

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

**FINAL**

**February 16, 2011**

To ensure the most efficient use of State resources, the February 16, 2011, ITTC meeting was held via a video conference pursuant to Iowa Code section 21.8. A video conference call 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 at the Grimes State Office Building.

**Commissioners Present**

Betsy Brandsgard, Chairperson (Video-Conference)  
Robert R. Hardman, Member (Video-Conference)  
Timothy L. Lapointe, Member (Video-Conference)  
Shannon Cofield (Onsite)  
Richard Bruner (Telephonic)

**Absent:**

David A. Vautd, Ex-Officio Member

**Iowa Communications Network Staff Present:**

Dave Lingren, Executive Director  
Joseph Cassis, Deputy Director  
Phil Groner, Service Delivery Manager  
David Marley, Engineering & Operations Manager  
Tami Fujinaka, Government Relations Manager  
Lori Larsen, Marketing & Communications Manager  
Alexis Slade, Administrative Assistant (Recorder)

**Guests:**

Michele Ridout, Administrative Telecommunications Advisory Council Chair  
Aaron Beckerman, INS  
Meghan Gavin, Attorney General's Office  
Dave Duncan, Iowa Telecommunications Association

**Call to Order**

Chairperson Brandsgard called the meeting to order at 10:30 am. It was noted that a quorum of members were present for the meeting.

**Introduction of Commission Members:**

Commissioner Brandsgard introduced new Commissioners Richard Bruner and Shannon Cofield:

Commissioner Cofield has served as president of United Way of Central Iowa since June 2004. Commissioner Cofield provides overall management and guidance in the development and implementation of United Way's strategic direction in the areas of education, income and health.

Before joining United Way of Central Iowa, Commissioner Cofield spent over 16 years with the United Way system, most recently as vice president of resource development for United Way of Metropolitan Atlanta located in Georgia. Commissioner Cofield is a graduate of Georgia State University, and earned her MBA from the University of Iowa. Commissioner Cofield lives in Des Moines, Iowa.

Commissioner Bruner is a telecommunications professional with over 40 years experience in public policy, regulatory affairs, marketing, sales, and operations. Commissioner Bruner's corporate experience includes working for AT&T, Northwestern Bell, and USWEST.

Most recently, Commissioner Bruner was a telecommunications consultant with Kiesling Associates – CPAs and consultants who serve the independent telecommunications providers in Iowa and the Midwest. Commissioner Bruner is a graduate of Iowa State University where he earned his bachelor's degree in industrial administration. Commissioner Bruner lives in Ventura, Iowa.

**Approval of 12/15/10 Meeting Minutes:**

Commissioner Hardman moved for approval of the December 15, 2010, meeting minutes; Commissioner Lapointe seconded the motion: A roll call vote was taken; Minutes approved.

Commissioner Hardman – Yes  
Commissioner Lapointe – Yes  
Commissioner Bruner – Yes  
Commissioner Cofield – Yes  
Commissioner Brandsgard – Yes

**Old Business:**

**BTOP Grant Update – Joseph Cassis/Kevin Heinzeroth**

BTOP is a Broadband Technology Opportunities Program which is part of the American Recovery and Reinvestment Act (ARRA) passed a couple of years ago. There was approximately \$7.2 billion designated to provide broadband connectivity throughout the United States, including sustainable adoption programs, so that people who may or may not see a interest in broadband can now it least be aware of the opportunities broadband can provide to them economically, health wise, and with regards to safety concerns. The ICN received a \$16.2 million grant that will require a matching portion of approximately \$7 million to be provided by the ICN. For the ICN, BTOP is a \$23.2 million project that has to be completed before June 30, 2013. Primarily the major goal of this project is to replace some of the equipment at both the core and the edge, which will allow the ICN to have pure Ethernet throughout the Network. ICN's network is over 3,000 miles of fiber optics to include a number of miles that are leased through our partners in the local communities, the telecommunication industry and other providers. The construction of 3,000 miles is not fiber that will be owned by the ICN but fiber that will be owned by the private industries and ICN will lease the bandwidth at those locations. This project will provide 10 gigabytes of capability to approximately 23 counties and to over 1,000 community anchor institutions such as libraries and schools.

ICN's biggest challenge to date is the Environmental Assessment (EA). The EA has to be completed prior to any monies being drawn down from the National Telecommunications Information Administration (NTIA). NTIA manages this program. ICN will be receiving the actual funds from the National Oceanic and Atmospheric Association (NOAA) because NTIA has no way of disbursing the money. After the ICN completed the EA things were going very well then issues arose because of the archeological aspects of the Sac & Fox Tribal land. The State Historic Preservation Officer (SHPO) believes that the sovereign nation of the Sac & Fox Tribe did not consider what could be under the ground and wrote a letter to prevent the Findings of No Significant Impact (FONSI), which needs to be issued before funds can be distributed. The ICN has been waiting on the FONSI and has been making efforts to either consult with the SHPO or with the Tribe's Historic Preservation Officer (THPO), who stated there are no concerns or issues with their sovereign land. The SHPO

did not agree with the THPO so the final decision lies with the advisory council for historic preservation who is located at the White House. On February 15, 2011, the ICN received a letter from the advisory council indicating they will go above what has been recommended by the SHPO with three contentions. One is that any restrictive areas will run adjacent to the driveways in the residential areas within the Sac & Fox Tribe. The second contention is that if there are any kinds of disturbances which shows there are archeological problems of any sort ICN will immediately cease that part of the construction. The final contention is that the ICN must follow the protocol as defined by Federal Law in Section 106 of the National Historic Preservation Act of 1966 (NHPA), which requires every federal agency to "take into account" how its projects and expenditures will affect historic properties, to include prehistoric and historic sites.

In conclusion, the ICN received the FONSI and it should be delivered on either February 16, 2011, or on February 17, 2011.

The BTOP team has been meeting every week to identify tasks for the project plan. The first task was to put an RFP out for the DWDM (dense wave division multiplexing), which is now with Contracting and being scored. ICN is also trying to identify the necessary resources for this project. To date its anticipated eight to 12 engineers will need to be contracted to supplement ICN's staff.

Q – Does the BTOP project require a yearly application and are there plans for next year already?

A – No. The application has already been approved for a three-year period and the ICN has been awarded the grant. What's required is compliance reporting, which the ICN is in sync with the federal government on a number of those requirements. There is an audit that will be completed towards the end of each year to verify the milestones ICN has submitted as a way to measure the progress of this project. In addition to that the ICN has been working very closely with the assigned Federal Program Officer (FPO).

### **New Business:**

#### **ATAC Report – Michele Ridout**

It is the mission of the Administrative Telecommunications Advisory Council (ATAC) to provide a forum for collaboration and a voice for administrative users and users of the video services of the Iowa Communications Network (ICN). The Council will assist in sharing information concerning the role of the ICN and potential uses with all authorized users of the network.

#### **Discussion:**

The Department of Education ICN room has been remodeled and is ready for use. The equipment that was in the room was from installed in 1993 and has been updated.

Q – Recently there have been fewer users of the ICN rooms than in the past. Has ATAC or the ICN ever talked to the administrative users and schedulers to inquire about the value of the ATAC to them at this point? Has there been any feedback from users on ways to make ATAC a more valuable council to them?

A – No, but that's a suggestion that can be brought to the attention of the ATAC members.

Q – Have you received any comments, negative or positive, about the use of the network?

A – ATAC has received a lot of positive feedback.

#### **Review 2011 ICN Budget-to-Actual Financials – Dave Lingren**

Following is the Budget-to-Actual report for the first six months of fiscal year 2011.

**VIDEO SERVICES:** Billing for video services through December 2010, were below the billing for services through December 2009 by \$318,237 and were 8.65 percent below the December budgeted amount. The ICN produced 77,673 hours through December 2010, which is down from the 87,341 hours produced through December 2009. Higher education and K-12 comprised the majority of the usage.

**VOICE SERVICES:** The Fiscal Year (FY) 2010 year-to-date Voice Service revenues through December 2010, were below revenues acquired in December 2009, by \$448,713 and were 1.97 percent below the FY 2011 budget figures. ICN's largest sources of revenue were toll free usage, local access, and inmate calling.

**DATA SERVICES:** Gross revenues from data services through December 2010, were ahead of revenues through December 2009, year-to-date revenues by \$169,082 and are ahead of 2010 budgeted figures by 0.74 percent.

**INSTALLATION REVENUES:** Installation revenues for December 2010, were ahead of December 2009, by \$62,228 and exceed the December 2010, budget by 6.86 percent. Installation revenues fluctuate greatly depending upon the current spending abilities of ICN customers. Budgeting is based upon prior year activity and can vary widely from actual.

**INDIRECT, GENERAL & ADMINISTRATIVE EXPENSES:** Indirect expenses for December 2010, were above budget projections for December 2010, by 0.01 percent and were \$631,885 above December 2009, expenditures. General and Administrative expenses for December 2010, were above December 2009, by \$155,486 and 5.63 percent below December 2010, budget projections.

**EQUIPMENT and EQUIPMENT APPROPRIATION:** For December 2010, the ICN paid \$273,848 for equipment on approved project expenditures. Hubel was paid \$176,188, Graybar Electric \$40,516, Brocade \$19,385 and QWEST Enterprise \$17,079. These were ICN's major vendors in 2010. In addition, \$27,060 was paid to various vendors for approved minor equipment purchases. For December 2010, the ICN expended \$2,553 from the FY 2010 network equipment replacement appropriation.

**BTOP:** The ICN was awarded a \$15,057,054 BTOP grant on July 1, 2010. This is a three-year federal grant for the purpose of expanding high speed broadband services. The ICN is required to match the federal grant with \$7,134,685 cash and in-kind commitments. Thru December 2010, the ICN has expended \$271,400 toward the in-kind commitment. No federal funds have yet been committed or expended. For the month of December 2010, the ICN had a Net Cash generated from operations before equipment purchases of \$254,780. This includes \$176,185 reimbursement through a grant from the Department of Homeland Security and Emergency Management for the purchase of energy efficient rectifiers for the ICN network. This reduces actual cash from Operations to \$78,595. For FY 2011 the ICN has incurred a deficit from operations and equipment of \$566,102 compared to a surplus of \$883,981 through the first five months of FY 2010. The ICN continues to see decreased video and voice revenues with steady to stronger data revenues.

Additional Information:

The ICN is at a point in its history where a decision needs to and has been made to make some investments in the Network to continue to be relevant for our authorized-user base. Sometimes when that kind of decision is made, there is a period where financially you're just breaking even or might incur some loss as you go through that transition. ICN's financials over the past few months have been indicative of that. ICN is starting to see authorized users use ICN's new services and revenue will catch up with that. Changes must be made to ICN's video services. The ICN has 15-20 year old technology, which raises concerns with users who have a fixed classroom in terms of mobility. Some school environments are restricted because their budget is such that every square foot in a building needs to be used efficiently, so to have a room that goes unused a majority of the time because it is an ICN classroom is a hindrance. Also the replacement of the equipment is not a minor investment.

Many of the schools and authorized users are not in a position to make that investment and that is reflected of what has been happening with ICN's video services. For December 2010, the ICN is under billing for December 2009, by \$300,000, and 8.65 percent below the budgeted amount for December, 2010. Part of ICN's investments is in Internet or IP based video services, which is what ICN's authorized users are requesting. Even those who are not using video today are looking for that kind of solution. It's also a good solution because it strengthens ICN's partnerships with the private sector because we'd move from a proprietary class of service to an industry standard level of service, which means the private sector can aid the ICN and participate in the delivery of that service.

The downward trend in ICN's voice services are largely reflected by what's happening in the telecommunications industry. The previous administration made the decision that state employees can't have a cell phone and a land line telephone. The end result is that the ICN lost a lot of land line services. Also, through the early retirement program, there has been a reduction of state employees which means there's been another reduction in voice services as well. There were also large agencies that decided to implement their own voice services. The result of all those changes is ICN's revenues are below FY 2010 by almost a half million dollars. When coming up with the current budget the ICN took into account some of those issues. What wasn't taken into account was the replacement of desktop phones with cell phones. The ICN is addressing some of these issues with the Governor's staff.

ICN has largely become a data provider. The ICN is above budget by a little less than 1 percent but that's almost half of ICN's revenue stream. The ICN is about \$170,000 above December 2009, revenue.

Installation revenues have been impacted this year by the fact that budgets have been tightened and agencies have less money to spend on one-time expenses.

The ICN is breaking even at this point. When you consider all the expenditures the ICN is making for BTOP, Iowa Health Systems, and the IP Video project, having a \$74,000 deposit is not too bad.

Discussion:

Q – Will there be a leveling out of those expenses or does the ICN anticipate further expenses after 2011?

A – The BTOP expenses will continue over the life of the project. The ICN has over a \$7 million match to make and those expenses are reflective in both cash and in kind match which is a requirement.

Q – How many years will the ICN work on this build out for the BTOP project?

A - It's a three-year project that began on July 1, 2010.

Q – The ICN has a staff of 88 people at the present time, are there any plans to fill some of the ICN vacancies? We normally make adjustments to future budgets, have we made any adjustments to the 2012 budget yet?

A – Staff is preparing to revisit the budget for 2012 and will be making those adjustments appropriately. As for the headcount, the new administration is looking at reducing the size of the government. The Governor has communicated to all department heads that every department head will get a one-on-one meeting with the Governor to submit a business plan. That plan must include measurements and identify how the plan is relevant, what is needed to

make the plan relevant and how we're doing to meet the obligation included in the plan. Inclusive within that plan is ICN's one to five year vision on where we're going and what positions the ICN feels need to hire to accomplish that vision. The ICN will be looking to increase the head count by five or six.

#### **Legislative Session Update – Dave Lingren**

House File (HF) 45 is the taxpayer bill the House Republicans created. Included in HF45 is language that mandates the ITTC create a Request for Proposal (RFP) for the sale or lease of the ICN. That language has been struck by an amendment but at this time it is unclear if that indicates the issue is dead, that just means specific language was stripped out of that piece of legislation. Lingren has had meetings with Senator Robert Dvorsky and Senator Swati Dandekar. Senator Dandekar chairs the Commerce Committee and asked that the ICN create language that's relevant to HF45. The language would include the possibility of leasing bandwidth of the ICN. This idea has potential for the ICN and private sector to move forward, but there are so many things that would need to be worked out before that can be considered. The leasing of ICN bandwidth could provide some potential security and protection for the private industry, but would probably take a full year if not longer to address issues such as how does INS not be impacted and how to not affect the rural Iowa independent telephone companies negatively. Those issues can all be addressed but not in a week. Senator Dandekar is looking for language that could be presented where the ICN can be used as a public asset.

House Study Bill 53 is a bill that would do away with the certified users filing waivers. ICN suggested language that requests the removal of the certification waiver process for independent Colleges and Universities. Private Colleges and Universities do not utilize tax payer dollars for their services. For those certified users who do use taxpayer dollars the process of certification and a waiver is good management of tax payer dollars. In the history of the ITTC there has only been four waivers denied. Two happened a decade ago and two recently, which weren't really denials but involved asking the schools to resubmit their waivers in the appropriate manner.

There's also a resolution the ICN is trying create that will go along with Senate File 209, which would allow the ICN to temporarily, for one project only (BTOP), exceed the \$2 million cap for purchases. Agencies within the state cannot spend over \$2 million on one contract by state code without legislative approval. The ICN is asking that rule to be waived for the BTOP project. The DWDM part of the project alone will far exceed \$2 million.

#### **Rural Health Initiative Update – Dave Lingren**

Kirk Norris, Iowa Health Association (IHA) President, is happy that the ICN has a stable network now. The ICN is adding healthcare providers to the network and achieving the goals within the timeframes set forth.

There were 85 total hospitals wanting to connect. Of those 85, 26 are online with both Internet and Ethernet based services. Approximately hospitals are completed with fiber connections. As their fiber connections are completed, ICN will turn them online with services. Of the 85 hospitals 20 are ready to come online when the ICN turns up services. The remaining hospitals will be completed with fiber and electronic builds in the spring and summer of 2011. Typically when orders are placed the ICN has been seeing minimum orders of about 10-30 megabytes of internet traffic. The ICN does have one entity looking to turn up and has ordered close to 200 megabytes of service.

Q – What kind of comments have the ICN received from the hospitals that have been turned up? Are they finding this project to be what they expected?

A – Yes. One of the key features of this network for the IHA is that it's a private network. The hospitals are very excited about the ability to keep their traffic enclosed and among themselves. There are some good tools the ICN is looking to bring online for the hospital's use, such as adjusting bandwidth automatically themselves which makes it very dynamic, very cost effective for them and puts a lot of control in their hands.

**Video Service Project (VSP) Update – Phil Groner**

VSP was created to launch an initiative to move ICN video conferencing services to the next generation by key based services. The full motion video ICN is using today is based on MPEG 2. VSP encompasses a couple of options under the plan; interoperability with the current plan, meaning the IP based services need to interoperate with ICN's full motion platform to make it useful across the network and users. The second option would be installing new IPN points and convert the full motion locations to IP based services and then also create new pricing structures to encourage the usage of the network. Recently the service plan put forth by the VSP team was approved by ICN management, which authorizes the team to move forward with developing two service options for ICN users. The VSP team is also preparing a bid that will be released in early March 2011, to acquire the core networking components and equipment for this service.

**Other Business:**

**ITTC meetings – Commissioner Brandsgard**

March 17, 2011, is the next scheduled ITTC meeting; however a majority of the Commissioners would not be able to make the meeting. The Commissioners want to have the recognition and thank you lunch for Mahaffey and Duffy following the next meeting, so it was suggested the meeting be moved to another date in order to fit everyone's schedule. Fujinaka will work on alternate dates for the next ITTC meeting and luncheon.

Commissioner Brandsgard requested that during the next ITTC meeting Lingren provide an overview of ICN's Strategic Plan for the benefit of the new Commissioners and as a refresher for the old Commissions.

**Adjournment**

Cofield made a motion that the meeting be adjourned; Lapointe seconded the motion. With there being no further business, the ITTC Commission meeting adjourned at 11:47 am.

ATTESTED TO:



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Betsy Brandsgard, Chair, Iowa Telecommunications and Technology Commission