

WASHINGTON SCHOOL INFORMATION PROCESSING COOPERATIVE
BOARD OF DIRECTORS MEETING

VIDEO TELECONFERENCE

Wednesday, November 7, 2001 ♦ 10:00 A.M.

VTC Locations

**ESD 101 – ESD 105 – ESD 112 – ESD 113 – ESD 114
ESD 121 – ESD 171 – ESD 189 – Pasco S.D. – WSIPC**

1. Call to Order

The meeting was called to order at 10:00 A.M. by the Chairman, Dr. Twyla Barnes. A site roll call was conducted and the Chairman confirmed that a quorum was present.

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| ESD 101 | -Dr. Terry Munther |
| ESD 105 | -Barry Blaine, Vice Chair |
| ESD 112 | -Dr. Twyla Barnes, Chair |
| ESD 113 | -Keith Lowry, Dr. Robert Kelly, Executive Committee Chair |
| Olympic ESD | -Dr. Walt Bigby |
| Puget Sound ESD | -Harvey Erickson |
| ESD 123 | -Dr. Marilyn Baker |
| North Central ESD | -Joel Thaut |
| WSIPC | -Jeff Conklin, Executive Director |

WSIPC Staff and Guests:

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|-----------------------------|--|
| ESD 105 | Bill Tilton |
| ESD 112 | Marge Cartwright |
| ESD 113 | Dr. Gary Livingston |
| Longview SD | George Heaton |
| NWRDC | Judy Wall |
| Two Medicine Communications | Len McComb (@ ESD 113) |
| WSIPC | Pamela Allen-Bowles Mark Caldwell |
| | Denny Conrad Janell Gilmore |
| | George Horner Joe Kinnikin |
| | Todd LaGreco Jerri Matson |
| | Jim Schwob Teresza Thomas |

2. Review VTC Protocol Guidelines

Chairman Barnes reviewed the protocol guidelines with the attendees.

3. Approval of Minutes/Consent Agenda

A. Approval of the Minutes of the October 2, 2001 Joint Meeting

“Bigby moved, seconded by Baker to approve the minutes as presented.” Motion carried unanimously.

B. Consent Agenda

- 1. Financial Reports for September 2001 and August 2001 Final***
- 2. Personnel Report as of November 1, 2001***
- 3. Out-of-State Travel for November 2001***

“Thaut moved, seconded by Lowry to approve the Consent Agenda as presented.” Motion carried unanimously.

4. Reports from the Director and Staff

A. Financial Reports for September 2001 and August 2001 Final

Janell Gilmore, Financial Systems Analyst presented a summary of the financial reports. As of September 30, 2001, WSIPC was at 18% and 16% of budget for revenues and expenditures respectively. Additionally, accounts receivable at month end was significantly higher - all due to school districts' subscriptions to MS School Agreement. The cash balance as of August 31, 2001 made it possible to provide the service to the school districts of paying \$1.32 million for the School Agreement licenses up front as required by the contract. As of November 6, 2001 we have collected 88% of what was paid out on School Agreement.

The cash balance as of September 30, 2001 in the amount of \$1,428,676 consists of \$209,535 for operations and \$1,219,141 for the projects account. The target end of year cash reserve is \$1,084,242.

The final results for the fiscal year that ended August 31, 2001 reflected revenues at 101%, and expenditures were at 95% of the Revised Budget including year end accruals. This resulted in expenses exceeding revenue by \$1,111,899, consistent with the budget decision to utilize cash and fund balance accumulated in prior periods.

The Projects Account ended the fiscal year with a budget balance of \$413,708. Given that this account is a multi-year account, the budget balance has been forwarded to the 2001/2002 fiscal year, and will be reflected in the reports beginning in October 2001.

The final cash balance for WSIPC as of August 31, 2001 was \$3,132,191, including \$1,149,806 for the Projects Account and \$1,023,784 for the end of year cash reserve. Again, the undesignated cash that was available at year-end made it possible to pay for the MS School Agreement 1.0 subscriptions, as illustrated on the September balance sheet.

Chairman Barnes asked if the members had any questions regarding the financial report. None were received.

B. Personnel Report as of November 1, 2001

Jerri Matson, WSIPC Executive Assistant, presented a summary of the personnel report. Page one of the report reflects budget vs. actual information as of November 1, 2001. WSIPC had one internal hiring action and as a result the vacancy rate is unchanged from last month. WSIPC continues to be staffed at 87%. Page two of the report reflects the payroll changes that were approved as part of the consent agenda. Page three lists the contractors currently assisting WSIPC with enhancement projects.

There was a call for questions, none were received.

C. K-12 E-Education: Technology Framework

Jeff Conklin, WSIPC Executive Director, provided an overview of a Gartner Group white paper on the K-12 E-Education Technology Framework. The framework provides school districts with an internal structure to plan, implement and support an e-education strategy – that is, the client-centered, Web-enabled delivery of information and services. Three major systems are defined and used to tear down silos of school system technology by eliminating conflicting strategies, duplication of effort and incompatible technologies. The functions are grouped into administrative, curriculum and instructional support, or communications and delivery systems. The paper advocates a CIO cabinet position that holds the functional groups accountable for staying within the bounds of their own area. This framework provides a good explanation of the roles of WSIPC, the ESD's and OSPI. The Executive Director then presented three different models depicting the items within each functional group. The Administrative Systems model parallels the WSIPC model. This information provides a good background for further discussions on WSIPC's role and presence for the legislators. This is a useful framework on how WSIPC fits into the K-12 picture.

A call was made for questions, none were received.

Chairman Barnes concurs that this is a significant summary and strategic view of information systems and addresses initiatives such as WAVES and how WSIPC fits in the model. This is just one aspect of the advantage WSIPC is receiving from the money spent on Gartner.

The Executive Director added this six page report clearly describes the role of technology in K-12.

Livingston asked what this proposed over time, to bring components on board to a district interactive system all in a data base? The Executive Director said the purpose of the Gartner paper was to describe the K-12 technology environment. Page two of the report breaks down the technology into three functional areas. The report does a good job of describing the framework. A school district needs to fill in some type of description of how they do this. The report describes the useful purpose of WSIPC administration, what

WSIPC is and how Skyward fits in. The components depict the complicated business of running a school district – this is what we do. The report also provides a backdrop of what the ESD's do. It's important for school districts to know who provides services. WSIPC represents the first block in the Gartner model, the next two areas may be WSIPC or OSPI and areas where the ESD's are already participating. Livingston clarified that this is a conceptual model, not a specific model of services. The Executive Director said yes, it is a baseline for beginning discussions.

Chairman Barnes asked for clarification of the arrows between the boxes in the model. The Executive Director replied that the arrows indicate how the functional units communicate, this is the expensive piece. Interoperability between systems is essential and most expensive. WSIPC's approach with Skyward has been to adopt a single product and avoid the middleware or data extraction product.

Chairman Barnes emphasized the need to continue with the work to define the WSIPC components and the K-20 areas. The report is very useful as a backdrop of the interrelations, gray areas and boundaries.

D. Vancouver School District Decision

Chairman Barnes said the Vancouver School District is currently the largest district in the State participating in a regional data center. Although she has not received information formally, indications are the district will be leaving WSIPC and the Southwest Regional Data Center (SWRDC) sometime within the next 18-24 months. A formal decision is expected from the Vancouver board at their November meeting. The SWRDC will assist in any way they can. The district will be migrating to AAL for student and Oracle for their financials. Dr. Tom Cone had recently been elected as the ESD 112 representative to the WSIPC Executive Committee. This tied in to WSIPC governance and giving large districts a voice at WSIPC. Cone will step down and ESD 112 will reappoint Bob Garrett from Wahkiakum School District.

The Executive Director added that a migration off of WSIPC by September 2002 would require an aggressive schedule. He predicts the earliest we would see Vancouver leave is the 2003 fiscal year. However we will integrate the loss of revenue into the budget. This will represent approximately \$300,000 revenue. This is a delta we will have to work on as we move forward with the Skyward plan. He added that WSIPC has been working with Vancouver to provide information on Skyward and governance. Vancouver did not agree that Skyward would meet their needs.

E. WebFOCUS Status Update

George Horner, WSIPC Assistant Director, provided an overview of the WebFOCUS licensing through Information Builders, Inc. (IBI). In September of 1998, WSIPC signed a six year contract to license the IBI products FOCUS and WebFOCUS custom report writers to provide ad-hoc reporting across the WSIPC applications. This would have

delivered ad-hoc reporting functionality to both Intel-based and Macintosh-based desktop computers capable of running a standard Web browser.

Discussion ensued on the current number of users and alternatives to WebFOCUS. The general consensus was that for the few users of the product, additional information was needed before a decision could be made to discontinue use. Due to undisclosed discussions that are anticipated between WSIPC and IBI, specific discussion related to the contract itself is not included in the minutes.

“Bigby moved, seconded by Blaine that the WSIPC Board of Directors direct the Executive Director to move ahead and pursue this issue. Further recommendations will be presented to the Board.” Motion carried unanimously.

Chairman Barnes requested that districts are contacted individually to validate usage

Chairman Barnes asked if WSIPC is using Mike Patterson as legal counsel. The Executive Director replied, yes.

F. 2000/2001 OSPI Mandated Changes

Jim Schwob, WSIPC Business Analyst Supervisor, provided a report of the impacts to WSIPC for the 2000/2001 OSPI mandated changes. The changes were requested after the budget was approved for 2000/2001. The total cost of all State mandated changes was \$326,381. Fiscal changes accounted for \$10,256 or 3.3%, HR for \$14,400 or 4.4% and Student accounted for \$301,725 or 92.3% of the total.

In September 2000, OSPI made significant changes to the data collection requirements for the P-210, Public High School Enrolment Status report, and the P-210VOC. Vocational End-of-Year Enrollment report. Due to the short notices of these changes, a decision was made last year that these changes would be required for the 2001/2002 P-210 and P-210VOC reports. The cost to modify these reports and the Standardized Transcript were \$262,725.

Lowry asked if the costs for the changes are paid for with the OSPI contract. The Executive Director said no, these costs come out of the Cooperatives budget. The OSPI contract is their portion and a separate effort for them that we provide on a fee basis.

Chairman Barnes reiterated, it costs WSIPC \$300,000 per year to accommodate changes. The Executive Director clarified that last years costs covered maintenance of the Washington Feature Set. The changes allow us to maintain consistency across our applications with state reporting requirements. As we move forward changes will need to continue to be made to our legacy applications as well as for Skyward. He added that last year was particularly expensive. Many of the changes came out after the budget was approved. We budgeted \$30,000 and the actual was \$300,000. Resources had to be pulled from other efforts in order to make the changes. It is important to convey to the Board the cost of mandated changes and what the Washington Feature Set includes. This is a cost

for anyone using a Student system. For independent districts they must absorb the costs themselves or figure out a work around.

McComb asked if the reporting changes were required due to state legislation or administrative changes at OSPI. The Executive Director said for the P-210 they were mandated by the legislature.

Chairman Barnes said as we move forward with a legislative strategy and with the passage of I-747, it becomes increasingly important to track OSPI requested changes and the legislative impacts to WSIPC. She would like to see figures developed for the past ten years.

G. Infrastructure Support Center Cooperative Concept

The Executive Director introduced the concept of an Infrastructure Support Center (ISC) Cooperative. He emphasized that this concept is being presented as a possible option to mitigate costs to the data centers – nothing more.

Judy Wall, NWRDC Manager, provided an overview of the ISC Cooperative concept. The present distributed data center concept evolved during the era of the mini computer and client server focused computing. It represented the most efficient, economical and effective way to distribute services. All data centers in this current model outsource their communications via K-20 and some data centers receive maintenance and operations support from WSIPC.

As WSIPC moves forward with the conversion and implementation of the Skyward product, there are opportunities to examine alternate solutions to meeting data center needs and responsibilities with the new infrastructure.

The emergence of the Internet, economical wide area communications capability and the waning of the mini computer based service model, represented by technologies such as the VAX, has changed this environment. In addition, the presence of the K-20 network and the general technology advancements in the last 20 years offers new and different ways to provide service delivery that was not available when the present model was designed.

Moving to WSIPC's new environment requires new hardware and new operating system architecture. For operations staff there is the potential for greater economy of scale in terms of the FTE needed to run the operations side within this new environment. Each machine at every data center will have excess or wasted capacity – with the alternative model concept being presented today, that capacity is pooled and therefore less waste occurs.

The purpose of this presentation is to review the current data center approach and present an additional, viable alternative. Again, this is an alternative solution and is not meant to replace the current data center solution. This solution suggests the potential for data centers to look at a more cost effective method to address their individual technology

refresh needs. This alternative must be self supporting and run as a separate business unit which focuses on the needs of the participating data centers. This approach further underscores the data centers autonomy with their customer base – the school districts. Further, it allows data centers the ability to ease into the new technology needed in the Skyward environment. For some data centers, it may make more sense to package and outsource their business operations.

WSIPC can support two options – run simultaneous options for the data centers as we know they exist today, as well as provide an alternate option – an ISC Cooperative for those who choose this. A data center could choose to participate short term for the initial conversion process, long term with ongoing support or self supporting thereby opting in and/or out of the cooperative.

The ISC Cooperative model emphasizes that for data centers electing the alternate option, they would continue to focus their resources on assisting their clients during the Skyward migration. There are several resource considerations with this model. It would allow data centers to defer some hardware costs from the data center to the ISC, give the data centers relief by providing a lower entry fee while moving to the new technology (reduces the number of servers needed). The cost would include a one time initiation fee plus an ongoing FTE fee. In addition the ISC would provide operational benefits to the participating data centers as well as WSIPC with the ability to increase service levels, provide extended coverage, ease operations staff training concerns, an increased focus on security and reduced WSIPC costs due to fewer installation of the same set-up at each data center.

This concluded Wall's presentation and the members were asked for questions or additional comments.

Blaine said he sees a lot of ramifications and questions on costing and methodology. It is worthy of pursuit but suggested a face to face meeting to discuss the concept in more detail.

Baker concurs with Blaine, are there cost estimates or numbers available. The idea may have merit. The Executive Director added that WSIPC's intent was to go slow with introducing the concept and gain concurrence before moving forward. The cost efficiencies are leveraged through economy of scale. The concept suggests consolidating hardware not data centers. This is a middle ground to achieve economy of scale but maintain autonomy of data centers.

Chairman Barnes appreciates the cautious approach and would like the Executive Director to come back with a business plan. The Board has deferred conversation on the number of data centers and roles with the movement towards Skyward. We agreed as Skyward evolved we should have these discussions as we look at major investments in hardware in our data centers. This needs to be reviewed with the Operations Advisory Committee (OAC) and the WSIPC Executive Committee.

The Board concurred that a face to face meeting for additional discussion is warranted. They need a sense of the regional data center perspective and then move to discussions for district data centers.

Munther's only question is the timeline for decision making. When do we have to make our hardware purchasing decisions? The Executive Director said the data centers need to be deployment ready in September 2002. The purchases need to be made 90 days prior. The design solution needs to be made in early spring and included in the budget cycle.

Livingston commented that the deployment schedule sounds ambitious. When comparing this to his experience with the Novanet discussions, and not being able to make a collective decision, this seems overwhelming. Chairman Barnes replied that surprisingly we have been able to quickly work the issues with information provided by the Executive Director.

H. WSIPC/Skyward Project Status

Pamela Allen-Bowles, WSIPC PDIS Manager provided an update on the WSIPC/Skyward project.

Data Center Infrastructure Upgrade % Complete

| | |
|--------------------------------|------|
| Development Environment: | 60 % |
| Hardware Stress test: | 15% |
| Data Center Installation Plan: | 75% |
| Production Environment: | 45 % |
| Management of Procurements: | 0% |
| Installation at Data Centers: | 0% |

We have made good progress with the Citrix environment. One of the current focuses is the refinement and documentation of the release process. We have recently worked with IBM to select a testing lab in Beaverton, Oregon. This testing will now occur after beta deployment.

Washington Feature Set for Student – Phase I % Complete

| | |
|-----------------------------|-----|
| Washington Unique Features: | 44% |
| Conversion Development: | 81% |
| WSIPC Staff Training: | 35% |
| Acceptance testing: | 0% |

There are 20 unique items the Student Advisory Committee identified as being necessary additions to the Skyward Software in order for them to be able to perform their daily tasks, and to ensure a successful deployment within the state of Washington.

Programming has been completed on four of the Phase I reports and we are now in the process of testing them. The specification for the last Phase I report has been written and programming will begin soon.

The cleanup routine has been run against Monroe's data. WSIPC is currently working with the Edmonds School District to validate the program works for a large district. The ability to validate this with one of our largest districts is very important to the project and we appreciate how very supportive Edmonds has been of this effort.

Data center coordinators will be trained on data cleanup at their November meeting. Work is in progress on the deployment of these programs to the data centers so they will be able to begin the data cleanup with their clients as soon as they are ready. This is a critical piece to a successful conversion.

Monroe Student Beta Site % Complete

| | |
|--|-----|
| Data Cleanup | 20% |
| Beta Site Training | 10% |
| Beta Site Infrastructure Purchasing & Installation | 5% |
| Beta Site Post Implementation Support | 5% |

Monroe has received training on data cleanup of the name and address information. There have been two sessions, with the second session very focused on the actual cleanup. They have made excellent progress in this area. Monroe has also established their district standard for entry into these fields and is now using it.

In order to reduce the time and effort required to clean up data, Monroe chose to delete a large amount of data tied to inactive students in their files. This reduced their cleanup effort by approximately 50%.

Communication on the training modules and the recommended time required for each of them has been given to Monroe. They are currently reviewing this information and will be allocating the appropriate resources.

In support of the student beta effort, Monroe has provided the team with an excellent facility in their junior high building to hold the training sessions. They are making this room available from 12/15/2001 through 3/30/02. In addition to this being the training site, it will be used as 'command central' during the beta deployment.

WSIPC will conduct training using our portable, wireless lab. The systems team has identified what hardware is needed, and is in the process of completing the paperwork for it.

We are developing the plan for support from the beta site after the software is deployed. This will include both onsite support and tier 1 and tier 2 support at WSIPC.

Following is the current timeline for the Student deployment to beta. Completion dates were provided for the four major milestones.

| | |
|----------------------|---------------------------------|
| Student Feature Set: | Mid-December of 2001 |
| Conversion Programs: | December of 2001 |
| Acceptance Testing: | February 1, 2002 |
| Beta Site Release: | February 8 th , 2002 |

Allen-Bowles pointed out that the date for the completion of the Student feature set has moved out. This is due to a later completion on pieces of the WA Feature Set for Student than originally planned. Since much of the feature set will be completed as scheduled, allowing testing to occur on those, we feel this will not impact our deployment date.

Washington Feature Set for Fiscal/HR – Phase I % Complete

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|--|-----|
| Identify WA Fiscal Features & Begin Design | 5% |
| Identify WA HR Features and Begin Design | 20% |
| Data Mapping/Conversion – Fiscal Tasks | 10% |
| Data Mapping/Conversion – HR Tasks | 5% |
| Train Fiscal WSIPC Staff | 15% |
| Train HR WSIPC Staff | 10% |

The Fiscal Advisory Committee (FAC) met last week and provided input on the Washington Feature Set for Fiscal. After the committee has reviewed the meeting notes, we'll have a list of the first official feature set for Fiscal and will be sharing it with our clients and posting it to the website.

The Fiscal team has been focused on the design of the account code. At the FAC meeting, it was decided to establish a working group to focus on ensuring the proposed account code can meet the various business requirements of different districts.

The HR Advisory Committee (HRAC) has approved the Washington Feature Set for HR. That list currently consists of approximately 100 different items.

The WSIPC HR team has begun specifications on some of the feature set items. This includes the tasks of data mapping, conversion programs, and data cleanup; the same as we're doing for Student.

Challenges

We were having some start up issues with our partnering development environment that was difficult to solve over the phone. Skyward quickly responded by sending their Director of Programming, Jon Oliver, to work with us. We spent some very successful focused time with him and now have a solid partnering development environment.

Creating a beta schedule that coordinates the release schedule of Skyward software with the completion of our WA Feature Set software, to allow sufficient time for the integration process is challenging. We have worked with Skyward to develop this schedule, and this coordination effort has become part of our procedures.

As with any software project, especially one of this magnitude, there are risks. We are monitoring these and will keep the governance body apprised of any project slippage. We will also keep Monroe updated and current on any risks.

Successes

Last Friday we had our first 'Hands on' experience for key Monroe district personnel. It was a very positive experience for WSIPC and Monroe. We received affirmation of your decision to move the Cooperative forward with our Skyward partnership, and they had the opportunity to see some of the new features they would have available to them. There was apprehension by some in regards to change and learning a new system, but we expected that, and they are correct. There is a lot to learn and this is a very challenging task. But this gave us the opportunity to start working with individuals to move beyond that and look at the opportunities they have and to assure them they have our continued support now and throughout beta.

Allen-Bowles closed the presentation by stating that WSIPC is currently up to specifications, within budget, and on schedule for the projected beta deployment date.

Chairman Barnes asked for the impact of slippage due to the delay in development of the feature set for student. Allen-Bowles replied that the actual beta deployment date continues to be on time.

I. Holiday Schedule

The holiday schedule was distributed as an information item that outlined the support that would be available over the Christmas and New Year holidays.

5. Action Items

A. Policy 4875, Work Rules Second and Final Reading – IDR #01-13

“Baker moved, seconded by Bigby to pass for second reading and adopt Policy 4875, WSIPC Work Rules as presented.” Motion carried unanimously.

B. Microsoft Select Pricing – IDR #01-15

Jim Page, WSIPC External Services Coordinator, presented an overview of pricing for Microsoft Select. WSIPC has had a long tradition of collecting pass-through fees from schools for the use of the Microsoft Select contract. The larger part of the funds collected have been distributed to the ESD's to support their efforts to train staff in their districts on

the use of Microsoft products. Under earlier contracts with higher pass-through levels, the WSIPC pricing for software was well above the selling price offered by the Oregon Educational Technology Consortium (OETC). As a result, in early 1999 some Washington districts were electing to purchase their Microsoft Software from OETC. When the last contract was set with Compaq in June 1999, Compaq's extremely aggressive bid (below wholesale cost) supported a pass-through of 6.9% of the Estimated Retail Price (ERP) while allowing WSIPC to nearly match OETC pricing. WSIPC retained 2.0% of the ERP, the ESD's received 4.9% of the ERP and the schools paid a discounted price that was about 14-15% below what they had previously paid. A similar pass-through was set for the Microsoft School Agreement Program that offered "subscription" pricing instead of the "purchase pricing" model that characterizes Select.

In order to implement new Select contracts with the vendors offering the successful proposals as a result of WSIPC RFQ 01-48, it is necessary to set a pass-through rate so that the vendors can set the selling prices and collect the pass-through fees at the point of sale. Since establishing the contract with Compaq, in use since June 1999, OETC has re-bid their Select Agreement and has lowered their prices beyond previous levels. The OETC current selling prices for new Select licenses are at approximately 2.5% above dealer wholesale cost.

RFQ 01-48: The two recommended vendors for Select contracts as a result of RFQ 01-48 both bid pricing for Select at 0% markup from Microsoft wholesale (cost) pricing. WSIPC's goal is to achieve a total pass-through of 3.0% as the maximum level that should be charged to the clients. However, with OETC at "cost-plus-2.5%", WSIPC should not set our clients' prices above that level. The proposed distribution of a 2.5% pass-through would be 1.25% to WSIPC and 1.25% to the ESD's. This decision will have a significant effect on the revenue forecasts for certain ESD's. WSIPC needs to retain the 1.25% pass-through to offset operating expenses for establishing, maintaining and marketing the Select program. A table was presented showing the effect on the selling price of various pricing models.

The Executive Director is recommending that the Board approve setting the combined pass-through rate for Select at 2.5% with 1.25% to WSIPC and 1.25% to the ESD's.

Discussion

Blaine asked if money is this tight with the competitors why is WSIPC expending effort on this. The Executive Director replied that WSIPC is providing a service to the school districts as is our mission. We are talking small amounts of money all around. The proposal not based on undercutting anyone's efforts. If we are going to run this we need to set a price. Pass-through is typically 2-3% and we need a resolution today. If 2.5% is not acceptable, what are we going to go with?

Baker asked what the going rate is. The Executive Director said the going rate for public sector common business practices is 2-3%. This has not been what WSIPC has historically

worked with. The pass-through rate has been higher and is currently at 6.9% (2% for WSIPC and 4.9% for the ESD's).

Erickson proposed modifying to 4.75%, with 1.25% going to WSIPC and 3.5% to the ESD's.

“Bigby moved, seconded by Erickson that the WSIPC Board of Directors direct the Executive Director to set the combined pass-through rate for Select at 4.75% with 1.25% to WSIPC and 3.5% to the ESD's.” Motion carried unanimously.

The Executive Director cautioned the members that based on the direction OETC takes (which is information not available to us), districts may be able to secure better pricing on Select purchases through OETC.

Livingston reemphasized that districts may be able to secure less expensive pricing in the market place than going through us. The Executive Director said yes, the potential exists. When this document was prepared the answer was yes, but since then Microsoft may have set limits on the geographic areas that the OETC can serve.

C. Microsoft School Agreement 3.0 Pricing – IDR #01-16

The Executive Director said this is the same issue on pass-through rates just discussed. He is proposing an overall pass-through of 3%, with an equal split between WSIPC and the ESD's.

Erickson proposed the same percentage approved for IDR #01-15, 4.75% with 1.25% to WSIPC and 3.5% to the ESD's.

Lowry expressed a concern that we pricing ourselves out of business. The Executive Director agreed and reiterated that this is a concern he is identifying. He can't advise the members that in one or two months WSIPC will be able to offer a cheaper pass-through; at present it is not competitive. He stated again that he is recommending the industry public sector standard of 2-3%.

Chairman Barnes requested that this is looked at from a WSIPC perspective. What has the WSIPC revenue been in the past. Page said annually \$50,000-\$60,000. This has been a growing program and we have been able to compete with the OETC. However, Microsoft is changing program and moving costs up.

Baker asked if we know what the specific OETC pass-through percentage was with the previous program. Page said the same as WSIPC \$36.00 per seat, a 14.2% discount. Baker asked of that percentage what portion went directly to the OETC. The response was that we can not provide an apples to apples comparison as the OETC does not share or release that information. We do know our 1999 price was substantially under market.

“Lowry moved, seconded by Munther that the WSIPC Board of Directors directs the Executive Director to set the pass-through for future School Agreement 3.0 contracts at 3.0% of ERP, with 1.5% going to WSIPC and 1.5% going to the ESD’s for sales within their region.”

Additional discussion ensued.

Baker felt the Board is making a decision without good information.

Livingston clarified that Microsoft is increasing costs to us. The philosophical question is do we pass this on to customers or absorb some as part of the pass-through.

The Executive Director said he is recommending that we look at what we take off of top. WSIPC and the ESD’s would take somewhat of a loss with the districts not having as much of an increase. Again this would be consistent with other public sector organizations. He is championing this approach to the members

Bigby said he was not concerned with the reduction but the magnitude. It’s difficult to manage the uncertainty when we don’t know what the competitors are doing.

Livingston said looking at this from the ESD and WSIPC perspective; what is the increased cost to districts? Page said double if the decision is made to go with higher percentages.

Blaine asked what the members are trying to accomplish. The Executive Director said WSIPC is providing a service to the school districts through aggregation and aggressively pursuing lower pricing. We are attempting to set a cost of aggregation and a fair load.

Blaine asked if an increase in pass-through will raise the price higher than the competition. The Executive Director said the potential exists.

Chairman Barnes polled the members for approval of the motion as presented.

| Yes | No |
|---------|---------|
| ESD 101 | ESD 105 |
| ESD 112 | ESD 114 |
| ESD 113 | ESD 121 |
| ESD 171 | ESD 123 |

Motion fails.

Erickson suggested if the members adopt at the same level as IDR #01-15, there is an option to reduce the pass-through down the road. The Executive Director said that each recommendation has a different set of information and uncertainty. He does not believe setting a standard rate establishes a good precedent.

“Bigby moved, seconded by Erickson to direct the Executive Director to set the pass-through for future School Agreement 3.0 contracts at 5.0% of ERP, with 1.5% going to WSIPC and 3.5% going to the ESD’s for sales within their region.” Motion carried unanimously.

D. Citrix Enterprise License Agreement Pricing – IDR #01-17

WSIPC has identified a vendor to provide a statewide Citrix Enterprise Licensing Agreement that will provide low cost licensing for the deployment of Skyward. WSIPC also wants to make access to this contract available to other members of the Washington K-12 community. WSIPC needs to establish an appropriate pass-through rate to apply to sales to other affiliates who sign agreements to use this contract.

The ESD’s could be valuable partners to WSIPC in this effort, and several have indicated an interest in assisting in the dissemination of information about the opportunity. ESD’s can provide a forum for meeting with their school district clients and could be instrumental in helping us correspond with the schools about this program.

The two most favorable responses for Citrix license pricing have been evaluated and a recommended award identified. The recommended pricing would provide an initial discount of 53% off of manufacturer’s Suggested Retail Pricing (SRP), far more favorable than anything likely to be available through any competitor in the foreseeable future. The prerequisite to this pricing is an initial subscription of 1,200 concurrent user licenses at approximately \$200 each. Within 6 months, the licensing count should be raised to at least 2,000 seats. Since WSIPC plans to allow other users to satisfy their Citrix licensing requirements under this master contract, it would be appropriate to include some pass-through allowance in setting the actual selling price for other customers. Since the opportunity for this product did not exist previously, there is not a precedent for allowing a pass-through to go to the ESD’s. However, the ESD’s are very well positioned with their district clients throughout the state to assist WSIPC and its vendors in promoting this program if a modest pass-through were offered to them. WSIPC could charge a 3.0% pass-through on sales to all WSIPC affiliates and share the pass-through equally - 1.5% of SRP to WSIPC and 1.5% to the ESD’s for sales within their region. Even at the resulting 50% off selling price, WSIPC’s pricing would still be ten percentage points below the best price now available through the Oregon Educational Technology Consortium (OETC).

Blaine said he is unclear from the presentation how the resale to non-cooperative members works. The Executive Director said WSIPC works with the entity.

“Erickson moved, seconded by Bigby that the WSIPC Board of Directors direct the Executive Director to set a new pass-through rate for Citrix sales to “Affiliates” (clients signing “Affiliate Agreements” to use the Citrix bid) at 3.0% of SRP and assign 1.5% each to WSIPC and the ESD’s.”

E. WSIPC Credit Card Limit – IDR #01-18

The WSIPC Board first approved issuance of a credit card April 13, 1988 to enable WSIPC to continue to conduct business in situations where vendors did not accept purchase orders. WSIPC has recently experienced an increase in vendors who customarily do not accept purchase orders. This has been the case most often with technical staff training and symposiums offered by well-known companies such as Progress and Gartner Group. The training is necessary to ensure that staff maintains the technical skills necessary to accomplish the agency's goals. The cost for one training session can be as much as \$3,000. Recently, training for an employee had to be postponed indefinitely due to the vendor not accepting a purchase order and insufficient credit balance available.

Based on credit card transactions over the past year, the necessity for credit purchases could be as high as \$15,000. Available credit in the amount of \$20,000 would be ample to cover that. An increased credit limit would not be used to liberalize use of the credit card. The same controls on credit card use would remain: Employees are expected to contact the vendor or training sponsor as to whether they accept purchase orders from a governmental agency. In the event that the vendor does not accept purchase orders, employees will then fill out a written request to the Executive Director (or designee) for use of the credit card. If approved, the credit card purchase will take place.

“Blaine moved, seconded by Thaut that the WSIPC Board of Directors directs the Executive Director to request that BankAmerica increase the WSIPC’s credit limit on its bankcard from \$11,000 to \$20,000.” Motion carried unanimously.

F. Infrastructure Support Center Cooperative Concept – IDR #01-19

Further discussion is needed on this topic, the recommendation was tabled.

6. Confirm Next Meeting Date

The next meeting is scheduled for January 16, 2001. This will be a joint meeting with the WSIPC Executive Committee to discuss the 2002/2003 budget format and provide an update on the existing financial situation.

7. Legislative Action

Len McComb, from Two Medicine Communications, provided an overview of this topic. A set of presentation slides has been prepared and distributed for the members to use when visiting with legislators. The Executive Director has a list of contacts for each ESD to make that includes key fiscal legislators and education leaders. It appears that it would work best for the ESD’s to schedule their visits in November. McComb requested that the dates be E-mailed to the Executive Director and himself. They will attend, schedules permitting. The Executive Director will then schedule a date for the Board to share results and comments and advise to proceed or defer. At this point we can’t be clear on the level of effort that will be required.

Chairman Barnes added that these are preliminary discussions, not necessarily full steam ahead.

The Executive Director provided a quick walkthrough of the presentation itself focusing on the message we are trying to send and emphasize. It was suggested that in addition to the legislators, this information could be presented to others, for example Dr. Bergeson. The presentation provides visibility without a formal presentation in place.

McComb added that the information will lay out a complete approach to the legislators. It lets them know that WSIPC has a plan and understands that budgets are tight. They may be able to give us advice or guidance on the potential of getting any funds this session. If the answer is yes, we need to begin working with them. If no, or doubtful, look to requesting assistance for next year. In that event the costs could be covered with WSIPC reserves this year with the understanding that in on setting years the legislative participation goes up.

Chairman Barnes said she is interested in conducting a briefing with Dr. Bergeson. There is the potential for greater participation with an OSPI and WSIPC effort.

The members agreed to pursue scheduling of the meetings, however with the passing of recent initiatives it seems unlikely that any funding would become available.

8. Adjournment

Prior to adjournment Chairman Barnes emphasized to the Executive Director the need to handle contracting issues and the function WSIPC provides for the districts in a more expeditious manner.

The Executive Director asked for guidance, how can he better let the members know of issues for pre-discussion? Chairman Barnes invited individual Board members to contact the Executive Director with their suggestions and input.

Chairman Barnes extended the Boards appreciation to Allen-Bowles and the Skyward team for the quality of information and keeping them on track with project accomplishments.

The meeting adjourned at 12:30 P.M.

OFFICIAL APPROVAL OF THE MINUTES



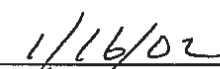
Dr. Twyla Barnes, Board Chair



Date



Dr. Gerald W. Jenkins, Secretary



Date