



ILLINOIS CENTURY NETWORK

POLICY COMMITTEE MEETING AGENDA

November 19, 2003

2:00 p.m.

**ILLINOIS CENTURY NETWORK
POLICY COMMITTEE
MEETING AGENDA
November 19, 2003
2:00 p.m.**

Item Number		Page Number
1.	Minutes	
	a. September 17, 2003	2
	b. October 31, 2003	7
2.	Announcements and Remarks by Mary Barber Reynolds, Chair	-
3.	Remarks by Lori Sorenson, Interim Director	-

ACTION ITEMS

4.	Budget	13
	a. Fiscal Year 03 - Final (Pre-Audit) (Action)	14
	b. Fiscal Year 04 - Update (Information)	16
	c. Fiscal Year 05 - Proposed (Action)	18
5.	Cost Recovery – FY05 Recommendation	20
6.	Advanced Engineering Taskforce – Chair Approval / Membership	27
7.	Calendar of Meetings	30

INFORMATION ITEMS

8.	Network and Services Update	
	a. Clear Channel Feature Tariff Negotiations	32
	b. Backbone Upgrades	35
9.	Executive Session	37

ILLINOIS CENTURY NETWORK
SEPTEMBER 17, 2003 POLICY COMMITTEE MINUTES

Submitted for: Action

Summary: Distribution of the September 17, 2003 minutes for review by the Policy Committee.

Action Requested: Adoption of the September 17, 2003 minutes.

Recommended Motion: *The ICN Policy Committee adopts the September 17, 2003 minutes with any edits as noted.*

ILLINOIS CENTURY NETWORK

SEPTEMBER 17, 2003 POLICY COMMITTEE MINUTES

The meeting was called to order by Mary Reynolds.

Members present: Mary Reynolds; Jean Wilkins, Illinois State Library; Bruce McMillan, Illinois State Museum; Joe Cipfl, Illinois Community College Board; Dan LaVista, Illinois Board of Higher Education; Brian Foster, Illinois Hospital Association; Lugene Finley, Illinois State Board of Education; Alan Burgard, Illinois Department of Central Management Services; Jay Carlson, Illinois Department of Central Management Services; and Marianne Stanke.

Other guests in attendance: Tony Daniels, Consultant; Richard Wansley, Illinois Health Education Consortium; Neil Matkin, Lori Sorenson, Cindi Hitchcock, Kirk Mulvany, Karlin Sink, and Jessica Just all from the Illinois Century Network. Other members of the general public, vendor representatives, and State agency members were present.

1. Policy Committee Minutes

Staff requests the adoption of the September 17, 2003 meeting minutes.

Motion: Joe made the motion; Bruce seconded.

Joe moved that the ICN Policy Committee adopt the September 17, 2003 minutes with any edits as noted. (No edits were noted.)

2. Announcements

Mary welcomed the new members, Jay Carlson, Alan Burgard, Roderick Frazier, Marianne Stanke, and Scott Kennedy, to the policy committee. Mary also noted the need to obtain clarification on which constituent group each new member represents, as called for in the ICN legislation. She also reminded the new member they should identify a designee in the event they are unable to attend a meeting.

3. Remarks

Neil announced that Rebecca Dineen, who had served as secretary to the Policy Committee, has left the ICN to pursue other opportunities. Jessica Just was introduced. Jessica, ICN Human Resources Officer, will attend the meetings as interim secretary until other arrangements are made. Neil asked Jessica to distribute the budget reports for FY03 and FY04, as well as the current record of accounts payable. Mary asked about the status of the e-rate funding. Lori Sorenson indicated that the past year funds have not yet been received in full, but the funds for future funding years are on schedule. Mary asked if there were concerns about the past year's funding not being received at all and Lori

responded that she anticipates that all funds will eventually be received. Due to the uncertainty of when the funds will be received, the e-rate funds will not be included in the budget. In the future, e-rate funds will be incorporated into the budget upon receipt.

Neil indicated that the 2003 report of the Advanced Engineering Task Force had been mailed to all ICN constituents. The eLearning report of the Illinois Online Leadership Council will be mailed in October. Mary asked if there had been any nominations for a new chair for the AET and Neil indicated that no new names had been brought forward.

4. Transition Update

Neil reported that he and Lori had met with Alan Burgard and Jay Carlson to discuss transition items such as personnel, procurement, etc. Meetings will occur on a bi-weekly basis to continue the discussions and work through the transition. Neil also reported that CMS had hired consultants to meet with ICN staff, and while the consultants had spoken with staff on several occasions, no feedback had been received by the ICN. All personnel items have been placed on hold.

Mary asked if anything had been done to notify constituents of the transition. Neil responded that nothing had been done yet. Early fall is the time of year that the ICN would normally conduct regional meetings to discuss cost recovery and provide updates on the network and services. In lieu of the meetings, ICN will draft a letter recommending level funding for cost recovery and to also inform constituents of the transition. Receiving the cost recovery information at this time of year is critical as it helps constituents with the assessment of their technical needs and make local budget decisions. When the draft is complete, it will be shared with CMS for approval.

Mary asked if new constituents were still coming on to the network in light of the uncertainty based on the transition. Kirk Mulvany explained that while the number of new constituents continues to increase, the rate of growth is not at the same level as last year. Kirk indicated that it was difficult for staff to encourage institutions to commit to telecommunication contracts, of any length, when there is so much uncertainty about the future of the ICN. Brian Foster agreed with Kirk, indicating that it was impacting his work to connect all of the hospitals to the ICN.

Mary asked if there were any other comments. Richard Wansley from the Illinois Health Education Consortium introduced himself. Richard stated that his members feel the ICN supplies terrific service and are wholly committed to the ICN, but that as constituents, they are only partially aware of what is taking place with the transition. He reiterated the importance of finding a way to make all ICN constituents aware of the details of the transition. The lack of communication to the constituents does more harm due to hearsay than having the benefit of factual information. Richard encouraged the continuation of the ICN. Neil assured Richard that ICN constituents are still receiving world-class service. Lugene Finley asked to what extent the recent outage impacted the network. Karlin Sink responded it hadn't really been an outage, but was a slowdown of the network, impairing the performance of the network. Two circuits on the OC12 core ring failed which resulted in traffic rerouting through a single OC3 circuit that was already in need of upgrading. The network design called for this kind of alternate path, in the event of just such an occurrence, however, due to the delay in procurement of the circuit

upgrade, when the alternate route was needed it quickly became overloaded, slowing down service for a number of constituents.

Jay Carlson introduced Tony Daniels, CMS Consultant. Jay complimented the network and stated that CMS has requirements that may or may not benefit the ICN. Jay indicated that Tony is an engineer who will focus his work on the ICN and the well-established robust service provided by the ICN. Alan Burgard stated that CMS does not intend to interfere with the high quality service provide by the ICN. Mary inquired about the status of the previous CMS consultants who reviewed ICN operations. Alan reported that any mention of the ICN in the final reports were high level and recommended the need for a more detailed review. Jay informed the Committee that the ICN would work through him on requests requiring CMS approval per the Interagency Agreement. Jay's intent is to streamline the process to ensure a prompt turnaround. Jay also extended an invitation to the ICN staff to attend strategy meetings with the CMS Telecommunications staff.

Lugene Finley asked if the CMS review of the ICN would be considered as part of the statewide strategic technology plan. Alan responded that the ICN review would be considered in the strategic plan and that CMS would be issuing an RFP for a consultant to write the plan.

Mary asked about the status of the dark fiber project, indicating that both the technical staff of the ICN and the members of the AET feel that moving forward with this project is critical for the long-term future of the ICN. Alan responded that the dark fiber project has been deferred and an analysis of the project will be conducted. Neil added that the previously issues request for proposal for the project has been dormant too long. Lori commented that the firm offer time had expired and that the RFP process would need to start over, from the beginning. Jay commented that CMS consultants would be developing an overall network plan for the ICN and CMS, which may or may not include dark fiber. Neil extended to CMS the use of the Advanced Engineering Taskforce to assist with the development of a network plan. Lugene reminded the staff to consider the needs of the K-12 community.

Mary took the opportunity to stress that the origin of the ICN had been to provide Illinois education with a robust, statewide network and while it has expanded to serve other constituents, such as hospitals and even law enforcement, the bandwidth utilization of the education constituents dwarfs the needs of state agencies. She asked that the consultants focus on the needs of all constituent groups and not just those of state agencies.

Mary asked CMS if there were any plans to transition ICN staff to CMS employees. Alan responded that the personnel transfer has been deferred due to many other issues which CMS must be addressed first. He reported the current agreement between IBHE and CMS allows for BHE to continue as the fiscal agent through the end of fiscal year 2004.

Executive Session

Motion: Jean made the motion; Alan seconded.

Jean moved that the Policy Committee go into closed Executive Session at 2:58 p.m., Wednesday, September 17, 2003 for the purpose of discussing Illinois Century Network personnel issues pursuant to Section 2(B)(1) of the Open Meetings Act.

Motion carried.

6. Resume meeting. There were no further motions considered and the meeting adjourned.

ILLINOIS CENTURY NETWORK
**OCTOBER 31, 2003 POLICY COMMITTEE MINUTES
SPECIAL MEETING**

Submitted for: Action

Summary: Distribution of the October 31, 2003 minutes for review by the Policy Committee.

Action Requested: Adoption of the October 31, 2003 minutes.

Recommended Motion: *The ICN Policy Committee adopts the October 31, 2003 minutes with any edits as noted.*

ILLINOIS CENTURY NETWORK

**OCTOBER 31, 2003 POLICY COMMITTEE MINUTES
SPECIAL MEETING**

The meeting was called to order at 11:03 a.m. by Mary Reynolds.

Members present in person: Dan LaVista, Illinois Board of Higher Education; Lugene Finley, Illinois State Board of Education; Alan Burgard, Department of Central Management Services; and Virginia McMillan, Illinois Community College Board. Members present via telephone: Mary Reynolds; Marianne Stanke; Jay Carlson, Department of Central Management Services; Don Fouts, Federation of Independent Colleges and Universities; Bruce McMillan, Illinois State Museum; and Jean Wilkins, Illinois State Library.

Other guests in attendance: Lori Sorenson, Neil Matkin (via telephone), Jessica Just, Kirk Mulvany and Karlin Sink all from the Illinois Century Network.

1. Announcements

Mary commented that there were no announcements to be made.

2. Personnel Issues

The sole agenda item was the need for discussion and action regarding personnel issues relating to the departure of current ICN Director, Neil Matkin. Mary asked Neil for his comments. Neil noted that his last day on staff would be November 12, 2003. Neil also commented that as a result of his departure, there would be some issues that need to be resolved, in particular, signatory authority for expenditure of funds. Currently, this authority exists with the Policy Committee and has been delegated to Neil as the Director. The Policy Committee is the body that is recognized by the Comptroller's office with the authority to delegate expenditure authority. As a result of Neil's departure, signature authority needed to be discussed. The purpose of this meeting was to establish and discuss the appointment of an interim director to ensure that operations continue to run smoothly.

Mary agreed that there was a need for someone to carry the ICN forward and given the current situation, a search would not be in the best interest of the ICN. Mary further noted that she believes that there is currently someone on staff who would certainly be willing to serve in the capacity of interim director and who is also quite capable. Lori Sorenson has been with the ICN from the beginning and is certainly quite capable to carry the vision of the ICN forward and given the somewhat tentative merger situation between the ICN and CMS; there is a need to move forward, as well as a need for somebody who knows the network and the issues. Mary's personal interest is to make

sure that the network continues to move forward aggressively and uninterrupted. Mary asked the Committee for their thoughts.

Jay Carlson commented that he personally believes that Lori's current achievements and resume speak well of her abilities. He proposed whether or not it would be possible to forgo further discussion and to possibly consider a motion to nominate Lori as interim director. Jay further commented that as a designee, he would ask maybe Neil or someone else to make a motion to appoint Lori as interim director of the ICN.

Neil agreed with Jay in that one of the Policy Committee members should make the motion to appoint Lori as interim director of the ICN. He asked Mary for her thoughts on what components the motion should contain. Neil also asked Jay whether or not CMS had discussed the situation and if the position would be considered interim. Jay confirmed that the position would be considered interim and that the motion should suggest as such.

Marianne Stanke questioned if any other candidates had been considered for the position that could compare to what option is currently being considered. Jay stated that he felt that Neil understands the staffing better than most and that in light of Lori's accomplishments, that he is comfortable suggesting her for the position, even though she is a single candidate. Jay also commented that he, personally, has not looked at any other candidates.

Lugene commented that he believed that the decision to nominate Lori for the position only made sense in light of her capabilities and understanding of the ICN. Lugene made the motion to name Lori as the interim director of the ICN. After discussion of an effective date, the Committee agreed that a start date of November 13, 2003 would make for a smooth transition.

Discussion regarding the time frame of the appointment also transpired as a result of the current agreement with CMS, IBHE, and the ICN which extends until June 30, 2004. Jay commented that given the current situation, there is a need for an interim director who will assist CMS in cultivating future recommendations as a result of the transition. Further, Jay commented that he felt it would be premature to bring up at the present time, what those next steps would be. Jay also assured the Committee that the interim director would be fully engaged in the next step discoveries. Jay proposed that the Committee consider the interim position to be for an indefinite period of time.

Marianne questioned whether or not this would be reasonable from Lori's perspective.

Lori commented that given the transition, she could accept the rationale behind Jay's recommendation. However, Lori further commented that there would be a need to quantify that time frame and redevelop what the role of the ICN is and what the responsibilities of the position would entail.

Alan agreed with Lori stating that he felt that as a result of the agreement with BHE that the Committee has an obligation and a focus to resolve these issues by the end of the fiscal year. Neil concurred with Alan while adding that from a staff perspective, it would be a little bit unsavory to leave the position completely open ended; however, Jay's purpose can be achieved by saying "end of fiscal year." Jay agreed with Neil's additional

comments. Mary further commented that she believed that there would not be a need for a specified end date in the motion, so long as everyone understood that the intent is to move forward and make sure that Lori has the authority to act, with the understanding that further discussions would continue and hopefully be resolved by the end of the fiscal year. Jay proposed that although a specified end date would not be agreed upon at the present time, that it would be appropriate to gauge the progression towards an agreement at future Policy Committee meetings. Marianne questioned whether or not it would be a problem to include in the proposal that it is anticipated that this position would be interim until the end of the fiscal year. Mary responded by saying that there isn't necessarily a need to say that provided Lori is interim and the Committee keeps it under discussion and merger discussions continue.

Mary commented that the next regularly scheduled Policy Committee meeting was only a couple weeks away and that the only need for the special meeting was to get someone appointed with the legal authority to sign things prior to Neil's departure and the next meeting. Mary additionally commented that at the next regularly scheduled meeting, the Committee would hold further discussion concerning salary or any other adjustments that the Committee would want to consider regarding the interim position when all members are together in person.

Dan asked for clarification of Mary's last comment. Mary stated that the question would be whether or not the Committee would like to hold discussion today or on the 19th at the next regularly scheduled meeting. Mary commented that she felt it would be inappropriate to discuss specific personnel issues outside of executive session. Dan agreed. Dan also agreed that it would be reasonable if the contractual issues were agreed upon at a later date. Mary asked the Committee for their thoughts. Jay proposed that the Committee consider the logistics of the transition being critical at this point. Jay's concern is to not put forward anything that may jeopardize the Committee, as a whole, to move forward with the interim director motion – and there are several dynamics that would need deeper discovery before the Committee could come to any recommendation. Jay reiterated that he wouldn't want to put anything out now that the Committee would not have enough time to consider and would ultimately make it impossible to close the appointment. Mary commented that since there is a regularly scheduled meeting coming up fairly quick, that if it is the will of the Committee, she would suggest that the Committee plan an executive session at that meeting for this purpose, if everyone agreed that would be acceptable. All Committee members unanimously agreed.

Dan questioned whether or not sufficient conversation had been held on the specific matter of compensation, let alone other matters relevant to the contract. Mary subsequently asked Lori if she would be willing to accept the interim director position under her current employment conditions until the Committee could hold further discussion at the November 19, 2003 meeting. Lori commented that she would be willing to accept the interim position under the terms of her current contract with the understanding that further discussion would be held at the November 19th meeting. Jay commented that it is unusual to have the candidate, who is of consideration, present during such discussion, as was the situation at this meeting. Jay further stated that he believed the motion should not assume that Lori would accept the interim position, but rather that the Committee would agree that if she would accept the interim position, that the Committee would move forward with a motion to appoint Lori as the interim director.

In addition, Jay also stated that a finite period of time, 3-5 business days, to respond to the Committee's offer should be included in the motion. Dan asked for clarification of Jay's previous comment. Jay responded by saying that if Lori were not in attendance today, the Committee would not have been able to ask her if she would be willing to accept the position; therefore, the motion should be structured to consider that if she was not present, what would be the appropriate time-table for Lori to either accept or decline the offer, according to ICN guidelines or bylaws. Mary proposed that it would be helpful if she were to give an account of how this was handled previously when Neil was hired. Jay agreed.

At the time when Neil was hired, the Committee was just formed and decided to advertise nationally for the position. Approximately fifty-two (52) applicants, who met the minimum qualifications specified in the advertisement, responded. The Committee then went through a process of weeding out the fifty-two (52) applicants, checking references and finally narrowing the selection down to a handful of candidates. Five candidates were interviewed in person for the position and after extensive reference checks, the Committee made a motion to hire Neil as the Director, with contract terms to be determined in the following days.

Mary suggested that it would be appropriate to continue with the motion on the floor and then proceed with the specifics of the contract language at the next regularly scheduled meeting on November 19th. Neil questioned if it would be preferable to, at the next regularly scheduled meeting, bring up an executive session item, present a proposed contract and then have discussion and then come back into open session to vote on the amended language or end result. Mary agreed with Neil and commented further that prior to the November 19th meeting; everyone should receive a copy of Neil's current contract which would allow the Committee ample time to review the issues and specific language of the contract to determine possible changes before officially approving it at the next meeting. Neil added that he would take on the task of revising the contract as well as providing a historical record of his contract and salary history.

Jay proposed whether or not it would be possible to establish a review committee prior to the presentation of the agreement at the November 19th meeting. Mary suggested that if the Committee were to go into executive session, it would be possible to bring everyone up-to-date in terms of what the conditions have been in the past in terms of Neil's contract. Jay commented that he would like to do whatever needed to be done to make the terms and conditions of the contract less of an issue, in the event that certain members are seeing it for the first time. Jay further stated that by implementing a review committee to debate the merits of consistency and the substance of the agreement prior to the next meeting, it would ensure that the Committee would be able to move forward on November 19th. Mary commented that if it is the will of the Committee to do so, then it is certainly something to consider. Dan recommended that due to the changes that have been made in the structure of the Committee, that some representation from CMS should be considered for the review committee. Jay commented that if everyone were to agree to move forward with review committee, that it would ensure a smoother transition of documents and understanding at the next regularly scheduled meeting on the 19th. Dan agreed. Mary asked the Committee if there were any volunteers who would like to serve on a small committee to work out the details that could then be proposed on the 19th.

Neil noted one area of caution regarding Don Fouts' original appointment, which is scheduled to expire at the conclusion of this meeting. Neil asked Lori if she was aware of the precise date of Don's reappointment. Lori noted that it is November 2003; however, the reappointment did not specify whether it ended at the first or end of the month. Neil commented that Don would then be able to participate in the review committee. Marianne Stanke, Jay Carlson, Dan LaVista, Don Fouts and Mary Reynolds all agreed to serve on the review committee. Jean Wilkins noted that she would volunteer for the review committee; however, she would be unable to participate because she will be on vacation during the time that the review committee is scheduled to meet. Neil added that he would be willing to serve as staff to the review committee in terms of making sure that the committee has all the materials necessary.

Mary then brought forth the current motion to designate Lori Sorenson as the interim director of the ICN, effective November 13, 2003. Mary asked the Committee if there was any further discussion. No further discussion was held. All Committee members unanimously agreed to designate Lori Sorenson as the interim director of the ICN; effective November 13, 2003 with contract terms to be determined at the next regularly scheduled Policy Committee meeting to be held on November 19th.

Mary questioned whether or not there was any further business to come before the Committee at this time. Neil commented that he had now gathered support from the State Universities Retirement System, as well as other legislative supporters, to keep current ICN employees under the State Universities Retirement System. Neil further commented that he would be presenting materials to CMS in the next week to outline and facilitate, not dictate what is to happen, but to facilitate the continuation of participation in the State Universities Retirement System should CMS, at some future point, wish to integrate ICN employees from the Board of Higher Education into a CMS structure. Alan and Jay thanked Neil for his work.

Mary questioned the Committee whether or not there were any further announcements or comments. No announcements or comments were presented. Mary made the motion to adjourn; Lugene seconded. All members unanimously agreed to adjourn at 11:37 a.m.

ILLINOIS CENTURY NETWORK

**BUDGET REPORT:
FISCAL YEAR 2003 FINAL (PRE-AUDIT), FISCAL YEAR 2004 UPDATE,
FISCAL YEAR 2005 BUDGET (PROPOSED)**

Submitted for: Action

Summary: This item presents a recap of the fiscal year 2003 budget, provides an update for the fiscal year 2004 budget, and recommends a budget for fiscal year 2005.

Action Requested: Acceptance of the fiscal year 2003 final budget and approval of the proposed fiscal year 2005 budget.

Recommended Motion: *The ICN Policy Committee approves the fiscal year 2003 final budget (Pre-Audit).*

The ICN Policy Committee approves the proposed budget for fiscal year 2005.

ILLINOIS CENTURY NETWORK

**BUDGET REPORT:
FISCAL YEAR 2003 FINAL (PRE-AUDIT), FISCAL YEAR 2004 UPDATE,
FISCAL YEAR 2005 BUDGET (PROPOSED)**

Fiscal Year 2003 Final (Pre-Audit)

Thursday, August 21, 2003 marked the close of the fiscal year 2003 budget period. Both revenues and expenditures for fiscal year 2003 were substantially lower than originally projected, due to the delay of receipt of federal e-rate dollars. Beginning in fiscal year 2003, the Illinois Century Network has adopted a more conservative policy of including e-rate reimbursement projections in the planning budgets, as the timing of receipt of those funds is unpredictable.

ICN's cost recovery program proved to be quite successful in its first full year of implementation. Receipts were almost fifty percent higher than anticipated. ICN constituents have an excellent payment history, most paying within sixty days. Interest earned on ICN's Special Purposes fund totaled \$29,839. There is \$3,780 in additional interest which has accrued since the end of lapse period which ICN is not able to transfer, due to the lack of spending authority for Fund 729 in fiscal year 2004. Prior to the end of lapse period, the ICN transferred \$1,416,160 to the Board of Higher Education Special Projects Fund 736 to zero out Fund 729 and provide BHE Fund 736 with monies to pay ICN operating expenses in the early weeks of fiscal year 2004.

In fiscal year 2003 most line items were less than budgeted projections. Every effort was made to contain costs when the state's economy worsened and federal e-rate funds did not appear to be forthcoming. The contractual line overage reflects a major commitment for consulting services for the strategic planning, development, and implementation of a grades and attendance database system for Illinois schools, one of Governor Blagojevich's initiatives. ICN also incurred prompt payment expenditures due to the state's cash flow problems, as well as some necessary build out expenditures at Point of Presence (POP) sites, which were not built into the original budget projection.

Revenues for fiscal year 2003 totaled \$28,138,428. These revenues, combined with a the carry over from the previous fiscal year of \$1,024,239 and \$345,236 in fiscal year cost recovery payments received during the lapse period increased the total budget to \$29,507,903. Expenditures for fiscal year 2003 were \$27,927,788, plus \$1,416,160 transferred to BHE Fund 736 totaled \$29,343,948.

ILLINOIS CENTURY NETWORK
Fiscal Year 2003
As of 10/31/03
Final (Pre-Audit)

REVENUE SOURCES:	APPROVED AT 6/12/02 PC MTG	YEAR-TO-DATE
ICN Appropriation:	25,500,000	25,500,000
ISBE FY02 Appropriation Balance:	0	171,914
E-Rate Reimbursement:	6,461,655	663,581
Cost Recovery Funds:	1,200,000	1,773,094
Interest on Trust Fund:	0	29,839
TOTAL REVENUE:	33,161,655	28,138,428¹
EXPENDITURES:		
Personnel:	4,065,954	3,818,943
Contractual:	1,133,200	1,657,801
Commodities:	91,800	64,008
Equipment:	61,500	51,185
Telecommunications:	26,872,632	21,123,324
Operation of Automotive Equipment:	0	674
Prompt Payment (Interest)	0	43,643
Regional Technology Centers:	936,569	483,705
Build Outs:	0	684,505
TOTAL EXPENDITURES:	33,161,655	27,927,788²

¹ 7/1/02 Beginning Balance Fund 729	\$ 1,024,239
FY03 Revenues	28,138,428
FY04 Revenues deposited to Fund 729	345,236
TOTAL	\$29,507,903

² ICN Trust Fund 729 expired at the end of FY03. The balance in that fund was transferred to Fund 736 for ICN use in FY04.

FY03 Expenditures	\$27,927,788
Transfer to Fund 736	1,416,160
TOTAL	\$29,343,948

Total Revenues	\$29,507,903
Total Expenditures	29,343,948
FY03 Lapsed Funds	\$ 163,955

Fiscal Year 2004 Update

The fiscal year 2004 budget has been adjusted to reflect a two percent reserve of \$603,704 as required by the Governor's Office of Management and Budget (OMB). To date, ICN has received one half of its original appropriation through payments from Central Management Services. In addition, ICN has received a portion of the previously delayed e-rate reimbursements. These reimbursements have been in the form of checks from telecommunications vendors (\$70,952) and credits against fiscal year 2004 invoices (\$95,000). It is anticipated that the final \$1,182,467 for Year 3 e-rate credits will be received by the end of the fiscal year. Reimbursements for Year 4 remain outstanding.

Summarizing e-rate funding, the ICN requested \$5,300,624 in reimbursements; however, only \$3,026,392 has been approved by the federal program administrators. The State Board of Education, on behalf of the ICN, has submitted an appeal to receive the remaining \$2.274 million. The timing of the receipt of the approved amount is not known, and therefore not included in revenue projections.

Personnel cost projections are increased due to the burden of paying the employer's share of State Universities Retirement System (SURS) and group insurance costs; however, actual salary projections for FY04 have not increased. Contractual projections have increased due to costs of maintenance on an increasing number of software systems, as well as a more accurate allocation of Cisco equipment maintenance (SmartNet). Fiscal year 2004 warrants are currently paid through the BHE Special Projects fund (not General Revenue funds), so the state's cashflow dilemma that resulted in prompt payment costs in fiscal year 2003 should not impact ICN to the level earlier projected in fiscal year 2004. The two percent reserve will impact ICN's ability to upgrade equipment or implement solutions requested by constituents, as evidenced by the decreased projection in the telecommunications line.

ILLINOIS CENTURY NETWORK
Fiscal Year 2004
As of 10/31/03

	Approved at 6/18/03 PC Meeting	Revised Projection	Year-to-Date
REVENUE SOURCES:			
ICN Appropriation:	25,500,000	24,896,296	12,750,000
E-Rate Reimbursement:	1,752,159	1,348,419 ¹	165,952 ²
Cost Recovery Funds:	2,000,000	2,000,000	665,383
Interest	0	0	2,874
TOTAL REVENUES:	29,252,159	28,244,715	13,584,209³
OMB 2% Reserve	-603,704		
ADJUSTED REVENUES:	28,648,455		
EXPENDITURES:			
Personnel:	3,934,231	4,579,361	1,479,418
Contractual:	1,063,975	1,366,705	553,951
Commodities:	62,300	62,300	6,999
Equipment:	22,500	52,500	0
Telecommunications:	23,809,153	21,908,849	6,975,900 ⁴
Regional Technology Centers:	0	0	0
Operation of Auto:	10,000	10,000	365
Prompt Payment Interest:	250,000	165,000	512
Permanent Improvements:	100,000	100,000	0
TOTAL EXPENDITURES:	29,252,159	28,244,715	9,017,145
Adjustment for OMB 2% Reserve:	-603,704		
ADJUSTED EXPENDITURES:	28,648,455		

¹ Revised to include only year-to-date receipts plus projected future receipts of \$1,182,467 in approved and pending e-rate credits on telecommunications invoices.

² Figure includes \$95,000 e-rate credit applied to telecommunications invoice.

³ ICN Trust Fund 729 expired at the end of FY03. The balance in that fund was transferred to Fund 736 for ICN use in FY04. \$1,416,160 was transferred, which is not included in Total Revenues.

⁴ Figure includes \$95,000 e-rate credit applied to telecommunications invoice added to actual expenditures to date.

Fiscal Year 2005 Proposed

The fiscal year 2005 budget reflects level funding through general revenue fund appropriation. No e-rate funds are incorporated into the fiscal year 2005 budget given the multiyear track record of delays. Staff plans to update the Policy Committee upon actual receipt of e-rate funds and suggest budget revisions as necessary at that time. Cost recovery receipts are anticipated to increase by fifteen percent (15%) over fiscal year 2004.

Personnel costs reflect current staffing levels, plus the filling of nine vacant positions deemed critical for continued operations. Again, personnel costs include the employer's share of SURS and group insurance in the event that the Interagency agreement between Central Management Services, the Board of Higher Education, and ICN is extended past this fiscal year. The contractual line is increased to allow for procurement of specialized in-house training for staff and constituents to meet expanding needs statewide. Telecommunication cost projections reflect the continued savings negotiated by ICN staff for telecommunication and other services. An important note is that funding of equipment for expanding services and upgrades is again minimal in the Fiscal Year 2005 budget proposal. As e-rate monies are received, staff anticipates drafting proposals for the Policy Committee's consideration to earmark these funds for critical upgrades and services.

ILLINOIS CENTURY NETWORK
Fiscal Year 2005
Proposed Budget
November 19, 2003

REVENUE SOURCES:

ICN Appropriation:	25,500,000
OMB 2% Reserve:	-603,704
E-Rate Reimbursement:	-0- ¹
Cost Recovery Funds:	3,100,000

TOTAL REVENUE: **27,996,296**

EXPENDITURES:

Personnel:	5,044,399 ²
Contractual:	2,302,200 ³
Commodities:	69,100
Equipment:	45,500
Telecommunications:	20,485,097
Operation of Auto:	10,000
Prompt Payment Interest	40,000
Permanent Improvements	-0-

TOTAL EXPENDITURES: **27,996,296**

Staff Recommendation

The ICN Policy Committee approves the fiscal year 2003 final budget (Pre-Audit).

The ICN Policy Committee approves the proposed budget for fiscal year 2005.

¹ Year 4 E-rate funds requested and approved are \$3,026,392. Funds requested and not approved at this time are \$2,274,232. Projected revenues have not included any e-rate monies as the timing of receipt is unpredictable.

² Increase in Personnel line item is due to requirement to pay employer share of SURS and Group Insurance as payroll is funded through a non-GRF account. Actual salary amount has decreased in FY05.

³ Includes funding for in house and constituent training.

ILLINOIS CENTURY NETWORK

COST RECOVERY – FISCAL YEAR 2005 RECOMMENDATIONS

Submitted for: Action

Summary: With the implementation of cost recovery, ICN staff assured constituents that they would be given adequate notice of fiscal year costs for institutional planning and budgeting purposes. This item provides a recommendation for fiscal year 2005 cost recovery in order to fulfill the ICN's commitment to the constituents.

Action Requested: Approval of the fiscal year 2005 cost recovery recommendations.

Recommended Motion: *The ICN Policy Committee approves the fiscal year 2005 cost recovery recommendations as presented.*

ILLINOIS CENTURY NETWORK

COST RECOVERY – FISCAL YEAR 2005 RECOMMENDATIONS

Background

The enabling legislation that created the ICN (20ILCS 3921) was enacted June 8, 1999. As outlined in the legislation, the ICN was built on the foundation of the LincOn Network operated by the Illinois State Board of Education for four years prior to the creation of the ICN. The LincOn Network served a similar purpose, but focused on connectivity for the K-12 community. In addition to building upon and expanding the physical infrastructure of the LincOn Network, the ICN benefited from LincOn's experience and a core of trained technical staff.

To accomplish the goals of the state most efficiently, funding for the ICN was provided through appropriations from the state's General Revenue Fund (GRF). Initial funding was 12 million which was provided through the Illinois State Board of Education with an additional 15 million provided from the Illinois Board of Higher Education. By funding the network as a consortium, it was possible to avoid the complexity and inefficiency of sending targeted funds to each school system – money that would ultimately need to come back to the network to pay for its infrastructure and administration.

Using the collective resources provided through the two funding agencies, the ICN acted as a consortium for the benefit of all participant constituents. Contracts for equipment and circuits have been effectively negotiated to leverage the buying power of ICN constituents to attain better than market pricing across the board. Under the direction of its governing board, the Policy Committee, backbone circuits, equipment and Internet egress have been purchased to accommodate the needs of constituents statewide.

Initially, the ICN provided access circuits and premise equipment for higher educational institutions, libraries and museums. This practice was financially unsustainable as the network continued to add participating institutions with level funding. As a result, the Policy Committee voted on June 1, 2001 to discontinue the practice. Since July 2002, all constituents have been responsible to pay for the access circuit(s) and premise equipment required to connect to the ICN.

An additional outcome of the June 1, 2001 meeting was a mandate that ICN staff establish a long term funding model to provide baseline services and transit to primary constituents. The funding model was to employ a reasonable cost recovery mechanism such that the network would be able to continue providing services and expand as needed without creating impediments to educational use of the statewide resource. The ICN has benefited from generous but level funding from the State. The use of the network, however, has continued to grow month-by-month. Despite successful and continuing

efforts to reduce costs and streamline operations, it became apparent that it was necessary to establish an appropriate model designed to provide funding for bandwidth and services **above** what was possible with the level funding provided. An additional requirement for the funding model was that it provide the maximum benefit to primary constituents or the intended recipients of the legislative appropriation – defined in order of priority as K-12 schools, colleges and universities, libraries and museums. This model was approved on November 29, 2001 and was implemented effective July 1, 2002.

ICN’s cost recovery policy provides baseline services and network transit (baseline bandwidth) to primary constituents to support educational applications and delivery of educational content. Baseline bandwidth is what the legislative appropriation, combined with federal e-rate funding, makes possible for primary constituents. Additional bandwidth is available on a cost recovery basis. Baseline bandwidth allocations are calculated based on an educational institution’s student enrollment (K-12) or full-time equivalent student enrollment (higher education). Primary constituents without enrollment are allocated 1.5 Mbps of ICN bandwidth. Non-primary constituents pay for all bandwidth and services on a cost recovery basis.

What Funding Provides for Primary Constituents

Table 1 provides a breakdown of the cost components for a connection to the ICN and the paying entity.

Table 1
Major Components of Connectivity – Who Pays?

Premise Equipment	Circuit to CO	Circuit from CO to POP	ICN Bandwidth
Constituent	Constituent	T1 – ICN Other – Constituent	Baseline – ICN Additional - Constituent

Table 2 provides a breakdown for determining a constituent's baseline bandwidth. The breakdown reflects the current baseline bandwidth allocation.

Table 2
Baseline Bandwidth

Baseline Transit Amounts for Primary Constituent Direct Connections		
Institution(s) (FTE) Headcount	ICN Provided Base Bandwidth/Transit (Mbps)	Total Bandwidth
Less than 1,000	1.5 Mbps	1.5 Mbps
1,000 - 13,999	1.5 Mbps per 1,000 Enrollment or FTE	3 - 21 Mbps
14,000 - 22,000	1.0 Mbps per 1,000 Enrollment or FTE	22 - 30 Mbps
Additional Bandwidth Costs	Purchase at Fiscal Year 2004 Cost Recovery Rates listed below	Over 30 Mbps

Table 3 provides a breakdown of the current fiscal year bandwidth pricing. These rates apply to primary constituent purchasing bandwidth above their baseline and for all bandwidth purchased by non-primary constituents.

Table 3
ICN Bandwidth Pricing

Fiscal Year 2004 Bandwidth Pricing	
Bandwidth Available	Fiscal Year 2004 Cost per Mbps
Less than 10 Mbps	\$250
10 - 24 Mbps	\$225
25 - 44 Mbps	\$200
45 - 99 Mbps	\$175
100 Mbps and above	\$150

Bandwidth pricing and baseline bandwidth calculations reflect what is currently in place. Cost recovery policies enacted for fiscal year 2003 were modified slightly for fiscal year 2004. Minor modifications were made to baseline bandwidth calculations to provide incremental baselines for each 1,000 of enrollment. Bandwidth pricing was also adjusted to reflect reduced backbone and egress costs resulting from competitive bidding and negotiations with vendors.

Cost Recovery Results

As reported to the Policy Committee in November 2002, cost recovery has brought about the intended results. Cost recovery policies have precipitated better management and control of valuable network resources, particularly by institutions with residential facilities. When bandwidth was “free” there was little incentive to shape traffic or to place appropriate restrictions on bandwidth allocations in a campus environment. Cost recovery has provided financial incentives and encouraged careful consideration of bandwidth utilization by connected institutions. Colleges and universities have been “good neighbors” and found innovative ways to monitor and shape bandwidth offerings in order to preserve available bandwidth for instructional needs. Additionally, students in residential facilities have shown a willingness to pay for the bandwidth they use for non-instructional purposes. This model has provided the funding that colleges and universities require in order to purchase additional bandwidth from the ICN to ensure that each institution’s educational mission is accomplished.

The primary benefit of cost recovery is that rather than exhaust limited network resources, as would have been the case prior to cost recovery with no new funds provided by the legislature, increased participation and utilization of the network was accommodated in spite of level funding. Cost recovery funds ensured that a vehicle was in place to successfully replenish hardware, egress and circuits and thus ensure the continued viability of the network for all 5,700 plus participants. The result was an increase in overall network capacity that benefits all ICN constituents long term. Last year, cost recovery brought in approximately \$1,700,000. Table 4 provides a breakdown by constituent group of cost recovery receipts for the first quarter of fiscal year 2004.

Table 4
Fiscal Year 2004 Invoices
(First Quarter)

Sector	July	August	September	Quarter Totals
Municipal Governments	\$38,481	\$34,481	\$35,418	\$108,381
Public Colleges & Universities	32,224	27,054	41,986	101,264
Private Colleges & Universities	31,973	29,356	30,536	91,864
Other (not for profits)	29,340	25,223	19,001	73,565
Healthcare	15,667	12,391	12,841	40,898
Community Colleges	9,688	4,359	4,093	18,140
Public K12 Schools	3,540	4,202	4,523	12,265
State Agencies	1,645	1,408	7,408	10,460
Libraries	3,711	3,804	2,804	10,319
Private K12 Schools	1,677	2,056	3,077	6,809
Special Education Facilities	1,178	1,009	1,009	3,195
Museums	1,010	430	430	1,870
TOTALS	\$170,134	\$145,772	\$163,125	\$479,030

Despite adjustments to baseline bandwidth for fiscal year 2004 that resulted in increased allotments for many primary constituents and some slight reductions in cost recovery rates, the ICN is projected to recover approximately \$2 million in cost recovery in fiscal year 2004. The increase is primarily a result of the addition of non-primary constituents and increased bandwidth purchases by higher education and municipal governments. The expected increase by the healthcare sector has not yet materialized.

The increase in receipts from K-12 and libraries is primarily due to the launch of ICN centralized filtering services. ICN's implementation of content filtering is entirely self-funded. It is provided as a service to constituents that require filtering but cannot afford to purchase premise equipment. Many of these institutions have elected to filter because of federal requirements that accompany e-rate discounts on Internet access. ICN centralized filtering provides a cost effective means of preserving this important funding source.

Cost Recovery Recommendations for Fiscal Year 2005

The amount of baseline bandwidth provided to ICN primary constituents carefully balances school requirements and available resources. Educational institutions appear to have adequate bandwidth allocated for educational needs. Institutions that provide Internet connectivity to residential students usually purchase additional bandwidth, as anticipated, in order to compete effectively with other higher education institutions and provide services demanded by residential students.

Use of video, advanced applications that utilize Internet2 resources and other high bandwidth applications for education are expected to grow in the coming year and over the next five years. While it is desirable to increase baseline bandwidth to accommodate these applications, current funding is not adequate to permit increases at this time. ICN efforts to increase efficiencies and further reduce costs will be offset by increased utilization of existing baseline bandwidth currently available to primary constituents. ICN staff recommends continuing baseline bandwidth allocations at current levels for fiscal year 2005.

The fee structure for ports and bandwidth is also reasonable and appropriate given market comparisons. Neither reductions nor increases are warranted at this time. As mentioned previously, it is anticipated that increased efficiencies and efforts to reduce costs will be required to sustain current network operational levels and meet greater utilization of existing connections. If the ICN is funded at current levels, institutions that continue to grow in utilization must fund that increase accordingly.

It is important to note that ICN baseline bandwidth and cost recovery is not considered to be the primary impediment to greater participation in the network. Currently, the largest obstacle for many constituents is the cost of the access circuit required to connect to the ICN. A significant number of primary constituents are unable to afford the cost of access circuits adequate to provide even baseline bandwidth. This is the case primarily in areas where access circuits must be leased from several telecommunications providers to reach an ICN Point of Presence (POP). ICN staff has made substantial efforts to negotiate more favorable educational rates and has been

successful in some areas of the state. Staff continues to review pricing issues statewide with the intent to lower the cost of participation across the state.

Staff Recommendation

The ICN Policy Committee approves the fiscal year 2005 cost recovery recommendations as presented.

ILLINOIS CENTURY NETWORK

**ADVANCED ENGINEERING TASKFORCE
MEMBERSHIP UPDATES AND APPROVAL OF CHAIR**

Submitted for: Action

Summary: The Advanced Engineering Taskforce was created in 2000 with the charge to advise the management of ICN regarding advanced technology issues, reflecting on both the needs of the client community and the changes in technology likely to impact the market and education applications. This item recommends reappointments and additions to the membership along with the selection of a new Chair.

Action Requested: Approval of appointments to the Advanced Engineering Taskforce, the elimination of stipends, and the appointment of Gary Wenger as Chair.

Recommended Motion: *The ICN Policy Committee approves the appointments and associated terms of service as well as elimination of the current stipend for the Advanced Engineering Taskforce.*

The ICN Policy Committee approves the appointment of Gary Wenger as Chair of the Advanced Engineering Taskforce for a two-year term.

ILLINOIS CENTURY NETWORK

ADVANCED ENGINEERING TASKFORCE MEMBERSHIP UPDATES AND APPROVAL OF CHAIR

The Advanced Engineering Taskforce was created in 2000 with the following charge:

Advise the management of ICN about advanced technology issues, reflecting on both the needs of the client community and the changes in technology that are likely to impact the market and education applications. The timing of demand for new capabilities, assessments of the readiness of innovations for broad deployment and insight about which innovations are likely to be significant are important topics.

The committee is drawn from a wide group of knowledgeable individuals representing the diversity of ICN constituent institutions and the most advanced networking projects in the state. The members also have important relationships with other projects and help to identify opportunities for the mutual benefit of ICN stakeholders. The group makes its recommendations via the Director to the Policy Committee with response and recommendations by the staff. Recommendations are presented at least once a year in a timeframe designed to allow consideration of findings in conjunction with annually revised planning.

Membership

In selecting the membership of the AET, staff draws on a wide variety of institutions and seeks representation from the constituent sectors served by the network. Whenever possible, staff has selected members from organizations that are well known in the state or nationally and acknowledged as progressive in the field of networking. Ideally, AET representatives will have familiarity with technology issues, the evolving telecommunications industry, and educational policy considerations. The Director seeks recommendations annually from members of the Policy Committee and may identify candidates in particular sectors for consideration by the Policy Committee member that represents the same sector. The proposed membership roster is presented to the Policy Committee as a whole for confirmation and action. Members are appointed to three-year staggered terms.

A select number of ICN and Department of Central Management Services (CMS) personnel have served as staff to the AET to ensure that the taskforce has the resources

necessary to accomplish its mission. These staff members serve as valuable resources in discussions of operations and business issues and present an organizational perspective for consideration by the taskforce in its deliberations and discussions.

In response to vacancies, expiring terms, and under representation in particular sectors, the ICN staff recommends staggered three-year appointments for the following individuals:

1. Tony Daniels (replaces Tim Fox for the remainder of the 2-year term)
Network Engineering
Central Management Services
2. Charlie Campbell (new appointment) (2-year term)
Associate Director, Information Technology
Southern Illinois University

In addition, staff anticipates the future appointment of a representative from healthcare and state agencies. Staff is working with each constituency group to identify an appropriate representative.

Chair

As reported to the Policy Committee during the June 2003 meeting, George Badger resigned from his position as the founding AET Chair after three years of service. Staff has solicited recommendations and advice from current AET members, constituents, and members of the Policy Committee for consideration as a new AET Chair. After careful consideration, staff recommends Gary Wenger, Vice President for Information Technology, College of DuPage to serve as Chair of the AET. Gary is a founding member of the AET and has been a strong advocate of the Illinois Century Network. Staff recommends the appointment as Chair should be for a two year term.

Compensation

Historically, members of the AET were paid a moderate stipend in compensation for their time as well as reimbursed for travel expenses. Over the years, the stipend has been reduced as a result of budget limitations. While the ICN is appreciative and grateful of the time members dedicate to the Taskforce, budget realities dictate that the stipends are not possible at this time. Therefore staff recommends the elimination of the stipend and continued reimbursement for travel expenses.

Staff Recommendation

The ICN Policy Committee approves the appointments and associated terms of service as well as elimination of the current stipend for the Advanced Engineering Taskforce.

The ICN Policy Committee approves the appointment of Gary Wenger as Chair of the Advanced Engineering Taskforce for a two-year term.

ILLINOIS CENTURY NETWORK

CALENDAR OF MEETINGS

Submitted for: Action

Summary: The proposed calendar of meetings for calendar year 2004 is attached for review and approval.

Action Requested: Approval of meeting schedule for calendar year 2004.

Recommended Motion: *The Policy Committee approves the scheduled meeting dates for 2004.*

ILLINOIS CENTURY NETWORK

CALENDAR OF MEETINGS

The ICN Policy Committee adopted a meeting schedule of four meetings per calendar year, at 2:00 p.m., on the third Wednesday of the months of February, June, September and November. Following this formula, the 2004 meeting schedule would be as follows:

Wednesday, February 18, 2004
Wednesday, June 16, 2004
Wednesday, September 15, 2004
Wednesday, November 17, 2004

All meetings will be held in the conference room of the Illinois Community College Board office at 401 East Capitol Avenue, Springfield, IL. In anticipation of approval of this calendar, the dates have been confirmed with the ICCB. As always, special meetings may be called at any time during the year to deal with issues requiring immediate attention.

Staff Recommendation

The Policy Committee approves the scheduled meeting dates for 2004.

ILLINOIS CENTURY NETWORK

**NETWORK AND SERVICES UPDATE:
CLEAR CHANNEL FEATURE TARIFF NEGOTIATIONS**

Submitted for: Information

Summary: This item provides an update on the efforts and success of the staff in negotiating the removal of a separate clear channel service from all telecommunications tariffs in Illinois.

Action Requested: None.

ILLINOIS CENTURY NETWORK

**NETWORK AND SERVICES UPDATE:
CLEAR CHANNEL FEATURE TARIFF NEGOTIATIONS**

While researching telecommunications services available in Illinois for the document "Telecommunications Analysis: Availability and Pricing of Services for Illinois Education"¹ it was discovered that some Local Exchange Carriers (LEC) continued to apply tariffs that assess charges for clear channel capability associated with DS1 or T1 services. This is significant to ICN constituents because this type of circuit is the primary path for the constituent institutions to connect to the network. Equipment supporting clear channel capability became generally available in 1982 and telecommunications companies offering clear channel capability initially had additional costs for both equipment and technical resources required to configure the service. Clear channel service is now considered the default for DS1 circuits and ICN staff is of the opinion that the costs that justified the originally tariffed charges no longer exist². Clear channel charges, the LECs that assess them, and the approximate annual cost to ICN constituents and State Agencies are shown in Table 1.

Table 1
Estimated Annual Charges for Clear Channel Service

LEC	Non-recurring Charge	Monthly per Local Loop	Approx. Annual Cost
SBC	\$350.00	NA	Determined by qty. of new contracts.
Citizens	\$ 90.00	\$24.00	\$22,176.00
Verizon	\$ 90.00	\$24.00	\$157,200.00*

* Includes estimate of State Agency Frame Relay access circuits at \$48K

ICN staff met with representatives from SBC, Citizens and Verizon to discuss the elimination of these charges throughout the spring and summer of 2003. SBC agreed to waive the \$350.00 one-time fee for clear-channel for the ICN and its constituents. Initially Citizens and Verizon chose not to take any action and as a result the ICN filed informal complaints via the Illinois Commerce Commission's (ICC) procedures. As a result of the complaint, Citizens agreed to file tariffs to eliminate clear channel charges³. The Verizon response to the informal complaint indicated that the charges were valid and no action would be taken. Discussions with Verizon representatives continued and in October, Verizon informed ICN staff that in its June 2004 Federal Communications Commission (FCC) price-cap filing, monthly recurring charges for the clear-channel

¹ Available online at www.illinois.net/icc/.

² Depreciation and Economic Service Life periods, internal telecommunications company measures used to cost out services, have been reached.

³ The Federal Communications Commission (FCC) filing occurred in June 2003, the Illinois filing is pending and expected in the fourth quarter of 2003 or first quarter of 2004.

feature would be eliminated. An intrastate access tariff mirroring the FCC filing will be filed shortly thereafter (30 – 60 days).

ILLINOIS CENTURY NETWORK
**NETWORK AND SERVICES UPDATE:
BACKBONE UPGRADES**

Submitted for: Information

Summary: ICN staff is in process of upgrading capacity on the backbone network in order to meet constituent demand. This item provides an update on recent and planned backbone upgrades.

Action Requested: None.

ILLINOIS CENTURY NETWORK

NETWORK AND SERVICES UPDATE: BACKBONE UPGRADES

In early October, the ICN issued a Request For Proposal to upgrade two OC3 level circuits to OC12 capacity. The two circuits include the Bloomington to Champaign and DeKalb to Chicago legs. As reported during the September meeting, a circuit failure on the core OC12 backbone ring caused a serious disruption in service due to the lack of capacity on the Bloomington to Champaign circuit. These circuit upgrades will increase capacity from 155 Mb to 622 Mb per circuit. Proposals have been received from as many as five vendors and staff anticipates recommending an award later this month.

Staff is also in the process of upgrading the Quincy to Springfield DS3 to OC3 capacity. This circuit is due in May of 2004. No other backbone circuit upgrades are planned at this time for the remainder of the fiscal year.

Staff continues to evaluate the current Internet egress contracts and identify opportunities for cost savings. As a member of Internet2, the ICN is eligible to participate in The Quilt which is a project of the University Corporation for Advanced Internet Development. Quilt participants are non-profit advanced regional network organizations dedicated to advancing research and education in the United States. In addition to other services, The Quilt acts as a consortium with regard to the purchase of Internet egress. Quilt pricing for egress is far below what the ICN has been able to secure on its own through competitive bids. Through The Quilt, staff anticipates a cost savings for Internet egress of forty to fifty percent (40 to 50%). The ICN's participation with The Quilt will add to its buying power and further enhance The Quilt's ability to secure favorable pricing for its participants. While only two of the ICN's five Internet egress providers currently participate in The Quilt, staff anticipates using this pricing as leverage to reduce pricing with non-participating vendors.

ILLINOIS CENTURY NETWORK

EXECUTIVE SESSION

Submitted for: Information

Summary: A closed executive session is requested for the purpose of discussing personnel issues.

Action Requested: None.

ILLINOIS CENTURY NETWORK

EXECUTIVE SESSION

The Policy Committee will meet in Executive Session today. Under the Open Meetings Act, there must be a motion adopted in open session to authorize an Executive Session. A quorum must be present, and the motion must be approved by a majority of the quorum with a recorded vote. A quorum is present. I would now ask if we could have a motion and a second to authorize an Executive Session, as follows:

“I move that the Policy Committee go into closed Executive Session at _____ p.m., Wednesday, November 19, 2003 for the purpose of discussing Illinois Century Network personnel issues pursuant to Section 2(B)(1) of the Open Meetings Act.