

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

**FINAL**

**July 15, 2010**

To ensure the most efficient use of State resources, the July 15, 2010, 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 (via video-conference)  
Pamela Duffy, Member (on-site)  
Robert R. Hardman, Member (via video-conference)  
Timothy L. Lapointe, Member (via video-conference)

**Absent:**

Michael W. Mahaffey, Member  
David A. Vautd, Ex-Officio Member

**Iowa Communications Network Staff Present:**

Dave Lingren, Interim Executive Director  
Joseph Cassis, Deputy Director  
Kevin Heinzeroth, Chief Financial Officer  
Deb Evans, Telecommunications Administrator  
Phil Groner, Interim Service Delivery Administrator  
David Marley, Telecomm Administrator  
David Swanson, Business Development Manager  
Tami Fujinaka, Government Relations Manager  
Alexis Slade, Administrative Assistant (Recorder)

**Guests:**

Vic Jaras, Department of Education  
Michele Ridout, Department of Education

**Call to Order**

Chairperson Brandsgard called the meeting to order at 9:07 am. It was noted that a quorum of members was present for the meeting.

**Approval of 6/4/2010 Meeting Minutes**

Commissioner Duffy moved for approval of the June 4, 2010, meeting minutes; Commissioner Hardman seconded the motion. A roll call vote was taken; minutes approved.

Commissioner Duffy – Yes  
Commissioner Hardman – Yes  
Commissioner Lapointe – Yes  
Commissioner Brandsgard – Yes

## **Old Business**

### **State Broadband Deployment Governance Project – Joseph Cassis**

The Iowa Broadband Deployment Governance Board had a meeting on June 18, 2010, to discuss and announce the Connect Iowa Mapping Initiative being conducted by Connect Nation on behalf of Iowa Utilities Board (IUB) and the Governance Board. The mapping initiative was conducted to identify those who have or do not have broadband services throughout Iowa. There were approximately \$2.2 million in grants allocated in January 2010, for broadband purposes and Iowa received \$1.7 million for the mapping initiative. The mapping initiative has an expected completion date of February 17, 2011. The Interactive Mapping illustrates the following in Iowa: 81 percent of Iowans owned a computer, 66 percent subscribed to home broadband service, 45 percent believe they do not need broadband services, 31 percent did not have a computer, 21 percent believe broadband services are too expensive, nine percent stated broadband is not available where they live, nine percent accessed broadband someplace other than in their home such as a library, two percent didn't have broadband services because they are concerned with fraud and identity theft, and two percent do not know what broadband is. The maps represent the coverage areas of 173 Iowa broadband providers. Information on this project can be obtained at [www.connectiowa.org](http://www.connectiowa.org).

## **New Business**

### **Review FY 10/11 ICN Budget to Actual Financials – Kevin Heinzeroth**

The Finance team currently does not have the year-end budget because of the turnover of staff and the early date of this commission meeting. Finance does not yet have the June 30, 2010, preliminary budget completed. In looking at May's figures the Iowa Communications Network (ICN) should end the year with about \$1 million in revenue generated over expenses.

### **Discussion of FY 2012 Budget Strategy – Kevin Heinzeroth**

Finance has begun generating figures for the preliminary 2012 budget that is due at the end of September. Finance will try to get the 2012 ICN budget to the Budget Commission Committee members by the end of August so it can be approved for the September meeting.

### **Discussion of FY 2012 Video Rates - Dave Lingren, Interim Executive Director/Phil Groner**

ICN staff has looked at a couple of items; one is the continuing budget issues our customers are still facing due to the economic downturn and the State of Iowa budget cuts. The ICN received a letter from the Education Telecommunications Council (ETC) requesting the rates remain the same. The ETC also suggested that ICN consider offering incentive packages to increase usage. In the near future the ICN will look to the Commission to set new video conference rates. ICN will be posting on their website an area for customers and users to post input regarding video rate setting.

Q – Is there a deadline for when we must post advanced notice of proposed rates for the following year?

A – Yes. The posting of the sites for comments will be done in the next week.

### **Rural Health Initiative Update - Dave Lingren, Interim Executive Director**

ICN and Alcatel-Lucent (A-L) continue learning how equipment will work in locations other than just the hospitals and A-Ls core electronics. ICN is also learning how to get A-Ls core electronics to talk to ICN's core electronics. A-L has been working with ICN's technical team to make sure issues are resolved and ICN is close to turning up the core electronics and bringing on a hospital through A-Ls fiber connections.

**Action on Certified User Waiver Requests - Phil Groner**

ICN has one waiver request for (long distance) voice service.

1. Luther College

ICN staff has reviewed this waiver and recommended approval.

ICN has one decertification request.

1. Maharishi University

Maharishi University wants to be decertified so they no longer have to complete the waiver process. Maharishi University believes the waiver process is too cumbersome. ICN researched their connection with Maharishi and the direct connection is a small distance. ICN is offering backbone to Maharishi University and there's limited electronics at that location. Maharishi plans to keep long distance services with the ICN.

The ITTC does not want to go down the path of decertification with Maharishi University. The concern is this could lead to others requesting decertification. The waiver process is not cumbersome and is very easy. The ITTC tries to be very accommodating to anyone who presents legitimate requests to the committee, and those requests are entertained in a timely fashion so as not to burden the customers. Maharishi's rationale does not make a lot of sense in this case if it's based solely on their believing the waiver process is tedious.

Commissioner Hardman moved for approval of ICN's waiver request submitted by Luther College;  
Commissioner Duffy seconded the motion. A roll call vote was taken; Motion approved for waiver requests.

Commissioner Duffy – Yes  
Commissioner Hardman – Yes  
Commissioner Lapointe – Yes  
Commissioner Brandsgard – Yes

Commissioner Hardman moved that Maharishi University's request for decertification be denied.  
Commissioner Duffy seconded the motion. A roll call vote was taken; Motion approved.

Commissioner Duffy – Yes  
Commissioner Hardman – Yes  
Commissioner Lapointe – Yes  
Commissioner Brandsgard – Yes

Q – What is the regulatory or legislative requirement needed to be certified? Is it simply asking to be so, or are there other requirements and standards that need to be met?

A – The certification requirements can be found in the Administrative Rules, which states that lower cost is one of the factors in a waiver and decertification. It would be a voluntary withdrawal from using the services of the Commission.

This request is a bit different because tax payer money was used to build the fiber and make the connection to Maharishi University.

Q – Because this waiver was not approved, would Maharishi University have to continue to use the waiver process like any other certified user?

A – Yes.

**Administrative Rules Update - Tami Fujinaka**

The Administrative Rules that were passed during the last commission meeting was noticed and the hearing for that is set for July 21, 2010. After the hearing, if there are no comments, the commission can adopt the rules during the September ITTC meeting. The ICN is required by Executive Order 9 to complete an annual report on the ITTC Regulatory Plan. The plan gives the Governor's office advanced notice of any Administrative Rules the ICN may need to make this fiscal year (FY). The only Administrative Rule the ICN may have that relates to legislation is the Broadband Technology Opportunities Program (BTOP) grant.

Commissioner Lapointe moved to approve the Administrative Rules Plan as submitted; Duffy seconded the motion. A roll call vote was taken; Motion approved.

Commissioner Duffy – Yes  
Commissioner Hardman – Yes  
Commissioner Lapointe – Yes  
Commissioner Brandsgard – Yes

Q – The plan appears to be general. Are there specific parts of the plan ICN is focusing on or are there other specific issues the Commission needs to be aware of as they relate to the BTOP grant?

A – Not at this point.

Q – Is this general plan sufficient to meet the requirements of Executive Order 9?

A – Yes.

**Appointment of Executive Director Process – Chairperson Brandsgard**

Management Resource Group (MRG) is in the process of interviewing four candidates for the Executive Director position. The candidates have been interviewed over the telephone and have taken preliminary tests MRG administered. MRG believes they will have these interviews completed within the next 10 days and will be presenting to the Commission committee members a list of candidates before the end of this month. Chairperson Brandsgard and Tami Fujinaka are in the process of contacting those who may be interested in serving on the first search committee. The committee will be inviting people from the private sector and from the user community to serve on the search committee. Following the committee's interviews the number of candidates will be reduced to two or three and will be presented to the entire ITTC for final interview and selection.

Q – Will the list of candidates be prioritized when the committee receives it from MRG?

A – MRG will provide a briefing book on each candidate which will contain their personality profile, their match with this position, their professional background and any references they might have. At this point Commissioner Brandsgard does not know if MRG will be providing any kind of priority endorsement.

BTOP Grant Award – Dave Lingren, Interim Executive Director; Joseph Cassis; David Swanson

1. Bridging the Digital Divide for Iowa Communities

2. INTRODUCTION  
Terminology and Abbreviations

- American Recovery and Reinvestment Act (ARRA)
- Broadband Technology Opportunities Program (BTOP)
- National Telecommunications and Information Administration (NTIA)
- Comprehensive Community Infrastructure (CCI)
- Notice of Funds Available (NOFA)

3. INTENT & GOALS

- Update aging Dense Wavelength Division Multiplexing (DWDM) Systems
- Update ICN ATM/SONET systems with Ethernet transport systems
- Partner with other applicants to provide synergies between all Iowa proposals

4. DWDM Systems

5. DWDM Upgrades

6. Ethernet Upgrades

7. ESSENTIAL FACTS

- The grant period is for 3 years; 07-01-10 to 06-30-13
- \$23.8 million, \$16.2 million grant and \$7.6 is cash and kind provided by ICN (30% matching funds)
- Not a one time expense outlay but staged throughout this period, with 67% spent by year 2
- Breakeven point is estimated within year 5
- Estimated 100 new jobs from this project
- Will require hiring full-time employees, TBD
- Will require hiring a management firm

8. PARTNERS/RESOURCES

- Partners
  - Sac & Fox Tribes of the Mississippi
  - Winneshiek Medical Center
  - Iowa Health System
  - Fiber Utilities Group
  - Numerous Telcos within Iowa, TBD
- Resources
  - Asset Management System
  - Circuit Design System
  - Order Processing Workflow

9. IN CLOSING

- Potential to create cost savings for the ICN and the Board of Regents for procurement of Internet service.
- Future opportunity to work with the telecommunications companies to help reduce their cost for accessing Internet and other data services.

ICN submitted an application for round one of the BTOP grants last fall, but was not awarded a grant at that time. The ICN reviewed the submissions of other BTOP grant winners and decided that incorporating public and private partnerships and involving tribal communities would be beneficial to the ICN. The ICN began a partnership with Fiber Utilities and the Iowa Health Systems to help better the chances of winning the BTOP grant, which turned out to be successful.

There were three areas the grant wanted applicants to focus on. The primary focus was to replace infrastructure. The ICN was looking at replacing their core backbone which is a Dense Wavelength Division Multiplexing (DWDM) infrastructure. The second focus was to upgrade the ICN (Asynchronous Transfer Mode/Synchronous Optical Network (ATM/SONET) systems with Ethernet transport systems. The third was partnering with other organizations in order to try and meet the requirements the federal government had. There were seven scoring criteria; the first criteria ICN focused on were forming public and private partnerships within Iowa and creating jobs within the state. Another criterion ICN had to show was that they were trying to serve Iowans. ICN is working with Iowa Health Systems (IHS) in a number of different ways to coordinate a potential health information exchange that's going to happen within the state. Winneshiek medical center was part of the partnership we had with IHS. ICN also coordinated with Iowa Workforce Development and the Sac and Fox tribe to consider potential services to the tribes' clinics and schools and look at how Sac and Fox could further deploy broadband in their area. The ICN grant application did not include providing services to the residents or businesses within the tribes because that is something the Sac and Fox tribe want to pursue on their own.

ICNs first goal to update the core DWDM systems involved replacing ICN infrastructure, in which there are 46 sites around the state, which will cost approximately \$5 million to replace. The second goal ICN has is upgrading the edge of the network at some of the aggregation points with Ethernet technology. This moves the ICN away from a legacy ATM/SONET infrastructure and moves the ICN into an Ethernet transport. Due to this Ethernet upgrade there will be 907 locations in Iowa that will require an upgrade.

The ICNs grant is for \$16.2 million and is being matched by 30 percent of ICN funds, which was required of the second round awardees. The first round awardees had to match the grant funds by 20 percent. The \$16.2 million is not a onetime expense, but a cash flow that can be managed over the three years. BTOP rules mandate that ICN spend 67 percent of the grant money by the end of the second year. ICN believes that during that time period conductivity will be established and the appropriate technology in these areas will be deployed. A revenue stream will then be established within the first 12-18 months in a sense that we'll be staging these types of deployments and then hopefully have that type of revenue coming in. The emphasis of the BTOP grant is to generate new jobs and the ICN is estimating that approximately 100 new jobs, both internally and externally, from sub-contractors and vendors, will be created.

A requirement for accountability of the transparency law, which is part of the American Recovery and Reinvestment Act (ARRA) and BTOP Grant, is to have an Asset Management System. Funds cannot be co-mingled, so the ICN needs to have the appropriate inventory capabilities and report them on a very stringent timeline. The ICN also needs to be able to automate the Circuit Design System. It's been a challenge getting the appropriate systems in place to enable the ICN to do this in a more proficient manner. The ICN is having the same issue with the order processing workbook.

Q – Upgrading 907 sites is a huge undertaking, when will that be started and when is the expected conclusion date?

A – The grant period is for three years. The grant will begin July 1, 2010, and end June 30, 2013.

Q – Back when the ATM switches were upgraded throughout Iowa there was talk about the DWDM. The Commission was told that the life of the fibers were seven years? Are there certain areas within the state that has an urgent need to be replaced and will those be the first ones upgraded?

A – When that information came out it was all theoretical, so that is not necessarily the case.

Q – Is the ICN now moving towards having all Ethernet switches?

A – ICN is running two networks at this time; an ATM/SONET and Ethernet network. ICN's traditional full-motion video service that is provided with the video codex is based upon an ATM platform. The cost of changing that would be prohibitive at this point. Part of ICN's video services plan (VSP) is to combine these two networks, so in conjunction with this project the ICN will receive additional funds through the partnership with IHS to allow ICN to begin that last migration off of the terawave, ATM, video codex to an Ethernet Codex.

Q – Does the BTOP grant cover any operational costs with ICN's generators?

A – The generators are covered under a different project in which the ICN received legislative infrastructure appropriated funds. Deployment of that project is just beginning and the ICN has a new generator in place that's being used as a pilot.

Q – Have any of the legislators contacted the ICN to ask for a briefing and has the ICN had an opportunity to talk to the private sector to brief them about what this grant might entail and what partnership potential this might have?

A – No legislators have contacted the ICN at this point. In regards to the private sector, the ICN has been in contact with a few individuals to get feedback.

Q – There was an announcement of this grant in the Waterloo Courier. The article said that the ICN received the BTOP grant and listed all the telephone companies that also received a significant amount of money for grants. What is the relationship between what the ICN received as a grant and the grant received by these telephone companies in Iowa?

A – The federal government has mandated a health information exchange (HIE) for all states to embrace and implement. The award to IHS and ICN helps Iowans to become one of the first states to have an HIE. There are only two Department of Commerce NTIA grant recipients and that the

actual grant given to the ICN with the 30 percent match. The companies listed in that press release were actually Department of Agriculture grant awardees and most of those are loans and not grants. The grants are to help them build out their local community facilities.

**Action on Capitol Complex Rates – Phil Groner**

Commissioner Duffy moved that the ITTC go into closed session for the purpose of discussing perspective non-video rate setting. The ICN and ITTC consider perspective non-video rates to be trade secrets. Under Iowa Code 22.7(3), trade secrets are confidential records. Iowa Code 21.5(1)(a) permits a government body to go into closed session to review or discuss confidential records; Commissioner Lapointe seconded the motion. A roll call vote was taken and passed, as follows:

Commissioner Duffy – Yes  
Commissioner Hardman – Yes  
Commissioner Lapointe – Yes  
Commissioner Brandsgard – Yes

Commissioner Lapointe moved to adjourn the open session; Commissioner Duffy seconded the motion. A roll call vote was taken and passed, as follows:

Commissioner Duffy – Yes  
Commissioner Hardman – Yes  
Commissioner Lapointe – Yes  
Commissioner Brandsgard – Yes

*NOTE: 2 guests left the open meeting.*

The open meeting adjourned at 10:42 am.

Following the conclusion of the closed session, guests were invited to rejoin the meeting. The Chair reconvened the public meeting at 10:49 am and opened the floor to a motion.

*NOTE: No guests re-entered the open meeting.*

Commissioner Brandsgard called the meeting to order at 10:49 am. It was noted that a quorum of members were present for the meeting.

Commissioner Dufy moved to accept both proposal rates as presented by ICN for the Capitol Complex; Commissioner Hardman seconded the motion. A roll call vote was taken; Motion approved unanimously.

Commissioner Duffy – Yes  
Commissioner Hardman – Yes  
Commissioner Lapointe – Yes  
Commissioner Brandsgard – Yes

**Other Business**

**September Meeting - Commissioner Brandsgard**

The ITTC meeting set for September is being coupled with the employee recognition picnic in Pleasant Hill Iowa on September 16, 2010.

Q - Will the full Commission meet in person with one or more candidates for the Executive Director position and will that occur in September?

A - The final interviews will be with the entire ITTC members. The tentative plan is to have the new Executive Director announced at the employee gathering on September 16, 2010.

**Adjournment**

Duffy moved that the meeting be adjourned; Hardman seconded the motion.

There being no further business, the ITTC Commission meeting adjourned at 11:00 am.

ATTESTED TO:



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Betsy Brandsgard, Chair, Iowa Telecommunications and Technology Commission