

John Schuster, Chief Communications Officer
Office of Public Relations

SUBJECT: APPROVAL OF LONG-TERM NEGOTIATED LEASE OF EXCESS CAPACITY OF THE SCHOOL BOARD'S EDUCATIONAL BROADBAND SERVICE (EBS) FREQUENCIES TO CLEARWIRE SPECTRUM HOLDINGS II, INC.

COMMITTEE: INNOVATION, EFFICIENCY AND GOVERNMENTAL RELATIONS

LINK TO DISTRICT

STRATEGIC PLAN: IMPROVE FINANCIAL HEALTH OF THE DISTRICT

This item is presented to the School Board to seek approval of a long-term negotiated lease of the excess capacity of the School Board's Educational Broadband Service (EBS) frequencies to Clearwire Spectrum Holdings II, Inc. ("Clearwire")

Summary terms of the lease are as follows:

The lease provides for the termination of the 1997 agreements with respect to lease of the District's excess wireless capacity to Clearwire as a successor-in-interest and substitutes the new terms and conditions of this defacto lease agreement.

The lease covers ten of twelve EBS channels owned by the School Board. The lease also covers one EBS channel that is to be acquired from South Florida Instructional Television.

The term of the lease is thirty years.

Upfront payments to the School Board include \$5 million at the time of application to the Federal Communications Commission (FCC), \$5 million at the finality of FCC orders, and \$3 million upon closing of the Clearwire merger with Sprint.

Monthly payments will be made by Clearwire to the School Board according to the following schedule:

| | |
|--------------|-----------|
| 1-5 years, | \$310,000 |
| 6-10 years, | \$375,000 |
| 11-15 years, | \$450,000 |
| 16-20 years, | \$530,000 |
| 21-25 years, | \$630,000 |
| 26-30 years, | \$770,000 |

Lump sum payments will be made by Clearwire to the School Board according to the following schedule:

| | |
|----------------|-------------|
| End of year 3: | \$2 million |
| End of year 6: | \$3 million |

**REVISED REPLACEMENT
E-116**

End of year 11: \$3 million
End of year 16: \$3 million
End of year 21: \$6 million
End of year 26: \$6 million

The lease provides M-DCPS with economic protection against any prior deals or future deals for an additional nine months, for any other similar EBS lease nationally or any EBS lease in this market.

The lease provides additional services including 425 free service users, most-favored wholesale rates for up to 12,500 users, and negotiated rates for more than 12,500 users.

The lease also provides that all Miami-Dade County Public Schools users will have access to the Internet only through the District's filtered network.

Clearwire will transition EBS analog channels to digital. Clearwire also will transition the entire 420 receiver sites and pay for 390 sites. M-DCPS will be responsible for the costs of the additional 30 sites. Estimated costs paid by Clearwire will be \$6 million dollars. Previously, the Board had allocated \$10 million in capital funds to execute the digital transition; thus, at this time, the amount can be reduced to \$4 million, with potential further reductions.

A complete copy of the negotiated lease will be provided to the School Board under separate cover and will be placed on file in the Office of the Board Recording Secretary and the Citizen Information Center.

The Board will also be presented with a settlement agreement with respect to the SFITV dispute. Under the agreement, M-DCPS would receive one of the four EBS channels, and would terminate all relationships with SFITV respectively.

M-DCPS will also terminate the agreements with Friends of WLRN with respect to the lease of excess EBS capacity, pursuant to the 1996 agreements.

The School Board is also asked for payment of legal fees to Mr. Matthew L. Leibowitz, the District's outside counsel for broadcast matters, in the amount of \$350,000 for services with respect to the EBS frequencies. This amount is reimbursable pursuant to the Clearwire agreement.

RECOMMENDED: That The School Board of Miami-Dade County, Florida:

1. Approve the long-term negotiated lease of excess capacity of the School Board's Educational Broadband Service (EBS) Frequencies to Clearwire Spectrum Holdings II, Inc. and termination agreement with South Florida Instructional Television, Inc. (SFITV) and Friends of WLRN, Inc.; and
2. provide payment of legal fees to Mr. Matthew L. Leibowitz, the District's outside counsel for broadcast matters, in the amount of \$350,000 for services with respect to the EBS frequencies.

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