

TEXAS DEPARTMENT OF MOTOR VEHICLES

BOARD MEETING

8:00 a.m.  
Friday,  
May 9, 2014

Lone Star Room  
Building 1  
4000 Jackson Avenue  
Austin, Texas

BOARD MEMBERS:

Johnny Walker, Chair  
Laura Ryan, Vice-Chair  
Robert "Barney" Barnwell, III  
Luanne Caraway (absent)  
Blake Ingram  
Raymond Palacios  
Victor Rodriguez  
Marvin Rush (absent)  
Joseph Slovacek

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P R O C E E D I N G S

1  
2 MR. WALKER: Good morning. My name is Johnny  
3 Walker, and I am pleased to open the Board Meeting of the  
4 Texas Department of Motor Vehicles.

5 It is 8:00 a.m., and I am now calling the Board  
6 meeting for May 9, 2014 to order. I want to note for the  
7 record that public notice of this meeting, containing all  
8 items on the agenda, was filed with the Office of the  
9 Secretary of State on May 1, 2014.

10 Before we begin today's meeting, please place  
11 all your cell phones and other communication devices in  
12 the silent mode.

13 If you wish to address the board during today's  
14 meeting, please complete a speaker's card at the  
15 registration table. To comment on an agenda item, please  
16 complete a yellow card and identify the agenda item that  
17 you would like to speak on.

18 Now I'd like to have a roll call of the board.  
19 Vice-Chairman Ryan?

20 MS. RYAN: Here.

21 MR. WALKER: Board member Barnwell?

22 MR. BARNWELL: Here.

23 MR. WALKER: Board Member Ingram?

24 MR. INGRAM: Here.

25 MR. WALKER: Board Member Palacios?

1 MR. PALACIOS: Present.

2 MR. WALKER: Board Member Rodriguez?

3 MR. RODRIGUEZ: Here.

4 MR. WALKER: Board Member Slovacek?

5 MR. SLOVACEK: Here.

6 MR. WALKER: And let the record reflect that I,  
7 Johnny Walker, also am here so we have a quorum.

8 Also let the record reflect that Members Rush  
9 and Caraway are absent today. And I guess I can give a  
10 little bit of an explanation. Marvin Rush did call me two  
11 days ago. He's going to the doctor today for a little  
12 surgery. He has got about three pins and rods put in his  
13 hand. He fell back during Christmastime at his ranch, and  
14 so he's had a lot of problems. He has not even been back  
15 to work for three months. So kind of remember Marvin in  
16 your prayers that he can get through this deal. I know he  
17 is anxious to get back here.

18 And I think Member Caraway is on vacation this  
19 week.

20 Are there any yellow cards? No yellow cards.  
21 And with no comments, let's go and start the meeting with  
22 item number 1. Comments from board members and executive  
23 director. No announcements.

24 Let's move to resolutions for individual  
25 consideration, item 2.A in your book.

1 MR. HARBESON: Good morning. May I proceed?

2 MR. WALKER: Good morning, Mr. Bill.

3 MR. HARBESON: My name is Bill Harbeson. I'm  
4 the director of the Enforcement Division for the Texas  
5 Department of Motor Vehicles.

6 Agenda item 2.A this morning is a rule before  
7 you for adoption. These are rules that amend Chapter 215  
8 of Title 43 of the Texas Administrative Code which changed  
9 some of our advertising rules. These rules were  
10 originally proposed to us by the Texas Automobile Dealers  
11 Association, TADA, and then were referred to the Dealer  
12 License Advisory Committee, and following that, the rules  
13 were published on March 7, 2014. Comments in favor of the  
14 rules were received from both TADA and TIADA after they  
15 were published.

16 The rules, in summary, expand the definition of  
17 advertising to include representations made in soliciting  
18 business in the sale of motor vehicles. They clarify that  
19 direct communication between a dealer and a dealer's  
20 employees did not constitute advertising under the rules.

21 The dealer must clearly and conspicuously disclose that a  
22 vehicle is not in his possession, under the new rules  
23 changes, when advertising a specific vehicle so that  
24 customer would know that if he traveled to that  
25 dealership, the vehicle may not be there for him to view.

1           The rules clarify that statements and  
2           representations must be accurate, clear and conspicuous,  
3           and may not be false, deceptive or misleading. The rule  
4           changes prohibit the use of internet price, ePrice, and  
5           similar terms that might lead a customer or a reader of  
6           the ad to believe that there's more than one advertised  
7           price for the vehicle being offered for sale. And  
8           finally, the rules changes the language in the procedure  
9           for taking an action in an advertising case to bring it in  
10          line with 2741 which discusses an opportunity for hearing  
11          rather than just the old language which said a hearing was  
12          granted.

13                 If there are any questions, I'll be glad to  
14          answer them. If there are no questions about these rules  
15          today, I would ask that the board approve the rules.

16                 MR. RODRIGUEZ: Mr. Harbeson. If I may, Mr.  
17          Chairman.

18                 I just want to clarify. When you say no  
19          significant fiscal implications, what does no significant  
20          mean? I just want to be clear. I know what you're trying  
21          to tell us, but what does significant mean?

22                 MR. HARBESON: Well, that's a determination by  
23          the Finance Committee. From the our standpoint, from the  
24          AG's standpoint, this is not really going to generate any  
25          additional rules because really the essence of these rules

1 is to clarify existing law which was very general.

2 MR. RODRIGUEZ: And when we look at changes  
3 like this, part of the consideration is is there any  
4 fiscal cost to the agency, and that's what I'm asking, is  
5 there any additional cost to us.

6 MR. HARBESON: No, sir.

7 MR. RODRIGUEZ: That's all I wanted to  
8 establish. Thank you.

9 MR. WALKER: So, Mr. Harbeson, it's your  
10 recommendation to the board that you would ask us to post  
11 the Section 215, you want to do all of these.

12 MR. DUNCAN: It's adoption.

13 MR. WALKER: I'm sorry. It's adoption.

14 MR. HARBESON: Yes, sir. These have previously  
15 been before the board, they then went to the committee,  
16 and they're before you today after being published for  
17 comment for adoption.

18 MR. RODRIGUEZ: Move we adopt, Mr. Chair.

19 MS. RYAN: Second.

20 MR. WALKER: We have a motion by Victor  
21 Rodriguez, we have a second by Ms. Ryan. Do you have any  
22 comments?

23 (No response.)

24 MR. WALKER: All in favor, signify by saying  
25 aye.

1 (A chorus of ayes.)

2 MR. WALKER: All opposed same sign.

3 (No response.)

4 MR. WALKER: The motion carries unanimously.

5 Let's move to item 2.A.2, Enforcement, Bill.

6 MR. HARBESON: Yes, sir. Agenda item 2.A.2 is  
7 before you today for adoption of rules amending Chapter  
8 218 of Title 43 of the Texas Administrative Code.

9 These rules change our enforcement proceedings  
10 to allow us to enforce federal laws against interstate  
11 household goods movers pursuant to a memorandum of  
12 understanding that was executed in 2012 between the  
13 department and the Federal Motor Carrier Safety  
14 Administration. The rules were published in January 2014,  
15 and no comments have been received by the department.

16 The rules, in summary, specify the department  
17 is authorized to enforce federal laws in regard to  
18 interstate moves pursuant to this memorandum of  
19 understanding that was executed in 2012. It clarifies  
20 that penalties currently in the rules apply to state law  
21 violations. In other words, the rules as they exist now  
22 discuss penalties but those are for the state law  
23 violations. They identify the federal laws that the  
24 department is authorized to enforce under this memorandum  
25 of understanding, and the rule changes establish the

1 administrative processes that will be used to enforce  
2 these federal laws under the MOU. And those rules that  
3 will be used to enforce the federal laws are the same  
4 rules of procedure that we use to enforce state laws.

5 If there's no questions, or if there are any  
6 questions, I'd be glad to answer them.

7 MR. RODRIGUEZ: Move we adopt, Mr. Chairman.

8 MR. WALKER: We have a motion to adopt.

9 MR. SLOVACEK: Second.

10 MR. WALKER: And a second by Member Slovacek.

11 Any questions?

12 (No response.)

13 MR. WALKER: If not, all in favor of adopting  
14 signify by saying aye.

15 (A chorus of ayes.)

16 MR. WALKER: All opposed same sign.

17 (No response.)

18 MR. WALKER: The motion carries unanimously.

19 Let's move to item 2.B, proposals for rules  
20 under Title 43 Texas Administrative Code, Chapter 215. I  
21 guess Daniel is going to do this one.

22 MR. AVITIA: May I proceed?

23 MR. WALKER: Yes, sir.

24 MR. AVITIA: Good morning, everyone, Chairman,  
25 board members. For the record, I'm Daniel Avitia. I'm

1 the director of the Motor Vehicle Division. With me today  
2 is Michelle Lingo, also with the Motor Vehicle Division.

3 This morning I present agenda item 2.B.1 for  
4 the board's consideration of our request to publish in the  
5 *Texas Register*, proposed new rules 215.88 which refer to  
6 Criminal Offense and Action on a License, and 215.89,  
7 Fitness for licensure.

8 The proposed new rule sections have been  
9 discussed at three meetings of the Motor Vehicle License  
10 Advisory Committee which is chaired by Board Member  
11 Ingram. Thank you for that. The advisory committee  
12 membership also includes Board Vice-Chairman Laura Ryan  
13 and Board Member Raymond Palacios. Thank you both, as  
14 well. Committee members and committee meeting attendees  
15 represent a wide cross-section of the motor vehicle  
16 industry, stakeholder and partners, to include TIADA and  
17 TADA.

18 The proposed new rule sections implement  
19 Occupations Code Chapter 53 and 2301 and apply to  
20 applications evaluated and licenses issued under  
21 Transportation Code Chapter 503 and under Occupations Code  
22 Chapter 2301. The proposed new sections provide for the  
23 denial of an application and for the suspension or  
24 revocation of a license due to criminal conviction or a  
25 determination of licensure and fitness.

1 Proposed new rule section 215.88 identifies  
2 individuals whose actions and/or omissions may affect the  
3 decision to deny, suspend or revoke a license, including a  
4 business entity's officers, directors, partners, trustees,  
5 and other persons acting in a representative capacity for  
6 the applicant or license holder. The proposed new rule  
7 section also lists offenses that directly relate to the  
8 duties and responsibilities of licensed occupations.

9 Proposed new rule Section 215.89 provides a non-exhaustive  
10 list indicating that a person may not be fit for  
11 licensure.

12 The two proposed new rules sections work  
13 together. For example, conviction of a crime that is  
14 listed in proposed new rule 215.88 is one way that a  
15 person may be found to be unfit to perform the duties and  
16 discharge the responsibilities of the license occupations  
17 codes under proposed new rule 215.89. The new proposed  
18 rule sections certainly do not modify or otherwise affect  
19 the statutory requirements that afford an applicant or a  
20 licensee an opportunity for a hearing before the board, or  
21 the department acts on an application or a license.

22 If the board approves the proposal package  
23 today, we anticipate publication in the *Texas Register* on  
24 or about May 30, followed by a 30-day comment period, to  
25 close June 30 of this year. Motor Vehicle Division staff

1 will certain respond to any and all questions and comments  
2 received, and will prepare an adoption package for the  
3 board's consideration at an open meeting thereafter.

4 It is therefore recommended that the board  
5 approve publication of the proposed amendments in the *Teas*  
6 *Register*. Michelle and I are certainly happy to answer  
7 any questions you may have regarding agenda item 2.B.1.

8 MR. WALKER: We have a recommendation from  
9 staff, but before we go any further, I guess I have a  
10 question. Some of this came about through the legislature  
11 in the last legislative session. Is that correct?

12 MR. AVITIA: Correct.

13 MR. WALKER: And so we're just doing the rules  
14 for the statute that went to the criminal attachment  
15 portion of that on the applications.

16 MR. AVITIA: That is correct. We're adding a  
17 list of standardized items that would support that action.

18 MR. WALKER: And so I guess the question I  
19 have, and I apologize for my ignorance, maybe, but what  
20 we're saying that if you've ever been convicted of any of  
21 these criminal offenses, you can never be a dealer.

22 MS. RYAN: So the rules state -- sorry, you can  
23 ask, but there was a lot of debate over that. There's  
24 some time frames.

25 MR. WALKER: Well, I read that and I really

1 didn't understand because it seems to me like if you've  
2 ever been convicted of about 75 offenses there, it looked  
3 to me like you could never be a car dealer, so can you  
4 kind of help me out there. And my point would be sexual  
5 assault was one, for example, so if a guy goes out here or  
6 a woman goes out here and has got any kind of a sexual  
7 offense or whatever, the way I read it was that they can  
8 never apply for an application to be a dealer in the State  
9 of Texas. Am I reading that right?

10 MR. AVITIA: Well, you're reading it but that's  
11 not necessarily 100 percent accurate. The way it would  
12 work is that adding this list of offenses, which currently  
13 does not exist, would help standardize and legitimize the  
14 industry to some degree, but going forward, once we  
15 receive a felony conviction of sorts, when we're running  
16 our background checks through the application process, we  
17 would be able to provide an individualized assessment  
18 based on objective criteria now to be able to make a  
19 determination, where at the current moment we don't have  
20 those set criteria to make that determination.

21 MS. RYAN: So if the agency had to make a  
22 decision, we wouldn't have anything right now to base or  
23 provide guidelines for a decision, so this provides that.

24 MR. RODRIGUEZ: Can we step back just a minute?

25 MR. WALKER: Yes.

1 MR. RODRIGUEZ: And so that we can hopefully  
2 work from a starting point correctly, there are some  
3 pieces of legislation that particularly say this and this  
4 and this will happen, X, Y and Z will happen, and for some  
5 reason that affects us. Right?

6 MR. AVITIA: Correct.

7 MR. RODRIGUEZ: And then we come here and in  
8 order to implement that we need the rule that says X, Y  
9 and Z will be put in place. Right?

10 MR. AVITIA: Correct.

11 MR. RODRIGUEZ: When the chairman asked about  
12 legislation driving this, we don't have piece of  
13 legislation that necessarily spells every one of these  
14 things out. We're simply, in our own view, putting a set  
15 of rules that we think is compliant with the Occupations  
16 Code. In other words, what I'm trying to say, he asked if  
17 this is to put in place a piece of legislation, and you  
18 said yes, and I just want to clarify it isn't like the  
19 former when I said, you know, we get a piece of  
20 legislation that says X, Y and Z will go into effect and  
21 then we come here. This is a little bit less than that.  
22 I don't know if I'm making myself clear or not to you, but  
23 I wanted to make sure that we establish that first.

24 And I don't know if that helps, Johnny. So it  
25 isn't like the law is telling us do this. We are building

1 from there but not necessarily do that.

2 MR. AVITIA: Your assessment is correct.

3 MR. INGRAM: So just to add on, since this is  
4 from my committee, this was discussed at length, of  
5 course, that we did not intend to make it so that if you  
6 had any of these violations you were permanently barred  
7 from ever getting a license. What we're saying is -- I  
8 think Daniel did a very concise term -- is that previously  
9 when you looked at the felonies, because there was nothing  
10 specific, it was a very subjective assessment, and we  
11 wanted to turn that into an objective, we wanted it to be  
12 clear. If we wanted to say no, you can't be a dealer, we  
13 wanted to say specifically this is why, not because of  
14 some subjective term saying: Really we just don't think  
15 you're a good guy and you have some offense. You couldn't  
16 defend it, you couldn't go to court and say: Well, we  
17 don't think he should have one because he has an offense.  
18 We need to say: He has an offense that relates to our  
19 business, and this is why. So this is kind of the genesis  
20 of the rule.

21 Now, there is in statute the ability for staff  
22 to look at the circumstances, and that is Chapter -- is  
23 that 53?

24 MS. LINGO: Michelle Lingo, for the record.  
25 There are two instances that Member Ingram is referencing.

1 Section 53.021 provides that we need to identify the  
2 offenses that directly relate to the duties and  
3 responsibilities of a licensed occupation, and then in  
4 2301.651, and that would be in the Occupations Code as  
5 well, that both the division and the board can look at a  
6 person's fitness for holding a license if there are  
7 standards described in Chapter 2301 or in board rules.  
8 Well, our Chapter 2301, that the legislature provided for  
9 us, doesn't actually provide enumerated standards, so we  
10 then go to the second part which is board rules.

11 So as Chief Rodriguez was indicating, this  
12 proposal package is to implement the statutory provisions  
13 that would then allow us to be able to evaluate a person's  
14 fitness, and looking at their fitness, one way to look at  
15 their fitness is have they committed a crime that relates.

16 Chairman Walker, you are absolutely correct  
17 that there is an exhaustive list -- well, it is  
18 exhaustive, there's a set list.

19 MR. WALKER: It sounds like if you ever stumped  
20 your toe that you can never be a car dealer is what I  
21 read.

22 MS. LINGO: And the critical factor in there is  
23 that each time it's may. So the same way that we evaluate  
24 each application, if something were to arise, then we as a  
25 department have an opportunity to then evaluate it,

1       whereas, right now, because we have not implemented the  
2       statute as required, our hands are a little bit tied, so  
3       we don't have as easily the ability to act on a license or  
4       an application when there is something that should be  
5       addressed.

6               MR. INGRAM:   And, Michelle, would it be maybe  
7       just a simple thing to say that it's somewhat of semantics  
8       where it's we may deny an application, versus we will  
9       deny?   This is more of a may, the way that we're  
10       presenting it.   Is that not correct?

11              MS. LINGO:   Yes, sir.   And there are two  
12       instances where the statute defines and requires that we  
13       have no discretion.   In all other instances, yes, sir.

14              MR. BARNWELL:   And what are those two  
15       instances?

16              MS. LINGO:   Yes, sir.   Under the Family Code,  
17       if there's an order that's been issued and it's sent to  
18       this department and that order would have been for a  
19       parent who had not paid child support.   The other instance  
20       is if someone is incarcerated or they've had their  
21       probation revoked such that they're about to be  
22       incarcerated, we are directed without discretion to then  
23       suspend or revoke the license.

24              MR. RODRIGUEZ:   Mr. Chairman, and to staff, I  
25       wanted to note that this is simply a proposal at this time

1 to post, so there's plenty of time for lots of us to weigh  
2 in later on to the probable final outcome of this rule  
3 later on, number one. Number two, I noticed that you made  
4 a list of offenses, and I'm only asking you, as we go  
5 forward, to look at that list even more so. I didn't see  
6 any references to, let's say, internet type crimes,  
7 pornography type stuff, and also there are offenses that  
8 are not necessarily sexual in nature, like indecent  
9 exposure, those kind of things which are also basically  
10 the first starting points for your child molesters and  
11 things like that, your child predators and things like  
12 that.

13 So what I'm suggesting to you is that this is  
14 simply a proposal at this time, Mr. Chairman, and let it  
15 go to be vetted and we can come back and flesh it out some  
16 more. But there's no way that we can come up with a rule.

17 We could be here all day today about what could be and  
18 who could not be, but I'm satisfied that staff knows what  
19 they're doing and this is their proposal, and I would ask  
20 that we vote to adopt this, Mr. Chairman -- that we vote  
21 to publish, yes, sir.

22 MS. RYAN: I'll second that, and add to the  
23 list. There was a lot of discussion in the committee, and  
24 Blake and Raymond were there too, that really the list,  
25 though it seems long, it's a lot shorter than the book

1 that we got of all the offenses that could have been  
2 considered. But really, the filter was if the agency and  
3 the state will license somebody, then we have some  
4 responsibility to tell the consumers and the public that  
5 this business and the person running this business is  
6 safe. And when you think about that there's a possibility  
7 of test drives, our children are exposed, people are in a  
8 business sometimes one on one, we felt that these were the  
9 list of offenses, at least to be considered for proposal  
10 to get comment on, and maybe there's some that we missed,  
11 but that was the filter: Where is the public safety line  
12 and where might a consumer not feel safe or be in harm.  
13 So that was the filter we used.

14 MR. WALKER: Let me clean up real quick. We  
15 have a motion to post by Mr. Rodriguez, and we have a  
16 second by Ms. Ryan, and any discussion. So I would like  
17 to ask a question at this point in time because I'm a  
18 little concerned about -- and we can sure vet it through  
19 the process of the *Texas Register* and comment on this, but  
20 I would sure hate to think that we are restricting anybody  
21 from becoming a car dealer because when they were in high  
22 school they got convicted of a drug offense. And then how  
23 do you address a situation where Mr. Palacios over here,  
24 for example, owns a car dealership and maybe he has got a  
25 total clean background but now he goes out and has a drug

1 offense, do we take his dealership away from him? Do we  
2 address that in this? Because I didn't see anything to  
3 that effect.

4 MS. LINGO: Sir, both the statute and the rules  
5 afford the opportunity for mitigating factors and  
6 consideration of timing, age at the time of the offense,  
7 the location of the offense, the circumstances. The  
8 applicant and the licensee are granted opportunities to  
9 provide all kinds of information to us if this department  
10 decided that an applicant was not fit or a license needed  
11 to have suspension or revocation.

12 MR. INGRAM: And just to be clear, Chairman,  
13 those comments made by Ms. Lingo, you didn't read them in  
14 this rule because they're not in the rule.

15 MR. WALKER: I know that.

16 MR. INGRAM: Okay. Just making sure.

17 MR. WALKER: That is a big part of my concern  
18 is that the rule is very arbitrary.

19 MR. INGRAM: Well, it's not arbitrary.

20 MS. RYAN: The final decision is not the rule,  
21 it's the agency and the board. It allows the agency and  
22 the board to have some guidelines to make a final  
23 decision.

24 MR. INGRAM: But what I'm trying to say is this  
25 rule refers back to statutes. The statutes give us the

1 power to look at the factors: was it when a person was  
2 18; was it five years ago. Whatever you want to say,  
3 that's all allowed currently by statute. The rule is just  
4 simply clarifying so that we have some specifics and it's  
5 not just a subjective, oh, we don't think you should be a  
6 car dealer because, well, just because.

7 MR. SLOVACEK: These proposed rules have  
8 already been published. Right?

9 MR. INGRAM: No, they have not.

10 MR. AVITIA: This is for publication.

11 MS. RYAN: For comment.

12 MR. DUNCAN: David Duncan, general counsel.  
13 They have been very thoroughly vetted, as Member Ingram  
14 has stated, through several meetings of his advisory  
15 committee with the attendees of those committee meetings  
16 being provided drafts of the rules that went along and  
17 were allowed to comment on those drafts, so it's been  
18 around the track pretty well already.

19 MR. SLOVACEK: Restate the motion

20 MR. WALKER: We have a motion to publish rules  
21 in the *Texas Register* for public comments on the rule of  
22 offenses that you can and cannot -- you'd have to read the  
23 whole rule, it was pretty long when I read it last night,  
24 but it basically addresses applicants and their viability  
25 to be a dealer in the State of Texas with respect to

1 whether they have a criminal offense or not.

2 MR. SLOVACEK: I vote yes.

3 MS. RYAN: I'll call for the question in a  
4 second.

5 MR. RODRIGUEZ: We're in discussion right now.

6 MR. WALKER: We're in comment right now.

7 MR. RODRIGUEZ: Again, we're only going to post  
8 it so that we can vet this, number one. Number two, I  
9 wanted to add to my statements to you earlier to also  
10 look -- I didn't see any references to things like  
11 conditions of parole or conditions of probation that could  
12 prohibit. In other words, we may have an offense, for  
13 example, that's not listed, but the individual is on  
14 community supervision or on parole, and because of the  
15 nature of the offense or whatever the activity was that he  
16 may be prohibited by virtue of his supervision rules to  
17 not be a car dealer, or something like that. I don't know  
18 if you want to cover that or not, but just give that some  
19 thought because there are rules of probation and rules of  
20 parole that restrict someone.

21 MR. AVITIA: Good suggestion.

22 MR. PALACIOS: I just have one comment here,  
23 and I was part of the committee that recommended these  
24 rules, but going forward, if we in fact adopt these rules,  
25 the thing that we need to be cautious about is that we are

1 consistent in our determinations so that if we make a  
2 certain judgment or a denial on an applicant for a certain  
3 infraction where we have a history of waiving that  
4 infraction for others, we could put ourselves in somewhat  
5 of a situation where we're not fair. So I guess we really  
6 have to look at every infraction and make sure that we're  
7 being consistent in our determinations.

8 MR. AVITIA: Absolutely.

9 MR. WALKER: Any further discussion?

10 (No response.)

11 MR. WALKER: We have a motion to post and  
12 second. All in favor signify by saying aye.

13 (Votes in favor: Ingram, Palacios, Rodriguez,  
14 Ryan and Slovacek.)

15 MR. WALKER: All opposed same sign.

16 (Votes in opposition: Barnwell and Walker.)

17 MR. WALKER: Let the record reflect that we  
18 have Member Rodriguez, Members Ingram, Palacios, Ryan and  
19 Slovacek voting for, and Members Walker and Barnwell  
20 opposed.

21 Let's move to the next item which is item  
22 2.B.2. That will be you, Mr. Archer, and Tim.

23 MR. THOMPSON: Good morning, Mr. Chairman,  
24 members of the board. For the record, my name is Tim  
25 Thompson, and I serve as the deputy director of the

1 Vehicle Titles and Registration Division.

2 Before you for your consideration to post for  
3 public comment is changes to Administrative Code, Chapter  
4 B, Title 43, Chapter 217. I'll be addressing Chapter  
5 217.8 which pertains to specialty license plates, tabs and  
6 other devices, and my peer here will be discussing the  
7 other two changes to this section.

8 Specifically, the portion I'm going to speak to  
9 about is amendments that pertain to legislative official  
10 specialty plates and license plates for golf carts. The  
11 proposed amendments to this section would implement  
12 legislative requirements from Senate Bill 1914, House Bill  
13 2741 and House Bill 719. The key point that I would like  
14 to make is that this proposal is to formalize by rule the  
15 process to allow legislative members and alternate to the  
16 standard official license plate for state officials. And  
17 this is what I'm referring to -- I'm sure most of you are  
18 used to seeing this -- it has a State of Texas branding in  
19 red letters and the prefix starts with S-0.

20 We have been approached, we being the agency,  
21 have been approached about making an alternative plate for  
22 them to be able to use, so this plate was designed. As  
23 you'll notice, it does not bear the State Official wording  
24 and it does not begin with the prefix of S-0. The  
25 legislature passed a bill which deleted the requirement

1 for the State Official wording to be in there which set  
2 the path forward to then be able to design a new plate,  
3 and this was primarily brought to our consideration  
4 because there were members who wanted a plate that was  
5 less conspicuous and less distinguishable from the normal  
6 plate, and they actually had some safety concerns.

7 So the amendment you have would, in essence,  
8 implement the response to the legislature that we've  
9 already undertaken, but it would also formalize the  
10 process by which we do it and formalize the process in  
11 which they truly have two alternate plates for a state  
12 official plate.

13 The second portion of this amendment deals with  
14 golf cart plates. The agency is now required by statute  
15 to establish a procedure for the issuance of license  
16 plates, and I would like to clarify when I say license  
17 plates in this circumstance. This would not be license  
18 plates that are actually true registration as what the  
19 norm would be, it is simply a plate that they could affix  
20 to a golf cart.

21 There was statute previously in place that  
22 allowed for these plates in a very narrow circumstance,  
23 predominantly they could use those on property belonging  
24 to the Corps of Engineers. That statute was repealed.  
25 They've implemented the new statute, 551.402 which

1 prescribes for the use of plates in limited circumstances.

2 Our requirement as an agency is just to set forth the  
3 rules that would allow them to now get those plates to  
4 operate in that limited circumstance.

5 The new language that you have also before you  
6 would allow for a one-time \$10 fee. The previous statute  
7 was in Transportation Code 504 which that entire chapter  
8 provided for annual renewal fees. Because the statute was  
9 moved to a different chapter of the Transportation Code,  
10 the ongoing annual fee is not allowable at this time, we  
11 can only charge the one-time fee, so the \$10 would allow  
12 us to recover all of our costs. And that's all for this  
13 section.

14 MR. BARNWELL: How many golf carts do you  
15 anticipate would be licensed? I mean, what's the market,  
16 how big is the universe?

17 MR. THOMPSON: It's interesting. We do get  
18 calls on occasion from tax assessor-collectors asking for  
19 them. There's only three counties today that have these,  
20 and from what I can gather, because of the way the  
21 previous statute was construed -- in fact, the truth is  
22 the way the statute was written was that they could only  
23 use those on property owned by the Corps, well the Corps's  
24 stance was they did not allow anyone to use a golf cart on  
25 their property, so there, in essence, was no market for

1       them in the realm that they could operate at the time. I  
2       don't personally know why someone would want to put a  
3       plate on their golf cart.

4               MR. WALKER: That would be my question: Why  
5       would I go get a license plate for my golf cart, because I  
6       can't use the roadway, so what's the purpose of this  
7       plate?

8               MR. BARNWELL: Well, if you're convicted of not  
9       having a plate, you won't be able to be a dealer in Texas.

10              MS. RYAN: That's not on the list, we let that  
11       one go.

12              MR. BARNWELL: But it will be after the comment  
13       period.

14              MR. PALACIOS: Make note of that one.

15              (General laughter.)

16              MR. THOMPSON: Mr. Barnwell, really, I don't  
17       know why.

18              MR. BARNWELL: It just kind of sticks out. I  
19       was just curious.

20              MS. RYAN: Well, from personal experience,  
21       we've got a ton of golf carts in our neighborhood and  
22       there's a big uproar, smaller issue, the kids can't drive  
23       them unless they're 16 because it's still public roads in  
24       the neighborhood. And then I think that that's partly  
25       where they had to be registered because the constables

1 through the neighborhood were pulling the kids over, so  
2 they all have to go get plates and have a driver's license  
3 for pulling our 14-year-olds over which is against the  
4 law, I think.

5 MR. WALKER: What I read in this was that it  
6 does not enable the vehicle to be driven on a public  
7 street is what it said.

8 MR. THOMPSON: Mr. Chairman, you are correct in  
9 your assessment, this does not provide legality for them  
10 to operate in any neighborhood. The sections of 551.403  
11 and .404 are limited operation of vehicles and there are a  
12 number of parameters. Actually, 551.404 expanded the  
13 places it could be done, but in essence, there are still  
14 limited avenues by which you can operate a golf cart on a  
15 highway, and the plate itself has no bearing on that  
16 legality of operation, quite frankly, it's simply to allow  
17 them to put one on there.

18 I suspect there's some possibility in master  
19 planned communities -- let's use, for example, Sun City  
20 here near Austin -- I suspect master planned private  
21 communities like that could set up a rule within their own  
22 communities that might require it, but that would be the  
23 only circumstance I personally could see why someone might  
24 truly need one.

25 MR. WALKER: I see Mr. Kuntz is coming up here,

1 and this came out of a legislative request, so maybe he  
2 has a perspective of what the intent was from the  
3 legislature.

4 MR. KUNTZ: Jeremiah Kuntz, director of  
5 Government and Strategic Communications.

6 The intent of this legislation, as I understand  
7 it, really stems back to an issue between the Corps and a  
8 community that surrounds a lake which is Corps property.  
9 The issue that has come and the thing that the legislature  
10 is attempting to do is treat a golf cart as if it was a  
11 vehicle for the purposes of trying to force the Corps of  
12 Engineers, if you will, to allow them to operate on their  
13 property. The issue is that if a golf cart is, in effect,  
14 a vehicle like any other vehicle, then the Corps would  
15 have difficulty in banning them from operating on the  
16 roadways within their property. I don't know that that is  
17 necessarily an effective way to deal with it, but it's a  
18 tactic that the legislature has attempted to try and treat  
19 these golf carts as if they're vehicles.

20 MR. PALACIOS: Mr. Kuntz, if, in fact, we  
21 license them and it becomes a vehicle, are they now  
22 subject to all the requirements of a standard vehicle,  
23 i.e., emissions and inspection stickers and so forth?

24 MR. KUNTZ: No, sir, because they've carved  
25 them out specifically and only issued them a license

1 plate.

2 MR. THOMPSON: Again, the key thing to remember  
3 is this is not registration, it's merely a plate for them  
4 to display, something that would show them as an owner.

5 MR. PALACIOS: Okay. So I understand, this is  
6 a discretionary thing, it's not a requirement for all golf  
7 carts.

8 MR. THOMPSON: Absolutely. There is no  
9 requirement that a plate be affixed, even for legal  
10 operation.

11 MR. BARNWELL: Well, I'm sure the Corps will  
12 have absolutely no problem with this at all.

13 MR. RODRIGUEZ: Just to be clear, and I think  
14 you hinted at this, there are some times when golf carts  
15 and there are some statutes that affect golf carts on  
16 public roadways.

17 MR. THOMPSON: Absolutely. There actually are  
18 a number of methods, and I have the statutes here if  
19 anyone cares to read them all, but it's somewhat  
20 expansive.

21 MR. RODRIGUEZ: And all I'm saying it isn't  
22 like these will never be on a roadway, there are some  
23 carve-outs for, let's say, golf carts and even now some of  
24 these motorized wheelchairs and things that are starting  
25 to become more common that are addressed by legislation

1 already.

2 MR. THOMPSON: Absolutely. Our rule neither  
3 expands nor diminishes a golf cart owner's right to  
4 operate on a roadway. It simply allows them to affix a  
5 plate if they choose to operate one legally in the  
6 prescribed instances they're allowed.

7 MR. WALKER: Okay. Let's back up for just a  
8 second. Let's go back to the state officeholder license,  
9 the official state tags.

10 MR. THOMPSON: Yes, sir.

11 MR. WALKER: When I read that, it says they get  
12 to select in a certain order. The governor gets to select  
13 first, then the lieutenant governor, and then on and on  
14 until you get down to the last guy that has an elected  
15 position. Can you explain to me how that process would  
16 work, and they get to select the number?

17 MR. THOMPSON: I don't know why the order was  
18 set up in the statute.

19 MR. WALKER: I just didn't understand how they  
20 get to select in an order. Do you one by one go to  
21 everybody and say which one do you want?

22 MR. THOMPSON: I know on the legislative plates  
23 that you're addressing, the pattern is actually by  
24 senatorial district, your house district number. I do not  
25 know how that's determined on the other state officials,

1     though.

2                   MR. KUNTZ: Under the previous plate, this  
3     plate here, I believe the first 30 numbers were reserved  
4     for state officials and then the Senate starts at number  
5     31, runs through based on their senatorial district, so  
6     the senator that is from Senate District 1 would have 31  
7     as their plate number, and then it runs sequentially  
8     through their senate districts until that expires, and  
9     then you start with the House District 1 immediately  
10    following that and sequentially go up from there.

11                   MR. THOMPSON: That's correct. It's the  
12    portion where you say why does the governor and lieutenant  
13    governor choose in that order, I don't know what the  
14    original intent behind that was.

15                   MR. WALKER: Well, I just read the rule and it  
16    says this is how they select and pick.

17                   MR. THOMPSON: You're correct. That's actually  
18    in statute.

19                   MR. DUNCAN: And that's long existing statutory  
20    language and rule language.

21                   MR. WALKER: I understand that, I just didn't  
22    know how the process worked.

23                   MR. DUNCAN: I think the presumption has always  
24    been that S01 is the governor, 2 is the lt gov, 3 is the  
25    speaker, 4 is the attorney general, 5 is the comptroller.

1 I mean, the offices are very set and have been for a  
2 long, long time.

3 MR. THOMPSON: I think it's the proverbial  
4 pecking order.

5 MR. RODRIGUEZ: I thought number one was the  
6 chairman of the DMV.

7 (General talking and laughter.)

8 MR. THOMPSON: And for the record, Mr.  
9 Chairman, we did work with members of the legislature and  
10 we did work with the State Police who police that area, as  
11 we discussed this alternative.

12 MR. RODRIGUEZ: And this is a publication only  
13 at this point only, a proposed rule.

14 MR. THOMPSON: Yes, sir.

15 MR. RODRIGUEZ: You've got item 2 which is a  
16 composite of .28, .30 and .44, do you want to do them all  
17 at one time?

18 MR. THOMPSON: There are three in this chapter,  
19 because he's got a part too.

20 MR. DUNCAN: It's all in one subchapter so  
21 we've got the motion set up, we could do it either way.

22 MR. WALKER: Let's go, Jimmy, and finish up and  
23 we'll do them all at one time.

24 MR. ARCHER: Good morning, Mr. Chairman and  
25 members of the board. For the record, my name is Jimmy

1 Archer and I'm the director of the Motor Carrier Division.

2 For the board's consideration, this is a  
3 proposal to post an amendment to 43 Texas Administrative  
4 Code, Section 217.30, Commercial Vehicle Registration  
5 which currently requires commercial vehicle registrants to  
6 carry a copy of the registration receipt in a vehicle that  
7 displays a token trailer license plate. Under the propose  
8 rule, the registration receipt must no longer be carried  
9 in a vehicle that displays a token trailer license plate.  
10 The department worked with the Texas Truckers Association  
11 during the last session of legislation to delete the  
12 requirement that the receipt be carried in the vehicle  
13 that displays a token trailer plate.

14 The proposed rule modifies Section (D)(8) by  
15 striking language in paragraph (C) that requires the  
16 operator of the token trailer license plate to carry a  
17 copy of the registration receipt at all times when  
18 operating a vehicle on public highways. The proposed  
19 amendments were made to the paragraph accordingly.

20 This will be published in the *Texas Register* on  
21 about May 30, 2014, with the comment period ending on June  
22 30.

23 MR. WALKER: Motion to publish these.

24 MR. ARCHER: I have one more. Do you want me  
25 to go on to the next one?

1 MR. WALKER: Yes.

2 MR. ARCHER: This is a proposed amendment to  
3 Texas Administrative Code 217.44. This is dealing with  
4 Registration Reciprocity and dual plates. This adds  
5 language about the department issuing two license plates  
6 to buses used in transportation of chartered parties and  
7 trucks having a gross weight of 26,000 pounds or less when  
8 the applicant registers these vehicles under the  
9 International Registration Plan. The department now  
10 issues two license plates to these vehicles because peace  
11 officers were stopping the drivers of these vehicles when  
12 the vehicles only displayed one plate. Peace officers  
13 were accustomed to seeing a license plate on variable  
14 power unit that is not towing a trailer or a semitrailer.

15 When the department only issues one plate to a  
16 power unit under the International Registration Plan, we  
17 tell the applicants to place the plate on the front of the  
18 vehicle. This includes corrections to statutory  
19 references, rule references and references to language in  
20 the International Registration Plan, in addition to a  
21 definition for Department Regional Service Center, and  
22 other amendments to make this rule with other DMV rules  
23 and terminology.

24 If the proposed amendment is approved by the  
25 board, staff anticipates publication of the proposed

1 amendments in the *Texas Register* on or about May 30, 2014.  
2 Comments on the proposed amendments will be accepted  
3 until five o'clock on June 30. I would ask that the board  
4 approve this rule proposal.

5 MR. RODRIGUEZ: Move to authorize the posting  
6 of this rule proposal, Mr. Chairman.

7 MR. WALKER: We have a motion to post by Board  
8 Member Rodriguez.

9 MR. PALACIOS: Second.

10 MR. WALKER: We have a second by Mr. Palacios.

11 MR. INGRAM: Let me clarify. We're posting  
12 217.28, .30 and .44. Is that the motion?

13 MR. WALKER: That is correct, to post 217.28,  
14 .30 and .44. Any discussion?

15 (No response.)

16 MR. WALKER: All in favor signify by saying  
17 aye.

18 (A chorus of ayes.)

19 MR. WALKER: All opposed same sign.

20 (No response.)

21 MR. WALKER: The motion carries unanimously.

22 Let's move to item 2.B.3, Mr. Thompson.

23 MR. THOMPSON: Mr. Chairman and board members,  
24 the proposal before you now is for your consideration to  
25 post in the *Texas Register* for public comment a new

1 subchapter, which would be Subchapter 8, in Texas  
2 Administrative Code, Title 43, Chapter 217. The proposed  
3 new subchapter implements Transportation Code Section  
4 520.0071, as added by House Bills 2741 and 2202.

5 Section 520.0071 requires the board, by rule,  
6 to prescribe the classification types of deputies, their  
7 duties, the types and amount of bonds they may be required  
8 to post, and what additional fees they may be authorized  
9 to charge or retain. The subchapter will, in essence,  
10 reestablish deputy classifications that are found in  
11 existing statutes today. The subchapter will also  
12 standardize the maximum fees within each county and across  
13 the state that deputies may assess and retain.

14 I think it's important to note that the fees  
15 established would be temporary and to be in place until  
16 such time that the agency completes a study of the cost to  
17 process motor vehicle registration and titling fees. The  
18 agency has entered into an agreement and the study has  
19 begun, and we are anticipating that that study will be  
20 completed by mid November.

21 MR. WALKER: I'm sorry?

22 MR. THOMPSON: Mid November.

23 MR. WALKER: Mid November.

24 MR. THOMPSON: Yes, sir.

25 Upon completion of the study, then you would be

1 able to reopen the rule and make adjustments as you  
2 believe are necessary.

3           Some of the key points as to this rule I think  
4 should be noted are that full service deputies are  
5 currently allowed to charge an additional \$5 fee for  
6 registration transactions. This rule would expand that  
7 authorization to charge \$5 and retain \$5 for the deputies  
8 for title transfers as well, provided that the county  
9 allows dealers to use the department-utilized electronic  
10 titling system.

11           The rule would also provide for two different  
12 types of limited service deputies. Currently the rule  
13 really only addresses what you would call limited service  
14 deputies that provide services to the general public.  
15 That would be your H.E.B., Kroger, and justice of the  
16 peace offices where they can come in and get their  
17 registration renewal. This actually defines, also,  
18 limited service deputies that are more privatized. That  
19 would be your AAA Auto Club where they can now just  
20 provide renewal services to their members only. It would  
21 pick up fleets and those type situations.

22           Another key aspect of this rule, deputies,  
23 under the rule would now be required to post a listing of  
24 all titling and registration fees, including additional  
25 fees retained by the deputy, at any location where the

1 deputy provides these services. If the deputy maintains a  
2 website advertising they're offering such services, the  
3 deputy would then be required to prominently post a list  
4 of all titling and registration fees, including the  
5 additional fees charged and retained by the deputy, on  
6 that website.

7           What you would find today is that those fees  
8 may not, in fact, be posted, and there are actually  
9 numerous websites on the net today by full service  
10 deputies that have their pricing nowhere at all, so the  
11 rule would also now clarify that and make that available  
12 to the public before they go anywhere.

13           I would ask that you consider publishing this  
14 rule for publication in the *Texas Register*.

15           MR. RODRIGUEZ: Move we approve, Mr. Chair, to  
16 post.

17           MR. BARNWELL: Second.

18           MR. PALACIOS: I have some questions.

19           MR. WALKER: I do too.

20           We have a motion from Victor Rodriguez. Who  
21 did I get the second from? Mr. Barnwell.

22           Okay. Any comments?

23           MR. PALACIOS: Yes. Mr. Thompson, in referring  
24 to full service deputies in the State of Texas, roughly  
25 what percent of the transactions, auto registration,

1 titling and so forth, go through these full service  
2 deputies as opposed to going through the TACs?

3 MR. THOMPSON: I do not have a number on that.

4 MR. WALKER: Raymond, can you turn your mic on,  
5 please.

6 MR. PALACIOS: Well, can you maybe address, Mr.  
7 Kuntz, do you have an idea?

8 MR. KUNTZ: I believe if you take all of the  
9 registration transactions that occur in the state, I  
10 believe the last number that I had seen was approximately  
11 2 percent statewide are being processed by a full service  
12 deputy.

13 MR. PALACIOS: Okay. So I guess it's fair to  
14 say that some counties -- most counties don't use them  
15 extensively so we don't have a fair amount of deputies  
16 that are in the State of Texas.

17 Can you expand, I guess, a little bit more on  
18 what the fees are? You said we're going from \$5 flat for  
19 registrations now and we're allowing an additional \$5 for  
20 titling.

21 MR. THOMPSON: Title transfers.

22 MR. PALACIOS: So is there anything above that?

23 MR. THOMPSON: No, sir. And for any other  
24 registration transaction, there would be a \$1 fee.

25 MR. PALACIOS: Okay. So we're effectively more

1 than doubling these fees that these limited deputies, I  
2 guess, are charging. How did you come up with that  
3 figure?

4 MR. THOMPSON: That figure matches the  
5 registration fee, actually, and, frankly, is much less  
6 than what they're actually across the state charging.

7 MR. PALACIOS: I thought statute was \$5.

8 MR. THOMPSON: \$5 is for registration. There  
9 is no statutory authorization for them to charge for  
10 titling which has been one of the issues that we've found.

11 MR. PALACIOS: So if they're charging, they're  
12 doing it illegally. Is that correct?

13 MR. THOMPSON: Yes, sir.

14 MR. PALACIOS: I guess the concern I have,  
15 based on the figures, 2 percent of transactions in Texas  
16 are going through these deputies so you have, I guess, a  
17 very, very small amount now, whether it's certain counties  
18 that are using these deputies, and most of our counties, I  
19 guess of the 250 counties, or whatever it is, in Texas  
20 don't use these full service deputies, I guess the  
21 transactions run through the TACs, then you have a very,  
22 very small amount now that use them. And I guess the  
23 question I have is why are we, I guess for those few  
24 counties that for whatever reason choose to use these  
25 deputies, why are we, I guess, rewarding them per se, now

1 to do something by doubling their fees when other counties  
2 don't use them at all?

3 I guess that's the concern I have here is we're  
4 now more than doubling, so we have counties that don't use  
5 them at all, don't charge even the \$5 using these  
6 deputies, but now we're, I guess for the benefit of those  
7 2 percent, choosing to double the fees that they charge.

8 MR. RODRIGUEZ: Can I ask a question on that  
9 point? When you say doubling, it really isn't doubling.  
10 We're authorizing a fee when they retitle and that was  
11 something that was not in place before.

12 MR. THOMPSON: Yes, sir, that's correct.

13 MR. RODRIGUEZ: So it's not like we're adding  
14 \$5.

15 MR. PALACIOS: However, in a car transaction  
16 you're going to have the registration and titling go hand  
17 in hand, so you, in effect, are doubling the fees.

18 MR. KUNTZ: Member Palacios, the statute that  
19 changed this last session, 2741 and House Bill 2202, both  
20 had the same language in them, and that language put  
21 squarely in the board's purview the ability to adopt the  
22 types of deputies that the state will allow a county to  
23 have, as well as their duties, their obligations, what  
24 fees they may charge as compensation, and then any bond  
25 requirements that the county may place upon those

1 entities. So as a practice, in the State of Texas we are  
2 aware that there are three counties statewide that are  
3 utilizing full service deputies as a business model for  
4 how they want to process title and registration  
5 transactions.

6 Obviously, counties are responsible for  
7 handling all the title and registration work statewide,  
8 and there's some ability and degree of flexibility that's  
9 granted to those counties to choose which business model  
10 they want to employ in order to service the public. Those  
11 three counties that utilize full service deputies have  
12 chosen to expand their ability to service the public by  
13 privatizing or allowing a private entity to come in and  
14 provide this service to the public.

15 There is a choice in those instances for people  
16 to go to the county and avoid going through a full service  
17 deputy, and so that's really where this has come into play  
18 is that certain counties have chosen to try and expand  
19 that level of service by having multiple locations that  
20 weren't previously available to the public where they  
21 don't have to go out and build brick and mortar themselves  
22 and have an office, so this, as a business model, allows  
23 them to expand their service reach.

24 MR. PALACIOS: I understand. I guess my  
25 concern is we're only talking about three counties, and

1 again, this is an additional fee in addition to the fees  
2 that are remitted to the counties. So I guess the concern  
3 I have here, there are a couple of concerns, we are more  
4 than doubling now the fees just for three counties, so I  
5 have some problem with that. I understand it's temporary  
6 but still, nonetheless, the way I see it is, I guess,  
7 we're rewarding, call it what you will, only three  
8 counties out of the 250 or so in Texas will receive the  
9 benefit now of higher fees, and the people that pay those  
10 fees now will be consumers.

11 MR. KUNTZ: The issue here, and I want to make  
12 sure we are clear, the rule is a statewide rule, it  
13 applies statewide, and if other counties chose to utilize  
14 full service deputies, they would have the ability and  
15 authority to do so under this rule and allow those full  
16 service deputies to charge the same fees that you're  
17 seeing here. These are add-on fees on top of the standard  
18 title and registration transaction, and what we've seen is  
19 that generally there are still county offices, those  
20 counties generally are your large counties, you have not  
21 seen this utilized heavily in your smaller counties, so  
22 where you have higher transaction volumes going on in the  
23 county, they've tried to expand their ability to service  
24 the public, in tight budget times, obviously, by not  
25 opening their own brick and mortar but allowing somebody

1 else to come in and do that. We hear anecdotally that  
2 there are lines that occur in county offices and this is  
3 one of those solutions.

4 MR. BARNWELL: Is this like a convenience fee?

5 MR. KUNTZ: It is.

6 MR. BARNWELL: Convenience and an opportunity  
7 to get it done quicker, more conveniently at a grocery  
8 store, or wherever the deputy might be, for \$5.

9 MR. KUNTZ: So in a grocery store, the example  
10 that you just used, it's \$1 for a registration renewal  
11 transaction, and if it's a full service deputy where they  
12 can do both title and registration work, it's \$5 on the  
13 registration.

14 MR. BARNWELL: Limited service deputies is \$1.

15 MR. KUNTZ: Correct, yes, sir.

16 MR. BARNWELL: Full service is \$5.

17 MR. KUNTZ: Yes, sir.

18 MR. BARNWELL: Depending on the qualifications  
19 of the deputy.

20 MR. THOMPSON: And the limited service deputy  
21 is doing only renewals.

22 MR. BARNWELL: Only renewals.

23 MR. THOMPSON: The full service actually does  
24 initial application for title.

25 MR. BARNWELL: I understand. Thank you.

1 MR. THOMPSON: Member Palacios, for what it may  
2 be of your benefit, and the other members, actually,  
3 Hidalgo and Cameron have also got some title services  
4 acting as full service deputies, although those two  
5 counties only have one person each. El Paso County  
6 actually has six title services with 37 RTS work stations.  
7 Bexar County has 12 title services with 47 work stations,  
8 our actual RTS work station where you do the work. Travis  
9 County has four with 20 work stations. So you have a  
10 total of 24 title services around the state with RTS  
11 machines, and they actually have 114 machines.

12 MR. PALACIOS: I understand. I guess the other  
13 concern, at least from my experience in El Paso, this is  
14 not a convenience, this is a necessity, there's no other  
15 option, so consumers, whether they're private citizens,  
16 car dealers, are forced to use these entities because they  
17 really don't have a choice.

18 MR. RODRIGUEZ: Under this proposal, once we  
19 adopt this, if a county allows the full or limited deputy  
20 application, they're going to have to allow retitling.

21 MR. THOMPSON: Yes, sir.

22 MR. RODRIGUEZ: Which expands the universe,  
23 theoretically, in that county.

24 MR. THOMPSON: And, Mr. Palacios, you're  
25 correct in that it would now allow the \$5 titling fee that

1 may not have been available in the past, but we had done  
2 some checking very recently across the state and these  
3 fees have been, here's one \$55, one \$69, \$75, \$30. If we  
4 do adopt this, this at least lets the board maybe make  
5 that a more reasonable fee that the citizens would pay.

6 MR. PALACIOS: Well, that I see it, the statute  
7 is already in place, though, so if there's violations,  
8 there's violations, and I don't see how if you're charging  
9 \$55, now suddenly you're dropping it to \$5, I guess that's  
10 an issue of enforcement and I'm not sure who's responsible  
11 for enforcing that.

12 So let me move on for the requirement for web  
13 titling. I read your verbiage and it states that a TAC  
14 must allow for the use of WebDealer but it doesn't really  
15 get specific. I mean, allow could be you allow franchise  
16 dealers, independents, one dealer or just a couple. What  
17 was the intent there?

18 MR. THOMPSON: The WebDealer project, as a  
19 whole, right now is only with franchise dealers but it  
20 will eventually go to all dealers, private sales, it  
21 should encompass the entire titling universe.

22 MR. PALACIOS: I understand. But the caveat  
23 here, if we're going to give these deputies the additional  
24 funds and the requirement for the TAC is to allow, so I  
25 guess if this amendment were to be adopted and passed,

1 what would we expect now from the TACs on WebDealer?  
2 Would it be any franchise dealer that applies for  
3 WebDealer? The verbiage is vague, it says he must allow,  
4 so is that every franchise dealer or any franchise dealer  
5 that meets certain requirements, or is it at the sole  
6 discretion of the TAC to decide who he allows the  
7 WebDealer?

8 MR. THOMPSON: It would be my hope that it  
9 would be all.

10 MR. THOMPSON: But it doesn't say that.

11 MR. WALKER: Must allow would be, in my mind,  
12 pretty straightforward, that they have to allow anybody  
13 that requests WebDealer to be able to go onto that. Is  
14 that not correct, Jeremiah?

15 MR. KUNTZ: I would read that to say if a  
16 dealer requests to be put onto an electronic titling  
17 system and the tax assessor-collector denies that request,  
18 that the additional \$5 would not be authorized at that  
19 time.

20 MR. WALKER: By any deputy in the county.

21 MR. DUNCAN: And if it is your desire, Member  
22 Palacios, that that language be clarified to make that  
23 abundantly clear, we will do that.

24 MR. WALKER: I would like to see that also.

25 MR. DUNCAN: Absolutely.

1 MR. WALKER: I want that very clear that by  
2 allowing this that we are also allowing any dealer within  
3 that county to use our web services. We have spent  
4 literally millions of dollars developing these programs,  
5 and I don't want to see a tax assessor or anybody  
6 hindering the ability of us to use the technological  
7 advances that we've spent a lot of the taxpayers' money to  
8 develop in this state.

9 MR. THOMPSON: And quite frankly, we're doing  
10 all that we can do bring as many onboard as we can, so  
11 that would certainly be in keeping with the direction  
12 we've gone.

13 MR. RODRIGUEZ: But let me ask this. You can  
14 get a lot further in the weeds in terms of language here,  
15 so I think what we're hearing here is that you don't want  
16 this to be a debatable situation with any county. If  
17 they're going to employ the full service or limited  
18 service, or whatever it is, then they have to allow our  
19 WebDealer application.

20 MR. THOMPSON: It should be an agency-provided  
21 alternative in that circumstance.

22 MR. RODRIGUEZ: So the WebDealer application is  
23 a different package. In other words, it is what it is,  
24 and the requirements of who may and all that, that's under  
25 the WebDealer umbrella, as opposed to trying to have two

1 different bodies of language. And in the WebDealer  
2 packet, so to speak, we're clearly stating who can and who  
3 cannot apply for that.

4 MR. THOMPSON: Our WebDealer program is open to  
5 all as we progress.

6 MR. RODRIGUEZ: That's my point. Right. So  
7 I'm just trying to save us some more trees here if you get  
8 into trying to redefine WebDealer under this one.

9 MS. RYAN: Two quick questions.

10 MR. WALKER: Ms. Ryan.

11 MS. RYAN: The purpose for the temporary rule  
12 is simply to fix the problem if the higher fees that are  
13 being charged right now.

14 MR. THOMPSON: It would address the immediate  
15 situation.

16 MS. RYAN: It's to allow the fee, but also to  
17 cap it. Correct?

18 MR. THOMPSON: Correct.

19 MS. RYAN: Because right now it's significantly  
20 higher. But as I understood it, if I heard correctly, per  
21 statute they can't charge the fee to begin with.

22 MR. THOMPSON: That is correct.

23 MS. RYAN: So we don't necessarily need to put  
24 the rule out to allow them to charge a fee if it's  
25 already -- so if we don't put the rule out, they can't

1 charge anything, is that correct, even if it's temporary?

2 MR. KUNTZ: The statute is silent on fees for  
3 title transactions, and I believe that that is where  
4 there's been a gray area for the full service deputies.  
5 There's not been anything explicit in statute or in rule  
6 that stated what happened on a title transaction. This  
7 very clearly lays out on a title transaction what may be  
8 charged. So in the absence for any language, full service  
9 deputies have been charging what they saw as an  
10 appropriate fee for doing the title transaction work  
11 without any kind of specific statutory authority.

12 MR. THOMPSON: It's specifically addressed for  
13 the tax assessor-collector themselves; as Mr. Kuntz has  
14 indicated, it doesn't verbatim say it for their deputies.

15 MS. RYAN: So the temporary rule is really more  
16 about the dollar amount that may be temporary but the  
17 ability to allow the fee is more of a permanent change in  
18 rule, as we would assume, I guess. Right? So it's kind  
19 of two parts?

20 MR. KUNTZ: Yes, ma'am. So in House Bill 2202  
21 there are multiple sections that are needing to be  
22 implemented at this time, so one section actually allowed  
23 for a processing and handling fee on registration  
24 transactions, another allowed for the board to create the  
25 deputies and set their compensation. There was also a

1 section that allowed the board to handle the compensation  
2 of the county tax assessor-collectors themselves.

3 So we have gone out and we have contracted with  
4 the Texas Transportation Institute to do a cost study to  
5 see what does it cost to actually process a title and  
6 registration transaction statewide, in a county office, in  
7 a deputy office, and understand what those fees need to be  
8 set at so that the board can have a more global approach  
9 to handling compensation and what fees may be charged.  
10 That's why we've got the language that indicates that this  
11 is temporary in nature until the board has the ability to  
12 more effectively take this on as a whole.

13 MS. RYAN: So that's my question. It's two  
14 parts. I understand we're getting our arms around  
15 understanding that better. Why the need for a temporary  
16 rule and what is the negative impact if that rule doesn't  
17 go into effect until we have all our ducks in a row to  
18 make one solid decision?

19 MR. RODRIGUEZ: It's temporary only by  
20 reference. They're asking us to post this, but if it were  
21 adopted, it's a rule.

22 MS. RYAN: But that's my point. We've hired to  
23 do a survey and a study so that we can better understand  
24 it. If we feel we need more information to make a solid  
25 decision, I'm trying to understand why the need for a

1 temporary rule.

2 MR. THOMPSON: One of the things is that when  
3 this first came to our attention about a year and a half  
4 ago, we knew that there were full service deputies out  
5 there that were charging high fees.

6 MR. SLOVACEK: How high?

7 MR. RODRIGUEZ: \$55.

8 MR. THOMPSON: \$40, \$55, yes, sir.

9 MR. RODRIGUEZ: And the other problem is the  
10 WebDealer application is not being allowed by some of  
11 these TACs. Right?

12 MR. KUNTZ: The issue that has come up, and the  
13 reason that we are addressing this rule is as we have  
14 discovered the fees that are being charged by full service  
15 deputies and we have gone out and talked to the counties  
16 and to the full service deputies about the fees that  
17 they're charging and about the inability of statute to  
18 address that issue, there has been a request from them to  
19 handle this issue definitively. They have requested that  
20 we address this issue in rule and basically put the issue  
21 to bed so that there's clarity for everybody involved as  
22 to what fees are allowed to be charged. That is the  
23 reason that you're seeing these rules put before you today  
24 is they've been requested by the entities, and once the  
25 board was granted that authority in statute to handle this

1 issue, the issue is now before the board to address is.

2 MR. DUNCAN: And, Vice-Chair Ryan, back to your  
3 point about the temporary nature of the rule, Member  
4 Rodriguez is correct that once it's a rule, it's a rule.  
5 It was really a statement of intent that we put in the  
6 draft of the rule for the board to note that the study is  
7 ongoing, and once it's complete it's essentially the  
8 board's intent -- obviously, we're putting words in your  
9 mouth until you vote -- it's the board's intent to revisit  
10 this at some point. If you don't go back and repeal the  
11 rule or amend the rule, the rule stays the rule and it's  
12 \$5, \$5, and \$1.

13 But we wanted a statement of intent that there  
14 is something going on, that we intend to look at this  
15 further, and that that data will be delivered back to the  
16 board for their consideration probably sometime early next  
17 year, late this year, early next year.

18 MS. RYAN: I appreciate that. I wanted to make  
19 sure we didn't miss that opportunity. The clarity helps.  
20 Thank you.

21 MR. PALACIOS: And let me ask, so the study  
22 should be concluded in November, and so at the point we  
23 adopt now, I guess, the final rules, this temporary rule  
24 is moot because I don't think you can have them coexist.

25 MR. KUNTZ: And as I said, at that point in

1 time we would like to be able to bring back a more global  
2 package, if you will, that addresses all of these issues.

3 The deputies that you're seeing before you today, you're  
4 not limited to only those two types of deputies. The  
5 board has the ability to address many other issues and to  
6 create deputies to handle any other types of transactions  
7 that you see fit. There have been requests from other  
8 private entities to allow for a deputization for them to  
9 be able to process their own transactions, and we  
10 anticipate that that would be part of a more global rule  
11 package that would address that more comprehensively.

12 MR. PALACIOS: One last question. Regarding  
13 enforcement now, if we have deputies that are charging \$55  
14 and we now go to \$5, who will enforce those fees?

15 MR. THOMPSON: I don't know if there is a true  
16 enforcement branch, so to speak, but when it first came to  
17 our attention, actually Mr. Elliston at that time  
18 contacted the tax assessor-collector and noted what was  
19 occurring and that was actually reined back in.

20 MR. PALACIOS: So what happens if these  
21 deputies decide not to go with the new fees?

22 MR. DUNCAN: The discretion to authorize the  
23 deputization is with the tax assessor-collector; they can  
24 pull their authority.

25 MR. KUNTZ: I would hazard to say that if it is

1 not allowed, if the electronic titling is not allowed,  
2 that a dealer that is being banned from electronically  
3 submitting titles would have standing.

4 MR. PALACIOS: Well, that's one issue, but the  
5 other issue is, again, the enforcement of the fees. If  
6 we're now writing in the rules a \$5 titling fee and we say  
7 some deputies are charging \$55, how do we enforce the new  
8 fee?

9 MR. KUNTZ: Again, that is charged that fee  
10 would have standing to go seek a remedy.

11 MR. PALACIOS: So this would be a consumer then  
12 that would seek remedy, it's not something that's within  
13 our purview to enforce.

14 MR. KUNTZ: We don't have an enforcement arm  
15 per se, but I would say anybody that is charged a fee that  
16 is not allowed by law would have standing to recoup that  
17 fee.

18 MR. SLOVACEK: Why five dollars? Where did  
19 that number come from? How much service can you expect  
20 for five bucks from anybody?

21 MR. KUNTZ: As the rule states, it's a starting  
22 point and we are welcoming comment from anybody that would  
23 like to provide comment as to what that fee should be set  
24 at.

25 MR. SLOVACEK: We're going from \$55 to \$5.

1 MR. PALACIOS: Well, understand if they take it  
2 to a county office, they're not paying anything.

3 MR. WALKER: They pay nothing.

4 MS. RYAN: Yes, you can get it for free.

5 MR. SLOVACEK: Well, can a car dealer charge a  
6 fee for the service provided?

7 MR. PALACIOS: No. Currently, no.

8 MR. SLOVACEK: Why not?

9 MR. THOMPSON: Actually, Member Slovacek, I  
10 would say nearly two years ago Mr. Elliston and I and  
11 former Chairman Vandergriff actually met with a group up  
12 in the North Texas area, and that kind of stimulated a lot  
13 of the discussion of where we've gotten to today in that  
14 there was probably a need to create -- at that time, for  
15 lack of a better word, we just referred to it as a dealer  
16 deputy, but we recognized then that we needed to make some  
17 adjustments and that's part of how we've gotten to where  
18 we're at today.

19 MR. SLOVACEK: I just don't think you can get  
20 much of anything for \$5. It seems like an arbitrarily low  
21 number.

22 MR. PALACIOS: I think it's high.

23 MR. SLOVACEK: We've spent more than \$5 talking  
24 about it.

25 MS. RYAN: If we don't have a motion, I make a

1 motion.

2 MR. DUNCAN: You have a motion and a second.

3 MR. WALKER: We have a motion from Mr.  
4 Rodriguez and we have a second from Mr. Barnwell. Is that  
5 correct?

6 MR. DUNCAN: Yes.

7 MR. WALKER: And so I have one additional  
8 question, and this is predominantly in three counties, I  
9 think I heard you say, El Paso, Travis and Bear?

10 MS. BREWSTER: Five. Cameron and Hidalgo also.

11 MR. WALKER: Oh, Cameron and Hidalgo. So we  
12 have five counties where this is taking place. Would we  
13 anticipate that due to the allowance of this fee that we  
14 would expect tax assessors in other counties now to go out  
15 there and start trying to put out full deputy services in  
16 order to divert some of the work from their offices to the  
17 private sector?

18 MR. THOMPSON: I have not gotten that feel as  
19 I've talked to other tax assessor-collectors, personally.

20 MR. KUNTZ: I would hope that most of the tax  
21 assessor-collectors would be awaiting the full package of  
22 what we're going to adopt as far as deputies and  
23 compensation. I think that there needs to be a  
24 comprehensive look at how compensation is being handled,  
25 both in the county office as well as in the deputy

1 offices.

2 MR. THOMPSON: Mr. Chairman, one point I would  
3 make is that in my discussions with them, one of our  
4 challenges actually for online renewal has been that a lot  
5 of the tax assessor-collectors actually prefer the  
6 citizens to come into their offices. So I guess it's like  
7 anything else, it's a matter of personal choice of that  
8 tax assessor-collector.

9 MR. SLOVACEK: The motion is to post for public  
10 comment? I vote yes.

11 MR. PALACIOS: Can I make an amendment? I  
12 would go with it provided the caveat with adding new  
13 verbiage regarding the requirement for WebDealer for all  
14 franchise dealers.

15 MR. DUNCAN: That would be a substitute motion;  
16 we would need another second.

17 MR. WALKER: We can move to amend, can we not?

18 MR. DUNCAN: You'd still need a motion and a  
19 second to add that language.

20 MR. RODRIGUEZ: Just withdraw mine and let him  
21 make his own.

22 MR. BARNWELL: I'll withdraw my second if  
23 Victor will withdraw his motion.

24 MR. WALKER: We have a withdrawal of both the  
25 motion and the second, so now the item is back on the

1 table, so we can make a new motion now.

2 MR. PALACIOS: I'd move to approve the posting  
3 with the amendment that we change the verbiage on the  
4 franchise dealers, the requirement that all franchise  
5 dealers within a county be allowed to use WebDealer.

6 MR. BARNWELL: Second.

7 MR. INGRAM: Did you say all franchise dealers?

8 MR. PALACIOS: I think that's what you said the  
9 intent was, it was franchise dealers. I don't think we're  
10 set yet for independents.

11 MR. RODRIGUEZ: That's why I was making that  
12 distinction a little while ago.

13 MR. THOMPSON: It actually says to use the  
14 electronic titling system generically.

15 MR. DUNCAN: Licensed dealers.

16 MR. PALACIOS: And that was the question I had,  
17 what the intent was.

18 MR. THOMPSON: The program itself, we have not  
19 got WebDealer to the independents.

20 MR. INGRAM: But WebDealer is supposed to pilot  
21 in July, so licensed dealer would be more appropriate.

22 MR. PALACIOS: You can address that, Mr. Kuntz,  
23 on licensed dealers because that would be any independent,  
24 and I don't know that you're set up for that yet.

25 MR. RODRIGUEZ: That's why I was making that

1 distinction a little while ago. We'll require them to  
2 allow the implementation of WebDealer application at  
3 whatever stage it is. I mean, we don't have to define it  
4 here. WebDealer is a separate package altogether. Right  
5 now we've got limited applications and it's going to  
6 expand, hopefully. That's the whole idea. Right?

7 MS. RYAN: Can't we just put licensed dealer as  
8 eligible?

9 (General talking.)

10 MR. RODRIGUEZ: And again, to me it doesn't  
11 really matter. I think if you require the county to  
12 implement the WebDealer application.

13 MR. SLOVACEK: We're going to approve the  
14 posting. Can you come up with language that satisfies Mr.  
15 Palacios's concern?

16 MR. KUNTZ: I believe we can. I think that the  
17 language you're looking for is language that covers all  
18 licensed dealers, and basically says when the system is  
19 available for those dealers and they have requested to use  
20 it, that they would be required to utilize the system.

21 MR. SLOVACEK: And there's no reason to bring  
22 this back to the board after today after this vote, you  
23 can go ahead and post it for 30 days and we can deal with  
24 it at the next meeting.

25 MR. DUNCAN: Correct, once it's up for

1 adoption.

2 MR. RODRIGUEZ: I second the motion. Go fix it  
3 and I second the fix.

4 MR. WALKER: Did we put it that it is any  
5 available e-titling system to dealers?

6 MR. DUNCAN: Any dealer that applies and the  
7 system is available to that dealer, so once they request  
8 it and the system is available.

9 MR. WALKER: Any e-titling services available  
10 must be granted if they're available in that county.

11 MR. DUNCAN: If the dealer requests it, yes,  
12 the licensed dealer requests it.

13 MR. KUNTZ: If the dealer requests it, yes,  
14 sir.

15 MR. WALKER: So we have a motion by Mr.  
16 Palacios, we have a second by Victor Rodriguez?

17 MR. RODRIGUEZ: Yes, sir.

18 MR. WALKER: And I assume we have no further  
19 discussion. All in favor signify by saying aye to  
20 posting.

21 (A chorus of ayes.)

22 MR. WALKER: All opposed same sign.

23 (No response.)

24 MR. WALKER: The motion carries unanimously.

25 Jimmy, before I jump over to this Oversize and

1 Overweight deal, while I have Tim sitting up here holding  
2 license plates, let's move down to item 3.B, approval of  
3 specialty license plates. That way I don't have to get  
4 him up and down twice.

5 Are you ready for that, Tim?

6 MR. THOMPSON: Yes, sir.

7 The state's specialty plate vendor, My Plates,  
8 is requesting approval of one new specialty plate design.

9 The design is a resubmission for the University of  
10 Michigan plate that you may recall seeing previously. My  
11 Plates has proceeded to implement the recent contract  
12 renewal provision in which they will not move forward on  
13 new license plates that do not have at least 200 sales.  
14 Obviously that's not a requirement until November, but  
15 they've agreed to go ahead and implement that part of the  
16 contract renewal. So in this particular instance they  
17 would not move forward unless they receive the 200 target  
18 within 180 days at such time the board approved this  
19 plate.

20 We also have a resubmission from the Texas  
21 Commission on Environmental Quality. The original plate  
22 design has been altered in an effort to improve the  
23 readability of the message in compliance with the board's  
24 wishes from the last meeting. In this particular  
25 instance, of the \$30 specialty plate fee, \$20 would go to

1 TCEQ to support their public service campaign, Take Care  
2 of Texas. The campaign is designed to make Texans aware  
3 of how they can improve air and water quality, conserve  
4 water, energy and reduce waste. The plate does have a URL  
5 at the bottom. I know that's come to your attention  
6 before. This would actually be our fifteenth plate that  
7 would have URL at the bottom.

8 Both the plate designs are included in your  
9 briefing book. The applications for these plates have  
10 been reviewed and certified complete. The presented plate  
11 designs meet all agency and legislative requirements, and  
12 we request your consideration for approval of these  
13 plates.

14 MR. INGRAM: Is my vision bad?

15 MR. WALKER: I'm right with you, Blake, and I  
16 think that's exactly why this plate was rejected the last  
17 time it was here. I'm sitting ten feet away from that,  
18 can't read it, and I think the last comments I made on  
19 this plate when it was brought to this board is that what  
20 you're going to entice me to do is put my car up there  
21 about five feet from the next bumper like I'm a NASCAR  
22 driver so that I can read that license plate.

23 MR. INGRAM: You do that anyway.

24 (General laughter.)

25 MR. WALKER: You might be right, but I can't

1 read it, so tell me what it says since I'm sitting back  
2 here 15 feet from it.

3 MR. THOMPSON: Take Care of Texas, It's The  
4 Only One We've Got.

5 MR. INGRAM: Really?

6 MR. THOMPSON: Yes, sir.

7 MR. WALKER: I think that we have Zak Covar,  
8 the TCEQ commissioner, that would like to make a comment.

9 MR. COVAR: Thank you, Chairman and board  
10 members. For the record, I'm Zak Covar, commissioner at  
11 TCEQ. I appreciate your service to the state, and I serve  
12 on a board much like you do.

13 The Take Care of Texas campaign is a new  
14 initiative that we instituted about two years ago to get  
15 our positive environmental message out to the public. I  
16 think the license plate is just another piece to help us  
17 in that effort. It is small, given the requirements that  
18 I guess you have to follow to approve a license plate, but  
19 I think it helps us get the message out. And I personally  
20 don't tailgate cars and see what their license plate says,  
21 but if I'm in a shopping mall or something, that's when I  
22 look at them. And I just think it would help us in our  
23 efforts and I'm happy to answer any questions.

24 MR. SLOVACEK: Is the message with the fee you  
25 obtain or is the message when people actually see the

1 plate and read the plate.

2 MR. COVAR: The ultimate goal is to get people  
3 to go to the URL at the bottom to see what we've done to  
4 help improve the environment and what they can do to help  
5 us continue to do that.

6 MR. THOMPSON: The design itself actually is in  
7 keeping with their marketing campaign overall. If you  
8 were to go to their website, you would see that actual  
9 design on most of their public information pieces, and  
10 that's really where the design came from.

11 MR. SLOVACEK: How many buyers do you have to  
12 have before you actually produce a plate?

13 MR. THOMPSON: This is actually a state plate,  
14 there is none.

15 MR. SLOVACEK: No requirement?

16 MR. THOMPSON: No, sir.

17 MS. RYAN: Question on the change. I  
18 understand the cause and I think it's worthy and  
19 appreciate it, and I understand there's a marketing tie.  
20 To address the concerns on both sides, would you be  
21 willing, if the URL is most important, to keep your top  
22 part and expand that and reduce what's in red and expand  
23 what's on the top so that the message is there? I think  
24 it might keep Johnny from tailgating and still get the  
25 message out. I don't know if we can ask you to change it,

1 but I think that's the concern that comes often, and it  
2 might still get you all what you're looking for.

3 MR. COVAR: So you're suggesting take the red  
4 box completely out and just have Take Care of Texas on  
5 there?

6 MS. RYAN: Well, you've got Take Care of Texas  
7 in your URL. Correct? So get rid of the red box, expand  
8 what's on the top -- I see Texas, I don't know what's over  
9 that -- but you could make that bigger. If the URL is  
10 most important, keep that.

11 MR. COVAR: It is, but it's also a marketing  
12 campaign and that is our marketing.

13 MS. RYAN: I understand but I'm trying to find  
14 a solution that might work for everybody..

15 MR. RODRIGUEZ: How are you going to fit --  
16 what do we do, seven digits now? Is that what we do? Six  
17 or seven?

18 MR. THOMPSON: Six on this particular plate.

19 MR. RODRIGUEZ: In the alphanumeric area you're  
20 showing five right now. If you went to six, you're  
21 compressing even more so on that license plate. I don't  
22 know that it should ever got to seven. We do seven now.  
23 Right?

24 MR. THOMPSON: Seven on the My Plates, but  
25 you're right, this would probably need to be limited to

1 five.

2 MR. RODRIGUEZ: So starting out, we're already  
3 limiting ourselves. I have the same concerns I've always  
4 had.

5 MR. THOMPSON: I think the only way we could do  
6 this is to just have the Take Care of Texas be the only  
7 portion on the far left, the only wording on the far left,  
8 and we'd have to probably reduce or eliminate the It's The  
9 Only One We've Got portion.

10 MR. SLOVACEK: You know, as difficult as it  
11 might be, I would suggest that this board defer to the  
12 other commission's efforts to make this right, and if this  
13 is what they want to proceed with, I think I would be more  
14 comfortable deferring to their judgment than us second  
15 guessing their marketing campaign. I'd recommend that we  
16 approve it.

17 MR. WALKER: You've got to remember you're  
18 setting precedent here. When you start doing one plate  
19 like this, then the next person says why did you do this  
20 in this way.

21 MR. SLOVACEK: A state agency, I think, is  
22 different than an Aggie.

23 MR. COVAR: I'm an Aggie too, but I agree with  
24 you.

25 MR. WALKER: He is an Aggie, Joe.

1 MR. SLOVACEK: Cleveland?

2 MS. RYAN: He's a Cleveland Browns fan now too.

3 (General laughter.)

4 MR. COVAR: You are the experts on license  
5 plates, certainly outside of my realm. My understanding  
6 is we worked with your staff diligently to try to at least  
7 make it fit, whatever protocols you need.

8 MR. SLOVACEK: You probably spent a lot of  
9 money doing it too.

10 MR. BARNWELL: Well, I appreciate the efforts  
11 that you've made to try to comply with the board's  
12 requirements regarding it. My primary concern is not  
13 advertising or promoting any particular thing other than  
14 perhaps the LSU Tigers -- I will make that distinction.

15 (General laughter.)

16 MR. BARNWELL: But primarily, license plates  
17 ought not be advertising, in my opinion -- this is just my  
18 opinion -- but should be for identification for public  
19 safety, and there are a lot of public concerns regarding  
20 license plates. We're getting into an area here now where  
21 it's not just a big M on a blue background, it's a  
22 message, and some way or other we're going to have to  
23 study this and figure out what messages or what kind of  
24 message we can have. The TakeCareofTexas.org at the  
25 bottom is okay. I have problem with text, personally. I

1 agree with your marketing campaign, I think it's slick and  
2 I like it a lot, I'm just not sure this is the venue for  
3 that particular campaign the way it's been presented  
4 today.

5 MR. COVAR: And I appreciate that, and the  
6 reason we pursued it, I guess, is because others already  
7 have, and I thought it would be an easy non state revenue  
8 way of getting our message out.

9 MR. BARNWELL: I understand.

10 MR. RODRIGUEZ: I would agree with Barney, as  
11 well, for whatever that's worth.

12 MS. RYAN: This currently meets, though, our  
13 set standards. Correct? So it does meet the standards  
14 and the regulations that we currently have in place.

15 MR. THOMPSON: Yes, ma'am.

16 MS. RYAN: And it did not last time and we  
17 asked you to go back to the drawing table and he's worked  
18 with the agency and this meets everything we've got on the  
19 table.

20 MR. SLOVACEK: I move we approve it.

21 MR. INGRAM: I'll second that. And I raised  
22 the opinion about the distance and small text, and I feel  
23 like that as a board if it meets our requirements, if it  
24 meets the specifications that are put down, I think we  
25 need to approve it. I don't know if it's a good idea, I

1 don't know if it's actually the best kind of plate you  
2 could possibly put out there, but that's not for me to  
3 decide. So I would second that.

4 MR. BARNWELL: Are we just talking about the  
5 one plate?

6 MR. WALKER: Just the TCEQ plate.

7 MR. PALACIOS: Mr. Thompson, can you clarify  
8 what are the rules on the number of words? I thought you  
9 said it was five that we can have on a plate.

10 MR. THOMPSON: We were talking about the actual  
11 alphanumeric characters.

12 MR. PALACIOS: Oh, okay. The number of words  
13 can be limited?

14 MR. THOMPSON: There are none over here.

15 MR. PALACIOS: Okay. Well, I just want to echo  
16 Mr. Barnwell's comments. Plates were not designed to be  
17 miniature billboards to promote causes and so forth and  
18 advertise. I mean, that's just my opinion. Plates were  
19 meant to identify vehicles, and in my opinion, this is  
20 just an example of where we've taken this too far. And I  
21 applaud your efforts, Mr. Covar, for promoting  
22 environmental awareness in Texas a hundred percent, but  
23 personally I just don't think this is the place to do it.

24 There's many other venues where you can advertise,  
25 billboards and so forth, but again, making a miniature

1 billboard out of Texas license plates I think is contrary  
2 to what the intent of plates are.

3 MS. RYAN: I think I would just add, though,  
4 that I agree with Blake. We have, as an agency, worked  
5 hard to set standards, and if, again, the standards are  
6 not what we want, it is, my opinion, our responsibility to  
7 go change those. However, if somebody has worked hard to  
8 fall within our standards, then we need to honor that, in  
9 my opinion.

10 MR. RODRIGUEZ: If we're going to give  
11 deference because this is a state agency, just recall that  
12 we rejected DPS's license plate, and it met the standards.

13 MR. SLOVACEK: That wasn't very smart.

14 MR. INGRAM: Why did we reject it? I don't  
15 remember why.

16 MR. RODRIGUEZ: We had two proposals, one from  
17 the association and one from DPS as well. I don't recall  
18 exactly.

19 MR. THOMPSON: My recollection is there was  
20 some concern of maybe favoritism.

21 MR. RODRIGUEZ: Representations made on the  
22 license plate.

23 MR. THOMPSON: Yes, sir.

24 MR. SLOVACEK: We rejected DPS?

25 MR. RODRIGUEZ: Yes.

1 MR. WALKER: Zak, do you have any gut feel for  
2 how many of these plates you think you're going to sell?

3 MR. COVAR: It would be a guess. I don't know.  
4 I know that the campaign, we've partnered with Kevin  
5 Fowler, we've done PSAs, commercials, both radio and TV.  
6 We have a sign-in registration for people that want to  
7 participate in Take Care of Texas, it's skyrocketed since  
8 we started the campaign, so I think it would be  
9 significant.

10 MR. WALKER: Are you going to put one on your  
11 car?

12 MR. COVAR: Sure. Put one on yours too.

13 MR. WALKER: I've got an Aggie plate, Zak.

14 MR. COVAR: Oh, have you? Good.

15 MS. RYAN: Then he won't have to tailgate  
16 people, he could read his own license plate.

17 (General laughter.)

18 MR. WALKER: We have a motion from Mr.  
19 Slovacek, we have a second from Mr. Ingram. We've pretty  
20 much exhausted the comments, I think. So all in favor of  
21 approval of the plate signify by saying aye. How about do  
22 a hand vote. All in favor signify by raising your right  
23 hand.

24 (A show of hands: Ingram, Ryan and Slovacek.)

25 MR. WALKER: So I have Mr. Slovacek, Ms. Ryan

1 and Mr. Ingram.

2 All opposed same sign, right hand.

3 (A show of hands: Barnwell, Palacios,  
4 Rodriguez and Walker.)

5 MR. WALKER: So we have in opposition Mr.  
6 Palacios, Mr. Barnwell, Mr. Rodriguez and Mr. Walker, so  
7 the plate fails again.

8 MS. RYAN: We're sorry.

9 MR. THOMPSON: Mr. Chairman, on the Michigan  
10 plate, if you would allow me, I have one more bit of  
11 information that may be beneficial to you on that  
12 particular plate. Again, My Plates has instituted the 200  
13 plate threshold that we had asked for. They've also  
14 implemented a page on their website where you can register  
15 interest in a plate, and on the Michigan State plate, as  
16 of Wednesday they had 436 people who had indicated they  
17 were interested in purchasing that plate.

18 MR. SLOVACEK: I move we approve the plate for  
19 Michigan.

20 MR. INGRAM: Second.

21 MR. WALKER: We have a motion to approve by Mr.  
22 Slovacek, we have a second from Mr. Ingram. Any comments?

23 MR. RODRIGUEZ: Question. Although they are  
24 not required to comply with the standards we set forth in  
25 the new contract, is this compliant with the new set of

1 standards?

2 MR. THOMPSON: Yes, sir, it is.

3 MR. WALKER: No further comments. All in favor  
4 signify by saying aye.

5 (Votes in favor: Barnwell, Ingram, Rodriguez,  
6 Ryan, Slovacek and Walker.)

7 MR. WALKER: All opposed same sign.

8 (Votes in opposition: Palacios.)

9 MR. WALKER: Let the record reflect that Mr.  
10 Palacios voted against the motion for the Michigan plate.

11 The motion carries, though, it's approved.

12 MR. WALKER: Let's go back to item 2.B.4,  
13 Chapter 219, Oversize and Overweight. Mr. Archer.

14 MR. ARCHER: Yes, sir. Again, my name is Jimmy  
15 Archer, director of the Motor Carrier Division.

16 For the board's consideration, this is a  
17 proposal to post a new rule for Chapter 43, Texas  
18 Administrative Code, 219.33, MAP-21 Emergency Permits.  
19 This rule was drafted and submitted to the *Texas Register*,  
20 with Chairman Walker's permission, and will be published  
21 in the *Texas Register* on or about May 30, 2014.

22 This rule authorizes the department to issue  
23 emergency permits when the president of the United States  
24 declares an emergency. The proposed rule outlines the  
25 purpose of the MAP-21 Emergency Permit, explains the

1 acronym used as the permit name -- MAP-21 is the short  
2 title for Moving Ahead for Progress in the 21st Century  
3 Act, the congressional act that authorized this permit --  
4 establishes permit application requirements, and defines  
5 relief supplies and establishes conditions and travel  
6 restrictions under which a vehicle may operate with at  
7 MAP-21 permit, including actual axle group and gross  
8 weight limits, prohibited travel over load-restricted  
9 bridges and certain roads, timely movement and curfews,  
10 prohibited movement during hazardous road conditions such  
11 as water, amendments in transferability, geographic area  
12 of the declaration which applies, and the geographical  
13 area to be able to expedite delivery of the relief  
14 supplies. And finally, this permit establishes that a  
15 copy of the permit and declaration must be kept in the  
16 permitted vehicle until the day after the permit expires.

17 TxPROS is fully programmed for the MAP-21  
18 Emergency Permit, and we recommend and request that the  
19 board approve this proposed rule.

20 MR. INGRAM: I move to post.

21 MR. RODRIGUEZ: Second.

22 MR. WALKER: We have a motion to post by Mr.  
23 Ingram, we have a second by Mr. Rodriguez. Any questions  
24 or discussion?

25 (No response.)

1 MR. WALKER: All in favor signify by saying  
2 aye.

3 (A chorus of ayes.)

4 MR. WALKER: Thank you, Mr. Archer. Why don't  
5 we go to 3.C. I'm trying to streamline some of this stuff  
6 here.

7 MR. ARCHER: This is a Ready-mixed Concrete  
8 Permit. The rule was drafted and submitted to the *Texas*  
9 *Register*, with Chairman Walker's permission, and it was  
10 published in the *Texas Register* on March 28, 2014.  
11 Comments were received from the Texas Aggregates and  
12 Concrete Association on April 28, 2014.

13 The rule as proposed states the purpose of the  
14 annual permit for ready-mixed concrete trucks while  
15 operating with three axles, states that to qualify for the  
16 permit, a ready-mixed concrete truck may only operate on  
17 three axles regardless of whether the truck has more than  
18 three axles, outlines requirements for the permit  
19 application, establishes that a windshield sticker may be  
20 issued as part of the permit, states that the permit  
21 cannot be transferred to another vehicle under any  
22 condition, states that permits cannot be amended, outlines  
23 when a permit is no longer valid, outlines movement  
24 restrictions for all permitted loads, states the operator  
25 of this permit must observe curfew restrictions, states

1 the permit does not authorize the vehicle to exceed  
2 manufacturer's tire loading, and outlines the distribution  
3 and fees for permits issued under this section will be 50  
4 percent to the State Highway Fund, or Fund 6, and 50  
5 percent divided equally among the counties designated in  
6 the permit application.

7 The permit was made available to industry on  
8 November 1. TxPROS is fully programmed for the Ready-  
9 Mixed Permit. The Motor Carrier Division of the TxDMV  
10 staff worked with the industry during the permit  
11 implementation period and as of today, 5,098 permits have  
12 been issued, and the association anticipated at the time  
13 of passage of this bill that authorized this permit that  
14 there would be 1,800 to 2,000, so it's far surpassed the  
15 expectations as far as issuance.

16 And we would ask that you approve this.

17 MR. BARNWELL: Jimmy, tell me about the surety  
18 bonds.

19 MR. ARCHER: The surety bonds were carved out  
20 of the legislation that required those for ready-mixed  
21 concrete permits, I think some hazardous waste disposal  
22 vehicles, things like that. The surety bond was taken  
23 away when the new permit fee was established by the  
24 legislature, so now they pay a fee rather than post a  
25 bond.

1 MR. INGRAM: I'm confused about how this item  
2 is in the agenda.

3 MR. DUNCAN: It's not an action item, this is  
4 simply an update. I apologize. I was trying to track  
5 somebody down. We will be bringing it back for adoption  
6 once we get together with TACA and address their comments.

7 MS. BREWSTER: Mr. Chairman, if I may. Whitney  
8 Brewster, executive director.

9 How we've acted in the past is that when we get  
10 approval from the chairman to post without it going to the  
11 board, we do try to brief you that that has occurred so  
12 that you know that that has been out there, and so you  
13 will be seeing this in the next board meeting once we  
14 compile the public comments that we've received for action  
15 for adoption. Our practice has been that when the  
16 chairman gives us permission to post, that we bring it  
17 back to the board so that you're aware.

18 MS. RYAN: You may have said this, and if you  
19 have, I apologize. When did the public comment period  
20 end?

21 MR. ARCHER: April 28.

22 MS. RYAN: Thank you.

23 MR. WALKER: I'll tell you what we're going to  
24 do, we're going to skip and go down to item number 5.  
25 We've got somebody here with the Attorney General's

1 Office, and I don't want to delay the rest of their  
2 morning, they need to probably get back to more important  
3 things, but we're going to go to item 5 real quick and go  
4 into executive session for a briefing with attorneys and  
5 discussion on personnel matters.

6 MR. DUNCAN: If you could, Mr. Chairman, read,  
7 this is unusual, there's a third exception on this one.  
8 If you could read those statutory sections because one of  
9 them is kind of unusual.

10 MR. WALKER: We're going to go into executive  
11 session to discuss Section 551.071, consultation with and  
12 advice from legal counsel regarding pending and  
13 contemplated litigation. We're going to go in on Section  
14 551.074 on personnel matters, discussion relating to the  
15 appointment, employment, evaluation reassignment, duties,  
16 discipline and dismissal of personnel. And we're going to  
17 go in under Section 551.076, deliberation regarding  
18 security devices and security audits.

19 MR. DUNCAN: Thank you.

20 MR. WALKER: I anticipate being out for  
21 probably 30 minutes, you think? Forty-five minutes.  
22 Maybe I can speed them up back there, but 35 to 45  
23 minutes.

24 (Whereupon, at 9:43 a.m., the meeting was  
25 recessed, to reconvene this same day, Friday, May 9, 2014,

1 following conclusion of the executive session.)

2 MR. WALKER: It is approximately 11:20 a.m.,  
3 May 9, 2014. The Board of the Texas Department of Motor  
4 Vehicles is now back in open session. I want to note for  
5 the record that there was nothing voted on during the  
6 closed session of this meeting.

7 MR. INGRAM: Chairman, you might make a  
8 notation that Victor is no longer with us.

9 MR. WALKER: Oh, I'm sorry. I was going to do  
10 that. And let the record reflect that Victor Rodriguez  
11 had to leave and he is no longer with us, but we still do  
12 have a quorum.

13 So let's move to item 3. Ms. Flores.

14 MR. PALACIOS: Mr. Chairman, when do we get to  
15 action item 6?

16 MR. WALKER: Do you want to do that now?

17 MR. PALACIOS: At your discretion.

18 MR. WALKER: Do you want to do that now? Okay.

19 MR. PALACIOS: Mr. Chairman, I move that the  
20 board delegate to you and the vice-chair the evaluation of  
21 performance and salary of the executive director, Ms.  
22 Brewster, up to the full amount authorized and budgeted in  
23 TxDMV bill pattern in Article 7 of the General  
24 Appropriations Act for the 2014-2015 biennium, and to  
25 authorize the staff to take the necessary actions required

1 under the Act to implement the change.

2 MR. INGRAM: Second.

3 MR. WALKER: We have a motion from Mr. Palacios  
4 to evaluate the salary of the executive director, and a  
5 second by Mr. Ingram. All in favor signify by saying aye.

6 (A chorus of ayes.)

7 MR. WALKER: All opposed same sign.

8 (No response.)

9 MR. WALKER: The motion carries.

10 Now we will move to Ms. Flores and we can talk  
11 about the financial aspects of the agency.

12 MS. FLORES: Yes, sir. For the record, Linda  
13 Flores, chief financial officer for the agency. With me  
14 is Renita Bankhead, she's the assistant CFO for the  
15 agency. And now we get to the exciting part of your  
16 agenda, number 3.A.1, the second quarter financial report.

17 If I can turn your attention in your board book  
18 to page 180, we'll address the revenues. And as I  
19 mentioned to the Finance Committee yesterday, revenues are  
20 on the up. We have increases in registrations, oversize  
21 and overweight permits, as well as increased dollars in  
22 titles, and all of these are just regular increases that  
23 we anticipated. We've got more cars being registered in  
24 the State of Texas. We've seen an increase of about  
25 600,000 car registrations this past year.

1           We also have an increase in the ready-mixed  
2 permits that went into effect last November. We've issued  
3 4,775 permits. And then finally, title revenue is up.  
4 We've actually processed more titles this year than last  
5 year, year-to-date compared to last year. It's 172,560  
6 more titles, and this is due to increases in the number of  
7 used and new vehicles sold in the state. So revenues are  
8 going very well.

9           This year we instituted, or formalized, if you  
10 will, a process for the agency's midyear operations, and  
11 I'm going to turn it over to Ms. Bankhead to walk you  
12 through that process, and that's on page 182 of your  
13 briefing book.

14           MS. BANKHEAD: For the record, my name is  
15 Renita Bankhead, assistant chief financial officer.

16           On page 182 of your packet is a summary of our  
17 midyear review process, and a midyear review process is  
18 pretty much a process where we go back and look at our  
19 budget to identify any lapses that we might have that we  
20 can use for one-time items during the year. In IT terms  
21 we kind of call it a true-up, but that's pretty much what  
22 we do. We worked with the division directors to identify  
23 any potential lapses and to also identify any one-time  
24 items.

25           As you can see on the slide, most of our lapses

1 are related to salaries, and that's due to vacant  
2 positions. Once a position is vacant for a while, that  
3 salary that you would have paid that person is what we  
4 call lapse. You can only use it for a one-time purpose  
5 because once you fill that position later, you're going to  
6 need those salaries for the next year. So it doesn't  
7 really impact our ability to pay people in the future; it  
8 does impact our ability to be able to pay one-time items  
9 in the future, but it doesn't impact our salaries for the  
10 future.

11 We had \$2.3 million in requests. Most of that  
12 request was for grants for the Automobile Burglary and  
13 Theft Prevention Program. We handled that as part of our  
14 exceptional item process, which Linda will talk about  
15 later. Other items that were requested but were not  
16 approved were because they had ongoing costs. We only can  
17 really fund one-time costs because most of the money we're  
18 using is for lapse.

19 We identified the requests, we looked at our  
20 budget to determine how much we had available, we backed  
21 out what we knew we estimated for the data center  
22 consolidation project, which we talked to you all about  
23 earlier this year, the \$2 million, almost \$3 million for  
24 that. We also backed out the amount of the capital budget  
25 that we can move forward to '15, and that's the \$31

1 million that you see, \$32 million that you see. Most of  
2 that is related to the RTS refactoring. So that left us  
3 with a balance of \$3.2- in lapse.

4 So we approved \$614,000 in requests. Most of  
5 that was for lapse, we used lapse for some of that. The  
6 directors were able to identify lapses in their own  
7 budgets that they were able to keep to fund some of their  
8 own items; that's what the self-funded part means.

9 Because we didn't spend that much of the amount  
10 that we identified for lapse, we were asked to go back and  
11 meet with the divisions individually for a second round of  
12 requests, and at this point, Ms. Brewster is considering  
13 using the lapse funds for materials for the single sticker  
14 initiative and additional license plates. So we've heard  
15 that there might be an increase in the price of aluminum  
16 so we're trying to get a jump on the price for additional  
17 license plates.

18 Any questions?

19 MS. RYAN: The lapse you've identified that's  
20 not being used, that's after we covered the other  
21 shortfalls we had, so all that was taken care of before we  
22 started considering other?

23 MS. BANKHEAD: Yes. We took care of our number  
24 one issue first, which was the data center consolidation.

25 On page 183, the next slide is capital

1 projects, and basically the remaining budget that you see  
2 is what we're planning to carry forward, and if you  
3 remember from the previous slide, it showed \$32 million,  
4 and on this slide it basically shows which projects that  
5 \$32 million is in, and most of it, as you can see, is in  
6 the automation project. And the DCS shortfalls that we  
7 talked about earlier, they're not reflected on this slide  
8 because we're paying for them with our midyear funding, so  
9 that's why we don't reflect them here.

10 As far as the DCS issue goes, we still have to  
11 ask for permission to go over our 25 percent  
12 transferability. The board did give us the authority to  
13 move forward with that. We're waiting until the end of  
14 the month to get some more bills to see exactly how much  
15 we need to ask for, so we're still working through that,  
16 but we do have a draft of that letter available, and Ms.  
17 Brewster has it to work on.

18 Any other questions?

19 (No response.)

20 MS. FLORES: That concludes our presentation on  
21 the financial report.

22 Moving on to page 186 in your book, we're going  
23 to give you a summarized review of the agency's  
24 exceptional items that we've compiled for your  
25 consideration, and as Mr. Walker referred to, this is our

1 wish list for things that the agency feels that they're  
2 going to need going into the next biennium. And his list  
3 has been pared down substantially from what we started.  
4 We started with a list of 43 items submitted by the agency  
5 staff, and we've pared it down to twelve, and yesterday at  
6 the Finance Committee we actually had another item to drop  
7 into this, and I'll cover that when I get to it.

8           The first two items in your book on page 187  
9 are really related to the same item. One is the purchase  
10 of a building, the other is the lease for a building, and  
11 that is so that the agency will finally have the  
12 opportunity to consolidate its Austin operations into one  
13 location. So I believe it's the Finance Committee's  
14 recommendation to us, which will be made in July, that we  
15 move forward with asking for the purchase of a building,  
16 and that will be submitted in the appropriations request.

17       And then during session, if we feel like that's not going  
18 well, we have the other option of asking at least for  
19 dollars to rent a building. So items 1 and 2, and that's  
20 the agency's top priority is to find a home.

21           Items 3, 4 and 5 are all related to IT items.  
22 Number 3, as you know, we've had an issue with our data  
23 center consolidation bills for this biennium; we  
24 anticipate a bigger problem going into the '16-17  
25 biennium, to the tune of almost \$10 million, it's \$9.8

1 million. And those services, if you'll recall, are  
2 associated with services for running items in the data  
3 center, our servers, our applications. And there's some  
4 different levels of services that are provided by the data  
5 center, but we anticipate that we're going to need an  
6 exceptional item. We're working with the DIR staff on  
7 this, so they're giving us information that's helping us  
8 compile what we believe the exceptional item to be.

9 Item number 4 is a managed security services  
10 provider. This would actually be a 24-7 service where  
11 someone is monitoring our applications to make sure that  
12 they're online and something is not having glitches in the  
13 system, and if there is, they would contact DMV staff and  
14 inform them of the problem.

15 MR. WALKER: Can I ask a question, interrupt  
16 you before you get to the end of your exceptions?

17 MS. FLORES: Yes, sir.

18 MR. WALKER: On your exception items, Linda,  
19 where you have 1 and 2, they're the same thing, one is  
20 capital, one of them is leasing. Why is that two  
21 exception items instead of just either/or, that it be the  
22 same, that we just do it one way or the other?

23 MS. FLORES: When we prepare the appropriations  
24 request, I want to make sure that both of them are on the  
25 table to begin with .

1 MR. WALKER: But can't it be part of the same  
2 exception item? I mean, you don't need both of the items,  
3 you need either/or.

4 MS. FLORES: I think we need to differentiate  
5 between the two so that we establish what is the agency's  
6 priority. One is the purchase of a building. If that's  
7 not successful, then the other one is on the table for  
8 discussion. And part of the wish list, as I mentioned  
9 yesterday, there is an Article 11 that's composed. That's  
10 used as a placeholder to ensure that necessary discussions  
11 can occur. If it's not anywhere in that proposed  
12 appropriations bill, there's no discussion that occurs.  
13 So I want to make sure that it's out there in black and  
14 white, in writing and it doesn't fall off somebody's  
15 radar. Make sense?

16 MR. WALKER: Yes, ma'am. Thank you.

17 MS. RYAN: While we're on that, how is it that  
18 leasing a building and building a building would require  
19 the same FTEs?

20 MS. FLORES: For either option, we currently do  
21 not have any folks in-house that manage day-to-day calls  
22 about the roof, service requests, and so whether we're in  
23 a brand new building all by ourselves or we're having to  
24 acquire a new building, we have to have some staff to help  
25 us do space planning, and making sure that if we have a

1 lease with someone that they're on top of that contract at  
2 all times.

3 MS. RYAN: Is that currently being managed by  
4 TxDOT then?

5 MS. FLORES: It is. I'm sorry. Yes, ma'am,  
6 those services are provided by TxDOT at this time.

7 MS. RYAN: So it's not the initiation of, it's  
8 the management once it occurs.

9 MS. FLORES: Right.

10 MS. RYAN: Understand. Thank you.

11 MS. FLORES: Item number 5, and this is a big  
12 dollar amount, and I've asked Mr. Obermier to assist in  
13 this description. This is the system infrastructure  
14 technology. This particular line item is primarily  
15 composed of services by a third party vendor to help us  
16 move all of our shared IT servers, our IT assets from  
17 TxDOT into the DMV's own infrastructure. We did have a  
18 presentation provided to executive staff, and it's a  
19 phased approach and it's a multi-year approach as well,  
20 and this was the dollar amount that was provided to us.

21 MS. RYAN: If I'm correct, didn't we have a  
22 study or we did a due diligence period to determine the  
23 applications and the feasibility of moving? Wasn't there  
24 some due diligence done before we got to this point?

25 MR. OBERMIER: For the record, Eric Obermier,

1 CIO.

2 We did engage the vendor to do just that, to do  
3 the analysis of all the servers and applications that are  
4 within the infrastructure that is still managed by TxDOT.

5 So what they did was they basically looked at each  
6 application and determined all the interconnectivity that  
7 it had to the other applications and servers out there,  
8 chopped them into sizes of small, medium and large  
9 applications, and then, also, based on their  
10 interconnectivity or their dependencies on each other,  
11 wrote them into move groups so that we wouldn't create  
12 more work for ourselves trying to extract one from a group  
13 of five, when if you just moved all five, it would be  
14 easier. So that was the methodology that was used.

15 And they also went the extra mile to define  
16 what types of technical resources would be required to  
17 make those moves, down to whether or not it's a database  
18 administrator or a server application person, when they're  
19 needed, as I mentioned before, break them out into what  
20 they call move groups that you can do some overlapping of  
21 where it's multiple phases for each move group, and once  
22 you're starting the latter phases of one move group, you  
23 can start the planning for the next move group, and you  
24 get your economies of scale to help get that total cost  
25 down.

1 MS. RYAN: And there would be an RFP,  
2 obviously, to hire someone to help do this? I'm guessing  
3 the money that's being asked for, we are fairly confident  
4 that we could get the job done in that amount?

5 MR. OBERMIER: There are various procurement  
6 methods that we would be able to use. For instance, this  
7 could be potentially done under a DIR DBIT SOW which is a  
8 deliverables based IT services contract. The limit for  
9 those is up to \$10 million, so depending on what the total  
10 amount would be, once we see which of these applications  
11 that are in the move groups fall out based on their own  
12 projects, such as RTS will handle its own, the LACE  
13 replacement will handle its own, that lowers the total  
14 cost, assuming those projects are actually completed as we  
15 expect them to be. And then if that total amount then,  
16 when we're ready to start moving on that, is under \$10  
17 million, we could actually proceed using just a DBIT SOW,  
18 sending that out to multiple vendors. Very similar to an  
19 RFP process but just more streamlined.

20 MS. RYAN: And the phased approach we believe  
21 will be covered in two years, or do we think it's longer  
22 and we'd be asking for additional funds?

23 MR. OBERMIER: It is just a little bit more  
24 than two years. The timeline estimate that was presented  
25 to us was if we could make some incremental progress for

1 the remainder of FY 14 if we had some funds available and  
2 then it could start to ramp up in FY 15, that the  
3 estimation was the whole project would be complete before  
4 the end of FY 16.

5 MS. RYAN: An all-encompassing dollar amount,  
6 we believe.

7 MR. OBERMIER: Right. So if you take that  
8 window and slide it in a direction, it's still about the  
9 same timeline, assuming you have the funding available to  
10 fit within that same timeline.

11 MS. RYAN: Okay. Thank you.

12 MR. INGRAM: So in the Finance meeting, I  
13 believe it was discussed that you believe that based on  
14 this analysis that was performed that the \$9 million is  
15 kind of a worst case scenario.

16 MR. OBERMIER: Right. So the absolute worst  
17 case scenario would be \$11 million, and that's based on if  
18 we took every application by itself and just worked on  
19 this until it's done and then moved on to the next. We  
20 decided to refine a little bit and go with the \$9 million  
21 worst case scenario because that seemed more reasonable  
22 because we would never take them all piecemeal, we would  
23 take the move groups and we would, when we're ready to  
24 engage on this, have some overlap. But again, \$9 million  
25 would include those larger applications which are already

1 planned to be taken care of with their own projects, such  
2 as the RTS refactoring and the LACE replacement. Those  
3 are two very large applications that were in that whole  
4 planning list, if you will, that were included in that \$9-  
5 plus million estimate.

6 MR. INGRAM: When are we required to be off of  
7 the TxDOT servers?

8 MR. OBERMIER: There is no set date that we're  
9 required to be off. When the agency was created, we were  
10 directed to start the separation process. We are seeing  
11 indications that we're kind of getting shoved out of the  
12 nest, if you will, or encouraged to leave the nest in  
13 different respects with TxDOT infrastructure. With our  
14 most recent MOU that was negotiated for FY 14 where that  
15 includes the provisions for the day-to-day IT services  
16 that we get from them, when we negotiated this one for  
17 this year, TxDOT did not want to be in the middle of that  
18 for the whole fiscal year, so they gave us kind of an end  
19 date saying you need to find your own vendor to support  
20 you by the end of January, which we've done so.

21 So that was kind of the first step of now that  
22 you've got your own services. Eventually it's going to  
23 look just like what's happening with some of the TxDOT  
24 properties where if they ask us to get out of a TxDOT  
25 property in a regional office, there's not much difference

1 in them asking us to get out of the data center next door  
2 because they need it for their own purposes.

3 MR. INGRAM: Could it be possible to fund some  
4 of these items with our lapses that we currently have  
5 today?

6 MR. OBERMIER: I will defer some of this to  
7 Linda Flores, but if it's a capital project then we would  
8 have to transfer funds, depending on where it's coming  
9 from, and most of the lapse that we're talking about,  
10 though, that has been referred to is operational, and  
11 we'll have some flexibility there, but I'll defer to Ms.  
12 Flores.

13 MS. FLORES: So as Mr. Obermier mentioned,  
14 because this is considered a project and it's a multi-  
15 million dollar project, it would probably require special  
16 authority that we would either have to carve out of one of  
17 our capital line items, and there's certain limitations to  
18 that, we're not allowed to move more than 25 percent from  
19 or to. There are provisions that allow agencies to  
20 establish new capital line items, but you have to go  
21 through the hoops in order to do that.

22 Depending on when we chose to initiate this  
23 effort would kind of lay the groundwork for which option  
24 we take. I don't think we're going to get this particular  
25 item going before the end of our fiscal year coming up in

1 August, so the lapsing dollars, we're hoping to reprogram  
2 before then, so we'd be looking at FY 15, this coming  
3 year. We don't anticipate having the same amount of  
4 salary lapse because we're doing a better job of filling  
5 our positions, so we really don't think that's going to be  
6 there.

7 We still have some shortfalls to take care of  
8 that we know of. The data center is one, the bill to  
9 TxDOT for the services that they provide for us regarding  
10 IT, I think is still going to be there, so that alone is  
11 \$3 million. So trying to kind of project out what we  
12 could get done in FY 15 is still up in the air.

13 MR. WALKER: So, Eric, I guess the most  
14 concerning thing that we've been facing recently is this  
15 building movement going on with Houston, and now we're  
16 faced with what's going on here in Austin with the  
17 complexes here, Camp Mabry and Hubbard. Right now our IT  
18 systems are housed with TxDOT inside of their system, and  
19 that is not housed over at the data center. Is that  
20 correct?

21 MR. OBERMIER: There's actually a mix. There  
22 are many servers that are right over here in Building 6 at  
23 Camp Hubbard that are considered to be non-consolidated  
24 servers that are still part of the DCS program.

25 MR. WALKER: Well, we don't anticipate being

1 off of all this and on to RTS until 2018, I think. Is  
2 that not right?

3 MR. OBERMIER: So the RTS system, for the  
4 actual refactored system to go live is expected October of  
5 2015.

6 MR. WALKER: It's '15, not '18. So what would  
7 happen if TxDOT -- well, they're not going to leave before  
8 '15, though, I guess, so we will be off of TxDOT before  
9 they would ever leave these campuses. Is that right?

10 MR. OBERMIER: That would be our hope, but  
11 again, not knowing what any of their hard plans are, if  
12 they have a date in mind, I would hesitate to say yes. I  
13 can tell you that we are making efforts to separate as  
14 quickly as we can.

15 MR. WALKER: Well, let's just assume worst  
16 case, if they did that before then, what would happen to  
17 us? What would happen from an IT standpoint, how would we  
18 address that?

19 MR. OBERMIER: We would work with TxDOT and DIR  
20 to try and find a solution to get whatever servers were  
21 there moved into the Austin data center as quickly as  
22 possible. I can tell you TxDOT has been very cooperative  
23 as it relates to helping find some creative solutions when  
24 we need to get their involvement on items like that or on  
25 much smaller items where we're not talking about moving

1 everything out. So that is, indeed, a worst case scenario  
2 that I would just hesitate to think that that would ever  
3 come about. It would definitely rise to the executive  
4 level, as well as the board level, because it would have a  
5 very devastating impact on this organization if we were  
6 indeed told you need to get your systems out, say, eight  
7 months from now and there was no going back.

8 MS. FLORES: It would also have a significant  
9 fiscal impact.

10 MR. WALKER: I know. That's what my concern  
11 is. We keep hearing all these rumors about that this  
12 stuff is being sold and their lease is -- when is TxDOT's  
13 lease on Riverside up?

14 MS. FLORES: It's about four years.

15 MR. WALKER: So the Riverside issue, we'll be  
16 off of the TxDOT system before 2020.

17 MR. OBERMIER: '18, I think, is when that  
18 surface lease runs, but they're actually trying to get  
19 people to buy them out of that lease too.

20 MR. WALKER: Go ahead. I'm sorry.

21 MS. FLORES: If I may, items 6 through 10 up on  
22 the screen here, these are all operational types of  
23 requests. There's some staffing that goes along with each  
24 of these items. Number 6 has to do with enforcement and  
25 we're asking for five additional new staff, three in

1 Oversize and Overweight, and two to handle Motor Carrier  
2 enforcement cases, so we've included the salaries and  
3 operating costs associated with these five individuals.

4           Number 7 is replacement vehicles. Twenty-one  
5 out of 43 cars will finally reach the criteria used last  
6 session to replace our vehicles; they're going to hit  
7 150,000 miles or they're going to be within 5 percent of  
8 the 150,000 miles. And if you'll recall, last session we  
9 did get one car because it had hit the 150,000 mile mark.

10          Out of the 21 cars, nine would be for Enforcement, eight  
11 for Vehicle Titles and Registration Division, and four in  
12 the headquarters motor pool.

13           Number 8, and this is near and dear to the  
14 chairman's heart, regional service centers. We're  
15 anticipating that two more of our regional service centers  
16 would be relocated, if you will, within the next biennium,  
17 so we took the cost to relocate two mid-size service  
18 centers, such as San Antonio and Austin because we do  
19 share space with TxDOT for those two areas.

20           MR. WALKER: But I thought our anticipated plan  
21 was we would move Austin into our facilities.

22           MS. FLORES: Correct, but this is also another  
23 option, or we could pick another mid-size service center  
24 to move. If we were successful in getting a building and  
25 everybody could be located in one place, then we would

1 have the dollars available to relocate someone else.

2 MS. BREWSTER: Mr. Chairman. Whitney Brewster,  
3 executive director.

4 I think what Ms. Flores was referring to is  
5 just giving you an idea of what we consider mid-size.  
6 Austin has not been identified, San Antonio has not been  
7 identified by TxDOT, those are just placeholders.

8 MS. FLORES: Yes, sir. Those are examples of a  
9 mid-size.

10 Item number 9, these are new vehicles, and this  
11 is truly a wish list. We have 48 traveling investigators,  
12 enforcement investigators. Currently they share one car  
13 for every three investigators. This would bring us to two  
14 investigators for every car. We also have nine cars for  
15 the Vehicle Titles and Registration Division, and one in  
16 headquarters.

17 Item number 10 is new staff for the VTR  
18 Division, 16 field service representatives which the  
19 division currently has eight, but they had to kind of  
20 realign their current staff in order to pilot that. It's  
21 been successful. They would like to request 16 field  
22 service representatives and backfill the eight that are  
23 currently there to the other functions that they're not  
24 performing because they've used them in this new capacity.

25 They're asking for two staff to help with the

1 workload related to the full implementation of the  
2 National Motor Vehicle Title Information System which is  
3 set to be implemented in May, two individuals to handle  
4 increased open records requests, and one individual for  
5 the special plates function to address increased demand  
6 for special plates. As you know, we modified the My  
7 Plates contract. We're anticipating having to review more  
8 plate designs and so the division is asking for one extra  
9 person to assist in that effort.

10 Items 11 and 12 are also operational. One is  
11 to replace a contractor who created the motor carrier  
12 credentialing system, to ask for a state employee to take  
13 over that function. Right now we have no one who  
14 understands that system, and if that contractor were to  
15 leave, we would not be able to backup that individual.

16 The final is two individuals to assist after  
17 the financial system is implemented. One individual would  
18 help with the application itself. Those skills are not in  
19 our current workforce, we rely on the comptroller for  
20 that, so we need one person to understand the system, all  
21 the different tables, and one person to help with the data  
22 administration. Once that program is implemented in  
23 September, the comptroller walks away, we have to take it  
24 over.

25 We also received an additional request

1 yesterday, item number 13 -- that is not shown on your  
2 book nor on the slide -- that would be for one staff  
3 person to help the internal auditor with their audits  
4 going into '16-17. Ms. Vice had submitted a request and  
5 then pulled it back, and yesterday at the Finance  
6 Committee, that item was brought back up. We will modify  
7 that if the board chooses to move forward on that.

8           The next three items up on the slide are  
9 related to the Automobile Burglary and Theft Prevention  
10 Authority. Those three items have been presented to the  
11 ABTPA Board. They are scheduled to meet in June. They  
12 will provide direct input regarding these items to agency  
13 staff, and I will bring that back to you in July for your  
14 approval.

15           This request specifically allows them to  
16 capture all of the revenue that's collected out of the \$2  
17 fee that's imposed on insurance policies. Their current  
18 appropriations are \$14.9-; they generate approximately \$20  
19 million a year that is supposed to be used for that  
20 particular effort, so this \$5 million a year would get  
21 them to that \$20 million a year.

22           In your board packet there is detail for every  
23 one of these requests, significant more detail, so when  
24 you go away from Austin, when you leave Austin and want to  
25 have something interesting to read, I highly recommend the

1 exceptional items detail. And that concludes our  
2 presentation on exceptional items.

3 MS. BREWSTER: Mr. Chairman, if I might just  
4 add one thing. The three ABTPA items that you see there,  
5 just to go in further to what Ms. Flores stated, the ABTPA  
6 Board will consider these items in their board meeting on  
7 June 17, and then from there make any recommendations.  
8 They will formally notify this board, but ultimately it is  
9 this board's authority to submit our legislative  
10 appropriations request, so just to give you a little more  
11 information there.

12 MR. WALKER: So if this exception item didn't  
13 come from their board, who did it come from?

14 MS. BREWSTER: Mr. Chairman, the director of  
15 ABTPA, Charles Caldwell, submitted these items when the  
16 executive team was meeting together to develop its  
17 exceptional items list.

18 MR. WALKER: Is it appropriate for him to bring  
19 that to us before it goes before his board?

20 MS. BREWSTER: Mr. Chairman, this is just a  
21 preview. The ABTPA Board is aware of these items, it will  
22 not be a surprise to them, but this was just a preview so  
23 that you could see that.

24 MS. RYAN: And there's no action at this point.

25 MS. FLORES: Correct.

1 MS. RYAN: You all will pull these together.

2 MR. WALKER: Well, we've obviously done some,  
3 we started with 41.

4 MS. FLORES: Forty-three.

5 MS. RYAN: I'm guessing there will be some more  
6 whittling.

7 MS. BREWSTER: We fully anticipate that.

8 MS. RYAN: Question on the head count, the  
9 FTEs. Some of the areas, I think it was item 6, 7 or 8,  
10 that were Oversize.

11 MS. FLORES: Oversight and Overweight.

12 MS. RYAN: And Enforcement and the Motor  
13 Carrier, we had some efficiencies out of TxPROS and the  
14 automation, so I thought we had had a discussion  
15 previously, at least in that area, that we would have some  
16 efficiencies. Have we used those efficiencies in other  
17 areas?

18 MS. BREWSTER: Yes, ma'am, we have. Vice-Chair  
19 Ryan, we did identify FTE efficiencies within the Motor  
20 Carrier Division, and those FTEs were transferred to the  
21 IT Services Division to assist with the RTS refactoring  
22 project.

23 MS. RYAN: So my question on that is that's not  
24 a permanent, that's a project a couple of years out,  
25 eventually do those head count then --

1 MR. WALKER: You're not going to like the  
2 answer.

3 MS. RYAN: I guess my question is as we ask for  
4 30 more head count.

5 MS. BREWSTER: We will evaluate. We do have a  
6 strategy moving forward as we roll people off of the RTS  
7 refactoring project, whether they be contractors or FTEs,  
8 to really look at our workforce. But yes, we anticipate  
9 that there will be less of a need in that area, but I'll  
10 defer to Mr. Obermier.

11 MR. OBERMIER: I would agree, and there's one  
12 thing I would add to that, which is the agency, even back  
13 when the IT Department was still part of TxDOT, when the  
14 DMV had not been created yet, was very dependent upon  
15 contract resources to maintain daily operations, and a lot  
16 of that carried forward into the DMV as well, so many of  
17 the folks that were in operational support roles for the  
18 legacy RTS system were indeed contractors. So some of the  
19 positions that have come over, we've actually converted  
20 some of those contract personnel into FTEs to ensure that  
21 we help to manage the risk going forward of our IT  
22 workforce is there to support critical applications like  
23 RTS.

24 MS. RYAN: Okay. Thank you.

25 MR. WALKER: Any more questions about the

1 exceptional items?

2 MR. PALACIOS: Do we need a motion?

3 MS. FLORES: We will come back in July for  
4 formal board action. This was a preliminary briefing to  
5 give you an idea of what we're looking at for the next  
6 coming session. We believe we're still going to be  
7 tweaking this list. I don't think it will go up but some  
8 of the numbers may change or some of the things might fall  
9 off.

10 MS. RYAN: So in July you'll expect action?

11 MS. FLORES: Yes, ma'am.

12 MS. RYAN: So we'll get updates prior to that  
13 as things are whittled and tweaked, and I guess, expanded  
14 if that's applicable?

15 MS. FLORES: Yes, ma'am.

16 MS. RYAN: Okay. Thanks.

17 MS. FLORES: So moving on to the agency's  
18 direction for the next five years, this is the agency's  
19 strategic plan, and we would like -- now, this will  
20 require some action -- your input on the agency's mission,  
21 vision, philosophy and values. As I mentioned at the  
22 Finance Committee, all agencies have to do this every two  
23 years, we revise the agency's strategic plan, and where  
24 the board can help us most is in identifying what is the  
25 agency's vision, what is our philosophy, our values.

1           So what we have in front of you today is some  
2 proposed changes to those particular items. Our current  
3 vision statement is to be the most efficient, effective,  
4 transparent and customer-driven agency in Texas, providing  
5 excellent services. Our proposed changes -- and I should  
6 add that the executive staff of this agency met together  
7 and worked on all of these items. We really looked at  
8 each of those words, and what we're proposing clarifies  
9 each and every word in all of those particular line items.

10          So our proposed vision for the next five years is: To  
11 set the standard as the premier provider of customer  
12 services in the nation. So we've one step further, as  
13 opposed to being customer-driven in Texas, now we're  
14 shooting for something larger than ourselves.

15           MS. RYAN: Do we think we've mastered the Texas  
16 aspect of it?

17           MS. FLORES: It's a goal.

18           MS. RYAN: Just curious.

19           MS. FLORES: Our mission statement: To promote  
20 and protect the interests of the motoring public and all  
21 citizens in the State of Texas. Our proposal is: To  
22 serve, protect and advance the citizens and industries in  
23 the state with quality motor vehicle related services.

24           Our philosophy has been whittled down from  
25 three paragraphs to: The Texas Department of Motor

1 Vehicles is customer focused and performance driven. We  
2 are dedicated to providing services in an efficient,  
3 effective and progressive manner, as good stewards of  
4 state resources. With feedback from our customers,  
5 stakeholders and employees, we've worked to continuously  
6 improve our operations, increase customer satisfaction,  
7 and provide a consumer-friendly atmosphere.

8 The values still spell Texas, because we are  
9 very proud of our state, but it's been whittled down to  
10 more succinct language for transparency, efficiency,  
11 excellence, accountability and stakeholders.

12 This is the agency's proposed changes, and we  
13 ask for board approval. The other elements in the  
14 strategic plan are required, and therefore we are not  
15 asking for the board's changes. We ourselves are taking  
16 care of that, but we would appreciate your approval of our  
17 recommended changes.

18 MS. RYAN: I think that was a nice way of  
19 saying we really don't want your feedback.

20 (General laughter.)

21 MS. FLORES: We always take your feedback, Ms.  
22 Ryan.

23 MR. PALACIOS: Mr. Chair, I move this board  
24 approve the Fiscal Year 2015-2019 Strategic Plan, as  
25 presented.

1 MS. RYAN: Second.

2 MR. INGRAM: Second.

3 MR. BARNWELL: Second.

4 MS. RYAN: You got three of us.

5 MR. WALKER: We have a motion from Mr.  
6 Palacios, and we have a second, I'm not sure but I think  
7 it's from Mr. Barnwell, Mr. Ingram and Ms. Ryan, all  
8 simultaneously. So do we have any further comments or  
9 questions? I have one question. I know we're required to  
10 have a strategic plan. Are we required to change our  
11 strategic plan, or is it just prudent advice to just go  
12 through and tweak it?

13 MS. FLORES: We're not required to change it,  
14 however, I think it's prudent for the legislature to know  
15 that we do take it seriously and we're always striving to  
16 do better, and so this is our opportunity to lay that out  
17 in writing.

18 MR. WALKER: Anybody have any comments, any  
19 questions?

20 MR. SLOVACEK: Very well done.

21 MR. WALKER: Linda and your staff did an  
22 excellent job. I did read the strategic plan last night,  
23 and out of everything in my board packet that I want to  
24 take home with me, the strategic plan is what I want to  
25 keep.

1 MS. FLORES: Thank you, sir.

2 MR. PALACIOS: Well done.

3 MS. FLORES: Appreciate it, all my staff.

4 MR. WALKER: It does a real good job of  
5 defining the agency and telling what the agency does. You  
6 know what Whitney's responsibilities are and what the  
7 board's responsibilities are, so you did a great job.

8 MS. FLORES: Thank you, sir.

9 MR. WALKER: Tell your people, whoever wrote  
10 it, I couldn't even find a grammatical error in it.

11 So all in favor of accepting the strategic plan  
12 signify by saying aye.

13 (A chorus of ayes.)

14 MR. WALKER: All opposed same sign.

15 (No response.)

16 MR. WALKER: The motion carries unanimously.

17 Let's move to item 3.A.4, Ms. Vice, update on  
18 Internal Audit Division activities.

19 So before you get started, Sandra, I have to  
20 ask you a question, because I was curious about this last  
21 night. You have a template that you use? Like lawyers  
22 all have these go-to and fill-in-the-blank type deals. Do  
23 you have something like that, or did you create that  
24 entire format yourself or write that report?

25 MS. VICE: Well, I wrote the report myself, but

1 in terms of the formatting, Jeremiah created a template  
2 for me, but I mean, how I laid it out was all myself.

3 MR. WALKER: So Jeremiah gets part of the  
4 credit?

5 MS. VICE: Sure.

6 MR. WALKER: I mean, I read it last night and I  
7 thought it was just superbly -- instead of just reading a  
8 document, it was very well put together and blocked off  
9 and highlighted in different areas that explained what the  
10 report was. Good job, Jeremiah.

11 MR. INGRAM: And Ms. Vice.

12 MS. VICE: For the record, Sandra Vice,  
13 director of Internal Audit. Good afternoon.

14 Today I'm going to give you, for informational  
15 purposes only, an update on the audit plan and the  
16 activities of the Audit Department. I'll begin with what  
17 we've completed, and that includes the registration and  
18 titling system refactoring project internal audit status  
19 report, and that is a separate item, so I'll go into that  
20 in a minute.

21 In addition, there were two external audit  
22 reviews that were in your packet, and I just want to point  
23 out a couple of things about it. One was the TAC 202 gap  
24 assessment performed for the department by Slate  
25 Consulting, and the second was the State of Texas

1 financial portion for the statewide single audit report  
2 for the year ended August 31, 2012 by the State Auditor's  
3 Office.

4 I want to talk just a moment about the layout  
5 of these. This is a product that I developed for the  
6 agency when I got here, and the reason I developed it is  
7 because there's a lot of external entities that come to  
8 the agency and do work, and the layout of those reports  
9 are all different. I wanted to give you a product that  
10 would summarize the reports in one page, because I know  
11 all of your are busy, and that's standardized where you  
12 could find the information.

13 So up here you'll always find who conducted the  
14 work, who they are, and if we paid for that work, it will  
15 also tell you how much we paid for that work. In this  
16 section it will tell you the purpose of the work, the  
17 objectives, and in this bottom section it will tell you  
18 the scope and methodology that they went through. And  
19 then here, of course, is the meat of it, the key findings,  
20 and also I'll include the pages so that if you want to  
21 read the details, it will tell you exactly for any of the  
22 key findings, any of the issues, where you can read more  
23 about in the detailed report, because I'll also send the  
24 full report. And then finally, in the bottom part, if  
25 management responded, I'll summarize management's

1 responses.

2           Now, also, if substantial time has elapsed  
3 between when the work was done and when the final report  
4 comes out -- so for example, the statewide audit, which is  
5 a very big project that the State Auditor does, sometimes  
6 they do the work much earlier and then that report is  
7 finalized because they do work at many agencies, so by the  
8 time that report comes out, a lot of time has passed -- I  
9 will go to management and I'll ask them to give an update  
10 on what has been done to implement the recommendations.  
11 And so I'll update what has been done by management and  
12 I'll include that as well so that you have the most up-to-  
13 date information on the status of implementation of  
14 recommendations.

15           So that's the layout of these one-page  
16 summaries, and I hope that that's useful to you. So there  
17 were two of those for this period.

18           And then in addition to that, we are proposing  
19 to add, at executive management's request and the Board of  
20 the Automobile Burglary and Theft Prevention Authority,  
21 adding to the plan an audit of ABTPA. As you all know, we  
22 have set aside in the audit plan 600 hours so that if  
23 either the board or executive management wants us to do  
24 additional work, we can do that. And so at this time  
25 we're going to add a project and it's going to be an audit

1 of the ABTPA.

2 In addition, there are two other engagements  
3 that we plan to do for the remainder of the year. One is  
4 an audit of the department's contract workers, and the  
5 other is a followup on audit recommendations. So you can  
6 expect that there will be three more audit reports coming  
7 out this year.

8 There was one audit that we had proposed to do,  
9 that's the audit of the web-enabled subcontractor renewal  
10 systems application controls, and that one we will start  
11 next year, we're going to carry over into fiscal year  
12 2015. The reason for this is that, as you may recall,  
13 we've had some issues in our department. As you know,  
14 there's three FTEs total, and we had some shortages in our  
15 department. I've estimated that it was about 600 hours  
16 worth of shortages when we had a member of our team who  
17 was on extended leave and then we had another member who  
18 resigned.

19 I'm very glad to report that the one member who  
20 was out is back and he's here in the audience, so he's  
21 back. And also, I've extended an offer to a new auditor,  
22 a new deputy director. He'll be joining us May 19; I'm  
23 very happy with the hire. And so we're going to be fully  
24 staffed. In addition, next week I'll be interviewing for  
25 a summer intern. We're going to be interviewing some

1 people that are either law students or graduate students.

2 So with that, we'll be fully staffed to complete the  
3 audits that I've outlined here today.

4 So that is my report on the status of the audit  
5 plan, and any questions that you have, I'd be glad to  
6 answer.

7 MR. WALKER: So I heard you say something that  
8 I think is wrong. You said we were altering the plan at  
9 the request of the Automobile Burglary and Theft  
10 Authority's request to do an audit on that. I think that  
11 is in our original plan. We are not altering, all we are  
12 doing is we're just shuffling. Is that not correct?

13 MS. VICE: If I said altering, I misspoke.  
14 What I meant to say was that we have in the plan 600 hours  
15 reserved for requests from the board or executive  
16 management, and so we are going to take those 600 hours  
17 which are reserved, and at the request of executive  
18 management, we're going to do that audit. That's what I  
19 meant to say.

20 MR. WALKER: Okay. I just want to make sure.

21 MS. VICE: Yes. It's not an alteration.

22 MR. WALKER: We're not altering the plan,  
23 there's no action required, you can move the items around  
24 all you want in whatever order.

25 MS. VICE: Yes.

1 MR. WALKER: There's not a change to the  
2 internal audit plan.

3 MS. VICE: That's correct.

4 MR. WALKER: Anybody have any questions? It  
5 doesn't take any action, it's just a briefing here on  
6 what's going on. Thank you very much, Ms. Vice.

7 MR. PALACIOS: I would like to commend Ms. Vice  
8 on the RTS refactoring summary. I've been on this board  
9 for three years now and this is the most succinct,  
10 comprehensive analysis of the program, and I think I know  
11 more about it now than I ever have, so thank you.

12 MS. VICE: Thank you.

13 MS. RYAN: I agree, it's a great recap. The  
14 turnover surprised me, and I guess it's because we're  
15 including the interims in each of those.

16 MS. VICE: Yes.

17 If you would like to move on to that item, I  
18 did want to, just if I could, explain a little bit about  
19 the process, because this is the first report that I've  
20 presented to the board, and I explained this at  
21 yesterday's committee meeting, but the way I'm going to  
22 lay these out is they'll be going first to the Finance and  
23 Audit Committee. The reports are still drafts at that  
24 point, the reports are not public documents until after  
25 they've been presented to this board, and at that point

1 they may be released to the public, but up until then  
2 these are all drafts and they are private and protected  
3 and confidential. So it's not till after they're  
4 presented to this board that they become public documents.  
5 Up until that time there's still an opportunity to have  
6 them revised. So they go to the Finance and Audit  
7 Committee, they go to the executive management team, and  
8 they can be revised up until that point.

9 At the Finance and Audit Committee we did make  
10 some revisions. Executive management provided us with a  
11 letter and some handouts, and those have been added as an  
12 attachment to the report. I believe that it's important  
13 information that complements the report. It includes a  
14 timeline and some other information, and so that is  
15 different and that's why I provided you with a new copy  
16 this morning. So that is additional information from the  
17 report that you had in your original board book.

18 MS. RYAN: Can it be added to the report and  
19 provided electronically?

20 MS. VICE: Yes, absolutely.

21 MS. RYAN: That would be great. Thank you.

22 MR. SLOVACEK: By the way, I commented  
23 yesterday that the format really was helpful, get it all  
24 on one page.

25 MS. VICE: Thank you.

1 Do you have any more questions?

2 MR. WALKER: No. Thank you very much.

3 Let's move on to item 3.A.5, registration and  
4 titling system refactoring project -- oh, we did that. So  
5 that takes us to legislative update, Mr. Jeremiah Kuntz.

6 MR. KUNTZ: Good afternoon. Jeremiah Kuntz,  
7 director of Government and Strategic Communications.

8 The agenda item is to go over legislative  
9 implementation. I'm going to cover a couple of bills that  
10 are of high interest, I guess, or have ongoing  
11 implementation activities that we continue to monitor.

12 The first one I'll cover is House Bill 2394.  
13 This one required us to do a study on Texas titling for  
14 trailers, semitrailers or travel trailers that are not  
15 manufactured housing. We've had two stakeholder meetings  
16 regarding this. We brought in people from various  
17 associations, Farm Bureau, Texas Logging Council, Texas  
18 Southwest Cattle Raisers Association, county tax assessor-  
19 collectors, a couple of them, and our staff all got  
20 together to discuss this issue. This really has to do  
21 with titling trailers under 4,000 pounds. Right now those  
22 are currently permissive to be titled but they're not  
23 required to be, so there was a lot of discussion about the  
24 use of VINs on those trailers, home-built trailers and the  
25 like.

1           Currently we're in the drafting phase for that  
2 report. It should be put before the board in August so  
3 that it can be submitted to the Lieutenant Governor,  
4 Speaker and legislative committees.

5           MR. SLOVACEK: In July?

6           MR. KUNTZ: No, sir. By August. My  
7 understanding is it's supposed to be finalized in July,  
8 that they would anticipate having it to the board, they  
9 said in August, but I don't know if we'll have a board  
10 meeting then or not, but we'll make that determination.  
11 It's due to the legislature no later than September 1, so  
12 we have to get it done and have you look at it before.

13          MR. SLOVACEK: That would be July.

14          MR. KUNTZ: We will work towards that.

15                 The next bill I'll cover is House Bill 2305.  
16 This is what we affectionately refer to as the single  
17 sticker bill. We continue to have meetings with TCEQ and  
18 DPS. The main thing that we're focused on right now with  
19 them is getting up what we refer to as a cloud-based  
20 solution so that we can get the data elements from their  
21 databases uploaded into a cloud. We're very reliant on  
22 TCEQ and DPS to provide that cloud solution to us so that  
23 we can get those data elements from the cloud so that we  
24 can make a determination as to whether or not the vehicle  
25 can be registered at that time. So we continue to have

1 those discussions with them about how that's being set up  
2 and making sure that we're moving towards that  
3 expeditiously. We have to have that set up -- I'll have  
4 to look at my schedule again -- there's a time frame that  
5 we have to get that set up so that our folks can start  
6 coding. It looks like they need that by 8/29 is what  
7 we're trying to get to.

8 So there's ongoing activities between the three  
9 agencies to work through all of the issues that have been  
10 identified, special circumstances like issues with dealers  
11 and the like. We're going to be reaching out and talking  
12 to the associations, the Independent Auto Dealers  
13 Association, as well as the TADA, the Texas Automobile  
14 Dealers Association on the new car side, to sit down with  
15 them and discuss the ongoing activities and how this  
16 system will be working.

17 We will also, as we've talked about before, be  
18 working on our campaign to educate the public, as well as  
19 the website that we'll be creating in order to handle all  
20 of the information for this system.

21 MR. INGRAM: I just actually started thinking  
22 about educating everyone that's going to be transferring a  
23 title. Wow, that is going to be a huge project just by  
24 itself.

25 MR. KUNTZ: Yes, sir, it is.

1           MR. INGRAM: But you can pull it off because  
2 you pulled off another one, and I can't remember exactly  
3 if it was the new license plates or what, but you did a  
4 good job with that, so you can do it.

5           MR. KUNTZ: We continue to make progress  
6 internally on trying to create FAQs, work on the actual  
7 materials, the campaign materials, the brochures, all that  
8 kind of stuff, so that we can have that ready to go in the  
9 most expeditious fashion to get it out to the folks.

10          MR. INGRAM: Otherwise, your tax assessors are  
11 going to want to kill you.

12          MR. KUNTZ: Absolutely. And I've got a vendor  
13 that we utilize to do a lot of our graphic design work.  
14 We've already been working with them on the scope of work  
15 for all of those pamphlets, brochures, inserts, all that  
16 kind of stuff. So there's a lot of activities that are  
17 going on, I know they're not necessarily apparent out, but  
18 there's a lot of behind-the-scenes work that's going on  
19 right now to get ready, there's a lot of activities. My  
20 staff also work on the internet site, and so one of my  
21 staff has been putting together kind of the framework for  
22 putting together the external website for people, and so  
23 we've got meetings coming up very soon to lay that initial  
24 layout out and get to work on that as well. It's a heavy  
25 lift, I don't discount that in any way.

1 MS. RYAN: And know there's a timeline and  
2 plans for the communication and the training. Will you  
3 lay out that timeline at some point in the near future?

4 MR. KUNTZ: I've got a very detailed timeline  
5 that goes very specific. I've got a more broad timeline  
6 that we can send to you that kind of lays out the  
7 different milestone marks that we're looking at.

8 MS. RYAN: That might help us help the agency  
9 as we start to communicate and network.

10 MS. BREWSTER: Vice-Chair Ryan, we'd be happy  
11 to send that information out to the board. You bet.

12 MR. INGRAM: Are we doing -- I say we, loosely,  
13 you -- are you doing all the heavy lifting on the  
14 education part, or is DPS?

15 MR. KUNTZ: We continue to have discussions  
16 with them about how we're going to roll that out. One of  
17 the major elements to this, as far as the public education  
18 campaign, is to try and get out and get on any kind of  
19 television, local news stations, that kind of stuff, to  
20 just get free advertising, if you will, to sit down on  
21 morning shows and the like. DPS has volunteered, because  
22 they have people that do that on a routine basis that are  
23 spread out across the state that have relationships with  
24 their local news channels, to get in front of them and  
25 have that kind of one-on-one interview on camera as we get

1 closer to this.

2 MR. INGRAM: When is the implementation date?

3 MR. KUNTZ: March 1 of 2015. And there is  
4 definitely a timing issue that we discuss quite a bit in  
5 that we have to hit at the right time. If you hit too  
6 early and we get really too far out in front of it, we're  
7 worried that that could cause confusion with people not  
8 understanding that this isn't going to go into effect  
9 until March 1 of 2015, so there's a balance that we're  
10 having to strike with making sure that we really go out  
11 and educate the public at the appropriate time so that  
12 they're not coming in today thinking that this is already  
13 in place.

14 So there will be a heavy public outreach  
15 campaign really starting kind of at the end of this year,  
16 going into the beginning of next year. But as far as on  
17 the dealer side, the inspection station side, people that  
18 are more on the business side of the transaction, we'll  
19 begin those education efforts before that as well.

20 MR. INGRAM: So are you concerned that if you  
21 started handing out, basically, some printed material, if  
22 you were registering your car today, as to, by the way,  
23 next time you register your car you're going to have to  
24 have this, you're concerned that that might be confusing?

25 MR. KUNTZ: We're concerned that if we did a

1 full push, doing radio ads, putting people out on local  
2 news channels, having like a jingle or something on the  
3 radio, those things, if we do those too early, we're  
4 worried about that.

5 MR. INGRAM: I would agree with that, but I was  
6 curious if you thought maybe if you were registering your  
7 car today, it might be a heads-up, is that going to create  
8 confusion out there if they say, hey, by the way, to their  
9 neighbor who is registering next month.

10 MR. KUNTZ: Obviously there's a balance there  
11 that we're trying to strike. We definitely want to get  
12 those materials out to the county tax office so that they  
13 can have pamphlets and stuff on their counters for people  
14 that are interested in it. Obviously somebody that's  
15 coming in today, it's going to be a full year, and so you  
16 lose some of that effectiveness of educating them, but  
17 again, the more we can educate people, the better off  
18 we're going to be. And I agree, there's definitely an  
19 effort going to be needed to get out as soon as we can.

20 The next bill that I'll cover is House Bill  
21 1692. This is the bill that created the Office of  
22 Administrative Hearings and also requires mediation  
23 activities for all of our cases that come before us, both  
24 Lemon Law, warranty performance, as well as protest cases  
25 or any other cases that we've got in our licensing

1 division and enforcement.

2           So based on the previous years, DMV received  
3 approximately 375 Lemon Law cases and warranty performance  
4 complaints per year. In the past years the average case  
5 took approximately 250 days from the date the complaint  
6 was filed until the final order was issued. The goal of  
7 this bill was to reduce those days to 150 days, and we've  
8 seen substantial increases in those. Since January 1, the  
9 Lemon Law section has referred 50 Lemon Law and warranty  
10 performance cases. Of those 50, 23 referred to our Office  
11 of Administrative Hearings solely for the issuance of  
12 dismissal after being successfully mediated, so of the 50,  
13 23 were successfully mediated. Those, on average, took 59  
14 days from the date the complaint was filed, so it's a  
15 substantial increase in the efficiency there.

16           Of the remaining 27 that were referred for  
17 contested case hearing, nine more cases were dismissed  
18 without the need for a hearing, and the dismissal order  
19 was issued within approximately 87 days, so again, still  
20 well within the 150 days. Of the 18 that remained, 14 are  
21 currently set for hearing. One contested case hearing was  
22 held with evidentiary record; it should close within 111  
23 days. And there are three cases awaiting dismissal upon  
24 execution of a settlement agreement. substantial speeding  
25 up of the process.

1 MR. SLOVACEK: Where do these take place, these  
2 hearings?

3 MR. KUNTZ: I'm going to have to defer to Anne;  
4 I'm going to actually bring Anne up here.

5 MS. PEREZ: (Speaking from audience.)  
6 Statewide.

7 MR. SLOVACEK: Are they here?

8 MS. PEREZ: (Speaking from audience.) It's  
9 where the complainant lives close to.

10 MR. SLOVACEK: That's okay, that's fine, that's  
11 close enough.

12 MR. KUNTZ: So on the mediation side, in 1692,  
13 mediation prior to a hearing in all franchise cases was  
14 filed with the Motor Vehicle Division. After January 1,  
15 in anticipation of the effective date of the legislation,  
16 MVD's legal staff drafted the board rule which was in the  
17 Mega Rule -- if you remember that -- which became  
18 effective March 11 of 2014. This package included rules  
19 outing the agency's new franchise mediation program.  
20 However, because of the vital nature of the franchise  
21 contested cases required immediate action by this agency,  
22 MVD legal team was in the trenches developing  
23 implementation strategies, securing space, making initial  
24 contact with parties, scheduling and conducting full  
25 mediation even before the rule took actual effect.

1           Since January 1, eight franchise cases  
2 requiring mediation have been filed with the Motor Vehicle  
3 Division. Six of those eight have fully completed  
4 mediation; the remaining two have begun the process, and  
5 both have mediation dates scheduled. So we've eight  
6 total, six are done, and there's still two that are  
7 scheduled for mediation.

8           We also can report that five of the six cases  
9 that completed mediation have resulted in full resolution.

10          These numbers translate into 83 percent success, so 83  
11 percent of the cases that have come before have been able  
12 to be mediated successfully.

13           MR. PALACIOS: Mr. Kuntz, what's the recourse  
14 in the event that there's no resolution during mediation?

15           MR. KUNTZ: They would move forward with the  
16 process that existed prior to, so they'd go in to SOAH.

17           MR. SLOVACEK: Who do you use for mediators?

18           MR. KUNTZ: The Enforcement Division -- I'm  
19 sorry -- the Motor Vehicle Division is doing those.

20           MS. BREWSTER: Whitney Brewster, executive  
21 director. The Motor Vehicle Division attorneys; there are  
22 three of them that handle these.

23           MR. KUNTZ: The last bill that I was going to  
24 cover is House Bill 2202. In light of our discussion  
25 about that with the deputy rules, I think I've pretty much

1 covered everything that I would have covered here, unless  
2 there are any additional questions that you had regarding  
3 that bill. And that's it, that completes my presentation.

4 MS. RYAN: Thank you.

5 MR. SLOVACEK: David, you're looking for some  
6 judges for hearings?

7 MR. DUNCAN: Just one.

8 MR. SLOVACEK: Just one?

9 MR. DUNCAN: Yes, sir.

10 MR. SLOVACEK: Is that kind of what you've been  
11 working on?

12 MS. BREWSTER: Member Slovacek, the interviews  
13 have been completed for that position and we're now in the  
14 process of the next steps.

15 MR. SLOVACEK: And those are the folks that  
16 hear these cases?

17 MS. BREWSTER: The Lemon Law and warranty  
18 performance cases, yes.

19 MS. RYAN: In the absence of our chairman,  
20 we'll move forward to the enterprise projects quarterly  
21 report. Eric.

22 MR. OBERMIER: For the record, Eric Obermier,  
23 CIO, and interim director of the Enterprise Project  
24 Management Office.

25 If I can direct your attention to page 399 of

1 your board book, I'll be covering the active enterprise  
2 project statuses that are listed there. This will be,  
3 again, a briefing only and there will be no board action  
4 that's actually going to be required.

5 From the top of the list, we have the agency's  
6 public-facing website. The scope and budget are in the  
7 green on this, schedule is yellow. We have slipped some  
8 dates with the migration of that currently active website.

9 We've already done all the redesign, and to make sure  
10 that we had separate portals for the various stakeholder  
11 groups, your motorists, dealers, motor carriers and your  
12 customers, so the actual website redesign had already  
13 taken place, we were hosting it inside of a RAC space  
14 environment to mitigate the risk of any kind of delays,  
15 spinning up the servers in the DCS environment. That is  
16 exactly where we are today as we had some delays in  
17 getting those servers up, and all that remains is just to  
18 move the actual web content over to those new servers.  
19 That is currently expected to happen next Friday.

20 Next up, we've talked a little bit about the  
21 RTS refactoring project already. The scope, schedule and  
22 budget are all currently green on this project overall.  
23 It's got several concurrent work streams going on right  
24 now. Work stream 1, which is the maintenance and  
25 operations of the legacy RTS system, that has been taken

1 over by Deloitte and is working very well with that  
2 process.

3 Work stream 2, which is the actual refactoring  
4 of the system code, the translation from the legacy  
5 program language to the Java and DB2, the newer and more  
6 modern platforms. With that work stream we did have some  
7 resource contention this month which the resource managers  
8 and IT, as well as the divisions, are working to ensure  
9 that we clear the calendars of those folks and get those  
10 efforts back on the RTS project to ensure that we do not  
11 have any slippage going forward.

12 Work stream 3, which is the reporting work  
13 stream, is also fairly intense at this point. We've got  
14 about 40 different requirement sessions scheduled over a  
15 six-week period which ends the first week in June, where  
16 the project team is meeting with the various business  
17 units and stakeholder groups that use the RTS system to  
18 talk about their reporting needs, where there actually  
19 doing mockups of the reports, they're doing prototypes in  
20 these working sessions. When that effort ends, again, the  
21 first week in June, the build-out of the new reports will  
22 start and will take about four months.

23 MS. RYAN: I might add, too, in discussions  
24 with Eric, one of the requests is that, at least on this  
25 project and some of the larger ones, that we start to get

1 a breakout of where the dollars were spent before the  
2 board and updates moving forward, so the board knows, as  
3 obviously this is a larger dollar amount, and we'll see  
4 it, and then obviously Raymond's group with the Finance  
5 and Audit Committee will certainly benefit from seeing  
6 kind of where the dollars go. So we'll see that moving  
7 forward. Right?

8 MR. OBERMIER: Right. And I think to add to  
9 that, what our thought process was, was to break it down  
10 by software, hardware and services, and then even within  
11 those groups we could break it down by actual vendor or  
12 contractor as well, so you can see not just what the money  
13 is going for but also who the money is going to. So we'll  
14 be discussing that, I know, in the next Project Operations  
15 Committee meeting.

16 MS. RYAN: And then we'll stay in touch with  
17 Finance and Audit to make sure that we're aligned and  
18 information is going both ways.

19 MR. OBERMIER: The next project is the  
20 WebDealer which, again, has gotten some air time already  
21 in today's meeting as well. Going very well on the  
22 technical front. This project is really focused on  
23 allowing for the electronic titles to be transferred and  
24 stored, if you will, whenever vehicle transactions occur  
25 between the dealers and the counties.

1           We had a release in April that added some more  
2 types of transactions that could be done through the  
3 automated work flows, including the transfer of disabled  
4 persons plates and large vehicles. These were  
5 transactions that WebDealer couldn't handle before that  
6 had to be walked into the county offices through the old  
7 method.

8           We actually have a July release planned as  
9 well. That's going to open the door to about 2,000 non-  
10 DTA dealers that we have out there, and the idea is the  
11 enhancements that we're making to the system now, as far  
12 as new car sales go, is in an effort to increase the  
13 adoption rate of this application amongst the counties and  
14 the dealers out there.

15           MR. PALACIOS: So, Mr. Obermier, what's the  
16 plan then for the remaining counties? I guess, first off,  
17 how many counties do we have on it currently?

18           MR. OBERMIER: We have five that are on it  
19 already and we had a conversation with El Paso to discuss  
20 how we bring them up as well.

21           MR. PALACIOS: So what about the remaining  
22 counties?

23           MR. OBERMIER: The remaining counties, we're  
24 working with folks in the Vehicle Titles and Registration  
25 Division on what that plan looks like, to not only look at

1 the counties but the dealers. We're looking to  
2 decentralize the onboarding process to make it look  
3 different than it did for the first county and the first  
4 dealer where it was all very much a lengthy hand-holding  
5 process and making sure that everybody was comfortable  
6 with how things were going because it was a new system,  
7 there were some lessons to be learned there as well. We  
8 wanted to get input from some of the early adopters.

9 We see that there are thousands of dealers  
10 across the state and we have 254 counties that we won't  
11 have that kind of time to give to all of them; otherwise,  
12 this project could go on for years just in the ramp-up  
13 phase, so we're trying to make that process as automated  
14 and seamless as possible as well. And we are, as I  
15 mentioned, for the actual decentralization of it, looking  
16 to the regional service centers within VTR to manage that.

17 MR. INGRAM: Quick question on the Phase 2.  
18 The last date I heard was July; it looks like it's been  
19 pushed back to November?

20 MR. OBERMIER: So the multiple phases, if you  
21 will, we've got the new car sales which has already  
22 started to go statewide, we have the used car sales which  
23 looks like October-November time frame of 2014, salvage  
24 transactions look to come up about March-April time frame  
25 of 2015, and then private party sales in August-September

1 time frame of 2015.

2 MS. RYAN: I think the pilot is in July.

3 Correct?

4 MR. INGRAM: Is the pilot going to start in  
5 July?

6 MR. OBERMIER: Yes.

7 MR. WALKER: So the pilot is still a go for  
8 July.

9 MR. OBERMIER: Correct.

10 MR. INGRAM: Do we have anything set up  
11 currently within WebDealer that's going to look at the DPS  
12 database for whether or not that person matches their  
13 database in terms of IDs?

14 MR. OBERMIER: I will need to get back with you  
15 on the details for that. I know that there has been work  
16 to look at authentication or identification verification  
17 of both in-state as well as out-of-state folks.

18 MR. THOMPSON: Mr. Chairman, Tim Thompson,  
19 deputy director of Vehicle Titles and Registration.

20 Member Palacios, on the initial implementation,  
21 and also Member Ingram, we started out focusing on those  
22 dealerships that were currently using the dealer title  
23 application, so as we've expanded out, we've gone up into  
24 the Central Texas area already, we're pushing into the San  
25 Antonio area right now, we're working towards the Dallas

1 area, we've actually had people out in the field talking  
2 to the dealer associations and making the presentation. I  
3 think it's probably important to understand, though, that  
4 initial expansion was dealing with franchise dealers who  
5 actually were using dealer title applications. The July  
6 date is actually the date that we plan to go out to all  
7 franchise dealers, to include those that do not utilize  
8 dealer title application. We believe that once we make  
9 that expansion that we're going to get a much higher  
10 adoption rate as well.

11 And, Member Ingram, you are correct in that the  
12 date is correct in that we were going to move towards the  
13 used car industry in November.

14 MR. PALACIOS: So at this point in July, we're  
15 not talking about a pilot, this is full-blown live now.

16 MR. THOMPSON: No, sir. This is the full-blown  
17 deal.

18 MR. PALACIOS: We're a month and a half away  
19 from that.

20 MR. THOMPSON: Yes, sir.

21 MR. INGRAM: I mean, it is what it is, and  
22 certainly I understand the complexity of the project, but  
23 it isn't on schedule, so at this point the schedule was  
24 July going to be with the independents and you're not  
25 going to make that. It's just a fine point and doesn't

1 really matter, but just it is what it is.

2 MR. OBERMIER: Any more comments on WebDealer,  
3 questions?

4 (No response.)

5 MR. OBERMIER: Moving on to NMVTIS, which is  
6 the National Motor Vehicle Title Information System, we  
7 are set to go live on May 12. While the report here shows  
8 the schedule being yellow, that was based on an original  
9 go-live date, approximately two and a half to three weeks  
10 ago back in April. We ran into some technical issues in  
11 the information exchange with AAMVA, which is American  
12 Association of Motor Vehicle Administrators. We needed  
13 some time to work through those issues and then get it to  
14 a stable point where we could watch it run hands-off with  
15 the pilot counties that we have going on out there today  
16 without any errors that were generating a bunch of rework.

17 So we are now at that point, the go-live is set  
18 for Monday, the 12th. We had a recent Governance Team  
19 vote taken internally here at the DMV to update the  
20 schedule to make the new go-live date 5/12, so actually  
21 the schedule would now be green, based on the revised  
22 approved date by the Governance Team. Again, all of the  
23 risks and concerns with that project now seem to have been  
24 addressed, and again, it has been running hands-off now  
25 for a little over a week and a half.

1 MS. RYAN: I would ask, though -- probably to  
2 Blake's point too -- I'd leave the schedule yellow because  
3 we shifted. I don't think it's a bad thing, but that  
4 helps us understand that we had some moving dates,  
5 probably for all the right reasons, but when we turn them  
6 green, it means that we never slipped at all. Sometimes  
7 moving a date is a good thing, and it's to make sure. But  
8 I'd leave it yellow because it helps us understand from  
9 when we started, would be my suggestion.

10 MR. OBERMIER: From the baseline date.

11 The next project, the RTS name parsing. What  
12 this project is basically for is if you look at the legacy  
13 system, the name field for titles that are in that system,  
14 the first and last name are all kind of bunched into one  
15 box, if you will, so what we needed to do to get to what's  
16 called a normalized database where you can search on first  
17 name or search on a middle name or search on a last name  
18 as a separate search function, we needed to parse them out  
19 into those separate fields. So we've got some automated  
20 software that we brought in that will do that for us, and  
21 it kicks out anything that has any question on. As far as  
22 level of confidence, we're seeing a less than .5 percent  
23 error rate on the automatic parsing of those names.

24 We have completed 1.7 million names having been  
25 parsed of what's in the legacy system data in preparation

1 to move it to the refactored system. We have 130 million  
2 total names in there to parse, so a request has been sent  
3 by the project manager to actually get a meeting scheduled  
4 to talk about where is the line in the sand we want to  
5 draw because we probably aren't going to have time nor  
6 need to go out and parse all of the names that are in the  
7 system today because many of these are going to be very  
8 old records. Now, that doesn't mean we won't have access  
9 to those records in the future, that just means they  
10 wouldn't be parsed and put in the new online system.

11 Moving on to the AMSIT project which is the  
12 application migration and server infrastructure  
13 transformation. This was the project we talked about a  
14 little bit in the exceptional item topic with Ms. Flores,  
15 where we engaged a vendor to come in in the first phase,  
16 do the analysis and help us get an actionable plan in  
17 place to move forward with the separation effort of the  
18 servers and applications that are currently used by the  
19 DMV but in the TxDOT area. So I'm not sure what else  
20 there is to cover on that one.

21 Scope, schedule and budget, again, are green on  
22 that one as well. Based on the Phase 1 approach, we've  
23 got some discussion to talk about how we're going to move  
24 forward with identifying funding and then actual execution  
25 dates for Phase 2.

1           Moving on to the regional office communication  
2 infrastructure project. Scope, schedule and budget,  
3 again, on these are green. We've had some minor  
4 rearrangements, if you will, with what's going on with the  
5 Houston Regional Office, with TxDOT announcing that  
6 property has been sold. So that office has been moved up  
7 on the priority list. That said, we expect to be done  
8 with all the regional offices by the end of next year, and  
9 in essence, what we're doing is going into every one of  
10 the regions, making sure the technical infrastructure is  
11 up to date, and in some cases, if there's any separation  
12 activities left to perform at that level, including  
13 telephone systems, that's when we do that as well.

14           Moving to the headquarters communication  
15 infrastructure project. Scope and budget are green on  
16 this, schedule is yellow. We've had some slippage with  
17 some technical issues related to rolling up some of the  
18 call center functionality for consumer relations and the  
19 registration and title system service desk, which we need  
20 to get resolved before we put that in production, and as  
21 well roll out to the Motor Carrier Division's call center.

22           What we've done is we've taken the time to work with the  
23 vendors to identify resolution of that which we believe  
24 took place last Monday. We started rolling out the non  
25 call center telephones for all of the rest of Camp

1 Hubbard, so about 40 percent complete with that process  
2 and we should be done by the end for June, including all  
3 of the non-user phones, for instance, conference room  
4 phones, phones that are in common areas.

5 Next steps on the call center piece are we had  
6 one more update that needed to be made to some of our  
7 phone routers, which was done Wednesday of this week, been  
8 running hands-off clean since then as well. The  
9 implementation, the vendor was going to restart their  
10 system test today, and then if all goes well, they will  
11 hand over their test results to us showing that it has met  
12 all the requirements, and then we can restart our user  
13 acceptance testing here with the consumer relations and  
14 registration and title system service desk groups. We  
15 have hopes of them going live with that first call center  
16 piece for the larger areas at the end of May.

17 Active directory, which is one of the core  
18 pieces to having anything else work here, it's going to be  
19 one of the prerequisites for anything AMBIT-related.  
20 Without our own system to log into, we won't be able to  
21 define the roles and permissions to access those other  
22 servers and applications once they're over here. An  
23 update since this report was created, with the  
24 headquarters migration, we are 99 percent complete. Next  
25 we're going to move to the regional offices which, again,

1 that will be in lockstep with the regional office project.

2 And then the final iteration piece we'll have  
3 is what you might consider a single sign-on function with  
4 the Office 365, our Outlook email system. Currently today  
5 we have to maintain a separate user ID and password. They  
6 can be the same, but when you reset your password as a DMV  
7 employee to log into your computer when you come in in the  
8 morning, that doesn't automatically reset your email  
9 password. So this will make everybody's lives easier once  
10 we get to Phase 3 in this project as well. Again, scope,  
11 schedule and budget are green on that.

12 Lastly, the CAPS financial project. A lot of  
13 work going on right now with the finance group. In fact,  
14 hats off to Ms. Flores and her team. This project would  
15 not be where it is today without them stepping up to the  
16 plate and doing what needed to be done when we lost the  
17 project manager that was assigned to this project a little  
18 bit earlier this calendar year. That project was at a  
19 very critical time in its life cycle and really did not  
20 have the time to lose while we were looking for a new  
21 project manager to come on board. So Linda recognized  
22 that need, assigned staff to it, and kind of picked up  
23 that ball and ran with it.

24 So where we are now is getting ready for a go-  
25 live on September 2. What's going to come forward from

1 the old system to the new system will be all of the vendor  
2 information, for instance, who we have POs with today, all  
3 open POs, and all of the FY 14 purchasing information.  
4 But anything prior to that, we're just going to leave  
5 behind in the legacy system and we'll just access that as  
6 we need, but that should become less and less important as  
7 time goes on.

8 MR. PALACIOS: Is it primarily financial in  
9 nature? Will we start generating financial statements  
10 from this effective September?

11 MR. OBERMIER: Absolutely. So there's actually  
12 two CAPS projects. This is the only one active right now,  
13 this is the CAPS financial, it's the ERP system for our  
14 financial system. CAPS HR is coming a little bit down the  
15 road.

16 And that concludes my report. With that, any  
17 questions?

18 (No response.)

19 MR. WALKER: Thank you very much, Mr. Obermier.

20 At this time I'd like to recognize somebody  
21 special that's in the room today, and of course, my wife  
22 is not here, but sitting right over here next to Ms.  
23 Flores, we have Alyssa Flores. Stand up, Alyssa.

24 (Applause.)

25 MR. WALKER: I've never seen you in my life,

1 not even seen a picture -- your mom doesn't have a picture  
2 of you on her desk, or maybe I haven't been to your mom's  
3 office -- but I recognized when you came in here, I said  
4 that's got to be Linda's daughter, she looks just her.

5 Alyssa is graduating this Saturday from -- it's  
6 real hard for an Aggie to say this -- UT law school, and I  
7 guess she is fixing to be off her mom and dad's payroll  
8 here in about another week or so, got a job offer  
9 accepted. So Alyssa, where is your cell phone? Go ahead  
10 and give it to your mom now, and the credit cards.

11 MR. WALKER: But thank you very much.  
12 Congratulations.

13 (General talking and laughter.)

14 MR. WALKER: And now we will move to our  
15 director's reports, and I promise you, the next board  
16 meeting we're going to put you at the front so you can  
17 speak as long as you want. This time it is almost one  
18 o'clock, so can we make it brief?

19 MS. BREWSTER: Mr. Chairman, I am happy to keep  
20 it brief. Whitney Brewster, executive director.

21 On our performance measures, I'll just state  
22 that they have not changed significantly since the last  
23 time that you saw them. One thing that I would like to  
24 note is in terms of stakeholder and customer outreach,  
25 we've done very, very well consistently through the

1 quarters. And I'd like to talk a little bit about some of  
2 the activities that have occurred, that I am very proud of  
3 the folks that work for this agency, that they have done.

4 The first is that Vehicle Titles and  
5 Registration hosted our first ever TxDMV Day here at  
6 headquarters and invited tax assessor-collectors from  
7 across the state to come in. And this was very much a  
8 group effort. We had folks in every division  
9 participating to give our tax assessor-collectors a good  
10 idea of what the agency does and things that they need to  
11 be aware of that are coming up. We had a great response  
12 We thought that we were going to get maybe 30, and we hit  
13 that in the first week. We ended up having roughly 150  
14 people here that filled this room.

15 And I do want to thank a few people, but by no  
16 means are these the only ones that contributed to this  
17 effort. Randy Elliston was the event planner and host;  
18 Tim Thompson very much contributed to that effort as well;  
19 Torey Nichols of VTR coordinated the event, and Linda  
20 Kirksey helped coordinate the event and have speakers, our  
21 entire executive team spoke. And we've had great feedback  
22 on that event, and we will do it again. In terms of  
23 timing, we're not quite sure if it is most appropriate do  
24 it annually or every other year, but we certainly are  
25 going to do it again.

1 I do want to also thank folks in Finance and  
2 Administration, VTR. We had a shuttle going back and  
3 forth from Bull Creek to bring folks over. Enforcement  
4 for giving the tours of the facilities, and obviously, our  
5 executive team for putting together presentations for this  
6 event.

7 The next item is on April 20 we held our second  
8 Historically Underutilized Businesses event, and we had  
9 the second largest of its, second only to Senator West's  
10 event, who is considered the father of the HUB program.  
11 We had 140 HUB vendors participate and we had 247 folks  
12 attend. It was held here, it was in Austin at the State  
13 Capitol. It was a fantastic event. Our staff did a great  
14 job. I want to thank our purchasing staff for their  
15 efforts: Sarah Bergman, David Chambers, James Kelldorf,  
16 Jeff Kushaney, Paula Ramsey, Alfred Ramos, and a final  
17 thanks for the tireless efforts of Fred Snell who is our  
18 HUB coordinator here at the TxDMV.

19 We had Representative Collier from the Fort  
20 Worth area present remarks as well. It was just an  
21 outstanding event, and I want to thank our folks in  
22 Finance and Admin for their efforts in coordinating -- it  
23 was a large effort.

24 And last, but certainly not least, May is  
25 National Moving Month which is the kickoff to the busiest

1 time of the year for people changing residence across the  
2 nation, and unfortunately, also falling victim to  
3 unlicensed movers. We had the Texas Department of Motor  
4 Vehicles, the Federal Motor Carrier Safety Administration,  
5 Southwest Movers Association, and the Bette Business  
6 Bureau, alongside the American Moving and Storage  
7 Association, put on an event just this week. Federal  
8 Motor Carrier Safety Administrator Ann Farrow was here  
9 from Washington, D.C. to educate Texans on what they need  
10 to do before hiring a licensed mover or before moving  
11 forward with hiring a moving company. We're hoping that  
12 they look to see that they're licensed, and that's what we  
13 were trying to educate Texans on.

14 I do want to say that I'm excited this year  
15 because we know that our program, Don't Make a Move  
16 Without Us, is working. Our investigative unit reports so  
17 far this year we were able to successfully prevent  
18 household goods loads being taken hostage in every single  
19 case that has been brought before us. Household goods  
20 complaints have gone down 40 percent since 2011, and just  
21 last year we ranked third in the nation in terms of moving  
22 complaints, we're now sixth, so we're definitely going in  
23 the right direction. And I want to commend our  
24 Enforcement investigators for the work that they have  
25 done. They're vigilant and they certainly have heart, and

1 I just very much appreciate the work that they're doing.

2 So with that, Mr. Chairman, I will conclude my  
3 remarks.

4 MR. WALKER: Thank you very much.

5 Does anybody else have anything else they'd  
6 like to entertain or talk about?

7 MR. INGRAM: Were we third based on like a  
8 percentage or based on just total number?

9 MS. BREWSTER: Total number.

10 MR. INGRAM: We're kind of a large state.

11 MS. BREWSTER: Yes, we are. But we're hoping  
12 that we'll get even further down the list.

13 MR. WALKER: No other further business? If  
14 not, Mr. Slovacek, I will entertain a motion from you to  
15 adjourn.

16 MR. SLOVACEK: So moved.

17 MR. WALKER: Is that a second, Mr. Barnwell?

18 MR. BARNWELL: Second.

19 MR. WALKER: So we have a motion and a second.

20 All in favor signify by saying, Let's go home.

21 (Whereupon, at 1:00 p.m., the meeting was  
22 concluded.)

C E R T I F I C A T E

MEETING OF: TxDMV Board

LOCATION: Austin, Texas

DATE: May 9, 2014

I do hereby certify that the foregoing pages, numbers 1 through 150, 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      05/17/2014  
(Transcriber)                      (Date)

On the Record Reporting  
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