see the "Appeals Procedure" posted on our website.

If you wish to appeal a decision in this letter to the 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 by the FCC or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. We strongly recommend that you use the electronic filing options described in the "Appeals Procedure" posted on our website. 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.

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

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

Schools and Libraries Division
Universal Services Administrative Company

cc: Allen Ramsier
NOBLE NETWORK REPLICATION THREE

Funding Commitment Adjustment Report
Form 471 Application Number: 519770

Funding Request Number:	1430180
Contract Number:	Q17149-1
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	
Original Funding Commitment:	\$64,449.36
Commitment Adjustment Amount:	\$64,449.36
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date:	\$55,162.25
Funds to be Recovered from Service Provider:	\$55,162.25

Funding Commitment Adjustment Explanation:

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. A review of your technology plan provided during a beneficiary audit, lists under the "acknowledgement and stakeholder involvement" section two employees (Stuart Koch and Todd Simmers) of the service provider, onShore Networks LLC (onShore). This service provider also appears on your Forms 471 causing an unfair advantage in the bidding process. The technical assistance sought shows that onShore had additional information regarding the schools needs and details about the procurement process prior to your Form 470 posting date or release of your RFP, which resulted in a competitive bidding process that was not open and fair. FCC rules require applicants to submit a Form 470 to initiate the competitive bidding process, and to conduct a fair and open process. Although onShore stated that their employees did not assist with the development of the technology plan, the applicant confirmed that they did. Since USAC was unable to resolve the discrepancy, we must assume that they did participate. Neither the applicant nor the applicants consultant should have a relationship with a service provider prior to the competitive bidding that would unfairly influence the outcome of a competition or would furnish the service provider with "inside" information or allow it to unfairly compete in any way. Since the applicant has engaged in an improper relationship with a selected service provider, which represents the conflict of interests and compromises the competitive bidding process, the commitment has been rescinded in full and USAC will seek recovery of any disbursed funds from the applicant and service provider.

Also, after a thorough review, it was determined \$3,602.00 was improperly disbursed for this funding request. During the course of an audit it was determined that funding was disbursed for the following ineligible items: Smartnet maintenance charges for equipment that was not installed until after the funding year. The pre-discount ineligible cost associated with these items is \$4,002.00. At the applicants 90 percent discount rate this resulted in an improper disbursement of \$3,602.00. FCC rules provide that funding may be approved only for eligible products and/or services. The USAC web site contains a list of eligible products and/or services. See the web site, www.universalservice.org/sl/about/eligible-services-list.aspx for the Eligible Services List. On the SPAC Form, the authorized person certifies at Item 10 that the service provider has billed its customer for services deemed eligible for support. Therefore, USAC has determined that the service provider is responsible for this rule violation. Accordingly, USAC is seeking recovery of \$3,602.00 of improperly disbursed funds from the service provider. (This recovery amount is also included in the recovery amount for the competitive bidding violation.)

Allen Ramsier

NOBLE NETWORK REPLICATION THREE

1010 N. NOBLE STREET

Chicago, IL 60622



Notification of Commitment Adjustment Letter
Funding Year 2006: July 1, 2006 - June 30, 2007

December 16, 2010

Nanette Tangen
onShore, Inc.
1407 West Chicago Ave.
Chicago, IL 60642-5231

Re: SPIN: 143021407
Service Provider Name: onShore, Inc.
Form 471 Application Number: 519774
Funding Year: 2006
FCC Registration Number:
Applicant Name NOBLE NETWORK REPLICATION THREE
Billed Entity Number: 16034434
Applicant Contact Person: Allen Ramsier

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

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

This is NOT a bill. If recovery of disbursed funds is required, the next step in the recovery process is for USAC to issue you a Demand Payment Letter. The balance of the debt will be due within 30 days of that letter. Failure to pay the debt within 30 days from the date of the Demand Payment Letter could result in interest, late payment fees, administrative charges and implementation of the "Red Light Rule." The FCC's Red Light Rule requires USAC to dismiss pending FCC Form 471 applications if the entity responsible for paying the outstanding debt has not paid the debt, or otherwise made satisfactory arrangements to pay the debt within 30 days of the notice provided by USAC. For more information on the Red Light Rule, please see "Red Light Frequently Asked Questions (FAQs)" posted on the FCC website at http://www.fcc.gov/debt_collection/faq.html.