



Select Spectrum LLC
Robert Finch, President
820 Great Cumberland Road
McLean, VA 22102

This (this “Agreement”) describes the terms and conditions by which _____ (“Bidder”) may participate in a Spectrum Lease Auction to acquire Educational Broadband Service (“EBS”) or Broadband Radio Service “BRS” spectrum rights. The Spectrum Lease Auction will be managed by Select Spectrum LLC (“Select Spectrum”) as described below.

Select Spectrum intends to conduct a Spectrum Lease Auction for the lease, sublease or acquisition (collectively, “Lease”) of 2.5 GHz spectrum rights licensed to educational and other organizations (the “Spectrum Rights Holders”) listed on Attachment 1 hereto (the “Offered Spectrum Rights”). Bidder understands that Select Spectrum’s services are non-exclusive and that Select Spectrum may solicit and obtain multiple bids for the same Desired Spectrum Rights (as defined below). Bidder further agrees and acknowledges that Select Spectrum is providing listing, consulting and valuation services to Spectrum Rights Holders for which it may receive separate compensation, and that it is in Select Spectrum’s interest to obtain the highest practical valuation for the Lease of the Offered Spectrum Rights.

Bidder Obligations

On or before a date designated by Select Spectrum for the making of initial bids (the “First Bid Date”), Bidder may submit its bid(s) for the Lease of one or more of the Offered Spectrum Rights (the “Desired Spectrum Rights”) electronically via <http://SpectrumLeaseAuction.com>. Bidder is not required to submit any bid, and will not owe any payments to Select Spectrum unless Bidder is able to Lease spectrum rights as defined herein.

Select Spectrum Services and Obligations

Select Spectrum agrees to provide the following non-exclusive services:

1. Select Spectrum will provide updates to Attachment 1 occasionally and will provide the last update and definitive list one week or more prior to the First Bid Date.
2. Select Spectrum will make available on its web site (www.selectspectrum.com) a map of the Geographic Service Area (“GSA”) for each of the Offered Spectrum Rights and an estimate of population covered by each such GSA.
3. Prior to the First Bid Date, Select Spectrum will contact Spectrum Rights Holders and, where possible, will provide Bidder with additional relevant non-proprietary and non-confidential information about the Spectrum Rights Holders and/or the Desired Spectrum Rights. Such

additional information may include (a) the preferred start date for a new spectrum lease, (b) whether any party has an existing lease and when that lease will end, and (c) any other rights that may have been provided under an existing agreement such as an existing lessee's right of first refusal.

4. Select Spectrum will provide a standard format that Bidder must use to place bids, which will include information such as bidder identification, proposed lease start dates and duration, proposed renewal terms, and financial terms. The format will allow Bidder to also include any supplemental information to encourage a Spectrum Rights Holder to accept its bid.
5. After the First Bid Date, Select Spectrum will forward Bidder's bid and other bids for each of the Desired Spectrum Rights to the respective Spectrum Rights Holder along with Select Spectrum's financial analysis of such bids. Spectrum Rights Holders will substantially control the process following receipt of bids received by the First Bid Date, which may include additional rounds of bidding and/or negotiation with more than one bidder. Bidder may elect to participate in any additional bidding process that the Spectrum Rights Holder elects, or may decide to cease bidding at any time.
6. Select Spectrum will inform Bidder of the Spectrum Rights Holders' decision with respect to received bids. Bidder may elect to participate in any additional bidding process that the Spectrum Rights Holder elects, or may decide to cease bidding at any time. If Bidder is provisionally selected by any Spectrum Rights Holder and begins Lease negotiations, Select Spectrum will assist Bidder and Spectrum Rights Holder with business negotiations to facilitate the parties reaching a mutually-acceptable Lease. Select Spectrum does not have legal expertise and cannot provide legal advice and recommends that a qualified attorney review and, if necessary, prepare the proposed Lease on Bidder's behalf.

Compensation

Select Spectrum will provide the services described above at no charge to Bidder. No fee shall be owed by Bidder to Select Spectrum unless and until the Lease becomes effective ("Effective Date"). If during the term of this Agreement or for six months afterward, Bidder or its affiliate signs a Lease for any of the Offered Spectrum Rights, then Bidder shall pay Select Spectrum a Lessee Contingent Success Fee ("LCSF") based on the net present value of the Lease over its maximum term using a 10 percent discount rate (the "NPV"). For a typical Lease, which will have an NPV of less than \$1 million, the LCSF will be the greater of six percent (6.0%) of the NPV or \$6,000. For any higher value Leases (above \$1 million), the LCSF will equal \$60,000 plus:

- 5% on NPV amounts between \$1 million and \$2 million, plus
- 4% on NPV amounts between \$2 million and \$3 million, plus
- 3% on NPV amounts between \$3 million and \$4 million, plus
- 2% on NPV amounts between \$4 million and \$5 million, plus
- 1% on NPV amounts over \$5 million.

An example of the NPV and LCSF calculations is shown in Attachment 2. Bidder will ensure that the Lease requires that the LCSF will be payable to Select Spectrum simultaneously with any upfront or initial payment and no later than the Effective Date. The upfront payment for each lease must equal at least the greater of \$10,000 or ten percent (10.0%) of the total lease NPV as calculated in Attachment 2. LCSF payment obligations will remain in effect for any transaction Bidder completes for any of the Offered Spectrum Rights within six months following the termination date for this Agreement as described below.

Fee Reduction

If the Spectrum Rights Holder has signed an agreement with Select Spectrum that will result in a payment being due from the Spectrum Rights Holder to Select Spectrum in conjunction with the Lease, then the LCSF payable by Bidder to Select Spectrum under this Agreement will be reduced to equal one-half (50%) of the Bidder's LCSF that would otherwise apply.

Prior Agreements

If Bidder previously signed a different agreement that would provide for a fee to Select Spectrum, then the fee previously agreed shall not apply and only the Fee specified in this Agreement shall apply.

Alternative Spectrum Rights Transactions

To the extent allowed by FCC rules, Bidder may choose to purchase a license, to sublease spectrum or to acquire lease rights, all of which are referred to as a "Lease" in this Agreement. For the purposes of calculating and paying the LCSF any transaction where Bidder or its affiliate acquires rights to use any of the Offered Spectrum Rights, the transaction will be treated the same as a qualifying Lease of Offered Spectrum Rights, all payments agreed by Bidder or its affiliate will be treated as if they were lease payments and the Bidder will pay Select Spectrum the calculated LCSF for any completed transaction

Confidentiality, Non-Circumvention and Anti-Collusion

Bidder agrees to maintain confidentiality for any information provided by Select Spectrum that is identified as "Confidential". Bidder further agrees that competition to lease Offered Spectrum Rights must be fair and that it will not collude with any other entity that may compete to lease or buy Spectrum Rights concerning the amount or structure of any bid. Bidder also agrees that, if it or its affiliate Leases any of the Offered Spectrum Rights whether through the Lease Auction or otherwise during the term of this Agreement, Bidder will be obligated to pay the LCSF to Select Spectrum.

Representations and Warranties

Bidder represents that it is legally qualified to Lease EBS spectrum rights and that the person signing this Agreement on behalf of the Bidder is legally authorized to do so and to bind Bidder to the terms hereof. Select Spectrum represents that it is a Limited Liability Company organized in the Commonwealth of Virginia and that Robert Finch is legally authorized to bind Select Spectrum to the terms hereof.

Limitation on Liability; No Joint Venture

Bidder understands that Select Spectrum is providing a platform for bids and the additional services specifically described herein, and does not represent Bidder for any purpose other than as specifically described herein. Accordingly, Select Spectrum shall not be liable hereunder for any claims, losses, or damages that Bidder may incur as a result of the Lease Auction described herein. This Agreement does not create a joint venture or partnership between Bidder and Select Spectrum.

Termination

This Agreement shall terminate one year following the First Bid Date.

Approval

If the terms and conditions described in this letter are acceptable, please confirm by completing and signing the attached Signature Page. Then please scan the signed Agreement and send it to jbridges@selectspectrum.com, and we will reply by email with a fully executed Agreement attached.

Signature Page

Select Spectrum hereby accepts and agrees to the terms and conditions described in the foregoing Agreement.

Signature: _____

The undersigned Bidder hereby accepts and agrees to the terms and conditions described in the foregoing Agreement.

Signature: _____

Printed Name and Title: _____

Bidder Name: _____

(Company or individual)

Address: _____

Email Address: _____

Phone Number: _____

Date: _____

Attachment 1: List of Licenses to be Included in the Lease Auction
Section A – Licenses Committed as of 1/6/2017


Call Sign	License Holder or Selling Spectrum Lease Holder	Center County	Center State	Channels
WND352	Rocky Mountain Broadband	Eagle	CO	A1234
WND368	Rocky Mountain Broadband	Pitkin	CO	A1234
WNC733	One Corporation	Russell	AL	D1234
WLX253	Crystal Automation Systems	Saginaw	MI	A1234
WMH604	Key West Wireless	Monroe	FL	E1234
WLX927	Washington County SD USD#108	Manhattan	KS	D1234
WLX776	Unified School District #378	Manhattan	KS	B1234
WLX783	Unified School District #379	Manhattan	KS	A1234
WLX835	Blue Valley Unified School District #384	Manhattan	KS	C1234

Attachment 1 (continued): List of Licenses to be Included in the Lease Auction
Section B – Spectrum Rights Holder Identified,
and Auction Letter Agreement being Sought as of 1/6/2017

Call Sign	License Holder or Selling Leaseholder	Center County	State
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- Extensive list to be provided later

Attachment 2 – Example Spectrum Value and LCSF Calculation

Example Lease Value Calculation and CSF Calculation - Lessee/Commercial Operator							
NPV Calculations Example Lease. Bidders are free to submit different numbers						Confidential	
Services Credits not Counted as Part of Net Present Value							
MHz		22.5		Population	120,000		
MHz POP		2,700,000		Price Proposal	\$0.040	Target Value	\$108,000
Initial Annual Rent		\$7,506		(Note: Bidder Free to pick proposed Unit price)			
Initial Monthly Rent		\$626		Minimum Upfront Payment (\$10,000 or 10% of NPV)			\$10,800
Annual Increase		3.0%		Upfront payment included in bid			\$10,800
Term Year	Example Year	Monthly Payment	Annual Payment	*NPV	Discount Rate	*Resulting NPV	
		(\$)	(\$)	Undiscounted	0.00%	\$367,901	
1	2016	626	7,506	Discount Rate	10.00%	\$107,728	
2	2017	644	7,731	* For this calculation, the Net Present Value will be calculated at ten percent (10.0%) annual discount rate. 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			
3	2018	664	7,963				
4	2019	684	8,202				
5	2020	704	8,448				
6	2021	725	8,702				
7	2022	747	8,963				
8	2023	769	9,231				
9	2024	792	9,508				
10	2025	816	9,794				
11	2026	841	10,087				
12	2027	866	10,390	Ratio of Initial Annual to NPV		6.95%	
13	2028	892	10,702	Minimum Lessee Contingent Success Fee			\$6,000
14	2029	919	11,023	Contingent Success Fee Calculation			
15	2030	946	11,353	Threshold	NPV that exceeds TH	Positive NPV > Threshold	LCSF Percent (%)
16	2031	975	11,694	\$0	\$107,728	\$107,728	6.0%
17	2032	1,004	12,045	\$1,000,000	-\$892,272	\$0	5.0%
18	2033	1,034	12,406	\$2,000,000	-\$1,892,272	\$0	4.0%
19	2034	1,065	12,778	\$3,000,000	-\$2,892,272	\$0	3.0%
20	2035	1,097	13,162	\$4,000,000	-\$3,892,272	\$0	2.0%
21	2036	1,130	13,557	\$5,000,000	\$0	\$0	1.0%
22	2037	1,164	13,963	Calculated Incremental CSF			\$6,464
23	2038	1,199	14,382	LCSF in each case is the greater of the minimum CSF or the LCSF according to the Calculation			
24	2039	1,234	14,814				
25	2040	1,272	15,258				
26	2041	1,310	15,716				
27	2042	1,349	16,187	LCSF Due in this case is			\$6,464
28	2043	1,389	16,673	Additional Information			
29	2044	1,431	17,173	Call Sign		ABC123	
30	2045	1,474	17,688	Freq. Band		2496-2690	
Total Annual Amounts			\$357,101	Next License Exp./Renewal Date		4/22/2019	
TAA with upfront payment			\$367,901				

Notes:

Green cell	Information provided by Select Spectrum based on its analysis of information from various sources. Bidder may change
Blue cell	Variables to be provided by bidder. Examples not intended to direct Bidder to any specific value
Beige cell	Typical value based on ratios. Bidder may vary so long as proposal meets requirements of Bidder Agreement
Yellow cell	Result of calculation. Overall lease Net Present Value will be evaluated by lessor and used to calculate Contingent Success Fee
Purple cell	Figures from Bidder Agreement. Changes not permitted