1 technology, one of the things they need to do is
2 manage the E-Rate process for the district.
3 Q. Did you ever talk to him about what
4 his knowledge was in regards to E-Rate?
5 A. I don't recall, but I'm certain I
6 did.
7 Q. Did you hire Phil Hintz, or did
8 somebody else at the district hire him?
9 A. Someone else did.
10 Q. Prior to your time?
11 A. Either prior to my time, or he
12 started at the same time. I suspect he started
13 before I did.
14 Q. So Bill Spakowski comes in, and he
15 starts telling you how E-Rate can apply to
16 outsourced IT services, true?
17 A. Yes.
18 Q. What's your current role with Net56?
19 A. I run all operations for the
20 company.
21 Q. What does that mean?
22 A. There are four primary work groups,
23 one being help desk, second one being field
24 support, third being applications, fourth being

1 network operations. Each lead of those four
2 groups reports to me. My job is essentially to
3 coordinate those four in their departments.
4 Q. Have you ever worked in sales at
5 Net56?
6 A. Yes. I worked in sales when I first
7 came aboard.
8 Q. How long did that last?
9 A. Oh, I'm guessing, but I would guess
10 January of '10. I can't recall the date. We
11 switched it around.
12 Q. So for about a year and a half or --
13 about a year and a half you worked as a
14 salesman?
15 A. I believe so. I'm not certain of
16 those dates, but that's my best guess.
17 Q. Did you sell any districts?
18 A. No.
19 Q. Who did you sell to?
20 A. I said no.
21 Q. Okay. Did you sell anything?
22 A. No.
23 Q. You didn't sell anything during that
24 time?

1 A. No, I did not.
2 Q. Okay.
3 A. Good reason to get out of sales.
4 Q. It is. I'd agree with that. So it
5 would be fair to say that your experience with
6 E-Rate then really began while you were at Zion
7 6, true?
8 A. Yes.
9 Q. It was the first district you ever
10 worked for, right?
11 A. It was the first I ever heard of
12 E-Rate.
13 Q. You know -- do you know what BEAR
14 reimbursement means?
15 A. I believe so.
16 Q. Can you explain that?
17 A. BEAR reimbursement is where the
18 district remits paperwork, and then the money
19 flows to the -- I believe it flows to the
20 vendor. I don't get involved with billing. I
21 don't have much knowledge of it.
22 Q. Okay.
23 A. I understand there's a BEAR and a
24 SPI.

1 Q. Right. So while you were with
2 Net56, did you receive some type of training
3 then in regards to E-Rate and the way it works?
4 A. No.
5 Q. Did you talk -- did you have
6 discussions and conversations with Bill
7 Spakowski about how E-Rate works?
8 A. Might have had some. Again, I hired
9 a consultant, Jerry Steinberg.
10 Q. I'm talking about now while you're
11 with Net56.
12 A. Oh, I'm sorry. Now?
13 Q. Yeah. Since you came on with Net56,
14 have you had training?
15 A. Any training I've had at Net56 has
16 been me looking at USAC's website.
17 Q. Okay.
18 A. USAC provides training, and they put
19 their training documents on the website.
20 Q. Let me ask you this: You understand
21 the difference between BEAR reimbursement and
22 SPI reimbursement?
23 A. In a deposition, I would say
24 probably not.

1 Q. Okay.
2 A. I try not to make a fool out of
3 myself.
4 Q. No, no, no. I'm not asking you
5 that. I only want to know if you know. Okay.
6 I'm not asking you to guess. I'm not asking you
7 to speculate.
8 Let's talk about now when you
9 came on with -- I'm sorry. Strike that.
10 When Net56, when the contract was
11 entered into with Zion 6, okay?
12 A. Okay.
13 Q. At that period of time, you
14 understood that Zion 6 was paying the full
15 amount of the contract, true?
16 A. I believe so.
17 Q. Okay. And they paid that on a
18 monthly basis, also true?
19 A. Yes.
20 Q. It wasn't like they were paying only
21 the discounted amount, right?
22 A. Correct.
23 Q. So they were paying the full amount,
24 and then whatever you got back in reimbursement,

1 they got back?
2 A. I can't answer that.
3 Q. Why not?
4 A. I don't know the details of that.
5 You're asking me to speak to a contract that
6 really went into effect after I left.
7 Q. I'm actually asking you now more
8 about the E-Rate part, the reimbursement part.
9 I'm wondering after payments were made -- I
10 mean, the school district would certainly --
11 you'd agree with this -- well, maybe you won't.
12 I don't know.
13 But would you agree that it was
14 expected that, from the district's standpoint,
15 that they would be paying for the contract, and
16 then they'd be receiving back the discounted
17 portion from E-Rate?
18 A. They would be receiving back
19 whatever funds E-Rate awarded.
20 Q. Right. Based on in part what they
21 spend and what the discount amount is?
22 A. Correct.
23 Q. Okay. Do you know if there's any
24 rules or regulations in regards to -- strike

1 that question.
2 First of all, do you understand
3 that in regards to reimbursements under this
4 program that the check -- is it your
5 understanding that the check initially goes to
6 the provider?
7 A. I believe so.
8 Q. And then they're supposed to forward
9 that on to the district?
10 A. That was the case with SBC or
11 whatever their name was at the time.
12 Q. You're talking about phone lines or
13 something like that?
14 A. Yes.
15 Q. Okay. And District 6 was receiving
16 E-Rate funding for those services?
17 A. Yes.
18 Q. Unrelated to Net56?
19 A. Yes.
20 Q. And what was happening is the
21 district was paying the full amount and then
22 getting a reimbursed check back?
23 A. I don't know. I believe they were
24 paying the full amount. I don't know if that

1 was the case for every service.
2 Q. Okay. But you do remember that you
3 would get checks from USAC through SBC?
4 A. I remember one time I'm aware that
5 we received a check. I believe it was from SBC;
6 however, we were looking at data lines, phone
7 service, long distance, cellular, things like
8 that, so there were a variety of filings.
9 Q. The check received that we're
10 talking about here in regards to SBC, was that a
11 check directly from SBC?
12 A. I don't know.
13 Q. Or was that a check that said it was
14 from USAC that just was forwarded through SBC?
15 A. I don't know.
16 Q. Okay. Are you aware of there being
17 any rules in regards to the period of time
18 between when a provider receives funds to the
19 time when they're supposed to forward it on to
20 the district, to the client?
21 A. I have heard that discussed in the
22 process of preparing for this deposition, but
23 otherwise, no. Prior to that, no.
24 Q. Okay. Who is in charge at Net56

1 when it comes to -- currently, I'm talking about
2 now -- when it comes to seeing that the
3 reimbursements get forwarded on to potential
4 customers?
5 A. I'm assuming you don't mean
6 potential customers.
7 Q. I guess you're right. Customers.
8 A. Okay. That would be Bruce Koch and
9 whoever he designates. Quin Kowalski is the
10 accountant.
11 Q. Are you aware of any investigation
12 either by a local, state or federal governmental
13 body of Net56?
14 A. I'm aware of a compliance review by
15 USAC.
16 Q. Okay. Anything other than that?
17 A. No.
18 Q. The compliance review was in regards
19 to all the various customers that Net56 was
20 servicing with IT services, true?
21 A. Yes.
22 Q. It took place -- that compliance
23 review took place from 2008, 2009?
24 A. I don't know the exact dates.

1 Q. Okay. Do you know what a technology
2 plan is?
3 A. Specifically, as it relates to
4 school districts?
5 Q. Yeah.
6 A. Yes.
7 Q. Okay. Did you ever have an occasion
8 being involved with a school district having to
9 develop a technology plan?
10 A. No.
11 Q. Is that just because they were on
12 three-year cycles and you happened to miss them
13 or because you delegated them to somebody else?
14 A. That would be the work of the
15 technology director.
16 Q. Okay. Do you know, does Net56 get
17 involved with the development of technology
18 plans for school districts?
19 A. I believe Bill sometimes assists.
20 Q. Do you know in what way he assists?
21 A. No.
22 Q. How long have you known Bill?
23 A. Well, he called on me at Zion. I
24 believe we had briefly met prior to that.

1 Q. Where would that have been?
2 A. It would have been either him
3 visiting the offices of the company or the
4 company I was involved with visiting their
5 offices. That could have been sometime between,
6 say, 1996 up through maybe 2002.
7 I'm just stretching, trying to
8 remember something here for you to be truthful.
9 Q. Do you remember -- do you remember
10 visiting Net56 prior to -- prior to being
11 employed with Zion?
12 A. I may have, but I'm not sure. I
13 probably did, but I'm not sure.
14 Q. I'm trying to nail down a time. I'm
15 thinking about times. Okay?
16 While you were at Zion District 6
17 at any point in time, would you have had any
18 contact with anybody at Net56 prior to Bill's
19 contacting you?
20 A. While at Zion?
21 Q. Yeah.
22 A. No.
23 Q. Okay. What would have been the
24 reason why you would have had any contact with

1 anybody at Net56 prior to being at Zion 6?
2 A. I was involved with a software
3 company from 1996 up until into the early 2000s.
4 Q. What was the name of that company?
5 A. Educational Technology Solutions.
6 Q. And what did you do for them?
7 A. I was the CFO.
8 Q. For the entire time that you were
9 with them?
10 A. Yes.
11 Q. Okay. And what was your duties as
12 CFO?
13 A. Manage the finances, try and source
14 equity.
15 Q. And how would you have been involved
16 with Net56? Can you explain that to me?
17 A. ETS was a software company
18 developing a student information SIS, system or
19 SIS, as it's called, S-I-S. And just as at
20 Barrington, I hired Net56 to host. As a
21 software company, we needed a vendor who would
22 host our software.
23 Q. And did you contact Net56 in that
24 regards?

1 A. I didn't, no.
2 Q. Well, who did?
3 A. It would have been either Susanne
4 Andresen or Howard Soukup.
5 Q. And those were people that worked
6 for this software company?
7 A. Yes. Susanne was the CEO.
8 Q. What would have your involvement
9 been then at that point in time with regards to
10 Net56 being the CFO?
11 A. If we were going to do business with
12 them, it would have been probably some financial
13 due diligence of the firm's financial position.
14 It never got to that.
15 Q. It ended up you didn't do business
16 with them?
17 A. No. Could not afford to do business
18 with them. The company was financially
19 strapped.
20 Q. How long have you known Bruce Koch?
21 A. I would have met him most likely in
22 early 2005. I'm guessing.
23 Q. Net56 has an in-house accounting
24 department?

1 A. Yes.
2 Q. And the head of that department is?
3 A. Quin Kowalski.
4 Q. How long has he held that role?
5 A. She.
6 Q. She. I'm sorry.
7 A. I don't know how long she worked
8 there, but she worked there for some time, left
9 and then returned.
10 Q. Okay. Has she been there the whole
11 time that you've been with Net56?
12 A. I don't recall. I believe she came
13 after I started, but I'm not certain.
14 Q. So do you have an idea of when
15 exactly was the date that you had your first
16 contact with Net56?
17 A. Sometime from '96 on.
18 Q. Sometime from '96 on?
19 A. Right. I don't know when it would
20 be.
21 Q. While you were at District 6, when
22 was the first time you had contact with Net56?
23 A. I'm guessing it would be winter of
24 '04, early '05.

1 Q. And you were contacted by Bill
2 Spakowski, true?
3 A. Yes.
4 Q. And he decided -- or he was talking
5 to you about outsourcing Zion's IT needs
6 essentially, true?
7 A. Yes.
8 Q. And do you know why Net56 in
9 particular targeted District 6?
10 A. I'm assuming they would have spotted
11 the 470 filing.
12 Q. Any other reason why they would have
13 wanted to target District 6 in particular?
14 A. I wouldn't know of any.
15 Q. Were you -- at that point in time,
16 were you aware of Net56 being involved in the
17 outsourcing of any other districts' IT needs?
18 A. Probably not, if you're speaking of
19 before Bill contacted me.
20 Q. After Bill contacted you, he
21 probably told you that they're currently
22 servicing somebody, true?
23 A. Yes.
24 Q. And who did he tell you?

1 A. Deerfield 109.
2 Q. Anybody else? Any other districts?
3 A. I don't recall any.
4 Q. Okay. Do you know if Net56 had done
5 any -- had used -- strike that.
6 Do you know if Net56 had used
7 E-Rate for -- as part of its marketing platform
8 for any other school districts prior to Zion
9 School District 6?
10 A. I wouldn't know.
11 Q. When you were contacted by
12 Mr. Spakowski, can you tell me what the sum and
13 substance of that first contact was? I mean,
14 was it a phone call?
15 A. It was a phone call. He wanted to
16 schedule an appointment.
17 Q. And did he come on in?
18 A. We scheduled an appointment, and he
19 came in.
20 Q. Who did he meet with besides
21 yourself?
22 A. I don't recall. It could have just
23 been me, or there could have been someone else
24 there.

Q. At any point in time prior to the signing of the contract, did Mr. Spakowski make any type of presentation to the board?
A. I don't recall.
Q. Do you know if Bruce Koch did? Koch. Sorry.
A. I don't recall.
Q. Do you recall being involved in any conversations at any point in time that involved more than just you, Bill Spakowski or Bruce Koch?
A. Conversations with or regarding what?
Q. Well, prior to the time of the signing of the February 2005 contract.
A. Where Net56 was discussed? I don't understand your question. I'm sorry.
Q. Okay. It's been a long day. I'm sorry.
A. It's longer for you I'm afraid.
Q. Yeah, I know. Net56 -- well, strike that.
At any point in time -- strike that, too.

A. Correct.
Q. Meeting the CEO wasn't important for that?
A. No. I had vetted the company in other ways prior.
Q. How many years ago prior do you think that was that you vetted the company in other ways?
A. I don't recall for certain, but most likely twice within the prior three years. That's a guess.
Q. You vetted the company two times in the prior three years. Why would that have been?
A. As it related to the software company I mentioned earlier.
Q. Why did you have vet to Net56 two times?
A. The reason was -- I did not ask to have it vetted twice, but rather, there were two opportunities.
Q. So there were two different opportunities while you were with the software company to vet Net56 in the prior three years

Prior to the signing of the contract with Net56, do you recall any meetings that happened at the school district between any representatives of Net56 and yourself that included other people from Zion 6?
A. I don't recall who would have attended those meetings, nor how many there were.
Q. Did you have meetings with Bruce Koch prior to the signing of the contract?
A. I don't recall.
Q. When you say you don't recall any meetings with Bruce Koch, you mean you just purely don't remember, or are you saying you don't think there were any?
A. I don't remember. It really wasn't important to me whether I ever met with Bruce Koch or not.
Q. Okay. Why wasn't that important?
A. Meeting the CEO of the company didn't factor into my decision.
Q. Potentially you were talking about signing a contract with a company for Zion 6 that was worth multimillion dollars, true?

before they contacted you at Zion 6?
A. Yes. As a brief point of explanation --
Q. No. That was my question. You vetted them twice in the three years prior, true?
A. True.
Q. And it was two different -- it was because there were two different opportunities with the software company to vet them?
A. It's because I recruited in a new CEO, and he wanted to take a look at them.
Q. And so you vetted them again for the new CEO?
A. The new CEO is the second person who wanted to vet them.
Q. Okay. And you didn't think it was necessary to vet them then for your new employer?
A. No.
Q. I'm going to show you what I'm going to mark as Exhibit No. 1, Deposition Exhibit No. 1 for Don Robinson.

1 (Whereupon, Exhibit 1 was marked
2 for identification.)
3 BY MR. KOLODZIEJ:
4 Q. I'm going to show you now what I've
5 marked as Deposition Exhibit No. 1. And I know
6 that this document looks very, very odd because
7 of what it took to pull it off I guess.
8 It appears to be an e-mail from
9 you to various individuals. Would you agree
10 with that?
11 A. Yes.
12 Q. Do you specifically remember
13 drafting this e-mail?
14 A. I don't specifically remember, but I
15 would suggest it's true, accurate. It came from
16 me.
17 Q. Okay. There are attachments to this
18 document identified as board action requests
19 with a date, A through D?
20 A. Um-hmm.
21 Q. That's a yes?
22 A. Yes.
23 Q. Okay. Do you know, do you currently
24 have possession of any of those four

1 attachments?
2 A. Yes, I do.
3 Q. Which ones?
4 A. All four.
5 Q. You do?
6 A. Yes.
7 Q. Okay. I've seen A and B, but I've
8 never seen C and D. Do you have them here today
9 with you?
10 A. Yes.
11 Q. Can I see them, please?
12 A. If it's okay with my attorneys.
13 MR. NERI: I thought we --
14 MR. BARTLETT: Let's go off the record
15 here for a second.
16 (Discussion off the record.)
17 MR. KOLODZIEJ: Can the record show that
18 I've been tendered a four-page document that
19 shows board action request 2005-02-28A, 02-28B,
20 02-28C and 02-28D.
21 MR. ROSENBAUM: I'm sorry. Can we go off
22 real fast?
23 (Discussion off the record.)
24

1 BY MR. KOLODZIEJ:
2 Q. Are these the only documents you
3 brought with you today --
4 A. No.
5 Q. -- in regards to Net56 and the
6 relationship with District 6?
7 A. I brought documents related to Zion,
8 not Net56. These are my Zion work documents.
9 MR. KOLODZIEJ: Okay. I'm going to ask
10 that they be tendered so that I can see what he
11 has with him.
12 MR. BARTLETT: Yeah, as long as he doesn't
13 have any of --
14 MR. KOLODZIEJ: Your correspondence.
15 MR. BARTLETT: Yeah, that's fine.
16 MR. KOLODZIEJ: Let's go off the record
17 while you go through it.
18 (Break taken.)
19 BY MR. KOLODZIEJ:
20 Q. I want to refer you back to Exhibit
21 No. 1 now that I marked.
22 A. Okay.
23 MR. KOLODZIEJ: And off the record.
24 (Discussion off the record.)

1 BY MR. KOLODZIEJ:
2 Q. Going back to Exhibit 1, the people
3 that are on the two lists on Exhibit No. 1, were
4 those all board members at the time?
5 A. Yes. There are seven names. Those
6 are the seven board members, and then COAdmin
7 would just be the other cabinet members.
8 Q. And who would be included in the
9 cabinet?
10 A. It would be Dr. Collins, Dr. Byrd,
11 Dr. Lamping.
12 Q. The last paragraph there states that
13 the -- begins with, The resulting technology.
14 Do you see that paragraph?
15 A. Yes, I do.
16 Q. The net annual cost of the contract,
17 $34,830, do you see that?
18 A. Yes, I do.
19 Q. And you indicated that the district
20 had spent in the last year $241,840 in salaries
21 and benefits for the four tech employees.
22 A. That's correct.
23 Q. Did you do those calculations?
24 A. The 241,840 I would have looked up.

1 Q. Okay. And then the calculation as
2 far as the annual cost of the contract, that's a
3 number that you arrived at?
4 A. Yes.
5 Q. Okay. Suggesting that there was an
6 annual savings then of $207,000 -- or $207,010,
7 true?
8 A. Correct.
9 Q. You then go on to state, The savings
10 over five years should exceed $1.2 million. Do
11 you see that?
12 A. Yes, I do.
13 Q. Okay. I'm going to show you what
14 was marked at Bill Spakowski's deposition as
15 Exhibit No. 15 and ask you if you have -- you've
16 seen that document before I know, true?
17 A. I believe so.
18 Q. Okay. And in regards to that
19 document, pages 2 and 3 are for Net -- first of
20 all, strike that.
21 This document was provided by
22 Net56 to the district or to you personally,
23 true?
24 A. Correct.

1 Q. Okay. Do you remember, was it
2 directly given to you or if it was just provided
3 in general to the district?
4 A. It would have been provided to me.
5 Q. Okay. Were you primarily taking the
6 lead in regards to the discussions with Net56?
7 A. Yes.
8 Q. Was there anybody else at the
9 district that would have been involved at all?
10 A. Most likely not.
11 Q. Okay. And the second and third
12 pages of that document indicate less P1 E-Rate
13 reimbursement and less P2 E-Rate reimbursement.
14 Do you see those numbers?
15 A. Yes, I do.
16 Q. And it appears that if you add those
17 two -- strike that.
18 Was this document used at all in
19 the conclusions you wrote in Exhibit No. 1?
20 A. It would appear not.
21 Q. Why do you say that?
22 A. Because I made a huge mistake in the
23 document I sent to the board.
24 Q. In which document that you sent to

1 the board?
2 A. The one you handed me as Exhibit 1.
3 Q. This document has a mistake in it?
4 A. Yes.
5 Q. What's the mistake?
6 A. There are two very large mistakes.
7 One was the assumption that we were getting a 90
8 percent reimbursement, which had been my
9 understanding from our consultant, and the
10 second was that the entire payment amount was
11 E-Ratable, which was also a mistake and in
12 conflict with this document.
13 Q. That document shows that there are
14 E-Rate -- or strike that.
15 On page 2, it indicates that
16 there should be a priority 1 E-Rate savings over
17 the course of the five-year contract of $1.4
18 million. Do you see that, over the next five
19 years?
20 A. I'm sorry. Could you repeat that?
21 Q. I can. Page 2 of that document
22 shows that there should be a P1, a priority 1,
23 E-Rate reimbursement over the next five years if
24 the district decided to go with Net56 of $1.4

1 million, true?
2 A. Correct.
3 Q. And a priority 2 E-Rate
4 reimbursement of $956,000, true?
5 A. If it were to come, yes.
6 Q. Okay. That document does show that
7 there would be a priority 2 E-Rate reimbursement
8 for each of the five years over the next five
9 years, true?
10 A. I suppose so. You have to
11 understand --
12 Q. The same thing is true on page 3?
13 A. Yes. Except you have to understand
14 that priority 2 is wish list money, and it's not
15 guaranteed. The real point of reference is the
16 bottom of the page 1 and page 3.
17 And it's -- really what you want
18 to look at is the total district cost after P1
19 reimbursement only, and that's the comparative
20 point.
21 Q. Do you know how much District 6
22 received in priority 1 reimbursement --
23 A. No.
24 Q. -- over the course of the contracts

1 with Net56?
2 A. No.
3 Q. Are you aware in 2009 they didn't
4 receive any money in reimbursement?
5 A. For funding year 2009?
6 Q. Yeah, for priority 1.
7 A. Not with certainty, no.
8 Q. You didn't know that?
9 A. It's probably true, but I'm not
10 certain.
11 Q. Isn't it true that no district in
12 2009 received any priority 1 funding from
13 services received and rendered by Net56?
14 A. I don't know.
15 Q. You weren't aware of that?
16 A. I said I don't know.
17 Q. Who would know something like that?
18 A. Mr. Koch, Quin Kowalski.
19 Q. Do you know that if, after 2009, if
20 the pricing structure for Net56 services changed
21 at all?
22 A. It's difficult for me to answer that
23 because I am really uncertain as to these
24 different years and times.

1 Q. Well, you're still a salesman,
2 right, in 2010?
3 A. Probably not.
4 Q. Isn't that what you testified to
5 before?
6 A. I believe I said January of '10 I
7 went into operations.
8 Q. Okay. So prior to that, do you know
9 if there was -- I mean, do you know if prior to
10 your change over to operations if there was any
11 change in the pricing structure at Net56?
12 A. I never presented a deal that I can
13 think of.
14 Q. And you know, if you got on the
15 phone with a school district or somebody to sell
16 them something, I mean, they'd have to ask you
17 what -- I mean, it would seem obvious that they
18 would ask you what the cost of what you're
19 proposing would be, right?
20 A. No.
21 Q. No?
22 A. No. You'd have to do an evaluation
23 first.
24 Q. Okay. To do an evaluation, you

1 would have to know, though, not only what the
2 school district is already spending, but also,
3 what you would charge for those different
4 services, right?
5 A. And that would not be me.
6 Q. Okay. Who would that be?
7 A. Bill Spakowski or Bruce Koch.
8 Q. And does Bill do a lot with
9 determining the prices of different services?
10 A. He's involved, but ultimately it's
11 up to Bruce Koch.
12 Q. Okay. How is Bill involved?
13 A. Bill is in sales.
14 Q. Okay. Do you know how he comes to
15 giving his input in regards to how much
16 something should cost, some service provided by
17 Net56?
18 A. No, but I'm guessing that's a
19 conversation between he and Bruce. If there are
20 components that involve my areas, I might vet
21 those as being reasonable or not.
22 Q. And by your areas, you're talking
23 about your four areas of duties as the director
24 of operations?

1 A. Yes. As an example, if there was
2 going to be an on-site field engineer entry
3 level, I would want to see 4,000 a month charged
4 for that service.
5 Q. Okay. So you do have some input in
6 regards to the pricing structure?
7 A. In theory.
8 Q. So then do occasionally Bruce and
9 Bill come to you and ask you?
10 A. We meet occasionally.
11 Q. And discuss pricing?
12 A. Yes.
13 Q. Okay. So are you aware after 2009
14 if the value of any services decreased that
15 Net56 provides?
16 A. I can't tell you if it was 2008,
17 2009 or 2010.
18 Q. Has there been a decrease?
19 A. Yes, for some services.
20 Q. Okay. Was that in part based on the
21 investigation that took place by USAC?
22 A. I would say in part, most likely.
23 Q. So when you wrote that -- when you
24 wrote that e-mail that's Exhibit No. 1, it was

1 your -- it was your impression or your
2 understanding that Zion would be receiving a 90
3 percent E-Rate discount, true?
4 A. Correct.
5 Q. And it was also your impression at
6 that particular time that the entire amount of
7 the contract would qualify for an E-Rate
8 reimbursement, true?
9 A. Correct.
10 Q. You were not an IT specialist of any
11 type, were you?
12 A. Not in a detail, but I've been doing
13 enterprise level IT for about 25 years.
14 Q. I saw a reference to -- were you
15 employed by a bank at some point in time?
16 A. Yes.
17 Q. And what bank was that?
18 A. Resource Bank.
19 Q. And what did you do for them?
20 A. Chief operating officer.
21 Q. Did you end up -- from when to when
22 did you work for them?
23 A. '83 to '96.
24 Q. And during that period of time, from

1 '83 to '96, did you outsource their IT
2 solutions -- IT needs? Sorry.
3 A. I mean, many components of it were
4 outsourced.
5 Q. Okay.
6 A. Others we did in-house.
7 Q. Did you use either Net56 or its
8 predecessor -- did you use either Net56 or their
9 predecessor, Koch Industries, for any of those
10 services?
11 A. No.
12 Q. Would it be fair to state that you
13 were -- strike that.
14 As the business manager, did you
15 review the quotations and contracts from Net56?
16 A. Yes.
17 Q. And did you rely upon them to be
18 accurate?
19 A. Yes.
20 Q. And at that time in 2005 in regards
21 to priority 2 funding, did you know whether that
22 was something that was -- that might not be
23 awarded?
24 A. That was my understanding. Priority

1 2 funding was not a part of the decision.
2 Q. Are you aware of Bill Spakowski ever
3 making any statement to indicate to anyone that
4 priority 2 funding should be coming or that it
5 should be expected in some way?
6 A. No.
7 Q. If he wrote an e-mail like that
8 where he suggested that, could that be
9 misleading?
10 A. It could be.
11 Q. I'm going to show you what was
12 previously marked as Deposition Exhibit 8 from
13 Bill Spakowski's deposition. If you want to
14 hand that one back to me, I want to keep the
15 order here so we don't lose things.
16 A. Sure.
17 Q. And there's No. 8. I think you
18 should recognize that document, right?
19 A. Yes.
20 Q. It's two pages -- three pages?
21 A. Yes.
22 Q. Okay. What does this board action
23 requested document mean?
24 A. It means I have submitted a request

1 to Dr. Collins and the Board of Education that a
2 motion be approved for action.
3 Q. So this is kind of like a way to
4 bring the board's attention to something to vote
5 on it, true?
6 A. Correct.
7 Q. Okay. The first page is actually
8 the B document on that -- on Exhibit 8, isn't
9 it?
10 A. Correct.
11 Q. Okay. There is an A document and a
12 B document. You provided for us today the C and
13 Ds, true?
14 A. Yes, that's true.
15 Q. Would you agree with me -- I
16 reviewed C and D. I did not see anything on C
17 and D to indicate that it had really anything to
18 do with any of the issues involved in this
19 litigation.
20 Would you agree with that?
21 A. Yes, completely.
22 Q. A and B, though, might be a little
23 bit different. For instance, in Exhibit B
24 there -- did you write this document?

1 A. Yes.
2 Q. Okay. And you started off by
3 writing, The crown jewel in the district's
4 revised technology deployment is the outsourcing
5 of the primary technology functions to a private
6 firm, Net56.
7 Do you see that?
8 A. Yes, I do.
9 Q. You believed that at the time?
10 A. And still do.
11 Q. The district's 90 percent E-Rate
12 funding level means the district's net cost for
13 eligible and funded services is 10 percent of
14 the billed cost.
15 Do you see that?
16 A. Yes, I do.
17 Q. Okay. We've discussed the 90
18 percent E-Rate funding level. And it would also
19 appear that you were relating to the board that
20 the entire sum of the contract would be eligible
21 for E-Rate funding, true?
22 A. That was my understanding.
23 Q. And was that understanding based on
24 some type of -- by some research that you did

1 yourself?
2 A. Not research per se, but the E-Rate
3 consultant.
4 Q. He told you that it was -- Jerry
5 Steinberg you believe told you that the entire
6 sum of the contract would be E-Ratable?
7 A. That is what I believe.
8 Q. How did Jerry Steinberg become
9 involved?
10 A. Phil Hintz was our director of
11 technology. I believe he's turned into a very
12 strong technology administrator. At the time,
13 he was very weak.
14 My counterpart at Zion-Benton
15 High School, Chris Clark, referred me to Jerry.
16 She knew I had a weak tech director, and she
17 recommended Jerry as a consultant.
18 Q. Jerry seemed knowledgeable to you on
19 E-Rate?
20 A. Very knowledgeable, yes.
21 Q. Okay. Did he seem to understand the
22 difference between eligible and ineligible
23 services under E-Rate?
24 A. I would assume so, yes.

1 Q. How many other districts was Jerry
2 representing?
3 A. I have no idea. I know the
4 references he did supply.
5 Q. There was a number of districts,
6 right?
7 A. A number of districts including what
8 I would recognize as the best and the brightest
9 business managers in the state.
10 Q. So he appears to be knowledgeable on
11 E-Rate?
12 A. In IASBO, which is the state
13 association, he is considered the go-to guy.
14 Q. Okay. So what I want to know is did
15 Jerry Steinberg tell you that the entire sum of
16 this contract would be E-Rate eligible?
17 A. That's my belief. I don't have a
18 recollection of the specific meeting or
19 conversation, but in practice, he is who I would
20 go to to vet the E-Rate aspects of anything I
21 was trying to do in the district.
22 Q. Okay. Because as you stated
23 yourself before, you were clueless on E-Rate?
24 A. Yes. And it appears even in the

1 June document to the board I still hadn't
2 figured it out.
3 Q. And as you told us before, also,
4 that the first time you ever heard of using
5 E-Rate for outsourced technology was from Bill
6 Spakowski at Net56?
7 A. Correct.
8 Q. Okay. You state in that second
9 paragraph that I had personal involvement in a
10 thorough due diligence review of Net56 done two
11 years ago by a former SVP from Yahoo, Inc.
12 A. Correct.
13 Q. Can you tell me what that means?
14 A. Going back to the software company I
15 was involved with, I had recruited a fellow
16 named James Fanella to be CEO of the company,
17 and I was going to step down as CFO. So Jim
18 Fanella visited Net56 and did a vetting.
19 Q. Okay. Did you have any personal
20 involvement with that vetting of Net56?
21 A. I'm not a technology expert, so no.
22 Q. Okay. So that sentence is wrong?
23 A. I had personal involvement in that I
24 coordinated it, but I did not have personal

1 involvement in evaluating, as an example, the
2 network architecture, things like that. I'm a
3 generalist, not a professional technologist.
4 Q. The next sentence, In addition, I
5 had lengthy discussions three years ago with a
6 CEO of multiple technology companies that did a
7 similar due diligence at that time.
8 Who is that?
9 A. That's Bart Carlson.
10 Q. So the first man's name was James
11 Fanella?
12 A. James Fanella.
13 Q. And then Bart Carlson?
14 A. Correct.
15 Q. Okay. What is James Fanella's
16 current phone number -- or address, rather?
17 A. I believe the name of the country is
18 spelled Q-a-t-a-r.
19 Q. He's in Qatar?
20 A. I am assuming he's like an executive
21 vice president or something over there.
22 Q. What do you base that on?
23 A. I Googled him this morning. I was
24 curious. I thought that might come up today.

1 Q. And as far as do you have his
2 current phone number?
3 A. I have not spoken with James in
4 years.
5 Q. Okay. Was James a friend of yours?
6 A. No.
7 Q. Did you ever have any occasion where
8 you would meet him outside of a professional
9 environment?
10 A. We might go out for dinner or meet
11 for breakfast or something like that as we were
12 trying to put this company together.
13 Q. Okay.
14 A. He had recently left Yahoo. He
15 lives in South Barrington.
16 Q. He's not currently living in South
17 Barrington now?
18 A. No, I don't believe so.
19 Q. And how about Bart Carlson, do you
20 know his current address?
21 A. I don't know. Last I knew he shared
22 residences between Naples, Florida and Lake
23 Geneva, Wisconsin. And he is the chairman and
24 CEO of Napersoft, one word, in Naperville of all

1 places. I assume it's still Naperville. I
2 don't know.
3 Q. When did you learn that he was part
4 of -- became whatever his role is now with
5 Napersoft?
6 A. He founded the company 25 years ago.
7 Q. Okay. So he's still at the same
8 company?
9 A. Yes.
10 Q. Okay. When was the last time you
11 had any contact with Bart Carlson?
12 A. It's been several years. Same as
13 Fanella.
14 Q. Do you have a current phone number
15 for Bart Carlson?
16 A. No, but I'm assuming you could look
17 at Napersoft.com and call the company.
18 Q. Okay.
19 A. I'm not being sarcastic. I think
20 that would be a practical way.
21 Q. No. I was just wondering if you had
22 his current phone number. That's all.
23 A. I haven't talked to him in years.
24 Q. As far as his Lake Geneva address or

1 Naples address, do you have any idea what those
2 addresses are?
3 A. No.
4 Q. And when was the last time you
5 talked to James Fanella?
6 A. Boy, I'm guessing maybe 12 years
7 ago.
8 Q. 12 years ago?
9 A. Just a guess.
10 Q. In regards to Exhibit 8, you then
11 state, For this amount, Net56 will provide
12 WAN/Internet access, firewall, web hosting and
13 e-mail. Do you see that?
14 A. No, I'm sorry. Where are you?
15 Okay. I've caught up with you.
16 Q. And all related hardware and
17 support. Do you see that?
18 A. Yes.
19 Q. The support is included all the way
20 to the desktop for 1,000 personal computers. Do
21 you see that?
22 A. Yes.
23 Q. Okay. As you understand E-Rate
24 funding today, do you know if all the related --

1 everything that you wrote there is still
2 currently E-Rate eligible?
3 A. The desk side support would not be
4 E-Rate eligible.
5 Q. Anything else?
6 A. Some of the hardware would be. Some
7 would not be. I don't know which. I can't
8 answer that. But in terms of Internet access,
9 firewall, web hosting and hosted e-mail, those
10 are E-Rate eligible services.
11 Q. And as far as the price was
12 concerned, did you do any type of evaluation as
13 to what it would cost the district to provide
14 those services of -- you know, all those various
15 services itself?
16 A. Yes. A couple of thoughts there.
17 One, the district was enormously incompetent at
18 trying to provide the services at the time.
19 Secondly, if you look at the
20 exhibit I looked at earlier -- was it 15 I
21 believe or something -- the real comparison on
22 that is there are two graphs on the front page,
23 two charts. If you ignore the top one and look
24 at the second one and if you compare the second

1 one to the one standalone on page 3 -- that
2 would be a five-year with a WAN upgrade with
3 Microsoft instead of Novell -- you'll see that
4 the five-year cost for the district is very
5 comparable to the five-year cost outsourced
6 after P1. And that's really the basis of
7 financial.
8 Q. Were there any other bids given from
9 Net56 in regards to providing these services?
10 A. No.
11 Q. Did it ever -- did you ever do any
12 type of investigation to see if there were any
13 other companies in the area that could provide
14 these services?
15 A. I would have talked with other
16 business managers.
17 Q. What other business managers?
18 A. School district business managers.
19 As an example, I might see them monthly at a
20 Lake County meeting.
21 Q. Okay. But what I want to know is
22 did you actually talk to any business managers?
23 A. Yes, but I can't give you any names.
24 I don't know who I talked to years ago.

1 Q. You just don't remember?
2 A. No.
3 Q. That's true, you don't remember?
4 A. I'm almost 60 years old.
5 Q. I'm just trying to understand your
6 answer more than anything else. I'm not
7 trying to --
8 A. Okay. I thought you were pushing
9 back.
10 Q. No, no, no, no, no, no, no.
11 A. No, I don't remember.
12 Q. Okay. The next page of the document
13 in the second paragraph, last line, Finally, the
14 E-Rate riders provide the district with an
15 escape clause related to E-Rate funding.
16 What did you mean by that?
17 A. One of the things I did was I broke
18 the fiber network away from Net56 as a separate
19 transaction so that we didn't have all our eggs
20 in one basket. My one concern was committing to
21 a five-year contract with SBC, and if we were to
22 lose the E-Rate funding, then that fiber
23 network, even though I felt it was important to
24 have, would become unaffordable.

1 Again, it was based on my
2 misunderstanding that we were at a 90 percent
3 reimbursement rate.
4 Q. Well, as far as that escape clause
5 related to E-Rate funding for SBC was concerned,
6 did it provide for in the contract that the
7 district would be receiving an E-Rate discount
8 at 10 percent?
9 A. I don't recall. You have those
10 contracts. I would expect that they would
11 probably just reference an E-Rate reimbursement
12 without specifying a rate.
13 Q. Was there some reason why you did
14 not provide for the same language in the
15 contract with Net56?
16 A. I don't know. I'd have to refer
17 back to my counsel at the time.
18 Q. In regards to -- are you aware of a
19 second contract being entered into between Net56
20 and District 6?
21 A. Yes.
22 Q. For a portal?
23 A. Yes.
24 Q. Okay. Would you say that your

1 understanding of what a portal is today is
2 greater than it was back in 2005, '6?
3 A. It's probably a little better, but I
4 wasn't really involved in that decision back in
5 '5 and '6.
6 Q. Back in 2005, at some point in time,
7 was there a discussion of the portal being
8 included in the original contract with Net56?
9 A. I would assume so.
10 Q. Okay. But it was not, was it, or
11 was it?
12 A. Included?
13 Q. In the original contract.
14 A. No.
15 Q. Okay. Do you know today, is a
16 portal E-Ratable?
17 A. I believe so.
18 Q. You believe it's an eligible
19 service?
20 A. Actually, as I think about it, I'm
21 not sure.
22 Q. Okay. Bill Spakowski would be a
23 good person to ask that question?
24 A. He would be a much better person

1 than me, yes.
2 Q. Okay. Before you drafted these
3 board action requests in Exhibit 8, right?
4 Exhibit 8, is that what it's marked?
5 A. Yes.
6 Q. And you drafted both of those, true?
7 A. Yes, I did.
8 Q. Okay. How many times did you
9 have -- how many meetings did you have with
10 anybody from Net56 prior to their drafting?
11 A. I have no recollection.
12 Q. Certainly more than one, right?
13 A. I would believe so, yes.
14 Q. Okay. Would you have met both with
15 Bruce Koch and Bill Spakowski?
16 A. I don't recall.
17 Q. Did you meet with Jerry Steinberg at
18 any point in time between first being contacted
19 by Net56 and the drafting of these board action
20 requests?
21 A. I don't recall.
22 Q. How was Jerry Steinberg retained?
23 Did I ask that question?
24 A. I don't know if you did or not, but

1 his proposals are in front of you.
2 Q. Yeah. I know he was referred to
3 you.
4 A. You asked how he was referred.
5 Q. He was referred to you, right, but
6 then what happened? Was there -- did the board
7 approve him coming on as an E-Rate consultant,
8 or is this something you would have done as
9 business manager?
10 A. It would have gone to the board.
11 Most likely would have gone to the board for
12 approval, at least for information, but he was
13 brought on in multiple things, one as an E-Rate
14 consultant; two, to prepare an RFP for a voice
15 IP telephony system.
16 We also had him do a review, as
17 consultants do, of your telephone and data
18 circuit and alarm circuit bills looking for
19 errors in -- billing errors, and then he takes a
20 percentage of the savings. Common offering.
21 Q. Do you specifically remember the
22 board approving him coming on as the E-Rate
23 consultant?
24 A. I have no recollection, and I don't

1 have any records that go back that far.
2 Q. Would your understanding be that for
3 him to be employed as an E-Rate consultant that
4 the board would have to approve him?
5 A. No. We could actually -- as an
6 administrator, I can hire a consultant, or
7 Dr. Collins can hire a consultant up to a
8 certain amount without going to the board.
9 Q. Do you remember what that amount
10 was?
11 A. You could ask Tony. I believe it
12 was 10,000 at the time. I don't know.
13 MR. FICARELLI: I don't know. Some school
14 code is 25.
15 THE WITNESS: It's 25,000 now? It might
16 have been 10,000. Regardless, significantly
17 more than he was going to bill us.
18 BY MR. KOLODZIEJ:
19 Q. Okay.
20 A. But if I were to make an assumption,
21 I would assume that it went to the board for
22 approval.
23 Q. Besides probably Bruce Koch and Bill
24 Spakowski, is there anybody else you would have

1 met with at Net56 prior to the drafting of these
2 two documents?
3 A. I don't believe so.
4 Q. You would agree with me that at no
5 point in time did Zion District 6 receive
6 reimbursements or a discount from USAC and
7 E-Rate of 90 percent, right?
8 A. I wouldn't have that knowledge.
9 Q. Would you be surprised if looking at
10 the cost of the contract that the actual -- of
11 the two contracts that the actual rate of
12 reimbursement was something under 50 percent?
13 A. I wouldn't have an opinion.
14 Q. Does E-Rate apply to IT services and
15 equipment -- strike that. Let me try to ask the
16 question differently.
17 Does E-Rate apply to those
18 services, those IT services, being provided
19 in-house?
20 A. Generally not, however, if you're
21 looking at something like in the case of what we
22 just looked at, the fiber WAN that we negotiated
23 with SBC, I mean, that is in-house. Being
24 outsourced has to --

1 Q. Being outsourced.
2 A. That's E-Ratable.
3 Q. Right. And depending on -- well,
4 strike that.
5 In that action, board action
6 document you still have in front of you, you
7 wrote in there -- I think it was on the B
8 document that you wrote that Phil Hintz spoke to
9 Deerfield staff who had rave reviews.
10 A. Yes.
11 Q. Do you know who Phil spoke to at
12 Deerfield?
13 A. I can't recall who he spoke with.
14 Q. Or if that person had any
15 relationship at all with Net56?
16 A. I wouldn't have any way of knowing.
17 Q. You do know, though, that Bill
18 Spakowski's wife was working for Deerfield 109,
19 right?
20 A. I know she recently worked for
21 Deerfield. I don't know if she did at the time.
22 Q. Is that software company that you
23 were working for before Zion District 6 still in
24 business?

1 A. No.
2 Q. Were you at all involved in
3 navigating E-Rate and USAC requirements with
4 District 6 in attempting to get reimbursements,
5 E-Rate reimbursements?
6 A. No.
7 Q. At no point in time?
8 A. Not to my recollection.
9 Q. Do you know, does Net56 occasionally
10 get involved with filling out forms and such for
11 various school districts to get E-Rate funding?
12 A. Any time there is a BEAR or a SPI,
13 there is involvement. I don't know the
14 specifics, but I know that Quin Kowalski talks
15 with districts when she's getting ready to bill
16 something.
17 Q. Okay. Anybody else that would be
18 involved in that besides Quin?
19 A. Not that I'm aware of.
20 Q. Were you aware that at some point
21 Jerry Steinberg stopped being the E-Rate
22 consultant for District 6?
23 A. In a manner of speaking. I know he
24 currently is not. So sometime after I left he

1 must have stopped.
2 Q. Did you ever learn of the reasons
3 behind why he stopped being the E-Rate
4 consultant for District 6?
5 A. No.
6 Q. Were you ever -- well, you came on
7 with Net56 in 2008, right? Did I get that
8 right?
9 A. August of 2008, correct.
10 Q. Okay. So when you came on in August
11 of 2008, did you learn at that time that
12 District 6 was proceeding without an E-Rate
13 consultant?
14 A. I was not aware that they were with
15 or without.
16 Q. Okay. Did you have any contact
17 after you came back -- strike that.
18 After you started with Net56, did
19 you have any contact with anybody at District 6?
20 A. Yes. Craig Bennett.
21 Q. Okay. Who else?
22 A. Probably saw the whole board at a
23 dinner, maybe downtown at a conference. Had
24 drinks with them a couple of times downtown at a

1 conference. Mr. Bennett would call me for
2 advice from time to time either as board
3 president or vice president.
4 Q. Okay. How about in regards to your
5 involvement -- your employment with Net56, would
6 you have had contact with board members in
7 regards to your employment?
8 A. As a Net56 employee?
9 Q. Yeah.
10 A. No. I think my only contact would
11 have been with John Ahlgrim or Tony DeMonte. As
12 an aside, though, I am a personal friend of
13 Maurice Byrd.
14 Q. And in regards to John Ahlgrim, what
15 would have been your contact with him in your
16 capacity as a Net56 employee?
17 A. Might have been called into a
18 meeting with him. I know we had a meeting at
19 Tony's Lisle office once.
20 Q. Okay. Who else was at that meeting?
21 A. Bruce Koch, Tony and one or two,
22 maybe two of your partners I think.
23 Q. Did you and Bruce have any
24 discussion prior to that meeting about what was

1 going to happen at the meeting?
2 A. I'm sure we talked, but I don't have
3 any recollection.
4 Q. Okay. Were you represented by
5 counsel at that meeting?
6 A. I don't think so.
7 Q. And when approximately was this
8 meeting, do you remember?
9 A. I have no idea.
10 Q. What was the substance of the
11 meeting?
12 A. Discussing the dispute.
13 Q. And prior to that meeting, you don't
14 remember discussing the potential dispute with
15 Bruce?
16 A. We would have probably talked on the
17 way down, but no, I don't have a recollection.
18 Q. Did you ride together?
19 A. Yes.
20 Q. From where?
21 A. Probably from Palatine.
22 Q. So you drove from Palatine to Lisle
23 in the car with Bruce prior to that meeting, and
24 did -- and you don't remember the substance of

1 that conversation?
2 MR. BARTLETT: Objection. Asked and
3 answered.
4 BY MR. KOLODZIEJ:
5 Q. Is that true?
6 MR. BARTLETT: You can answer his
7 question. I think you have twice, but go ahead.
8 THE WITNESS: Yes.
9 BY MR. KOLODZIEJ:
10 Q. Do you know, did District 6 ever
11 receive any priority 2 funding for services
12 provided by Net56?
13 A. I have no knowledge of that.
14 Q. Okay. When Net56 came to the
15 district, would you -- they provided you with an
16 outline of what their services would look like,
17 true?
18 A. Correct.
19 Q. And by agreeing to go with Net56,
20 you were essentially putting District 6's IT
21 needs in the hands of Net56?
22 A. Outside of fiber, yes, and Telco.
23 Q. And part of the reason why you
24 thought that -- I want to understand some of

1 this. You did make ultimately the
2 recommendation to the board that they should go
3 ahead and do that, right?
4 A. Yes.
5 Q. Okay.
6 A. In my second year, I took it upon
7 myself to upgrade their whole infrastructure,
8 their whole vision and strategy.
9 Q. And in that regards -- I want to try
10 and kind of explore, you know, why you thought
11 it was best to go with Net56. At that point,
12 you hadn't received any other bids from any
13 other companies about providing these services,
14 true?
15 A. I could not locate another company
16 that provided those services in the education
17 space.
18 Q. Did you research the possibility of
19 breaking up these services, as you said before,
20 putting your eggs in more than one basket?
21 A. Yes. I felt that was a very poor
22 strategy.
23 Q. And why was that?
24 A. Based on 25 years of experience in

1 running a bank and other businesses. When
2 something breaks, you want to make one call.
3 Q. Okay. And so in that particular
4 case, you didn't -- you thought it was okay to
5 put all the eggs in one basket?
6 A. I thought it was critical to put
7 them in one basket for the core services, but as
8 far as the fiber WAN, it made sense to break
9 that out and pull that away from Net56 and have
10 it separate.
11 Q. Because?
12 A. Two separate companies.
13 Q. And that didn't apply to the other
14 services that Net56 provided?
15 A. No. That wouldn't have worked.
16 Q. Why?
17 A. At the risk of sounding sarcastic,
18 common sense. If you're looking at providing,
19 you know, for instance, your WAN, your Internet
20 access and your firewall, you can't really have
21 multiple providers providing those services
22 independently. There's little hope of having
23 those services work.
24 Q. There were a number of other

1 services, though, that Net56 was also providing,
2 true?
3 A. Um-hmm.
4 Q. Yes?
5 A. Yes.
6 Q. Okay. And you didn't do any kind of
7 investigation to see if any of those other
8 services could be pulled away from Net56?
9 A. Not that I recall.
10 Q. Okay. Would it be fair to state
11 then that when it comes to the IT solutions
12 being done here that you were relying on the
13 knowledge of Net56 and their expertise, true?
14 A. To deliver the services?
15 Q. Yes.
16 A. Yes.
17 Q. You were relying on them to be
18 providing you with services also that were
19 cost-effective?
20 A. I'm sorry. That were or weren't?
21 Q. That were.
22 A. That were cost-effective, yes.
23 Q. Because obviously, Zion 6 is not a
24 wealthy school district, true?

1 A. Correct.
2 Q. And it would be fair to state that
3 probably cost is a major, major concern over at
4 District 6?
5 A. It would be a major concern in any
6 district.
7 Q. Absolutely. District 6 is a little
8 bit more sensitive about it, though?
9 A. Not necessarily, no.
10 Q. Okay. I'll show you what was marked
11 as Bill Spakowski's Deposition No. 9, Deposition
12 Exhibit No. 9.
13 A. Okay.
14 Q. That's your signature at the top of
15 that document?
16 A. That's correct.
17 Q. And that was a document produced by
18 Net56, true?
19 A. Yes.
20 Q. And it's also signed by the
21 president of Net56, Bruce Koch, true?
22 A. Yes.
23 Q. The document demonstrates a number
24 of services, the WAN/Internet access monthly

1 fee, a firewall monthly fee, web hosting service
2 for District 6, e-mail service, true?
3 A. Correct.
4 Q. And it lists associated costs with
5 those four things on a monthly basis, true?
6 A. Correct.
7 Q. And it shows an E-Rate discount on
8 each of those things at 90 percent, true?
9 A. Yes.
10 Q. Do you know who at Net56 presented
11 you with this document?
12 A. I would assume Bill Spakowski.
13 Q. Thank you.
14 (Whereupon, Exhibit 2 was marked
15 for identification.)
16 BY MR. KOLODZIEJ:
17 Q. Showing you what's been marked as
18 Deposition No. 2. Do you recognize what that
19 document is?
20 A. No.
21 Q. Do you remember ever seeing it
22 before?
23 A. No. It's probably a document that
24 was given to me, but I don't recognize it.

1 Q. Okay. On the document, it indicates
2 that Net56 is an eligible service provider for
3 E-Rate. Do you see that?
4 It's in that first -- under
5 Benefits, Cost-effective with immediate cost
6 savings, the last bullet point.
7 A. Yes.
8 Q. Do you know how Net56 became an
9 eligible service provider?
10 A. They would have applied for a SPIN
11 number.
12 Q. Do you know what's required in
13 getting a SPIN number?
14 A. No.
15 Q. Do you know if there's any type of
16 investigation done by USAC or anyone?
17 A. I don't know.
18 Q. Okay. Would the fact that Net56 was
19 an eligible service provider for E-Rate, was
20 that important to the decision in deciding to
21 retain Net56?
22 A. Yes, inasmuch as priority 1 funding
23 was part of my decision.
24 Q. Because you wanted to do your best

1 to maximize the amount of reimbursement coming
2 from E-Rate back to the school district, true?
3 A. I wanted to see that the cost net of
4 P1 funding was roughly equivalent for in-house
5 with the WAN with the Microsoft environment
6 versus outsourcing with the higher speed WAN in
7 the Microsoft environment. I was looking for
8 parity, roughly parity.
9 Q. Okay. So you weren't necessarily
10 looking for better service by going with Net56?
11 A. Yes, I was looking for better
12 service. That was a foregone conclusion.
13 Q. Okay.
14 A. The question was whether or not we
15 could afford it, and I didn't want to have a
16 material increase in expense.
17 Q. And that's why it was important that
18 Net56 be E-Rate eligible, true?
19 A. Yes.
20 Q. Okay. That's really all I was
21 asking.
22 A. Okay.
23 Q. Took us a while to get there.
24 What's your understanding between the difference

1 between priority 1 and priority 2 funding?
2 A. Priority 2 funding is wish list
3 funding that may or may not get funded.
4 Priority 1 is something you can rely on.
5 Q. That's your understanding of what
6 the difference is?
7 A. From a financial perspective, yes.
8 Count P1. Ignore P2.
9 Q. Who told you that?
10 A. Probably Bill Spakowski and Jerry
11 Steinberg, both.
12 Q. So they both told you that, but yet,
13 when you wrote those action reports and so
14 forth, you didn't delineate that, did you?
15 A. No. I told you I made mistakes on
16 those reports.
17 Q. So in regards to -- let me go back
18 because I thought I understood you to say before
19 that it was your understanding that Jerry
20 Steinberg had told you that the entire contract
21 would be E-Ratable.
22 A. That's my belief, yes.
23 Q. Okay. But did Bill Spakowski tell
24 you the same thing?

1 A. No.
2 Q. He told you something different?
3 A. I don't think he made any sort of
4 promise or suggestion.
5 Q. Okay. So your belief is this
6 gentleman who is the supposed expert on E-Rate
7 told you that the priority -- that the entire
8 sum of the contract would be E-Ratable?
9 A. Yes. I would not rely on a vendor
10 selling me something to give me the
11 justification.
12 Q. Okay. Do you know, did you send
13 Jerry Steinberg any of the copies of the
14 proposals or anything that Net56 was making?
15 A. I don't recall.
16 Q. Do you think you did?
17 A. Most likely.
18 Q. Do you have any understanding at all
19 as to what -- and I might have even talked about
20 this a little bit with you -- about what the
21 reimbursement was from USAC for E-Rate to
22 District 6 during the course of the relationship
23 with Net56?
24 A. Well, this would have been after I

1 left, but my understanding at the time the
2 contract went to the board was that the district
3 would pay the full amount of the contract, and
4 then there would be a reimbursement that would
5 come from USAC that I believe would -- yes, it
6 would have gone through Net56.
7 Q. Okay.
8 A. I believe that's the BEAR, and I
9 believe at the time -- I believe that was the
10 only option, but again, I'm not certain.
11 Q. Okay. Do you have any -- and that
12 was when you left the district that you
13 understood that to be true?
14 A. Yes.
15 Q. Okay. When you left the district,
16 you understood that the portal was not in the
17 actual -- the services for the portal was not in
18 the initial contract, true?
19 A. Yes. I recommended going that way.
20 Q. What was the basis for that
21 recommendation?
22 A. Going back to when I arrived in July
23 of 2003, it was really an index card, pencil
24 view of technology. After one year, Phil Hintz

1 was unable to really bring any suggestions or
2 ideas to the table, so I took over and took it
3 upon myself to figure out a way to bring the
4 district forward.
5 Q. Okay. But we're just talking about
6 the portal, right?
7 A. I'm getting there. I'm trying to
8 provide context. I apologize for being chatty.
9 Q. Okay.
10 A. I apologize to my counsel, too. But
11 you have to walk before you run, and if you look
12 at a district that was putting in a new Student
13 Information System, going to a wide area
14 network, going from Novell to Microsoft, doing
15 all of these things, it was a huge shift in the
16 technological fabric of the environment.
17 Q. Did you do any type of research to
18 investigate other alternative sources for
19 providing a portal for the district?
20 A. No. I just said I wasn't going to
21 promote it. I wasn't going to support it going
22 forward.
23 Q. Okay.
24 A. I thought it was a good idea, but

1 not for them.
2 Q. Okay.
3 A. For later.
4 Q. So you told Net56 essentially they
5 should wait on the portal?
6 A. Yes. I told the district that,
7 also.
8 Q. You told the district the same
9 thing?
10 A. Um-hmm.
11 Q. So then the contract was entered
12 into in February of 2005?
13 A. '6.
14 Q. I'm talking about the first
15 contract.
16 A. Oh, the first contract. Okay.
17 Q. And when that was done, was there
18 any understanding in regards to the future of
19 the portal?
20 A. I don't recall any.
21 Q. Okay. You didn't make any
22 commitment at any point -- you didn't make any
23 commitment to enter into a second contract for
24 the portal later on?

1 A. Legally I wasn't empowered to make a
2 commitment.
3 Q. In regards to the actual dollar
4 amounts that Zion District 6 received in 2005,
5 '6, '7, '8, '9, you have no knowledge as to
6 those numbers; is that true?
7 A. USAC?
8 Q. What did I say?
9 A. You didn't specify.
10 Q. Oh, I didn't specify. Sorry. USAC.
11 A. No.
12 Q. And do you have any idea as to
13 whether Net56 is currently withholding any money
14 that was given to -- given to Net56 by USAC for
15 E-Rate that was initially designated to go to
16 District 6?
17 A. No, I have no knowledge.
18 Q. If the district was paying the full
19 amount of the contract every month that you
20 recommended to the board be entered into in
21 February of 2005, and then -- that there was
22 money that was supposed to be back --
23 reimbursed, you would expect the full amount of
24 that reimbursement to come back to the district,

1 true?
2 A. I don't have an expectation.
3 Q. You don't have an expectation one
4 way or the other?
5 A. You're talking about the contract
6 after I left with USAC and all the other stuff.
7 I'm not involved in finances at Net56.
8 Q. Okay. Certainly that was the way it
9 was initially set up; you'd agree with me there,
10 right?
11 A. That's what everyone contemplated.
12 Q. So any issues regarding finances you
13 have no knowledge of?
14 A. I have never seen an income
15 statement or balance sheet, nothing.
16 Q. Are there -- do you know, are there
17 balance sheets, income statements?
18 A. I wouldn't know. I can't speak to
19 that which I know nothing about.
20 Q. All right. Fair enough. There was
21 a meeting with Bruce Koch and Zion District 6 in
22 September of 2009. I'm going to show you what
23 I've marked previously as Deposition Exhibit No.
24 11 from Bill Spakowski.

1 A. Okay.
2 Q. Take a look at that document. Have
3 you ever seen -- first of all, have you ever
4 seen this document before?
5 A. No.
6 Q. Were you at all involved in a
7 meeting at District 6 in September of 2009?
8 A. I'm not aware of being involved. It
9 doesn't mean I wasn't.
10 Q. Okay.
11 A. I just -- I'm sorry. I don't recall
12 things like that.
13 Q. Do you remember ever having any
14 discussions with either Bill or Bruce Koch in
15 regards to a meeting that they had at Zion
16 District 6 in September of 2009?
17 A. No. I am aware that they met with
18 the board. I don't know if it was a
19 presentation, open executive, whether people
20 walked away happy or angry. They didn't share
21 that stuff with me.
22 Q. Okay.
23 A. I was in an awkward place as the
24 former administrator.

1 Q. That's something I want you to
2 expand on. What do you mean by that?
3 A. Well, it's kind of weird. I'm
4 sitting here as a Net56 employee.
5 Q. I would agree.
6 A. So that's awkward. Good enough?
7 Q. Well, let me ask you this: Have you
8 purposefully tried to avoid discussions in
9 regard to Zion 6 and Net56 with employees of
10 Net56?
11 A. No. I believe probably most people
12 at Net56 know that I used to work there.
13 Q. Okay. How about in regards to the
14 issues involved in this litigation, have you
15 discussed issues involved in this litigation
16 with individuals at Net56?
17 A. No. I had very little knowledge
18 until I found out I was going to be deposed.
19 Q. Okay. Do you remember making any
20 type of representation to either counsel for
21 District 6 or District 6 directly in regards to
22 an agreement as to providing moneys I guess in
23 terms of a settlement of some degree?
24 A. I remember having a conversation

1 with Tony. We've known each other many years,
2 and I have a great deal of respect for him. And
3 I was hopeful that if there was a dispute, you
4 know, cooler minds could prevail.
5 MR. BARTLETT: Could we go off the record
6 for a second?
7 MR. KOLODZIEJ: We can.
8 (Discussion off the record.)
9 (Whereupon, Exhibit 3 was marked
10 for identification.)
11 BY MR. KOLODZIEJ:
12 Q. I'm showing you what's been marked
13 as Deposition Exhibit No. 3. Do you recognize
14 this document?
15 A. I would say it looks like mine, yes.
16 Q. Okay. Can you explain to me what
17 the purpose for the drafting of this document
18 was?
19 A. Rick Terhune contacted me and asked
20 me to address some issues I believe.
21 Q. Okay. How were you made aware of
22 what issues to address?
23 A. I don't know. I'm assuming he might
24 have e-mailed these to me. I'm just guessing.

1 Maybe it came from somebody else, but it was
2 written to Rick.
3 Q. Now, page 2 of that document under
4 heading No. 3, you wrote in response that -- to
5 a question in regards to, Please provide a copy
6 of any outside or external reviews of your
7 outsourcing decision or ongoing evaluation of
8 Net56 services. You start off by discussing
9 that you had experience running an in-house bank
10 datacenter.
11 Is that what we talked about
12 before where you were the C --
13 A. I was chief operating officer. I
14 basically ran the bank. The CEO was outside
15 doing sales and marketing.
16 Q. I understand. And we talked about
17 how some of those services -- some of the
18 technology services that were needed for that
19 bank datacenter were outsourced, true?
20 A. You know, the software was purchased
21 from a third-party vendor as opposed to
22 developed in-house, other software packages,
23 things like that.
24 Q. Okay. So you go on to state, so

1 although I did not have outsourcing experience,
2 I was familiar and comfortable with the
3 outsourcing concept. That's accurate?
4 A. Yes.
5 Q. You go on to state that you had
6 advised companies throughout the years on
7 outsourcing decisions. What other companies
8 have you advised on outsourcing decisions?
9 A. As the number two person in the
10 bank, I had a commercial loan portfolio, and
11 over the course of my career, I advised
12 literally hundreds of companies.
13 Q. Okay. So you're talking about again
14 from your position at the bank?
15 A. Yes.
16 Q. Okay. You also state that you had
17 considerable experience outsourcing
18 non-technology functions. What sort of
19 non-technology functions have you outsourced?
20 A. Oh, gosh, Telco, transportation, you
21 know, armored car, check processing systems,
22 just kind of anything and everything in a bank
23 operations environment.
24 Q. You then talk about the two

1 technology executives that gave you some
2 assessment of Net56 capabilities. I noted in
3 these -- in the next three paragraphs, you had
4 said before that you had been involved in some
5 vetting of Net56, but I don't see that mentioned
6 here in these paragraphs.
7 Would you agree with me on that?
8 A. As I stated earlier, I'm not a
9 technologist. I'm more of a 50,000 foot view.
10 So as far as really evaluating network
11 architecture and things like that, I'm not
12 qualified to even have a conversation let alone
13 develop an opinion.
14 Q. You have to rely on the experts?
15 A. I think that's what every effective
16 business person does. They find their best
17 experts and bring them in.
18 Q. But you did tell the board back in
19 February of 2005 that you had personal
20 involvement in a thorough due diligence review
21 of Net56, true?
22 A. Yes. I coordinated that.
23 Q. It indicates that there was no
24 written request for documentation from these

1 parties, rather, they provided their reports by
2 phone. When would it have been that you had
3 these phone conversations?
4 A. Back at the time they did that.
5 Q. Back at the time that they did their
6 own reviews?
7 A. Yes, yes.
8 Q. Okay. So Mr. Bart Carlson, for
9 instance, when did he do his review of Net56?
10 A. I don't know.
11 Q. Was it in the years prior to --
12 A. It was prior to engaging in this
13 contract with Net56, so if I were to guess --
14 and again, this is merely a guess -- I would say
15 between, say, 2000 and 2002.
16 Q. Okay. So three years before the
17 entry of the contract?
18 A. Um-hmm.
19 Q. That's a yes?
20 A. For Carlson.
21 Q. Yes.
22 A. And I think Fanella would have been
23 more recent.
24 Q. Okay. I'm just trying to make my

1 record clear. That's what I'm doing right now.
2 A. And I really don't have a calendar,
3 so I --
4 Q. No, I understand. So you believe in
5 regards to Bart Carlson that his review of Net56
6 took place sometime between 2000 and 2002, true?
7 A. That would be my guess.
8 Q. Okay. And that would have been the
9 time also that you spoke to Mr. Carlson about
10 his review of Net56, correct?
11 A. Yes.
12 Q. Okay. In regards to James Fanella,
13 would it be similar in that you talked to
14 Mr. Fanella, not at the time that you were
15 entering into this contract for District 6, but
16 at sometime previously with regards to Net56?
17 A. Yes, at the time Jim Fanella and
18 Bart Carlson and I were trying to acquire this
19 software code.
20 Q. So that would have been in the --
21 that would have even been before you were
22 employed by District 6?
23 A. Oh, yes. All of this was before
24 District 6.

1 Q. Okay. How do you know that -- you
2 write here that Jim Fanella actually visited
3 Net56. How do you know that he had done that?
4 How did you become aware of that?
5 A. I was trying to bring him aboard as
6 CEO of the company, so ...
7 Q. Okay. He told you that?
8 A. He told me he visited. I may have
9 even visited with him, but I don't have any
10 memory of it. He's a very bright guy.
11 Q. Did you have any contact with Bart
12 Carlson and/or James Fanella when you were
13 drafting this correspondence?
14 A. No.
15 Q. And by this correspondence, I mean
16 what I have marked as Exhibit 3.
17 A. No. I haven't talked to either of
18 them in many years.
19 Q. Did you have any contact with them
20 when you wrote the board action requests in
21 February 2005?
22 A. No.
23 Q. Do you know of anyone who has gone
24 forward and contacted them to find out what they

1 say in regards to their review of Net56?
2 A. No.
3 Q. Do you remember how long the
4 conversations took with -- how long the
5 conversation was with Mr. Carlson in regards to
6 Net56?
7 A. No.
8 Q. Do you have any memory of what he
9 said about Net56?
10 A. I have vague -- to paraphrase, I
11 believe he called me and told me he had visited
12 this company in Palatine, and he said it was a
13 first-class operation -- again, I'm
14 paraphrasing -- much like you find in a hard
15 datacenter. I mean like a really big, very
16 professional hard datacenter.
17 And he interviewed them, talked
18 with them and felt they were unusually
19 well-qualified. He said, I don't know if you
20 can afford them, but if you could, this would be
21 the place to host your software.
22 Q. What about Mr. Fanella, do you have
23 any memory of the conversation you had with him
24 in regards to Net56?

1 A. Similar conversation. He went in
2 and visited and did a due diligence and came
3 away impressed.
4 Q. What's your understanding of what a
5 due diligence is?
6 A. Basically an evaluation, side to
7 side, top to bottom, in terms of competency,
8 capability, stability, services. Given
9 Mr. Fanella's resumé, I would say he's probably
10 uniquely qualified.
11 Q. Do you -- as far as today's
12 concerned, you work for Net56?
13 A. Correct.
14 Q. You still believe in Net56 as a
15 first-class operation?
16 A. Yes.
17 Q. Do you have any reason to believe
18 that Net56 has any intention of closing their
19 doors any time in the near future?
20 A. No.
21 Q. You wrote an e-mail on January 22nd
22 of 2010 stating that Net56 is committed to
23 paying eight months at $13,940 per month. Do
24 you have a memory of writing that?

1 I'm trying to streamline it. I
2 can go to the e-mail if I have to. Would you
3 rather see the e-mail?
4 A. Yes, show me the e-mail.
5 Q. That's perfectly fine.
6 (Whereupon, Exhibit 4 was marked
7 for identification.)
8 BY MR. KOLODZIEJ:
9 Q. I'm looking at the bottom half of
10 that page, January 22nd, 2010, where you wrote
11 to Mr. Ficarelli, and you line itemed five
12 things at the bottom of the page.
13 And in paragraph No. 4 you state,
14 Net56 remains committed to reimbursing the
15 district an amount equal to eight months at
16 13,940 per month?
17 Do you see that?
18 A. Um-hmm.
19 Q. What was your understanding as to
20 why there would be that reimbursement?
21 A. I can't explain that with any
22 confidence.
23 Q. You don't remember or --
24 A. It's not a number I came up with, so

1 A. No.
2 Q. Okay. Were you involved in some
3 type of meeting with people from District 6 at
4 the Net56 site while you were employed with
5 Net56?
6 A. The Hartland people.
7 Q. Who are the Hartland people?
8 A. The people that followed Net56.
9 Q. You got me on that one.
10 A. The outsourcing firm they currently
11 use.
12 Q. Oh, I see. No, I'm talking about in
13 particular do you have a memory of meeting with
14 Tony DeMonte, possibly John Ahlgrim, possibly
15 another -- some type of IT consultant was with
16 them, Mr. Flanagan.
17 Does any of that sound familiar?
18 A. Yeah, that rings a bell. There was
19 an IT consultant. I don't know if there was
20 anybody else with him, but I remember -- I
21 remember a guy who was doing a technology review
22 for Zion who came to our building. I'm pretty
23 sure -- I know we had somebody there from
24 Deerfield, and I think we also had someone there

1 I really can't tell you.
2 Q. Who provided you with that
3 information?
4 A. I would guess probably either Bruce
5 or Quin. Probably Bruce.
6 Q. All right. Do you know if District
7 6 ever received any E-Rate funding for the
8 portal?
9 A. I don't have any knowledge of E-Rate
10 funding for either contract.
11 Q. Okay. Okay. So you were just told
12 to essentially put that in a letter to counsel
13 for the district, true?
14 A. Yes.
15 Q. Okay. It also states that Net56
16 believes -- this is paragraph 1. Net56 believes
17 it and the district will both know how much
18 funding is forthcoming from USAC in a few days.
19 That would have been in regards
20 to funding your 2009?
21 A. I don't know for what year it was
22 for.
23 Q. Okay. Do you -- do you know how
24 much funding the district received?

1 from Zion.
2 Q. When you say you had somebody else
3 there from Deerfield, what do you mean by that,
4 that they were at the same meeting?
5 A. No. I'm just saying at some point
6 since I started working at Net56 Deerfield hired
7 a third party to come in to do a full-blown
8 audit review as a due diligence before they
9 contemplated renewing their contract with us.
10 Q. Okay. So now, in regards to
11 District 6, were you involved in the meeting
12 that took place at Net56 with this IT consultant
13 and Tony DeMonte?
14 A. I was probably in the room.
15 Q. Okay. Who else would have been in
16 the room, do you know?
17 A. I don't know. Probably people who
18 understand technology better than me.
19 Q. Was Bruce Koch present?
20 A. I don't know.
21 Q. And how about Bill Spakowski, do you
22 know if he was present?
23 A. Most likely, but again, I don't
24 know.

1 Q. Do you remember being presented with
2 like a series of questions by the districts --
3 A. Personally I don't --
4 Q. --that they wanted answered?
5 A. If there were a series of questions,
6 those wouldn't have come to me.
7 Q. Okay. What do you remember about
8 the meeting?
9 A. It seems like there was an old guy
10 about my age, and he came in, and he was doing a
11 review. Any time you do a due diligence review
12 like that you have questions.
13 I don't know whether we discussed
14 them or whether he provided a list or said he
15 would or already had. I don't recall.
16 Q. Okay. Were you involved -- do you
17 remember if you were involved at all in any
18 conversation that took place with this IT
19 consultant?
20 A. I doubt that I would be involved in
21 any conversations. I think the more likely
22 thing would be it would be an opportunity for me
23 to sit in and learn something.
24 Q. Okay.

1 A. Just kind of quiet in the corner,
2 observe and listen.
3 Q. Did you ever review any documents
4 from this IT consultant about what his opinions
5 were?
6 A. I don't have a recollection. I know
7 I reviewed the Deerfield report. I don't know
8 if I saw the Zion report or if there was one.
9 I'm assuming there was one since they hired him.
10 Q. Do you have a copy of the Deerfield
11 report with you?
12 A. No.
13 Q. In regards to the Deerfield report,
14 did they make -- did they go into the
15 relationship between Deerfield and Net56 and
16 discuss the relationship?
17 A. Yes.
18 Q. Did it discuss the formation of the
19 relationship, the contract formation?
20 A. It was more of a review of services,
21 cost-effectiveness, cost to replicate in-house,
22 kind of getting to a decision matrix on whether
23 to move forward with the renewal or not.
24 Q. And what was the outcome of that

1 report? Do you remember what the recommendation
2 was?
3 A. Yeah. It was a very favorable
4 conclusion. It indicated that Deerfield could
5 not replicate those services in-house anywhere
6 near the cost they were paying. It would have
7 been I believe hundreds of thousands of dollars
8 a year more to do it in-house.
9 Q. You mentioned a company called
10 Hartland?
11 A. Yes.
12 Q. Who is that?
13 A. A label printing company that has an
14 IT subsidiary that does IT outsourcing. They
15 moved down into Illinois more recently. Zion
16 entered into a contract, and we --
17 Q. Is Hartland considered a competitor
18 of Net56?
19 A. Yeah, I would say they're probably a
20 competitor at this point. I know I saw them
21 show up at an RFP response at Big Hollow School
22 District, so yes, they would be a competitor.
23 And they took the business over from us at Zion.
24 Q. Do you know anywhere else that

1 they've put in bids on school districts that
2 you're currently --
3 A. Those are the only two I'm aware of.
4 I never heard of them until Zion, but we did
5 have a meeting there, and Mr. Ficarelli was
6 present for that.
7 Q. Going back to Deposition Exhibit No.
8 15, the first page of that document.
9 A. Yes.
10 Q. There are -- there's information
11 provided as to the cost of various things that
12 the district was currently -- I guess currently
13 involved in. That had been their current --
14 A. The current environment on top was
15 the five-year plan with nothing changed.
16 Q. And where would that information
17 come from? How would have Net56 obtained that
18 information?
19 A. We would have asked for the district
20 to provide it.
21 Q. Would they have asked you to provide
22 it?
23 A. Either myself -- they would have
24 asked me, and I might have provided it, or I

1 might have looked to Phil Hintz to provide
2 information.
3 MR. KOLODZIEJ: Okay. I want to take a
4 little break. Just give me five minutes to
5 gather my thoughts. I might be pretty much at
6 the end.
7 (Break taken.)
8 MR. KOLODZIEJ: I have nothing further.
9 EXAMINATION
10 BY MR. BARTLETT:
11 Q. Mr. Robinson, I have a few questions
12 for you, maybe more than a few, but not too
13 many.
14 I believe you told counsel here
15 that you took a leading role in negotiating the
16 2005 contract that we've been talking about?
17 A. Yes.
18 Q. Okay. Did you have anyone review
19 that agreement before you recommended it to the
20 board?
21 A. It would have gone to Mr. Ficarelli.
22 I'm not an attorney.
23 Q. Okay. Other than Mr. Ficarelli,
24 anyone else that you recall asking to review

1 that agreement?
2 A. No. I probably would have shared it
3 with the cabinet, but the way we ran it up
4 there, Dr. Collins really looked to all three of
5 us to just -- basically we ran our own area, but
6 we kept each other apprised.
7 Q. Okay. Did anyone at Net56 ever
8 represent to you that Zion would receive a 90
9 percent E-Rate discount throughout the duration
10 of the parties' five-year contract?
11 A. No. They never made any comments
12 about any E-Rate reimbursement for any year.
13 Q. Let me ask you this: How is it --
14 you know, if you know. If you don't know, you
15 don't know. How is the E-Rate discount
16 percentage arrived at, do you know?
17 A. I do know now.
18 Q. Okay. Why don't you tell me what
19 you know now.
20 A. Which this is in the last maybe 18
21 months just looking at the USAC thing.
22 Basically they take the poverty count at each
23 school and take that times the population of the
24 school to get a weighted average for an entire

1 district.
2 So you might have seven buildings
3 with seven different numbers, and the weighted
4 average of that as an example could be 68
5 percent. You then go to a table that USAC has
6 on their website, and depending on whether
7 you're urban or rural, you just look across
8 that, and that percent equates to a certain
9 reimbursement level.
10 Q. That's data that the school has?
11 A. Yes. It's school data. It comes
12 from free and reduced lunch counts.
13 Q. Okay. Did Net56 ever represent to
14 you that Zion would receive a 90 percent -- 90
15 percent of the total contract price back in
16 E-Rate reimbursements?
17 A. No.
18 MR. KOLODZIEJ: Can you read that question
19 back?
20 (Question read.)
21 MR. KOLODZIEJ: Thank you.
22 THE WITNESS: No, they did not.
23 BY MR. BARTLETT:
24 Q. So in other words -- and I just

1 want -- well, strike that. Bad question.
2 MR. BARTLETT: Can we go off the record
3 for a second?
4 (Discussion off the record.)
5 BY MR. BARTLETT:
6 Q. I'm going to show you what was
7 previously marked as Deposition Exhibit 8, if
8 you can look at the first page.
9 A. Okay.
10 Q. Paragraph 1, can you just go ahead
11 and read the paragraph to me?
12 A. The crown jewel in the district's
13 revised technology deployment is the outsourcing
14 of the primary technology functions to a private
15 firm, Net56, Inc. The district's 90 percent
16 E-Rate funding level means the district's net
17 cost for eligible and funded services is 10
18 percent of the billed cost. Outsourcing allows
19 the district to convert noneligible expenses to
20 eligible expenses. This results in a remarkable
21 cost savings to the district.
22 Q. Okay. What was written in that
23 paragraph where you're suggesting that the
24 district would get 90 percent back and would

1 only be responsible for 10 percent of the billed
2 cost, was that based upon representations made
3 by Net56 to you, or is that something that was
4 based upon something else?
5 A. It wasn't from Net56.
6 Q. Okay. How did you arrive at what is
7 contained in that paragraph?
8 A. Well, now that I understand it
9 better, it is correct when I talked about the
10 net cost of eligible and funded services. My
11 problem was I misunderstood and thought all
12 services were eligible.
13 I also mistakenly believed that
14 the reimbursement rate was 90 percent when, in
15 fact, it was significantly less. I believe I
16 read somewhere that it was 79 percent for the
17 first year.
18 Still, the last sentence -- two
19 sentences are accurate in current terms of
20 converting noneligible expenses to eligible. As
21 an example, if we were running e-mail, you know,
22 running Novell or Exchange in-house, there's no
23 reimbursement available for that. If you
24 purchase it as a service from an outside vendor,

1 it's fully E-Ratable.
2 Secondly, the money we're paying
3 the staff to do the management of, say, the WAN
4 and things like that and the Internet access,
5 none of those are E-Ratable. However, again, if
6 you purchase a service from a third party, then
7 it becomes E-Ratable.
8 Q. Okay. So does -- just so I
9 understand, are you saying that basically what
10 is contained in that board action report is
11 based upon your own misunderstanding?
12 A. Yes. I would put it down as my most
13 embarrassing mistake at Zion 6.
14 Q. I believe you mentioned earlier that
15 Zion had an E-Rate consultant named Jerry
16 Steinberg; is that true?
17 A. That is correct.
18 Q. Mr. Steinberg was not an employee of
19 Net56; is that right?
20 A. No.
21 Q. And so I think you said earlier that
22 you understood that Net56 was trying to sell
23 products and services to Zion; is that true?
24 A. That is correct.

1 Q. And so if I understand what you said
2 earlier -- and if I've got it wrong, please
3 correct me -- you would be more likely to rely
4 on the consultant as opposed to the vendor; is
5 that true?
6 A. Certainly. I would never and
7 throughout my career have never relied on a
8 vendor's statement to make a decision. I mean,
9 every vendor is going to tell you they have the
10 greatest product.
11 Q. Okay. What considerations -- I know
12 you said you kind of make decisions from a
13 50,000 foot level. What considerations at that
14 level or any other really led to you hiring
15 Net56?
16 A. A few things. First of all, I did
17 have experience going back to, let's say, 1990,
18 '89 or '90, being responsible for all technology
19 in two banks that I worked for. I had a
20 national reputation in the community bank
21 segment for technology implementation. We were
22 a nationally recognized implementation of the
23 software vendor we used.
24 So I had experience with

1 technology, and I had, again, not with the nuts
2 and bolts, bits and bites, but in terms of
3 making things work and putting the pieces
4 together. I felt comfortable making those
5 decisions.
6 The financial analysis looked
7 good. If you looked at the net of P1 for the
8 current environment with the WAN build-out,
9 which is the second chart on that three-page
10 document, compare that to page 3, which was the
11 outsource to Microsoft environment with the WAN
12 build-out, the costs were pretty similar on a
13 five-year analysis net of P1, and that was
14 ignoring P2.
15 I had the contract reviewed by
16 Mr. Ficarelli. I had the E-Rate vetting from
17 Jerry Steinberg. I had the Net56 vetting from
18 Mr. Carlson and Mr. Fanella. We had very strong
19 recommendations from Deerfield 109.
20 Everything was there. And we
21 had a -- we had a system that was broke. It
22 was -- well, I mentioned in my memorandum to
23 Rick Terhune that these guys couldn't get a
24 lemonade stand to run right. They couldn't do