

**MINUTES OF THE
MONTGOMERY COUNTY EMERGENCY COMMUNICATION DISTRICT
BOARD OF MANAGERS**

REGULAR MEETING

March 28, 2018

LOCATION: 9-1-1 Board Room
150 Hilbig Road, Conroe, Texas

BOARD ATTENDING

PRESENT: Paul Virgadamo, President
Vicky Rudy, Vice President
Ryan Gable, Secretary
Robert Hudson, Treasurer
James Simon, Member
John Young, Ex-Officio Member

IN ATTENDANCE: Larry Foerster, Legal Counsel
Jon Watson, BrooksWatson & Company
Chip VanSteenberg, Executive Director
Roberto Gutierrez, Systems Manager
Terri Gill, Executive Assistant
Rick Erickson, The Woodlands Fire Department

Mr. Paul Virgadamo, President, called the meeting to order at 12:00 p.m., noting that all were present.

Public Comments

No one requested to address the Board.

Annual Audit for Fiscal Year 2017 conducted by BrooksWatson PLLC

Mr. Virgadamo noted item one of the agenda, consider and take action on annual audit for fiscal year 2017 conducted by BrooksWatson PLLC.

Mr. Chip VanSteenberg, Executive Director, introduced Mr. Jon Watson with BrooksWatson PLLC.

Mr. Watson directed attention to the PowerPoint presentation (copy attached). Mr. Watson explained there are three phases of the audit process: the planning phase, the fieldwork phase and the wrap-up reporting phase. During the planning phase we look at changes year over year to understand where the district is going, where it is expected to go, and where it actually did go. This provides an idea where risk might be, any susceptibility to fraud or error. In the field work phase financial results are tested, sample tests of transactions to be sure they are being recorded properly. We also confirm balances with banking institutions and other grantors, if necessary. The district has no debt, cash balances and investments are significant. The completion reporting is when the audit report is prepared, as well as the audit letters.

There are five components to the report. First is the audit opinion, the letter from the auditor which determines whether, in the auditor's opinion, the financial statements are consistent with the generally accepted accounting principles, or not. Second is the management discussion and analysis that compares results last year to this year.

Third are the basic financial statements, which include the financial statements and the notes to the financial statements. Fourth are required supplementary information, this includes the pension schedules and the OPEB funding schedule. OPEB is related to retiree insurance. Last, are other supplementary information, which is the budgetary comparison schedule.

The independent auditor's report has four possible outcomes:

- Unmodified, no material exceptions
- Modified, everything without error, with exception of this matter
- Disclaimed, and
- Adverse

The district received an **unmodified opinion**, the highest level of assurance.

The financial highlights:

- Total assets exceeded total liabilities by \$7,721,141, an increase of \$107,016
- Unrestricted net position was \$5,257,135 or 120% of annual expenses
- Net pension liability was \$1,410,384, an increase of \$143,685

With next year's audit, a change will take effect through a new GASB standard for the OPEB, retiree insurance. The current standard is pay-as-you-go. The revised standard will be unfunded and will greatly increase the district's liability. Mr. VanSteenberg stated he would like to discuss this with the board, establishing a trust asset setting these monies aside so they are not a liability. Mr. Watson agreed, noting this was a suggestion in the audit letter.

Mr. Virgadamo asked for clarification of item three in the audit letter. Mr. Watson replied they had noticed that Mr. VanSteenberg is the only signer for district issued checks. Ideally the district will establish a threshold and have dual signatures. Ms. Vicky Rudy asked if there were someone on staff? Mr. VanSteenberg stated he would prefer a board member as the second signature. We do not issue a significant number of high dollar checks. Mr. Watson recommended a threshold of fifty thousand. Mr. VanSteenberg stated a policy will be presented at the next board meeting.

Mr. Virgadamo recused himself on the matter of the annual audit.

Constable Ryan Gable made the motion to accept the annual audit for fiscal year 2017. Ms. Vicky Rudy seconded the motion. The motion carried with all in favor.

Montgomery County Sheriff's Office for their PSAP Improvement Project for Fiscal Year 2018, dispatch AV upgrades

Mr. Virgadamo noted item two of the agenda, Consider and take action on a request from the Montgomery County Sheriff's Office for their PSAP improvement project for fiscal year 2018, dispatch AV upgrades.

Mr. VanSteenberg explained the PSAP improvement participation program was established to help MCECD's partner agencies make upgrades to their 9-1-1 call centers. The program provides funds for equipment, furniture, services, et cetera for improvements in a PSAP. Each agency can request funding up to \$110,000 in the current fiscal year and is required to make a 10% match. MCSO is authorized to request an additional \$10,657.19 from funding which carried over from the fiscal year 2017 program.

The Montgomery County Sheriff's Office (MCSO) used most of last year's allocation on phase one of an audio/visual upgrade for the dispatch center. They purchased and installed several video monitors which allow call-takers and dispatchers to keep an eye on current events, traffic, and weather. They are now pursuing phase two of the project. This phase involves installing a processor and controls to customize the video and sound outputs.

MCSO is requesting up to \$46,192 for this phase of the project which is 90% of the estimated project cost of \$51,325. MCSO will be eligible to request an additional \$74, 466 in project funding for fiscal year 2018.

Ms. Rudy made the motion to approve the Montgomery County Sheriff's Office PSAP improvement project for fiscal year 2018. Mr. James Simon seconded the motion. The motion carried with all in favor.

Purchase for Server and Network Improvements

Mr. Virgadamo noted item three of the agenda, consider and take action on purchase for server and network improvements.

Mr. VanSteenberg stated we have two major groups of servers and systems. One is the GIS system and the other is the admin servers, that are used for a variety of functions, including security and document management. We typically upgrade those in alternate years. With the ability to virtualize servers, with multiple functions in one server, and storage and networking, it would be better to tackle it all at once. We deferred last year's project, to allow us to combine the two projects and complete them at the same time.

The current year budget appropriates \$150,000 from the capital fund to replace and improve the district's administrative and GIS network servers, peripheral devices, and digital back-up systems. Most of the network peripherals such as firewalls and switches were purchased in 2008 many are at the end of life and are no longer supported by the manufacturers. Some of the critical servers are also nearing end of life, which means parts and support will no longer be available in case of hardware failure.

The district's IT staff has spent many months researching new methods and equipment to upgrade these internal systems. Instead of replacing each old server with a new server, they recommend adopting a model used by other local governments, such as the City of Conroe, The Woodlands Township, and the City of Shenandoah. This would provide an opportunity to increase network storage capacity and increase the number of servers via virtualization. In addition, this new technology will allow for recovery of lost data by creating restore points in case of ransomware attacks or any other type of cyber security issues. The staff received the following quotes for the project:

- IT Works \$160,804.00
- NWN \$251,179.66
- lyncverse \$340,099.96

The wide variety in quotes is mainly due to pricing structure agreements between the manufacturers/suppliers and the IT companies that do the engineering and installing. Preferred pricing, such as government pricing, is only given to one requestor. In this case, it was given to IT Works. Staff has reviewed their qualifications and checked references and believe they are qualified to do the job.

Ms. Rudy asked if the district needed to go out for bids on this project. Mr. VanSteenberg replied the next agenda item would put the district in the TIPS program, IT Works pricing is through the TIPS program.

Constable Ryan Gable asked if those items might be considered together. Mr. Larry Foerster, legal counsel, recommended that board defer action on item three until they vote on agenda items four and five regarding TIPS program participation.

Mr. Virgadamo noted item three is deferred.

Resolution with The Interlocal Purchasing System (TIPS)

Mr. Virgadamo noted item four of the agenda, consider and take action on a resolution with the interlocal purchasing system, TIPS.

Mr. VanSteenberg explained The Interlocal Purchasing System (TIPS) is a purchasing co-op for schools and local governments administered by Texas' Region VIII Education Service Center. By participating in TIPS, MCECD can take advantage of negotiated, preferred pricing such as the contract offered by IT Works for the server and network

improvement project.

Ms. Rudy made the motion to approve the resolution with TIPS. Constable Gable seconded the motion. The motion carried with all in favor.

Interlocal Agreement with The Interlocal Purchasing System (TIPS)

Mr. Virgadamo noted item five of the agenda, consider and take action on an interlocal agreement with the interlocal purchasing system, TIPS.

Mr. VanSteenberg explained in addition to approving a resolution to join TIPS, the district must also approve an interlocal agreement with the Region VIII Education Service Center. Region VIII is the lead agency for TIPS. Their service area covers 11 counties in the northeast corner of Texas and are headquartered in Pittsburg, Texas.

Mr. Simon made the motion to approve the interlocal agreement with the interlocal purchasing system. Chief Robert Hudson seconded the motion. The motion carried with all in favor.

Mr. Virgadamo reintroduced item three of the agenda, consider and take action on purchase for server and network improvements.

Ms. Rudy made the motion to approve the purchase for server and network improvements with IT Works. Constable Gable seconded the motion. The motion carried with all in favor.

Policy Authorizing the Executive Director to Sign Contracts Below a Specified Dollar Amount

Mr. Virgadamo noted item six of the agenda, consider and take action on a policy authorizing the executive director to sign contracts below a specified dollar amount.

Mr. VanSteenberg stated at the last board meeting, the agenda included a discussion item on developing a policy allowing the executive director to sign contracts below a specified dollar amount. The board directed the district's attorney to draft a resolution authorizing the executive director to execute routine operational contracts under the amount of \$50,000.

Mr. Virgadamo asked Mr. Foerster if the dollar amount, \$50,000, is normal and customary. Mr. Foerster replied it is totally within the board's discretion, and in fact drafted the resolution in consultation with the executive director. Mr. Foerster added these are routine, operational contracts, not special contracts, they are budgeted for and part of the operational process each year. Ms. Rudy clarified, meaning copy machines agreements, not capital projects. Mr. Virgadamo added bidding and purchasing rules would still apply.

Constable Gable made the motion to approve the policy authorizing the executive director to sign contracts below \$50,000. Mr. Simon seconded the motion. The motion carried with all in favor.

Authorizing the Staff to Request Qualification for Auditing Services

Mr. Virgadamo noted item seven of the agenda, consider and take action on authorizing the staff to request qualifications for auditing services.

Mr. VanSteenberg noted Brooks Watson & Co, LLC are in the last year of a four-year engagement to perform annual audits of the district's financial statements. Because the previous auditor, VanWassehnova and Associates, decided to stop performing audits and essentially passed on our engagement to Brooks Watson, it has been several years since the district went through a process to request and review qualifications.

The audit is the public's and the board's independent look inside to verify that the reporting we provide every month

and quarter are up to or exceeding standards.

Constable Gable made the motion to authorize the staff to request qualifications for auditing services. Chief Hudson seconded the motion. The motion carried with all in favor.

Authorizing the Staff to Request Proposal for a Compensation Study

Mr. Virgadamo noted item eight of the agenda, consider and take action on authorizing the staff to request proposal for a compensation study.

Mr. VanSteenberg stated the district contracted with Waters and Associates in 2013 to conduct a compensation study to determine if the district's pay scale was competitive for the industry and region. The pay scale was updated to reflect the results of the study, and has been updated annually by adjusting to the change in the Consumer Price Index. Since the original study is now five years old, the staff believes an update to the study is in order. The district paid \$6,700 for the 2013 study.

Chief Hudson asked if staff believes the district is out of pace. Mr. VanSteenberg replied that he believes a few of the positions are out of pace. Ms. Rudy stated in a five-year period you will be out of pace somewhere.

Ms. Rudy made the motion to authorize the staff to request proposals for a compensation study. Constable Gable seconded the motion. The motion carried with all in favor.

Personnel Manual Update and Appoint a Committee to Liaison with Staff

Mr. Virgadamo noted item nine of the agenda, discuss personnel manual update and appoint a committee to liaison with staff.

Mr. VanSteenberg noted the district's personnel manual needs a major overhaul. Mr. Foerster has reviewed it and made recommendations on how we can update some language, but the policy needs to be re-written from scratch. It was originally adopted in 2001 and has been amended sporadically. The district's employment picture has changed since then. At that time, the district employed call-takers for a neutral PSAP that operated on a 24/7 basis.

Would the board refer a section-by-section review, a total replacement, or some other method? Mr. VanSteenberg stated his preference would be to draft a whole new manual to present to the board. And would the board like to appoint a liaison to serve on an internal committee?

The board determined Mr. VanSteenberg should proceed with drafting an entire new manual.

No action needed.

Executive Director's Report

Mr. Virgadamo noted item ten of the agenda, executive director's report on items of community interest for which no action will be taken.

Mr. VanSteenberg reported two members of the staff, Mrs. Andrea Wilson and Mrs. Regina Payne, were honored by the Buddhist community located north of Cut and Shoot and east of Willis, for their work addressing all the buildings on the property, and setting up Smart911 profiles. Mr. VanSteenberg distributed photos taken at the event.

MCECD and the Texas 9-1-1 community will recognize a Montgomery County Kid Hero at the Texas Public Safety Conference the week of April 8th. The young man had attended our summer camp and had learned CPR and the Heimlich maneuver, which he subsequently put into practice when his younger brother was choking, saving his life.

Mr. VanSteenberg added a team award will also be presented at the conference for a team from The Woodlands

Fire Department and the Montgomery County Sheriff's Office. Mr. Rick Erickson stated the group was nominated for their actions during Hurricane Harvey. The team coordinated the rescue of a man clinging to a bridge in rising waters.

Closed Executive Session

Mr. Virgadamo adjourned the open session to a closed executive session at 12:45 p.m.

Reconvene Open Session

Mr. Virgadamo reconvened the open session at 1:08 p.m., and requested a motion to act on personnel matters discussed in the closed session.

Ms. Rudy made the motion to increase the Executive Director's salary by 5% effective April 1, 2018. Chief Hudson seconded the motion. The motion carried with all in favor.

Consent Agenda

Mr. Virgadamo noted items thirteen through twenty of the consent agenda, noting the items may be taken separately or as a whole.

Mr. Simon made the motion to approve the consent agenda in its entirety. Constable Gable seconded the motion. The motion carried with all in favor.

The meeting adjourned at 1:10 p.m.

*These minutes were approved at regularly scheduled board meeting on July 18, 2018.
If needed, an official, signed copy may be obtained at the MCECD office.*



Montgomery County Emergency Communication District
 Post Office Box 1830, Conroe Texas 77305-1830
 Phone: (936) 523-5911 / Fax: (936) 539-9111

NOTICE OF REGULAR MEETING
March 28, 2018

DOC# 18-0452

POSTED

03/23/2018 08:55AM

Shelby Curry

MARK TURNBULL, COUNTY CLERK
 MONTGOMERY COUNTY, TEXAS

Notice is hereby given to all interested members of the public, of a meeting of the Board of Managers of the above styled District, at **12:00 p.m., Wednesday, March 28, 2018**, at the **MCECD 9-1-1 Boardroom, 150 Hilbig Road, Conroe, Texas**. The purpose of the meeting is as follows:

Open Meeting

Public Comments: Please sign in and limit comments to three (3) minutes


1. Consider and take action on Annual Audit for Fiscal Year 2017 conducted by BrooksWatson PLLC
2. Consider and take action on a request from the Montgomery County Sheriff's Office for their PSAP Improvement Project for Fiscal Year 2018, dispatch AV upgrades
3. Consider and take action on purchase for Server and Network improvements
4. Consider and take action on a resolution with The Interlocal Purchasing System (TIPS)
5. Consider and take action on an interlocal agreement with The Interlocal Purchasing System (TIPS)
6. Consider and take action on a policy authorizing the executive director to sign contracts below a specified dollar amount
7. Consider and take action on authorizing the staff to request qualifications for auditing services
8. Consider and take action on authorizing the staff to request proposal for a compensation study.
9. Discuss personnel manual update and appoint a committee to liaison with staff
10. Executive Director's report on items of community interest for which no action will be taken

Closed Executive Session

11. The Board may meet in closed Executive Session as authorized per the Texas Open Meetings Act, to consider personnel matters pursuant to Texas Government Code, Section 551.074
 - A. Discuss matters involving personnel
12. Reconvene into open session to consider and take action if necessary
 - A. Take action, if needed, on matters involving personnel

Consent Agenda

13. Consider and take action on COBRA Continuation of Coverage Administrative Agreement with Texas Municipal League Multistate Intergovernmental Employee Benefits Pool (TML M IEBP)
14. Consider and take action on Flexible Spending Arrangement (FSA) Account Carryover Service Agreement with TML M IEBP
15. Consider and take action on Employer Agreement to Distribute Notice of Privacy Practices with TML M IEBP
16. Approval of meeting minutes for November 15, 2017
17. Ratify the accounts payable for the months of November and December 2017, and January and February 2018
18. Approval of monthly financial statements for the periods ending October 31, November 30, and December 31, 2017, and January 31 and February 28, 2018
19. Approval of quarterly financial statements for the period ending December 31, 2017
20. Adjourn meeting


 Larry L. VanSteenberg, Executive Director

Parking is available in front of the Law Enforcement Center. Please go to the Information Booth in the Center's main lobby and inform the attendant you are here for the 9-1-1 Board Meeting. You will be met at the access gate near the flagpoles. You may also call (936) 523-5911 from the gate located on Hilbig Road. The gate will be opened via remote.

The Montgomery County Emergency Communication District reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by Texas Government Code, Section 551.071 (Consultation with Attorney); 551.078 (Deliberations about Real Property); 551.073 (Deliberations about Gifts and Donations); 551.074 (Personnel Matters); 551.076 (Deliberations about Security Devices); and 551.087 (Economic Development).