

**RFP Implementation Team (RIT) Meeting
State Library of Iowa
Ola Babcock Miller Building, 3rd Floor
1112 East Grand Ave, Des Moines, IA 50319**

November 21, 2011

To ensure the most efficient use of State resources, the November 21, 2011, RIT meeting will be held via a video conference pursuant to Iowa Code section 21.8. Members of the public and interested person are invited to attend the Commission's meeting via video conference. A video conference also ensures more attendees will be able to participate in the meeting and reduces the risk of delays caused by weather or other impediments to travel. The meeting was also accessible to members of the public through attendance at the Grimes State Office Building.

RIT Members Present:

Dave Lingren, Iowa Telecommunications and Technology Commission
Meghan Gavin – Office of the Attorney General
Mark Headlee – Judicial Branch
Sergeant Tom Lampe – Iowa Department of Public Safety
Andy Nielsen – Office of the Auditor of State
Representative Walt Rogers – Iowa Republican House
Art Spies – Iowa Hospital Association
Representative John Wittneben – Iowa Democrat House

RIT Members Absent:

Jeff Berger – Iowa Department of Education
Todd Schulz – Governor's Office/Iowa Department of Management
Senator Matt McCoy – Senate

Fiberutilities Group Staff Present:

Dave Lunemann, Fiberutilities Group
Rob Smith, Fiberutilities Group
Jerry Romine, Fiberutilities Group

Iowa Communications Network Staff Present:

Joseph Cassis, Chief Communications Officer
Will Walling, Network Operations and Engineering Director
Mark Johnson, Administration Director
Phil Groner, Business Services Manager
David Marley, Network Operations and Engineering Manager
Tami Fujinaka, Government Relations Officer
Jontell Harris, Executive Liaison
Alexis Slade, Executive Secretary (Recorder)
Christopher Hannan, Intern
Vicki Wallis, Network Planning Engineer

Guests:

Joe Hrdlicka, Iowa Telecommunications Association
Lon Anderson, Iowa House Staff
Judy Krewson, Rural Iowa Independent Telephone Association
Wayne Johnson, Century Link
Anna Hyatt-Crozier, House Democrat Staff
Marcia Tannian, Legislative Services Agency (LSA)
Theresa Kehoe, Legislative Senate Democrat Staff

Recap

Roster

The Judicial Branch was added to the RIT membership. The primary member will be Mark Headlee and his secondary is Ken Bosier. ICN and Fiberutilities Group (FG) are still working with the Community Colleges to establish RIT membership participation.

Note: Primary members were reminded to assign a secondary RIT member from their group if they have not already done so.

Notes

A hard copy of the November 14, 2011, RIT meeting notes were distributed to members in attendance and the electronic copy will be posted to the ICN website after the completion of the November 21, 2011 meeting.

Clarification Memo/Questions

There were three questions posed during the last session; two of those questions are answered below. The ICN is still gathering the information needed in order to answer the third question:

Q. From an engineering standpoint can the ICN provide some kind of projection as to what the cost will be for the Video Services Project as well as an implementation timeline?

A. Funding for the Equipment for the VSP Project – The ICN has received appropriations and allocated additional ICN funds to replace the manufacture discontinued video platform with an Internet Protocol (IP) product. Many new video applications for education, medical and other government services are moving to IP technology. Capabilities offered by the new equipment would allow more simultaneous “IP” sessions and better quality Video over IP conferences than are currently supported.

The IP video equipment migration project is anticipated to cost approximately \$5.1 million, including the funds that have been spent and appropriated.

Q. Can the ICN explain what the Des Moines Metronet is?

A. The Des Moines Metronet is a group governed by a 28E agreement between the ITTC (ICN), the Des Moines Independent School District, and the City of Des Moines. The 28E establishes and provides for the planning, design, construction, operation, and maintenance of a shared communication system to serve the telecommunication needs of participating authorized users. For example, if the City of Des Moines required a fiber-optic cable installation to operate its traffic control system, and an ICN authorized user and/or Des Moines school location was along the same path, a single construction project would be initiated and fibers allocated to the three partners. This saves taxpayers the expense of three separate fiber-optic construction projects, and reduced future maintenance costs by allocating any operational expenses on a proportional share among the partners.

Note: All material will be provided for review on the ICN website after the November 21, 2011 RIT meeting.

New Assumptions/Submitting Assumptions

A new assumption was added to the list. Assumption 30 states, “Guaranteed amount of bandwidth for public safety in all cases; especially during emergencies.” As this process goes on there will be a number of other assumptions added.

RIT Meeting Schedule

The January 16, 2012 RIT meeting will be cancelled due to the Martin Luther King holiday. If more time is needed by the RIT team, that will be determined at the end of the scheduled meetings.

RFP Assumptions and Definitions

Assumption #1: Sale of the Network will be the transfer of ownership of all physical assets listed in the RFP.

- I. Fiber Strand**
- II. Switches, optics and electronics**
- III. Other as stipulated in RFP**

Note: Office equipment, current collocation space, Rights of Way (ROW), and state office space DO NOT constitute a transferable asset.

Spies – What would be the status of the operation center at the JFHQ and those particular locations?

Lingren – The RFP could make it incumbent upon whoever would purchase the ICN to work with the Department of Defense (DOD) to determine if they could keep the hub in the JFHQ building.

Spies – Will the collocation agreements be clearly specified as well as the equipment in the JFHQ?

Lingren – All three issues would be of the same status. As a state agency the ICN does not pay for collocation within the schools, ICN only pays \$1 a year for ROW expenses. It is unknown if it would be the ITTC's responsibility to discuss the ROW expense with the DOD, but it could be depending on how the RFP is written. The collocation space, the schools, etc, will want to negotiate a collocation space agreement if they can. ROW expenses are standard utility expenses that would have to be paid to the Department of Transportation (DOT) and DOD.

Spies – Will those expenses be itemized in the RFP so that any vendor can see what additional expenses they may need to pay?

Smith – Assumption 25 will discuss collocations and ROW's in detail.

Andy Nielsen – How big a deal is it if JFHQ can't be used as a Hub?

Dave Lingren – Every fiber in a redundant path ends up in that building and it's the main hub. If the JFHQ facility cannot be used by a purchaser, that very large room full of equipment would have to be moved and relocated somewhere else at the expense of the purchaser. The expense for moving that equipment would depend on how far they'd have to move it from that location.

Nielsen – So that's a hefty cost and might be a deal breaker?

Lunemann – Another assumption will need to be added to the list addressing the cost of moving the hub and who's responsible for that relocation.

Lingren – The cost of moving the hub from JFHQ could be well in the seven digits to do that.

Statement of Preferences:

Andy Nielsen – Agree

Mark Headlee – Agree

Representative John Wittneben – Agree

Sergeant Tom Lampe – Agree

Art Spies – Agree

Representative Walt Rogers – Agree

Meghan Gavin – No Opinion

Dave Lingren – Agree

Assumption #2: Sale of the network will include the transfer of liability of all contracts related to the delivery of vendor provided connections listed in the RFP (unless contracts stipulate they cannot be transferred.

- I. Maintenance contract with Paetec (or current network operator)**
- II. Carrier circuit monthly billing**
- III. Fiber IRU's**
- IV. Maintenance contracts of equipment**
- V. Prepaid user circuits**
- VI. Local telephone company providers' part 3 circuits**
- VII. Other as stipulated in RFP**

Lingren – What if the contract is silent and doesn't address whether or not the company providing the service has to continue the agreement should ownership change? Does that mean the contract can or cannot be transferred?

Gavin – Hopefully there are provisions in the contracts that offer transfers. If the contract is silent a new contract and agreement will have to be signed by both the parties.

Spies – The Iowa Rural Health Telecommunications Project (IRHTP) does have an agreement with the ICN that has a transfer clause within it, so would that fall within this particular assumption where it's addressed?

Gavin – The ITTC (ICN) will have to do a contract review of the 400 to 500 contracts the ICN currently has on a case by case basis.

Lingren – Some of the independent telecommunication companies have already made changes in contract negotiations with the ICN to preclude them from having to uphold their lease agreement if the ICN changes ownership.

Smith – For the sale of an asset like the ICN, provisions would usually be included in an index that defines all of the individual contracts and what their status is.

Rogers – I'm assuming a lot of the ICN contracts have different timeframes for renewal?

Gavin – Some of the contracts are for the Indefeasible Right of Uses (IRU's) of fiber and are for 15-20 years.

Lingren – The maintenance contract with Paetec has a fee the ICN pays to them for changes within the network. The cost for just the standard maintenance is approximately a \$5 Million a year contract. The circuit billing cost approximately \$1 Million a month. Is this assumption strictly addressing the contracts ICN receives from vendors, such as the Part III and Paetec?

Spies – Does it include the contract ICN has for the IRHTP or Iowa Hospital System (IHS) to include maintenance on their facilities? Is this covered in another assumption?

Smith – No, not in that level of detail.

Spies – If we don't have an assumption we may want to add it as assumption 31.

Lunemann – So assumption 31 would be to identify what those are in the RFP. Another thing to keep in mind regarding contracts is that there may be other entities besides the person you're in a contract with, involved in the responsibility of the contract. For example, IRHTP has requirements from the FCC program that would go along with the ICN contract, which can be a complication.

Spies – Does assumption 29 takes care of all contracts and not just the FCC IRHTP contract?

Lunemann - The discussions generated from assumption 29 should handle how to communicate and identify with contractors as it relates to the construction for grant projects.

Nielsen – Will the asset section of the contracts and the transfer of the contracts be discussed in another assumption?

Lunemann – If there isn't an assumption on that then we'll have to write one.

Statement of Preferences:

Andy Nielsen – Agree

Mark Headlee – Agree

Representative John Wittneben – Agree

Sergeant Tom Lampe – Agree

Art Spies – Agree

Representative Walt Rogers – Agree

Meghan Gavin – No Opinion

Dave Lingren – Agree

Assumption #3: All assets, contracts, collocations, and ROW listed in the RFP will be represented and documented by the ICN without independent audit. Buyer / seller verifications and independent audits, as deemed necessary will occur post offer as a component of contract finalization.

Wittneben – Is the different ROW policies addressing federal highways or in-state, local and county? Can it be assumed that any public ROW would be a transferable asset?

Lingren – As a state entity, on the interstate system for example, the ICN pays \$1 per year for ROW expense. ICN doesn't think that they would be transferrable because it would create a situation where other entities would want that same deal. There is a standard rate per mile a private entity would have to pay as a utility cost, which would be much greater than \$1. An estimated cost for that is approximately \$3 million a year.

Spies – Through the bidding process would the vendor have information that the ROW will probably cost them \$3 million? Would that information be in the RFP so they would know before making their bid, instead of after their bid is accepted? Will there be the option for an audit to be done and will that be included in the RFP?

Lunemann – The current situation does need to be stated, which is that currently the ICN doesn't have a cost in their operational budget for certain kinds of ROW's. Before the RFP is written those costs will have to be determined so that they can be put in there or we can make it the buyer's responsibility to contact the individuals to come up with an estimate of what the costs would be. There are a number of different ways of doing that without the seller pre-negotiating something. The answer to your second question regarding the audit is, it's very normal in large transfers to have things audited so you know that what you're getting has been independently identified as an asset. The cost of an independent audit is expensive, so the ICN can request that be done by the bidder as part of the RFP. Suggestions from the RIT as to whether you want that audit done as a function of the sale itself or done post sale will be gladly accepted.

Smith – The seller of an asset like the ICN generally doesn't attempt to identify what the costs to the buyer will be, unless the buyer is ambiguous and in the case of the ROW that wouldn't be the case. It would probably be the responsibility of the seller to indicate whether or not an audit is conducted but not attempt to identify the amount or cost associated with that going forward.

Lingren – Based on the timeframe of this project and the timeframe we're going to allow the respondents to give an answer, an independent audit at this point would probably take several months to get accomplished.

Gavin – My concern with having a post bid audit instead of part of the bid is that the buyer, if they are a qualified bidder, conditions their bid based on the audit. If their audit comes back substantially different from what they were told and the bid is contemplated, then at that point would we start again? We'd have to reissue the RFP. Could we make the audit part of the bid process and put it on the buyer to get that audit conducted?

Lunemann – There's no reason I know of why that couldn't be added to the RFP. I'd be conscious of the timeframe. Would it be realistic of the buyer to get an independent audit as part of their response and require the same time constraints?

Lingren – It might be the RIT's recommendation to request another extension if it's determined that they want to add the independent audit to the RFP. An audit is a laborious process and with the July 2013 deadline that would be unrealistic because of the several months it could take for an audit to be conducted.

Roger – I don't think we can sell another extension in the House right now.

Statement of Preferences:

Andy Nielsen – No Opinion

Mark Headlee – Agree

Representative John Wittneben – Agree

Sergeant Tom Lampe – Agree

Art Spies – Agree

Representative Walt Rogers – Agree

Meghan Gavin – No Opinion

Dave Lingren – Agree

Assumption #4: Lease of the network will be defined as the rental of all physical assets listed in the RFP. The State of Iowa will remain the owner of those physical assets. Under a lease scenario, the State of Iowa will remain responsible for all contracts and expenses related to carrier circuits, fiber IRUs and network maintenance. The state will continue to incur all costs related to any contracts currently in place including all costs, related to collocation and Rights of Way (ROW) expense.

Nielsen – Does this assumption take the ROW cost of \$3 Million to the lessor out of the picture?

Lingren – Yes, because the conditions would remain the same. The only difference in the case of a lease would be who is operating the network.

Spies – A lease would also be affected by the location and if they can remain there.

Lingren – ICN is assuming that if the State remains the owner and JFHQ is the hub, ROW's and collocations would not be an issue. As for having non-state employees in JFHQ, that is happening today but under a State entity that's providing a service and ownership of that facility. ICN assumes that would not change but those are some of the issues that would have to be researched.

Rogers – Would the lease cover the ROW and collocation costs?

Lunemann – Like any other lease, the lessee maintains ownership of the asset but it's being leased for a fee that covers the costs of the ICN.

Lingren – Costs associated with using the space at JFHQ is not a State expense because the State does not give ICN general funds for those expenses. The ICN recovers those costs through services that go beyond what's being provided to just State entities. There are private Colleges, Universities, schools and healthcare facilities involved in that procuring of services that generate the revenue to offset those costs. The ICN does not pay for rental space at the JFHQ but there are environmental costs, such as heating and cooling.

Spies – Can the ICN provide those costs, it would be helpful to the RIT when discussing what a minimum bid might be? The RIT should have discussions about the minimum bid and that should be clearly identified and folded into what would be a good lease amount. In relation to the IRHTTP costs, would that be embodied in the lease itself?

Lingren – If you're asking if whoever leases the network would be responsible to provide IRHTTP and other revenues associated with that, the answer is yes.

Nielsen – This assumption talks about physical assets, are there any intangible assets such as computer programs or software that need to be considered?

Lingren – Yes, ICN has a number of software systems associated with the operation of the network. ICN, as a State entity, has direct connection to the I/3 system. With I/3, a lot of the billing functionalities that take place between ICN and State government is done electronically. Any purchaser would need the ability to use that system in order to conduct the billing that ICN currently performs.

Nielsen – Is that another assumption that needs to be added to the list?

Lingren – Yes.

Statement of Preferences:

Andy Nielsen – Agree

Mark Headlee – Agree

Representative John Wittneben – Agree

Sergeant Tom Lampe – Agree

Art Spies – Agree

Representative Walt Rogers – Agree

Meghan Gavin – No Opinion

Dave Lingren – Agree

Assumption #5: All potential buyers / lessees will be required to meet pre-qualification requirements stated in the bid process.

Spies – Can you provide some examples of what the requirements might be?

Smith – Generally, those factors would be proving they have the ability to provide services, they have a certificate of convenience from the State Utility Board, have the financial assets to complete the purchase as they bid, or that they have the technical wherewithal to run the network.

Spies – Will there also be legal requirements, such as whether they've been sued or investigated by the FCC or State government?

Rob – The requirements can be whatever you want them to be. In addition to the legal aspect of things, you can require that they maintain certain standards of marketing, maintain a local Iowa field, etc.

Lunemann – You can add in requirements that allow the seller or lessee to recover costs as a result of the buyer or lessor backing out of the agreement.

Gavin – There are some limitations for the State government when it comes to requirements. We can make requirements such as it being a domestic purchase, but we can't say that it has to be an Iowa based company. We can work out those details as they come up.

Statement of Preferences:

Andy Nielsen – Agree

Mark Headlee – Agree

Representative John Wittneben – Agree

Sergeant Tom Lampe – Agree

Art Spies – Agree

Representative Walt Rogers – Agree

Meghan Gavin – No Opinion

Dave Lingren – Agree

Assumption #6: To protect any proprietary information all potential buyers / lessees will be required to enter into a Non Disclosure Agreement to the extent allowable by Iowa law.

Lingren – The ICN does have proprietary information. According to State Code 8D, standard video rates are not proprietary and they are made public by publishing them on the ICN website. All other services offered by the ICN are considered proprietary, so that's what this assumption addresses. ICN would have to provide financial information to the buyer or lessee for them to understand what ICN's current condition is. HF 45 says the buyer/lessee has to provide services at a lower cost than the ICN does, so the ICN must identify what the current rates are in order for them to meet that requirement. A Non Disclosure Agreement (NDA) would address such issues.

Statement of Preferences:

Andy Nielsen – Agree

Mark Headlee – Agree

Representative John Wittneben – Agree

Sergeant Tom Lampe – Agree

Art Spies – Agree

Representative Walt Rogers – Agree

Meghan Gavin – No Opinion

Dave Lingren – Agree

Assumption #7: To protect proprietary information the seller shall enter into a Non Disclosure Agreement (NDA) with all bid respondents to the extent allowable by Iowa law.

Lingren – ICN and the State will hold all the vendor information as proprietary and sign an agreement saying as much.

Spies – Would that agreement be limited to whatever is deemed confidential by the buyer or by the seller?

Lunemann – Typically in these transactions the potential buyer would identify what they consider to be proprietary information in that NDA, unless the State is not allowed to accept that as proprietary information.

Spies – Would this include public accessibility to all bids that are submitted?

Gavin – The bid should be public. Vendors may deem certain things to be confidential but they may not be according to the State's Open Records Law.

Statement of Preferences:

Andy Nielsen – Agree

Mark Headlee – Agree

Representative John Wittneben – Agree

Sergeant Tom Lampe – Agree

Art Spies – Agree

Representative Walt Rogers – Agree

Meghan Gavin – No Opinion

Dave Lingren – Agree

Assumption #8: The initial term of a lease will be 5 years from contract closure with two (2) 5 year renewals at the option of the lessee.

Gavin – What is the reasoning for this assumption?

Lunemann – In the case of a lease arrangement, it's probably logical to assume that any lease will have certain expenditures or commitments that are going to need to be clearly stated and for how long they are going to be in that commitment.

Lingren – We'll discuss these details more in depth when we get to assumption 16, but HF 45 doesn't say how long a buyer/lessee has to keep their rates lower than ICN's rates. If we write something in the RFP, the two can be tied together. If there is a lease period it could be equal to the time they have to provide those rates.

Wittenben – Is it possible to get input from possible bidders on what they would prefer for a timeline?

Lunemann – As a function of the RIT, we're hoping that if there is public opinions on this they would make it known during the meeting, where a RIT member can submit an assumption to be discussed.

Lingren – To get opinions from possible bidders they would have to do a Formal Request for Information (RFI) but it couldn't be an informal dialogue. ICN has to publicly put out an RFI on any issues we'd want feedback on.

Rogers – There would be a little more leeway for bidders to make their bid better if we obtained feedback.

Lunemann – You can build into the RFP process an RFI saying this is what we're thinking and ask what their thoughts are. It does add time and complexity, however.

Lingren – Adding a lease timeline can be the best interest of the user base. Over the last eight years the ICN had one \$.50 rate per hour increase for video and all the rest of our rates have decreased on average of every two years. Telecommunications is largely a commodity to our users and as a commodity it's difficult to have raising or steady rates. Having restrictions on the timeframe could protect the budgets and interests of the users.

Spies – A five year contract seems to be a good initial term. It would provide some stability for the users and there are some State assets with IRU's that may have 10, 15 or 20 year contracts.

Statement of Preferences:

Andy Nielsen – Agree

Mark Headlee – No Opinion

Representative John Wittneben – No Opinion

Sergeant Tom Lampe – Agree

Art Spies – Agree

Representative Walt Rogers – Agree

Meghan Gavin – No Opinion

Dave Lingren – Agree

Assumption #9: A CPI increase will be applied to all operational expenses related to underlying costs that must be maintained by the lessor in the case of renewal (i.e. the State of Iowa).

Spies – Can someone explain this a little further? Does this mean that costs can be added as an inflator of some sort to a CPI?

Lunemann – Yes, when you're in a long term lease arrangement there are generally some increments of costs that are steady and then after a certain period of time there's the ability to add increases due to inflation.

Spies – If rates go down how will those be addressed?

Smith – Are you asking if the standard CPI is higher than the cost curve in general for telecommunications?

Spies – That could be a potential situation. A scenario could be that over the time of the five year lease, the cost of bandwidth may go down. At that point we don't want to lock ourselves into where the lessee can modify their rates to the detriment of the users.

Lingren – One of the complications in all of this is the fact that currently there are certified and authorized users. The certified users, according to State Law Code 8D, are required to use the ICN for services unless they go through a waiver process which is now only relevant for public supported entities. Private Colleges no longer have to go through a waiver process. State government agencies are not required to use the ICN. What happens then if you don't allow for some kind of recovery for whoever is going to lease the ICN? If agencies don't use ICN services or there is a migration off of it then that vendor would have to raise their rates because they'd have a smaller base and need to recover their costs for operation. Something probably has to be in there to protect them, or some other mechanism to recover their cost of operation.

Lunemann – What would be some items in the network the lessor would need to maintain and have a cost to them over a period of the lease?

Lingren – The network is undergoing an upgrade right now for electronics. There would probably be a cost for differed maintenance where they would want funds set aside to keep the equipment up-to-date. ICN is going

through that process currently. ICN's network equipment is perfectly relevant and state-of-the-art but bandwidth demands are so massive that ICN needs the ability for equipment to migrate and include that huge increase in bandwidth. Funds for that need to be set aside or ICN will be stuck in a place where it will not have the ability to provide those services.

Nielsen – Does this assumption just address the issue of when the State is leasing or will it address a sale? Does this assumption go away if the ICN is bought?

Lunemann – Yes.

Statement of Preferences:

Andy Nielsen – No Opinion

Mark Headlee – Agree

Representative John Wittneben – Agree

Sergeant Tom Lampe – Agree

Art Spies – Agree

Representative Walt Rogers – Agree

Meghan Gavin – No Opinion

Dave Lingren – Agree

Assumption #10: Lessee must provide written notice 12 months in advance of intention to renew or not renew lease renewal option.

Lunemann – The intent of this assumption is if a lessee decides not to continue with this option how long would the lessor need to redirect whatever you were going to use from them.

Statement of Preferences:

Andy Nielsen – No Opinion

Mark Headlee – No Opinion

Representative John Wittneben – Agree

Sergeant Tom Lampe – Agree

Art Spies – Agree

Representative Walt Rogers – Agree

Meghan Gavin – No Opinion

Dave Lingren – Agree

Assumption #11: A lease of the network assets will require the State of Iowa to maintain some of the personnel functions currently being performed by the ICN during the lease period. These costs would be reflected in the calculation of the lease payment deemed acceptable by the seller. The RFP will indicate which network related costs would need to be maintained by the state.

Lingren – Today the ICN has access to the State's I/3 system and it allows the ICN to perform single billing. ICN takes all of the costs associated with a user's telecommunications access and all of their bills and makes payments to the separate entities and submit a single bill to the user. ICN believes Judicial did some form of an evaluation of what cost it would be to them if they didn't have access to I/3. ICN doesn't know legally what the State's position is with allowing a private entity to use that system; that would have to be researched. There may be a need to have state personnel conduct that functionality, which would add additional costs.

Headlee – There was no formal research conducted by Judicial to see how much it would take to manage something like this, but we do know it would be of great cost to us.

Spies – In the third line, does it say that these costs would be reflected in the calculation of the lease payment and deemed acceptable? By whom is it, only the seller?

Lunemann – The way a lease might take place may require that certain personnel elements stay with it, so the cost of that would be incorporated in that lease rate to whatever degree the State feels it needs to be.

Spies – Can the word seller be substituted with lessor?

Lunemann – Yes. We want to make sure to ensure the buyer has the capability to continue to do the things that are required to be done for the users of the ICN.

Statement of Preferences:

Andy Nielsen – No Opinion

Mark Headlee – Agree

Representative John Wittneben – Agree

Sergeant Tom Lampe – Agree

Art Spies – Agree

Representative Walt Rogers – Agree

Meghan Gavin – No Opinion

Dave Lingren – Agree

Assumption #12: The legislation requires the new buyer / lessee to provide continued service of existing authorized users with specific products at specific price points. To ensure a transition with minimal user impact, ICN operational staff existing at the time of bid acceptance will remain in place for a minimum period of 12 months from closure date and transfer. These costs will be factored into a sale or lease cost.

Spies – Is that 12 month time period just for discussion? Is that time long enough?

Lingren – That’s a minimum. There’s definitely a transition period because there could be certain issues, so you would definitely want some sort of a transition period. That timeframe could depend on the buyer and their experience and knowledge of the network. ICN is fairly complicated in what it does because it is also the corporate telecom body as well as a State entity, so ICN wants to make sure that before that transition period ends that there is no impact to the user.

Smith – In the example of the Guam deal, the buyer was required to keep the existing staff on staff for five years after the acquisition.

Spies – Can we add a phrase saying “this could be extended upon mutual agreement”?

Lunemann – Yes. I would agree that 12 months for an active network for this many users is a tall order when transferring systems.

Rogers – For any potential buyer, would this timeframe hold them back in any sort of way from bidding?

Lingren – Someone can always submit an alternate timeframe.

Statement of Preferences:

Andy Nielsen – No Opinion

Mark Headlee – Agree

Representative John Wittneben – Agree

Sergeant Tom Lampe – Agree

Art Spies – Agree

Representative Walt Rogers – Agree

Meghan Gavin – No Opinion

Dave Lingren – Agree

Questions

Q. Can the ICN provide a summary of what an Authorized User is?

A. Lingren – Initially when the network was built, there was a certification process that took place and those users are considered certified saying you must use those services. There are some authorized users who can buy products that others cannot. But the certified users are required to use ICN services unless they go through a waiver process where they say they can get a lower rate than that of the ICN. The authorized users are state agencies, education K-12, higher ED, private colleges, universities and healthcare, federal government are all allowed to use the network as well. The only county who can use our services are Polk County and the City of Des Moines.

Rogers – So opening up for other Counties and Cities would be something that would be problematic in the overall discussion of what we want to do?

Lingren – Opening it up and allowing a buyer or lessor to serve commercial and residential users would be fairly disruptive to the industry. ICN's network was never built to be a commercial network. There would not be enough power, heating and cooling or rack space in ICN facilities for these kinds of services.

Schedule

Q. There was a question posed last week regarding the current meeting schedule and length of the meetings. Would any of the RIT members like to further discuss that topic today?

A.

Rogers – I'm fine with the current schedule.

Wittenben – I agree with that, Rogers.

Lingren – When does the Legislation sessions start?

Wittenben – January 9th.

Rogers – If I have some questions that come up can I bring it back up later in relation to the assumptions we discussed today?

Lunemann – Yes, I will build that into the agenda in the future.