

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

FINAL

November 14, 2013

To ensure the most efficient use of State resources, the November 14, 2013 ITTC meeting was held via video conference pursuant to Iowa Code section 21.8. A 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 at the Grimes State Office Building.

Commissioners Present

Richard Bruner, Chair (on-site)
Robert R. Hardman, Member (via video conference)
Mary Sellers, Member (on-site)
Kathleen Kohorst, Member (on-site)
Mary Mosiman, Ex-Officio Member (on-site)

Commissioners Absent

Timothy Lapointe, Member

Iowa Communications Network Staff Present:

David Lingren, Executive Director
Mark Johnson, Administration Director
Ric Lumbard, Network Operations and Engineering Director
Philip Groner, Business Services Manager
David Marley, Network Operations and Engineering Manager
Deb Evans, Finance Manager
Helen Troyanovich, Product Engineering and Delivery Manager
Jontell Harris, Director of Government Relations
Lori Larsen, Communications Director
Marcia Page, Executive Secretary
Karen Alessio, Secretary (Recorder/Minutes)

Guests:

Sean Cory, CenturyLink
Joe Hrdlicka, Iowa Telecommunications Association (ITA)
Meghan Gavin, Attorney General's Office
Terry Rinehart, Iowa Public Television (IPTV)
Abby Brown, Iowa Public Television (IPTV)
Angela Hiatt, Iowa Public Television (IPTV)
Scott Pappan, Century Link
Marcia Tannian, Legislative Services Agency
Joe Coon, AEA 9 (via video conference)

Call to Order

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

Approval of September 19, 2013 Meeting Minutes

Commissioner Sellers moved to approve the September 19, 2013, ITTC minutes as written.
Commissioner Kohorst seconded the motion: The minutes were approved unanimously.

Commissioner Hardman – Yes
Commissioner Kohorst – Yes
Commissioner Sellers – Yes
Commissioner Bruner – Yes

Old Business:

2.0 Update - David Lingren

ICN's executive leadership staff presented the ICN 2.0 information to the industry, Science Technology Engineering and Mathematics STEM Advisory Committee, the Governor, Lt. Governor, and now the Commission. The ICN 2.0 concept has been a vision for the last three years for ICN, and is in line with the Governor's broadband initiative, assigned to the STEM broadband group. The 2.0 presentation to the Commission is a very concentrated version, having been condensed for the purpose of being more concise. ICN 2.0 is not considered a complete solution, but a building block necessary for Broadband in Iowa to begin. ICN 2.0 does not represent the only building block, but creates a private/public partnership between ICN and the industry.

2.0 PowerPoint Presentation – Ric Lumbard

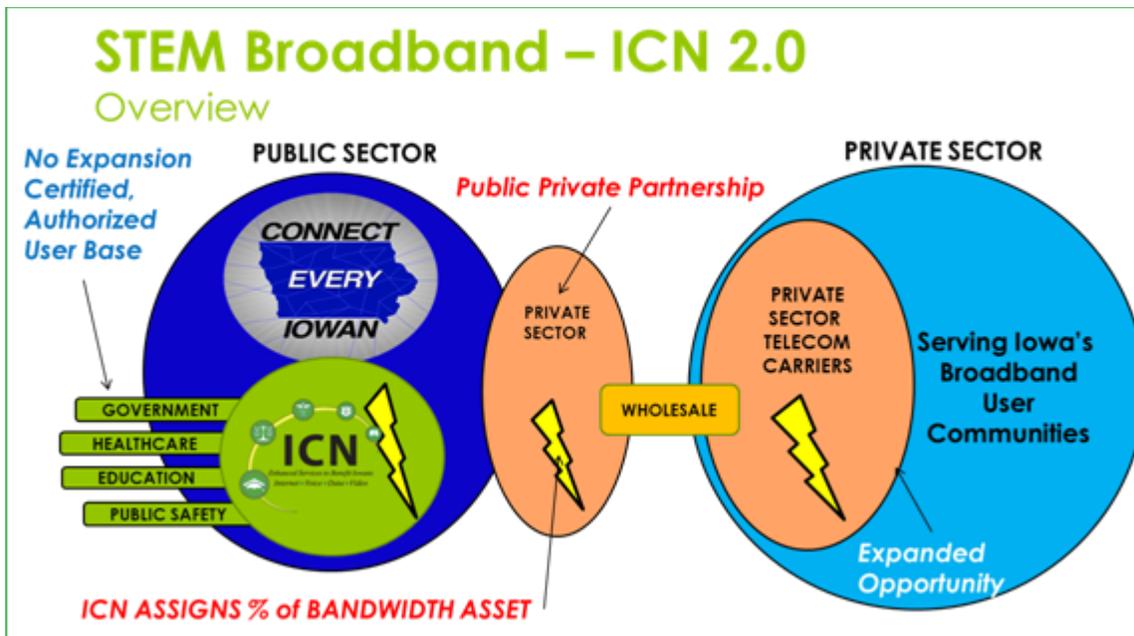
View the entire presentation at <http://icn.iowa.gov/benefiting-iowans/icn-20>.

ICN 2.0 is the general framework for the State of Iowa as a beginning solution to address bandwidth and broadband concerns, and will assist in building relationships with the private/public Sectors. The ICN approached the Governor's STEM Broadband Committee with this concept, using the resources ICN already has. The ICN is not looking at expanding network services, which raises a very important point. There is concern that the ICN wants to compete into the retail space, wanting to provide residential broadband. This concern is not accurate. ICN prefers to assist the private sector.

The public/private partnership has been a very strong mandate from the Governor. The ICN was originally designed to create a fabric of public/private partnerships throughout the State. Public/private partnerships are not a new concept for ICN; from the beginning the private sector has managed ICN's assets. In a broadband initiative, 2.0 is not the ultimate solution. However; ICN does have resources to assist the private sector and create economic development. ICN can create new business opportunities by using ICN assets to help fund the private sector's development into the community sector to provide broadband to Iowa. ICN believes there is reason to increase the middle mile space in the state and allow our assets to augment the private sector in those middle mile spaces so that they are able to reach places that are under served or under developed. ICN would like to make 2.0 available to areas in the State where Broadband is needed. The result being: generating income and providing additional value for private sector services. ICN is looking to compliment not compete and wants to remove the legacy argument of competition.

ICN 2.0 is summarized in three simple ideas:

- The State will offer a significant percentage of the unused ICN bandwidth potential as a wholesale asset for the private sector to access unreached or underserved areas. This would not result in taking bandwidth away from Government, Education, Health Care or Public Service. This is ensuring that unused bandwidth would be available on ICN's core allowing the private sector access to routes to develop finished services.
- The State will partner with the private sector to:
 - Operate middle mile fiber routes and segments of bandwidth potential.
 - Make routes and segments available via wholesale agreement to private sector carriers.
- By having wholesale availability to established ICN bandwidth potential, private sector carriers have increased economic opportunity to serve Iowans Broadband Internet access.



ICN's main focus (left side of diagram) is Government, Healthcare, Education, and Public Safety. This certified and authorized user base is ICN's livelihood. ICN is committed to work and enhance abilities within the private sector. ICN does not want to expand the authorized user base but instead suggests taking a portion of ICN assets and offer them to the private sector. This increases the potential reach for the telecom carriers, allowing the telecom carriers expanding opportunity resulting in instant economic development.

At this point, legislation is required to make this proposed concept happen. Right of first refusal language would be recommended by ICN for independent telecom carriers, giving them the first right to utilize the concept prior to being available to anyone else. By adding the distinction, the public/private partnerships would be able to wholesale ICN's assets for their use and customer product deliverables.

The Governor recently stated that the opportunity is available to repurpose the ICN. The Network is in position to enable the private sector and develop new revenue opportunities for them, fostering new broadband developments throughout the State of Iowa. ICN 2.0 is not the complete answer, but would provide enhancements in areas that are under served. Repurposing the ICN would provide opportunity to strengthen the relationship between the Government and Private Sector.

Q&A Discussion

Q: Commissioner Kohorst: What kind of reaction has ICN been receiving from the 2.0 presentations? Are there positive or negative comments? How is the ICN addressing those concerns?

A: David Lingren: One of the questions asked was, "Will this program open it up for anyone or those within the industry to develop a company and start competing against them?" Competition becomes the main issue. ICN has suggested language that would go with the proposed legislation, and may offer the incumbents some right of first refusal. The ICN is sensitive to that issue. Another question arises, "Will ICN receive all of the backhaul business and would others in the industry be needed any longer if ICN is carrying all the independent telecom traffic?" ICN would be providing the access and will hand traffic off to whomever. ICN's primary goal is to wholesale that connection.

A: Ric Lumbard: There are five areas of questions that are observed:

- Technical discussion: Is there a valid coverage opportunity available? Absolutely, there are areas to provide benefit.
- Business Model Disruption: Basic business matrices would tell you if you increase the inventory of an asset into a business model you lower the threshold of cost and disrupt the business model. A concern from the independent providers was: "If you increase the wholesale asset in the middle mile, wouldn't you disrupt the business model"? Perhaps that is true, but is that such a bad thing? Economic development would require there to be a disruption in the legacy status quo for there to be an increase in the economic development. Yes, you could increase the inventory of middle mile asset and could disrupt the business model for the Local Exchange Carrier (LEC). Is that ultimately a bad thing or is that a good thing?
- Outside Influence: Does this open up Local Exchange Carrier (LEC) to have outside carriers who could have an inappropriate advantage? Not competition as we are built on competition in America, but are there inappropriate advantages that an outside entity would have over that?
- Trust: Do ICN and the Telecom Industry trust one another? In the past years, ICN has tried to communicate and cultivate relationships.
- Legacy Mindset: ICN may not have carried our strengths in a way that has been sustainable. There may be a lot of legacy mind sets that need to be redefined.

Q: Commissioner Kohorst: Is ICN concerned that we would lose retail customers? The ICN deals with waivers each time we come to meetings and by opening up our backbone to other providers, do we feel we will lose the retail end and become more of a wholesale. Is that ICN's vision?

A: David Lingren: The ICN will eventually become a wholesale provider. There is concern regarding the waivers and suggestions have been made to the Governor and Chair Bruner that ICN has not done an effective job in evaluating waivers. ICN compares a monthly rate to a monthly rate, and evaluates that rate, stating that the other provider is lower. ICN should start listing in the analysis the expenses in maintenance that occurred within recent upgrades. These are items that need to be put in an analysis before the Commission approves a waiver. If we do not take a more business approach toward waivers, ICN will need to understand the impact of that waiver in relation to the entire ICN mission. The Governor understands this and ICN is taking a much more disciplined view of waivers, which is necessary until we become a wholesale provider.

Q: Commissioner Hardman: What is the next step with the Legislature? What are the next steps in terms of the private sector?

A: David Lingren: The Governor's Broadband Initiative says that the Governor is looking toward the STEM Broadband Advisory Committee to provide a recommendation by December 1. The next question would be what will the Broadband Advisory Committee do? Will ICN 2.0 be incorporated into their recommendation to the Governor? Secondly, should ICN 2.0 not be adopted, would the Governor push forward with a concept as part of his legislative goal? If ICN 2.0 is perceived as a threat, and has some political consequence that is not advantageous, it probably would not move forward. However, if the industry feels comfortable that it is not damaging to them, it may move forward. ICN will continue to present ICN 2.0 to Windstream, Century Link, and other companies who would want to see and learn more about the initiative. Iowa Telecom Association (ITA) and Iowa Network Services (INS) leadership have seen the presentation. ICN leadership knows that in order for the concept to move forward, it needs to be recognized and be in the spotlight, answering questions and discussing the offer options. Trust is being built and there is excitement. Conversations have taken place with the Industry, which have not taken place in the past. Will ICN 2.0 be a part of the Governor's initial Broadband Initiative beginning December 1, or be a part of the second, the longer term goal of January 2015? It is unsure. ICN 2.0 will be a part of it in some

form or another.

Chair Bruner: The Commission is proud of the professionalism of everyone involved in ICN 2.0. The ICN 2.0 concept is a way to revert back to the original idea behind the ICN, and continue to make ICN a valuable asset for the State of Iowa.

New Business:

K-12 Connections Quarterly Update – Terry Rinehart, IPTV

Highlights of the K-12 Connections Quarterly Report were presented. Rinehart presented marketing efforts, including a collaborative project between Iowa Public Television (IPTV) and ICN to engage and encourage more teachers to participate with the K-12 Connections program. Each quarter, IPTV reports the number of video hours that were generated by the K-12 Connections program. FY14 (July – October) generated hours that were slightly lower than in the past. The number of hours generated for July – October were 823. Four of the most popular sessions include: *Bats* (460 students), *Stories and More Animals* (265 students), *All About Owls* (122 students), and *Monarch Tagging* (102 students).

Rinehart also noted four STEM sample sessions at the secondary level: *Career Exploration for STEM Careers: The Real CSI*, *Stem Cells and Cloning: What about Dolly?* *Stem: Careers in Technology and Agriculture and STEM Careers: Do you Like Bugs?* The sessions are designed to expose students throughout Iowa to the variety of STEM careers and opportunities that are available in Iowa.

David Lingren added comments: K-12 Connections has been an excellent instrument benefitting the students of Iowa and assisting the ICN in efforts of providing video sessions and partnership with education. However, being in a different era, Lingren plans to announce a new concept for ICN and IPTV to the Governor at an upcoming Budget Hearing. The new concept would involve ICN partnering with the Department of Education (DOE) and IPTV. IPTV has an agreement with PBS Learning Media (PBS), and they are looking to expand. This would involve taking a portion of the funding that ICN has invested into IPTV and having the DOE develop an on-line based curriculum for teachers to create a different learning media using iPads and laptops. Teachers would have the capability to access secure Internet material, bringing up a video that is shown on ICN new Internet Protocol (IP) based video. Using IPTV's secured links are safer than surfing the web. This new concept would assist the student in learning and utilizing technology. The shift from K-12 Connections to the new environment should take place before next Fall offering a much better educational opportunity for children in Iowa.

Terry Rinehart: A flyer was distributed: *PBS Learning Media*. The program instantly delivers on-demand resources for classroom use. *PBS Learning Media* has a wealth of resources available for teachers and students to use in the classroom. Teachers are requesting more Iowa content to add to curriculum, making it relevant for students to relate to what is being discussed in the classroom. Teachers are always looking for media content that will inspire and motivate students. This project will be effective especially when there is an interest in STEM materials, and there is a wealth of STEM materials. Short segments and teachable moments provide interactive learning exercises and help position resources on the leading edge for the use of educational technology in the classrooms. The possibilities are exciting and will benefit everyone involved.

New Products – Ric Lumbard

Four feature set products were introduced within the OPENScape VOICE (OSV) Platform. The products continue to expand. The following are four additional products:

- OSVMAIL: Ability to provide voice mail across the OSV Unified Communications (UC) platform. Allows mail box services and electronic base services for voice mail anywhere the OSV platform goes.
- OSVWAVE: Ability to provide voice mail with WAV files sent from your phone to your e-mail inbox. Also, accessibility to use other e-mail platforms from other carriers, integrate and deliver voice mail to the e-mail inbox.

- OSV WEB: Ability to utilize web conferencing across the OSV platform. Web applications which allow the integration of all voice and electronic communications into one place.
- OSVSPORT: Possibly the most popular feature since ICN phones are required on an OSV port, ICN can deliver anywhere the Network reaches. As long as it meets the standards, Siemens approves. ICN can provide the service anywhere in the State of Iowa.

Finance Update – Deb Evans

Highlights were discussed from the current Financials. Install expenses have increased due to fiber installs. Outside plant and relocate expenses have increased being that it is that time of the year. However; once the ground freezes, those expenses will decline. Building maintenance increased due to the percentage ICN pays for improvements at Joint Forces Headquarters (JFHQ) towers. Individuals who were in the building were divided up and will be required to pay a percentage for any maintenance improvements that are necessary. ICN experienced some capitol redundancy projects. Video expenses increased due to the IPTV payments, which are \$15,000 per month for K-12 Connections. Equipment expenses were over \$500,000 for September, which is a corrective entry. This needed to be moved from an expired appropriation, as the work was not completed by July 1. ICN intended spending appropriation monies for projects, however; that was not possible, it had to be moved to the Operating Budget. With \$500,000 being moved, it also affects the cash from Operations and puts a decrease in the cash balance. September had work orders with Revenue affecting revenues of \$141,000. Revenue affecting disconnects were \$121,000 and stayed even for the first quarter. Trending for voice is steady and voice minutes have increased about 10 percent for the first quarter for this fiscal year, which is an increase from previous years. Data is steady. Video has decreased, however; new Internet Protocol (IP) hours are increasing. Financials decreased as a result from expenditures that were intended for appropriations. Overall, financials are steady.

Other Business

Action – 2014 Meeting Dates – Jontell Harris

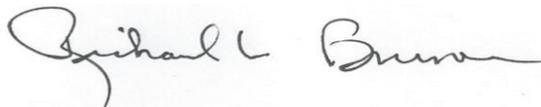
An ITTC meeting schedule was presented for calendar year 2014. Commissioner Kohorst made the motion to approve the 2014 ITTC meeting schedule. Commissioner Sellers seconded that motion.

- Commissioner Hardman – Yes
- Commissioner Kohorst – Yes
- Commissioner Sellers – Yes
- Commissioner Bruner – Yes

Adjournment

Commissioner Sellers moved that the meeting be adjourned. The ITTC meeting adjourned at 11:37a.m.

ATTESTED TO:



Richard Bruner, Chair, Iowa Telecommunications and Technology Commission