



Regional Wireless Cooperative

Board of Directors

Agenda

March 24, 2016

10:00 a.m. – 11:30 a.m.

	ITEM	PRESENTER
1)	Call to Order, Roll Call, Opening Comments	Chair Hartig Scottsdale
2)	Call to the Public A member of the public may request to address the Board by submitting a blue card that is available at the entry of the room. Speakers will be considered at the sole discretion of the Board Chairman, and will be allotted no more than three (3) minutes to speak.	Chair Hartig Scottsdale
3)	Approval of RWC Board Meeting Minutes from January 28, 2016 Meeting This item is for information, discussion and action.	Chair Hartig Scottsdale Est. 2 min.
4)	RWC Annual Audit Update The purpose of this item is to update the Board on the findings of the RWC's Annual Audit. This item is for information, discussion and possible action.	Mr. Ronald Stearns, CPA – CliftonLarsonAllen, LLP Est. 15 min.
5)	Approval to Set 2016-17 Subscriber Unit Rate The purpose of this item is to request approval from the Board to Set the 2016-17 Subscriber Unit Rate. This item is for information, discussion and action.	Mr. David Felix – RWC Executive Director Est. 10 min.



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10:00 a.m. – 11:30 a.m.

<p>6)</p>	<p>Phase I and II Infrastructure and TDMA Update and Allocation of Reserve Funds The purpose of this item is to update the Board and to request direction for allocating the Reserve Funds. This item is for information, discussion and action.</p>	<p>Mr. David Felix – RWC Executive Director</p> <p>Est. 20 min.</p>
<p>7)</p>	<p>Executive Director's Report A. Subscriber Equipment Inventory B. Phase I Change Order The purpose of this item is to update the Board. This item is for information and discussion.</p>	<p>Mr. David Felix – RWC Executive Director</p> <p>Est. 10 min.</p>
<p>8)</p>	<p>Announcements & Future Agenda Items The purpose of this item is to communicate any Board announcements or future agenda items. The next meeting is on May 26, 2016 from 10:00 – 11:30. This item is for information only.</p>	<p>Chair Hartig Scottsdale</p>
<p>9)</p>	<p>Adjourn</p>	<p>Chair Hartig Scottsdale</p>



**Regional Wireless Cooperative
Board of Directors
MINUTES
March 24, 2016**

City of Phoenix
200 W. Washington Street, 12th Floor
Phoenix, Arizona 85003

Board Members Present			Board Members Absent
Kevin Artz	Mike Frazier		Brent Ackzen
Chris Briggs [^]	James Hughes [*]		Bob Hansen
Brenda Buren	John Imig		Brad Hartig
Wayne Clement	Danny Johnson		Lonnie Inskeep
Mike Cole	Paul Luizzi		Troy Maloney
Bob Costello	Terry McDonald		Rick St. John
Ron Deadman [*]	Brad Miller		Mike Thompson
Milton Dohoney, Jr.	Shannon Tolle [*]		Tim Van Scoter
[*] Board Alternate	^{**} Telephone Participant	[^] Non-Voting Alternate	

Staff and Public Present

Mindy Briggs	Domela Finessey	Ronald Stearns	
Steve Campbell	Dave Heck	Kelly Stewart	
Jeff Case	Shawn Kreuzwiesner	Rob Sweeney	
David Clarke	Chris Nadeau	Randy Thompson	
Jesse Cooper	Cy Otsuka		
Patrick Cutts	Brian Potter		
Alex Deshuk	Tonia Rogers		
Kim Engle	Dale Shaw		
David Felix	Nick Spino		
^{**} Telephone Participant			

1. Call to Order, Roll Call and Opening Comments

Vice Chair Johnson called the meeting to order at 10:02 AM.

2. Call to the Public – None

3. Approval of RWC Board Meeting Minutes from January 28, 2016.

A **MOTION** was made by Paul Luizzi and **SECONDED** by Mike Frazier to approve the RWC Board meeting minutes from January 28, 2016. **MOTION CARRIED UNANIMOUSLY (14-0)**. Board member Dohoney arrived after this vote.

4. RWC Annual Audit

Executive Director David Felix noted that CliftonLarsonAllen, LLC (CLA) issued an unmodified clean opinion at a meeting on January 26, 2016 with the RWC Executive Committee and the RWC Audit Committee. The audit findings were reviewed by the two committees and they have recommended approval of the Audit Report. The significance of the clean audit is that all financial responsibilities were properly managed and accounted for by the RWC staff on behalf of the RWC. There were no additional administrative recommendations for this audit period.

Mr. Felix introduced Mr. Ron Stearns from CLA to present the results of the RWC 2015 Audit. Mr. Stearns thanked the Board for allowing him to be there to present the findings of the audit.

Mr. Stearns stated that an unmodified clean opinion on the RWC financial statements has been issued. No fraudulent transactions or irregular payments were found. Governmental Accounting Standards Board number 68 and 71 regarding accounting for pensions, contributed to the delay in completing this audit as some additional disclosures in the financial statements and changes in wording throughout the financial statements were needed. The audit was conducted in accordance with the Generally Accepted Auditing Standards.

The cash and investments are over \$15M and the capital assets of the organization are over \$83M for about \$98M in total assets. Liabilities are about \$2.5M so the net position or the equity of the organization is about \$95.8M. The revenues exceeded the expenses by approximately \$8M.

A Comprehensive Annual Financial Report (CAFR) was provided to each Board Member. Copies can also be found at rwcaz.org.

Mr. Ronald Stearns complimented RWC Accountant Kelly Stewart for her great work on this audit.

Executive Director David Felix thanked the Audit Committee for their work on approving the Audit. He also noted that the RWC is in the process of selecting an auditing firm for the next year as this was the last year of the current contract. Mr. Felix voiced his appreciation to RWC Accountant Kelly Stewart for her work on the audit.

A **MOTION** was made by Kevin Artz to approve the RWC 2015 Annual Audit and it was **SECONDED** by John Imig. **MOTION CARRIED UNANIMOUSLY (15-0).**

5. Approval to Set 2016/2017 Subscriber Unit Rate

Executive Director David Felix provided the Board with a recap from the November 19, 2015 RWC Board meeting. The subscriber rate is determined by dividing the Staffing and O&M budget by the estimated number of subscribers on the network in 2016/17. The rate for 2016/17 if approved will be \$32.03 per radio per month which represents a \$4.12 decrease from the current rate of \$36.15. The lowered rate is partially due to the decrease in the estimated special contractual services by approximately \$770,000 which includes a reduction in the Motorola Services contract as well as a reduction in the Phoenix ITS charges. The annual staffing and O&M is \$7,003,247 and the number of subscriber units is 18,218.

A summary of the budget breakdown by Member was provided.

There was a request from a Board Member to try to get subscriber rate information out earlier in the year. Executive Director David Felix stated that the RWC staff can look into this.

Vice Chair Johnson asked for a motion for the Board to approve the 2016/2017 subscriber unit rate and for RWC staff to assess the Members.

A **MOTION** was made by Shannon Tolle to approve the 2016/2017 Subscriber Unit Rate and it was **SECONDED** by Paul Luizzi. **MOTION CARRIED UNANIMOUSLY (15-0).**

6. Phase I and II Infrastructure and TDMA Update and Allocation of Reserve Funds

Executive Director David Felix provided an overview of Phase I of the 700 MHz Hardware project as it stands today, narrowbanding expenses and revenues and distribution options for remaining balances prior to Phase II implementation. Phase I (infrastructure replacement) is being finalized and Phase II is what will enable the system to narrowband. An update was given on meetings with Motorola regarding discussion, plans, schedule and first budgetary estimates for Phase II A-D to transition the RWC network to TDMA or narrowbanding.

Executive Director Felix revisited the discussion and decision of the September 25, 2014 RWC Board meeting where the Board was given four options for action on the anticipated cost savings for this project. Option 4 was selected to defer action to give Board Members time to discuss this issue with their Finance Departments to determine if the City of Phoenix can hold these funds on their behalf.

The second and final distribution from Sprint/Nextel was received on December 22, 2015 in the amount of \$5,444,210. This amount was deposited in the account specifically established for these funds. Total reserve funds set aside for Phase II is \$14,343,185.09.

A table was shown that depicts the allocation by Member for TDMA Phase II A-D. The RWC, Phoenix ITS, and RWC Member technical personnel met with Motorola management and engineering staff to discuss alternatives associated with Phase II of the TDMA projects. Attendees engaged in a detailed discussion to review Phase I progress and the pros and cons of Phase II A-D. The Phase II plan involved an incremental approach beginning in FY 2017-18 to prepare the network for narrowbanding. Phase II A preparation involves licensing the network, upgrading channels at the Sky Harbor site and upgrading channels at Simulcast G. The budgetary estimate for Phase II-A is \$1,583,000. All Phase II costs still have to be refined with Motorola. This budgetary estimate is provided to assist Board Members with evaluating how much, if any, of their Phase II Capital Improvement Project (CIP) reserve funds should be held by the City of Phoenix for Phase II A-D. A more detailed project plan will be developed for follow on years for review and discussion at a future board meeting. The total Phase II A-D costs are estimated at \$10,297,000. These costs are estimates and detailed negotiation with Motorola still needs to take place.

Each Member needs to notify the RWC by July 1, 2016 via email, if they wish to retain their portion of the reserve funds in the CIP account or receive a portion or all of their share by credit or refund.

A **MOTION** was made by Milton Dohoney, Jr. and **SECONDED** by Brenda Buren to approve Members to individually choose whether to retain their share of the reserve in the CIP account or receive a portion or all of their share by credit or refund. **MOTION CARRIED UNANIMOUSLY (15-0)**.

7. **Executive Director's Report**

A. Subscriber Equipment Inventory

Discussions are taking place about a possible policy decision regarding whether the RWC should proactively engage in an inventory of subscriber equipment on the system and under what timeframes, rather than allowing the members to do it.

B. Phase I Change Order

As Phase I progressed it was determined that there is some equipment that was not needed that had been budgeted for as part of the contract with Motorola. The cost for that equipment is approximately \$1.2M. Discussions are in process with Motorola about what to do with the funds which might be a straight credit back to the members, or to purchase equipment identified by technical staff not included in Phase I, that would be beneficial to maintain the system, upgrade it, or make the system more robust. A recommendation

on what to do with the \$1.2M will be brought back to the Board at a future board meeting.

8. Announcements and Future Agenda Items

Vice Chair Johnson announced that the next RWC Board of Directors meeting is scheduled on May 26, 2016 from 10:00 a.m. to 11:30 a.m.

9. Adjournment

Vice Chair Johnson adjourned the meeting at 10:45 a.m.

Respectfully submitted,

Kim Engle, Management Assistant I



BOARD OF DIRECTORS REPORT

TO:	Regional Wireless Cooperative (RWC) Board Members	Agenda Date:	March 24, 2016
FROM:	David Felix, RWC Executive Director		Item 4
SUBJECT:	RWC ANNUAL AUDIT FOR FISCAL YEAR 2014/2015		

BACKGROUND

The RWC financial audit has been completed by the audit firm of CliftonLarsonAllen, LLP. The RWC Audit Committee met with the auditors and RWC staff to review the audit findings and will present their findings to the RWC Board of Directors.

THE ISSUE

On January 26, 2016 the Audit Committee met with representatives from CliftonLarsonAllen, LLP to review relevant documents and recommendations. The following are key highlights from the meeting and the Fiscal Year 2014/2015 RWC financial statements audit:

- On January 26, 2016, CliftonLarsonAllen, LLP issued an unmodified or “clean” opinion.
- The appointed RWC Audit Committee, acting on behalf of the Board of Directors, reviewed the audited financial statements and agreed with the audit opinion.
- The RWC audited financial statements include \$96 million in net position and approximately \$24 million in annual operating revenues.
- The significance of the “clean” audit is that all financial responsibilities were properly managed and accounted by RWC staff.
- There were no additional administrative recommendations to management for this audit period.
- CliftonLarsonAllen, LLP will formally brief the RWC Board of Directors on the audit process and its findings at the March 24, 2016 RWC Board meeting.

RECOMMENDATION

The Audit Committee and Executive Committee recommend Board approval of the audit findings.



BOARD OF DIRECTORS REPORT

TO:	Regional Wireless Cooperative (RWC) Board Members	Agenda Date:	March 24, 2016
FROM:	David Felix, RWC Executive Director		Item 5
SUBJECT:	RWC FISCAL YEAR 2016/17 SUBSCRIBER UNIT RATE		

BACKGROUND

On November 19, 2015, the RWC Board of Directors approved the budget for fiscal year (FY) 2016/17, with the understanding that the subscriber unit rate would be set in the Spring of 2016. The purpose of this report is to present the FY2016/17 subscriber unit rate.

THE ISSUE

The subscriber unit rate is determined by dividing the staffing, operations, and maintenance budget by the estimated number of subscriber units to be on the network in FY2016/17. The rate for FY2016/17 if approved will be \$32.03, which represents a \$4.12 decrease from the current rate of \$36.15. The reasons for the rate reduction are as follows:

- ◆ A decrease in the estimated special contractual services by approximately \$770,000; which includes the Motorola Network Services contract reduction of approximately \$430,000
- ◆ A cost reduction in the Phoenix ITS portion of the RWC budget

Annual Staffing, O&M	\$ 7,003,247
Subscriber Units	18,218
Monthly Subscriber Rate	\$ 32.03

For planning purposes, the summary of the RWC’s 2016/17 budget by member is reflected on the following page.

RECOMMENDATION

The RWC Executive Committee recommends the Board approve the FY 2016/17 subscriber unit rate of \$32.03 and authorize the RWC staff to assess the members quarterly.

RWC 16/17 Budget Detail						
Member	Radio Count	Staffing / O&M	SUAll System Upgrade	Phase II NB	Minimum Balance	Total Budget
Avondale	263	\$ 101,101	\$ 38,679	\$ -	\$ -	\$ 139,780
Buckeye	314	120,706	46,180	-	-	166,886
Chandler	961	369,421	141,334	-	-	510,756
Daisy Mountain	21	8,073	3,088	-	-	11,162
El Mirage	101	38,826	14,854	-	-	53,681
Glendale	1,343	516,267	197,515	-	-	713,783
Goodyear	400	153,765	58,828	-	-	212,593
Guadalupe	10	3,844	1,471	-	-	5,315
Maricopa	180	69,194	26,473	-	-	95,667
Maricopa County Community College District	235	90,337	34,561	-	-	124,899
North County Fire & Medical	43	16,530	6,324	-	-	22,854
Paradise Valley	0	-	-	-	-	-
Peoria	884	339,822	130,010	-	-	469,831
Phoenix	9,587	3,685,372	1,409,960	-	-	5,095,333
Rural Metro	129	49,589	-	-	-	49,589
Scottsdale	1,559	599,301	229,282	-	-	828,583
Sun City Fire	48	18,452	7,059	-	-	25,511
Sun Lakes	36	13,839	5,295	-	-	19,133
Surprise	422	162,223	62,064	-	-	224,286
Tempe	1,590	611,218	233,841	-	-	845,059
Tolleson PD	60	23,065	8,824	-	1,256	33,145
Tolleson Fire	32	12,301	4,706	-	-	17,007
Estimated Totals	18,218	\$ 7,003,247	\$ 2,660,349	\$ -	\$ 1,256	\$ 9,664,852



BOARD OF DIRECTORS REPORT

TO:	Regional Wireless Cooperative (RWC) Board Members	Agenda Date:	March 24, 2016
FROM:	David Felix, Executive Director		Item 6
SUBJECT:	PHASE I AND II INFRASTRUCTURE AND TDMA UPDATE AND ALLOCATION OF RESERVE FUNDS		

PURPOSE

Purpose of this report is to summarize the Phase I, 700 MHz Hardware Project; Narrow-Banding expenses and revenues and distribution options for remaining balances prior to implementation of Phase II; and to brief the Board on meetings with Motorola regarding discussion, plan, schedule and first budgetary estimate for “Phase II-A through D” to transition the RWC network to TDMA.

BACKGROUND

At the September 25, 2014 RWC Board of Directors meeting, the Board was provided with four options for action regarding the anticipated cost savings as listed below:

- 1) Retain the revenue in a CIP fund for all Members for future Phase II TDMA narrowband conversion or other projects such as Integrated Voice and Data (IVD);
- 2) Distribute the savings/surplus funds to all Members as a credit/refund;
- 3) Allow Members to individually choose whether to retain their share of the reserve fund in a CIP account, or receive their share as a credit or refund;
- 4) Defer action on this agenda item if Board Members require additional time to contact and discuss this issue with their finance departments.

The Board voted on option #4, to defer action to allow members time to discuss alternatives with their finance departments and determine if Members’ bond or other rules will allow the City of Phoenix to hold these funds on their behalf.

ISSUE

The second and final distribution from Sprint-Nextel was received on December 22, 2015 in the amount of \$5,444,210. This amount was deposited into the account specifically established for these funds. RWC staff also created the attached updated spreadsheet for Board review that summarize the following:

TABLE I

- 1) 700 MHz project cost revenues collected to date from Members
- 2) Total funds received from outside sources (GRIC grant & Sprint/Nextel)

- 3) Total Receipts (Column 1 + Column 2)
- 4) Total Phase I costs
- 5) Total amount to be held for Phase II or refunded to each Member

TABLE II

- 6) Allocation by Member for TDMA Phase II-A through D.

RWC, Phoenix ITS and RWC Member technical personnel met with Motorola management and engineering staff to discuss alternatives associated with Phase II of the TDMA Project. Attendees engaged in a detailed discussion to review Phase I progress and the pros and cons of "Phase II-A through D." The Phase II plan involves an incremental approach beginning in fiscal year 2017/18 to prepare the network for narrowbanding. Phase II-A preparation involves licensing the network, upgrading channels at the Sky Harbor site, and upgrading channels on Simulcast G. The budgetary estimate for Phase II-A is \$1,583,000.

The budgetary estimate has been provided to Board Members to help evaluate how much, if any of their Phase II CIP reserve funds should be held by the City of Phoenix for Phase II-A through D. A more detailed project plan will be developed for follow-on years for review and discussion at a future Board meeting.

RECOMMENDATION

Approve Members' option to hold the remaining revenue in the RWC CIP fund for Phase II-A through D TDMA conversion or to process a refund or credit to any RWC Member's account. Members will need to indicate their option decision by July 1, 2016.

The RWC Executive Committee recommends approval of this action.

RWC TDMA Summary by Member - Phase I

TABLE I

Member	Amount Paid by Members	Total Outside Funding	Total Receipts	Total Phase I Costs	Amount to be held for Phase II or Refunded
Avondale	(361,811.01)	(152,307.72)	(514,118.73)	312,830.91	(201,287.82)
Buckeye	(263,508.00)	(110,926.00)	(374,434.00)	227,835.34	(146,598.66)
Chandler	(1,320,270.00)	(555,779.48)	(1,876,049.48)	1,141,537.69	(734,511.79)
Daisy Mountain	(6,828.00)	(2,873.73)	(9,701.73)	5,902.47	(3,799.26)
El Mirage	(111,957.00)	(47,129.18)	(159,086.18)	96,800.51	(62,285.67)
Glendale	(2,127,177.00)	(895,454.42)	(3,022,631.42)	1,839,209.64	(1,183,421.78)
Goodyear	(136,533.00)	(57,474.61)	(194,007.61)	118,049.40	(75,958.21)
Guadalupe	(15,018.00)	(6,322.21)	(21,340.21)	12,985.43	(8,354.77)
Maricopa	(188,415.00)	(79,314.96)	(267,729.96)	162,908.17	(104,821.79)
MCCCD	(209,373.60)	(130,006.99)	(339,380.59)	205,521.13	(133,859.46)
North County Fire & Medical	(51,882.00)	(21,840.35)	(73,722.35)	44,858.77	(28,863.58)
Peoria	(1,226,061.00)	(516,122.00)	(1,742,183.00)	1,060,083.61	(682,099.39)
Phoenix	(14,908,947.00)	(6,234,845.67)	(21,143,792.67)	12,805,998.83	(8,337,793.85)
Scottsdale	(1,901,898.00)	(800,621.31)	(2,702,519.31)	1,644,428.13	(1,058,091.18)
Sun City	(57,345.00)	(24,139.34)	(81,484.34)	49,580.75	(31,903.59)
Sun Lakes	(40,959.00)	(17,242.38)	(58,201.38)	35,414.82	(22,786.56)
Surprise	(547,494.00)	(230,473.19)	(777,967.19)	473,378.09	(304,589.09)
Tempe	(2,157,213.00)	(908,098.84)	(3,065,311.84)	1,865,180.51	(1,200,131.33)
Tolleson	(39,594.00)	(16,667.64)	(56,261.64)	34,234.33	(22,027.31)
TOTALS	(25,672,283.61)	(10,807,640.00)	(36,479,923.61)	22,136,738.52	(14,343,185.09)

RWC TDMA Summary by Member - Phase II A-D

TABLE II

Member	RWC Member Units	Phase II-A 2017/18	Phase II-B 2018/19	Phase II-C 2019/20	Phase II-D 2020/21	Total Phase II A-D
Avondale	263	23,015.59	61,660.84	50,509.26	14,524.68	149,710.38
Buckeye	314	27,478.69	73,617.89	60,303.83	17,341.26	178,741.67
Chandler	961	84,098.79	225,308.25	184,560.45	53,073.08	547,040.58
Daisy Mountain	21	1,837.75	4,923.49	4,033.06	1,159.77	11,954.06
El Mirage	101	8,838.69	23,679.64	19,397.09	5,577.92	57,493.34
Glendale	1,343	117,528.28	314,868.87	257,923.71	74,169.77	764,490.63
Goodyear	400	35,004.70	93,780.75	76,820.17	22,090.77	227,696.39
Guadalupe	10	875.12	2,344.52	1,920.50	552.27	5,692.41
Maricopa	180	15,752.11	42,201.34	34,569.08	9,940.85	102,463.38
MCCCD	235	20,565.26	55,096.19	45,131.85	12,978.33	133,771.63
North County Fire & Medical	43	3,763.01	10,081.43	8,258.17	2,374.76	24,477.36
Peoria	884	77,360.38	207,255.46	169,772.57	48,820.61	503,209.02
Phoenix	9,587	838,975.12	2,247,690.14	1,841,187.35	529,460.61	5,457,313.23
Scottsdale	1,559	136,430.81	365,510.48	299,406.60	86,098.79	887,446.68
Sun City	48	4,200.56	11,253.69	9,218.42	2,650.89	27,323.57
Sun Lakes	36	3,150.42	8,440.27	6,913.82	1,988.17	20,492.68
Surprise	422	36,929.96	98,938.69	81,045.28	23,305.77	240,219.69
Tempe	1,590	139,143.68	372,778.48	305,360.16	87,810.82	905,093.15
Tolleson Fire & PD	92	8,051.08	21,569.57	17,668.64	5,080.88	52,370.17
TOTALS	18,089	1,583,000.00	4,241,000.00	3,474,000.00	999,000.00	10,297,000.00

Please note:

- Phase II A-D estimate for Motorola contract only.
- Applicable federal, state, and local taxes are not included.
- Future Phases not yet determined.



BOARD OF DIRECTORS REPORT

TO:	Regional Wireless Cooperative (RWC) Board Members	Agenda Date:	March 24, 2016
FROM:	David Felix, RWC Executive Director		Item 7
SUBJECT:	EXECUTIVE DIRECTOR'S REPORT		

BACKGROUND

The Executive Director will provide an update to the Board of Directors regarding the following issues:

- Subscriber Equipment Inventory
- Phase I Change Order
Approximately \$1.2 million credit from Phase I Infrastructure Replacement Project.

RECOMMENDATION

This agenda item is for information and discussion.