



ORIGINAL

July 8, 2002

VIA U.S. MAIL

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

*Re: Application for Alternative Local Exchange Service*

To Whom It May Concern:

020653-TX

Enclosed please find the completed Alternative Local Exchange Service Application form for Litestream Technologies, LLC. Additionally, we have enclosed the \$250 application fee as well as six copies of the application.

Litestream will pay all taxes and regulatory assessment fees in a timely manner, and looks forward to being a successful provider throughout the State of Florida.

Please confirm your receipt of this packet and acceptance of the enclosed application upon completion of your review thereof.

Thank you,

David Drykerman  
Director of Regulatory Affairs

Check received with receipt and  
forwarded to Bureau for deposit  
Fiscal not forward - copy of check  
to RAR with proof of deposit

Initials of person who forwarded check:

02 JUL -9 AM 10:50

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**\*\* FLORIDA PUBLIC SERVICE COMMISSION \*\***

**DIVISION OF REGULATORY OVERSIGHT**  
**CERTIFICATION SECTION**

**APPLICATION FORM**  
for  
**AUTHORITY TO PROVIDE**  
**ALTERNATIVE LOCAL EXCHANGE SERVICE**  
**WITHIN THE STATE OF FLORIDA**

020653-TX

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Instructions

- ◆ This form is used as an application for an original certificate and for approval of the assignment or transfer of an existing certificate. In the case of an assignment or transfer, the information provided shall be for the assignee or transferee (See Page 12).
- ◆ Print or type all responses to each item requested in the application and appendices. If an item is not applicable, please explain why.
- ◆ Use a separate sheet for each answer which will not fit the allotted space.
- ◆ Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of \$250.00 to:

**Florida Public Service Commission**  
***Division of Records and Reporting***  
**2540 Shumard Oak Blvd.**  
**Tallahassee, Florida 32399-0850**  
**(850) 413-6770**

- ◆ If you have questions about completing the form, contact:

**Florida Public Service Commission**  
**Division of Regulatory Oversight**  
**Certification Section**  
**2540 Shumard Oak Blvd.**  
**Tallahassee, Florida 32399-0850**  
**(850) 413-6480**

## 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: Litestream Technologies, LLC

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

Litestream Technologies

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

1500 San Remo Avenue, Suite 225  
Coral Gables, FL 33146

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

3550 W. Waters Avenue  
Tampa, FL 33614

**6. Structure of organization:**

- |   |  |
|---|--|
| <input type="checkbox"/> Individual                                   | <input type="checkbox"/> Corporation         |
| <input type="checkbox"/> Foreign Corporation                          | <input type="checkbox"/> Foreign Partnership |
| <input type="checkbox"/> General Partnership                          | <input type="checkbox"/> Limited Partnership |
| <input checked="" type="checkbox"/> Other (limited liability company) |  |

**7. If individual, provide:**

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:

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

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

**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:

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

(a) The Florida Secretary of State registration number: 982131

**12. If a limited liability company, provide name, title and address of all members and a copy of the operating agreement.**

1. Name: TECO Partners, Inc.

Attention: Philip L. Holdbrooks

Address: 702 North Franklin Street

City/State/Zip: Tampa, Florida 33602

Telephone No.: (813) 228-4730 Fax No.: (813) 228-1527

Internet E-Mail Address: pholdbrooks@tecoenergy.com

Internet Website Address: tecoenergy.com

2. Name: R & R Partners, LLC

Attention: Robert D. Rubin

Address: 1500 San Remo Avenue, Suite 225

City/State/Zip: Coral Gables, Florida 33146

Telephone No.: (305) 665-8784 Fax No.: (305) 665-7218

Internet E-Mail Address: rdrubin@bellsouth.net

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:

14. Provide **F.E.I. Number** (if applicable): 65-1119034

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.

no

(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.

yes, Robert Rubin, is an officer, director and member of Litestream and was the Chairman of Heritage Technologies, LLC, a certificated Alternative Local Exchange Company in the State of Florida. Litestream was owned in part by Heritage Technologies. An entity controlled by Mr. Rubin acquired Heritage's interest in Litestream in May 2002 and Robert Rubin resigned from Heritage to focus 100% of his time on Litestream. Robert Rubin was an officer and shareholder of Strategic Technologies, Inc. ('STI'), a subsidiary of Lennar Corporation (NYSE:LEN), from January 1996 to January 2001. STI was a certificated Alternative Local Exchange Company and Interexchange Carrier in the State of Florida. Mr. Rubin sold his interest in STI in January 2001. From August 1989 to December 1995, Mr. Rubin was an officer and director of Peoples Telephone Company, Inc., a coin-operated telephone provider in the State of Florida. Mr. Rubin resigned in December 1995 to join Lennar and establish STI.

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

(a) The application:

Name: Robert D. Rubin

Title: President

Address: 1500 San Remo Avenue, Suite 225

City/State/Zip: Coral Gables, FL 33146

Telephone No.: (305) 665-8784 Fax No.: (305) 665-8784

Internet E-Mail Address: rdrubin@bellsouth.net

Internet Website Address:

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

Name: Robert D. Rubin

Title: President

Address: 1500 San Remo Avenue, Suite 225

City/State/Zip: Coral Gables, FL 33146

Telephone No.: (305) 665-8784 Fax No.: (305) 665-7218

Internet E-Mail Address: rdrubin@bellsouth.net

Internet Website Address:

(c) Complaints/Inquiries from customers:

Name: Rick Hager

Title: General Manager

Address: 3550 W. Waters Avenue

City/State/Zip: Tampa, FL 33614

Telephone No.: (813) 375-3399

Fax No.: (813) 375-3437

Internet E-Mail Address: rhager@peoplesgas.com

Internet Website Address:

**17. List the states in which the applicant:**

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

none

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

none

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

none

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

none

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

none

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

none

**18. Submit the following:**

**A. Managerial capability: give resumes of employees/officers of the company that would indicate sufficient managerial experiences of each.**

Please see the attached resumes for the senior management of the applicant as follows.

Robert Rubin      President

Rick Hager      General Manager

David Drykerman      Director of Legal and Regulatory Affairs



**B. 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.**

John Reinke            Telecommunications Manager

Mike Tull             Senior Technical Manager

In addition to the employees listed above, Litestream has entered into a Consulting Services Agreement with Heritage Technologies, Ltd., a certificated Alternative Local Exchange Company in the State of Florida. Heritage will perform certain technical services from time to time on behalf of Litestream.

**C. 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.

*Litestream was formed on June 20, 2001. Attached as Exhibit B are the audited financial statements for Litestream for the fiscal year ended December 31, 2001.*

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.

Litestream believes it has sufficient financial capability to provide the requested service in the geographic area proposed to be served, to maintain the requested service and to meet its lease and ownership obligations, all as outlined in its financial projections attached to this Application. Litestream is comprised of two members. One member, TECO Partners, Inc., is a wholly owned subsidiary of TECO Energy, Inc. (TE:NYSE). The other member, R & R Partners, LLC, has secured third party financing to meet its financial obligations to Litestream. Litestream has also filed with the Rural Utilities Service Commission, a federal agency, for debt financing to build its infrastructure. To date, Litestream has not financed any of its operations with debt. Attached to this Application are credit references and financial projections for Litestream.

**THIS PAGE MUST BE COMPLETED AND SIGNED**

**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.


**Litestream Technologies, LLC**

UTILITY OFFICIAL:

ROBERT D. RUBIN  
Print Name

PRESIDENT  
Title

305 665-8784      305 665-7218  
Telephone No.      Fax No.

  
Signature

Date      7/8/02

Address: 1500 SAN PAMO AVENUE #225  
CORAL GABLES, FL 33146

**THIS PAGE MUST BE COMPLETED AND SIGNED**

**AFFIDAVIT**


By my signature below, I, the undersigned officer, attest to the accuracy of the information contained in this application and attached documents and that the applicant has the technical expertise, managerial ability, and financial capability to provide alternative local exchange company service in the State of Florida. I have read the foregoing and declare that, to the best of my knowledge and belief, the information is true and correct. I attest that I have the authority to sign on behalf of my company and agree to comply, now and in the future, with all applicable Commission rules and orders.

Further, I am aware that, pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083."

**Litestream Technologies, LLC**

**UTILITY OFFICIAL:**

ROBERT D. RUBIN  
Print Name

  
Signature

PRESIDENT  
Title

Date 7-8-02

305 665-8784      305 665-7218  
Telephone No.      Fax No.

Address: 1500 SAN REMO AVENUE, #225  
CORAL GABLES, FL 33146

INTRASTATE NETWORK (if available)

Chapter 25-24.825 (5), Florida Administrative Code, requires the company to make available to staff the alternative local exchange service areas only upon request.

1. **POP:** Addresses where located, and indicate if owned or leased.

1) \_\_\_\_\_ 2)

\_\_\_\_\_

3) \_\_\_\_\_ 4)

\_\_\_\_\_

2. **SWITCHES:** Address where located, by type of switch, and indicate if owned or leased.

1) \_\_\_\_\_ 2)

\_\_\_\_\_

3) \_\_\_\_\_ 4)

\_\_\_\_\_

3. **TRANSMISSION FACILITIES:** POP-to-POP facilities by type of facilities (microwave, fiber, copper, satellite, etc.) and indicate if owned or leased.

POP-to-POP

OWNERSHIP

1) \_\_\_\_\_

2) \_\_\_\_\_

3) \_\_\_\_\_

4) \_\_\_\_\_

STATE OF FLORIDA DEPARTMENT OF STATE

# State of Florida



## Department of State

I certify from the records of this office that LITESTREAM TECHNOLOGIES, LLC, is a limited liability company organized under the laws of the State of Florida, filed on June 20, 2001.

The document number of this company is L01000009933.

I further certify that said company has paid all fees due this office through December 31, 2001, and its status is active.

Given under my hand and the  
Great Seal of the State of Florida  
at Tallahassee, the Capitol, this the  
Sixth day of November, 2001



CR2EO22 (1-99)

*Katherine Harris*

Katherine Harris  
Secretary of State

H01-

**ARTICLES OF ORGANIZATION  
OF  
LITESTREAM TECHNOLOGIES, LLC**

The undersigned subscriber to these Articles of Organization, a natural person competent to contract, does hereby form a limited liability company under the laws of the State of Florida

**ARTICLE I**

**Name**

The name of the limited liability company shall be Litestream Technologies, LLC.

**ARTICLE II**

**Address and Place of Business**

The mailing address and principal place of business for the limited liability company is:

Litestream Technologies, LLC  
c/o David E. Schwartz, Esq.  
702 N. Franklin Street  
Tampa, Florida 33602

**ARTICLE III**

**Period of Duration**

The limited liability company shall begin existence on the day of filing, and shall continue into perpetuity, or until dissolved in a manner provided by law or by regulations adopted by the Members of the limited liability company.

**ARTICLE IV**

**Purposes**

The limited liability company may engage in the transaction of any or all lawful business for which limited liability companies may be formed under the laws of the State of Florida.

David E. Schwartz, Esq. - #982131  
702 N. Franklin Street  
Tampa, Florida 33602  
(813) 228-1808

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H01-

H01-

**ARTICLE V**  
**Registered Office and Registered Agent**

The street address of the limited liability company's initial registered office is 702 N Franklin Street, Tampa, Florida 33602 and the initial registered agent at such address is Sheila M. McDewitt. The limited liability company may change its registered office or its registered agent or both by filing with the Department of State of the State of Florida a statement complying with Section 608.416, Florida Statutes. Sheila M. McDewitt is specifically authorized to sign and file such Affidavits as may be required under Section 608.407, Florida Statutes.

**ARTICLE VI**  
**Management**

The management of the limited liability company, unless otherwise provided in the articles of organization or the operating agreement, shall be vested in a Board of Managers

**ARTICLE VII**  
**Continuity of Business**

Upon the death, retirement, resignation, expulsion, bankruptcy or dissolution of a member, or upon the occurrence of any other event which terminates the continued membership of a member in the limited liability company, the business of the limited liability company shall not cease and the limited liability company shall not be dissolved unless the business of the limited liability company is terminated by the consent or agreement of all remaining Members. Notwithstanding the death, retirement, resignation, expulsion or bankruptcy of a Member, all contracts executed by such Member in an individual or representative capacity shall survive and shall inure to the benefit of the limited liability company.

**ARTICLE VIII**  
**Restrictions on Membership**

No new members shall be admitted to the limited liability company without the unanimous prior consent of the existing members. Contributions required of new members shall be determined as of the time of their admission to the limited liability company. A member's interest in the limited liability company may not be sold or otherwise transferred except with the unanimous written consent of the members. Additional restrictions and conditions on membership may be set forth in regulations adopted by the members



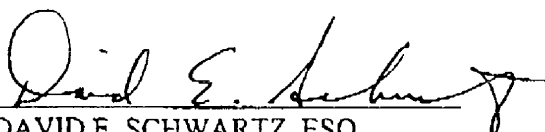
**ARTICLE IX**  
**Operating Agreement**

The members of the limited liability company shall adopt an operating agreement which shall act as the operating agreement of the members pertaining to the regulation, management and affairs of the limited liability company, provided that such operating agreement shall not be inconsistent with these Articles of Organization or with the laws of the State of Florida. The operating agreement shall be repealed or altered only by the members of the limited liability company, in the manner now or hereafter prescribed by the laws of the State of Florida.

**ARTICLE X**  
**Acknowledgment**

The undersigned subscriber does hereby certify that the foregoing constitutes the proposed Articles of Organization of Litestream Technologies, LLC.

20<sup>th</sup> IN WITNESS WHEREOF, the undersigned has executed these Articles of Organization this day of June, 2001.

  
\_\_\_\_\_  
DAVID E. SCHWARTZ, ESQ.  
Attorney and Authorized Representative

H01-

**CERTIFICATE OF DESIGNATION OF REGISTERED AGENT/REGISTERED OFFICE**

PURSUANT TO THE PROVISIONS OF SECTION 608.415, FLORIDA STATUTES, THE UNDERSIGNED LIMITED LIABILITY COMPANY SUBMITS THE FOLLOWING STATEMENT IN DESIGNATING THE REGISTERED OFFICE/REGISTERED AGENT, IN THE STATE OF FLORIDA.

- 1. The name of the limited liability company is Litestream Technologies, LLC
- 2. The name and address of the registered agent and office is.

Sheila M McDevitt  
702 North Franklin Street  
Tampa, Florida 33602

Having been named as registered agent and to accept service of process for the above stated limited liability company at the place designated in this certificate, I hereby accept the appointment as registered agent and agree to act in this capacity. I further agree to comply with the provisions of all statutes relating to the proper and complete performance of my duties, and I am familiar with and accept the obligations of my position as registered agent.

Dated this 20<sup>th</sup> day of June, 2001

  
SHEILA M. McDEVITT

H01-

**Robert D. Rubin**  
13040 Old Cutler Road      Miami, Florida 33156  
E-mail: [rdrubin@bellsouth.net](mailto:rdrubin@bellsouth.net)

**Employment History:**

<b>June 2001 to Present</b>	<b>Litestream Technologies, LLC, Managing Director and President</b>	<b>Tampa, Florida</b>
	Develop bundled telecommunications provider offering cable television, local and long distance telephone service, high-speed Internet service and alarm monitoring service in new growth areas in Florida. Litestream is a venture with TECO Energy, Inc.	
<b>January 2001 to June 2002</b>	<b>Heritage Technologies, Ltd. Chairman</b>	<b>Houston, Texas</b>
	A bundled telecommunications provider offering cable television, local and long distance telephone service, high-speed Internet service and alarm monitoring service in new growth areas in Florida and Texas. Operated in Florida until June 2002 in venture with TECO Energy, Inc. under Litestream Technologies, LLC	
<b>January 1996 to January 2001</b>	<b>Strategic Technologies, Inc., a subsidiary of Lennar Corporation President</b>	<b>Miami, Florida</b>
	A bundled telecommunications provider offering cable television, high-speed Internet service and alarm monitoring service in primarily Lennar communities in Florida and California.	
<b>August 1989 to January 1996</b>	<b>Peoples Telephone Company, Inc. President</b>	<b>Miami, Florida</b>
	A public telecommunications company operating in 41 states in the U.S. and internationally offering coin operated pay telephones, prison pay telephones, cellular telephones and other telecommunications products and services.	
<b>July 1987 to August 1989</b>	<b>Steel Hector &amp; Davis</b>	<b>Miami, Florida</b>
	Attorney specializing in mergers and acquisitions and other corporate transactions and federal and state securities laws.	
<b>January 1984 to July 1987</b>	<b>Greenberg, Traurig, Askew, et al</b>	<b>Miami, Florida</b>
	Attorney specializing in mergers and acquisitions and other corporate transactions and federal and state securities laws.	

# M.J. "Rick" Hager

615 Poinsettia Ave., Ellenton, Florida 34222

## Employment History:

### **(1974 to Present) TECO Energy**

#### *June 2001 to Present: General Manager Litestream Technologies*

- Directed sales and construction processes to install FTTC infrastructure and provide bundled communication services in two communities in St. John's County.
- Directed sales and engineering efforts for two communities in Pasco County to provide a FTTC infrastructure to provide bundled services.

#### *June 2000 to June 2001: Director Business Expansion and Construction Management, TECO Partners*

- Constructed several large gas transmission pipelines totaling more than \$15 million in value.
- Investigated and initiated action to form a joint venture with Heritage Technologies. Formed Litestream Technologies LLC as a partnership between TECO Partners and Heritage Technologies. Litestream is a bundled communications company offering telephone, cable TV, high-speed internet and security monitoring by a single company.

#### *April 1998 to June 2000: Project Manager Southwest Expansion, Peoples Gas Systems. PGS is a wholly owned subsidiary of Tampa Electric Co..*

- Led project from concept to completion. Project entailed design, permitting and construction of a high-pressure gas main from Bradenton to south of Naples, Florida. Project budget was \$27 million.

#### *June 1995 to April 1998: Manager Corporate Environmental Services and for TECO Energy, Manager Corporate Environmental Compliance*

- Responsible for management of 27 employees and a budget of \$2 million. Department responsibilities included a state certified environmental laboratory, a fuels laboratory, and field sampling capabilities; a team that performs stack testing, and environmental compliance certification.

#### *January 1992-June 1995: Manager, Fuels*

- Responsible for fuel procurement (coal, oil and natural gas) including solicitation, contract negotiations, and contract administration. Included in the procurement of natural gas was the transportation component. Responsible for sales, marketing and market development of combustion by-products.

#### *May 1989-January 1992: Manager Corporate Stewardship*

- Developed a citizens advisory committee to guide TEC in the management of the Port Manatee property to foster a positive relationship with local environmental groups. During this period the program received two national awards one from the Audubon Society and one from the Society for Ecological Restoration (SERA).
- During this time period I also worked on several special projects as assigned by the Vice President Regulatory and Planning. These included litigation support on a fuel contract; regulatory support on the National Energy Policy Act and FERC Transmission Access rule making; Polk Power Station siting and land acquisition negotiations.

*October 1988- May 1989: **Manager Special Projects***

- Worked in Human Resources, Labor Relations, on the IBEW employees contract negotiating committee. Served as the company representative for IBEW employee grievances, and coached supervisors in handling employee relation situations.

*May 1978-October 1988: **General Manager Traveling Maintenance Crews***

- Began as a Supervisor and was promoted to General Manager after 11 months. Managed a central workforce of 130 people. The group performed major maintenance and construction activities on all TEC generating equipment.

*August 1974 to May 1978: **Senior Maintenance Engineer Big Bend Station***

- Supervised maintenance engineering staff of two engineers and one technician and performed engineering duties in support of maintenance and operations.

**(1973 to 1974) Florida Power Corporation:  
Production Staff Engineer, Gas Turbines**

- Provided technical direction and support to operation and maintenance staff at the combustion turbine plants.

**(1971 to 1973) General Electric Company:  
Field Service Engineer, Gas Turbines**

- Provided technical direction for construction and problem solving for customers with GE turbines.

**(1963 to 1967) United States Air Force**

- Secret Security Clearance with a Background Investigation.
- Sergeant – weapons and weapons systems maintenance

**Education:** Bachelor of Science Mechanical Engineering, University of Florida, 1971  
Associate in Arts, Pre-Engineering, Manatee Community College, 1969

**Certifications:** Florida State Certified General Contractor (since 1987); Certified Interaction Management Systems Instructor

**Personal Strengths:** Communications, Leadership, Strategic Leadership, Problem solving, Planning and Organization

**M.J. “Rick” Hager**

Training History:

- Creative Thinking (NMA)
- Introduction to the Internet
- Florida Chamber Environmental Permitting Seminar
- FDEP Environmental Compliance Enforcement

- Lotus 123, Sessions 1&2
- Staff Consulting Skills Workshop
- Intervention, Handling Substance Abuse in the Workplace
- Managing Organizational Change
- Problem Solving, Decision Making, Planning
- Interaction Management System Instructor Training
- Supervisory Assessment Centers, Assessor Certification
- Welding Metallurgy
- Quality Circle Management Orientation
- Univ. of Michigan, Graduate School of Business, Public Utility Executive Program
- Managing Human Performance
- Stress Management
- Targeted Selection, Interviewing skills
- The Nature and Characteristics of the Utility Industry
- Effective Listening Skills
- Maintenance Management (AMA)
- TECO Engineering Economy Course
- General Electric 40 hr. Gas Turbine Maintenance Course
- General Electric Field Engineering Training Course (16 weeks)

**DAVID A. DRYKERMAN, Esq.**  
**3051 Orange Street • Coconut Grove, Florida • 33133 • (305) 772-6215**  
**E-mail: dryk13@aol.com**

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**Bar**

**Admission:** Florida (1999)

**Education:**

**University of Miami School of Law, Coral Gables, FL**

Juris Doctor received May, 1999

- University of Miami School of Law's London Summer Program 1997

**The George Washington University, Washington, DC**

Bachelor of Arts, 1996

Major: Criminal Justice

- Dean's List Fall and Spring 1995

**Experience:**

June 2000-

Present

**Strategic Technologies, Inc. – a division of Lennar Corporation, Miami, FL**

**Business Development Manager/Corporate Counsel**

In legal capacity, review all contracts, joint venture agreements and municipal ordinances concerning the franchising and development of large broadband systems throughout Florida, California and Colorado. Meet with city and county cable franchising authority boards to negotiate franchise agreements. Present franchise application and agreement for approval at City/County Commission hearings. Ensure STI's compliance with all local guidelines required for ownership and operation of cable franchise. As Business Development Manager, responsible for marketing STI's broadband and alarm services to other home building companies by drafting sales and business proposals. Assist in developing content and design for corporate website.

February 2000-  
June 2000

**Stolzenberg, Gelles & Zilber, P.A., Miami, FL**

**Associate**

Researched and drafted pleadings, motions, and discovery involving commercial litigation and employment discrimination. Appeared before Equal Employment Opportunity Commission and attended hearings in circuit and criminal court. Handled transactional matters including probate and real estate issues. Maintained client contact and negotiated with opposing counsel.

August 1999-  
January 2000

**Tobin & Reyes, P.A., Boca Raton, FL**

**Associate**

Researched and drafted pleadings for commercial and corporate litigation matters. Assisted partner at motion hearings and was responsible for deposing witnesses. Transactional experience included the formation of new business entities.

January-May  
1999

**Public Defender's Office, Miami, FL**

**Certified Legal Intern**

Assisted attorneys in trial preparation, plea agreements and daily calendar. Interviewed clients. Took depositions. Researched case law.

January 1999

**ESPN, Miami, FL**

**Production Intern**

Assisted in production of press conferences for Super Bowl XXXIII.

January-  
November 1998

**Rosen & Switkes, Miami, FL**

**Law Clerk**

Researched case law in areas of construction law, personal injury cases and government immunity cases. Wrote memoranda. Prepared and filed pleadings.

August 1997-  
January 1998

**The Honorable William M. Hoeveler, Southern District of Florida, Miami, FL**

**Law Clerk**

Presented Summary Judgment Order to Judge as proposal for use on fraud and money laundering case. Wrote memoranda. Researched case law. Drafted orders.

September 1995-  
March 1996

**Public Defender Service, Washington, DC**

**Investigator**

Interviewed witnesses and took statements. Photographed crime scenes. Interviewed clients at DC Jail and Lorton Prison. Collected police records. Served subpoenas.

October 1992-  
August 1995

**Handgun Control Incorporated, Washington, DC**

**Assistant Network Coordinator**

Coordinated "Getting United Now Student -Teacher Outreach Program" (GUNSTOP) throughout the United States at colleges and high schools. Assisted on fund-raising programs. Distributed marketing materials to potential donors. Assisted Director Sara Brady in organizing the 1993 annual meeting.

**JOHN H. REINKE**  
1844 N. Nob Hill Road #299  
Plantation, Florida 33322

Home: (954) 721-1977    Digital Page: 1-800-697-2696    Email: [johnhenryreinke@aol.com](mailto:johnhenryreinke@aol.com)

### PROFILE

Over 30 years of Telecommunications experience in Operational and Engineering Management of ICP (Integrated Communications Provider), ILEC (Integrated Local Exchange Carrier), CLEC (Certified Local Exchange Carrier) and Cable Company. Extensive experience of Large Team Management & Engineering of Network Operations Centers/Call Centers, over Outside Plant of Copper, Fiber, HFC (Hybrid Fiber Coax) and Coax.

Broadband Transmission	Interconnection	OSS/BSS
Budgeting & Forecasting	IPOs & Joint Ventures	Project Management
Business Development	Marketing & Sales	Provisioning & Test Equip.
Cabs Billing	Negotiation of VC Capital	Network Ops / FCC Guidelines
Electronic Switching, Sonet	Network Planning & Design	Technical Sales Support

### PROFESSIONAL EXPERIENCE

UTILICOM NETWORKS, Franklin, MA 2000 - Present  
*An Integrated Communications Provider which delivers "life-line" Voice, Video and Internet Service Via Fiber and HFC (Hybrid Fiber Coax) to both business and Residential Customers. .*

#### ***Director of Telecommunications Engineering***

Responsible for all initial and ongoing Operational and Engineering Configurations for Voice Switching, Sonet and all Power solutions for a Central office which included a Digital Circuit Switch, full-blown Video Head End, and Internet Service Provider.

- Vendor Selection of all Voice Sw, Sonet, Collocation, Transmission & Power Equip. for the CO and Field. (Worked with Siemens, Lucent, Nortel, Fujitsu, ADC & Antec)
- Created Operating, Field Admin & Capital Budgets & assisted in Vendor Debt Finance.
- Set-up performance measures for switch and transmission systems for a NOC (Network Operations Center); also helped with OSS (Operational Support Systems) and Cabs Billing.
- Created Operating Mgmt. goals & objectives, also established Emergency Review Practices.
- Implemented SBC (South Western Bell - Ameritech's) Interconnection Agreement, and set-up a Cageless Collocation in two mid-western cities.

CHARTER COMMUNICATIONS/GREATER MEDIA CABLE, Worcester, MA

1999 - 2000

#### ***Director of Operations - Digital Telecommunications Services***

Assisted as part of a four-man team consisting of Regulatory, Engineering, Operations and Marketing in an effort to create a CLEC out of an existing Cable TV Company from the ground floor up. To deliver "Bundled Services Package" of Cable TV, High Speed Internet, Telephony and Video Conferencing over an existing Cable Network for Residential Customers.

The following efforts were accomplished prior to takeover by Charter Communications:

- An Interconnection Agreement with Bell Atlantic through the D.T.E. of Mass.
- A Business Plan of Convergence Technologies by using Circuit Switch over leveraged HFC Plant, including the implementation and integration of IP Telephony Prototypes of the future.
- Created an RFI (request for information) to assist with vendor selection.
- Vendor Selection - Circuit Switch, Outside Plant, OSS and Billing, capable of integrating both Circuit and IP solutions. (Siemens, Lucent, Nortel, ADC & Daleen)
- Dissecting the OSS and Billing Applications, how they Integrate and Interface with each other and the RBOCS in a working and understandable manner.



SUPRA TELECOM, Miami, FL

1997 - 1999

***Vice President Engineering***

Reported to the CEO on the following:

- Switch design and implementation, combining of voice and data in same backbone with ATM.
- Evaluation and negotiation of vendor selection of Switch, Transmission, OSS and Billing. (Siemens , Lucent ,Nortel, Daleen & Saville)
- Site selection and evaluation.
- Setting-up of Network Ops Center (NOC) and tying it in with Maintenance/Call Center.
- Telecom switch design and implementation, setting-up a network for Physical Collo in BELLSOUTH CO's set up for RESALE over Unbundled Loops.
- Liaison to outside local RBOC's, Long Distance carriers and other CLEC's.
- Setting-up Wireless Point to Point or Point to Multi-Point Broadb & Network for emerg.& hard to provision areas.
- Planned design and implemented all network architectures, including E911, Signaling System #7 (SS7). Advanced Intelligence Network (AIN) as it relates to a CLEC environment, Digital Sub - Loop (DSL) technology.
- Set up Caged Collocation with local Bell operating companies, BELLSOUTH, Bell Atlantic, GTE, Sprint, Frontier Corp (Rochester Bell) Ameritec, Southwestern Bell and US West; also appeared in front of both PUC's and PSC's on Telecommunications criteria.
- Interconnection Agreements - helping legal and CEO negotiate Interconnection Agreements with BELLSOUTH, Bell Atlantic, Ameritec, SW Bell, US West and smaller companies like Sprint and Frontier Corp. (old Rochester Telephone), towards the true Meaning of the 1996 Telecom Act.

BELLSOUTH, Sunrise, FL

1971 - 1997

***Network Engineer - Network Department***

Assisted a team of Engineers which helped Operate & Monitor 55 central offices of BELLSOUTH's Network Operations Center in Dade, Broward and Palm Beach Counties of S.Florida. This also included the maintenance and engineering of outside plant facilities. These Central offices consisted of Lucent 5E, Nortel DMS & Siemens EWSD Digital Switches. The outside Plant Facilities included Digital Loop Carrier Equipment of Lucent, SLC96-SLC2000 Nortel RT's, Siemens RT's and Fu Jitzu SLC.

***Additional Departments and Positions:***

- Marketing / Engineering & Construction Departments.
- Communications Consult./ Electronic Tech. / Ca Repair / Ca Splicer / Frameman.

**EDUCATION / LANGUAGES**

- MS Electrical Engineering, Columbia State University LA
- BS Electrical Engineering, Columbia State University LA
- AS Marketing Management, Broward Community College, Ft. Lauderdale, FL
- Proficient in German

**MILITARY SERVICE**

United States Army Security Agency. SERGEANT E-5

1966 - 1970

- Military occupation Radio/Teletype Operator. Served with the 4<sup>th</sup> Infantry in Vietnam, August 1967 to August 1968. Also served in Germany from September 1969 to September 1970.
- Attained Top Secret Crypto Clearance.
- Honorable Discharge.

DATE: 04-25-02

POSITION TITLE: Manager, Telecommunications Services

DEPARTMENT: Operations

REPORTS TO: General Manager

LOCATION: Florida Headquarters

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POSITION CONCEPT:

Manages the interconnection of telephony and data services between the Company's points of presence and the public switched network and manages the Company's relationships with the vendors related to the interconnection, including the Company's switching and transport vendors.

DUTIES AND RESPONSIBILITIES:

1. Manage the provision of telephony and data services at each of the Company's service areas on a timely basis.
2. Negotiate contract arrangements with third party switching and transport vendors to minimize the Company's costs for these services.
3. Order and provision the unbundled network elements from the local exchange telephone companies and the telecommunications equipment from the equipment vendors, including fiber and copper cables and outside plant equipment.
4. Manage the outside plant system design process with the Company's vendors and interface with the developers to ensure the developers approve the design.
5. Provide project management organization to ensure timely provisioning of telephony and data services.
6. Manage the relationship with the Company's Internet Service Provider regarding issues of interconnection and service.
7. All other duties as assigned

SUPERVISION (CLASSIFICATIONS SUPERVISED, IF ANY, AND NUMBER OF SUBORDINATES):  
None

RELATIONSHIPS (INTRA-INTER DEPARTMENT – OUTSIDE THE COMPANY):

President, General Manager, Controller, Regulatory Manager and Senior Technician, local exchange telephone company, fiber transport companies, Internet Service Providers, field supervisors for developers and equipment vendors

JOB RELATED DIMENSIONS:

Developing Organizational Talent, Individual Leadership, Negotiation, Persuasiveness, Teamwork, Judgment, Oral Communication, Written Communication, Customer Service Orientation, Financial Acumen, Results Orientation.

QUALIFICATIONS:

Skills/Experience Required:

A minimum of 5 years management experience with outside plant and/or telecommunications switching matters. Position requires negotiating, document review and organizational skills. 3 to 4 years supervisory experience.

Skills/Experience Preferred: Project management skills working on multiple projects with short time frames.

Education Requirements: Bachelor's degree in engineering or related field of study.

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REVIEWED: \_\_\_\_\_ DATE: \_\_\_\_\_  
Incumbent

REVIEWED: \_\_\_\_\_ DATE: \_\_\_\_\_  
Incumbent

**MICHAEL E. TULL**  
**19420 VIA DEL MAR, APT 202**  
**TAMPA, FLORIDA 33647**  
**HOME: (813) 907-0156**

**EMPLOYMENT:**

- July 2001 - Present      LITESTREAM TECHNOLOGIES, Tampa, Florida  
HERITAGE TECHNOLOGIES, Houston, Texas  
**Manager Technical Services**
- March 1999 - June 2001      EN-TOUCH SYSTEMS, INC, Houston, Texas  
**Supervisor Southside Operations**
- Liaison with Developer, Home Builders, and Contractors in Summerwood  
Schedule service drops for new homes  
Maintain Headend, Mesa cabinets, Cross-connect cabinets, CATV nodes  
Balance Plant and Headend  
Splicing of phone, CATV (625 and 750) Plant, and copper  
Monthly check and repair of cable leakage  
Installation and technical service of CATV, cable modems, and phone  
Responsible for locates  
Help install HITS in Sienna  
On-Call for five Master Planned Communities
- July 1995 - February 1999      SEMBERA SECURITY SYSTEMS, INC., Houston, Texas  
**Certified Alarm Technician**
- Pre-wire, trim and program: security, fire, phones, CATV, surround sound,  
cameras, and intercom systems  
Installations in pre-existing homes and businesses of alarm systems, satellite  
TV, CCTV, stereo systems, and phone systems  
Service Calls  
Responsible for the security installation in Summerwood  
Help with scheduling of pre-wires and trims in Summerwood
- November 1994 - July 1995      LAREDO CLEANERS, Houston, Texas  
**Manager/Owner**
- Helped install plant  
Managed dry cleaning plant  
Hired and trained employees  
Daily accounting transactions  
Customer Relations  
Maintenance of all equipment  
Cleaned and pressed dry cleaning
- November 1990 - October 1994      RAPHA TREATMENT CENTERS, Houston, Texas
- November 1990 -  
October 1992      **Personal Assistant to the President**
- Personal security for the president and family  
Installed and maintained camera systems  
Maintained Ademco Alarm System  
Liaison with Sembera Security
- October 1992 -  
October 1994      **Administrative Services Coordinator**
- Transportation for patients and executives

Courier service  
Shipping and receiving  
Managed telephone system  
Liaison with building management

September 1986 - November 1990 COMET CLEANERS OF HOUSTON, INC., Houston, Texas  
**Assistant General Manager**

Managed laundry and dry cleaning plant  
Supervised two other plants plus one sub-station  
Maintenance of all equipment  
Cleaned and pressed laundry and dry cleaning  
Deposit for all plants

April 1986 - September 1986 COMET CLEANERS, Houston, Texas  
**General Manager**

Managed dry cleaning plant  
Maintenance of all equipment  
Cleaned and pressed dry cleaning  
Deposits for plant

May 1985 - April 1986 COLONIAL CLEANERS, Pearland, Texas  
**General Manager**

Installed plant - laundry and dry cleaners  
Maintenance  
Cleaning and pressing

December 1981 - May 1985 COMET CLEANERS OF HOUSTON, INC., Houston, Texas

December 1981 -  
May 1982 **Part-time employee**

May 1982 -  
May 1985 **Assistant General Manager**

Managed laundry and dry cleaning plant  
Supervised two other plants and one sub-station  
Maintenance of all equipment  
Cleaned and pressed laundry and dry cleaning  
Pressing on all presses

Attended two classes in spotting  
Assisted in spotting class  
Taught spotting class to Managers and Owner

**LICENSES:** Residential Fire Alarm Superintendent License, Texas License Number RAS-0948

**EDUCATION:** Telecommunications Training, Texas A & M University 1999

HITS Training, Houston, Texas 1999

The National Training School, Certified Alarm Technician Certificate, 1997

Alief Hastings High School, Houston, Texas 1978 - 1982  
Graduated May 1982

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## CONSULTING SERVICES AGREEMENT

**THIS CONSULTING SERVICES AGREEMENT** (hereinafter referred to as "Agreement") is entered into this 22<sup>nd</sup> day of May, 2002, by and between Heritage Technologies, Ltd, a Texas limited partnership, with its principal place of business at 2500A Central Parkway, Houston, Texas 77092 (hereinafter referred to as "Heritage") and Litestream Technologies, LLC., a Florida limited liability company, with its principle place of business at 702 N. Franklin Street, Tampa, Florida 33602 (hereinafter referred to as "Litestream"). Heritage and Litestream are also referred to individually as a "Party" and collectively as the "Parties."

### RECITALS

**WHEREAS**, Litestream desires to engage Heritage as a Consultant to perform and provide services and deliverables ("Services") in accordance with the Scope of Work affixed hereto as Attachment A (hereinafter referred to as the "Services") for all existing projects and those projects currently anticipated, but not yet secured (referred to as the "Project(s)").

**WHEREAS**, Heritage desires to provide the Services for the Projects.

**NOW THEREFORE**, in consideration of the mutual covenants and obligations contained herein, Litestream and Heritage agree as set forth herein.

### ARTICLE 1

**1.1 Scope of Work.** Heritage or its subcontractors shall perform the Services described in Attachment A.

### ARTICLE 2

**2.1 Term.** The Services shall commence upon execution of this Agreement ("Commencement Date") and shall continue for an initial term of six (6) months ("Term"). Upon expiration of the Term, the Parties will meet to determine a continuation of this Agreement, as necessary.

**2.2 Delays to the Work.** If Heritage is delayed in the performance of the Services due to acts, omissions, conditions, events, or circumstances beyond its control and due to no fault of its own or those for whom Heritage is responsible, the completion date shall be reasonably extended by Change Order. Examples would include acts or omissions of Litestream or anyone under Litestream's control (including separate contractors), change in the Work, Differing Site Conditions and Force Majeure, as defined below.

### ARTICLE 3

**3.1 Work Order Approval.** Prior to commencing work of any kind, Heritage will supply Litestream with a written, detailed scope of work, including deliverables, and estimated costs. Litestream will supply Heritage with its written approval within ten (10) days of receipt of such work order.

**3.2 Agreement Price.** Litestream shall pay Heritage in accordance with the pricing structure attached hereto as Attachment B (hereinafter referred to as the "Agreement Price") in accordance with Article 3.2 below. The Parties agree that Litestream will be entitled to offset any payments due Heritage for any amounts owed to Litestream by Heritage or its affiliates.

**3.3 Procedure for Payment.** Heritage shall submit to Litestream on the first day of each month, beginning with the first month after the Commencement Date, an invoice for payment of services. The submission for payment shall constitute Heritage's representation that the Services have been performed consistent with this Agreement, have progressed to the point indicated in the submission payment, and that no claims, liens, encumbrances, or security interests exist as a result of the Services in any deliverables, a

Project, or Litestream property. Litestream shall make payment within thirty (30) days after Litestream's receipt of each properly submitted and accurate submission for Payment.

**ARTICLE 4**

**4.1 Change Orders.** A Change Order is a written instrument issued after execution of the Agreement signed by Litestream and Heritage, stating their agreement upon all of the following:

- .1 The scope of the change in the Services,
- .2 The amount of the adjustment to the Agreement Price; and
- .3 The extent of the adjustment to the Completion Date.

**4.2 Work Change Directive.** A Work Change Directive is a written order prepared and signed by Litestream, directing a change in the Services prior to agreement on an adjustment in the Agreement Price and/or Completion Date. Litestream and Heritage shall negotiate in good faith and as expeditiously as possible the appropriate adjustments for the Work Change Directive. Upon reaching an agreement, the Parties shall prepare and execute an appropriate Change Order reflecting the terms of the agreement.

**4.3 Minor Changes in the Services.** Minor changes in the Services do not involve an adjustment in the Agreement Price and/or Completion Date and do not materially and adversely affect the Services, including the design, quality, performance and workmanship required by the Agreement. Heritage may make minor changes in the Services consistent with the intent of the Agreement.

**ARTICLE 5**

**Heritage's Responsibilities**

**5.1** Heritage's Representative shall be reasonably available to Litestream and shall have the necessary expertise and experience required to supervise the Work. Heritage's Representative shall communicate regularly with Litestream and shall be vested with the authority to act on behalf of Heritage.

**5.2** Heritage shall, make available to Litestream, during reasonable business hours, for inspection and/or copying, all work files, filings, business records, customer lists, drawings, specifications and other materials.

**5.3** Heritage shall not engage subcontractors to perform any portion of the Services without the prior written consent of Litestream. Heritage shall employ only subcontractors who are duly licensed and qualified to perform the Services consistent with Attachment A. All activities shall be managed efficiently and with the requisite expertise, skill and competence to satisfy the requirements of Attachment A.

**ARTICLE 6**

**6.1 Litestream's Responsibilities**

.1 Litestream shall, throughout the performance of the Services, cooperate with Heritage and perform its responsibilities, obligations and services in a timely manner to facilitate Heritage's timely and efficient performance of the Services and so as not to delay or interfere with Heritage's performance of its obligations under Attachment A. Such cooperation shall include providing a copy of all necessary surveys, studies, drawings and other information necessary for Heritage to complete the Services.

**ARTICLE 7**

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7.1 **Work Product.** All work files, filings, business records, customer lists, specifications and other documents and electronic data furnished by Heritage to Litestream under this Agreement (hereinafter referred to as "Work Product") are deemed to be instruments of service and Litestream shall be deemed to be the owner of all such property interests therein, including the copyrights thereto

#### ARTICLE 8

8.1 **Heritage's Indemnification.** Heritage, to the fullest extent permitted by law, shall indemnify, hold harmless and defend Litestream, its officers, directors, employees and agents from and against claims, losses, damages, liabilities, including attorneys' fees and expenses, for bodily injury, sickness or death, and property damage or destruction to the extent resulting from negligent acts or omissions of Heritage, Heritage's subcontractors, anyone employed directly or indirectly by any of them or anyone for whose acts any of them may be liable or Heritage's separate contractors or anyone for whose acts any of them may be liable.

8.2 **Litestream's Indemnification.** Litestream, to the fullest extent permitted by law, shall indemnify, hold harmless and defend Heritage and any of Heritage's officers, directors, employees, or agents from and against claims, losses, damages, liabilities, including attorneys' fees and expenses, for bodily injury, sickness or death, and property damage or destruction to the extent resulting from negligent act or omissions of Litestream.

#### ARTICLE 9

9.1 **Consequential Damages.** NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRACT, NEITHER HERITAGE NOR LITESTREAM SHALL BE LIABLE TO THE OTHER FOR ANY CONSEQUENTIAL LOSSES OR DAMAGES, WHETHER ARISING IN CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE, INCLUDING BUT NOT LIMITED TO LOSSES OF USE, PROFITS, BUSINESS REPUTATION OR FINANCING.

#### ARTICLE 10

10.1 **Termination for Convenience.** At any time after the first three months of this Agreement, Litestream may, upon twenty (20) days' written notice to Heritage, for convenience and without cause, elect to terminate this Agreement. In such event Litestream shall pay Heritage for the following:

- .1 All Services executed up to the date of termination, for cost or expense in connection with the Services;
- .2 The reasonable costs and expenses attributable to such termination, including demobilization costs and amounts due in settlement of terminated contracts with subcontractors; and
- .3 The fair and reasonable sums for overhead and profit on the sums of items .1 and .2 above.

10.2 **Right to Terminate for Cause.** If either Party fails to perform any of its obligations under this Agreement (hereinafter referred to as the "Breaching Party"), the other Party (hereinafter referred to as the "Breach Party") may terminate the Agreement for cause by doing the following:

- .1 Provide written notice to the Breaching Party that it intends to terminate the Agreement unless the problem cited is cured, or commence to be cured, within seven (7) days of receipt of such notice by the Breaching Party. If the Breaching Party, within such seven (7) day period, fails to cure, or reasonably commence to cure such problem, then the Breach Party may declare the Agreement terminated for default by providing written notice to the Breaching Party of such declaration.



.2 If Litestream is the Party terminating the Agreement for cause pursuant to Article 10.3 above, Litestream may enter upon the premises and take possession and assume responsibility for the purpose of completing the Services, of all materials, equipment, tools, appliances and other items thereon, which have been purchased or provided for the performance of the Services, all of which Heritage hereby transfers, assigns and sets over to Litestream for such purpose, and to employ any person or persons to complete the Services and provide all of the required labor, services, materials, equipment and other items. In the event of such termination, Heritage shall not be entitled to receive any further payments under the Agreement until the Services shall be finally completed in accordance with Attachment. If Litestream's cost and expense of completing the Work exceeds the unpaid balance of the Agreement Price, then Heritage shall be obligated to pay the difference to Litestream.

10.3 Services Severable. Litestream may terminate for cause or for convenience any portion of the services set forth in the Scope of Work and still require Heritage to perform those portions not so terminated.

ARTICLE 11

11.1 Litestream's Representative. Litestream designates the individual listed below as its representative (hereinafter referred to as "Litestream's Representative"), which individual has the authority and responsibility for avoiding and resolving disputes on behalf of the Litestream.

Philip L. Holdbrooks  
Phone: (813) 228-4730  
Fax: (813) 228-4643

11.2 Heritage's Representative Heritage designates the individual listed below as it representative (hereinafter referred to as "Heritage's Representative"), which individual has the authority and responsibility for avoiding and resolving disputes on behalf of Heritage.

Sandra Johnston  
Phone: 713 882 7019  
Fax: 713 882 1026

ARTICLE 12

12.2 Correction of Defective Work. Heritage agrees to correct any Services that are found to not be in conformance with Attachment A, with reasonable dispatch.

ARTICLE 13

13.1 Insurance. Heritage shall maintain during the course of this Agreement the following forms of insurance:

- .1 Workers' Compensation insurance in accordance with statutory requirements;
- .2 General Liability, Bodily Injury and Property Damage insurance, with \$2,000,000 combined single limit per occurrence and in the aggregate;
- .3 Professional Liability insurance, with \$500,000 combined single limit per occurrence and in the aggregate.

## ARTICLE 14

14.1 **Force Majeure.** Neither Party shall be liable to the other Party for any delay or non-performance resulting from acts of God, weather conditions, strikes (by employees of either Party and/or their suppliers with respect thereto), war, riots, civil disorder, earthquakes, any law, order, proclamation, regulation, ordinance, demand or requirement of any governmental agency, or any other condition or occurrence whatsoever beyond the Party's reasonable control ("Force Majeure"). In the event of a Force Majeure, the Party whose performance is delayed or prevented, restricted or interfered with shall immediately notify the other Party by telephone and shall give written notice to the other Party within five (5) days of the event. Upon complying with said notice requirements, the Party experiencing the Force Majeure shall be excused from performance to the extent delayed or prevented. Said Party shall take reasonable steps to avoid or remove such causes of non-performance and shall continue performance whenever and to the extent such causes are removed. In the event the Force Majeure results in a delay of performance of more than fifteen (15) days, the Party awaiting performance shall have the right to terminate this Agreement in whole or any portion covering the delayed performance in accordance with the Section herein entitled TERMINATION. The obligations and liabilities of both Parties with respect to such portions of this Agreement shall thereupon lapse and terminate, except to the extent such obligations or rights are intended to survive as provided herein.

## ARTICLE 15

15.1 **Assignment.** Neither Heritage nor Litestream shall, without the written consent of the other assign, transfer or sublet any portion or part of the Services or the obligations required by this Agreement, with the exception of Heritage hiring subcontractors who have been pre-approved by Litestream to perform some of the Services under the Agreement.

15.2 **Successorship.** Heritage and Litestream intend that the provisions of the Agreement are binding upon the Parties, their employees, agents, heirs, successors and assigns.

15.3 **Governing Law.** The Agreement shall be governed by the laws of the State of Florida, without giving effect to its conflict of law principles

15.4 **Severability.** If any provision or any part of a provision of the Agreement shall be finally determined to be superceded, invalid, illegal, or otherwise unenforceable pursuant to any applicable legal requirements, such determination shall not impact or otherwise affect the validity, legality, or enforceability of the remaining provision or parts of the provision or part were deleted.

15.5 **No Waiver.** The failure of either Heritage or Litestream to insist, in any one or more instances, on the performance of any of the obligations required by the other under the Agreement shall not be construed as a waiver or relinquishment of such obligation or right with respect to future performance.

15.6 **Notice.** Whenever the Agreement requires that notice be provided to the other party, notice will be deemed to have been validly given (i) if delivered in person to the individual intended to receive such notice, (ii) four (4) days after being sent by registered or certified mail, postage prepaid to the address indicated in the Agreement or (iii) if transmitted by facsimile, by the time stated. Notices should be addressed to the following, unless an alternative name/address is given in writing by a Party:

**IF TO LITESTREAM:**

Litestream Technologies, Ltd.  
702 N. Franklin Street  
Tampa, Florida 33602  
Attn: Philip L. Holdbrooks  
Facsimile: \_\_\_\_\_

**IF TO Heritage:**


Heritage, Inc.  
2500 A Central Parkway  
Houston, Texas 77092  
Attn: Jim Taylor  
Facsimile: 713 \_\_\_\_\_

15.7 **Amendments.** The Agreement may not be changed, altered, or amended in any way except in writing signed by a duly authorized representative of each Party.

16.8 **Entire Agreement.** This Agreement contains the entire understanding between the Litestream and Heritage with respect to the subject matter hereof and supersedes any written or oral, prior or contemporaneous agreement or understanding between the Parties.

In executing this Agreement, Litestream and Heritage each individually represent that each has the necessary financial resources to fulfill its obligations under this Agreement, and each has the necessary corporate approvals to execute this Agreement, and perform the Services described herein.

**LITESTREAM TECHNOLOGIES, LLC**

By: 

Name: Philip C. Hobdenous

Title: MANAGING DIRECTOR

**HERITAGE TECHNOLOGIES, LTD**

By: 

Name: JF Taylor

Title: Partner

ATTACHMENT A  
SCOPE OF WORK

Heritage Technologies has functioned as the Operating Partner for Litestream since its creation. The primary force driving all of the proposals contained herein is to minimize or eliminate any disruption of customer service while moving to a more streamlined operation to minimize costs while increasing take rates and associated revenues. In this vein, it is proposed that Heritage temporarily continue as the Operator of Litestream using the present employee operational assignments and immediately begin transitioning certain functions to Litestream employees. Payment would continue at the current reimbursement rate of 140% of wages (*essentially at cost* as this covers only benefit loading) and actual cost for expenses, until at least May 31, 2002. Contract rates for Customer Service Representative functions to be restructured to represent a task based method for determining payments for as many functions as possible. Time based rates to be used when task based methods do not appear to adequately cover the effort or skill required.

The following Services have been divided into categories and set forth the levels of expectation of accomplishments by Heritage.

**LICENSING AND REGULATORY:**

- Most of the required governmental approvals have been acquired either directly in the name of Litestream or jointly in the names of Litestream, TECO, and Heritage. The approval process for State Telephone Licenses was started prior to Heritage's involvement with TECO and consequently is solely in the name of Heritage. Heritage will continue to provide such authorities for Litestream for as long as it is the contract operator or until licenses can be acquired directly in Litestream's name. At Litestream's request, Heritage will secure or assist Litestream in securing the necessary Federal, State, and Local operating licenses, permissions, etc. for Litestream as appropriate. In general, requirements in those license applications that require extensive telecom experience can be fulfilled with the use of contractors such as Heritage.
- Heritage secures and maintains 911 agency contracts. Heritage also administers the payments to the 911 agencies. Heritage proposes that it continue to perform that function for Litestream until appropriate forces can be trained to internally accept that responsibility.
- Heritage prepares periodic reports for all levels of government regarding Heritage operations. Heritage proposes that it will perform the same function for Litestream until appropriate forces can be trained to internally accept that responsibility.
- Heritage administers the Federal law pertaining to the carriage of local broadcast stations. We propose to continue to perform the same function for Litestream.
- Heritage will maintain in good standing the Government Approvals (including ALEC) as described in the Consent Letter between the Heritage Parties and the Litestream Parties executed on May 22, 2002 ("Consent Letter").
- Heritage will interface with and communicate with Litestream regularly as to the progress of pending status of regulatory matters, work, projects, applications and the like. Heritage will coordinate its efforts with the knowledge and approval of Litestream.

**TARIFFS**

- Under the terms of Heritage's telephone licenses, it is required to file tariffs prior to offering any telephone services. Heritage currently has filed appropriate tariffs at the state level for services provided in St. Johns County. Heritage has filed similar tariffs as appropriate for Litestream. Should Litestream acquire separate state authorities, Heritage will file new tariffs for the entity or assist Litestream in filing such tariffs. Similarly, Heritage has filed toll tariffs with the FCC.

**INTERCOMPANY RELATIONSHIPS**

- As a result of its experience in the bundled services business, Heritage has and maintains extensive contacts throughout the telecommunications industry. Heritage will continue to make the use of such contacts available to Litestream.

- In Florida, Heritage currently maintains interconnection agreements with BellSouth, Verizon, and Sprint under its statewide operating authority. The most important terms in these agreements cover the use of Unbundled Network Elements (UNEs). While these agreements cannot be transferred, Heritage will acquire or assist TECO in acquiring them for Litestream when appropriate. Further, Heritage will provide the necessary expertise to acquire and utilize the appropriate UNEs. Heritage will continue to utilize its agreements for Litestream's benefits until new agreements for Litestream are in place.
- Heritage maintains memberships in various organizations and cooperatives. At Litestream's direction, Heritage will secure as many of these as possible in Litestream's name.

#### HUMAN RESOURCES:

- Employee benefits (primarily health insurance) are also provided through the Telephone Cooperative. Again, if this method can be continued, Heritage will do so and bill Litestream for actual costs plus an agreed upon administrative fee. It will be necessary to do some research with the Co-op to determine if Litestream can be an independent member of the Co-op.
- Heritage proposes that this same function prepare and submit all necessary governmental reports regarding the Litestream workforce.
- Heritage has provided all of the current Litestream employees. Mike Tull and Paul Storey will continue as Litestream employees. All others will be removed as direct employees of Litestream.
- Heritage currently has three trucks and a headend trailer located in Florida and agrees to transfer those vehicles and have the titles changed to show Litestream as the owner. Litestream to reimburse Heritage for any vehicle costs which it has not already paid. Litestream agrees to refinance the vehicles and remove Heritage and any of its employees as guarantors for any outstanding loans on the vehicles.

#### SUPERVISION AND TECHNICAL SUPPORT:

##### GENERAL

- Heritage proposes that it continue to provide necessary technical support functions for Litestream. These functions include, but are not limited to, the following:
  - Support the technical activities of field technicians.
  - Provide trouble shooting expertise as requested.
  - Develop technical training profiles and make proposals regarding training alternatives
  - Develop and implement safety procedures and methods. Provide alternatives for the associated training.
  - As required, provide day to day interface with other network providers to expeditiously resolve technical problems.
  - As directed by Litestream, provide monitoring of technical developments that effect the implementation of the Litestream business plan.
  - Develop alternate methods for providing the Litestream services, which allow reduction in infrastructure cost while maintaining desired service levels.
- Heritage will provide whatever technical expertise or implementation skills requested by Litestream required to operate and maintain the Litestream systems.
- Heritage will provide the necessary expertise and or training to meet technical requirements of the RUS loan program.
- Heritage will provide the necessary contract administration functions or training to perform those functions to meet the requirements of the RUS program.
- Heritage will provide the necessary detailed scheduling documentation to allow the orderly development and turn up of new communities

##### SUPPLIERS

- Heritage secures contracts for cable programming both from the National Cable TV Cooperative and direct from programmers. Heritage will acquire the same for Litestream as appropriate. Heritage also administers the payments to these programmers and will continue to do so for Litestream.
- Heritage maintains long term contracts with ITC DeltaCom for switching and transport services in St Johns County. These contracts are not transferable and ITC DeltaCom is not interested in securing

new contracts with Litestream. The full term contract must be prepaid if the contracts are to be released.

- Heritage maintains software licenses and operating contracts with billing companies to handle the preparation of a bill for all of the bundled services. As long as Heritage performs this function for Litestream, it is not necessary for Litestream to acquire the licenses and contracts. These contracts cover such functions as CABS billing, intercompany billing, pay per view billing, and long-distance rating. These contracts are not transferable but as long as Heritage performs Customer Service functions including billing, etc., Litestream will not need to acquire separate agreements.
- Heritage also maintains contracts with companies such as Illuminet who provide ancillary telephone services such as SS7 data queries, Credit Card verification, etc. Again these are not transferable but new contracts will not be needed as long as Heritage performs the billing function.

**TECHNICIANS**

- Supplementary assistance – Litestream, in the future may require more technicians to either implement a service plan, keep up with extraordinary loads, or to assist in disaster recovery. Subject to availability, Heritage will provide such Technician labor. Heritage will provide Litestream with a scope and estimated payment document prior to Heritage securing such Technical Labor.
- Ongoing technical support – Heritage maintains a highly trained group of technicians. In the instances that Litestream requires technical assistance, Heritage will supply such on an availability basis.
- Both Parties agree that should a significant event occur, each Party will reciprocate with technical assistance to the extent possible.

**CUSTOMER SERVICE:**

- Heritage proposes that it perform the complete Customer Service Representative function for Litestream.
- Heritage proposes that pricing for the various functions be grouped into several volume sensitive categories and priced based on volume rather than hours spent.

**INITIAL COMMUNITY SETUP**

Includes, but is not limited to the following representative functions:

- Analyze the engineering drawings to setup
  - Street Address Guide
  - Facility Assignment Records
  - E911 Records
  - Detailed "ad valorem tax" areas such that all deployment of equipment and supplies is reported to appraisal authorities correctly.
  - Detailed sales tax areas such that the appropriate sales tax can be posted on a customer specific basis.
- Input all rates for all services to be offered in the community to the billing system. (Does not include rate studies or rate design)
- Set up technician loading records and route guides

**INWARD ACTIVITY**

- Inward Activity includes, but is not limited to the following activities:
  - Answer potential customer inquiries regarding services
  - Interview inward customer and secure order for services.
  - Generate additional revenue by presenting possible upgrades to inward customers and sell upgrades for all services being offered.
  - Input customer order information into the service order system and subsequently into the billing system.
  - Input translation data into the switching system Operational Support System.
  - Prepare and input data for digital set top box activation.
  - Balance technician loads
  - Educate customer as to billing procedures, HITS implementation, alarm usage, telephone features, Internet availability.

- Input customer information into Alarm Monitoring database

#### **CUSTOMER MAINTENANCE**

- Answer and resolve customer billing questions.
- Answer customer requests for information on how to utilize services.
- Provide first level of response for customer inquiries/problems with Opfire Internet Services
- Collection treatment for customer's up to 60 days delinquent.
- Daily update customer payment information into database

#### **REPORTS, ACCOUNTING, TAXES, & FEES**

- Heritage proposes that it continue to provide reporting on customer activity to Litestream. The parties will agree on a basic package of reports to be included on a monthly basis.
- Additional reports will be prepared as requested by Litestream on a time sensitive basis.
- Prepare mandatory fee payment forms (poison control, 911 fees, etc.) and forward to Litestream for execution and payment.
- Prepare mandatory sales tax payment forms (both customer sales and use taxes) and forward to Litestream for execution and payment.

#### **FINANCING**

- John Anderson has extensive experience in dealing with both the application for and the administration of Rural Utility Services (Dept of Agriculture) loans. John also has extensive experience in securing and administering below market loans from both the Bank for Cooperatives (Co-Bank) and the Rural Telephone Finance Corporation (RTFC). It is proposed that John continue to perform this function at an appropriate compensation rate as well as a one time "success bonus" as set forth in Exhibit B, attached hereto.
- Heritage proposes that it provide the specialized engineering services or supervise the delivery of such services by others required for submittal of plans to the RUS.
- Heritage will provide, assist Litestream in providing, or review other required documentation for loan request.

#### **INTERNET SERVICE**

- Heritage will act as the facilitator for Litestream in securing a contract for wholesale Internet Services

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ATTACHMENT B

FEE STRUCTURE

Rates:

I. OPERATING LICENSES AND GOVERNMENTAL AUTHORITIES

Helen Morgan	\$80.00/hr –
Clerical	\$ 22/hr

II. SUPERVISION AND TECHNICAL

Jim Taylor (As needed)	\$115/hour
Ray Sims	\$60.00/hour

Total billing under Supervision and Technical Section will not exceed \$12,000.00/month (flat rate) for both.

III. CUSTOMER SERVICE REPRESENTATIVES

A minimum monthly charge will be paid in the amount of \$14,000.00 (flat rate). This amount shall cover the first 199 customers. Upon reaching 200 customers, and for each additional 100 customers, an additional \$500.00 per month will be paid. (For example; 200 to 299 customers \$14,500/month to be paid; 300 to 399 customers \$15,000/month) Set up of new communities will be handled as special projects and are not included in the monthly charge.

IV. FINANCING

John Anderson	\$100/hour (100 hours maximum)
Upon successful award of an RUS loan approval	a \$15,000.00 one time bonus will be paid.

V. TECHNICIANS

Sr. Technician	\$65/hour
Technician	\$45/hour

All prices include overhead. Litestream will reimburse Heritage for pre-approved reasonable out-of-pocket expenses (e.g. travel to Florida, hotels, rental car, travel meals)

Heritage will not exceed flat rates. Changes in Scope of Work shall be dealt with as set forth in Article 4 of the Consulting Services Agreement.

As described in the Consent Letter, Heritage will maintain all Governmental Approvals, including ALEC, and the above constitutes full compensation for such maintenance services. The Parties acknowledge that Heritage is obligated to maintain the ALEC free of charge (except for out-of-pocket expenses) after the first six months of the Consent Letter, and that such obligation is independent of and shall otherwise survive the termination of this Consulting Services Agreement.



**H**AM,  
**L**ANGSTON &  
**B**REZINA L.L.P.  
Certified Public Accountants

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**LITESTREAM TECHNOLOGIES, LLC**  
**(A DEVELOPMENT STAGE ENTERPRISE)**

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**FINANCIAL STATEMENTS**  
**WITH REPORT OF INDEPENDENT ACCOUNTANTS**  
**for the period from inception, June 20, 2001, to December 31, 2001**

LITESTREAM TECHNOLOGIES, LLC  
(A DEVELOPMENT STAGE ENTERPRISE)

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FINANCIAL STATEMENTS  
WITH REPORT OF INDEPENDENT ACCOUNTANTS  
for the period from inception, June 20, 2001, to December 31, 2001

**LITESTREAM TECHNOLOGIES, LLC**  
**(A DEVELOPMENT STAGE ENTERPRISE)**

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**H**AM,  
**L**ANGSTON &  
**B**REZINA, L.L.P.  
Certified Public Accountants

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Report of Independent Accountants

To the Members and Directors:  
Litestream Technologies, LLC

We have audited the accompanying balance sheet of Litestream Technologies, LLC (a development stage enterprise hereinafter referred to as the "Company") as of December 31, 2001, and the related statements of operations, members' equity and cash flows for the period from inception, June 20, 2001, to December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based upon our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Litestream Technologies, LLC as of December 31, 2001, and the results of its operations and its cash flows for the period from inception, June 20, 2001, to December 31, 2001, in conformity with accounting principles generally accepted in the United States of America.

*Ham, Langston + Brezina, L.L.P.*

Houston, Texas  
April 9, 2002, except for  
note 5, as to which the  
date is June 10, 2002

**LITESTREAM TECHNOLOGIES, LLC**  
**(A DEVELOPMENT STAGE ENTERPRISE)**

**BALANCE SHEET**  
**December 31, 2001**

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**ASSETS**

Current assets:	
Cash and cash equivalents	\$       64
Prepaid insurance	<u>27,898</u>
Total current assets	27,962
Plant and equipment under construction	1,463,886
Cable television franchises	<u>12,510</u>
Total assets	<u>\$1,504,358</u>

**LIABILITIES AND MEMBERS' EQUITY**

Current liabilities	\$       -
Members' equity:	
Members' contributed capital	2,136,494
Capital contribution receivable from TECO Partners, Inc.	(499,353)
Losses accumulated during the development stage	<u>(132,783)</u>
Total members' equity	<u>1,504,358</u>
Total liabilities and members' equity	<u>\$1,504,358</u>

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

LITESTREAM TECHNOLOGIES, LLC  
(A DEVELOPMENT STAGE ENTERPRISE)

STATEMENT OF OPERATIONS

for the period from inception, June 20, 2001, to December 31, 2001

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Selling, general and administrative expenses	\$ <u>132,783</u>
Net loss	\$ <u>(132,783)</u>

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

LITESTREAM TECHNOLOGIES, LLC  
(A DEVELOPMENT STAGE ENTERPRISE)  
STATEMENT OF MEMBERS' EQUITY  
for the period from inception, June 20, 2001 to December 31, 2001

	<u>Heritage Technologies Ltd.</u>	<u>TECO Partners Inc.</u>	<u>Contribution Receivable from TECO Partners, Inc.</u>	<u>Losses Accumulated During the Development Stage</u>	<u>Total</u>
Balance at inception, June 20, 2001	\$ 1,000	\$ 1,000	\$ (1,000)	\$ -	\$ 1,000
Capital contributions from members	1,067,247	1,067,247	(498,353)	-	1,636,141
Net loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(132,783)</u>	<u>(132,783)</u>
Balance at December 31, 2001	<u>\$1,068,247</u>	<u>\$1,068,247</u>	<u>\$ (499,353)</u>	<u>\$ (132,783)</u>	<u>\$1,504,358</u>

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

LITESTREAM TECHNOLOGIES, LLC  
(A DEVELOPMENT STAGE ENTERPRISE)

STATEMENT OF CASH FLOWS

for the period from inception, June 20, 2001, to December 31, 2001

Cash flows from operating activities:	
Net loss	\$ (132,783)
Adjustment to reconcile net loss to net cash used in operating activities:	
Expenses paid by members with a related increase in members' capital accounts	<u>130,847</u>
Net cash used in operating activities	<u>(1,936)</u>
Cash flows from financing activities:	
Cash capital contributions by members	<u>2,000</u>
Net cash provided by financing activities	<u>2,000</u>
Net increase in cash and equivalents	64
Cash and cash equivalents at beginning of period	<u>-</u>
Cash and cash equivalents at end of period	<u>\$ 64</u>
Non-cash investing and financing activities:	
Members' capital increased for contributions of plant and equipment under construction	<u>\$1,463,886</u>
Members' capital increased for increase in receivable from TECO Partners, Inc.	<u>\$ 499,353</u>

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



**LITESTREAM TECHNOLOGIES, LLC**  
**(A DEVELOPMENT STAGE ENTERPRISE)**  
**NOTES TO FINANCIAL STATEMENTS**

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**1. Organization and Summary of Significant Accounting Policies**

Litestream Technologies, LLC (the "Company" or "Litestream") is a Florida limited liability company established, as a joint venture between Heritage Technologies, Ltd. and TECO Partners, Inc., to provide bundled telecommunications services to residential customers living in certain real estate developments in selected Florida counties. The Company's services will be offered over fiber-optic networks that the Company is currently constructing for the specific needs of individual real estate developments and master planned communities.

The Company's current offering of bundled services will enable residential customers to enjoy telephone, cable television, high-speed internet and home security from a single provider. The Company is designing its networks to provide state-of-the-art service, superior value and pricing simplification to its customers.

The Company is considered a development stage enterprise because it has not yet generated revenue from sale of telecommunication services over its networks. Since its inception, the Company has devoted substantially all of its efforts to building infrastructure and searching for sources of capital to fund its efforts. Following is a summary of the Company's significant accounting policies:

**Significant Estimates**

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 dates of the financial statements and the reported amounts of revenues and expenses during the periods. Actual results could differ from estimates making it reasonably possible that a change in the estimates could occur in the near term.

**Cash and Cash Equivalents**

For purposes of reporting cash flows, the Company considers all highly liquid short-term investments with an original maturity of three months or less when purchased, to be cash equivalents.

**Plant and Equipment**

Plant and equipment is recorded at cost based upon the original acquisition price or cost of construction. Cost of construction includes direct cost of materials, payroll costs, related fringe benefits and taxes, and certain general and administrative costs. Depreciation is provided using the straight-line method over estimated useful lives of the various classes of depreciable property as follows:

Telecommunications networks	7-20 years
Computer equipment	3 years
Furniture and fixtures	5-7 years
Vehicles	5 years

Expenditures for normal repairs and maintenance are charged to expense as incurred. The cost and related accumulated depreciation of assets sold or otherwise disposed of are removed from the accounts, and any gain or loss is included in operations.

Continued

**LITESTREAM TECHNOLOGIES, LLC**  
**(A DEVELOPMENT STAGE ENTERPRISE)**  
**NOTES TO FINANCIAL STATEMENTS, Continued**

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1. Organization and Summary of Significant Accounting Policies, continued

Income Taxes

The Company is not a tax paying entity for U.S. Federal income tax reporting purposes and, accordingly, no provision or benefit for income taxes is provided in the accompanying financial statements. Instead, individual joint venture members are allocated their respective share of the Company's income, expenses and credits for inclusion in their federal and state income tax returns.

Revenue Recognition

Although the Company has not, to date, completed its telecommunication networks or begun billing residential customers, the Company's revenue recognition policies will be as follows: local telephone service revenue will be recorded as earned based on tariffed rates; cable television service revenue will be recorded as earned in the month the services are provided; and internet access service revenue and home security service revenue will be recorded based on monthly contracted fees.

Fair Value of Financial Instruments

The Company includes fair value information in the notes to financial statements when the fair value of its financial instruments is different from the book value. When the book value approximates fair value, no additional disclosure is made.

Impairment of Long-Lived Assets

In the event that facts and circumstances indicate that the carrying value of a long-lived asset, including associated intangibles, may be impaired, an evaluation of recoverability is performed by comparing the estimated future undiscounted cash flows associated with the asset or the asset's estimated fair value to the asset's carrying amount to determine if a write-down to market value or discounted cash flow is required.

Comprehensive Income

The Company has adopted Statement of Financial Accounting Standards ("SFAS") No. 130, Reporting Comprehensive Income, which requires a company to display an amount representing comprehensive income as part of the Company's basic financial statements. Comprehensive income includes such items as unrealized gains or losses on certain investment securities and certain foreign currency translation adjustments. The Company's financial statements include none of the additional elements that affect comprehensive income. Accordingly, comprehensive income and net income are identical.

Risks and Uncertainties

The Company's future results of operations involve a number of risks and uncertainties. Factors that could affect future operating results and cause actual results to vary materially from our plan include, but are not limited to, dependence upon the acceptance of fiber-optic technology as the platform of choice, unforeseen difficulties that may be encountered in competing in the highly competitive telecommunications industry and unforeseen technologies or strategies employed by established providers that have historically dominated their markets.

Continued

LITESTREAM TECHNOLOGIES, LLC  
(A DEVELOPMENT STAGE ENTERPRISE)  
NOTES TO FINANCIAL STATEMENTS, Continued

1. Organization and Summary of Significant Accounting Policies, continued

Recently Issued Pronouncements

In June 2001, the Financial Accounting Standards Board ("FASB") issued Financial Accounting Standard ("SFAS") No. 142, "Goodwill and Other Intangible Assets". SFAS No. 142 eliminates the amortization of goodwill and requires that goodwill be reviewed annually for impairment. SFAS No. 142 also requires that the useful lives of previously recognized intangible assets be reassessed and the remaining amortization periods be adjusted accordingly. SFAS No. 142 is effective for fiscal years beginning after December 15, 2001 and affects all goodwill and other intangible assets recorded on the Company's balance sheet at that date, regardless of when the assets were initially recorded. The implementation of SFAS No. 142 is not expected to have a material impact on the Company's results of operations or financial position.

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations". SFAS No. 143 addresses accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. This statement is effective for fiscal years beginning after June 15, 2002. The Company is currently assessing the impact of this new standard.

In July 2001, the FASB issued SFAS No. 144, "Impairment or Disposal of Long-Lived Assets", which is effective for fiscal years beginning after December 15, 2001. The provisions of this statement provide a single accounting model for impairment of long-lived assets. The Company is currently assessing the impact of this new standard.

2. Terms of the Joint Venture Agreement

The Company is organized as a joint venture operating under the Limited Liability Company Agreement of Litestream Technologies, LLC, dated June 20, 2001 (the "Agreement"). Following are certain of the significant terms of the Agreement. Members should consult the actual Agreement for a complete understanding of these terms. The Agreement was modified subsequent to year end, (see notes).

Management of the Company

The Company is managed by a four-member board (the "Board") with two members selected by Heritage and two by TECO. Most important actions by the Board require unanimous approval and such actions are described in the Agreement.

Capital Contributions

Heritage and TECO made initial cash contributions to the Company of \$1,000 cash and will each be responsible for 50% of future capital contributions (the "Capital Commitment Ratio"). However, future capital contributions will only be required or allowed upon unanimous member vote or upon a written capital call by the Board. In performing its management roll, the Board can make written capital calls on the members and such capital calls may require contributions based upon the Capital Commitment Ratio.

Income and Loss Allocations

The allocation of income and losses of the Company is to be 55% to Heritage and 45% to TECO.

Continued

LITESTREAM TECHNOLOGIES, INC.  
(A DEVELOPMENT STAGE ENTERPRISE)  
NOTES TO FINANCIAL STATEMENTS, Continued

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2. Terms of the Joint Venture Agreement, continued

Distributions of Available Cash

On dates forty-five days after the end of each fiscal quarter, or any other distribution date set by the Board, the Company will distribute to the Members 100% of the cash not required for the normal operation of the Company. The Company will also, within 90 days after the end of a fiscal year, make tax distributions to the members equal to 40% of the federal taxable income allocated to the members, unless such tax distributions are reduced or eliminated on a pro-rata basis, to the extent determined by unanimous member vote.

Books and Records

The books and records of the Company are to be maintained in accordance with accounting standards generally accepted in the United States of America and such books and records are to be audited, within 90 days of year-end, by independent accountants selected by the Board.

Dissolution

The Company will remain in operation indefinitely unless dissolved by unanimous vote of the members.

3. Plant and Equipment Under Construction

Following is an analysis of plant and equipment under construction at December 31, 2001:

Internet service network	\$ 45,000
Cable television network	954,146
Telephone communications system	<u>464,740</u>
	<u>\$1,463,886</u>

Due to the fact that all plant and equipment is currently under construction, no depreciation has been recognized during the period from inception, June 20, 2001, to December 31, 2001. Included in plant and equipment under construction are internally allocated labor and overhead costs of \$10,924 by TECO and \$228,252 by Heritage.

4. Capital Contributions

During the period from inception, June 20, 2001, to December 31, 2001, the Company received capital contributions, as follows:

Continued

LITESTREAM TECHNOLOGIES, INC.  
(A DEVELOPMENT STAGE ENTERPRISE)  
NOTES TO FINANCIAL STATEMENTS, Continued

4. Capital Contributions, continued

	<u>Heritage Technologies, Ltd.</u>	<u>TECO Partners, Inc.</u>	<u>Total</u>
Cash contributions	\$ 2,000	\$ -	\$ 2,000
Contribution of prepaid insurance	27,898	-	27,898
Contribution of cable television licenses	12,510	-	12,510
Contribution of direct costs of constructing plant and equipment:			
Internet service network	45,000	-	45,000
Cable television network	505,566	260,516	766,082
Telephone communication system	126,388	287,240	413,628
Total direct costs	<u>676,954</u>	<u>547,756</u>	<u>1,224,710</u>
Labor and overhead costs contributed and allocated to:			
Cable television network	182,602	5,462	188,064
Telephone communication system	45,650	5,462	51,112
Selling, general and administrative expenses	57,063	10,214	67,277
Total allocated costs	<u>285,315</u>	<u>21,138</u>	<u>306,453</u>
Direct payment of selling, general and administrative expenses	63,570	-	63,570
Capital contribution receivable at December 31, 2001	-	499,353	499,353
Total capital contribution	<u>\$1,068,247</u>	<u>\$1,068,247</u>	<u>\$2,136,494</u>

The direct costs paid by Heritage include charges of \$500 per month (totaling \$7,000) for vehicles owned by Heritage and undefined expenses of \$7,500 per month that the members agreed that Heritage had expended in constructing plant and equipment. The members also agreed that Heritage had incurred \$285,315 of labor and overhead related to the operations of the Company and those costs have been allocated 20% to selling, general and administrative expenses and 80% to plant and equipment under construction.

During 2001, Heritage had made total contributions to the Company of \$1,068,247, including contributions of plant and equipment under construction of \$905,206. This balance includes amounts totaling \$241,362 that remain in the accounts payable of Heritage at December 31, 2001.

5. Subsequent Event

Effective May 22, 2002, Heritage sold its interest in the Company and became a consultant to the Company in a series of transactions as follows:

LITESTREAM TECHNOLOGIES, INC.  
(A DEVELOPMENT STAGE ENTERPRISE)  
NOTES TO FINANCIAL STATEMENTS, Continued

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5. Subsequent Event, continued

- Heritage sold a 5% profit sharing interest in the Company to TECO in exchange for the forgiveness of \$250,000 of advances payable. This transaction resulted in a 50% profit sharing and 50%-50% capital commitment ratio in the company by TECO and Heritage.
- Heritage sold its 50% profit sharing and capital commitment interest to R&R Partners, Inc., a Florida corporation ("R&R"), in exchange for R&R's assumption of a \$97,363 unanswered capital contribution to the Company and the assumption of and responsibility for \$241,362 of invoices incurred, but unpaid by Heritage.
- Heritage entered into a consulting agreement to provide certain services to the Company for an initial period of six months, which may be extended as determined by Heritage and the Company.