

**ILLINOIS MOTOR VEHICLE THEFT
PREVENTION COUNCIL**



**Grant Review
Committee**

April 2, 2015

Chicago

**ILLINOIS
MOTOR VEHICLE
THEFT
PREVENTION
COUNCIL**



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Bruce Rauner, Governor

Anita Alvarez
Cook County State's Attorney

Jerry Brady
Peoria County State's Attorney

Larry C. Cholewin
MetLife Insurance

Brian B. Fengel
Chief, Bartonville Police Department

Larry D. Johnson
Farmers Insurance

Garry McCarthy
Superintendent, Chicago Police Dept.

Donald L. Sauzek

Leo Schmitz
Illinois State Police

Jesse White
Illinois Secretary of State

John Maki
*Executive Director
Illinois Criminal Justice
Information Authority*

**ILLINOIS MOTOR VEHICLE THEFT PREVENTION COUNCIL
Grant Review Committee Meeting**

April 2, 2015 – 10:00 A.M.

Illinois Criminal Justice Information Authority
300 West Adams Street, Suite 200
Chicago, IL 60606

AGENDA

- **Call to Order and Roll Call**
- **Chairman's remarks, Captain John Biffany**
- A. Approval of the January 29, 2015 Grant Review Committee Summary**
- B. Program Director's Report, Greg Stevens**
- C. CY15 grants update and use and disposition of grant property**
 - **Old business**
 - **New business**
 - **Adjourn**

This meeting will be accessible to persons with disabilities in compliance with Executive Order #5 and pertinent State and Federal laws upon anticipated attendance. Persons with disabilities planning to attend and needing special accommodations should contact by telephone or letter Mr. Alvin Washington, Associate Director, Office of Administrative Services, Illinois Criminal Justice Information Authority, 300 West Adams Street, Suite 200, Chicago, Illinois 60606-3997 (telephone 312/793-8550). TDD services are available at 312-793-4170

"A working partnership of the public and private sectors fighting vehicle theft in Illinois"

TAB

A

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Grant Review Committee Meeting Summary

Thursday, January 29, 2015 | 10:00 am

Illinois Criminal Justice Information Authority
300 West Adams Street, Suite 200
Chicago, Illinois 60606

I. Call to Order & Roll Call

Captain John Biffany, Chair of the Grant Review Committee (GRC), called the meeting to order and asked ICJIA Deputy General Counsel Junaid Afeef to take roll.

Name	Present	Telephone	Absent
Chairman John Biffany	x		
Kathleen Boehmer	x		
Larry Cholewin	x		
Sydney Roberts	x		
Chief Brian Fengel	x		
Mike Golden (for S.A. Alvarez)	x		
Larry Johnson**	x		
S.A. Jerry Brady**	x		

* Four members need to be physically present for a quorum

**Mr. Johnson and Mr. Brady, Council board members, attended the meeting and were added to the committee. A quorum was present.

Chairman Biffany gave a few introductory remarks about himself. Chairman Biffany is with the Illinois State Police. He also introduced John Maki. Mr. Maki is the new executive director for the Illinois Criminal Justice Information Authority.

II. Approval of October 2, 2014 Grant Review Committee Meeting Summary

Chairman Biffany stated that the GRC meeting summary for the October 2, 2014 meeting was behind Tab A of the meeting materials. He asked the members if there were any additions, deletions or questions regarding the summary. Director Dan Likens for Tri-County noted that a funding chart for the proposed designations found on page 3 of the meeting summary incorrectly noted the "revised designation" as \$7,404,673. The correct amount should be \$817,766. There were no comments on the meeting summary.

Motion: To approve the October 2, 2014 meeting summary subject to an edit to the chart on page 3 (changing the revised designation for Tri-County to \$817,766).

Motion: Ms. Sydney Roberts
Second: Chief Brian Fengel
Vote: Approved unanimously

III. PROGRAM DIRECTOR'S REPORT

Chairman Biffany asked Program Director Greg Stevens to present his report. Mr. Stevens referenced his memo and the supporting materials found behind Tab B of the meeting materials.

Mr. Stevens reported that actual expenses through November 30, 2014 were \$5,305,059

"A working partnership of the public and private sectors fighting vehicle theft in Illinois"

and that there would be more up-to-date figures at the February Council meeting. It is projected there will be a trust fund balance of \$1,741,208 at the end of calendar year 2015. Mr. Stevens further noted that \$6,498,542 of the \$7,000,000 appropriation has been awarded, and that there remains \$501,458.

Next Mr. Stevens addressed the program vehicle fleet summary and staff activities. He noted that the fleet summary report has been modified to make it more informative and useful (e.g., he described the inclusion of mileage information; the type of acquisition through which the vehicle was obtained). There were no questions or comments regarding the vehicle summary. Mr. Stevens also reported that Ms. Luisa Salazar, working with other ICJIA staff, developed an automated mechanism for billing insurance companies in 2015, and that it is being used in 2015 as a pilot. This new system saves ICJIA staff a significant amount of time preparing the billing materials, it allows better tracking of which companies have received and opened the emails, and the pilot saves significantly on postage expenses. Mr. Stevens then noted that Mr. Terry Dugan was able to complete all of the amendments to the 2014 grants despite the very short period of time between the final Council meeting of 2014 (when the revised designations were approved) and the end of the grant performance period (December 31, 2014).

Next Mr. Stevens addressed Gov. Rauner's Executive Order 15-08 and asked the grantee recipients attending the meeting what, if any, impact their respective programs would face if funding were delayed on the 2015 grants. Task force directors for Tri-County, NEMAT, SLATE, MEATTF, and the Secretary of State each noted that they had only approximately one week of funding remaining and that thereafter they would have to suspend operations. Mr. Maki noted that these issues were being discussed with the Governor's Office of Management and Budget (GOMB). Ms. Wendy McCambridge, Associate Director for ICJIA's grants unit, reported that details of the MVTPC grants, the nature of the trust funds from which the grants were made, and the important public safety purpose served by the task forces has all been memorialized and shared with GOMB. Mr. Cholewin remarked that someone should advocate on behalf of the MVTPC with the Governor's office. Chairman Biffany observed that he had experienced something similar when he headed a different task force years ago funded with federal monies. He noted that in the wake of funding freezes to his and to other similarly situated task forces, Chairman Biffany and other directors reached out to the members of Congress in whose districts these task forces operated to make their case to them. Chairman Biffany suggested that this may be an appropriate course of action in this instance.

IV. QUARTERLY ACTIVITY SUMMARY

Chairman Biffany next moved to the Quarterly Activity Summary item on the agenda found behind Tab C. He noted that this report is prepared by the Motor Vehicle Theft Intelligence Clearinghouse. It covers the third quarter of 2014. There were no comments on the summary.

V. PROGRAM PROFILE

Chairman Biffany noted that the next item on the agenda was a program profile that will be presented at the February 25, 2015 Council meeting. He noted that a representative from the Motor Vehicle Theft Intelligence Clearinghouse will be present at the Council meeting to present the profile of the program.

Mr. Stevens noted that in the past, a copy of the program profile was included with the GRC meeting materials. Mr. Stevens asked if the GRC wishes to see it in advance at the GRC meetings. Mr. Johnson said he was fine with just including these profiles in the Council meeting materials. There were no objections to taking the program profile materials out of the GRC meeting materials.

VII. DEVELOPMENT OF THE 2016 – 2019 STATEWIDE MOTOR VEHICLE THEFT PREVENTION STRATEGY

Chairman Biffany asked Program Director Greg Stevens to present his report. Mr. Stevens referenced his memo and the supporting materials found behind Tab E of the meeting materials.

“A working partnership of the public and private sectors fighting vehicle theft in Illinois”

Mr. Stevens explained the process needed to develop the Motor Vehicle Theft Prevention Strategy for 2016-2019. Mr. Stevens reviewed the time line in the meeting materials. There were no questions.

VIII. OLD BUSINESS

There was no old business.

IX. NEW BUSINESS

Ms. Roberts thanked Council on behalf of the Demuzio family and Secretary White on the posthumous commendation for Brad Demuzio.

Mr. Cholewin revisited the issue surrounding Executive Order 15-08. He wanted to know who was going to advocate for MVTPC before the Governor.

X. ADJOURN

Motion to Adjourn

Motion: Ms. Sydney Roberts
Second: Mr. Larry Cholewin
Vote: Unanimously approved.

Respectfully submitted,

Junaid M. Afeef
Deputy General Counsel
Illinois Criminal Justice Information Authority

TAB

B

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Illinois Secretary of State

John Maki
*Executive Director
Illinois Criminal Justice
Information Authority*

TO: Grant Review Committee Members
FROM: Greg Stevens, Program Director
SUBJECT: Director's Report
DATE: March 26, 2015

I. Financial Status Report and Cash Flow Projection - Behind divider one is a chart indicating the grant expenses for the period of January and February 2015. As the chart notates, the expenditure of the three executed programs were \$34,664. Funding to the programs was suspended on March 4, 2015.

Behind divider two is a *Cash Flow Projection Report* for 2015 and the *Lapse Funds Report for 2009 - 2013*. It is projected there will be a Trust Fund balance of \$1,666,332 at the end of 2015. Please review the footnotes located behind the report for additional fiscal disclosures.

Fiscal staff will be available to discuss the above reports.

II. Program vehicle fleet summary – Behind divider three is a chart prepared by Vehicle Acquisition Specialist Luisa Salazar summarizing the entire vehicle fleet being utilized by the Council funded programs. The chart includes vehicles that are Council purchased, leased or insurance provided.

III. Staff activities – Below are highlights of staff activities for the period of February 1, 2015 – March 15, 2015.

- The Illinois Motor Vehicle Theft Prevention Council 2014 Annual report has been completed and is available for download on the Council's website.
- Staff has been holding conference calls with the formerly funded programs to guide them as they work through the dissolution of their program.
- Luisa Salazar has been working with each task force program to return each insurance provided vehicle.
- Insurance company payments for the year are at \$3,651,573.

DIVIDER

1

ILLINOIS MOTOR VEHICLE THEFT PREVENTION TRUST FUND

2015 Actual Versus Projected Expenses

For the 2 Months Ending 2/28/15

FY 2015 Grants and contracts were suspended at 3/5/2015.

Program's Name	Implementing Entity				% Actual vs Projected
		2015 Grant Award & Amendments	Projected Expenses thru 2/28/15	Actual Expenses thru 2/28/15	
MV15-001 SPECIAL AUDIT TEAMS	Secretary of State, Department of Police		\$0	\$0	0.00%
MV15-004 THEFT PROSECUTIONS	Cook County State's Attorney's Office		\$0	-	0.00%
MV15-008 TRI-COUNTY AUTO THEFT TASK FORCE	Joliet Police Department		\$0	-	0.00%
MV15-010 METRO EAST AUTO THEFT TASK FORCE	Belleville Police Department		\$0	-	0.00%
MV15-012 NEMAT TASK FORCE	Illinois State Police/ Village of Lynwood		\$0	-	0.00%
MV15-016 INSURANCE VEHICLE EXPENSE FUND	National Insurance Crime Bureau		\$0	-	0.00%
MV15-019 MV THEFT INTELLIGENCE CLEARINGHOUSE	Illinois State Police	326,893	\$54,482	13,549	24.87%
MV15-022 GREATER METRO AUTO THEFT TASK FORCE	Village of Lemont		\$0	-	0.00%
MV15-025 NORTHERN IL AUTO THEFT TASK FORCE	Winnebago Cty Sheriff's Office		\$0	-	0.00%
MV15-036 MVTP TRAINING	Illinois State Police	51,964	\$8,661	1,546	17.85%
MV15-040 STATE AND LOCAL AUTO THEFT ENFORCEMENT (S	City of Peoria	412,301	\$68,717	19,570	28.48%
Total		\$791,158	\$131,860	\$34,664	26.29%

DIVIDER

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**ILLINOIS MOTOR VEHICLE THEFT PREVENTION TRUST FUND
2015 Cash Flow Projections**

	<u>2013</u> Actual	<u>2014</u> Actual	<u>2015</u> Projection
Beginning Balance	\$2,933,950	\$2,502,955	\$2,685,770
Interest Earned	15,875	17,783	10,000
Insurance Company's Payments (Based on 4/1/15 Fee Structure)	6,524,017	6,632,551	6,620,438
Grants and Awards (Please refer to Note 1)	(6,496,490)	(5,934,706)	(1,069,876)
Administrative Costs (Based on Appropriated Amount)	(406,245)	(540,188)	(580,000)
Transfers to General Fund (Please refer to Note 1)	-	-	(6,000,000)
Audit Fees (Bi-annual audit cost)	(68,152)	7,375	-
Ending Balance	<u>\$2,502,955</u>	<u>\$2,685,770</u>	<u>\$1,666,332</u>

MOTOR VEHICLE THEFT PREVENTION TRUST FUND
Lapsed Funds by Calendar Year - Amount Under Budget

Grant Number	Program	2010 Lapsed	2011 Lapsed	2012 Lapsed	2013 Lapsed	2014 Lapsed
MV001	SECRETARY OF STATE, SPECIAL AUDIT TEAMS	\$ 22,843	\$ -	\$ 51,511	\$ -	\$ 22,529
MV004	COOK COUNTY STATES ATTY, THEFT PROSECUTIONS	52,210	68,853	1,029	0	0
MV008	JOLIET, TRI-COUNTY AUTO THEFT TASK FORCE	6	34	274	2,110	2,973
MV010	BELLEVILLE, METRO EAST AUTO THEFT TASK FORCE	14,625	10,702	12,131	59	4,913
MV010-1	BELLEVILLE, METRO EAST AUTO THEFT TASK FORCE	1	0	ended in 2010	ended in 2010	ended in 2010
MV011	ELGIN, KANE COUNTY AUTO THEFT TASK FORCE	11,699	64,679	ended in 2011	ended in 2011	ended in 2011
MV012	IL STATE POLICE / VILLAGE OF LYNWOOD, NEMAT TASK FORCE	22,632	1,059	4,840	5,766	2,109
MV016	INSURANCE VEHICLE EXPENSE FUND	27,088	52,644	18,067	10,564	10,659
MV019	IL STATE POLICE, MV THEFT INTELLIGENCE CLEARINGHOUSE	128,547	26,681	1,548	2,910	43,304
MV021	DUPAGE SHERIFF, AUTO THEFT TASK FORCE	44,938	24,599	ended in 2011	ended in 2011	ended in 2011
MV022	LEMONT, GREATER METRO AUTO THEFT TASK FORCE			1,988	1,455	0
MV025	WINNEBAGO SHERIFF, NORTHERN IL AUTO THEFT TASK FORCE	0	5,463	1,867	0	0
MV036	IL STATE POLICE MVTP TRAINING	18,589	37,437	11,362	8,476	12,981
MV040	PEORIA/ STATE AND LOCAL AUTO THEFT ENFORCEMENT (SLATE)	47,541	12,355	690	10,934	3,191
MV040.1	PEORIA/ SLATE - MIDWEST CONFERENCE				0	
		<u>\$ 390,719</u>	<u>\$ 304,506</u>	<u>\$ 105,307</u>	<u>\$ 42,274</u>	<u>\$ 102,659</u>

ILLINOIS MOTOR VEHICLE THEFT PREVENTION TRUST FUND
Notes to 2015 Projected Cash Flow

Note 1: Due to the Governor's executive orders, as of 3/5/2015 grant contracts have been suspended or held for SFY 2015. The future of SFY 2016 grant contracts is unknown.
The projected Grants and Awards amount is an estimate of expenses through 3/5/2015 (actual \$34,664 plus estimate of \$52,212), plus those calendar year 2014 expenses of \$983,000 that did not get paid until January and February of 2015.
Based upon House Bill 0318, \$6 million will be swept from the fund to alleviate the State of Illinois SFY 2015 budget imbalance of \$1.6 billion.

Note 2: The Property and Casualty Insurers Association of America (PCIAA) filed a suit in the State of Illinois in 2006 against the Governor and other Illinois State Officials. The suit asked for the State to return the money swept from the Trust Fund in 2002 and 2003 and to prohibit the State from conducting future sweeps on the Trust Fund.

The Circuit Court entered a temporary restraining order to prohibit any further sweeps until the law suit was resolved.

ICJIA's Office of the General Counsel (OGC) reported that the Circuit Court entered a summary judgment in favor of the Defendants, and PCIAA filed an appeal. The Appellate Court upheld the lower court's ruling. PCIAA was given a deadline of February 12, 2015 to file a petition for leave of appeal (PLA) to the Illinois Supreme Court. A PLA with the Supreme Court was not filed by that deadline. Therefore, their case will be dismissed. The ruling of the Appellate Court will stand.

DIVIDER

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Illinois Motor Vehicle Theft Prevention Council Fleet

Task Force	Vehicle	Year	Mileage	Assignment	Acquisition Type
<i>Greater Metropolitan Auto Theft Task Force</i>	Pickup	2001	160,195	BAIT	Program Owned (PO)
	SUV	2008	120,780	Officer Assigned	PO
	SUV	2007	120,167	Officer Assigned	Leased
	Sedan	2010	105,431	Utility	Grant Purchased (GP)
	Sedan	2010	104,000	Officer Assigned	GP
	SUV	2008	82,800	Officer Assigned	PO
	SUV	2007	78,432	Officer Assigned	PO
	SUV	2011	76,500	Officer Assigned	Leased
	SUV	2010	75,348	Officer Assigned	PO
	Sedan	2006	73,920	Officer Assigned	Leased
	SUV	2004	43,925	Officer Assigned	American Family
	Sedan	2012	24,886	Officer Assigned	PO
	Sedan	2005	21,636	BAIT	State Farm
	SUV	2015	N/A		GP
	SUV	2015	N/A		GP
<i>Cook County Motor Vehicle Theft Prosecution</i>	Sedan	2012	27,900	Assigned	GP
<i>Metro East Auto Theft Task Force</i>	SUV	2008	93,920	Officer Assigned	GP
	SUV	2008	85,493	Officer Assigned	GP
	Sedan	2008	78,413	Officer Assigned	GP
	Pickup Truck	2008	50,123	Training	GP
	SUV	2014	21,600	Officer Assigned	GP
	SUV	2014	19,084	Officer Assigned	GP
	SUV	2013	17,754	Officer Assigned	Leased
	SUV	2014	17,005	Officer Assigned	GP
	SUV	2013	13,622	Officer Assigned	Leased
SUV	2013	10,003	Officer Assigned	Leased	
<i>Northeast Metro Auto Theft Task Force</i>	Minivan	2008	107,580	Officer Assigned	PO
	Sedan	2010	93,100	Officer Assigned	PO
	Sedan	2011	71,694	Officer Assigned	PO
	Wagon	2008	69,400	Officer Assigned	American Family
	SUV	2013	52,164	Officer Assigned	ISP
	Sedan	2012	41,661	Officer Assigned	PO
	Sedan	2011	39,750	Officer Assigned	PO
	Sedan	2013	27,721	Officer Assigned	ISP
<i>Northern Illinois Auto Theft Task Force</i>	Sedan	2010	71,420	Utility	GP
	Sedan	2008	61,717	BAIT	PO
	Sedan	2010	58,600	Officer Assigned	GP
	Pick up	2011	55,250	Officer Assigned	PO
	Pick up	2011	34,158	Officer Assigned	PO
	SUV	2011	24,929	Officer Assigned	PO
	SUV	2013	18,916	Officer Assigned	PO

Illinois Motor Vehicle Theft Prevention Council Fleet

	SUV	2013	7,319	Officer Assigned	PO
	Pickup	2014	189	Officer Assigned	GP
<i>State and Local Auto Theft Enforcement Task Force</i>	SUV	2008	79,078	Utility	GP
	Sedan	2010	70,942	Officer Assigned	GP
	Sedan	2010	66,832	Officer Assigned	GP
	Sedan	2010	52,328	Officer Assigned	GP
	Minivan	2011	38,754	Officer Assigned	GP
	SUV	2013	27,690	Officer Assigned	ISP
	SUV	2014	20,227	Officer Assigned	GP
<i>Secretary of State Special Audit Program</i>	SUV	2007	194,770	Officer Assigned	Allstate
	Sedan	2002	125,770	Officer Assigned	Allstate
	Sedan	2010	102,409	Officer Assigned	GP
	Sedan	2006	66,930	Utility	Allstate
	Sedan	2012	46,877	Officer Assigned	GP
	SUV	2008	36,413	Utility	State Farm
	Sedan	2012	34,945	Officer Assigned	GP
	Sedan	2014	25,197	Officer Assigned	GP
	Sedan	2014	21,418	Officer Assigned	GP
	Sedan	2014	19,862	Officer Assigned	GP
	Sedan	2014	14,915	Officer Assigned	GP
	Sedan	2014	15,110	Officer Assigned	GP
	Sedan	2014	2,570	Officer Assigned	GP
<i>Tri-County Auto Theft Task Force</i>	Pickup	2002	N/A	BAIT	PO
	SUV	2005	160,720	Officer Assigned	American Family
	SUV	2006	101,185	Officer Assigned	American Family
	Sedan	2010	83,400	Officer Assigned	GP
	SUV	2011	81,700	Officer Assigned	Leased
	SUV	2011	78,250	Officer Assigned	Leased
	SUV	2008	67,650	LPR	State Farm
	Sedan	2011	64,200	Officer Assigned	PO
	SUV	2012	39,774	Officer Assigned	PO
	SUV	2012	31,976	Officer Assigned	PO
	Sedan	2012	29,500	Pending Repairs	PO
	Sedan	2014	14,500	Officer Assigned	GP
	Minivan	2015	2,000	Officer Assigned	GP
SUV	2015	2,000	Officer Assigned	GP	
<i>Council Fleet Totals</i>	Grant Purchased: 34				
	Program Owned: 22				
	Insurance : 10				
	Leased : 8				
	Other : 2				
Total : 74					

GP : Grant Purchased
PO : Program Owned

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C

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Illinois Secretary of State

John Maki
*Executive Director
Illinois Criminal Justice
Information Authority*

TO: Motor Vehicle Theft Prevention Council Members
FROM: Greg Stevens, Program Director
SUBJECT: Calendar year 2015 grants update and equipment disposition
DATE: March 16, 2015

On March 4, 2015 the State and Local Auto Theft Enforcement program, Motor Vehicle Investigation Training Program and Motor Vehicle Theft Intelligence Clearinghouse received letters from Executive Director John Maki informing them that their executed calendar year 2015 grant was suspended immediately until further notice.

On March 12, 2015 the remaining eight Council-funded programs received a letter from Executive Director John Maki informing them that their pending grant would not be executed due to insufficient appropriation of funds.

Due to the lack of grant funding, nearly every program is actively dissolving their Council-funded program. The dissolution of programs has created a surplus of grant-purchased equipment. At the April 2, 2015 Grant Review Committee, I will be discussing the administrative code that outlines the requirements for use and disposition of property. A copy of Section 1810.800 is located behind this memo and will be referred to during the meeting.

Joint Committee on Administrative Rules
ADMINISTRATIVE CODE

TITLE 20: CORRECTIONS, CRIMINAL JUSTICE, AND LAW ENFORCEMENT
CHAPTER VI: ILLINOIS MOTOR VEHICLE THEFT PREVENTION COUNCIL
PART 1810 RULES FOR THE AWARD AND MONITORING OF TRUST FUNDS
SECTION 1810.800 REQUIREMENTS FOR USE AND DISPOSITION OF PROPERTY

Section 1810.800 Requirements for Use and Disposition of Property

- a) Property acquired by an implementing entity wholly or in part with Trust Funds shall, consistent with the law and subject to the Council's approval, be used and managed to ensure that the property is used for purposes consistent with the Act. Title to the property will not be taken by the Council, but shall be vested in the implementing entity subject to the following restrictions on use and disposition of the property:
- 1) Use by an Implementing Entity. The implementing entity shall retain and use the property acquired with Trust Funds as long as there is a need for the property to accomplish the purpose of the program, whether or not the program continues to be supported by Trust Funds.
 - 2) Disposition by a State Implementing Entity. If it is determined that a need still exists but the property originally acquired by a State agency to accomplish the purpose of the program is no longer capable of fulfilling this need or is no longer needed to accomplish the purpose of the program and must be sold, traded in or replaced, the State agency must notify the Council in writing of its proposed plans to dispose of the property 30 calendar days prior to selling, trading-in or replacing the property in conformance with requirements of the State Property Control Act [30 ILCS 605] and rules issued pursuant thereto. Replacement property shall be used to further purposes of the program. The Executive Director on behalf of the Council shall, upon receiving notice of the proposed disposition plans, inform the Director of the Department of Central Management Services as to the need for the property to accomplish the purpose of the program or the Act by another implementing entity and make appropriate recommendations as to the disposition of the property.
 - 3) Disposition by an Implementing Entity other than a State Agency.
 - A) If it is determined that a need still exists but the property originally acquired by an implementing entity other than a State agency to accomplish the purpose of the program is no longer capable of fulfilling this need and must be traded-in or

replaced, the implementing entity other than a State agency may use the property as a trade-in or may sell the property and use the proceeds to offset the cost of replacing the property, provided, for property with a value in excess of \$1000, it notifies the Council in writing of its proposed plans to dispose of the property 30 calendar days prior to selling, trading-in or replacing the property and obtains the approval of the Executive Director on behalf of the Council. Replacement property shall be used to further purposes of the program.

- B) When an implementing entity other than a State agency no longer needs the property to accomplish the purpose of the program, and the value of the property exceeds \$1000, it shall notify the Council and request disposition instructions. The Council reserves the right to make a final determination whether the property is needed to accomplish the purpose of the program and to take possession and control of the property or to transfer or assign the property to any other implementing entity that has a need or use for the property.
- C) If, at the expiration of the need for funded purposes, the total inventory of any unused expendable personal property exceeds \$500 in value, the implementing entity other than a State agency may, with the approval of the Executive Director, retain the property or sell the property as long as the implementing entity compensates the Council for its share of the cost. However, if the value of the property is less than \$500, the implementing entity other than a State agency may sell or dispose of the property in accordance with its own procedures without compensating the Council, provided it notifies the Council within seven calendar days of the transaction.
- b) Property records shall include a current property inventory report which is updated as property is acquired or disposed of. Property records shall be maintained accurately and provide for: a description of the property; manufacturers serial number or other identification number; acquisition date and cost; source of property; percentage of Trust Funds used in the purchase of property; location, use, and condition of the property; and ultimate disposition information.
- c) The property inventory report shall be updated by the implementing entity as property is acquired and maintained accordingly. In addition, a complete physical inventory of property shall be taken and the results reconciled with the property records at least annually to verify existence, current use, and continued need for the property.
- d) The implementing entity shall employ a property control system to insure adequate safeguards to prevent loss, damage, or theft to the property. Any loss, damage, or theft of nonexpendable property shall be investigated and

fully documented. Any loss, damage, or theft of items purchased with Trust Funds in excess of \$500 shall be reported to the Executive Director within seven calendar days after the loss, damage, or theft.

- e) The implementing entity shall employ adequate maintenance procedures to keep the property in good condition.
- f) If the implementing entity is authorized or required by the Council to sell the property, proper sale procedures shall be established for unneeded property which would provide for competition to the extent practicable and result in the highest possible return.
- g) Specific standards for control of intangible property are provided as follows:
 - 1) If any program produces processes or inventions that could result in patents or patent rights, in the course of work aided by a Council-funded program, such fact shall be promptly and fully reported to the Executive Director, who shall determine whether protection of such invention or discovery shall be sought and how the rights in the invention or discovery (including rights under any patent issued thereon) shall be allocated and administered in order to protect the public interest.
 - 2) Where the award agreement results in a book or other material which could be copyrighted, the author or implementing entity is free to copyright the work, but the Council reserves a royalty-free, nonexclusive and irrevocable license to reproduce, publish, or otherwise use, and to authorize others to use, the work for government purposes.
- h) Records for property acquired with Trust Funds shall be retained for five years after the final disposition of the property.