



**Iowa Telecommunications & Technology Commission
Grimes State Office Building, 1st Floor
400 East 14th Street, Des Moines, IA 50319
Meeting Minutes May 15, 2025**

FINAL

The Iowa Telecommunications and Technology Commission's meeting occurred on Thursday, May 15, at 11:00 a.m. in the Grimes State Office Building, ICN Thompson Conference Room, 400 E. 14th Street, Des Moines, IA. To ensure the most efficient use of State resources, the ITTC meeting also included a video conference connection pursuant to Iowa Code section 21.8. A video conference ensured that more Commissioners, staff, and the public were able to participate in the meeting. The meeting was accessible to members of the public.

Roll Call

Commissioners Present

Steve Olson, Chair
Bob Holz, Member
Brett Mason, Member
Carmine Boal, Member
Denise Sturm, Member

Commissioners Absent

Representation of the State of Iowa Auditor, Ex-Officio Member
Matt Behrens, Representing the Chief Information Officer, Ex-Officio Member

Iowa Communications Network Staff

Ryan Mulhall, Executive Director
Scott Pappan, Chief Operating Officer / Chief Technology Officer
Patricia Townsend, Chief Financial Officer
Mike Cruise, Director of Finance
Patrick Kazeze, Director of Networking and Engineering
Stephanie DeVault, Director of Business Services
Connor Kuehl, Director of Facilities
Brian Clayton, Executive Officer 2
Lori Larsen, Executive Officer 2 (Recorder)

Guest Attendees

David Merchan, Iowa AAG
Michael Eischeid, Granite
Ray Warner, Aureon
Rob Smith, FNS

Call to Order:

Chair Olson called the meeting to order at 11:00 AM. It was noted that a quorum was present.

Approval of the April 17, 2025 Meeting Minutes

Chair Olson requested a motion to approve the April 17, 2025, meeting minutes. Commissioner Holz moved to approve the minutes. Commissioner Boal seconded the motion.

The motion passed unanimously.

Old Business

None.

New Business

Agency Updates

Contracting Update – Mike Cruise

- Tech Labor Request for Proposal (RFP) – We are qualifying vendors for use for services.
- Outside Plant (OSP) project in Kossuth County – Bids are evaluated and awarded to the vendor, about \$50,000 lower than the rest.
- Surplus phones – We were able to sell surplus phones and received \$2,500.

COMMENTS

None

Finance Update – Mike Cruise

General Financials:

Along with the traditional financial statements, we have ratio metrics that we track monthly. The quick ratio is a measure of the ability to meet short-term obligations. Our goal is set at 1.5, and for April we are at 1.79, so we are meeting that metric.

Another metric that we track is the Days Cash on Hand. This measures the number of days we can cover operating expenses. Our goal is 60 days and through April, we are at 53.18 days. We continue to monitor those and do what we can to contain costs that contribute to them.

Statement of Revenues, Expense and Changes in Equity - This is compared to last year-to-date, not the budget for FY 2025.

Net assets are down 35.9% from last April; the number was 31.5% in March, so a slight decrease.

Contributing factors this month:

- OSP revenue - new builds down.
- Voice expenses are up - added Zoom, so that adds both revenue and expenses, but the revenue does not reflect the increase, being that it is offset by inmate calling's drop.
- OSP maintenance expenses are up, relocations are high.

Overall, \$2.8M down in Net Assets from last April. We look to change that with the FY 2026 budgeting we are working on now.

Monthly Revenues and Expenses:

The month of April resulted in an operating margin of negative \$426,815. This is \$346,000 unfavorable to the budget which was negative \$81,000. MRC revenues were unfavorable for the month by \$40,174. \$21,000 of that was the decrease in inmate calling.

Direct expenses were unfavorable to budget by \$22,600. All allocated indirect expenses are a combined \$212,000 unfavorable. OSP indirect expenses were \$120,000 unfavorable and equipment expenses were \$229,000 unfavorable. We did receive a large purchase order of which we will bill the customer in May.

Year-to-Date (YTD) Revenues and Expenses:

For April, we have an operating margin of negative \$2.59M which is \$667,000 unfavorable to the budget, which is negative \$1.92M. MRC revenue is now \$24,000 favorable to budget. Direct expenses are \$273,000 unfavorable to budget through March. Total allocated expenses are \$454 unfavorable to budget.

Other:

- Fiscal years 2021 & 2022 audits were released by the State Auditor's office. No reportable comments.

COMMENTS

None

ACTION: FY 2026 Budget Approval – Mike Cruise

We have an action item for approval of the FY 2026 budget proposal.

Revenue Highlights:

- Voice Inmate Calling - maintained updated revenue based on restricted rates.
- Ethernet - increased 1% from the projected FY 2025.
- Internet - increased 3% from the projected FY 2025.
- Use updated revenue information whenever available, such as Part III revenue and Zoom.
- Potential large customer projects are not included in the current version of the budget as the scope and timeline have not been confirmed.

Direct Expense Highlights:

- Moved some electricity costs from indirect expenses to direct expenses for DMS500 for Inmate Calling, Traditional Voice, and colocation based on Facilities estimate.
- Voice: Inmate Calling and Traditional - updated costs to reflect DMS500 sunset for Dec 2025 (switched access, electricity, etc. to end) and included call expenses of Inmate Calling and \$20,000 MRC for traditional services, beginning Jan 2026 with the new voice product. Removed DMS500 voice circuit costs.
- Legacy data - this has been cleaned up; resulted in moving some circuits to voice and network data; removed circuits for discontinued services.

Payroll Highlights:

- No backfills for any current or projected open positions. Removed Chief Administrative Officer, Billing Technician, and IT Support.
- Across-the-board wages increase by 2% on 7/1/25.
- Removed SLIP expenses for two previous retirement employees (after 7/31/25).

Other Expense Highlights:

- Outside Plant - used weighted average of 2xFY25 (projected), FY24 (actual), FY23 (actual) for most cost elements.
- DOM DoIT increased costs with shared services.
- Will be looking at all areas to renegotiate contracts for both one-time and ongoing expense reductions.
- Capital budget expenditures are on hold while we address operating budget reductions.

Discussion:

- Scott Pappan asked, what is the increase in the new IT expenses?
 - Patricia Townsend said about 80%.
- Commissioner Boal asked, who decides the amount?
 - Executive Director Mulhall said it was based on FTEs.
- Commissioner Mason said ICN does a good job of service delivery. I like the business we do.
- Commissioner Boal asked under the revenues of the federal government, that is zeroed out.
 - Mike Cruise said that it was from some grants we had, and that went away.

Executive Director Mulhall addressed the budget topic. Historically, ICN has not run and operated as a business. We have the executive branch mindset of being just good enough, not looking at being more efficient and pricing the services to recover costs like payroll, funding our equipment upgrades, and allocating money to the private sector, which is a goal. The time to do this was five years ago; we are behind, and you see it with the trends. We are instituting a hiring freeze. We will not be backfilling any positions, we are implementing a 10% across-the-board decrease in expenses. We will be renegotiating our biggest contract. We are getting a truer accounting of the cost of services sold, something we never looked at. We have already looked at one service: Colocation. We found we are losing \$200/month for that product. We will be systematically looking at all lines of business, to get the true cost of services sold. The biggest area that was pointed out was legacy voice/DMS. We have no true accounting, we are operating on a hunch that we are losing money. We are moving to get rid of this expense and move it to a more predictable expense. Our Business Services team has done a phenomenal job on this project. Found out we have been overpaying since 2006 for our long distance. The rates have not been looked at or renegotiated in almost 20 years. The amount of loss of not understanding business is astounding. We have a lot of work to do. We are going to look more closely together.

Chair Olson requested a motion to approve the FY 2026 budget. Commissioner Mason moved to approve the FY 2026 budget. Commissioner Sturm seconded the motion.

Roll Call vote was taken.

Commissioner Boal, yes
Commissioner Holz, yes



Commissioner Mason, yes
Commissioner Sturm, yes
Chair Olson, Chair, yes

The FY 2026 budget was approved.

COMMENTS

Commissioner Holz added, we can't keep having negative numbers, and we still need to look at the 5 years.

Patricia Townsend said, as we build the FY 2026 budget, we are putting in more details as those numbers are generated. Our goal is to get FY 2026 to be more accurate, so we can provide what we expect in the future.

Business Services Update – Stephanie DeVault

For the month of April

- Closed \$18,366 in revenue, and 63 opportunities.
- The team closed with \$5,366 more in sales, which is a 41% increase in sales goals.
- Our sales goal of 30 new opportunities was exceeded by 110% with 63 opportunities closed.
- For April, our total build revenue was \$2M.

E-Rate Update: This month we received our first round of 471 form funding, which was \$1.4 million. There was additional discussion about E-rate funding and cycles.

Marketing and Communications

- On April 8, we invited our SYBAC students to the Capitol Complex. They met the leadership team, legislators, and toured the ICN office and LightEdge Datacenter.
- On April 22, our Peer to Career network cabling students from the Ottumwa Job Corps met with ICN and the Lt. Governor. They spent the morning learning from our outside plant and structured cabling teams.
- Urbandale high school's cyber class visited the ICN and met with our leadership, cybersecurity, and engineering teams.
- Customer testimonials have come through via customer surveys: NOC survey and project management survey.
- We continue with social media and SYBAC application efforts.

Project Management Updates

- Three successful homeland security connections turned up this month.
- A successful connection to the City of Des Moines.
- Continue to work on the backup solution for DAS with regard to the fire panels and emergency telephones.

COMMENTS

None

Network Services Updates

Network Operations & Security Update – Patrick Kazeze

We are reviewing workflows to take out efficiencies where possible.

Aggregation Project: 62 completed and 19 in the works. We hit another snag with optics compatibility with our hardware. A solution has been found, and an order will be placed. We will get back on track as we receive the new optics.

Core Upgrades: Continue the ever-challenging task of navigating potential customer impact lists as we always aim to mitigate customer impact as much as possible.

DDoS Mitigation Platform: Receiving software updates. Our appliance that provides overall network visibility will be undergoing upgrades in the months to come to include new hardware that will be strategically placed throughout the statewide network.

Denver Connection: We continue to make progress on our connection to Denver, our ingress points to the west. We've been working to get a bigger and more stable path as we commence with a future-ready posture.

Wallace Building Update: We did vacate the Wallace building, ahead of our eviction date. We have telecom equipment still located throughout the building and have begun a systematic sunsetting of unneeded hardware. There are still state personnel that are operating out of Wallace. Some of the ICN assets that help to provide connectivity for emergency services, like the phones in the elevators, will remain operational until they are no longer needed.

COMMENTS

None

Facilities and Inside Plant (TAC) Updates – Connor Kuehl

Facilities

Increasing Revenue

- Completed a rate review of colocation services.

Decrease Expense

- The Facilities team reviewed expenses and deferred several activities and canceled others that were no longer necessary.
- Leading a comprehensive review of preventative maintenance activities. Some of those activities are no longer good business practice. We will reduce the expense or increase the value.
- The Outside Plant team will continue to work with Finance to recoup expenses for our executive council claims. It continues to pay dividends to have an escalation process to receive funds back.
- Decommissioning the DMS. Project is now approximately 10% completed. Kudos to the Business Services team for their hard work in identifying how this is going to work. We have trimmed most of the cost of the existing platform, and made it still serve customers. We have engaged with 5 or 6

customers at this point. Recent savings included eliminating SS7 trunks, 90 connections going into the switch and 90 connections coming out.

Improving Customer Outcomes

- Customer survey responses were received.

Making our Jobs Easier

- Continue to hold meetings to make our jobs easier. How fast when we get an order, do we get the project out the door? Defining the flow that the work goes through is critical in measuring the ordering and service process.
- Reviewing project portfolio management standards which will increase our book to bill visibility.

COMMENTS

None

Legislative Update – Executive Director Ryan Mulhall

The 2025 session of the 91st General Assembly concluded on May 15. Here are a few of the highlights for items that pertain to the ICN and ITTC.

Commissioner Mason and I had our appointments confirmed by the Senate on the en bloc calendar on April 28.

The ICN budget request of \$2 million for additional fiber redundancy at JFHQ in conjunction with HSEM and IANG didn't make it into the final Rebuild Iowa Infrastructure legislation. This is certainly not a necessity, but as critical infrastructure and essential functions become more a part of our Network, it will be helpful. We will likely make a similar request next year.

Two bills that have passed and are awaiting Governor Reynolds' signature are HF706 and HF889.

- HF 706 relates to Open Meetings and Open Records. The Commission has always done a great job following these laws. It will be even more important going forward as the penalties stiffen for violations. And there will be a training requirement going forward that we will need to ensure happens.
- HF 889 was one of the Governor's pieces of legislation that creates changes to make it easier for our employees to convert sick leave to vacation, and also adds paid leave for childbirth from the State.

HF 879 related to critical infrastructure sabotage was signed by the Governor on May 1. This creates significant penalties of up to \$85,000 in fines for damaging communications infrastructure. We have seen an uptick in recent years in our fiber being damaged, presumably by individuals thinking it is copper, so we hope legislation will be a deterrent for this.

FCC: No change in the status of the Supreme Court case of the FCC vs. Consumer Research that challenges the constitutionality of the Universal Service Fund. There has been some legislation introduced in Congress that would reform the program as well. The Court's decision is expected to be rendered in late June or early July.

COMMENTS

None



Other Business:

ITTC Committee Updates – Staff/Commission

These updates were inadvertently skipped.

Public Comment

None

Adjournment

The ITTC meeting adjourned at 11:48 AM.

ATTESTED TO:

A handwritten signature in black ink, appearing to read "Steve Olson". The signature is fluid and cursive.

Steve Olson – Chair, Iowa Telecommunications and Technology Commission