ATTACHMENT B
Activity-Based Formula to Determine Minimum Acceptable Bids

$A_i \quad = \quad (C * B_i) + ((1-C) * A_{i-1})$

$I_{i+1} \quad = \quad$ smaller of $((1 + A_i) * N)$ and M

$X_{i+1} = \quad I_{i+1} * Y_i$

where

$A_i \quad =$ activity index for the current round (round i)

$C \quad =$ activity weight factor

$B_i \quad =$ number of bidders submitting bids on the licenses in the current round (round i)

$A_{i-1} =$ activity index from previous round (round i-1), A_0 is 0

$I_{i+1} \quad =$ additional percentage for the next round (round i+1)

$N \quad =$ minimum additional percentage or floor

$M \quad =$ maximum additional percentage or ceiling

$X_{i+1} =$ additional dollar amount

$Y_i \quad =$ current price estimate (CPE) for the license from the current round

(The CPE for a license is the provisionally winning bid, unless there is a provisionally winning package bid covering the license. See Attachment C for more information on CPEs.)

Examples

$C = 0.5, N = 0.1, M = 0.2$

Round 1 (1 bidder submitting bids, CPE = $1,000,000)

1. Calculation of additional percentage for round 2:

$A_1 \quad = \quad (0.5 * 1) + (0.5 * 0) = 0.5$

$I_2 \quad = \quad$ The smaller of $[((1 + 0.5) * 0.1) = 0.15]$ and 0.2 (the maximum additional percentage)

$= \quad 0.15$

2. Calculation of dollar amount associated with the additional percentage for round 2 (using I_2 from above):

$X_2 \quad = \quad 0.15 * \$1,000,000 = \$150,000$

3. Minimum acceptable bid amount for round 2 = $1,150,000

Round 2 (3 bidders submitting bids, CPE = $2,000,000)

1. Calculation of additional percentage for round 3:

A_2 = $(0.5 * 3) + (0.5 * 1) = 2$

I_3 = The smaller of $[((1 + 2) * 0.1) = 0.3]$ and 0.2 (the maximum additional percentage)

= 0.02

2. Calculation of dollar amount associated with the additional percentage for round 3 (using I_3 from above):

X_3 = $0.2 * \$2,000,000 = \$400,000$

3. Minimum acceptable bid amount for round 3 = $2,400,000

Round 3 (1 bidder submitting bids, CPE = $2,400,000)

1. Calculation of additional percentage for round 4:

A_3 = $(0.5 * 1) + (0.5 * 2) = 1.5$

I_4 = The smaller of $[((1 + 1.5) * 0.1) = 0.25]$ and 0.2 (the maximum additional percentage)

= 0.2

2. Calculation of dollar amount associated with the additional percentage for round 4 (using I_4 from above):

X_4 = $0.2 * \$2,400,000 = \$480,000$

3. Minimum acceptable bid amount for round 4 = $2,880,000

For packages, the minimum acceptable bid amount is the sum of the minimum acceptable bid amounts for the licenses in the package.