

ILLINOIS CENTURY NETWORK
SEPTEMBER 18, 2006 POLICY COMMITTEE MINUTES

Submitted for: Action

Summary: Distribution of the September 18, 2006 minutes for review by the Policy Committee.

Action Requested: Adoption of the September 18, 2006 minutes.

Recommended Motion: *The ICN Policy Committee adopts the September 18, 2006 minutes with any edits as noted.*

ILLINOIS CENTURY NETWORK

SEPTEMBER 18, 2006 POLICY COMMITTEE MINUTES

Jay Carlson called the meeting to order.

Members present: Jay Carlson, Charter Communications; Jeff Newell, Illinois Community College Board; Bonnie Styles, Illinois State Museum; Lynn Murphy, Board of Higher Education; Anne Craig, Illinois State Library; Brian Foster, Illinois Hospital Association; Mike Dickson, Western Illinois University; Carolyn Brown Hodge, Office of the Lieutenant Governor; Chet Olson, City of Rochelle;

Springfield guests: Lori Sorenson, Central Management Services; Tom Oseland, Central Management Services; Robin Woodsome, Central Management Services; Paul Romiti, Central Management Services; Dominic Saebler, Central Management Services; Kathy Bloomberg, Illinois State Library; Kirk Mulvany, Central Management Services; Cindy Daniele, Central Management Services

Chicago guests: Beth O'Mahoney, Central Management Services; Jim Flanagan, Maine Township School District; Rafael Diaz, Central Management Services

Announcements and Remarks

Lori Sorenson announced that there were enough members to constitute a quorum. Jay said it was great to see so many people turn out for the meeting. He asked Lori to verify when the next meeting was scheduled - Monday November 20th. Jay said that date should work, but given its proximity to Thanksgiving it may need to be moved.

Jay did not have any updates so he deferred to Lori. Lori said she had a few updates that she will give during the regular agenda items.

Minutes

Jay introduced the first item on the agenda, the approval of the minutes from the March 6, 2006 meeting. Jay commented on the thoroughness of the minutes and asked if any of the members had any changes. Hearing none he asked for a motion to approve the minutes.

Motion: Chet Olson moved; Bonnie Styles seconded, that the minutes be approved. Motion carried.

Budget Report

Jay moved on to the next item, the budget report. He noted that from the costs on the charts certain costs have escalated. He also mentioned the need discussed at the last meeting of finding additional value added services for constituents so there will be less reasons for them to leave the ICN.

Lori agreed that a handful of schools have left the network for cable or DSL. The ICN is competing with a \$25 or \$35 solution versus an ICN solution that could be \$500 to \$1,000. Robin is going to present adjustments to the cost recovery model later in the agenda, which are positive for constituents and will alleviate some of the costs. The ICN is also getting out and meeting with customers this fall and promoting the value of the ICN.

Lori introduced Paul Romiti. Paul was previously the Chief Financial Officer (CFO) for CMS BCCS, the Bureau of Communications and Computer Services and recently promoted to CFO for Central Management Services. Paul has spent a lot of time studying the ICN budget, the costs, the effects of the migration of the state agencies, and the cost recovery process.

Paul began by referencing page 20 of the agenda packet, the quarterly and year-end budget summary. This is the chart that has used for many years by the Policy Committee, but he believes that it has lost its meaning.

When the network was first established there was a general revenue appropriation earmarked to support the build out and ongoing support costs for the network which was dedicated to education. Over time that general revenue fund appropriation has been reduced. Billing for certain services was instituted and with the combination of the revenue coming from billing and E-rate there was still enough money to pay for the support cost of the network.

A couple of significant things happened from 2004 onward, the first one being the administrative consolidation of ICN into CMS. The ICN funding was given to CMS and passed back to the ICN and spent along this model. In 2005 the two organizations began to merge functions resulting in the physical migration of the state agencies to the ICN. The ICN is now one network with several sources of revenue and spending authorities.

The network is much bigger than the appropriation and up until 2005 there was concern that because the general revenue appropriation had been decreased state agencies were subsidizing educational users on the network. This is not the case. Over the past year the fiscal group has looked backwards to the prior year and based on this analysis changes to the cost recovery model were proposed.

The result is lower rates to educational entities and an increase in the baseline bandwidth. It's what was promised and envisioned all along. The general revenue appropriation, even though it's been reduced from \$28 million to about \$18 million, is enough to support the education share of the network. This will be monitored going forward.

The current budget format is a bit misleading. On the first line is the \$19 million GRF appropriation and further down is the ICN/CRF appropriation. The CRF is the money traditionally spent to run the agency network. Going forward there will be a different format for the budget report and it may not be done quarterly due to the manual effort required to look backwards over the prior periods spending and allocate all the shared costs, the backbone, and a lot of administrative costs. These costs have to be allocated between agencies and education and that takes some work.

Jay asked if the new format is going to be a simpler collection of costs and statements. Paul replied that it won't be simpler, just different. The data will continue to reflect a high-level summary.

Jay indicated that he would like to discuss ways to make the cost of running the network clearer so the ICN is assured it is giving the best value possible to constituents. Paul agreed and said the place to start is to aggregate the total cost to run the network and break it out into line items similar to those that are currently used. It will be very high level and show what education's share is versus the state agency share. The real difference is going to be not considering the appropriations in isolation.

Lori added that in figuring the share between education and state agencies, Paul and his staff have gone through an exercise where they took a look at all of the resources supporting the ICN. This includes staff time and administration costs as well as the hard costs of circuits, network equipment, office furniture and etc. The next step is to look at utilization. What percentage of the utilization of the network is going to the agency customers versus education.

Paul agreed. At the end of the day our job will be to show that the education customers received the benefit of at least that GRF appropriation.

Jay noted that over time as the ICN has matured and the role of this board has changed it makes sense that the accounting will change. The ICN is no longer a standalone entity that had to worry about the appropriation or the distribution of expense against a shrinking revenue source. The ICN is benefiting from a larger revenue structure. He asked Paul how the audit function is going to change if at all.

Paul responded that he does not know. There are a lot of operational aspects that may not go away for awhile, but fiscally having two separate audits doesn't make a whole lot of sense anymore. CMS is going through its 2006 audit right now and the next ICN audit is not scheduled. The issue will probably be brought up at that time.

Jay asked if during the next ICN audit the Policy Committee could solicit comments on moving away from the direct fiscal accountability as a standalone entity and shift the focus of the audit towards the appropriate balance of cost associated with the education segment in CMS. Paul replied that the network is only part of the audit. E-rate and some of the customer's subscription services are in a separate billing system, for example. Those aspects have not been merged yet. The things that haven't been merged may potentially still be audited separately.

Jay asked the committee if they were comfortable with the changes to the budget section that Paul was proposing. The consensus was that the changes were agreeable.

E-Rate Update

Lori introduced Tom Oseland. Tom is the fiscal staff member who manages the ICN's E-rate program. He works with the federal government on the application, submits the applications and chases down the money.

Tom began by referencing the table on Page 22. While the ICN has not received any outstanding approved funding in FY07, there is a significant amount of money still under appeal with the last two funding year applications, the '04 and '05 applications. The good news is that the Year 8 (2005) application was pulled back by USAC and put back into review due to some guidance from the FTC and a change of thinking surrounding the original denial. Also the Year 9 application (2006) is in the initial review stage and it has a total submission for a little over \$2.5 million. This was discussed at the last meeting and the lower amount is due to the changes in the network constituency. The next application cycle for the 2007 funding year (Year 10) is starting. Tom mentioned the changes to cost recovery model which might impact the E-rate funding.

Lori added that Tom is referring to the incentive added to the cost recovery model for those eligible entities that participate in E-rate. There are some requirements such as paperwork and a basic review of policies in order to participate, but the goal is to encourage more compliant constituents to go through the extra steps of completing the necessary paperwork in order to be included on the ICN application. The E-rate amount the ICN receives is down quite a bit from \$7 million to \$2.5 million but that is due to increased utilization by non-E-rate eligible constituents. But those additional constituents have helped drive down the overall rates on the network so it's a win-win. Lori praised Tom for his work in following up on the last two outstanding applications and chasing down monies that had not been received.

Brian asked if E-rate funds will continue to be available in Fiscal Year 2007. Tom responded that it looks good that the program will continue to run for at least a few more years.

Advanced Engineering Task Force

Lori began by explaining the Advanced Engineering Task Force (AET) membership. Policy Committee members were asked to send recommendations for appointments from their constituent group. Regional Technology Center staff and current AET members were also given the opportunity to submit names. She directed members to look at page 25.

The first paragraph outlines AET members who have resigned from the task force during the past year. The first is T.J. Lusher, a library representative from Northern Illinois University who could no longer participate. Abe Loveless was originally with an ISBE learning technology center took a new position with a district in Southern Illinois and he's been unable to participate. Gary Wenger, who represented College of DuPage and also served as chair for the last three years, announced some time ago that he is retiring at the end of 2006. The last person is Steve Philbrick with the City of Chicago. He moved to the state of Arizona to take a new position.

There are also current AET members seeking renewal of their terms. The first is Jim Flanagan with Maine Township. Jim has also been recommended by Gary Wenger (the outgoing AET chair) to serve as the new chair. Jim has actively participated in the task force since its inception. Jim is up for a term renewal and then to be appointed as the chair if the committee agrees. Joel Mambretti with Northwestern University is also up for a term renewal. Joel was one of the members who a year ago had not been an active member and was in danger of being dropped from the committee. During the past year Joel has participated in the meetings and has been helpful in the strategic planning process. He is very involved in Internet2 and the advanced research applications and brings a valuable perspective to the committee. An Illinois State Museum representative is also up for renewal with the person to be named at a later date.

Bonnie indicated that she has a new staff member in mind for the Illinois State Museum position, but would like to confirm with her before nominating

Lori continued with the next group of people, those whose terms are not expiring, but have not participated in the task force. The first was Jim Dispensa with Chicago Public Schools (CPS) who has not participated for the last two or three years. Lori indicated that she has been in contact with CPS and they would like to select another person to participate. The recommendation would be for them to keep a position on the committee with a person to be named at a later date. The next person is Linda Winkler with Argonne who has not participated and there has been no contact with them to secure another person. Diann Jabusch was appointed two years ago because she served as the chair of the Illinois Council of Community College Administrators Technology Commission. It was suggested that whomever is the chair of that committee serve on the AET. Jim Peterson is with the Bloomington School District and he has been unable to participate.

The next list is new member recommendations. From community colleges Scott Armstrong from Kishwaukee College and Rich Kulig from the College of DuPage have been nominated.

From Universities, Mike Shelton from SIU is nominated to take Charlie Campbell's position. Charlie was unable to continue to participate in the committee. Mike has been attending in Charlie's place for the past year. Herb Kuryliw from NIU is a second nomination.

There are several nominations from the libraries. The recommendation is to select 2-3 of these nominations in order to maintain a balance. There are also 2 nominations from local government, Ken Terrinoni from Boone County and Glenn Trommels from the City of Rockford.

The final group is State agencies. The only nomination is Kevin Rademacher, the CIO for the Department of Public Health.

Lori directed members to look at page 27, which includes a color coded view of the current membership with term expiration, members who have not met their requirements, and members who have resigned. She asked for any questions or discussions before the motions for approval begin.

Jay asked if the nominations will be voted on at today's meeting or if there is a need to wait for the next meeting due to public meeting requirements. Lori responded that the vote can take place today because this was on the agenda and posted in advance. She recommended moving forward at this meeting with the vote so that the group can get together and have their first meeting.

Jay agreed and asked Lori to go over the list person by person.

Lori introduced the first three renewals. Jim Flanagan, Joel Mambretti and a delegate from the Illinois State Museum are up for 3 year term renewals.

Motion: Mike Dickson moved; Anne Craig seconded that Jim Flanagan, Joel Mambretti and a delegate from the Illinois State Museum have their terms on the Advanced Engineering Task Force renewed for another three years. Motion carried.

The next motion is for the renewal of a term appointment to a delegate from the Chicago Public Schools. The individual will be named by Bob Runcie, the CIO of Chicago Public Schools.

Jay asked if it was wise to name a specific person for the Chicago Public Schools since they have not been involved in the past. He asked if there should be a time deadline for them to name a representative versus just leaving it open. Lori agreed and it was decided by the committee to give Chicago Public Schools six months to name a representative or their nomination will expire.

Lori asked for a motion to renew the position for a delegate of Chicago Public Schools on the condition that the individual is identified and participates within a six month timeframe.

Motion: Chet Olson moved; Bonnie Styles seconded that the Chicago Public Schools position on the AET be renewed for a three year term on the condition that a delegate is named and participates in the AET within a six month timeframe. Motion carried.

The next motion is to renew a position formally held by Diann Jabusch in the name of the Illinois Council of Community College Administrators Technology Commission (ICCCA-TC).

Lori asked for a motion to renew a position for a representative from the ICCCA-TC.

Motion: Bonnie Styles moved; Chet Olson seconded to renew a position on the AET for the ICCCA-TC for a three year term. Motion carried.

The next nominations are from the community colleges. There are two recommendations Scott Armstrong with Kishwaukee and Rich Kulig from College of DuPage.

Jay asked if both people are nominated or only one. Lori replied that both are up for nominations.

Lori asked for a motion to approve Scott Armstrong and Rich Kulig for three year terms on the AET.

Motion: Caroline Brown Hodge moved; Mike Dickson seconded that Scott Armstrong and Rich Kulig be appointed for three year terms on the AET. Motion carried.

Lori moved on to universities. Mike Shelton is up for a position replacing Charlie Campbell from Southern Illinois University and Herb Kuryliw from NIU is nominated. Several members commented on Herb's qualifications to be on the committee. Specifically his work with school districts and his involvement with advanced networks and fiber.

Jay asked about the slots on the chart and if they need to be filled. Lori responded that an opening on the matrix doesn't necessarily represent a slot. There has never been a fixed number on the Advanced Engineering Task Force. The slots just fill out the table.

Lori asked for a nomination to appoint Mike Shelton and Herb Kuryliw to the AET.

Motion: Anne Craig moved; Mike Dickson seconded that Mike Shelton and Herb Kuryliw be appointed to three year terms on the AET. Motion carried.

Lori moved on to the next set of nominations for libraries. Lori asked Anne to give her feedback on the nominations.

Anne said she forwarded on the nominations she received from the Library System Directors. She requested that Jenny Levine be removed; she left the Metropolitan Library system, and Steve Look who is a vendor. She recommended Rob Zschernitz and Brandon Gant be appointed. Rob because he represents a number of libraries in the North Suburban Library System, public school, academic, and special and Brandon because he represents the research and academic libraries in the state.

Brian asked if nominees were notified before the meeting that they were up for nominations. Lori responded that in the past the nominees were formally contacted, but this year they were not since not everyone can be on the committee in order to balance regions and constituent groups. The people that nominated the person may have contacted them, but the ICN did not.

Lori asked for a motion to appoint Rob Zschernitz and Brandon Gant to the Advanced Engineering Task Force and to have Ed Thompson serve as an alternate should either of these two or any other library current member be unable to serve.

Motion: Caroline Brown Hodge moved; Chet Olson seconded that Rob Zschernitz and Brandon Gant be appointed to three year terms on the AET. Ed Thompson to serve as alternate if either is not able to accept the nomination. Motion carried.

Lori moved on to museums. She asked Bonnie if she had any nominations. Bonnie replied that she has several possibilities, but would like to discuss with them before nominating.

Jay asked Bonnie to contact them and forward the nominations to Lori in advance of the next meeting so they can be appointed at the next meeting. Lori said that she would make sure that it is on the November agenda.

The next group of nominations is from the units of local government. The two recommendations from Chet Olsen are Ken Terrinoni from Boone County and Glenn Trommels from the City of Rockford.

Lori asked for a motion to appoint Ken Terrinoni and Glenn Trommels to the AET.

Motion: Chet Olson moved; Bonnie Styles seconded that Ken Terrinoni and Glenn Trommels be appointed to three year terms on the AET. Motion carried

Carolyn pointed out that since local government is important to the future growth of the ICN it is a good idea to look at having more than just three representatives. Lori agreed and asked members to bring forth any names for the next meeting.

Lori brought up the final group, state agencies. The only nomination was Kevin Rademacher who is the CIO of the Department of Public Health. Brian added that Kevin would be a great addition since he is with State government, but also very involved with technology as it relates to healthcare and hospitals.

Jay asked if there has been any outreach with the other agencies to try to get additional representation besides CMS. Lori responded that they have not. Several members of the committee said that representatives from DNR and Secretary of State may bring some value to the group.

Jay asked about the Lieutenant Governor's office since they are active with the digital divide issue. Carolyn said they do have a new staff person who might be a good fit. Ryan is finishing his thesis at the University of Illinois on digital divide issues. She said that she would forward his information to Lori for the next meeting.

Lori said they could reach out to other agencies, but due to the IT consolidation CMS deals with a lot of the agency CIOs and are aware of their issues. When looking for people, it is hard to find a person who is focused on technology on a statewide basis. Kevin was one of those people that seemed a good fit.

Jay asked for a motion to nominate Kevin Rademacher to a three year term on the AET.

Motion: Brian Foster moved; Bonnie Styles seconded that Kevin Rademacher be appointed to a three year term on the Advanced Engineering Task Force. Motion carried.

Lori asked if there were any other nominations from the committee before moving on to the appointing of the new chair.

Bonnie asked when the next AET meeting was scheduled. Lori responded that it is not scheduled yet, but should be in the next 30 days.

Bonnie asked if she should go ahead and nominate the two people she has in mind so that they will be able to participate in the next meeting. Jay suggested that Bonnie contact the nominees and invite them to attend the next AET meeting and then they can be approved during the next Policy Committee meeting.

Carolyn asked if letters will go out to the new members immediately. Lori responded that they will be emailed letters with information and requirements for the group soon after this meeting. The date for the first meeting of the AET is also being set and will be sent out to the group when it is finalized.

Lori moved to the final AET item, the appointment of the chair. She directed members to a handout with a recommendation from the former chair Gary Wenger for Jim Flanagan. Lori read the recommendation “Over the years Jim has shown us leadership and understanding the roles and responsibilities of the Advanced Engineering Task Force. He has been very vocal on issues and has a thorough understanding of the technology and applications. Jim has co-chaired the AET Vision sub-committee this past year and showed great commitment and support to the future direction of the ICN. Members of the AET respect Jim’s knowledge and technical ability. I believe that Jim would provide an easy transition and the expertise needed for the next chair of the Advanced Engineering Task Force.”

Motion: Jay moved; Mike Dickson seconded that Jim Flanagan be appointed the chair of the Advanced Engineering Task Force for a two year term. Motion carried.

Illinois: The Next Century Network

Lori introduced the next item an update on the strategic planning process that’s being initiated and led by the Advanced Engineering Task Force.

Lori reminded members that at a previous meeting Ross Hodel and Kathleen Kelly discussed the strategic planning process and revisiting the original vision of the network. Since that time, there have been a series of focus groups and a statewide survey that was focused on understanding the future needs of constituents, applications and what drives their needs for bandwidth.

She directed members to page 30 and a summary of the primary concerns of constituents. Top on everyone’s list was the need for more bandwidth. That is a limitation of the current baseline bandwidth allocation. Another factor is the cost of the last mile circuit. A constituent may be eligible for additional bandwidth but they can’t afford the second circuit to take advantage of it.

The second concern was adjustments to the current cost recovery funding model. Mostly the need to increase the baselines as utilization and applications are advancing.

The third concern was increased competition from other providers. There have been some ICN constituents who have left to go to DSL and cable providers. Constituents were asked to talk about the value of the ICN and most could articulate that the ICN is more than commodity Internet. The ICN provides a broadband network with a host of applications and much more

reliability and support. Yet many constituents have budget challenges and have to make tough decisions.

Another concern was about the future planning for the ICN. Constituents are questioning whether the ICN is looking at the future of the network, where it is going and how it will meet their future needs.

There is also a need for the ICN to communicate more with constituents. The ICN used to communicate more with constituents. There were regional meetings and information sessions and there was a lot of activity around marketing and promoting the ICN. One of the things to address that issue is a series of regional meetings scheduled for October. For the regional meetings, ICN staff visit all nine regions and talk about what is going on with the ICN. A variety of staff participate from the RTCs, network and administrative.

The planning leadership committee is going strong. They have had three meetings so far and a final meeting is scheduled in October. They're working to solidify a mission, vision, and goals. Most of their discussion has been focusing on whether the ICN should focus on economic development or only education, the ICN's focus and whether it should be all things to all people.

This discussion will be combined with the information from the focus groups, the surveys, and other research including what other states are doing. This will be wrapped into a report that will be presented to the committee. The report will set a vision for the future that does an assessment of where ICN is today from when it started in the original vision in 1997. The next question to pose to the policy committee is what the next step is. What will be the best way to get people engaged to put forth an action plan to make the vision a reality.

One discussion that seems to keep coming up is a need to move to state-owned fiber. Many statewide projects are moving forward using fiber and the ICN is not able to keep up. Most of these groups originally came to the ICN wanting to partner, but when the ICN was not able to participate they went on their own. The concern is that the state will end up with a lot of unique individual efforts that are not tied together in a statewide fashion. There's a definite need and that will require a capital budget. The final report is scheduled to be completed in November and will be presented to the Policy Committee.

AET Report 2006

Lori introduced the next item which is the 2006 AET report. She introduced Jim Flanagan to present the item since Gary Wenger was unable to attend.

Jim stated that he did not want to read the report, but wanted to go through each of the recommendations. He noted that several of the recommendations Lori already alluded to.

The first major recommendation involves strategic planning. The AET had a lot of discussions about the future of the ICN. There was a lot of fear expressed that the ICN will not be able to remain relevant in the future. He compared it to the netIllinois initiative which started strong and

ultimately failed. The group is pleased with the steps the consultants are taking with updating the ICN vision document.

Jay asked about broadening choices as far as last mile connectivity and whether the ICN was looking at cable or other options. Jim responded that there have been discussions. Wireless options have also been discussed extensively. He stated that the problem with many cable operators is they do not offer equal upstream/downstream technology. Typically they are faster downstream than upstream, and that's a real problem for schools trying to send data streams or serve classes to online students.

Jay said that cable companies should be able to offer this service, it is just a case of asking for it. He asked if the task force has ever asked cable providers to come in and give the group a better understanding of what options they offer for connectivity. Jim responded that the job of the task force is to try to gather information about technology and make recommendations. On occasion outside vendors come in and make presentations. The group would be happy to hear from cable providers if the agenda allows.

Lori added that the ICN currently works with several cable companies and have allowed them to connect into POP sites and negotiated an intranet-based solution with them. Most of those are economical at 10 MB or above. With the changes to the cost recovery model the ICN expects to see more constituents taking advantage of these options.

Jay said the need might be to also look beyond cable and to Verizon and AT&T to see what they can do to solve the last mile issue. It would be nice to pull together a matrix with a complete inventory of options for each LATA. The best solution for each constituent may be different, but the more options that are available the more competitive the price points will be and the better chance of keeping competitive with other alternative non-ICN solutions.

Lori mentioned that there is an effort under way by the Lieutenant Governor's broadband task force to map all of the broadband providers in Illinois. Getting this information is very difficult because many of the providers consider it proprietary. It is going to be more specific than just by zip code since only one zip code has to have service in order for them to consider the whole area to have access.

Jay asked the committee if they had any comments on this subject. Mike responded that a couple of things are on his radar. The first is WiMAX. It's been one of those vaporware standards but it's going to get very real now and start to be deployed. The other is to have some real divergent models. He mentioned EdgeNet in Western Illinois which is a wireless network that is working well for constituents there. The ICN needs to take a look at various models and present some real-life options. In many cases the last mile is seen as a cookie cutter approach when really it's perhaps the most creative approach as possible, particularly with more and better technologies.

Mike continued by mentioning dark fiber. Utilizing dark fiber may bring added value and allow the ICN to offer more last mile options. This may just mean adding additional points of presence that are closer to constituents or partnering with somebody like a Northern or some of the other I-Wire projects.

Jim added that the ICN currently does not have any incentives for constituents who want to work together as a community. This has the potential to save a lot of money in last mile costs by aggregating costs in one large circuit versus a lot of smaller ones. He believes the ICN should discuss models that encourage constituents to make those kinds of collaborative ventures.

Jim moved on to the next recommendation, the core technology infrastructure. This involved using dark fiber to make it easier to upgrade bandwidth in a less cost prohibitive way.

The third recommendation is improvements to the Network Operations Center (NOC). The training of staff to use new technologies as well as work with legacy equipment is important.

The next recommendation is establishing an equipment replacement strategy. A lot of constituents are connecting using older routers and equipment. This poses problems in the future as the equipment fails and causes problems for the network.

Another recommendation involves network security. Multiple steps are already being taken at the network level, but individual constituents also need to be aware.

The next area was content providers. There are a lot of constituents who provide content to other constituents in the state. Museums, libraries and higher education are some of the main content providers. There needs to be a way for these sites to provide the content and not be penalized with a loss of bandwidth. There is currently a project with the Brookfield Zoo to find ways to better to support that content either through colocation or bandwidth grants.

The next recommendation was a quality service financial model. This involves reworking the cost recovery model to find better pricing that will make the ICN more competitive. Wireless technologies are another area that will continue to grow as alluded to previously.

The use of statewide contracts is also important as constituents look for more ways to connect to the ICN. It is no longer just a T-1 line. The convergence of voice, video and data continue as everyone seems to be looking at IP telephony.

Staffing is a big issue because when the ICN loses staff it's difficult to hire new people in a timely manner. Some positions in the regional offices have been open for some time and there are concerns among constituents about how the infrastructure can be maintained when there is a shortage of staff. The last item is business continuity and how the ICN can provide options for constituents.

Jim asked if there were any questions. Seeing none, Jay thanked him and asked what the next steps are regarding the recommendations in the report.

Jim responded that there will be a couple of topics that the AET will focus on this year including better ways to increase backbone capacity and last mile connectivity. Constituents are also interested in finding out where the new technologies are going to enable ICN to provide new services to them such as WiMAX and others.

Cost Recovery

Lori introduced Robin Woodsome, the supervisor of the RTCs, to present the changes to the cost recovery model. Robin worked with network and fiscal staff to put together the changes.

Robin started by saying that since its inception there have not been significant changes to the cost recovery model. One of the most heard requests from constituents is to increase the amount of bandwidth. After completing the financial assessment of operational costs as a result of the migration of state agencies, staff began to work on adjustments. Two primary issues were addressed. The first was an increase in the amount of baseline bandwidth provided to primary constituents. That is the bandwidth the site receives free based on their FTE (Full Time Enrollment). The second is the cost to purchase additional bandwidth. This mainly affected the highest bandwidth users, community colleges and universities, and all of the non-primary constituents including state agencies.

The focus was mainly on the entry level because we wanted to make sure that all schools regardless of their size had the bandwidth that would allow them to participate in the online tools that education is using now. At the entry level the allocation jumped from a 1.5 MB baseline for all connected primary constituents to 8 MB. In addition there is an incentive for those that are E-rate eligible. A bonus of an additional 3 MB is available if they are E-rate compliant and they complete the paperwork needed to be included on the ICN's application.

Kathy Bloomberg asked a question about the E-rate incentive. A lot of public libraries have issues with the Children's Internet Protection Act (CIPA) compliance because libraries serve all ages. She was concerned that this incentive would encourage libraries to comply and therefore letting the Illinois Century Network censor what people access on the Internet. Robin responded that the ICN didn't anticipate that this would encourage any more libraries to participate than already are. It was a way to recognize the people that already go through the process.

Lori added that this is an addition, not a requirement. It is in no way a mandate, but E-rate does help the ICN receive an additional \$4 to \$6 million a year that is supposed to help lower the cost for those constituents who are compliant with E-rate. What the ICN is trying to do is encourage those constituents who do comply with E-rate to go ahead and go through the additional hurdles to fill out the paperwork that we require in addition to what they're already doing in their E-rate application.

Jay asked what other concerns that Kathy had. Kathy responded that in order to be on the same level playing field as the schools, the public library has to say that they are going to filter Internet access. In the past it was always the individual site's choice, but when the state gets involved it is no longer a choice. Lori stated that it's still a customer choice. If you want to participate you get additional bandwidth.

Kathy asked if the only things a site has to do to be compliant and get the extra 3 MB is to fill out the ICN E-rate paperwork and use filter software. Lori responded that CIPA compliance is

more than just filtering. There is a public notice, having a policy, and a whole host of other requirements.

Robin reiterated that the thinking behind the policy was to direct the E-rate monies to the constituents included on the application. Lori added that on the healthcare side, the benefits of E-rate go directly to the hospitals that go through the program. With healthcare the ICN is actually a provider.

Robin continued with the cost recovery explanation. Eight MB is the new entry level and then the baseline is adjusted based on enrollment. The amount constituents pay to purchase bandwidth has also decreased. Many large purchasers like universities plan to use the money they save on bandwidth to purchase more. The pricing has also been restructured to decrease based on each MB rather than incrementally. Changes to the baseline and the price of the bandwidth should be easier to change moving forward without having to restructure the whole model.

Lori added that the institution will be getting more baseline as well as a reduced cost for their purchased bandwidth. The extra money can be put back into the budget or used to purchase additional bandwidth. Robin also pointed out that when figuring the cost to purchase additional bandwidth you will factor in your allocation as well as the amount you wish to purchase to find out the final per MB price.

Mike congratulated the ICN team on their efforts to change the model. The changes will allow many institutions to step up to more access which is what it is all about.

Jay asked if there were any additional questions.

A question was asked about how constituents were going to be notified of the changes. Robin responded that the changes will be discussed at the regional meetings coming up in October. An email will also go out to constituents with the memo announcing the change. The RTCs are also going to be contacting each constituent site individually. This will take time, but everyone will be notified. Lori also suggested that Policy Committee members may want to send a note out to some of their constituents to try to spread the word.

Meeting Schedule

The last item was introduced, a list of the upcoming meeting dates for the remainder of the fiscal year.

Lori added that at the last meeting it was decided that the quarterly meetings would be held on the third Monday of the month from 1:00 pm – 3:00 pm. On any occasion where a Monday falls on a holiday, the meeting will be moved to the following Tuesday.

Jay asked if these dates look okay for everyone. Everyone agreed. Jay asked for a motion to approve the dates.

Motion: Caroline Brown Hodge moved; Chet Olson seconded that the dates listed in item 8 are approved for the remainder of the fiscal year. Motion carried.

Closing

Jay closed the meeting by suggesting that for the next meeting there be an informal discussion among the board about the value proposition of the ICN. How do we go about promoting the network? Specifically there needs to be a discussion around content and providing services. A network that does not provide additional attributes and services will always be at risk for other competing interests. If content can be brought to the forefront and provide economies to the schools as it relates to services, it only strengthens the value proposition. He asked Jim Flanagan and the Advanced Engineering Task Force to look at broadening the discussion beyond just the core network. The next century network should include the management and hosting of content.

Jay stated that he looked forward to seeing everyone at the next board meeting and thanked them for their participation. He asked for a motion to adjourn.

Motion: Caroline Brown Hodge moved; Mike Dickson seconded that the meeting be adjourned. Motion carried.

Meeting adjourned.