

September 8, 2011

As stewards over the fiber optic network for the City of Columbus (City), the Technology Advisory Committee (TAC) felt that it was incumbent upon it to execute some due diligence on our partner, Smithville Digital (Smithville), as we approached the 4th anniversary of the agreement between the two parties. To that end, the following actions were taken:

- An independent examination was conducted by Blue & Co. on the contractual revenue calculations supporting payments made by Smithville to the City for the first two years of the agreement (9/25/07 to 9/25/2009). The examination was conducted on 100% of Smithville's customers, with no exceptions noted.
- A Smithville customer satisfaction survey was created and administered independently by Indiana University – Purdue University Columbus. The survey participation was a very good 75%, as 15 of 20 customers completed the survey fully or in part. Responses reflected a high level of customer satisfaction. Isolated improvement opportunities were identified in the engineering and on time delivery areas and have already been acknowledged by Smithville, with a promise to report back to the TAC on improvement measures taken.
- A copy of a report from the independent auditors of Smithville Holdings, Inc. reveals the opinion that the financial statements of Smithville are fairly stated in accordance with generally accepted accounting principles. The nature of such opinion also implies that Smithville has sound internal controls.
- As a test of Smithville's "going concern" status, an independent report was acquired from Dun & Bradstreet. The focus of this report was on Smithville's ability to pay its obligations. There were no exceptions noted on a historical basis and no red flags or concerns looking to the future.

In summary, the due diligence actions taken by the TAC indicate that Smithville is paying the City what is due, has a satisfied customer base but recognizes it has improvement opportunities, has sound internal financial controls and is highly likely to remain in business for the foreseeable future. The conclusion reached is that Smithville has thus far been a very good partner to the City.

A handwritten signature in black ink, appearing to be 'C. F. Davis'.

10/13/2011