

1 In regards to Net56, when a check from USAC
 2 comes in, do you know what the mechanics there
 3 are? I mean, where does the check go first?
 4 A. I can't speak to that. I don't see
 5 checks, period.
 6 Q. Okay. All right. Fair enough. And
 7 would it be -- so then you would also agree with
 8 me that you don't have an understanding as to
 9 like the way the system works at Net56 to get
 10 reimbursement; is that true?
 11 A. I would agree with that. I don't
 12 know.
 13 Q. Okay.
 14 (Whereupon, Exhibit 10 was marked
 15 for identification.)
 16 BY MR. KOLODZIEJ:
 17 Q. Showing you Exhibit No. 10. This
 18 was an e-mail that Rick Terhune sent to you,
 19 true?
 20 A. Yes.
 21 Q. Okay. Regarding a -- regarding a
 22 check from Net56 in the amount of \$167,280; is
 23 that also true?
 24 A. I'm sorry. Say that again.

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1 Q. It says, Today we got a check in the
 2 amount of \$167,280 from Net56 for E-Rate
 3 reimbursement year 2006, true?
 4 A. Correct.
 5 Q. Okay. And then he goes on to state
 6 that he's confused because the E-Rate
 7 reimbursement for 2006 should have been
 8 \$194,220.
 9 Do you also agree with that?
 10 A. That's what's written.
 11 Q. Okay. You would agree with me that
 12 that -- first of all, do you know when Net56
 13 would have received this amount of money to
 14 forward on to District 6?
 15 A. No.
 16 Q. It states that it was reimbursement
 17 year 2006. Do you know what the delay is for
 18 USAC to get a check to the provider?
 19 A. No.
 20 Q. Do you have any explanation why it
 21 would have been three years later?
 22 A. I don't do payments. I don't do
 23 receivables.
 24 Q. Who would be the person that I could

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1 ask questions to about this?
 2 A. Mr. Koch.
 3 Q. Okay. If you -- do you remember
 4 receiving this e-mail?
 5 A. I can't say I remember receiving it,
 6 I can say that I would have forwarded it.
 7 Q. You would have forwarded it to who?
 8 A. To Mr. Koch.
 9 Q. There you go. All right. I'm going
 10 to save that for Mr. Koch. Do you understand
 11 what a fiscal year is?
 12 A. Yes.
 13 Q. You understand what a school year
 14 is?
 15 A. Maybe.
 16 Q. Districts talk about school years a
 17 lot, right?
 18 A. Correct.
 19 Q. And they talk about -- they'll
 20 hyphenate it. It's like the '10-'11 school
 21 year, true?
 22 A. Yes.
 23 Q. Because they're talking about from
 24 when the session starts for those particular

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1 students at that particular grade to when they
 2 have graduated that particular grade, true?
 3 A. Yes.
 4 Q. Okay. And what's a fiscal year?
 5 A. It's when an organization determines
 6 when their year starts financially and when it
 7 ends.
 8 Q. So you understand what those words
 9 mean?
 10 A. I believe so.
 11 Q. Okay.
 12 (Whereupon, Exhibit 11 was marked
 13 for identification.)
 14 BY MR. KOLODZIEJ:
 15 Q. Showing you Deposition Exhibit No.
 16 11. That's a piece of correspondence from Zion
 17 District 6 dated September 22nd, 2009 to
 18 Mr. Bruce Koch, true?
 19 A. Yes.
 20 Q. Okay. Do you -- have you seen this
 21 letter before?
 22 A. Just recently.
 23 Q. Okay. Do you ever remember having a
 24 discussion with Bruce Koch about the issues

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1 contained in this letter?
 2 A. I believe so.
 3 Q. Okay. The beginning of the letter
 4 states that they wanted to thank Bruce and --
 5 for your and Bill's appearance at our District 6
 6 board meeting, Board of Education meeting, last
 7 evening.
 8 When it says Bill there, were you
 9 present for that meeting at the Board of
 10 Education?
 11 A. I believe that's who they're
 12 referring to, yes.
 13 Q. Okay. And was there anybody else
 14 present at that meeting from Net56 besides
 15 yourself and Bruce Koch?
 16 A. Don't recall.
 17 Q. Okay. Did you present any documents
 18 to the board at that time, at the time of that
 19 meeting? Do you remember?
 20 A. I don't recall.
 21 Q. Do you remember giving any type of
 22 slide presentation or anything like that?
 23 A. I don't think so.
 24 Q. Okay. What do you remember
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1 what do you mean by that?
 2 A. He said, Let's do it.
 3 Q. Would he do that in correspondence
 4 or in a phone conversation?
 5 A. It was probably some kind of
 6 conversation and then was executed on an
 7 Internet access quote.
 8 Q. You're talking about an E-Rate form?
 9 A. One of these.
 10 Q. Oh, one of these Internet access
 11 quotes.
 12 Do you remember after receiving
 13 this letter -- I mean, I'll ask you about the
 14 first paragraph there. The district never
 15 requested funds from the SLD for the upgrade to
 16 the 100 megabyte Internet service. Therefore,
 17 please provide any amendments to the agreements,
 18 correspondence and so forth.
 19 Do you remember having any
 20 discussion with Mr. Koch about that, that point
 21 in this letter?
 22 A. No.
 23 Q. Why don't we do it this way then:
 24 What do you remember talking to Mr. Koch about
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1 occurring at that meeting?
 2 A. I remember more questions to Bruce,
 3 and Bruce was responding to them. I really
 4 don't remember the board meeting.
 5 Q. Okay. You don't have any memory of
 6 it?
 7 A. Not really, no.
 8 Q. Did it seem like -- I mean, was it a
 9 contentious meeting?
 10 A. I don't remember. I don't think it
 11 was contentious. I don't believe it was.
 12 Q. Do you remember fielding any
 13 questions at that meeting?
 14 A. It was probably -- if I fielded a
 15 question, it would have been about the increase
 16 of the Internet access.
 17 Q. What do you remember saying in
 18 regards to the increase in the Internet access?
 19 A. That this was discussed with the
 20 administration, and they agreed to it.
 21 Q. Who was the administration that
 22 you're referring to?
 23 A. Mr. Terhune.
 24 Q. And when you say he agreed to it,
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1 in regards to this letter?
 2 A. I think it was more around the fact
 3 that we were surprised that the district didn't
 4 understand.
 5 Q. Anything else?
 6 A. That we had presented the 100 meg to
 7 the district, and they had signed off on it.
 8 Q. Do you have any -- well, let me ask
 9 you this: Was that the only part of the
 10 conversation that you had with Mr. Koch in
 11 regards to this letter?
 12 A. I believe so.
 13 Q. Okay. Were you involved in the
 14 drafting of either contract?
 15 A. I was involved in the drafting -- I
 16 was involved in determining the fees of the
 17 first contract. I don't draft the contracts.
 18 Q. Okay. What about the second
 19 contract, were you involved in the fees in
 20 regards to the second contract?
 21 A. I was involved in the cost of the
 22 portal, but not in the drafting of the contract.
 23 Q. What is a portal?
 24 A. It's an interactive website.
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1 Q. Do you know a Tom McGill?
 2 A. No, I do not.
 3 Q. Do you know if there was any
 4 cost-effectiveness discussion done in regards to
 5 the price tag of the portal?
 6 A. I know we provided a cost for portal
 7 services we were offering.
 8 Q. Okay. In terms of USAC, do you know
 9 if they did any kind of cost-effectiveness
 10 review as to the cost of the portal?
 11 A. No.
 12 Q. Would the portal have been something
 13 that was E-Ratable?
 14 A. No.
 15 Q. Do you remember discussing the fact
 16 that it was E-Ratable or not with anybody at
 17 District 6?
 18 A. No.
 19 Q. Okay. Do you know that in the --
 20 that second contract is in regards to the
 21 portal, true?
 22 A. Correct.
 23 Q. Okay. Would you be surprised if
 24 there was some type of language in that second
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1 can.
 2 THE WITNESS: Any of the funding or
 3 funding sources that would have been done with
 4 the contract would have been an arrangement that
 5 Mr. Koch set up.
 6 BY MR. KOLODZIEJ:
 7 Q. Okay. So let me ask you this: Did
 8 you know in 2006 when the portal was being sold,
 9 the portal contract was being sold to District
 10 6, that it was not E-Rate eligible?
 11 A. I know we were performing portal
 12 services before the portal was signed -- the
 13 contract executed in 2006, and I know that the
 14 portal is not E-Rate eligible.
 15 Q. And you knew it in 2006; you knew
 16 that it wasn't E-Rate eligible?
 17 A. Yes.
 18 Q. So you'd be surprised if a contract
 19 for a portal then would not only indicate that
 20 the sole funding was to come from E-Rate, but
 21 that then Net56 was to subsidize any shortfall
 22 in the funds?
 23 MR. BARTLETT: Objection. Leading.
 24 Notwithstanding that, you can answer his
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1 contract in regards to the sole funding for that
 2 contract to come from E-Rate if it's not
 3 E-Ratable?
 4 A. I would have to see what the -- what
 5 you're referring to.
 6 Q. Okay. You believe that -- let me
 7 ask you this: Let me try to change this out.
 8 You believe that the second contract for the
 9 portal -- that was only for the portal, true?
 10 A. Yes.
 11 Q. Okay. That second contract, with
 12 your understanding of E-Rate and E-Rate eligible
 13 services, that contract was never at any time
 14 E-Ratable; is that true?
 15 A. The portal is not E-Ratable.
 16 Q. Okay. So if there's language in the
 17 contract saying that the sole funding for the
 18 portal is supposed to come from E-Rate funding,
 19 that doesn't make any sense to you, true?
 20 MR. BARTLETT: Objection. Form. Also,
 21 calls for -- to the extent it calls for a legal
 22 conclusion of the contract language.
 23 Not withstanding those
 24 objections, you can answer his question if you
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1 question if you can.
 2 THE WITNESS: Again, the arrangement for
 3 the way the contracts were being paid was worked
 4 out between Mr. Koch and the district.
 5 BY MR. KOLODZIEJ:
 6 Q. Okay. Do you know if lease purchase
 7 agreements are problematic at all for E-Rate,
 8 E-Rate eligibility?
 9 A. I believe they're not.
 10 Q. They're not E-Rate eligible?
 11 A. No, they're not problematic.
 12 Q. Oh, they're not problematic. Okay.
 13 Are you aware of that ever
 14 becoming an issue in regards to USAC funding via
 15 E-Rate to District 6 in regards to the Net56
 16 contracts?
 17 A. I believe it was part of the
 18 compliance review.
 19 Q. Okay. Would there be any reason why
 20 during the course of Net56's involvement with
 21 District 6 that for some reason you would need
 22 phone bills, copies of phone bills?
 23 A. I was asked for that.
 24 Q. Why would you -- why would they ask
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<p>1 you for it?</p> <p>2 A. Because they asked me to do a lot of</p> <p>3 their technology stuff that was out of scope.</p> <p>4 Q. What do you mean by that?</p> <p>5 A. Well, for instance, they asked me to</p> <p>6 find them a new cellular provider when I first</p> <p>7 started -- when we first started our</p> <p>8 relationship. I was then asked if we could get</p> <p>9 the phone records for Dr. Wynn's usage on his</p> <p>10 cell phone.</p> <p>11 Q. Okay. Were those things you did?</p> <p>12 A. I couldn't get the usage report.</p> <p>13 They had to.</p> <p>14 Q. Okay. Were you then submitting</p> <p>15 those phone services -- those phone bills and so</p> <p>16 forth to E-Rate?</p> <p>17 A. No.</p> <p>18 Q. Were the bills being sent -- for</p> <p>19 instance, the cellular service, did you then</p> <p>20 have the bills sent to Net56 for some reason?</p> <p>21 A. Never.</p> <p>22 Q. How then would you come in</p> <p>23 possession of the bills? Can you explain that</p> <p>24 to me?</p> <p style="text-align: right;">Page 129</p>	<p>1 A. Um-hmm.</p> <p>2 Q. Agreed?</p> <p>3 A. Yes.</p> <p>4 Q. And in that -- would you agree with</p> <p>5 me that Dr. Maurice Byrd in that paragraph is</p> <p>6 relating to you as a representative of Net56</p> <p>7 that the cost of the contract was -- was</p> <p>8 important and that it was important also to keep</p> <p>9 price contained?</p> <p>10 A. Yes.</p> <p>11 Q. Thank you.</p> <p>12 (Whereupon, Exhibit 13 was marked</p> <p>13 for identification.)</p> <p>14 BY MR. KOLODZIEJ:</p> <p>15 Q. Showing you what's been marked as</p> <p>16 Exhibit No. 13. This is getting back to that</p> <p>17 cell phone bill issue which I didn't quite</p> <p>18 understand and phone bills I guess.</p> <p>19 You'll note that it seems to be</p> <p>20 this is a chain of e-mails that you were carbon</p> <p>21 copied on, true?</p> <p>22 A. Yes.</p> <p>23 Q. And the first one appears to be from</p> <p>24 Jerry Steinberg to Rick Terhune and then an</p> <p style="text-align: right;">Page 131</p>
<p>1 A. I was never in possession.</p> <p>2 Q. Okay. You never were?</p> <p>3 A. No.</p> <p>4 Q. Okay.</p> <p>5 A. I said I was asked if I could get</p> <p>6 the information directed from I believe the</p> <p>7 school board.</p> <p>8 Q. Okay. You were aware that cost was</p> <p>9 always a concern in regards to District 6 in</p> <p>10 their relationship with Net56, true?</p> <p>11 A. I'm not sure I understand your</p> <p>12 question.</p> <p>13 Q. Okay. Would you agree with me</p> <p>14 that -- well, strike that. I'll just show you</p> <p>15 instead of dancing around it.</p> <p>16 (Whereupon, Exhibit 12 was marked</p> <p>17 for identification.)</p> <p>18 BY MR. KOLODZIEJ:</p> <p>19 Q. Showing you Exhibit 12. That's an</p> <p>20 e-mail that Maurice Byrd sent to you, true?</p> <p>21 A. Yes.</p> <p>22 Q. Okay. You'll note that in, let's</p> <p>23 see, the fourth full paragraph it starts off, On</p> <p>24 another note?</p> <p style="text-align: right;">Page 130</p>	<p>1 e-mail from Rick Terhune to -- back to Jerry</p> <p>2 Steinberg, true?</p> <p>3 A. Yes.</p> <p>4 Q. In the e-mail from Jerry Steinberg,</p> <p>5 he's requesting local, long distance, Opteman</p> <p>6 A. Opteman.</p> <p>7 Q. -- Opteman, cell phone and Net56</p> <p>8 bills for E-Rate year '10, true?</p> <p>9 A. Yes.</p> <p>10 Q. And then in the next, it says</p> <p>11 that -- from Rick Terhune, I apologize for not</p> <p>12 having this to you. I thought it was done. In</p> <p>13 any case, Bill Spakowski will have another set</p> <p>14 sent that should reach you by Thursday.</p> <p>15 Do you see that?</p> <p>16 A. Um-hmm.</p> <p>17 Q. But you're saying that you were</p> <p>18 never in possession of cell phone bills?</p> <p>19 A. I was given a packet to give to</p> <p>20 Jerry from the district as a carrier, not as I'm</p> <p>21 holding the bills and responsible for the bills.</p> <p>22 Q. Okay. Did you deliver those things</p> <p>23 to Jerry?</p> <p>24 A. I didn't hand deliver. We either</p> <p style="text-align: right;">Page 132</p>

1 had them mailed or faxed. I don't remember what
 2 the solution was, but we got them to Jerry.
 3 Q. Are there bidding requirements in
 4 regards to receiving E-Rate funding?
 5 A. I believe the district, during the
 6 E-Rate process bidding, weights is a part of it.
 7 There's no requirement for the number of bids
 8 received. It could be just one.
 9 Q. You would agree with me, though,
 10 that if it is just one that that bid still has
 11 to be cost-effective?
 12 A. Yes.
 13 Q. According to USAC and E-Rate?
 14 A. Yes.
 15 Q. Who are Net56's competitors?
 16 A. The salesman in me would like to say
 17 no one.
 18 Q. Well done. Okay. So not as the
 19 salesman within you, who are the other companies
 20 that compete with Net56 for business?
 21 A. It depends on the service.
 22 Q. Okay.
 23 A. We don't have a competitor that
 24 lines up 100 percent with the services that we

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1 offer. We often have a number of vendors that
 2 can provide different pieces of it, but no one
 3 that is a one-stop source.
 4 Q. Okay. In regards to -- in regards
 5 to the services that were provided to Zion
 6 District 6, let's talk about first the services
 7 that you would classify as E-Rate eligible.
 8 Are there other competitors in
 9 the market for that type of work?
 10 A. In the market, yes. You could get
 11 web hosting with a number of vendors.
 12 Q. Okay.
 13 A. It doesn't have to be just in
 14 Chicago.
 15 Q. Who are some of those vendors?
 16 A. Google, Gaggle, IBM, Microsoft.
 17 Q. Pretty major companies?
 18 A. Yes.
 19 Q. What about the internal connections,
 20 the stuff from, as you described, from the
 21 building within?
 22 A. Again, there are a number of
 23 vendors. Locally there may be a company which
 24 has changed their name a couple of times, but

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1 they were known as Graphtech, now Techcare.
 2 Sentinel provides that type of service.
 3 Q. I saw indications that there was
 4 some type of site visit that took place at Zion
 5 District 6. Were you involved in that site
 6 visit?
 7 A. I was a member of the walk-through
 8 team, yes.
 9 Q. Who else was there for that?
 10 A. Jerry Steinberg.
 11 Q. Anyone else?
 12 A. Folks from E-Rate.
 13 Q. Who were the folks from E-Rate?
 14 A. I don't recall their names.
 15 Q. What was the purpose of that walk-
 16 through?
 17 A. It was based on their priority 2
 18 funding for their voice over IP which they got
 19 from Pentegra.
 20 Q. So it had nothing to do with the
 21 services Net56 was providing?
 22 A. No.
 23 Q. Why were you there?
 24 A. Once again, I was asked to be by the

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1 district.
 2 Q. But you and Net56 weren't involved
 3 with the purpose of the walk-through?
 4 A. No. It was based on their voice
 5 over IP phone system.
 6 Q. Were there other site visits besides
 7 that one at District 6?
 8 A. To my knowledge, no.
 9 Q. Okay. Would you agree with me that
 10 the timing of that visit would have been
 11 probably around April 2007, April, May 2007?
 12 Does that sound right at least?
 13 A. I'm not sure.
 14 Q. Okay. In regards to the
 15 investigation that USAC then did into Net56, do
 16 you know if they would have gone out in the
 17 various districts that Net56 was providing
 18 services to?
 19 Do you know if USAC actually made
 20 a site visit to any of those school districts?
 21 A. I am not aware. It doesn't mean it
 22 didn't happen.
 23 Q. Would you have done any preparation
 24 for that site visit in 2007?

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1 A. I didn't, no.
 2 (Discussion off the record.)
 3 (Whereupon, Exhibit 14 was marked
 4 for identification.)
 5 BY MR. KOLODZIEJ:
 6 Q. Let me show you what's been marked
 7 as Exhibit No. 14, Deposition Exhibit 14. At
 8 the top of this entire document, it says, Gloria
 9 McCallum, M-c-C-a-l-l-u-m.
 10 Do you know who that is?
 11 A. I have no idea.
 12 MR. BARTLETT: Where is this from?
 13 MR. ROSENBAUM: If we can go off for a
 14 second.
 15 (Discussion off the record.)
 16 BY MR. KOLODZIEJ:
 17 Q. This is a string of e-mails it looks
 18 like between yourself and Tony DeMonte, true?
 19 A. Correct.
 20 Q. What's Tony's role over at District
 21 6 as far as you know?
 22 A. At the current time? At this
 23 current time, I believe he's the director of
 24 technology.

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1 will complete and e-mail to you. We have been
 2 funded 100 percent doing it this way. We can
 3 discuss in more detail tomorrow morning.
 4 That's what you wrote back, true?
 5 A. Correct.
 6 Q. When you say we have been funded 100
 7 percent, obviously, the E-Rate discount wasn't
 8 100 percent, right, so I know that's not what
 9 you're talking about?
 10 A. Correct.
 11 Q. Okay. And you would also agree with
 12 me I believe that certainly at no point in time
 13 was District 6, with what they were seeking in
 14 E-Rate reimbursement, did it ever reach
 15 anything -- it barely reached 50 percent, if
 16 even that, true?
 17 A. I'm not sure what you're really
 18 asking me there.
 19 Q. Okay. Well, if I told you like in
 20 2005, for instance, if there -- if the
 21 indication is that there was two FRNs filed for
 22 District 6 for Net56 services and that one of
 23 them was for \$204,000 and the other one for
 24 165,000 and change and then they actually only

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1 Q. Okay. And this was it looks like an
 2 exchange that took place back in July of 2008,
 3 true?
 4 A. Yes.
 5 Q. Okay. The first e-mail, July 1st,
 6 2008 from Tony to yourself, it's talking about
 7 an individual named Dave. Just spoke with Dave
 8 who wanted to clarify a couple of items.
 9 Do you know who Dave was?
 10 A. No.
 11 Q. And then it apparently is discussing
 12 some issues or questions in regards to it looks
 13 like an E-Rate application number, and then it
 14 gives a number.
 15 Do you see that?
 16 A. Yes.
 17 Q. Okay. And then he also wanted to
 18 clarify the best possible answers, and then he
 19 gave you some answers, because we only need it
 20 to get outside, and let's see, and it also is
 21 requesting a configuration diagram, true?
 22 A. Yes.
 23 Q. And then you responded back, I
 24 answer these every year for the district. I

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1 received reimbursement for one of those two
 2 things, 82 percent, it seems to indicate that
 3 was a significant difference between what they
 4 were actually seeking reimbursement for and what
 5 they were actually getting in return, true?
 6 A. No, I don't agree.
 7 Q. Okay. Then why don't you agree?
 8 A. Because it sounds like -- and I'm
 9 not seeing what you're talking about --
 10 Q. Sure.
 11 A. -- but it sounds like there were two
 12 filings that year, one for priority 2 and one
 13 for priority 1.
 14 Q. Okay.
 15 A. At no point was there ever an
 16 expectation that priority 2 would absolutely be
 17 funded, and at no point was there a guarantee
 18 that the E-Rate percentage might not change.
 19 Q. But if we went back to the --
 20 A. I said the trends show. It doesn't
 21 mean it's going to happen.
 22 Q. Okay. You also wrote -- you wrote
 23 that we should get these based on last year's
 24 trends, and you wrote it all in capitals; isn't

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1 that also true?
 2 A. Yes.
 3 Q. Trying to stress how confident you
 4 felt about that?
 5 A. I felt there was an opportunity.
 6 Didn't guarantee it.
 7 Q. You're saying at no time did you
 8 ever indicate that priority 2 would be funded?
 9 A. No.
 10 Q. Why is that?
 11 A. It's a guessing game.
 12 Q. Why is it a guessing game?
 13 A. There are a number of variables that
 14 indicate whether a district will get priority 2
 15 funding.
 16 Q. What are those variables?
 17 A. It can only be awarded in five
 18 filing years. It's based on the money that's
 19 left over after priority 1 funding during the
 20 USAC program. It's based on the E-Rate
 21 percentage. It's based on the E-Rate
 22 percentages of all districts in the State of
 23 Illinois that have filed for E-Rate.
 24 Q. At any point in time, did District 6
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1 Zion 6 that this was the first time you were
 2 ever involved with E-Rate funding?
 3 A. It wasn't the first time we were
 4 ever involved in E-Rate funding.
 5 Q. First time you were ever involved in
 6 E-Rate funding, true?
 7 A. Yes.
 8 Q. Okay. And what other school
 9 district was receiving E-Rate funding prior --
 10 A. Deerfield --
 11 Q. Deerfield.
 12 A. -- and Lincolnwood.
 13 Q. Do you know, were they receiving
 14 priority 2 funding?
 15 A. No.
 16 Q. Prior to executing the contract with
 17 Zion, the first contract with Zion 6, were they
 18 receiving priority 2 funding?
 19 A. I can't speak for that. I don't
 20 know.
 21 Q. What was the trend that you were
 22 basing that on, that statement on?
 23 A. I was looking at discounted rates
 24 that received it the prior year, where the trend
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1 ever receive E-Rate funding for priority 2
 2 services?
 3 A. Yes, they did.
 4 Q. When?
 5 A. It would have been on the voice over
 6 IP phone system they received.
 7 Q. But that wasn't something that Net56
 8 was providing?
 9 A. No, it wasn't.
 10 Q. Okay. So was there at any point in
 11 time where Net56 received any priority 2 funding
 12 for services provided by Net56?
 13 A. For Zion School District, no, never.
 14 Q. Has any school district ever
 15 received priority 2 funding for services
 16 provided by Net56?
 17 A. No.
 18 Q. And Zion 6 also was the first school
 19 district that you had sold as a customer that
 20 was based on E-Rate funding, true?
 21 A. Using the E-Rate model as a sales,
 22 yes.
 23 Q. Okay. And when you did that, at any
 24 point in time did you represent to anybody at
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1 and where the bar broke. You can go and
 2 evaluate how far down they paid in the State of
 3 Illinois.
 4 Q. Did you present -- did you have some
 5 type of report in this regards? Did you create
 6 some type of report in that regard?
 7 A. No.
 8 Q. At any point in time, did you ever
 9 create any type of report in regards to priority
 10 2 funding?
 11 A. I may have only -- no, I never
 12 created a report. It may have been a bullet
 13 point on a presentation at some point in time.
 14 Q. Okay. On a presentation to whom?
 15 A. One of my customers.
 16 Q. A district, a school district?
 17 A. A school district, yes.
 18 Q. Okay. Do you know what Bruce Koch
 19 would have related to the district in regards to
 20 priority 2 funding?
 21 A. I don't know what he said to the
 22 district.
 23 (Whereupon, Exhibit 15 was marked
 24 for identification.)
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1 BY MR. KOLODZIEJ:
 2 Q. I'm going to show you what I've
 3 marked as Exhibit No. 15, Deposition Exhibit No.
 4 15. What is this document? Well, strike that.
 5 You know what, I'll do it this way:
 6 It says it's a five-year IT
 7 comparison, and it appears that it was drafted
 8 by Net56. Would you agree with that?
 9 A. Yes.
 10 Q. Do you know who at Net56 drafted
 11 this document?
 12 A. Myself.
 13 Q. On page 3 of this document, this is
 14 what you're suggesting the costs will be if --
 15 if the district decides to go with the Microsoft
 16 environment with Net56, true?
 17 A. Yes.
 18 Q. Okay. The page before that, page 2,
 19 is the same thing in a Novell environment,
 20 right, if the district decides to go with Net56?
 21 A. Um-hmm.
 22 Q. True?
 23 A. Yes.
 24 Q. Both of those have line items for
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1 A. No.
 2 Q. Why not?
 3 A. Because throughout this entire
 4 process it was never a guaranteed item. We
 5 didn't know which two of the five it might apply
 6 to.
 7 Q. And you're doing this, true --
 8 you've set this up, these comparisons up, to
 9 demonstrate why it is more cost-effective to go
 10 with Net56, true?
 11 A. Correct.
 12 Q. And would you also agree with me
 13 that there's a total item number for the
 14 priority 2 funding under both of these
 15 scenarios?
 16 A. Yes.
 17 Q. And that total number is all of
 18 those numbers in those five columns added
 19 together, right?
 20 A. Yes.
 21 Q. And that's not misleading?
 22 A. Potentially that is.
 23 Q. Okay.
 24 A. But --
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1 E-Rate reimbursements. Would you also agree
 2 with that?
 3 A. Yes, it does.
 4 Q. And they also show E-Rate
 5 reimbursements for P1 and P2, true?
 6 A. Yes.
 7 Q. And in regards to P1 and P2, we are
 8 talking about priority 1 and priority 2 E-Rate
 9 reimbursements, true?
 10 A. Yes.
 11 Q. Okay. And you have a line item for
 12 P2 E-Rate reimbursement for the '05-'06 school
 13 year, '06-'07 school year, '07-'08 school year,
 14 '08-'09 and '09-'10, true?
 15 A. Yes.
 16 Q. And today you're testifying that
 17 you're only eligible for E-Rate priority 2
 18 funding for two years, true?
 19 A. Yes.
 20 Q. Okay. Would you agree with me that
 21 by putting in the less P2 E-Rate reimbursement
 22 for each of those years is somewhat misleading?
 23 A. No.
 24 Q. It's not?
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1 Q. There's no question pending.
 2 Would you also agree with me that
 3 it appears that if you look at the total amounts
 4 of E-Rate reimbursement for P1 and P2 under both
 5 scenarios that you're suggesting that the
 6 district would be reimbursed over \$2 million for
 7 priority 1, priority 2 funding?
 8 A. It's not what I was suggesting.
 9 Q. And this was a document that was
 10 drafted and given to the school district prior
 11 to entering into a contract and agreement with
 12 Net56, true?
 13 A. Yes.
 14 Q. Who is the most E-Rate knowledgeable
 15 individual at Net56?
 16 A. On eligible services, I would
 17 consider myself.
 18 MR. KOLODZIEJ: Can I just have a five-
 19 minute break?
 20 MR. BARTLETT: Absolutely.
 21 (Break taken.)
 22 BY MR. KOLODZIEJ:
 23 Q. Earlier during the course of the
 24 deposition, you had made the comment that the
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1 portal services were being supplied without --
 2 without a contract at some point in time, true?
 3 A. Yes.
 4 Q. Okay. When you say portal services
 5 were being supplied, what do you mean by that?
 6 A. We were starting the development and
 7 implementation of the portal for the school
 8 district.
 9 Q. When was the actual portal
 10 implemented?
 11 A. I don't remember the date.
 12 Q. Okay. Would it have been during the
 13 course -- strike that.
 14 Would it have been after the
 15 signing of the second contract?
 16 A. I don't know.
 17 Q. In regards to -- in regards to a
 18 portal, we're talking about essentially a
 19 website for the district, right?
 20 A. No.
 21 Q. What are we talking about?
 22 A. A portal is an interactive site
 23 which is realtime, current. It's the gateway
 24 for information. A website is static.

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1 A. I can't recall the documents that
 2 were on there.
 3 Q. It would be things like calendars
 4 and stuff like that?
 5 A. It could be a calendar. It could be
 6 employment forms.
 7 Q. Things that only the employees
 8 really need to know?
 9 A. Correct.
 10 Q. Okay. Is there some type of a
 11 service also that provides for -- I understand
 12 for I think it's called PowerSchool; is that
 13 what it's called, where students can go on and
 14 see their grades and so forth?
 15 A. PowerSchool is a third-party product
 16 that Zion purchased themselves. It is their
 17 student information system.
 18 Q. Is that something then that Net56
 19 has any involvement at all in PowerSchool and
 20 the implementation of it?
 21 A. Not the implementation, no.
 22 Q. Okay. Any part of it?
 23 A. We hosted it.
 24 Q. When you say hosted it, what do you

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1 Q. From -- oh, I see what you're
 2 saying. So like, for instance, if they wanted
 3 to give information with regard to school
 4 closings and things like that, it would be
 5 something that you could update quickly and
 6 provide that information to the public?
 7 A. Correct.
 8 Q. And it is a way to -- you'd agree
 9 with me also it's a way to present information
 10 to the public?
 11 A. I would agree that the portal is a
 12 device to provide information, yes.
 13 Q. Okay. And is there an internal part
 14 to the portal, also?
 15 A. Yes.
 16 Q. And what's the internal part in
 17 regards to -- you know, not every portal in the
 18 world I want you to explain. Just in regards to
 19 Zion 6.
 20 A. In regards to Zion 6, they had
 21 intranet pages that were not available to the
 22 public, but were available to internal staff.
 23 Q. Okay. What types of information
 24 would be provided on these intranet pages?

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1 mean by that?
 2 A. We provided service space for
 3 PowerSchool in our datacenter.
 4 Q. The datacenter, when you say
 5 datacenter, that's at the Net56 site, true?
 6 A. It's in our Palatine location, yes.
 7 Q. Okay. Is there more than one office
 8 for Net56?
 9 A. No.
 10 Q. And what is the current office
 11 address for Net56?
 12 A. 1266 West Northwest Highway.
 13 Q. And that's in Palatine, Illinois?
 14 A. Palatine.
 15 Q. How long has it been located there?
 16 A. Since I've been an employee.
 17 Q. Okay. As far as the -- I understand
 18 that there was some issue about the location of
 19 servers that came up in the USAC denials, true?
 20 A. Not to my knowledge.
 21 Q. Something about being off site or on
 22 site? If not, maybe I'm speaking out of turn.
 23 A. I'm not sure what you're
 24 referencing.

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1 Q. Okay. You don't remember any
 2 discussion about servers being on the premises
 3 or off the premises?
 4 A. There were servers on premise --
 5 Q. Okay.
 6 A. -- for DNS and DHCP.
 7 Q. What is that now?
 8 A. That's EDGE equipment that's
 9 required in order to allow computers to
 10 authenticate to the network.
 11 Q. I understand. So there were servers
 12 on site, but were there also servers in the
 13 Net56 -- I'm sorry -- that District 6 was using
 14 off site?
 15 A. They had servers in our datacenter.
 16 Q. Okay. Is that the way that Net56
 17 still operates, with servers in a datacenter?
 18 A. We operate with servers -- we host
 19 applications for districts and corporate
 20 customers as well as manage servers and
 21 applications in their facilities as well.
 22 Q. Okay. In regards to your servers at
 23 Net56, is any part of that E-Ratable?
 24 A. Hosted applications are E-Ratable.
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1 within the datacenter costs?
 2 A. The number of users, the amount of
 3 e-mail storage.
 4 Q. You charge that at a monthly rate?
 5 A. Yes.
 6 Q. In regards to the amount of money
 7 that was determined for the various services
 8 that Net56 was providing to District 6, you
 9 would agree with me that you're the one who came
 10 up with the various numbers?
 11 MR. BARTLETT: Hold on. Can I object for
 12 a second?
 13 MR. KOLODZIEJ: Yeah.
 14 MR. BARTLETT: I just want to clarify what
 15 numbers you're talking about.
 16 MR. KOLODZIEJ: Yeah. In regards to what
 17 was contained in the contracts for the 2005,
 18 2006 contracts.
 19 THE WITNESS: I would not have been the
 20 sole person determining the cost.
 21 BY MR. KOLODZIEJ:
 22 Q. Okay. Who else was involved in
 23 that?
 24 A. Mr. Koch.
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1 Q. Okay. What would not be E-Ratable?
 2 A. Something like PowerSchool would not
 3 be E-Ratable.
 4 Q. You mean the actual cost of the
 5 software itself?
 6 A. No. The hosting of PowerSchool is
 7 not E-Ratable.
 8 Q. So what would -- what type of
 9 applications would Net56 be hosting?
 10 A. E-mail.
 11 Q. Exclusively? That's the only one
 12 that would be E-Ratable?
 13 A. Web hosting.
 14 Q. Anything else that you can think of?
 15 A. From an application standpoint?
 16 Q. Right.
 17 A. No.
 18 Q. And would that be for what -- you
 19 would get E-Rate -- what would you get E-Rate
 20 funding for? Would it be the cost of the server
 21 itself?
 22 A. The cost of the space and the
 23 datacenter.
 24 Q. How is it determined how much space
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1 Q. Can you explain to me how that
 2 process works? How do you -- how do the numbers
 3 come to be?
 4 A. We would evaluate the needs of the
 5 district, the number of users, the number of
 6 computers to support the amount of data, the
 7 potential data, and try and factor in reasonable
 8 growth.
 9 Q. How did Net56 respond in terms of
 10 any changes to their way of doing business when
 11 they received the USAC denials in regards to
 12 cost-effectiveness?
 13 A. At this point in time, that would
 14 have to be a question that Mr. Koch would
 15 answer. He is the one that deals with all
 16 E-Rate contracts now with districts.
 17 Q. Okay. Are you at all involved in,
 18 today now, in regards to the costs for such
 19 contracts?
 20 A. He's developed -- he develops the
 21 costs.
 22 Q. He develops the costs?
 23 A. Yes.
 24 Q. And he tells you what they are, and
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1 you go out and try to sell it?
 2 A. Correct.
 3 Q. Okay. Do you know, has the cost for
 4 Net56 services for those things that are
 5 traditionally E-Rate eligible, has that come
 6 down in the last two years?
 7 A. Some services have decreased. Some
 8 services have increased.
 9 Q. What services have decreased?
 10 A. Web hosting.
 11 Q. Anything else?
 12 A. E-mail hosting.
 13 Q. Anything else?
 14 A. I don't know line for line.
 15 Q. Okay. What about for Internet
 16 access/WAN service, W-A-N service?
 17 A. Again, I have not been part of the
 18 USAC compliance review and the repricing of any
 19 services.
 20 Q. What about firewall service, do you
 21 know whether firewall service has decreased in
 22 price?
 23 A. I don't know for sure, no.
 24 MR. KOLODZIEJ: At some point in time,
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1 A. No.
 2 Q. And in regards to that meeting, what
 3 took place?
 4 A. We were in a room with I believe it
 5 was three representatives from USAC.
 6 Q. Was the meeting recorded in any way?
 7 A. I don't know.
 8 Q. Do you know who the representatives
 9 from USAC were?
 10 A. I only know that one representative
 11 was -- I believe his name is Mel Blackburn.
 12 He's the VP for USAC. I can't speak to the
 13 other people in the room.
 14 Q. Do you know if either of the other
 15 people in the room were attorneys for USAC?
 16 A. I don't recall.
 17 MR. KOLODZIEJ: Okay. I have nothing
 18 else.
 19 MR. BARTLETT: I just have a few
 20 follow-ups here.
 21 EXAMINATION
 22 BY MR. BARTLETT:
 23 Q. Bill, did you ever represent to Zion
 24 that they would receive a 90 percent E-Rate
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1 there was a piece of correspondence that I
 2 actually requested in supplemental 214. It was
 3 a letter. Do you know what I'm talking about,
 4 Ryan? Do you have that letter with you?
 5 MR. NERI: (Shaking head.)
 6 MR. KOLODZIEJ: Do you know if that letter
 7 exists?
 8 MR. NERI: We're looking into it. I don't
 9 know exactly what it is because it just
 10 references minor attachments, so ...
 11 MR. KOLODZIEJ: Right. It was in that
 12 e-mail.
 13 MR. BARTLETT: Could we go off the record
 14 for just a second?
 15 MR. KOLODZIEJ: Yeah.
 16 (Discussion off the record.)
 17 BY MR. KOLODZIEJ:
 18 Q. Did you ever have an actual meeting
 19 in regards to the compliance review with USAC?
 20 A. Yes.
 21 Q. Okay. How many meetings?
 22 A. I had one.
 23 Q. Were you represented by counsel at
 24 the meeting?
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1 reimbursement rate for the duration of the
 2 parties' agreement?
 3 A. No.
 4 Q. Did you ever represent to Zion that
 5 all of Net56's products and services were E-Rate
 6 eligible?
 7 A. No. We -- we have always from day
 8 one with Zion stated that there were eligible
 9 and noneligible services. And that was clearly
 10 pointed out from our first meeting until the --
 11 until now.
 12 Q. At the time in 2005, I think you
 13 said January 2005 when you first met
 14 Mr. Robinson, at that time did Zion have an
 15 E-Rate consultant?
 16 A. My understanding was yes.
 17 Q. And who was that individual?
 18 A. I believe the company was
 19 Telecommunications or Telesolutions, Jerry
 20 Steinberg.
 21 Q. Okay. Did you ever represent to
 22 Zion that Net56 could control which services
 23 USAC would deem E-Rate eligible in the future?
 24 A. No.
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1 Q. Did you ever represent to Zion that
 2 Net56 -- strike that.
 3 Did you ever represent to Zion
 4 that Zion would receive 90 percent of the total
 5 contract price back in E-Rate reimbursements?
 6 A. No.
 7 Q. If somebody at Zion reported that to
 8 the board, for example, Mr. Robinson, is it your
 9 testimony that that would not have come from
 10 you?
 11 A. We've never stated that all of our
 12 contract was E-Rate eligible and that they would
 13 receive 90 percent of that. It was never
 14 stated.
 15 Q. Okay. By the way, how are E-Rate
 16 discount percentages determined?
 17 A. It's based on the district's free
 18 and reduced lunch quota.
 19 Q. I'm going to show you what counsel
 20 has previously marked as Exhibit No. 9. Earlier
 21 you were asked some questions about the 90
 22 percent figure in there.
 23 Where was the source of that 90
 24 percent figure?

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1 Q. Did you continue to believe that
 2 throughout the parties' relationship?
 3 A. Yes.
 4 (Whereupon, Exhibit 16 was marked
 5 for identification.)
 6 BY MR. BARTLETT:
 7 Q. You've been handed what's been
 8 marked as Exhibit No. 16. Can you just review
 9 those very quickly and let us know if you
 10 recognize what these documents are?
 11 A. Yes, I do recognize them.
 12 Q. What are these documents?
 13 A. These are the E-Rate priority 1
 14 quotes that -- that are done annually with Zion
 15 School District 6 defining what services of the
 16 master service agreement dated 2005 are eligible
 17 under that for E-Rate reimbursement.
 18 Q. Okay. Go to the third page if you
 19 could.
 20 A. Okay.
 21 Q. In the upper left-hand corner, is
 22 there -- do you see a signature box for Mr. Rick
 23 Terhune?
 24 A. Yes, I do.

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1 A. The source was the district. It was
 2 relayed to me by Don Robinson, and he was
 3 told -- I was informed that they would be a 90
 4 percent E-Rate district because they had just
 5 raised lunch prices and that they were at --
 6 they had increased a numerous percentage the
 7 prior years and that with this lunch increase on
 8 price then they would be at 90 percent.
 9 Q. Okay. Does Net56 control the amount
 10 of students that are in the federal free lunch
 11 programs?
 12 A. No.
 13 Q. And do you know, did the amount of
 14 E-Rate discount that Zion was eligible for vary
 15 over the years based upon how many students were
 16 in -- based upon various criteria?
 17 A. Yes.
 18 Q. Okay. At the time the master
 19 service agreements were being negotiated -- and
 20 right now I'm talking about the 2005
 21 agreement -- did you believe that Net56 fully
 22 complied with all USAC guidelines and funding
 23 requirements?
 24 A. Yes.

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1 Q. Do you see his signature on that?
 2 A. Yes, I do.
 3 Q. And what E-Rate discount percentages
 4 are listed on that quote?
 5 A. 82 percent.
 6 Q. Okay. Just so I understand, are
 7 these quotes, are these done annually?
 8 A. Yes, they are.
 9 Q. Okay. Counsel asked you some
 10 questions about the leasing arrangement that was
 11 set forth in the master service agreement. Do
 12 you recall that? Why don't I remind you. There
 13 were a lot of questions asked.
 14 Do you remember being asked
 15 whether you thought the master service agreement,
 16 at the time you entered into it was proper under
 17 USAC rules?
 18 A. Correct.
 19 Q. And that's what you believed at the
 20 time; is that true?
 21 A. Yes.
 22 (Whereupon, Exhibit 17 was marked
 23 for identification.)
 24

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1 BY MR. BARTLETT:
 2 Q. I'd like you to look at what's been
 3 marked as Exhibit No. 17. I'll represent to you
 4 that these are various e-mails. Can you just
 5 take a real quick look through that and see if
 6 you recognize what it is?
 7 A. Yes. It was -- there was a question
 8 posed about whether the lease was an appropriate
 9 way for funding, and we had reached out to USAC
 10 to get an answer to that question.
 11 Q. And what did USAC tell you?
 12 A. They said it doesn't -- as long as
 13 the services are being paid for, whether it's
 14 leased or not, it was okay.
 15 Q. Okay.
 16 (Whereupon, Exhibit 18 was marked
 17 for identification.)
 18 BY MR. BARTLETT:
 19 Q. Do you recognize what has been
 20 marked as Exhibit No. 18?
 21 A. Yes.
 22 Q. What do you recognize that to be?
 23 A. Communication between myself and
 24 Jerry Steinberg.

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1 write the contracts. He wasn't involved in the
 2 contracts at all. He said that he came up with
 3 prices.
 4 Further, obviously, he's not an
 5 attorney, so he can't interpret the language
 6 necessarily.
 7 (Whereupon, Exhibit 19 was marked
 8 for identification.)
 9 BY MR. BARTLETT:
 10 Q. Okay. I'm going to turn to Exhibit
 11 C. Can you read under Section 2, subparagraph
 12 (c) out loud to us?
 13 A. E-Rate eligible or E-Rate
 14 ineligible: The identification of certain
 15 services in this agreement as E-Rate eligible or
 16 E-Rate ineligible for Universal Service (E-Rate)
 17 funding is not -- sorry. My glasses. I didn't
 18 bring my glasses -- dispositive, nor does it
 19 suggest that this or any other services in this
 20 agreement will be deemed eligible for such
 21 funding. Any conclusions regarding the
 22 eligibility of services and discount rates for
 23 E-Rate funding rests with the SLD and/or FCC as
 24 administrators of the E-Rate program. Net56 is

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1 Q. And what -- is this another instance
 2 where you and/or Jerry checked with USAC to make
 3 sure that the arrangement was okay?
 4 A. Yes.
 5 Q. And what were you told?
 6 A. That it was okay.
 7 Q. Okay. So at the time these
 8 contracts were entered into, is it your
 9 testimony that you didn't misrepresent anything
 10 to Zion about whether the arrangement was in
 11 compliance with USAC guidelines?
 12 A. That's correct. No
 13 misrepresentation.
 14 Q. By the way, Net56 doesn't determine
 15 the E-Rate discount percentage, does it?
 16 A. No.
 17 Q. Okay. You've been asked a lot of
 18 questions today about the 2005 master service
 19 agreement. Why don't we just get this attached
 20 as an exhibit here for the record.
 21 MR. KOLODZIEJ: I'm just going to object.
 22 I don't know what you're going to ask him about
 23 the master service agreement. He says he wasn't
 24 involved in the writing of it at all. He didn't

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1 not responsible for the outcome of these
 2 conclusions.
 3 Q. Okay. Counsel's right, you're not
 4 an attorney, but this is in the parties'
 5 agreement; is that true?
 6 A. Yes.
 7 Q. And is it consistent --
 8 MR. KOLODZIEJ: Same objection.
 9 BY MR. BARTLETT:
 10 Q. And is it consistent with your
 11 testimony today that you never conveyed to Don
 12 Robinson or anybody else at Zion that you can
 13 guarantee E-Rate funding either at the P1 level
 14 or the P2 level?
 15 A. Never guarantee.
 16 Q. That's because it's not up to Net56,
 17 true?
 18 A. That's true. Services can change on
 19 an annual basis. Eligible services by USAC as
 20 well as the discount percentage of free and
 21 reduced could change based on the districts.
 22 Q. Okay. Just very quickly here, you
 23 were asked some questions earlier today about
 24 exhibit -- this five-year IT comparison. Let's

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1 see what exhibit number this is.
 2 This is Exhibit No. 15, right?
 3 A. Yes.
 4 Q. As I understand it, it's your
 5 testimony that you prepared that exhibit, right?
 6 A. Yes.
 7 Q. Okay. Is this document that's
 8 marked as Exhibit 15 the parties' contract?
 9 A. No.
 10 Q. Okay. And just so I understand this
 11 document, what is it?
 12 A. It was a sales tool used to identify
 13 and justify going into an arrangement and
 14 agreement for Net56 services and trying to
 15 project out the cost benefit for that.
 16 Q. But it's true, is it not, that you
 17 didn't know in the future what actually would be
 18 E-Rate eligible and what would not be E-Rate
 19 eligible? You could forecast, but you couldn't
 20 guarantee it, true?
 21 A. Correct. It was based on what I
 22 knew at the time.
 23 Q. Okay. Now, on page 2 and page 3 of
 24 the contract, counsel asked you about the Net56
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1 Q. Okay. But whether you get P1 or P2
 2 funding, that's up to USAC, true?
 3 A. That's correct.
 4 Q. And that's why in the contract it
 5 says you can't guarantee that; is that right?
 6 Or let me ask you this. That's a bad question.
 7 It's true, is it not, that Net56
 8 cannot guarantee in year 2006-2007 what is
 9 E-Rate eligible back at the time the agreement
 10 was executed in 2005?
 11 A. That's true.
 12 Q. Okay. You can forecast and talk
 13 about trends based upon what you know, but you
 14 can't guarantee or promise anything; is that
 15 true?
 16 A. That is correct.
 17 Q. Okay. Just so I understand -- my
 18 final question, Counsel -- if somebody at Zion
 19 believed that -- let's just stick with the 2005
 20 contract -- that they were going to get 90
 21 percent of that total contract price amount back
 22 via E-Rate funds, would you agree that that
 23 person fundamentally misunderstood the agreement
 24 that was negotiated between Net56 and Zion?
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1 Novell, the Net56 Microsoft environment
 2 breakout. Do you recall that?
 3 A. Yes.
 4 Q. Okay. There is a delineation in
 5 both of these pages between the total district
 6 cost P1 reimbursements only and total district
 7 cost P1 and P2 reimbursements.
 8 Do you see that?
 9 A. Yes, I do.
 10 Q. And why is that?
 11 A. The reason was in our agreement we
 12 had spelled out that there was priority 1
 13 funding available services as well as there were
 14 some additional P2. We felt confident that the
 15 district would receive P1 reimbursement.
 16 Therefore, if -- when looking at
 17 the spreadsheet, I clearly was pointing out to
 18 the priority 1 total district cost as something
 19 we could work more as a forecast and was always
 20 to be determined. That's probably always going
 21 to be our best bet, and that's the projection we
 22 should be basing it on. If at any time priority
 23 2 funding was received, that would just be icing
 24 on the cake.
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1 A. Yes.
 2 MR. BARTLETT: Okay. That's all the
 3 questions I have.
 4 FURTHER EXAMINATION
 5 BY MR. KOLODZIEJ:
 6 Q. Just a couple quick questions.
 7 Looking at Exhibits 17 and 18, there was
 8 descriptions that were sent to USAC saying that
 9 Net56 had sold their contract to some financing
 10 agency. The financing agreement then was
 11 invoicing.
 12 In regards to 17 and 18, this is
 13 dealing with who properly should be showed on
 14 the invoicing, true?
 15 A. Can you ask me -- I'm not sure I
 16 understand what you're asking.
 17 Q. Okay. Exhibits 17 and 18 arose --
 18 these issues arose because there was a question
 19 about who properly should be invoicing, whether
 20 Net56 or Millennium Leasing, true?
 21 A. That was the question, yes.
 22 Q. And neither -- at no time in these
 23 e-mails was there any discussion of the actual
 24 contract from Millennium Leasing being sent to
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1 USAC for their review, true?
 2 A. Correct.
 3 Q. Okay. And in regards to Exhibits 17
 4 and 18, there's no discussion about even what
 5 was necessarily contained within the leasing
 6 contract, true?
 7 A. True.
 8 Q. And you understand now that the
 9 reason why there was a denial in regards to the
 10 contract is because it was only for equipment,
 11 true?
 12 A. I don't know that.
 13 Q. Okay. You don't remember reading
 14 that in the denial letter?
 15 A. Again, I did not read every denial
 16 letter. I don't know that.
 17 Q. Okay. In 2009 -- I've got a
 18 printout here. Would you agree with me that it
 19 appears that in 2009 Net56's districts requested
 20 in total from E-Rate \$2,481,295.04?
 21 A. I don't know that number.
 22 Q. Okay. And that school districts
 23 that were employing Net56 to provide IT services
 24 in total were disbursed \$1,258.18; are you aware
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1 true?
 2 A. It shows on the spreadsheet totals,
 3 yes.
 4 Q. Okay. And as you've already stated
 5 to us, in the very least, you'd agree that in
 6 regards to the priority 2 that that is -- that
 7 is pretty misleading?
 8 A. No, I don't believe it is
 9 misleading.
 10 Q. Because even though you could only
 11 get two years' worth of priority 2, it's not
 12 misleading?
 13 A. I would have to double-check. At
 14 the time that maybe I was putting this together,
 15 the two out of five rule had not been imposed,
 16 but I would have to validate that.
 17 Q. In regards to if it was in place,
 18 you would agree that it's misleading?
 19 A. No.
 20 Q. It's not still misleading?
 21 A. No.
 22 Q. What would be the maximum priority 2
 23 if the two-five rule was in place that under
 24 these terms that Net56 -- or that District 6
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1 of that?
 2 A. No.
 3 Q. So I mean, that's a very, very small
 4 percentage if it's true, correct?
 5 A. If it's true, yes.
 6 Q. Do you know of any district that was
 7 denied funding for 2009 that filed any type of
 8 appeal with USAC?
 9 A. You'd have to ask Mr. Koch. I don't
 10 know.
 11 Q. Okay. And if they did file some
 12 type of appeal, do you know of any appeal in
 13 2009 that -- that was awarded, that was given
 14 back to the school district?
 15 A. Again, I can't answer that question.
 16 I don't know.
 17 Q. You are aware, though, that in 2009
 18 that certainly the school -- probably -- well,
 19 strike that. Strike that.
 20 The exhibit regarding the
 21 five-year IT comparison, I don't want to
 22 necessarily beat a dead horse, but on page 2 and
 23 3 of Exhibit 15, you made -- totaled up numbers
 24 for priority 1 and priority 2 reimbursement,
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1 could have been given?
 2 A. Again, I don't know that because we
 3 would have to go back year by year and look at
 4 eligible services and what we would have applied
 5 for.
 6 Q. Okay. What's the maximum? I'm
 7 asking what the maximum is.
 8 A. I don't know. You're asking --
 9 Q. If we look at this number, we can't
 10 just take the two highest numbers for 2008-'9
 11 and 2009-'10 and add them together?
 12 A. No, we can't because we do not know
 13 at any time or any year -- well, not any time,
 14 but based on any year what services are deemed
 15 eligible and not eligible. It could have
 16 changed year to year.
 17 Q. Could it be more than that?
 18 A. Yes, it could have.
 19 Q. And for -- just for the Net56
 20 services?
 21 A. If there were services we were
 22 providing in our contract that became eligible
 23 under priority 2 that weren't when the contract
 24 began, yes, it could have been applied for.
 Page 176

1 Q. Could it ever -- under these
 2 numbers, could it ever have reached a total of
 3 \$956,939?
 4 A. I don't know.
 5 Q. Or in regards to page 3, could the
 6 total ever have reached \$997,214?
 7 A. It may.
 8 MR. BARTLETT: Let me just ask, are you
 9 asking him based on what he knows now or what he
 10 knew then?
 11 MR. KOLODZIEJ: I asked him before what he
 12 knew then, and he said --
 13 MR. BARTLETT: I'm just clarifying for the
 14 record.
 15 BY MR. KOLODZIEJ:
 16 Q. I made that clear before I thought
 17 that you didn't think there was any difference
 18 between what you knew then and what you know
 19 now; is that true?
 20 A. Yes.
 21 Q. So in regards to -- let me also ask
 22 this: In regards to, if we talk about priority
 23 1, 2008-2009 school year, did District 6 receive
 24 \$257,400?

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1 Q. I see what you're saying. Okay.
 2 Did the Net56 fee have a breakdown between what
 3 was P1 and what was P2 in these numbers across
 4 the top?
 5 A. In this spreadsheet, it doesn't show
 6 that, no.
 7 Q. Okay. Was the repair and
 8 maintenance service, was that something that
 9 Net56 was providing?
 10 A. Repair and maintenance was their
 11 budget item for could have been memory,
 12 keyboards, mice. I don't know.
 13 Q. What about computer software, was
 14 that something that Net56 provided?
 15 A. No. That's what the district's
 16 budgeted amount for software was.
 17 Q. And equipment lease?
 18 A. That was between the district and
 19 Dell.
 20 Q. And then you're saying the WAN
 21 service was AT&T?
 22 A. Yes.
 23 Q. So there would have been separate
 24 billing for that, right?

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1 A. Which year? I'm sorry.
 2 Q. 2008-'9.
 3 A. I don't know.
 4 Q. Would you be surprised if it was
 5 substantially less than that?
 6 A. Again, I don't know.
 7 Q. What if we talked about all of those
 8 numbers across the board --
 9 A. Yes.
 10 Q. -- for priority 1 reimbursement, did
 11 at any point in time these numbers become
 12 accurate?
 13 A. You'd have to ask the district
 14 because some of that E-Rate priority 1
 15 reimbursement is based on their AT&T WAN cost as
 16 well. It is not just Net56 services.
 17 Q. So that was built in?
 18 A. Yes.
 19 Q. Where does it say that?
 20 A. You see WAN above that where it says
 21 \$252,000 annually. That is not a Net56 fee.
 22 The E-Rate reimbursement would have been
 23 calculated for that as well. That is a Net56
 24 service.

Page 178

1 A. Correct.
 2 Q. Okay. Do you know if in 2005-'6, if
 3 the Net56 fee, if it was \$349,140, do you know
 4 if -- well, strike that.
 5 Do you believe that if you give a
 6 client a document like this that this document
 7 is going to be a basis for whether they decide
 8 to proceed with Net56 or not?
 9 A. I think it would be a part of their
 10 overall decision process.
 11 Q. You would expect that?
 12 A. I think so, yes.
 13 Q. And that's why you're providing it
 14 to them, right?
 15 MR. BARTLETT: Objection. Leading. You
 16 can answer his question.
 17 THE WITNESS: It's part of the sales
 18 presentation.
 19 MR. KOLODZIEJ: Okay. I have nothing
 20 else.
 21 MR. BARTLETT: All right. We will
 22 reserve.
 23 (Further Deponent Saith Not.)
 24

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1 STATE OF ILLINOIS)
) SS:
 2 COUNTY OF L A K E)
 3
 4 I, Shari L. Szerbat, CSR, RPR, do
 hereby certify that WILLIAM JOSEPH SPAKOWSKI, on
 5 June 29, 2011 was by me first duly sworn to
 testify to the truth, the whole truth and
 6 nothing but the truth, and the above deposition
 was recorded stenographically by me and
 transcribed by me.
 7
 8 I FURTHER CERTIFY that the
 foregoing transcript of said deposition is a
 9 true, correct and complete transcript of the
 testimony given by the said witness at the time
 and place specified.
 10
 11 I FURTHER CERTIFY that I am not a
 relative or employee or attorney or employee of
 12 such attorney or counsel or financially
 interested directly or indirectly in this
 action.
 13
 14 IN WITNESS WHEREOF, I have set my
 hand.
 15
 16 _____
 17
 18 Shari L. Szerbat
 19 Certified Shorthand Reporter
 20 Certificate No. 084-003222
 21
 22
 23
 24

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1 STATE OF ILLINOIS)
) SS:
 2 COUNTY OF L A K E)
 3
 4 I, _____
 5 do hereby certify that I have read the
 6 foregoing transcript of my deposition
 7 consisting of pages ____ through _____,
 8 inclusive; and I find it is a true and
 9 correct transcript of my deposition so
 10 given as aforesaid.
 11
 12
 13
 14 WILLIAM JOSEPH SPAKOWSKI, JR.
 15 Deponent
 16
 17 SUBSCRIBED AND SWORN TO
 18 before me this ____ day
 19 of _____, A.D. 20____.
 20
 21 _____
 22 Notary Public
 23 My commission expires:
 24 _____

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1 RESERVED SIGNATURE
 REGARDING THE CASE OF ZION V. NET56, INC.
 2
 3 THE DEPOSITION OF WILLIAM JOSEPH SPAKOWSKI, JR.
 TAKEN ON JUNE 29, 2011
 4 Regarding the signature of the above-named
 witness, enclosed please find a signature page
 5 and an errata sheet.
 6 The witness should read the transcript of the
 deposition and note any change upon the errata
 7 sheet. The witness is allowed 28 days to do
 so. After 28 days the transcript may be used
 8 as though signed.
 9 After reading the transcript and noting any
 changes upon the errata sheet, the witness is
 10 required to sign the signature page. The
 signature page should be signed regardless of
 11 whether or not changes are noted.
 12 Please forward copies of the signature page and
 errata sheet to:
 13
 14 VAHL REPORTING SERVICE, LTD.
 415 Washington Street
 Suite 216
 15 Waukegan, IL 60085
 16 Very Truly,
 17
 18 Shari Szerbat, CSR, RPR
 19
 20 cc: Attorneys of record
 21
 22
 23
 24

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1 IN RE THE DEPOSITION OF WILLIAM JOSEPH
 SPAKOWSKI, JR.
 2 taken on JUNE 29, 2011
 3
 4 PAGE LINE REASON AND CHANGE
 5 _____
 6 _____
 7 _____
 8 _____
 9 _____
 10 _____
 11 _____
 12 _____
 13 _____
 14 _____
 15 _____
 16 _____
 17 _____
 18 _____
 19 _____
 20 _____
 21 _____
 22 _____
 23 _____
 24 _____

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STATE OF ILLINOIS)
) SS:
 COUNTY OF LAKE)
)
 IN THE CIRCUIT COURT OF THE NINETEENTH
 JUDICIAL CIRCUIT, LAKE COUNTY, ILLINOIS
 ZION ELEMENTARY SCHOOL)
 DISTRICT 6,)
)
 Plaintiff,)
)
 vs.) No. 10 L 627
)
 NET 56, INC.,)
)
 Defendant.)
)
 The deposition of

 DONALD C. ROBINSON
 JUNE 29, 2011

 Reported by:
 Shari L. Szerbat, CSR, RPR

Page 1

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Page 3

1 The deposition of DONALD C. ROBINSON,
 2 taken before SHARI L. SZERBAT, CSR, RPR, on June
 3 29, 2011, at the hour of 2:30 p.m., at 10 East
 4 Scranton Avenue, Suite 203, Lake Bluff, Illinois
 5 60044.
 6
 7 APPEARANCES:
 8 MR. RICHARD S. KOLODZIEJ, of the Law Offices of
 9 HINSHAW & CULBERTSON, LLP
 10 10 East Scranton Avenue, Suite 203
 11 Lake Bluff, Illinois 60044
 12
 13 -and-
 14
 15 MR. ANTHONY R. FICARELLI, of the Law Offices of
 16 HINSHAW & CULBERTSON, LLP
 17 4343 Commerce Court, Suite 415
 18 Lisle, Illinois 60532
 19 appeared on behalf of the Plaintiff;
 20
 21 MR. AUSTIN W. BARTLETT and
 22 MR. RYAN NERI, of the Law Offices of
 23 ADLER MURPHY & McQUILLEN, LLP
 24 One North LaSalle Street, Suite 2300
 Chicago, Illinois 60602
 -and-
 MR. NEIL M. ROSENBAUM, of the Law Offices of
 FUNKHOUSER VEGOSEN LIEBMAN & DUNN, LTD
 55 West Monroe Street, Suite 2300
 Chicago, Illinois 60603
 appeared on behalf of the Defendant.

Page 2

1 (Witness sworn.)
 2 DONALD C. ROBINSON,
 3 called as a witness herein, having been first
 4 duly sworn, was examined and testified as
 5 follows:
 6
 7 EXAMINATION
 8 BY MR. KOLODZIEJ:
 9 Q. Could you please state your name and
 10 spell your last name for the record?
 11 A. Donald C. Robinson, R-o-b-i-n-s-o-n.
 12 Q. Have you ever given a deposition
 13 before?
 14 A. Yes.
 15 Q. How long ago was the last time?
 16 A. The recent one would have been my
 17 divorce, and that would have been --
 18 (Discussion off the record.)
 19 THE WITNESS: -- probably 2006, 2005 or
 20 2006. The divorce finalized in 2007.
 21 BY MR. KOLODZIEJ:
 22 Q. Okay. I'm not concerned about the
 23 divorce. Have you ever given any other
 24 depositions?
 A. Yes.

Page 4

1 (Pages 1 to 4)



1 Q. How long ago was the next last one?
 2 A. No idea. Probably maybe close to 20
 3 years. I don't know.
 4 Q. Oh, really?
 5 A. I was COO of a community bank in my
 6 youth.
 7 Q. And what was the deposition
 8 regarding?
 9 A. I don't know.
 10 Q. What did they ask you questions
 11 about?
 12 A. I can't remember. It would have
 13 been a case. I was COO of a commercial bank,
 14 and so when things went bad, if we ended up in
 15 court, I was it.
 16 Q. This is over 20 years ago you
 17 believe?
 18 A. Probably. This would have been from
 19 '79 to '96, somewhere in there.
 20 Q. Okay.
 21 A. And that's the best I can do.
 22 Q. Any other depositions?
 23 A. No.
 24 Q. All right. I'm sure your attorneys

Page 5

1 So if that happens, please let me know, and tell
 2 me, hey, I didn't understand that question.
 3 I'll be happy to restate it or rephrase it.
 4 Okay?
 5 A. Will do.
 6 Q. Another thing that you always have
 7 the option of, you can always turn to the court
 8 reporter and say to the court reporter, Madam
 9 Court Reporter, can you please read that last
 10 question back to me, and she'll be happy to do
 11 that for you if you think that will help you to
 12 understand the question.
 13 Okay?
 14 A. Okay.
 15 Q. Lastly, obviously, it feels somewhat
 16 conversational at times in the deposition, but
 17 it's really not a conversation, and you
 18 should -- and what I'm going to ask you to do is
 19 please wait until I get to the end of my
 20 question before beginning your answer.
 21 I'll extend -- I'll try to extend
 22 the same courtesy to you and wait until the end
 23 of your answer before I ask the next question.
 24 But really the reason for that is our court

Page 7

1 have gone through this with you before, and
 2 since you've had some experience with
 3 depositions, you know what to expect. I'm going
 4 to be asking you questions. You're going to be
 5 giving me answers.
 6 Okay?
 7 A. All right.
 8 Q. Try to make sure that all of your
 9 answers are out loud and in words. The court
 10 reporter cannot take down a nod of the head or
 11 shrug of the shoulders.
 12 Also, try to stay away from
 13 um-hums and uhn-uhns. I warn you of that
 14 because when you do it I'm probably going to
 15 say, is that a yes, is that a no. I'm not doing
 16 it to be a jerk. I'm just doing it because when
 17 we write it it looks like, you know, a mess on
 18 the record, so I'm just trying to make sure the
 19 record is clear more than anything else.
 20 Also, during the course of the
 21 deposition, you are going to -- I'm going to ask
 22 a question, and you're not going to have a clue
 23 what I just said because I just know that I'm
 24 going to ask bad questions from time to time.

Page 6

1 reporter here. It's hard for her to take down
 2 two people talking at the same time. If we
 3 start talking over each other, it can become
 4 problematic.
 5 Okay?
 6 A. Okay.
 7 Q. And if we do that, she'll start
 8 yelling at us, and we don't want her yelling at
 9 us. Okay?
 10 A. Okay.
 11 Q. Mr. Robinson, what is your current
 12 address?
 13 A. 158 Linden Avenue, East Dundee,
 14 Illinois.
 15 Q. And how long have you lived at that
 16 address?
 17 A. Approximately three years.
 18 Q. Do you live there with anyone?
 19 A. No.
 20 Q. I know that you told us here about
 21 your deposition for your divorce. You think
 22 that was in 2005, 2006 it was finalized?
 23 A. It was finalized June 1st of 2007.
 24 Q. June 1st of 2007. Okay. And how

Page 8

1 long had you been living separate from your wife	1 that does custom greetings, announcements,
2 prior to that?	2 things like that.
3 A. June 2003.	3 Q. You said your last child is David?
4 Q. Okay. So before any of the issues	4 A. David.
5 arising in this case that we're here to talk	5 Q. What does David do?
6 about today?	6 A. David works at Brad Manning Ford in
7 A. That's correct.	7 DeKalb.
8 Q. All right. Do you have any	8 Q. What does he do for Brad Manning
9 children?	9 Ford?
10 A. Yes.	10 A. Combination of things, parts, does
11 Q. How many?	11 some running of vehicles, miscellaneous
12 A. Three.	12 requested.
13 Q. And what are their names and ages?	13 Q. Emily is married?
14 A. Dana, 35; Emily, 31; David, 29.	14 A. Yes.
15 Q. And what is -- you said the first	15 Q. What does her spouse do?
16 one was Dana?	16 A. He's a banker.
17 A. Yes.	17 Q. And as far as David is concerned, is
18 Q. What does Dana do?	18 David married?
19 A. Homemaker.	19 A. No.
20 Q. Dana is married?	20 Q. When was the first time you were
21 A. Yes.	21 ever employed by a school district?
22 Q. And what does her spouse do?	22 A. July 1 of 2003.
23 A. Technology.	23 Q. And what school district was that?
24 Q. When you say technology, what do you	24 A. Zion.
Page 9	Page 11

1 mean by that?	1 Q. That was the first time you were
2 A. Technology manager for a small	2 employed by a school district?
3 company.	3 A. Correct.
4 Q. What's the name of the company?	4 Q. Okay. And what was your title?
5 A. I believe it's Irv's Luggage.	5 A. Assistant superintendent of
6 Q. Irv's --	6 business.
7 A. Right.	7 Q. Did your title change while you were
8 Q. -- Luggage?	8 at Zion?
9 A. They're also occasionally in malls	9 A. No.
10 or downtown as Executive Essentials, and there	10 Q. And when did you leave Zion?
11 might be one or two other names.	11 A. It would have been on or around June
12 Q. Okay. And then your next oldest	12 30 of 2005.
13 child was?	13 Q. So you were there for roughly two
14 A. Emily.	14 years?
15 Q. And what does Emily do?	15 A. Yes, two fiscal years.
16 A. Homemaker slash marketing	16 Q. What was the reason for your
17 entrepreneur.	17 leaving?
18 Q. What does she do in terms of	18 A. Multiple things. One, I got an
19 marketing?	19 increase in compensation of over \$40,000 to take
20 A. Two things. One, she runs a	20 the assistant superintendency at Barrington
21 marketing consultancy. This is in Tampa,	21 School District. I also had parents, my church
22 Florida. Advises small companies. And then she	22 and friends out in DeKalb. Cut my drive from an
23 also has a web storefront called	23 hour 50 minutes down to 40 minutes.
24 thenotesnest.com, promotional ad, therefore,	24 And full disclosure, some ego
Page 10	Page 12

1 involvement in that Barrington is a highly
 2 prestigious district to work for in that
 3 position.
 4 Q. Were you under a contract with Zion?
 5 A. Yes.
 6 Q. How long was the contract for?
 7 A. It was year to year.
 8 Q. How long did you work for the
 9 Barrington School District?
 10 A. One year.
 11 Q. And you were living at DeKalb when
 12 you made the change from Zion to Barrington?
 13 A. No. I was living in Zion. I moved
 14 to Zion I said in June 2003. Shortly thereafter
 15 I started work in Zion, and then when I took the
 16 job in Barrington, I moved to West Dundee.
 17 Q. Okay. So I was trying to understand
 18 the commute comment you had made. It's just
 19 that your family and friends are out in DeKalb,
 20 and it was close -- Barrington was closer to
 21 DeKalb as far as going to visit them and so
 22 forth; it was not like you were living out there
 23 or anything?
 24 A. Correct. It was to visit. \$41,150
 Page 13

1 had with the Barrington School District?
 2 A. Yes.
 3 Q. And why did you leave Barrington to
 4 go to Oak Park?
 5 A. To rejoin Dr. Collins. We had a
 6 very good working relationship in Zion, and at
 7 the time she announced her departure, I said I
 8 would be honored to have the opportunity to work
 9 with her again, so I took that opportunity.
 10 Q. Did that involve a cut in pay?
 11 A. No. It was an increase.
 12 Q. What was your reason for leaving Oak
 13 Park Elementary?
 14 A. Time to get back in the private
 15 sector.
 16 Q. Is that the point where you joined
 17 Net56?
 18 A. Yes, a few months later.
 19 Q. Was there a period of time where you
 20 were unemployed?
 21 A. Yes. Probably five weeks.
 22 Q. Had you received an offer from Net56
 23 before leaving Oak Park Elementary?
 24 A. No.
 Page 15

1 was the driver on the decision. Plus, with
 2 Dr. Collins leaving the district, there was no
 3 telling what the next year would look like with
 4 a new superintendent. Oftentimes new
 5 superintendents bring in new employees,
 6 particularly business managers.
 7 Q. So did you leave at the same time
 8 that Dr. Collins did?
 9 A. Yes.
 10 Q. You two essentially exited at the
 11 same time?
 12 A. June 30.
 13 Q. And then after the Barrington School
 14 District -- you said you only worked there for a
 15 year -- where did you go?
 16 A. I rejoined Dr. Collins at the
 17 district she went to.
 18 Q. Which was what?
 19 A. Oak Park Elementary.
 20 Q. And how long were you at Oak Park?
 21 A. Two years.
 22 Q. Again, as a business manager?
 23 A. Yes, as a superintendent.
 24 Q. And was that the same role that you
 Page 14

1 Q. So what was your reason for your
 2 departure from Oak Park Elementary?
 3 A. I was sick of school districts, sick
 4 of the politics. I'm a former school board
 5 member myself, and they had what I would
 6 characterize as a bad board.
 7 I caught a 19-year building and
 8 grounds director stealing from them to the tune
 9 of several million dollars, and my perception
 10 was the board's greatest interest was sweeping
 11 that under the carpet, which I was unwilling to
 12 do.
 13 Q. Was there any litigation involved in
 14 that?
 15 A. No. The guy was arrested, and it
 16 has not gone to trial. I don't think he's
 17 pleaded. I haven't heard from the state's
 18 attorney in some time.
 19 I was also working 90 hours a
 20 week. I would get up in the morning, shower,
 21 drive to work, work until I started to nod off
 22 at my desk. Then I would drive home, climb into
 23 bed, get up the next day and do it over again.
 24 And I would typically try to
 Page 16

1 schedule at least two Sundays off a month, so in
 2 a typical 30-day month, I was working about 28
 3 days, so not a healthy lifestyle.
 4 Q. In regards to Net56, what was the
 5 date that you first became employed by them?
 6 A. Early August of 2008. I'm not sure
 7 of the date.
 8 Q. When you joined Net56 -- well,
 9 strike that.
 10 Did you contact Net56 to seek
 11 employment, or did they contact you?
 12 A. I can probably answer that best with
 13 a short narrative.
 14 Q. You know what, if you can't answer
 15 the question, just tell me that you can't answer
 16 the question. Okay? It's going to be -- let me
 17 just say this: The entire deposition is going
 18 to go a lot faster and a lot smoother if you
 19 just answer the questions that are asked. Okay?
 20 Long narratives and things like
 21 that are going to end up where these guys here,
 22 your own attorneys, are going to be upset
 23 because they're going to miss their 6:30 train,
 24 and they don't want to do that.

Page 17

1 that invited you at Net56?
 2 A. I cannot recall, but it would either
 3 be Bruce Koch or Bill Spakowski. Most likely
 4 Bill.
 5 Q. Now, you had involvement with Net56
 6 back when you were employed by District 6, true?
 7 A. Yes.
 8 Q. And in regards -- did you leave
 9 District 6 before -- no, strike that.
 10 You left District 6 after the
 11 contract with Net56 was signed, true?
 12 A. Correct.
 13 Q. Okay. Within a couple months after
 14 that, you left District 6, true?
 15 A. Yes.
 16 Q. Okay.
 17 A. Four months.
 18 Q. Did you have any contact with Net56
 19 while you were working for the Barrington School
 20 District?
 21 A. Yes.
 22 Q. Did Net56 sell some type of IT
 23 service to the Barrington School District while
 24 you were there?

Page 19

1 Okay?
 2 A. Okay.
 3 Q. So let's just try to keep to the
 4 questions that I'm asking. All right?
 5 A. It came up at a bar in Lake Geneva
 6 at the Woodland Elementary School District 50
 7 Foundation golf outing. I cannot recall who
 8 brought it up first.
 9 Q. Okay. You attended a golf outing
 10 for Woodland School District?
 11 A. Yes.
 12 Q. And some representative from Net56
 13 was also there?
 14 A. Yes. I was a guest of Net56.
 15 Q. They contacted you to be a guest?
 16 A. At the last minute, yes.
 17 Q. Okay. At this point in time, were
 18 you still employed by Oak Park Elementary?
 19 A. No.
 20 Q. Why was it that you were contacted
 21 to be a guest of Net56?
 22 A. I believe someone backed out at the
 23 last minute.
 24 Q. Okay. Did you have -- who was it

Page 18

1 A. Yes.
 2 Q. Can you tell me what type of -- what
 3 type of service was sold to the Barrington
 4 School District by Net56?
 5 A. Yes. They hosted the Skyward
 6 financial -- finance, accounting, HR system.
 7 Q. Okay. Anything else?
 8 A. That's all.
 9 Q. Was it a smaller system than was at
 10 Zion 6?
 11 A. That question doesn't make sense.
 12 Could you reask that?
 13 Q. Well, I can try. The system that
 14 Net56 ended up selling to the Barrington School
 15 District, can you equate that?
 16 Was it -- was it a smaller
 17 service essentially than what they had sold to
 18 Zion 6?
 19 A. Yes. There weren't any services
 20 involved at Barrington other than hosting
 21 application software.
 22 Q. Okay.
 23 A. They offered to do that at a lower
 24 price than the vendor proposed it to us.

Page 20

1 Q. Did Barrington already have -- did
 2 Barrington do its IT services in-house?
 3 A. Yes.
 4 Q. Did you make any suggestions to the
 5 board members or anybody at Barrington School
 6 District while you were employed by the
 7 Barrington School District that they should
 8 outsource their IT services?
 9 A. No.
 10 Q. In regards to the Barrington School
 11 District and the hosting I guess they did, did
 12 you contact Net56 in that regards, or did they
 13 cold call the district?
 14 A. I can't recall.
 15 Q. Thereafter, you went to the Oak Park
 16 School District, right?
 17 A. Correct.
 18 Q. Okay. I just want to make sure I've
 19 got this in order. And when you were at Oak
 20 Park, did you have any contact with Net56?
 21 A. Limited, yes.
 22 Q. Net56 sold some type of -- did Net56
 23 sell any type of system to Oak Park?
 24 A. No.

Page 21

1 A. I started in August, so it must have
 2 been July.
 3 Q. So then you -- at that point in
 4 time, you -- you golfed with Bruce Koch?
 5 A. Um-hmm.
 6 Q. That's a yes?
 7 A. Yes.
 8 Q. And was Bill Spakowski also there?
 9 A. Yes.
 10 Q. Okay. Anybody else from Net56?
 11 A. No.
 12 Q. Did you guys have a foursome?
 13 A. Yes.
 14 Q. Who was the fourth?
 15 A. I'm not certain, but I believe it
 16 was Dr. William Delp.
 17 Q. Can you spell that last name?
 18 A. D-e-l-p.
 19 Q. And what -- who is Dr. William Delp?
 20 A. He is the superintendent of the
 21 Special Ed District of Lake County through
 22 tomorrow.
 23 Q. Is that changing?
 24 A. He's retiring.

Page 23

1 Q. What was the limited contact that
 2 you had with Net56 while you were at Oak Park?
 3 A. I introduced either Bill or Bruce or
 4 both of them to the IT director at Oak Park.
 5 Q. Who was that?
 6 A. Gary Sawtelle.
 7 Q. Can you spell that?
 8 A. S-a-w-t-e-l -- let's see -- double
 9 l-e.
 10 Q. What was the purpose of that
 11 meeting?
 12 A. Gary Sawtelle was interested in
 13 outsourcing.
 14 Q. Did Oak Park eventually decide to
 15 outsource?
 16 A. No.
 17 Q. So then in regards to this golf
 18 outing, do you remember approximately when it
 19 was? It would have been sometime I guess in
 20 2008; does that sound right?
 21 A. Yes.
 22 Q. August probably?
 23 A. I believe July.
 24 Q. Okay.

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1 Q. Okay. Doctor -- now, Net56 does
 2 provide services to SEDOL, true?
 3 A. Correct.
 4 Q. And at the time that this -- that
 5 this golf outing occurred, was SEDOL currently a
 6 customer of Net56?
 7 A. No.
 8 Q. So that came after this outing?
 9 A. Correct.
 10 Q. During the course of the outing, I
 11 imagine that there was some discussion with
 12 regards to Net56 services and what they can
 13 provide to SEDOL?
 14 A. I wouldn't know.
 15 Q. You don't know. At any time during
 16 the golf outing, did you discuss Net56 services
 17 and what they did at Zion 6?
 18 A. No.
 19 Q. It was completely a leisure outing;
 20 it wasn't business?
 21 A. Net56 had paid for a foursome, and
 22 they had three people, so ...
 23 Q. Okay. While you were at District 6,
 24 did you keep any type of notes or notebooks in

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1 regards to conversations or anything like that
 2 that you had with people at Net56?
 3 A. Not that I recall.
 4 Q. No diaries or anything like that?
 5 A. No. I don't keep diaries.
 6 Q. Okay.
 7 A. I may have had notes in a file, but
 8 if I did, those would have been left behind when
 9 I left.
 10 Q. Okay. When was it that you first
 11 became aware of this idea or concept of E-Rate?
 12 A. My first exposure to it would have
 13 been the first time I met with Bill Spakowski.
 14 I don't recall the date.
 15 Q. And at that point in time, Bill
 16 Spakowski was working for Net56, true?
 17 A. Correct.
 18 Q. He had contacted District 6 in
 19 regards to selling some type of -- or
 20 outsourcing IT services?
 21 A. He had responded most likely to a
 22 470 that had been posted by our E-Rate
 23 consultant.
 24 Q. And who was that?

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1 A. Jerry Steinberg.
 2 Q. Do you know if a 470 was posted by
 3 Jerry Steinberg?
 4 A. I know a 470 was posted, otherwise
 5 we would not have entered into a contract. I
 6 believe it was Jerry Steinberg.
 7 Q. Have you ever seen the 470?
 8 A. I'm sure I've seen it in the past.
 9 I don't recall it. It's probably a collection
 10 of 470s.
 11 Q. So Bill Spakowski -- I'm just going
 12 to call him Bill. Okay?
 13 A. Okay.
 14 Q. I've got a hard last name, too. As
 15 far as Bill's concerned, he contacted you, and
 16 the discussion was outsourcing IT services for
 17 Zion District 6, true?
 18 A. Yes.
 19 Q. Okay. And the first time you ever
 20 heard the idea or the concept of E-Rate was
 21 with -- in discussions with Bill?
 22 A. I had heard of E-Rate in that I knew
 23 there was E-Rate funding available to a
 24 district, but as far as the context of how

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1 E-Rate can financially support outsourcing, that
 2 would have been with Bill Spakowski.
 3 Q. Okay. And did you ever receive any
 4 type of training in regards to E-Rate?
 5 A. No.
 6 Q. Did you ever attend any seminars
 7 regarding E-Rate? At any time I'm talking about
 8 now.
 9 A. Not that I recall.
 10 Q. Any classes?
 11 A. Not that I recall.
 12 Q. Read any manuals or anything like
 13 that?
 14 A. I have -- since coming to work at
 15 Net56, I have read materials off of USAC's
 16 website to familiarize myself with it.
 17 Q. But you never familiarized yourself
 18 prior to that?
 19 A. You could probably characterize me
 20 as clueless.
 21 Q. Okay. So it would be fair to say
 22 then in regards to the E-Rate, from what Bill
 23 Spakowski was telling you in regards to how it
 24 would relate to outsourcing, you would agree

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1 with me that you were relying on his expertise,
 2 true?
 3 A. Certainly not.
 4 MR. BARTLETT: Objection.
 5 BY MR. KOLODZIEJ:
 6 Q. You weren't?
 7 A. Of course not.
 8 Q. You were clueless, true?
 9 A. That's why I hired a consultant. I
 10 also had a technology director who was supposed
 11 to be the expert in the district.
 12 Q. And who was the technology director?
 13 A. Phil Hintz. But to backstop him, I
 14 brought in a consultant in the summer of 2004.
 15 Q. Phil Hintz was an expert in E-Rate?
 16 A. He was supposed to be. I had
 17 concern about Phil's performance, and I decided
 18 it was best to hire a consultant so we would
 19 have someone in the background to insure that we
 20 were getting good answers.
 21 Q. In regards to Phil Hintz, how did
 22 you learn that he was supposed to be an E-Rate
 23 expert?
 24 A. That's his job. The director of

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