

## 2017 EBS and BRS (2.5 GHz) Spectrum Lease Auction

### Frequently Asked Questions

**Disclaimer:** Select Spectrum provides this information based on its best understanding of FCC rules and 2.5 GHz license lease and sale transactions; however, Select Spectrum does not warrant the accuracy or completeness of this information and recommends that parties seek legal and/or technical advice before finalizing any agreements.

- What do EBS and BRS stand for?
  - Educational Broadband Service (EBS) licenses were issued to educational and other non-profit organizations institutions by the FCC.
  - Broadband Radio Service (BRS) licenses were issued or auctioned to commercial wireless operators.
- How does a spectrum lease work?
  - In general, the license holder and lessee sign a lease agreement for up to 30 years duration. The lease terms must comply with FCC rules and the FCC must approve leasing arrangements (but not the lease agreements themselves) before the spectrum can be used. Lessees generally pay upfront and recurring fees to the licensee in return for the right to transmit signals consistent with the license rules. In most EBS leases, the lessee agrees to provide defined wireless services and equipment to the license holder to enable educational use of the spectrum as required by FCC rules.
- Can spectrum licenses be sold?
  - Spectrum licenses can be assigned from one licensee to another and payment for assignment is allowed; however, the new licensee must meet the licensing requirements. BRS licenses can be held by most organizations and individuals, but EBS licenses may only be held by educational institutions including educational nonprofits and accredited academic institutions.
- Can organizations now apply to the FCC for an EBS or BRS license?
  - The FCC is not currently issuing new EBS or BRS licenses. BRS licenses were last auctioned in 2009. The FCC is considering a process that may allow educational institutions to apply for EBS licenses in counties where they do not currently exist, but no timeframe or rules have been established, and most heavily populated areas have already been fully licensed.
- Where can I find more information about a particular call sign?
  - The FCC provides information on its Universal Licensing System. See <http://wireless2.fcc.gov/UlsApp/UlsSearch/searchLicense.jsp>
  - Select Spectrum will also make more detailed information and better maps available to entities that have signed a Bidder Agreement or a (Lessors) Auction Letter Agreement. These entities will be able to sign up to view the information available on our secure site: <http://SpectrumLeaseAuction.com>.
- How does the Spectrum Lease Auction process work?
  - Bidders may review the available licenses and leases and may decide to bid on none, one or many. Bidders may submit one or more bids for each license and/or lease on which they choose to bid. They may also submit “package bids” for any group of licenses or leases held by a single entity. Each bid must be submitted electronically on a standard bid form. The bids will all be treated as confidential. Select Spectrum will not view any bid prior to the First Bid Date deadline of 11/2/17 at 11:00 PM ET/8:00 PM PT.

Any party that does not submit at least one bid for a license or lease prior to the First Bid Deadline will be disqualified for consideration for that license or lease for the remainder of the Auction.

- Promptly after the First Bid Deadline, Select Spectrum will prepare a financial analysis of each bid and forward the analysis and copies of the original bids to Spectrum Rights Holders.
- Spectrum Rights Holders will substantially control the process following receipt of bids, which may include additional rounds of bidding and/or negotiation with more than one Bidder. Select Spectrum will assist Spectrum Rights Holder upon their request.
- Spectrum Rights Holders will have no obligation to accept any bid.
- Select Spectrum will inform Bidders of Spectrum Rights Holders' decisions with respect to received bids. A Bidder may elect to participate in any additional bidding process that the Spectrum Rights Holders elect, 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 Spectrum Rights Holder and Bidder with business negotiations to facilitate the parties reaching a mutually-acceptable Lease or sale agreement.
- How many rounds will there be?
  - At least one. For example, if one party bids good value and the offer is significantly higher than other bids received, the Spectrum Rights Holder may decide to accept the First Bid from the Bidder. If the bidding is competitive, a Spectrum Rights holder may request additional rounds, but Select Spectrum will recommend that competitive bidding be ended reasonably quickly.
- Can Bidders withdraw a bid?
  - Bidders are encouraged to only submit bids that they expect to be able to honor; however, Select Spectrum does not plan any enforcement mechanisms in conjunction with the Auction. As such, Select Spectrum believes offers are not legally binding until a transaction agreement such as a lease of license assignment has been executed by both parties. In some cases, the Spectrum Rights Holder may have internal approval processes, such as school board meetings, to approve proposed transactions.
- Can the lessor/lessee see who is bidding and the value?
  - Select Spectrum will treat bids as confidential and only provide details about each bid to the relevant Spectrum Rights Holder. As part of the Bidder Agreement, Bidders must agree that competition to lease Offered Spectrum Rights must be fair and that Bidders will not collude with any other entity that may compete to lease or buy Spectrum Rights.
  - Some Spectrum Rights Holders are public school districts and other public entities. As such, any information they receive may potentially be discoverable through a Freedom of Information Act submission which generally allows for time to reply and compile such
- Will Bidders be able to include additional information in my bid?
  - Yes. Please refer to the standard bid form which allows Bidders to describe various aspects of their bid in free text
- How will participants submit bids? (electronic or paper)
  - The auction is electronic only. We intend for Bidders to upload their bids to a secure site, with email submission as an alternate. We will hold a single practice round prior to the First Bid Date where Bidders may submit a one or more practice bids to make sure they understand the process. Select Spectrum will confirm receipt of any practice bids that are successfully submitted. The practice round is optional.

- Is the website secure?
  - All pages and connections are served only using SSL/TLS 128 bit encryption. A unique username/password is required for all access. Passwords have minimum complexity requirements and are not contained in browser cookies. We use a variety of methods to protect passwords. No user-submitted information or data is publicly accessible. We will monitor for unusual activity before and during the Auction process.
- What involvement will Spectrum Rights Holders have in the process?
  - License and lease holders will receive a variety of services as described in the Auction Letter Agreement. Select Spectrum will also work with Spectrum Rights Holders prior to the Auction to prepare an information package (Spectrum Information Memorandum “SIM”) that provides an accurate and positive description of available licenses and leases. Spectrum rights holders will also substantially control the process after the First Bids are received and the analysis of the bids is completed and presented by Select Spectrum. Spectrum rights holders may reject any bid, accept the bid they prefer for any reason, or reject all bids. Select Spectrum will offer to provide advice to Spectrum Rights Holders, but Spectrum Rights Holders can choose whether or not to accept such advice.
- How much can a Spectrum Rights Holder expect to receive?
  - Spectrum values in the band vary greatly. In the last Auction, the average per license was over \$1 million in lease payments, but license values in rural areas will generally be much less.
- Who are the Bidders?
  - We have agreed not to reveal Bidder names, unless specifically requested by a Bidder, since doing so could affect Auction tactics. Sprint was a successful Bidder in our 2014 Spectrum Lease Auction, and smaller companies also successfully completed spectrum leases.
- What if the license is already being leased?
  - After changing the 2.5 GHz license rules on 1/10/2005, the FCC decided that no EBS lease signed prior to 1/10/2005 could have a term of longer than 15 years from its start date, including any automatic renewal provisions in the lease. If the lessor and lessee have not negotiated and signed a new lease or lease extension, which should be indicated in the FCC’s ULS database, EBS leases with a start date of 2003, 2004 and 2005 will be expiring no later than 2018, 2019 and 2020, respectively. In such cases, Select Spectrum recommends that Bidders should consider offering to begin a new lease soon after the existing lease expires. Select Spectrum never recommends that any prospective lessee encourage the lessor to terminate a valid lease early.
- Do participants need to obtain legal representation?
  - We have tried to keep the Auction agreements simple, and there is no financial obligation to Select Spectrum or the other party if a spectrum transaction is not completed. However, we encourage prospective Bidders and Spectrum Rights Holders to have an attorney review the Bidder Agreement or Auction Letter Agreement prior to signing. Participants are also encouraged to seek technical advice. For those parties that succeed in reaching a basic business agreement through the Auction process, we strongly recommend legal counsel review any lease, license assignment or other spectrum transaction. Select Spectrum does not provide legal or technical advice.