Broadband Task Force
(Established by Act 2, Session Laws of Hawai`i 2007)
State of Hawai`i
www.state.hi.us/auditor

Minutes of Meeting

The agenda for this meeting was filed with the Office of the Lieutenant Governor, as required by Section 92-7(b), Hawai`i Revised Statutes.

Date: Tuesday, January 8, 2008

Time: 1:30 p.m.

Place: State Capitol
                415 South Beretania Street
                Conference Room 312
                Honolulu, Hawai`i

Present: Chair David Lassner, University of Hawai`i
                Vice Chair Nam Vu, ShakaNet, Inc.
                Gordon Bruce, City & County of Honolulu
                Gary Caulfield, First Hawaiian Bank
                Senator Will Espero, The Senate
                Senator Carol Fukunaga, The Senate
                Senator David Ige, The Senate
                Joel Matsunaga, Hawaiian Telcom
                Clyde Sonobe, Department of Commerce & Consumer Affairs
                Representative Kyle Yamashita, House of Representatives

                Marion M. Higa, State Auditor, Office of the Auditor
                Sterling Yee, Assistant Auditor, Office of the Auditor
                Pat Mukai, Secretary, Office of the Auditor

                Robert Doeringer, RHD Consulting, LLC
                Burt Lum, Hawaiian Telcom
                Karian Flyer, Capital Consultants
                John Nichols, Henkels & McCoy, Inc.
                Marlon Wedemeyer, HENC
                Kiman Wong, Oceanic Time Warner Cable

Excused/   Jennifer Goto Sabas, Office of Senator Daniel K. Inouye
Absent: Representative Marcus Oshiro, House of Representatives
                Henk Rogers, BluePlanet Wireless
                Nate Smith, Oceanic Time Warner
                Representative Gene Ward, House of Representatives

Call to Order: Chair Lassner called the meeting to order at 1:42 p.m. at which time quorum was
                established.

Chair's   The Hawai`i Broadband Task Force Initial Report was sent via hard copy and
Report: electronically. Also, the report is posted on the HBTF website. Pacific Business News did
                a brief article on the report.

                Minutes of previous meeting

Member Caulfield moved to approve the minutes of the November 29, 2007 meeting, seconded by Senator Espero. The motion was unanimously carried.

Working Groups:

Member Sonobe did an update of his working group, "What Other States Are Doing." In December, Marlon Wedemeyer, HENC, met with Ms. Ann Neville from the California Broadband Task Force. She was very informative in how California approached their study. In a prior meeting, Senator Fukunaga mentioned that the California draft report was online and accessible through their website. When Ms. Neville notified us, she said their final report will be very much different from what is posted on their website currently. She mentioned an early to mid-January release, as their final report will be a bit more comprehensive. She also mentioned the fact they did consider using the services of Connected Nation but they felt that because of the size of California and the activities and experiences of Connected Nation, they chose to do their own actual fact-finding and data gathering. Although they are doing it in-house, they are taking the same approach, trying to map areas of their state that have access to broadband and the areas that do not. They are also attempting to identify the issues that are preventing deployment in those areas. Ms. Neville mentioned California is focusing on their primary objective, access to broadband for the residences. But they are also looking at economic development issues as well as build out of their infrastructure. We are looking forward to seeing the report. The working group will also be doing followups with Ms. Neville as our activities progress during the year. Regarding Ohio, because Connected Nation recently contracted with Ohio, it would be best to contact Mr. Brent Legg of Connected Nation. Lastly, the working group will be following up with North Carolina as well.

Chair Lassner mentioned getting an estimate from Mr. Brent Legg. He agreed to give us an estimate and will share that with the task force members. Roughly speaking, the estimate was $115,000 to do an initial mapping similar to what we saw for other states. This would include a year of quarterly updates. Mr. Legg also estimated $115,000 for the demand side survey of adoption uptake. These are informational numbers and obviously, if the task force were to decide it wants to do that, we would need both the funding and to go through the procurement process to select an entity. The selected entity may or may not be Connected Nation. At this time this gives us a feel for what it would cost for our planning purposes.

Presentation:

Mr. James Hettrick, CEO of Information Systems Management Solutions, Inc. gave a presentation to the task force. He was introduced to the task force by Henkels & McCoy. The focus of this presentation is on ways in which fiber can be deployed to the home. Mr. Hettrick has been working in a number of communities at the community and development levels. Previously, Mr. Hettrick was the Chief Information Officer of the City of Loma Linda, California for eleven years. During his tenure, they built a fiber-to-the-home network. He will talk about a few of the items regarding the city of Loma Linda, the developers involved and their strategies. Mr. Hettrick left the city of Loma Linda about a year ago, and has been working with other cities. He has also been working with developers and utilities, both for connectivity as well as supporting the utilities for power.

The company is described in a unique way: it is a Telecommunications Ecosystem Architectural firm. The idea is to work through the issues of what it takes to design and deploy fiber-optic and wireless infrastructure for future generations, and data services. This is done through a process called a comprehensive communication planning process. This process includes everything from financial modeling, business planning, strategy, infrastructure, communications master planning concepts. This all boils down to economic development. This is the only reason that communities, states and counties are working through this process. They know they need to do economic development to stay competitive in the global economy.

Mr. Hattrick's PowerPoint presentation is available for download at the Auditor's website at: www.hawaii.gov/auditor. It is listed under the Hawaii Broadband Taskforce and is titles "ISMS Presentation."

Discussion: Chair Lassner asked Mr. Hettrick how he worked with for the municipalities, phone companies, and cable companies. These companies are essentially incumbents who are used to controlling all their resources. Mr. Hettrick replied, the key strategy is to try to enable and be successful. The issue is, once the model is put together and services are defined, it is really an offering you can provide. If they are willing to provide, all will have the ability to ride those networks and have an incumbent (either cable tv or phone company) that doesn't abuse its power or strength. The issue is timing. It takes years to build community networks and it takes years to figure out how to get good customer service.

Chair Lassner stated, for existing communities this would become yet another pipe to each entity. Mr. Hettrick said, we are in a unique spot because the infrastructure that we have needs a lot of work. They know they can't necessarily do that in maintaining profitability. You can offer a means of partnership to be able to get a well-designed infrastructure for local purposes as long as they have commitment. The issue really is about customer service and making sure it is profitable. We need to be sure if a company does well, they stay alive and well in the community.

Member Matsunaga asked who owns the community network. Mr. Hettrick responded, it depends on who wants to go through the investment strategy with independent investors who own parts. In another scenario government can own all of it, or you can split ownership with an incumbent. It can be any sort of combination of ownership. The architects who design it can separate those physical structures if they need to enable that. Different ownership strategies are being set for different reasons, for different communities. Community networks create a new fertile field of new technologies because you are between the internet and the user. New technologies will change things. On the economic side, ownership is something that the plan draws out.

Member Matsunaga stated, if one provider were to build it, where do you get the capital. The most expensive component is to build it. In terms of sharing it, if it is a provider, there is no incentive for them to share it after they have incurred the cost of putting it in the ground. Mr. Hettrick replied, this is why community networks done by local government dollars and other investors in the local community have the ability to share it fairly.

Chair Lassner said management of layer zero is isolated from services. So, it is built as a shared network. Mr. Hettrick explained, they have commitment from investment groups to build community networks. Dollars are not the problem. The problem is they want an assessment to understand what the community is committed to before they put in their investment money. If the plan is there and they believe in the plan, they will invest the dollars, just like any other investment. Your contribution to the investment becomes what you are able to enable. This is why infrastructure is so important.

Other: Senator Fukunaga proposed briefing dates – briefings with the idea of elevating the understanding within the Legislature about why broadband matters. We were discussing beforehand, the possible difficulties in achieving quorum. We might make these information briefings rather than have them as formal meetings.

Senator Fukunaga said a lot of the background from the proposal came from some of the people who contributed to the working group discussions. What we are proposing is inviting people who have contributed previously to help get other people that we should be hearing from and look to see if we could develop some application briefings. These briefings may be sight demonstrations or video presentations. Dr. Stan Saiki has talked

about the e-health applications that are going on involving Tripler and the federal agencies. If the timetable looks like it might be workable, we could partner with a number of the legislative committees so we could also have an opportunity to encourage dialogue between task force members and the Legislature.

The next meeting is scheduled for Thursday, January 31, 2008 at First Hawaiian Bank. The Guest speaker will be Tim Bajarin of Creative Strategies.

Adjournment: With no further business to discuss, the Chair adjourned the meeting at 2:50 p.m.

Reviewed and approved by:

Sterling Yee
Assistant Auditor

January 29, 2008

[   ]   Approved as circulated.

[   ]   Approved with corrections; see minutes of _____ meeting.

Broadband01/08/08