

Company History

CPC was formed in February 2000 by myself Cathie Engle and a business partner Melody Weil.

My background includes working at Cincinnati Bell Telephone (CBT) for 23 years starting as an operator when there were still cord boards back in the 70's – a few years later promoted to a technician in the public telephone division where I installed payphones and inmate telephone systems in County Jails - then promoted to management in the public sales division the last 2 years at CBT.

Melody was a private payphone provider and had her business up for sale, and at that point in time, early 2000, CBT decided to get out of the public telephone business – so I resigned from Cincinnati Bell Telephone after 23 years and partnered with Melody Weil to form Combined Public Communications (CPC) which became an inmate telephone and payphone provider.

Services CPC Supplies

- One of the most secure telephone platforms built for the corrections industry
- Prepaid calling cards - per minute calling cards - the inmate can call any number
- PIN debit calling – funds applied to the inmate’s PIN – can call any number
- Direct pay calling – funds applied to 1 number – the inmate can only call that number
- Video visitation on-site lobby visits and remote visits for those folks that cannot get transportation to the Jail
- On- site visitation through the glass using specialized telephones – these conversations can be recorded if requested with the exception of client / attorney visits
- Traditional payphones
- Chirping – a text messaging device unique to CPC
- Tablets - provided for education and entertainment

To Whom Services are Offered

- County jails
- Halfway houses
- Work release programs
- Drug and alcohol rehabilitation centers
- Police Departments
- Cities
- Airports
- Convenient Stores
- Parks

Software and Infrastructure investment in 2019

- \$2.8 million in software development to keep us on the cutting edge of technology to compete for business
 - Not included in the \$2.8M is a \$4M investment in Video Visit software and \$500K investment in tablet software

- Infrastructure \$5.6 million - cost to install equipment in County Jails and the backbone to carry the calls

- Out of 207 employees, 119 reside in Kentucky paying additional property and tangible taxes

Cost of a per minute call - breakout

0.21	per minute
(0.11)	commission 50%
<u>(0.08)</u>	<u>expenses *</u>
0.02	profit **

* Regulatory / telecom tax / repair & maintenance / CC processing fees / software fees / phone bills / rent / utilities / insurance / marketing expenses

** This does not include Federal, State, and Local Income taxes coming out of this \$0.02 profit

Taxes and Fees adopted Aug. 4, 2016 by the FCC

Permitted Ancillary Service Charges and Taxes	Monetary Cap Per Use / Instruction
Applicable taxes and regulatory fees	Provider shall pass these charges through to consumers directly with no markup – <u>see taxes and fees on next slide</u>
Automated payment fees	\$3.00
Live agent fee, i.e., phone payment or account set up with optional use of a live operator	\$5.95
Paper bill/statement fees (no charge permitted for electronic bills/statements)	\$2.00
Prepaid account funding minimums and maximums	Prohibit prepaid account funding minimums and prohibit prepaid account funding maximums under \$50
Third-party financial transaction fees, e.g., MoneyGram, Western Union, credit card processing fees and transfers from third party commissary accounts	Provider shall pass this charge through to end user directly, with no markup

CPC adheres to the FCC interstate ruling and charges no more that \$0.21 per minute

Telecom Taxes

There are 86,000 telecom taxes built into the CPC tax engine that are deducted in real time from every call.

The next 4 pages are calls placed - that show the taxes – the highest tax is the Universal Service Fee (USF) which is a Federal Communications Tax – the rate changes quarterly – the last 8 quarters are -

1Q2019 – 20%

2Q2019 – 18.8%

3Q2019 – 24.4%

4Q2019 – 25%

1Q2020 – 21.2%

2Q2020 – 19.6%

3Q2020 – 26.5%

4Q2020 – 27.1% Current USF tax

In the "Call Details" box - note the duration of the call 1:39 (calls round up to the next minute)
 The charge is \$0.42 (2 minutes @ \$0.21 per minute)
 The tax is \$0.05 for a total of \$0.47 (itemized tax is noted on the right in the Tax Detail box)
 Effective Tax Rate = 11.9%

https://stack14.combinedpublic.net/?ispopup=yes&returnto=none&SerialNum=111902205&addedpath=cur - Internet Explorer

Call Details	
Called Number:	[REDACTED]
Pin:	[REDACTED]
Inmate:	[REDACTED]
DOC Id:	[REDACTED]
Called From:	CELL 721 R - (270)887-1029
Start Date:	10/01/2020
Start Time:	11:14:41
Duration:	01:39
Charge:	\$0.42
Tax:	\$0.05
Total Charge:	\$0.47
Call Type:	PIN Debit
Payment:	Sent Paid
Termination:	Called Party Hung Up
Call To:	CADIZ, KY (based on area code and exchange)
<input type="button" value="Cancel"/>	<input type="button" value="Lookup Name And Address"/>

**Christian KY
PIN Debit Call
IntraState Call**

Tax Details							HOPKINSVILLE , CHRISTIAN County, KY	
Description	Effective	Authority	TaxCategory	TaxType	TaxRate	UseTaxRate	Fee	Tax
STATE SALES TAX	19900701	STATE	02:TELECOMMUNICATIONS & GENERAL MERCHANDISE	01:STATE SALES TAX	0.060000	0.060000	0.000000	0.026249
KY ANNUAL PSC ASSESSMENT	20200701	STATE	00:TELECOMMUNICATIONS	08:PUC FEE	0.002000	0.000000	0.000000	0.000875
KY GROSS REVENUES TAX	20060101	STATE	00:TELECOMMUNICATIONS	28:STATE GROSS RECEIPTS TAX	0.013000	0.000000	0.000000	0.005460
RATE INCREASE FOR SCHOOL TAX	20050701	COUNTY ADMINISTERED BY STATE	00:TELECOMMUNICATIONS	32:LOCAL GROSS RECEIPTS TAX	0.030000	0.030000	0.000000	0.012600
FEDERAL COST RECOVERY FEE	20200701	FEDERAL	28:INTRASTATE TELECOMMUNICATIONS SERVICE	60:FEDERAL TRS FUND	0.009620	0.000000	0.000000	0.004040

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Duration of the call 14:41

Call charge \$3.00

Tax \$1.33 for a total of \$4.33 Effective Tax Rate = 44.33%

https://stack14.combinedpublic.net/?ispopup=yes&returnto=none&SerialNum=111901193&addedpath=cur - Internet Explorer

Call Details	
Called Number:	[REDACTED]
Pin:	[REDACTED]
Inmate:	[REDACTED]
DOC Id:	[REDACTED]
Called From:	CELL 822 - (270)887-1010
Start Date:	10/01/2020
Start Time:	10:37:17
Duration:	14:41
Charge:	\$3.00
Tax:	\$1.33
Total Charge:	\$4.33
Call Type:	Prepaid
Payment:	Collect
Termination:	Normal Call
<input type="button" value="Cancel"/> <input type="button" value="Lookup Name And Address"/>	

Christian KY
Direct Pay Call
InterState Call

Tax Details							UNINCORPORATED COUNTY AREA , BLAIR County, PA		
Description	Effective	Authority	TaxCategory	TaxType	TaxRate	UseTaxRate	Fee	Tax	
STATE SALES TAX	19710101	STATE	02:TELECOMMUNICATIONS & GENERAL MERCHANDISE	01:STATE SALES TAX	0.060000	0.060000	0.000000	0.241960	
PA GROSS RECEIPTS TAX	19980101	STATE	00:TELECOMMUNICATIONS	28:STATE GROSS RECEIPTS TAX	0.050000	0.000000	0.000000	0.201633	
FEDERAL UNIVERSAL SERVICE FUND	20201001	FEDERAL	00:TELECOMMUNICATIONS	35:FEDERAL UNIVERSAL SERVICE FUND	0.271000	0.000000	0.000000	0.813000	
FEDERAL COST RECOVERY CHARGE	20200701	FEDERAL	00:TELECOMMUNICATIONS	60:FEDERAL TRS FUND	0.013600	0.000000	0.000000	0.040800	
FEDERAL COST RECOVERY FEE	20200701	FEDERAL	28:INTRASTATE TELECOMMUNICATIONS SERVICE	60:FEDERAL TRS FUND	0.009620	0.000000	0.000000	0.028860	

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Duration of the call 3:19

Call charge \$0.84

Tax is \$0.10 for a total of \$0.94

Effective Tax Rate = 11.9%

https://stack14.combinedpublic.net/?isopopup=yes&returnto=none&SerialNum=111906299&addedpath=cur - Internet Explorer

Call Details	
Called Number:	[REDACTED]
Pin:	[REDACTED]
Inmate:	[REDACTED]
DOC Id:	[REDACTED]
Called From:	CELL 412 - (270)887-1020
Start Date:	10/01/2020
Start Time:	12:18:29
Duration:	03:19
Charge:	\$0.84
Tax:	\$0.10
Total Charge:	\$0.94
Call Type:	Prepaid
Payment:	Collect
Termination:	Normal Call
Call To:	CADIZ, KY (based on area code and exchange)
<input type="button" value="Cancel"/> <input type="button" value="Lookup Name And Address"/>	

**Christian KY
Direct Pay Call
IntraState Call**

Tax Details						CADIZ , TRIGG County, KY		
Description	Effective	Authority	TaxCategory	TaxType	TaxRate	UseTaxRate	Fee	Tax
STATE SALES TAX	19900701	STATE	02:TELECOMMUNICATIONS & GENERAL MERCHANDISE	01:STATE SALES TAX	0.060000	0.060000	0.000000	0.052498
KY ANNUAL PSC ASSESSMENT	20200701	STATE	00:TELECOMMUNICATIONS	08:PUC FEE	0.002000	0.000000	0.000000	0.001750
KY GROSS REVENUES TAX	20060101	STATE	00:TELECOMMUNICATIONS	28:STATE GROSS RECEIPTS TAX	0.013000	0.000000	0.000000	0.010920
RATE INCREASE FOR SCHOOL TAX	20051101	COUNTY ADMINISTERED BY STATE	00:TELECOMMUNICATIONS	32:LOCAL GROSS RECEIPTS TAX	0.030000	0.030000	0.000000	0.025200
FEDERAL COST RECOVERY FEE	20200701	FEDERAL	28:INTRASTATE TELECOMMUNICATIONS SERVICE	60:FEDERAL TRS FUND	0.009620	0.000000	0.000000	0.008081

Duration of the call 14:28

Call charge \$3.00

Tax is \$0.35 for a total of \$3.35

Effective Tax Rate = 11.67%

https://stack14.combinedpublic.net/?ispopup=yes&returnto=none&SerialNum=111967691&addedpath=cur - Internet Explorer

Call Details	
Called Number:	[REDACTED]
Pin:	[REDACTED]
Inmate:	[REDACTED]
DOC Id:	[REDACTED]
Called From:	CELL 982 - (270)887-1046
Start Date:	10/02/2020
Start Time:	10:39:24
Duration:	14:28
Charge:	\$3.00
Tax:	\$0.35
Total Charge:	\$3.35
Call Type:	PIN Debit
Payment:	Sent Paid
Termination:	Called Party Hung Up
<input type="button" value="Cancel"/> <input type="button" value="Lookup Name And Address"/>	

Christian KY
PIN Debit Call
InterState Call

Tax Details						HOPKINSVILLE, CHRISTIAN County, KY		
Description	Effective	Authority	TaxCategory	TaxType	TaxRate	UseTaxRate	Fee	Tax
STATE SALES TAX	19900701	STATE	02:TELECOMMUNICATIONS & GENERAL MERCHANDISE	01:STATE SALES TAX	0.060000	0.060000	0.000000	0.187492
KY ANNUAL PSC ASSESSMENT	20200701	STATE	00:TELECOMMUNICATIONS	08:PUC FEE	0.002000	0.000000	0.000000	0.006250
KY GROSS REVENUES TAX	20060101	STATE	00:TELECOMMUNICATIONS	28:STATE GROSS RECEIPTS TAX	0.013000	0.000000	0.000000	0.039000
RATE INCREASE FOR SCHOOL TAX	20050701	COUNTY ADMINISTERED BY STATE	00:TELECOMMUNICATIONS	32:LOCAL GROSS RECEIPTS TAX	0.030000	0.030000	0.000000	11 0.090000

What Benefit is there to Jails that use CPC Services

- Phone calls and chirpers keep the inmates communicating with their loved ones – which studies have shown helps recidivism
 - The Chirp device is real time communication where an inmate can get a prognosis from a family member in the hospital real time 24 hours per day
 - Just as we all use text messaging – it gives us piece of mind to get instant answers to sometimes difficult times in our lives -
- Tablets offer the inmates the opportunity to read books, workforce integration, reentry to recovery, education, religious devotion, legal content, games and music -
- Video visitation whether on or off-site keep families connected
 - Remote video visitation offers inmates the human element of attending a birthday party or the passing of a loved one - they could never get from an on-site visit

Attorney Calls

- On a new installation, we are given a list of attorney #'s that the jail wants to be non-recorded.
- If that does not happen, then we will proactively check the online State Legal Directory to gather the published and verified Attorney numbers and add them to our database set to non-record.
- Cellphones are not on these databases so we cannot include them until the Attorney contacts us and provides that info on letterhead.
- Then, that County becomes part of our ongoing Attorney Project which is where we proactively check every Attorney in every County every year against the proper online State Legal Directory to be sure that we have the most up to date information.

If we are notified that an Attorney's number was recorded we will immediately work to set it to non-record in the switch. We will request the Attorney to submit the information on their legal letterhead so that we can verify them against the State Legal Directory. Cellphones are usually not on the websites but if on the letterhead we will set them to non-record.

Note – when an attorney call is set to non-record – the ability exists for a 3rd party call to be established with out law enforcement knowledge.

Attorney Calls continued -

- As part of the header recording to the called party – there is a statement that says “if you are an attorney please hang up and call inmatesales to have your number set to non-record”.
- When an Attorney contacts our customer service center to have their number set to non-record, the customer service representative will ask them to send in on their legal letterhead a list of the numbers that an inmate will use and that they want set to non-record. We will then verify the information and set the requested numbers to non-record.

All documentation is tracked and referenced via a service ticket.

CPC Web Sites

- cpcjail.com/corrections-professionals
- inmatesales.com

- CPC's web site is structured on Customer Demand

- The goal is to get the inmate out of Jail and make the customer experience simple and easy to understand – we have found the easier and quicker a customer can navigate through a web site - the less stressful it is -

- There are few situations that are as dramatic as a loved one put in Jail.
 - When a family member finds out their loved one is in Jail – they are upset and just want to communicate with them –

- CPC's telephone platform allows a 1- time free call to any number not called in the past so the inmate can tell the friend/ family where they are –

- CPC also provides courtesy calling cards and/or a free phone in the booking area

Cost of Contracts

- Commission to a County Jail is dictated by competition
- Why do costs continue to rise –
 - Larger companies trying to monopolize the industry – so increased commission structures are required to compete for new business as well as keep existing business
 - Software and infrastructure costs to keep up with customer demand of technology
 - Taxes imposed on calls – ex: the FCC wants to lower the call rate –however they keep raising the USF tax – this Qtr. it is 27.1%

Use of DOC statewide contract

- Each County has a different need that differs from the DOC on a statewide level –
- Some counties need a Jail management system (JMS) - where others need a body scanner or vehicles – and the County has no funds to purchase these items –
 - In these type instances - the Jail asks the inmate telephone provider to pay for items and adjust the commission to offset the capital expense -