

MINUTES
LOUISIANA OPTICAL NETWORK INITIATIVE
MANAGEMENT COUNCIL

February 22, 2011

The Louisiana Optical Network Initiative (LONI) Management Council (MC) met at 1:00 p.m., Tuesday, February 22, 2011, in the Board Room at Louisiana Public Broadcasting (LPB), in Baton Rouge, Louisiana. Mr. Charlie McMahon, Chair of the LONI Management Council, called the meeting to order. A roll call was taken and a quorum was established.

Council Members Present:

Mike Asoodeh
Ed Driesse
Laura Levy
Beth Courtney
Brian Voss
Ed Driesse
Donnie Vandal
Michael Stubblefield
Todd Barre
Joel Tohline
Dr. Rachel Vincent-Finley

Council Members Absent:

Lee Bairnsfather
Les Guice
Bradley Ebersole
Bob Fudickar
Greg Speyrer

Guest:

Lonnie Leger, LSU
Honggao Liu, LSU/LONI
Randy Ward, LPB/LETA
Mike Kling, CISCO
Angela Mastainich, BoR
Michael Gusky, DOA/OIT
Carl Brandt, LSU/LONI
Randall Walker, DOA
Derald Kirkland, DOA
Sam White, LSU/CCT
Steve Graziano, LPB/LETA
Bud Lanier, DOA
Neal Underwood, DOA
Carol Mosley, DOE

APPROVAL OF JANUARY 11, 2011 MINUTES

On a motion of Dr. Michael Stubblefield, seconded by Dr. Laura Levy, the LONI Management Council voted unanimously to approve the minutes of the January 11, 2011 LONI Management Council meeting.

NLR AND INTERNET 2 UPDATES

Mr. Charlie McMahon asked that Mr. Vandal give an update on NLR. Mr. Vandal reported that there was a meeting last week of the NLR board, which he did not attend. NLR continues to assess its situation and how it will evolve into the future.

Mr. McMahon asked Mr. Lonnie Leger to comment on the status of business with Internet 2 and our partner institutions in Mississippi. Since the meeting held in January in Jackson, Mississippi that Mr. McMahon, Mr. Vandal and Mr. Leger attended with Internet 2 officials and the Mississippi research institutions, there have been continuing discussions regarding Mississippi's opportunity to establish direct connection to Internet 2. These discussions have involved what it means to be an Internet 2 connector, what are the scope, responsibilities and costs of being a connector, and what that might mean for LONI. There has been no definite decision as yet by I-2 to invest in a route through Jackson, so the operational decisions are at least 16 to 18 months away. Mr. McMahon commented that such a new I-2 route could provide a third path for LONI to the Internet 2 backbone, but could also complicate LONI's relationship with the Mississippi institutions. From purely a connectivity stand point, more is usually better, especially if it can be gained at no additional cost.

Mr. Tohline asked about the previous discussions concerning a route through Arkansas and whether this new route through Jackson would be in place of the Arkansas route. Mr. Leger indicated that the proposed Arkansas route was an ARI application, which was not awarded. Internet 2 was awarded the US-UCAN BTOP grant which provided the opportunity for either a route from Memphis to Little Rock to Dallas or a route from Memphis to Jackson to Houston.

This presents the opportunity for Mississippi if the latter route is decided upon to gain direct connection to I-2 and it appears that it will be Mississippi's call as to which route I-2 pursues. Mr. Leger informed the Council that the I-2 officials have been very sensitive to our needs and how this opportunity for Mississippi could affect LONI.

Mr. Ed Driesse questioned how all of this would be paid for no matter what route was chosen. Mr. Leger responded that LONI already has connectivity through Mississippi and the discussion is about the route Internet 2 will take and how that could potentially benefit LONI. It was further clarified that once the BTOP grant is completed, in approximately two years, the costs are expected to be the same as they are now for Internet 2. However, if the Mississippi schools do assume a connector role with I-2 themselves, then LONI could lose the Mississippi schools as I-2 participants in LONI's connection cost support. This could result in both Mississippi and Louisiana paying more overall for their Internet 2 connections.

CHIEF ADVISOR REPORTS/RECOMMENDATIONS

Dr. Tohline reported that with some stimulus funding Xavier will be able to connect LONI. The grant and project consists of two parts: 1) funding for the cost to extend the LONI network to the campus and 2) funding for faculty to apply for grants to support students learning how to use computing services on the campus. Mr. Leger reported that stimulus dollars from the BTOP grant in combination with funding from the EPSCOR grant will provide the connectivity for Xavier.

Mr. Tohline also reported that due to concerns regarding the aging of the Queen Bee and other computing resources on the network, he and Mr. Voss have had discussions on how that could be addressed on the LSU campus specifically. With the current financial uncertainty, any proposals for external funding which require an institutional match would be difficult to pursue.

They will continue to monitor the equipment on campus and look for opportunities to address this need for an upgrade.

Mr. McMahon then raised the issue of the IBM P-5's, the first of the LONI computing capability, their age and their costly operating requirements. However, before any decisions can be made to decommission those machines, there needs to be a determination of current users and how their needs can be handled otherwise. Mr. Honggao Liu stated that Louisiana Tech researchers constitute about 70% of the P-5 use, and they would have to find another computing resource for their work. Mr. McMahon asked that an analysis of usage of those machines by campus be prepared with the goal that perhaps three of the five machines could be unplugged. Researchers using the machines must be consulted, however, to find out what their needs are and how they could be accommodated on other machines.

On a motion by Mr. Brian Voss, seconded by Mr. Mike Asoodeh, the LONI Management Council voted unanimously to have developed a plan to decommission three of the five IBM P-5 machines for consideration at the next LONI Management Council meeting. Honggao Liu and his team will discuss this effort with the researchers at campuses to determine the impact and the value of this approach.

EXECUTIVE DIRECTOR REPORT

Mr. Vandal has spoken to the Board of Regents concerning the Chief Technology Advisor position that needs to be filled but at this point with the host of other issues they are dealing with they have not had time to get that resolved.

Mr. Leger reviewed his standard technology report (see attachment) which reflects that LONI has partnered with OTM to release a Request for Proposals (RFP) for commodity internet services. Responses to the RFP are due March 15th.

Mr. Leger also reported that GEC, the engineering firm for the BTOP project, met the deliverable to prepare and submit the required Environmental Assessment (EA) for the project by the due date of January 31st. We are waiting to see if a FONSI, a Finding of No Significant Impact, will be released for the BTOP project based upon the EA report.

Mr. Leger also reported on developments with respect to the depletion of web addresses under the IPv4 structure and the conversion to the new IPv6. As a result of these forthcoming changes, it was decided that it would be of value to host a IPv6 class on May 16-20 at LSU.

Mr. Vandal and Mr. Leger reported on their recent visit to Louisiana Tech and their meeting with Dr. Les Guice. They then went over to visit the Cyber Innovation Center in Bossier Parish where they met with the staff of the center. The Cyber Innovation Center staff is very anxious to get connected to LONI, and they were pleased to know that the BTOP grant will make it possible. There are many projects the center is working on, one of which is with the Division of Administration on security issues. There are also many research projects that Louisiana Tech and the center will be pursuing once the LONI connection can be established by the BTOP project.

There was also a meeting last week with the Cancer Research Consortium to discuss their connection to the network, which will be another benefit attributable to the BTOP grant.

Mr. Vandal then reported on a meeting of the previous week with the Division of Administration and private providers concerning the BTOP grant and indicated there are a number of issues that need to be worked through. The private providers have concerns about how the BTOP project could impact them and their current business. Since Mr. Ed Driesse convened the meeting, Mr. Vandal asked him to relay his observations and concerns to the Management Council.

Mr. Driesse said he will break his comments into two groups: 1) LONI core or university/research 2) BTOP grant. Since the grant was awarded some fifteen months ago there has been continuing dialog about the grant. Mr. Driesse continued by indicating that the net of all the conversations to date, is the letter to interim Commissioner Tom Layzell, with a response back, and conversations about an Education Service Agency (ESA) designation for LONI. The possible roles as an ESA can be a number of different ones, and as it stands right now it has

caused the private sector to think that LONI will put them out of business. Feelings range from passionate to irate. Early on, there were meetings which produced a document establishing Guiding Principles that was to help everyone stay on the same page. Mr. Driesse indicated that in the beginning we had only 1 or 2 private providers involved, those from Telco providers that are in the state, we never had a quorum if you could call it that. We needed to have a public meeting where all of them could come and voice their concerns. Many came to the meeting I had last week, both big ones and small ones but certainly not all of them. Their concern was where LONI was going outside the university/research with the BTOP grant. The fundamental thing that needs to be addressed by the council is the education network piece and then you have your university/ research component. Mr. Driesse added that in his view this is extremely serious to the point that there are so many people upset about this it puts the LONI core in jeopardy. He stated that he had rescinded all delegations of authority until such time as the issues with LONI have been worked out. With the direction of Commissioner Mr. Rainwater, the Ethernet RFP that had essentially 70 or 80 schools connecting to the LONI backbone has been cancelled. It is now getting the attention it needs. Mr. Driesse, said that he believes that this is a policy decision, not a technical one, which he was put in the middle of, to get everyone to work together which seems impossible at this point or even to make everyone happy. Thought needs to be given as to how LONI is going to work with the private industry and make it a partnership verses a takeover or causing them to go out of business. This board needs to chime in as to what the scope is going to be or should be for both pieces that I have articulated.

Ms. Courtney then inquired as to how this is being handled in other states that have the BTOP award. Mr. Driesse, responded that no two states are handling it alike; Wisconsin gave the money back and it ranges to Telco partnerships in a state and everything in between.

Mr. Leger commented that there are some groups out there that are very closely related to our structure in K-12 and some that have no idea what to do either.

Ms. Courtney then asked about other in-state awardees and what they were doing in handling the BTOP award. Any policy issue should be handled uniformly.

Mr. Driesse indicated that the meeting he had convened ended with Commissioner Rainwater saying we would meet again in 6 or 7 days, but Mr. Driesse said he doesn't intend to meet again until there is something tangible that can be presented. He indicated that he needed 6 or 7 bullet points before he would call another meeting to address issues.

Mr. Tohline said that, although he was not involved in the development of the BTOP proposal, he has been a member of the Management Council the whole time and understood the rationale for the project. He recalled being concerned that this grant/project could result in broadening the scope of LONI's mission, but that he became convinced that we should give it a try because he realized that there are just some regions of the state geographically that are just not being served well. And, K-12 education is being affected quite a bit by that, so the question is on what time scale will this be addressed by someone. He said he remembered thinking either the private sector or the public sector needs to address this, but came to the conclusion that until it became financially viable the private sector would not tackle it because it is fairly expensive to get the backbone out there. He began to like the idea that if LONI was to provide a core backbone then it helps the private sector get closer so that the last-mile cost is manageable. That would be really great for the State to provide and we, LONI, has the technical knowhow to provide that.

Mr. Driesse said those were excellent points, but that arguments from private industry are: they are taxed, the State is not; it is not a level playing field in terms of being competitive; and, of course, the majority of cost is in the last-mile. Mr. Driesse did acknowledge that LONI has said that it will not get into the last mile except if there is no one else there. That's the problem, the word except and how loosely will that be managed. These are not easy issues and

the thing of it is and the policy issue is, at a very high level, do we want the State to be in this business or not - yes or no?

Dr. Stubblefield asks whether we can request the private sector to provide us some type of solution statement, suggesting how they propose to address these concerns. Dr. Stubblefield stated that he is from that rural part of Northeast Louisiana and he understands that providers are not going there tomorrow, so he would prefer to see some solutions. He reminded everyone that the Louisiana Broadband Alliance has joined together and competed for some dollars to actually connect that part of the state. He is very interested in terms of solutions that address not what we can't do, but how we can partner together to get it done. If there are issues from the private sector as to what we cannot do, that we are infringing on some particular rights, there must be some type of solution or some point of the conversation that allows us to go forward from here and that would allow us to address all the bullet points that Mr. Driesse raised.

Mr. Driesse then stated that he didn't think that one side or the other by themselves can come up with a solution that is going to be workable for everyone. He thought it had to be done jointly.

Dr. Stubblefield indicated that he didn't know what the particular concerns are and that he needs something written up.

Mr. Driesse thought the meeting minutes were as good as we have right now in terms of what the private providers' concerns are and that he had published it on the DOA website.

Dr. Stubblefield indicated that he was willing to admit to concerns but that he was also saying that he wanted to know what was their strategy to address the issues.

Mr. McMahon then indicated that he appreciates Ed's comments, thinks this is very serious for us, and reiterated what Ed had said, this is not a technical issue, it is a policy issue. It is serious enough that I think it can fundamentally threaten the existence of LONI. Mr.

McMahon then described what he thought were the fears that the private Telco's have about

LONI's presence in this matter. Granted, this is in a limited area of the state because the project fiber path does not go over the whole state. It does go into some poor parts of the state where services are sparse, and services in those areas are primarily supported by E-Rate monies. If a school in one of those underserved area in the state need services, then they put out a request for services and providers supply those services with the costs of those services largely subsidized by E-Rate monies. It's a good workable program. The concern is that if LONI has a backbone presence there, the school district then has the options to either continue using their legacy Telco provider or to use someone that is not in the market now but that has been enabled by the LONI backbone fiber, or even to possibly use LONI itself. The provider that has historically received those E-Rate dollars may find themselves out in the cold and may lose that revenue. Part of what bringing the backbone fiber into these areas does is it makes it possible for more competition to exist in those areas. So their fears are not unfounded and I am fairly certain that it is not our intent to go in and put anyone out of business.

Mr. Driesse added that this might be a natural consequence. On the other hand this is going to change the dynamics in some of these market places.

Mr. McMahon continued, that there are players who are not in these areas now, but after this is built, can come in and takes advantage of some of the dark fiber that has been installed and begin extending services into areas where they were not competitive before. Without LONI they wouldn't be there and this market would not have been disrupted. The trick is how to find a way to fulfill the obligations under the BTOP award, which is to extend service into some of the anchor communities in the area and also to have a partnership with the private players. It may be politically necessary for us to have some type of accommodation, yet fulfills the BTOP requirements, and is legal. Mr. McMahon indicated that we would probably have to have the Attorney General's office get involved to determine what is legally possible. Mr. McMahon indicated that he thought those kinds of accommodations would be acceptable if the core mission

of LONI could be preserved, the requirements of the BTOP program could be fulfilled, as long as those were legally possible.

Mr. Driesse remarked that Mr. McMahon has a very good point and that he thought that looking at it from a legal standpoint was smart.

Mr. Driesse, reiterated that he is in the middle on this issue. He added that he thought that nobody wants to go back. The problem is the project has gone fifteen months and he expressed concerns over the schedule and the chance that the money could go back because of the schedule. And, there are issues that may impede the schedule. He again said that this is something that must be jointly worked on and it has got to be resolved. At the end of the day not everybody is going to be happy. Hopefully we get it right for the majority and the needs of Louisiana are served, that's what we are all after.

Mr. Voss addressed Mr. Driesse by expressing his strong appreciation for the position he is in. However, he sees actions like pulling back on delegations of authority as things that Ed has to do, but inquired as to whether there is any way we can sit down and work this out.

Mr. McMahon suggested that it has to go back to a legal framework that defines what can be done in terms cooperative endeavor agreements, sales or leases of State own assets, and set a tone for the negotiations with the private sector.

Mr. Tohline inquired as to whether the incentives to reach a settlement on this should be all in one direction. If so, that doesn't influence the private providers, since the ones complaining perhaps would be happy if the BTOP money would just go back. So where's the incentive for them to work with us.

Mr. Driesse, responded that what he was hearing is that the private providers are out to avoid redundancy so why not compliment what LONI is doing. Their incentive could be to work with us so they can benefit from the project as well. But we won't know until we sit down at the table and try to actually put pen on paper and write an agreement.

Mr. McMahon added that there is one thing that has been a problem with the small carriers since the beginning, and that is LONI basically does business under state contracts, so when we go out and look at connecting a community technical college or if we talk about a K-12 school or library, the mechanism that we use to get that connectivity is through an existing state contract. Almost none of the small carriers have been willing to go through the process of getting on a state contract. We have been limited in what could be pursued with the small service providers.

Mr. Driesse agreed that one of the things that has come up in the meetings is the thirty day cancellation provision which hampers the smaller Telco's who don't have the financial means to gamble on a contract cancellation. There may be some changes that need to be made. Mr. Driesse indicated that he is open to anyone's suggestions or comments.

Mr. Mike Asoodeh offered an observation as one of the four individuals in the room that was involved in the writing of the grant, that he agrees with everything he saw on the video at the beginning of this meeting that makes the case that the state needs to insure that education content is delivered where it needs to be. The issue is however, that regardless of how poor the service is to those schools currently, the current providers are the ones who responded to the schools with service offerings, and those are the same providers that are really nervous now. What they are concerned about is that the larger providers are sitting in the background, waiting for this backbone to be in place to move in. Maybe some type of preference could be provided.

Mr. Driesse indicated that the lightning rod for all of this lately has been the ESA designation which, and I understand LONI is not going down this path, but it allows you to be a "State Telco".

Mr. Leger inquired as to what was meant by that.

Mr. Driesse indicated that it meant that LONI could be a State service provider.

Ms. Carol Mosley responded that was not what was being asked for in the ESA proposal.

Mr. Driesse stated that the ESA definition allows LONI to get into the private providers' business and that's what they are concerned about. He suggested that perhaps a part of this designation could be a legal agreement that removes that possibility, but it should be understood why the private providers would be concerned.

Ms. Courtney asked if isn't part of the problem that the negotiations are with a different group of people every time. There isn't one collective group, there are different little individuals that pop up, you respond to one individual and their concerns, you try in good faith to talk with them, and then another person shows up so what we have to do as a policy matter is say what we have to achieve is quality service to improve the life of people in Louisiana and we want to partner with private industry and we're setting forth this legal frame work. This legal frame work will recognize the fact that there have been legacy providers that have made an investment. So if it's allowable they get points like in a grant application. We acknowledge the fact that you have been a legacy provider. It needs something like that, that lays out very clearly so that you are not responding to each individual, to all these people. I can tell you with the Broadband council meeting everyone is competitive with one another, we deal with all these people all the time, we're forever negotiating, one cable company over here that will carry HD and not other signal and U-Verse will do it and not do it with the federal things that come in, they're at each other's throats right now with mad dog competition with one another so clearly we can guarantee that someone's not going to be happy as you said. So all we can do as policy people is try to do the right thing.

Mr. McMahon suggested that while he agrees with Ed that there are private constituents that we need to make as happy as we can, what really needs to happen is to come up with good solid policy and have agreement within the administration on that policy.

Mr. Driesse agreed that once we've got the policy agreed to and the frame work for executing that policy agreed too then we have a path forward.

Dr. Stubblefield then questioned Lonnie regarding time-frames and what delaying further action pending development of a policy could mean.

Mr. Leger said that one of the windows that was targeted was the E-Rate cycle, which occurs once a year, but which ends March 25th. The ability to participate in any way in that cycle is gone. As far as the BTOP project is concerned, Mr. Leger didn't think the policy issue will affect the timeline for it. The construction is expected to start no later than the first week in October, and services across any part of the network expansion will not be possible for at least 90 days beyond that point. The beginning of 2012 is expected to be when the first uses of the new network are likely to occur.

Dr. Stubblefield asked the Department of Education officials if there are any particular dates or junctures that are critical to the department.

Ms. Mosley indicated that the ESA and its related topics have nothing to do with the broadband project and whether that fiber is installed. The ESA designation for LONI was solely as an "applicant", not a provider, and clearly defining LONI not to be a last mile provider. DOE was looking at LONI solely to help us procure services from the private market and for getting E-Rate discounts for the charges for those services.

Dr. Stubblefield asked for clarification that this has nothing to do with the BTOP project at all and Ms. Mosley so indicated.

Mr. Driesse disagreed with Ms. Mosely.

Mr. Vandal then added that Ms. Mosely is correct in that the Invitation To Bid (ITB) did not immediately relate to the BTOP project and that is part of what is contributing to the concerns on the part of some of the private providers because doing what Carol is suggesting without the BTOP project in place advantages some providers and disadvantages others. Some of the smaller providers said, "I can't bid on that RFP because I don't have the connectivity capability at this point." With the BTOP project in place, then they could.

Mr. Driesse then raised the operational side of things, and particularly the sustainability issues. He stressed that knowing that we can replace equipment at the end of the life cycle is absolutely essential.

Dr. Stubblefield asked for a summary of what would be the next steps.

Mr. McMahon indicated that there are two separate questions that need to be dealt with: 1) how can some of our smaller private carriers be enabled; that is how a mechanism be set up for them to connect their customers into LONI; 2) how can the private carriers, both large and small, be given access to the backbone assets that are being put in place with the BTOP project.

Dr. Stubblefield asked whether the private stakeholders should be involved in terms of the policy creation.

Mr. McMahon stated that while he thought there is a role for the private sector to communicate their issues to us, he really felt this is an internal issue with the Division of Administration.

Dr. Stubblefield inquired as to whether some type of motion should be considered to encourage the two groups to get together.

Mr. Vandal indicated that he had suggested to Mr. Driesse that involvement from the Management Council membership could be useful, and that the Department of Education needs to join us and Ed, or some of Ed's staff, to develop and lay out some policy options to begin to address what the privates' various concerns are. I think we will have to go through some process of negotiations to get them to buy in to a solution. Mr. Vandal agreed with Charlie McMahon that process needs to start on our side in terms of coming up with what we think we can live with, what we think will pass muster with fulfilling the grant requirements, that is legal and doable, and hopefully provides some financial stability for whatever our involvement might end up being.

Mr. McMahon added that we've also got to assist the administration because we can't have an important constituency like these small providers as unhappy as they are now.

Mr. Asoodeh asked whether LONI had now become a K-20 network.

Mr. Vandal stated that was really what was expected to be part of the discussion of the ESA designation with the Board of Regents. This discussion was started at the last meeting of the Board of Regents by Superintendent Paul Pastorek, and there was to be a subsequent technology committee meeting where that was going to be elaborated upon, but it was decided that the discussion should be put on hold given all the other events. Mr. Vandal indicated he thought that the Board of Regents, in consultation with the State administration needs to make that call.

Mr. Asoodeh questioned whether the Management Council had already become a K-20 council.

Mr. McMahon said he thought that the council has a higher education focus, but that through the operation of the network, there could be an extension of that so that K-12 could connect, which is different than having a focus on the K-12 initiatives. He added that he was not sure we want to broaden our scope so that we're in the K-12 business. Providing connectivity to K-12 is operationally a much different thing and fundamentally no different than what we're doing right now; it's not so much an expansion of scope as it's an enlargement of our network operations.

Mr. Driesse inquired as to what the grant said about K-20.

Mr. Asoodeh responded that the grant said that the network would be extended to K-20, but did not address the LONI Management Council.

Ms. Courtney added that the thought behind the broadband alliance was that there should not be silos of education in learning. The whole idea is to be cost effective in the uses of technology in education at all levels.

Mr. Derald Kirkland, with OTM, observed that for current connectivity by a technical college or a school to LONI in a metro area is through a circuit ordered through OTM where the private carriers provide that last mile circuit. In any city where there is a POP for LONI, they can connect to any other internet carrier. It is the private carrier who actually makes that last mile connection. His understanding was that the intent of the BTOP award was to level the playing field into the rural areas or the un-served areas where you can't currently make that connection to LONI. So you would have a backbone connection in those areas allowing those rural carriers the same opportunities as the metro carriers have to provide a new service by connecting LONI to a school.

Mr. McMahon reminded that there are some contractual issues with that because many of the small carriers, even though they're the only material player in some of the rural areas, they are not available on state contract to be chosen. He thought there might be some things that we could do in that regard to help them, but that would be done outside of LONI service.

Mr. Kirkland stated he thought that the Division and the Board of Regents, and all of the Louisiana Broadband Alliance group, should be encouraged to try to work together to solve the problem because the intent of BTOP was to bring equal opportunity to everyone so that everyone has the broadband potential and anybody can have the same connectivity in a large city or small rural area. He added that to see this thing derailed and to miss the point of the original mission because we can't decide the policy issues would be a true travesty.

Mr. Leger stated that the RFP that got released was fashioned to achieve that since it was structured by address and in a way so they could compete in one response covering every locality. It was designed to acquire services needed in the last mile.

Mr. McMahon observed that some may not have the sophistication to respond to those kinds of RFP's and Mr. Leger responded that maybe there should have been a bidders conference to explain the RFP.

Mr. Kirkland thought it was the two bids together that drew attention. Connecting local schools to LONI wasn't a real big concern, but that in conjunction with the big commodity internet bid by the State and LONI raised fears that the private providers could lose revenue generated by the provision of internet services. They've got to look at the big picture and that's what they are suspicious of - what is LONI? Is it for research only? Is it a service provider? Is it an applicant only? All of those issues get rolled together, and when you throw the ESA designation then it appears LONI can do anything.

Mr. Tohline added that one thing he was still confused about was the E-Rate issue. Since LONI is as an organization that is looking for life cycle funding and operational costs to extend LONI out it must have a source of funding. He thought that E-Rate was a potential source of funding. But, he asked, does that automatically mean that somebody else isn't getting the E-Rate funding or is it that there is going to be just more E-Rate funding available now.

Mr. Leger responded that upon hearing the concerns from the private sector there was a switch to an applicant roll. As an applicant, discounts in the purchase of services are obtained. In Louisiana it is about an 85% discount on costs that can be achieved. While it is just a proportion of total costs and based on what proportion service to K-12 is of the total, it can represent a significant reduction in the cost base of all the things that are part of the network potentially.

Ms. Mosley added that it's only for the services that are bought from the private sector.

Mr. Vandal explained that there are two different possible roles: 1) as a provider of services who is getting compensation in actual E-Rate funding; 2) the other is as an applicant, in conjunction with Department of Education, and on behalf of the K-12 schools that buys services at discounted rates. In that case, the funding goes to the private providers because services are being bought from them.

Mr. McMahon added that it is expected that there could be more dollars coming to Louisiana if this was handled in a coordinated fashion. He added that almost three years ago a

review of dollars per student received by Mississippi where it is handled in statewide coordinated approach, indicated that Mississippi was receiving dramatically more per student than Louisiana. Mississippi is receiving much more just because they are doing a better job at coordinating the E-Rate activities.

Mr. Kirkland added, however, that to be fair, Mississippi is using service providers for their entire infrastructure.

Mr. Driesse added that although he had been here only three years, that the Management Council has been a party to a lot of good things that have happened for the state. He added that he thought there could be a backlash for the LONI core as a result of all of the questions surrounding the BTOP. It's important to not make a big mistake.

Mr. McMahon then stated that he would like to bring the meeting to a close and suggested the council move quickly through the last agenda items. No further business was discussed.

ADJOURNMENT

There being no further business to come before LONI Management Council, the meeting was adjourned at 2:49 p.m.