

## FIRST RESPONDER NETWORK AUTHORITY

### MINUTES OF THE AUGUST 26, 2016 COMBINED COMMITTEE AND BOARD MEETING

The First Responder Network Authority (“FirstNet”) Finance Committee and Board held a meeting on August 26, 2016 beginning at 9:00 AM (EDT) via teleconference. The meeting was made available to the public via teleconference. A transcript of the Combined Committee and Board meeting can be found on the FirstNet website at [www.firsnet.gov](http://www.firsnet.gov).

#### COMBINED COMMITTEE AND BOARD MEETING

**Roll Call:** The following Finance Committee members were present: James Douglas (Finance Committee Chair), Sue Swenson (Board Chair) and Edward Horowitz. A quorum was present for the Finance Committee.

**Roll Call:** The following Personnel and Governance Committee members were present: Sue Swenson (Personnel and Governance Committee and Board Chair), Barry Boniface and Teri Takai. A quorum was present for the Personnel and Governance Committee.

**Roll Call:** The following Technology Committee members were present: Barry Boniface (Technology Committee Chair), Kevin McGinnis, Suzanne Spaulding<sup>1</sup> and Neil Cox. A quorum was present for the Technology Committee.

**Roll Call:** The following Consultation and Outreach Committee members were present: Kevin McGinnis, Teri Takai, James Douglas, Annise Parker, Suzanne Spaulding<sup>2</sup> and Richard Stanek. A quorum was present for the Consultation and Outreach Committee.

**Roll Call:** The following FirstNet Board members were present: Sue Swenson (Board Chair), Barry Boniface, Edward Horowitz, James Douglas, Kevin McGinnis, Annise Parker, Neil Cox, Teri Takai, Suzanne Spaulding<sup>3</sup> and Richard Stanek. A quorum was present for the Board.

#### Conflicts Statement and Reminder

The Board Secretary read the conflicts statement and asked for any recusals from the Committee and Board members. In response, all participating Committee and Board members indicated for the record that there were no conflicts of interest, and the meeting proceeded.

#### MATTERS DISCUSSED

Chair Sue Swenson began the meeting on a congratulatory note, and commended both Vice Chair Jeff Johnson and Teri Takai on their reappointment to the FirstNet Board for another three year term. Chair Swenson thanked Chief Johnson and Ms. Takai for their willingness to serve a second term and also thanked Barry Boniface for agreeing to continue to serve on the Board beyond the expiration of his term while FirstNet seeks to fill his position on the Board. James Douglas added his congratulations on the Board’s behalf to Chair Swenson for her reappointment to serve both on the Board and as Chair.

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<sup>1</sup> Suzanne Spaulding participated via teleconference in the Combined Committee and Board Meeting, but due to technical difficulties, was only able to participate in listen only mode. Ms. Spaulding subsequently documented her attendance and further noted her voting record for the meeting in writing to the Board Secretary, Karen Miller-Kuwana.

<sup>2</sup> See *id.*

<sup>3</sup> See *id.*

## **Finance Committee**

Before turning to the budget for Fiscal Year (FY) 2017 and the proposed Finance Committee Resolutions, Governor Douglas recognized Kim Farington, FirstNet's Chief Financial Officer (CFO), for her leadership throughout the budget process and the presentation of the FY2017 Budget. Mike Poth, FirstNet Chief Executive Officer (CEO), also commented that the FY2017 Budget reflects a pivot from the formulation of a Request for Proposal (RFP) and FirstNet's consultation and outreach efforts towards the operationalization of the RFP award and the future partnership between FirstNet, the successful awardee, and state and local partners.

Ms. Farington began her FY2017 Budget presentation with a brief review of FY2016. She reported that as of July 2016, FirstNet had utilized close to \$67 million of the \$126 million in obligations in the FY2016 Budget and that FirstNet expected to utilize approximately \$108 million or 86% of the \$126 million in obligations by fiscal year end. Ms. Farington further reported that, from an expense perspective, FirstNet had utilized over \$58 million of the FY2106 expenses and projected that FirstNet would utilize approximately 78% of expenses by fiscal year end. Ms. Farington then briefly discussed the FY2016 Key Milestones and reported that FirstNet had achieved each of the milestones except for the preparation of state plan development and the fourth quarter SPOC and stakeholder engagements and consultation, both of which were ongoing.

The FY2017 Budget presentation began with an overview of FirstNet's FY2017 and FY2018 priorities, which for FY2017 include (i) Mobilization (evaluation, award, stand-up the Network Program Office (NPO), people, organization and infrastructure); (ii) Buy-In (opt-in and 56 draft and final state plans); (iii) Public Safety Adoption/Preparation (60,000 public safety agencies; local, state, territorial, tribal, federal and allied); and (iv) Network Execution (task orders 1-3 and RAN task orders 4-59). The FY2018 priorities include (i) Innovation; (ii) Customer Service; and (iii) Operations (complete RAN task order awards). Ms. Farington explained that these priorities informed the FY2017 budget formulation process and that based on these priorities, FirstNet's recommended budget for FY2017 is \$6.585 billion. This recommended budget includes \$6.5 billion for the FirstNet Contract Award (to implement the Nationwide Public Safety Broadband Network (NPSBN) Day 1 and subsequent task orders) and \$85 million for FirstNet's continued operations.

Ms. Farington reiterated Mr. Poth's earlier comment that the FY2017 Budget represented a pivot for FirstNet from the FY2016 workstreams to the newly aligned FY2017 workstreams. Ms. Farington explained that the FY2016 Acquisition workstream would be transitioned to the new FY2017 Network Operations workstream and would include post-award activities related to the development and operation of the NPSBN. The FY2016 Consultation workstream would be transitioned to the FY2017 Public Safety workstream and would include post-award activities related to state plan development and release with ongoing consultation to the governors; outreach and communications; FirstNet's preparations for the launch and operational stages of the network; and plans for customer service liaison and product management/product marketing roles. The FY 2016 Corporate Services workstream would continue for FY2017, but the workstream would be divided into a Program Operation (that would include the administrative cost components of the NPSBN operations and the public safety delivery and administrative operations) and an Administrative Operation (that would include the administrative costs of maintaining the FirstNet enterprise not directly assigned to NPSBN operations or public safety delivery). Ms. Farington's discussion also included an analysis of the cumulative obligations and expenses allocated to each of the FY2017 workstreams. Further, Ms. Farington noted that the total expense budget for FY2017 included a third quarter spike in expenses (vs. obligations), and explained that this spike was related to a grant award that was authorized and obligated in FY2016, but not expensed until FY2017. Ms. Farington concluded her FY2017 Budget presentation with a summary of FirstNet's FY2017 Milestones, categorized by the FY2017 Network Operations, Public Safety and

Corporate Services workstreams, and outlined the functions that FirstNet's newest business units, the NPO and the Chief Customer Office (CCO), would perform in FY2017.

Governor Douglas reiterated his commendation of both Ms. Farington and Mr. Poth for the FY2017 Budget presentation and added that he appreciated Ms. Farington's explanation of the third quarter spike in expenses. Governor Douglas asked if there were any questions or comments from the Finance Committee or other Board members. Edward Horowitz likewise complimented Ms. Farington and the Finance team for their rigorous development of the FY2017 budget and the cadence demonstrated between the FY2016 and FY2017 Milestones and Budgets. Chair Swenson added that FY2017 would not be "business as usual," given that FirstNet expected to award the RFP, and emphasized that the Board may need to revisit the FY2017 Budget and should be willing to work with FirstNet's senior leadership on any adjustments that may need to be made depending on how circumstances surrounding the RFP award evolve. Governor Douglas agreed, and mentioned that one of the resolutions before the Finance Committee and Board would provide FirstNet's senior leadership some "financial flexibility" and added that there may be an additional need for the Committee and the Board to revisit the FY2017 Budget.

After noting that there were no additional questions or comments, Governor Douglas asked the Finance Committee to consider Resolution 15 recommending that the FirstNet Board approve the FY2017 Budget. Ed Horowitz moved for the Finance Committee to adopt Resolution 15 and Chair Swenson, seconded the motion.

Governor Douglas also asked the Finance Committee to consider adopting Resolution 16. Resolution 16 amended and superseded Board Resolution 14 delegating limited financial responsibility to FirstNet's senior leadership. Governor Douglas explained that Resolution 16 would provide for an increase in the financial authority delegated to FirstNet by the Board. Specifically, Resolution 16 would authorize the FirstNet CEO to make all obligations and expenditures that in the CEO's judgment are reasonable, appropriate and consistent with each fiscal year budget. The Board would still be required to approve all obligations or expenditures that exceed \$25 million or more than a five year period of performance, and would receive notification and have the option to request review of any obligations or expenditures over \$10 million. Before moving to vote on Resolution 16, both Chair Swenson and Governor Douglas clarified that notwithstanding the increase delegation of the financial responsibility, the Board expected to remain very involved in FirstNet's financial authority, particularly as it relates to the issue of the RFP award and subsequent task orders. Chair Swenson moved for the Finance Committee to adopt Resolution 16 and Edward Horowitz seconded the motion.

#### **Votes Taken**

The Finance Committee voted to approve Resolution 15 recommending that the FirstNet Board approve the FY2017 Budget. The Finance Committee also voted to approve Resolution 15 recommending that the FirstNet Board approve the amendment and restatement of Resolution 14, Delegation of Financial Responsibility.

#### **FirstNet Board**

Following the Finance Committee's votes approving Resolutions 15 and 16, Chair Swenson asked the FirstNet Board to vote to approve Board Resolution 77 Fiscal Year 2017 Budget and Resolution 78, Amendment and Restatement of Resolution 14, Delegation of Financial Responsibility. Teri Takai asked a procedural question about the role that the National Telecommunications and Information Administration (NTIA) and Department of Commerce (DOC) would play, if any, in FirstNet's budget approval process. Ms. Farington answered that given the nature of the apportionment process, FirstNet's funds would be apportioned through the NTIA and DOC, but neither the NTIA nor DOC would have the authority to approve or disapprove FirstNet's FY2017 Budget. Chair Swenson then called for a motion to approve Board Resolutions 77 and 78. Both motions were made, and seconded, respectively.

Next, Chair Swenson asked the Finance, Technology, Consultation and Outreach Committee and Governance and Personnel Chairs and Committees members if they were satisfied with the minutes taken from the Combined Committee meeting previously held on June 29, 2016. Chair Swenson also asked the Board if it was satisfied with the minutes taken from the Board meeting previously held on June 30, 2016. Before a vote was called, Board Secretary Karen Miller-Kuwana noted that there were two minor changes to the minutes. The first change added James Douglas to the roll call of the Board minutes from June 30<sup>th</sup>, and the second change edited the wording of a sentence on page 5 of the minutes of the Governance and Personnel, but did not alter the meaning or the content of the sentence.

### **Votes Taken**

The Board voted to approve Resolution 77 adopting the FY2017 Budget. The Board also voted to approve Resolution 78 amending and restating Resolution 14, Delegation of Financial Responsibility. The Finance, Technology and Consultation and Outreach Committees unanimously voted to approve their respective Committee minutes. The Board unanimously voted to approve the Board minutes.

### **CFO Update**

Mr. Poth opened his CEO update with added congratulations and acknowledgment of Chair Swenson, Vice Chair Johnson, Ms. Takai and Mr. Boniface for their continued service to the FirstNet Board. Mr. Poth also thanked the Finance Committee and Board for their support and assistance in approving the FY2017 Budget. As FirstNet looks ahead to FY2017, Mr. Poth emphasized that he is confident that FirstNet is positioned to be successful as it embarks upon the next stage in the deployment of the NPSBN. Mr. Poth added that at this time, FirstNet was still targeting a November timeframe for the RFP award, and advised that the Board would be asked to reconvene once FirstNet has a “line of sight” for the award. Chair Swenson added that she was excited to have the FY2017 Budget ahead of the Board and that she was looking forward to the next stage. Chair Swenson also took this opportunity, with Mr. Poth’s backing, to thank NTIA, DOC, DOI, and in particular, Larry Strickling and his staff, for their continued support and commitment to FirstNet.

### **Meeting Adjourned**

The Combined Committees and FirstNet Board voted unanimously to adjourn the meeting.