

Houston Forensic Science Center, Inc.

MEETING OF BOARD OF DIRECTORS
MINUTES

July 10, 2015

The undersigned, being the duly appointed Secretary of the Houston Forensic Science Center, Inc., (the "Corporation"), hereby certifies that the following are true and correct minutes of the July 10, 2015 meeting of the Board of Directors (the "Board"), of the Corporation.

- A. In a manner permitted by the Corporation's Bylaws, the meeting was called by providing all Directors with notice of the date, time, place, and purposes of the meeting more than three days before the date of the meeting.
- B. In Accordance with Chapter 551, Texas Government Code, which Chapter is made applicable to the Corporation by Section 431.004, Texas Transportation Code, a notice of the meeting was duly filed on July 7, 2015, in the same manner and location as required by law of the City of Houston, Texas (the "City").
- C. The meeting was called to order by Nicole B. Cásarez, Chairwoman of the Board, at approximately 9:00 a.m. on Friday, July 10, 2015, in the Council Annex Chambers, 900 Bagby St. (Public Level), Houston, Texas 77002.
- D. Ms. Ashley Wieringa called the roll. The following Directors were present: Nicole B. Cásarez, Anthony Graves, David M. Feldman, Janet Blancett, Judge Willie E. B. Blackmon, Sandra Guerra Thompson, and Tom P. Allen (ex-officio).

The following Directors were absent: Dr. Enrique V. Barrera and Dr. Robert "Bob" H. McPherson.

Chairwoman Cásarez announced that a quorum of the Directors was present.

- E. Chairwoman Cásarez welcomed new Board members Mr. Feldman, Ms. Blancett, and Mr. Graves. She also thanked former Board member, Mr. Hiram A. "Art" Contreras, for his contributions and service on the Houston Forensic Science Center (HFSC) Board of Directors.
- F. Chairwoman Cásarez reported that the Vice Chair position is vacant and welcomed nominations. Chairwoman Cásarez nominated Ms. Thompson as Vice Chairwoman of the HFSC Board of Directors. Mr. Feldman seconded the motion. The motion passed unanimously.
- G. Chairwoman Cásarez noted that a draft of the minutes of the Corporation's meeting on June 12, 2015 had been distributed to the Board. Mr. Allen requested that paragraph H be revised to refer to a proposal rather than a bid. Ms. Thompson made a motion to approve the minutes of the June 12, 2015 meeting as revised, and the motion was seconded by Judge Blackmon. The motion passed unanimously, and the minutes of the June 12, 2015 meeting were adopted.
- H. Chairwoman Cásarez asked if any members of the public wished to address the Board. Chairwoman Cásarez noted that no one asked to address the Board, and the meeting continued.

- I. Dr. Daniel D. Garner, President and Chief Executive Officer (CEO), provided a President's report. With the close of FY'15, Dr. Garner provided a summary of the Corporation's accomplishments in the past year. He provided an overview of personnel and the growth and development of various departments within the Center. He noted the significant accomplishment of completing the DNA rape kit project and continued media attention that the Center has been receiving. Dr. Garner reported that many sections have significantly reduced backlogs. He reported that the Center is continuing to host lectureship series events and noted the progress towards accreditation of the unaccredited disciplines. Dr. Garner provided an update on the status of the move to 1301 Fannin and noted that the business address for HFSC will change to 1301 Fannin in the future. He provided an update on the needs assessment to evaluate the long-term needs of the Center and reported that HFSC is continuing to cost out services, expand business development, and implement the five-year plan.
- J. Dr. Peter Stout, Vice President and Chief Operations Officer (COO), provided a Vice President's Report. He discussed a draft of a five-year plan for HFSC, including the Center's vision, mission, and core values. He reviewed the Center's broad strategic goals, focusing on the Center's mission, clients, internal processes, and development and innovation perspectives. He also reviewed the five-year strategic initiatives. Although the five-year plan captures the President and CEO's priorities for FY'16, Chairwoman Cásarez requested that these priorities be submitted to the Board as a separate document for the purpose of evaluating the CEO, as specified in Dr. Garner's employment contract.

Dr. Stout provided an operations report and a new framework for how the Center reviews metrics. Using controlled substances as an example, Dr. Stout reviewed the process including the input and output of casework and the different types of reports that HFSC produces. He reviewed the distribution of requests received in June 2015 by each section. The Board discussed the types of reports, how the standard operating procedures (SOP's) address the types of reports, and the terminology used across the industry.

- K. Mr. David Leach, Chief Financial Officer (CFO) and Treasurer, provided a Treasurer's report. Mr. Leach provided an overview of various financial charts to explain where HFSC spends its funds, how its actual spending compared to the restated FY'15 budget for all major categories and personnel costs, how much money is still due to the HFSC from the approved budgeted amounts and how much money is estimated to be available for carryover to FY'16. He reviewed how FY'15 budget line items were reallocated in accordance with the procedures the Board approved at the last meeting.

Mr. Leach reported that the Corporation is required to have a financial audit performed each year. He reported that he contacted various firms including the firm that conducted last year's audit. Mr. Leach reported that HFSC selected Blazek & Vetterling to conduct the annual financial audit.

- L. Mr. Leach presented the discussion regarding the revised FY'16 budget. He reviewed the Updated FY2016 Budget, which was approved by the HFSC Board and presented to City Finance, including the summary of the 2015 Budget (Revised), 2015 Projected Actual, 2015 Annualized (Base), New-Initiative Controlled Substances, and 2016 Proposed Budget. Mr. Leach explained how the FY'15 cash carryover was reflected in the Board-approved FY'16 budget. Mr. Leach noted that City Finance has requested that HFSC submit a revised proposed FY'16 budget that also includes how the Center plans to spend the cash carryover from FY'15.

Mr. Feldman moved that the Board adopt, as its proposed revised budget for fiscal year 2016, a total amount of \$26,499,463 in a manner set forth as described in the Updated FY2016 Budget including the summary of the 2015 Budget (Revised), 2015 Projected Actual, 2015 Annualized (Base), New-Initiative Controlled Substances, and 2016 Proposed Budget document. Judge Blackmon seconded the motion, and the motion passed unanimously.

- M. Chairwoman Cásarez noted that it is necessary to meet with COH Finance and COH leadership to discuss the budget process. She requested that Mr. Feldman work to arrange a meeting with Mr. Kelly Dowe, Mr. Leach, Mr. Feldman, and Chairwoman Cásarez. Mr. Feldman and Mr. Allen spoke about how these matters are addressed in the Interlocal Agreement (ILA), and Mr. Feldman noted that it is important that the results of the meeting with COH Finance and COH leadership are memorialized in a written format. Mr. Leach presented the discussion regarding the Non-Contract Requisition Limits and Authorities Policy and the Accounts Payable and Disbursement Policies and Procedures. Chairwoman Cásarez requested that these policies as well as a transferability policy regarding budget line-item reallocations and spending of revenue funds be presented at the next Board meeting.
- N. Mr. Leach presented the discussion regarding the proposal to amend the HFSC Banking Services' Agreements. He reported that he would present these amendments at the next Board meeting as well.
- O. Ms. Lori Wilson, Quality Director, provided a quality assurance report. She reviewed the Quality Update for June 2015. She reviewed the testimony monitoring portion of the report including the new graph representing the number of staff members who have given testimony monitoring YTD for each section. Ms. Wilson reviewed the proficiency tests and incident/corrective action/preventative action portions of the quality report. She reported that three quality division employees attended a root cause analysis training session. She reviewed the audits and inspections portion of the report. Ms. Wilson reviewed the HFSC Accreditation Project Plan and Timeline as of June 30, 2015. She noted that due to the increased training, hiring of additional staff, and the move to 1301 Fannin, the timelines have been impacted slightly. Mr. Allen requested that next month's quality report include information on the criteria for testimony monitoring.
- P. In Dr. Barrera's absence, Chairwoman Cásarez provided a brief report regarding the activities of the Technical Advisory Group (TAG). She explained the role of the TAG and explained that Dr. Barrera, liaison to the TAG, is in the process of scheduling a meeting to review the corrective action process and specific corrective and preventive action (CAPA) reports from HFSC.
- Q. Dr. Garner presented the discussion regarding the proposal to increase spending authority to finalize the Berkley Research Group (BRG) engagement. Dr. Garner explained that BRG completed work for HFSC in the metrics area and the amount exceeded his spending authority. Mr. Feldman made a motion that Dr. Garner receive an increased spending authority to a total of \$150,000 to finalize the BRG engagement. Judge Blackmon seconded the motion, and the motion passed unanimously.

Mr. Allen requested that HFSC provide a list of all consulting contracts \$50,000 and above, the status of each contract, and the term of each contract to the Board on a regular basis.

- R. Dr. Garner discussed a proposal to increase his spending authority to finalize the needs assessment proposal. Mr. Feldman made a motion to increase Dr. Garner's spending authority to

finalize the needs assessment proposal to \$125,000. Judge Blackmon seconded the motion, and the motion passed unanimously.

- S. Pursuant to Section 551.074(a)(1) of the Texas Government Code, the Board went into Executive Session at approximately 12:39 p.m. for discussion of the President and CEO's compensation.
- T. The Executive Session concluded at approximately 12:57 p.m. The open meeting reconvened at 12:58 p.m.
- U. Chairwoman Cásarez reported that the Board discussed the President and CEO's compensation and determined that no action would be taken at this time.
- V. Mr. Feldman made a motion to adjourn the meeting and Chairwoman Cásarez seconded the motion. There being no other business, the meeting was ADJOURNED at 12:58 p.m.

Houston Forensic Science Center, Inc.

By: Ashley Wieringa

Ashley Wieringa

Secretary

Houston Forensic Science Center, Inc.
Updated FY2016 Budget - July 10, 2015 BOD meeting
Summary of of 2015 Budget (Revised), 2015 Projected Actual, 2015 Annualized (Base),
New-Initiative Controlled Substances and 2016 Proposed Budget
July 10, 2016

	2016 Zero Growth Budget	2015 Annualized	New Initiative- Controlled Substances	2016 Total Budget
Revenues:				
City of Houston Appropriations	23,006,428	23,006,428	-	23,006,428
City of Houston Direct OH-Appro	1,460,000	1,460,000	-	1,460,000
Donations	-	-	-	-
Training	107,100	107,100	-	107,100
Grants	1,261,144	1,261,144	-	1,261,144
Interest Income	10,000	10,000	-	10,000
Total Revenue	25,844,672	25,844,672	-	25,844,672
Expenses:				
Personnel	19,078,155	19,713,627	739,895	20,453,540
Supplies	914,343	934,343	45,650	979,993
Services	1,874,648	1,974,648	64,000	2,038,648
Leasing	939,048	939,048	-	939,048
Non-Capital	35,680	35,680	20,000	55,680
Capital	164,554	364,554	208,000	572,554
Overhead	1,460,000	1,460,000	-	1,460,000
Grant/Training expenses	1,336,141	1,336,141	-	1,336,141
Total Expenses	25,802,569	26,758,041	1,077,545	27,835,604
Cash Flow before COH Rollover	(1)	(955,472)	(1,077,545)	(2,033,017)
Cash Flow from Other activities	42,103	42,103	-	42,103
Total Cash Flow Before Rollover	42,103	(913,369)	(1,077,545)	(1,990,914)
Rollover from 2015				-
Rollover to 2016	(2,306,466)	-		(2,306,466)
Cash Flow after COH Rollover	2,306,466	(955,490)		(2,033,035)
Cash Flow from Other activities	42,103	42,103		42,103
Total Cash Flow After Rollover	2,348,569	(913,387)	(1,077,545)	(1,990,932)

Base calculated on prior year COH budget plus COH increases (\$24,114,320 + \$352,108) will not cover entire annualized HFSC staff & oper. costs as of 6/30/15 w/o any Rollover.

With the Rollover, HFSC could cover all the Base and 80% of the New Growth. New growth includes 11 new staff and we would have funds for approximately 8-9 of these.

Revenue 2016 COH (budget)	24,466,428	FY16 previously approved budget	24,114,320
Expenses:		Fund 2213 amount	(11,132,262)
2015 COH Expense Budget	24,114,320	HFSC BOD approved FY16 Budget	12,982,058
COH annual salary increases	352,108	COH FY16 Target letter June, 2015	12,818,912
2016 COH Zero Based Budget	24,466,428	Difference	(163,146)
Additional COH Annualized expenses exceeding zero budget	(955,490)	FY15 Unencumbered Cash	2,242,942
Additional non-COH cash flow	42,103	Additional FY16 Budget Available	2,079,795
Total Cash Flow	(913,387)	Additional COH Annualized expenses exceeding zero budget	(955,490)
		New initiative Controlled Substances	(1,077,545)
		Difference	46,760

Houston Forensic Science Center, Inc.
Updated FY2016 Budget - July 10, 2015 BOD meeting
Summary of of 2015 Budget (Revised), 2015 Projected Actual, 2015 Annualized (Base),
New-Initiative Controlled Substances and 2016 Proposed Budget
July 10, 2016

	2016 Zero Growth Budget	2016 Remaining Base exp. > the COH Allowable Base	2016 Annualized (Base)	New Initiative- Controlled Substances	2016 Proposed Budget
REVENUES					
City of Houston Appropriations	23,006,428		23,006,428		23,006,428
City of Houston Direct OH-Appro	1,460,000		1,460,000		1,460,000
Donations	-		-		-
Training	107,100		107,100		107,100
Grants	1,261,144		1,261,144		1,261,144
Interest Income	10,000		10,000		10,000
TOTAL REVENUE	25,844,672	-	25,844,672	-	25,844,672
WAGES AND BENEFITS					
SALARY					
Salary Base - Civilian	9,402,715	492,779	9,895,494	569,150	10,464,644
Salary Base - Classified	3,359,529		3,359,529	-	3,359,529
Salary Assignment Pay - Classified	1,800		1,800	-	1,800
Patrol Incentive Pay	-		-	-	-
Salary Education/Incentive - Classified	144,000		144,000	-	144,000
Overtime - Civilian	56,361		56,361	-	56,361
Overtime - Classified	217,634		217,634	-	217,634
Premium (Awards) - Civilian	-		-	-	-
Premium Pay - Classified	-		-	-	-
Bilingual Pay - Civilian	1,500		1,500	-	1,500
Bilingual Pay - Classified	10,288		10,288	-	10,288
Equipment Allowance - Classified	106,000		106,000	-	106,000
Shift Differential - Classified	23,670		23,670	-	23,670
Training Incentive - Classified	360,000		360,000	-	360,000
Weekend Premium Pay - Classified	25,536		25,536	-	25,536
Temporary Higher Class Pay	-		-	-	-
TOTAL SALARY	13,709,032	492,779	14,201,811	569,150	14,770,961
OTHER BENEFITS					
Clothing Allowance - Classified	19,200		19,200	-	19,200
Pension - Civilian	1,254,485	34,495	1,288,980	39,841	1,328,821
Pension - Classified	1,108,644		1,108,644	-	1,108,644
Termination Pay - Civilian	194,428		194,428	-	194,428
Termination Pay - Classified	3,744		3,744	-	3,744
Third Party Disability B-Classified	28,224		28,224	-	28,224
FICA - Civilian	730,534	38,241	768,775	44,168	812,943
FICA - Classified	60,110		60,110	-	60,110
Health Insurance - Active Civilian	1,163,917	54,206	1,218,123	62,607	1,280,730
Basic Life Insurance-Active Civilian	161,258	12,319	173,577	14,229	187,806
Health Insurance - Active Classified	554,322		554,322	-	554,322
Basic Life Insur - Active Classified	1,600		1,600	-	1,600
Health Ins Ret Civ	1,700		1,700	-	1,700
Long Term Disability - Civilian	4,416		4,416	-	4,416
Workers Comp - Classified Adm	13,438		13,438	-	13,438
Workers Comp - Civilian Adm	23,825		23,825	-	23,825
Workers Comp-Civ Claims	8,851		8,851	-	8,851
Workers Comp-Cls Claims	-		-	-	-
Pension - GASB 27 Accrual	-		-	-	-
Unemployment Claims - Adm	3,150		3,150	5,917	9,067
Unemployment Taxes - Adm	33,275	3,449	36,724	3,984	40,708
TOTAL BENEFITS	5,369,123	142,711	5,511,834	170,745	5,682,579
TOTAL WAGES AND BENEFITS	19,078,155	635,490	19,713,645	739,895	20,453,540
Civilian					
Classified					

	2016 Zero Growth Budget	2016 Remaining Base exp. > the COH Allowable Base	2016 Annualized (Base)	New Initiative- Controlled Substances	2016 Proposed Budget
SUPPLIES					
Chemical Gases & Special Fluids	5,391		5,391	-	5,391
Cleaning & Sanitary Supplies	300		300	-	300
Construction Materials	1,135		1,135	-	1,135
Electrical Hardware & Parts	-		-	-	-
Mechanical Hardware & Parts	500		500	-	500
Meters, Hydro & Plumb	800		800	-	800
Audio Visual Supplies	-		-	-	-
Computer Supplies	36,067		36,067	4,000	40,067
Paper & Printing Supplies	2,599		2,599	-	2,599
Publications & Printed Materials	10,106		10,106	-	10,106
Postage	2,500		2,500	-	2,500
Miscellaneous Office Supplies	89,090	15,000	104,090	5,650	109,740
General Laboratory Supplies	700,519		700,519	36,000	736,519
Drugs & Medical Chemicals	-		-	-	-
Medical & Surgical Supplies	-		-	-	-
Small Technical & Scientific Equipment	3,825		3,825	-	3,825
Fuel	40,000		40,000	-	40,000
Vehicle Repair & Maint Supplies	500		500	-	500
Clothing	500		500	-	500
Food/Event Supplies	11,571	5,000	16,571	-	16,571
Weapons Munitions & Supplies	7,000		7,000	-	7,000
Small Tools & Minor Equipment	1,940		1,940	-	1,940
Miscellaneous Parts & Supplies	-		-	-	-
TOTAL SUPPLIES	914,343	20,000	934,343	45,650	979,993
SERVICES					
Temporary Personnel Services	55,000		55,000	-	55,000
Accounting & Auditing Svcs	93,000		93,000	-	93,000
Architectural Svcs	150,000		150,000	-	150,000
Computer Info/Contracting Svcs	12,000		12,000	-	12,000
Medical Dental & Laboratory Services	13,947		13,947	-	13,947
Management Consulting Services	205,000		205,000	-	205,000
Banking Services	1,226		1,226	-	1,226
TAG Support (actually Photo Svcs)	7,000		7,000	-	7,000
Misc Support Services - Recruit/Relo/Drug	58,720		58,720	-	58,720
Real Estate Rental	939,048		939,048	-	939,048
Refuse Disposal	8,000		8,000	-	8,000
Computer Equipment/Software Maintenance	228,179		228,179	8,000	236,179
IT Application Services	70,000		70,000	-	70,000
Vehicle & Motor Equipment Services	1,000		1,000	-	1,000
Other Equipment Services	155,695		155,695	-	155,695
Credit/Bank Card Svcs	5,000		5,000	-	5,000
Public Information Svcs	2,500		2,500	-	2,500
Insurance Premiums (Non-Medical)	68,926		68,926	-	68,926
Membership & Professional Fees	39,327		39,327	-	39,327
Education & Training	82,982	75,000	157,982	40,000	197,982
Tuition Reimbursement	61,641		61,641	-	61,641
Travel - Training Related	102,610	25,000	127,610	-	127,610
Travel-Non-training Related	10,000		10,000	-	10,000
Data Services	18,327		18,327	-	18,327
Voice Services, Eqmt. & Labor	50,589		50,589	-	50,589
EGIS Services	6,957		6,957	-	6,957
Vehicle/Equipment Rental	40,111		40,111	-	40,111
Other Rental Fees	6,519		6,519	-	6,519
Parking Space Rental	129,086		129,086	-	129,086
Legal Services	50,000		50,000	-	50,000
Metro Commuter Passes	54,948		54,948	-	54,948
Freight	4,213		4,213	-	4,213
Miscellaneous Other Services & Charges	74,565		74,565	16,000	90,565
Interfund KRONOS Svc Chr	7,580		7,580	-	7,580
TOTAL SERVICES	2,813,696	100,000	2,913,696	64,000	2,977,696

	2016 Zero Growth Budget	2016 Remaining Base exp. > the COH Allowable Base	2016 Annualized (Base)	New Initiative- Controlled Substances	2016 Proposed Budget
NON-CAPITAL Fixed Assets					
Non-Capital Office Furn & Fixt	-		-	20,000	20,000
Non-Capital Computer Equipment	35,680		35,680	-	35,680
Non-Capital Scientific/Medical Equipment	-		-	-	-
TOTAL NON-CAPITAL	35,680	-	35,680	20,000	55,680
CAPITAL					
Capital Expenditures - Furniture & Fixtures	10,000		10,000	-	10,000
Capital Expenditures - F&F COH donation	-		-	-	-
Independent Network & Lab Instrumentation	28,094		28,094	208,000	236,094
Life Cycle Replacements & IT	126,460	200,000	326,460	-	326,460
TOTAL CAPITAL	164,554	200,000	364,554	208,000	572,554
TOTAL BEFORE OVERHEAD	23,006,428	955,490	23,961,918	1,077,545	25,039,463
COH DIRECT OVERHEAD CHG	1,460,000		1,460,000		1,460,000
(Lease/Maint/Utilities - Travis & Dart)					
Grant and Training expenses	1,336,141		1,336,141		1,336,141
TOTAL OPERATING EXPENSES AFTER OVERHEAD	25,802,569	955,490	26,758,059	1,077,545	27,835,604
Total Cash Flow Before Rollover	42,103	(955,490)	(913,387)	(1,077,545)	(1,990,932)
Total Cash Flow After Rollover	2,348,569	(955,490)	(913,387)	(1,077,545)	(1,990,932)