

ILLINOIS CENTURY NETWORK

April 19, 2010 POLICY COMMITTEE MINUTES

Greg Wass called the meeting to order.

Members present:

Greg Wass, Office of the Governor	Bonnie Styles, IL State Museums
Chet Olson, Mayor of Rochelle	Amy Edwards, IL Board of Higher Education
Jeff Newell for Todd Jorns, IL Community College	Ann Craig, Illinois State Library

Staff and guests:

Lori Sorenson, Central Management Services	Kirk Mulvany, Central Management Services
Tom Oseland, Central Management Services	Kathleen Bloomberg, Illinois State Library
Robin Woodsome, Central Management Services	Frank Whitney, AT & T
Melissa Camille, Central Management Services	Carla Poani, AT & T
Deborah Kelley, Central Management Services	

Minutes

Greg introduced the first item on the agenda, the approval of the minutes from January 25, 2010. Greg asked for a motion to approve the minutes. Chet Olson motioned that the minutes be approved. Mike Dickson seconded the motion. Motion carried.

ARRA Broadband Funding Round Two

Lori Sorenson started by introducing Robin Woodsome, Jean Taylor and Frank Walters. They were very instrumental in submitting the stimulus funds application by putting together costs, plans and new technology.

Since the meeting in January, time has been consumed with the Round 2 application. We met with staff from the K-12 and Higher Education community and state government to form a partnership to submit a fiber-based infrastructure project that includes five regions of the state.

The plan will bring fiber to every community college and pop site. Healthcare, libraries, community colleges and community anchors are all included so there will be no redundancy or duplication of efforts. We are one of 355 applications for Comprehensive Community Infrastructure (CCI). We did not apply for Rural Utility Services (RUS).

Although NTIA has not come out with anything official – they will have the commitment by September 30th.

The project includes 55 counties, bringing fiber to 21 Community Colleges and a little over 3,000 anchor institutions (400-plus sites will be connected via new fiber). The pop sites and anchor institutions that are already connected will be able to take advantage of the increased capacity and bandwidth. We are also proposing leasing dark fiber (8 strands on Interstate 55) that we have through an agreement with

Williams Communications. We entered into a “Memo of Understanding” with both the Department of Transportation and the Toll Highway Authority to use existing fiber to complete the project.

Total project cost is \$96 million – we asked for a little over \$61 million and we pledged \$30.5 million cash match and another \$3.9 million in in-kind exceeding the 30% match. By having the local entities put risk in the project should make it more attractive. Speeds offered will be 10 megabytes to 10 gigabytes for new fiber installs.

The next step is preparing for due diligence in case we are contacted by NTIA (for details behind the application). We have been meeting with Champaign and DeKalb who both received stimulus money in Round 1. Secondly, we are preparing the required initial procurements – optical, DWDM contract, etc. We will have 3-years to complete project.

The biggest hurdle is engineering. We are working with the vendor to specify routes and calculate miles. The engineering firm will provide specifications for construction segment-by-segment and have the easement permits done simultaneously. They will also be expected to oversee construction and complete inspections. We are going to place an order for optical equipment to light up the path between Collinsville and Springfield. DOT completed the work to make the connection. This will be our first time using the optical equipment so we want to test and work through the kinks - we will use some of the \$26 million capital funds. If we are not successful in receiving the stimulus money, we have the \$26 million in FY10 capital funds and another \$19 million requested for FY11 Capital bill. The \$26 million would be for core backbone and look to extend it to the Community Colleges. If we are successful, we can use the money to build out to more anchor institutions.

Questions – Greg Wass - The capital funds – where does it fall in bonding authority – we can have legislative authorization and the Governor’s signature for authorization, but may have to issue bonds to get the cash? Did a great job understanding where the feds were going since Round 1 and what they were asking for in Round 2. On the dollars per anchor institutions – if we count 3000, the request would be \$3000 per anchor institution.

They did ask for a key metrics dashboard sheet. They didn’t give a cost per institution/household, but asked for net present values and EBIDA and internal rate of return. Our rate of return was 6.13 without VTOP and with VTOP it was 17.28. We had Maximus complete the calculation and we think they came in with the right kind ratio. If the project is good, you won’t need the money, if it isn’t good enough, they would question our calculation. We had to do an 8-year proforma and calculate subscriber data by different speeds and how many constituents will sign up for those different speeds and estimate from third party service providers and how many businesses versus residents and had to tie into projected revenues. I think they look at construction and how many miles for fiber and how many fiber miles are new and existing to get at construction costs. We also had to provide data on the potential customer base.

Greg Wass - How long was it before round one winners were asked for due diligence?

5-6 months.

Greg Wass - Should we contact the congressional delegation? There were a lot of people involved in the application process. We could contact members from the IBOP-East Central area. Ryan Croke from the Governor's Office as well as some of our Policy Committee members helped and we have a good sense what was in Round 2.

There is a liaison in NTIA that is assigned to the state. The application included letters of support from state and federal legislators. We could ask the legislators to make a joint resolution/letter through the Washington DC office. We would actually give them the joint resolution legislator's language in a coordinated effort from a statewide point of view.

There were many other applications from Illinois in both the CCI and RUS categories that the state provided matching funds.

Lori Sorenson - A Public Computing Center application was submitted by Ann Craig and Kathy Bloomberg with the Illinois State Library. Have they heard anything yet?

The request was for \$4.2 million. They worked with DCEO to submit the application to place public computing centers in just over 90 public libraries. They haven't heard anything.

Mike Dixon w/Western Illinois University submitted a sustainable broadband adaption application. They partnered with NTIA through the Illinois Telecommunication Association. They haven't heard anything.

E-rate

2008 – A little over \$334 thousand was remaining in approved funding – was to be released. Received letter two weeks ago and submitted the paperwork last week for the release of funds.

2009 - The application was approved on February 9th for a little under \$1.8 million – a more realistic figure is \$1.5 million depending on the final spend for the year. There is overlap in service period which drives approved dollar amount higher.

2010 – The application was submitted and under review. In the last meeting, we mentioned alternative method to determine the level of service the ICN provides that would be eligible for funding requests. It did turn out to increase our fund request to about \$3.5 million.

Next Meeting

Construction will prevent us from using the Community College Board. We will work with Illinois State Library to see if we can continue to use their video room. Check the ICN website for updated meeting information. The next meeting is scheduled for July 19th.

Chet Olson made a motion to adjourn the meeting, Bonnie Styles seconded and the motion carried.