

**Marshall Islands Chamber of Commerce**

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**Meeting Minutes**

Tuesday, September 11, 2007

Marshall Islands Resort

Meeting called to order by President Jack Niedenthal at 12:01 P.M. Approximately 50 members and guests were in attendance. The next regular meeting will be on Tuesday, October 9, 2007.

- **Minutes** – approved electronically prior to the meeting
  
- **Guests**
  - Gerald Zackios, Senator
  - Clyde Bishop, American Ambassador
  - New Chamber member Lutz Kayser, Pacific Trading & Development Inc. introduced by Joe Murphy
  - Bruce McKenson introduced by Carlos Domnick
  - Many members of the community such as the Vanderveldes, Utters, Flecks, etc., introduced by Jack Niedenthal
  
- **Chamber President's remarks**

I would like to welcome and recognize the Hon. Gerald Zackios, American Ambassador Clyde Bishop, NTA Directors Charlie Domnick and Patrick Chen.

It's been a difficult month for the business community to rely on email, and some issues remain especially with Fiji, and Europe. NTA is primarily government owned. When you have a problem, be sure to inform NTA. Usually it's only David Strauss and I who do this, and NTA might believe that the only problem is us. I now open the meeting for discussion of communication issues from the floor.

- **Discussion from the floor**

David Strauss: The slower your browsing speed, the more you must pay. There is no monetary incentive for NTA to do a better job.

Brian Vandervelde: It's difficult for business to operate here with government involved in so many things. There's no history of sound operating procedures from which government may copy. I'm sure that NTA experiences this. In my former business – private branch exchanges – I've found that NTA doesn't keep the voice lines consistently

working. My customers had to call me and pay me to determine why calls were either not coming in or going out.

Jerry Kramer: Am I correct in noting an operating loss for NTA? If that's true, how can a dividend be declared?

Charlie Domnick: We declared a dividend for last year. We haven't discussed that yet for this year. Personally, I'm frustrated and getting telephone calls from Israel about emails that they sent me that I didn't receive and vice versa. We've brought in experts to solve these problems. Was the job done? We have a Board meeting this Friday. These things will be discussed then. I'd like to thank the American Ambassador for offering technical assistance. I don't understand why the administration didn't ask for that help.

Phillip Okney: The Nuclear Claims Tribunal has a 64 kbps dedicated line. We don't experience any better access than we used to get with dialup.

Wilson Hess: We have dedicated Internet lines at CMI. Our access is slower than dialup lines.

Jerry Kramer: Several years ago when we lost a satellite, PII has some illegal satellite telephones. People in government and even NTA employees came to PII to use those phones during that emergency. We can't purchase from others because of NTA. State owned enterprises don't work.

Gerald Zackios: NTA is not a state owned enterprise. It is a private corporation owned by shareholders even though the majority of stock is owned by the government. The Chamber should question why NTA pays dividends with 14 million in RUS debt.

Ambassador Bishop: Is the RUS loan contributing to NTA inefficiency?

David Strauss: If the reason for our high costs or the reason that the RMI is reluctant to allow competition is the RUS debt, how do all of these other countries provide cheaper and better service? Didn't they all also have start-up or capital costs? Didn't they also have to purchase satellite dishes?

Jerry Kramer: The RMI was one of the earliest adopters of a RUS loan to dramatically improve communication. It was a 30 million dollar loan for 30 years. We were promised that we could expect to see increasing collection of revenue sufficient to retire the debt early. This didn't happen. RUS has forgiven other island's debt.

Al Fowler: RUS never forgave a loan. I asked the Compact negotiating team to include two items: RUS debt forgiveness and US government payment for an underwater fiber optic cable. Neither of these was included in the final Compact.

Gerald Zackios: Those two items were not accepted by the United States.

Jerry Kramer: There are two issues: management and ownership. The problem is with ownership.

Jack Niedenthal: There are some management issues such as not notifying customers when there is a problem. One of the problems that we all have with management is that we really like the NTA people. This makes it difficult to complain about a lack of service.

Mike Slinger: NTA is launching new technology such as WiFi access at RRE, for example, and will be getting into cable TV.

Jack Niedenthal: Is it fair for NTA to compete with the private sector with cable TV when the private sector cannot compete with NTA?

Liz Rodick: As NTA gets involved with new technologies; does it bring on the additionally required technical staff to support those technologies?

Charlie Domnick: We've brought in off-island experts to support new technology.

Liz Rodick: NTA needs more local expertise.

David (Missionary): Can someone buy NTA including the debt?

Jerry Kramer: The recent NTA stock prospectus indicates that a majority ownership of NTA can be purchased. However, my investigation reveals that no matter what anyone purchases, government would continue to own more than 50%.

Brian Vandervelde: It appears from the outside that NTA is stuck in its high rates. It has become common (telecom) industry practice to keep prices dropping while volume increases.

Jack Niedenthal: Senator Tomake Juda will introduce a simple, three-page bill today or tomorrow to replace the word "exclusive" with "non-exclusive" wherever that word presently appears in the Telecom Act. I wonder how many members of the Nitijela use the Internet?

Wilson Hess: CMI may be the single largest user of Internet bandwidth in the country. There are two issues: service and capacity. CMI alone could use all of the capacity without regard to other users. Capacity is the critical issue. The pre-K to 12 school systems needs more available capacity. The healthcare system needs more capacity. There is a public service mandate for the government to ensure that there is sufficient total capacity to meet all business and social needs.

Richard Li: 800 students at MIHS cannot get access to the Internet. Forget research. Forget applying for college. Students today simply cannot go to off-island colleges unless they apply online. Two years ago only 2 students out of 127 qualified students got to go to college off island. Last year we had 8, but all of them had to go to schools in the Pacific where non-Internet applications are still accepted. MIHS really tried to get Internet access. We have eight different buildings. There are four separate computer labs with a total of 120 computers. We had to pay \$800 a month for a single 64 kbps line. That would take care of maybe three computers. We would need five 512 kbps lines for

the 120 computers. And that would cost over \$35,000 a month. MIHS cannot afford this. There are 50 teachers and 800 students who are not connected to the Internet!

Jerry Kramer: We need to distill our thoughts and arrive at a consensus. We need to make a statement for the newspaper and the legislators.

Jack Niedenthal: We need more reliable communication. It needs to be quicker and cheaper. And NTA needs to be privatized.

Patrick Chen: The Chamber should work in a partnership with the Public sector to obtain the underwater fiber optic cable.

Charlie Domnick: Israel will introduce the RMI to the new President of the World Bank next month when President Note travels. Our need for the underwater fiber optic cable could be something that we ask for at that time. This is very important.

Gerald Zackios: The new Economic Policy Advisory role that the Chamber plays is an excellent opportunity to effectively discuss the aspects of government guaranteed debt and how that can be dealt with to improve communication.

Joe Murphy: If the RMI defaults on the RUS loan, what would happen?

Gerald Zackios: RUS would take the assets.

Dennis Reeder: NTA is cutting its own throat. People will do whatever it takes to get their business done with or without NTA. Unless NTA cleans up its act, NTA revenue will fall.

David Strauss: Why doesn't NTA offer customer service like MEC and MBC after hours and on weekends? If my electricity goes out after hours, MEC responds. If my cable goes out after hours, MBC responds. For some reason, NTA doesn't work on weekends. If the government guaranteed debt is the problem, how can we effectively double that debt with the new underwater fiber optic cable? What is the status of the cable?

Ambassador Bishop: The cable is delayed for approximately one year from today. But the RMI will have to decide how to pay for it.

Gerald Zackios: When we first began discussions about the underwater fiber optic cable, the RMI was to pay for the cable and lease it back to the military. That got changed. NTA is a private company, but the government has yet to establish a regulatory regime.

Mike Slinger: NTA can outsource some of its services like cell phones. The basic switch with all of that copper is a big loss that no one will want. But, there are ways around this. Rather than complaining, we should all work together to get it done.

Baron Bigler: Regardless of what anyone says, we have to work with the government about that debt. That's the only way.

Jack Niedenthal: We will circulate a Chamber opinion draft for everyone's participation.

Gerald Zackios: The public debt and service are the issues.

New CMI teacher: Everything I've heard today sounds like there is only one issue that everyone should support – raise capacity.

Jim McLean: RMI capacity is fully used today.

Scott Stege: The Chamber needs to say in the strongest possible terms that we can't continue like this. There has to be some kind of a taskforce to solve these issues.

Giff Johnson: My comments are for the two NTA Board members. The customer is always right. Because of NTA problems, everyone will have a very large NTA bill this month. There needs to be a discount for all concerned. NTA's biggest problem is effective communication.

Jerry Kramer: For the record, students in the Marshall Islands are not major NTA customers. We support free Internet access for all students.

Jack Niedenthal: I would like to thank Dan Fitzpatrick for AMI's assistance in evacuating a badly "bent" Bikini diver. Kwajalein was also instrumental with their equipment. I would also like to thank Sam, Ambassador Bishop, and all concerned for the now scheduled return of lost postal services. Next time we will have the new Postal Services Board and Roger Cooper with Don Hess on solid waste.

- **Committee Reports – deferred (except for Dr. Pinano)**

Government Relations – Jerry Kramer

Business and Trade – Neal Skinner – no report

Financial Services – Jim McLean – no report

Tourism – Bill Weza

Communications – David Strauss

Education – Carlos Domnick – no report

Health – Dr. Alex Pinano

I am now certified to do all class 1 to 23 flight physicals right here in the Marshall Islands. This will save AMI a lot of money.

Environment – Don Hess – no report

Membership and Public Relations – Liz Rodick

Special Projects – Sam Smith – no report

Meeting adjourned at 2:00 PM.

Minutes prepared by:

Jim McLean