



December 31, 2013

Mr. Larry Jenkins
Grants Officer, Grants Management Division
National Oceanic and Atmospheric Administration
United States Department of Commerce

Re: BayWEB Grant (#NT10B1X5570089)

Dear Mr. Jenkins:

Motorola Solutions, Inc. ("Motorola") hereby notifies you pursuant to 15 CFR § 14.61(a)(3) that it regretfully must terminate the captioned grant. At the time of the initial grant award on August 13, 2010 Motorola was proud to participate in a project that had the clear potential to provide what NTIA was seeking: a "shovel ready" project that could attract private sector capital, bring employment to the San Francisco Bay Area, obtain access to the latest technology, and move forward with a speed the government could not achieve on its own. All of the participants at the federal and local government levels worked long and hard to negotiate a carefully balanced grant and Build Own Operate and Maintain (BOOM) agreement that could satisfy all of the competing needs of the participants. Motorola fully believed that the BayWEB Grant had every possibility of succeeding, on time and within budget.

However, in the intervening three years, many things beyond Motorola's control have changed, including the governing laws, the government participants, and the government's timetable. The planned business model for the project agreed to by Motorola and BayRICS under the BOOM has been rejected and progress on the project halted. The majority of the project was suspended over 18 months ago as a result of government changes (as you indicated in your May 11, 2012 letter, "through no fault of [Motorola]"), and Motorola was denied its request for a hearing to discuss the suspension. Nevertheless, Motorola and the state and local government officials remained optimistic and continued meeting with federal government representatives in an effort to accommodate the changes being requested by the newly formed FirstNet team. Ultimately, the requested changes involved modifying certain fundamental premises of the grant, including the methods chosen by local governments to finance the project.

The 18-month suspension has caused a significant loss of momentum on behalf of other project stakeholders, including some site providers and backhaul owners. While it might be possible to reinstate the previous level of interest and commitment from them and still complete the program within the planned extension of the performance period, the cost to do so and the risk exposure will be materially higher than originally planned under the grant. While FirstNet and Motorola negotiated in good faith, there ultimately was fundamental disagreement over FirstNet's requirement that Motorola agree to comply with currently undefined, future technical requirements outside of the 3GPP standard for commercial LTE networks and currently undefined, future service level performance and network coverage requirements which would potentially result in significant additional cost liability to Motorola. Unfortunately, Motorola believes that these requirements equate to open-ended liability which the company cannot reasonably accept. Additionally, while certainly not the intent of any party, Motorola



is concerned that some of the change requests, if accepted, could inadvertently violate certain aspects of federal grant and procurement law which could potentially subject both FirstNet and Motorola to scrutiny.

As you are aware, Motorola is not legally authorized to take instruction from anyone other than you, the Grants Officer, on the scope of the BayWEB grant. Section 7 of NTIA's Special Awards Conditions provides that "If any future regulatory requirement (from the FCC or other governmental entity) results in a material technical or financial change in the project, the recipient must submit a revised budget, associated documentation, and other material, as applicable, for review and approval by the Grants Office." However, Motorola was informed that neither the Department of Commerce nor the local governments have the funds or interest to pay for the changes discussed above. Under the currently planned scope, Motorola has committed to nearly \$13.5 million of its own funds for this project, and simply cannot undertake the additional liability and schedule risk that necessarily results from the changes required by FirstNet. Motorola has been informed by FirstNet that it does not intend to approve the Spectrum Management Lease Agreement (SMLA) needed to implement the BayWEB Grant because Motorola cannot commit to the FirstNet requirements described above. Accordingly, Motorola provides this notice that it is invoking its right to terminate the Grant under 15 CFR § 14.61(a)(3) effective December 31, 2013. We understand that reasonable closeout costs are allowable in accordance with 15 CFR § 14.62(c), and request specific instructions regarding termination conditions, if any, and authorization to initiate closeout procedures under 15 CFR § 14.71.

We look forward to assisting FirstNet in its future endeavors, and would be pleased to bid on any future requests for proposal. We would also be pleased to comment on any proposed FirstNet technical standard such that private companies like Motorola could reasonably assist FirstNet in making the nationwide Public Safety Broadband Network a success.

Sincerely,

A handwritten signature in black ink that reads 'Tom Breves'.

Tom Breves,
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BayWEB Program Director
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