

EXHIBIT A

SEP. 18. 2002 3:13PM WI DEPT OF COMMERCE

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NO. 232

P. 1/4

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REP: PDB
DATE: August 14, 2002

revised 9/18/02

EARLY PLANNING GRANT

Louis L. Miller
11120 W. Gilbert Ave.
Wauwatosa, Wisconsin 53226
Milwaukee County

Grant Amount: Up to \$10,000
Total Project Costs: \$30,000

Management Review:

The signatures below authorize

APPROVAL

DENIAL

Business Finance Representative, by: _____

Date: *9/18/02*

Business Finance Director, by: _____

Date: *9-18-02*

Division Administrator Signature not required because award is less than \$3,000

Division Administrator, by: _____

Date: *9/18/02*

I. PROJECT SUMMARY

Louis L. Miller is requesting \$10,000 in financial assistance from the Special Opportunity Minority Early Planning program. The EPG funds will be used to hire the professional services necessary to evaluate the feasibility of partnering with SBC/Ameritech to increase subscriber retention among credit challenged individuals.

II. PROJECT DESCRIPTION

Louis L. Miller started AmeriVoice Telecommunications, Inc. in 1992 to provide telephone service to residential and business users with cost effective, reliable, high quality voice messaging. In 1996, with the passage of the Telecommunications Act, AmeriVoice refocused itself in the marketplace by providing innovative pricing and specialized customer service to customers in the "credit-challenged" segment of the telephone market. Since then, AmeriVoice has grown into a profitable \$5MM revenue operation employing over 45 people in Milwaukee's center city. Mr. Miller has developed a deep and unique understanding of the needs of this larger segment of the telephone market, as well as a broad knowledge of the telecommunications industry.

SBC Communications, Inc. is a \$54 billion dollar telecommunications company operating in 13 states with SBC/Ameritech as one of its regional brands. SBC/Ameritech operates in Wisconsin, Ohio, Michigan, Illinois, and Indiana.

Louis Miller has been in discussions with SBC/Ameritech as well as PNS, Inc., a Pacific coast telecommunications company, about starting NewCo. NewCo will be a separate entity owned by Louis Miller working in a partnership agreement with SBC/Ameritech. This new company will allow Louis Miller to expand and extend his market reach from Milwaukee to the entire State and through the Midwest. There are 3 challenges facing SBC/Ameritech where a partnership with NewCo may be beneficial:

- 1) Approximately 22% of SBC/Ameritech's customers are "credit challenged" (about 3.3MM credit challenged lines). Due to SBC/Ameritech's high cost structure, lack of understanding of these customers and lack of expertise in managing these account, a significant portion of the credit challenged market end up not being able to pay their bills, which often results in termination of their service. This reduces potential revenues and hurts customer retention. AmeriVoice has expertise in working with these accounts and has been successful in the Milwaukee market.

- With this partnership, they can be a participant in this \$1.5 billion (3.3 million customers avg. bill * 12 months) business.
- 2) SBC/Ameritech is lagging behind SBC Communications, Inc. in terms of a strong supplier diversity program. When competing for contracts with public institutions, or private corporations that take government contracts, preferential consideration goes to competitors that have a better minority representation amongst their sub-contractors. As such, improving their supplier diversity program is a major priority for SBC/Ameritech.
 - 3) SBC views "long distance" growth as one of their drivers for its business growth. Currently, SBC offers long-distance services only in 6 states and is seeking approval in 2 more. SBC/Ameritech is currently prevented from offering long-distance services to its customers in the five-state region. But an entity like NewCo could be a vehicle for providing these services to SBC/Ameritech customers.

As a result of these challenges presented by SBC/Ameritech, Louis Miller believes there is a very good possibility for a partnership between himself and SBC/Ameritech. This presents a tremendous opportunity for Louis Miller and the State of Wisconsin to grow an existing business in the central city of Milwaukee.

Special Opportunity Funding:

Statewide Impact

The statewide impact of NewCo is in allowing customers of SBC/Ameritech to keep their service despite being credit challenged. Over a 5 state region there are 3.3MM credit challenged customers of SBC/Ameritech. The largest segment of this group are individuals and families going through a transition in life, whether a divorce or unemployment or incarceration of a family member. NewCo will offer these groups of people the opportunity to keep their telephone service and keep their bills to manageable levels. Louis Miller will start in the state of Wisconsin, expanding his current work with AmeriVoice to the entire state before moving into working with other states in this venture.

Significant Job Creation

NewCo will employ up to 140 full time positions in the central city of Milwaukee. AmeriVoice has employed in excess of 500 individuals off of the welfare rolls for employment in entry-level jobs. Louis Miller anticipates continuing with this effort to employ entry level workers from the central city of Milwaukee. The 140 jobs will include 100 customer service reps, 20 data entry persons, 10 supervisors, 6 managers, and 4 field techs. Additionally, as the company continues to grow and expand into area like long-distance, Louis Miller is committed to furthering the employment opportunities in the central city.

Significant Capitalization Requirements

Initially, the capital costs of starting NewCo will be somewhat limited. SBC/Ameritech anticipates up to \$20MM in costs, however that seems to overestimate the amount needed. NewCo would need office space, preferably in the central city as well as computer equipment and infrastructure related to the set up of the network. This would be done in conjunction with SBC/Ameritech.

Again, as they grow into the long-distance market, they will continue to need capital expenditures.

Local Support

MEDC has looked upon this project very favorably and have recommended to the common council maximum participation in the project. Also, Louis Miller was named the U.S. Small Business Administration Wisconsin Minority Business of the Year in 2000. He has a strong reputation in Milwaukee and the State within the small business community for his work with AmeriVoice and his work in the central city of Milwaukee.

Adverse Impacts

The initial service offered by NewCo which is to partner with SBC/Ameritech in an effort to increase retention of credit challenged customers will impact the telephone companies and calling card companies that currently are able to market to this clientele. Although the number of competing

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 companies varies throughout the state, AmeriVoice is the leader in Wisconsin in working with the credit challenged. The creation of NewCo will take away business from AmeriVoice and possibly will result in the merging of the 2 companies. Other competitors include high-risk telephone services that often charge a premium to these clients and calling card companies which allow customers to prepay, often at a mark-up.

As the company moves into Long-distance, the competition is very strong and well funded. Ameritech does have name recognition in the field but are a small player in terms of long distance compared to AT&T, Sprint and other long-distance carriers.

Other Issues

This business proposal presents opportunities beyond the State of Wisconsin. As NewCo and SBC/Ameritech continue to expand into the rest of the district, Louis Miller has indicated he would like to maintain all office space in Milwaukee. This could create even more opportunity for employment in the central city.

III. CONSULTANT

Name of Firm: Telaric Advisory Services			<input type="checkbox"/> Consultant Already on Panel
			SER #
Address: 10532 N. Port Washington Rd.			
City: Mequon	State: WI	ZIP: 53092	
Contact Person: Allen Oelschlaeger X 104			
Contact Person Phone: 262/240-0760			
Contact Person Fax: 262/240-0761			
Total Project Costs: \$30,000			

IV. EMPLOYMENT

Louis L. Miller anticipates to create 140 full-time positions with an average wage of \$9.25 per hour and will be providing health insurance to its employees.

V. PROJECT BUDGET

Eligible Project Costs are as follows:

Code	NAME OF FIRM	USES	SOURCES		TOTAL
			COMMERCE	APPLICANT	
	Telaric	Business Plan	\$10,000	\$20,000	\$30,000
360.		PLANNING	\$10,000	\$20,000	\$30,000
			33%	67%	100%

VI. APPLICANT FINANCIAL INFORMATION

Louis Miller submitted a personal financial statement dated 7/14/02 which shows a net worth of \$223,000. Assets total \$386,000 and include \$19,000 in cash, \$40,000 in investments, and a \$150,000 residence. Liabilities total \$165,000 and include an \$88,000 mortgage and a \$70,000 note payable for a motorhome. Personal credit history shows credit is paid as agreed.

VII. PREVIOUS DEPARTMENT OF COMMERCE AWARDS

Louis Miller has not previously received Department assistance.

VIII. PROJECT DATA

Project type: \$02

If yes, the specific industrial cluster is:

- Automation
- Biotechnology
- Manufacturing
- Paper/Forest Products
- Childcare

Yes

- Agriculture/Food Products
- Information Technology
- Medical Devices
- Printing
- Tourism

Total company employment:

N/A-new company

Is the company minority owned?

Yes

No

If yes, the minority classification is:

- African American
- Native American
- Eskimo
- Native Hawaiian

Asian-Indian

Asian-Pacific

Aleut

Hispanic

Yes

No

Yes

No

Yes

No

Yes

No

Yes

No

Yes

No

Is the company women owned?

Is the company owned by a person with a disability?

Is this project located in a rural area?

Is this project located in a target area?

Does the credit report show outstanding tax liens?

Does the credit report show an unacceptable credit history?

Performance Criteria:

- Jobs
- Capital Investment
- Business Plan
- Other

IX. RECOMMENDATION

This project provides a significant opportunity for the State to increase jobs in the central city of Milwaukee. As it relates to Special Opportunity Funding from the Department, the business does not significantly change the current business of Louis Miller. It is a good opportunity for him to expand his business by creating a partnership with SBC/Ameritec. There will be significant job creation and the potential for significant capital costs relating to NewCo. Based on review of this application, the Department recommends approval of a \$10,000 Early Planning Grant from the RED1 UEFG MEPG2 REPG BDI EI-EPG program.