

**Arizona Automobile Theft Authority
Board of Directors Meeting Minutes**

Friday, November 17, 2017 – 10:00 a.m.
ADOA Building – 3rd Floor Conference Rooms
100 North 15th Avenue, Phoenix AZ. 85007

Members Present:

Dean Butler, Chair – Farmers Insurance Company
Chief Daniel Sharp, Vice-Chair – Oro Valley Police Department, Commander Kara Riley representing Joe Brosius – Public Member (Telephonic)
Director Eric Jorgensen – ADOT, Motor Vehicle Division, Jackie Gentner representing (Telephonic)
Director Frank Milstead – Arizona Department of Public Safety, Major William Beck representing Bill Montgomery – Maricopa County Attorney’s Office, MCAO Auto Theft Bureau Chief, Kristen Sherman representing.
Chief Roy Minter – Peoria Police Department
Matt Reed – State Farm Insurance Company (Telephonic)

Public/Guests:

Robert Smith, Renaud Cook Drury Mesaros, PA

Public/Guests:

Hilario Tanakeyomwa, Quartzsite Police Department (Telephonic)
Allen Quist, Pinal County Attorney’s Office (Telephonic)
Robert Smith, Renaud Cook Drury Mesaros, PA
Misty Fauth, Maricopa County Attorney’s Office
Danielle Salomon, Arizona Department of Administration Human Resources
Max Riddiough for Matthew McCray, Pima County Attorney's Office (Telephonic)
Amy Gardner, Mohave County Attorney’s Office

AATA Staff:

Frederick W. Zumbo, AATA Executive Director
Art Myer, AATA Chief Financial Officer
Ann Armstrong, AATA Grants Administrator
Bree Boehlke, AATA Administrative Assistant III
Amanda O’Halloran, AATA Administrative Assistant II

AATA Legal Council:

Tom Raine, Assistant Attorney General, AZ Attorney General’s Office

I. CALL TO ORDER AND ROLL CALL

Mr. Dean Butler, AATA Board Chairman called the meeting to order at 10:00 a.m., 3rd Floor Conference Room, ADOA Building 100 North 15th Avenue, Phoenix Arizona 85007.

It was determined enough board members were present to meet quorum.

II. AATA BOARD CHAIRMAN'S REPORT - REVIEW, CONSIDERATION AND POSSIBLE ACTION

Approval of September 22, 2017 Board Meeting Minutes. The minutes from the public meeting conducted on September 22, 2017 were submitted in written form to all Board members for review and approval.

Chief Roy Minter made a motion to approve the September 22, 2017 Board meeting minutes as presented.

Jackie Gentner seconded the motion.

Motion approved unanimously.

Approval of September 29, 2017 Telephonic Board Meeting Minutes. The minutes from the public meeting conducted on September 29, 2017 were submitted in written form to all Board members for review and approval.

Chief Minter made a motion to approve the September 29, 2017 Board meeting minutes as presented.

Mr. Matt Reed seconded the motion.

Motion approved unanimously.

III. AATA REPORT - REVIEW, CONSIDERATION, AND POSSIBLE ACTION

Frederick W. Zumbo, AATA Executive Director gave a FY'18 AATA budget update. Second Quarter is finishing up. Director Zumbo asked if there were any questions. There were not.

The topic of the 2018 Board of Directors meeting was then discussed. The Board was presented with a draft schedule. Director Zumbo pointed out that most of the upcoming meetings could now be hosted in the training room that will be attached to the AATA office at 1110 West Washington #105, Phoenix Arizona 85007.

The suggested 2018 dates with location to be finalized:

Friday January 19, 2018 – 10:00 a.m.

Friday March 16, 2018 – 10:00 a.m.

Friday May 18, 2018 – 10:00 a.m.

Thursday July 19, 2018 – Noon (Flagstaff Conference)

Friday September 21, 2018 – 10:00 a.m.

Friday November 16, 2018 – 10:00 a.m.

Director Zumbo also noted that the July 'Pow Wow' event might be an issue in regards to budget, so it depends on the FY19 budget. Chairman Butler stated that this Schedule looked good to him.

Major William Beck made a motion to approve schedule for 2018 as presented.

Chief Minter seconded the motion.

Motion approved unanimously.

Director Zumbo gave a brief update on the upcoming Agency move. It's much smaller office space, but the building and office itself is newer and in much better condition than the Agency's current location. Mr. Butler asked about meeting space. Director Zumbo confirmed that there will be a room that the Agency will share with Arizona Department of Forestry and Fire Management. Originally Forestry planned on purchasing equipment for the room, but with their fire season being so bad, they just don't have funds in their current fiscal year budget. The AATA is working with them to secure the needed items for the space.

Director Zumbo asked if there were any questions. There were not.

IV. AATA FINANCIAL UPDATE, DISCUSSION AND POSSIBLE ACTION

Mr. Art Myer, AATA Chief Financial Officer introduced Ms. Karen Smith with Heinfeld, Meech & Co., P.C. who presented the completed audit of the FY'17 financial statements to the Board. Ms. Smith stated that Heinfeld & Meech found the FY'17 Audit to be "unqualified," meaning that the auditors have concluded that the financial statements are true and are in accordance with the financial reporting framework. Ms. Smith mentioned the strong financial state of the Agency, except for the Legislative mandated sweeps, and that the Agency is a pleasure to work with while under audit. The board did not have any questions for Ms. Smith.

Mr. Myer introduced the La Paz County Attorney's Office audit, providing background that the Agency had reliable information that an audit needed to be done. The Agency took fast action and an audit commenced through Heinfeld, Meech & Co., P.C. – Ms. Smith explained what the Vertical Prosecution funds are provided for and how they looked at the FY'16 and the FY'17 grant funding (FY'17 up to the point of the audit at the time) Heinfeld, Meech & Co., P.C. found that La Paz County Attorney's Office is following the objectives within the grant agreement review, which were;

- I. To determine if expenditures of the Vertical Prosecution Grant are allowable per the grant agreements.
- II. To determine if funded prosecutors were assigned responsibility for all aspects of vehicle theft cases referred to the county attorney offices by the Arizona Vehicle Theft Task Force.

- III. To determine if grantee complied with reporting requirements outlined in the grant agreement.
- IV. To determine if grant receipts are properly recorded and classified.

The last audit Ms. Smith presented was the Phoenix Police Department. This was an FY'15 grant for bait car equipment, the vehicle itself is owned by NICB. The main objectives with this grant were;

- I. Obtain verification that two Advanced Covert Track Kits and CDMA Pro GPS Tracker software were purchased and installed in bait cars.
- II. Identify the number of vehicles reported stolen, the number of vehicles reported recovered, and the number of arrests related to vehicle theft within the City of Phoenix in FY'14, FY'15, and FY'16.
- III. Obtain verification that two auto theft detectives received and maintained training and/or certification in the use of Covert Track Bait Car System in FY'15 and FY'16
- IV. Review a sample of vehicle logs for two month after installation of the Covert Track Bait Car system and one month in each quarter thereafter through FY'16. Verify if the bait car was deployed a minimum of two times a week.

A full summary was presented in hard copy to the Board. The conclusion is that the Phoenix Police Department is not in compliance with the FY'15 grant contract.

Chief Minter asked what the total funding was for this grant. Ms. Ann Armstrong stated that she would follow up with the Board with the exact amount (Note: The amount that was later emailed to the Board on November 17, 2017 at 11:29am was a grant total to Phoenix Police Department in FY'15 as \$11,432.)

Chief Minter then asked if Phoenix Police Department reached out to the AATA in regards to having issues in meeting the ongoing grant requirements. No.

Do we know the status of the equipment? Director Zumbo answered that the AATA staff was not completely sure, but that they are under the impression that Phoenix Police Department has been utilizing the vehicles 'undercover'. He also stated that he was disappointed in the results of the bait car program overall, learning recently that Maricopa County Sheriff's Office would be returning their grant funded equipment. Director Zumbo did ask for the Board's guidance and input as to what to do at this point. Mr. Butler asked if Phoenix Police Department and/or MCSO would be returning funds or equipment. Ms. Smith confirmed that this would be used equipment, not monetary funds. Director Zumbo clarified that in both cases we are discussing just equipment not the actual vehicle itself. Major Beck asked what the equipment was currently valued at. Director Zumbo guessed that it would be around \$7,000.00 with only a minor cost for removal. Mr. Butler suggested that the Board think about what possible action to take with Phoenix Police Department and that they could discuss it in January. Chief Minter asked how much the audit cost to complete on the Phoenix Police Department. Director Zumbo answered around \$7,500.00. At this time, Ms. Smith of Heinfeld, Meech & Co., P.C. finished her report. There were no additional questions.

Mr. Myer presented the AATA financial report. **AATA Financial Summary as of October 31, 2017:**

Schedule 1 - Fund Balance Report

1. Total YTD recorded income, **Line 2: \$3,191,394.**
2. Total expended (excludes Reimbursable Programs), **Line 3: \$2,484,426.**
3. Legislative Transfers, **Line 4: \$0.**
4. Total expended Reimbursable Programs, **Line 5: \$0.**
5. Adjustments, **Line 6: \$0.**
6. Encumbrances, **Line 11: \$0**
7. Ending Fund Balance, per AFIS, **Line 13: \$2,472,605.**

Schedule 2 - YTD Revenue

1. Insurance revenue received for the first assessment period of the current fiscal year (FY18), **Line 1: \$3,179,196.**
2. Reimbursable Programs, **Line 5: \$0.**
3. Investment income YTD, **Line 8: \$10,294.**
4. Refunds of Unused Grant Funds (Prior Year), **Line 9: \$1,905.**
5. Total Income, **Line 11: \$3,191,394.**
6. Cash Invested with State Treasurer, **Line 12: \$2,426,221.**
7. Line 13 & 14: Current Yield (1 Month): 1.44%, YTD Yield: 1.41 %

Schedule 2.1 – YTD Revenue Analysis

1. Insurance assessment revenue received to date for the first assessment period of FY'18, Line 11: \$3,179,196. Projected assessment revenue for the period, \$3,206,280; amount collected approximately \$27,084 (0.84%) less than the projection, and \$41,263 (1.30%) above prior period. Collected amounts: By check-\$1,798,272, by ACH-\$1,380,924.
2. Insurance assessment revenue received to date for the second assessment period of FY'18, Line 21: \$NA. Projected assessment revenue for the period, \$3,206,281; amount collected approximately \$NA (NA%) above projection and \$NA (NA%) above prior period. Collected amounts: By check-\$NA, by ACH-\$NA.
3. YTD assessment revenue, % realized, **Line 23: 49.58%** of the projected revenue for the year. Projected revenue for FY 18: \$6,412,561.
4. Compliance: First collection period of FY18 is complete.
5. No companies outstanding.
6. There are no extensions outstanding.
7. Current Collection Totals for FY'18: \$3,179,196 Projected revenue for FY'18 \$6,412,561.
Amount collected by check: \$1,798,272 amount collected by ACH: \$1,380,924

Schedule 3 – Appropriations (represents a summary of budget and expenditures by category/grant program)

1. Lump sum appropriation (original) \$637,800. Adjustments: Increase \$5,900 (Health Insurance Adjustment) **net increase of \$5,900. Total operating Lump Sum appropriation (including adjustments), Line 11: \$643,700.**
2. Reimbursable Programs, **Line 19: \$50,000.** Appropriation by the Legislature giving the AATA the authority to raise and with the approval of the JLBC, expend the additional \$50,000.
3. No Legislative (budget) fund sweeps are currently planned for FY18.
4. Total Special Line Items, **Line 21: \$4,657,700.** (Reimbursable Programs: \$50,000 plus Grants: **\$4,607,700=\$4,657,700**)
5. Total current year appropriations (FY18), **Line 22: \$5,301,400.**

Schedule 4 - Activity Summary (represents a summary of expenditures/encumbrances by program area)

1. Total Administrative Expenditures, **Line 1: \$132,367.**
2. Total Law Enforcement (Grant) Expenditures, **Line 2: \$1,825,000.**
3. Total Vertical Prosecution (Grant) Expenditures, **Line 3: \$452,582.**
4. Total Programs/Public Awareness Expenditures, **Line 4: \$74,477.**
5. Total Investigator/Special Projects Expenditures, **Line 5: \$0.**
6. Total Reimbursable Program Expenditures, **Line 6: \$0.**
7. Total Legislative Transfer, **Line 7: \$0.**
8. Total Legislative Transfer, **Line 8: \$0.**
9. Total Encumbrances, (Encumbered Column) **Line 10: \$0.**
10. Total of all Expenditures, (Expended Column) **Line 10: \$2,484,426.**
11. The statutory spending cap is 10% of revenue for administrative expenses. The administrative expenses percentage is projected to be 5.95% and is currently, **Line 11: 4.15%.**
12. **Line 12:** is the ratio of administrative expenses to total expenses. Projected to be 7.22% and currently **5.33%** of total agency expenditures.

Schedules 5-9 - Provide detail of AATA expenditures by program area.

Schedule 10 – Non-Appropriated Funds (Sims Metal Management)

1. Beginning Balance, **Line 1: \$29,664.**
2. Travel: In-State, **Line 9: \$0**
3. Aid to Organizations, **Line 11: \$9,669.**
4. Other Operating Expenses, **Line 12: \$0.**
5. Transfers-Out, **Line 14: \$1,572.**
6. Total Expenditures, **Line 15: \$11,241.**
7. Encumbrances, **Line 16: \$0.**
8. Ending Balance, **Line 17: \$18,423.**

Schedule 11 – Projected (Revised) FY '18 Spending Plan (Q1-Q4).

Quarter 1: July (Actual)

1. Beginning FY18 Fund Balance, Line 1: **\$1,765,637**
2. Investment Income, Line 2: **\$0**
3. Insurance Collections, Line 3: **\$1,922,794**
4. Transfer to Special Project, Line 7: **\$0**
5. Total Lump Sum expenditures, Line 13: **\$36,847**
6. Total Grant expenditures, Line 24: **\$912,500**
7. Ending fund balance, Line 26: **\$3,267,275**

August (Actual)

1. Beginning Fund Balance, Line 1: **\$3,267,275**
2. Investment Income, Line 2: **\$1,901**
3. Insurance Collections, Line 3: **\$1,133,152**
4. Total Lump Sum expenditures, Line 13: **\$53,640**
5. Total Grant expenditures, Line 24: **\$226,291**
6. Ending fund balance, Line 26: **\$3,596,110**

September (Actual)

1. Beginning Fund Balance, Line 1: **\$3,596,110**
2. Investment Income, Line 2: **\$4,159**
3. Insurance Collections, Line 3: **\$123,250**
4. Total Lump Sum expenditures, Line 13: **\$38,778**
5. Total Grant expenditures, Line 24: **\$0**
6. Ending fund balance, Line 26: **\$3,684,742**

Quarter 2: October (Actual)

1. Beginning Fund Balance, Line 1: **\$3,684,742**
2. Investment Income, Line 2: **\$4,234**
3. Insurance Collections, Line 3: **\$0**
4. Total Lump Sum expenditures, Line 13: **\$75,202**
5. Total Grant expenditures, Line 24: **\$1,141,169**
6. Ending fund balance, Line 26: **\$2,472,606**

November (Projected)

1. Beginning Fund Balance, Line 1: **\$2,472,606**

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2. Investment Income, Line 2: \$0
3. Insurance Collections, Line 3: \$0
4. Total Lump Sum expenditures, Line 13: \$33,649
5. Total Grant expenditures, Line 24: \$0
6. Ending fund balance, Line 26: \$2,438,957

December (Projected)

1. Beginning Fund Balance, Line 1: \$2,438,957
2. Investment Income, Line 2: \$0
3. Insurance Collections, Line 3: \$0
4. Total Lump Sum expenditures, Line 13: \$33,651
5. Total Grant expenditures, Line 24: \$23,889
6. Ending fund balance, Line 26: \$2,381,416

Quarter 3: January (Projected)

1. Beginning Fund Balance, Line 1: \$2,381,416
2. Investment Income, Line 2: \$0
3. Insurance Collections, Line 3: \$0
4. Total Lump Sum expenditures, Line 13: \$44,041
5. Total Grant expenditures, Line 24: \$0
6. Ending fund balance, Line 26: \$2,337,375

February (Projected)

1. Beginning Fund Balance, Line 1: \$2,337,375
2. Investment Income, Line 2: \$0
3. Insurance Collections, Line 3: \$3,206,281
4. Total Lump Sum expenditures, Line 13: \$48,565
5. Total Grant expenditures, Line 24: \$1,151,925
6. Ending fund balance, Line 26: \$4,343,166

March (Projected)

1. Beginning Fund Balance, Line 1: \$4,343,166
2. Investment Income, Line 2: \$0
3. Insurance Collections, Line 3: \$0
4. Total Lump Sum expenditures, Line 13: \$68,319
5. Total Grant expenditures, Line 24: \$0

6. Ending fund balance, Line 26: \$4,274,847

Quarter 4: April (Projected)

1. Beginning Fund Balance, Line 1: \$4,274,847
2. Investment Income, Line 2: \$0
3. Insurance Collections, Line 3: \$0
4. Total Lump Sum expenditures, Line 13: \$53,266
5. Total Grant expenditures, Line 24: \$1,151,925
6. Ending fund balance, Line 26: \$3,069,656

May (Projected)

1. Beginning Fund Balance, Line 1: \$3,069,656
2. Investment Income, Line 2: \$0
3. Insurance Collections, Line 3: \$0
4. Total Lump Sum expenditures, Line 13: \$53,267
5. Total Grant expenditures, Line 24: \$0
6. Ending fund balance, Line 26: \$3,016,389

June (Projected)

1. Beginning Fund Balance, Line 1: \$3,016,389
2. Investment Income, Line 2: \$7,500
3. Insurance Collections, Line 3: \$0
4. Total Lump Sum expenditures, Line 13: \$54,392
5. Total Grant expenditures, Line 24: \$0
6. Ending fund balance, Line 26: \$2,969,497

FY18 Budget Highlights:

1. Lump Sum: \$637,800 (Original)
2. Lump Sum: 637,800 (BOB Adjustment): \$5,900 increase (Health Insurance Adjustment). Net change: \$5,900
3. Lump Sum (Adjusted): \$643,700

Special Line Items: \$4,607,700

4. Arizona Vehicle Theft Task Force: \$3,650,000
5. Local Grants: \$957,700
6. Reimbursable Programs: \$50,000

Total Special Line Items: \$4,657,700 (Grant Programs: \$4,607,700)

Grant Program Breakdown:

Task Force: \$3,650,000
Vertical Prosecution: \$930,942
Public Awareness: \$23,758
Law Enforcement Grants: \$1,000
Professional Training: \$1,000
Emergency/Discretionary: \$1,000

Grant Program: Public Awareness

Board to Ratify:

Grant Agency: Douglas Police Department

Grant #692

FY 18 Grant Request: Funding for 1 Vin Etching System (INSTA Etch)

Total Grant Request: \$1,189.87

Staff Recommendation: \$1,189.87

Chief Minter made a motion to ratify and approve the grant as presented.

Major Beck seconded the motion.

Motion approved unanimously.

Grant Agency: Tempe Police Department

Grant #693

FY 18 Grant Request: Funding for 1 Vin Etching System (INSTA Etch)

Total Grant Request: \$1,189.87

Staff Recommendation: \$1,189.87

Chief Minter made a motion to ratify and approve the grant as presented.

Major Beck seconded the motion.

Motion approved unanimously.

Mr. Butler took this time to commend Director Zumbo and Mr. Myer on taking the initiative to have the audits done and to make sure everything is approached in a fair and balanced manner.

V. AATA PUBLIC AWARENESS & GRANT PROGRAMS REPORT GENERAL UPDATE, DISCUSSION AND POSSIBLE ACTION

Ann Armstrong, Public Affairs Officer reported that equipment is now available that does Vin Etching and metal etching. The company providing this equipment is Arizona based. The two grants that the Board just ratified are for this new equipment and everyone is excited to see it in action.

The AATA hosted a Vin Etching event at the Arizona Capitol on October 20, 2017. It was very successful and looking forward to doing a similar event in the same location this Spring.

Currently the AATA is working on the 2017 Annual Agency Report. There will be a noticed jump in auto theft in the numbers this year.

VI. LAW ENFORCEMENT SUBCOMMITTEE REPORT, DISCUSSION AND POSSIBLE ACTION

Commander Kara Riley, in for Chief Daniel G. Sharp, Subcommittee Chair had nothing to report.

VII. PUBLIC AWARENESS SUBCOMMITTEE REPORT, DISCUSSION AND POSSIBLE ACTION

Mr. Joe Brosius, Subcommittee Chair – Ann Armstrong is doing a great job, nothing to report for the Subcommittee.

VIII. LEGISLATIVE SUBCOMMITTEE REPORT, DISCUSSION AND POSSIBLE ACTION

Subcommittee Chair Mr. Reed reported the committee is continuing to push the talking points and Agency directive for FY'19. Mr. Reed asked the Board members that if they reach out to anyone, please let the committee know who you contacted and to stick to the talking points.

Mr. Reed asked the Board if they had any questions. Chair Butler asked if the board could have the list of legislators and the outreach directive. He expressed interest in reaching out to his representatives.

Director Zumbo took this time to add on to what Mr. Reed was stating and asked the Board to stick to the Subcommittee's talking points and utilizing the language in our statute. Staff has been working with legislative leadership and Representative Livingston, who is now the Co-Chair with Representative Debbie Lesko.

The Legislative Bill that the Agency has been working on directly with Representative Livingston is ready for when session starts. This bill would give us the ability to access funds

though JLBC and there is a plan in place for if this works. The additional funds would go to Task Force, equipment and Vertical Prosecution.

Director Zumbo reported that the momentum feels good for the Agency.

IX. VERTICAL PROSECUTION SUBCOMMITTEE & AUTO THEFT PROSECUTORS REPORT, DISCUSSION AND POSSIBLE ACTION

Maricopa County Attorney’s Office Bureau Chief, Kristin Sherman asked for the prosecutors present to provide updates.

Case updates were provided by Maricopa County, Pinal County, Mohave. Nick Hartman of Maricopa County Attorney’s office noted that they have been seeing an uptick with younger people committing these crimes and associating themselves with specific gangs. In addition, he noted the issue of violent carjacking.

Mr. Allen Quist of Pinal County Attorney’s Office said that their uptick has been with Task Force cases and that working with the Task Force crew has been great and wanted to let them know.

Ms. Amy Gardner from Mohave County is new to the position and looking forward to getting to know everyone.

Ms. Armstrong said that the prosecutors wanted to meet again in January, possibly after the January AATA Board meeting to share best practices and get to know the new members to the team.

X. ARIZONA VEHICLE THEFT TASK FORCE REPORT, DISCUSSION AND POSSIBLE ACTION

Captain Damon Cecil, Arizona Vehicle Theft Task Force was not present to provide an update to the Board. Major Bill Beck stated that there had been some staffing changes for the Task Force and currently they are at the Arizona/United States/Mexico border.

XI. CALL TO THE PUBLIC

N/A

XII. REPORTS ON CURRENT EVENTS, MATTERS OF BOARD PROCEDURE, REQUESTS AND ITEMS FOR FUTURE AGENDAS:

N/A

XIII. DATE - TIME – LOCATION OF NEXT MEETING -

Board meeting will be January 19, 2018 – 10:00 a.m. location still being finalized because of the office move and will be announced in the public announcement to follow.

XIV. ADJOURNMENT

The meeting adjourned at 10:58 a.m.

Dated this 19th day of January, 2018.

Arizona Automobile Theft Authority

By: 

Dean C. Butler, AATA Board Chairman