





Metro

July 12, 2007

TO: BOARD OF DIRECTORS 
THROUGH: ROGER SNOBLE
CHIEF EXECUTIVE OFFICER
FROM: LONNIE MITCHELL 
CHIEF ADMINISTRATIVE SERVICES OFFICER
SUBJECT: SHARED TECHNOLOGIES FINANCIAL STATUS

ISSUE

At the July 2004 meeting, the Finance and Budget Committee requested staff report back on the financial status of Shared Technologies, Inc., before exercising contract options. The first option is due to be exercised August 1, 2007, and the second option is due August 1, 2009.

BACKGROUND

At the time of contract award, Shared Technologies was in the midst of a re-organization due to the bankruptcy filing of its parent company, Allegiance Telecom, Inc. On March 18, 2004, Allegiance Telecom/Shared Technologies submitted a Plan of Reorganization to the Bankruptcy Court. On June 10, 2004, the Bankruptcy Court entered its order confirming the Plan, and on June 23, 2004, Shared Technologies emerged as a reorganized entity conducting business under the name Shared Technologies, Inc. Under the Plan, all assets of Shared Technologies vested to the reorganized Company free and clear of all claims and liens.

In March 2007, Management Audit Services Pre-Qualification unit began a financial analysis of Shared Technologies. The scope of the analysis included the firm's 2004, 2005 and preliminary 2006 financial statements, a copy of the firm's Experian credit report, and a background check of public records.

FINDINGS

Based on the results of the financial analysis of its profitability, adequate capital, and satisfactory credit report, it is staff's opinion Shared Technologies cash flow and financial status is adequate to do business with Metro.