

December 17, 1999

MEMORANDUM

TO: Presidents with ITFS Licenses Granted
and Those with ITFS Licenses Pending

FROM: Parks Todd

SUBJECT: Memo from WONC Attorneys (Brown, Nietert, & Kaufman)

You have probably already received a memo from the above named law firm asking that you choose the method of an “up-front” payment called for in the contract with WONC. It was probably sent only to those who already have licenses, but those who have license applications pending need to be aware of developments that may affect you in the future.

Kemp Harshman, President of the Clarendon Foundation, who has been our consultant from the beginning of this project, advises us to send a letter to the law firm stating that we do not have enough information at this time to make a choice. Bob Blackmun and I believe that rather than trying to make the letters look different, it will probably make more of an impression if they are identical. We want them to know that we are united. Therefore, we suggest that you respond as follows:

Dear Ms. Nietert:

We wish that we were in a position to give an immediate reply to your request for a declaration of payment options. However, given the unsettled situation caused by the bankruptcy, the purchase by MCI/World Com, and the change in the intended use of the frequencies, we do not have sufficient information on which to make a decision. Following are questions to which we need answers that would form the basis of further dialogue.

1. When can we expect some communication from MCI/World Com, now owner of a one-half interest in WONC? Such a communication is called for in the contract and should be a matter of common courtesy.

December 17, 1999

2. Will not the contract have to be rewritten to reflect the change in the purpose of the technology? The present contract assumes the broadcast of television signals into homes as an alternative to traditional cable systems. Now, the purpose is primarily for the transmission of data.
3. Although we are in the process of setting up a meeting with Concord Telephone, the holder of a one-half interest in WONC, what is the position of MCI/World Com regarding Concord Telephone as a partner?
4. Is MCI/World Com committed to serving the rural areas of our state and setting up a statewide network?
5. What is the schedule for building the systems?

With answers to these questions, we will be in a much better position to have discussions related to the payment options as well as other issues.

JPT:sh

c: President H. Martin Lancaster
Dr. Stephen C. Scott
Dr. Brenda H. Rogers
Ms. Clay Tee Hines
Dr. Douglas Eason
Mr. Bob Blackmun