



Iowa Telecommunications & Technology Commission
Grimes State Office Building, 1st Floor
400 E. 14th Street, Des Moines, IA 50319
November 16, 2017, Minutes

FINAL

To ensure the most efficient use of State resources, the November 16, 2017, ITTC meeting was held via telephonic/video conference pursuant to Iowa Code section 21.8. A telephonic/video conference also ensured more Commissioners were able to participate in the meeting and reduced the risk of delays caused by weather or other impediments to travel. The meeting was accessible to members of the public through attendance via Phone Bridge.

- **Roll Call:**

- **Commissioners Present:**

Richard Bruner, Chair (on-site)
Kelly Dolan Lange, Member (phone)
Kathleen Kohorst, Member (on-site)
Bob Holz, Member (on-site)
Robert von Wolffradt, Ex-Officio (phone)

- **Commissioners Absent:**

Tim Lapointe, Member
Mary Mosiman, Ex-Officio

- **Iowa Communications Network Staff Present:**

Phil Groner, Chief Operating Officer, Acting Executive Director
Deb Evans, Agency Division Administrator
Mark Johnson, Chief Administration Officer
Scott Pappan, Carrier Services Officer
Mike Cruise, Finance Services Officer
Dave Marley, Field Services Officer
Ryan Mulhall, Security Services Officer, Jekard Operations Officer
Jessica Jensen, Executive Administrator, ITTC Administrator
Lori Larsen, ICN Communications
TJ Boulet, Legislative Liaison

- **Guests:**

Sean Cory, Century Link
Ray Warner, Aureon
Joe Coon, Mississippi Bend Area Education Agency

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- **Call to Order:**

- Chair Bruner called the meeting to order at 10:31 a.m. It was noted that a quorum of members was present for the meeting.

- **Approval of October 19, 2017, Meeting Minutes:**

- Chair Bruner requested a motion to approve the October 19, 2017, meeting minutes. Commissioner Holz moved to approve the minutes, and Commissioner Kohorst seconded the motion. The motion passed unanimously.

Commissioner Holz – Yes
Commissioner Kohorst - Yes
Commissioner Lange - Yes
Chair Bruner – Yes

- **New Business:**

- **ICN Agency Updates**

- **Agency Division Update - Deb Evans**

The ICN Ethernet RFP (Request for Proposal) has been released. The RFP includes services like ethernet transport, MPLS (Multiprotocol Label Switching) transport, optical wavelength transport, and dark fiber leases. Questions for the RFP are due back by November 27, 2017. Answers to the questions are due by December 4, 2017, and the RFP will close on January 5, 2018.

The 911 contract with Iowa Homeland Security is currently with Department of Administrative Services to be completed. The ICN is working with Homeland Security and the other vendor that was awarded the part of the 911 RFP to provide transport connections to them for service through Homeland.

The ICN's FY17 financials are complete and turned in.

The ICN continues working with Calero in regards to the new ICN financial system. The core group has received login credentials to view the system and the configuration. There are a couple of financial pieces that still need to be worked through, but the reviewing process is going smoothly.

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ICN has been notified of some significant changes in the USAC filing rules for the upcoming year. The ICN is working with the Department of Education for additional training for the upcoming bid term. USAC administers the Universal Service Fund which is a federal program that provides a discount to healthcare and education customers. The revenue from USAC to the ICN is approximately \$7M per year.

The ICN team met with the Executive Director of the Iowa Association of Community College Trustees to discuss new services that are being offered, as well as explain the power upgrades that carrier services are working on that will affect several of the community colleges. The ICN account consultants are working with the technical contacts at the community colleges, and contracting is working closely with carrier services on getting vendors lined up to begin the bidding process for the 17 sites. It is one of the many projects that include both the agency division as well as the carrier division.

Business Services is working with the Iowa Department of Transportation (DOT) on a partnership to allow the ICN to become the fiber management partner for the DOT state-owned fiber. This partnership could include management of their network, project management, oversight of their existing DOT fiber, long-range planning of fiber deployment in conjunction with DOT, as well as a few other items that were requested. Business Services, Outside Plant, and Contracting have started to assemble the paperwork for the agreement. .

COMMENTS:

BRUNER: The DOT item is a big deal.

EVANS: It is a very big deal. Once we get a little further into it and know exactly what we will be tasked with we will provide you with an update on it.

BRUNER: Is the USAC going to hurt us or help us?

EVANS: We need to understand the information process. Pam Jacobs with the Department of Education helps the schools with the USAC application process, and we met with her to get an update. The main change is how the schools and healthcare facilities will apply for USAC.

BRUNER: Does ICN help fill out those forms?

EVANS: No. Pam Jacobs who works for the Department of Education helps with that. We cannot.

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▪ **Financial Report - Mike Cruise**

In a review of the October FY18 Budget to Actual Report, the monthly margin for October is -\$771,974.46 with an operating margin of -30.23%. The year to date totals for October are down to -\$1,733,126.36 with an operating margin percentage of -17.07%. The year to date budget totals for the fiscal year are down -\$568,987.99 with a 15.23% margin. The margin is down a little over \$1.16M from the budget. There are two key factors to the lower margin; the first is that the revenue is down \$731,000 as well as direct expenses being up \$368,000. The total revenues for the month of October are \$10,154,923.47 with the budget being at \$10,886,192.01. The expenses are impacted by the voice legacy expenses being more than expected, because the transition of voice services is slower than was anticipated. The maintenance also affects the expenses because it is higher than expected. Allocated operating expenses are over budget by \$780,000 due to network maintenance (14.48% over budget), the Aeritae contract that was not completed at the time of the budget (\$339,000 over budget), off set by equipment spending which is under budget (-\$781,000). Overall gross margin which is determined by subtracting direct expenses from revenues and that totals \$5.6 positive for the year to date total. New offerings for security services, colocation data centers, and IP video services will diversify the revenue.

COMMENTS:

KOHORST: It was a sobering report. Considering the issues that have been raised, do you feel we will be able to catch up?

CRUISE: I don't believe we will catch up. It will be similar to last year where our equipment expenditures will be higher and the Aeritae contract is over what was budgeted. As far as the gross margin, we are fine, it is the allocation of the other expenses that puts us in the negative.

KOHORST: Is the change substantial enough that we need to look at a budget amendment or are we in the parameters?

EVANS: We can't. Once the budget is in, it can't be changed. We try to put in what we know at the time, but we can't change it.

GRONER: An example of that would be internet reduction that we provided to education users for this funding cycle. When the budget was submitted, we had not negotiated those rates yet. That was approximately \$700,00 in lower

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revenue. In addition to that, the new security services have just been rolled out this fall. We have not realized all the potential revenue from those services.

BRUNER: Will we start seeing additional revenue from the e911 contract and when will that start to kick in?

GRONER: That does require legislative change. Once that happens then we can begin the installation phase which could be a 6-12 month roll out. Realization of the revenue from that may be about 12 months. Department of Homeland Security and Emergency Management will ask the legislature and the Governor's office to enact the legislation immediately if passed so that we can begin construction.

PAPPAN: We are already preparing the power and the sites for that.

BRUNER: Do you see any problems with the legislature?

JOHNSON: I am not aware of any issues yet. I believe they worked through most of those issues last year.

BRUNER: Didn't they put together a working group that made a recommendation?

JOHNSON: Yes.

KOHORST: About 18 months ago, the way ICN viewed and displayed the budget numbers changed. Does that help analyze the data?

CRUISE: Absolutely. We are going to add in the future on the detail pages the gross margin and the operating margin. We do use it as a tool to show what services are providing margin and which ones aren't.

I have a comment to your earlier question. We are budgeted for over a negative \$1M. To be negative is not surprising.

EVANS: We were prepared for this

▪ Capital Plan - Deb Evans

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First quarter there was \$401,000 set aside for the capital plan. We spent \$180,014. We returned \$220,985 back into the budget for expenditures. We postponed or canceled some projects due to the cash flow situation. The bureau chiefs have worked well to adjust items. We were under the budgeted amounts for two projects and over on one. Overall we did well on the first quarter. The second quarter has two items with includes one large project for the power upgrade that will be over one million dollars.

COMMENTS:

BRUNER: This is a big improvement. On a quarterly basis, we find out what projects we are funding and what projects we are eliminating. This way we have a better idea of how the capital is being spent.

▪ **Annual Agency Report – Mark Johnson**

The FY17 Annual Report is required under Iowa Code Section 7E.3. In that report you will see some of the significant accomplishments and activities of the ICN for the past fiscal year as well as some financials. Some of the accomplishments form a foundation for how we will be providing services in the future, which include the carrier-grade lab and the expansion and delivery of the ICN security offerings. Looking at the activities in the report as well as those in the future, you will get an idea of where the ICN is headed and how we will look in the future.

COMMENTS:

BRUNER: This is a lot of work and very well put together. Thank you for your team for putting it together.

JOHNSON: Lori does a great job.

○ **ICN Carrier Updates**

▪ **Carrier Division Update - Mark Johnson**

November 1, 2017, the customer portal went live with ServiceNow and is proceeding to move forward with two new modules to address trouble tickets and MACS (Move, Add, and Changes). Other projects going on include the installation of the new IP video platform hardware, working with CenturyLink to install the geomax that will help remove the switch that will provide us with a 10Gb link out of JFHQ and move us a step closer to sun setting the DMS (Digital



Multiplex System) switch as well as high maintenance costs associated with that switch.

In ICN engineering, phase one of the power upgrade will enable the Network to move forward with the e911 project. Engineering is working on sunsetting the ATM (Asynchronous transfer mode) technology, which began approximately a year ago, and is estimated to be completed within the next 7-8 months. The MPEG video platform will be upgraded to IP video in December. The next six months will then be used for demonstrating the system, upgrading the overall video network, and replacing the video technology. The ATM will be End-of-life in July 2018.

In the September ITTC meeting, an update was given on the status of the SP43 project at the intersection of Interstate 380 and Interstate 80 in the Iowa City area. The ICN is partnering with the DOT to leverage the assets of both agencies and install fiber infrastructure needed for that, as well as it providing redundancy for the ICN network. SP43 will be used as an offsite backup location for both the DOT and the ICN.

COMMENTS:

BRUNER: Is that a redundant node that is being put in?

PAPPAN: SP43 will be a backup to the ICN facilities, and it is also a switch point that has four degrees coming in. There is fiber that comes into the location in four different directions: North, South, East, and West. It is the failover from the core, the routers from Lucas and JFHQ works great, and it provides backup.

BRUNER: So it improves our redundancy?

PAPPAN: Yes

▪ Jekard Update - Ryan Mulhall

The new ICN customer portal was successfully launched on November 1, 2017. Since launching there have been over 4,000 unique visitors to the portal and close to 500 customer logins. There have been six orders placed in the portal, which included one within the first hour of the portal being live. On November 14, 2017, Aeritae and ServiceNow had a cake cutting ceremony for the launch of the portal in which all ICN employees were invited and recognized for the work behind this first step.

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The attention now shifts to the launch of ServiceNow agency-wide on January 1, 2018. This transition will allow the ICN to move off of three legacy systems, which includes service desk. This will allow customers to see their incidents. Aeritae and the away team have been diligent in the planning and preparation for the launch. The team is considered to be in full sprint mode according to the Agile system.

COMMENTS:

BRUNER: Excellent job and the entire team deserves a round of applause. It was well promoted, and everyone did a great job.

- **Other Business:**

- **Legislative Update – Mark Johnson**

Two legislative proposals were submitted to the Governor's office and they are temporarily on hold. The first item proposed would eliminate the Education Telecommunications Council (ETC) and the Regional Telecommunications Council (RTC) from the ICN code. They serve an educational function, and the appropriation of funds to these councils was eliminated during last year's legislative session. The second item that was submitted was the contract cap limitation exception associated with our network virtualization project.

COMMENTS:

BRUNER: Thank you.

- **Governor's Budget Hearing – Phil Groner**

Next week the ICN will present their budget items to the Governor. Each year the ICN presents at these public meeting. The ICN will not be asking for an appropriation this year. We will be highlighting a lot of what we are offering at the ICN with the security services, merging of 911, managed voice services, and public-private partnerships.

COMMENTS:

BRUNER: Good News.

- **Des Moines Register Article – Bob Holz**

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There was an article that appeared in the Des Moines Register on November 10, 2017, that Iowa lawmakers push for better cybersecurity. It references the IPERS breach as well as the breach in the Johnston schools. Where do those breaches occur? Do they happen in customer databases? Are any of our goods or services breached in those attacks or other attacks? Do we have goods or services that would be useful as a defense? Are we at the table with the legislators that are having discussions with possible changes in the law or rules to tighten security?

COMMENTS:

MULHALL: Regarding the breach issue, the school mentioned in the article experienced a breach with a cloud service hosted elsewhere and was not within their infrastructure. The IPERS breach was a telephone scam. There is no great defenses for that other than on the users end of things and security awareness. When you go into the cloud services, the user needs to make certain that the vendor has security in place as well as breach and incident reporting notification as part of their security program.

We do have services now and partnerships available that have not been made public yet. Our strategy is proactive. We want to block attacks before it gets into the network. The Aramid firewall can do that as well as the DDoS services. Those are the two areas that we started to block threats from getting into the customer's networks.

Moving forward, we will be able to offer customers security services such as: incident response and forensics, penetration testing, security review and assessment, midigate against phishing attempts, social engineering, and security program development, etc. .

JOHNSON: From a legislative stand point we have been involved with cyber security discussions in the past and would assume that we would be involved in those in the future. The ICN along with five other agencies are part of the Governor's working group that has assembled the State's cyber security plan. That was authored primarily in the office of the OCIO, so they did have strong part in that. Representative Nunn recently reached out to us. The ICN hosted a cyber security class that Nunn teaches. The students came to the ICN, and they were made aware of the services we provide, and they also got a tour of the BRIC as well as the lab facilities so that they were able to see that. It was a wide-ranging discussion and well received. Representative Nunn contacted the ICN and stated that he received much positive feed back and we look to continue that relationship. It may also allow us the opportunity to meet with Representative Nunn and others

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of his caucus and the legislature to discuss cyber security issues from our standpoint.

HOLZ: Thank you.

BRUNER: Great discussion. I didn't realize that we had developed some partnerships. So we can hand off a problem, feel comfortable with it, and help solve their problems?

MULHALL: Yes.

BOULET: In addition to what Mark Johnson said, I wanted to add that we were able to participate in discussions with the house government oversight committee late in the session. Representative Kaufmann put a bill through that added information regarding cyber threats, cybersecurity, and techniques of that nature to the code chapter for the open information. Those types of issues are not applicable to open records.

- **Adjournment:**

Commissioner Kohorst moved that the meeting be adjourned. Chair Bruner made a second to the motion. The ITTC meeting adjourned at 11:11 a.m.

ATTESTED TO:

A stylized signature of Richard Bruner, rendered in a light gray, circuit-like font. The signature is positioned above a horizontal line.

Richard Bruner, Chair, Iowa Telecommunications and Technology Commission