ILLINOIS CENTURY NETWORK

FEBRUARY 19, 2003 POLICY COMMITTEE MINUTES

The meeting was called to order by Mary Reynolds.

Members present: Brian Foster, Illinois Hospital Association; Bruce McMillan, State Museum; Alice Engle representing Michael Rumman, Department of Central Management Services; Don Fouts, Federation of Independent Illinois Colleges and Universities; Dan LaVista, Illinois Board of Higher Education; Mary Reynolds; Joe Cipfl, Illinois Community College Board; Jean Wilkins, Illinois State Library (Jean was able to attend later in the meeting).

Other attending included: Will Krause, Greenville College; Mary Ring, Department of Public Health; Kathy Knezevich and Dominic Saebeler, SBC; Anne Craig, Illinois State Library; Gary Shaffer, Kirk Mulvany, Karlin Sink, Lori Sorenson, Lynn Murphy, Neil Matkin, and Rebecca Dineen all from the Illinois Century Network.

1. Policy Committee Minutes

Staff requests the adoption of the November 13, 2002 meeting minutes.

Motion: Bruce made the motion; Brian seconded.

Bruce moved that the ICN Policy Committee adopt the November 13, 2002 minutes with any edits as noted.

An introductory phrase will be added to the following sentence on page 11 of the agenda in order to note transition from one topic to another.

> "*It was also noted that* the individual case basis tariff for non-primary constituents gives non-education constituents a 40% discount on DS1 (T1) service."

The information contained within the minutes is correct. No information was found to be missing.

Motion carried with edits.

2. Announcements

Mary announced that Scott Kennedy is the Governor's new Director of Technology. Scott was unable to attend the Policy Committee meeting; however, Mary noted that he is a huge supporter of the network and she is sure he will play an active role in the ICN. Mary also introduced Don Fouts and welcomed him to the Policy Committee.

3. Remarks

Neil mentioned that he and Lynn Murphy had recently attended the annual State Networks conference. The ICN is still leading the state networks in regards to the number of connections and traffic to the Internet. Wisconsin and Missouri are adopting the ICN services model. Neil thanked Kirk Mulvany, Robin Woodsome, and Ralph Lucia for bringing the model together. Illinois is currently forming a partnership with Wisconsin, Indiana, and Missouri to examine homeland security and healthcare issues as they relate to state networks. The group is going to meet this spring.

This is the first year the ICN has been asked to be a participating partner with multiple Illinois universities and community colleges on grant applications. In the past, ICN participation had been limited to writing letters of endorsement.

February 4th Neil had the opportunity to give an update to the Illinois Board of Higher Education (IBHE). Part of that update included the *No Child Left Behind* program. The state is extraordinarily well positioned to receive federal funds from this program thanks to the work of LincOn and the continued work of the ICN. The ICN is working with K-12 representatives to ensure that the state stays well positioned.

The deployment of ICN services currently depends on two components, the 24/7 network operations center and dark fiber. Both topics will be covered in this meeting. Budget information and conference brochures were distributed.

4. Remarks by Will Krause

Will Krause is the Associate Vice President for Technology and Planning at Greenville College. The college has a connection to the ICN for its educational content, but it also maintains a separate connection to the Internet. They use this separate connection to operate as a local Internet Service Provider (ISP), connecting for-profit business and other local entities. To date, none of the for-profit traffic has crossed the ICN. The current provider of their ISP connection has proven to be unreliable. Therefore, Mr. Krause is asking the Policy Committee to consider allowing Greenville College to pass their for-profit traffic across the ICN on a temporary basis until a permanent solution is found to ensure that Greenville maintains their reputation as a reliable ISP. Mr. Krause also noted that the college is currently in preliminary conversations with Qwest regarding a connection to the Internet, but it will take 45 – 60 days to get the service. If the ICN were to provide a temporary solution, it would fill that gap in service. Neil recommended

that the Policy Committee consider a temporary solution because there were still too many unanswered questions surrounding long-term for-profit connections. The staff will come back to the Policy Committee with a recommendation in June on the issue of long-term connections of this kind. Neil also mentioned that Greenville College has always dealt honorably and honestly with the ICN having not run any for-profit traffic over the network.

Motion: Joe made the motion; Alice seconded.

Joe moved to adopt the staff recommendation of providing a temporary connection to Greenville College while the staff prepared to address the issue of long-term for-profit connectivity in June.

Motion passed.

5. Administrative/Operating Rules

At a past meeting, the Policy Committee directed the staff to explore which motions passed by the committee through its history should be incorporated into administrative rules. The staff drafted proposed administrative rules for action by the Policy Committee. Lori noted that the staff had been working with ICN legal counsel to draft the administrative rules in line with legislation. She asked that the Policy Committee review the rules and bring forward any issues, questions, or concerns. The staff will take those suggestions to JCAR in advance of posting to the central register to give them opportunity to offer any technical comments or other assistance. Once complete, the rules will be posted in the Illinois Register to begin the adoption process.

Bruce questioned the language used under item E regarding public and private museums 'which are eligible for grants from the Illinois Department of Natural Resources'. The ICN public act was not used to define public museum. That language was recommended by legal counsel in order to keep the rules more general in nature. Bruce agreed to leave the language as is for the time being, and noted that he would contact the staff if there appeared to be a problem. Lori suggested presenting the question to the JCAR staff for a recommendation.

The language that was chosen for the administrative rules tries to provide enough specificity to meet the requirements of the administrative rules process, but allow for the understanding that statutes, agencies, and their definitions are going to change over time. This prevents the staff from needing to amend the rules each time there is a small change.

There were two grammatical changes on page 18: the top line should read 'all rate changes shall be communicated' and in the second to last line, benefits should change to benefit to read 'services benefit eligible constituents'.

Mary questioned the language used in Section B on page 16 regarding public and private not-for-profit colleges and universities; however, Dan said that he was comfortable with the definition as it read. Mary also questioned the use of the term 'officers' rather than offices at the bottom of page 16 in Section B and why 'offices of Clerk of the Supreme Court and Clerks of the Appellate Court' are defined specifically while other constitutional offices and the legislature are not. Alice commented that this was the same language from CMS' telecommunications rules and it did read 'officers', which is meant to include those other groups Mary asked about.

Mary questioned the use of 'not-for-profit' at the top of page 17 in Section D because she believed the legislation was not specific to not-for-profits. Lori replied that Section D refers to not-for-profit organizations, but Section 1.35 contains language regarding public/private partnerships based on a motion the Policy Committee passed approximately one year ago allowing examination on a case-by-case basis. Brian noted that he was concerned initially about hospitals because there are more operating as for-profit organizations; however, at this time hospitals are well represented and he has no problem with the language used. He suggested the ICN start developing policies and criteria so that there is no picking and choosing based on who knows who.

There was discussion over what language to use regarding increases and decreases in appropriation. The concern is the possibility that an appropriation could be increased or decreased for a particular sector or entity. The intention is not to let specific monies impact all constituents. Adding the phrase 'unless the terms of the increase dictate otherwise' or 'the baseline services would be adjusted accordingly' to the last sentence in Section 1.2 was suggested.

It was questioned whether the word 'all' should be used in Section 1.3 when describing rates for services provided, but the language was not changed. In the case of services like collocation, when no charges are applied, a contract or intergovernmental agreement is used.

It was questioned why the specific rates were included. Lori answered that ICN legal counsel felt very strongly that this rule could not be taken to JCAR without the initial rates included as a foundation. Bruce suggested keeping as few numbers as possible in the rules to keep from making changes each time the rates change. The policies for governing rate schedules should be established, but the rates themselves should not be published. They can be referenced within the rule and a current rate schedule can be attached, although those may need to be updated annually. Lori and Neil agreed with this recommendation. Bruce also recommended speaking to legal counsel again and emphasized the strategy should be to minimize the use of specific numbers.

Mary suggested referencing the state statute in Section D on the top of page 17 rather than just list discriminatory services, either by adding the language 'such as defined in state law' or only referencing the statute and not listing the services. However, there were also strong feelings that the discriminatory services listed should stay in the rule.

The Policy Committee decided the staff should take the suggestions made today back to Bill Feurer for a final review. Neil suggested adding language to the proposed motion to better reflect the intent of the Policy Committee. (The changes are italicized in the motion below.)

Motion: Dan made the motion; Bruce seconded.

Dan moved that the Policy Committee approves the proposed *general* administrative rules for publication in the Illinois Register *after final review by legal counsel.*

Motion carried.

6. Illinois Commerce Commission Update

Neil provided an overview of ongoing discussions with the Illinois Commerce Commission (ICC) regarding inconsistent telecommunications pricing throughout the state. An updated pricing map was distributed. The pricing listed on the map is educational pricing. There are 40 independent telecommunications companies in Illinois that are governed by three tariffs. This map was also presented to ICC staff. The ICN and ICC also met with some independent telecommunications companies and other large players to discuss the pricing. One goal of that meeting was to try and reach some concessions from independents who don't currently offer educational pricing. Other issues currently being discussed are local exchange carrier (LEC) pricing of T1 service, contract termination penalties, the process for tariff and rate evaluation and e-rate.

The ICN staff has had some very good conversations regarding contract termination penalties with SBC, Verizon and other large LECs. The current problem with many termination penalties is that an entity committed to a three or five year contract could pay more in termination penalties than the original commitment of funds depending on when they terminated the contract. Neil noted that the staff appreciates SBCs aggressive reaction to address this issue. Neil also noted that the ICN will likely file a formal complaint with the ICC and ask that this problem be permanently resolved.

In regards to tariff and rate evaluation, the staff is asking for a better understanding of how tariffs and rates are evaluated so that constituents will know the effect of their pricing long term. The ICN is currently cooperating with the Federal Communications Commission (FCC) and the Illinois Commerce Commission to address potential fraud issues in the e-rate program within Illinois. It is evident that some of the areas with the highest e-rate subsidies also have the highest costs for telecommunications services. The staff will bring an update on this item to the Policy Committee in June.

Mary thanked the staff for their work.

7. Budget/E-rate Update

Lori provided an update on the budget and current revenue and expenditure projections. In previous meetings, the staff discussed $6.4 million in e-rate funding for both last fiscal year and the current fiscal year that had not been received. Lori noted that the staff is still working with e-rate program administrators, but the funds have not been received. It is unlikely that the funds from either year will be received this fiscal year.

Usually, the e-rate funds provide for network upgrades including hardware, software, circuits, and egress. Without a clear expectation as to when the funds will be received, the staff has put a hold on all non-essential purchases. The lack of e-rate funds has not impacted services to this point and dark fiber initiatives are still being pursued. The staff expects to hear more about whether the e-rate funds will be received on February 20.

Another impact on the ICN budget is the State's current financial crisis. Each agency is responsible for paying interest on all payments issued to vendors 60 days past the date the agency receives the bill. Currently, due to budget constraints, the Comptroller's Office is forced to hold paying invoices from the general revenue fund for an extended period of time pushing many payments past the 60 day mark. Upon recommendation by legal counsel, the ICN has been tracking and automatically processing interest payments to vendors on invoices over $500. The ICN incurs very large telecommunications bills monthly and to date has spent approximately $8,000 in interest payments. The staff anticipates spending $150,000 in interest payments this year. There is a significant amount of staff time spent tracking and processing these payments which must be issued on a separate voucher.

Neil commented that other Midwest state networks are in deficit spending because of the delay in receiving e-rate funds. Fortunately, the ICN is not in deficit spending. Neil thanked Lori Sorenson and Cindi Hitchcock for their extraordinary work on the budget and their work with the Comptroller's Office.

It was questioned what role the Universal Service Administrative Company plays in the e-rate program. Lori responded that they administer the program and review/approve applications.

8a. Dark Fiber Procurement

In her budget discussion, Lori updated the Policy Committee on the progress of the dark fiber project. Dark fiber is still seen as essential to the survival of the network. The RFP went out last year and the responses are being evaluated. The staff has received very reasonable pricing and is still working with vendors to move forward. The staff will not enter into a financial commitment without knowing more about the receipt of e-rate funds.

8b. 24/7 Network Operations Center and 8d. Remote Monitoring Capabilities

Gary noted that planning and preparation for the ICN 24/7 Network Operations Center (NOC) continues. The primary focus now is training and integration of NOC staff with the NDE staff so they are able to build relationships and seek the expertise of other staff members.

Gary also commented on the network monitoring tools and capabilities of the NOC. The staff currently monitors constituent connections and backbone connections, is prepared for hardware failures and other alarms and uses graphing and forecasting features to help monitor trends. Netbotz are new additions to the network which have environmental monitoring capabilities and feature a live video feed from each POP site.

Neil added that the Network Operations Center and external monitoring capabilities are essential to providing the world class services our constituents have asked for. It also enables entities to plan more diligently; knowing what they can do and what they will be able to do in the future. The Missouri network was the first to move in this direction. Neil invited the Policy Committee members to visit the ICN NOC, especially during this building phase.

8c. Addition of Services

Kirk provided a PowerPoint presentation on the implementation of ICN services. There are five phases: Discovery/Service Proposal Development, Preparation, Production, Implementation, and Follow-up/Process Review. Once a service is identified or requested it is determined whether that service can be provided as a cost effective solution by the ICN or if it is readily available on the commercial market. It is then run through the service implementation process. So far, the services offered have been very successful; filtering has been the most successful.

Mary commended the staff on this process and their work to establish it.

Jean questioned who the filtering customers were. Kirk replied that they are primarily K-12 entities.

Neil noted that one reason both Missouri and Wisconsin are adopting the ICN service implementation process is because the costing models have staffing levels built in. State funds are used to begin services, but cut-off points and feasibility points are built in so that these services pay for themselves. This insures staffing levels can increase as needed to support the service without utilizing state funds.

8e. Illinois Online Leadership Council

Lynn, recently voted Chair of the Illinois Online Leadership Council (IOLC), provided an update on the group's activities. This volunteer group began meeting to look at e-

learning as a whole and determine what they could do as a group that could not be accomplished individually. Their efforts have been focused on bringing attention to the concept of e-learning and the organizations involved along with avoiding duplication of efforts. During the first two years, elearning.illinois.net and several public relations pieces were created. The e-learning website was meant to be a portal into e-learning resources, but acts today as a front door to all of the e-learning initiatives in Illinois.

Going into its third year, the group knew that there was going to be change and recognized the need to continue providing a comprehensive e-learning program. A strategic planning session was held in September. The group decided to write a concept paper showing all of the elearning initiatives complement one another. Designed for the public, distribution of the paper will be decided once it is finished.

The IOLC is sponsoring the Socratic dialogue "Collaboration Across Boundaries: Creating Synergies to Add Value for Illinois" at the 2003 Illinois Distance Learning Conference. Neil mentioned that the conference is focusing on using resources across all sectors. There is 100% vendor sponsorship and SBC has signed on to support certain pieces.

Neil thanked Lynn for her work on the IOLC and her tremendous efforts in putting together the paper.

9. Executive Session

Motion: Dan made the motion; Bruce seconded.

Jean moved that the Policy Committee go into closed Executive Session at 3:32 p.m., Wednesday, February 19, 2003 for the purpose of discussing Illinois Century Network personnel issues pursuant to Section 2(B)(1) of the Open Meetings Act.

Motion carried.

10. Resume Meeting

The meeting resumed at 3:52 p.m. No action was taken as a result of the executive session.

Motion: Alice made the motion; Jean seconded.

Alice made the motion to adjourn.

Motion carried.

Meeting adjourned at 3:54 p.m.