COUNCIL OF THE CITY OF PHILADELPHIA

JOINT COMMITTEES ON TECHNOLOGY & INFORMATION SERVICES AND PUBLIC PROPERTY & PUBLIC WORKS

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Room 400, City Hall
Philadelphia, Pennsylvania
Monday, April 3, 2006, 11:45 a.m.

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PRESENT:

COUNCILMAN BRIAN O'NEILL
COUNCILMAN DARRELL CLARKE
COUNCILWOMAN BLONDELL REYNOLDS-BROWN
COUNCILMAN FRANK RIZZO
COUNCILWOMAN MARIAN TASCO

Bill No. 060160

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COUNCILMAN O'NEILL: Okay. We're going to get this hearing started. This is a hearing recessed from March 10 and this previous Thursday where we only had public testimony, so it's really a followup to our March 10 hearing. And just to let everybody know who may not be able to stay for the entire time, it's our intention to have this hearing recessed until 1 o'clock on April 20.

I'd like to recognize the committee members who are here: Councilman Frank Rizzo, Councilwoman Marian Tasco, Councilwoman Blondell Reynolds Brown, Councilman Clarke, Chair of the Public Property, myself, Councilman O'Neill, Chair of Information Technology.

We'll start off with Councilwoman Blondell Reynolds Brown.

COUNCILWOMAN REYNOLDS BROWN: Good afternoon, everyone. A few questions, a number of which were raised on Thursday at the public testimony

segment. Let me first go back to the number one of the two issues I've raised at the very first hearing, and that is MBE-WBE participation. Please tell me what you believe to be the requirements and expectations of the MBE-WBE participation as we move towards our next hearing scheduled for April 20.

MR. ROSCOE: Hi. Clifton Roscoe from EarthLink. I want to make sure I understand what your question was.

COUNCILWOMAN REYNOLDS BROWN: I need to hear from you what you believe will be the expectations and requirements you've outlined for EarthLink and how you will communicate that to the members of this committee going forward. Restate for the record what your -- what you plan to do in the way of MBE-WBE participation and how you plan to communicate that with us in a real tangible way.

MR. ROSCOE: Do you want me to recap what we sent you in the written response?

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COUNCILWOMAN REYNOLDS BROWN: Yes, for the record.

MR. ROSCOE: Okay. So basically the first year we will do approximately $3 million of services in Philadelphia. Approximately 1 million of that will go to MBEC companies. In years 2 through 10, we'll do approximately a half million dollars in services and approximately half of that will go to MBEC companies. So we're saying we'll do $5.5 million over the next ten years with MBEC companies.

COUNCILWOMAN REYNOLDS BROWN: And what procedures or plans do you have in place or expect to put in place to move toward achievement of those goals?

MR. ROSCOE: So our purchasing group is putting together a monitoring system. So every time a vendor works with EarthLink, they'll go in our system. For the Philadelphia project, we will track this literally every night so we'll know the spend levels at a very detailed

level and ongoing basis and report that to Wireless Philadelphia annually or more frequently if we need to.

COUNCILWOMAN REYNOLDS BROWN: Who are the members of the purchasing group and how were they identified or recruited?

MR. ROSCOE: You mean EarthLink's corporate? It reports up through our CFO, so we've had detailed discussions with them. Everybody's on board.

COUNCILWOMAN REYNOLDS BROWN: And the linkages connecting the dots of local persons who can assist you in identifying local businessmen and women to help you meet those goals?

MR. ROSCOE: We've had conversations with Philadelphia's MBEC group so we are in the process of talking to people every day. I've met with Hanford Jones and I'm also going to meet with Mike Williams at some point in the next couple days. We're taking calls all

the time. So as calls come through, we make sure they get properly circulated through our system and people get proper consideration.

COUNCILWOMAN REYNOLDS BROWN: And what aspects of EarthLink's track record suggests that you will achieve a level of success with the goals you've just articulated?

MR. ROSCOE: Historic track record?

COUNCILWOMAN REYNOLDS BROWN: Yes.

MR. ROSCOE: We don't really have much of a historic track record. As you probably know, EarthLink is a collection of acquired and merged companies between Earthlink and Mindspring, so we really only centralized our purchasing process about two years ago. So the process currently is set up where every time a vendor comes on-line or works with us, we ask them to fill out a questionnaire. The questionnaire will

include information around MBEC type characteristics and we can capture that and actually track it on an ongoing basis.

COUNCILWOMAN REYNOLDS BROWN: And then, finally, again trying to rely on my memory from the last meeting, there was the request that there be a written plan.

MR. ROSCOE: Yes. And that was part of the documents we sent last week.

COUNCILWOMAN REYNOLDS BROWN: Very well. Okay. Thank you very much. Last week Media Tank raised a number of what I thought thoughtful but valid questions I would like to have anyone whom you all deem appropriate to respond to because I too am interested in the answers. We all expect indeed a level of success given the enormous amount of work that's been done already by all the stakeholders, but the question raised was, what if EarthLink underperforms? What would be your answer to that

question?

MR. ROSCOE: Let me introduce my colleague, Cole Reinwand, who can probably answer that a little better than I would.

MR. REINWAND: Thank you. I'm Cole Reinwand, vice president of product strategy and marketing for EarthLink. I've been responsible for writing the proposal here in Philadelphia and negotiating the agreements with the City and Wireless Philadelphia for the past year. We are very confident that the system will work. Wireless Philadelphia has been supporting a number of wi-fi trials in the city over the past year as you know to great success both from a technology standpoint and from a market standpoint, a great customer experience and significant impact to person's lives.

Tropos wi-fi technology which we plan to use in the proposed network has been proven in over 350 municipal applications around the world to varying

degrees from deployments of a few hot spots to citywide networks. And, in fact, Tropos is recognized as the leader in the marketplace for mesh wi-fi with over 90 percent of the citywide deployments.

Finally, EarthLink and Wireless Philadelphia have put into place the concept of a 15-square-mile proof of concept. In this proof of concept, we'll build out 15 square miles north and east of downtown center city, and we will use that as an opportunity to prove network performance criteria to both EarthLink and Wireless Philadelphia and the City so we can all be comfortable moving forward before we engage in the citywide deployment.

COUNCILWOMAN REYNOLDS BROWN: Okay. Another question raised by Media Alert and I would like to hear your response. And I quote: What if EarthLink finds it makes more money off of the wealthy downtown customer with a

laptop than off of a household in Kensington with a refurbished desktop? Your reaction, comment in answer to that question.

MR. REINWAND: This was a concern that was addressed during our negotiations with the City and with Wireless Philadelphia. In fact, we have put clauses into the contract that address this issue. Wireless Philadelphia identified areas that were defined as digital inclusion areas, those areas that are traditionally underserved or have low penetration of broadband. In the event that EarthLink does not produce the same level of performance in terms of meeting the service level agreements in those areas, EarthLink is subject to financial penalties, so that if we do not provide at least 80 percent of the service level in those areas versus the city as a whole, EarthLink will be penalized 25 percent of the revenue sharing fees due to Wireless

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Philadelphia.

COUNCILWOMAN REYNOLDS BROWN: Penalties imposed by?

MR. REINWAND: By Wireless Philadelphia through our contract.

COUNCILWOMAN REYNOLDS BROWN: Any discussion, mention, plan to have a citizen oversight board?

MR. PEW: I think that's really a question for me, Councilwoman. We do. We're planning actually probably three boards right now. The first board is a community advisory board primarily made up of stakeholders in the community. Those will be community groups already serving the population with programs that are similar to what Wireless Philadelphia would like to pursue for the elderly, for school children, for get back to work, and we have also proposed a City advisory board for City Council members and other elected and appointed officials to participate so to the extent there are community questions that flow through

this building, they can be addressed in a forum with Wireless Philadelphia directly. We have a series of other boards we are proposing, technological advisory board is one of them and probably a philanthropic board. So there will be a number of different places for community members to participate.

COUNCILWOMAN REYNOLDS BROWN: That too was an important question raised by Media Tank. Finally, it's my understanding that X number of computers will be given to our citizens who are categorized as low or moderate income. So what type of safeguards might be in place to ensure that those computers are used precisely for the purpose intended versus anything else?

MR. PEW: The computers that Wireless Philadelphia is going to purchase are going to be primarily refurbished computers that come with parental controls and other Internet controls built into them. So Wireless

Philadelphia will not dictate to a family how the parental controls should be used, but they certainly will be there for the parents. As part of our education program, we also plan on educating people as to the risks of having their children use the Internet without supervision. So the machines will come with software that enables parents to protect their children from, you know, Internet threats.

COUNCILWOMAN REYNOLDS BROWN: And that goes to one of the concerns implicit in my question. The other concern is the types of -- neat way to say this -- the types of potential opportunities folks may see in having computers and using them for what they're not intended for.

MR. PEW: I think as a practical matter the computers that we distribute will probably be distributed in interactive programs with community groups because the idea is you don't want to give a computer to somebody who

doesn't know how to use it and hasn't been educated and motivated how to use it correctly. So we will only have a limited amount of funds in any given year to buy computers with. I think initially a significant focus is going to be to participate with the Philadelphia School District and work with families of school age children, but at the same time we may be working with --

COUNCILWOMAN REYNOLDS BROWN: Community based organizations, faith based organizations?

MR. PEW: Exactly.

COUNCILWOMAN REYNOLDS BROWN: Where there's a real connect to an external entity.

MR. PEW: I've had any number of meetings with hospital not-for-profit organizations for ways to link with patients with diabetes, like Germantown Settlement is very interested in using it for elder care.

COUNCILWOMAN REYNOLDS BROWN:

Yes, AIDS patients.

MR. PEW: Sure. I think Action AIDS I've spoken on the phone to. So the reality is this will probably flow through preexisting programs first and we'll be working with those partners to make sure the people are educated and motivated to use the computers in the right way.

COUNCILWOMAN REYNOLDS BROWN: Thank you for your testimony.

I'm finished, Mr. Chairman.

COUNCILMAN O'NEILL: Thank you.

Councilwoman Tasco.

COUNCILWOMAN TASCO: Thank you. Good morning. Let me just ask a question about the process. What is the process for identifying those who received the 10,000 free computers considering the need is greater than this number of computers?

MR. PEW: Yeah, the need is much greater. That's why we're here. Part of the answer to your question is

how effective will Wireless Philadelphia be at raising foundation money. The money from EarthLink is a base foundation for us to buy computers, but the amount we can raise from private foundations and other sources is going to be significant obviously. And the more money we have, the more computers we can distribute.

There's two halves I think to the digital inclusion program. The first half is getting the rate, so just applying and getting the digital inclusion rate. And if you'd like to I can read it into the record, but I submitted in our response from Wireless Philadelphia the specifics of what that looks like. That's the two-part test, either 130 percent of the federal poverty level or participating in one of I think it's six different federal programs. And you can demonstrate either of those, you qualify for 9.95 rate. We'll be processing those probably much faster than processing applications to get

computers. But I think, as I said, before, as a practical matter the computers are probably going to get distributed to our partner organizations first because they already have programs in place to work with people to teach them how to use the computers. My instinct is the first batch of computers will go out to families of school age children along with the Philadelphia School System program, but they'll also go to those preexisting programs that already use computers like ones I just mentioned before to Councilwoman Reynolds Brown.

COUNCILWOMAN TASCO: Who will determine an applicant's economic viability? Will that be your staff or the agency that is distributing --

MR. PEW: It will be our staff. It will be an internal Wireless Philadelphia function. The qualifications for satisfying the digital inclusion rate are objective, so they're

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relatively easy to process so long as someone supplies the appropriate information. And the guidelines for that will all be in documentation that they can either receive from community groups that we'll distribute to community groups or we're going to maintain an 800 number so people can call in to the extent they have a phone and ask questions about the process. But it will all be handled internally at Wireless Philadelphia.

COUNCILWOMAN TASCO: I'd like to go back to the minority participation issue. Will you have a local MBE compliance person working with you for the length of this contract in Philadelphia?

MR. ROSCOE: We probably will not have a local person. We'll be monitoring it out of Atlanta with our corporate purchasing group. To some extent, at the present time I'm actually the local compliance person.

COUNCILWOMAN TASCO: But you're

in Atlanta. How will you --

MR. ROSCOE: I will be spending an awful lot of time in Philadelphia and at some point may actually move here.

COUNCILWOMAN TASCO: How did you determine that the $1 million would be not set aside but would be the amount given out for minority vendors?

MR. ROSCOE: We took a look at what we thought our needs were for the first year and the companies we were working with and tried to come up with a target we thought was achievable but also a good target. We thought that coming up with about a 33 percent target was a good first year start and we'll try and do better in the outer years.

COUNCILWOMAN TASCO: 33 percent of?

MR. ROSCOE: The 3 million in services the first year. Then we'll do approximately half for the next nine years. So half million dollars in services for the next nine years,

approximately half of that to MBEC companies.

COUNCILWOMAN TASCO: What is the total value of the contract?

MR. ROSCOE: The total value, we expect to spend about $22 million over the next ten years.

MR. DIAZ: Councilwoman, I wonder if I just might add to that. Romulo Diaz, City solicitor. In connection with the contracts that have been negotiated, the first contracts, two of which are before City Council for approval, the goals that are established for minority, women-owned, and disabled-owned businesses are exceeded by the numbers that have been testified to by EarthLink this morning. The goals that have been established in conjunction and in coordination with MBEC for minority-owned businesses are 20 to 25 percent, for women-owned businesses 5 to 10 percent, and for disabled-owned businesses zero to 1.5 percent. Now, the

contracts require that EarthLink is to meet or exceed those targets. So by the numbers and the target ranges that have been testified to this morning, they are in compliance with the contractual obligations by exceeding those obligations.

COUNCILWOMAN TASCO: As you move along, have you done preliminary work in identifying the kind of vendors who might be available to participate in this contract?

MR. ROSCOE: Yes, we have. We've talked to a number of people and also met with Philadelphia's MBEC group and will continue to do that as we get further along in the contract.

COUNCILWOMAN TASCO: Who is part of your team to promote this idea to Philadelphia? Does it include minority participation?

MR. ROSCOE: In terms of our promotional group or -- absolutely. We have a group out of Dallas called the

Macintosh Group. It's a woman-owned company helping us do contract preparation. RA Consulting here in Philadelphia is working with us. We're working with a local real estate company, Key Real Estate Commercial Advisers, to help us find office space. We're working with a number of people to try and get things off the ground.

COUNCILWOMAN TASCO: It is my understanding that you will be purchasing $11 million in hardware from vendors. Are any of these vendors minority suppliers? And if not, are any of these vendors using minority subcontractors?

MR. ROSCOE: To the best of my knowledge, we're working primarily with Motorola and Tropos. They are not technically minority suppliers. Tropos is a privately held company out of California. Motorola actually does use a fair number of MBEC type companies and I think their numbers are about half a billion dollars in MBEC type purchases

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over the course of a year.

COUNCILWOMAN TASCO: Could you please get a list of the minority contractors that are contracting with Motorola for this project?

MR. ROSCOE: Sure. For this contract?

COUNCILWOMAN TASCO: For this contract.

MR. ROSCOE: Actually, it was in the information we submitted a couple days ago. We're working with a company RBDSS to do field implementation, we're working with a company called ACC to do what we call site acquisition, and Urban Harvest to do installations on poles.

COUNCILWOMAN TASCO: These are all minority contractors --

MR. ROSCOE: Yes.

COUNCILWOMAN TASCO: -- who are subcontracted with Motorola?

MR. ROSCOE: Correct.

COUNCILWOMAN TASCO: How many are women-owned and how many are

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African-Americans?

MR. ROSCOE: At this point Urban Harvest is African-American, ACC is a minority but he's not an African-American, RBDSS is a disabled person. I don't think we have a woman contractor at this point.

COUNCILWOMAN TASCO: Are any of these companies in Philadelphia?

MR. ROSCOE: Urban Harvest is. ACC is in Princeton. And RBDSS I believe is just across the river in New Jersey. He's very close.

COUNCILWOMAN TASCO: I think that's it. Thank you. Thank you very much.

MR. ROSCOE: Can I add one thing? I think I slightly misspoke about the half a million. It's $1 million in services per year and about half of that to MBEC companies over years 2 through 10. Sorry for the confusion. That's my fault.

COUNCILWOMAN TASCO: Thank you.

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COUNCILMAN O'NEILL: Could you share with us the status of the negotiations with PECO Energy for the cost of electricity for the boxes?

MR. DIAZ: As I've indicated to you previously, Councilman O'Neill, the cost of the PECO Energy would be pursuant to the municipal tariff. And it is estimated that that municipal tariff would cost Wireless Philadelphia about $465,000 a year. The arrangements under the agreements that have been negotiated provide for that electricity cost to be reimbursed for the first two years entirely by EarthLink. In the subsequent yeast, to the extent that the electricity cost of $465,000 approximately exceeds one-half of the revenue share to Wireless Philadelphia, EarthLink would then incur that additional cost. The negotiations that I have alluded to previously have been not with regard to the amount of the electricity charge but with regard to the possibility of charitable deductions by

PECO or its parent Exelon in connection with another matter under litigation.

COUNCILMAN O'NEILL: On the first part, keeping ourselves out of the discussions involving other matters that may impact on this, but just directly assuming there's none of that and we're just dealing with a straight billing, am I correct when I assume that municipal tariff means the rate the City would get versus the rate say EarthLink or Verizon or Comcast would get from PECO and that it would be a lower rate than those others? I mean, I want to sort of clarify municipal tariff because I know -- it seems to me that that would be a lower number.

MR. DIAZ: It's not clear to me that there would be a difference. And the reason I say that is because in discussions with PECO as part of our preparation for these agreements, we were in discussions as to what would be an appropriate tariff to apply. All of

these are tariffs that are under approval by the Pennsylvania Public Utility Commission so we're talking about a preapproved tariff. These are City-owned facilities. It seemed appropriate in that context for municipal tariff to apply. Whether that same municipal tariff would be applicable to third parties not engaged in this transaction I wouldn't be able to conjecture at this point.

COUNCILMAN O'NEILL: I'm sorry. I don't think I made myself clear. Other companies who may not have been successful, may not even have bid but in generally the same business of broadband and Internet services are billed by PECO, if EarthLink were just out there with them, they would have the same rate as I think it's a fair assumption under these tariffs, they'd say that's the tariff, you pay what Verizon pays, what Comcast pays. It would seem to me if a municipal tariff were to apply, one already on the

books and approved by PUC, it would be because of the interrelationship here between EarthLink, Wireless Philadelphia, and the City of Philadelphia. And so when you use the term "municipal tariff," I would assume that's a lower number if you were successful in getting it than the one that would be out there for any private company just dealing on their own with PECO. Am I getting --

MR. DIAZ: I understand the question. I think that's probably true. But not having seen the tariffs, I wouldn't want to try to testify on behalf of PECO as to how they would apply tariffs and what the exact tariff rates would be. What I can say -- and I think this is in the spirit of your question. What I can say is that the nonprofit purpose of Wireless Philadelphia is to assist in support of a governmental function. And because of the socioeconomic function, the mission that we're trying to achieve through Wireless

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Philadelphia, the nonprofit organization, is to bridge the digital divide for those that otherwise may not have access to both equipment and Internet access. There clearly is a municipal relationship I think to the tariff. Whether another third-party competitor might be able to establish a similar nexus and thereby qualify for a municipal tariff, I wouldn't want to try to speculate about that but eliminate that possibility either.

MR. PEW: Could I just jump in for a second? I just wanted to clear up something because I think your question was going in one particular direction and I just want to make it clear. The economics of the PECO cost is something that was negotiated as part of the entirety of the agreement. And so in absorbing that cost at Wireless Philadelphia, we got for the City of Philadelphia other things. Do you know what I'm saying? There are economic

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benefits that are in the agreement that we're getting from EarthLink that we would not have gotten but for our assumption of the cost. So the issue of how low we can get the electricity cost doesn't create any subsidy at all for EarthLink.

COUNCILMAN O'NEILL: I'm not suggesting it does.

MR. PEW: I'm just saying the better rate we get, the more money we have to spend on Philadelphians. So actually I hope we get as good a rate as possible because that means we'll have more money at Wireless Philadelphia to spend because it's our risk.

COUNCILMAN O'NEILL: I think the PECO issue, though, the cost of energy is significant, a significant issue. And I think we're going to have to have it resolved before Council finishes with this. Hopefully, we can keep working on it. And to the extent that that message can go to PECO as well

as the parties here, I think it would be helpful. And we do have another hearing that may be a status or may be a final hearing on April 20.

MR. DIAZ: Councilman, if I might just add one addition, as I mentioned I think earlier to Councilman Rizzo, I did receive a call this morning from PECO Energy. I don't know if it's about this particular issue, but it's my intention immediately upon returning to the office to try to return that call. This is an issue that I certainly have been pursuing and would be pleased to update the committees as soon as I have additional information.

COUNCILMAN O'NEILL: Okay. You can feel free to tell them what's already on the record now about the committee's feeling.

MR. DIAZ: I very much appreciate that. Thank you.

COUNCILMAN O'NEILL: Thank you.

Once Wireless Philadelphia is

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fully operational, what is your projected operating budget for personnel and how many employees will you have?

MR. PEW: I'm going to ask the board who dealt with the budget.

Mr. Chair, I'd rather submit to you something I can read than reading something that's marked up. The answer to your question that I have is there will be a CEO of Wireless Philadelphia, there will probably be one or two project managers at least in the first year, and an executive assistant to the CEO. The idea is to keep the staff as small as we possibly can and supplement it with as many volunteers as we can. We're in the process of interviewing CEOs now who will become full-time CEOs and replace me probably by June 1 is my guess given the timing. The smaller the staff we can manage, the better. So it will basically be their salaries, health care for them, and then we're going to try and save rent actually by subleasing from whatever

facilities EarthLink finds so we can get the economics of buying bigger space together and share the cost of that space. So I can submit afterwards the exact budget from the board. I just don't want to misquote in testimony.

COUNCILMAN O'NEILL: But you have a pretty good idea what you expect your personnel and other overhead will be?

MR. PEW: We have estimates for the rental every year. We already have our executive secretary who's been doing a great job. She's actually here. And so we have a very good handle on the numbers. I just don't have a budget with me.

COUNCILMAN O'NEILL: That's fine. We can get that later. Could you go over -- you may have said this at the last hearing -- what other sources of revenue Wireless Philadelphia expects to generate?

MR. PEW: Well, I think that

the primary source of revenue for Wireless Philadelphia hopefully will be private foundations. I think Wireless Philadelphia is open to any source of revenue it can find. So if we can find federal grant programs, if we can find state grant programs, even local grant programs, we're certainly going to be hitting all the major private foundations. Our hope is a philanthropic board made up of corporate leaders in Philadelphia and hopefully we can get corporate sponsorship as well, the same as any other charity. The more places we look, hopefully the more money we can raise.

COUNCILMAN O'NEILL: And individuals can contribute to you as well?

MR. PEW: That's the intention of the 501(c)(3). I think the most important thing is the stream of income that flows from EarthLink because at its foundation that will go -- should more

than cover the budget for Wireless Philadelphia, the actual people budget, and that gets us a long way to raising the money from the foundations. Typically, they like to see your actual overhead expense covered in some other way before they fund programs.

COUNCILMAN O'NEILL: When you submit the budget numbers, the projected budget numbers for all your expenses, personnel, overhead, could you add in your best guess on electricity and just sort of what you expect to have left for computers and services that you've discussed and which have a lot of people very excited?

MR. PEW: Sure. I think -- the question is for the budget so we can submit exactly what you want. You want the budget assuming passage in City Council as soon as the project starts going forward?

COUNCILMAN O'NEILL: Yes.

MR. PEW: And just so we're

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clear, Wireless Philadelphia is not paying electrical costs for the first two years. So you won't see anything in the first two years and then you'll see it kick in years 3 through 10.

COUNCILMAN O'NEILL: And you will show us that.

MR. PEW: Yes.

COUNCILMAN O'NEILL: Can you explain again -- I know it came up before, but the City has essentially loaned money to Wireless Philadelphia to get it going at this point. That's why we have an executive secretary that we can actually give a paycheck to. But I'm not familiar with any other situation where the City has loaned money to a nonprofit. Is it a common thing? Is it an extraordinary thing for this to happen? How did it come about and is it all right? Because other people may be lining up saying we do good things too, how about us. Could you go through that, Mr. Diaz?

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MR. DIAZ: I would certainly not consider it to be an extraordinary thing. I know of a few other instances, but rather than to try to speak extemporaneously to the point, I'd be happy to supply for the record examples of other nonprofits to which the City has made loans. And I know that there has been some publicity associated with some of them in the past, but we'll provide something for the record.

COUNCILMAN O'NEILL: Is PIDC/PAID the lender because the City can't do it directly? Is that a method of doing that or a vehicle for doing that?

MR. DIAZ: I was not a party to that original discussion, but my understanding is that it is a common vehicle for the use of economic stimulus monies that could be either granted or loaned, but I will also provide that for the record as to how that came about.

COUNCILMAN O'NEILL: And

sometimes this is a loan that turns into a grant depending on circumstances that evolve after the issuance. That's happened in the past I understand. Some of our loans have turned into grants oftentimes for bad reasons that people can't pay it back so you might as well just call it a grant rather than an unpaid loan. Is that something that has sort of a moving target and can change? A loan is not always a loan.

MR. DIAZ: Well, I believe I had that type of a question or series of questions during the first hearing. And I think what I said then was I did not have any personal knowledge of such a case occurring, but I think if you look at the particular circumstances here we're talking about $1.45 million, which was loaned to Wireless Philadelphia, the nonprofit, through PIDC, and the use of economic stimulus dollars for that purpose. The repayment schedule has been developed that I believe requires the

first payment to begin in mid 2007 at a point when one could reasonably anticipate receipts of funds from other sources that have already been laid out. We've got the $2 million that would be coming to Wireless Philadelphia if City Council approves of these transactions in three slices. We're talking about $250,000 it's my recollection, which is payable upon City Council approval of the transaction, $750,000 which is payable upon the proof of concept acceptance by the City of Philadelphia, which would presumably be within about three months thereafter, that is, after City Council approval, so you'd have $1 million, which would be payable within one year -- well, within several months of City Council approval, and an additional million dollars which would be payable on the anniversary of the proof of concept acceptance. So we're talking about $2 million which just looking at the calendar would be payable to Wireless

Philadelphia under these transactions within the first year. And so, therefore, I see no reason why the $1.45 million which is going to be paid in installments beginning in mid 2007 would not be fully covered and would not be fully payable back to the City in accordance with the loan terms.

COUNCILMAN O'NEILL: You will add to the information you're getting us on the subject generally what loans may have turned into grants because of most probably anyway lack of payment? I understand there are a few of those out there. And I say it because I'm sure they all had good payout plans when they were negotiated as a loan. And I'll just throw a wild for instance out there. Wireless Philadelphia finds out this is a much bigger undertaking than anybody thought. We need five more staff members, more office space, and we just can't pay this thing back at the rate that looked pretty optimistic and

everybody was very fine with on April 3 at the hearing. So there are things that can happen in between and I'm sure that they're unforeseen and all that. I just want to get a feel for the history of this kind of loan because people will ask questions later, many who may want something similar. But any time you can get that to me before the next hearing would be helpful. That's all.

MR. DIAZ: Councilman, I will certainly be in contact with the commerce department and we will pull together the information you've requested with the caveat that I don't necessarily agree that these other examples if they exist are similar to these circumstances. We think we have a solid business plan for Wireless Philadelphia and it's with that spirit that we've made the loans. But I will provide the information for the record as you requested.

COUNCILMAN O'NEILL: Okay. The proof of concept, the trial, basically

that's what that is is the trial period to see if we go forward to the whole city; right? Is that a fair assessment of proof of concept?

MR. PEW: Fair assessment.

COUNCILMAN O'NEILL: Describe the scenario if we close up shop if the proof of concept is disproved I guess, we don't go forward with this because everybody thought it would work but it just doesn't seem to be working in this trial program. I mean, I think it probably impacts a little bit on the business plan if nothing else, but could you give us that scenario? Because we're not just starting out with a program that's going to run citywide. We actually have a trial area that either one party or both parties or all three parties thought was a good idea to do first rather than just build out the whole city. What happens?

MR. PEW: Well, the question unfortunately just has so many answers to

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it because it's a hypothetical. There are any number of ways that we might get to the end of the day and either decide that no --

COUNCILMAN O'NEILL: Excuse me. This has been negotiated into the agreements; right?

MR. PEW: Correct.

COUNCILMAN O'NEILL: While it's hypothetical, all the parties have some pretty good idea if you're going to do it, it either works or it doesn't work. We know what happens if it works. You keep going and all these provisions apply. But if you don't, what provisions apply? I have to think there was more than that's a hypothetical. What happens if the hypothetical becomes true?

MR. PEW: Let me address what I was trying to say. If it is clear that this network does not work at the end of the 15-mile test, which is I guess the most clear-cut hypothetical, then we both have the right to walk and that is the

end of the agreement. EarthLink will have paid us $250,000 after City Council approval. We will not receive the money following and the parties can both walk. That's how it works in the agreement.

Now, what does that mean Wireless Philadelphia does after that? That's the part that's hypothetical. If we get to that stage and the City believes Wireless Philadelphia is still important and they want to do something, I guess Wireless Philadelphia will try to go out and find an alternative. If the City decides Wireless Philadelphia is not important and does not want to pursue that, Wireless Philadelphia does not exist.

COUNCILMAN O'NEILL: How does it affect the payback of the loan?

MR. PEW: Obviously, it has a significant impact on the payback of the loan.

COUNCILMAN O'NEILL: I understand that. I wouldn't have asked

the question if I didn't think it was significant.

MR. PEW: If there's only $250,000 collected by Wireless Philadelphia, whatever amounts are still outstanding on the loan Wireless Philadelphia hasn't used and the City decides to shut down Wireless Philadelphia, Wireless Philadelphia obviously will pay back what it can with whatever money it has to the loan and close shop.

COUNCILMAN O'NEILL: But what would you expect to have spent on the loan by then?

MR. PEW: I don't know because I don't know what our burn rate is at the current portion of the loan that just got taken out.

COUNCILMAN O'NEILL: Can you let us know at the next hearing or by the next hearing? I would like to know that.

MR. PEW: Well, let me ask you what you'd like to see. Would you like

different month periods picked as the termination date? Because we have a burn rate flowing through some amount of cash sitting on the coffers of Wireless Philadelphia. And depending on at what point in time we decided the 15-mile test isn't working, there will be more cash or less cash out of Wireless Philadelphia. Do you know what I mean?

COUNCILMAN O'NEILL: What is your plan for when you decide collectively if the 15-mile plan is working and you're going to go forward? Is that a moving target that it could be month two, month five, month eight and you don't know right now?

MR. PEW: No. The answer is we'll be getting information during the entire three months of the 15-square-mile test. I guess it's possible in the very early portion of that test we could get such horrible results and that EarthLink could not address we could learn early. I think that the probability of that is

incredibly tiny considering that EarthLink is using network equipment that's already been deployed in a number of other cities and has worked fine. So the chances of what we're talking about right now are very small, but the timing of when it happens obviously would be important to know what amount of cash Wireless Philadelphia had on hand. So we could know any time during the first three months of the 15-square-mile test I guess hypothetically if things weren't working. By the end of the three-month period, the 15-mile test, we'll have all the information we can look at and I think it's more likely that we will have something very close to what our specifications are. In fact, I think it's highly likely at that point in time.

COUNCILMAN O'NEILL: So the best time period would be three months you would show us, what would happen if there's a shutdown after three months?

MR. PEW: It's a good question

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for Cole. I'm assuming about three months is the right time. They're going to be doing the testing and feeding us the information.

COUNCILMAN O'NEILL: Could you address that?

MR. REINWAND: Yes. I believe contractually the proof of concept will last at a minimum three months and no more than six months.

COUNCILMAN O'NEILL: So maybe months three through six would be the best time period to give, three months, four months, five months, six months numbers.

MR. PEW: We can easily do that. And we'll pick if it's appropriate -- I just wanted to get exactly what you want back. I'm just telling our board this because they're sitting right behind me. May 1, we'll assume by that by May 1 the trial will have started. We'll use our burn rate and starting August 1 we'll give you

numbers for August 1, September 1, and October 1.

COUNCILMAN O'NEILL: And show me another chart that shows June 1 and out because I like to be optimistic, but we're really being optimistic with May 1. Not to say it's not going to happen, but I think there's a better possibility this project is going to be successful than we're going to get finished by May 1.

MR. PEW: I guess I'll also show the increasing risk of the delay.

COUNCILMAN O'NEILL: That's fine. PECO is the same way. I'd like to get this out sooner than later. Since this project was first identified as something that was going to involve loans and a nonprofit board to insulate the City on those bonds, and it's changed quite a bit in the interim with the EarthLink project and the financing not being necessary that was originally anticipated, other cities have been announcing things. And I've kind of been

paying attention to them but they're all a little different, different companies, Google wants to promote themselves over here, but now EarthLink is appearing as partners. I don't know if I've seen anywhere they are the only named company, but can somebody address at least two of those, I believe one is San Francisco, and just how they differ from Philadelphia? Only because some people have mentioned why is EarthLink involved in city A or city B and it's free? I don't know the answer. I'm sure there are good answers dealing with speed or dialup versus higher speed and everything, but could you put that on the record? Because we're at a point where there's really happening out there in the world and in the United States and I'd like for not only the record but me individually to be able to deal with that with people explaining this is a little different. How is it different?

MR. REINWAND: Sir, EarthLink

is actively pursuing municipal broadband deployment opportunities in a number of cities around the US. We've been fortunate enough to be selected as the finalist in Philadelphia and Anaheim, California, as well as Milpitas, California. We are a finalist in Minneapolis, San Francisco, Pasadena, Brookline, Massachusetts, and Arlington County, Virginia. In addition, we've submitted proposals to a number of other cities that are in earlier stages. Every city has different requirements, different characteristics. In San Francisco, what was contemplated by their selection committee was a concept of a universally available free tier of service at a low speed which EarthLink addressed with its partner Google. Google would provide the free service at 300 kilobits a second which provides a very low baseline service but free everywhere. Google will not necessarily support that product by providing

customer premises equipment, which is the equipment used to make the connection to the network, or with live customer support, but will provide basic levels of those services to the City. This is something that the City requested. And after, you know, a lot of deliberation and work with the business models, we were able to figure out how we were going to make that work with Google. The network does contemplate some use of advertising based on location of the user so you can deliver more targeted advertising. It's a new business model that hasn't been proven in the marketplace yet, but with Google and their strength in advertising, EarthLink felt that that was an appropriate place to try that model.

EarthLink will also be providing the same level of service that they're providing in Philadelphia in San Francisco, which is the 1 megabit per second symmetrical connection with CP

support and with full customer support and an open access business model which will allow any ISP in the city to also offer services over that network. So in many ways the San Francisco arrangement is very similar to Philadelphia. In Philadelphia -- in San Francisco, we've also proposed a digital inclusion program as we have here. The City of San Francisco had not articulated quite as fully the program that they wanted to run for digital inclusion as they had in Philadelphia and with the establishment of the Wireless Philadelphia nonprofit. Nonetheless, we have proposed to support San Francisco after meeting with their selection committee recently with subsidized or discounted accounts similar to the $9.95 program we have here in Philadelphia as well as trying to support them with funding either internally from EarthLink's business plan or supporting them in pursuing external sources similar to the plan outlined by Wireless

Philadelphia earlier. So they're equally as interested in addressing digital inclusion, but they placed more focus on the free level of service. We feel access is one part of fulfilling that vision, but without the training content and hardware to support the digital inclusion program it really remains incomplete. I believe as we discuss this further with San Francisco we may end up leveraging many of the things we're learning here in Philadelphia.

COUNCILMAN O'NEILL: They don't have a nonprofit as we have set up?

MR. REINWAND: No, they don't.

COUNCILMAN O'NEILL: Who would do in San Francisco what Wireless Philadelphia is doing in Philadelphia?

MR. REINWAND: I should say they do have an organization called Tech Connect, which is really responsible for this initiative in San Francisco. There's a number of ways we can do this in other cities, smaller cities that may

not have the resources available --

COUNCILMAN O'NEILL: Stay with Tech Connect. Describe Tech Connect. Are they board members appointed by the Mayor? Is it --

MR. REINWAND: I don't have that much insight.

COUNCILMAN O'NEILL: Can you get us some information on it?

MR. REINWAND: Sure.

COUNCILMAN O'NEILL: And are there -- if you can get us a list of the other cities you mentioned, I was trying to write them down but I'm not that fast, particularly the larger cities that we recognize that are more on apples and apples with Philadelphia. And in those cities, when you say you're the finalist, are you the finalist as you are here, it's you, EarthLink, it's not partnered with Google or where there's two other companies that are still finalists with you? Are there any others where you're in the same position as you are right now

in Philadelphia where it's just you and you're just trying to get legislation passed that would confirm your agreements?

MR. REINWAND: In Anaheim the City Council voted unanimously to support our network and we're actively building a network in Anaheim, California.

COUNCILMAN O'NEILL: Anaheim is about how large?

MR. REINWAND: 300,000.

COUNCILMAN O'NEILL: And in Anaheim is it the same kind of structured agreement that you have in Philadelphia? Is there a digital divide component, digital inclusion component, lower costs for certain income levels and higher costs for others? Describe Anaheim a little bit in comparison to Philadelphia.

MR. REINWAND: Well, it's very interesting. As I said, every city is different. Anaheim is a more affluent community, the home of the Disneyland resort but still the home of major sports

franchises in the Los Angeles area. In terms of a digital inclusion program, the city did not view the need for one directly but instead worked with us to develop more targeted programs toward their needs. For instance, we worked with the Mayor to develop a Mayor's scholarship program where EarthLink will be awarding free accounts with free laptops to two high school juniors in every one of their high schools each year and then they can use the laptop and the free account for the two remaining years they have in high school before they go on. The selection process for that will be jointly determined with the Mayor's committee focused on this. But basically we targeted it more toward a specific program versus a universal access program. Other things that make Anaheim a little bit different, it has a significant number of what we call occasional use customers. Those are city visitors. Anaheim attracts a large

number of conventions and visitors to the tourist attractions and we think that occasional use will actually represent a larger portion of our business in that city versus monthly accounts like it will here in Philadelphia.

COUNCILMAN O'NEILL: Just the two cities you've mentioned and discussed a little bit, San Francisco and Anaheim, are their speed requirements comparable to ours? slower? faster? Forgetting the Google part of San Francisco where you've said it's very slow, but in terms of the regular wireless speed that will be the 9.95 or the $20 one, how do they compare?

MR. REINWAND: Nearly every city that we've looked at -- in fact, I can probably say every city that we've looked at is asking for a 1-megabit-per-second connection. And I think a lot of that is really driven by Philadelphia's leadership.

COUNCILMAN O'NEILL: How about Minneapolis? You start to get larger at

that point and probably more poverty than Anaheim. Tell me how that compares with ours.

MR. REINWAND: Minneapolis the process runs a little different than it did here. There actually were two finalists selected. EarthLink and a company called US Internet were both finalists and we've both been asked to build out a 1-square-mile pilot area where we can demonstrate our technology, architecture, and performance. We are in the process -- we just signed the deal with the utility in that area to gain access to electricity and mounting rights and we're in the process of building out that 1 square mile currently and expect to deliver the results of that near the beginning of July.

In terms of addressing the digital divide, that is one issue. There's significant interest in providing access to elderly and handicapped persons in Minneapolis as well as serving the

diversity among the neighborhoods in Minneapolis. They have a significant number of population that are foreign speaking. They're asking us to support ten different languages on the portal so that we can address those residents in Minneapolis that may not speak English.

COUNCILMAN O'NEILL: Has there been any such requirement in Philadelphia on the language?

MR. REINWAND: In Philadelphia, we plan to support English and Spanish and that was a requirement in the RFP.

COUNCILMAN O'NEILL: I'm going to take a break from my questions and recognize Councilman Rizzo who has to leave and he has some questions.

COUNCILMAN RIZZO: Thank you. I just have one question. And I don't want to use the word "bureaucracy," but you're in the business of providing this in lots of places that didn't have like you mentioned earlier a wireless this or wireless that. Before we build a big

wireless organization with the words earlier were a small, lean organization, and Councilman O'Neill indicated it could turn out to be twice as big, three times as big down the road, what could your company do since you already do this in other places to try to keep the staff that runs this to a minimum and assume for a fee some of the responsibilities that you already do in other places? Why should we reinvent the wheel here when you already do this?

MR. PEW: I can answer. Councilman Rizzo, I can answer. One aspect of the answer is that EarthLink's not a 501(c)(3) so they can't go out and raise private foundation money and money from other 501(c)(3)s. So that's the primary existence of Wireless Philadelphia is the ability to raise other money for this project. That's something they can't do.

COUNCILMAN RIZZO: I didn't ask that question. I'm talking about running

the business, people calling, things that this staff that you're building could do. They don't have a dependency in other places on a staff. Why can't we eventually get to the point or let the people that know it and do it best do it?

MR. DIAZ: I wonder if I might try to clarify one point and then ask Cole to elaborate. We're talking about multiple staffs because the business that's being done includes the digital inclusion mission that is Wireless Philadelphia's. The business of running the network is EarthLink's. They're going to design, construct, and maintain the network, and that requires a staff. The business of being an ISP is being run by EarthLink as an ISP, Internet service provider. And it has business requirements in terms of its staff for customer service, billing, et cetera. And the contractual documents that are before City Council contemplate a minimum of three additional ISPs. There could be

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more. Each of those will have their own business responsibilities and their own staffs to meet those business responsibilities. With that background, let me turn it over to Cole.

COUNCILMAN RIZZO: So I hope I'm communicating what I'm trying to communicate here is I understand the concept of Wireless Philadelphia, but I would like to make sure that everything that needs to be done isn't being done by a government that can be done by the provider of this product. Have you looked at what you're going to do, what they're going to do? Are there things in this process that you have the expertise to do?

MR. REINWAND: I think especially on the operational front EarthLink has expertise in being able to supply Wireless Philadelphia with mechanisms to place orders, to determine whether customers require the equipment to connect or not, definitely a systems

expertise. And this is something we run with our channel partners today the same way we would run a program with a large retailer, how do they place orders with EarthLink and so forth. We will establish those systems for Wireless Philadelphia. EarthLink is also somewhat new to this business. We have -- in addressing digital inclusion on this sale, we've been involved in charitable activities for the last many years and --

COUNCILMAN RIZZO: You don't consider this a charitable activity, do you?

MR. REINWAND: It's a business venture with --

COUNCILMAN RIZZO: But not a charitable --

MR. REINWAND: We view it more as an investment.

MR. PEW: You're asking a question about our negotiation skills right now.

MR. REINWAND: Basically, we

expect the money that is the revenue share going to Wireless Philadelphia to come back us to in terms of building a larger subscriber base for us to provide service to Philadelphia. So ultimately it's an investment.

MR. DIAZ: Councilman, could I come back to your question and just clarify for the record that the City of Philadelphia agrees with you. Government should not be doing this, and that's the reason why the government is not doing Wireless Philadelphia. The nonprofit organization that has been established is an independent nonprofit organization established under Pennsylvania nonprofit law and is seeking 501(c)(3) federal status as well. And it is for the purpose of relieving the City of Philadelphia government of a governmental burden associated with the things we talked about before as part of the digital inclusion program that caused us to believe that it was appropriate to

have a nonprofit organization do that. So government is not involved in this transaction in terms of delivering the services you were talking about earlier.

COUNCILMAN RIZZO: Well, I appreciate that and I would hope that we would keep the nonprofit's involvement to a minimum because I've seen it before where the nonprofit all of a sudden wants to get involved in some of the operational parts where someone else already does it. And the gentlemen at this table represent a corporation that knows how to do this and, again, I would hope that the number of people that the nonprofit requires is a minimum number and it doesn't grow into another broadband company.

MR. PEW: Councilman, if it gives you any sense of calm, that's exactly our perspective at Wireless Philadelphia today. Aside from our obligations under the agreement to be receiving information by the network to

protect the city, which we are the source for that, all the people I mentioned are going to be running charitable programs. They're not going to be doing things with the network. So we really have no staffing in our budget other than someone if we can't find a volunteer to do it to give advice on the information we're getting back from the network, but outside of that the program managers are running programs with the charities. They're not doing anything with the network. And the CEO has so much work to do in terms of interfacing with all the charities in Philadelphia, interfacing with municipal government, with the tourism bureau, the School District, and trying to make sure programs are being appropriately supported, they're not even going to have time to be thinking about becoming an ISP. Thank you.

COUNCILMAN RIZZO: I thank you. I'm sure that position will have to be confirmed by City Council.

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COUNCILMAN O'NEILL: Well, we'll see about that. The discussion we were just having with other cities, Minneapolis the more I think about it is not nearly as large as we tend to think of it because it has full sports teams. I've been out there and surprised at the size of both St. Paul and Minneapolis. It's probably a lot closer to Anaheim's size than Philadelphia. Are there any cities you're dealing with of some size like Anaheim or Minneapolis or larger that have comparable requirements on the inclusion, digital inclusion, as Philadelphia has and goals, similar goals? Is there anything we could look at and say they copied us or it looks like we copied them? I have always felt while there's a lot going on in the country that nobody matches the vision of Wireless Philadelphia in the United States and I was curious as to what you see out there that approaches our vision.

MR. REINWAND: The City of

Portland, Oregon, where we're also a finalist with two other companies has outlined a fairly comprehensive digital inclusion program and requirements around that. We've proposed a significantly similar proposal to them as what we have provided here in terms of providing subsidized and discounted accounts, some funding to help support the program and support for putting them in touch with our hardware manufacturers and OEM PC manufacturers. We have a lot of relationships as you might imagine being a service provider with those types of entities and we believe we can bring those relationships to bear on the program.

COUNCILMAN O'NEILL: That's still in the RFP stage?

MR. REINWAND: We're a finalist there. So basically once you get to the finalist stage, you basically start negotiating with the selection committee.

COUNCILMAN O'NEILL: And is

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there a nonprofit Wireless Portland or something equivalent that will be accepting your contributions for their social goals?

MR. REINWAND: No. In the other cities, they haven't really gone quite that far. What we've been proposing --

COUNCILMAN O'NEILL: Well, say Portland, for instance. What are they?

MR. REINWAND: In Portland, what we suggest is we've actually partnered with a company, a nonprofit nationally called One Economy. They're based out of Washington, DC, and they're focused specifically on this space. They have a strong relationship with the City of Portland already. And for us having a third-party administrator running the program in partnership with us similar to the way with Wireless Philadelphia here is an easy model and one we're attempting to replicate. And we hope to have One Economy fill the role of Wireless

Philadelphia in other cities we're operating where we don't get into the day-to-day activity of training and content and those types of things but we rely on their expertise and experience to provide those things.

COUNCILMAN O'NEILL: I appreciate what you've said because you can really see the loop if your contribution is also seen as an investment because if successful, the base grows, meaning your customer base. And I think that's instructive for a lot of people who may not see it to that level.

We're going to close out here unless the Councilwoman has anything and continue this hearing, but I want to ask you if you could give us a chart listing these other cities -- I don't want to sit here going through each one -- and with some substantial blocks where you could show how certain areas compare with Philadelphia, how they're different, and

also where they are. For instance, I didn't even ask you in San Francisco, which is the one that gets all the publicity because of Google and San Francisco, is that already being built or what stage is that in? Maybe we'll leave the discussion today with that city, which has been sort of overpublicized in its approach. What is the status of that in terms of are you building there already in San Francisco? Is it still under negotiation or discussion? Where is it?

MR. REINWAND: EarthLink is a finalist among several companies. It was never made clear to us how many companies the city is still talking to. And we've had some discussions and followup discussions with their selection committee, provided them additional information as they've requested it. And we hope to hear from them soon.

COUNCILMAN O'NEILL: So if we could do this on even the optimistic

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May 1 or less optimistic June 1, we'd be really the first major city out of the box with something like this based on all these cities that are doing something and the larger -- statistically, it's a little more cumbersome in a larger city to get through all this, that we'd still be at or near the head of the pack.

MR. REINWAND: Absolutely. Philadelphia is the flagship in the industry right now. I mean, the significant amount of work this team has put in over the past six months has really pushed us well ahead of where other cities are in terms of starting to line up things like electricity, meeting with streets departments, those types of -- the actual logistics of implementation. We're far ahead of the game here, I believe.

COUNCILMAN O'NEILL: One of the things I would like you to include in that comparison chart is you really changed the whole game here with your

response to the RFPs. No one expected to be talking about anything except whether Diana Neff had a good business model to pay back all these bonds. Everybody said she is a great visionary. I think I said that at the hearing, but is it going to work from a business standpoint. And EarthLink coming in here and saying we'll build it, forget about paying for this system, so all the negotiating points that were laid out for the RFPs, some you've incorporated here, but they were really with a different model in mind. Are you doing that anywhere else where the government assumed they were going to have to put forward the cost of the infrastructure and maintenance and where you've come in and said we've got a model here in Philadelphia we're pretty far along with, we'd like to repeat this here, maybe you want to look at this a little differently, city or county or township or whatever? Is that a reality out there that what you're doing here is

being looked at in other cities as a way of financing it as well the traditional way looked at of financing, go out and float bonds, try to insulate the city from liability but you still have to raise the money? Is that carrying out in other areas, the response that you had here, which really changed all the metrics?

MR. REINWAND: Absolutely. The model that was proposed in Philadelphia has become the standard for every other major city I would say that's contemplating doing something like this in the United States.

COUNCILMAN O'NEILL: You're allowed to toot your own horn when you're here. There's nothing wrong with that.

MR. REINWAND: Absolutely. We're very proud of what we were able to do here in Philadelphia and really turning the market toward public-private partnerships. There are some cities, generally they're smaller, that still

pursue the municipal-owned network, but in those cities even they still need a partner that can help sell customers and provide support and billing, the types of functions that cities typically aren't equipped to handle, and EarthLink is working with those cities as well to provide a solution there.

COUNCILMAN O'NEILL: Councilwoman Blondell Reynolds Brown has a comment.

COUNCILWOMAN REYNOLDS BROWN: I should alert you that testimony tomorrow and Wednesday the Philadelphia School District will be in to speak with us about their annual -- as a part of the annual budget process wherein I will also be posing questions to them around digital divide and so many of our schools not being technologically equipped to take on computers. So I know given their testimony over the next two days I'll have subsequent questions at the hearing on the 20th and I simply wanted to alert

you to that. Thank you very much.

COUNCILMAN O'NEILL: The committees stand in recess until 1 o'clock on April 20.

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CERTIFICATE

I HEREBY CERTIFY that the proceedings, evidence, and objections are contained fully and accurately in the stenographic notes taken by me on April 3, 2006, and that this is a true and correct transcript of same.

_____
Kimberly A. Overwise
Certified Realtime Reporter
Notary Public

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