TEXAS DEPARTMENT OF MOTOR VEHICLES

AUTO BURGLARY AND THEFT PREVENTION AUTHORITY

BOARD OF DIRECTORS MEETING

9:04 a.m.
Friday,
July 7, 2017

Lone Star Room
Building 1
4000 Jackson Avenue
Austin, Texas

BOARD MEMBERS:

Carlos Garcia, Chair
Tommy Hansen
Ashley Hunter
Linda Kinney
Armin Mizani
Wynn Reynolds
Ken Ross

STAFF:

Bryan Wilson, Director
David Richards, General Counsel
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MR. GARCIA: Good morning, everybody. Good morning and welcome to the Automobile Burglary and Theft Prevention Authority Board meeting. Today is July 7, 2017.

My name is Carlos Garcia, and I'm pleased to open the Board meeting of the Automobile Burglary and Theft Prevention Authority. It is 9:04 a.m., and I'm calling the Board meeting for July 7, 2017 to order, and I want to note for the record that the public notice of this meeting, containing all items on the agenda, was timely filed with the Office of Secretary of State on Monday, June 26, 2017.

Before we begin today's meeting, please place all cell phones and other communication devices in a silent mode.

If you wish to address the Board during today's meeting, please complete a speaker's card at the registration table. To comment on an agenda item, please complete a yellow card and identify the agenda item. If it is not an agenda item, we will take your comments during the public comment portion of the meeting.

And now I'd like to have a roll call of the Board. Board Member Hunter, not here.

Board Member Reynolds?
MR. REYNOLDS: Present.

MR. GARCIA: Board Member Ross, absent.

Board Member Hansen?

MR. HANSEN: Here.

MR. GARCIA: Board Member Mizani?

MR. MIZANI: Here.

MR. GARCIA: Board Member Kinney?

MS. KINNEY: Here.

MR. GARCIA: And let the record reflect that I, Carlos Garcia, am here too, so we do have a quorum. And let the record reflect that we have two members that are absent today which are Board Member Hunter and Board Member Ross.

Agenda item number 1, we did the call to order, established a quorum. 1.B, the approval of transcript from January 18, 2017 of the Board meeting as minutes.

MR. HANSEN: I make a motion.

MR. GARCIA: A little bit louder, sir.

MR. HANSEN: I'll make a motion to accept that.

MR. REYNOLDS: Second.

MR. GARCIA: Board Member Hansen has made a motion and it's been seconded by Board Member Reynolds. Any discussion?

(No response.)

MR. GARCIA: There is none. All those in favor
say aye.

(A chorus of ayes.)

MR. GARCIA: All opposed?

(No response.)

MR. GARCIA: Motion carries.

Item 1.C, the public comment, we do have one individual signed up, Sheriff Dennis D. Wilson from Limestone County, also president of the Texas Sheriffs' Association. Sheriff Wilson.

SHERIFF WILSON: My name is Dennis Wilson. I am sheriff of Limestone County. I also currently serve as the president of the Sheriffs' Association of Texas, and I'm also your biggest supporter. I'm here to thank you for what you do as board members, and I know you have a tough job because we just went through a very brutal legislative session, spent many days at the Capitol. I continue and will continue to spend days at the Capitol because I believe what we are doing in auto theft and auto theft investigation is critical to the security of our state.

You guys also get overlooked. I've been a part of this group since 2001. In 2002 I lost an officer that was assigned on the Auto Theft Task Force in Waco, Texas. I will never forget the outpouring of love and support that my agency received from the death of my officer. And
I'd ride through the lowest valley to the highest hill to sing the praises of what auto theft investigators do every day in Texas. They don't get thanked enough.

I know you have some critical decisions because we went through our legislative session, not without support and not without the efforts of many, but we need many more efforts to gain where we need to go, because I believe what auto theft investigators do across the State of Texas is critical to what we do in law enforcement. A lot of people misunderstand the networking that goes on and the networking that has gone on to build the criminal intelligence sources that we have across the State of Texas, and been very successful in doing that. And I know that our legislature likes to hear the stories about the monies and the best practices that we use across the state. Who better to tell that story than us?

I'm here this morning to try to make an impression on every member of auto theft, whether you're a board member, whether you're an officer, whether you're an office secretary, or whether you're a citizen of our state, to get involved in the legislative process. Our story has to be told every day. You cannot come to the Capitol in January and start telling your story and expect us to walk away with the tools that we need in our toolbox every day to fight the fight that we have on the streets.
I tell people every day that our profession now is very, very dangerous. This morning at ten o'clock we will bury one of our finest from San Antonio, Texas, and I'm telling you, we're seeing that headline far too often where another officer is killed in the line of duty. I'm asking us and law enforcement to stand together and be united in our voice when we go to the Capitol, whether it's in Austin or whether it's in Washington, D.C., and tell the people that we elect what our needs are and what we expect from them, because if we're not telling the story, it's on deaf ears. They have to hear our story every day.

So what I'm asking is when this meeting is over today that we bond and we start working on the next session right now and we start laying the groundwork out on where we want this group of auto theft investigators to go, because it's critical that our senators and our House reps hear what we do and hear the successes, but we can't dump it on them in January and February and expect that message to be there, it has to be told repeatedly.

So it's critical that we have a good relationship with those, our elected officials in Austin and D.C. as well, it's critical that we do teamwork. Everybody's work is important, particularly those of us in the criminal justice system. Our duty is to protect the
citizens of our state. What greater group that's out there working every day than our auto theft investigators. It's not just burglary investigation, it's not just someone stealing a car, it's providing a law enforcement service that's critical to what we do for our citizens and their safety.

I'm here to tell you that I will forever support what we do here in this auto theft association. The sheriffs of Texas stand proudly with you because we realize the importance of what you guys do every day that takes some of the responsibility off of us locally with the criminal intelligence network that you have already in place. You guys know how to call somebody in El Paso, somebody in Houston, somebody in Amarillo. You guys have the time and the dedication and the expertise to work those types of crime, where when you're from rural Texas, where I'm from, manpower is often an issue.

It's a big sell for me to go to my commissioners court and say, Look, my task force is doing a wonderful job, but more importantly, I'm bringing more officers to the table at not a local expense. And that's critical for me to say that message to my commissioners court because we never have enough peace officers on the street, we need more peace officers on the street, but my association with my task force allows me to have
additional officers and manpower, and that's a comfort. That's a comfort to me because I know if I have a special event or if I need expertise in a particular area, I can call on my task force and I never have to worry about where they're coming from, they're right behind me every step of the way.

So I would just simply close by saying thank you for your work. I know it's a difficult job some days, Bryan. And Bryan and I talk a lot because of our relationship from past experiences, but I want you to know that the sheriffs of Texas stand behind you 100 percent, we support what we're doing here, we want to be vocal with you, we're going to walk with you, we will continue that walk with you, and anything that we can do, I, as the sheriff of Limestone County or the Sheriff's Association of Texas, I want you to know that we're coming to your aid, we're there to help you.

Thank you very much for your time.

(Applause.)

MR. GARCIA: Sheriff Wilson, thank you very much for those words and for your continued support of this program, and definitely we will continue to work together. And again, can't say it enough, but thank you very much for your support and the Sheriff's Association's support.
Moving on to item 1.D, the comments from chairman and Board members. We do have some commendations and congratulations for some individuals that are retiring or being reassigned:

Detective Mark Wester from the Travis County Sheriff's Combined Auto Theft Task Force. Is he present?

Officer Pete Olivares, City of El Paso Auto Theft Task Force from 1995 to 2017.


And Officer Roberto Baeza, City of El Paso Auto Theft Task Force, '91 to 2017.

So congratulations to those individuals, and I'm assuming they're retiring?

MR. WILSON: Most of them are retired.

MR. GARCIA: Congratulations and best wishes.

At this time I will open up the comment section to any of the Board members present here today. Mr. Hansen.

MR. HANSEN: Good morning.

First off, thank you, Sheriff Wilson, for your comments. I'm not going to read the whole thing that I did at the workshop thing that we did a while back, but I
do want to reiterate a few things out of that document that go along with what Sheriff Wilson said for the benefit of the Board members that were not there, and I want to stress this is my opinion based on my experiences, particularly with the legislature and dealing with the ABTPA since its inception. I also want to make it very clear before I say anything that this is in no way a reflection of our relationship and works with DMV, which is phenomenal, but it has to do with perception.

It's been very apparent for many years in legislative sessions that due to our connections with TxDOT and now DMV that we are not known as a law enforcement function. Those of you that made contact with legislators this session learned that very quickly. This is in no way a reflection on DOT or DMV, as we all know we work directly with our friends at DMV on a daily basis, but it boils down to perception.

Also, having the word "prevention" in our name also has many people believing that all we do is go around doing PR stuff and handing out brochures at AARP meetings and things just as that. We work with law enforcement and are involved in every form of the criminal justice world and face the same violence, if not more than most peace officers, but it boils down to perception. And this goes along with your comment about Steve Davenport.
I'm not going to sit here and tell you that we have the answers but I do know issues firsthand. Again, I want to stress my comments and observations are in no way a negative reflection on our partners at DMV. We're going to go through a Sunset review in the near future and this will be a time to prepare for this and make recommended changes. We need, at minimum, to remove "prevention" from our name, if not a total name change. Not that crime prevention is not a very important function, and it should not be removed from our duties, but in our name it's all about perception.

Is there another area of state government that we need that is criminal justice and would be heard by the criminal justice committee come budget time? I'm not sure where but I think we need to explore this. I feel that with this we need to have our executive director moved to that appropriate agency that is criminal justice in origin. Again, nothing about our DMV association but it's just a known fact that a majority of the legislators do not look at ABTPA as a law enforcement function, it's all about perception.

We are our own worst enemies when it comes to educating our legislators. I have preached for years that everyone needs to have more communications with them and even provide them with monthly or annual reports of what
you do. I challenge all of you, starting July 7, as Sheriff Wilson just did, to go through this. In light of what has happened to our budget by the legislature, there's been an enormous amount of hours and hard work by the ABTPA staff, DMV and our legal to come up with additional funds and means to minimize the collateral damage from the actions of the legislature, and members of the Board have also been very much involved with this. And for all of that, I just want to say thank you.

That's all I have, Chairman.

MR. GARCIA: Thank you, Mr. Hansen.

Any other Board member, comments?

(No response.)

MR. GARCIA: If there are none, then we will continue on with the agenda. Under briefing and action items, agenda item 2, Update from the Texas DMV Government and Strategic Communications Division and Finance and Administrative Services Division on the 85th Legislative Session regarding ABTPA.

Mr. Wilson.

MR. WILSON: Thank you, Chief.

I'm going to introduce Matthew Miller, our Government and Strategic relations coordinator for DMV.

MR. MILLER: Good morning. My name is Matthew
Miller. I'm a government relations specialist with the Department of Motor Vehicles. I'm going to give a brief recap of what happened with ABTPA legislation this session.

The ABTPA Board approved two concepts to present to the legislature. The first one became House Bill 3915, by Representative Lucio. It made a few statutory cleanups to the definition of director, to a reporting requirement that TxDOT has related to ABTPA grants, and also, it would have allowed ABTPA grantees to perform criminal investigations and criminal enforcement on TxDMV related criminal activities, title fraud, things of that nature. The bill was referred to the House Transportation Committee but it did not get a hearing. TxDMV employees tried to convince a member to amend the TxDOT Sunset bill with the two cleanup provisions. We were given some positive feedback, but ultimately that member decided not to file those amendments, and so none of the changes ended up becoming law on that part.

The second concept the Board approved for recommendation to the legislature was the creation of a dedicated account for the ABTPA fee. Three bills ended up being filed, one House bill, two Senate bills. The House bill and one of the Senate bills would have dedicated the entire $2 fee to the dedicated account, and the other
Senate bill would have only done 50 percent of the fee. All three of those bills did receive hearings, the House bill in Appropriations, the two Senate bills in Finance. The hearings went well, we didn't get a lot of negative feedback, but unfortunately, the fiscal note on all of those measures was a very big obstacle to overcome. Even at the 50 percent dedication, it still represented an almost $24 million reduction to GR for the upcoming biennium and this was probably not the best time to have a fiscal note on a bill that has that type of GR impact. Included in your packet is a brief one-pager that goes over basically what I said and does show the fiscal information that the legislators did see in the LBB fiscal note on the dedicated funds.

I was also asked to give a brief overview of the VIN inspection changes that were made as part of Senate Bill 2076. The language that was finally adopted by the legislature was basically the same language that was distributed to ABTPA stakeholders last fall for their review, and it codifies, more or less, existing practice, but also allows TxDMV to do some rulemaking regarding the training requirements for who can be VIN inspectors and would also allow an alternative to the current VIN inspection to be created in certain situations by department rule. Where something as sophisticated or as
in-depth as a VIN inspection is not needed, an alternative process can be created by rule.

TxDMV is planning on adopting, I believe, the training requirement in the next board meeting, and then the alternative VIN inspection process at the meeting after that, I believe, and so there should be some draft language of that coming out soon.

That's all I have.

MR. GARCIA: Any questions from the Board?

MR. HANSEN: No, thank you.

MR. GARCIA: Thank you very much, sir.

MR. MILLER: Thank you.

MR. WILSON: And then, Chief, starting on page 11, I'll introduce Linda Flores, the chief financial officer for the Texas Department of Motor Vehicles, to go over some of the fiscal impacts of the recent legislative session and the General Appropriations Act.

Thank you, Linda.

MR. GARCIA: Ms. Flores, welcome.

MS. FLORES: Thank you. Good morning.

On page 11 of your board document book, we outline the appropriations from the current biennium to the following biennium, and as you know, the legislature was not kind to our request. The '16-17 biennium appropriated $29.8 million, in the following or the future.
biennium, the program will be appropriated approximately $25.7 million. This is a reduction of almost $4.2 million in total.

Page 12, the following document, details for you the agency's submission of the request for ABTPA. We had a baseline request of $28.6- which complied with a 4 percent reduction, as all state agencies who were funded with general revenue were required to do. We did ask for additional exceptional items requests, $26.5 million. So the total request to the legislature initially was $55.2 million. When the first House bill was introduced back in January, the preliminary recommendations were $28.6 million, a substantial variance from the request. And as Matthew indicated, we did have a lot of meetings in Appropriations, it seemed to be going well, but at the end of the day, when Senate Bill 1 was adopted, the agency's appropriations for ABTPA were $25.7 million.

I also wanted to mention that there are three additional riders that impact the program. These are all found in Article IX of the General Appropriations Act, and I did bring a book, this is what all state agencies follow, it's the General Appropriations Act. It appropriates dollars for all state agencies in all articles, and then there is a section in the back called Article IX which is additional direction to state
agencies. As you can see on page 12, a couple of the riders have to do with directing the agency to use certain dollars for border activities and to report on those activities, and then the last is a cost containment provision which reduced the program by $109,000. All of that has been included in that appropriations for Senate Bill 1.

And I'm happy to take any questions at this time.

MR. GARCIA: Ms. Flores, can you just elaborate a little bit more on the riders for the benefit, not only for us as Board members but also for those people attending the meeting today, 7.11, 17.07 and 17.10, just very briefly?

MS. FLORES: Sure Section 7.11 requires ABTPA, along with other state agencies that were included in the provision, to report expenditure and performance indicators as of February 28 and August 31, so there's two reporting periods.

17.07 directs ABTPA to use a certain amount, $5.6 million, of their funding towards border activities. So for example, if you have $13 million a year in grants, about $2.7-, $2.6- of that will be directed towards border activities. And I think, from what I remember, Bryan has already indicated that your current grant awards will meet
that provision, so there will not need to be any additional changes in your operations.

Section 17.10 just reduces your appropriations right off the bat by $109,000, and there were other state agencies who had that same provision as well.

MR. GARCIA: Is that it?

MS. FLORES: That's it.

MR. GARCIA: Board members, any questions?

(No response.)

MR. GARCIA: Ms. Flores, thank you very much for that information.

MS. FLORES: Yes, sir.

MR. GARCIA: And before we move on, I'm going to ask, David, can you, for the benefit, again, of us as Board members and the audience attending today, the definition of border security.

MR. RICHARDS: I provided a legal analysis to the Board members regarding border security. The initial concern was that we're only talking about counties or task forces that were located along the Texas-Mexico border. In researching the Texas Transportation Code, it also includes those counties along the Gulf Intracoastal Waterway as well. So we were fearful that we had to place the earmark only on the Texas-Mexico border, but in fact, because of the definition as provided in the various
statutes, we're doing that right now. In fact, as I think Ms. Flores mentioned, we're covering those counties along the coast, the task force members that we currently fund. The earmark is not in conflict with what we're doing right now, so the border security definition is more expansive than we originally feared, and so we're fine.

MR. GARCIA: Comments or questions from the Board members for Mr. Richards?

(No response.)

MR. GARCIA: If there is none, then we'll move on. Agenda item number 3, Consider actions on the insurance refund requests, 3.A, Colony Specialty Insurance Company.

Mr. Wilson.

MR. WILSON: Dan, do you want to lay this one out?

MR. PRICE: That's fine. We received a request from Colony Specialty Insurance Company for a refund in the amount of $17,271.80. They have filed the amended returns that are required.

MR. WILSON: Say your name.

MR. PRICE: Oh, I'm sorry. My name is Daniel Price, I am on the ABTPA staff as an auditor.

Colony Specialty has filed the required amended returns, they have attached a letter of explanation on why
they believe they are entitled to the refund, and the
ABTPA staff recommends that this refund be granted.

MR. GARCIA: Board members, this is an action
item so I would need a motion and a second on that.

MR. REYNOLDS: I make a recommendation that we
approve a refund to Colony Specialty Insurance Company in
the amount of $17,271.80.

MS. KINNEY: Second.

MR. GARCIA: We have a motion on the floor by
Major Wynne Reynolds, and a second by Ms. Linda Kinney.

Any further discussion?

MR. HANSEN: Mr. Chair.

MR. GARCIA: Mr. Hansen.

MR. HANSEN: We've done this before but for the
guys that maybe haven't in the past, maybe Mr. Wilson or
Dan could explain that this money does not come out of our
grant money.

MR. PRICE: That is correct. Since these funds
go directly into general revenue, the refunds would be
issued out of general revenue and it would not impact our
budget in any way, shape or form.

MR. HANSEN: I just wanted to make sure the
grantees were aware of that. Thank you, sir.

MR. GARCIA: Thank you, Mr. Hansen.

Mr. Wilson.
MR. WILSON: I appreciate you bringing that up because we actually had a situation, Ms. Flores and I got an email earlier this year where the Comptroller sent me a note saying, Hey, you're overdrawn in your account by $299-, whatever we did last year. And I said, Well, okay, what do you want me to do? But they actually do track the refunds into the account by which we're depositing our collections into, and then, of course, they were between cycles of when they ended up having to scramble there at the Comptroller's because, again, it's not coming out of our fund but it is going to the account code that is where our funds would be deposited. So when we did that last refund of 2- or 399-, whatever it was, it caused a ripple in the state budget because then all of a sudden they had to scramble and back in money from the previous fiscal year.

So it was a little comical in the sense that they were asking me like are you going to move your grant funds into this -- they didn't say that but it was the intimation. And I said, No, no, this is the money we've collected already, the $46 million that had been deposited and they had just cleaned out the account when they got the request.

So it's really important to know that we're paying attention. Ms. Flores's staff and I, we monitor
and work very closely with that office. And Dan and Matthew Miller took us over there a few months ago and we're actually conducted face to face and regular communications, a lot more than we ever did on how we handle these refunds. We actually had in the original board packet a set of rules that we realized working with the Comptroller that we have some huge holes in how we're managing and how they're managing some of the overpayments and things that they give credit for. So we'll be submitting and David has looked over some of them that we're going to be submitting these back.

So thank you for the opportunity to remind everybody that this is a real account, it is really collected by money that we're working with the Comptroller on collecting, and it's kind of trying to bolster our case and our rulemaking authority about how we're managing this with the Comptroller.

Thank you, Chief.

MR. GARCIA: Thank you, Mr. Wilson.

Again, we do have a motion on the floor and a second, so there is no further discussion or comments on this by any of the Board members. All those in favor say aye.

(A chorus of ayes.)

MR. GARCIA: All opposed?
MR. GARCIA: Motion passes.


MR. PRICE: Arch has submitted a total refund request covering six semi-annual periods in an aggregate amount of $120,195.80. They have filed the amended returns as required and provided explanations as well as supporting documentation to support their request, and the ABTPA staff recommends the refund of $120,195.80 be paid.

MR. GARCIA: Again, this is an action item.

MS. KINNEY: Mr. Chairman, I'll make the motion that we accept the staff recommendation to refund the Arch Insurance Company $120,195.80.

MR. REYNOLDS: I'll second it.

MR. GARCIA: Motion on the floor by Board Member Kinney and a second by Board Member Reynolds. Any additional discussion by any of the Board members?

(No response.)

MR. GARCIA: If there is none, all those in favor say aye.

(A chorus of ayes.)

MR. GARCIA: All opposed?

(No response.)

MR. GARCIA: Agenda item 3.C, National General
Auto Home and Health Insurance.

MR. WILSON: Chief, on this one we're going to ask that it just be tabled to the next meeting because the agency did not provide documents in time for us to review it. We had to post the agenda when we thought we had an agreement but then the time lapsed and we just weren't able, with the grant considerations we had, staff just wasn't able to work on the final review of this document. So please table it to the next meeting.

MR. GARCIA: We do have a request from our ABTPA director, Mr. Bryan Wilson, to table this agenda item, so I need a motion and a second.

MS. KINNEY: I'll make a motion that we table 3.C, National General Auto Home and Health Insurance request until the next meeting.

MR. REYNOLDS: I'll second.

MR. GARCIA: We have a motion to table this item, Board Member Kinney and a second by Board Member Reynolds.

Any further discussion?

(No response.)

MR. GARCIA: If there is none, all in favor say aye.

(A chorus of ayes.)

MR. GARCIA: All opposed?
MR. GARCIA: Motion passes.

Before we move on to agenda item 4, I just want to remind everybody in attendance today that approximately at about 10:00 a.m. we are going to pause for a moment of silence for our fallen officers from Dallas about a year ago, and also for the fallen officer from San Antonio, Officer Moreno. So Mr. Wilson is in charge of keeping the clock, so we will definitely try to be right on time at ten o'clock. And after the moment of silence, we will take a five-minute break and then re-convene.

Agenda item number 4, Receive Grants, Budget and Reports Committee meeting report.

MR. WILSON: I've written a summary. Mr. Hansen, do you want to do this item, or would you like me to just go over the summary real quick?

MR. HANSEN: You can do it.

MR. WILSON: So I just wanted to let you know we did a grant workshop session with the Board Members Kinney, Reynolds and Hansen in attendance. All members were invited but we posted it as a no action item meeting, it was properly and legally posted in the Texas Register well in advance of the required time. We heard program presentations by all but Beaumont in the session, gave the members opportunities -- as we go forward later in today's
discussion about grant recommendations -- the members were asked to question, to find issues in the grants that generated questions for them and they were able to resolve many issues, including some questions that came up for staff. So I think it was a very successful time and I think in the future we should look at this for future grant award cycles.

I know, Chief, you told me you used to do this more often and so I think it's very helpful, but the suggestion came forward in the future that we do it before the close instead of after the close so there's time to fix issues that arise.

Thank you, Chief. That's all I have to say about the report.

MR. GARCIA: Any questions from the Board members for Mr. Wilson?

MR. HANSEN: No questions, just a brief comment. In response from a lot of the grantees that I spoke to afterward, I think the meeting was highly successful and there was a lot of dialogue that needed to be had and put everybody on equal playing field, so I hope everyone is in support of that in the future.

MR. GARCIA: All right. Any additional comments from the Board members?

(No response.)
MR. GARCIA: If there is none, moving on to agenda item number 5, Consider and adopt FY2018 budget, including Article IX of the GAA earmark for border security.

MR. WILSON: If you would call your attention to page 36. Given the information previously provided by Ms. Flores, we have a budgeted amount, but because we have been very frugal and we've been doing a redesign of our public education programming over the last year and a half, we have been holding back money that would have normally been spent on advertising, billboards and outreach to the communities throughout the state. In the purple next to last column, you will see that based on our best estimate as of today -- and I do want to be clear that this will be subject to change but I'm going to ask you to take a broad action that allows me some flexibility -- we are estimating about $1.7 million that will be available for -- and again, it's the next to last column in purpose in your board books -- $1,765,609 that will be available to carry forward.

And then working with Ms. Flores and her staff, we have identified specific legal and appropriate ways, under the Comptroller's rulemaking authority and the use of grant funds, to obligate those in the FY18 grants since we're doing it now in '17. We're actually making these
obligations now, we will obligate those funds in the FY18 grants for these continued programs so that we'll utilize up to that amount. So going back to the far right corner, our budget this year is $12,835,851, in the yellow we have the $1,765,609.

The Grants Committee and members that I've been working with are highly suggesting that we not obligate -- while we're going to obligate the entire $1.7-, we're not going to use all of our budget this year, so that means we're going to set aside enough, $882,000 so that we don't fall off a cliff in '19 by having to reduce all the grants, and so that leaves the maximum amount available to appropriate in grant amount of $13.1-.

And then I'm also going to ask that the Board approve and authorize a minimum border security amount of $2.8 million. Again, we'll look at some material later that shows that I'm tracking that and we're going to greatly exceed that, but I think -- and you can correct me, Mr. Richards, if you think I'm wrong -- I think we should actually take a deliberate action in our budget saying that we will, at the minimum, meet that $2.8 million. And so that's why I'm recommending that be part of this adoption of the budget so that we go on record saying we have adopted at least that amount.

So in your far left corner on the bottom I have
two recommendations for the Board. Number one is to adopt this budget -- I'm sorry -- number one is for '17 on this page, I'm asking you to obligate all available 2017 funds, up to $2 million -- again, today we know we have $1.7- but that might change a little bit if we get some money back or something; we just received a $10,000 refund so it's already changed since I created this book -- so up to $2 million so that Ms. Flores and I and her staff will work together at the last possible moment, which is not going to be August 31, but we will make sure that every penny that we can obligate going forward will be available into the grants.

And then the second, I'm asking you to approve this FY18 budget, including the border security minimum, for 2018.

Thank you, Chief.

MR. GARCIA: Okay. So we're holding back 50 percent for the next fiscal year, for fiscal year 2019.

MR. WILSON: Yes, sir. I don't want to get too complicated, but we will obligate the entire amount of the '17 just so that we can preserve it, but then in the '18 money we will reduce the amount that we would have spent on the grants by enough to make sure we have money available to roll forward the next fiscal year.

MR. GARCIA: Okay. So this is an action item,
it does require a motion and a second. We do have recommendations from staff from our director on how to proceed, so Board members? Unless at this time any Board member has a question for Mr. Wilson before we proceed with any motions.

(No response.)

MR. GARCIA: Go ahead, Board Member Reynolds.

MR. REYNOLDS: I'll go ahead and make a recommendation that we obligate all available FY2017 funds up to $2 million for grant awards and also to include border security minimum for each year, I guess it was about $2.8 million per year.

MR. WILSON: Just to clarify, just want to make sure that we approve this 2018 budget which includes the border security.

MR. REYNOLDS: I'll add that, yes.

MR. GARCIA: If you're okay with that, sir.

MR. GARCIA: Do you want to amend your motion there a little bit, Mr. Reynolds, to include that?

MR. REYNOLDS: Yes. I would like to amend my motion to include that.

MR. HANSEN: Second.

MR. GARCIA: So we have a motion on the floor by Board Member Reynolds and a second by Board Member Hansen for staff's recommendation of, one, obligating all
available fiscal year 2017 funds up to $2 million for
grant awards, and two, to approve the fiscal year 2018
budget, including the border security minimum reflected on
this page which is $2.8 million.

Any additional comments or discussion by Board
members at this time?

(No response.)

MR. GARCIA: If there is none, then the second
was by Board Member Hansen already, so we do have a motion
and a second. All those in favor say aye.

(A chorus of ayes.)

MR. GARCIA: All opposed?

(No response.)

MR. GARCIA: Motion carries.

Moving on to agenda item number 6, Consider
obligation of FY2017 funds.

MR. WILSON: So just on that border security, I
wanted to call your attention, Chief and Board members, to
page 37. Mr. Richards has already laid out this earlier
in the conversation, so page 37 is his writing on border
security and the definitions according to legal review.

Now, working with Ms. Flores and her staff, we
have identified one other method by which we can obligate
FY17 funds for full utilization, so the first one was what
we just did which was to go into the budget for '17 and
obligate all those funds up to $2 million. The second method is to grant the Board to authorize staff to extend the FY17 grants by 90 days, and what this would do is allow us to ensure that -- so last year we had, I think, around $200,000 left over in the grants that because they were out in the field we were obligating them, we couldn't obligate that money going forward, so the better use is to extend the grants by 90 days, subject to the same rules already in place and internal controls required by law where nobody can count an expense twice -- we're going to talk later about '18 money -- but anybody who gets to September 1 and realizes they have additional funds can turn in a budget request to staff under our current rules and if the Board agrees to give them a 90-day extension, they will have until November 30 to utilize all of their currently obligated funds.

So Grantee A, if they budgeted so much in salary and they've spent all their salary and they get to August 31 and they have no money, there's nothing to talk about, the extension did them no good. There would be nothing to turn in, or if they had a few cents, it's just not worth going through any motions or adjustments. But if a grantee ended up with $40- or $50- or $100,000, which does happen from time to time, because we've extended by 90 days, those grantees would be able to turn in a budget
adjustment, and again, it would be limited to reasonable and necessary equipment or payments that they could make to utilize those funds to make sure we don't end up with lapsed funds out in the communities.

And so I'm recommending that you direct staff to provide a 90-day extension to all 2017 grant awards to ensure utilization of grant funds for statutory purposes, while maintaining the match requirements in the statement of grant award and current policy and practice.

MR. GARCIA: All right. This is an action item so we need a motion and a second.

MS. KINNEY: I'll make a motion to accept staff recommendation for the 90-day extensions to all fiscal year 2017 grant awards.

MR. GARCIA: We have a motion by Board Member Kinney. Need a second.

MR. REYNOLDS: I'll second.

MR. GARCIA: We have a second by Board Member Reynolds.

Any further discussion by any of the Board members?

(No response.)

MR. GARCIA: If there is none, all those in favor say aye.

(A chorus of ayes.)
MR. GARCIA: All opposed?

(No response.)

MR. GARCIA: Motion carries.

Moving on to agenda item 7, Consider renewal or extensions of interagency contracts. Agenda item 7.A, the Texas Comptroller of Public Accounts.

Mr. Wilson.

MR. WILSON: Thank you. This is Bryan Wilson again.

A few minutes ago you adopted a budget. Part of that budget is some other operating expenses for obligations that we currently carry. We have been having three different contracts and one of them is with the Texas Comptroller of Public Accounts. As some of you may know, if anybody is in business or has done sales tax remissions, they have a system, an online system to submit taxes and fees and things like that, and part of that is the ability called Webfile where they would deposit huge electronic transfers, like if you could imagine Allstate or State Farm, huge payments. So what we're really contracting the $10,000 is for them to do the automated system and then to collect these giant electronic payments.

I just got an email, I was going to ask you to approve more, but I just got an email a few minutes ago.
before I walked in here, and the Comptroller says while they're not ready to finish the contract, they are convinced that $10,000 is all they'll need for going forward in this biennium for each year.

So I'm going to ask in this year that we go ahead and approve the contracts, there's four recommendations. I guess we can take number one at the bottom of page 43, change that to $20,000 instead of $30,000, on good word of their attorney -- attorneys don't lie.

And then we also entered into a grant tracking system with Texas A&M, it was $65,000 this year, next year for the report modules will be $35,000 to finish out the rest of the development, and then we'll have a maintenance amount after that each year.

The third contract was with the Fuginet parolee and prisoner locator system that many officers use around the state, not just our task forces but they have built special models for our auto theft task forces and burglary. I've reached out to them, and Ms. Flores presented the deal about contract containment, $109,000 reduction. This contract was $100,000 per biennium. They want to continue a contract at no payment but they want to give these officers special access and continue some of the work that they've been doing over the last several
years for auto theft and auto burglary. And so at this point I'm asking that it be zeroed out going forward but then I will enter into some sort of negotiation to figure out what we can do together, because when parolees get out and steal cars and trained auto thieves get out of prison, it is a good resource they have been providing over the last couple of years.

Then finally, I think the authorization for the Texas Department of Motor Vehicles executive director to enter into these contracts on your behalf per our agreement with TxDMV, the ABTPA agreement with DMV.

Mr. Garcia: This is an action item. Are we going to take them all three at one time, Mr. Richards?

Mr. Richards: You can take them all, if you want to, all four.

Mr. Garcia: All right. Action item to take action on all four items. We need a motion and a second.

Mr. Mizani: Chief, I make a motion to approve staff's recommendation under Section 7 on page 43.

Mr. Garcia: WE have a motion by Board Member Mizani. Second?

Mr. Reynolds: I second it.

Mr. Garcia: Second by Board Member Reynolds.

Any additional discussion by the Board members?

(No response.)
MR. HANSEN: Does this motion include the $20,000 versus $30,000 difference?

MR. RICHARDS: With that qualification. Yes.

MR. HANSEN: All right. Thank you.

MR. GARCIA: Any additional discussion?

(No response.)

MR. GARCIA: We do have a motion and a second. All those in favor say aye.

(A chorus of ayes.)

MR. GARCIA: All opposed?

(No response.)

MR. GARCIA: Motion carries.

Agenda item number 8, Review and consider actions related to eligibility requirements and conformance to FY18 request for applications.

Mr. Wilson.

MR. WILSON: Thank you. This is Bryan Wilson. I just want to go over and go through the process as quickly as possible, but I want to say that we received 40 applications; of the 40 applications for FY18, only one application did not meet the minimum posted requirements to make it legally eligible for consideration, and that's the one on Corpus Christi which was a modified grant. The resolution that they submitted did not support both grants, it only supported the one
grant that they applied which is called the continued grant.

So of the continued grants that are on page 45, there were several of them that went outside the bounds that we set up in the request for applications, which was authorized to be issued by this Board on January 18 and I sent it out on March 24. So three of those, Beaumont, City of Houston and City of San Antonio, actually increased their grant above the 5 percent, and so I'm recommending that no action needs to be taken. And then the other, City of Brownsville, City of Dallas, Dallas County and Galveston County and Tarrant, were a little bit over the 5 percent, in other words, they deviated greater than 5 percent from the requirements that would have qualified them.

Now, the Grants Committee has come up with a solution that probably we can hold this at abeyance until we talk about the grants, but I suggest that the Board take note that there were a few counties or jurisdictions that went a little bit outside the lines, and I don't think it's a harmful error, I don't think it undermines the fact that they have a valid and well-intended grant. But I feel obligated to let the Board know when you set a set of rules, if it's a fatal error as opposed to something that you can take into consideration when you
consider grant awards.

MR. GARCIA: Okay. So again, it's an agenda item for consideration and action. What are the wishes of the Board at this time?

MR. HANSEN: Is this something, Mr. Richards, that we need to act on, or can we just accept this report?

MR. RICHARDS: I think it's more of a briefing item. I don't think we were intending any action.

MR. WILSON: Originally I was, but it seems like the committee has come up with solutions that solve these issues, so I'm saying you can pass on this issue for right now, or my recommendation is to pass right now.

MR. GARCIA: So do we need to take a vote on that just to pass it?

MR. RICHARDS: No. If you want to make a motion to accept the report, you can do that, or otherwise, just move on to the next agenda item. I think it's more of a briefing item than anything else.

MR. HANSEN: Under item number 8, I'd like to make a motion that we accept Mr. Wilson's report.

MR. GARCIA: We have a motion by Board Member Hansen.

MS. KINNEY: Second.

MR. GARCIA: Second by Board Member Kinney.
Any further discussion? And the motion is to accept the director's report. Am I correct?

MR. HANSEN: Yes.

MR. GARCIA: All right. All those in favor say aye.

(A chorus of ayes.)

MR. GARCIA: All opposed?

(No response.)

MR. GARCIA: Motion carries.

I think we'll take a pause now but I'm not going to consider it a recess until we do the moment of silence first, so we'll just stay put until ten o'clock which is only a couple of minutes ago, we'll do the moment of silence, and then at that time we can either move on with the meeting or we can take a break at that time.

(Pause.)

MR. GARCIA: Ladies and gentlemen, it's 10:00 a.m. At this time we'll pause for a moment of silence for those fallen officers, our fellow brothers from the Dallas Police Department a year ago, and also to take note of any fallen officers that have given their lives in the line of duty from any other agency, not only in the State of Texas but throughout the United States, and more recently, for our fellow officer and fellow brother, Officer Miguel Moreno from the San Antonio Police Department.
(A moment of silence was observed.)

MR. GARCIA: Thank you, everybody, for taking the time out to remember our fallen brothers.

At this time we will continue with the Board meeting. I would like to take a recess, five minutes.

MR. HANSEN: I'd like to make a motion that we take about a five-minute break.

MR. GARCIA: Motion on the floor to take a five-minute recess by Board Member Hansen. Second?

MR. REYNOLDS: I'll second.

MR. GARCIA: Second by Board Member Reynolds. So we'll be back in five minutes, ladies and gentlemen.

(Whereupon, at 10:01 a.m., a brief recess was taken.)

MR. GARCIA: I'd like to reconvene the ABTPA Board meeting.

Moving on to item number 9, Consider applications for program structure, program coverage, and items of costs.

Mr. Wilson.

MR. WILSON: This is Bryan Wilson, for the record.

Some of these items that we've looked at, my staff and I have just spent hours and hours reading these
grants, going over each item of cost, so I appreciate
Mary and Dan and Dominic for providing so much. And I
apologize that some of this is not as organized or
thoughtful. We've really tried to work with the
Committee, the Grants, Budget and Reports Committee, to
organize this in a way that makes sense to everybody, so
I'm going to try to move through this.

There's a few things structurally that I was
really concerned about in looking at the new applications,
and I would really like the Board to address some of these
issues so that we don't carry forward some structural
problems in the grants themselves. And one of those items
is shown on page 48 which shows a lot of the match and a
lot of the funds are being placed into part-time positions
that might be city positions or they might be command
staff, and they don't really directly impact our program
mission for auto theft. In other words, we're not trying
to become a police department or a sheriff's office, but
as Sheriff Wilson said so clearly a while ago, we're there
to support and augment what those offices are doing
already.

So one of the things that I'm recommending --
and we'll talk about it on the next page but I want to
just show you what this would look like in a table -- is
if the Board adopts some of the things I have on this
replacement page that I've worked through with the committee and will come forward actually as a committee recommendation, as I understand it, that these items where somebody is on the grant for 5 percent of the time or 20 percent of the time, or maybe they're command staff within the upper echelon of the department, so we have $122,000 in ABTPA funds that are currently going towards these kind of positions, if you see kind of in the middle of the page, that dark $122-.

And then the other one is cash match is being supported where jurisdictions are using, again, part-time and command staff to say that this is what they're providing to the program purposes. And I think we need to move away from that and when we do this going forward is have grant that reflect the true program purposes and the costs associated with our program.

So as we go forward, I've provided you an alternative page, based on a committee recommendation yesterday, and it's called GBR Committee Replacement Page. And we worked through these issues, and if the Board adopts these, there's going to be two ways that this is going to impact the grants that we're going to be talking about here in a little bit or the applications and the grant awards if you decide to go forward with this.

One is there's structural problems within the
grants that this allows me, when the grantees get their award and they have these kind of costs, they'll have to remove them if the Board authorizes this committee recommendation. And it will put limits on what can be done going forward, and I'll just cover these real quickly but I wanted to show you on page 48 a very specific example of what would happen.

So when the grantees rewrite the grant application, we're going to encourage and not require that as much as possible they try to put auto theft investigators, law enforcement positions at 80 to 100 percent on the grant and then use the fringe as cash match. This allows us to structurally be able to identify who's on the grant and what their role is at 80 to 100 percent.

Number two on this replacement page 49 is we would allow program income to fund motor vehicle crime detection and apprehension technology equipment at up to 100 percent. Right now we have a lot of rules around the use of program income, and so I'm saying under law and under the Uniform Grant Management Standards, the first use of program income is to reduce the grant payment. Well, we've never done that as an agency and I'm not advocating that we start today, but I think you should narrow the focus that if somebody is going to do something...
that furthers the program, because the second use under
the law is that you would further the program beyond what
the grant-maker intended, so that would focus the use of
program income -- they still have to do grant adjustments,
as Houston pointed out in the meeting yesterday -- but we
would have a policy that if you were going to do something
that bettered your program or provided bait car or tracker
or surveillance equipment on the bridge or whatever,
that's going to enhance the program.

And staff is already on notice that the Board
has allocated that if you have cash match in your bank
account, you can use that 100 percent for the purpose of
augmenting the program or taking the program beyond the
application.

The other thing is right now we have a great
disparity from 2005 on average to 2016 in the use of
vehicles and owned vehicles within our grantees. I'm
asking the Board to just stop allowing the use of program
income unless the Board itself -- and we can develop an
augmented program for the Grants, Budget and Reports
Committee to authorize this on your behalf, but I would
really like to be out of the business without any policy
guidance given by this Board that the Board members decide
when grantees can use cash match to purchase vehicles.

Again, we have what's called an age of vehicle
report and we have many of our grantees that are at 2005, 2007 average age of fleet, and then we have many of them are 2016, I guess is the most recent average age of fleet. And it's a concern that the board should address this, or the alternative, if you don't want to do this, is set a clear policy for staff to implement.

So then the other thing is that right now we have a total of well over $600,000 as of the end of the second quarter in program income sitting out in the field. Well, remember I said a moment ago the Uniform Grant Management Standards says the first purpose of program income is to reduce grant payments. We've never required that, but what I'm proposing is if any jurisdiction has more than $75,000 in program income when they get to the end of their quarter that that amount will be reported and the grant payment will be reduced if it's over $75,000.

Now, under number two and three they would have had the ability to spend some of that, but if they hold that amount, then we're going to reduce the grant payment to get them back to $75,000. And that brings more money for the Board to make future allocations and awards on.

Currently our policy is that we don't allow leases over $600 and the Board wanted to keep with that. I left it in here in the motion because the committee voted on this yesterday so I just left it, but number five

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would be status quo.

Number six is prohibit all part-time non law enforcement and command staff on ABTPA grants. And again, this was voted on by the committee yesterday, and then directs staff for part-time without clear rationale. So we have one grantee that has a rural office, a very small rural county that's a member of their task force and they do 50 percent, and so all they would have to do is have a clear rationale for that and the staff would be able to approve that.

And then the other two items that the committee took up yesterday is to ensure that grant-funded position descriptions in applications reflect only automobile burglary, because there are some applications that I'm going to have to ask the grantees to change where they have people dedicated in TAC offices to do only vehicle registration or vehicle title fraud and those kind of things, and we need to make sure that none of our grants reflect that. We have a statutory purpose for motor vehicle theft and burglary. And we can work those other cases. I was in El Paso and they've got a lot of cases that are insurance fraud where a stolen car is reported, they go out and conduct the investigation and it's insurance fraud. That's fine, that's not what we're talking about.
But if you allocate resources for anything other than the statutory purposes, we're saying by adopting this you're making sure that staff will not allow somebody to report that their full-time something other than auto theft and burglary, and we do have a few applications that do reflect that.

And then finally, the last item on this list -- I apologize for the font change there -- we're pretty sure from what happened in El Paso a couple of years ago that this Board does not have the authority to require, but we think with a $2 million cut, it would be wise to request that all grantees consider charging the $40 for a VIN inspection when the vehicle is not the registered owner, as required by state -- or allowed by statute -- excuse me.

So I'll turn it over to Mr. Hansen if he wants to bring it up as a committee motion or if there's been any changes made in discussions with the other members, if that's okay, Chief.

MR. GARCIA: Yes, sir.

Mr. Hansen.

MR. HANSEN: No, sir. The changes that are reflected in this document are recommended from our conversation yesterday which was very positive. The only thing I would like, Mr. Richards, we talked yesterday,
what his intent was to provide some documentation to the
grantees so they could take back to their cities or
counties to encourage that the grant receive the funds.
So if you could explain that.

MR. RICHARDS: Just in a nutshell, members, we
spoke about a legal analysis being provided to the various
task force jurisdictions regarding that money that is
collected and where it should go, and I'll be working on
that, members, for your approval -- at least I'll run it
by you and Mr. Wilson before that goes out. But that will
pertain to the $40 fee and also encouraging those
jurisdictions to in fact charge that and make sure it goes
to the appropriate fund.

MR. GARCIA: Okay. So how do we approach this?
I know it's an action item, we need a vote.

MR. WILSON: The committee chair.

MR. GARCIA: All right. Mr. Hansen.

MR. HANSEN: And I'm okay with the wording on
all of these because we did make a few modifications.
Particularly in number one, for a little conversation,
some of the grants already do this and some of them do not
as far as fringe being a match item. I would say probably
half already do that, or quite a few, so I'm good with the
term of encouraging people to do that instead of directing
them, because that could, at this stage of the game, cause
some tremendous disruption to the new grants.

I would make a motion under item number 9, the modified changes that the committee did and recommended yesterday, that have been documented in the document provided by Mr. Wilson, accurately represents the suggested changes from yesterday and I would vote that we accept these items as given today.

MR. GARCIA: We have a motion on the floor by Mr. Tommy Hansen. We need a second on that.

MR. REYNOLDS: I'll second.

MR. GARCIA: Second by Board Member Reynolds.

Any additional discussion by any of the Board members?

(No response.)

MR. GARCIA: If there is none, then all those in favor say aye.

(A chorus of ayes.)

MR. GARCIA: All opposed?

(No response.)

MR. GARCIA: Motion carries.

Agenda item 10, Consider cost containment methods to reduce overall program to appropriated budget.

MR. WILSON: There have been quite a few changes on this document since the committee has had a few whacks at some of the other issues that are coming up,
kind of making this irrelevant, Chief. This is Bryan Wilson again for the record. And I think we should just pass on this entirely because it's pretty much irrelevant based on the recommendations that the committee will bring forth. So I'd like to move on just to describe the grant process real quickly, if you're okay with that, sir.

MR. GARCIA: In regards to number 11. Right? You're talking about moving on to 11. Am I correct?

MR. WILSON: Yes, sir.

MR. GARCIA: So first and foremost, Mr. Wilson, ABTPA director, is recommending that we pass on agenda item number 10. No vote required?

MR. RICHARDS: No, sir.

MR. GARCIA: Okay. And then we'll move on to agenda item number 11 -- well, first of all, let me back up a little bit. Any discussion, any comments by the Board members regarding agenda item 10?

MR. HANSEN: Just briefly, like Mr. Wilson noted, it wasn't for naught. Actually, when we were reviewing a lot of the applications, we would refer to these documents for reference on a lot of numbers so it was a well used document. I appreciate his work on that.

MR. GARCIA: Okay. Any additional comments?

(No response.)

MR. GARCIA: I will move on then to agenda item
number 11, Review and consider the grant application score process.

MR. WILSON: This is quickly a high level review. Some of the members have been through this a couple of times and probably tired of hearing it, but I'm just going to make it as painless as possible one more time.

I draw your attention to page 55. This is the statutory requirement. It's the same slide we used two years ago. The powers and duties of this Board are not to do anything other than to -- in this regard, it's to grant the funds based primarily on the number of motor vehicles stolen in and the motor vehicle burglary and theft rate across the state rather than based on geographic distribution.

We try to hold to that in everything, in our design of our program, our scoring processes, everything takes that into consideration. We have more than 40 points plus an additional 30 points that are dedicated to ascertaining each jurisdiction's need in regard to the rate of which vehicles are stolen or burglarized within the jurisdiction.

So we issued a request for application, we conducted a grant workshop -- I'm going through high level to page 56 -- we have communicated. We set up a
communication chain so that anytime a grantee asks a question that Friday, all the questions that were asked during the week went to all the grantees so everybody was informed and had the same knowledge and opportunity to either ask the question or even if they wanted to ask the question, didn't think about it, they still got the question and the answer each week during the grant process as long as there were questions coming in. So we did everything we could to communicate.

We opened the grant application system just a couple of days after the request was posted in the Register. The programmers at A&M did a wonderful job, and so far, overall I've had pretty positive comments about the application, and people can give public comment if they didn't agree.

Going to page 57, the timeline, I want to show you that we're currently in box 4. What will happen after this is once the Board has decided any award, if they decide awards, any adjustments will be taken note like we just did on replacement page was it 49? The grantees will be given written instructions and the online application will be opened back up to them.

Mary Beth has already taken copies of what was originally submitted so we've captured every application, and now the grantees, based on whatever your awards are,
will be able to modify their applications, either remove
items of cost that you just voted on removing, clean up
and be able to adjust their grant to the new processes.
And then I will send out award packets somewhere around
August 1, then over the next few months, depending on when
commissioners court or city council, or some of you are
authorized by the chief of police, will turn in their
final grant award packets and then we'll start September
1.

During that same time -- it's not on this
spreadsheet -- remember we just took an action that we'll
send a 90-day extension on all '17s, so that's not part of
this but it will be involving the same people on the 90-
day extension to utilize the '17 funds.

So any questions about the timeline?
(No response.)

MR. WILSON: Then moving on to the scoring
system. The scoring system is the one adopted by the
Board but I've reordered it to fit the application,
because when we went to an online process we found it was
very hard to keep going back and matching different
squares, so I didn't change the text that the Board
adopted back in 2014, I simply reordered it so now the
application fits or this scoring system fits the budget
and then going on to the needs and then going on to the
functions of the project. So you'll see a reorder from the 2014 but the same document.

There are some criteria there that in your original board packet on page 62 that when I applied your score system directly as you voted on several years ago with modifications, there were certain criteria that you had to hit to qualify for a grant, and so the original book that will be replaced in a minute or this page will be replaced in a minute by a committee or by members individually, will show that some of the grantees, based strictly on the needs requirement that you set up in the scoring system, did not meet the minimum qualifications. As a matter of fact, you can see about ten of them did not qualify within the structure of that program.

Now, this is a tool, it's not to replace your brains or your organization, so I just want to be clear that this was a system that you adopted to provide you guidance as a tool, and so now going forward you can decide, and certainly many of the members have been poring over this material and working with us on clarifying certain aspects of the process. And so if we applied only the rules that originally were adopted, we'd only be giving out about $9.9 million today and many of the grantees would either not be getting a grant or would be asked to consolidate for additional funds with the other
And that's the scoring process. This is not an action item in and of itself other than when you get to section 12, then I'll turn it back over to you, Chief.

MR. GARCIA: Okay. So on agenda item number 11, it's not an agenda item for action, but any comments or any discussion from the Board members on this?

MR. HANSEN: No, sir.

MR. GARCIA: If there is none, then we'll move on to agenda item number 12, Consider for adoption FY18 grant awards for A. Continued grants, B. Modified grants, C. New grants.

We do have somebody signed up for public comment on awards, Lieutenant Mark Elbert from the City of Brownsville.

Lieutenant Elbert.

MR. ELBERT: Good morning, Chairman, committee members, Board. My name Lieutenant Mark Elbert, I'm with the Brownsville Police Department, Brownsville, Texas.

I came over here to talk about the award that was amounted to us, we're losing $270,000 to our grant. I wanted to talk about border security. Some of our UCR numbers may not reflect some of the issues that we're having right now but we are having some very pertinent issues that affect border security. I understand Mr.
Richards gave us a definition of what border security is, but we deal with the border violence on the border, not at the different ports. Not to, what's the word, reflect on anybody else's ability to be able to -- I know everybody wants to advocate for what they want, and I know the committee, you did a hard job. I understand as a leader hard decisions have to make and somebody is going to be up here crying, right now it's me.

So with that being said, dealing with border security and border violence, Mexico right now, with an international study that came out in May of 2017, Mexico is ranked number two only behind Syria in violence. There were 23,000 homicides that were committed in Mexico last year and Mexico right now is moving to be the number one. And what I found interesting about this is that Syria takes in effect tanks and missiles and so forth, Mexico is just small arms fire, rifles and handguns.

Now, how does that affect us. Well, a lot of this is organized crime which is the Gulf cartel. Laredo deals with the Zeta cartel, we deal with the Gulf cartel; they deal with Mexican mafia, and because of their power point presentation, everything to our legislature, $5 million which they thought was going to be in addition to what was going to be awarded to us but was not, it turned out just to be earmarked to come out of what we were
awarded.

Now, with that being said, Brownsville is unique because we are dealing with the violence on the border right now. Our UCR is not reflected because what is happening right now -- but it will reflect next year -- right now we have contract gang members from PRM which is the Partido Revolucionario Mexicanos and Bayuca members which act as foot soldiers to commit crimes including auto theft, car jacking, smuggling illegal aliens and narcotics and home invasions. Our home invasions have increased this last six months, and that's the reason why I'm up here as far as for the border security, home invasions and just violence in general have increased through the home invasions.

And just on a personal note, just two weeks ago today when I went home for lunch, I had 244 pounds, five bundles that I stopped on my way home going back from lunch to the PD, I stopped 244 pounds. That's the second load I've stopped just coming back from lunch; the previous one was 437 pounds. This happens every day, I just happened to be in the right place at the right time.

What I'm trying to say is that border security is important, you earmark it for other areas which I know legally it can be earmarked for that, but if it's not earmarked for the border, I really believe that we as our
agency are going to suffer because of that. Many of the
gang members, PRMs, live in our area. PRMs are one of the
only few gang members that can operate on both sides of
the border. If a Texas Syndicate goes across, they're
going to be killed, but PRMs right now are working with
the Gulf cartel which is one of the most established
cartels. They may not be as big as the Zetas or whatever,
but they're one of the most established, most organized
and most technologically advanced. Also, they have a
network of service technicians that have been successful
in obtaining key codes and PINs for select make and models
of vehicles which have been stolen in our area. We've
worked with HSI and we've been able to stop three groups
within the last six months.

What I'm trying to tell you is the current UCR
numbers are not reflecting from 2016 what we're dealing
with right now, and by you cutting our budget $270,000,
that's going to hurt what we do there. Not only that, but
positions were cut as well as funding, yet you're going to
require more for us when it comes to reporting. I don't
know if you've ever been to Brownsville, any of the
committee members, but if you ever notice, Brownsville has
an inordinate amount of banks for a city our size, and if
you wonder why that is, that's because of organized crime
and that's dealing with the cartels and money laundering.
We have a current agent that works with DEA right now with a financial investigation team.

My point being, ladies and gentlemen, is that Brownsville will be hurt with a $270,000 with what we're dealing with right now. It's not reflected in the 2016 budget with the UCR numbers that we have, but it will in 2017, and by cutting us, it's really going to make our job more difficult.

I really appreciate your time listening to me.

Thank you.

MR. REYNOLDS: Lieutenant, we might have a few questions for you. And I know we were utilizing 2016 numbers, and I don't want you to speak for all of your jurisdiction because I know it encompasses Hidalgo and Cameron County. Can you tell the Board the number of stolen vehicles that were reported to just the City of Brownsville, where you're a lieutenant, last year?

MR. ELPERT: You know, I don't have those numbers, Mr. Reynolds. I'm sorry. Our sergeant would have those numbers right offhand, I don't have them right now. I can tell you how many we have recovered was 504, but I can't tell you. What a lot of what we deal with too is not just burglary/theft, but we also deal a lot with burglary of vehicles which some of the other agencies just deal solely with auto thefts. We deal with auto thefts
and auto burglaries. Under UCR they're classified as larceny, so that affects a lot of our numbers also. And I can also tell you the numbers that were reported in 2016 were not complete, there were some other agencies that didn't get their full numbers in. I don't think it would have changed it much, but they did not get all their data in for the 2016 UCR reporting.

MR. REYNOLDS: Thank you very much.

MR. ELPERT: Yes, sir.

MR. GARCIA: Thank you, Lieutenant Elbert. We do have an agenda item for consideration and action, and the first one we'll take up is 12.A, Continued grants, or do we want to take them all together?

MR. WILSON: Can I speak to that, Chief?

MR. GARCIA: Yes, sir. Go ahead, Mr. Wilson.

MR. WILSON: So what we originally posted was breaking them up into individual sections, but what ended up happening, Chief, was when it came to the modified grants, first off, we had the $2 million cut, so it made it kind of implausible that we'd spend a lot of time working on modified. We also found that except one or two of the programs, when they turned in the modified, whether it was bad instructions on our part -- we tried as thoroughly as possible to make sure we communicated that when you filled out a modified that the grant had to be
sufficient to allow a consideration -- well, except for
one or two of them, we couldn't have scored those grants
using your process. And so we had to kind of abandon
that, unless we just looked at those one or two that
followed the instructions and filled out each line item.

So we've kind of put the modified at the end of
the book as something just to take note of. We certainly
realize that with the information that we have that we
don't have anywhere near sufficient funds to cover current
programs.

And then the two new ones were actually -- or
two for the three new ones were, in fact, ones who
followed our instructions that had a greater than 5
percent variance in their budget or their match and they
turned in a grant consistent according to our program
instructions. So Travis and Montgomery are reflected in
this list that the committee has been working on that
we'll look at in a minute, I'll let Mr. Hansen present his
list. But I just wanted you to know that we collapsed the
continued and the new into one sheet and then considered
them because we could score those according to your
system, and then the committee, the Grants, Budget and
Reports Committee, put those recommendations together.

And then if you move forward on modified, then
we would have to come up with a different structure for
considering those as they're laid out on page 75.

Moving forward, I would recommend that the committee chair for the Grants, Budget and Reports Committee provide a recommendation or a resolution of yesterday's committee meeting.

MR. GARCIA: Mr. Hansen.

MR. HANSEN: Mr. Chairman, thank you. Just some comments, and then because of a conflict, affiliation with one of the grants, Mr. Reynolds will follow up.

As we said yesterday, the numbers that we gave everybody were preliminary recommendation. We made it very clear that there were some subject to change. After due diligence of crunching all of those numbers and comparison to what was given out last year, we didn't want to set a bad precedence and we wanted to make sure that we were trying to be as fair as possible. As I stated to everyone yesterday, this was a long, detailed, tedious process of reviewing everybody's awards over the last three and four years, looking at your requests, looking at your numbers, UCR numbers played some part in it. It was a variety of a lot of things that were taken into consideration.

There was nothing easy about this decision but I think our goal and objective was to do our best we could to keep the program moving forward until we can get past
this financial slump that we're in due to the legislature.

So because of the, like I said, conflict that I have with one of the grantees, Mr. Reynolds is going to do the recommendation and presentation.

MR. REYNOLDS: Director, would you prefer we go line by line, grantee by grantee?

MR. WILSON: If you want to make any changes in what I provided, then the Board would need to know the changes that you want to make as far as a motion for awards.

MR. HANSEN: There weren't any changes from yesterday.

MR. REYNOLDS: First of all, I'd like to let you know some of the numbers that were talked about yesterday had your grants increasing from the 2016 dollar amount or 2017 dollar amount that you received, and to me, it gives a bad appearance when we go out to our legislators and talk to them and let them know, hey, we were cut last time, and then ask them how much your task force was cut, and then you turn around and have to say our task force was not cut, we actually got an increase. And there was, I think, 13 or 14 of those that were actually receiving a minimal increase from the numbers we talked about yesterday, and so we reduced those back down to 100 percent, for the most part, from what you received.
last year.

So I think the highest number was somebody was going to receive like $32,000 in additional funds, the next one was $26,000, and we discussed it, Tommy and myself, and it does not present the right message, in our opinion, to the legislature when you're talking about how you were cut, your program was, and actually your grant increased. So does anyone have any questions on that at all they would like to discuss?

(No response.)

MR. REYNOLDS: Tommy, do you have anything you would like to add?

MR. HANSEN: No, sir. Thank you.

MR. WILSON: I think Mr. Richards wanted to add something.

MR. RICHARDS: Mr. Chairman, if I may?

MR. GARCIA: Sure.

MR. RICHARDS: Major Reynolds, I think you were asking should you go line by line, and I think for the record that you should, what the award will be, if you would, please.

MR. REYNOLDS: I'm going to have to put my glasses on, and if I get off track, somebody feel free to let me know.

(General laughter.)
MR. GARCIA: All right, sir. The eyes of Texas are upon you.


MR. GARCIA: We're trying to do some math up here.

(Pause.)

MR. REYNOLDS: So the total of grant funding is $12,940,118.

MR. GARCIA: Board Member Reynolds, can you back to I think it was the City of Houston? Because the number I had here is $770,949. We added something there? What's the correct number on that?
MR. REYNOLDS: The correct number for Houston is $809,496.

MR. GARCIA: First and foremost, we probably need to take two different votes here, one without Galveston County, so that would be the first vote to accept the recommended grant awards to all agencies that have been mentioned here other than Galveston County.

MR. MIZANI: Chief, before we vote.

MR. GARCIA: Yes, sir.

MR. MIZANI: We had a gentleman from Brownsville come and discuss. Can we have just a little bit, for my purposes -- and I wasn't at the meeting when we had these discussions -- but maybe elaborate a little bit on how we determined that number, and maybe we can have some clarity for the individual. I hate to vote on these things and that gentleman presented and make his case and look at the numbers, and him and Eagle Pass were the two that got hit the biggest, so if we could address a little bit of that.

MR. REYNOLDS: I'll go ahead and speak to that briefly, if you'd like for me to, or we could have Eagle Pass speak to it as well. But when we looked at the application that was submitted, Eagle Pass showed a deficiency in the amount of recovered vehicles that had a huge impact on their grant. For the past calendar year, I
believe the recovery amount of stolen vehicles for the
Eagle Pass Task Force was four vehicles, and that had a
huge impact on the scoring of their grant. And I believe
that may have been an inaccurate number.

Eagle Pass, would you like to speak to that and
correct that number if that was incorrect?

MR. CARDONA: Rene Cardona.

I did take a look back at the numbers for 2016
and went back to 2014 because those two numbers reflected
an issue on the reporting. I advised you guys that we had
taken strictly UCR, the way it would come out from our
reporting system, however, going back and looking at our
CIS reporting system, which is our reporting departmental-
wise, 2016 reflected 64 recoveries for 2016, 2014 went
from -- I believe that was four recoveries, that went up
to I believe it was 36.

MR. REYNOLDS: And thank you very much. And
going forward for next year, you have in place now a
better system of record to reflect the actual activity of
the task force and the work that your members are
conducting. Correct?

MR. CARDONA: It has taken effect already, sir.

MR. REYNOLDS: Okay. All right. I appreciate
that very much. Thank you.

MR. HANSEN: Also, they originally had four
funded positions and what this did was just reduced it to three, and after the conversation we had actually the day of the last meeting that it was decided that we really want to step forward to work with them to remedy any of this so that this won't happen again, so that's something that we can consider for the next go-round. We knew in our hearts that this was a problem but it needs to be officially corrected.

MR. REYNOLDS: And to answer your question as far as the budget in Brownsville, we wanted to compare them -- and I know each grantee is different -- but we wanted to compare them to two of the larger border funded grantees and we compared them to El Paso, and in each of the categories that staff reported on from the grantees as far as number of vehicles recovered, burglary cases, arrests, El Paso exceeded them in each of those categories and that's why you'll see a $5,000 disparity between what El Paso is funded as opposed to Brownsville, one is at $924- and I think the other is at $929,000.

MR. MIZANI: Okay.

MR. HANSEN: We also took in account, in looking at all the different grants, their workload, their cases that are actually being done by the grant, and as far as the number of funded personnel, Brownsville had actually the second highest number of funded personnel in
the program. And so I applaud the lieutenant's plea for
more funds but we just had to look at that. We went back
and looked at what they got in the past. We also had to
take in consideration, as I said earlier, we're trying to
make this equitable for everybody, and the last couple of
years we looked at the larger groups, they got cut
considerably, a couple of them got cut considerably, and
they did not. In fact, there was one year I think we
found they actually got an increase.

So we were just trying to put everything in
check, not an easy thing to do. When their number of
personnel was second out of the whole program, when we had
to compare numbers to some of the other programs, it was
very difficult to justify that, and we explained that, and
hopefully we can get some more money and remedy that. But
that was part of the driving decision. If the Board wants
to go in that direction, that's fine too, but that was
some of the things we had to look at to make that
consideration.

MR. REYNOLDS: And I have those approximate
numbers from the cuts that were made prior to this funding
cycle, and Dallas County lost I think it was $105,653, the
City of Dallas lost $132,903, El Paso lost $271,658, City
of Houston lost $231,827, and San Antonio lost $259,474.
For just those five grants, it was over a million dollars

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in losses the last funding cycle.

MR. MIZANI: And that provides some clarity for me. I know that it's a tough decision, especially where we're at where everybody is in a tough position, but it sounds like we're benchmarking a lot of these cities, for example, El Paso, Brownsville, and we're kind of making decisions. From a council perspective, we do that as well, and so I think that's the right approach, so that for me provides some clarity, and it's an unfortunate position that we're in for sure, but I wanted to at least have some discussion for everybody to hear before we vote on the matter, especially given his address. So that provides the clarity that I needed. Thank you.

MR. REYNOLDS: Yes, sir.

MR. MIZANI: Let me ask one last question, and this might be for you, Bryan. We did an adjustment with Houston. If we are making any additional adjustments, where would that funding, for example, if we wanted to add money somewhere, where is this going to be coming from? Are we taking off someone else or is there another bucket within our funding?

MR. WILSON: On page 36 we adopted a budget that put a maximum amount, earlier when we took the vote on the budget was the maximum amount of $13,171- that was available. Now, we weren't trying to hit that amount
because there are some other things that the Board will be asked to consider at a future meeting related to some of the stakeholder issues that we needed to address. So it's coming out of that $13,171,155 in the yellow box, I guess it's the last number in the yellow box on the bottom right.

MR. MIZANI: Okay.

MR. WILSON: So that adjustment came from there.

MR. MIZANI: From there. I see. Okay. Thank you.

MR. WILSON: Thank you for asking that question, though.

MR. GARCIA: That still puts us within budget.

MR. WILSON: That's correct. And still leaving the $800,000 that we want to carry forward to 2019 -- over $800,000 -- I'm sorry, I didn't say the exact number but it's in the table.

MR. GARCIA: Okay. Any additional questions by the Board members?

(No response.)

MR. GARCIA: IF there is none, then we need to have a motion.

MR. RICHARDS: Who made the second? He made the motion, who made the second?
MR. GARCIA: First of all we're going to take a vote on the grant awards that are recommended by the committee without Galveston. Am I correct?

MR. RICHARDS: Yes.

MR. GARCIA: So I need a motion and I need a second on that, and Board Member Hansen will abstain from that.

MR. HANSEN: I think I can vote for that one, I can't vote for Galveston.

MR. GARCIA: I'm sorry. You're right, you're right. I apologize. Hit me in the head later. Okay?

(General laughter.)

MR. GARCIA: So we need a motion and a second. Everybody plays in this one.

MS. KINNEY: I'll go ahead and make a motion to accept the recommended funding for the grants, with the exception of Galveston at this time.

MR. GARCIA: I have a motion on the floor by Board Member Kinney the awards by the committee.

MR. HANSEN: I'll second it.

MR. GARCIA: A second by Board Member Hansen.

Any additional discussion, comments or questions by any of the Board members?

(No response.)

MR. GARCIA: If there is none, then all in
favor say aye.

   (A chorus of ayes.)

MR. GARCIA:  All opposed?

(No response.)

MR. GARCIA:  The second vote we need to take consideration and action is the Galveston County recommended grant award.

MR. HANSEN:  Mr. Chairman.  Tommy Hansen, to eliminate any improprieties, I would abstain from voting on this one.

MR. GARCIA:  This is the one where Board Member Hansen abstains.  So we do need a motion and a second.

MS. KINNEY:  I'll go ahead and make that motion to accept the recommended funding for Galveston County.

MR. REYNOLDS:  I'll second.

MR. GARCIA:  We have a motion on the floor for the grant award for Galveston County by Board Member Kinney and a second by Board Member Reynolds.

Any additional discussion, comments or questions?

(No response.)

MR. GARCIA:  If there is none, all those in favor say aye.

(A chorus of ayes.)

MR. GARCIA:  All opposed say so.
MR. GARCIA: Okay. Agenda item 13, Consideration for adoption of FY18 statement of grant award, including standard and special conditions.

MR. WILSON: Thank you, Chief. This is Bryan Wilson, for the record.

On page 80 we have the statement of grant award that now that you've issued the amount, then I need the authorization and the documentation to issue the awards to all the grantees. This year we have developed -- this is very similar, it's been through legal review and has been edited and accepted, but we do have three special requirements, I think we might ask you to drop off one.

But the way special requirements work, just to be sure, is that if the Board took an action today, like on that replacement page 46, then I would apply that to the grant when I issue the statement. So remember on that little timeline I showed you, the grantees will be able to modify their grants to conform with what you said, but if a grantee does not remove an item of cost, the command staff or some of the things we voted on, I'll go ahead and issue the award but I'll say you're going to have to remove this item of cost from that document. And so I would be doing that on behalf of the Board, that's why it's so important for you to vote on the statement of

(No response.)
grant award and any special conditions that you might require.

So on page 81 there were four issues that I asked you to address, and so I think one of them is going to go away which is the consolidation one that we wrote. So border security, so if you're a port or on the United States border with Mexico, I will assign a border security reporting requirement as required by law. Again, they're already required to do it but what I'm doing is issuing a statement of grant award and putting that jurisdiction on notice you will have to submit an additional report. I will tell you right now we're going to make it part of the standard quarterly report, so there will be no surprises, but we do understand we may not know everything about this and so they're going to be required to cooperate with us in meeting our obligations for this border security requirement. Okay?

MR. GARCIA: Sure.

MR. WILSON: Second thing is the cost containment, I just explained that a minute ago. If somebody modifies their grant per what you provided the instructions to and they don't remove an item of cost, I'll go ahead and issue the grant and I'll say, By the way, you have to remove this item of cost.

The consider consolidation, we didn't take
those actions on so we didn't do away with any grants. We would have had some money to authorize consolidations, the committee has decided not to address that, so that one you can just scratch altogether out of your board packet if you'd like.

And then the cash match requirement, remember I presented some information earlier of that when I was talking about, I said we could pass on that item. What we were talking about is people who lowered their match in applying for this year's grant, and if you so choose to adopt these special conditions, I will then apply to make sure that anybody that justs got an award would be held to at least the cash match they provided in the current fiscal year.

So this is an action item if you so choose, and I would recommend that you actually not do the consolidation one.

MR. HANSEN: Question, Mr. Chair.

MR. GARCIA: Yes, sir.

MR. HANSEN: On the cash match requirement, if we stay the 2017, once the grant is renew, refigure everything based on any cuts and things, this could have a bearing on their match amount and could change this dramatically one way or the other. That's the only thing that concerns me is not knowing exactly how that's going
to affect their match amount. I just have a question about that.

Dan, do you have an idea for that?

MR. WILSON: Well, let's just be clear that it's not going to change the award amount. But if you set -- which this Board did back in January, you set a requirement that to qualify for a continued grant, you had to meet the match requirement authorized in the Board of what you did in '17. That's what qualified you to apply for continued.

Now, most of these are really, really small. I think with the Corpus Christi reduction that was about $70,000, that was actually -- Dan, correct me if I'm wrong -- I think that was the largest one. We've already fixed that because we have withdrawn the unallowed costs which was the two vehicles. So that was not matched and so their current grant award is about where they were in 2017 so the percentage is not going to change. The thing that caused it was the unallowed costs that they had put in there.

The rest of them are within just one or two percentage points, Mr. Hansen, and so I don't think it's going to be an impossibility but if it is, we can notify the Board and take appropriate action.

MR. HANSEN: That's fine. I just want to make
sure if it does change their numbers that we address that appropriately.

MR. WILSON: The highest was 15 percent and that was Corpus. I know Mr. Sudan at the committee meeting said that they were less .5 percent or .6 percent, and some of the other ones were akin to that.

MR. HANSEN: And it may not be an issue, but I just want to make sure we're cognizant of that.

MR. SUDAN: (Speaking from audience.) Due to salary increases and things like that -- I mean, I'm running it through my head right now -- the cash match is actually going to go up based on the raises that everyone got.

MR. HANSEN: Well, and it probably will. I just want to be cognizant if it's just the opposite for some of the grantees because of the cut that we want to be able to deal with that.

MR. WILSON: I understand. And just remember this will only come into play after we release the grant applications back to them to fix it and they didn't fix it to the amount in '17. That's the only time I'd apply this. Most of them will fix it in the interim when I release the grants back to them.

MR. HANSEN: Thank you, Mr. Chair.

MR. GARCIA: Thank you, sir.
This is an action item, motion and a second.

MR. REYNOLDS: I make a motion that we consider for adoption the FY18 statement of grant award, including standard and special conditions.

MR. GARCIA: We have a motion on the floor for agenda item 13 by Board Member Reynolds. Have a second on that?

MR. REYNOLDS: And Chairman, that would absent the consider for consolidation.

MR. GARCIA: Okay. Still have a motion on the floor by Board Member Reynolds. Need a second.

MR. HANSEN: Second.

MR. GARCIA: Second by Board Member Hansen.

Any further discussion, comments or questions by the Board?

MR. RICHARDS: Mr. Chairman, the motion was to consider for adoption. It should be adopt, not consider, and so if you could just restate that, please.

MR. REYNOLDS: I make a motion to adopt the FY18 statement of grant awards, including standard and special conditions, absent consolidation.

MR. GARCIA: Back to a second on that.

MR. HANSEN: I'll second again.

MR. GARCIA: Second by Board Member Hansen.

Any additional comments or questions from the
Board?

(No response.)

MR. GARCIA: If there is none, all those in favor say aye.

(A chorus of ayes.)

MR. GARCIA: All those opposed?

(No response.)

MR. GARCIA: Motion carries.

Agenda item 14, Consider modifications of progress reports to reflect GAA earmark for border security and statutory measures.

MR. WILSON: Akin to that issue that we just dealt with, because in the past the Board has developed what's called the goals, strategies and activities, they've actually adopted that in the redesign module, I'm asking for permission to modify that document.

And I'm going to work with the grantees both the ports and the border communities, and then obviously Mr. Richards, and I have to get with the LBB and others to figure out -- I think DPS is actually cited in one of those statutes and the Governor's Office.

We understand, like I said, we don't fully today know what it is, but I want clear authorization that I can move forward in modifying the goals, strategies and activities to meet all of our legal port and border
requirements.

MR. GARCIA: So it is an action item.

MR. WILSON: Page 83 I have a recommended motion.

MR. HANSEN: I make a motion that we authorize Mr. Wilson to work with the grantees and to consult with the Legislative Budget Board and the Governor's Office, as needed, to develop FY2018 reporting measures for border security under the General Appropriations Act, page 940, Section 711(b)(3).

MR. GARCIA: We have a motion on the floor by Board Member Hansen.

MS. KINNEY: Second.

MR. GARCIA: Second by Board Member Kinney.

Any further discussion or comments?

(No response.)

MR. GARCIA: If there is none, all those in favor say aye.

(A chorus of ayes.)

MR. GARCIA: All opposed?

(No response.)

MR. GARCIA: Motion carries.

Agenda item 15, Consider request for FY2018 unexpended balance authority from the Legislative Budget Board per GAA Article IX, Section 14.05.
MR. WILSON: Thank you, Chair. This is Bryan Wilson.

For agenda item 15, since we've been so thoroughly introduced to Article IX in the Appropriations Act, I thought I'd take you down one more little rabbit hole to finalize this meeting, or to move it towards final meeting. So the statute that was adopted by the legislature gives a state agency -- let's be clear about that because it's a state agency that has the authority to request from the Legislative Budget Board the ability to carry forward money within the biennium. So we've never asked for that.

We're facing a $2 million-plus cut, so what I'm recommending to this Board, because you are not technically a state agency, your appropriation is inside of TxDMV, I'm asking you to take a vote -- and I want to be clear, this is an aspirational vote, you have no right to demand this on your own from anyone, but you should take action to make a request through and with DMV and through whatever actions that they might have to take to ask the Legislative Budget Board to give us unexpended balance between the FY18 cycle and the FY19 cycle.

We'll probably be told no, but I just think it's fair to these officers, to these grantees and the
work that we do that we should ask, and that's what I'm asking you to do on page 85.

MR. GARCIA: We do have a request from the ABTPA director. Board members, do we want to support him on that or not?

MR. MIZANI: You need a motion?

MR. GARCIA: Yes, sir. A motion and second.

MR. MIZANI: I make a motion to approve staff's recommendation for item section 15.

MR. GARCIA: Motion on the floor by Board Member Mizani.

MR. REYNOLDS: I'll second it.

MR. GARCIA: Second by Board Member Reynolds.

Any further discussion?

(No response.)

MR. GARCIA: If not, all those in favor say aye.

(A chorus of ayes.)

MR. GARCIA: All opposed?

(No response.)

MR. GARCIA: Motion carries.

Agenda item 16, Consider ABTPA director's decision regarding Travis County program income 2016 carry forward and FY2017 adjustment along with out of period and unauthorized expenses.
Before moving on on that, there are two persons that have signed up for this agenda item regarding quarterly reports. The first one is Mr. Matt Naper from Austin, representing Travis County.

I have a request from the director to lay out the issue first before you proceed, sir.

MR. WILSON: I'm going to call on Dan Price to just do a brief overview. That way at least the Board will have an understanding of what we're talking about, in addition to the materials that we provided in the board book.

Go ahead, Dan.

MR. PRICE: This is Dan Price, ABTPA staff auditor.

I would call your attention to page 87, a letter that was drafted by Director Wilson to Nicki Riley, the county auditor for Travis County, Texas. In there we've laid out that on January 4, 2017, Travis County submitted a Q4 FY16 expenditure report, which was certified as true, accurate and complete by Nicki Riley, the county auditor. It had an ending program income balance of $104,795.43. The ABTPA, in good faith, paid that expenditure report. Because this was a year-end report, the grants were closed out, the purchase orders were closed, and we considered the grant year to be closed.
at that time.

Item 4, in the current submission, which is for the first quarter FY17, the expenses presented on the expenditure report which are FY17 expenses are largely accepted.

Number 5 on the Q1 expenditure report, $27,719.20 is reported as program income reduction for out-of-period expenses and because the prior period has been closed, these expenses were not accepted and we're unable to move forward with the payment at this time.

MR. WILSON: And I would just simply add to that, on the letter that you see in the board packet there's 2007 but two members have presented to me that it was intended to be 2017, that was a typo. So if you'd make that notation, it was the 2017 first quarter expenditure report.

MR. GARCIA: Go ahead.

MS. BELL: My name is DeDe Bell. I'm the grants financial manager at Travis County. Matt signed in just to pass out what he gave to you.

When we did the Quarter 1 report for FY17, we discovered that $27,000 in expenditures that were reported in the expenditure category in section 2 of the quarterly report, however, they were not included in the section 3, the program income section of the quarterly report. So we
were wanting to adjust the beginning balance for Quarter 1 for those $27,000. They were incurred in the grant period and they were paid before the liquidation period was over, however, they were not included in section 3.

MR. GARCIA: I'm just trying to make heads and tails of all this paperwork.

MS. BELL: It's hard to tell what is program income on the match because we have so many different kinds of match, we have a cash match from the county, we have fringe benefits matches from the other counties that participate, as well as the program income expenditures. So the amount that shows in match expenditures in section 2 is never going to match exactly to the expenditures in section 3 because section 3 is only a portion of section 2.

MR. WILSON: So, Dan, did you get a packet on this?

MR. PRICE: I did.

MR. WILSON: And so can you just -- excuse me, Ms. Bell, I'm sorry -- there's three expenditure reports that were handed to the Board up here. Is that what you have there in front of you? Is that correct, three expenditure reports? I realize you've given some additional information.

MS. BELL: Right. So we gave to you the
Quarter 4 report, we have a Quarter 4 revised, but those were never submitted, and then we have Quarter 1 and then a Quarter 1 revised where we took the $27,000 out of section 3 since it was really part of FY16 and we adjusted the beginning balance.

MR. PRICE: I do have those reports in front of me.

MR. WILSON: Okay. Can you bring this issue to a clear outline based on what Ms. Bell just presented?

MR. PRICE: This is a very complex issue, but to try and be brief and hopefully to clarify a few things. Ms. Bell did submit her analysis of the issue to us previously and we did review that, and I have done an analysis of her submission. And on that she notes, for example that some of the items that are being requested to come from program income -- and I have a list in front of me of those items -- were based on what is known as grant adjustment number 3 that was previously submitted.

MR. WILSON: And that's not part of this package. Correct?

MR. PRICE: That is not part of this package that I have a copy in front of me.


MR. PRICE: On grant adjustment number 3, the
request was made to transfer money from personnel and fringe which was not authorized or approved ever as program income funds, that was supposed to be county funds, to her point a moment ago, and it was transferred into equipment and supplies in DOE category. We give the grantees the opportunity to request or to change the request from a county paid match money to program income. That request was not made on this grant award. Therefore, those expenses that she has indicated in that regard were never approved or authorized to be used from program income. The program rules require that any amount expended over $500 for program income require prior approval from ABTPA to be authorized before that expenditure is made, so those funds would not have been allowed under their current submission.

MR. WILSON: So what I'd like to do, Chief, because this is a complicated financial issue, we've been working for months, but it's really important for the Board to understand that in the past -- remember I've pointed out to you in the past that the Internal Audit finding on ABTPA is we didn't do a good job of managing program income, and when we have disputes like this, it's really critical that when we can't come to resolution with the grantee that the Board takes an opportunity or that we have the opportunity to bring it to the Board to resolve

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the issue, not just to say that you're now managing the
program income.

Because it really does matter when you sign a
contract with somebody that says they're going to use so
much of their money and then they also have program income
that they're authorized to use, and they could have asked
for more money back last year. But what we see -- and
I'll let Ms. Bell present her side or whatever -- but what
we see is we went through a contract period, we followed
the guidelines and they were authorized to spend certain
amounts of program income as part of that contract. We
got through the final period, we paid out the final and
closed out the grant saying we're done, and then the first
quarter comes in with a pencil or modified adjustment
showing: We still have another $27,000 that we spent in
the closed grant.

And this is really important for the Board to
understand so that by you taking some determination based
on what Ms. Bell presents or what we present that future
grantees are on notice that this is how the Board will
handle these kind of things in the future. So we had a
closed grant, the adjustment came in on the first quarter
reducing the program income, and so we disallowed that
reduction. They didn't claim additional expenses, they
just said, Oh, by the way, we had some additional
reductions after the period you closed. So that's really what's in dispute here is how much money did we carry forward at the time.

And there might have been other ways to handle it, I don't know, we don't have extreme processes on this but we're working on better processes, but at the same time, from our standpoint and from the State budget system, the grant is closed, and we went through that authorization.

So if you're okay, Chief, I'm not trying to take over your meeting, but now that I've kind of laid out to you the way we see it, Dan, did I miss any part of that?

MR. PRICE: You talked about extraordinary measures being taken, and in Q4 we did have concerns about the program income balance because they did request originally an amount that exceeded that that was authorized.

Mr. Wilson actually had us set up a meeting with Travis County and the grant administration of Travis County to review that at that time, and they did go in and review it and amended it to the final accepted report in December. So it is the only time since I've been a member of ABTPA that we've actually gone out to a grantee to meet with them to review concerns about an expenditure report,
so I think we did go above and beyond, just for the
record.

MS. BELL: My only point is that the
expenditures were claimed in the expenditure report
section 2, however, the section 3 was done incorrectly.
It was done on a cash basis, the expenditures were
incurred in the grant period, they were paid during the
liquidation period, we just failed to report them in
section 3, and so we would like to adjust the beginning
balance on Quarter 1 of FY17 to reflect that.

As of Quarter 3, we have incurred $417,000
worth of expenditures that we have not been paid for
because of this issue.

MR. HANSEN: Question for Dan. Do I understand
that this is not a recurring problem? This is not a
problem that occurs on a regular basis or at all?

MR. PRICE: I believe in a more limited fashion
this has occurred previously and is a recurring problem,
and it has happened with other grantees as well. Most of
them do go ahead and make the required adjustments and we
do tender payment. Because we have not received an
expenditure report for Q1 and because it then carries
forward into Q2, we have been unable to pay them because
the required adjustment that we've requested has not been
made at this time.
MR. HANSEN: So based on what I hear from Mr. Wilson, there's been changes in what you all do to try improve and address this for the future.

MR. PRICE: That is correct.

MR. HANSEN: Okay. Has this been recurring or has this occurred before previously with Travis County?

MR. PRICE: Yes, it has.

MR. HANSEN: How many times?

MR. PRICE: I'm going to say probably 50 percent of the expenditure reports we have received. And in fact, DeDe's analysis which she provided us would now indicate that there were discrepancies in at least three quarters last year that still remain as of today that we were previously unaware of.

MR. HANSEN: On other projects, other programs, not hers?

MR. PRICE: On hers.

MR. HANSEN: On hers?

MR. PRICE: On hers.

MS. BELL: When I did the analysis -- Matt took over this grant October 1 because we had a staff member retire, and then when this problem was discovered we did an analysis of the entire year, and we did find discrepancies between section 2 and section 3 every quarter. So we were trying to get this corrected. The
person that was there before, it was their understanding
that this section 3 needed to be on a cash basis and that
the bottom line ending balance needed to tie to the bank
statement. My interpretation, after looking at it, that
any expenditure that we included in section 2 should be
also included in section 3, even if the check has not
cleared the bank.

MR. PRICE: If I may make one more comment.
The Board approximately two years ago did pass a rule for
the benefit of the grantees that does allow program income
to be counted as cash match, and that, in fact, is a
requirement, and if people do not reflect the amount that
they say they have spent on program income as cash match,
we will kick that back to the grantee for adjustment.

MR. HANSEN: Thank you.

MR. GARCIA: Well, it is an action item. I'll
make a comment. I think it's important that we hold all
grantees to the conditions when they took the grant award,
that all their i's are dotted and all their t's are
crossed. And I know sometimes there will be a change of
staff that has to pick up where the other staff member
left and might have a learning curve, but I think that's
the responsibility of each grantee here to understand when
you take this grant award the conditions set forth, and
when you don't -- I mean, definitely if we didn't do our
part to meet our conditions as we said we're going to meet with you all as grantees, then definitely we would be hearing about it. But my comments are just that you as grantees are responsible for each condition of your grant award and you have to make sure that your t's are crossed and your i's are dotted.

And I know finances is one of those that when numbers are not reflected or reported accurately, there are some consequences to that, whether it's with the grantee and how you report them or not report them, and the amount of money that is at stake here for the grantees and what they're not going to get reimbursed for or it's not going to carry forward.

But those are my comments.

MR. HANSEN: Is this $27,000 dispute keeping them from getting paid for their expenses incurred right now?

MR. PRICE: The requirements from the Comptroller are that we have an expenditure report which has been reviewed and has been verified by someone such as myself and Mr. Wilson that it is true and correct and that it is supported by the documentation provided so that we can ensure that the State of Texas is paying our obligations consistent with the rules presented by this authority as well as the State Comptroller's Office.

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MR. HANSEN: I mean, QuickBooks confuses me.

MR. NAPER: If I may, can I make one comment?

MR. GARCIA: Yes, sir.

MR. NAPER: One thing that should be clear is that that $27,000 was fully reported on the Quarter 4 report but in section 2, it just wasn't reported in section 3. So my point being is that Quarter 4 was accepted and it was paid, so those $27,000 were already accepted. All we were doing was making a note on the first quarter that in order for us to tie to the bank statement, we had to make an adjustment for that $27,000 which was cleared during liquidation period but it was after 8/31. So there's no new expenses there, it was just the way they were reported between the sections. Does that make sense?

MR. WILSON: I'm not disputing that because we did pay the fourth quarter and we closed the grant out during that period and validated all the expenses. What the issue is, this section 3 that Ms. Bell is referring to on these expenditure reports that are in front of you, is that is the tracking mechanism by which grantees, all grantees have cash money that they've earned through the program. And I know yesterday we talked a little bit about this at the meeting that there's two ways that that money gets in there: they either seize an asset that's a
criminal enterprise asset and convert it into cash, I guess some of them could put money -- remember we talked earlier about the VIN inspections, getting a receipt from grant-funded activities, and then the other is that when they sell vehicles or ABTPA assets, that would go in there.

I know in the past ABTPA considered that money the grantee's money, hence that's why you allow it to be used instead of cash match, but once we went through the audit and responded to the audit, we said we would manage it with the individuals, and that's what that section 3 is.

So let me just cut to the chase on this issue. You have three resolutions to move on this. You can either make a determination that the grant was closed and that the balance needs to be accepted as it was presented. You can accept their revised version of the Quarter 1 2017 report -- am I saying that right? -- and say that you authorize that reduction. Or I guess there's not a third option, that's the two options before you. Sorry. I thought I had one but it went away.

MS. BELL: I'd just like to add if you accept the first option, our expenditures for Quarter 4 would not be correct. If we reduce our match by the $27,000, the amount that we reported in section 2 would be incorrect.
MR. PRICE: So just to clarify on that, my understanding of how this would be handled in that event is that since it has been reported in section B, as she indicated, it looked like they were going to pay those from county funds rather than from program income, that there would be no change required -- if you do number one, there would be no change required to Q4, it's been paid, it's closed and there would be no change required.

MR. WILSON: And again, Chief, I'm sorry to interrupt, but this is important because if people can just replace county funds with the funds that we manage together that were generated by the grant assets, then it's going to be very difficult to move forward in managing that. So I just want to be clear that in our estimation -- and again, Ms. Bell can dispute it -- our estimation is the expenses are true and correct but instead of using county money as reported on Quarter 4, they used our joint program income funds. And so if those expenses were true, as they just said, but it was whose money did you use, well, in the first quarter of '17 they indicated we actually used our -- and I'm saying program income as being our money -- instead of their money.

MR. GARCIA: So that would give them less money to work with as far as program income for FY2017?

MR. WILSON: No. It would go back to the
$102,000 because they would have had to use the Travis
County money and not the program income, so they would
actually have more money available in '17 if they had to
use county money.

MR. GARCIA: Okay. What are the wishes of the
Board at this time, if there is no other additional
comments, discussion from the Board members? Again,
wishes of the Board, action item.

MR. HANSEN: I don't have a wish because I'm
going to be perfectly honestly, I'm still not exactly sure
of what we need to do to fix this, but I don't want to see
their first quarter payments being held up because of
$27,000.

That's your big concern. Right?

MS. BELL: All three quarters are held up.

MR. HANSEN: I mean, what do we need to do to
at least eliminate that problem?

MR. PRICE: We just need an amended report that
reflects whatever the Board decides for the first three
quarters and we'll be happy to pay it.

MR. HANSEN: And amended report minus the
$27,000, basically.

MR. PRICE: It would be to reinstate the
$27,000 to program income and reflect that that money is,
in fact, still available for use by Travis County. If you
decide and they reflect that $27,000 as available program income for 2017, we can go ahead and process.

MR. HANSEN: So you're basically telling them that's what they need to do, and if they do that and you're okay with it, then we can move forward.

MR. PRICE: Yes, sir, absolutely.

MR. HANSEN: Is there a way to do that before we have to do the next Board meeting so that these people can get paid?

MR. PRICE: They're asking for relief from the $27,000, and so the question is does the Board choose to grant them relief from having to return the $27,000 to program income for future use or not, and once that's decided by the Board, which is the question at hand, then we will know how to proceed with them to get the corrected reports submitted.

MR. REYNOLDS: Let me just be real clear. So at the end of Quarter 4, August 31, they have 90 days, is that correct, to get everything squared away before everything is finalized?

MR. PRICE: Our current practice, because of a new system a year ago, is to give them a period of time to do their initial submission. Based on the number of submissions and the number of problems, as long as they've made the initial submission to us and they're working with
us to correct any deficiencies or documentation concerns, we will allow them to go past that point.

MR. REYNOLDS: Excuse me. Past what?

MR. PRICE: Past the deadline.

MR. REYNOLDS: Which is?

MR. WILSON: The rules are 45 days after the end of the grant period, so everything was due on October 15. We granted I think, two extensions. Travis County did submit it on time, the original, I believe, but then we went through several iterations and then we actually held a meeting in December to try to resolve all these issues face to face in the Travis County offices. And we thought we had it resolved and we paid that bill after, so I don't think we paid it until late January because people were out on holiday, so mid January. And then when the Quarter 1, the Quarter 1 is due December 31, so that's when they made the new correction, reducing the amount of program income that previously been closed, onto the new report.

So again, just to make sure, we either grant them the relief they seek and they can use program income instead of their own money in the closed period, or we just require them to hold to the grant period that was closed and they would have to restore into the program income the $27,000 they spent. Those are the two options
before the Board. And either way we can proceed with
Quarter 1 payments, we've already validated that one, and
then Quarter 2 and Quarter 3 would quickly follow.

MR. MIZANI: You mentioned there were three
other discrepancies with Travis County.

MR. PRICE: Well, she had indicated that she
felt that the work of the person who had been preparing
these previously, based on her review, and she indicated,
I believe, that she found discrepancies in all four
quarters.

MR. MIZANI: But those are not coming back
before the Board?

MR. PRICE: I hope not. I mean, that's not
what's before you now.

MS. BELL: They all net to this fourth quarter
error.

MR. MIZANI: They will what? I'm sorry.

MS. BELL: They all net out.

MR. MIZANI: Okay.

MR. NAPER: Let's just be clear that the
discrepancies are only timing between the two sections.
The fourth quarter tied to the bank statement as of 8/31
that obviously liquidation was still occurring, so I'm not
totally clear on why the $27,000 which was already
accepted is now being disallowed.
MR. PRICE: It's a matter of whose money it was that was submitted, and based on the analysis I have of DeDe's previous submission, there were errors in the way that overtime was presented in the first three quarters and errors in the way that supplies were presented in the fourth quarter.

MR. WILSON: So that's really what's at issue here is whose money was spent. I think we're very comfortable saying we authorized the expenditures, we agreed that whatever was on this Q3 -- excuse me -- final quarterly report was wages, salary, overtime, whatever was on that report, we agreed with those expenditures, but as Ms. Bell referred to section 3 is an accounting of how much cash this program has on hand as of that time period when that report is submitted. And like I said, going to Ms. Bell's point, is it accrual or is it cash, and we've seen it as cash because all these grantees have to tell me as of that last day of the report how much cash that's our cash, the grantee's and ABTPA's cash do you have on hand at that moment.

And if you would have withdrawn that, in other words, if you would have said of the $100,000 I've spent in this quarter -- I'm just making up a number -- I spent $25,000 in program income, that would have been reflected on that. Whether it was accrual or cash didn't matter, it
was $25,000 in that quarter that I spent under section 3. And I think that's what's going on here, and so again, staff recommendation is to accept the balance as of the final 8/31 and move forward with this grant.

MR. GARCIA: Decisions, decisions.

MR. NAPER: We would ask the Board to accept a revised Quarter 1 report in which we adjusted our beginning balance of program income for the $27,000, because like I said, it was only timing. The $27,000 was already accepted and closed, it was just we didn't report it because we were tying to an 8/31 bank statement, not a 10/31. So that $27,000 was still in flux as of the way we reported it.

MR. PRICE: But all of the $27,000 was not approved by the ABTPA to be used as program income.

MR. HANSEN: But it was eligible to be approved, it just wasn't brought to their attention.

MR. PRICE: It was never requested.

MR. HANSEN: That's what I'm saying, but it would have been something that would have been eligible to be approved.

MR. PRICE: It would have if they had made the request.

MR. HANSEN: So a failure to make the request ultimately is causing all of this, failing to make the
request on their part.

    MR. PRICE: That is correct.

    MR. WILSON: And under the Uniform Grant Management Standards, they would have had to do it during the time period. We can't amend contracts after the fact. You can't go into a closed period and then authorize a change in the contract.

    MS. KINNEY: By making this change, would we be setting a precedent that we can go back and make changes to whoever, whenever, however?

    MR. PRICE: So to Tommy's point earlier -- I'm sorry. If I may speak for a moment?

    MR. HANSEN: Go ahead.

    MR. PRICE: Mr. Wilson referred to a $10,000 check we just received that impacted the budget earlier in the meeting. That check was as a result of additional information that was provided on backup from another grantee who also determined that their expenditure reports were erroneous for a previous year. For us to go back every quarter and engage in the back and forth to try and resolve these and to go back six quarters, which is what happened with the other grantee as well, is extremely time-consuming and cumbersome. These are supposed to be reviewed and certified by the financial officers as true and correct, and ABTPA relies on that as part of our
Before Mr. Wilson got here, we would have to get a banker's box of documents for one vehicle to verify that the procedures were followed for one vehicle, and what we determined was if the counties and the cities are following standard accounting practices of the state and we can rely on them and they will certify that they are using true and correct statements, we don't need to repeat all of that work. And what's happening is we're spending an inordinate amount of time going back again and again and again trying to get people to be brought up to the published standards.

And I think it is a big issue in the message it sends, to Ms. Kinney's point, to the other grantees about do they need to have their money spent approved, how often can they go back and amend these, how far can they go back and amend these, what appropriation years are open and closed, and it just becomes an enormous burden on our staff,

MR. GARCIA: I'm going to leave it up to the Board members to make a motion, if not, I'll make it.

MR. HANSEN: Go for it.

MR. GARCIA: I'll make the motion to consider the ABTPA director's decision regarding Travis County program income 2016 carry forward in the fiscal 2017
adjustment along with out of period and unauthorized expenses. Basically, on that the decision by the director is not to allow this. Am I correct?

MR. WILSON: That's correct.

MR. RICHARDS: Right.

MR. GARCIA: So that's my motion, to support the director's decision.

MR. HANSEN: So that takes away the $27,000 from them but they can move forward on the rest of the payment of the remainder of their stuff.

MR. WILSON: No. That actually means that they have to use county funds to pay the $27,000, they'll have $27,000 in their program income this year, and we'll pay all the bills based on our review. Obviously, one is already done but I think two and three and still pending. So the $27,000 is not being removed from their program income, it's being maintained in the '17 as originally submitted.

MR. HANSEN: That answers my question because my biggest concern is holding up their payments for everything else.

MR. WILSON: Once this is resolved, the three quarters that we have pending will be resolved.

MR. PRICE: So Mr. Wilson had talked about Q4 and the timeline on Q4. In fact, after we received the
revised report in Q4, it was approved the following day and it was paid by the end of the week. So these payments can happen very quickly if we have the correct documentation.

MR. GARCIA: I made the motion. Is there a second?

MS. KINNEY: I'll second.

MR. GARCIA: I have a second by Board Member Kinney.

Any additional discussion, comments?

(No response.)

MR. GARCIA: If there is none, then all those in favor say aye.

(A chorus of ayes.)

MR. GARCIA: Motion carries.

MR. GARCIA: All those opposed?

(No response.)

MR. REYNOLDS: Grantees, I'll just go ahead and say it, please work with staff as soon as possible when you have any of these issues arise so it does not cost your grant any money or time in getting paid. Please learn from what just happened.

MR. GARCIA: Agenda item 17, Consider ABTPA director's decision regarding the City of Dallas grant budget adjustment requesting funds to replace a damaged
vehicle above the loss amount allowed under the Uniform Grant Management Standards and requirement to return damaged truck sale proceeds to program income.

Mr. Wilson, do you want to lay out the agenda item?

MR. WILSON: We'll lay it out real quick and just skip to the chase, Dan.

MR. PRICE: So this is Dan Price again, ABTPA staff auditor.

We had received a request to approve the purchase of three vehicles from the City of Dallas and when we reviewed that, two of them were new vehicles, one of them was a replacement vehicle for a vehicle which had been destroyed. Under the Uniform Grant Management System, there is $1,000 limit on the amount of damages or losses that can be incurred by a grantee during the year, which is not relevant.

MR. WILSON: I'm just going to correct that, that can be paid for with grant funds. The grantee can incur a loss greater than that, but no more than $1,000 may be used in any fiscal year to pay for a loss by grant funds. Sorry, Dan.

MR. PRICE: That's fine.

Further, UGMS does allow the purchase of auto insurance as an allowable grant expense, and in fact, this
year I'm sure with your review you noted that several of them made requests for automobile insurance. Many of the grantees have indicated that they are self-insured and that they do not require that. At the time the City of Dallas received this grant, they had not requested payment for insurance but it was available to them, and the value of the vehicle was determined to be in excess of the $1,000.

Two of the three vehicles were approved and they are free to proceed with the purchase of those two vehicles. The last vehicle, we're waiting for a determination from the Board on whether the $1,000 cap in place by UGMS should remain or whether there should be an exception granted. This is not the first time this has come up, so this will impact other grantees going forward as well.

MR. REYNOLDS: What was the amount over $1,000 we're talking about?

MR. PRICE: I don't have that in front of me.

MR. RODER: $5,000.

MR. PRICE: $5,000, that sounds about right.

MR. REYNOLDS: Is that the vehicle that ended up in somebody's bedroom?

MR. RODER: Yes. He was on callback and a vehicle that was drunk ran down the road, hit his vehicle,
pushed it into his garage and another vehicle into his
house.

Like you've mentioned before, the City of
Dallas has taken steep cuts over the last several years.  
We haven't had any money in our equipment fund I couldn't
even tell you when.  You mentioned yesterday, I'm not
trying to go out and buy 4X4 pickups, everything that I've
sent up here has been reasonable, just a bare bones
vehicle, $17,000-$21,000 vehicles.  That's just that we
can pull our signs with.  All we do is ask for salaries
and we're barely getting that.

I'm just requesting to use our program income,
and after the discussion that we had yesterday, I thought
this was kind of my news that we're just trying to use our
program income to replace a vehicle that's going to be
used in our grant.  That's all I'm asking for is that we
be able to use our funds to purchase this vehicle.

I've laid out my idea and the blue truck that
was destroyed, we're going to sell it at our auction and
put it back into our program income.  I've said this
before on the phone conversation with everybody in ABTPA
staff, they have all agreed to it.  When I sent in my
grant adjustment, I used the term replace, and then now
this is when the UGMS rule comes up.  If I'd have known
about that, I wouldn't even have done that, I would have

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just said I want to purchase three vehicles. That's where that comes in. Funny how that comes in sometimes.

MR. REYNOLDS: Is there any grantees here that have purchased vehicles for less than $17,500 recently? I have to commend you for that. I think that's outstanding and applaudable, so thank you for doing what you need to do to ensure that your grant continues and that your officers have the equipment they need to go forward in especially these most difficult times.

MR. WILSON: Do you want me to summarize this?

MR. GARCIA: Yes, sir, please.

MR. WILSON: So the summary of this issue is that the state law gives the Comptroller the decision to set caps and to do things. The Board doesn't have a specific policy on this issue, so without any policy or direction from the Board, I or my staff cannot authorize any loss expenditure greater than $1,000. The Board, as the chief and I discussed a few weeks ago, can say that, yes, you can spend the program income. Why are we talking about program income? Because, again, the Comptroller sets the rules and program income must follow by law the same guidelines as grant funds and match. So you can't say I'm going to go buy pink underwear and use that for match for your ABTPA grant. The only allowable costs for this program income, no matter what bucket it comes out
of, all the costs have to be allowable.

And so in this case what the City of Dallas has done has requested to use funds that exceed the $1,000 set by the Comptroller. There's two issues -- so I'm going to preempt Ms. Kinney's question -- there's two issues: you can decide today whether you want to grant an exception to the Comptrollers' rules, there's your legal counsel but it makes clear in the rules that that's authorized, the grantor can make an authorization; and then the second thing is in the future we can bring back to you a policy recommendation on how to handle future losses.

For instance, several grantees have told me when they run a bait vehicle, the bait vehicle often gets destroyed, that destruction is greater than $1,000. The Comptroller has said no more than $1,000 in a season. We recently had one grantee that had -- going to Major Reynolds's point -- a major truck that hit something and they're saying we want to use program income. I'm sorry, you can't use program income because $1,000 is the limit, so they're driving around with a squeaky tire and a broken thing.

I mean, it shouldn't be the grant program's fault on all of these issues but we probably need a policy going forward. So short answer is there's a request for about $5,000 that we're in disagreement, we've given them
the $1,000, we've given them the salvage value of the vehicle, so the difference of program income is about $5,000, and then you can direct me to set a policy going forward. It's up to you, but I can't go more than $1,000.

MR. GARCIA: But they have the money in the program income.

MR. WILSON: They do.

MR. GARCIA: And it's just based on the guidelines that you have to work with now unless the Board creates new rules.

MR. WILSON: Correct. The Comptroller has set a hard line I can't pass.

MR. RICHARDS: You would vote to exempt it.

MR. WILSON: Yes. Thank you.

MR. GARCIA: What are the wishes of the Board?

MR. HANSEN: The wording should be that we allow them to go on and purchase this other vehicle.

MR. RICHARDS: Right. You'd be exempting from the Comptroller rules.

MR. HANSEN: Exempting from the Comptroller rules to purchase another vehicle using program income, and then the other vehicle sale has to go back into program income as well.

MR. RICHARDS: And I think he said that's what they're going to do.
MR. WILSON: That's already a requirement. So if they sell the vehicle, it's got to go into program income.

MR. HANSEN: I'd like to make a motion that we allow them to purchase this other vehicle, do an exception to the rule here using program income, and then the sale of the other income, those funds would go back into program income. That's the motion I'd like to make.

MR. REYNOLDS: I'll second.

MR. GARCIA: Motion on the floor by Board Member Hansen and second by Board Member Reynolds.

Any additional discussion or comments from Board members?

MR. HANSEN: Obviously, from this it looks like in the future we probably need to sit down and look at the policy to address this in the future.

MR. RICHARDS: Yes, exactly.

MR. HANSEN: I would like to just make that as a recommendation.

MR. GARCIA: Something we can probably discuss at the next Board meeting?

MR. WILSON: Yes, sir, absolutely.

MR. GARCIA: All right. Motion and second.

All those in favor say aye.

(A chorus of ayes.)
MR. GARCIA: All opposed?

(No response.)

MR. GARCIA: Motion carries.

Agenda item number 18, ABTPA director's report, Mr. Wilson, A through H.

MR. WILSON: I'm going to move through this pretty quickly if you'll bear with me. I know we're running a little long from our normal meetings but it's still important information I need to cover.

We'll start with page 103, I wanted to give you an update on the budget. If you'll notice we'll still carrying 2016. Remember I told you we obligated $800,000 from 2016 into 2017. One of the things, especially getting ready for the next legislative cycle, we're going to change in the future is what we've been doing is taking our largest grant and obligating all the funds into that one and then it takes three quarters to use. I met with Linda Flores's staff up in the Financial Services. Remember earlier this morning you approved for me to obligate up to $2 million; in the future, starting in FY18, I'm actually going to split that so almost every grantee is going to get a double thing so we use all the funds in the first quarter so we don't have to keep carrying two fiscal years. What are we, coming into the fourth quarter now and we're still talking about money
that we have from '16.

So I'm going to streamline that in the future but that's why you see the '17 budget, here's where we are. You'll notice that the amount on the top of this page on 103 is different than the $1.7-I said earlier, but if you add back in some of the obligations for advertising and promotion, it gets to the $1.7-. In case you're really astute and you're going, Hey, why did he give me two different budgets? Well, I have the promotion money obligated but we're going or release it in the next week or two.

Going on to another summary of statutory requirements, Ms. Dominguez put this together from the progress reports, and so this is where we are on the number of arrests and number of recoveries. You can see that recovered vehicles were way up compared to where we were at this time last year, looks like cleared cases were down a little bit, and then persons arrested were up.

So any questions on that item for the statutory requires on 18, section B?

(No response.)

MR. WILSON: I always like to keep you apprised of the kind of budget adjustments we're doing on section C. Remember we used to do somewhere around 140 to 200 budget adjustments a year. We've given the grant
directors a lot of leeway currently under using reasonable and necessary and not holding them to specific lines of costs, and so I think they've in turn reflected well that we only change things when they're really important.

Going on to educational programs, we still have this upcoming training that we're going to work with the grantees on in August where we've hired a consultant, we're going to identify key performance measures. I know in this budget we adopted earlier this morning, we're kind of moving away from statewide efforts, but what we're going to do in this contract for this year is to work closer with our grantees on how they can do a better job of measuring their impact when they go to fairs, rodeos, when they do public service announcements, how are we going to measure and come up with indicators of success for the prevention portion of our program. But clearly we're going to spend a lot more time on police efforts than prevention in the future, given the budget that we've adopted.

Currently we're still trying to hold on to providing a lot of the resources through state contracts that individuals grantees used to spend a lot of money on out of their grants. This is page 110 where you can see some of the promotional items. Those car pens, I can't believe it but they are hot items.
So moving on to agency operations, section E, I just wanted to let you know that I thank you, thank you, thank you for the wonderful participation, success and support that we've had to set off our first year. Major Reynolds worked with the task force commanders to get a lot of the materials that DPS used to use out to the field so that we can now rely on that, it's been updated. And I really appreciate all the support that we've had from NICB, a lot of the instructors that we have in our auto theft school. But we went through all three of them and then we'll be working to do both for next year Auto Theft I and what we now call Intermediate and Advanced classes. So I'll be working with the task force directors and the curriculum committee that I asked you to approve last year.

So insurance fees and collections on the last item -- sorry, Chief, I'm just flying through this -- we've run into some problems with the Comptroller about how they keep records and some things that are going with them, and staff and I went down, including Matthew Miller that you met earlier this morning. So we thought it was going to be a pretty straightforward notification, so originally I reported to you that 106 insurance agencies hadn't filed, we sent out letters. We figured out just roughly 18 of them are in receivership or some form of
bankruptcy, we're still outstanding on about ten that
won't respond, and then we've reached out to TDI. But in
the future I think we should plan on going to the TDI and
asking license for insurance companies to be revoked, and
we're still sorting through that. So when I come to you
to show that to you, it will be because David and the
Comptroller and TDI have worked together and said these
people are violating the law and not collecting the fee.

Again, I know it's not our number one priority
because we're not getting the money but it is this Board's
statutory duty and this office's statutory duty, and we
are doing the best we can, and on the last page of this
book you'll see that just so far this year we've collected
$24 million, so that puts us on track since most policies
are sold double, that means we're going to be well over
$48 million for this year for the $12 million that we're
going to get to spend. And I think it's important every
time we come together that we look at that and remind
ourselves and our stakeholders that we're collecting the
money, we're just not getting it for the purposes that
these people are doing.

MR. GARCIA: Will this information be on the
report that we have to submit to the Speaker of the House
and the Lieutenant Governor?

MR. WILSON: Absolutely, and it has been every
year.

MR. GARCIA: But as far as we are making a better effort of identifying companies that are out there?

MR. WILSON: Yes, sir.

That concludes my report, sir.

MR. HANSEN: I make a motion to accept Director Wilson's report.

MR. GARCIA: A motion on the floor by Board Member Hansen to accept the director's report. Second?

MR. REYNOLDS: Second.

MR. GARCIA: Second by Board Member Reynolds.

Any further discussion or comments?

(No response.)

MR. GARCIA: If there is none, all in favor say aye.

(A chorus of ayes.)

MR. GARCIA: All opposed?

(No response.)

MR. GARCIA: All right. We have nothing for executive session, and the last item on the agenda.

MR. WILSON: I have one housekeeping item.

MR. GARCIA: Okay. You have one housekeeping item, sir. Go ahead.

MR. WILSON: So everybody wants a copy of this document. Right? So what is going to do is run back to
the office and we'll be back in ten minute, five to ten
minutes with the final version of this document.

MR. GARCIA: That's fine. And so moving on to
item 21, adjournment, need a motion and a second.

MR. HANSEN: Motion to adjourn.

MR. REYNOLDS: Second.

MR. GARCIA: Motion to adjourn by Board Member
Hansen, second by Board Member Reynolds. All in favor say
aye.

(A chorus of ayes.)

MR. GARCIA: All opposed can stay. Thank you
very much for attending. Have a safe trip back.

(Whereupon, at 12:11 p.m., the meeting was
adjourned.)
CERTIFICATE

MEETING OF: Automobile Burglary & Theft Prevention Authority

LOCATION: Austin, Texas

DATE: July 7, 2017

I do hereby certify that the foregoing pages, numbers 1 through 125, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Nancy H. King before the Texas Department of Motor Vehicles.

/s/ Nancy H. King 7/20/2017
(Transcriber) (Date)

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