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House of Representatives
State of Tennessee

NASHVILLE

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MEMBER OF COMMITTEES:
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T.R.A. DOCKET ROOM
MEMBER OF SUBCOMMITTEES:
PUBLIC SAFETY & RURAL ROADS
SHELBY COUNTY DELEGATION
TENNESSEE BLACK CAUCUS

January 10, 2007

Thank you for your work on behalf of The Shelby County Legislative Delegation as you investigate the Memphis Networx situation. We have received a copy of the responses to our initial questions. After reviewing these responses, we find them to be woefully inadequate to the point of being nonresponsive.

Please find enclosed a second set of inquiries to be presented to Memphis Networx on behalf of the Shelby County Legislative Delegation members.

As good stewards of our public dollars, we have every intention of getting truthful and complete answers to our questions. Prompt action is requested and appreciated.



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Second Set of Interrogatories

1. Explain the rationale for using the interest rate described in response to Request No. 1 and state whether alternatives were discussed in determining an interest rate to reflect loss of use of those funds. Describe any costs expended in the management of the funds.
2. Identify and provide the amount and source of any “in-kind” investment by MLGW in Memphis Networkx.
- 3.2 Explain in detail how loan funds were utilized by Memphis Networkx, providing copies of accounts payable ledger(s) and a breakdown of all contracts between Memphis Networkx and third parties, including name of contracting party, nature of services or goods provided under contract, dollar amount of contract, duration of contract and amount(s) paid or owed by Memphis Networkx for services under contract. State the amount of equity funds provided to Memphis Networkx and provide a detailed breakdown as to how equity funds were utilized by Memphis Networkx.
4. Describe any benefits beyond salaries that were extended from MLGW to Memphis Networkx employees. Describe any benefits beyond salaries gained by Memphis Networkx employees.

4.1 Provide information regarding any salaries paid or benefits extended from Memphis Broadband or any affiliated company to Memphis Networx employees.

4.2 State whether any MLGW employees performed work for Memphis Broadband or any affiliate thereof. If so, identify the MLGW employees, describe the nature of the work performed and state whether any compensation was paid for those services.

4.3 Identify any MLGW employees who “have performed oversight and monitoring roles of Memphis Networx on behalf of MLGW.”

4.4 Provide copies of all Invoices, work orders, employee time cards, and other related documents for “pole preparation and other outside plant work for Memphis Networx” performed by MLGW employees.

5. Identify by name and current address, any past or current investors and past or current members of the board for Memphis Broadband LLC. Identify by name and current address, any past or current minority investors in Memphis Networx or Memphis Broadband.

5.2a As to the members of Memphis Broadband identified in response to 5.2, provide the following information:

Identify any past or current members of the boards of each entity.

State the ownership interest of each entity in Memphis Broadband.

State whether any past or current employees, past or current investors, or past or current officers of an entity are also past or current employees, past or current investors or past or current officers of MLGW or Memphis Networkx.

State whether any past or current employees, past or current investors, or past or current officers of an entity are also past or current employees, past or current investors or past or current officers of CII Holdco, Inc. or the McLean Group.

5.3 Identify by name and address each entity that participated in the bid process for the sale of Memphis Networkx. Identify the principals in each bidding company and any overlap of owners or employees with MLGW and/or CII Holdco, Inc. What criteria served as the basis for the selection of CII Holdco, Inc. as the winning bidder?

State whether CII Holdco, Inc. has or had any present or past business relationships with MLGW and or Memphis Networkx and, if so, describe those business relationships.

6. Response to 6.2 states that all of Memphis Networkx's customers are served through special contract arrangements. Provide copies of all special contract arrangements.

10.1 Provide documentation, including letters, memoranda, etc., regarding any investment in Memphis Networkx by private investors.

11. Provide a detailed explanation as to the basis for asserting that confidentiality prevents MLGW and Memphis Networkx from responding to this request.

12. Provide a breakdown of construction costs beyond the general description provided in response to No. 12, detailing costs for outside plant and broadband equipment.

14. Provide copies of notes or minutes from all meetings of the MLGW board reflecting discussion of the sale of Memphis Networkx or of MLGW relinquishing control of Memphis Networkx.

15. Identify who nominated the three board seat members for MLGW on Memphis Networkx.

16. Provide a copy of the contract with McLean Group

17. Identify the members of Memphis Broadband that will receive or have received payment from proceeds of the sale of Memphis Networkx and which members have not or will not receive payment. Provide documentation showing how proceeds from the sale of Memphis Networkx will be dispersed. Provide copies of all employment agreements reflecting retention bonuses paid to senior management team members and the terms of such retention.

19.1 Identify each financial institutions account.

19.2 Provide copies of each account statement and deposit and withdrawal items and all communications with each financial institution identified by respondents in response to question 19, including, but not limited to letters, emails, memos, notes, etc.

22. Provide copies of all past and current agreements for services provided to MLGW or Memphis Networkx by Boulton Cummings, Connors & Berry, PLC

22.1 Provide history of all services provided to MLGW or Memphis Networkx by Boulton, Cummings, Connors & Berry, PLC

22.2 Provide copies of all invoice and payments for services provided to MLG&W or Memphis Networkx by Boulton, Cummings, Conner & Berry, PLC.

23.1 Provide copies of all Memphis Networkx Federal tax filings and related documents filed or prepared by MLGW.

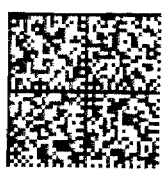
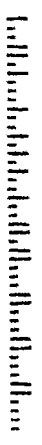
24. Provide copies of Memphis Networkx Accounts Payable ledger and Accounts Payable Journal

25. Provide all proprietary agreements cited by respondent in Boulton, Cummings Conner, & Berry's PLC. letter dated August 30 2007, prohibiting disclosure of information by respondent to Tennessee Regulatory Authority (TRA). Cite statutes, which support respondent's objections to TRA's regulatory jurisdiction as stated by respondents in, Boulton Cummings, Conner, & Berry PLC., letter dated August 30, 2007.

Rep. G. A. Nardaway
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