

AGREEMENT

THIS AGREEMENT is made and entered into as of this ____ day of _____, 2014, by and between

THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA

(hereinafter referred to as "SBBC,,),
a body corporate and political subdivision of the State of Florida,
whose principal place of business is
600 Southeast Third Avenue, Fort Lauderdale, Florida 33301

and

SELECT SPECTRUM LLC

(hereinafter referred to as "Select Spectrum,,),
whose principal place of business is
820 Great Cumberland Road, McLean, Virginia 22102

WHEREAS, SBBC has been granted EBS spectrum licenses from the Federal Communications Commission (FCC) and utilizes these licenses to provide instructional and educational television services to schools; and

WHEREAS, the FCC allows EBS license holders to lease excess capacity of the spectrum to commercial providers for broadband services; and

WHEREAS, SBBC previously released an RFP for the lease of excess capacity in April 2009 and was not successful in negotiating a fair market agreement for the spectrum; and

WHEREAS, SBBC is once again interested in finding a qualified operator with whom to negotiate leasing terms that benefit the District; and

WHEREAS, SBBC previously entered into an agreement with Cirpass, LLC on March 16, 2010 to negotiate with Clearwire on behalf of SBBC on Clearwire's RFP response to license excess EBS capacity (hereafter referred to as "Cirpass Agreement,,); and

WHEREAS, SELECT SPECTRUM has successfully negotiated and concluded major transactions for EBS spectrum leases and has advised clients on a total of 63 completed spectrum transactions; and

WHEREAS, SBBC is terminating the Cirpass Agreement as referenced in the First Amendment to Agreement with Cirpass, as SBBC was unable to negotiate an acceptable offer with Clearwire and the RFP was closed out; and

WHEREAS, Section 6A-1.012(6), Florida Administrative Code, and Part II (N) of School Board Policy 3320, in lieu of requesting competitive solicitations from three (3) or more sources, authorize SBBC to make purchases at or below the specified prices from contracts awarded by other district school boards, when the proposer awarded a contract by another district school board will permit purchases at the same terms, conditions and prices (or below such

prices) awarded in such contract, and such purchases are to the economic advantage of SBBC; and

WHEREAS, The School Board of Palm Beach County, Florida (SBPBC) awarded a contract on July 17, 2013 for the procurement of Educational Broadband Service Spectrum Excess Capacity Lease Marketing Services ("EBS Marketing Services") to Select Spectrum, and Select Spectrum is willing to permit SBBC to purchase services at the same terms, conditions and prices (or below such prices) awarded in SBPBC's contract, and such purchases are to the economic advantage of SBBC; and

WHEREAS SBBC desires to enter into a new agreement with Select Spectrum, LLC, a Virginia limited liability corporation located at 820 Great Cumberland Road, McLean, VA, 22102, for the purposes of providing EBS Marketing Services for SBBC.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

ARTICLE 1 - RECITALS

1.01 **Recitals.** The Parties agree that the foregoing recitals are true and correct and that such recitals are incorporated herein by reference.

ARTICLE 2 – SPECIAL CONDITIONS

2.01 **Term of Contract.** This Agreement shall be for the term of one (1) year beginning March 18, 2014 through March 18, 2015. This Agreement may be extended for two additional one (1) year terms upon mutual agreement of the parties. All terms, conditions, covenants and conditions of this Agreement shall apply during the initial term and any renewal term(s), if any. The initial term and all renewal terms shall collectively be referred to as the "Term" under the same terms and conditions as set forth herein.

2.02 **Services.** Select Spectrum shall provide EBS Marketing Services set forth in **Exhibit "A"** which is attached hereto and incorporated herein by reference and as specified in Select Spectrum's proposal, submitted in response to RFP No. 13C-007C issued by SBPBC, which is also attached hereto and incorporated herein by reference.

2.03 **Cost of Services.** Select Spectrum shall be paid for services as set forth in **Exhibit "B"** which is attached hereto and incorporated herein by reference.

2.04 **Priority of Documents.** In the event of conflict between the provisions of the Agreement and the provisions contained in documents incorporated herein by reference, the provisions of the following documents shall take precedence in this order:

- a) this Agreement; then
- b) Exhibits A and B to this Agreement; then

- c) RFP No. 13c-007c issued by SBPBC; then
- d) Select Spectrum's proposal submitted in response to RFP No. 13C-007C issued by SBPBC.

2.05 **Inspection of Select Spectrum's Records by SBBC.** Select Spectrum shall establish and maintain books, records and documents (including electronic storage media) sufficient to reflect all income and expenditures of funds provided by SBBC under this Agreement. All Select Spectrum's Records, regardless of the form in which they are kept, shall be open to inspection and subject to audit, inspection, examination, evaluation and/or reproduction, during normal working hours, by SBBC's agent or its authorized representative to permit SBBC to evaluate, analyze and verify the satisfactory performance of the terms and conditions of this Agreement and to evaluate, analyze and verify any and all invoices, billings, payments and/or claims submitted by Select Spectrum or any of Select Spectrum's payees pursuant to this Agreement. Select Spectrum's Records subject to examination shall include, without limitation, those records necessary to evaluate and verify direct and indirect costs (including overhead allocations) as they may apply to costs associated with this Agreement. Select Spectrum's Records subject to this section shall include any and all documents pertinent to the evaluation, analysis, verification and reconciliation of any and all expenditures under this Agreement without regard to funding sources.

(a) **Select Spectrum's Records Defined.** For the purposes of this Agreement, the term "Select Spectrum's Records," shall include, without limitation, any documents that would substantiate, reconcile or refute any fees, charges and/or expenditures related to this Agreement.

(b) **Duration of Right to Inspect.** For the purpose of such audits, inspections, examinations, evaluations and/or reproductions, SBBC's agent or authorized representative shall have access to Select Spectrum's Records from the effective date of this Agreement, for the duration of the term of this Agreement, and until the later of five (5) years after the termination of this Agreement or five (5) years after the date of final payment by SBBC to Select Spectrum pursuant to this Agreement.

(c) **Notice of Inspection.** SBBC's agent or its authorized representative shall provide Select Spectrum reasonable advance notice (not to exceed two (2) weeks) of any intended audit, inspection, examination, evaluation and or reproduction.

(d) **Audit Site Conditions.** SBBC's agent or its authorized representative shall have access to Select Spectrum's facilities and to any and all records related to this Agreement, and shall be provided adequate and appropriate work space in order to exercise the rights permitted under this section.

(e) **Failure to Permit Inspection.** Failure by Select Spectrum to permit audit, inspection, examination, evaluation and/or reproduction as permitted under this Section shall constitute grounds for termination of this Agreement by SBBC for cause and shall be grounds for the denial of some or all of any Select Spectrum's claims for payment by SBBC.

(f) Overcharges and Unauthorized Charges. If an audit conducted in accordance with this Section discloses overcharges or unauthorized charges to SBBC by Select Spectrum in excess of two percent (2%) of the total billings under this Agreement, the actual cost of SBBC's audit shall be paid by Select Spectrum. If the audit discloses billings or charges to which Select Spectrum is not contractually entitled, Select Spectrum shall pay said sum to SBBC within twenty (20) days of receipt of written demand under otherwise agreed to in writing by both parties.

(g) Inspector General Audits. Select Spectrum shall comply and cooperate immediately with any inspections, reviews, investigations, or audits deemed necessary by the Florida Office of the Inspector General or by any other state or federal officials.

2.06 Notice. When any of the parties desire to give notice to the other, such notice must be in writing, sent by U.S. Mail, postage prepaid, addressed to the party for whom it is intended at the place last specified; the place for giving notice shall remain such until it is changed by written notice in compliance with the provisions of this paragraph. For the present, the Parties designate the following as the respective places for giving notice:

To SBBC: Superintendent of Schools
The School Board of Broward County, Florida
600 Southeast Third Avenue
Fort Lauderdale, Florida 33301

With a Copy to: Dr. Phyllis Schiffer-Simon
BECON General Manager
6600 SW Nova Drive
Davie, FL 33317

To Select Spectrum: Robert Finch
Select Spectrum
820 Great Cumberland Road
McLean, VA, 22102

2.07 Background Screening: Select Spectrum agrees to comply with all requirements of Sections 1012.32 and 1012.465, Florida Statutes, and all of its personnel who (1) are to be permitted access to school grounds when students are present, (2) will have direct contact with students, or (3) have access or control of school funds, will successfully complete the background screening required by the referenced statutes and meet the standards established by the statutes. This background screening will be conducted by SBBC in advance of Select Spectrum or its personnel providing any services under the conditions described in the previous sentence. Select Spectrum shall bear the cost of acquiring the background screening required by Section 1012.32, Florida Statutes, and any fee imposed by the Florida Department of Law Enforcement to maintain the fingerprints provided with respect to Select Spectrum and its personnel. The parties agree that the failure of Select Spectrum to perform any of the duties described in this section shall constitute a material breach of this Agreement entitling SBBC to terminate immediately with no further responsibilities or duties to perform under this Agreement. Select Spectrum agrees to indemnify and hold harmless SBBC, its officers and employees from any liability in the form of physical or mental injury, death or property damage resulting in

Select Spectrum's failure to comply with the requirements of this Section or with Sections 1012.32 and 1012.465, Florida Statutes.

2.08 **Indemnification.** This section shall survive the termination of all performance or obligations under this Agreement and shall be fully binding until such time as any proceeding brought on account of this Agreement is barred by any applicable statute of limitations.

A. By SBBC: SBBC agrees to be fully responsible up to the limits of Section 768.28, Florida Statutes, for its acts of negligence, or its employees' acts of negligence when acting within the scope of their employment and agrees to be liable for any damages resulting from said negligence.

B. By Select Spectrum: Select Spectrum agrees to indemnify, hold harmless and defend SBBC, its agents, servants and employees from any and all claims, judgments, costs, and expenses including, but not limited to, reasonable attorney's fees, reasonable investigative and discovery costs, court costs and all other sums which SBBC, its agents, servants and employees may pay or become obligated to pay on account of any, all and every claim or demand, or assertion of liability, or any claim or action founded thereon, arising or alleged to have arisen out of the products, goods or services furnished by Select Spectrum, its agents, servants or employees; the equipment of Select Spectrum, its agents, servants or employees while such equipment is on premises owned or controlled by SBBC; or the negligence of Select Spectrum or the negligence of Select Spectrum's agents when acting within the scope of their employment, whether such claims, judgments, costs and expenses be for damages, damage to property including SBBC's property, and injury or death of any person whether employed by Select Spectrum, SBBC or otherwise.

ARTICLE 3 – GENERAL CONDITIONS

3.01 **No Waiver of Sovereign Immunity.** Nothing herein is intended to serve as a waiver of sovereign immunity by any agency or political subdivision to which sovereign immunity may be applicable or of any rights or limits to liability existing under Section 768.28, Florida Statutes. This section shall survive the termination of all performance or obligations under this Agreement and shall be fully binding until such time as any proceeding brought on account of this Agreement is barred by any applicable statute of limitations.

3.02 **No Third Party Beneficiaries.** The parties expressly acknowledge that it is not their intent to create or confer any rights or obligations in or upon any third person or entity under this Agreement. None of the parties intend to directly or substantially benefit a third party by this Agreement. The parties agree that there are no third party beneficiaries to this Agreement and that no third party shall be entitled to assert a claim against any of the parties based upon this Agreement. Nothing herein shall be construed as consent by an agency or political subdivision of the State of Florida to be sued by third parties in any matter arising out of any contract.

3.03 **Independent Contractor.** The parties to this agreement shall at all times be acting in the capacity of independent contractors and not as an officer, employee or agent of one another. Neither party or its respective agents, employees, subcontractors or assignees shall represent to others that it has the authority to bind the other party unless specifically authorized

in writing to do so. No right to SBBC retirement, leave benefits or any other benefits of SBBC employees shall exist as a result of the performance of any duties or responsibilities under this Agreement. SBBC shall not be responsible for social security, withholding taxes, contributions to unemployment compensation funds or insurance for the other party or the other party's officers, employees, agents, subcontractors or assignees.

3.04 **Equal Opportunity Provision.** The parties agree that no person shall be subjected to discrimination because of age, race, color, disability, gender identity, gender expression marital status, national origin, religion, sex or sexual orientation in the performance of the parties' respective duties, responsibilities and obligations under this Agreement.

3.05 **Termination.** This Agreement may be canceled with or without cause by SBBC during the term hereof upon thirty (30) days written notice to the other parties of its desire to terminate this Agreement.

3.06 **Default.** The parties agree that, in the event that either party is in default of its obligations under this Agreement, the non-defaulting party shall provide to the defaulting party (30) days written notice to cure the default. However, in the event said default cannot be cured within said thirty (30) day period and the defaulting party is diligently attempting in good faith to cure same, the time period shall be reasonably extended to allow the defaulting party additional cure time. Upon the occurrence of a default that is not cured during the applicable cure period, this Agreement may be terminated by the non-defaulting party upon thirty (30) days notice. This remedy is not intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power, or remedy hereunder shall preclude any other or future exercise thereof. Nothing in this section shall be construed to preclude termination for convenience pursuant to Section 3.05.

3.07 **Excess Funds.** Any party receiving funds paid by SBBC under this Agreement agrees to promptly notify SBBC of any funds erroneously received from SBBC upon the discovery of such erroneous payment or overpayment. Any such excess funds shall be refunded to SBBC with interest calculated from the date of the erroneous payment or overpayment. Interest shall be calculated using the interest rate for judgments under Section 55.03, Florida Statutes, applicable at the time the erroneous payment or overpayment was made by SBBC.

3.08 **Public Records.** Pursuant to Section 119.0701, Florida Statutes, any party contracting with SBBC is required to (a) keep and maintain available for public inspection any records that pertain to services rendered under this Agreement; (b) provide the public with access to public records on the same terms and conditions that SBBC would provide such records and at a cost that does not exceed the cost provided in Chapter 119, Florida Statutes or as otherwise provided by law; (c) ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law; and (d) meet all requirements for retaining public records and transfer, at no cost, to SBBC all public records in that party's possession upon termination of its contract with SBBC and destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. All of such party's records stored electronically must be provided to

SBBC in a format that is compatible with SBBC's information technology systems. Each party shall maintain its own respective records and documents associated with this Agreement in accordance with the records retention requirements applicable to public records. Each party shall be responsible for compliance with any public documents request served upon it pursuant to Section 119.07, Florida Statutes, and any resultant award of attorney's fees for non-compliance with that law. Each party acknowledges that this Agreement and all attachments thereto are public records and do not constitute trade secrets.

3.09 **Student Records:** Notwithstanding any provision to the contrary within this Agreement, any party contracting with SBBC under this Agreement shall fully comply with the requirements of Section 1002.22, Florida Statutes, or any other state or federal law or regulation regarding the confidentiality of student information and records. Each such party agrees, for itself, its officers, employees, agents, representatives, contractors or subcontractors, to fully indemnify and hold harmless SBBC and its officers and employees for any violation of this section, including, without limitation, defending SBBC and its officers and employees against any complaint, administrative or judicial proceeding, payment of any penalty imposed upon SBBC, or payment of any and all costs, damages, judgments or losses incurred by or imposed upon SBBC arising out of a breach of this covenant by the party, or an officer, employee, agent, representative, contractor, or sub-contractor of the party to the extent that the party or an officer, employee, agent, representative, contractor, or sub-contractor of the party shall either intentionally or negligently violate the provisions of this section or of Section 1002.22, Florida Statutes. This section shall survive the termination of all performance or obligations under this Agreement and shall be fully binding until such time as any proceeding brought on account of this Agreement is barred by any applicable statute of limitations.

3.10 **Compliance with Laws.** Each party shall comply with all applicable federal and state laws, codes, rules and regulations in performing its duties, responsibilities and obligations pursuant to this Agreement.

3.11 **Place of Performance.** All obligations of SBBC under the terms of this Agreement are reasonably susceptible of being performed in Broward County, Florida and shall be payable and performable in Broward County, Florida.

3.12 **Governing Law and Venue.** This Agreement shall be interpreted and construed in accordance with and governed by the laws of the State of Florida. Any controversies or legal problems arising out of this Agreement and any action involving the enforcement or interpretation of any rights hereunder shall be submitted to the jurisdiction of the State courts of the Seventeenth Judicial Circuit of Broward County, Florida.

3.13 **Entirety of Agreement.** This document incorporates and includes all prior negotiations, correspondence, conversations, agreements and understandings applicable to the matters contained herein and the parties agree that there are no commitments, agreements or understandings concerning the subject matter of this Agreement that are not contained in this document. Accordingly, the parties agree that no deviation from the terms hereof shall be predicated upon any prior representations or agreements, whether oral or written.

3.14 **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

3.15 **Assignment.** Neither this Agreement or any interest herein may be assigned, transferred or encumbered by any party without the prior written consent of the other party. There shall be no partial assignments of this Agreement including, without limitation, the partial assignment of any right to receive payments from SBBC.

3.16 **Incorporation by Reference.** Exhibits A and B attached hereto and referenced herein shall be deemed to be incorporated into this Agreement by reference.

3.17 **Captions.** The captions, section designations, section numbers, article numbers, titles and headings appearing in this Agreement are inserted only as a matter of convenience, have no substantive meaning, and in no way define, limit, construe or describe the scope or intent of such articles or sections of this Agreement, nor in any way effect this Agreement and shall not be construed to create a conflict with the provisions of this Agreement.

3.18 **Severability.** In the event that any one or more of the sections, paragraphs, sentences, clauses or provisions contained in this Agreement is held by a court of competent jurisdiction to be invalid, illegal, unlawful, unenforceable or void in any respect, such shall not affect the remaining portions of this Agreement and the same shall remain in full force and effect as if such invalid, illegal, unlawful, unenforceable or void sections, paragraphs, sentences, clauses or provisions had never been included herein.

3.19 **Preparation of Agreement.** The parties acknowledge that they have sought and obtained whatever competent advice and counsel as was necessary for them to form a full and complete understanding of all rights and obligations herein and that the preparation of this Agreement has been their joint effort. The language agreed to herein expresses their mutual intent and the resulting document shall not, solely as a matter of judicial construction, be construed more severely against one of the parties than the other.

3.20 **Amendments.** No modification, amendment, or alteration in the terms or conditions contained herein shall be effective unless contained in a written document prepared with the same or similar formality as this Agreement and executed by each party hereto.

3.21 **Waiver.** The parties agree that each requirement, duty and obligation set forth herein is substantial and important to the formation of this Agreement and, therefore, is a material term hereof. Any party's failure to enforce any provision of this Agreement shall not be deemed a waiver of such provision or modification of this Agreement unless the waiver is in writing and signed by the party waiving such provision. A written waiver shall only be effective as to the specific instance for which it is obtained and shall not be deemed a continuing or future waiver.

3.22 **Force Majeure.** Neither party shall be obligated to perform any duty, requirement or obligation under this Agreement if such performance is prevented by fire, hurricane, earthquake, explosion, wars, sabotage, accident, flood, acts of God, strikes, or other labor disputes, riot or civil commotions, or by reason of any other matter or condition beyond the control of either party, and which cannot be overcome by reasonable diligence and without unusual expense ("Force Majeure,,"). In no event shall a lack of funds on the part of either party be deemed Force Majeure.

3.23 **Survival.** All representations and warranties made herein, regarding indemnification obligations, obligations to reimburse SBBC, obligations to maintain and allow inspection and audit of records and property, obligations to maintain the confidentiality of records, reporting requirements, and obligations to return public funds shall survive the termination of this Agreement.

3.24 **Authority.** Each person signing this Agreement on behalf of either party individually warrants that he or she has full legal power to execute this Agreement on behalf of the party for whom he or she is signing, and to bind and obligate such party with respect to all provisions contained in this Agreement.

IN WITNESS WHEREOF, the Parties hereto have made and executed this Agreement on the date first above written.

FOR SBBC

(Corporate Seal)

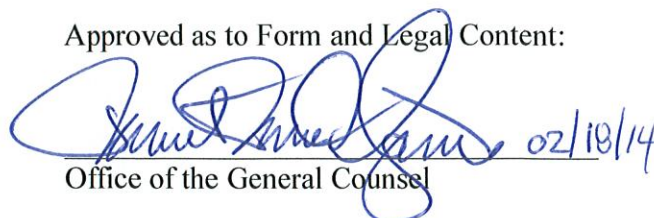
THE SCHOOL BOARD OF BROWARD
COUNTY, FLORIDA

ATTEST:

By _____
Patricia Good, Chair

Robert W. Runcie, Superintendent of Schools

Approved as to Form and Legal Content:

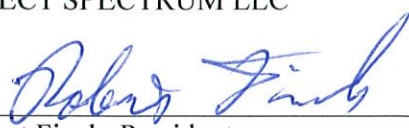
 02/19/14
Office of the General Counsel

FOR SELECT SPECTRUM

(Corporate Seal)

SELECT SPECTRUM LLC

ATTEST:

By  _____
Robert Finch, President

_____, Secretary

-or-

Patricia Finch
Witness

Megan Finch
Witness

The Following Notarization is Required for Every Agreement Without Regard to Whether the Party Chose to Use a Secretary's Attestation or Two (2) Witnesses.

STATE OF Virginia

COUNTY OF Fairfax

The foregoing instrument was acknowledged before me this 7 day of Feb, 2014 by Robert M Finch of Select Spectrum LLC on behalf of that entity. He/She is personally known to me or produced UADL as identification and did/did not first take an oath. Type of Identification

My Commission Expires:

Sahra Pishbin
Signature - Notary Public

(SEAL)

Sahra Pishbin
Printed Name of Notary

7573157
Notary's Commission No.

\\Vignola\\Allwork-USE\\contracts\\review\\1314year\\130729selectspecrum

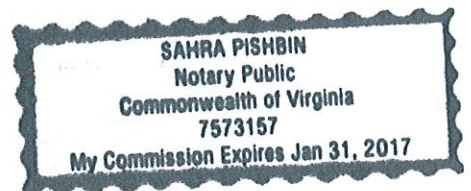


EXHIBIT "A"
SCOPE OF WORK

The marketing and support services associated with the solicitation and negotiation of an excess capacity EBS lease shall include, but not be limited to the following:

1. Provide geographic service area (GSA) maps and population calculations for each EBS license or channel, where individual channels have different GSAs.
2. Provide marketing materials suitable for inclusion with the excess capacity lease solicitation.
3. Provide contacts with commercial service providers who would potentially be interested in bidding for the excess capacity lease and work with these parties to market the lease. Contractor shall, upon request of the School Board, provide the School Board with copies of all correspondence, emails, contact logs or other documents evidencing Contractor's communications with entities potentially interested in bidding for the excess capacity lease.
4. Coordinate with other EBS licensees seeking to enter into excess capacity leases to maximize the value offered to the School Board for a lease of its excess capacity lease.
5. At the request of School Board staff, assist in the analysis of lease offers received and negotiations with potential lessees.
6. Prepare a financial analysis of the lease offers received.
7. Other reasonable tasks requested by School Board staff associated with maximizing the value offered to the School Board for a lease of its EBS license excess capacity.

EXHIBIT "B"
FEE SCHEDULE

Contingent Incremental Success Fee.

The proposed Fee structure is based on a Contingent Incremental Success Fee "CISF" structure as detailed below:

- A. If the School Board decides to proceed with a lease, Select Spectrum will be entitled to receive a CISF equal to ten percent (10.0 %) of amount by which the Net Present Value ("NPV") of the consideration in any fully executed and FCC approved lease agreement(s) for the licenses leased by the School Board exceeds the threshold amount of \$0.1650 per MHz-POP, up to a maximum of 1.40 percent (1.40%) of the NPV, with an absolute dollar maximum of Five Hundred Thousand Dollars (\$500,000). Select Spectrum believes that without Select Spectrum's assistance, the School Board could achieve an excess capacity lease of approximately \$0.130 per MHz-POP. Schedule A provides the calculations for the MHz POPs for each of the licenses held by the School Board. With the threshold set at \$0.1650 per MHz-POP, Select Spectrum will not be entitled to a CISF unless the lease value achieved is more than 25% above Select Spectrum's estimate of current market value for the School Board's EBS spectrum licenses.
- B. **The NPV shall be calculated by Select Spectrum using the method shown in Attachment 1.** The NPV shall include all cash consideration; including future lease payments assumed by the buyer or lessee; plus the estimated equivalent value of other consideration from the perspective of the School Board. As an example, if the lease calls for services to be provided by the lessee to the School Board, the services shall be valued at 50% of their retail value at the inception of the lease, and also discounted according to the NPV calculation. The discount rate used to evaluate future payments will be 10% per annum. Monthly payments will be allocated according to the half yearly convention – that is half of the monthly value will be treated as if received at the beginning of the year and the other half will be treated as if received at the end of the year.
- C. Following the signature of an EBS excess capacity lease, Select Spectrum will submit this calculation to the School Board for verification and the School Board will confirm the calculation or promptly identify any portions of the calculation it finds inappropriate. The Parties will work in good faith to promptly resolve any calculation differences.
- D. Select Spectrum shall be due a CISF only if the agreed lease has a NPV rate greater than sixteen and one-half cents (\$0.1650) per MHz-POP as calculated and verified above. The CISF shall be calculated to equal 10.0 percent of the difference between the actual NPV of the signed lease and the threshold NPV of \$0.1650 per MHz-POP. As an upper limit, the CISF shall never equal more than 1.40 percent (1.40%) of the total NPV of the lease or leases completed with an absolute dollar maximum of Five Hundred Thousand Dollars (\$500,000) as result of this process. **Attachments 2, 3, 4 and 5**

provide examples of the calculation of the CISF in the cases where the lease value is calculated to be approximately \$0.2200, \$0.1650, \$0.1750 and \$0.5000 per MHz-POP to show various cases of how the Fee will be calculated.

- E. Schedules B1 and B2 describe the calculation that adjusts the CISF if the maximum term of the lease is less than 30 years.
- F. If, after prospective lessees have submitted bids as described in the "Bid Collection and Term and Pricing Negotiation Process" section of Contractor's Proposal, this Contract expires and is not renewed by the School Board (or is terminated for convenience prior to expiration), then Select Spectrum shall be entitled to collect a Fee as defined herein for any EBS excess capacity lease that is successfully completed within 12 months of the Contract expiration or termination.
- G. The parties recognize that the transaction may be documented through a single lease for multiple spectrum licenses or through multiple separate leases. In this Contract, the term "lease" may also apply to multiple leases and the term "leases" may also refer to a single lease.
- H. The CISF shall be paid directly according to the following schedule:
 - a. 40% of the CISF shall be due immediately when the School Board receives its first payment from the new lessee. Where possible according to School Board rules and School Board management judgment during the negotiation of the lease, the School Board shall attempt to negotiate a lease that provides for this payment to be made directly from the lessee to Select Spectrum.
 - b. The remaining 60% of the CISF shall be paid as follows:
 - i. 20% of the CISF on the first annual anniversary of the first payment from the lessee to the School Board,
 - ii. 20% of the CISF on the second annual anniversary of the first payment from the lessee to the School Board, and
 - iii. 20% of the CISF on the third annual anniversary of the first payment from the lessee to the School Board.
 - c. If the lessee has ceased payments to the School Board before the any of the payment dates above, then the School Board shall not be liable for any subsequent payments to Select Spectrum until such time as lessee again begins to make its payments due to the School Board. If the lease is terminated due to lessee default, then the School Board will owe no further payments to Select Spectrum after the date of the lease termination.

While the CISF is not calculated according to hours worked, Select Spectrum will track the time it spends specifically working on the marketing and lease completion efforts for the School Board. In lieu of the CISF, the School Board may be required to pay Select Spectrum a Minimum Hourly Fee ("MHF"), but only if one of two situations occurs. Those situations are:

1. If the School Board decides to accept a lease offer and completes a lease and the CISF due to Select Spectrum would be zero or less than the Minimum Hourly Fee calculated as described below, or
2. If the School Board decides to terminate the Spectrum Marketing Agreement with Select Spectrum without Cause or for convenience as defined in the School Board of Palm Beach County RFP 13C-007C.

The MHF shall be equal to the lesser of: a). \$240.00 per hour multiplied by the number of hours that Select Spectrum expends on the project plus its actual payments to its subcontractors who work on the project (subcontractor's payments shall not exceed \$175/hour and a total of \$2,000); or b.) \$24,000. Select Spectrum anticipates that it will spend between 70 and 160 hours on this project assuming the project moves to completion. If the project or the Spectrum Marketing Agreement terminates prior to completion of a lease, the hours will be fewer. In case 1.) above, the MHF will be due in full upon School Board's receipt of first payment from the lessee, and in case 2.) above, the MHF will be due in full within 30 days of termination by the District.

For clarity, the total Fee due to Select Spectrum shall be the greater of either the CISF if the CISF requirements have been met or the MHF if the MHF requirements have been met, and not the sum of both Fees. In the case of termination for Cause as defined in this Contract or School Board of Palm Beach County RFP 13C-007C or because of the passage of the expiration date under this Contract and with no lease being completed with a bidding party or affiliate within the following 12 months, then the total Fee shall be zero.

In addition to the Fees set forth above, Select Spectrum will also be entitled to reimbursement, in accordance with applicable School Board policies, for any travel expenses for travel that is pre-approved by an authorized representative of the School Board. One or two trips to meet with management from the School Board or to prospective lessee offices may be recommended by Select Spectrum, but Select Spectrum does not anticipate that extensive travel will be required. In the event that Select Spectrum's travel is for the benefit of other Select Spectrum's clients in addition to School Board, the reimbursement of travel expenses shall be appropriately pro-rated and allocated among the benefited clients.

Schedule A

MHz-POPs by Call Sign
School Board of Broward County EBS Licenses

Call Sign	Channels	Total MHz	Low Power MHz	High Power Video MHz	Total POPs * (Source- FCC- 2010)	Update to 2011 POPs* Factor = 1.90%	Total 2010 MHz/POPs	Total 2011 MHz/POPs	2010 Total MHz- Pops Less 5% Reserved Capacity	2011 Total MHz- Pops Less 5% Reserved Capacity
KT222	G1234	22.5	16.5	6	4,198,864	4,278,642	94,474,440	96,269,454	89,750,718	91,455,982
KLC80	B1234	22.5	16.5	6	1,966,981	2,004,354	44,257,073	45,097,957	42,044,219	42,843,059
Total	All	45.0	33.0	12.0	6,165,845	6,282,996	138,731,513	141,367,411	131,794,937	134,299,041

Broward County Growth - 2010-2011*

1.90%

Miami Dade County Growth - 2010-2011*

1.90%

Avg. Growth - Broward and Miami Dade 2010 - 2011

1.90%

*Source - US Census Bureau

Attachment 1: Value of School District of Broward County EBS Spectrum - \$0.130 Example

Confidential

NPV Calculations Example Leases SBBC - \$0.130 per MHz POP
 MHz-POPs calculated as shown in Schedule 1
 Figures Shown Assume All Channels of Both SBBC EBS Licenses Are Leased
 Dollar estimates developed by Select Spectrum

Initial Cash / month
 Annual Increase
 Svcs: 85 accts

\$100,387
 3.0%
 \$3,400

Cash (\$)	Total Services (\$)	Total Annual	50.00% services	Cash + 50% svcs (\$)	Term Yr.	Upfront Pymnt	\$1,704,161
1,204,644	40,800	1,245,444	20,400	1,225,044	1	Total Estimate of MHz POPs for Both Licenses [4]	
1,240,783	40,800	1,281,583	20,400	1,261,183	2	NPV Range	*NPV \$/MHz-POP
1,278,007	40,800	1,318,807	20,400	1,298,407	3	Undiscounted	0.00% \$59,627,596
1,316,347	40,800	1,357,147	20,400	1,336,747	4	Discount Rate	10.00% \$17,462,202
1,355,837	40,800	1,396,637	20,400	1,376,237	5	MHz POPs	
1,396,512	40,800	1,437,312	20,400	1,416,912	6	Threshold NPV per MHz POP	134,299,041
1,438,408	40,800	1,479,208	20,400	1,458,808	7	Threshold NPV	\$0.1650
1,481,560	40,800	1,522,360	20,400	1,501,960	8	Total Estimate of MHz POPs for Both Licenses [4]	
1,526,007	40,800	1,566,807	20,400	1,546,407	9	NPV	\$22,159,342
1,571,787	40,800	1,612,587	20,400	1,592,187	10	* NPV is the average of the NPV value between assuming all monthly payments are made at the beginning of the year and assuming all monthly payments are made at the end of the year	
1,618,941	40,800	1,659,741	20,400	1,639,341	11	Example NPV-Threshold NPV	
1,667,509	40,800	1,708,309	20,400	1,687,909	12	Difference is negative, therefore CISF = 0	
1,717,534	40,800	1,758,334	20,400	1,737,934	13	CISF	
1,769,060	40,800	1,809,860	20,400	1,789,460	14	*note that in this case, the value of the lease is significantly below the Threshold value, and therefore the District would likely not execute any lease and no CISF would be payable. A MHF would apply only if the District did complete a lease or terminated the Spectrum Marketing Agreement early or for Convenience.	
1,822,132	40,800	1,862,932	20,400	1,842,532	15	MHF = hours worked x \$240 with a maximum of \$24,000.	
1,876,796	40,800	1,917,596	20,400	1,897,196	16		
1,933,100	40,800	1,973,900	20,400	1,953,500	17		
1,991,093	40,800	2,031,893	20,400	2,011,493	18		
2,050,826	40,800	2,091,626	20,400	2,071,226	19		
2,112,350	40,800	2,153,150	20,400	2,132,750	20		
2,175,721	40,800	2,216,521	20,400	2,196,121	21		
2,240,993	40,800	2,281,793	20,400	2,261,393	22		
2,308,222	40,800	2,349,022	20,400	2,328,622	23		
2,377,469	40,800	2,418,269	20,400	2,397,869	24		
2,448,793	40,800	2,489,593	20,400	2,469,193	25		
2,522,257	40,800	2,563,057	20,400	2,542,657	26		
2,597,925	40,800	2,638,725	20,400	2,618,325	27		
2,675,862	40,800	2,716,662	20,400	2,696,262	28		
2,756,138	40,800	2,796,938	20,400	2,776,538	29		
2,838,822	40,800	2,879,622	20,400	2,859,222	30		
57,311,435	1,224,000	58,535,435	612,000	57,923,435	Total Annual Amounts		
59,015,596	1,224,000			59,627,596	with upfront		

Notes:

- [1] NPV is the average of the NPV value between assuming all monthly payments are made at the beginning of the year and assuming all monthly payments are made at the end of the year and is based on a 10% annual discount rate
- [2] There shall be no discount applied to upfront payments to be made at or within 30 days of lease commencement
- [3] Any One-Time payments will be discounted according to their contracted date,
 For example a one-time payment to be made at the end of the third (or beginning of the fourth) year
 would be discounted according to formula: Amount divided by $((1+0.10)^3)$
- [4] SBBC and Select Spectrum have agreed on MHz-POPs estimates for the licenses offered for lease. If for some reason only a portion of the offered licenses are leased, then the Thresholds shall all be adjusted by the percentage difference between the MHz-POPs leased according to the MHz-POPs By Call Sign Spreadsheet and the total MHz POPs shown above. In equation form this is: Revised Threshold = \$22,159,342 * total leased MHz-POPs/134,299,041
- [5] Input cells that must be filled with actual lease figures to reflect the final lease agreement in order to correctly calculate the NPV and CISF are highlighted with a shaded background

Attachment 2: Value of School District of Broward County EBS Spectrum - \$0.220 Example

Confidential

Initial Cash / month
Annual Increase
Svc: 85 acnts

\$172,867
3.0%
\$3,400

NPV Calculations Example Leases SBBC - \$0.220 per MHz POP
MHz-POPs calculated as shown in Schedule 1
Figures Shown Assume All Channels of Both SBBC EBS Licenses Are Leased
Dollar estimates developed by Select Spectrum

Cash (\$)	Total Services (\$)	Total Annual (\$)	50.00% services	Cash + 50% svcs (\$)	Term Yr.	Upfront Pymnt	Total Estimate of MHz POPs for Multiple Licenses		
2,074,398	40,800	2,115,198	20,400	2,094,798	1		NPV Range	Disc. Rate	NPV
2,136,630	40,800	2,177,430	20,400	2,157,030	2				\$/MHz.-POP
2,200,729	40,800	2,241,529	20,400	2,221,129	3				(See Notes)
2,266,751	40,800	2,307,551	20,400	2,287,151	4		Undiscounted	0.00%	\$101,858,588
2,334,753	40,800	2,375,553	20,400	2,355,153	5		Discount Rate	10.00%	\$29,545,814
2,404,796	40,800	2,445,596	20,400	2,425,196	6				0.2200
2,476,940	40,800	2,517,740	20,400	2,497,340	7		MHz POPs		
2,551,248	40,800	2,592,048	20,400	2,571,648	8		Threshold NPV per MHz POP		134,299,041
2,627,785	40,800	2,668,585	20,400	2,648,185	9		Threshold NPV		\$0.1650
2,706,619	40,800	2,747,419	20,400	2,727,019	10				\$22,159,342
2,787,817	40,800	2,828,617	20,400	2,808,217	11		Example NPV-Threshold NPV		\$7,386,472
2,871,452	40,800	2,912,252	20,400	2,891,852	12				
2,957,596	40,800	2,998,396	20,400	2,977,996	13		CISF based on Threshold		\$738,647
3,046,323	40,800	3,087,123	20,400	3,066,723	14		Max CISF		500,000
3,137,713	40,800	3,178,513	20,400	3,158,113	15		Maximum CISF based on NPV Times	1.40%	413,641
3,231,844	40,800	3,272,644	20,400	3,252,244	16		CISF in this case		\$413,641
3,328,800	40,800	3,369,600	20,400	3,349,200	17				
3,428,664	40,800	3,469,464	20,400	3,449,064	18				
3,531,524	40,800	3,572,324	20,400	3,551,924	19		*note that in this case, the value of the lease significantly exceeds the Threshold value. The CISF would apply if the lease is completed		
3,637,469	40,800	3,678,269	20,400	3,657,869	20				
3,746,594	40,800	3,787,394	20,400	3,766,994	21		CISF Payout		
3,858,991	40,800	3,899,791	20,400	3,879,391	22		At first lessee payment	40%	165,457
3,974,761	40,800	4,015,561	20,400	3,995,161	23		1st yearly anniversary of 1st lessee pymnt	20%	82,728
4,094,004	40,800	4,134,804	20,400	4,114,404	24		2nd yearly anniversary of 1st lessee pymnt	20%	82,728
4,216,824	40,800	4,257,624	20,400	4,237,224	25		3rd yearly anniversary of 1st lessee pymnt	20%	413,641
4,343,329	40,800	4,384,129	20,400	4,363,729	26		Total		
4,473,629	40,800	4,514,429	20,400	4,494,029	27				
4,607,837	40,800	4,648,637	20,400	4,628,237	28				
4,746,073	40,800	4,786,873	20,400	4,766,473	29				
4,888,455	40,800	4,929,255	20,400	4,908,855	30				
98,690,347	1,224,000	99,914,347	612,000	99,302,347	Total Annual Amounts				
101,246,588	1,224,000			101,858,588	with upfront				

Notes:

- [1] NPV is the average of the NPV value between assuming all monthly payments are made at the beginning of the year and assuming all monthly payments are made at the end of the year and is based on a 10% annual discount rate
- [2] There shall be no discount applied to upfront payments to be made at or within 30 days of lease commencement
- [3] Any One-Time payments will be discounted according to their contracted date, For example a one-time payment to be made at the end of the third (or beginning of the fourth) year would be discounted according to formula: Amount divided by $(1+0.10)^3$
- [4] SBBC and Select Spectrum have agreed on MHz-POPs estimates for the licenses offered for lease. If for some reason only a portion of the offered licenses are leased, then the Thresholds shall all be adjusted by the percentage difference between the MHz-POPs leased according to the MHz-POPs By Call Sign Spreadsheet and the total MHz POPs shown above. In equation form this is: Revised Threshold = \$22,159,342 * total leased MHz-POPs/134,299,041
- [5] Input cells that must be filled with actual lease figures to reflect the final lease agreement in order to correctly calculate the NPV and CISF are highlighted with a shaded background

Attachment 3: Value of School District of Broward County EBS Spectrum - \$0.1650 Example

Confidential

Initial Cash / month \$127,982
 Annual Increase 3.0%
 Svcs: 85 accts \$3,400

NPV Calculations Example Leases SBBC - \$0.1650 per MHz POP
 MHz-POPs calculated as shown in Schedule 1
 Figures Shown Assume All Channels of Both SBBC EBS Licenses Are Leased
 Dollar estimates developed by Select Spectrum

Cash	Total Services	Total Annual	50.00% services	Cash + 50% svcs	Term Yr.	Upfront Pymnt	\$2,125,065		
(\$)	(\$)			(\$)			Total Estimate of MHz POPs for Multiple Licenses		
1,535,790	40,800	1,576,590	20,400	1,556,190	1				
1,581,863	40,800	1,622,663	20,400	1,602,263	2	NPV Range	Disc. Rate	*NPV	\$/MHz-POP
1,629,319	40,800	1,670,119	20,400	1,649,719	3	Undiscounted	0.00%	\$75,802,894	0.564
1,678,199	40,800	1,718,999	20,400	1,698,599	4	Discount Rate	10.00%	\$22,159,342	0.1650
1,728,545	40,800	1,769,345	20,400	1,748,945	5				
1,780,401	40,800	1,821,201	20,400	1,800,801	6	MHz POPs			134,299,041
1,833,813	40,800	1,874,613	20,400	1,854,213	7	Threshold NPV per MHz POP			\$0.1650
1,888,827	40,800	1,929,627	20,400	1,909,227	8	Threshold NPV			\$22,159,342
1,945,492	40,800	1,986,292	20,400	1,965,892	9				
2,003,857	40,800	2,044,657	20,400	2,024,257	10	Example NPV-Threshold NPV			\$0
2,063,973	40,800	2,104,773	20,400	2,084,373	11				\$0
2,125,892	40,800	2,166,692	20,400	2,146,292	12	CISF			
2,189,669	40,800	2,230,469	20,400	2,210,069	13				
2,255,359	40,800	2,296,159	20,400	2,275,759	14				
2,323,020	40,800	2,363,820	20,400	2,343,420	15				
2,392,710	40,800	2,433,510	20,400	2,413,110	16				
2,464,491	40,800	2,505,291	20,400	2,484,891	17				
2,538,426	40,800	2,579,226	20,400	2,558,826	18				
2,614,579	40,800	2,655,379	20,400	2,634,979	19				
2,693,016	40,800	2,733,816	20,400	2,713,416	20				
2,773,807	40,800	2,814,607	20,400	2,794,207	21				
2,857,021	40,800	2,897,821	20,400	2,877,421	22				
2,942,732	40,800	2,983,532	20,400	2,963,132	23				
3,031,014	40,800	3,071,814	20,400	3,051,414	24				
3,121,944	40,800	3,162,744	20,400	3,142,344	25				
3,215,602	40,800	3,256,402	20,400	3,236,002	26				
3,312,070	40,800	3,352,870	20,400	3,332,470	27				
3,411,433	40,800	3,452,233	20,400	3,431,833	28				
3,513,776	40,800	3,554,576	20,400	3,534,176	29				
3,619,189	40,800	3,659,989	20,400	3,639,589	30				
73,065,829	1,224,000	74,289,829	612,000	73,677,829	Total Annual Amounts				
75,190,894	1,224,000			75,802,894	with upfront				

Notes:

- [1] NPV is the average of the NPV value between assuming all monthly payments are made at the beginning of the year and assuming all monthly payments are made at the end of the year and is based on a 10% annual discount rate
- [2] There shall be no discount applied to upfront payments to be made at or within 30 days of lease commencement
- [3] Any One-Time payments will be discounted according to their contracted date,
 For example a one-time payment to be made at the end of the third (or beginning of the fourth) year would be discounted according to formula: Amount divided by $(1+0.10)^3$
- [4] SBBC and Select Spectrum have agreed on MHz-POPs estimates for the licenses offered for lease. If for some reason only a portion of the offered licenses are leased, then the Thresholds shall all be adjusted by the percentage difference between the MHz-POPs leased according to the MHz-POPs By Call Sign Spreadsheet and the total MHz POPs shown above. In equation form this is: Revised Threshold = $\$22,159,342 \times \text{total leased MHz-POPs} / 134,299,041$
- [5] Input cells that must be filled with actual lease figures to reflect the final lease agreement in order to correctly calculate the NPV and CISF are highlighted with a shaded background

Attachment 4: Value of School District of Broward County EBS Spectrum - \$0.1750 Example

Confidential

NPV Calculations Example Leases SBBC - \$0.1750 per MHz POP

MHz-POPs calculated as shown in Schedule 1

Figures Shown Assume All Channels of Both SBBC EBS Licenses Are Leased

Dollar estimates developed by Select Spectrum

Initial Cash / month

Annual Increase

Svcs: 85 accts

\$136,077

3.0%

\$3,400

Cash (\$)	Total Services (\$)	Total Annual	50.00% services	Cash + 50% svcs (\$)	Term Yr.	Upfront Pymnt	\$2,213,714
1,632,924	40,800	1,673,724	20,400	1,653,324	1	Total Estimate of MHz POPs for Multiple Licenses	
1,681,912	40,800	1,722,712	20,400	1,702,312	2		
1,732,369	40,800	1,773,169	20,400	1,752,769	3		
1,784,340	40,800	1,825,140	20,400	1,804,740	4		
1,837,870	40,800	1,878,670	20,400	1,858,270	5		
1,893,006	40,800	1,933,806	20,400	1,913,406	6	MHz POPs	
1,949,797	40,800	1,990,597	20,400	1,970,197	7		
2,008,291	40,800	2,049,091	20,400	2,028,691	8		
2,068,539	40,800	2,109,339	20,400	2,088,939	9		
2,130,595	40,800	2,171,395	20,400	2,150,995	10		
2,194,513	40,800	2,235,313	20,400	2,214,913	11	Example NPV-Threshold NPV	
2,260,349	40,800	2,301,149	20,400	2,280,749	12		
2,328,159	40,800	2,368,959	20,400	2,348,559	13		
2,398,004	40,800	2,438,804	20,400	2,418,404	14		
2,469,944	40,800	2,510,744	20,400	2,490,344	15		
2,544,042	40,800	2,584,842	20,400	2,564,442	16	Maximum CISF based on NPV Times	
2,620,364	40,800	2,661,164	20,400	2,640,764	17		
2,698,975	40,800	2,739,775	20,400	2,719,375	18		
2,779,944	40,800	2,820,744	20,400	2,800,344	19		
2,863,342	40,800	2,904,142	20,400	2,883,742	20		
2,949,242	40,800	2,990,042	20,400	2,969,642	21	CISF based on Threshold	
3,037,720	40,800	3,078,520	20,400	3,058,120	22		
3,128,851	40,800	3,169,651	20,400	3,149,251	23		
3,222,717	40,800	3,263,517	20,400	3,243,117	24		
3,319,398	40,800	3,360,198	20,400	3,339,798	25		
3,418,980	40,800	3,459,780	20,400	3,439,380	26	At first lessee payment	
3,521,550	40,800	3,562,350	20,400	3,541,950	27		
3,627,196	40,800	3,667,996	20,400	3,647,596	28		
3,736,012	40,800	3,776,812	20,400	3,756,412	29		
3,848,092	40,800	3,888,892	20,400	3,868,492	30		
77,687,038	1,224,000	78,911,038	612,000	78,299,038	Total Annual Amounts	*note that in this case, the value of the lease significantly exceeds the Threshold value. The CISF would apply if the lease is completed	
79,900,752	1,224,000			80,512,752	with upfront		
						CISF Payout	
						1st yearly anniversary of 1st lessee pymnt	
						2nd yearly anniversary of 1st lessee pymnt	
						3rd yearly anniversary of 1st lessee pymnt	
						Total	
						Total Annual Amounts	
						Total Annual Amounts	

Notes:

[1] NPV is the average of the NPV value between assuming all monthly payments are made at the beginning of the year and assuming all monthly payments are made at the end of the year and is based on a .10% annual discount rate

[2] There shall be no discount applied to upfront payments to be made at or within 30 days of lease commencement

[3] Any One-Time payments will be discounted according to their contracted date,

For example a one-time payment to be made at the end of the third (or beginning of the fourth) year

would be discounted according to formula: Amount divided by $((1+0.10)^3)$

[4] SBBC and Select Spectrum have agreed on MHz-POPs estimates for the licenses offered for lease. If for some reason only a portion of the offered licenses are leased, then the Thresholds shall all be adjusted by the percentage difference between the MHz-POPs leased according to the MHz-POPs By Call Sign Spreadsheet and the total MHz POPs shown above. In equation form this is: Revised Threshold = \$22,159,342 * total leased MHz-POPs/134,299,041

[5] Input cells that must be filled with actual lease figures to reflect the final lease agreement in order to correctly calculate the NPV and CISF are highlighted with a shaded background

Attachment 5: Value of School District of Broward County EBS Spectrum - \$0.500 Example

Confidential

Initial Cash / month
Annual Increase
Svcs: 85 acnts

\$393,491
3.0%
\$3,400

Figures Shown Assume All Channels of Both SBBC EBS Licenses Are Leased

Dollar estimates developed by Select Spectrum

Cash +
50% svcs
Term Yr.

Upfront Pymnt

\$5,971,650

134,299,041

Total Estimate of MHz POPs for Multiple Licenses

NPV Range
Undiscounted
Discount Rate
10.00%
\$231,229,625
\$67,149,521
0.5000

*NPV
\$/MHz-POP
1.722

134,299,041

\$0.1650

\$22,159,342

\$44,990,180

\$4,499,018

500,000

940,093

\$500,000

*note that in this case, the value of the lease significantly exceeds the Threshold value. The CISF would apply if the lease is completed and the maximum value of the CISF is \$500,000

CISF based on Threshold

Max CISF

Maximum CISF based on NPV Times

CISF in this case

1.40%

At first lessee payment

1st yearly anniversary of 1st lessee pymnt

2nd yearly anniversary of 1st lessee pymnt

3rd yearly anniversary of 1st lessee pymnt

Total

40%

20%

20%

20%

\$200,000

\$100,000

\$100,000

\$100,000

\$500,000

231,229,625 with upfront

225,257,975 Total Annual Amounts

612,000

225,257,975

11,147,848

11,147,848

11,147,848

11,147,848

11,147,848

11,147,848

11,147,848

11,147,848

11,147,848

11,147,848

11,147,848

11,147,848

11,147,848

Notes:

[1] NPV is the average of the NPV value between assuming all monthly payments are made at the beginning of the year and assuming all monthly payments are made at the end of the year and is based on a 10% annual discount rate

[2] There shall be no discount applied to upfront payments to be made at or within 30 days of lease commencement

[3] Any One-Time payments will be discounted according to their contracted date.

For example a one-time payment to be made at the end of the third (or beginning of the fourth) year

would be discounted according to formula: Amount divided by $(1+0.10)^3$

[4] SBBC and Select Spectrum have agreed on MHz-POPs estimates for the licenses offered for lease. If for some reason only a portion of the offered licenses are leased, then the Thresholds shall all be adjusted by the percentage difference between the MHz-POPs leased according to the MHz-POPs By Call Sign Spreadsheet and the total MHz POPs shown above. In equation form this is: Revised Threshold = $\$22,159,342 \times \text{total leased MHz-POPs} / 134,299,041$

[5] Input cells that must be filled with actual lease figures to reflect the final lease agreement in order to correctly calculate the NPV and CISF are highlighted with a shaded background

[6] This Attachment is included only to demonstrate the impact of the \$500,000 cap on the CISF in the unlikely case of a very high NPV transaction. A lease NPV value near \$0.50 per MHz-POP is extremely unlikely and unprecedented in this spectrum band

Schedule B1 -Revised Threshold Amounts for Leases of 1 to 29 years in Length

Confidential

Figures Shown Assume All Channels of Both SBBC EBS Licenses Are Leased
Total Estimate of MHz POPs for Multiple Licenses = 134,299,041

Term Year	% of 30 Year NPV Achieved	Revised Threshold \$/MHz POP	Revised Threshold (\$)
1	15.42%	0.0254	3,416,649
2	21.75%	0.0359	4,820,523
3	27.68%	0.0457	6,134,697
4	33.24%	0.0548	7,364,911
5	38.43%	0.0634	8,516,539
6	43.30%	0.0714	9,594,609
7	47.85%	0.0790	10,603,827
8	52.12%	0.0860	11,548,597
9	56.11%	0.0926	12,433,039
10	59.84%	0.0987	13,261,013
11	63.34%	0.1045	14,036,128
12	66.62%	0.1099	14,761,764
13	69.68%	0.1150	15,441,083
14	72.55%	0.1197	16,077,046
15	75.24%	0.1241	16,672,422
16	77.75%	0.1283	17,229,806
17	80.11%	0.1322	17,751,625
18	82.31%	0.1358	18,240,149
19	84.38%	0.1392	18,697,507
20	86.31%	0.1424	19,125,689
21	88.12%	0.1454	19,526,557
22	89.81%	0.1482	19,901,856
23	91.40%	0.1508	20,253,219
24	92.88%	0.1533	20,582,173
25	94.27%	0.1555	20,890,149
26	95.57%	0.1577	21,178,486
27	96.79%	0.1597	21,448,437
28	97.93%	0.1616	21,701,177
29	99.00%	0.1634	21,937,802
30	100.00%	0.1650	22,159,342

Note:

The NPV shall be based on the maximum lease term of up to 30 years including all renewals which may be made at the option of either party. If the maximum lease term is less, then the Threshold value shall be reduced by multiplying the 30 year Threshold Value by the percentage shown in Column D "% of 30 Year NPV Achieved" above for the maximum number of term years in the lease yielding the results shown in Columns E on a per MHz POP basis and F if all licenses are 95% leased. The CISF shall also be reduced by multiplying by the same percentage. For example, as shown in Schedule B2, if the total contracted term is 21 years which corresponds to an expected value of 88.12 percent of the Threshold, then the Threshold value rate shall be reduced to $\$0.1650 \times 88.12\% = \0.1454 per MHz-POP and the CISF percentage shall be reduced to $10.0\% \times 88.12\% = 8.812\%$ of the amount above the Threshold value. Schedule B2 utilizes the same spreadsheet equations as shown in Attachments 1-5, and includes only the contracted fees and that will accrue during the example 21 year lease. The maximum value of the CISF of \$500,000 shall also be reduced by the same ratio, so in this example it would be reduced to $\$500,000 \times 88.12\% = \$440,594$. The maximum CISF shall still equal 1.40% of Lease NPV, so in this case the CISF will be the lesser of (1) 8.812% of the amount above the Threshold or (2) 1.40% of the NPV or (3) \$440,594.

Schedule B2: Example NPV and CISF Calculation for a Lease of Less than 30 Years Maximum Term

Confidential

NPV Calculations Example Leases SBBC - Example Lease Term is 21 years and has Payments equal to those shown in Attachment 2 During its Term
 MHz-POPs calculated as shown in Schedule 1

Initial Cash / month \$172,867
 Annual Increase 3.0%
 Svcs: 85 accts \$3,400

Figures Shown Assume All Channels of Both SBBC EBS Licenses Are Leased
 Dollar estimates developed by Select Spectrum

Annual Cash (\$)	Total Services (\$)	Annual	50.00% services	Cash + 50% svcs (\$)	Term Yr.	Upfront Pymnt	Total Estimate of MHz POPs for Multiple Licenses
2,074,398	40,800	2,115,198	20,400	2,094,798	1		134,299,041
2,136,630	40,800	2,177,430	20,400	2,157,030	2		\$0.1650
2,200,729	40,800	2,241,529	20,400	2,221,129	3		\$22,159,342
2,266,751	40,800	2,307,551	20,400	2,287,151	4		88.12%
2,334,753	40,800	2,375,553	20,400	2,355,153	5		\$19,526,557
2,404,796	40,800	2,445,596	20,400	2,425,196	6		\$6,508,893
2,476,940	40,800	2,517,740	20,400	2,497,340	7		\$573,556
2,551,248	40,800	2,592,048	20,400	2,571,648	8		500,000
2,627,785	40,800	2,668,585	20,400	2,648,185	9		440,594
2,706,619	40,800	2,747,419	20,400	2,727,019	10		364,496
2,787,817	40,800	2,828,617	20,400	2,808,217	11		\$364,496
2,871,452	40,800	2,912,252	20,400	2,891,852	12		
2,957,596	40,800	2,998,396	20,400	2,977,996	13		
3,046,323	40,800	3,087,123	20,400	3,066,723	14		
3,137,713	40,800	3,178,513	20,400	3,158,113	15		
3,231,844	40,800	3,272,644	20,400	3,252,244	16		
3,328,800	40,800	3,369,600	20,400	3,349,200	17		
3,428,664	40,800	3,469,464	20,400	3,449,064	18		
3,531,524	40,800	3,572,324	20,400	3,551,924	19		
3,637,469	40,800	3,678,269	20,400	3,657,869	20		
3,746,594	40,800	3,787,394	20,400	3,766,994	21		
0	0	0	0	0	22		
0	0	0	0	0	23		
0	0	0	0	0	24		
0	0	0	0	0	25		
0	0	0	0	0	26		
0	0	0	0	0	27		
0	0	0	0	0	28		
0	0	0	0	0	29		
0	0	0	0	0	30		
59,486,445	856,800	60,343,245	428,400	59,914,845	Total Annual Amounts		
62,042,686	856,800			62,471,086	with upfront		

Notes:

[1] NPV is the average of the NPV value between assuming all monthly payments are made at the beginning of the year and assuming all monthly payments are made at the end of the year and is based on a 10% annual discount rate

[2] There shall be no discount applied to upfront payments to be made at or within 30 days of lease commencement

[3] Any One-Time payments will be discounted according to their contracted date,
 For example a one-time payment to be made at the end of the third (or beginning of the fourth) year would be discounted according to formula: Amount divided by $(1+0.10)^3$

[4] SBBC and Select Spectrum have agreed on MHz-POPs estimates for the licenses offered for lease. If for some reason only a portion of the offered licenses are leased, then the Thresholds shall all be adjusted by the percentage difference between the MHz-POPs leased according to the MHz-POPs By Call Sign Spreadsheet and the total MHz POPs shown above. In equation form this is: Revised Threshold = $\$22,159,342 \times \text{total leased MHz-POPs} / 134,299,041$

[5] Input cells that must be filled with actual lease figures to reflect the final lease agreement in order to correctly calculate the NPV and CISF are highlighted with a shaded background. For years after the final term, the payment and service credit amounts are treated as zero (\$0)

Summary of Educational Broadband Service Licenses (EBS)

BACKGROUND:

The School Board of Broward County, FL (SBBC) holds two groups of Educational Broadband Service (EBS) licenses issued by the Federal Communications Commission (FCC). These licenses distribute multiple channels of video that have been used to transmit instructional and educational programming to the schools since 1966 over a closed circuit microwave system.

A number of years ago, the FCC issued a rule making that allowed educational license holders to lease "Excess Capacity" to commercial providers. Commercial wireless operators such as Clearwire and Sprint have been interested in leasing these channels for broadband wireless services. SBBC has determined it has excess capacity, which could be available for lease.

THE VALUE OF SBBC's EBS SPECTRUM:

In 2012 the District commissioned Walters and Associates, a certified, licensed appraiser to conduct an appraisal to determine the present value of the District's EBS spectrum. Considering a variety of factors, including existing leases between Clearwire/Sprint and FAU and Miami-Dade County Public Schools, as well as an FCC auction and potential income approach, Walters and Associates provided an appraisal of \$36.8 million or \$0.265 per MHz-POP. It is recommended SBBC use this appraisal to evaluate and benchmark any offers we receive from commercial operators.

A SBBC Spectrum value comparison with Palm Beach attachment is provided. Based upon this comparison, SBBC has a greater number of MHz-POP than Palm Beach, based upon the frequencies and population. (See attachment)

PREVIOUS OFFERS:

SBBC previously issued an RFP for licensing excess capacity. Offers were lower than comparable rates as well as the appraised value. (NOTE: Clearwire's 2010 offer was \$23.3 million or \$0.166 per MHz-POP. Their 2012 offer was \$18.5 million or \$0.133 per MHz-POP.)

RECOMMENDATIONS:

The District seeks to leverage industry expertise in order to maximize the value of a potential EBS lease. It is therefore recommended that SBBC retain the services of an industry knowledgeable broker to assist in the endeavor. Accordingly, it is recommended that the District enter into an agreement with Bob Finch of Select Spectrum. The School Board of Palm Beach County (SPBC) has an existing contract with Select Spectrum, obtained through a recent competitive bid (RFP). This agreement is success based, and is paid on a contingency basis -- only if a lease is approved.

Once a broker agreement is in place, Select Spectrum can solicit interest from wireless commercial operators separately but simultaneously with SPBC. Staff believes that these actions will give SBBC the best chance to obtain a high value excess capacity lease that may generate significant revenue over the full term of the lease.

SBBC Spectrum Value Comparison with Palm Beach

SBBC Licenses

Call Sign	Channels	MHz	Population	MHz / Pops
KTZ22	G1234	22.5	4,278,642	96,269,454
KLC80	B1234	22.5	2,004,354	45,097,957
Total		45	6,282,996	141,367,411
MHz POP's Available for Lease (95%)				134,299,041

SBPBC Licenses

Call Sign	Channels	MHz	Population	MHz / Pops
KZB28	A1234	22.5	406,172	9,138,870
WQIZ681	A4	6.0	1,082,786	6,496,716
KHU90	E4	6.0	2,137,990	12,827,940
KZB29	G1234	22.5	1,103,890	24,837,525
KZB30	H12	11.0	1,761,039	19,371,429
KZB30	H3	5.5	1,869,420	10,281,810
Total		73.5	8,361,297	82,954,290
MHz POP's Available for Lease (95%)				78,806,576

Potential Lease Values	\$/MHz/Pop	SBBC Lease Values	SBPBC Lease Values
Prior Offer	\$ 0.165	\$ 22,159,341.71	\$ 13,003,084.96
Recommended Minimum	\$ 0.200	\$ 26,859,808.14	\$ 15,761,315.10
Spectrum Valuation	\$ 0.265	\$ 35,589,245.78	\$ 20,883,742.51
MDCPS Deal	\$ 0.330	\$ 44,318,683.42	\$ 26,006,169.92

SBBC Spectrum Value Comparison with SBPBC, MDCPS, and FAU

SBBC Licenses

Call Sign	Channels	MHz	Population	MHz / Pops
KTZ22	G1234	22.5	4,278,642	96,269,454
KLC80	B1234	22.5	2,004,354	45,097,957
Total		45	6,282,996	141,367,411
MHz POP's Available for Lease (95%)				134,299,041

SBPBC Licenses

Call Sign	Channels	MHz	Population	MHz / Pops
KZB28	A1234	22.5	406,172	9,138,870
WQIZ681	A4	6.0	1,082,786	6,496,716
KHU90	E4	6.0	2,137,990	12,827,940
KZB29	G1234	22.5	1,103,890	24,837,525
KZB30	H12	11.0	1,761,039	19,371,429
KZB30	H3	5.5	1,869,420	10,281,810
Total		73.5	8,361,297	82,954,290
MHz POP's Available for Lease (95%)				78,806,576

MDCPS Licenses

Call Sign	Channels	MHz	2007 Population	2007 MHz / Pops
KTB84	F1234	22.5	3,114,479	70,075,778
KTB85	F1234	22.5	745,403	16,771,568
WHA956	A1234	22.5	2,331,819	52,465,928
WHG230	C1234	22.5	2,281,816	51,340,860
WHR790	D1234	22.5	3,399,782	76,495,095
WHR866	B1234	22.5	2,137,761	48,099,623
Total				315,248,850

FAU Licenses

Call Sign	Channels	MHz	2007 Population	2007 MHz / Pops
WHR877/WHR894	A1234	22.5	570,752	12,841,920
WHR895	A1234	22.5	1,605,730	36,128,925
WLX269	A1234	22.5	439,919	9,898,178
WHR896	B1234	22.5	1,327,859	29,876,828
WHR897	C1234	22.5	2,158,611	48,568,748
WHR901	C1234	22.5	1,029,407	23,161,658
WQCT296	D34	11.5	2,057,320	23,659,180
Total				184,135,435

Potential Lease Values	\$/MHz/Pop	SBBC Lease Values	SBPBC Lease Values
Prior Offer	\$ 0.165	\$ 22,159,341.71	\$ 13,003,084.96
Recommended Minimum	\$ 0.200	\$ 26,859,808.14	\$ 15,761,315.10
Spectrum Valuation	\$ 0.265	\$ 35,589,245.78	\$ 20,883,742.51
MDCPS Deal	\$ 0.330	\$ 44,318,683.42	\$ 26,006,169.92