

**VIA OVERNIGHT DELIVERY**

December 22, 2000

Florida Public Service Commission  
Division of records and Reporting  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

001819-TX

RE: Application for Authority to Provide Alternative Local Exchange Service

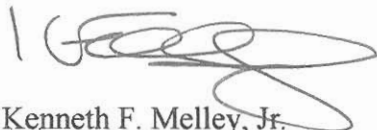
To Whom It May Concern:

Enclosed please find an original and (6) copies of Application for Authority to Provide Alternative Local Exchange Service submitted on behalf of nii communications, Ltd. (NII.)

Also enclosed please find a check in the amount of \$250 representing the requisite application fee.


Please date stamp the enclosed copy of this letter and return it to the undersigned as confirmation for your receipt. Please contact the undersigned in the event you have any questions or further requirements with respect to this Application. Your courtesies are greatly appreciated.

Sincerely,



Kenneth F. Melley, Jr.  
Vice President of Market Development  
enclosures

Check received with filing and forwarded to Fiscal for deposit.  
Fiscal to prepare a copy of check to RAR with proof of deposit.

Initials of person who forwarded check:  


DOCUMENT NUMBER-DATE  
16422 DEC 26 8  
FPSC-RECORDS/REPORTING

Telecommunications That Make Sense...

001819-TX

APPLICATION

1. This is an application for  (check one):
- Original certificate** (new company).
  - Approval of transfer of existing certificate:** Example, a non-certificated company purchases an existing company and desires to retain the original certificate of authority.
  - Approval of assignment of existing certificate:** Example, a certificated company purchases an existing company and desires to retain the certificate of authority of that company.
  - Approval of transfer of control:** Example, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. Name of company:

nii communications, LTD.

3. Name under which the applicant will do business (fictitious name, etc.):

nii communications, LTD.

4. Official mailing address (including street name & number, post office box, city, state, zip code):

1717 N. LOOP 1604 E., Suite 250

San Antonio, Texas 78232

5. Florida address (including street name & number, post office box, city, state, zip code):

LT Corporation System

1200 South Pine Island Road

Plantation, FL 33324

6. Structure of organization:

- ( ) Individual ( ) Corporation  
( ) Foreign Corporation (X) Foreign Partnership  
( ) General Partnership ( ) Limited Partnership  
( ) Other \_\_\_\_\_

7. **If individual**, provide: *n/a*

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Telephone No.: \_\_\_\_\_ Fax No.: \_\_\_\_\_

Internet E-Mail Address: \_\_\_\_\_

Internet Website Address: \_\_\_\_\_

8. **If incorporated in Florida**, provide proof of authority to operate in Florida:

- (a) The Florida Secretary of State corporate registration number:

*n/a* \_\_\_\_\_

9. **If foreign corporation**, provide proof of authority to operate in Florida:

- (a) The Florida Secretary of State corporate registration number:

*n/a* \_\_\_\_\_

10. **If using fictitious name-d/b/a**, provide proof of compliance with fictitious name statute (Chapter 865.09, FS) to operate in Florida:

- (a) The Florida Secretary of State fictitious name registration number:

*n/a* \_\_\_\_\_

11. **If a limited liability partnership**, provide proof of registration to operate in Florida:

(a) **The Florida Secretary of State registration number:**

n/a

12. **If a partnership**, provide name, title and address of all partners and a copy of the partnership agreement.

Name: See Attachment 1

Title: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Telephone No.: \_\_\_\_\_ Fax No.: \_\_\_\_\_

Internet E-Mail Address: \_\_\_\_\_

Internet Website Address: \_\_\_\_\_

13. **If a foreign limited partnership**, provide proof of compliance with the foreign limited partnership statute (Chapter 620.169, FS), if applicable.

(a) **The Florida registration number:** Document Number: B00000000278

14. Provide **F.E.I. Number**(if applicable): 76-0497293

15. Indicate if any of the officers, directors, or any of the ten largest stockholders have previously been:

(a) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. Provide explanation.

n/a

(b) an officer, director, partner or stockholder in any other Florida certificated telephone company. If yes, give name of company and relationship. If no longer associated with company, give reason why not.

Richard E. Burk (President/CEO/Chairman of the Board), Kenneth F. Melley, Jr. (Vice President of Market Development) and Larry James (Stockholder/Board of Directors) were all officers of USLD and left that company when it was acquired.

16. Who will serve as liaison to the Commission with regard to the following?

(a) The application:

Name: Kenneth F. Melley, Jr.

Title: Vice President of Market Development

Address: 1717 N. Loop 1604 E., Suite 250

City/State/Zip: San Antonio, TX 78232

Telephone No.: (210) 403-9100 Fax No.: (210) 403-9799

Internet E-Mail Address: ken.melley@niicommunications.com

Internet Website Address: www.niicommunications.com

(b) Official point of contact for the ongoing operations of the company:

Name: Kenneth F. Melley, Jr.

Title: Vice President of Market Development

Address: 1717 N. Loop 1604 E., Suite 250

City/State/Zip: San Antonio, TX 78232

Telephone No.: (210) 403-9100 Fax No.: (210) 403-9799

Internet E-Mail Address: ken.melley@niicommunications.com

**Internet Website Address:** WWW.nii.communications.com

(c) Complaints/Inquiries from customers:

**Name:** Kenneth F. Melley, Sr.

**Title:** Vice President of Market Development

**Address:** 1717 N. Loop 1604 E., Suite 250

**City/State/Zip:** San Antonio, Tx 78232

**Telephone No.:** (210) 403-9100 **Fax No.:** (210) 403-9799

**Internet E-Mail Address:** Ken.melley@nii.communications.com

**Internet Website Address:** WWW.nii.communications.com

17. List the states in which the applicant:

(a) has operated as an alternative local exchange company.

Texas

(b) has applications pending to be certificated as an alternative local exchange company.

California, Oklahoma and Missouri

(c) is certificated to operate as an alternative local exchange company.

Texas

(d) has been denied authority to operate as an alternative local exchange company and the circumstances involved.

none

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(e) has had regulatory penalties imposed for violations of telecommunications statutes and the circumstances involved.

none

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(f) has been involved in civil court proceedings with an interexchange carrier, local exchange company or other telecommunications entity, and the circumstances involved.

none

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18. Submit the following:

A. Financial capability.

The application **should contain** the applicant's audited financial statements for the most recent 3 years. If the applicant does not have audited financial statements, it shall so be stated.

The unaudited financial statements should be signed by the applicant's chief executive officer and chief financial officer **affirming that the financial statements are true and correct** and should include:

1. the balance sheet;
2. income statement; and
3. statement of retained earnings.

**NOTE:** *This documentation may include, but is not limited to, financial statements, a projected profit and loss statement, credit references, credit bureau reports, and descriptions of business relationships with financial institutions.*

Further, the following (which includes supporting documentation) should be provided:


1. **written explanation** that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.
  2. **written explanation** that the applicant has sufficient financial capability to maintain the requested service.
  3. **written explanation** that the applicant has sufficient financial capability to meet its lease or ownership obligations.  
*SEE Exhibit A*
- B. Managerial capability: give resumes of employees/officers of the company that would indicate sufficient managerial experiences of each.  
*SEE Exhibit B*
- C. Technical capability: give resumes of employees/officers of the company that would indicate sufficient technical experiences or indicate what company has been contracted to conduct technical maintenance.  
*SEE Exhibit B*



**\*\* APPLICANT ACKNOWLEDGMENT STATEMENT \*\***

1. **REGULATORY ASSESSMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of \$50 is required.
2. **GROSS RECEIPTS TAX:** I understand that all telephone companies must pay a gross receipts tax of two and one-half percent on all intra and interstate business.
3. **SALES TAX:** I understand that a seven percent sales tax must be paid on intra and interstate revenues.
4. **APPLICATION FEE:** I understand that a non-refundable application fee of \$250.00 must be submitted with the application.

**UTILITY OFFICIAL:**

|           |   |               |                       |
|-----------|---|---------------|-----------------------|
| Signature | <u></u> | Date          | <u>12-15-00</u>       |
| Title     | <u>VICE PRESIDENT MARKET DEVELOPMENT</u>  | Telephone No. | <u>(210) 403 9100</u> |
| Address:  | <u>1717 N. LOOP 1604 EAST ST 250</u>  | Fax No.       | <u>(210) 403 9799</u> |
|           | <u>SAN ANTONIO, TX 78232</u>  |               |                       |

**ATTACHMENTS:**

- A - CERTIFICATE SALE, TRANSFER, OR ASSIGNMENT STATEMENT
- B - INTRASTATE NETWORK
- C - AFFIDAVIT



**EXHIBIT A**

**FINANCIAL QUALIFICATIONS OF NII**  
**COMMUNICATIONS, LTD.**

NII COMMUNICATIONS, LTD. (the "Company") has enough financial resources to adequately provide service. As the following information will show, the Company has approximately 2.7 million dollars available for use from MCG Corporation. This will be more than enough for the Company to provide and maintain the requested services. The Company will also be able to meet its ownership or lease obligations as they arise. In support of this, find attached hereto the audited financials of the Company for 1999 (the original name of the Company was network intelligence inc. which changed to nii communications, LTD. through a corporate restructuring in August), and the unaudited financials that are currently available for 2000.

**Balance Sheet**

As of October 31, 2000

**UNAUDITED**

|  | <u>Oct 31, '00</u>         |
|--|----------------------------|
| <b>ASSETS</b>                                    |                            |
| <b>Current Assets</b>                            |                            |
| <b>Checking/Savings</b>                          |                            |
| 1006 · U.S. Trust                                | 205.29                     |
| 990 · Compass Bank Dep. nii comm                 | 621,457.59                 |
| 991 · Compass Bank Disb. nii comm                | -1,932.29                  |
| 992 · Compass Bank Dep nii Finance               | 948.77                     |
| <b>Total Checking/Savings</b>                    | <u>620,679.36</u>          |
| <b>Other Current Assets</b>                      |                            |
| 1008 · A/R - Other                               | 5,821.58                   |
| 1010 · Accounts Receivable - Retail              |                            |
| 1011 · A/R - CC Pymnts - Retail                  | -59,619.08                 |
| 1010 · Accounts Receivable - Retail - Other      | 1,456,532.73               |
| <b>Total 1010 · Accounts Receivable - Retail</b> | <u>1,396,913.65</u>        |
| 1013 · Accounts Receivable - Access              | 253,743.95                 |
| 1015 · Allowance for Doubtful Accounts           | -47,194.32                 |
| 1016 · Accounts Receivable-Web Develop           | 34,046.25                  |
| 1017 · Accounts Receivable-DRO                   | 8,426.31                   |
| 1020 · Security Deposit Rent                     | 8,508.17                   |
| 1023 · Retainers                                 | 5,000.00                   |
| 1025 · Promotional Merchandise                   | 3,722.03                   |
| 1205 · Accounts Receivable-Employees             | 4,600.00                   |
| 1206 · Accounts Receivable-Directors             | 3,000.00                   |
| 1300 · Prepaid Expenses                          | 125,099.10                 |
| <b>Total Other Current Assets</b>                | <u>1,801,686.72</u>        |
| <b>Total Current Assets</b>                      | 2,422,366.08               |
| <b>Fixed Assets</b>                              |                            |
| 1401 · Equipment                                 | 327,087.22                 |
| 1402 · Furniture & Fixtures                      | 87,411.92                  |
| 1403 · Software                                  | 44,389.89                  |
| 1404 · DSL Start-up Costs                        | 8,000.00                   |
| 1406 · Installation/Set Up Charges               | 321,041.11                 |
| 1409 · Leasehold Improvements                    | 22,126.50                  |
| 1500 · Accumulated Depreciation                  | -111,006.80                |
| <b>Total Fixed Assets</b>                        | <u>699,049.84</u>          |
| <b>Other Assets</b>                              |                            |
| 1055 · Notes Receivable-nii financial            | 1,332,895.35               |
| 1415 · Debt Issuance Costs                       | 240,196.38                 |
| 1416 · Accumulated Amortization                  | -32,283.49                 |
| 1853 · Patents and Trademarks                    | 5,221.93                   |
| <b>Total Other Assets</b>                        | <u>1,546,030.17</u>        |
| <b>TOTAL ASSETS</b>                              | <u><u>4,667,446.09</u></u> |

**Balance Sheet**

As of October 31, 2000

Oct 31, '00**UNAUDITED****LIABILITIES & EQUITY****Liabilities****Current Liabilities****Accounts Payable**

2000 · Accounts Payable

784,933.39

**Total Accounts Payable**784,933.39**Credit Cards**

2005 · American Express

14,219.23

**Total Credit Cards**14,219.23**Other Current Liabilities**

2115 · Deposits on Phone Service

50.00

2120 · Unearned Revenue

433,590.48

2125 · Accrued Liabilities

176,246.09

2130 · Accrued Loan Interest

26,709.25

2203 · Municipal Fees Payable

82,774.91

2204 · County Sales Taxes Payable

231.76

2205 · City Sales Tax Payable

19,084.38

2210 · State Sales Tax Payable

34,039.21

2211 · Use Tax Payable

968.69

2212 · TXUSF Taxes Payable

19,381.12

2213 · TIF Payable

5,773.31

2214 · TX Utility Gross Receipts Tax

2,570.62

2215 · Federal Excise Tax Payable

33,649.89

2216 · 911 Payable

40,526.58

**Total Other Current Liabilities**875,596.29**Total Current Liabilities**

1,674,748.91

**Long Term Liabilities**

2510 · Note Payable- MCG Credit Corp

1,400,000.00

**Total Long Term Liabilities**1,400,000.00**Total Liabilities**

3,074,748.91

**Equity**

1110 · Retained Earnings

-776,787.33

Net Income

-1,257,731.30

3000 · Opening Bal Equity

38.81

3001 · Capital Stock

3,636,177.00

3002 · Additional Paid-in Capital

-9,000.00

**Total Equity**1,592,697.18**TOTAL LIABILITIES & EQUITY**4,667,446.09

## Profit and Loss

October 2000

UNAUDITED

|  | <u>Oct '00</u>    | <u>Jan - Oct '00</u> |
|--|-------------------|----------------------|
| <b>Ordinary Income/Expense</b>                 |                   |                      |
| <b>Income</b>                                  |                   |                      |
| <b>4005 · Telecommunications Revenue</b>       |                   |                      |
| <b>4006 · Revenue</b>                          |                   |                      |
| 4010 · Local Service                           | 492,496.74        | 2,617,045.89         |
| 4015 · Local Adjustments                       | -2,588.72         | -33,846.48           |
| 4020 · Long Distance                           | 81,473.73         | 534,788.62           |
| 4025 · Long Distance Adjustments               | -4,168.17         | -43,694.85           |
| 4026 · Access Revenue                          | 146,350.88        | 931,402.01           |
| 4030 · ISP Revenue                             | 1,283.35          | 9,363.92             |
| 4035 · Internet Service Adjustments            | -394.95           | -4,525.35            |
| 4038 · Refunds on Service                      | 0.00              | -29.74               |
| <b>4050 · Web Site Revenue</b>                 |                   |                      |
| 4055 · Web Site Development                    | 0.00              | 32,966.25            |
| 4060 · Web Site Hosting                        | 80.00             | 1,820.00             |
| 4050 · Web Site Revenue - Other                | 1,000.00          | 8,426.31             |
| <b>Total 4050 · Web Site Revenue</b>           | <u>1,080.00</u>   | <u>43,212.56</u>     |
| <b>Total 4006 · Revenue</b>                    | <u>715,532.86</u> | <u>4,053,716.58</u>  |
| <b>Total 4005 · Telecommunications Revenue</b> | <u>715,532.86</u> | <u>4,053,716.58</u>  |
| <b>Total Income</b>                            | 715,532.86        | 4,053,716.58         |
| <b>Expense</b>                                 |                   |                      |
| <b>4100 · Cost of Goods Sold</b>               |                   |                      |
| 4101 · Local                                   | 272,936.42        | 1,516,347.32         |
| 4102 · Long Distance                           | 112,988.62        | 673,751.77           |
| 4103 · Internet                                | 18,107.01         | 71,179.16            |
| 4104 · Web Hosting                             | 2,229.64          | 20,049.64            |
| 4120 · NECA Texas USF Fees                     | 19,045.92         | 106,019.92           |
| 4121 · Texas TIF Taxes                         | 6,019.57          | 34,603.29            |
| 4122 · Texas Municipal Fees                    | 25,665.83         | 82,774.91            |
| 4123 · TX Gross Receipts Tax                   | 775.32            | 5,115.61             |
| <b>Total 4100 · Cost of Goods Sold</b>         | <u>457,768.33</u> | <u>2,509,841.62</u>  |
| 6100 · Advertising/Public Relations            | 35.00             | 11,664.37            |
| 6105 · Association Dues                        | 45.00             | 11,616.02            |
| 6106 · Assoc. Conference Registration          | 0.00              | 2,273.88             |
| 6110 · Automobile Expense                      | 106.88            | 177.39               |
| 6115 · Bad Debts                               | 5,753.34          | 32,201.25            |
| 6120 · Bank/Misc. Service Charges              | 2,497.30          | 11,209.43            |
| 6130 · Cash Discounts                          | -192.16           | -335.38              |
| 6135 · Billing Services                        | 57,746.51         | 318,755.59           |
| 6136 · Charitable Contribution                 | 0.00              | 250.00               |
| 6137 · Commissions                             | 88,640.53         | 505,757.75           |
| 6138 · Computer Supplies                       | 88.16             | 3,516.87             |
| 6139 · Sales Awards                            | 9,700.00          | 22,474.60            |

## Profit and Loss

October 2000

UNAUDITED

|  | <u>Oct '00</u>   | <u>Jan - Oct '00</u> |
|--|------------------|----------------------|
| 6140 · Contributions                       | 0.00             | 0.00                 |
| 6142 · Credit Card Service Charges         | -355.20          | 691.68               |
| 6150 · Depreciation Expense                | 13,910.88        | 82,775.28            |
| 6155 · Directors Expenses                  | 0.00             | -3,000.00            |
| 6160 · Dues and Subscriptions              | 704.03           | 3,076.22             |
| 6163 · Employee Appreciation               | 1,828.13         | 4,391.83             |
| 6165 · Employee Benefits                   |                  |                      |
| 6166 · Employee Telecomm Charges           | 1,355.75         | 9,458.80             |
| 6167 · Employee Exercise Program           | 174.60           | 827.95               |
| <b>Total 6165 · Employee Benefits</b>      | <u>1,530.35</u>  | <u>10,286.75</u>     |
| 6170 · Equipment Rental                    | 2,239.10         | 6,723.53             |
| 6180 · Insurance                           |                  |                      |
| 6195 · Property Gen. Liab/Workers Comp     | 475.00           | 3,948.00             |
| 6198 · D&O Liability Insurance             | 2,476.88         | 20,084.78            |
| 6199 · Key Man Life Insurance              | 983.83           | 5,902.99             |
| <b>Total 6180 · Insurance</b>              | <u>3,935.71</u>  | <u>29,935.77</u>     |
| 6196 · Flight Insurance/Misc.              | 16.00            | 44.00                |
| 6200 · Interest Expense                    |                  |                      |
| 6210 · Finance Charge                      | 0.00             | 183.27               |
| 6220 · Loan Interest                       | 31,248.90        | 130,386.02           |
| 6225 · Debt Issuance Costs                 | 6,672.12         | 31,738.16            |
| <b>Total 6200 · Interest Expense</b>       | <u>37,921.02</u> | <u>162,307.45</u>    |
| 6230 · Licenses and Permits                | 0.00             | 2,600.35             |
| 6240 · Miscellaneous                       | 74.53            | 368.42               |
| 6242 · Move/Change of Office Space         | 2,789.60         | 2,789.60             |
| 6244 · Office Equipment                    | 563.95           | 1,728.34             |
| 6245 · Office Supplies                     |                  |                      |
| 6246 · Kitchen Supplies                    | 455.98           | 831.60               |
| 6245 · Office Supplies - Other             | 3,101.70         | 29,378.97            |
| <b>Total 6245 · Office Supplies</b>        | <u>3,557.68</u>  | <u>30,210.57</u>     |
| 6250 · Postage & Shipping                  |                  |                      |
| 6252 · Postage                             | 300.00           | 3,619.47             |
| 6253 · Shipping                            | 329.91           | 6,981.67             |
| 6250 · Postage & Shipping - Other          | 0.00             | 8.94                 |
| <b>Total 6250 · Postage &amp; Shipping</b> | <u>629.91</u>    | <u>10,610.08</u>     |
| 6257 · Subscriptions and Publications      | 152.65           | 2,022.36             |
| 6260 · Printing                            | 2,271.13         | 12,821.47            |
| 6270 · Professional Fees                   |                  |                      |
| 6272 · Accounting Fees                     | 400.00           | 2,410.00             |
| 6275 · Consulting Fees                     | 641.87           | 641.87               |
| 6276 · Atty Fees - Organizational          | 1,285.79         | 23,512.78            |
| 6277 · Atty Fees - Regulatory              | 598.93           | 3,799.45             |
| 6278 · Atty Fees - Financings              | 250.00           | 250.00               |



## Profit and Loss

October 2000

UNAUDITED

|  | <u>Oct '00</u>    | <u>Jan - Oct '00</u> |
|--|-------------------|----------------------|
| 6280 · Attorney Fees - Corporate       | 4,978.20          | 36,340.56            |
| 6281 · Attorney Office Expenses        | 0.00              | 1,517.37             |
| <b>Total 6270 · Professional Fees</b>  | <b>8,154.79</b>   | <b>68,472.03</b>     |
| 6282 · Promotion                       | -5,039.00         | 5,353.45             |
| 6283 · Market Research & Development   | 0.00              | 14,396.00            |
| 6284 · Agency Recruiting/Training      | 8,045.41          | 9,252.32             |
| 6285 · Recruiting/Moving               | 4,834.17          | 23,835.17            |
| 6290 · Rent                            | 15,146.58         | 118,564.73           |
| 6300 · Repairs                         |                   |                      |
| 6310 · Building Repairs                | 0.00              | 2,139.05             |
| 6330 · Equipment Repairs-Installation  | 716.18            | 1,421.35             |
| <b>Total 6300 · Repairs</b>            | <b>716.18</b>     | <b>3,560.40</b>      |
| 6335 · Tariffs/Taxes                   | 464.03            | 14,726.52            |
| 6340 · Telephone                       |                   |                      |
| 6341 · Local Service                   | 469.19            | 7,237.95             |
| 6342 · Long Distance                   | 2,546.22          | 28,339.05            |
| 6343 · Internet Service                | 256.92            | 1,070.39             |
| 6344 · Cellular                        | 1,356.23          | 13,027.70            |
| 6345 · Teleconferencing                | 203.05            | 6,969.86             |
| 6346 · Answering Service               | 243.84            | 2,374.13             |
| <b>Total 6340 · Telephone</b>          | <b>5,075.45</b>   | <b>59,019.08</b>     |
| 6348 · Training/Seminars               | 0.00              | 2,000.00             |
| 6349 · Business Meals & Entertainment  | 2,481.05          | 2,481.05             |
| 6350 · Travel & Ent                    |                   |                      |
| 6370 · Meals                           | 291.29            | 10,188.15            |
| 6380 · Travel                          | 4,892.73          | 54,976.26            |
| 6385 · Entertainment Expense           | 4,725.00          | 10,033.91            |
| <b>Total 6350 · Travel &amp; Ent</b>   | <b>9,909.02</b>   | <b>75,198.32</b>     |
| 6450 · Website Expense - nii           | 0.00              | 1,042.83             |
| 6451 · DSL Product Development Costs   | 7,565.56          | 24,540.44            |
| 6452 · ISP Product Development Costs   | 0.00              | 1,002.79             |
| 6453 · New Market Organizational Costs | 4,500.00          | 6,989.70             |
| 6454 · Corporate Reorganizational Cost | 0.00              | 1,971.90             |
| 6560 · Payroll Expenses                |                   |                      |
| 6561 · Contract Labor                  | 1,020.00          | 12,163.75            |
| 6562 · Employee Services (Administaff) | 152,846.26        | 1,109,838.01         |
| 6566 · Salaries-Deferred               | 0.00              | 31,266.66            |
| 6570 · Temporary Services              | 13,028.98         | 61,953.84            |
| 6560 · Payroll Expenses - Other        | 1,315.52          | 1,315.52             |
| <b>Total 6560 · Payroll Expenses</b>   | <b>168,210.76</b> | <b>1,216,537.78</b>  |
| 6999 · Uncategorized Expenses          | 0.00              | 0.00                 |
| <b>Total Expense</b>                   | <b>924,022.36</b> | <b>5,438,731.60</b>  |

**Profit and Loss**

October 2000

**UNAUDITED**

|                             | <u>Oct '00</u>            | <u>Jan - Oct '00</u>        |
|-----------------------------|---------------------------|-----------------------------|
| <b>Net Ordinary Income</b>  | -208,489.50               | -1,385,015.02               |
| <b>Other Income/Expense</b> |                           |                             |
| <b>Other Income</b>         |                           |                             |
| 7010 · Interest Income      | 14,115.26                 | 122,084.28                  |
| 7030 · Other Income         | <u>3,084.50</u>           | <u>5,744.77</u>             |
| <b>Total Other Income</b>   | 17,199.76                 | 127,829.05                  |
| <b>Other Expense</b>        |                           |                             |
| 8015 · Amortization Expense | <u>87.03</u>              | <u>545.33</u>               |
| <b>Total Other Expense</b>  | <u>87.03</u>              | <u>545.33</u>               |
| <b>Net Other Income</b>     | <u>17,112.73</u>          | <u>127,283.72</u>           |
| <b>Net Income</b>           | <u><u>-191,376.77</u></u> | <u><u>-1,257,731.30</u></u> |

**AFFIDAVIT**

STATE OF TEXAS )

COUNTY OF BEXAR )

I, Richard E. Burk; of lawful age deposes and says as follows:

I am President and Chief Executive Officer of NII COMMUNICATIONS, LTD., a limited partnership in San Antonio, Texas.

I, on behalf of NII COMMUNICATIONS, LTD., attest that the foregoing unaudited financials were prepared by me or at my direction and are true and accurate to the best of my knowledge and belief.

  
Richard E. Burk

Subscribed and sworn to before this 21 day of December, 2000.

**AFFIDAVIT**


STATE OF TEXAS )

COUNTY OF BEXAR )

I, Mark J. Gitter; of lawful age deposes and says as follows:

I am Vice President and Chief Financial Officer of NII COMMUNICATIONS, LTD., a limited partnership in San Antonio, Texas.

I, on behalf of NII COMMUNICATIONS, LTD., attest that the foregoing unaudited financials were prepared by me or at my direction and are true and accurate to the best of my knowledge and belief.

  
\_\_\_\_\_  
Mark J. Gitter

Subscribed and sworn to before this 20 day of December, 2000.

**AUDITED**

NETWORK INTELLIGENCE, INC., AND SUBSIDIARY

CONSOLIDATED BALANCE SHEET - - DECEMBER 31, 1999

ASSETS

CURRENT ASSETS:

|   |                |
|---|----------------|
| Cash  | \$ 103,065     |
| Investments   | 150,000        |
| Restricted investments  | 242,000        |
| Accounts receivable, net of allowance for doubtful accounts of \$17,993 | 475,763        |
| Other current assets  | <u>8,808</u>   |
| Total current assets  | <u>979,636</u> |

PROPERTY AND EQUIPMENT:

|   |                 |
|---|-----------------|
| Equipment                                       | 88,513          |
| Furniture and fixtures                          | 33,572          |
| Installation charges                            | 63,651          |
| Leasehold improvements                          | 21,273          |
| Software and other fixed assets                 | <u>6,708</u>    |
|   | 213,717         |
| Less- Accumulated depreciation and amortization | <u>(28,232)</u> |
| Total property and equipment                    | <u>185,485</u>  |

OTHER ASSETS:

|                  |                    |
|------------------|--------------------|
| Notes receivable | <u>50,000</u>      |
| Total assets     | <u>\$1,215,121</u> |

LIABILITIES AND EQUITY

CURRENT LIABILITIES:

|                              |                |
|------------------------------|----------------|
| Accounts payable             | \$ 276,138     |
| Unearned revenue             | 86,614         |
| Accrued liabilities          | 156,077        |
| Notes payable, related party | <u>235,000</u> |
| Total current liabilities    | <u>753,829</u> |

EQUITY:

|   |                    |
|---|--------------------|
| Capital stock, no par value, authorized 3,000,000 shares, issued and outstanding 1,456,037 shares | 1,238,079          |
| Accumulated deficit   | <u>(776,787)</u>   |
|   | <u>461,292</u>     |
| Total liabilities and equity  | <u>\$1,215,121</u> |

The accompanying notes are an integral part of these financial statements.

AUDITED

NETWORK INTELLIGENCE, INC., AND SUBSIDIARY

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1999

|  |                     |
|--|---------------------|
| REVENUE                                      | \$ 564,151          |
| COSTS AND EXPENSES:                          |                     |
| Cost of services                             | 315,773             |
| Selling, general and administrative expenses | <u>1,126,755</u>    |
| Total costs and expenses                     | <u>1,442,528</u>    |
| OPERATING LOSS                               | (878,377)           |
| OTHER INCOME (EXPENSE):                      |                     |
| Interest expense                             | (16,555)            |
| Interest income                              | 2,650               |
| Other income                                 | <u>152,158</u>      |
| NET LOSS                                     | <u>\$ (740,124)</u> |

The accompanying notes are an integral part of these financial statements.

**AUDITED**

NETWORK INTELLIGENCE, INC., AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CAPITAL STOCK

AND OTHER STOCKHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 1999

|                            | <u>Capital<br/>Stock</u> | <u>Accumulated<br/>Deficit</u> | <u>Total</u>      |
|----------------------------|--------------------------|--------------------------------|-------------------|
| BALANCE, December 31, 1998 | \$ 1,000                 | \$ (36,663)                    | \$ (35,663)       |
| Net loss                   | -                        | (740,124)                      | (740,124)         |
| Sale of capital stock      | <u>1,237,079</u>         | <u>-</u>                       | <u>1,237,079</u>  |
| BALANCE, December 31, 1999 | <u>\$1,238,079</u>       | <u>\$(776,787)</u>             | <u>\$ 461,292</u> |

The accompanying notes are an integral part of these financial statements.

**AUDITED**

NETWORK INTELLIGENCE, INC., AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 1999

CASH FLOWS FROM OPERATING ACTIVITIES:

|   |                  |
|---|------------------|
| Net loss  | \$ (740,124)     |
| Adjustments to reconcile net loss to net cash used in operating activities- |                  |
| Depreciation and amortization expense                                       | 21,645           |
| Increase in accounts receivable, net  | (475,763)        |
| Increase in other current assets  | (8,808)          |
| Increase in accounts payable  | 276,138          |
| Increase in unearned revenue  | 86,614           |
| Increase in accrued liabilities   | <u>156,077</u>   |
| Net cash used in operating activities                                       | <u>(684,221)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES:

|                                       |                  |
|---------------------------------------|------------------|
| Capital additions                     | (199,752)        |
| Issuance of notes receivable          | (50,000)         |
| Purchases of investments              | (150,000)        |
| Purchases of restricted investments   | <u>(242,000)</u> |
| Net cash used in investing activities | <u>(641,752)</u> |

CASH FLOWS FROM FINANCING ACTIVITIES:

|  |                  |
|--|------------------|
| Proceeds from sale of capital stock        | 1,181,037        |
| Proceeds from notes payable, related party | <u>235,000</u>   |
| Net cash provided by financing activities  | <u>1,416,037</u> |

|                           |                   |
|---------------------------|-------------------|
| NET INCREASE IN CASH      | 90,064            |
| CASH, beginning of period | <u>13,001</u>     |
| CASH, end of period       | <u>\$ 103,065</u> |

The accompanying notes are an integral part of these financial statements.



NETWORK INTELLIGENCE, INC., AND SUBSIDIARY

**AUDITED**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1999

1. GENERAL:

Network Intelligence, Inc., a competitive local exchange carrier (CLEC), was incorporated in 1996 as a Texas Subchapter S Corporation for the purpose of offering an integrated set of telecommunications products and services including local exchange, domestic and international long distance, enhanced voice, data and a full suite of Internet services. Network Intelligence, Inc., and its subsidiary are collectively referred to herein as the "Company."

The Company utilizes an agency sales system to market its services. The Company recruits agents in local markets to sell the Company's services by providing exclusive territory to an independent sales agency. The Company seeks agents with a history of success in sales, a solid reputation in the local community and a desire to go into business for themselves. Agents are responsible for setting up and funding their entire operation, from renting office space to hiring sales people. The Company provides the necessary training and support for agents and their employees and assists the agents in obtaining up-front financing in the absence of other sources. As of December 31, 1999, the Company had agents in San Antonio, Lubbock, Abilene and Amarillo.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Consolidation

The accompanying consolidated financial statements include the accounts of Network Intelligence, Inc., and its wholly owned subsidiary. All significant intercompany balances and transactions have been eliminated.

Statement of Cash Flows

For purposes of reporting cash flows, the Company includes as cash and cash equivalents, cash, marketable securities and commercial paper with original maturities of three months or less at the date of purchase.

Noncash investing and financing activities for the year ended December 31, 1999, included the issuance of \$56,042 of capital stock in exchange for the forgiveness of a note payable to certain officers of the Company.

Investments

At December 31, 1999, investments consisted of mutual funds carried at the lower of cost or market.

Restricted Investments

At December 31, 1999, restricted investments consisted of certificates of deposit held as collateral for loans made by a bank to certain agents of the Company. The Company is a guarantor of the loans. The certificates of deposit are carried at cost and earn interest at various rates ranging from 4.21 percent to 5.36 percent. Subsequent to December 31, 1999, the Company redeemed the certificates of deposits and utilized the proceeds to repay the guaranteed loans to the bank. New notes were executed with the agents through the Company's wholly owned subsidiary, Network Intelligence Financial, Inc.

Accounts Receivable

**AUDITED**

Accounts receivable consist of end-user receivables and a receivable from Southwestern Bell Telephone Company in the amount of \$150,000 for nonattainment of certain contract provisions as of December 31, 1999.

Property and Equipment

Fixed assets are stated at cost and are depreciated and amortized once placed in service using the straight-line method. Repair and maintenance costs are expensed as incurred. Depreciable lives of property and equipment at December 31, 1999, were as follows:

|                                 |             |
|---------------------------------|-------------|
| Equipment                       | 3 - 7 years |
| Furniture and fixtures          | 5 years     |
| Installation charges            | 5 years     |
| Leasehold improvements          | 5 years     |
| Software and other fixed assets | 3 - 5 years |

Accrued Liabilities

Accrued liabilities consisted of the following at December 31, 1999:

|  |                   |
|--|-------------------|
| Executive salaries payable               | \$ 69,000         |
| Sales taxes and excise taxes payable     | 38,373            |
| Accrued accounting and professional fees | 22,450            |
| Accrued software implementation fees     | 15,844            |
| Other                                    | <u>10,410</u>     |
|  | <u>\$ 156,077</u> |

Revenue Recognition

Revenue is recognized in the month in which the service is provided.

Income Taxes

The Company has elected Subchapter S status for income tax purposes. Federal taxation of income earned by an S Corporation occurs at the shareholder level rather than at the corporate level. Therefore, no provision for income taxes has been included in these financial statements.

Comprehensive Income

In June 1997, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 130 (SFAS 130), "Reporting Comprehensive Income." SFAS 130 established reporting and disclosure requirements for comprehensive income and its components within the financial statements. The Company had no comprehensive income components as of December 31, 1999; therefore, comprehensive loss is the same as net loss for the period.

Use of Estimates in Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

3. NOTES RECEIVABLE:

**AUDITED**

At December 31, 1999, notes receivable, related party, consisted of loans by the Company to the Company's agents in San Antonio and Amarillo. The notes, which are due in 2001, earn interest at 6.6 percent per annum and are secured by certain tangible and intangible assets used by the agents in their respective cities to conduct business on behalf of the Company.

4. NOTES PAYABLE, RELATED PARTY:

At December 31, 1999, notes payable, related party, consisted of the following:

|   |                   |
|---|-------------------|
| Note payable, due March 2000, interest at prime   | \$ 100,000        |
| Note payable, due January 2000, interest at prime, secured<br>by the Company's unrestricted investments | <u>135,000</u>    |
|   | <u>\$ 235,000</u> |

5. COMMITMENTS AND CONTINGENCIES:

The Company has entered into operating lease agreements for equipment and office space which expire in 2002 and 2004, respectively. Future minimum lease obligations related to the Company's operating leases as of December 31, 1999, are as follows:

|      |            |
|------|------------|
| 2000 | \$ 125,308 |
| 2001 | 136,128    |
| 2002 | 135,735    |
| 2003 | 134,556    |
| 2004 | 100,917    |

Total rent expense for the year ended December 31, 1999, was \$46,719.

In addition to the above operating leases, the Company has a computer services and license agreement with CHA Systems, Inc., the Company's billing service, which expires in February 2002. The Company is charged for billings processed under the agreement on a per unit basis subject to a minimum monthly fee of \$10,000 for subscriber and carrier access billings combined.

6. STOCK OPTION PLAN:

In 1999, the Company established a stock option plan. The exercise price of each option granted may equal or exceed the market price of the Company's stock on the date of grant. Options granted under the plan during 1999 vest over periods up to three years and expire three years from the date of vesting.

During 1999, the Company granted options to purchase up to 510,000 shares of common stock at \$1.00 per share and up to 26,000 shares of common stock at \$3.00 per share. During 1999, 121,037 options were exercised at a price of \$1.00 per share. As of December 31, 1999, there were 414,963 options outstanding and 315,628 were exercisable.

In October 1995, the Financial Accounting Standards Board issued SFAS No. 123, "Accounting for Stock-Based Compensation." This statement encourages but does not require companies to measure and recognize in their financial statements a compensation cost for stock-based employee compensation plans based on the "fair value" method of accounting set forth in the statement. The Company has chosen to account for its stock

option plans using the "intrinsic value" method of accounting set forth in Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees." Accordingly, compensation cost for stock options is measured as the excess, if any, of the market price of the Company's capital stock at the date of grant over the amount the employee must pay to acquire the stock. Therefore, no compensation cost was reported in 1999 for granted options as the exercise price was greater than or equal to the market price on the date of grant. However, had compensation expense been determined consistent with SFAS No. 123, the Company's net loss for the year ended December 31, 1999, would have been increased to the following pro forma amounts:

|             |             |
|-------------|-------------|
| Net loss-   |             |
| As reported | \$(740,124) |
| Pro forma   | (814,630)   |

The fair value of each option grant was estimated on the grant date using the Black-Scholes option pricing model assuming no volatility, no dividends, a risk-free interest rate of 5.52 percent to 6.41 percent and an expected life of the options equal to their respective maximum term.

7. SUBSEQUENT EVENTS:

In March 2000, the Company completed a private placement of 500,000 shares of capital stock. Proceeds from the sale of the capital stock totaled \$2,000,000.

Also in March 2000, the Company closed an investment/credit facility with MCG Finance Corporation (MCG). A total of 100,000 shares of the Company's capital stock was sold to MCG for total proceeds of \$400,000. In addition, a \$4.5 million line of credit was established with MCG. Borrowings under the line of credit are subject to the maintenance of certain financial and other covenants.

**EXHIBIT B**

**MANAGERIAL AND TECHNICAL QUALIFICATIONS OF**  
**NII COMMUNICATIONS, LTD.**

## **Richard E. Burk, President & CEO**

Richard E. Burk has over 25 years experience in the telecommunications industry, in sales, marketing, operations and executive management positions. From 1994 through April 1998, Mr. Burk was president of Texaltel, (Texas Association of Long Distance Telephone Companies) an industry group whose primary role is representing the industry at the Public Utilities Commission and the Texas Legislature on policy and regulatory issues. Mr. Burk currently serves on the Board of Directors of Comptel (the National Association of Competitive Telecommunications providers), representing over 340 telecommunication companies of all sizes, from industry giants such as MCI WorldCom, to companies as small as nii communications.

From June 1996 to July 1998, Mr. Burk was Vice President of Strategic Planning of USLD Communications, one of the 10 largest publicly held long distance companies in the United States. At USLD Mr. Burk chaired the strategic planning committee that established the critical strategies for USLD's success. He was responsible for all new product development in the marketing area and the deployment of local exchange service on a national level. During his tenure at USLD, that company entered into the local exchange business in 22 states, providing service to small, medium and large businesses as well as to the privately owned pay telephone industry. Within 18 months of inception, the local exchange business started at USLD was generating over a million dollars a month in revenue and was one of the more successful local exchange strategies in the United States.

From January to June 1996, Mr. Burk operated nii communications as a telecommunications consulting firm. His clients included American Telco, (now Logix), Dial US Corp. in Missouri (now part of McCloud) and USLD (now part of Qwest). He was instrumental in developing marketing strategies that allowed each of these companies to enter the local exchange business.

From October 1990 to January 1996, Mr. Burk was Vice President of Operations for American Telco Inc. His responsibilities included managing that company's long distance network and information systems including software development, as well as overseeing the Company's regulatory affairs and marketing functions. During his tenure, American Telco Inc. grew from a \$16 million long distance company operating primarily in Houston, Texas to a \$40 million local and long distance company operating throughout the state of Texas.

From April 1984 to October 1990, Mr. Burk was President of Value Line Longview, Inc., a start up competitive long distance company. Annual sales at Value Line Longview grew from \$250,000 to over 10 million under Mr. Burk's leadership, and Value Line Longview is currently one of the most active competitive long distance and local exchange companies in Texas.

Prior to 1984, Mr. Burk worked for eight years for Southwestern Bell Telephone and AT&T in their marketing department and also served a number of major end users as a telecommunications consultant.

**Ellen M. Frattini, Senior Vice President and General Manager**

Ms. Frattini has been with nii communications since February 1, 1999 and is responsible for the day to day operations of customer service, provisioning, human resources and purchasing. She is also charged with interfacing with underlying network providers and providers of billing and operational support systems, overseeing support systems for the agency program, and overall P&L responsibility for the business.

From July 1997 to January 1999 Ms. Frattini was Senior Director of Local & Operator services for USLD Corp. At USLD, she oversaw the deployment of local service throughout the United States, and later managed the ongoing operation of USLD's local exchange business, providing services to small and medium sized businesses as well as to the private pay telephone industry.

From December 1988 to July 1997, Ms. Frattini was a Branch Chief working for the U.S. Government in connection with the Defense Department and the United States Air Force in San Antonio, Texas. Her responsibilities included overseeing the communications and computer operations division within the Defense Megacenter in San Antonio, Texas. From 1993 to 1995 she planned, organized and directed the consolidation of 16 United States Air Force Bases computer processing centers into the Defense Megacenter. Prior to her government position, Ms. Frattini served as Vice President of the computer division of Americorp Enterprises, Inc. in San Antonio, Texas where she was responsible for the computer division, establishing training, telephone support and conducting all of the responsibilities relative to the computer information systems of that enterprise.

Ms. Frattini has a Bachelor of Business Administration Degree and a Master of Business Administration Degree from Our Lady of the Lake University in San Antonio, Texas. She is an active member of the Delta Mu Delta National Business Honor Society.

## **Kelly G. Castor, Senior Vice President of Sales and Agency Development**

Kelly Castor has twenty years experience in sales, sales management, general management and executive management in a wide variety of industries, reengineering programs and management development programs. As a management consultant, Mr. Castor has worked with both large and small companies including GTE, WorldCom, Integrity Publishing, and Great West Casualty.

Mr. Castor took on the role of General Manager at Integrity Publishing; a Dallas based third party publisher with \$8 million in annual sales. He developed and implemented an "On-time & On-goal" program which resulted in a 20% increase in monthly cash flow, a 25% increase in annual publications produced and on-time performance of approximately 95%. This model remains the operating platform with Integrity Publishing.

As Vice-President of Sales with C.P.R.I., a turnkey solutions provider of sales and marketing programs for Fortune 500 companies, Kelly was responsible for overseeing the acquisition and fulfillment of a variety of sales programs for companies such as Ameritech and GTE. As Regional Manager for American Telco, a regional inter-exchange carrier in Texas, his area of responsibility grew from the Austin, Texas sales office to nearly half of the Company's total annual revenue.

As President of Castor Enterprises, a Management Consulting firm, Kelly developed and implemented a variety of results-oriented management training, process development and communications programs. He is an experienced public speaker, having addressed a wide variety of audiences ranging from telecommunications executives, to insurance executives, to civic groups.



### **Kenneth F. Melley, Jr., Vice President of Market Development**

Ken Melley has over 11 years experience in the telecommunications industry. He began his career as a Pricing Analyst for Contel, an incumbent local telephone company, in their Northeast Regional Offices in Virginia. Ken joined U.S. Long Distance in 1990 as Director of Regulatory Affairs and was promoted to Vice President in 1995. Ken's responsibilities included oversight of the company's regulatory compliance and authorizations as the company expanded across the United States first as an operator service provider then as a facilities-based long distance carrier. Ken also directed the company's policy advocacy on a state and national level, and he played a significant role in the industry's lobbying efforts towards introducing competition into the local telecommunications market. After the Telecommunication Act of 1996 was passed, he obtained local certification on behalf of the company in twenty-two states and participated in negotiating local interconnection agreements with Southwestern Bell, Pacific Bell, NYNEX and Bell South. Ken fulfilled these responsibilities until 1998 after U.S. Long Distance was acquired by LCI International. During his tenure with USLD, the company grew from \$12 million annual revenues to over \$250 million, at the time ranking it as one of the ten largest long distance providers in the nation.

In 1998 Ken became Vice President of Regulatory Affairs for WorldxChange Communications, an international facilities-based wholesale and retail telecommunications provider. Ken was responsible for compliance monitoring, state and federal reporting requirements, product and program review and approval, sales contract implementation and enforcement, and a variety of operational duties.

Ken has served as a Board Member of several industry organizations including TEXALTEL ('94-'98,'00), CalTel ('96-'98), ACTA ('98-'99) and CompTel ('99-'00).

**Lenda A. Burk Vice President and Corporate Secretary**

Lenda Burk is the Co-founder of nii communications and was responsible for all administrative and accounting functions in the corporation during the start up phase of the company's growth. Today she is responsible for the corporate records and investor communications and continues to contribute in many significant ways. Lenda brings more than 25 years of accounting, administrative, and managerial experience to the company.

## **Mark J. Gitter, Vice President & Chief Financial Officer**

Mark Gitter comes to nii communications as a Certified Public Accountant with over eighteen years of experience in finance and accounting. Mark has held senior financial management positions with a wide range of responsibilities including over six years of managing the financial concerns of start-up ventures. Two of these years have been in the telecom industry. Most recently Mark served as CFO for a startup facilities-based CLEC (Competitive Local Exchange Carrier) offering bundled telecommunications services in resort communities on the western slope of Colorado. While there, Mark served as a key executive team member responsible for start-up and formation of the company including valuation analysis, legal and regulatory matters, strategic business plan development, financial modeling, financial reporting, corporate tax matters, accounting system development, compensation plan development, staffing plans, corporate policies and investor relations. He was also responsible for debt and equity capitalization efforts including investor presentations. Mark also served as the Corporate Treasurer on the firm's Board of Directors.

Prior to this Mark served for ten years with Hines (formally Hines Interests Limited Partnership) headquartered in Houston, Texas. Hines is a multi-billion dollar privately held investment developer and manager of major office and retail real estate projects within the Americas, Mexico, Europe, and the Far East. Mark aided in the startup and expansion of two subsidiary corporations while working under the Hines umbrella. He served as the Senior Controller and Compliance Officer for Hines GS Properties, Inc. Prior to this position he was the Senior Vice President and Chief Financial Officer of VTM Elevator Company (also an affiliate of Hines.) While in this position he was instrumental in successfully negotiating the sale of the company to Otis Elevator Company.

Mark began his career with Arthur Andersen & Co. in Houston, Texas. He holds a Bachelor of Arts in Accounting from the University of Wisconsin - Oshkosh and has been a Certified Public Accountant since 1984. He is a member of AICPA, TSCPA and APA.

**EXHIBIT C**

**CERTIFICATE OF FOREIGN LIMITED PARTNERSHIP**  
**OF NII COMMUNICATIONS, LTD.**

# State of Florida



## Department of State

I certify from the records of this office that NII COMMUNICATIONS, LTD. is a Texas limited partnership registered to transact business in the state of Florida on September 15, 2000.

The document number of this limited partnership is B00000000278.

Given under my hand and the  
Great Seal of the State of Florida  
at Tallahassee, the Capital, this the  
Fifteenth day of September, 2000



CR2EO22 (1-99)

*Katherine Harris*

Katherine Harris  
Secretary of State

## ATTACHMENT 1

The following list represents the partners in nii communications, Ltd.

### **Managing Partner**

nii communications, inc.  
1717 N. Loop 1604 East  
Suite 250  
San Antonio, TX 78232  
tel. (210) 403-9100  
fax (210) 403-9799

### **General Partner**

nii communications gp, LLC  
1717 N. Loop 1604 East  
Suite 250  
San Antonio, TX 78232  
tel. (210) 403-9100  
fax (210) 403-9799

**CERTIFICATE OF LIMITED PARTNERSHIP  
OF  
nii communications, Ltd.**

**FILED**  
In the Office of the  
Secretary of State of Texas  
**JUN 26 2000**  
**Corporations Section**

**THIS CERTIFICATE OF LIMITED PARTNERSHIP is executed pursuant to the Texas Revised Limited Partnership Act:**

- 1. The name of the limited partnership is nii communications, Ltd.**
- 2. The address of the registered office of the limited partnership is:**

**1717 North Loop 1604 East, Suite 250  
San Antonio, Texas 78232**

- 3. The name and address of the registered agent of the limited partnership for service of process required to be maintained under Section 1.06 of the Texas Revised Limited Partnership Act is:**

**Richard E. Burk  
1717 North Loop 1604 East, Suite 250  
San Antonio, Texas 78232**

- 4. The address of the principal office in the United States of the limited partnership where records are to be kept or made available under Section 1.07 of the Texas Revised Limited Partnership Act is:**

**1717 North Loop 1604 East, Suite 250  
San Antonio, Texas 78232**

- 5. The name, the mailing address and the street address of the business or residence of the general partner of the limited partnership is as follows:**

**nii communications gp, LLC  
1717 North Loop 1604 East, Suite 250  
San Antonio, Texas 78232**

IN WITNESS WHEREOF, this Certificate of Limited Partnership has been executed as of  
the 16 day of June, 2000.

nii communications, Ltd.  
a Texas limited partnership

By: nii communications gp, LLC  
its general partner

By:   
Richard E. Burk, President





The State of Texas

Secretary of State

JUNE 27, 2000

CAPITOL SERVICES, INC.  
800 BRAZOS  
AUSTIN TX 78701

RE:  
MII COMMUNICATIONS, LTD.

FILING NUMBER: 00136106-10

IT HAS BEEN OUR PLEASURE TO APPROVE AND PLACE ON RECORD YOUR  
CERTIFICATE OF LIMITED PARTNERSHIP.

THE APPROPRIATE EVIDENCE IS ATTACHED FOR YOUR FILES AND THE  
ORIGINAL HAS BEEN FILED IN THIS OFFICE.

PAYMENT OF THE FILING FEE IS ACKNOWLEDGED BY THIS LETTER.

IF WE CAN BE OF FURTHER SERVICE AT ANY TIME, PLEASE LET US KNOW.



*[Handwritten Signature]*