



Regional Wireless Cooperative

Board of Directors

Agenda

September 25, 2014

10:00 a.m. – 12:00 p.m.

	ITEM	PRESENTER
1)	Call to Order, Roll Call, Opening Comments	Chair Campbell El Mirage
2)	Call to the Public A member of the public may request to address the Board(s) 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(s) Chairman(s), and will be allotted no more than three (3) minutes to speak.	Chair Campbell El Mirage
3)	Approval of RWC Board Meeting Minutes from March 27, 2014 This item is for information, discussion and action.	Chair Campbell El Mirage Est. 2 min
4)	Approval of New / Revised Policies 1. Long Term Interoperability Policy (New) 2. Confidentiality Policy (Revised) 3. Contractor Policy (Revised) 4. Subscriber Radio Equipment Maintenance Policy (Revised) 5. Dispatch Site Maintenance Policy (Revised) The purpose of this item is to present new and revised Policies and request approval from the Board. This item is for information, discussion and action.	Mr. David Felix - RWC Executive Director Est. 10 min
5)	Approval to Add Two New Members to the Audit Committee The purpose of this item is to request approval from the Board to add two new members to the Audit Committee. This item is for information, discussion and action.	Mr. David Felix - RWC Executive Director Est. 5 min



Regional Wireless Cooperative

Board of Directors

Agenda

September 25, 2014

10:00 a.m. – 12:00 p.m.

6)	<p>Annual Audit Update The purpose of this item is to update the Board on the Annual Audit. This item is for information and discussion.</p>	<p>Ms. Kelli Butz – RWC Accountant III Est. 5 min</p>
7)	<p>700MHz Narrow-banding TDMA Conversion Lifecycle Upgrade, Hardware Upgrade Phase and 800 MHz Re-banding Cash-Out The purpose of this item is to update the Board on the 700MHz Narrow-banding TDMA Conversion Lifecycle Upgrade, Hardware Upgrade Phase and 800 MHz Re-banding Cash-Out. This item is for information, discussion and action.</p>	<p>Mr. Bill Phillips - Phoenix ITS Est. 10 min</p>
8)	<p>Executive Director Update A. FCC 700 MHz 2017 Narrowbanding Deadline B. 2014 Annual Report This item is for information and discussion.</p>	<p>Mr. David Felix – RWC Executive Director Est. 10 min.</p>
9)	<p>Call to the Public This item is for information only.</p>	
10)	<p>Announcements & Future Agenda Items The purpose of this item is to communicate any Board announcements or future agenda items. The next meeting is a Joint* meeting on November 20, 2014 from 9:00 – 12:00. This item is for information only. <small>* Joint meeting if needed.</small></p>	<p>Chair Campbell El Mirage</p>
11)	<p>Adjourn</p>	<p>Chair Campbell El Mirage</p>



**Board of Directors
MINUTES
September 25, 2014**

Maricopa Association of Governments
302 N. 1st Avenue
Phoenix, Arizona 85003

Board Members Present			Board Members Absent
Brent Ackzen	Bob Costello	James Hughes*	Danny Johnson
Kevin Artz	Susan Daluddung	Paul Luizzi	Lonnie Inskeep
Kevin Bailey	Chris DeChant	Mark Nichols*	
Brenda Buren	Milton Dohoney	Mike Thompson	
Steven Campbell	Mike Frazier	Tim Van Scoter	
Wayne Clement	Bob Hansen	Paul Wilson	
Mike Cole	Brad Hartig		
*Board Alternate	** Telephone Participant		

Staff and Public Present

Bill Anger	John Imig	Rob Sweeney	
Kelli Butz	Doug Mummert	Shannon Tolle	
David Clarke	Chris Nadeau	Tim Ulery	
Dave Collett	Cy Otsuka	Jim Wise	
Kim Engle	Ron Parks**	Mike Worrell	
David Felix	Bill Phillips		
Domela Finnessey	Hans Silberschlag		
John Gardner	Nick Spino		
Dave Heck	Michael Sumnicht		
**Telephone Participant			

1. Call to Order, Roll Call and Opening Comments

Chair Campbell called the meeting to order at 10:25 AM.

2. Call to the Public – None

3. Approval of RWC Board Meeting Minutes from March 27, 2014.

A **MOTION** was made by Paul Wilson and **SECONDED** by Mike Frazier to approve the RWC Board meeting minutes from March 27, 2014. **MOTION CARRIED UNANIMOUSLY (20-0).**

4. Approval of New / Revised Policies

Executive Director David Felix gave a brief description of one (1) new policy and four (4) revised policies before requesting approval from the Board; and noted that these policies have been recommended by the Executive Committee for approval.

- a. Long Term Interoperability Policy (New)
- b. Confidentiality Policy (Revised)
- c. Contractor Policy (Revised)
- d. Subscriber Radio Equipment Maintenance Policy (Revised)
- e. Dispatch Site Maintenance Policy (Revised)

Chair Campbell asked if the Confidentiality Policy had been reviewed by the City of Phoenix legal department.

Executive Director David Felix replied that he could not say for certain but assumed that it followed the procedures of the Administrative Manager.

A **MOTION** was made by Susan Daluddung to approve all of the above listed policies and it was **SECONDED** by Mike Frazier. **MOTION CARRIED UNANIMOUSLY (20-0).**

5. Approval to Add Two New Members to the Audit Committee

Executive Director David Felix reminded the Board that in 2011 during the first budget adoption and approval, it was noted that the Governance calls for an independent audit to be conducted. When the auditing firm of CliftonLarsonAllen, LLP (CLA) was approached and asked what would be the process to bring that audit forward to the Board and handle the audit efficiently, it was indicated that the industry standard is for a subcommittee of three to five members. This committee will review the Comprehensive Annual Financial Report (CAFR) and meet with the independent auditors to make a recommendation to the Board for approval of the findings.

This has been done successfully for the past three years. Two members of the current audit committee that were intended to have staggered terms have retired so those positions need to be filled. In the past this has been handled by seeking volunteers, but the Chair could appoint members if no one steps forward. There has been great representation in the past from Fire so it would be desirable for this new committee to possibly have representation from other jurisdictions. Currently, City of Goodyear Chief Paul Luizzi, is on the Committee.

Chair Campbell asked for further clarification regarding the time commitment needed for participating on this committee.

Executive Director David Felix noted that the CAFR document is forwarded by the RWC accountant to the committee for review, and then there is one meeting with the auditors to go over the information, have questions answered and for the auditors to give recommendations. The auditors then forward the document to the Board. A total time commitment of approximately three hours would be required to review the document and attend the meeting with the auditors.

Chair Campbell addressed the Board requesting volunteers to fill the two vacant positions. Acting Assistant City Manager, Kevin Artz, from the City of Avondale, and Assistant Police Chief, Brenda Buren, from the City of Tempe volunteered to fill the vacancies.

A **MOTION** was made by Mike Frazier and **SECONDED** by Bob Hansen to approve the two new members of the Audit Committee. **MOTION CARRIED UNANIMOUSLY (20-0)**.

6. **Annual Audit Update**

Ms. Kelli Butz, RWC Accountant, stated that this is an update of the required annual independent audit of the RWC's financial records for fiscal years 2013-2014. This year CliftonLarsonAllen, LLP (CLA) is conducting the audit. On August 7, 2014 the RWC Executive Director and Accountant attended a kick-off meeting with CLA to discuss the audit process, the timeline, and significant audit areas. This year's audit will focus on pooled cash investments, expenditures and expenses, and revenues. The draft CAFR is almost complete and is planned to be sent to the auditors the week of October 6 and the CLA audit team is scheduled to do the full audit on October 13. Once the audit is complete the Audit Committee and RWC staff will meet with CLA staff to discuss the findings. The Audit Committee will then be tasked with recommending changes if needed, developing responses if needed, and to approve the draft findings for final publication. If the draft documents are approved by the Audit Committee, and audit runs as scheduled, the auditors will formally brief the Board on the audit process and findings at the RWC Board of Directors meeting on November 20.

7. **700 MHz Narrow-banding TDMA Conversion Lifecycle Upgrade, Hardware Upgrade Phase and 800 MHz Re-banding Cash-Out**

Executive Director David Felix provided an introduction, that this is a combined issue in that the discussion will be about the 700 MHz infrastructure replacement project and the long standing process of negotiations with Sprint Nextel for 800 MHz re-banding. In transitioning the infrastructure to 700 MHz the 800 frequencies will be relinquished to Sprint Nextel. Normally Sprint Nextel would

pay for the process of re-banding but instead the RWC opted for a cash-out option and Mr. Philips will be discussing that further.

Mr. Bill Phillips gave an update on the two projects noting that the 700MHz project costs are significantly reduced and the project is still on target for completion by December 31, 2016. The mandate for this is likely to be extended or removed so only the hardware phase of the upgrade is currently being performed; not the actual narrowbanding. Although not likely, The TDMA conversion could still be required by the feds. The 800MHz re-banding cash-out has been defined and the Board will be requested to decide the disposition of surpluses and cash-out funds.

Two alternatives were given for 700 MHz surplus funds and 800 MHz cash-out funds and the pros and cons of each discussed.

Alternatives:

1. Set aside all surplus special assessments and cash-outs in the CIP account to offset future conversion to TDMA (700MHz Narrow-banding) and/or other projects.
2. Give full or partial credit or refund to Members for all of the above; if partial, then the remainder would go to CIP account.

The recommendation is to select alternative #1 as recommended by the Executive Committee.

It was determined to table this decision after much discussion until further financial information can be provided about the collection of special assessments to date, what is remaining, and how much is still owed by each agency.

Executive Director David Felix suggested that additional information be provided at the November 20 meeting to assist in this decision making process.

A **MOTION** was made by Bob Hansen to table this item to future meetings and **SECONDED** by Paul Luizzi. **MOTION CARRIED UNANIMOUSLY (20-0)**.

8. **Executive Director Report**

Executive Director Felix made the following updates:

A. FCC 700 MHz 2017 Narrowbanding Deadline

There is not any new information on this deadline. This item is being tracked in numerous ways and hopefully in the near future an answer will be available. Periodically information comes out and that information is passed on to the Board members as it is received.

B. 2014 Annual Report

The annual report is prepared almost entirely in-house by RWC staff and the 2014 report is complete. There is an overview of the system, highlights of accomplishments, project status, new membership, and other areas of interest. There is also a breakdown of finances and system performance, and contact information. The report will be posted on the RWC website at rwcaz.org.

Chair Campbell thanked Mr. Felix and staff for putting together this report.

9. **Call to the Public - None**

10. **Announcements and Future Agenda Items**

Chair Campbell noted that the next meeting is another Joint Board meeting on November 20 from 9:00 a.m. to 12:00 p.m. with a similar format as today's meeting.

Chair Campbell encouraged the Board Members to take an in depth look at the Governance Document that will be sent out via email after the meeting. This is an important endeavor for the valley and public. He commended everyone for their support and asked for comments to be sent to Executive Director David Felix.

Executive Director David Felix thanked Kim Engle, RWC Management Assistant, for her support to the Governance Working Group over the past several months and Kelli Butz, RWC Accountant, for her work on the Audit. Kelli was also congratulated on her 26th year with the City of Phoenix.

Another announcement was made thanking David Clarke, RWC Administrative Aide, for his technical and administrative work on the Annual Report. David was also congratulated on his successful completion of the City of Phoenix Police Reserve Academy on August 20, 2014. David is now a certified peace officer and will be starting field training in the near future.

12. **Adjournment**

Chair Campbell adjourned the meeting at 11:25 a.m.

Respectfully submitted,

Kim Engle, Management Assistant I



BOARD OF DIRECTORS REPORT

TO:	Regional Wireless Cooperative (RWC) Board Members	Agenda Date:	September 25, 2014
FROM:	David Felix & Kim Engle, RWC		Item 4
SUBJECT:	POLICY UPDATES AND APPROVAL		

PURPOSE

The purpose of this report is to brief the Board on one new policy and four additional policies which have been audited and require documented Board approval.

BACKGROUND

The Policy Working Group (PWG) is responsible for developing policies and procedures which govern management and use of the RWC network. Policies require Operations Working Group (OWG) and Executive Committee review and approval prior to Board review and approval. The PWG also conducts on-going audits of approved policies and procedures to ensure they are up-to-date with current practices.

DISCUSSION


The Board will be briefed on the following RWC Policies:

- 1) Long Term Interoperability Policy (NEW)
- 2) Confidentiality Policy (Revised)
- 3) Contractor Policy (Revised)
- 4) Subscriber Radio Equipment Maintenance Policy (Revised)
- 5) Dispatch Site Maintenance (Revised)

Item 1 is a new policy. Items 2 through 5 have been audited with no substantial changes; however, although these policies have been in force, RWC staff cannot confirm a Board approval date.

RECOMMENDATION

This item is for information, discussion and possible follow-up action. The RWC Executive Committee has reviewed policy items 1 through 5 and recommends Board approval.

REGIONAL WIRELESS COOPERATIVE POLICIES AND PROCEDURES	 Regional Wireless Cooperative
	No. O-14.13
Subject: Long-Term Interoperability Policy	Effective Date

1.0 Purpose

- 1.1. The purpose of this procedure is to support the long-term use of interoperability talk groups.

2.0 Owner

- 2.1. RWC Operations Work Group (OWG)

3.0 Applies To

- 3.1. All Members, Associate and Conditional and Interoperability Participants that need long-term use of RWC interoperability talk groups.

4.0 Background

- 4.1. In order to facilitate interoperable communications, the RWC identified talk groups that are wide area to be used for long-term interoperable situations.

5.0 Policy Statement

- 5.1. These talk groups can be used to facilitate communications among agencies that typically communicate with each other on a regular day-to-day basis.
- 5.2. Utilization of Interoperability resources for more than 29 days constitutes long term use.

6.0 Supporting Rules

- 6.1. Request for long-term talk group usage must be submitted to the OWG. All requests must include:
 - 6.1.1. Requesting agency.
 - 6.1.2. Interoperating agencies.

- 6.1.3. Number of users and completed Subscriber Inventory Form, available at www.rwcaz.org.
- 6.1.4. Beginning and ending dates.
- 6.1.5. Purpose for request.
- 6.1.6. Explanation of encryption needs if secure communications are requested.
 - 6.1.6.1. A pre-determined encryption key will be assigned for each encrypted talk group deck.
- 6.1.7. Contact person, including phone number and email address.
- 6.2. Long-term interoperability talk groups will be assigned by the OWG.
 - 6.2.1. Denied requests can be appealed to the Executive Committee.
- 6.3. When resources are requested, assignments are based on the following criteria.
 - 6.3.1. Network usage and system impact.
 - 6.3.2. RWC membership.
 - 6.3.3. Number of agencies and total number of users involved.
 - 6.3.4. Requestor requirements.
 - 6.3.5. Resource availability.
- 6.4. Long term interoperability usage will be evaluated quarterly.
 - 6.4.1. If extensions are not requested, users will be automatically disconnected.
- 6.5. Terminations
 - 6.5.1. The RWC reserves the right to rescind agreements.
 - 6.5.2. Upon termination, the encryption key must be removed from the radio.
 - 6.5.2.1. If the radio is Over-The-Air Rekeying (OTAR) capable the key will be removed by the Key Management Facility (KMF).
 - 6.5.2.2. If manually loaded, radios must be presented for encryption key removal upon request.
- 6.6. There is no support for emergency buttons on G, H, L, O and P interoperability talk groups.
- 6.7. RWC members do not provide dispatch monitoring for G, H, L, O and P interoperability talk groups on a day-to-day basis. Agencies must make arrangements for dispatch monitoring.
- 6.8. If an encrypted talk group is patched to an unencrypted talk group both talk groups should be treated as non-secure or unencrypted.
- 6.9. There should be no expectation that the interoperability talk groups are recorded.

7.0 Responsibilities

- 7.1. A representative of the requesting agency(s) will be available in person or via teleconference for discussion at the time the OWG considers the request.

- 7.1.1. Once approved, the requesting agency becomes responsible to provide required documentation or information requested by the OWG.
- 7.2. Requesting agency needs to ensure that all agencies have access to the assigned resources.
- 7.3. When the operation ends, notification must be made to the RWC Executive Director that the assigned resource is no longer needed.
- 7.4. The requesting agency is responsible for facilitating encryption key removal.

8.0 Conditions for Exemption or Waiver

- 8.1. As provided in the Waiver or Exception Policy.

9.0 Applicable Procedures:

- 9.1. As listed at www.rwcaz.org

REGIONAL WIRELESS COOPERATIVE POLICIES AND PROCEDURES	
	No. S-01.10
Subject: Confidentiality Policy	Effective Date 11/10/10 Rev:

1.0 Purpose

- 1.1. The purpose of this policy is to control dissemination of system configuration and programming information related to the Regional Wireless Cooperative (RWC).

2.0 Owner

- 2.1. RWC Operations Working Group (OWG).

3.0 Applies To

- 3.1. RWC maintenance, operations personnel and users of RWC systems or other employees and contractors that have access to any RWC system related information.

4.0 Background

- 4.1. RWC is a radio communications network that supports both public safety and public service operations. As such, information related to system configuration or operation is sensitive, and should not be released or shared.

5.0 Policy Statement

- 5.1. The RWC Executive Director is the custodian of records for RWC system related information and is the point of contact related to public records requests (inspection or copying) or information requests for RWC system related information.

6.0 Supporting Rules

- 6.1. The RWC shall comply with A.R.S. §§ 39-121, et seq. (Arizona Public Records Law) in maintaining and providing access to the records of the RWC.
- 6.2. To the extent permitted by law, the Members shall treat Network Information as proprietary and confidential. Network information includes, but is not limited to technical data, engineering details, construction documents, equipment lists, programming configurations, and operational procedures.

- 6.3. Any Member who receives a request for information or a public records request concerning the Network shall notify the Executive Director of such request before following any customary internal practices or procedures with regard to such request.
- 6.4. Any public records or information request for RWC information from non-public safety or non-public service entities for release of the system configuration and programming data should be authorized by the RWC OWG before release.
- 6.5. As a general practice, system configuration and programming data should only be released or shared with other public safety and public services entities or authorized contractors, and to support public safety and public service operations on a need to know basis.
- 6.6. Release of confidential information may require confidentiality and/or non-disclosure agreements.
- 6.7. RWC information includes electronic information or files, information on paper, and information shared orally or visually (such as telephone and video conferencing).

7.0 Responsibilities

- 7.1. Public information requests received by the Executive Director shall be communicated to the OWG and the RWC Board of Directors.
- 7.2. The Executive Director will maintain the records of the RWC in accordance with the record retention schedule of the Administrative Managing Member.

8.0 Conditions for Exemption or Waiver

- 8.1. As recommended by the RWC OWG.

9.0 Applicable Policies and Procedures:

- 9.1. As listed at www.rwcaz.org

<p style="text-align: center;">REGIONAL WIRELESS COOPERATIVE POLICIES AND PROCEDURES</p>	
	<p>No. O-02.12</p>
<p>Subject: Contractor Policy</p>	<p>Effective Date: 9/28/10</p> <p>Rev:</p>

1.0 Purpose

- 1.1. The purpose of this policy is to establish the requirement to inform contractors of Regional Wireless Cooperative (RWC) policies and to take reasonable steps to ensure that the contractor operates in compliance with RWC policies.

2.0 Owner

- 2.1. RWC Operations Working Group (OWG).

3.0 Applies To

- 3.1. RWC Members, Interoperability Participants and any entities otherwise using the operational capabilities of the RWC.

4.0 Background

- 4.1. The RWC provides vital communications services for Member agencies and interoperability participants while directly supporting law enforcement, fire services, and other public safety and public service entities. Accordingly, a series of policies and procedures have been developed and adopted that frame how operational activities relative to the RWC should be conducted.
- 4.2. It is envisioned that contractors will be utilized by system users to conduct activities relative to the operations and maintenance of the RWC infrastructure and subscriber equipment.
- 4.3. Operations and maintenance activities performed by contractors can be service affecting to RWC subscribers.

5.0 Policy Statement

- 5.1 It is the responsibility of the agency that hires the contractor (1) to ensure each contractor understands and agrees to abide by RWC policies and procedures, (2) to take reasonable steps to ascertain that the contractor is in fact in compliance with RWC policies and procedures, and (3) to document the steps taken to comply with this policy.

6.0 Supporting Rules

- 6.1. Each RWC entity is responsible for contractor performance relating to operations or maintenance activities on the RWC.
- 6.2. The OWG may provide contact information for contractors.

7.0 Responsibilities

- 7.1. It is the responsibility of the RWC entity to:
 - 7.1.1. Provide the contractor with a copy of all applicable RWC policies and procedures.
 - 7.1.2. Ensure that the contract between the RWC entity and the contractor includes language that requires the contractor to abide by all applicable RWC policies and procedures.
 - 7.1.3. Report non-compliant contractors to the OWG
- 7.2. All potential contractors shall provide documentation to the RWC entity demonstrating adequate training and expertise necessary to provide service and maintenance support to the RWC.

8.0 Conditions for Exemption or Waiver

- 8.1. As provided in the Waiver or Exception Policy.

9.0 Applicable Policies and/or Procedures

- 9.1. As listed at www.rwcaz.org.

REGIONAL WIRELESS COOPERATIVE POLICIES AND PROCEDURES	
	No. O-10.10
Subject: Subscriber Radio Equipment Maintenance Policy	Effective Date 07/28/10 Rev:

1.0 Purpose

- 1.1. The purpose of this policy is to define the responsibilities for maintenance of the Regional Wireless Cooperative (RWC) subscriber radio equipment.

2.0 Owner

- 2.1. Operations Working Group (OWG)

3.0 Applies To

- 3.1. Any entity operating subscriber radio equipment on the RWC.

4.0 Background

- 4.1. The RWC is a radio communications system that supports both public safety and public service operations. Maintenance activities related to the operation of the entity's subscriber radio equipment are critical to the services provided to RWC users.

5.0 Policy Statements

- 5.1. Each entity with subscriber radio equipment having access to the RWC system is solely responsible for all service and maintenance for subscriber radio equipment.

6.0 Supporting Rules

- 6.1. RWC network users are responsible for internal distribution, tracking and inventory control of subscriber radio equipment.
- 6.1.1. The Radio ID / manufacturer serial number relationship of subscriber equipment should be included in the RWC network user's inventory.

7.0 Responsibilities

- 7.1. RWC network users are responsible for maintaining their subscriber radio equipment according to FCC rules and regulations, as well as preventative maintenance (PM) based on manufacturer's recommendations.

- 7.2. RWC network users will be responsible for providing and managing spare parts for their subscriber radio equipment
- 7.3. RWC network users are responsible for the replacement and upgrades of their subscriber equipment.
 - 7.3.1. It is the responsibility of the user to maintain firmware requirements to ensure network compatibility.

8.0 Conditions for Exemption or Waiver

- 8.1. As provided in the Waiver or Exception Policy

9.0 Applicable Policies and/or Procedures

- 9.1. As listed at www.rwcaz.org.

REGIONAL WIRELESS COOPERATIVE POLICIES AND PROCEDURES	
	No. O-03.10
Subject: Dispatch Site Maintenance Policy	Effective Date 7/28/10 Rev:

1.0 Purpose

- 1.1. To define the organizational responsibilities for maintenance and configuration of the Regional Wireless Cooperative (RWC) dispatch site equipment located at Member agency facilities.

2.0 Owner

- 2.1. RWC Operations Working Group (OWG).

3.0 Applies To

- 3.1. Participating Member agencies and organizations having an interconnected dispatch site using the operational capabilities of the RWC.

4.0 Background

- 4.1. Maintenance and configuration activities required for sustaining the operation of Member dispatch sites are critical to providing RWC services.

5.0 Policy Statements

- 5.1. Each Member agency's dispatch site support provider will maintain and configure the equipment in accordance with contracts or service agreements. All associated costs are the responsibility of the Member agency.
- 5.2. RWC Operations Center (ROC) will provide network configuration support.

6.0 Supporting Rules

- 6.1. All dispatch site maintenance must be reported to the ROC staff before activities commence.
- 6.2. Member agencies will develop and maintain their own configuration files for dispatch client terminals.
- 6.3. Maintenance activities to the RWC links (ATIA data stream) to Computer Aided Dispatch equipment will be supported by Member agencies.
- 6.4. Member agencies will maintain their own dispatch site equipment, Auxiliary I/O devices, headsets, conventional resources, and recording equipment.
- 6.5. The demarcation point in a Gold Elite environment is the CEB and in a network based environment it is the switch.

7.0 Responsibilities

- 7.1. Member agencies will be responsible for managing their spare parts for the dispatch site equipment.
- 7.2. The RWC ROC is responsible for management and maintenance of the programming, backup and the restoration of all network software, network operating systems, network configuration files and network based console configuration files.
- 7.3. Member agencies are responsible for loading encryption keys into their own dispatch client terminals in accordance with the Encryption Management Policy.

8.0 Applicable Procedures

- 8.1. As listed at www.rwcaz.org



BOARD OF DIRECTORS REPORT

TO: Regional Wireless Cooperative (RWC) Board Members Agenda Date: September 25, 2014

FROM: David Felix, RWC Executive Director Item 5

SUBJECT: **RWC AUDIT COMMITTEE VACANCIES**

BACKGROUND

In 2011, at the recommendation of the auditing firm of CliftonLarsonAllen LLP, the RWC Board of Directors appointed three Board members to serve on an RWC Audit Committee to represent the RWC in reviewing the findings and recommendations of the audit firm. These members were to serve staggered three year terms.

THE ISSUE

Due to the departures of City of Chandler Assistant Fire Chief Marc Walker and Sun City Fire District Fire Chief Jim Haner as members of the RWC Audit Committee, only one member remains –City of Goodyear Fire Chief Paul Luizzi.

RECOMMENDATION

The Board of Directors to seek two volunteers or select members of the Board of Directors to serve on the three-person RWC Audit Committee to replace the positions held by Chief Walker and Chief Haner. The two new members will serve a three year term.



BOARD OF DIRECTORS REPORT

TO: Regional Wireless Cooperative (RWC) Board Members Agenda Date: September 25, 2014

FROM: Kelli Butz, RWC Accountant III Item 6

SUBJECT: **RWC ANNUAL AUDIT FOR FISCAL YEAR 2013/14**

BACKGROUND

The RWC governance requires an annual independent audit of RWC financial records. The RWC Accountant III will provide an update on the audit process being conducted by CliftonLarsonAllen, LLP (CLA).

THE ISSUE

The annual RWC financial audit work is being conducted by the firm of CliftonLarsonAllen, LLP (CLA). On August 7, 2014, RWC staff attended the audit kickoff meeting with representatives of CLA to discuss the process, timeline, and significant audit areas. The main focus of the audit will be on pooled cash and investments, revenue, and expenditures. In preparing for the audit, RWC Accountant III Kelli Butz is updating the Comprehensive Annual Financial Report (CAFR) and continues to provide items requested by CLA for use by the audit team during their field work to be conducted the week of October 13, 2014.

RECOMMENDATION

Based upon audit process best practices, the RWC Board of Directors appointed a three person Audit Committee with a commitment to serve on the committee for two to three years to provide a level of consistency based on their experience with prior audits.

Similar to last year's process, the Audit Committee will meet with CLA and the RWC staff to review the audit findings. The Audit Committee will recommend changes, develop a response if needed, and approve the draft findings and representation letters for final publication.

If the draft documents are approved, CLA will formally brief the Board of Directors on the audit process and findings at the regularly scheduled November 2014 Board meeting.



BOARD OF DIRECTORS REPORT

TO:	Regional Wireless Cooperative (RWC) Board Members	Agenda Date:	September 25, 2014
FROM:	Bill Phillips, Phoenix ITS		Item 7
SUBJECT:	700MHz NARROW-BANDING TDMA CONVERSION LIFECYCLE UPGRADE, HARDWARE UPGRADE PHASE AND 800 MHz RE-BANDING CASH-OUT		

PURPOSE

Purpose of this report is to update the Board on the status of the 700 MHz Narrow-Banding, TDMA Conversion and Lifecycle Upgrade project and the 800 MHz Re-Banding “Cash-Out” Negotiations. It is also to request Board action on the use of surplus and “cash-out” funds.

BACKGROUND

The 700 MHz Narrow-Banding project is necessary to meet the federal mandate to narrow-band all 700 MHz frequencies by January 1, 2017, and perform key lifecycle upgrades to replace components that are no longer supported. This project will also move the RWC off of its current 800 MHz frequencies and onto all 700 MHz frequencies. The project was approved by the RWC Board on March 28, 2013 at a cost of \$25.4 M. The 800 MHz Re-Banding project is necessary to meet the federal mandate to re-band all 800 MHz frequencies. Since the 700 MHz project is eliminating the 800 MHz frequencies re-banding is not necessary. Therefore, the goal of this project is to negotiate a “cash-out,” and use the funds to offset the cost of the 700 MHz project.

DISCUSSION

The key points of the projects are:

- 1) 700 MHz project costs have been significantly reduced.
- 2) 800 MHz Re-Banding “Cash-Out” is now defined.
- 3) 700 MHz project is still to be completed by Dec 31, 2016.
 - a) The 700 MHz Narrow-Banding federal mandate may be extended or eliminated
 - b) RWC currently only performing hardware upgrades
 - c) TDMA conversion is pending, but may still be required by Jan 1, 2017
- 4) RWC Board to decide on disposition of surplus and “cash-out” funds

The 700 MHz project budget as approved by the RWC Board, are shown for reference in Attachment A. The table below reformats and updates the budget to show the revised cost to date. The main changes are as follows:

- 1) The Motorola contract costs in the original budget were based on a preliminary estimate. Before the actual project began, Motorola prepared a revised proposal and the revised contract costs were reduced from \$27.6 M to \$21.8 M.
- 2) Two change orders were approved:
 - a. The first, at a cost of \$119,610, added spares for the new Tower Top Amplifiers (TTA's);
 - b. The second, at a cost of \$18,328.26, was added to keep the Chandler site at Hamilton active to provide for coverage in that vicinity that could not be met by Simulcast F while Simulcast C was off-line being upgraded.

The change orders were within the authorized contract amount and covered by the planned contingency.
- 3) The contingency was reduced by the amount of the change orders.
- 4) Thus the revised contract amount and contingency is now \$23.8 M, which is a savings of about \$4.7 M.
- 5) At this point, the planned credit for the 800 MHz Cash-Out is not being included in order to show the status of project funding without any external factors.

Summary of Updated 700 MHz Hardware Phase Costs		
Item	Approved Budget	Revised Costs
Base Contract Amount	\$27,665,000	\$21,830,139
Change Orders (TTA Spares & Hamilton Site)		\$137,938
Total Contract Amount	\$27,665,000	\$21,968,077
RWC Staff, PM, Contingency, RWC Consoles	\$2,000,000	\$1,862,062
Total Costs to Accomplish 700 MHz Conversion and Lifecycle Upgrade Without Narrow-Banding	\$29,665,000	\$23,830,139
Credit for 800 MHz Re-Banding Cash-out	(\$4,300,000)	
Total Cost of Hardware Upgrade	\$25,365,000	\$23,830,139
Approved Special Assessment	\$25,365,000	\$25,365,000
Amount Remaining	\$0	\$1,534,861

As the above table clearly shows, the 700 MHz project is completely funded and even has a project surplus without considering the 800 MHz Cash-Out. This surplus may even be as high as about \$3.4 M, if no further use of the contingency is required.

Additionally, the project is well underway and ahead of schedule. Simulcast F has been upgraded adding two channels for increased capacity, and the Simulcast C sub-system is now complete. Motorola is beginning work on the IR sites and will soon start work on Simulcast B. The updated, high-level project schedule is shown in Attachment B.

The 800 MHz Re-Banding, Frequency Reconfiguration Agreement (FRA) has been signed and is in the process of being approved by the FCC. IT has been a long and painful process to bring to fruition. The team involved in completing this agreement is made up of the following principle parties:

- 1) Alan Tilles: Shulman, Rogers (contract attorney)
- 2) Randy Brooks: Motorola (Motorola, Re-Banding contractor)
- 3) Darrell Clark, Mark Snyder: BGA (Consultant and project management)
- 4) Stuart Snow, John Gardner, Bill Phillips (Phoenix team)
- 5) RWC Members (Provide data and support)

This project has taken many years to finally come to completion. Stuart Snow in particular, is to be congratulated for his diligence, and hard work. He has kept the project moving forward, coordinating the activities of our consulting attorney, consultant, Motorola and the local team

One of the main reasons for the length of time to complete this project has been due to the delays the federal government has had in resolving the border re-banding agreement with Mexico. As soon as the treaty was finalized the negotiation and subsequent mediation began in earnest and ran from April through August 2014.

The net result of the negotiations is a Base Cash-Out value of \$10 M, with incentives and disincentives depending on when the RWC finally clears all of the 800 MHz frequencies. There are several factors which reduce the settlement amount. These are outlined below:

Base Amount	\$10,000,000
Attorney fees	\$111,580
Consultant fees	~ \$22,000
Fire AVL	~ \$50,000
Actual Base amount to RWC	~ \$9,816,420

The Fire AVL system must actually be re-banded. Rather than complicate the agreement by dividing it into two separate FRA's, one for the cash-out and one for the AVL re-banding, a single cash-out was chosen, from which the cost of the Fire AVL re-banding will be deducted.

The basic re-banding schedule is to pay half up front and the remainder once the frequencies have been cleared. Sprint/Nextel pays the attorney fees directly, so those will be deducted from the payments as shown below:

\$4,994,210	Up front ($\frac{1}{2}$ Base – $\frac{1}{2}$ Atty's fees)
\$4,994,210	On completion ($\frac{1}{2}$ Base – $\frac{1}{2}$ Atty's fees)

The incentives and disincentives will be added or deducted from the final payment.

The Base Amount will be paid if the RWC is off all 800 MHz frequencies by March 31, 2014. Incentives and disincentives are based on adding or subtracting \$250 K, to the Base Amount, for each two month period, either ahead of, or behind schedule, that the RWC clears the frequencies. The incentives are capped at \$500 K and the disincentives are

limited to -\$500 K. The following table shows how the incentives and disincentives are applied:

RWC 800 MHz Re-Banding Incentives and Disincentives	
Amount	Release the frequencies by:
\$10,500,000	November 30, 2015
\$10,250,000	January 31, 2016
\$10,000,000	March 31, 2016
\$9,750,000	May 31, 2016
\$9,500,000	July 31, 2016

The March 31, 2016 date is a very achievable goal, so the RWC will definitely be able to achieve receiving the Base Amount Cash-Out. However, discussions with Motorola indicate that the January 31, 2016, and maybe even the November 30, 2015 date may be possible.

The table below shows the actual amount the RWC will receive after the fees and Fire AVL re-banding are deducted:

RWC 800 MHz Re-Banding Incentives and Disincentives Actual Amount to the RWC	
Amount	Release the frequencies by:
\$10,316,420	November 30, 2015
\$10,066,420	January 31, 2016
\$9,816,420	March 31, 2016
\$9,566,420	May 31, 2016
\$9,316,420	July 31, 2016

When combined with the potential savings from the 700 MHz Upgrade project, there is potential to realize even greater benefit to the RWC. Also, additional Special Assessments have been made due to new Members and/or increased radio counts. The table below depicts the minimum, median and maximum value the RWC may receive depending on the outcome of these two projects. The minimum value is calculated assuming:

- 1) The 700 MHz Upgrade project, due to unforeseen circumstances, requires the use of all surplus and contingency funds, and
- 2) Only the minimum Cash-Out is received from the 800 MHz project.

The median value is based on:

- 1) The 700 MHz Upgrade project using of all contingency funds,
- 2) The 700 MHz Upgrade project surplus funds are available, and
- 3) The Base Amount Cash-Out is received from the 800 MHz project.

Finally, the maximum value is based on:

- 1) All of the 700 MHz Upgrade project surplus and contingency funds are available, and
- 2) The maximum Cash-Out is received from the 800 MHz project.

Thus the RWC may expect to see anywhere from \$9.5 M to \$14.2 M.

Summary of Potential Revenue			
Item	Minimum	Median	Maximum
700 MHz Surplus Value		\$1,534,861	\$1,534,861
700 MHz Unused Contingency			\$1,862,062
700 MHz GRIC Grants	\$176,460	\$176,460	\$176,460
700 MHz Additional Special Assessments	\$32,636	\$169,810	\$335,659
800MHz Re-Banding Cash Out	\$9,316,420	\$9,816,420	\$10,316,420
Total Value to RWC	\$9,525,516	\$11,697,551	\$14,225,462

This is a significant amount of revenue which may be used to great advantage for the RWC Members. Note that a contract technicality is that the Re-Banding Cash-Out MUST ONLY be used for the upgrade project itself. Thus the surplus funds available are from the Special Assessments collected from the Members.

Before discussing the alternatives for handling the surplus Special Assessments, the following table is provided as an illustration of the relative costs of the TDMA Conversion, with distribution by Member. The total cost of the conversion is \$17.7 M. The distribution is based on the current project's fixed radio counts; updated radio counts would lead to some redistribution of costs.

TDMA Costs Distributed by RWC Member		
Member Shares	Radio Count	Amount
Avondale	265	\$253,012
Buckeye	193	\$184,269
Chandler	967	\$923,256
Daisy Mountain	5	\$4,774
El Mirage	82	\$78,291
Glendale	1,558	\$1,487,522
Goodyear	100	\$95,476
Guadalupe	11	\$10,502
Maricopa	138	\$131,757
Paradise Valley	0	\$0

Peoria	898	\$857,378
Phoenix	10,848	\$10,357,277
Scottsdale	1,393	\$1,329,986
Sun City	42	\$40,100
Sun City West	38	\$36,281
Sun Lakes	30	\$28,643
Surprise	401	\$382,860
Tempe	1,580	\$1,508,527
Tolleson	29	\$27,688
Total Distributed Costs	18,578	\$17,737,600

There are two basic alternatives for dealing with the surplus Special Assessments. The Pro's and Con's for each, and how the RWC may handle this revenue are as follows:

- 1) The RWC may set aside all surplus Special Assessments in a CIP account to offset the future conversion to TDMA (also part of the 700 MHz Narrow-Banding), or other RWC capital project(s).

Pro's

- a) 700 MHz Hardware Upgrade project is fully funded w/o using cash-out, surplus or additional special assessments.
- b) Funding for the future TDMA conversion is secured.
- c) No need to obtain "new" funding for TDMA conversion

Con's

- a) Members receive no credit to offset tight budgets.

- 2) The RWC may give a full or partial credit to the Members for all of the above revenue. If partial credit is given, the remainder may be placed in a capital fund for future use towards TDMA conversion and/or other projects. Depending on each Member's original funding of the project, any funds returned will most likely be CIP funds and not part of the Member's general fund.

Pro's

- a) 700 MHz Hardware Upgrade project is fully funded w/o using cash-out, surplus or additional special assessments.
- b) Helps Members offset tight budgets.
- c) Looks very good on paper and to the public.

Con's

- a) This is a one-time fix, not a permanent budget reduction.
- b) TDMA CONVERSION WILL BE REQUIRED.
 - i) Currently there is no change in FCC mandate.
 - ii) Additional capacity will be required.

- iii) This only puts off the inevitable: TDMA conversion will have to be accomplished even if the FCC mandate is extended or removed.
- c) Requires much additional effort to obtain funding again.
- d) May result in delays as a result of having to obtain "new" funding

There are also several ways to handle the above alternatives.

- 1) Do the same for all Members.
 - a) Assign all revenue to a CIP fund.
 - b) Assign all revenue as a credit/refund.
- 2) Allow each Member to choose whether they want their portion of the revenue to go to CIP or to a credit/refund.
 - a) If this alternative is chosen which radios counts should be used to determine the distribution?
 - i) Use the original radio counts?
 - ii) Use today's radio counts?
 - iii) Other?
 - b) This would be very complicated and extremely difficult to track.
 - c) There would be differences between how the distribution is determined verses how the special assessments were made.
 - d) An issue of fairness may be raised regardless of how such a partial distribution is made.

RECOMMENDATION

In summary, there are three options on how to handle the 700 MHz Hardware Upgrade surplus, Special Assessments.

- 1) Retain the revenue in a CIP fund for all Members, for future TDMA conversion or other approved project(s) (e.g. Integrated Voice and Data).
- 2) Distribute the revenue to ALL Members as a credit/refund.
- 3) Allow Members to individually choose whether to retain their share of the revenue in CIP fund, or receive their share as a credit/refund.

The above alternatives, and methods for the distribution of same, have been analyzed by staff and the RWC Executive Committee. It is requested that the RWC Board approve Option 1 to maximize the benefit of the additional revenue by setting it aside to accomplish the future TDMA Conversion or other project(s) as the Board may desire. The Executive Committee recommends Option 1. Due to the difficulties associated with Option 3, the Executive Committee strongly recommends against using this option.

Attachment A

Summary of 700 MHz Narrow-Banding, TDMA, and Lifecycle Update Costs	
Hardware Upgrade Phase	
Phase I: Simulcast C	\$3,888,500
Phase II: Simulcast A&B	\$15,848,100
Phase III: ISR's	\$1,042,500
New Phase IV Capacity Increase	\$6,885,900
RWC Staff, PM, Contingency, RWC Consoles	\$2,000,000
Total Costs to Accomplish 700 MHz Conversion and Lifecycle Upgrade Without Narrow-Banding	\$29,665,000
Credit for 800 MHz Re-Banding Cash-out	(\$4,300,000)
Total Cost of Hardware Upgrade with Re-Banding Credit	\$25,365,000

Attachment B

**700 MHz Narrow-Banding, TDMA Conversion, Lifecycle Upgrade - Hardware Phase
High Level Project Schedule**

% Complete	Task Name	Duration	Start	Finish
25%	Overall Project Schedule and Status	947 days	Wed 5/1/13	Wed 12/28/16
100%	Contract Design Review	1 day	Wed 9/4/13	Wed 9/4/13
100%	SER 2 Upgrade (Not part of this SOW but a dependency)	10 days	Mon 1/13/14	Mon 1/27/14
100%	SIM F add 2 Channels	15 days	Tue 2/4/14	Mon 3/4/14
100%	Change antennas on South Mountain Overlay Site for improved coverage in Maricopa and Restore to normal	N/A	Tue 3/18/14	Thu 6/26/14
90%	Upgrade Simulcast C (Site partially off-line)	255 days	Mon 4/7/14	Fri 8/15/14
0%	Upgrade Sky Harbor (Site Off-line) (Schedule under revision)	54 days	Mon 8/11/14	Wed 11/5/14
0%	Upgrade Outlet Center (Site Off-line)	78 days	Mon 8/18/14	Mon 8/25/14
0%	Upgrade Simulcast B (Site Off-line)	305 days	Thu 1/15/15	Fri 11/20/15
0%	Upgrade Simulcast A (Site Off-line)	249 days	Mon 1/11/16	Tue 9/20/16
0%	Complete Punch List, Documentation	96 days	Wed 9/21/16	Tue 12/27/16
0%	Project Complete	1 day	Wed 12/28/16	Wed 12/28/16



BOARD OF DIRECTORS REPORT

TO:	Regional Wireless Cooperative (RWC) Board Members	Agenda Date:	September 25, 2014
FROM:	David Felix, RWC Executive Director		Item 8
SUBJECT:	EXECUTIVE DIRECTOR'S REPORT		

BACKGROUND

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

A. FCC 700 MHz 2017 Narrowbanding Deadline

At the time of distribution of the Board agenda and meeting packet, there was no new information regarding an official decision by the FCC on this rule. Many public safety organizations and trade publications have run editorials encouraging the FCC to make a timely decision now that this item is officially in their venue for action.

B. 2014 Annual Report

A copy of the 2014 RWC Annual Report will be provided for each Board Member and posted on the RWC website at www.rwcaz.org. This is the 4th Annual Report produced and published by the RWC staff at very low cost to the Members. The report highlights significant activities, accomplishments and projects that occurred in the 2013-2014 timeframe. Additionally, RWC system statistics are provided to bring attention to the exceptional reliability and “up-time” of the network.