

# OnSat

June 27, 2006

**TO: Arbin Mitchell, Acting Director**  
**Division of Community Development**

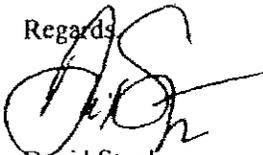
**Re: Response addressing Norbert Nez, Computer Operations Manager Comments on OnSat Contract Modification 10 to C22052 and Invoice 6050887**

Dear Mr. Mitchell;

The following address Mr. Nez's concerns:

1. OnSat is providing a different level of non-shared service to the Navajo Nation. The actual low bid costs for just satellite Internet for the 2006-2007 Erate year and previous years was OnSat. Additional services including video conferencing at each Chapter have been included and requested. It is also important to note that OnSat's service to the Chapters is not shared with other customers as other satellite vendors do. The bandwidth is dedicated specifically to Navajo Chapters. The total cost for the bandwidth is divided by the number of Chapters whether 70 Chapters or 110 Chpaters.
2. The Contract does contain provisions that protect the Navajo Nation for full amounts. The amounts listed in the Modification are a ceiling.
3. The Modification is still subject to finding matching (discounted funds) but does not obligate the Navajo Nation to a specific amount. There is a plan in place for purchasing equipment but it is a separate transaction. There has already been funding identified that supports Erate rules.
4. The Master Contract provides for notification anytime the Navajo Nation makes a change in designated erate manager. At such time as the Office of President changes the designation they may notify OnSat of the change and OnSat will honor that change. It is important to this agreement to have a name of the specific individual who has been designated. That name can be changed anytime undet the Master Agreement with notification to OnSat.
5. A copy of SOW 13 is attached to the SAS.
6. The Navajo Nation has always wanted to be under one umberella for service. The current agreement provides satellite service as an umbrella to to all Chapters. If Chapters want to expend other funds to obtain services prior to July 1, 2006 then it is at their option.
7. OnSat has agreed that future services provided under this portion of the Master Agreement relate only to Chapters that have the OnSat service being provided. The Modification allows for maximums. Future actual charges after 7-1-2006 will be based on actual services. The current invoice relates to services that were provided as a whole. If the Chapters want to provide alternative service after July 1, 2006 they may do so the Navajo Nation may also designate additional sites as libraries for the purposes of obtaining funding.
8. Because this contract agrees to actual utilization these issues are addressed. The goal is that if the service is to become a backup service then a new separate agreement would be put out to bid and negotiated with a new contract being provided.

Regards



David Stephens  
CEO/President

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