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March 22, 2012

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VIA ELECTRONIC FILING

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Room TW-A325
Washington, DC 20554

ATT: Telecommunications Access Policy Division

Re: Petition for Partial Reconsideration
Requests for Waiver and Review of Decisions of the Universal Service Administrator by Callisburg Independent School District, Callisburg, Texas, File Nos. SLD-446653, *et al*.; Trillion Partners, Inc., Austin, Texas, File Nos. SLD-446653, *et al*.; DA 12-259, CC Docket No. 02-6

Dear Ms. Dortch:

On behalf of Trillion Partners, Inc. ("Trillion"), enclosed please find a Petition for Partial Reconsideration of the Telecommunications Access Policy Division's order with DA 12-259 released on February 23, 2012 denying the appeals of E-Rate applications filed by Callisburg Independent School District.

Should you have any questions or concerns, please contact the undersigned.

Respectfully submitted,

/s/ Henry M. Rivera
Henry Rivera
Counsel to Trillion Partners, Inc.

Attachment

cc: Trent Harkrader
Gina Spade

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Requests for Waiver and Review of	)	
Decisions of the	)	
Universal Service Administrator by	)	
	)	
Callisburg Independent School District	)	File Nos. SLD-446653, *et al*.
Callisburg, Texas	)	
	)	
Trillion Partners, Inc.	)	File Nos. SLD-446653, *et al.*
Austin, Texas	)	
	)	
Schools and Libraries Universal Service	)	CC Docket No. 02-6
Support Mechanism	)	

PETITION FOR PARTIAL RECONSIDERATION

Trillion Partners, Inc. (hereinafter "Trillion"), through counsel and pursuant to Section 1.106 of the Federal Communications Commission's ("FCC" or "Commission") rules,[1] hereby petitions the Telecommunications Access Policy Division ("Division") of the Commission's Wireline Competition Bureau for partial reconsideration of the above-captioned Order denying appeals filed by Trillion of applications filed by Callisburg Independent School District ("District") for funding years 2009 and 2010.[2]

I. Background

On September 21, 2010, the Universal Service Administrative Company ("USAC") issued a Funding Commitment Decision Letter ("FCDL") denying the

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[1] 47 C.F.R. § 1.106.

[2] *Requests for Waiver and Review of Decisions of the Universal Service Administrator by Callisburg Independent School District, Callisburg, Texas, et al., File Nos. SLD-658765, et al.; Schools and Libraries Universal Service Support Mechanism, CC Docket No. 02-6*, DA 12-259, Order, 2012 FCC LEXIS 871 (Telecommunications Access Policy Division, rel. Feb. 23, 2012) ("*Order*").

District's E-Rate application for funding year 2009.[3] On September 22, 2010, USAC issued a FCDL denying the District's E-Rate application for funding year 2010.[4] The FCDLs indicate that the funding requests were denied because the District "did not conduct a fair and open competitive bidding process," "engaged in numerous meetings, e-mail discussions, and/or verbal discussions with Trillion employees prior to the posting of the Form 470 and throughout the competitive bidding process," and "Trillion was consulted and/or offered details about services and products" requested on the Form 470.

On November 18, 2010, the District filed with the Commission an appeal of USAC's decisions denying the District's applications for funding years 2009 and 2010.[5] On November 18, 2010, Trillion also filed appeals of USAC's decisions denying the District's applications for funding years 2009 and 2010.[6] On February 23, 2012, the Division issued an *Order* denying the appeals filed by Trillion and the District.[7] As demonstrated below, the *Order* erred in concluding that there was a violation of the Commission's rules.

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[3] Funding Commitment Reports from USAC, Schools and Library Division (dated Sept. 21, 2010) regarding FY 2009 FCC Form 471 application 662878, FRNs 1810198, 1810192 and 1810198 (Attached as Exhibit A).

[4] Funding Commitment Reports from USAC, Schools and Library Division (dated Sept. 22, 2010) regarding FY 2010 FCC Form 471 application 721400, FRNs 1956812, 1956815, 1956818 and 1968502 (Attached as Exhibit B).

[5] Letter from Chris Webber, CRW Consulting LLC, on behalf of Callisburg Independent School District, to Federal Communications Commission, CC Docket No. 02-6 (dated Nov. 18, 2010) (regarding FCC Form 471 applications 662878, 721400) ("*Callisburg Appeal*") (Attached as Exhibit C).

[6] Letters from Trillion Partners, Inc. to the Federal Communications Commission, Telecommunications Access Policy Division, CC Docket No. 02-6 (dated November 18, 2010). In addition, Trillion had previously filed with the Commission a Master Appeal addressing the denial of applications and rescission of funding commitments by USAC of many of Trillion's customers, including the District's. *See* Letter from Trillion Partners, Inc., to Federal Communications Commission, CC Docket No. 02-6 (filed Nov. 3, 2010).

[7] *Order*, ¶ 1. The *Order* granted Trillion's and the District's appeals of the denials by USAC of the applications for funding years 2005 and 2008. *Id.*, Appendix A. The instant petition seeks reconsideration only of the *Order's* denial of the appeals with respect to the applications for funding years 2009 and 2010.

II. The Bureau Fails to Provide a Reasoned Analysis for its Decision.

It is well established that "[a]n agency is required to make its decision 'based on a consideration of the relevant factors.'"[8] The *Order*, however, fails to explain why the appeals were denied. The *Order* merely states that, "Based on our review of the record, we find that petitioners violated the Commission's competitive bidding requirements…"[9] and that such denial is "consistent with precedent."[10] Other than this reference to the "record," there is no actual discussion of the record, the arguments and evidence presented by Trillion or the District, or why those arguments and evidence were found not to be persuasive. In addition, the facts in the cases cited by the Commission as precedent are inapposite to the facts in this case. Because the *Order* contains no discussion of the what actions by either the District or Trillion violated the competitive bidding requirements, the *Order* fails to articulate any connection, much less a rational connection, between the facts of this case and the conclusion that there was a violation of the Commission's rules.[11] Indeed, the courts have held that failure to respond to the arguments presented by a petitioner or to provide a "reasoned analysis" of the factors it considered in making its decision renders an agency's decision arbitrary and capricious.[12]

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[8] *Natural Res. Def. Council, Inc. v. EPA*, 790 F.2d 289, 297 (3d Cir. 1986) (quoting *Bowman Transp., Inc. v. Arkansas-Best Freight Sys., Inc.*, 419 U.S. 281, 285 (1974)).

[9] *Order*, ¶ 2.

[10] *Order*, ¶ 1.

[11] *See Latino Issues Forum v. EPA*, 558 F.3d 936, 941 (9th Cir. 2009) (stating that the general standard of review for agency actions set forth in the Administrative Procedure Act requires an agency to articulate a rational connection between the facts found and the choice made); *Friends of Yosemite Valley v. Kempthorne*, 520 F.3d 1024, 1032 (9th Cir. 2008) ("[C]ourts must carefully review the record to ensure that agency decisions are founded on a reasoned evaluation of the relevant factors…") (citing *Friends of Yosemite Valley v. Norton*, 348 F.3d 789, 793 (9th Cir. 2003); *Environmental Def. Ctr., Inc. v. EPA*, 344 F.3d 832, 858 n.36 (9th Cir. 2003), *cert. denied*, 541 U.S. 1085 (2004) ("[t]he agency must articulate a rational connection between the facts found and the conclusions made.") (citation omitted).

[12] *Motor Vehicle Mfg. Ass'n v. State Farm Mut. Auto Ins. Co.*, 463 U.S. 29, 57 (1983); *see also id.* at 43, 50-51 (failure to respond to commenters' arguments renders agency decision arbitrary and capricious);

Given the lack of reasoned analysis in the *Order*, Trillion is at a loss to understand the basis for the denial of the appeals.

The precedent cited in the *Order* stands for the following principles: (i) there must be a fair and open competitive bidding process; (ii) all potential bidders must have access to the same information and be treated in the same manner throughout the procurement process; and (iii) service provider participation may suppress fair and open competitive bidding. Absent further guidance as to the reason for the denial, Trillion submits this petition demonstrating that the competitive bid process was open and fair and its integrity was unharmed by the allegedly impermissible participation by Trillion.

III. The District Conducted a Fair and Open Competitive Bid Process.

The FCDLs failed to specify the facts upon which USAC relied in its decisions to deny the applications. Furthermore, as previously noted, the *Order* fails to specify the facts upon which it relied to uphold USAC's decisions. Therefore, Trillion can only assume that USAC's and the Commission's decisions were based on allegations raised in a USAC letter to the District dated June 15, 2010 (hereinafter, the "Intent to Deny Letter"), attached hereto as Exhibit D, in which USAC indicated that the funding requests for FY 2009 and FY 2010 would be denied because the District did not conduct a fair and open bidding process.[13] USAC specifically referenced meetings and emails between the District and Trillion employees beginning in January 2008 through award of the bid in

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Darrell Andrews Trucking, Inc. v. Fed. Motor Carrier Safety Admin., 296 F.3d 1120, 1134-35 (D.C. Cir. 2002) ("substantial" argument "requires an answer from the agency"); *Iowa v. FCC*, 218 F.3d 756, 759 (D.C. Cir. 2000) ("[T]he Commission's failure to address [commenters'] arguments requires that [the Court] remand this matter for the Commission's further consideration."); *NAACP v. FCC*, 682 F.2d 993, 997-98 (D.C. Cir. 1982) (FCC must respond to "significant comments made in the . . . proceeding") (citing *Ala. Power Co. v. Costle*, 636 F.2d 323, 384-85 (D.C. Cir. 1979)).

[13] Letter from USAC, Schools and Libraries Division, to Don Metzler, Callisburg Independent School District, dated June 15, 2010 (regarding Form 471 Application Numbers 662878 and 721400) ("*Intent to Deny Letter*") (Attached as Exhibit D)

December 2008. USAC, however, failed to take into account that Trillion was the District's service provider in 2008 and that the contacts that concerned USAC related to the WAN and Internet access services covered by the existing contract between Trillion and the District. The District was experiencing an overload on the existing network and, pursuant to the contract with Trillion, discussed options to increase the network's internet capacity.[14] The correspondence did not pertain to the Form 470 posted on September 19, 2008; rather, it related to the *existing* contract and network and was entirely appropriate in this context. USAC asserted that the communication between the District and Trillion compromised the open and fair nature of the competitive bid process. This simply is not accurate. The District conducted a fair and open bidding process; Trillion provided the most responsive and cost-effective bid, resulting in Trillion's selection as the District's service provider.

District employees in coordination with its E-Rate consultants, CRW Consulting, LLC, were solely responsible for preparing and posting the District's Form 470. On September 19, 2008, the District made a bona fide request for services by filing with USAC a Form 470, which was posted to USAC's website for all potential competing service providers to review. The Form 470 established an allowable contract date of October 17, 2008. After the Form 470 was posted, the school received and carefully evaluated the two bids it received. The school waited the requisite 28-days before selecting a vendor. The District accepted Trillion's proposal and the parties signed a contract on December 19, 2008.

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[14] *See Callisburg Appeal* at p. 2 ("Until the posting of the Form 470 on September 19th, 2008 every email presented was actually an ongoing conversation we were having with Trillion about the overloaded internet system the district had in place, with the thought of adding that additional capacity immediately, at the district's expense.")

IV. The Communications between Trillion and the District did not Violate the Competitive Bidding Process.

The communication between Trillion and the District prior to the posting of the Form 470 did not violate the competitive bid rules. As explained in both the District's and Trillion's appeals, this communication pertained to an *existing* contract and the need to immediately upgrade the system because of overloads being experienced by the District. The correspondence between the District and Trillion was entirely appropriate given their existing vendor-customer relationship. USAC seems to have adopted the position that *any* communication between a school district and its existing service provider regarding the needs of the school district will irretrievably taint any future competitive bidding processes. Such view not only ignores the realities of the communications that must take place between a vendor and its customer, but would also force school districts into the absurd position of having to continuously change service providers upon the conclusion of each contract. More importantly, such view is inconsistent with the Commission's conclusion that prior to the posting of the Form 470, "[a] service provider may provide information to an applicant about products or services – including demonstrations."[15] Additionally, the Commission has stated that an applicant has an obligation to "do its homework" to confirm that the equipment and services requested on the Form 470 will meet the goals of the applicant's technology plan and be an efficient use of the E-rate funds.[16] It is difficult to conceive of a way to fulfill this obligation without communicating with the existing or potential service provider.

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[15] *Schools and Libraries Universal Service Support Mechanism; A National Broadband Plan for Our Future*, FCC 10-83, Notice of Proposed Rulemaking, 25 FCC Rcd 6872, ¶ 30 (2010).

[16] *Request for Review of the Decision of the Universal Service Administrator by Ysleta Independent School District, El Paso, Texas, et al*, FCC 03-313, Order, 18 FCC Rcd 26406, 26423 (2003) ("*Ysleta*").

The Intent to Deny letter also references correspondence between the District and Trillion after the filing of the Form 470 (September 19, 2008) and before the contract date (December 19, 2008). This correspondence, however, was within the scope of inquiry allowed under the Commission's rules. An applicant and service provider are allowed to communicate during the window between the posting of the Form 470 and the award of a contract. In fact, the Commission recently clarified in the *Sixth Report and Order* that, "we do not prohibit communication during the 28-day waiting period."[17] Nor does the *Order* say that communication is inappropriate, providing that "potential bidders and service providers must have *access* to the same information and be treated in the same manner throughout the procurement process."[18] Indeed, there is no evidence that the District failed to provide all potential bidders the same access to its employees for purposes of answering questions or clarifying the information requested in the Form 470.

The Intent to Deny letter also references certain correspondence dated December 1 and 5, 2008 between Trillion and the District discussing the need to "be on the same page with regards to site locations." In fact, the District had completed its review of the two bids received on November 24, 2008, over a week prior.[19] The competitive bid process had concluded and the District had decided who was going to be awarded the contract. These communications merely ensured that the details of the contract were in order before it was executed by the Superintendent. This correspondence was not

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[17] *Schools and Libraries Universal Service Support Mechanism; A National Broadband Plan for Our Future*, FCC 10-175, Sixth Report and Order, 25 FCC Rcd 18762, ¶ 92 (2010).

[18] *Order* ¶ 1, n. 1 (emphasis added), citing *Request for Review by Mastermind Internet Services, Inc., Federal-State Joint Board on Universal Service, Changes to the Board of Directors of the National Exchange Carrier Association, Inc*., FCC 00-167, Order, 16 FCC Rcd 4028, ¶ 10 (2000) ("*Mastermind*").

[19] *See Callisburg Appeal* at p. 5.

inappropriate and did not violate the competitive bid process since that process had concluded by the time this correspondence took place.

The Commission's clarification in the *Sixth Report and Order* that communications are not prohibited during the 28-day waiting period is consistent with the realities that school districts and potential vendors face. There are many reasons why a potential bidder may need to communicate with a school district after the posting of the Form 470. For instance, if a provider of a wireless solution determines that in order to provide service to a particular school district it will need to install antennas in locations other than the applicant's premises, a perfectly legitimate and reasonable question to ask the school district is whether there is a power source at or near the proposed antenna locations. The answer to that question would likely determine whether the service provider should submit a bid and, if so, how to price the bid. USAC would hold that a response to such communication would constitute "inside" information and would automatically and irretrievably taint the competitive bidding process forever, thus preventing school districts from across the country from receiving thoughtful, quality and cost-effect proposals. Such a result is inconsistent with the Commission's rules and polices governing the E-Rate program.[20]

V. The Cases Cited in the *Order* do not Support a Denial of Funding.

The cases cited in the *Order*, while they stand for the proposition that the bidding process must be open and competitive, do not support a denial of funding in this case.

[20] The Commission has stated: "If a bidder cannot, because it lacks critical information, determine how to best serve the applicant's requirements, the bidder cannot prepare a cost-effective proposal, thereby failing to achieve the intended goals of the competitive bidding process." *Mastermind*, 16 FCC Rcd 4028, ¶ 10.

In *Mastermind*, the Commission found violations of its competitive bidding rules when: (i) an individual associated with a service provider was listed as the contact person on an applicant's Form 470; (ii) an applicant delegated power in the competitive bid process to an entity that was also participating in the bidding; and (iii) one service provider is provided with information or access not also afforded to other service providers participating in the bid process.[21] The *Dickenson* case, like the *Mastermind* case, also addressed a situation in which the applicant's Form 470 listed a contact person who was an employee of a service provider, which is not the case here.[22] Neither Trillion nor anyone associated with Trillion was listed as the contact person on the District's Form 470. The District maintained control of the competitive bid process, which it initiated after conducting its "homework" on the technology best suited to its unique needs.

In *Approach Learning*, the Commission found a connection between the contact person listed on the Form 470 and the service provider that ultimately won the contract. The Commission believes "that the contact person exerts great influence over an applicant's competitive bidding process by controlling the dissemination of information regarding the services requested."[23] The contact and communication between Trillion and the District was permissible and did not violate the rules and regulations that govern

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[21] *Mastermind*, 16 FCC Rcd 4028.

[22] *Request for Review of the Decision of the Universal Service Administrator by Dickenson County Public Schools, Clintwood, Virginia; Federal-State Joint Board on Universal Service*, DA 02-1971, Order on Reconsideration, 17 FCC Rcd 15747 (Telecommunications Access Policy Division, rel. Aug. 9, 2002).

[23] *Requests for Review of the Decisions of the Universal Service Administrator by Approach Learning and Assessment Center, Santa Ana, CA, et al.*, DA 07-1332, Order, 22 FCC Rcd 5296, 5303, ¶ 19 (Wireline Competition Bureau 2007).

the E-Rate program. Trillion was not the contact person on the District's Form 470, nor did Trillion influence the District's competitive bidding process.

VI. Conclusion and Request for Relief

The Commission's *Order* denying the appeals filed by Trillion and the District fails to provide any analysis for its decision. There is no discussion of the evidence and arguments presented by either the District or Trillion, which is contrary to the well-established principle that an agency is required to make its decision based on a consideration of the relevant factors. On the merits, the Commission's rules do not prohibit a service provider from communicating with an existing customer, nor do they prohibit a school district from engaging in due diligence to determine what their needs are and what options are available to them. Finally, the facts in the cases cited by the *Order* as precedent are inapposite to the fact in this case and, therefore, not instructive.

For the reasons set forth above, Trillion respectfully requests reconsideration of the Division's *Order* with respect to the applications for funding years 2009 and 2010 and a grant of the appeals of the USAC decisions specified above.

Respectfully submitted,

TRILLION PARTNERS, INC.

By: */s/ Henry M. Rivera*

Henry M. Rivera
Edgar Class
Joan Stewart
Wiley Rein LLP
1776 K Street, NW
Washington, DC 20006
Tel: (202) 719-7000

Its Attorneys

Dated: March 22, 2012

Exhibit A

Funding Commitment Reports from USAC, Schools and Library Division dated Sept. 21, 2010 (regarding FY 2009 FCC Form 471 application 662878, FRN 1810198, 1810192 and 1810198)

FUNDING COMMITMENT REPORT
Service Provider Name: Trillion Partners, Inc
SPIN: 143025872
Funding Year: 2009

Name of Billed Entity: CALLISBURG INDEP SCHOOL DIST
Billed Entity Address: 148 DOZIER ST
Billed Entity City: GAINESVILLE
Billed Entity State: TX
Billed Entity Zip Code: 76240
Billed Entity Number: 140927
Contact Person's Name: Karla Hall or Chris Webber
Preferred Mode of Contact: EMAIL
Contact Information: info@crwconsulting.com
Form 471 Application Number: 662878
Funding Request Number: 1810189
Funding Status: Not Funded
Category of Service: Telecommunications Service
Form 470 Application Number: 703210000685117
Contract Number: N/A
Billing Account Number: N/A
Service Start Date: 07/01/2009
Contract Expiration Date: 06/30/2014
Number of Months Recurring Service Provided in Funding Year: 12
Annual Pre-Discount Amount for Eligible Recurring Charges: $53,796.60
Annual Pre-Discount Amount for Eligible Non-Recurring Charges: $.00
Pre-Discount Amount: $53,796.60
Applicant's Discount Percentage Approved by SLD: 70%
Funding Commitment Decision: $.00 - Bidding Violation- SRC
Funding Commitment Decision Explanation: The FRN will be denied because you did not conduct a fair and open competitive bidding process. The documentation provided by you and/or the service provider indicates that the school district engaged in numerous meetings, e-mail discussions, and/or verbal discussions with Trillion employees prior to the posting of the Form 470 and throughout the competitive bidding process which tainted the competitive bidding process. Trillion was consulted and/or offered details about services and products you were requesting on your FCC Form 470 and/or Request for Proposal (RFP). The competitive bidding process was influenced by Trillion when they assisted you in developing your services specifications for your FCC Form 470/or RFP. You failed to conduct a fair and open competitive bidding process free from conflicts of interest.

FCDL Date: 09/22/2010
Wave Number: 067
Last Allowable Date for Delivery and Installation for Non-Recurring Services: 09/30/2011

FUNDING COMMITMENT REPORT
Service Provider Name: Trillion Partners, Inc
SPIN: 143025872
Funding Year: 2009

Name of Billed Entity: CALLISBURG INDEP SCHOOL DIST
Billed Entity Address: 148 DOZIER ST
Billed Entity City: GAINESVILLE
Billed Entity State: TX
Billed Entity Zip Code: 76240
Billed Entity Number: 140927
Contact Person's Name: Karla Hall or Chris Webber
Preferred Mode of Contact: EMAIL
Contact Information: info@crwconsulting.com
Form 471 Application Number: 662878
Funding Request Number: 1810192
Funding Status: Not Funded
Category of Service: Internet Access
Form 470 Application Number: 703210000685117
Contract Number: N/A
Billing Account Number: N/A
Service Start Date: 07/01/2009
Contract Expiration Date: 06/30/2014
Number of Months Recurring Service Provided in Funding Year: 12
Annual Pre-Discount Amount for Eligible Recurring Charges: $28,788.00
Annual Pre-Discount Amount for Eligible Non-Recurring Charges: $.00
Pre-Discount Amount: $28,788.00
Applicant's Discount Percentage Approved by SLD: 70%
Funding Commitment Decision: $.00 - Bidding Violation- SRC
Funding Commitment Decision Explanation: The FRN will be denied because you did not conduct a fair and open competitive bidding process. The documentation provided by you and/or the service provider indicates that the school district engaged in numerous meetings, e-mail discussions, and/or verbal discussions with Trillion employees prior to the posting of the Form 470 and throughout the competitive bidding process which tainted the competitive bidding process. Trillion was consulted and/or offered details about services and products you were requesting on your FCC Form 470 and/or Request for Proposal (RFP). The competitive bidding process was influenced by Trillion when they assisted you in developing your services specifications for your FCC Form 470/or RFP. You failed to conduct a fair and open competitive bidding process free from conflicts of interest.

FCDL Date: 09/22/2010
Wave Number: 067
Last Allowable Date for Delivery and Installation for Non-Recurring Services: 09/30/2011

FUNDING COMMITMENT REPORT
Service Provider Name: Trillion Partners, Inc
SPIN: 143025872
Funding Year: 2009

Name of Billed Entity: CALLISBURG INDEP SCHOOL DIST
Billed Entity Address: 148 DOZIER ST
Billed Entity City: GAINESVILLE
Billed Entity State: TX
Billed Entity Zip Code: 76240
Billed Entity Number: 140927
Contact Person's Name: Karla Hall or Chris Webber
Preferred Mode of Contact: EMAIL
Contact Information: info@crwconsulting.com
Form 471 Application Number: 662878
Funding Request Number: 1810198
Funding Status: Not Funded
Category of Service: Telecommunications Service
Form 470 Application Number: 703210000685117
Contract Number: N/A
Billing Account Number: N/A
Service Start Date: 07/01/2009
Contract Expiration Date: 06/30/2014
Number of Months Recurring Service Provided in Funding Year: 12
Annual Pre-Discount Amount for Eligible Recurring Charges: $76,752.00
Annual Pre-Discount Amount for Eligible Non-Recurring Charges: $.00
Pre-Discount Amount: $76,752.00
Applicant's Discount Percentage Approved by SLD: 70%
Funding Commitment Decision: $.00 - Bidding Violation- SRC
Funding Commitment Decision Explanation: The FRN will be denied because you did not conduct a fair and open competitive bidding process. The documentation provided by you and/or the service provider indicates that the school district engaged in numerous meetings, e-mail discussions, and/or verbal discussions with Trillion employees prior to the posting of the Form 470 and throughout the competitive bidding process which tainted the competitive bidding process. Trillion was consulted and/or offered details about services and products you were requesting on your FCC Form 470 and/or Request for Proposal (RFP). The competitive bidding process was influenced by Trillion when they assisted you in developing your services specifications for your FCC Form 470/or RFP. You failed to conduct a fair and open competitive bidding process free from conflicts of interest.

FCDL Date: 09/22/2010
Wave Number: 067
Last Allowable Date for Delivery and Installation for Non-Recurring Services: 09/30/2011

Exhibit B

Funding Commitment Reports from USAC, Schools and Library Division dated Sept. 22, 2010 (regarding FY 2010 FCC Form 471 application 721400, FRNs 1956812, 1956815, 1956818 and 1968502)

FUNDING COMMITMENT REPORT
Service Provider Name: Trillion Partners, Inc
SPIN: 143025872
Funding Year: 2010

Name of Billed Entity: CALLISBURG INDEP SCHOOL DIST
Billed Entity Address: 148 DOZIER ST
Billed Entity City: GAINESVILLE
Billed Entity State: TX
Billed Entity Zip Code: 76240
Billed Entity Number: 140927
Contact Person's Name: Chris Webber or Karla Hall
Preferred Mode of Contact: EMAIL
Contact Information: info@crwconsulting.com
Form 471 Application Number: 721400
Funding Request Number: 1956812
Funding Status: Not Funded
Category of Service: Telecommunications Service
Form 470 Application Number: 703210000685117
Contract Number: n/a
Billing Account Number: N/A
Service Start Date: 07/01/2010
Contract Expiration Date: 06/30/2014
Number of Months Recurring Service Provided in Funding Year: 12
Annual Pre-Discount Amount for Eligible Recurring Charges: $53,796.60
Annual Pre-Discount Amount for Eligible Non-Recurring Charges: $.00
Pre-Discount Amount: $53,796.60
Applicant's Discount Percentage Approved by SLD: 84%
Funding Commitment Decision: $.00 - Bidding Violation- SRC
Funding Commitment Decision Explanation: The FRN will be denied because you did not conduct a fair and open competitive bidding process. The documentation provided by you and/or the service provider indicates that the school district engaged in numerous meetings, e-mail discussions, and/or verbal discussions with Trillion employees prior to the posting of the Form 470 and throughout the competitive bidding process which tainted the competitive bidding process. Trillion was consulted and/or offered details about services and products you were requesting on your FCC Form 470 and/or Request for Proposal (RFP). The competitive bidding process was influenced by Trillion when they assisted you in developing your services specifications for your FCC Form 470/or RFP. You failed to conduct a fair and open competitive bidding process free from conflicts of interest.

FCDL Date: 09/21/2010
Wave Number: 018
Last Allowable Date for Delivery and Installation for Non-Recurring Services: 09/30/2011

FUNDING COMMITMENT REPORT
Service Provider Name: Trillion Partners, Inc
SPIN: 143025872
Funding Year: 2010

Name of Billed Entity: CALLISBURG INDEP SCHOOL DIST
Billed Entity Address: 148 DOZIER ST
Billed Entity City: GAINESVILLE
Billed Entity State: TX
Billed Entity Zip Code: 76240
Billed Entity Number: 140927
Contact Person's Name: Chris Webber or Karla Hall
Preferred Mode of Contact: EMAIL
Contact Information: info@crwconsulting.com
Form 471 Application Number: 721400
Funding Request Number: 1956815
Funding Status: Not Funded
Category of Service: Internet Access
Form 470 Application Number: 703210000685117
Contract Number: n/a
Billing Account Number: N/A
Service Start Date: 07/01/2010
Contract Expiration Date: 06/30/2014
Number of Months Recurring Service Provided in Funding Year: 12
Annual Pre-Discount Amount for Eligible Recurring Charges: $28,788.00
Annual Pre-Discount Amount for Eligible Non-Recurring Charges: $.00
Pre-Discount Amount: $28,788.00
Applicant's Discount Percentage Approved by SLD: 84%
Funding Commitment Decision: $.00 - Bidding Violation- SRC
Funding Commitment Decision Explanation: The FRN will be denied because you did not conduct a fair and open competitive bidding process. The documentation provided by you and/or the service provider indicates that the school district engaged in numerous meetings, e-mail discussions, and/or verbal discussions with Trillion employees prior to the posting of the Form 470 and throughout the competitive bidding process which tainted the competitive bidding process. Trillion was consulted and/or offered details about services and products you were requesting on your FCC Form 470 and/or Request for Proposal (RFP). The competitive bidding process was influenced by Trillion when they assisted you in developing your services specifications for your FCC Form 470/or RFP. You failed to conduct a fair and open competitive bidding process free from conflicts of interest.

FCDL Date: 09/21/2010
Wave Number: 018
Last Allowable Date for Delivery and Installation for Non-Recurring Services: 09/30/2011

FUNDING COMMITMENT REPORT
Service Provider Name: Trillion Partners, Inc
SPIN: 143025872
Funding Year: 2010

Name of Billed Entity: CALLISBURG INDEP SCHOOL DIST
Billed Entity Address: 148 DOZIER ST
Billed Entity City: GAINESVILLE
Billed Entity State: TX
Billed Entity Zip Code: 76240
Billed Entity Number: 140927
Contact Person's Name: Chris Webber or Karla Hall
Preferred Mode of Contact: EMAIL
Contact Information: info@crwconsulting.com
Form 471 Application Number: 721400
Funding Request Number: 1956818
Funding Status: Not Funded
Category of Service: Telecommunications Service
Form 470 Application Number: 703210000685117
Contract Number: n/a
Billing Account Number: N/A
Service Start Date: 07/01/2010
Contract Expiration Date: 06/30/2014
Number of Months Recurring Service Provided in Funding Year: 12
Annual Pre-Discount Amount for Eligible Recurring Charges: $76,752.00
Annual Pre-Discount Amount for Eligible Non-Recurring Charges: $.00
Pre-Discount Amount: $76,752.00
Applicant's Discount Percentage Approved by SLD: 84%
Funding Commitment Decision: $.00 - Bidding Violation- SRC
Funding Commitment Decision Explanation: The FRN will be denied because you did not conduct a fair and open competitive bidding process. The documentation provided by you and/or the service provider indicates that the school district engaged in numerous meetings, e-mail discussions, and/or verbal discussions with Trillion employees prior to the posting of the Form 470 and throughout the competitive bidding process which tainted the competitive bidding process. Trillion was consulted and/or offered details about services and products you were requesting on your FCC Form 470 and/or Request for Proposal (RFP). The competitive bidding process was influenced by Trillion when they assisted you in developing your services specifications for your FCC Form 470/or RFP. You failed to conduct a fair and open competitive bidding process free from conflicts of interest.

FCDL Date: 09/21/2010
Wave Number: 018
Last Allowable Date for Delivery and Installation for Non-Recurring Services: 09/30/2011

FUNDING COMMITMENT REPORT
Service Provider Name: Trillion Partners, Inc
SPIN: 143025872
Funding Year: 2010

Name of Billed Entity: CALLISBURG INDEP SCHOOL DIST
Billed Entity Address: 148 DOZIER ST
Billed Entity City: GAINESVILLE
Billed Entity State: TX
Billed Entity Zip Code: 76240
Billed Entity Number: 140927
Contact Person's Name: Chris Webber or Karla Hall
Preferred Mode of Contact: EMAIL
Contact Information: info@crwconsulting.com
Form 471 Application Number: 721400
Funding Request Number: 1968502
Funding Status: Not Funded
Category of Service: Internet Access
Form 470 Application Number: 960190000779077
Contract Number: N/A
Billing Account Number: N/A
Service Start Date: 07/01/2010
Contract Expiration Date: 06/30/2015
Number of Months Recurring Service Provided in Funding Year: 12
Annual Pre-Discount Amount for Eligible Recurring Charges: $5,988.00
Annual Pre-Discount Amount for Eligible Non-Recurring Charges: $.00
Pre-Discount Amount: $5,988.00
Applicant's Discount Percentage Approved by SLD: 84%
Funding Commitment Decision: $.00 - Bidding Violation- SRC
Funding Commitment Decision Explanation: The FRN will be denied because you did not conduct a fair and open competitive bidding process. The documentation provided by you and/or the service provider indicates that the school district engaged in numerous meetings, e-mail discussions, and/or verbal discussions with Trillion employees prior to the posting of the Form 470 and throughout the competitive bidding process which tainted the competitive bidding process. Trillion was consulted and/or offered details about services and products you were requesting on your FCC Form 470 and/or Request for Proposal (RFP). The competitive bidding process was influenced by Trillion when they assisted you in developing your services specifications for your FCC Form 470/or RFP. You failed to conduct a fair and open competitive bidding process free from conflicts of interest.

FCDL Date: 09/21/2010
Wave Number: 018
Last Allowable Date for Delivery and Installation for Non-Recurring Services: 09/30/2011

Exhibit C

Letter from Chris Webber, CRW Consulting LLC,
on behalf of Callisburg Independent School District,
to Federal Communications Commission, CC Docket No. 02-6,
dated Nov. 18, 2010 (regarding FCC Form 471 applications
662878 and 721400)

CRW Consulting LLC

November 18th, 2010

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, DC 20554

VIA ECFS SYSTEM

RE: CC Docket No. 96-45 and CC Docket No. 02-6

APPEAL OF DECISION OF ADMINISTRATOR/REQUEST FOR REVIEW

SLD Applicant Name: Callisburg Independent School District
Billed Entity Number: 140927
471 Application Numbers Being Appealed: 662878, 721400
Funding Request Numbers (FRNs) Being Appealed: 1810189, 1810192, 1810198, 1956812, 1956815, 1956818, 1968502

We understand that USAC must work to prevent fraud, waste and abuse in the program, and is limited by the guidance provided by the Federal Communications Commission. We believe, however, that a detailed description of the facts will show that there was no evidence of collusion between the district and Trillion.

Callisburg Independent School District (CISD) has been denied funding for the above referenced FRNs. The "decision explanation" for the denial on the Funding Decision Commitment Letter is as follows:

> The FRN will be denied because you did not conduct a fair and open competitive bidding process. The documentation provided by you and/or the service provider indicates that the school district engaged in numerous meetings, e-mail discussions, and/or verbal discussions with Trillion employees prior to the posting of the Form 470 and throughout the competitive bidding process which tainted the competitive bidding process. Trillion was consulted and/or offered details about the services and products you were requesting on your FCC Form 470 and/or Request for Proposal (RFP). The competitive bidding process was influenced by Trillion when they assisted you in developing your services specification for your FCC 470/or RFP. You failed to conduct a fair and open competitive bidding process free from conflicts of interest.

Both Trillion and CISD have provided the SLD hundreds of pages of information involving correspondence between the two parties, service call documentation, expense reports and marketing materials to USAC covering at least an 18 month time period. Despite this, USAC does not identify a

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single communication, letter or e-mail that actually "tainted" the bidding process. Because USAC fails to identify specific communications that "tainted" the process and because USAC simply relies on making vague accusations unsubstantiated by any particular document, we are unable to identify those documents or communications and thus cannot respond with specific detail.

Simply stating that the "...district engaged in numerous meetings...prior to the posting of the Form 470...which tainted the competitive bidding process" might seem to rise to the level to cause concern about the integrity of the competitive bidding process. However, USAC completely ignores the fact that Trillion was an incumbent service provider, and had been providing Wide Area Network (WAN) connectivity and Internet access to CISD, since 2005. In fact, the district was funded in 2005 for Trillion's services. During the normal course of business, incumbent service providers will often make contact with customers to determine the status of their business relationships and inquire about the services provided, and customers will initiate contact with their service providers when they feel the service is not operating properly.

Mr. Donald L. Metzler controls the technology budget, scores bids received as the result of the Form 470 and makes final recommendations to the Superintendent of Schools. Mr. Metzler was listed as the contact person on the Form 470, and is the person responsible for determining what gets listed on the Form 470. Mr. Threadgill has no direct involvement in either determining what goes on the Form 470, nor who should be awarded the bids.

USAC's position on the alleged competitive bidding violation indicates that the school district's conversations with Trillion, starting in January, 2008 and following through the awarding of a new five- year contract in December, 2008 were all tied to providing Trillion with an unfair advantage in the bidding process. The school district disputes this conclusion. CISD was already under contract with Trillion to provide internet access and WAN services. Until the posting of the Form 470 on September 19th, 2008 every email presented was actually an ongoing conversation we were having with Trillion about the overloaded internet system the district had in place, with the thought of adding that additional capacity immediately, at the district's expense. These were not conversations about the 2009 funding year. These were conversations about needs that existed in 2008. We were talking with our provider about methods to improve the services we were currently being provided. Every conversation Mr. Threadgill and Mr. Metzler had with Trillion was with regards to making immediate changes (at school district expense) to improve our capacity to provide technology to the students and staff of Callisburg Independent School District. They were occurring because of a real-time issue that needed attention and had nothing to do with any future contracts/services. We believe very strongly that we have a right to seek improvements to our system in a timely fashion. Every detail discussed was in regard to finding immediate solutions that the school district could afford to make. Merely referencing on-going conversations with an incumbent service provider does not provide evidence of collusion or bid rigging. In fact, USAC has not identified any deficiency in our Form 470, nor (oddly enough) has USAC requested copies of bids received or bid evaluation sheets to demonstrate a proper bidding process (which we have included with this appeal as "Attachment A").

As a consulting firm, CRW Consulting filed over 195 Form 470s for the 2009 and 2010 funding years. The language that we used on Callisburg's 470 was absolutely consistent with all of our other 470 postings. No one from the district or Trillion ever contacted CRW Consulting to convey the exact language that should be used on the Form 470. CISD did inform us of their needs and desire to

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increase capacity for both their WAN and Internet access services, but at no time did they ask us to use any specific language. Indeed, as one looks at the relevant section of the 470 posting, it is immediately apparent that this request is open to a VERY high degree of competition. The applicant was accepting bids for both analog and VoIP phone service. Had we wanted to "steer" the bidding process towards Trillion, we would have only indicated only VoIP service, thus weeding out potential completion from vendors of analog systems, or requested specific equipment (Shore-Tel), which Trillion does sell. The applicant was also requesting bids for WAN connectivity at 4 sites. Again, if we had wanted to "steer" the bidding process towards Trillion, we would have requested that 3 of the sites connectivity be via fiber, and one wireless (which was the ultimate solution from Trillion we awarded). The district took none of these actions, and as a Consultant, CRW Consulting used language as generic as possible, while still meeting USAC guidelines on minimum standards for the 470. Had we provided **less** detail, we may not have issued a 470 that met minimum guidelines to let potential vendors know that we were looking for the types of services they provide. As a consultant for roughly 200 school districts with more than 10 years of experience, I honestly don't know how I could have filed this 470 to be open to more competition.

What kinds of service are you seeking: Telecommunications Services, Internet Access, Internal Connections Other than Basic Maintenance, or Basic Maintenance of Internal Connections? Refer to the Eligible Services List at www.sl.universalservice.org for examples. Check the relevant category or categories (8, 9, 10 and/or 11 below), and answer the questions in each category you select.

8 ☐ Telecommunications Services

Do you have a Request for Proposal (RFP) that specifies the services you are seeking ? if you check YES, your RFP must be available to all interested bidders for at least 28 days. If you check YES and your RFP is not available to all interested bidders, or if you check NO and you have or intend to have and RFP, you risk denial of your funding requests.

a ☐ **YES**, I have released or intend to release an RFP for these services. It is available or will become available on the Web at at or via (check one):
☐ the Contact Person in Item 6 or ☐ the contact listed in item 12.

b ☐ **NO** , I have not released and do not intend to release an RFP for these services.

Whether you check YES or NO, you must list below the Telecommunications Services you seek. Specify each **service or function** (e.g., local voice service) and quantity and/or capacity (e.g., 20 existing lines plus 10 new ones). See the Eligible Services List at www.sl.universalservice.org for examples of eligible Telecommunications services. Remember that only eligible telecommunications providers can provide these services under the universal service support mechanism. Attach additional lines if needed.

c ☐ **Check this box if you prefer discounts on your bill.**	☐ **Check this box if you prefer reimbursement after paying your bill in full.**	☐ **Check this box if you do not have a preference.**

Service or Function:	Quantity and/or Capacity:
Local & Long Distance Phone Service (Possibly including circuits to provide dial tone)	Approx 26 lines
VOIP phone service for above	Applicant is considering going to VOIP phone service for same quantity as above
Cell Phone Service including data services	Approx 10 lines, 6 with data service
WAN Connectivity	Approx 4 sites, currently at 15 Mb, applicant is considering moving to 50 Mb
Circuits	Minimum T1 Circuit, applicant is considering adding 2 more T1 circuits

CISD absolutely refutes that we have worked with Trillion to develop our "service specifications." As stated above, USAC identifies no communication to support that accusation, and the generic nature of the 470 posting, open to a very high degree of competition, refutes this assumption.

As an aside, we contend that of course every incumbent service provider has "inside information" that other potential vendors did not. Our long distance provider has over five years of billing history that would allow them to produce the best long distance package based upon past usage that would not be immediately available to other potential bidders. Similarly, Trillion would have had detailed "inside information" about our network, which, in fact, is partially leased from Trillion. They know exactly what switches are on premises necessary for WAN connections, how easy they are to

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service/configure, where the Network Operating Center is located, and other detailed information about the reliability of our network. Does this indicate a pre-existing relationship? Of course. Does it preclude a fair and open competitive bidding process? Of course not.

USAC cites conversations that happened between Trillion and Callisburg after the filing of the Form 470, as if this is evidence of some sort of improper "information sharing." It is exactly the purpose of the Form 470 to generate interest and questions on the part of Service Providers to make accurate bids to the district. Conversations about "what switches are VoIP capable" are **exactly** the types of questions vendors would need to have answered in order to make a reasonable proposal. In fact, the very occurrence of this type of conversation (Trillion trying to determine which switches at the district were VoIP capable) is evidence that the bid process was working properly, and that Trillion did not have inside information about services they had yet to provide to the district.

Conversations between Mr. Threadgill and Trillion regarding an addition of a T-1 line were tied to finding an immediate resolution to the problems discussed in the previous paragraph. The school district needed to add increased capacity to receive information from the world wide web and move it between the two campuses before the start of another school (or funding) year. We could not delay these upgrades. The school district sought information about possible costs (from our current provider, Trillion) so we could budget for them in the upcoming school year budget. We reviewed several different levels of service and choose the one we could afford at the time. This was the addition of one T-1 line. In fact, the "Preliminary Design & Good Faith Estimate" emailed to Mr. Threadgill from Chuck Browning on 8/6/2008, in the very first paragraph indicates:

> It is our understanding that your district **is not seeking a formal proposal and that you are requesting this information purely as a tool to assist you with your budget planning efforts**...the enclosed information is not a binding offer, is not a detailed, formal proposal, and is not a response to any request for proposals.

This "Preliminary Design & Good Faith Estimate" was a proposal for additional capacity for already existing WAN services. We note that this product offering is completely allowable in pre-bidding discussions (see "Attachment B" SLD Training Slide from Fall of 2009 which explicitly states:"Applicants may discuss product offerings with SPs"). Additionally, the details and pricing of this Good Faith Estimate was explicitly non-binding, and could not be relied upon as a valid offer. Indeed, the ultimate solution that the district chose was NOT the Good Faith Estimate, it varied in several ways. Our contract with Trillion included different sites than what was proposed on the Good Faith Estimate. The network design the district contracted for was different than what was propsed on the Good Faith Estimate, and finally, the types of services contracted for were different that the Good Faith Estimate (the GFE proposed two wireless WAN connections, we ultimately contracted for one). What sort of inside information could Trillion possibly have had that would have both given them some sort of competitive bidding advantage but yet leads them to providing a Good Faith Estimate that was incorrect and different from the services awarded on the contract? (Again, because USAC fails to identify any specific correspondence or discussions that violate competitive bidding rules, we are left in the dark trying to discern exactly which correspondence provided "inside information").

Trillion never suggested nor instructed any employee of the district when to file, or what to include on the Form 470. In fact, allowing generic pricing requests from Applicants to incumbent service

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providers reduces "encyclopedic Form 470s" that request all possible services, with no possible way for the Applicant to pay for them (or in this scenario, allows the 470 to be more realistic, ensuring that the district is not filing for an amount of bandwidth that is outside of its budgetary capacity).

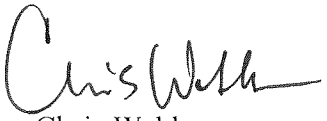
Public schools in Texas are under extreme pressure to provide on-line testing, streaming capabilities for classrooms, and conducting business with the Texas Education Agency on-line. Almost every financial and accountability issue handled by schools in Texas in done on-line. Schools have to have adequate internet access and bandwidth capacity to meet these demands. Schools need to have flexibility to make upgrades when warranted.

Finally, although not requested by USAC in their initial "Intent to Deny" letter, the districts competitive bidding documentation shows that CISD kept the proper bid documentation on file (the two bids received) and evaluated the bids correctly. We note that these bid evaluation sheets were signed by Don Metzler on 11/24/2008. The bid evaluation process was over at that point. Dr. Holloway, the Superintendent, did actually sign the contracts on 12/19/2008, but the evaluation process concluded on the 24th.

CISD maintains that at no time did the district share any inside information about our needs and services, nor did we accept any type of language from Trillion to use on the 470. CISD emphatically states that they have never revealed any bid evaluation factors, procurement procedures or other process that would have given Trillion an advantage in the competitive bidding process. Indeed, even USAC fails to identify any specific piece of communication that violates the competitive bidding procedures and relies on general statements about the competitive bidding process. Because such evidence is absent, we respectfully ask that the Commission reverse USAC's finding and remand both the 2009 and 2010 application to USAC for funding.

If you have any questions relating to this matter, please contact our consultant, Chris Webber, using the information below.

Sincerely,



Chris Webber
CRW Consulting
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ATTACHMENT A

CALLISBURG INDEPENDENT SCHOOL DISTRICT
EVALUATION OF BIDS
E-RATE YEAR 2009

Service or Equipment that this Bid is for:

WAN: 4 SITES

From Company: TRILLION

Evaluation Factor	Maximum Points	Total Awarded Points
Price	25	20
Service History	20	15
Expertise of company	20	20
Understanding of Needs/Completeness of Bids	20	20
Location of Company	15	15
TOTAL	100	90

Bid Evaluated by: Don Mitzler

Date: 11/24/08

Signature: Don Mitzler

Note: Price must be the primary factor in the bid evaluation. No other factor may be allotted the same maximum points as Price.

Ineligible factors, such as content filtering, should not be used in evaluating bids.

PRODUCT ADDENDUM

Trillion

Product: WAN
No.: PD-0002500

This Product Addendum is made by Trillion Partners, Inc. ("Trillion") and Customer (collectively the "parties") effective on the Effective Date indicated below. This Product Addendum is a part of and amends the Services Agreement between the parties numbered SA-060208-001072 ("Agreement"). In consideration of the mutual promises and covenants contained herein the receipt and sufficiency of which are acknowledged, the parties represent, warrant, covenant, and agree as follows:

1. **ENTIRE ADDENDUM.** The Agreement shall remain in full force and effect except to the limited extent described herein. Any attempted E-Rate SPIN change during the Term without the express prior written authorization of Trillion shall be void. This Product Addendum may be modified only if done so in writing and signed by both parties. This Product Addendum may be executed in two or more counterparts, each of which will be deemed an original for all purposes, and together will constitute one and the same document. Faxed and electronically reproduced signatures will be relied upon as original signatures in all respects. Except to the extent the Agreement is separately executed by the parties, the parties' signature hereto shall also constitute full execution of the Agreement as of the date listed below.

2. **COMMENCEMENT; SURVIVAL.** Customer's obligations under this Agreement shall commence on the date this Product Addendum is signed by Customer below, with the sole and limited exception that Customer's obligation to begin payment under this Product Addendum shall begin on the date the Customer executes an acceptance certificate applicable to this Product Addendum. If there are multiple stages of acceptance for this Product Addendum, Customer shall promptly pay its pro-rated share for the accepted Services as invoiced by Trillion. Independent of this obligation to pay, if there are multiple stages of acceptance for this Product Addendum, the latest date of acceptance shall be the Commencement Date. The terms of any sections which by their nature are intended to extend beyond termination will survive termination of this Product Addendum for any reason.

3. **EXTENSIONS AND UPGRADES.** The parties agree that extensions to the term of this Product Addendum are expressly authorized and shall not require a new bid. The parties agree that upgrades, improvements, additional sites, and enhancements to the Services are expressly authorized and any amendment hereto to effectuate such upgrades, improvements, additional sites, and enhancements shall not require a new bid as long as the amendment reasonably relates to the Services. Any amendment hereto shall be in writing signed by both parties.

4. **"TERM"** means the period beginning on the date of acceptance as indicated in writing on the Certificate of Acceptance and continuing for a period of five (5) years thereafter, unless extended or sooner terminated under the Agreement or a subsequent Product Addendum.

5. **ASSUMPTIONS:**

   (a) Trillion is relieved of its obligation to provide the Services if certain preconditions to installation which are outside the control of Trillion do not occur.

DESCRIPTION OF SERVICES: DIGITAL TRANSMISSION SERVICE – WIDE AREA NETWORK.

NOTE: ANY SITE LISTED IN DESCRIPTION OF SERVICES SHALL AUTOMATICALLY BE MODIFIED TO ADOPT ANY SUBSEQUENT NAME CHANGE TO SUCH SITE.

Service Locations	Burstable Mbps per site	Service Type (Fiber/Wireless/MPLS)
Callisburg Admin	50	Fiber
Callisburg HS	50	Fiber
Callisburg Transportation	50	Fiber
Callisburg ES	50	Wireless

[Product Addendum Continues on Next Page.]

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TX-Callisburg-112108-W-PD-0002500-a

PRODUCT ADDENDUM

Copy

Trillion

Product: WAN
No.: PD-0002500

Service Summary

Service:	Wide Area Network Services
Number of Sites:	4
Contract Term in Years:	5
Estimated E-Rate Discount:	70%

Total Service Charge	Price Before E-Rate Discount		Effective Price After E-Rate Discount		Customer Payments to Trillion *
	Month	Annual	Month	Annual	Annual *(estimated after E-Rate discount)*
Per Site	$1,599.00	$19,188.00	$479.70	$5,756.40	$23,025.60
All Sites	$6,398.00	**$76,752.00**	$1,918.80	$23,025.60	

	One-time
Non-Recurring Customer Payment to Trillion *	**$0.00**

* Does not include taxes or governmental fees, including but not limited to USF fees, sales taxes, etc., that Customer is also required to pay as listed on the invoice.

TRILLION PARTNERS, INC.

"TRILLION"

9208 Waterford Centre Blvd., Suite 150
Austin, TX 78758

By: _____

Print Name: _____

Title: _____

Effective Date: _____

CALLISBURG INDEPENDENT SCHOOL DISTRICT

"CUSTOMER"

Address: 148 Dozier
Collisburg

By: Charles H. Holloway

Dr. Charles Holloway
Superintendent

Date: 12-19-08

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SERVICE LEVEL AGREEMENTS

Trillion

Digital Transmission Service - Wide Area Network Service Level Agreement

Support Service. Trillion's goal is provide carrier class service for our customers. Support services are provided for up to four authorized technical contacts that have been given access to the Trillion NOC. Trillion provides the ability to receive and process support cases 24x7x365. Hours of operation, phone and online support are from 8 a.m. to 7 p.m. Central time, with emergency outage support 24 hours a day, seven days a week. The Trillion Network Operations Center is staffed 24x7 for proactive network monitoring and WAN system management services.

Service Metrics. Trillion will respond and begin corrective action when the following service specifications drop below the identified threshold for a given site:

(1) Service Availability: Availability drops below 100%
(2) Latency: Average Round trip Latency exceeds 30ms
(3) Packet Loss: Average Packet loss is greater than 1%
(4) Mbps: Throughput is 90% of the total bandwidth contracted for each site
(5) Customer Support: Trillion's goal is to provide a NOC support contact within a two hour average response time to any customer submitted support request
(6) On-site Service: Trillion's goal is to dispatch a field technician within one hour of service outage verification if the service cannot be restored remotely.

Scheduled Maintenance. Trillion will notify customer 48 hours in advance of any scheduled maintenance. Trillion at its sole discretion will apply necessary maintenance patches or upgrades necessary to resolve critical issues and ensure the service specifications are being met.

Customer is responsible for the LAN (Local Area Network) connectivity. This includes all LAN equipment and LAN activity including internal LAN routing, subnets, DHCP and/or DNS changes that need to be made for internal building network access to the WAN.

Customer is responsible for: all internal cabling and power; providing local LAN IP routing and Ethernet for incoming WAN connection; providing end user help desk support including applications support, LAN support, Internet access support, VPN support, etc.; and all customer owned equipment backups. Trillion will provide configuration backups of all Trillion-owned devices.

Penalty for Service Availability Non-Compliance: For a given calendar month, within which Trillion experiences a Service Outage, Customer may request a service outage credit. In order to be eligible for the credit, Customer must log a service credit case within five (5) business days of the outage with verification by Trillion of the event. Trillion will apply a service credit based on a pro-rated calculation of the amount of time the service was unavailable to the affected site during that month.

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TX-Gallisburg-112106-W-PD-0002500-s

CALLISBURG INDEPENDENT SCHOOL DISTRICT
EVALUATION OF BIDS
E-RATE YEAR 13

Service or Equipment that this Bid includes:

WAN: 4 SITES

Name of Vendor: NORLIGHT

Evaluation Factor	Maximum Points	Total Points Awarded
Price	25	25
Service History	20	10
Expertise of Company	20	15
Understanding of Needs/Completeness of Bids	20	5
Location of Company	15	10
TOTAL	100	65

Bid Evaluated by: DON METZLER

Date: 11/24/08

Signature: Don Metzler

Note: Price must be the primary factor in the bid evaluation. No other factor may be allotted the same maximum points.

Ineligible factors, such as content filtering, should not be used in evaluating bids.

Bid only listed two sites, not four.

FIBER OPTIC WAN RESPONSE

PREPARED FOR

CALLISBURG INDEPENDENT SCHOOL DISTRICT

CALLISBURG

BY

Norlight Telecommunications, Inc.
3701 Communications Way
Evansville, IN 47715
Phone 877.599.3285

October 30, 2008

NORLIGHT
TELECOMMUNICATIONS

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5 - Time Schedule and Implementation	12
6 - School References	14

NORLIGHT
TELECOMMUNICATIONS

CORPORATE OVERVIEW

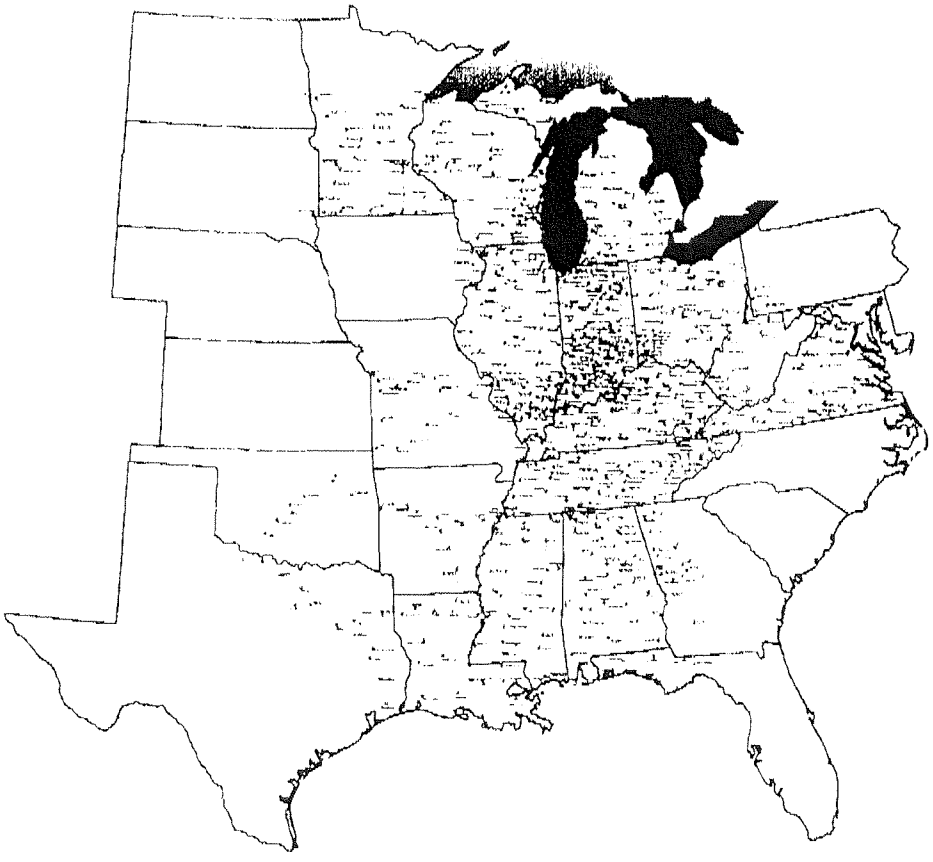
Section

Norlight Telecommunications, Inc.

USAC Priority 1 Communications Carrier Serving School Districts & Libraries for 10 years

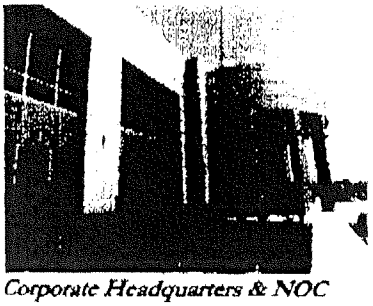
Norlight Telecommunications, Inc. ("Norlight"), is an integrated full-service provider of telecommunications services that serves school districts, colleges, universities, and libraries in the education marketplace.

Norlight offers services throughout an extensive central U.S. regional footprint. We are a facilities-based company that has access to backhaul fiber in 24 states, covering nearly 30,000 miles. Norlight is not a fiber-optic construction company; we engineer and construct fiber networks to enable schools and libraries to access the broadband capacity and related services they need. Our services are highly reliable and are supported 7x24x365 by redundant Network Operations Centers located in Evansville, Indiana and Brookfield, Wisconsin.



In July 2006, Norlight relocated its offices and Network Operations Center (NOC) to a new 52,000 sq. ft. Corporate Center located in Evansville, Indiana. Diverse commercial power feeds, backed up by a diesel standby power generator, insure there are no power interruptions for the critical service delivery systems located within this state-of-the-art facility. The 5,000 sq. ft. equipment room within this building is constructed with an earthquake-reinforced ceiling and 12-inch thick poured concrete walls to insure service continuity regardless of what Mother Nature has in store (earthquake, tornado, severe storm).

All Norlight customer networks are continually monitored by our NOC, which is staffed on a 24x7x365 basis. This comprehensive level of scheduled coverage is designed to facilitate easy customer access to a 'live person' at all hours on any day. We are dedicated to providing world-class customer service. Whether you are working with technical support, billing, marketing, or a customer service specialist, you will receive the same exceptional service and response. Because of this commitment to providing reliable service, over the past several years Norlight has developed strong relationships among many school corporations and libraries within our large service area. Annual growth for our E-Rate business has exceeded 80% since 2003. We are now the USAC Priority 1 Communications Carrier for Schools and Libraries in over 70 districts.



Corporate Headquarters & NOC

This level of success is attributable to two factors. First, our focus is on designing and constructing state-of-the-art Wide Area Networks utilizing GigE, un-switched, point-to-point technology. Norlight solutions provide schools and libraries with an abundant broadband resource, that enables their Technology Departments to operate effectively and efficiently, utilizing the significant transport bandwidth that fiber optic technology enables. Beyond our underlying transport services, Norlight also offers secure Internet access and related bundled services, such as the management of electronic mail, firewall services, and content filtering. We offer our K-12 education and library clients a cost-effective, E-Rate eligible service to better serve their district/system, and the communities that they are entrusted to serve.

The second factor that has helped us find success in serving Schools and Libraries is our in-house USAC E-Rate experience. We have been a Priority 1 Service Provider since its inception, so Norlight is well versed in all aspects of the funding process and its inherent timeframes, deadlines, and regulations. Specifically, as mandated by the Universal Services Administrative Company (USAC), these compliance requirements include registering with USAC (Form 498 – SPIN), annual certification compliance with all state and local procurement rules, billing requirements, and meeting all E-Rate filing deadlines. In addition, our team has participated in successfully working through the complexities surrounding consortium filings and CIPA/filtering requirements. Norlight continues to maintain its "good standing" status with USAC and our annual certification (Form 473) has been filed. Norlight is currently an Eligible Telecommunications Provider through the 2008 and 2009 funding year.

Norlight maintains an ongoing review and update of SLD issued materials (both paper announcements and via the SLD website). We supplement this knowledge retrieval and analysis with participation in SLD vendor conference calls, and with the USAC training offered to service providers.

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Beyond our sales and account management resources, we have access to in-house legal counsel to support this initiative. Norlight's E-Rate knowledge and experience goes beyond what is required of a typical school, library, or district level filing. Our specialized knowledge includes an understanding of the unique issues related to the 182 Native American Schools, both those of the Bureau of Indian Affairs and those owned by the individual Tribal entities.

Norlight is committed to aiding local school districts and libraries with their E-Rate related filings. We are willing to share our knowledge with potential school and library E-Rate applicants to assist them in understanding USAC E-Rate procedures and standards. In giving this support, we answer questions and provide assistance, *so long as the degree of assistance will not limit the particular applicant's eligibility.* Specifically, the type of support that Norlight can perform without limiting customer eligibility includes:

- Form 471 completion assistance
- Identification of Item 21 Attachment elements
- Project Completion support (Form 486)
- BEAR and SPI Form filing support

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CALLISBURG INDEPENDENT SCHOOL DISTRICT GIGABIT ETHERNET WIDE AREA NETWORK DESCRIPTION

Section

Norlight is proposing a point-to-point Wide Area Network (WAN) for the Callisburg Independent School District. Our WAN will utilize a Gigabit Ethernet (GigE) point to point network topology. The High School will serve as the central hub site, utilizing fiber optic links to reach the Middle School. The proposed service will provide a full Gigabit of dedicated bandwidth from the central hub to the remote site at all times, without passing data traffic beyond the central hub, except for Internet access. As part of our proposed offering to the Callisburg Independent School District, Norlight is including all required termination equipment at the main hub and at each of the remote sites. This bundled termination equipment includes one, copper GigE port at each remote location, as well as one, copper GigE port for each remote location at the central hub site.

Norlight offers native Ethernet services at GigE speeds. Our solution is faster, more flexible, and less costly than any other high speed WAN, advantages that directly benefit the school system and the taxpayers that provide your support. The following are a few of the key advantages:

- The network is non-blocking. Each site gets a full GigE of throughput over a link that is not shared with anyone else
- VLANs can be directly established across the network by school system IT personnel without the need for Norlight involvement
- School system IT personnel can set up their own QoS scheme without the need for Norlight involvement
- The network is maintained by Norlight's staff of technicians both at Norlight's NOC/NMC (technicians stationed in Evansville, Indiana who are available 7X24 to take trouble reports) and in the field. Norlight has route technicians responsible for the fiber and terminating equipment located at each site premise, who are ready to respond rapidly to any problem.
- There are no queues for the traffic to wait on if the network is busy or under-engineered. A full Gigabit of throughput is available to all locations on the network. The network design enables the dedication of GigE bandwidth between communication locations, resulting in low latency and a faster network than your students, teachers, librarians, or administrators will have previously experienced.
- The fiber utilized in each WAN does not rely on any equipment in any of our Norlight POPs. If Internet service is provided in addition to this high speed transport, Internet access will be provided point to point from the nearest Norlight POP to the main hub, and terminated into school system routers.
- The configuration of the equipment for providing this network will be a small termination equipment device (usually a switch or media convertor) in the remote location and a larger switch or array of media convertors at the hub site. Fiber will connect each hub to its remote location. If the fiber goes through a Norlight POP, the fiber will not be terminated in any equipment, but will be either spliced or cross connected through at the Norlight POP.

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Fiber drops will be terminated at each of the two sites within each building at a demarcation point (demarc) as defined by the Callisburg Independent School District. We don't follow the standard operating procedures of the local phone company (LEC), which prescribe this demarc at the minimum point of entrance. Instead, Norlight will establish the demarc at a location within each building of your choice, where a fiber distribution panel (FDP) will be installed to terminate the fiber in each of the buildings and then patched over to our optical equipment.

To accommodate the Norlight equipment at the demarc, we would request that the Callisburg Independent School District provide access to an equipment closet at each location that is safe and comfortable for people to work in and includes:

- sufficient 19" rack space for the FDP and other Optronics equipment (usually 2 RU at the remotes; up to 4 RU at the hub)
- an AC outlet fed by a 115 volt/20amp isolated circuit. UPS power protection is strongly recommended. The Callisburg Independent School District would also be responsible for supplying power to the fiber termination equipment.
- timely access for Norlight personnel to these equipment closets in order to install, maintain, or troubleshoot the network and supporting equipment.
- controlled access to maintain the security and integrity of the installed equipment. The Callisburg Independent School District will be responsible for any damage to Norlight equipment that is not the result of normal usage or failure.
- The Callisburg Independent School District will be responsible for supplying a switch or router that has an adequate number of ports to support the copper GigE circuit ports from Norlight equipment at the central hub and remote sites. The hub site requires a minimum of one standard copper GigE port for each remote location, whereas the remote locations will each need a single standard GigE port available. Switches or routers are not provided by Norlight, as they are considered "internal connections" by USAC, and part of the internal LAN, not a Priority 1 WAN service.
- The Callisburg Independent School District will need to provide and install the Ethernet patch cables from the optical termination equipment to the switch ports capable of supporting WAN ports (not from the FDP to our optical equipment, only from our optical equipment to the point at the demarc where we hand off the GigE copper Ethernet).

The locations to be served by this proposed network are identified in the table below. Any variation to the addresses portrayed in the table should be communicated to your Account Executive.

Callisburg Independent School District Gigabit Ethernet WAN Site List

Norlight Label	Name of Location	Street Address	City	Zip Code
Main Hub	Callisburg High School	308 Dozier Street	Gainesville	76241
Remote 1	Callisburg Middle School	148 Dozier Street	Gainesville	76241

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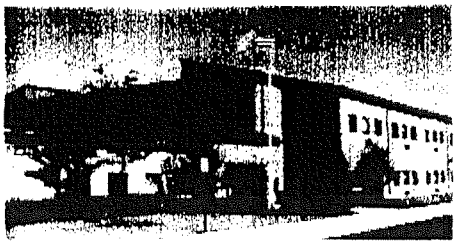
CALLISBURG INDEPENDENT SCHOOL DISTRICT WIDE AREA NETWORK BENEFITS AND APPLICATIONS

Section

There are a multitude of benefits for the Callisburg Independent School District WAN proposal, given a full Gigabit of connectivity among your schools. Some of the primary benefits of your new WAN will be:

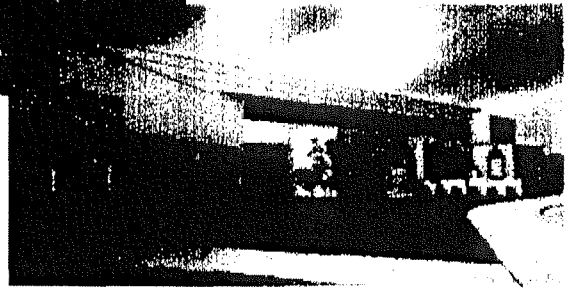
- greatly enhanced communication between all schools and facilities
- the ability to readily share video files
- greater access to multi-media applications, including the ability to broadcast educational programs from one school to any other
- load balancing of Internet bandwidth across the network



As school systems throughout the country have gained access to the high bandwidth networks, such as the one being proposed by Norlight, various applications have been deployed to improve access to teaching resources and provide the IT staff with the infrastructure to better manage and control IT resources. Examples include:

...Equivalent Quality of Service among all schools for Internet Access

...Server Consolidation – the hub site can provide a single location for software maintenance/upgrades, as well as better enable efficient and timely file back-ups



...Bandwidth Needed for Full Motion Video - Remote Learning to share specialized expertise; interactive workshops to broaden participation; virtual field trips to 'far away' places; remote access to international conference rooms to broaden cultural perspectives; ability to utilize vast on-line educational resources, such as the National Geographic Kids Network, the Jason Project, and NASA Quest.

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...Economic Development – Continuing Education and professional development curricula delivered to multiple remote sites; use of the video conferencing infrastructure within the school system by community development agencies

...A Wealth of Bandwidth for Voice, Video, and Data Integration – system wide Voice Over Internet Protocol (VoIP); digital Security Surveillance of all school facilities from a single point

...Catalyst for Innovative Application Trials – HVAC monitoring and control of all school buildings from one central location to facilitate the use of energy saving programs; centralized Test/Exam Servers to improve the security of records

The above applications are merely a partial listing of the possible uses of a GigE network. The virtually unlimited bandwidth that will be provided by our proposed WAN will make possible these and many more applications. While the applications mentioned are not a part of this proposal, our WAN solution makes any and all of these possible from the very first day service is established.

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Section

CALLISBURG INDEPENDENT SCHOOL DISTRICT LIBRARY PRICING

The following pricing options include providing for a full GigE fiber based dedicated network for the two locations identified on page 7. The network design assumes utilization of the High School as the central hub site, with full connectivity to the subtending Middle School. Please note that in the price quote provided below, that the E-Rate discount is assumed to be 70% and represents an estimate based on the most recent Callisburg Independent School District 471 Form posting on the USAC web site. As such, the 'Effective Monthly Recurring Charges' are subject to change based on further discussion between USAC and the Callisburg Independent School District regarding the 'approved discount level' for which your district is eligible.

The quotes provided by Norlight are for a fully managed network with no additional charges imposed for any permits, easements, pole attachments, additional construction costs, support or maintenance of the network, or testing of the network. (This does not include any related fees that may apply as required or authorized by local, state and/or federal governmental agencies.)

Norlight delivers its Gigabit Ethernet Services using 1000BASE-T handoffs (RJ-45). If your schools, for whatever reason, require a different handoff, please inform your Account Executive up-front, so we are aware of your specific needs prior to the start of construction. This price quote assumes that the Callisburg Independent School District will provide Norlight with collocation space and power at each site enumerated in Section 2 of this proposal at your own cost. In addition, Norlight may need necessary easement and building entrance rights, to extend our network from the public rights of way into each building facility to be served.

Five Year Contract Term (60 Months)

Payment Option	Full Cost		Effective Cost (70% E-Rate Discount)	
	Monthly Recurring Charge	Non Recurring Charge	Effective Monthly Recurring Charge	Effective Non Recurring Charge
District	$950.00	Waived	$285.00	Waived
Per Site	$475.00	Waived	$142.50	Waived

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*Note - The above calculations are for illustrative purposes only and are based on the Callisburg Independent School District 70% E-Rate discount as posted on the USAC web site. Each amount is averaged over the cost of the project and may not reflect the actual cost for a specific connection. This distinction is only important to the extent that sites are either dropped or added in comparison to the sites included on this quote, because the pricing above assumes the purchase of service for all locations identified in the RFP.

**THE 'EFFECTIVE COSTS' REFLECTED ABOVE ARE AN ESTIMATE BASED ON YOUR MOST RECENT USAC 471 FILINGS.
YOUR ACTUAL E-RATE DISCOUNT PERCENTAGE MAY VARY FROM THIS ESTIMATE**

This price quote expires ninety (90) days from the due date of the associated response

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Section

PROJECT TIMELINE

Callisburg Independent School District WAN Construction Schedule

	Start Date	End Date	Duration by Phase	% Phase Complete	Days Complete by Phase	Days Remaining by Phase
Phase 1: Scope of Work Definition						
Contract Signing	11/14/08	11/14/08	0	0.0%	0	35
Kick-Off Call	11/21/08	11/21/08	7	20.0%	7	28
Site Survey/Walkthrough	12/15/08	12/19/08	28	80.0%	35	0
Phase 1 Sub-Total			35	100.0%	-	-
Phase 2: Engineering & Entrances						
Field Engineering	12/22/08	1/16/09	25	23.1%	25	83
CAD/Mapping/Permitting	1/19/09	3/13/09	53	49.1%	78	30
Entrance Facility Construction	3/16/09	4/15/09	30	27.8%	108	0
Phase 2 Sub-Total			108	100.0%	-	-
Phase 3: Utility Pole Make Ready [1]						
Make Ready Engineering	2/23/09	4/16/09	52	53.1%	52	46
Make Ready Construction	4/19/09	6/4/09	46	46.9%	98	0
Phase 3 Sub-Total			98	100.0%	-	-
Phase 4: OSP Placement & Splicing						
Fiber Construction	6/8/09	6/26/09	18	81.8%	18	4
Fiber Testing/Acceptance	6/29/09	7/3/09	4	18.2%	22	0
Phase 4 Sub-Total			22	100.0%	-	-
Total Project	11/14/08	7/3/09	231	-	-	-

Note: [1] - Once Norlight submits its Make Ready request to the local utility pole owners, Phase 3 "Utility Pole Make Ready" progress is under the direct control of the local utility. All of the other three construction phases are under the direct control of Norlight Telecommunications.

120-130 days to deliver plus applicable right-of-way, pole attachment agreement and make ready time periods as determined by your local utility company.

The construction timeframe for this project is estimated to require up to seven months to complete following execution of the Master Service Agreement and Service Order. Upon award of the contract, Norlight will develop a personalized Project Plan, identifying key project personnel and direction of the project, including the milestones to be tracked. In addition, a site visit will be scheduled to conduct an initial 'walk through' of each site to tighten our planning.

Once the project has been launched, routine status update meetings will be conducted, including District Representatives as designated, the Norlight Project Manager and Account Executive. Our project management expertise is designed to make the implementation of your WAN as quick and smooth as possible. We realize and take into account the critical nature of the dates that you need service delivered by, as well as the necessary USAC timing of installation; and will make every effort to not only satisfy the USAC guidelines, but to exceed your expectations.

REFERENCES

Section

Since the inception of the E-Rate program, Norlight Telecommunications has built/is building WANs for over 70 school districts. Upon request we will provide contact names and phone numbers to facilitate reference checking. The following is a sampling from the list of our valued customers:

Arkansas Schools

- West Memphis Schools
- Palestine Schools
- Marvel School District
- Lee Schools
- Hughes Schools
- Helena School District
- Forrest Schools
- Clarendon Schools
- Brinkley School District
- Barton School

Alabama Schools

- Madison City Schools

Georgia Schools

- Jones County Schools
- Banks County Schools

Illinois Schools

- Community Consolidated #181
- Park Ridge #64
- Gurnee School District
- Naperville School District
- Belvidere Community Schools

Indiana Schools

- Beech Grove City Schools
- Brownsburg Community School Corporation
- Center Grove Community School Corporation
- Greater Clark County Schools
- Clay Community School Corporation
- Danville Community School Corporation
- Greencastle Community School Corporation
- Hamilton Southeastern Schools
- Mill Creek Community School Corporation
- Monroe County Community School Corporation
- North Gibson School Corporation
- Northwestern School Corporation
- Plainfield Community School Corporation
- Shelbyville Central Schools
- Town of Speedway Schools
- Vincennes Community School Corporation
- MSD Wayne Township
- Zionsville Community Schools

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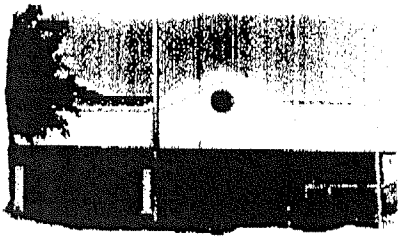
Kentucky Schools

- Clark County Schools
- Jefferson County Schools (city of Louisville)
- Martin County Schools
- Shelby County Public Schools
- Muhlenberg County Schools
- Hopkins County Schools

Missouri Schools

- Pattonville Schools
- Ft. Osage School District



Texas Schools

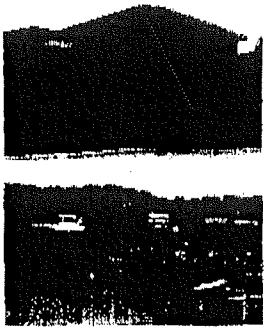
- Palestine Schools

Virginia Schools

- Lancaster County
- Dinwiddie Schools
- Northumberland Schools

Wisconsin Schools

- Green Bay City Schools
- Beloit School District



CALLISBURG

ATTACHMENT B

USAC
Universal Service Administrative Company
Helping Keep Americans Connected

Pre-bidding Discussions

- Applicants may:
  - Discuss their product offering with SPs
  - Learn about new technologies from SPs
- Applicants may NOT accept/use the following from service providers:
  - Vendor-specific language for RFP or the 470
  - Template RFPs or Forms 470
  - Assistance with tech plan
  - Assistance with RFP

Exhibit D

Intent to Deny Letter from USAC, Schools and Libraries Division, to Don Metzler, Callisburg Independent School District, dated June 15, 2010 (re Form 471 Application Numbers 662878 and 721400)

Date: June 15, 2010

Don Metzler
Callisburg Independent School District
(940) 665-9930
(940) 612-4196
Application Number(s): 662878, 721400

Response Due Date: 6/30/10

We are in the process of reviewing Funding Year 2009 and FY 2010 Form(s) 471 to ensure that they are in compliance with the rules of the Universal Service program.

Funding Year 2009 Application 662878, FRNs 1810198, 1810192 and Funding Year 2010 Application 721400, FRNs 1956812, 1956815, and 195818 will be denied for the following reasons:

Based on the documentation that has been provided to USAC, the entire Funding Request Numbers (FRNs) 1810198, 1810192, 195812, 195815, and 195818 will be denied because Callisburg Independent School District did not conduct a fair and open competitive bidding process. The Form 470 (No. 703210000685117) associated with these FRNs was posted on September 19, 2008 and the Contract Award Date was December 19, 2008.

- The documentation provided indicates that Jeff Threadgill (Callisburg) accepted meals from Trillion prior to the process Callisburg conducted to select a service provider to provide the goods and services that were included in the posted Form 470. Specifically, Trillion has provided documentation for the following meals that were accepted and attended by Jeff Threadgill. On February 5, 2008, Jeff Threadgill attended the Trillion Customer Dinner at the Moonshine Patio Bar and Grill in Austin, Texas. According to Trillion documents, the total cost of the dinner was $686.45 ($38.13/person). On May 2, 2008 Jeff Threadgill and Jeff Meadows (Trillion) had lunch. The price was $68.62 ($34.31/person). The meals' values exceed the federal gifts standards of $20/person/occasion not to exceed $50/person/per calendar year. . The meals occurred in the months prior to Callisburg's posting of its Form 470 (Application No. 703210000685117) on September 19, 2008 and subsequent award of the contract to Trillion on December 19, 2008. Based on this information, it appears that you did not conduct a fair and open competitive process, free from outside influence. For additional guidance regarding the competitive bidding process, please refer to the USAC website at: http://www.usac.org/sl/applicants/step03/run-open-fair-competition.aspx.

- The documentation also indicates that Jeff Threadgill and Don Metzler (Callisburg) engaged in meetings, e-mail discussions, and verbal discussions with Trillion employees beginning in January 2008 through the award of the six-year contract to Trillion in December 2008. Based on the documentation provided to USAC, these discussions do not appear to be general marketing discussions, but rather show that Callisburg provided Trillion with inside information regarding its needs and details about their procurement process, that Trillion influenced the

procurement process by providing input into Callisburg's Request for Proposal (RFP) and FCC Form 470 to ensure that Trillion would be awarded the contract.

Specifically, in addition to the dinner and lunch meetings discussed above, on July 29, 2008, Jeff Threadgill sent Chuck Browning an email requesting information about Trillion's proposal to add T1s. On August 5, 2008, Andy Pilarcik (Trillion) scheduled a meeting with Jeff Threadgill on August 13, 2008. This email also referenced a lunch that was previously shared between Pilarcik and Threadgill. On August 6, 2008, Chuck Browning sent Jeff Threadgill a "Pre-Design and Good Faith Estimate for Callisburg." This is a very detailed WAN system upgrade proposal for the school district and also contained the price list for Trillion's services. On August 13, 2008, Jeff Threadgill, David Jolly (Trillion) and Andy Pilarcik (Trillion) met to discuss Trillion's proposal for the WAN upgrade for Callisburg. On September 9, 2008, Chuck Browning scheduled a meeting with Jeff Threadgill on September 16, 2008 to "catch up with you [on] how things are going." On September 19, 2008, Callisburg posted its From 470.

Subsequent to the filing of the Form 470, Trillion and Callisburg continued to meet and discuss items related to the bid. On October 16, 2008, Jeff Threadgill requested whether an additional T1 line could be added for the district. Chuck Browning responded and stated that he would provide a full proposal by tomorrow and would call Jeff that afternoon. On November 6, 2008, Jeff Threadgill forwarded Chuck Browning information about the number of phones needed about Callisburg's LAN switches and questioned whether they were VoIP capable. On November 19, 2008, Chuck Browning forwarded Don Metzler (Callisburg) an amendment to the Trillion contract in order to add an extra T1 line. On December 1, 2008, David Jolly (Trillion) sent Don Metzler a "Trillions Mini prop to Callisburg" and noted that Chuck or he would be in touch tomorrow or on Wednesday to review. On December 5, 2008, Chuck Browning scheduled a conference call with Don Metzler to discuss Trillion's proposals on December 9, 2008 at 11 am. On this same day, December 5, 2008, Don Metzler sent Chuck Browning (Trillion) and CRW Consulting an email that stated: "I want us to be on the same page with regards to site locations listed on 470 forms, contracts, etc. The four site locations should be . . . I hope this help us avoid possible problems with the SLD in the future." On December 8, 2009, Chris Webber (CRW Consulting) confirmed with Don Metzler and Chuck Browning that these four entities will appear in block 4 of the application. On December 9, 2008, Callisburg and Trillion had a conference call to discuss Trillion's proposals. Also on December 9, 2008, Chuck Browning sent Don Metzler an email noting how much Trillion values its relationship with Callisburg and that the paperwork that was discussed during the call that day was also attached for his review. The contract was awarded to Trillion on December 19, 2008. (*See* Callisburg.CB. attachment.)

FCC rules require applicants to conduct a fair and open competitive bidding process free from conflicts of interest. *See Request for Review of the Decision of the Universal Service Administrator by Ysleta Independent School District, El Paso, Texas, et al, Federal-State Joint Board on Universal Service, Changes to the Board of Directors of the National Exchange Carrier Association, Inc*., SLD Nos. 321479, 317242, 317016, 311465, 317452, 315362, 309005, 317363, 314879, 305340, 315578, 318522, 315678, 306050, 331487, 320461, CC Docket Nos. 96-45, 97-21, Order, 19 FCC Rcd 6858, ¶ 60 (2003) (*"Ysleta Order"*); *See also Request for Review of Decisions of the Universal*

Service Administrator by MasterMind Internet Services, Inc., Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Order, 16 FCC Rcd 4028-4032-33, ¶ 10 (2000); *Request for Review of Decisions of the Universal Service Administrator by SEND Technologies LLC, Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Order, DA 07-1270 (2007); *Request for Review of Decisions of the Universal Service Administrator by Caldwell Parish School District, et al., Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Order, DA 08-449 (2008)(Caldwell Parish). Applicants cannot reveal to one prospective service provider information they do not provide to all. *See* Caldwell Parish, ¶ 16. For additional guidance regarding the competitive bidding process, please refer to the USAC website at: http://www.usac.org/sl/applicants/step03/run-open-fair-competition.aspx.

If the entire FRNs should not be denied and you have alternative information, please provide the supporting documentation. We are including copies of the above referenced emails and meeting confirmations for your review.

Additionally, please answer the following questions so that we may complete our review.

You have indicated in your response, "The district staff did not receive and is not aware of any meal, entertainment, or trip offered or provided by Trillion officers/employees." However, Trillion Partners, Inc. has provided documentation showing that on February 10, 2005, Karla Burkholder (Callisburg) attended a dinner hosted by Trillion during the Texas Computer Education Association trade show at Carmelo's Italian Restaurant in Austin, Texas. The total cost of this dinner was $384.02 ($64.00/person). Trillion also provided documentation regarding a breakfast on October 14, 2005 that was attended by Karla Burkholder (Callisburg) for $26.41 ($13.20/person). Trillion provided documentation for lunch on October 22, 2007 with Jeff Threadgill for $27.78 ($9.26/person). Also Trillion provided receipts for the meals discussed above that Jeff Threadgill attended on February 5, 2008 and May 2, 2008. Please explain the discrepancy in your response and the documentation Trillion has provided. (*See* Callisburg.Meals document.)

During our review of Trillion and your documentation, it appears that Andy Pilarcik (Trillion) invited Jeff Threadgill (Callisburg) to attend Trillion's VETC conference on June 24-25, 2008 in Austin, Texas. Please confirm whether Jeff Threadgill attended this event and if so, please indicate who paid for the trip expenses and provide documentation regarding this trip. Please also confirm whether any other Callisburg employee was offered or attended one of Trillion's VETC conferences and provide any related documentation. (*See* attached Callisburg.VETC.Emails attachment).

You have **15 days** to respond to this request. Your response is due by the close of business June 30, 2010. Please reply via e-mail or fax. Please provide complete responses and documentation to the questions listed above. It is important that you provide complete responses to ensure the timely review of your applications. If you do not respond, or provide incomplete responses, your funding request(s) (FRNs) may be reduced or denied, or in the case of committed FRNs subjected to commitment adjustment and we will perform the denials described at the beginning of this letter.

If the applicant's authorized representative completed the information in this document, please attach a copy of the letter of agency or consulting agreement between the applicant and the consultant authorizing them to act on the school or library's behalf. If you receive assistance outside of your organization in responding to this request, please indicate this in your reply.

Should you wish to cancel your Form 471 application(s), or any of your individual funding requests, please clearly indicate in your response that it is your intention to cancel an application or funding request(s). Include in any cancellation request the Form 471 application number(s) and/or funding request number(s). The cancellation request should be signed and dated and including both the name and title of the authorized individual.

Thank you for your cooperation and continued support of the Universal Service Program.

Pina Portanova
USAC, Schools and Libraries Division
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