



## **Illinois Department of Commerce & Economic Opportunity**

### **Illinois Broadband Advisory Council infrastructure and Technology Working Group Meeting**

**Minutes of Meeting Held on Thursday, September 19, 2019**

**9:30 a.m. – 11:00 a.m.**

**Preparer: Ashley Atherton**

#### **Introductory Remarks**

Chair Sorenson – Good morning. It's 9:30, so let's get started. Thanks for joining us for Round 3 of our working group. Let's do introductions to capture everybody for the minutes.

#### **Call to Order**

Roll Call: Lori Sorenson, DoIT, Chair; Jessica Himes, Governor's Office; Travis March, DCEO; Rick Holzmacher, Illinois Rural Broadband Association; Jim Zolnierek, ICC; Stephanie Cassioppi, US Cellular; Karen Boswell, Frontier; Deno Perdiou, AT&T; Steve Hill, Satellite Broadcasting and Communications Association; Ryan Gruenenfelder, AARP; Sean Middleton, Illinois Electric Cooperative; Tom Chi, Springfield Police Department; Susan Satter, Illinois Attorney General's Office; Ray Montelongo, Montel Technologies; Bruce Montgomery, Montgomery & Co; Paul Wright, Illinois Brotherhood of Electrical Workers; Marc Thorson, Northern Illinois University; Randy Nehrt, Illinois Telecommunications Association; LeeAnn Herrera, Charter Communications; Brittany Carls, Governor's Office of Management and Budget; Dale Walters, DoIT; Matt Schmit, DCEO/ Illinois Office of Broadband; Molly Dunn, Governor's Office.

#### **Review of the Minutes from September 13 Meeting**

Chair Sorenson: Due to the short turnaround between meetings, we apologize for getting the draft minutes out with limited time for review. I'd suggest reviewing them over next few days, making any necessary edits or comments then sending them back to Travis. We will need another meeting to button things up next week to adopt the final report and findings. We can do a final vote on the September 13 minutes and the minutes from this meeting then.

Travis March: Thank you for the edits we've received so far. The revised copy I sent out this morning had edits from several members and I received some additional edits just before the meeting today.

## **Summary Report of Working Group Recommendations**

Chair Sorenson: I would like to use today's meeting to dig into the draft of working group recommendations. The goal would be to walk away today with information to complete the bullet points and narrative will need to be in the report and are there and is an accurate portrayal.

Travis March: Lori, there are copies of the draft available to pass around here and in Chicago as well.

Chair Sorenson: Let's have an open discussion on the draft report. Any information or recommendations that are missing? Are there points that haven't made the correct impression?

### **Challenge Process – Limitations of FCC Map**

Sean Middleton: I like the potential unserved area challenges and how we recognize CAP2 so as long as there is a very robust challenge process. I'm not sure how we want to quantify that yet. I think if we are going to utilize the data set, we can immediately look at the challenge up front and have a mechanism in place. We don't want to immediately throw that option off the table.

Chair Sorenson: You are wanting to make sure the challenged to unserved areas aren't just restricted to the FCC map. Can the challenge process flush that out? The applicant would provide their opinion as to why the area is unserved and be able to challenge that unserved area?

Sean Middleton: We don't want certain areas to not apply just because it looks like that area may not be applicable (from the FCC map). That's why we want a robust challenge process. We don't want to take away good candidates to apply.

Chair Sorenson: No area is off the table automatically. Its apply, challenge, and go from there.

Stephanie Cassioppi: We don't participate in CA 2 from the mobile wireless perspective, so there are other mapping sources and tools to make sure wireless does or doesn't apply.

Chair Sorenson: Should we use whatever other data sources are out there to help reach a decision?

Stephanie Cassioppi: I know there are some areas that aren't shown as unserved but may be. We want to be able to challenge that.

### **Unserved/Service Speed Mapping**

Susan Satter: When you say unserved, is that no service or below a certain threshold of speed?

Chair Sorenson: That depends on the context. Sometimes it is the FCC maps and how they define it. We have not taken a position yet. We have not defined a served/unserved threshold or a recommendation of speed. The way the state defines unserved and how to allow the challenge process since there does not appear to be one source of truth.

Susan Satter: Do we have metrics on areas that have no service?

Jessica Himes: On the FCC, yes. We have not done separate mapping.

## **Self-Identification of Unserved Areas**

Susan Satter: In the meetings, there was a discussion that the process would be open to the public. Can self-identifying an unserved area serve as some kind of jump start?

Chair Sorenson: Good point, that isn't in the bullets (on the draft summary). We should look to what's happening at the Fed level and look to some of the states. We are not specifically saying one way or another, but mapping is something we need to make a priority. The group did think crowdsourcing was a good avenue for underserved areas.

## **Challenge Process Guidelines**

Marc Thorson: Are we setting up the guidelines for the challenge process?

Chair Sorenson: I'm not asking this group to set up specific guidelines. The working group would like to just recommend general considerations. If we set up specific guidelines, companies in this room would not be able to bid on grants and I don't think anyone in this room would want that.

Deno Perdiou: The next phase for the FCC is to expand. We don't want the FCC to push that and then money goes to the other states, at least in this first opportunity. There's a timing issue in that sense with this first round.

## **Right of First Refusal**

Rick Holzmacher: Some states have incorporated an incumbent right of first refusal component into their challenge process. If some or all of the application area is not covered, the incumbent can say here's our investment plan already in the works to bring the speed up to what the applicant has proposed. We should consider having a process for that, right of first refusal for providers in the area.

Susan Satter: Right of first refusal, is it fair that they are then obligated to provide service to the area in a certain timeframe?

Rick Holzmacher: I believe the service provider must provide the service within a specified timeframe. Somewhere between one and a half and two but I may be wrong on that timeline.

Susan Satter: Does the incumbent have to match that lower cost?

Rick Holzmacher: I'm not sure about that.

Susan Satter: If we are going to have a right of first refusal, it must be boxed in somewhat.

LeeAnn Herrera: Awarding points can also be an option.

Chair Sorenson: Can you ID a few states doing the right of first refusal?

LeeAnn Herrera: Indiana and Minnesota

Rick Holzmacher: I believe Missouri which to a degree mimicked Minnesota, also has the right of first refusal incorporated into its challenge process.

Deno Perdiou: How you identify the speeds and the first refusal process? It needs to be identified so there is a balance.

Rick Holzmacher: I'm not sure on the full answer but there are penalties for non-performance as well.

Travis March: Under the GATA rules, if a challenge is upheld, the company filing the challenge cannot get the grant funding unless they had filed an application on the opportunity themselves. They would not be eligible for funding without that. They wouldn't be able to just assume the grant subsidy.

### **Definition of Served and Unserved; Speed Thresholds**

Karen Boswell: Lori when you said we hadn't defined what unserved or underserved was, do we intend to do that or are people going to be able to come in and say what their speeds are?

Chair Sorenson: Ultimately, we are not going to recommend a specific speed. Ultimately, we are going to let the state set the vision and that will dictate the speeds. We are just recommending. If you all disagree, I want that to be part of the discussion.

Tom Chi: I don't want to define anything so that in the future, when things change, we don't ignore some areas.

Deno Perdiou: We want our goal to continually change, otherwise we aren't doing our job well.

Stephanie Cassioppi: That may box out mobile wireless to a degree for many years, so we should factor that in as an issue.

Deno Perdiou: Don't assume fixed wireless will only serve certain speeds, it will go up.

Stephanie Cassioppi: As technology evolves, so will speeds.

Susan Satter: Those are two different approaches. You will give those who already have coverage faster speeds while those who are unserved will still be behind. Is there a way to focus on unserved areas as a separate category?

Karen Boswell: In Indiana they just started their program, and their first roll out focused on unserved areas to make sure unserved areas get served first. I think we need to do it in two separate rounds so that unserved areas get service first.

Chair Sorenson: Would unserved be 10/1 or 25/3?

Susan Satter: I would vote for 10/1 for unserved or even less.

Deno Perdiou: This allows us to get a better idea of what unserved is as opposed to those underserved.

Chair Sorenson: So let me ask a question on that. If the unserved areas are going to be less than 10/1, there may not be enough money to overcome providing for small pockets unless you also allow the provider to pick up a few underserved too.

Karen Boswell: We've done that in our grant applications in other states, specifically Minnesota.

Chair Sorenson: Can you only ask for the funding in the unserved area?

Karen Boswell: We were picking up those on the way. Also, at times it is more than just five houses, there are times where whole subdivisions out in the country that are hard to get to.

Travis March: If we set that unserved speed number too low, one of the big concerns from the DCEO perspective is encouraging economic development in rural areas. Also telehealth and education, we don't want to lose sight of that, either.

Chair Sorenson: DCEO is getting a lot of phone calls saying "I work from home and don't have broadband" and they need it for work, telehealth monitoring and for education like online classes.

Karen Boswell: The people who have been left behind can't access online classes.

Ryan Gruenenfelder: Is going to 10/1 valuable enough for the people who live there?

Karen Boswell: We were talking about 10/1 being considered unserved and increasing the speed to those people.

Chair Sorenson: Do we know what is needed if residents are sitting at home needing to access work and telehealth and education? Can you do these things with these speeds?

Marc Thorson: It's hard to define 10/1 as being acceptable for education.

Chair Sorenson: Speeds should meet the need. If we are saying this is what we want for everyone - to be able to participate in the digital economy - and flipping back to the unserved, does that change the priority?

Karen Boswell: I don't think it does. If we don't have one at 10/1 and the other at 25/3 then we are going against the FCC guidelines.

Karen Boswell: I agree with what you said earlier Jim, I don't see why we wouldn't have two separate levels.

Jim Zolnierok: It depends on what your objective is for telehealth and education and what your goal is. Is it to be getting it to the home or to the rural community so they can drive to a small area in their town and be able to do those solutions in the town.

### **Sliding Scale – Matching Requirement for Unserved**

Stephanie Cassioppi: I believe we talked about a different matching requirement for unserved areas?

Karen Boswell: If you are expecting an across the board match requirement, it would be cost prohibitive. It needs to be flexible.

Chair Sorenson: The bullet point on here about matching costs is what we want then?

Susan Satter: Do we want to focus on adding a bullet focusing on unserved areas regarding a lower match?

### **Overall State Objective – Multiple Initial/Pilot Programs?**

Jim Zolnierek: Thinking big picture, does there have to be one overarching state objective? Would it make sense to have a first round with 5 different programs where you allocate certain amounts for different things and see in round one what you have? It seems like we are having trouble defining one goal.

Chair Sorenson: We may have that captured under the investments bullet as different criteria for wireline versus mobile or satellite. We made reference to the Nebraska plan there. What I'm hearing is we may want multiple programs in round one that address different pilot programs?

Jim Zolnierek: You could break up the unserved and underserved areas and break it up even more.

Randy Nehrt: How would that work? Would 5 different programs make it more difficult for providers to improve service to unserved and underserved areas? Splitting the grants into separate buckets may overcomplicate the program. It might be better to let the applicant define the area, service and elements they can provide in a single application."

Jim Zolnierek: You wouldn't necessarily want to make those telehealth requirements a criterion for each individual home.

Rick Holzmacher: It seems to me that through the scoring system, other states have incentivized applicants who want to serve telehealth or education. They get more points for that.

Chair Sorenson: it's my understanding based on work at this time that almost every town has what would be defined as broadband over 25/3. Every school or school building has that as well. It doesn't mean they are being provided all the speeds they need. We are pretty good at getting the fiber base, do I have that correct?

Karen Boswell: I think you are correct.

Chair Sorenson: My awareness is that the challenge is that residential areas on the outskirts of the town and country subdivisions is where there are pockets. Mobile data is considered a separate bucket from fixed/wireline?

Consensus: Yes.

### **Collaborations/Partnerships**

Chair Sorenson: There are broadband needs on multiple fronts because of the nature of services, so we have to set up some different criteria. In trying to bring this home and getting specific, other points on here that you want to clarify or something that's missing?

Sean Middleton: I've made notes about collaborations, and maybe the program should incentivize collaborations or public/private partnerships to assist in bringing credibility to what we do. It would have to be part of the scoring criteria.

Karen Boswell: Yeah, if you could do a partnership then you get extra points.

Chair Sorenson: What would be an example of a partnership?

Karen Boswell: In Minnesota, we've partnered with a county.

Deno Perdiou: It could be two companies that need each other for one thing or another like right of way access.

Chair Sorenson: In a partnership, are both parties bringing more money to the project? When is it different from endorsement?

Karen Boswell: Its different if the partner is someone who has a stake in the outcome. There is a difference between that and a letter of support.

Rick Holzmacher: It has to be tied to the component of getting financial assistance from the partnership.

Chair Sorenson: What is the reason to encourage that?

Sean Middleton: I think it's just a way to bridge access, like a municipality partnering with a small town. I know a lot of communities are nervous to get into broadband but they're sitting on right of way.

Deno Perdiou: We would access their poles and infrastructure.

Karen Boswell: Partnering with a county may be able to make things more cost-effective. They may provide you right of way that you would have had to haggle over before.

Chair Sorenson: At the end, aren't you looking for who can provide the best service at the lowest cost? How they got there may be irrelevant if they have community support.

Jim Zolnierek: One benefit of collaborations, you may get bids on projects that may not have originally bid.

### **Affordability**

Chair Sorenson: Time check we are at 10:36AM. Other points missing?

Susan Satter: One item I thought wasn't included is affordability. Once the service is in place, it has to be affordable.

Chair Sorenson: Are you thinking that should be evaluation criteria?

Susan Satter: Right. One thing we try to do is provide subsidy money for lower income places. You won't get the uptick if the area can't afford it. I thought it was important that be included.

Rick Holzmacher: Absent this program, we always have a basic package at a very affordable level that is offered. How would that be incorporated in the scoring criteria in dealing with the overall cost of the build?

Chair Sorenson: I believe that has been addressed in other states that ask about speed tiers and pricing. Should an applicant receive points if they are willing to offer a subsidy?

Karen Boswell: That's what I would do. The UTAC program makes that offer.

Rick Holzmacher: I believe if this is considered, it should be a grant eligibility requirement that a basic service package be offered at a certain price point. It should not be a part of the weighted scoring criteria, I'm not sure how you'd do that. I also don't believe we should mandate participation in a single program like UTAC when carriers are already offering these basic packages or have separate programs for this.

Susan Satter: I like the idea of just making it a condition of the grant eligibility. It could be to participate in the UTAC program and ask that their customers voluntarily contribute to a fund. To ask applicants seeking state funds to do that is very reasonable.

Deno Perdiou: Sue is going a further step in requiring a participation in another program. Is that what we are asking or are we just wanting a requirement of minimum tier/speed? Some providers do not participate in the UTAC program but have their own subsidy programs.

Chair Sorenson: Trying to be considerate of our time here, one thing we've noticed is that there are items that everyone may not agree on. This may be a situation of presenting an issue as "things to consider" since we as a group do not have a consensus. It may be that we have a suggestion to address affordability and there are different ways the state can address that. Are there other things fundamentally that are missing that should be a part of this?

### **Accountability/Claw Back**

Unattributed: Accountability is not something we have discussed yet. The FCC has it, we should address accountability.

Jim Zolnierek: We've got the claw back provision in there and we could expand on that.

### **Feedback on Draft Recommendation Document**

Chair Sorenson: So how do we bring this home? If everyone could submit their additions and changes, then we will take those and try to blend the recommendations together. We would then have another round to review and edit before putting it in a report from the working group.

Jim Zolnierek: is there a timeline for these submissions?

Chair Sorenson: If it is reasonable, by close of business Monday.

Karen Boswell: If we don't have the minutes from today, can we make it by close of business Tuesday?

Chair Sorenson: By Friday the 27<sup>th</sup>, can we find a time to have a meeting?

Jim Zolnierek: The minutes should be able to wait as long as it is in by the meeting on the 27<sup>th</sup>.

Chair Sorenson: The meeting on the 27<sup>th</sup> will be housekeeping for the report.

Rick Holzmacher: We should try to be minimalist and try to stick to the framework.

Chair Sorenson: Keep in mind we can't get into the weeds. It's the general guidelines and direction we need to be considering.

### **Next Meeting – September 27th**

Chair Sorenson: For the next meeting, how about Friday the 27<sup>th</sup> anytime between 10:30 and noon? Let's set 10:30-11:30. I appreciate everyone's participation and everyone scrambling with us to put everything on paper.

### **Public Comment**

Chair Sorenson: Are there public comments?

### **Motion to Adjourn**

Chair Sorenson: Do we have a motion to adjourn?

Tom Chi: Aye.

Jim Zolnierek: I second that.

Chair Sorenson: All in favor?

Consensus: Aye.

Chair Sorenson: Meeting adjourned.