**Board of Directors
MINUTES
November 15, 2012**

Phoenix City Council Chambers
200 West Jefferson Street
Phoenix, Arizona 85003

Board Members Present			Board Members Absent
John Bennett	Chris DeChant	Danny Johnson	David Fitzhugh
Wade Brannon (10:14am)	Mike Frazier	Rob Sweeney*	Bob Hansen
Brenda Buren*	Mark Gaillard	Susan Thorpe	Charlie Meyer
Steve Campbell	Jim Haner	Marc Walker	Tim Van Scoter
Wayne Clement	Brad Hartig	Paul Wilson	Ed Zuercher
Bob Costello			
*Board Alternate			

Staff and Public Present			
Karen Allen	Jennifer Hagen	Cy Otsuka	Nick Spino
Leif Anderson	Dave Heck	Ron Parks	Mike Sterling
Adam Baker	John Imig	David Perdichizzi	Mike Sumnicht
Dave Collett	Rick Kolker	Bill Phillips	Randy Thompson
John Gardner	Domela McHenry	John Rush	Shannon Tolle
April Garrett	Chris Nadeau	Vicky Scott	Tim Ulery

1. **Call to Order, Roll Call and Opening Comments**

   Chair Thorpe called the meeting to order at 10:04 a.m. Roll call was taken and a quorum reached.

   Chair Thorpe thanks Vice Chair Campbell for his help with the previous Board meeting.

2. **Approval of RWC Board Meeting Minutes from September 27, 2012**

   A **MOTION** was made by Mr. Wilson and **SECONDED** by Mr. Hartig to approve the minutes as presented. **MOTION CARRIED UNANIMOUSLY (15-0)**.

3. **RWC Policy for Approval**

   Mr. David Felix introduced Ms. Jennifer Hagen, Encryption Services Supervisor, to give some background on the Encryption Policy and why it is so important to maintaining security on the radio system.

Ms. Hagen presented the Encryption Policy to the Board, and explained that the purpose of the Policy is to ensure security of the RWC Key Encryption materials. The Policy explains how encryption keys are distributed and how security management is handled. The City of Phoenix is responsible for the management of encryption keys, as the single point for encryption services for the RWC. Also in the policy are all the rules and responsibilities that all of the RWC members must follow.

The City of Phoenix also handles the KVLs for the RWC as well, making sure that only the appropriate people have access. The Policy also covers Key Owners, who is the one person who makes decisions on who gets access to talkgroups. Another important point that the Policy covers is the procedure for lost or stolen radios, which needs to be handle swiftly.

The Policy was originally developed when PRWN & TOPAZ was in affect, so this revision was warranted to bring it up to day with RWC standards.

Mr. Felix thanked the Policy Working Group (PWG) for their hard work on the development of the Encryption Policy. The Policy had previously been reviewed by the Operations Working Group (OWG) and the Executive Committee and they both recommend the policy for approval by the Board.

Vice Chair Steve Campbell had a question about the annual audit of the KVL holders, and suggested that there be provisions in place if an agency is found to violate the policy. Ms. Hagen explained that the key encryption material is changed every year (April) which ensures that only certified people have the information.

Mr. Felix stated that the PWG should, in the future, keep in mind if some kind of penalty, sanction, or corrective measure is needed in each of the RWC policies if the procedures are not followed.

Mr. Sweeney suggested that the IGA may be able to cover who is in "good standing" with the RWC by taking a look at if members are following all of the policies and procedures.

A **MOTION** was made by Mr. Campbell and **SECONDED** by Mr. Frazier to approve the Encryption Management Policy. **MOTION CARRIED UNANIMOUSLY (16-0)**.

4.   **RWC Customer Cost Model**

Mr. Felix addressed the Board and gave some background on the topic of creating a Customer Cost Model for the RWC. At the previous Board meeting, this action item was continued, and after review from the Executive Committee, it is suggested to withdraw this item.

A **MOTION** was made by Mr. Hartig and **SECONDED** by Mr. Costello to withdraw the Customer Cost Model. **MOTION CARRIED UNANIMOUSLY (16-0)**.

5. RWC Financial Update for Fiscal Year 2011/2012

Ms. Kelli Butz addressed the Board and gave a presentation on the finances from the 2011/2012 fiscal year as required by the governance.

Ms. Butz showed comparison of customer billings to expenses by the RWC. The total revenues billed to members was $8.6M, and expenses coming to $8.1M. This creates a settlement amount of $584,203.00 to give back to the members, which is smaller than the previous year to do a tighter budget with revisions done to minimize over budgeting. These findings are currently being audited by Clifton Larson Allen.

The main savings came from shared site cost savings, emergency network coverage consultants, and also the delay in the White Tanks relocation (which will be carried over to the next fiscal year).

The Executive Committee is recommending approval to apply each member's credit towards their next quarterly billing.

A **MOTION** was made by Mr. DeChant and **SECONDED** by Mr. Sweeney to approve the settlement amounts being credited to each member for the 2011/2012 fiscal year. **MOTION CARRIED UNANIMOUSLY (16-0)**.

6. RWC Budget Overview for Fiscal Year 2013/2014

Ms. Kelli Butz briefed the Board on the proposed RWC budget for the 2013/2014 and the 5-year plan. Ms. Butz explained that the staffing levels have remained the same from the previous fiscal year, and the Executive Committee has recommended there not be a special assessment for this period (included in regular staffing & maintenance charges).

The budget is split into four main charge categories: Motorola (70%), then City of Phoenix ITS (21%), RWC Staffing Costs (4%), and Other (5%). The budget summary shows a proposed subscriber rate of $36.54 (but could change depending on radio count). The total budget is $19,328,410.

Ms. Butz then showed the Board the estimated five year budget summary, broken down by fiscal year (the FY16/17 amounts could change depending on the 700MHz and TDMA Lifecycle upgrades). The Board was also shown a breakdown of what each member would owe for each upcoming fiscal year.

Mr. Felix explained to the Board that there could be members that decrease or increase the number of subscriber units on the system, and those numbers could

change the subscriber rate. The Executive Committee proposed that a notice be sent out to all members asking for a projected radio count for FY 2013/2014 so that the rate can be as accurate as possible.

Mr. Hartig asked if the lower rate could be attributed to the new Motorola SUA II Agreement, but Ms. Butz stated that the lower rate was due to about 2,000 fewer radios on the network.

A **MOTION** was made by Mr. Hartig and **SECONDED** by Mr. Campbell to approve the RWC Budget for Fiscal Year 2013/2014. **MOTION CARRIED UNANIMOUSLY (16-0)**.

7.   **RWC Annual Audit**

Mr. Felix addressed the Board and explained that the RWC Annual Audit is still being reviewed, and the Audit Committee will be meeting with the Auditors by the end of the year.

Ms. Butz briefed the Board that Clifton Larson Allen conducted a site visit October 15th – October 19th and several areas were tested (revenue, member equity, and accounts payable registers) as well as staff being interviewed. A draft copy of the Comprehensive Annual Financial Report sent to the Auditors for review.

There have been two areas of concern cited by the Auditors; Capital Improvement Projects classification in a timely matter, and ITS Central Services cost allocation. The Auditors need more details of the ITS charges, and Ms. Butz has been able to get some information from the SAP system. The draft findings should be available this month, and further information to the Board at the January meeting.

8.   **Executive Director's Report**

a. **Strategic Communications Plan**
    Mr. Felix told the Board that the second session was held on October 4, 2012; and two working groups were created from that meeting. The first group is a Technical Working Group, created to look at the technical roadmaps for the RWC and Topaz Regional Wireless Cooperative (TRWC) to gauge compatibility of the systems. The TRWC is further ahead with their software upgrades, but this could be matched up fairly easily. This group will also look at ISSI options to connect the two systems (briefing to be held with Motorola today, 11/15). The group will also look at full integration of the two systems, and will have Motorola provide a proposal for the costs of the ISSI and full integration.

    Mr. Hartig shared with the Board that the second group that was formed from

the Strategic Communications meeting was the Governance Working Group. This group has established Guiding Principles for the group to follow while looking at the governance documents for both the RWC and TRWC. The group will come up with different governance options and identify opportunities and recommendations to propose to the Board.

Vice Chair Campbell wanted to re-stress to the Board that trying to blend the two entities together isn't an easy task that that the end user is the main focus of the discussion.

b. Federal Communications Commission Petition
There has not been an update from the Federal Communications Commission (FCC). The Louisianan petition has been granted giving them an extension until 2024, but we are all waiting to see what will happen for everyone else.

c. 700MHz Narrow-Banding, TDMA Conversion & Lifecycle Upgrades
Mr. Felix briefed the Board on the currents status of this project, and that a special assessment will be put before the Board for approval in January. The City of Phoenix will not be able to carry long-term funding on behalf of the entire RWC, and is still working on how they will fund the City's portion of the upgrade.

d. Gila River Grant Award
The RWC was notified by the Gila River Indian Community that the RWC was awarded a grant in the amount of $176,460 (paid over two years) to use for replacing base stations. The hope is that this will be able to purchase 4-5 base stations for the RWC.

9. Call to the Public

None

10. Announcements

Chair Thorpe briefed the Board that there will be a meeting between herself, Mr. Meyer, Mr. Zuercher; and Mr. Brady and Mr. Cross, the Mesa and Queen Creek City Managers, to discuss the possibilities of the RWC & TRWC re-integrating their systems.

Chair Thorpe announced the next Board of Directors Meeting will be held January 24, 2013.

Mr. Felix explained to the Board that the 2013 Board of Directors Meetings will be held at the Maricopa Association of Governments (MAG) offices. This will help add additional room at the Board table and will accommodate the public as well.

Mr. Felix & Chair Thorpe thanked the Board and the staff for all their hard work over the last year.

11.   <u>Adjournment</u>

Chair Thorpe adjourned the meeting at 10:59 a.m.

Respectfully submitted,
Kacie Howard, Management Assistant I