

ILLINOIS CENTURY NETWORK

DECEMBER 7, 2005 POLICY COMMITTEE MINUTES

Submitted for: Action

Summary: Distribution of the December 7, 2005 minutes for review by the Policy Committee.

Action Requested: Adoption of the December 7, 2005 minutes.

Recommended Motion: *The ICN Policy Committee adopts the December 7, 2005 minutes with any edits as noted.*

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DECEMBER 7, 2005 POLICY COMMITTEE MINUTES

Jay Carlson called the meeting to order. With the new member additions he asked members and guests to introduce themselves and whom they represent.

Members present: Jay Carlson, Charter Communications; Kathy Bloomberg, Illinois State Library; Todd Jorns, Illinois Community College Board; Lynn Murphy, Illinois Board of Higher Education; Bonnie Styles, Illinois State Museum; Mike Dickson, Western Illinois University; Brian Foster, Illinois Hospital Association; Scott Norton, Illinois State Board of Education; Carolyn Brown Hodge, Office of the Lieutenant Governor; Chet Olson, City of Rochelle.

Springfield guests: Kaldoun Rahmah, SBC; Carla Poani, SBC; Tom Oseland, Central Management Services; Cindi Hitchcock, Central Management Services; Elaine Johnson, Illinois Community College Board; Rhonda McCall, Central Management Services; Rich Fetter, Central Management Services; Paul Romiti, Central Management Services; Cindy Daniele, Central Management Services.

Chicago guests: Beth O'Mahoney, Central Management Services.

Announcements and Remarks

Jay welcomed the new board members to the Policy Committee. The new members should bring a fresh perspective to the group. He indicated that he has directed Lori to look at adding additional members to the Board, specifically Northern Illinois University.

Jay indicated that he was excited to have the opportunity to participate in the ICN at a Chairman level. The ICN is critical and important to schools and learning institutions in Illinois and deserves our time, attention and consideration. He thanked everyone for making time in their busy schedules to attend. Over the last 18 months there have been many instances where some board members were not able to participate on a frequent basis. This caused delays and in some cases prevented the group from achieving the quorum needed to approve recommendations. In closing, he encouraged all members who hold seats on the board to actively participate and make every effort to attend the meetings. Jay asked Lori for her remarks.

Lori said that there have been some changes with CMS management since the last meeting. Jay Carlson left CMS in November and has agreed to continue with the Policy Committee as Chair. Tony Daniels, who was previously the Chief Technology Officer, has been named Deputy Director and Bureau Manager for BCCS (Bureau of Communications and Computer Services) the bureau that manages the Illinois Century Network. He was planning to attend the meeting,

but was called away at the last minute. He sends his apologies and plans to attend the next meeting. Tony would also like to schedule time to meet each of the members on a one-on-one basis to learn more about your constituency, address concerns, and also discuss new initiatives that may be coming down the road. This will give members an opportunity to talk with him and understand where his focus is. Cindy Daniele will be contacting members to set up the meetings.

Lori also welcomed the new members and thanked them for their willingness to serve on the Policy Committee. Lori extended an invitation to meet with any of them to give background on the ICN, past information on Policy Committee items, history of policies, etc. She concluded by encouraging members to call her any time she could be of assistance.

Minutes

Jay announced that the first item on the agenda is the adoption and approval of the minutes from June 15, 2005. Submitted before the Board for action is a summary of those minutes and a request that the Board adopt those minutes as accurate and make them a matter of record. He asked members to take a moment to look through the minutes if they had not already.

Lori asked if there were any changes to the minutes. There were none.

Motion: Lynn Murphy moved; Bonnie Styles seconded, that the minutes be approved. Motion carried.

Review New Membership and 2006 Meeting Dates

Lori distributed a handout with an updated matrix listing the names of all the Policy Committee members and their representative constituency (if standing members). Standing members are not appointed individually, but by organization. This gives them the ability to appoint a designee to attend in their absence. For appointees, the appointment is for you as an individual.

The matrix also lists the term for each member. Members are appointed on staggering terms that are determined by the Governor's office. A meeting schedule has already been set for the remainder of the fiscal year. The group typically meets four times a year on the third Wednesday of the designated month. The meetings are held in Springfield at the Illinois Community College Board and a Chicago location is offered via videoconferencing. There is also an audio bridge for those not able to attend at either location. Springfield is the location where the meeting is available to the public. Additional video conferencing sites could be added in other areas, if needed, to accommodate the new members.

The next meetings are scheduled for February 15 and June 21. Lori asked if these dates met the needs of the committee knowing that there has been quite a bit of turnover in membership. She asked members to review the dates and suggest alternate dates if needed.

Jay asked Lori if the meeting dates would need to be changed during this meeting or if people could notify Lori and then any changes could be discussed during the next meeting. Lori responded that any changes would need to be adopted during a meeting and while it is an action

item, no motion is required. She believed that the Open Meetings Act does require a formal adoption process if meeting dates change.

Jay said this was the time to indicate any concerns that may be presented by the calendar. The consensus was that the schedule was fine.

Lori stated the February 15 and June 21 dates would remain as scheduled. The dates will be updated on the ICN web site www.illinois.net. This website is where meeting notices, agendas and a variety of information on the committee can be found. There is a link on the home page that says 'Policy Committee' that will take you to the information.

E-rate Update

Tom Oseland with the CMS Business Services Group was introduced to present the E-rate item.

Tom began by announcing that in FY06, the E-rate program to-date has brought in just under \$1.5 million from funding years 5 and 6. Currently there is outstanding approved funding from Year 4 of just over \$1 million. He is working with the SLD to complete the final process. He referenced the chart in the middle of the first page showing details from program Year 3 through Year 8.

The application process most recently completed was Year 8, which is our FY06. Similar to the Year 7 application the funding request was denied based on the same issues surrounding the Letter of Agency (LOA) used for both funding years. Both applications are currently under appeal with the FCC. Most recently the issue surrounding the LOA has come under heavy review due to the way USAC decided to change the wording of the letter. Other states are also having similar issues.

Lori asked which other states were having problems. Tom responded that he believed it was three states, Missouri, Utah, and South Carolina. They too received funding denials and are filing appeals. There are also several other pending applications that may be denied due to similar circumstances. A discussion was started with SECA, the State E-rate Coordinator Alliance, and this came to light as a serious problem with the program rules. Mel Blackwell, the vice president of USAC, has commented that the issue would be looked at very closely and he alluded to some changes being made in the process. He did not give details to confirm when it would happen, but it is encouraging.

Tom continued. An audit was performed by KPMG for the Year 5 application submitted through ISBE. The audit was completed in July 2005. The draft report of the audit findings was delivered in October. The final audit results won't be known until the official report is issued by USAC. Overall the audit went well. Lastly, work has begun on the Year 9 application process. The window for filing opened yesterday.

Jay asked what Tom thought the trend was going to be for the future and the impact to the ICN. Tom replied that as USAC adds more requirements, more detail and more certifications, it's

becoming very difficult for an applicant on our scale to remain compliant with the program rules unless something changes.

Jay asked Tom if additional resources would help him manage the process or if this is a case where bodies are not going to help. Tom said that additional resources could help with the details in bringing the application together. He indicated that E-rate funding is a resource that can hardly be counted on until you actually receive the funding and get past the window for an audit.

Jay asked if there was a way to build a case that by not investing in staff CMS may lose additional E-rate funding. Tom said he thought a case could be built for additional staff due to changes that have occurred and the way the network has grown into a much bigger organization.

Lori added that during the recent audit, staff went through over 3,000 member entities included in the application. There are several layers of paperwork and certifications that each member is required to submit. The documents certify that members are in compliance with the rules. In the audit they said that as the signatory on the application, the ICN has a burden to ensure that all 3,000 entities are in full compliance. It's not enough to collect the documentation. The expectation is that the ICN would randomly audit the 3,000 entities to make sure they are adopting policies at a public board meeting and that there is filtering in place. Additional resources certainly help with the process and it's probably needed as the program has expanded. There is also the point one would ask how much work and effort should be put into it. Mike added that an entity could easily spend over a million dollars just to ensure compliance.

Tom said there is the possibility that CMS can be classified as an Internet provider. As far as E-rate is concerned, the ICN would fill that function through the service provider role within the program. It's similar to what the ICN is doing now on a smaller scale with the rural healthcare program. Applicants would file for reimbursement against the ICN as opposed to the ICN filing for the reimbursement.

Jay solicited the opinion of Paul Romiti, CMS/BCCS Chief Financial Officer, on the advantages or disadvantages of filing as a service provider.

Paul said there are a lot of advantages, but also some disadvantages. The disadvantage is that the money would have to be put into school budgets because it would be a discount off our rate. It would no longer be considered an entirely free allocation, but the ICN could work with the rate structure so the net impact would be the same. The advantages are that a lot of administrative problems and central audit issues would go away. It's something worth looking into.

Mike expressed a concern he had about how the ICN is perceived at schools. He indicated that the schools are not cognizant of what they're getting in terms of value with their ICN connections. Changing the way service is billed might be a way to make them realize the value of the services they are receiving. The perception is that the ICN is just bandwidth and bandwidth can be cheaper elsewhere. What ICN constituents are getting is a whole level of services, but they don't know since they don't see a bill.

Kathy added that anything that can be done to make the program simpler for CMS and ICN would be wonderful. She asked if the ICN was planning to submit comments in response to the FCC rule making on Universal Service. The American Library Association submitted comments on the vast simplification of the program. The filing period is open until December 19. The state library will be filing comments supporting that and urging the libraries in the state to do the same. Lori indicated that the ICN has met internally to discuss the changes.

Jay reiterated that there may be some methods or practices that will streamline the E-rate process and ensure the State of Illinois gets what it deserves. It's premature at this point to make a serious recommendation to the board level. Jay asked Paul if CMS would be ready to present an opinion at the next meeting.

Paul said yes, that is the plan. Tom is just beginning to look into this and wants to research what other states have done. There will be some impact on the constituent level and their budgeting process for the following year. It's probably too late for FY07, but not FY08.

Network Update

Rich Fetter, Senior Division Manager for Network Services, gave the network update. He is in charge of the day-to-day operations of the Illinois Century Network. The ICN has been busy over the last year realigning from an organizational standpoint. The focus has been on better operation of the business and also to address business continuity from a strategic standpoint.

In terms of the network itself, the ICN is in the process of completing a number of upgrades to the backbone identified on page 22 of the agenda. This was done as part of normal operating procedure to optimize the network to deliver the best services to customers.

Project Hercules has been successfully completed. This project migrated approximately 1,300 state agency circuits to the Illinois Century Network. The old frame-relay network has been decommissioned saving the State of Illinois a significant amount of money.

A systems professional was recently brought in to perform a comprehensive network audit of the ICN backbone. The audit was performed to investigate security risks at the backbone level. The consultant was in for 60 days and worked closely with all teams, but specifically with staff from the Design and Security and Network Operations groups. The good news is that the findings were in line with previous estimates and the information collected is being used to formulate a 3-5 year strategic plan in terms of how the network is optimized.

The last item Rich discussed was the videoconference migration from the H.320 network to H.323. The dates have been pushed back and the project is scheduled to be completed in June 2006. There have been delays due to issues in procuring the necessary firewalls. Once the migration is complete the State will save approximately \$350,000 a year in networking costs. More importantly, managed videoconferencing services will be pushed out to the entire customer base.

Jay asked Rich to speak about CMS's assistance with the Hurricane relief effort and to reflect on what lessons were learned as far as disaster recovery and business continuity.

Rich stated that the State of Illinois was contracted out by the State of Louisiana to provide VSAT services. This would allow Louisiana to administer programs to people affected by the hurricane. CMS took three trailers (mobile command units) to Louisiana, along with three different teams consisting of team leaders and administrative staff for data input. Services were provided to approximately 27,000 families in about a week and a half.

This was a very good experience to be able to help the flood victims, but one of the reasons CMS participated was to learn best practices in case an act of terrorism, a tornado or an earthquake occurred in Illinois. There were a number of key lessons learned that were captured from the event, specifically related to logistics. The technology is not the hard part in a disaster situation it's logistical. This was a great opportunity to reassess what the State of Illinois needs to do to if a disaster occurred.

Jay thanked Rich for the update and asked if there were any questions.

Kathy asked if the Advanced Engineering Taskforce or any other group reviewed the results of the network audit. Rich replied that the results were discussed at the last meeting of the AET. Lori added that some of the details of the audit concerned the distribution routers and how to reconfigure who is connecting them. There is risk and advantages associated with that. It would require customers to change the way that they're doing business. Some of the diagnostics tools they currently use with the ICN would be eliminated, but with that you gain greater security.

Rich agreed. The audit was to focus on network security and to identify risk levels. The ICN has a very good day-to-day staff that is constantly on the look out, but it's always good to get someone from the outside to take a comprehensive view.

Budget Report

Lori introduced Cindi Hitchcock with the CMS Business Services unit and distributed an additional handout.

Cindi said in the packet there was a budget update with the FY05 final pre-audit and also a report for FY06. The handout is the November report from FY06 as well as a preliminary FY07 report.

In FY05 revenues were higher than anticipated due mainly to the receipt of outstanding E-rate funding. Part of that was due to Tom Oseland's efforts to follow-up on outstanding E-rate receipts that had been approved, but had not been received. There is still approximately \$1 million that is outstanding. Contractual expenditures in FY05 were well below the projected amount mostly due to the consolidation with CMS. Certain budget items such as legal fees and on-site training expenditures have been eliminated. The FY06 budget update reflects GRF appropriations as well as the CRF appropriation. The CRF continues to subsidize the network as the E-rate funding and appropriations decrease.

Lori asked Cindi to explain the difference between the GRF and the CRF. Cindi explained that the GRF is the General Revenue Fund and is basically the ICN appropriation. The CRF is the Communications Revolving Funding, which the ICN uses as a vehicle to accept cost recovery and E-rate funds. The CRF also received the money that was left in the ICN fund when the ICN consolidated with CMS.

Cindi continued with her report. In the November report the personnel figures were low, but they will probably catch up to where it was projected. New hires are starting and the four percent salary increase the Governor approved for non-code staff will also have an impact. The travel line item from October through November has not increased. This is due to using a different fund to subsidize travel. Travel reimbursements were occurring so slowly that Paul Romiti insisted the ICN start paying them from the other fund to make the turnaround faster for employees. Employees were waiting in excess of two months to get reimbursed.

The preliminary FY07 budget is flat. Expenditures and revenues are down in projections. E-rate receipts have historically not been projected and this year that would certainly be the most conservative approach to take. The ICN appropriation is down a small amount and as the appropriation dwindles the subsidies will eventually increase.

Brian asked about the E-rate reimbursement. Cindi replied that a lot the funds in the \$5 million would have been from another funding year, but they were received in FY05 so the e-rate chart won't correspond. The fiscal staff keeps a chart showing the money owed cross-sectionally in two different ways, by funding year and by fiscal year. Cindi offered to provide this document if the members are interested. Brian said that was not necessary. He understood the process now.

Lori added that the E-rate payments come specific to a vendor. So while the E-rate program states the ICN should receive \$4.6 million, those payments will come in based on what we paid out to a specific vendor. The payments come in increments and one vendor may be quicker than the others. The funding years remain open until all vendors pay. Even though final approval is received, there is time spent reviewing bills and validating the charges. There is also some additional paperwork that happens on the back-end.

Lori said she would like to make note that the ICN appropriation is continuing to decline. It was \$27 million at one point and continues to decrease at a time when constituents are asking for increased bandwidth. A T1 today is not what a T1 was back in 1999. The ICN has managed to control operating expenses through aggressive contract negotiations and rate reductions from vendors, but every one of those rate reductions is absorbed by the decline in funding. The amount the CRF is contributing will continue to increase in order to pay the costs. If the ICN had continued to remain independent there would have been major issues. The ICN had no cash reserves or other funds. The ICN is relying on this other money to fund the cost of the network.

Mike emphasized that the ICN needs to look beyond cost recovery and e-rate for funds. Constituents need to be more aware of what's really going on. They have been shielded from the realities of the situation. The board needs to be more responsible and responsive in showing constituents both the benefits from being part of CMS, but also why we need to be more vigilant in terms of keeping the appropriation.

Cost Recovery

Jay introduced the cost recovery item and asked Lori to present.

Lori stated that the ICN's recommendation is to continue the cost recovery policies, pricing structure and current bandwidth allocation for another year. Despite what's happening with the costs, CMS has budgeted accordingly to cover this for the next year. ICN constituents cannot absorb additional costs at this time. Actions are being put in place over the course of the next six months to get a better handle on the situation, document the issues, emphasize the value of the ICN, and to research the needs and expectations of the constituents. The ICN will then come back and present a proposal to the Policy Committee.

Brian asked if the new network framework enabled by the consolidation with state agencies is saving a lot of money. Jay responded that the consolidation has allowed the ICN to keep rates level. If you look at the total appropriation reductions from 2000 to now, the cost of the ICN has maintained at a steady state and CMS's share of the costs have accelerated year over year. He asked Paul Romiti to verify.

Paul clarified that the term "subsidy" has been thrown around and there are a couple ways of looking at it. From a cash standpoint, the cash reserve in the CRF made up the difference from the old \$27-28 million general revenue appropriation that started the network to the \$19 million currently. In terms of having enough cash to pay bills, the accumulated cash from state agencies is making that up. However, state traffic is now running on the network.

The fiscal department is taking a fresh look at of the total cost of the network and it could be that the primary constituent share is close to the \$19 million figure in which case there really isn't a subsidy any more. One of the main focuses right now is the rate analysis. The results of this will determine whether there will be an increase in bandwidth for FY07. Right now we know there will not be a decrease, but there could very well be an increase in FY08.

There are several factors to look at. The first is the cost of the new merged network that is still dedicated 100% to primary constituents. There are new costs that are dedicated 100% to state agencies. Add to that an array of shared costs. The dilemma is how to split shared costs according to number of connections and bandwidth and on the state agency side to make sure the costs are charged appropriately. It's a large project.

The other factor is E-rate reimbursement. This is thought of as just cash coming in, but it's more than cash. It represents a reduction of costs and that reduction has to go back to K-12 and libraries that are eligible for E-rate. Kathy added that entities also have to be CIPA compliant. Paul agreed.

Mike noted that this will make the whole issue of becoming an Internet provider more complex as well. Paul said it is more complex, but when completed it will be more direct. The rates will be structured so it will be easy to pass the costs on to just the constituent members and

everybody else gets the other rate. The ICN has really never had true cost base rate because it was relying on what was the right thing to do.

Advanced Engineering Taskforce Update

Jay asked Lori to present the Advanced Engineering Taskforce update.

Lori said that there is an additional handout showing the attendance at the meetings. This was requested at a previous meeting to ensure that there is participation from all the constituent groups. This is an informational item.

One of the recommendations in the last Advanced Engineering Taskforce report was to revisit the original vision. Most vision statements are a few sentences, but this was a ten-page document that was originated by the Higher Education Technology Taskforce in 1997. There were several parties who were involved and came up with this notion of a statewide broadband network to serve K-12, libraries, higher education, and museums. All of these constituents would be on a common network. The vision discussed the applications, the benefits and uses, and how this network would enable these entities to better deliver services to their customers. The ICN was funded in 2000 and it was decided to build upon the State Board of Education's Linc-On Network, which had connected the majority of K-12 schools throughout the state. During the past 5 years, the ICN has expanded to include over 80 percent of the school districts and a significant portion of the libraries in Illinois. At one time all of the community colleges were connected as well as the public higher education institutions. The ICN also has expanded into the health care arena in Illinois and seen a lot of interest among municipalities.

The original vision touted a network that delivered a T1 to every school, library and college in Illinois. It would be state-of-the-art and Illinois would be a leader. Many of these institutions and constituents feel a T1 today is equivalent to what a dial-up connection would have been at the time.

There was a notion when discussing applications that if you build a network, the applications would follow. The network was built and now these applications have been built. They are being used daily in K-12, at the libraries, and in higher education. Now there is a cry for more bandwidth and to rethink the cost recovery policy, incremental bandwidth and the way people connect to the network. What are the connectivity options for 10MB, 20MB, 50MB, and even 100MB connections to the network?

There's a need for more network content. Content creation has finally begun and the network is becoming more than an Internet connection. Soon content will become the majority of traffic and Internet access will be just another function.

The taskforce has struggled over the last year with the cost recovery model and the limitations of current connectivity options. There are other committees around the state that are wrestling with the same issue including the Broadband Taskforce spearheaded by the Lt. Governor's office.

The AET has organized a subcommittee to revisit the original vision and bring constituent groups together to ask how the vision for the network has changed. Gary Wenger, the chair of the AET, is heading up this subcommittee along with Jim Flanagan, Technology Director at Maine Township in northern Illinois.

A call has gone out asking for volunteers to serve on this committee. These members will take the discussion and dialogue out into their constituency groups and organizations that they participate in to get input. Lori referenced page 35 of the packet to see a list of the committee members to date. There are some gaps that need to be filled. The goal is to meet and craft the report over the next six months. The final document will be shared with the Policy Committee and beyond.

Brian asked if all AET members had the opportunity to volunteer for the subcommittee. Lori responded that they had, but many do not have the additional time to commit to this project.

Lori continued by asking the Policy Committee members to let her know if they had any recommendations for subcommittee members. Members are needed from all sectors including the regional library systems, municipalities, K-12, higher education (both community college level and the universities), museums, and hospitals.

Brian recommended Todd Hart for healthcare and Carolyn recommended Deborah Seale.

Todd Jorns asked where someone would go if they had an idea or suggestion for the group. Lori said to direct any correspondence to Gary Wenger. Also send him any suggestions you have for participants on the committee or even large conferences or meetings where the committee could discuss what they would like to do. Lori emphasized that there is a limited budget and resources and any suggestions to maximize exposure and input is appreciated.

Brian said that one of the things that came up is letting the constituency know the value of the services they receive from the ICN. His concern was that with fixed funding there are more Internet service providers than there was a decade ago. The ICN cannot compete on price.

Jay agreed, but emphasized that the bottom line was the ICN was created because there was a need. It is still needed and brings value, but the ICN was satisfying a need that wasn't available from the private sector at the time. The ICN needs to be cautious not to try to become competitors with the private sector and to stay true to the original vision of bringing enhanced services such as distance education programs. There has not been a big effort by education entities to bring forth content that can be leveraged over the network. Those are things the ICN needs to focus on to bring value to the connection.

Mike agreed and mentioned that the AET has talked extensively about content creation and housing of shared content. Illinois is generating a tremendous amount of content in its universities, libraries and museums. All of these content providers are able to provide that through the ICN. The ICN was created to fill a niche that wasn't being filled before.

Carolyn said she had another comment. She indicated that when she first started in IT she researched the digital divide. One of the first people she talked to was Jane Smith Paterson in North Carolina. In the process of explaining to Jane what Illinois was doing, Jane expressed doubts about the model. Her belief was that if you took away the larger constituents (schools, libraries, etc) out of the pool that could purchase services, no carrier was going to go to rural areas because the numbers would not there to provide a profit. She thought the ICN was a big mistake because it would prevent providers from going to rural areas.

Jay said he appreciated the comment, but wanted to go on record as saying that he takes exception. The ICN exists because carriers did not make commitments to invest dollars to shrink the broadband divide. What really happened was the Telcos were over built and there was a disincentive for these folks.

Mike added that he knows of someone who has worked in North Carolina for ten years and still can't get broadband service in western parts of the state.

Carolyn said she did not imply that they had a perfect system, but that it was a different perspective. Mike said that the same as Illinois, Telcos have not invested in NC because there still is no demand there. It's not cost effective and it may never be.

Mike said he wanted to make it clear that the ICN was a partner with Verizon and SBC on the network. The ICN created demand to make it cost effective for the carriers to upgrade its networks in rural areas. The State of Illinois didn't build a single piece of fiber for the ICN. The ICN built demand and then SBC and others came in and provided the service.

Jay said that SBC and Verizon have been powerful levers in the ICN's success. The next step is to optimize and leverage the connectivity. What the ICN has to be cognizant of is network monitoring. As technology leaps and advances carriers will bring forward additional last mile connectivity solutions. The ICN needs to partner with those companies and leverage last mile access into rural communities. Eventually the ICN is going to find itself thrown up against the private sector as they find more cost effective means to deliver service. The ICN will differentiate itself by providing a value-add that when you try to quantitatively do an ROI you can prove that you're making an appropriate investment.

Lori said that Jay mentioned one of the points that was discussed extensively at the AET. If all constituents wanted was Internet connectivity, several areas of the state have a lot options. There are other parts of the state that don't have options. Constituents in the Chicago area are some of the most vocal in leading the charge despite the options available for them. They don't need just bandwidth. What they need is a network that provides Internet, hosting and content on a model that is reliable. Another advantage of the ICN is the control that local users can have over their connections. The ICN may not have done a good job in the past of emphasizing the value of the ICN, especially to the less savvy constituents and many of our stakeholders.

Jay said that if you don't bring that value-add to the table there is a chance that constituents with options will leave and the remaining constituents will have a harder time picking up the core

costs. They will then have to make some significant decisions. The value-add will keep those entities that have choices and help keep the economies of scale.

Carolyn asked what the school districts not connected to the ICN are doing. Lori replied that many have connectivity through their cable company, DSL or even dial-up. Mike added that a number of districts, especially in rural areas, receive free connectivity from the local Telcos.

Jay mentioned that another aspect of the ICN to safeguard is the educational community in its pursuit of expanding its research capabilities, especially at the higher education level. He used the example of NIU. NIU is on the ICN; however, if they build their own network they may be able to siphon some of the school districts, non-profits, and local governments serviced by the ICN. This will greatly affect the economies of scale. Going forward, Policy Committee members need to act as ambassadors to institutions that are pursuing their own initiatives and ask them to consider working more closely with the ICN to benefit all.

Mike said he had one last thing to add. He asked Policy Committee members to refresh their minds and to take a look at that original Vision document. He indicated that he was involved with the original task force and it really sets you back a moment when you read how far we've come. At the time the first Vision was conceived, we were really aiming for the stars if you think back where we were and what we have accomplished. The ICN worked with SBC and others to get an educational tariff. That was a huge deal we were told that couldn't be done. That's just one of a dozen things I look through in there and say, "wow, this actually happened, we actually did it right." He invited everyone to look at the document. It's something the State as whole should be very proud of.

Lori said she would get the original Vision document emailed out to all of the members.

Closing

Jay opened up the discussion for general remarks. First he asked if there were any comments on the format of the meeting or if anyone had any suggestions to make future meetings more proficient and successful. The consensus was that the meeting format was fine.

Todd Jorns announced that ICCB is sponsoring a Homeland Security Conference on February 21 and 22 at the Crowne Plaza in Springfield. There might still be some presentation opportunities available and the ICN might be a good fit to present on cyber security or the ICN's policies regarding security.

Carolyn added that she would like to mention that the Lieutenant Governor yesterday unveiled the I-Connect Initiative. By closing a loophole in the state sales tax, the proceeds will provide every seventh grader in the State of Illinois with a laptop. The initiative will cost about \$40 million. The number one barrier to people with income problems in connecting to the Internet is that they can't afford the computers. The laptop will be like a textbook. There are other states that have done this and it has increased test scores. This proposal will be taken to the legislature in the spring session and the hope is it will pass.

Carolyn mentioned that an issue that has come out of the Broadband Deployment Council is whether the ICN can connect rural doctors and clinics. Hospitals are so far apart in rural parts of the state. If the doctors can get an ICN connection this could help.

Lori indicated that this has come up several times in the past. Tony Daniels is addressing the issue and working with the CMS legal counsel. It is very much a hot topic. They're looking at the legislation and all the regulatory implications.

Jay said he thought the issue was that doctors connecting to the ICN at their homes presented several significant security issues. Brian added that the reality is that many times the doctors and technicians are working from their homes. Sometimes they are working with other countries that may be on opposite time schedules.

Lori indicated to Carolyn that she would follow up with Tony Daniels on this subject.

Brian added that he would like to thank the staff of the ICN for a great job and for all the wonderful work that they do on behalf of these constituency. Thank you.

Jay responded that Brian's remarks are well received and probably speaks for all of the board members. Jay asked for a motion to adjourn.

Motion: Brian Foster moved; Mike Dickson seconded, that the meeting be adjourned. Motion carried.