

TEXAS DEPARTMENT OF MOTOR VEHICLES

BOARD MEETING

William B. Travis Building
1701 N. Congress Avenue
Room 1-111
Austin, Texas 78701

Thursday,
August 11, 2022
9:00 a.m.

BOARD MEMBERS:

Charles Bacarisse, Chair
Christian Alvarado
Stacey Gillman
Brett Graham
Tammy McRae
Sharla Omumu
John Prewitt
Manuel "Manny" Ramirez
Paul R. Scott

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11.	The Board may enter into closed session under one or more of the following provisions of the Texas Open Meetings Act, Government Code, Chapter 551, including briefing, discussion and deliberation regarding temporary tags, the temporary tag system, and system upgrades regarding fingerprints under 43 TAC §211.6: Section 551.071 Section 551.074 Section 551.076 Section 551.089	105
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MR. BACARISSE: Good morning, everyone.

It is now 9:01 in the morning on August 11th. And I am Charles Bacarisse.

I am pleased to open to open this Board meeting of the Texas Department of Motor Vehicles, and I am now calling the Board meeting to order. And I want to note for the record that the public notice of this meeting, containing all items on the agenda, was filed with the Office of Secretary of State on August 3, 2022.

Before we begin today's meeting, please place all cell phones, including mine, on silent, and other communication devices as well. And as a courtesy to others, please don't carry on side conversations or other activities in the meeting room.

I want to welcome those who are with us for today's Board meeting. Face coverings and social distancing are not required at this meeting.

If you wish to address the Board or speak on an agenda item during today's meeting, please complete a speaker sheet at the registration table out those doors there or send an email to GCO_general@txdmv.gov. That is GCO_general@tx.dmv.gov.

Please identify in your email the specific item you are interested in commenting on, your name and

1 address, and whether or not you are representing anyone or
2 speaking for yourself. If your comment does not pertain
3 to a specific agenda item, we will take your comment
4 during the general public comment portion of the meeting.

5 In accordance with the Department's
6 administrative rule, comments to the Board will be limited
7 to three minutes. To assist each speaker, a timer has
8 been provided up on the podium. The timer light will be
9 green for the first two minutes, yellow for one minute,
10 and then red when your time is up.

11 Individuals cannot accumulate time from other
12 speakers, and comments should be pertinent to the issues
13 stated on your comment sheet. When addressing the Board,
14 please state your name and affiliation for the record.

15 There are a few things that will assist in
16 making the meeting run more smoothly, and assist our court
17 reporter in the back corner over there in getting an
18 accurate record. Number one, please identify yourself
19 before speaking. Speak clearly and slowly. Do not speak
20 over others, and please ask the Chair for permission to
21 speak and be sure to get recognized before speaking.

22 I would also like to thank our court reporter
23 who is transcribing this meeting.

24 Before we begin today, I would like to remind
25 all presenters and those in attendance of the rules of

1 conduct at our Board meetings. In the Department's
2 administrative rule, I have the authority to supervise the
3 conduct of the meetings. And this includes the authority
4 to determine when a speaker is being disruptive of the
5 meeting or is otherwise violating the timing of
6 presentation rules that we just discussed.

7 So now I would like to have a roll call of the
8 Board members. Please respond verbally when I call your
9 name.

10 Member Alvarado, are you here?

11 MR. ALVARADO: Here.

12 MR. BACARISSE: Member Gillman?

13 MS. GILLMAN: Here.

14 MR. BACARISSE: Member Graham?

15 MR. GRAHAM: Here.

16 MR. BACARISSE: Member McRae?

17 MS. McRAE: Here.

18 MR. BACARISSE: Member Omumu?

19 MS. OMUMU: Here.

20 MR. BACARISSE: Member Prewitt?

21 MR. PREWITT: Here.

22 MR. BACARISSE: Member Ramirez?

23 MR. RAMIREZ: Here.

24 MR. BACARISSE: Member Scott?

25 MR. SCOTT: Here.

1 MR. BACARISSE: And I, Charles Bacarisse, am
2 here too. So we have a quorum.

3 Agenda Item 2 is our pledges to the U.S. and
4 Texas flags. So, let's all stand and honor our country
5 with the pledge of the U.S. flag and the Texas flag.

6 And I will turn it over to Member Graham, or
7 excuse me, Member Alvarado first, to lead us in the U.S.
8 pledge.

9 (Whereupon, the Pledge of Allegiance was
10 recited.)

11 MR. BACARISSE: Thank you. And now, Member
12 Graham with the Texas pledge.

13 (Whereupon, a pledge to the Texas flag was
14 recited.)

15 MR. BACARISSE: Thank you, Members Alvarado and
16 Graham.

17 I don't have any Chair reports for today. That
18 is Agenda Item 3.

19 So we can move straight to Agenda Item 4. And
20 so I would like to turn it over to our Executive Director,
21 Daniel Avitia, for Agenda Item 4.A.

22 MR. AVITIA: Chairman, Members, good morning.
23 And Chairman, thank you.

24 I am happy to share some information with you
25 all this morning. But before I do, I would like for us to

1 congratulate our very own Member Prewitt for being elected
2 the Texas Trucking Association, TXTA, Chairman at the
3 annual TXTA Conference held July 26th through the 29th in
4 Horseshoe Bay. For awareness, TXTA advocates for sound
5 public policy, providing excellence in education,
6 research, training and information, as well as promoting
7 safe, dependable, and efficient motor transportation
8 system.

9 Chair and Members, please join me in
10 congratulating Member Prewitt for being elected Chair.

11 (Applause.)

12 MR. BACARISSE: Any words, Mr. Chairman?

13 MR. PREWITT: None at this time.

14 MR. BACARISSE: Congratulations, John. That
15 is -- you will lead that organization well. I know it.
16 Item 4.B, Mr. Avitia?

17 MR. AVITIA: We're still on 4.A, Chairman --

18 MR. BACARISSE: Sorry.

19 MR. AVITIA: -- if we could continue there.

20 MR. BACARISSE: Certainly.

21 MR. AVITIA: At this time, I would like to
22 recognize TxDMV employees who have reached a state service
23 milestone. We celebrate these employees as a show of our
24 appreciation for the years of service to the citizens of
25 the State of Texas.

1 This service announcement information can be
2 found on page 6 of your Board book. Members, the
3 following employees have reached service milestones.
4 Today we have two employees in the audience.

5 The first being our very own Ms. Carrie
6 Fortner, who has served the State for 15 years. I want to
7 express my gratitude and appreciation for all of her
8 support and dedication over the 15 years of state service,
9 and over the four years since, let's see, 2018, with the
10 Texas Department of Motor Vehicles.

11 It takes a great team member to make a
12 difference, and I believe Carrie displays that with her
13 actions and her support of the Department. She is
14 dedicated and she is amazing to work with.

15 So, members, please join me in congratulating
16 Ms. Carrie Fortner.

17 (Applause.)

18 MR. AVITIA: And we'll do pictures in just a
19 little bit. We have got one more employee. Thank you.

20 The next employee that we have is Mr. Jason
21 Adams. Jason began his career at the Texas Department of
22 Motor Vehicles as a contractor before being hired on
23 permanently as a contract specialist in July 1st of 2020.

24 Jason handles all types of procurement and
25 contract-related matters, including issuing requests for

1 proposals, invitations for bid, and request for
2 qualifications.

3 As a senior purchasing staff member, Jason
4 provides guidance, training, and assistance to the rest of
5 the procurement team, as well as contract managers across
6 the Department. Congratulations to Jason for over two
7 years at the DMV, and 20 years of state service overall.

8 (Applause.)

9 MR. AVITIA: Chairman, Members, the following
10 employees have reached a state service milestone but were
11 unable to attend us this morning. For 20 years, we have
12 Nicole Alvarez from the Enforcement Division and we have
13 Leslie Lee, Vehicle Title and Registration Division.

14 And last, the following employees recently
15 retired from the Department. We have Ms. Rose Brenham
16 from Vehicle Title and Registration; Martha Yancey, Human
17 Resources; Edward Sandoval, Lemon Law; and Mr. Henry Luna,
18 Consumer Relations Division. Congratulations to them on
19 their retirement.

20 MR. BACARISSE: Good. Now it's photo time?

21 MR. AVITIA: Now it's photo time, Chairman.

22 MR. BACARISSE: Okay. All right.

23 MR. AVITIA: So Chairman, Members, if you would
24 join me at the side of the dais.

25 (Whereupon, photographs were taken.)

1 MR. BACARISSE: All right. We'd like to now
2 move on to Agenda Item 4.B, and I will turn it back over
3 to Mr. Avitia.

4 MR. AVITIA: Chairman, thank you. Again, for
5 the record, Daniel Avitia, Executive Director. The
6 briefing document for Agenda Item 4.B can be found on page
7 7 of your Board materials.

8 Chairman and Members, the Texas Independent
9 Automobile Dealers Association, TIADA, held their annual
10 conference in Round Rock, Texas, from July 24th through
11 July 26th. Several TxDMV staff members attended portions
12 of the conference, including myself and Deputy Luna and
13 Deputy Mellott.

14 Additionally, three of our directors served as
15 presenters for two of the educational breakout sessions.
16 Enforcement Division Director Cory Thompson presented on
17 advertising dos and don'ts. The Motor Vehicle Division
18 director Monique Johnston and Vehicle Title and
19 Registration Division Deputy Director Clint Thompson
20 presented on what is new at TxDMV: Fingerprinting, 30-day
21 tags, and more. All three directors also took part in the
22 speaker's lounge to field questions from dealers and other
23 representatives from the industry.

24 The conference drew more than 300-plus dealers
25 from around the country. And we look forward to

1 continuing our support of TIADA and our independent dealer
2 community.

3 Members, this concludes my remarks for Agenda
4 Items 4.A and 4.B. I am happy to answer any questions if
5 there are some.

6 MR. BACARISSE: Members, any questions for Mr.
7 Avitia on this item?

8 (No response.)

9 MR. BACARISSE: Seeing none, thank you.

10 Let's move on to Agenda Item 5, which are rule
11 adoptions. We are going to invite Mr. Clint Thompson to
12 the podium to lay out Agenda Item 5.

13 MR. THOMPSON: Chairman, Members, Executive
14 Director. Good morning. How are y'all doing?

15 MR. BACARISSE: Good.

16 MR. THOMPSON: For the record, Clint Thompson,
17 Deputy Director of Vehicle Title and Registration
18 Division. I will be covering Agenda Item 5, which can be
19 found on page 8 of your Board book.

20 This is a recommendation to adopt amendments to
21 Rule 217.5, relating to evidence of ownership. The
22 purpose of this is to expand the definition of evidence of
23 ownership in the rule to allow for additional types of
24 evidence of ownership, specifically, a bonded title to be
25 used when an applicant does not have ownership evidence in

1 their name or properly assigned to them, and they need an
2 assigned or reassigned number.

3 Today, only a court order satisfies that
4 ownership evidence requirement. So again, we are
5 attempting to expand that to the bonded title process.

6 The bonded title process is an existing
7 statutory function. When folks do not have proper
8 ownership evidence, they can take advantage of the bonded
9 title process today, absent the need for an assigned or
10 reassigned number. And likewise, folks that have an
11 assembled vehicle that do not have proper ownership
12 evidence, they can also take advantage of the bonded title
13 process when they do need an assigned or reassigned
14 number.

15 So what we are doing with this is aligning
16 customers who have a manufactured vehicle versus customers
17 who have an assembled vehicle. We are allowing the same
18 process.

19 So, briefly, the bonded title process. We
20 don't have sufficient ownership evidence to apply for a
21 title to a county tax office like we normally would. The
22 customer goes to one of our Regional Service Centers.

23 The Regional Service Center establishes the
24 value of the vehicle. We have various means, in that
25 bonded title role, which is the next agenda item. Once

1 that value is established, we set the value of the bond
2 that is needed for the customer.

3 They go to a surety bond company. They
4 purchase the surety bond. They then go to a county tax
5 office and apply for title.

6 Today, those folks that need an assigned or
7 reassigned number, once they get the VIN inspection
8 identification number and inspection by law enforcement,
9 they are required to file a lawsuit in county or district
10 court. It is time-consuming. It is expensive.

11 This will give them a cheaper option, a more
12 expedient option to obtain ownership evidence and go apply
13 for an assigned or reassigned number. A court order is
14 still an option. And keep in mind that whether they
15 choose a court order or whether they choose a bonded title
16 for ownership evidence, we are not eliminating the
17 requirement for an identification number inspection by law
18 enforcement. That is a prerequisite in statute for
19 someone who needs an assigned or reassigned number.

20 It has been a little while since you all have
21 seen this. You all approved these for public comment at
22 the February Board meeting. It was sent to the *Texas*
23 *Register* February 25th edition, and it closed for public
24 comment March 28th.

25 We do have six commenters on the rule --

1 varying degrees of support and questions, lack of support.

2 And so, the main theme for our law enforcement and also
3 one of the insurance agencies, National Insurance Crime
4 Bureau was there was a lack of input from folks on the
5 front end. And the reason for that is twofold.

6 One, this does not impact the process for folks
7 to inspect vehicles. It does not impact law enforcement
8 inspecting them or not inspecting the vehicles. It does
9 not change the requirement for that. It still exists.

10 The other reason is we all know that is why the
11 public comment period exists. We put these out for public
12 comment. We received the public comment, and based on
13 those comments, we reached out to every single commenter.

14 We held meetings with them. We had phone calls
15 with them. I had an in-person meeting with one of them to
16 make sure that they understood the purpose of these rules
17 and the impact of these rules.

18 Additional comments, concern about volume.
19 Obviously, the concern about vehicles being stolen and use
20 this process. Obviously, we share the same concern.

21 One of the main purposes of Chapter 501 of the
22 Transportation Code, lessen and prevent the theft and
23 trafficking of stolen motor vehicles. We are not offering
24 rules that facilitate stolen vehicles being titled.

25 There was also concern about the removal of

1 courts and the elimination of VIN inspections in general,
2 as well as a suggestion to allow a tax assessor collector
3 hearing to be used as ownership evidence in conjunction
4 with a bond.

5 So again, we reached out to each of these
6 groups and individuals that provided public comment,
7 addressed their specific concerns, made sure they
8 understood. We are not eliminating the VIN inspection.
9 We are not increasing the volume of vehicles subject to
10 the identification number inspection.

11 These were very fruitful conversations, and I
12 believe that we addressed those during those
13 conversations. And we had no changes to the rules
14 proposed as a result of those conversations.

15 And I am glad to answer any questions you may
16 have.

17 MR. BACARISSE: Thank you, Mr. Thompson.

18 Members, any questions for Mr. Thompson on this
19 item?

20 MR. GRAHAM: Mr. Chairman?

21 MR. BACARISSE: Yes, Member Graham.

22 MR. GRAHAM: What would -- once approved by the
23 Board today, how long will it take for this rule to go
24 into effect?

25 MR. THOMPSON: I'll defer to our GC on timing,

1 but this is our standard. Once adopted by the Board, it
2 goes to the *Texas Register*, whenever we get that over to
3 them. And it is a standard 20 days for the effective.

4 MR. GRAHAM: Okay. In a month or so --

5 MR. THOMPSON: Yes. Approximately. Yes, sir.

6 MR. GRAHAM: Thank you.

7 MR. BACARISSE: Thank you.

8 Members, any other questions on this item?

9 Yes. Member Alvarado.

10 MR. ALVARADO: Thank you. Can you just -- do
11 you mind going through the process of the folks that are
12 suggesting that we do not adopt the proposed amendments,
13 as far as administrative process of the comment period.

14 Did they properly comment within the time
15 period? It sounds like those comments were addressed.
16 Can you step through that a little bit more?

17 MR. THOMPSON: Yes, sir. So the public comment
18 period started on February 25 and ended on March 28. They
19 did submit their comments during the public comment
20 period. As a result of the concern, there was no
21 engagement.

22 We are concerned that this is going to impact
23 volume, the nature of the comments. We always respond on
24 the adoption order to those. But the times that we get
25 something that we have concerns about, that they are

1 significant, that there is not an understanding of these
2 rules, and what we are trying to accomplish, we went ahead
3 and reached out to those commenters directly, and had
4 those conversations and specifically addressed -- you
5 know, with this entity, you had a specific comment on this
6 item.

7 Here is what we are intending. Here is the
8 actual impact of that. Do you understand why your comment
9 doesn't apply here -- for lack of a better phrase.

10 There was a clear misunderstanding about what
11 we were trying to accomplish. There was concern that we
12 were eliminating the VIN inspection. And I get it.

13 You start eliminating -- deleting something
14 here in a rule, and there is a reference here. We made
15 some statutory references, whereas they were not there
16 before. So, there was just a misunderstanding of what we
17 were actually trying to accomplish and we addressed each
18 of those concerns with those commenters.

19 MR. ALVARADO: Okay. Thank you.

20 MR. THOMPSON: Yes, sir.

21 MR. BACARISSE: Member Ramirez?

22 MR. RAMIREZ: Thank you very much. So, it
23 sounds like -- and thank you, Christian, for questioning
24 that.

25 The commenters, were they satisfactorily

1 responded to, in their opinion? Or was there still an
2 opinion that we should not pass these rules, from law
3 enforcement and the insurance folks that reached out?

4 MR. THOMPSON: Yes, sir. Thank you. After
5 those conversations, and I was a part of all of them, with
6 additional staff from the Department. I felt that their
7 concerns were addressed, received acknowledgment.

8 Okay. We understand that that is not the case.
9 We understand that the VIN inspections are not being
10 eliminated. We understand that this in and of itself does
11 not increase volume.

12 So, I certainly felt, based on those
13 conversations, that folks were satisfied with the
14 conversation that we had and the explanation of the impact
15 of the rules.

16 MR. RAMIREZ: Excellent. Thank you. Second
17 question. It sounds like this decreases the work load on
18 courts, decreasing work load on citizens who want to
19 accomplish getting their vehicle titled.

20 Does it increase work load on DMV staff? Is
21 there an anticipated increase there? Because now we are
22 eliminating a step where a citizen and for the courts --
23 they don't have to go and file a lawsuit to get their
24 title now.

25 Do we anticipate that there is going to be an

1 influx for our staff, now that they are going to maybe
2 create new processes?

3 MR. THOMPSON: This does not increase the
4 volume of vehicles for folks that need assigned or
5 reassigned numbers. What it changes is some of those
6 folks will continue to go to court, others will take
7 advantage of this new process to obtain a bond.

8 Whether they go to court or they get a bond,
9 the assigned/reassigned number process still goes to our
10 Regional Service Centers. So there is no new volume of
11 transactions from that perspective. They are still going
12 to be doing the same work.

13 The only difference is for those folks that
14 decide to go the bonded title route, there are additional
15 steps. It is negligible. We had approximately 9,300
16 court orders used as ownership evidence in title
17 applications for fiscal year '21. Not all of those were a
18 result of someone needing an assigned or reassigned
19 number.

20 We have a very small volume of these. And we
21 had a little over 4,000 -- about 4,400 assigned or
22 reassigned numbers. Not all of those necessitated a court
23 order.

24 So, it is not a one for one, but there will be
25 an additional transaction that we have to process if folks

1 pursue the bonded title. But it is not a significant
2 volume.

3 MR. RAMIREZ: Okay. Excellent. And for
4 anybody not familiar, I reckon the concern from law
5 enforcement side is that they are essentially able to
6 launder a vehicle. You know, something that doesn't have
7 a title, you can just go get a bond and then there is no
8 other proof required.

9 But what you are saying is that is not the
10 case. You still are subject to a VIN inspection. And you
11 have to make sure that it is actually the vehicle that you
12 have gotten a bond on before you can get it titled.

13 MR. THOMPSON: Absolutely. All of these
14 vehicles are still subject to that. And we are absolutely
15 relying on trained law enforcement to identify whether or
16 not the vehicle or parts were stolen. And this rule
17 change does not impact their ability to confiscate those
18 vehicles.

19 MR. BACARISSE: Just for my education, Mr.
20 Thompson, I think I heard you say -- but correct me --
21 that the VIN verification is really enshrined in the
22 statute.

23 MR. THOMPSON: Yes, sir. That is correct.

24 MR. BACARISSE: So, that is a plus.

25 MR. THOMPSON: Yes, sir.

1 MR. BACARISSE: Yes. Thank you.

2 Members, any other questions on this item? Mr.
3 Thompson, right?

4 (No response.)

5 MR. BACARISSE: Thank you, Mr. Thompson.

6 I would entertain a motion regarding Agenda
7 Item 5, if there is one.

8 MS. GILLMAN: Mr. Chairman, I have a motion.

9 MR. BACARISSE: Yes, Member Gillman.

10 MS. GILLMAN: I move that the Board approve the
11 adoption of amendments to Section 217.5 concerning
12 evidence of ownership as recommended by staff. I also
13 move that the Board grant the Department the ability to
14 make changes to the adopted section based on non-
15 substantive corrections made by the *Texas Register*.

16 MR. BACARISSE: Thank you, Member Gillman. Is
17 there a second for this motion?

18 MR. SCOTT: Second.

19 MR. BACARISSE: Member Scott. Thank you. So
20 we have a motion from Board Member Gillman and a second
21 from Member Scott. Is there any further discussion on
22 this item?

23 (No response.)

24 MR. BACARISSE: Liz, are there any public
25 comments on this item today?

1 MS. FORE: Elizabeth Fore. There are no
2 commenters on Agenda Item 5.

3 MR. BACARISSE: Okay. Thank you. I will now
4 call for a vote on this item. Member Alvarado?

5 MR. ALVARADO: Aye.

6 MR. BACARISSE: Member Gillman?

7 MR. GRAHAM: Aye.

8 MR. BACARISSE: Member Graham?

9 MR. GRAHAM: Aye.

10 MR. BACARISSE: Member McRae.

11 MS. McRAE: Aye.

12 MR. BACARISSE: Member Omumu.

13 MS. OMUMU: Aye.

14 MR. BACARISSE: Member Prewitt.

15 MR. PREWITT: Aye.

16 MR. BACARISSE: Member Ramirez.

17 MR. RAMIREZ: Aye.

18 MR. BACARISSE: Member Scott.

19 MR. SCOTT: Aye.

20 MR. BACARISSE: And I, Charlie Bacarisse, vote
21 aye as well. Let the record reflect that this vote is
22 unanimous. Thank you.

23 We can now -- if I can write fast enough, we
24 can now move to Agenda Item 6. Again, Mr. Thompson. So,
25 you have the floor. Thank you.

1 MR. THOMPSON: For the record, Clint Thompson,
2 Deputy Director of Vehicle Titles and Registration
3 Division. Agenda Item 6 starts on page 35 of your Board
4 book. This one will be a little bit briefer, since we are
5 going to cover the same subject matter.

6 This is a recommendation to adopt amendments to
7 217.9 related to bonded titles. So this is the process
8 that I just described to you all. This is the specific
9 rule that addresses the bonded title process.

10 What we are doing is a little bit of cleanup in
11 the rule for consistency in the rule, and also with
12 statute. Two of the main changes that we are making here
13 are to provide customers additional options to establish
14 the value of a vehicle that is then used to determine the
15 bond amount.

16 So the way that the value of the vehicle is
17 established today, we have something in the Tax Code
18 called standard presumptive value. That is the minimum
19 taxable value that a vehicle can be assessed tax on for
20 private party transactions. That is our first step to
21 determine the value of a vehicle, and thus determine the
22 bond amount.

23 In the event that standard presumptive value is
24 not available, or doesn't apply for that vehicle, then we
25 use national resource guides: NADA, KPV, things of those

1 nature. In the event that we do not have a value for that
2 vehicle in one of those national resource guides, today,
3 folks have to go get an appraisal.

4 We see issues with vehicles that are over 25
5 years old. They need to be reconditioned. They need to
6 be rebuilt. They don't have a motor.

7 Whatever the case may be, they don't reflect
8 the value that is established in those national
9 guidebooks. It is costing folks a significant amount of
10 money for the bond, where a \$35,000 vehicle in pristine
11 condition that is over 25 years old may only be worth
12 \$3,500 because of the needed repairs and parts, and
13 whatnot.

14 So what we are doing with this rule change is
15 giving those folks the option with a vehicle over 25 years
16 old to seek an appraisal instead of being bound by the
17 national resource guide which they are bound by today. It
18 is their option. If that national resource guide reflects
19 the accurate value of the vehicle, they are able to use
20 that. Otherwise, they can go get an appraisal and then we
21 will assess the value, based on the appraisal that is
22 obtained.

23 One of the other changes that we are making,
24 again, relative to establishing the value for vehicles, is
25 for trailers. A trailer under 20 feet in length would

1 have a minimum value of \$4,000 assessed to it. And
2 trailers 20 feet or more in length would have a \$7,000
3 value assessed to it.

4 We would give owners of those trailers the
5 option of using that established value in rule, as opposed
6 to mandating that they go and get an appraisal when there
7 is no standard presumptive value. There is no national
8 resource guide available. So again, this is an option for
9 folks.

10 And keep in mind, the established values, this
11 is the value of the trailer. All bonds, once we establish
12 the value of the trailer, that amount is multiplied times
13 1.5 to establish the bond amount that folks are then able
14 to go get a surety bond on. Same thing here.

15 You all approved this for public comment in the
16 February Board meeting. Same time period. February 25th
17 version of the *Texas Register*. It closed March 28.

18 The same six commenters provided comment on
19 this. Obviously, a bit different.

20 One of the other provisions that we initially
21 pursued in the proposal was to eliminate the outright
22 requirement for a weight certificate. We received three
23 comments on the weight certificate itself, recognized
24 that. And again, we had the same conversations about
25 these same comments with the commenters.

1 Through those conversations, recognized, hey,
2 we want to make sure we add that back in. And we put a
3 qualifier on it. It is not an outright requirement unless
4 we can not determine it through a national resource guide,
5 things of that nature. We have resources available today.

6 The same concern about input. Again, we
7 addressed all of this with the commenters, and we feel
8 like, based on the conversation, that we had a productive
9 conversation and satisfied those concerns.

10 That concludes my presentation. I am glad to
11 answer any questions.

12 MR. BACARISSE: Thank you.

13 Members, any questions for Mr. Thompson on this
14 agenda item?

15 (No response.)

16 MR. BACARISSE: Seeing none, I would ask Liz,
17 are there any public commenters on this particular Agenda
18 Item 6?

19 MS. FORE: Chairman Bacarisse, would you like
20 to ask for a motion first?

21 MR. BACARISSE: Sure. Thank you. I would
22 entertain a motion, if there are no questions, regarding
23 Agenda Item 6.

24 MR. ALVARADO: Mr. Chairman, I would like to
25 make a motion.

1 MR. BACARISSE: Member Alvarado.

2 MR. ALVARADO: I move that the Board approve
3 the adoption of amendments to Section 217.9 concerning
4 bonded titles, as recommended by staff. I also move that
5 the Board grant the Department the ability to make changes
6 to the adopted section based on non-substantive
7 corrections made by the *Texas Register*.

8 MR. BACARISSE: Great. Is there a second for
9 this motion?

10 MS. OMUMU: I second.

11 MR. BACARISSE: Member Omumu, thank you.

12 Okay. We have a motion from Member Alvarado,
13 and a second from Member Omumu. Is there any further
14 discussion, members?

15 (No response.)

16 MR. BACARISSE: Seeing none, hearing none. Now
17 I will ask you, Ms. Fore, is there any public comment on
18 this item?

19 MS. FORE: Elizabeth Fore. There are no
20 commenters on Agenda Item 6.

21 MR. BACARISSE: Thank you very much. I will
22 now call for the vote on Agenda Item 6. Member Alvarado.

23 MR. ALVARADO: Aye.

24 MR. BACARISSE: Member Gillman.

25 MS. GILLMAN: Aye.

1 MR. BACARISSE: Member Graham.

2 MR. GRAHAM: Aye.

3 MR. BACARISSE: Member McRae.

4 MS. McRAE: Aye.

5 MR. BACARISSE: Member Omumu.

6 MS. OMUMU: Aye.

7 MR. BACARISSE: Member Prewitt.

8 MR. PREWITT: Aye.

9 MR. BACARISSE: Member Ramirez.

10 MR. RAMIREZ: Aye.

11 MR. BACARISSE: Member Scott.

12 MR. SCOTT: Aye.

13 MR. BACARISSE: And I, Chairman Bacarisse, vote
14 aye as well. This is unanimous.

15 MR. THOMPSON: Thank you all very much.

16 MR. BACARISSE: Thank you, Mr. Thompson.

17 Okay. We will now move to Agenda Item 7. Rule
18 proposals, Chapter 217, from Jimmy Archer. Good morning,
19 Mr. Archer. You have the floor.

20 MR. ARCHER: Good morning, Chair Bacarisse,
21 Members of the Board, Executive Director Avitia. For the
22 record, my name is Jimmy Archer. I am the Director of the
23 Motor Carrier Division.

24 This is Item 7, and it begins on page 56 of
25 your Board books. For the Board's consideration, I am

1 presenting these proposed rule amendments to 43 Texas
2 Administrative Code Chapter 217 for publication in the
3 *Texas Register*.

4 These proposed rule amendments are necessary to
5 implement Senate Bill 1064, passed in 87th Legislative
6 Session, concerning the extended registration of an exempt
7 county fleet and to update the current commercial fleet
8 and exempt registration rules to reflect current
9 practices. During the last session, Senate Bill 1064 was
10 passed, allowing an exempt county fleet to be registered
11 for an extended period of not less than one year, and no
12 more than eight years.

13 Exempt county fleet by definition is a group of
14 two or more non-apportioned vehicles, semi trailers, or
15 trailers that is owned by and used exclusively in the
16 service of a county with a population of 3.3 million or
17 more. Proposed Sections 217.55 and 217.94 address exempt
18 county plates to ensure rules provide the policies and
19 procedures to implement the new program.

20 The Department has determined that the first
21 five years this proposal would be in effect, there will be
22 a one-time cost of \$250,000 for programming the
23 Department's automated systems and that that was
24 appropriated to this department and the Board approved
25 this amount at the February 5 meeting.

1 There are no significant and fiscal impacts to
2 the state or local governments as a result of the
3 enforcement and administration of these proposed rules.
4 There are no additional costs to the Department.

5 I ask the Board approve these rule amendments
6 for publication and comment. I would be happy to answer
7 any questions you might have.

8 MR. BACARISSE: Thank you, Mr. Archer.

9 I would ask if members have any questions for
10 Mr. Archer on this item? Yes, Member Graham.

11 MR. GRAHAM: I understand this has been
12 directed by the Legislature. I just would like to try to
13 understand if this is good for a large county, why would
14 it not be good for any county?

15 MR. ARCHER: I would think this may be the
16 beginning of having more counties do it. I am not sure.
17 But I think Harris County has almost 10,000 vehicles in
18 their -- you know, between 5- and 10,000 vehicles. And I
19 think they have a short staff to do it.

20 So, for them, this is going to be a game
21 changer for getting their vehicles registered. I would
22 think that it would be good for any size county, but that
23 is the legislative prerogative, so.

24 MR. GRAHAM: It certainly is. I was just
25 curious what the logic was.

1 MR. ARCHER: Let me add this, though. Once we
2 have it programmed, it could be any county that the
3 Legislature decides to let do it. It would be no problem
4 for us.

5 MR. GRAHAM: Right. Okay. Thank you.

6 MR. BACARISSE: Any other questions for Mr.
7 Archer on this agenda item, Members?

8 (No response.)

9 MR. BACARISSE: If not, I would entertain a
10 motion regarding Agenda Item 7. Is there a motion?

11 MR. RAMIREZ: Chairman, I'll move.

12 MR. BACARISSE: I'm sorry? Yes, Member
13 Ramirez.

14 MR. RAMIREZ: I move that the Board approve the
15 proposed amendments to Section 217.54 and 217.55 and
16 217.184 concerning extended registration of certain county
17 fleet vehicles as recommended by staff. I also move that
18 the Board grant the Department the ability to make changes
19 to the adopted section based on non-substantive
20 corrections made in the *Texas Register*.

21 MR. BACARISSE: Great. And is there a second
22 for this motion?

23 MS. McRAE: I'll second.

24 MR. BACARISSE: Member McRae. All right.

25 We have a motion from Member Ramirez, and a

1 second from Member McRae. Is there any further discussion
2 on this agenda item, Members?

3 (No response.)

4 MR. BACARISSE: Seeing none, is there any
5 public comments on this agenda item?

6 MS. FORE: Elizabeth Fore. There are no
7 commenters on Agenda Item 7.

8 MR. BACARISSE: Thank you. I would now call
9 for the vote on Agenda Item 7. Member Alvarado.

10 MR. ALVARADO: Aye.

11 MR. BACARISSE: Member Gillman.

12 MS. GILLMAN: Aye.

13 MR. BACARISSE: Member Graham.

14 MR. GRAHAM: Aye.

15 MR. BACARISSE: Member McRae.

16 MS. McRAE: Aye.

17 MR. BACARISSE: Member Omumu.

18 MS. OMUMU: Aye.

19 MR. BACARISSE: Member Prewitt.

20 MR. PREWITT: Aye.

21 MR. BACARISSE: Member Ramirez.

22 MR. RAMIREZ: Aye.

23 MR. BACARISSE: Member Scott.

24 MR. SCOTT: Aye.

25 MR. BACARISSE: And I, Chairman Bacarisse, vote

1 aye as well. It is unanimous.

2 Thank you, Mr. Archer.

3 MR. ARCHER: Thank you.

4 MR. BACARISSE: We'll now move to Agenda Item
5 8, the Legislative and Public Affairs Committee update.
6 And our Committee Chair Paul Scott ran an incredibly
7 efficient and effective meeting yesterday, he reminded me.
8 So I would like to give him the floor, to give us the
9 brief on that.

10 Please, Member Scott.

11 MR. SCOTT: Thank you. Good morning, Chair
12 Bacarisse, Executive Director Avitia, and Members.
13 Yesterday, Members Alvarado and Ramirez and I met for the
14 Legislative and Public Affairs Committee meeting to
15 receive a staff briefing on the development of
16 recommendations for the next legislative session.

17 The Department's Government and Strategic
18 Communications staff provided a briefing on draft
19 recommendations for statutory changes. Department staff
20 began working on identifying potential recommendations
21 earlier this year, seeking input from internal division
22 subject matter experts and external stakeholders, as well
23 as reviewing past legislative activity.

24 Proposed ideas were then vetted by
25 multi-divisional subject matter experts with the

1 Department. During the research and review stages, staff
2 did not identify any urgent statutory changes or legal
3 issues materially impairing the efficient and effective
4 operation of regulatory or administrative programs.

5 Staff also did not identify any additional
6 statutory changes needed to prevent further temporary tag
7 fraud. Therefore, the proposed recommendations seek to
8 clarify and increase the transparency of Department
9 statutes, instead of proposing significant operational
10 changes.

11 The recommendations are presented in your Board
12 materials in four categorized packets. Most of the items
13 are minor cleanup to either titling operations,
14 registration process, or license plate authorizations.
15 The remaining recommendations relate to
16 oversize/overweight permitting and the Motor Vehicle Crime
17 Prevention Authority.

18 The packets included in your Board books
19 contain redline statutory language changes for each item,
20 as well as a brief summary of the recommendation. More
21 than half of the recommendations may look familiar to you
22 as issues the Board approved for last legislative session.

23 Department staff has presented the draft recommendations
24 at this time to continue the process of receiving board
25 and stakeholder input.

1 Staff will collect input on the proposals
2 through the end of this month and refine the drafts for
3 final presentation to the Board in October. At that time,
4 staff will request the Board's approval of the final
5 packet. Approved recommendations will then be
6 communicated to legislative offices to potentially file as
7 proposed legislation during the 88th regular session
8 beginning in January.

9 Yesterday, Department staff also briefed the
10 LPA Committee on the updates to the Departments
11 Legislative Appropriations Request, LAR, regarding the RTS
12 replacement. Department staff will brief the Board on the
13 updates to the LAR under Agenda Item 9.A today. That
14 concludes my report.

15 MR. BACARISSE: Thank you, Chairman Scott.

16 Members, if you have any questions about any of
17 these items that Member Scott covered, certainly we would
18 want to ask members of our staff to address them in
19 substance if necessary. Are there any questions for
20 Committee Chair Scott or staff on Agenda Item 8?

21 (No response.)

22 MR. BACARISSE: Hearing and seeing none. Thank
23 you, Chair Scott, and your team, your Committee members.
24 And to the staff that were at the meeting yesterday.
25 Thank you.

1 Elizabeth, are there any public comments on
2 this particular agenda item?

3 MS. FORE: Elizabeth Fore. There are no
4 commenters on Agenda Item 8.

5 MR. BACARISSE: Okay. Thank you. We will now
6 move on to Agenda Item 9.A. And I will turn it over to
7 Glenna Bowman.

8 So, this is Finance and Audit. Good morning,
9 Ms. Bowman.

10 MS. BOWMAN: Good morning. Chairman Bacarisse,
11 Members, Mr. Avitia. For the record, my name is Glenna
12 Bowman. I am the Chief Financial Officer for the Texas
13 Department of Motor Vehicles.

14 At the June 30th Board meeting we presented
15 information regarding preliminary items to be included in
16 the FY 2024-'25 LAR. Since then, we have done additional
17 work and have incorporated some changes into the final
18 version. We have updates for costs to two of our
19 exceptional items.

20 The first is for the Registration and Titling
21 System replacement Phase One project. The total cost of
22 this project was originally estimated at \$5-1/2 million.
23 Based on a recommendation by the Department of Information
24 Resources, we added funding to incorporate additional
25 consulting support, particularly focused on risk

1 mitigation and ensuring the procurement process is fully
2 supported for this high priority statewide initiative.
3 The total cost of this exceptional item is now \$6.75
4 million.

5 The second exceptional item is expanding our
6 Regional Service Centers in Houston and in Dallas. The
7 total cost has been updated to include critical
8 technology-related items that are necessary for daily
9 operations of the RSCs, including hardware, software, and
10 the all important network connectivity.

11 Next, we have provided clarification of purpose
12 for the MVCPA exceptional item funding. Previously, we
13 had six FTEs in this request. There were three that were
14 administrative, and three for a collections unit.

15 However, MVCPA has funding available within its
16 base appropriations to support these FTEs. So we moved
17 the FTE request to a separate exceptional item, which I
18 will discuss next. And the MVCPA exceptional item is now
19 100 percent for additional grant funding.

20 We did add, based on guidance from the LBB
21 staff, a new exceptional item, to provide for the
22 recommended increase in authorized FTEs that were
23 presented at the June Board meeting. And in addition, the
24 FTEs for MVCPA were added to this exceptional item.
25 Funding is available within the Department's base

1 appropriations to support these FTEs, so the dollar amount
2 of this exceptional item is zero.

3 And finally, we would be looking at a
4 recommended change to the maximum authorized salary for
5 the Executive Director, based on guidance from the Board.

6 We are submitting the LAR tomorrow, on August
7 12th. And that concludes my formal remarks. I will be
8 happy to answer any questions.

9 MR. BACARISSE: Great. Thank you, Ms. Bowman.

10

11 Members, any questions for Ms. Bowman on 9.A?

12 (No response.)

13 MR. BACARISSE: I have got a question, if I
14 may.

15 MS. BOWMAN: Yes, sir.

16 MR. BACARISSE: Understanding the DIR came back
17 and recommended to this agency that we request additional
18 funding for consulting services, could you delve just a
19 bit more into which areas of consulting we might see that
20 additional expenditure put?

21 MS. BOWMAN: Yes, sir. Yes. There are a
22 couple of things that are particularly large. One of the
23 requirements that we have is to submit documentation to
24 the Quality Assurance Team. They are known as the QAT.

25 MR. BACARISSE: Wow. Okay.

1 MS. BOWMAN: We'll just leave that alone.
2 Anyway, it is a very large review, and it requires a lot
3 of information to be included. It has to be reviewed.
4 And actually, that has to be submitted before we can put a
5 large IT project in our LAR. So, that is one area.

6 Another big area is the procurement documents.
7 Because we anticipate that this is going to be such a
8 large and far-reaching IT project, DIR has been using this
9 process where they bring in a consultant to really look at
10 the procurement process to make sure that we are doing a
11 proper market scan, we have got our Statement of Work
12 properly documented.

13 And so, it is a lot of that. It is a lot of
14 the real detailed work just to make sure that we
15 absolutely get this right. Because if we don't, it could
16 be very bad.

17 MR. BACARISSE: I've seen that movie before.
18 And I appreciate their approach. And I think the members
19 all want to be really good stewards of funds allocated for
20 this project, and any that we undertake. So thank you for
21 that.

22 Members, are there any other questions on this
23 item, 9.A? Yes, Mr. Graham.

24 MR. GRAHAM: Just to make sure -- well, to
25 understand it better. I presume a change of this

1 magnitude with RTS will have far-reaching effects on other
2 agencies as well, would it not, as far as financial? I
3 would think that is going to require or place some type of
4 financial burden on them to reconfigure or work on
5 integration with whatever our new RTS system looks like.

6 MS. BOWMAN: Yes. I'm going to go ahead and
7 let Daniel address part of this.

8 MR. BACARISSE: Mr. Avitia.

9 MR. AVITIA: Chairman, thank you for that
10 information. If I am understanding your question
11 correctly, Member Graham, far-reaching financial impacts
12 to other institutions are what we are trying to take care
13 of right now on the front end of things.

14 As we talked about RTS replacement Phase One
15 and RTS replacement Phase Two, RTS replacement Phase One
16 is getting everything ready for that system to be
17 integrated. Meaning, new hardware, new printers, new
18 fiber versus the T-1 lines that we are currently using.
19 And so it would be bad to implement a new system, you
20 know, a high-tech system, and use old equipment.

21 So right now the Agency is working with our
22 Regional Service Centers, with our tech partners, to
23 replace all of the equipment that we can, and all of the
24 printers that we can, as well as get that fiber upgraded.

25 And that is a cost that the Department incurs.

1 MR. GRAHAM: But does it also impact other
2 agencies? I mean, for instance, there may be -- I mean, I
3 really don't know who it would be. I am just asking.

4 Would our actions with RTS cause other agencies
5 that may have a system that interacts with RTS to some
6 degree -- I mean, are there any that even do that?

7 MR. AVITIA: That is part of the legwork that
8 we have to do when we issue the scope of work.

9 MS. BOWMAN: The DPS is an example, where we
10 have to work with them.

11 MR. AVITIA: DPS is an example of one of the
12 partners that we would work with. We have got a diagram,
13 if you will.

14 MS. BOWMAN: And Will is here, also.

15 MR. BACARISSE: Will is here.

16 MR. AVITIA: And Will can explain this better.

17 But we have diagrammed all of the outer reaching parts of
18 RTS, and we would be happy to share that document with
19 you. It is pretty significant.

20 And Will, if you don't mind answering part of
21 this as well --

22 MR. BACARISSE: Mr. Hilton. Good morning.

23 MR. HILTON: Good morning. Good morning,
24 Chairman, Board members. Will Hilton for the record,
25 Deputy Chief Investment Officer.

1 So, to answer your question, Member Graham, so
2 there is currently six state agencies that would be
3 impacted by this. And so, like you already mentioned, DPS
4 is one of them. You have got the Texas Parks & Wildlife
5 Department and others.

6 So, this front-end Phase One is going to kind
7 of make sure we take into account the connections, the
8 interconnections and dependencies that we have with all of
9 those agencies. To also include, not just those agencies,
10 but our other -- like HEB and other, you know, partners
11 that we have.

12 So we want to make sure we account for those
13 things. What we do, we want to make sure it winds up with
14 what they have -- with minimal impact to what we are doing
15 in providing for them.

16 MR. BACARISSE: All right. The key to
17 remember -- if I am going to state this right, and you all
18 need to make sure I don't misstate it. Because like I
19 said, I have been through this kind of exercise before.

20 Phase One is a comprehensive mapping and
21 business process -- a process, right. We want to lay out
22 and design every potential connection point and command
23 and function in this system before we ever get to
24 implementation. We have to get this business process
25 right.

1 And a lot of times, it is a healthy exercise.
2 Because you might find that there are some processes that
3 we are doing now that we could alter in some way and gain
4 some efficiencies, and some might be outdated. You kind
5 of learn a lot going through this mapping process.

6 MR. GRAHAM: I see.

7 MR. HILTON: Yes, sir.

8 MR. BACARISSE: So if we do that right, then we
9 have got a better chance at building a system that
10 functions properly with minimal negative impact for our
11 partners. But our partners are going to be at the table
12 during the mapping process, right?

13 MR. HILTON: Yes, sir.

14 MR. BACARISSE: So they're going to have a
15 voice in that process. And it is going to be incredibly
16 collaborative, starting with the tags and the Service
17 Centers, the RSCs, and our other external partners.

18 So, great question, Member Graham. We have got
19 to keep our eye on that.

20 MR. GRAHAM: Really, just as I think about, you
21 know, our request for funding, going into a session, that
22 happens every two years. I know this project is years
23 away from actually the first screw being turned.

24 MR. BACARISSE: Yes. Right.

25 MR. GRAHAM: But, I was just kind of curious.

1 I mean, I am sure there is going to be downstream
2 ramifications to many organizations, agencies, --

3 MR. BACARISSE: Right.

4 MR. GRAHAM: -- tax. And I would presume we
5 are obligated to make sure that they understand what the
6 financial impacts of our actions are going to be. And so
7 they can -- I mean --

8 MR. BACARISSE: Right.

9 MR. GRAHAM: Either we have got to -- however
10 it works, I just kind of wanted to understand how all
11 this -- just trying to wrap my head around this project.

12 MR. BACARISSE: You're exactly right. I think
13 the first, this next biennium, we are asking for the
14 support -- the financial support to do this mapping
15 process and gather all those stakeholders, and get that
16 input. So, that in the next biennium, when we ask for the
17 money to actually build the thing, we will have done the
18 homework and gotten that input, right, from the
19 stakeholders. Don't let me lie.

20 So, that is a great question. And what we need
21 to do is be helpful as we can be as a board. And he'll
22 come back to us.

23 Let's say the Legislature makes the
24 appropriation and work begins. There will be, you know,
25 periodic reports to the Board on the status of that work.

1 And so we will be holding hands together as we move
2 forward.

3 Ms. Bowman.

4 MS. BOWMAN: Thank you, Chairman. I just
5 wanted to mention, thank you very much, Member Graham for
6 bringing out the cost piece of that. Because it will
7 impact our partner agencies. And we will involve them in
8 the discussions early on, but there could be a cost to
9 them.

10 So, definitely, I appreciate you mentioning
11 that, so that we can be sure that that is included at the
12 forefront of a lot of our discussions. Thank you.

13 MR. GRAHAM: Thank you.

14 MR. BACARISSE: Great question. Yes, Member
15 Scott.

16 MR. SCOTT: Will, could you elaborate for us,
17 just a minute, on the 1.25 extra at -- again, we had the
18 original to do the study, to do all the mapping, and so
19 forth. Now we are adding the additional money.

20 MR. HILTON: Yes. Will Hilton, for the record.
21 Yes, sir. The extra cost is to help us with the
22 procurement for the Quality Assurance Team.

23 And so, just to kind of elaborate on that a
24 little bit, there is five steps of the project delivery
25 framework that it has to follow, right. And so, to

1 initiate is the first step, in where we define the scope
2 and the budget for this, right. And so, we need the
3 extra, you know, expertise, to help formulate that.

4 So, as we go down those steps, we get into the
5 planning phase, right. And that is where we are going to
6 go into the next biennium, is we are going to plan that
7 out. We need those outside eyes looking in to do those
8 assessments on those dependencies that we have.

9 And then when we get to the execution phase,
10 that is the longest part of that, right. And we need that
11 expertise to help us drive through that. And you know, we
12 go through the monitoring and controlling, and closing it
13 out. But you know, that is a year in the making right
14 there, for just the Quality Assurance Team piece of this.

15 MR. SCOTT: So, from my understanding, we have
16 the original \$5 million request, and that is the mapping
17 process. And as we look to the end of that and then we
18 see that there is an additional step that has got to take
19 place, this QAT, right? Because that is what it is.

20 MR. HILTON: Yes.

21 MR. SCOTT: And so we see that and realize we
22 should go ahead and pull forward the money to get that
23 study. Because you know, we have this session, and then
24 we have got two years for the next one.

25 MR. BACARISSE: Right.

1 MR. SCOTT: So, we need to do everything we can
2 between now and then --

3 MR. HILTON: Yes, sir.

4 MR. SCOTT: -- so that when we go before the
5 appropriations for the actual RTS, that all the work and
6 prep work that we can get done has been done. And we need
7 this extra money to finish that step. Am I correct on
8 that?

9 MR. HILTON: Yes, sir. That is correct. Yes,
10 sir.

11 MR. SCOTT: All right. Thank you.

12 MR. BACARISSE: And this was really noted to us
13 by DIR, who sits atop the State's IT efforts. And I had
14 previously served on that Board, so that is where I saw
15 the movie. In any event, it is a process that we need to
16 make sure we do well on the front end, period, full stop.

17

18 Yes, Member Ramirez.

19 MR. RAMIREZ: Well, I was going to say, I don't
20 know if the additional outlay, the 1.25, is specifically
21 earmarked to hire an additional partner to do a different
22 study. But I would say that I think we will be able to
23 leverage our consultants to give the other agencies that
24 are going to be affected that information.

25 So once we identify who is going to be

1 affected, we can actually have them do a deep dive into
2 how much. So maybe we are saving the taxpayers overall,
3 so those other agencies don't have to do the work. Maybe
4 we will do it for them, if you see what I am saying.

5 MR. HILTON: Yes, sir.

6 MR. BACARISSE: Members, any other questions on
7 this item? Member Scott.

8 MR. SCOTT: I would just like to thank Will for
9 the hard work you have done on this. It looks like a very
10 complicated process.

11 MR. BACARISSE: Oh, just wait.

12 MR. SCOTT: I just -- I think we're all really
13 blessed by the fact that I am not involved in this.

14 (General laughter.)

15 MR. BACARISSE: Well, yes. It will be an
16 amazing process that we will walk through together. And
17 we do look forward to your work, and that of other
18 agencies as well.

19 And there is a lot of stakeholders involved,
20 and county partners and private sector. It is massive.
21 So -- and we are at the very, very beginning.

22 So thank you. Does that cover 9.A for us, at
23 this point? Any other questions, Members?

24 (No response.)

25 MR. BACARISSE: No. All right. Okay. Thank

1 you.

2 Ms. Bowman, please continue, 9.B.

3 MS. BOWMAN: Thank you, Mr. Chairman. Again,
4 for the record, I am Glenna Bowman, Chief Financial
5 Officer for TxDMV.

6 In the Board materials, starting on page 108 is
7 the TxDMV fiscal year 2022 financial report for September
8 1, 2021, through May 31, 2022. This report contains
9 information on projected and actual revenues as well as
10 budgeted and actual revenues for the first nine months of
11 the fiscal year. The reporting includes a standalone
12 report for TxDMV Fund 10 and information on some selected
13 statistics that may impact our revenues.

14 Some highlights for the first nine months of
15 the fiscal year include the following. The Department
16 collecting \$1.47 billion dollars in revenue in all funds.

17 This is a 5.1 percent increase over collections during
18 the first nine months of FY 2021. You can see that on
19 page 110.

20 TxDMV Fund 10 revenue collections, just Fund
21 10, total \$132 million. And that is a 17.1 percent
22 increase compared to the first nine months of fiscal
23 year --

24 MR. BACARISSE: Ms. Bowman, would you remind me
25 what that particular fund is?

1 MS. BOWMAN: So TxDMV -- so the first number
2 that I gave you is for the three funds that we collect;
3 for all funds.

4 MR. BACARISSE: Right.

5 MS. BOWMAN: TxDMV Fund 10 is our operating
6 fund that we use to provide spending for all of our
7 programs.

8 MR. BACARISSE: Got it. Thank you.

9 MS. BOWMAN: Yes, sir. Except for MVCPA, which
10 has a funding source from General Revenue.

11 MR. BACARISSE: Right.

12 MS. BOWMAN: Okay. On page 113, you can see
13 the Fund 10 revenues, expenditures, and fund balance. And
14 it shows that the Department has collected sufficient
15 revenue in the first nine months to support year-to-date
16 expenditures. And the adjusted balance for Fund 10 as of
17 May 31 is \$133.8 million.

18 On Page 117, you can see expenditures and
19 outstanding obligations in all funds total \$150.3 million.
20 That includes expenditures of about \$107.9 million and
21 encumbrances or obligations of \$42 million. And the total
22 amount includes \$5.2 million in General Revenue
23 expenditures and another \$10 million in encumbrances. The
24 majority of our General Revenue obligations are for the
25 MVCPA.

1 In FY 2022, the State has shown a steady growth
2 pattern in almost all sectors, resulting in increases in
3 all categories of revenue, except for motor vehicle
4 business licenses and motor carrier credentialing. As you
5 know, decreased motor vehicle business license revenue can
6 be attributed to the motor vehicle industry at large still
7 realizing the effects of supply chain issues and the
8 global chip shortage. This has led to a lack of motor
9 vehicle inventory and increased competition for that
10 inventory.

11 And as a result, we are receiving right now
12 fewer applications for motor vehicle industry licensure.
13 Hopefully, that is going to turn around as economic
14 decisions are made to improve the economy. And we will
15 continue monitoring that to see how that is looking
16 throughout the remainder of this year, and on into '23.

17 Title revenue, on the other hand, is increased
18 by 34.6 percent for FY '21 to '22. That is not surprising
19 given that we have restarted collection of the delinquent
20 title transfer penalty that was formerly waived by the
21 Governor due to COVID-19. The waiver of the fee actually
22 ended in April of 2021. So as we finish out this year, we
23 are going to see that percentage decrease some, but we are
24 still going to end the year higher than where we were in
25 '21.

1 Just a couple of other items. On page 111, you
2 can see the overall revenues in the first nine months
3 exceed projections by 1-1/2 percent, and mostly
4 attributable to higher than expected registration
5 collections.

6 And on another high revenue note, at the bottom
7 of page 114, you can see the chart for the MyPlates
8 contract. As you know, the contract includes a minimum
9 guarantee of \$25 million into the General Revenue fund
10 from the sale of personalized and non-personalized new
11 vendor specialty plates, as well as 5 percent of the
12 revenue from the renewal of those plates during the term
13 of the contract.

14 The GR deposits associated with the MyPlates
15 contract from November 19, 2019, which is when the current
16 contract started, to May 31 totaled \$50.3 million. And of
17 that amount, \$23.3 million counts towards to the \$25
18 million contract guarantee.

19 But -- and I was going to say, we are very
20 close to meeting the contract guarantee amount, but I can
21 tell you today that as of July, we have met the \$25
22 million guarantee. And this contract goes through
23 December 31 of 2025. So, looking good.

24 We have information on pages 118 and 119 that
25 are capital budget in-projects. And that concludes my

1 formal remarks. If you have any questions, I would be
2 happy to answer them.

3 MR. BACARISSE: Thank you, Ms. Bowman.

4 Members, any questions on 9.B for Ms. Bowman?

5 (No response.)

6 MR. BACARISSE: Seeing none, I think you are
7 all set.

8 MS. BOWMAN: Awesome.

9 MR. BACARISSE: Thank you so much.

10 MS. BOWMAN: Thank you all.

11 MR. BACARISSE: Item 9.C is our recommended
12 operating budget. And we want to ask John Ralston to come
13 up and give us a brief action item on that, please, John.
14 For 9.C, I am sorry.

15 MR. RALSTON: Good morning, Mr. Chair, Members
16 of the Board. My name is John Ralston. And I am the
17 Budget Director in the Finance and Administrative Services
18 Division.

19 Today I will be presenting the Department's
20 recommended FY 2023 operating budget for approval by the
21 TxDMV Board. A detailed document, which I will refer to,
22 is included in your Board book, starting on page 120.

23 As part of your recommendation to approve the
24 fiscal year 2023 operating budget, we are also requesting
25 the approval of two contracts which I will discuss

1 momentarily.

2 For FY 2023, TxDMV's recommended operating
3 budget rose to \$163.1 million. This includes \$28.5
4 million in capital projects and operating funds for 808
5 FTEs, services, consumables and equipment. Of the total
6 budget, \$151.1 million is funded through the new
7 appropriations as adopted by the Legislature in the
8 General Appropriations Act for '22-'23, and then \$12
9 million is funded through other adjustments.

10 These other adjustments are for estimated carry
11 forward funds from FY '22 for our automation program and
12 the HQ maintenance capital projects, and for the accounts
13 receivables and web salvage projects, which those were
14 funded by supplemental appropriations.

15 Together, all these funds are used by the
16 Department to conduct its day-to-day operations, our
17 technology projects and enhancements, and direct
18 administration, which also includes our support functions
19 that are integral to our operations. And details on these
20 items are on page 127 of your document.

21 The expenditures will be fully funded by the
22 TxDMV Fund 10, the General Revenue fund, and federal
23 reimbursements. Detailed information on the methods of
24 finance as shown on page 127 of your document, and our
25 revenues are more fully discussed on pages 129 and 130 of

1 your document. Again, of most significance, our TxDMV
2 fund revenue will fully fund our budget for FY '23.

3 Included in the document, we are requesting the
4 approval of the Board for two contracts. The first
5 contract for \$600,000 is with the Southwest Research
6 Institute for maintenance and consulting services for the
7 Motor Carrier Division's Commercial Vehicle Information
8 Exchange Window, or CVIEW, which is an application used
9 for sharing motor carrier information.

10 And the second contract for \$420,428 is with
11 the American Association of Motor Vehicle Administrators
12 National Motor Vehicle Title Information System, NMVTIS,
13 which allows for the Department to maintain access to the
14 national title check database system. This is an annual
15 agreement with AAMVA for this service.

16 And these are also provided for your
17 information. This concludes my remarks. And I will be
18 happy to answer any questions.

19 MR. BACARISSE: Members, any questions for Mr.
20 Ralston on Agenda Item 9.C?

21 Yes, Member Alvarado.

22 MR. ALVARADO: Good morning. I assume these
23 contracts go through the standard procurement process, or
24 can you talk a little bit about how that works?

25 MR. RALSTON: Yes -- the short answer, yes.

1 So, all contracts go through the DMV purchasing process,
2 are reviewed also through the legal process.

3 So the normal procurement process that happens
4 every year is required for these contracts. Divisions
5 will submit information, and it goes through that
6 procurement process for sign off and approval.

7 MR. ALVARADO: Thank you, Mr. Ralston.

8 MR. BACARISSE: Members, any other questions
9 for Mr. Ralston on this item?

10 (No response.)

11 MR. BACARISSE: I would now entertain a motion
12 regarding Agenda Item 9.C, the Agency's recommended
13 operating budget.

14 MR. PREWITT: Mr. Chairman, I would like to
15 make the motion.

16 MR. BACARISSE: Member Prewitt.

17 MR. PREWITT: Mr. Chairman, I move the Board
18 approve the FY 2023 operating budget as presented by
19 staff, which includes approval of the listed contracts
20 that require Board approval, as well as the delegation of
21 signature authority to the Executive Director or the
22 Executive Director's designee subject to the restrictions
23 in Government Code Sections 2261.254(d) for the approved
24 contracts.

25 MR. BACARISSE: Thank you, Mr. Prewitt.

1 Is there a second on this motion?

2 MR. GRAHAM: I'll second.

3 MR. BACARISSE: Member Graham, thank you.

4 So we have a motion by Member Prewitt and a
5 second by Member Graham for this agenda item. Is there
6 any further discussion?

7 (No response.)

8 MR. BACARISSE: Liz, do we have any public
9 comments on this item?

10 MS. FORE: Elizabeth Fore. There are no
11 commenters for Agenda Item 9.C.

12 MR. BACARISSE: Thank you. I would now call a
13 vote, please. Board members, please respond.

14 Member Alvarado.

15 MR. ALVARADO: Aye.

16 MR. BACARISSE: Member Gillman.

17 MS. GILLMAN: Aye.

18 MR. BACARISSE: Member Graham.

19 MR. GRAHAM: Aye.

20 MR. BACARISSE: Member McRae.

21 MS. McRAE: Aye.

22 MR. BACARISSE: Member Omumu.

23 MS. OMUMU: Aye.

24 MR. BACARISSE: Member Prewitt.

25 MR. PREWITT: Aye.

1 MR. BACARISSE: Member Ramirez.

2 MR. RAMIREZ: Aye.

3 MR. BACARISSE: Member Scott.

4 MR. SCOTT: Aye.

5 MR. BACARISSE: And I, Member Bacarisse, vote
6 aye as well. It is unanimous.

7 Thank you, Mr. Ralston. I appreciate it.

8 We'll now move to Agenda Item 9.D. This is the
9 Accounts Receivable study. And we will have Mr. Eric Horn
10 brief us on this item. Thank you. Good morning.

11 MR. HORN: Good morning, Mr. Chairman, Board
12 members, Executive Director Avitia. For the record, my
13 name is Eric Horn, and I am the Director of Accounting
14 Operations here at TxDMV.

15 Today I will be briefing you all on the recent
16 completion of our Accounts Receivable study with our
17 third-party vendor, Gartner. We last briefed this topic
18 in April 2022 Project and Operations Committee.

19 And I thank you for allowing me to come back
20 and provide you an update with some of the key takeaways
21 from the study, as well as outlining our next steps.
22 Materials that support my briefing can be found in your
23 e-book, beginning on page 153.

24 Gartner completed their study of Accounts
25 Receivable process in two phases, and delivered two

1 separate reports to us. The first phase analyzed our
2 current decentralized process and included business
3 process diagrams of our current state, as well as an
4 alternatives analysis for our future state.

5 The result of that alternatives analysis and
6 the recommendation for improvement was to move away from
7 our current decentralized process, and adopt a more hybrid
8 model for our accounts receivable. So in this hybrid
9 model, the accounts receivable activities are going to be
10 centrally directed by the Finance and Administrative
11 Services staff, but still locally executed by each of the
12 program areas.

13 The second phase of our study included a market
14 scan of software options available that could support
15 TxDMV's needs. The report delivered in this second phase
16 also included a future state plan and integration with
17 current and future TxDMV systems as well as the RTS
18 upgrade. And the market scan concluded that two types of
19 software options exist, currently, that TxDMV should
20 consider, along with the list of vendors and high-level
21 cost estimates for each.

22 The first option they proposed is an accounts
23 receivable module within a financial management solution
24 system. The second option they proposed is an invoice to
25 cash, or an I2C, application.

1 While both options could potentially support
2 the needs of the Department, Gartner also recommended that
3 we pursue a request for information with the vendor
4 community to convey TxDMV's unique system environment, as
5 well as our ecosystem and requirements. The RFI will also
6 provide TxDMV with more precise cost information for each
7 of the solutions that were recommended and will assist in
8 making an informed decision on which option we should
9 consider moving forward with the procurement process.

10 TxDMV staff agreed with this recommendation,
11 and we have since posted an RFI to the Comptroller's
12 Electronic State Business Daily, or ESBD, website. We did
13 so on August 5th. Written responses from vendors are due
14 back by August 19th.

15 And vendors also have the option and
16 opportunity to present their proposal to us virtually, to
17 TxDMV staff. We scheduled presentations -- a block of
18 presentations for both September 1st and September 2nd.
19 So far there have been a few vendors that have responded
20 with questions and -- as well as to reserve their
21 presentation spot for that September 1 and 2 date.

22 We are also utilizing our resources within the
23 American Association of Motor Vehicle Administrators, or
24 AAMVA, community. And we are going to survey other state
25 DMVs to see what accounts receivable software solutions

1 are being used there. So far, we have been in contact
2 with representatives from both Oklahoma and Mississippi
3 DMVs and we plan to discuss their AR software, as well as
4 additional states here in the upcoming weeks.

5 Previously, during the Phase One study with
6 Gartner, we spoke with the California Department of Motor
7 Vehicles, as well. In that conversation, we learned that
8 they too have a decentralized process very similar to
9 ours. But they do have a proprietary legacy accounts
10 receivable system that they integrate with their
11 Oracle-based accounting system. Again, similar to the
12 accounting system that we have today.

13 They are looking, as well, to modernize their
14 accounts receivable in the future, but have not yet
15 started that process. So we will be working with them and
16 giving them feedback on what we learn as well.

17

18 MR. BACARISSE: Let them go first.

19 MR. HORN: Yes, sir. Yes, sir. We are ahead
20 in this case.

21 MR. BACARISSE: Okay.

22 MR. HORN: So once we complete our information
23 gathering through both the RFI and the AAMVA surveys,
24 within about the next four to six weeks, we will make a
25 decision on which direction to go. Whether that is the AR

1 module within the FMS, or financial management solution,
2 or the invoice to cash, I2C application. From there, we
3 will move forward with completing a Statement of Work and
4 Request for Proposal to the vendor community in the first
5 quarter of FY '23.

6 So this concludes my formal remarks. I am
7 available for any questions you may have.

8 MR. BACARISSE: Members, any questions for Mr.
9 Horn on this item?

10 Yes, Member Gillman.

11 MS. GILLMAN: In a very simplified way --

12 MR. HORN: Yes, ma'am.

13 MS. GILLMAN: I want to make sure I understand.

14 And I am excited about this, and so I hope that what I
15 say is correct.

16 But the new accounts receivable system, whether
17 it is the AR module or the I2C will actually, for the
18 first time, allow the DMV to see over all the branches,
19 over all the State of Texas, what is owed, and an aging of
20 receivables. And we can identify where their collection
21 efforts need to happen.

22 MR. HORN: Yes, ma'am.

23 MS. GILLMAN: And so these proposals, when you
24 say what is -- I think, right now, it is completely
25 decentralized. But the centralized piece is going to be

1 so great, because you can actually see what you are owed
2 for the first time.

3 MR. HORN: That is correct.

4 MS. GILLMAN: That is amazing. And I am really
5 excited about that.

6 MR. HORN: Yes, ma'am.

7 MS. GILLMAN: It is super important.

8 MR. HORN: Yes. It will take away a lot of the
9 manual work that is completed now, a lot of manual
10 invoicing, manual tracking through spreadsheets and
11 databases. We are looking to eliminate that and be more
12 efficient.

13 MS. GILLMAN: Keep going. That is great.

14 MR. BACARISSE: Absolutely.

15 Members, any other questions here on this item
16 for Mr. Horn?

17 MR. PREWITT: One other question, Mr. Chairman.

18 MR. BACARISSE: Yes, Mr. Prewitt.

19 MR. PREWITT: In terms of the Internal Audit
20 component where we go for RFI, we are obviously going to
21 integrate that as well into the process, where it will be
22 easy for them to access and audit the results from the
23 system on an ongoing basis. I guess that would help us
24 get to Stage 3, Stage 4 maturity on it. That is the
25 ultimate goal.

1 MR. HORN: Yes, sir. The Stage 4, the Stage 3
2 is the ultimate goal. You are referring to the maturity
3 model that Gartner outlined?

4 MR. PREWITT: Right.

5 MR. HORN: We are currently in Stage 1, which
6 is not a surprise. It is not very siloed, reactive. A
7 manual process has multiple systems.

8 Stage 3, which we are hoping to go to, is going
9 to be more automated, less manual work, et cetera. So,
10 yes. We will include Internal Audit in those
11 implementation processes, as well.

12 MR. PREWITT: Thank you.

13 MR. BACARISSE: That's great.

14 Members, any other questions on this item?

15 (No response.)

16 MR. BACARISSE: Seeing none. Thank you, Mr.
17 Horn. Appreciate it. This is good stuff. Thank you.

18 Now I want to move to Agenda Item 9.E, which is
19 the Internal Audit Division status update. And we will
20 have Salem Chuah brief us this morning. Good morning.

21 MR. CHUAH: Good morning, Chairman. Good
22 morning, Board members, Executive Director Avitia. For
23 the record, my name is Salem Chuah. I am the Director of
24 the Internal Audit Division for the Department.

25 Item 9.E is a briefing item to provide you with

1 the status update on the Internal Audit Division's
2 activities on fraud, waste and abuse -- internal
3 engagements and external engagements, starting out with
4 fraud, waste and abuse.

5 In June and July, we received two complaints
6 from the State Auditor's Office. One complaint has been
7 closed, and the other has been referred to the Enforcement
8 Division.

9 With internal engagements, we currently have
10 two audits that continue to be in the planning phase. The
11 first is the business continuity and disaster recovery
12 audit. That objective is to determine whether effective
13 controls and processes are in place to ensure the
14 Department's operational resiliency.

15 And the second is the contract development
16 audit. That objective is to determine if the Department's
17 contract development processes meet required legal design
18 and reporting guidelines, and also if the Statement of
19 Work is well-defined. We expect that these two audits
20 will move into the field work phase in the next week, and
21 the final audit report is to be released in the fall of
22 this year.

23 In regards to following up on recommendations,
24 there were two that were due this fourth quarter. Those
25 two recommendations have been validated as implemented,

1 and we continue to work on validating the status of seven
2 other recommendations that were due in the third quarter.

3 Moving to external engagements. There is a lot
4 of activity in this area here. The first is the
5 Comptroller of Public Accounts.

6 They are still conducting their employment desk
7 audit to determine whether selected requirements are
8 followed for employees with multiple concurrent employment
9 with the State. This audit is expected to be completed in
10 October.

11 The State Office of Risk Management has issued
12 the results of its on-site consultation of the Corpus
13 Christi Regional Service Center. They are also currently
14 reporting on the results of their on-site visit of the
15 Pharr Regional Service Center, which happened two days
16 ago. The objective of the on-site evaluation is to review
17 our Department's risk management program to verify the
18 extent of loss prevention actions by our Department,
19 including our compliance with the Texas Enterprise Risk
20 Management guidelines.

21 The Federal Highway Administration is currently
22 conducting a triennial review of our procedures for
23 compliance with the Federal Heavy Vehicle Use Tax
24 regulations. The review is to ensure that the State is
25 obtaining proof of payment of the vehicle use tax as

1 required by federal regulations. The last review was
2 completed in July of 2019 and found that we were in full
3 compliance, but offered six recommendations to further
4 enhance our processes.

5 Lastly, on the external engagement side, the
6 State Auditor's Office has begun its audit which consists
7 of two separate and unrelated objectives. The first is to
8 determine whether the Motor Vehicle Crime Prevention
9 Authority has processes in place to ensure that it awards,
10 administers, and monitors grants in accordance with
11 applicable requirements, and also if it complies with
12 selected statutory requirements, including limitations on
13 administrative expenses.

14 The second objective is to evaluate the
15 Department's processes and controls related to ensuring
16 the appropriate production and use of temporary vehicle
17 tags. The formal entrance meeting will be next Tuesday,
18 although some preliminary interviews have already begun as
19 requested by the State Auditor's Office. Audit work will
20 be ongoing from August until February and the report is
21 expected to be released in March of 2023.

22 This concludes my status update. Are there any
23 questions on this item?

24 MR. BACARISSE: Thank you. Members, any
25 questions on this item?

1 (No response.)

2 MR. BACARISSE: Great. Okay. Seeing none,
3 please continue.

4 We can move forward to Agenda Item 9.F, or 9.G
5 rather, which is the action item on our Internal Audit
6 charter. So, your floor.

7 MR. CHUAH: Thank you, Chairman. Item 9.F is a
8 request for the Board to approve the fiscal year 2023
9 Internal Audit Plan for the first six months, in
10 accordance with the Texas Government Code. The Internal
11 Audit Plan starts on page 170 of your Board materials.

12 This plan is based on risk assessment results,
13 and it provides information on risk-based audits, advisory
14 services, required activities, value-added services, and
15 Division initiatives.

16 For the first six months of the new fiscal
17 year, so, September through February, we have three
18 risk-based audits, one advisory service, and four required
19 activities. The three risk-based audits include the two
20 audits that I just mentioned in the previous item, as well
21 as an employee onboarding process audit to start upon
22 completion of the two audits.

23 The advisory service would be on webDEALER, to
24 identify any weaknesses in that system. And the four
25 required activities include number one, completing the

1 fiscal year 2022 Internal Audit annual report, which
2 summarizes our activities, and is required to be submitted
3 to the State Auditors Office.

4 Number two is the fiscal year 2023 risk
5 assessment and Internal Audit Plan for the second six
6 months of that fiscal year. And number three, a quality
7 assurance and improvement program to determine Internal
8 Audits conformance with auditing standards. And number
9 four, continuing to follow up on the implementation of
10 internal and external audit recommendations.

11 In addition to listing out the risk-based
12 audits, advisory services, and required activities, the
13 Internal Audit Plan also talks about other services and
14 initiatives that we do to further enhance organizational
15 value. This includes investigations on internal fraud,
16 waste and abuse, external audit or review coordination,
17 various workgroup participation, and staff hiring and
18 development to bring us back to the full levels from the
19 50 percent that we are at right now.

20 And this concludes my report out on the fiscal
21 year 2023 Internal Audit Plan for the first six months.

22 MR. BACARISSE: Thank you. I misspoke
23 previously. This is Agenda Item 9.F. Thank you. I am
24 under-caffeinated, obviously.

25 Are there any questions for Mr. Chuah on this

1 Agenda Item 9.F, the Internal Audit Plan, members, now?

2 (No response.)

3 MR. BACARISSE: Seeing none, I would now
4 entertain a motion regarding approval of this Internal
5 Audit Plan.

6 MS. OMUMU: Mr. Chairman, I would like to make
7 the motion.

8 MR. BACARISSE: Member Omumu.

9 MS. OMUMU: I move that the Board approve the
10 fiscal year 2023 Internal Audit Plan for the first six
11 months as presented by staff.

12 MR. BACARISSE: Great. Thank you. Is there a
13 second to that motion?

14 MS. GILLMAN: I will second.

15 MR. BACARISSE: Member Gillman, thank you.

16 We now have a motion from Member Omumu and a
17 second from Member Gillman. Is there any further
18 discussion on this agenda item?

19 (No response.)

20 MR. BACARISSE: Seeing none, I'd like to ask
21 our General Counsel if there is any public comment on this
22 agenda item.

23 MS. FORE: Elizabeth Fore. There are no
24 commenters on Agenda Item 9.F.

25 MR. BACARISSE: Great. Thank you. I would now

1 entertain the vote on Agenda Item 9.F.

2 Member Alvarado.

3 MR. ALVARADO: Aye.

4 MR. BACARISSE: Member Gillman.

5 MS. GILLMAN: Aye.

6 MR. BACARISSE: Member Graham.

7 MR. GRAHAM: Aye.

8 MR. BACARISSE: Member McRae.

9 MS. McRAE: Aye.

10 MR. BACARISSE: Member Omumu.

11 MS. OMUMU: Aye.

12 MR. BACARISSE: Member Prewitt.

13 MR. PREWITT: Aye.

14 MR. BACARISSE: Member Ramirez.

15 MR. RAMIREZ: Aye.

16 MR. BACARISSE: Member Scott.

17 MR. SCOTT: Aye.

18 MR. BACARISSE: And I, Chairman Bacarisse, vote

19 aye as well. It is unanimous. Thank you.

20 Okay. Now, we can move to Agenda Item 9.G.

21 So, I will turn the floor back over to you, Mr. Chuah.

22 MR. CHUAH: Thank you, Mr. Chairman. Item 9.G

23 is a request to approve the Texas Department of Motor

24 Vehicles Internal Audit Charter which was last approved

25 under prior leadership in December of 2020. The charter

1 for approval starts on page 181 of your Board materials.

2 According to the Texas Government Code,
3 internal audit functions at state agencies must follow
4 standards from the Institute of Internal Auditors, and
5 those standards require us to have an Internal Audit
6 Charter that is periodically reviewed and updated. The
7 Charter outlines things like the purpose, professional
8 standards, authority, independence, scope, and
9 responsibilities of the Internal Audit Division.

10 It also authorizes the range of services that
11 the Internal Audit Division can provide, like audits,
12 advisory services, and internal investigations. Further,
13 it gives the Internal Audit Division the authority to have
14 full access to records, personnel, and property, subject
15 to prudent use and safeguarding.

16 This concludes my report on Item 9.G. Happy to
17 answer any questions.

18 MR. BACARISSE: Members, any questions for Mr.
19 Chuah on this item?

20 (No response.)

21 MR. BACARISSE: Seeing none, I would entertain
22 a motion for approval of the Internal Audit Charter.

23 MR. GRAHAM: Mr. Chairman, I will make a
24 motion.

25 MR. BACARISSE: Member Graham.

1 MR. GRAHAM: I move the Board approve the
2 Internal Audit Charter as presented by staff.

3 MR. BACARISSE: And is there is a second for
4 this motion?

5 MS. OMUMU: I'll second.

6 MR. BACARISSE: Member Omumu, second. Thank
7 you. We now have a motion from Member Graham and a second
8 from Member Omumu.

9 Is there any further discussion on this item?

10 (No response.)

11 MR. BACARISSE: GC, General Counsel Liz, are
12 there any public comments on this item?

13 MS. FORE: Elizabeth Fore. There are no
14 commenters on Agenda Item 9.G.

15 MR. BACARISSE: Thank you. Members, I will now
16 call the vote on Agenda Item 9.G.

17 Member Alvarado.

18 MR. ALVARADO: Aye.

19 MR. BACARISSE: Member Gillman.

20 MS. GILLMAN: Aye.

21 MR. BACARISSE: Member Graham.

22 MR. GRAHAM: Aye.

23 MR. BACARISSE: Member McRae.

24 MS. McRAE: Aye.

25 MR. BACARISSE: Member Omumu.

1 MS. OMUMU: Aye.

2 MR. BACARISSE: Member Prewitt.

3 MR. PREWITT: Aye.

4 MR. BACARISSE: Member Ramirez.

5 MR. RAMIREZ: Aye.

6 MR. BACARISSE: Member Scott.

7 MR. SCOTT: Aye.

8 MR. BACARISSE: And I, Chairman Bacarisse, vote
9 aye as well. So, it is unanimous. Thank you.

10 And thank you, Mr. Chuah.

11 MR. CHUAH: Thank you.

12 MR. BACARISSE: Appreciate your good work.

13 Okay. This will be fun.

14 Agenda Item 10. We are going to have a digital
15 license plate demonstration, and Stefan Krisch is going to
16 lead that for us. And we have handouts. Cool. Thank
17 you.

18 (Simultaneous discussion.)

19 MR. BACARISSE: I am going to turn the floor
20 over to you all. So, go right ahead.

21 MR. KRISCH: Good morning. Stefan Krisch
22 Director of Registration Services with Vehicle Title and
23 Registration. Article 3 of Senate Bill 604, enacted by
24 the 86th Legislature in regular session 2019, established
25 a digital license plate program in Texas.

1 The program went live on June 1st of this year,
2 in conjunction with the California-based company named
3 Reviver that will sell and market the DLPs in Texas.
4 Initially, Reviver will focus on commercial fleet vehicles
5 which are required to display a metal license plate at the
6 rear of the vehicle.

7 The DLP is an option for commercial fleet
8 vehicles, vehicles owned by government entities, and
9 vehicles not registered as passenger vehicles. They may
10 be purchased from Reviver after the vehicle is registered
11 with a Texas metal license plate.

12 The DLP will display the plate number assigned
13 by the Department. Under state law, a metal license plate
14 must continue to be displayed at the front of the vehicle,
15 except for those vehicles that are not required to have
16 two plates, such as trailers, semi trailers, et cetera.

17 A digital license plate is a wireless device.
18 It electronically provides the same information found on
19 metal license plates. Information displayed includes the
20 registration number, month, and year, if required, in the
21 upper right-hand corner of the plate, in the same font as
22 is currently present on the metal plates.

23 Of note, a registration sticker is not required
24 to be placed on the windshield if they are displaying a
25 digital license plate. The digital license plate has the

1 capability to display governmental alerts, and other
2 information, including AMBER alerts and advertising
3 approved by the Department. When the vehicle is not being
4 operated, however, the plate number will always be visible
5 for law enforcement.

6 Additionally, the motor vehicle record will be
7 updated with a DLP remark viewable to Texas law
8 enforcement through the Texas Law Enforcement
9 Telecommunications System -- and includes a unique
10 identifier, which I will talk about in a minute.

11 So, briefly -- so the process in a nutshell. I
12 mean, some of that was just kind of background
13 information. Essentially, if a person wants to, you know,
14 procure a digital license plate, the first thing they do,
15 as I stated, register their vehicle per our standard
16 policy. They get a metal license plate.

17 They are going to get a windshield sticker.
18 Then they would purchase that digital license plate from
19 the vendor -- Reviver, in this case. Currently, the list
20 price of the plate is \$19.95 a month for 48 months, or
21 \$215.40 for a year, for four years. That is for the
22 battery version that you have in front of you.

23 They have a secondary version which is wired,
24 hardwired into the system. That pricing is negotiable,
25 based on the number that they purchase. And they work

1 that independently with the purchaser.

2 Of note, TxDMV does not regulate what Reviver
3 sells these plates for. They can change this price at
4 whim, as they choose. They can discount them. They can
5 give them away.

6 Currently, Reviver is focusing on a
7 business-to-business sales model. So, since these aren't
8 available to passenger vehicles, they are not putting
9 anything on their website. They are not engaging in any
10 kind of direct public marketing at this point.

11 They are using their internal sales force to
12 reach out to those customers that they identify as
13 potentially having large fleets that may be interested in
14 the plate and benefit from their services. And they are
15 doing this.

16 They are kind of -- as a value add, they have
17 developed a fleet management system that they are trying
18 to wrap this into as kind of a package deal. Again, we
19 don't get involved in any of that. This is all between
20 them and the customer.

21 At any rate, the customer decides they want to
22 buy one of these things. Then they would -- the vendor is
23 going to collect their plate fee, which they retain, and
24 then the \$95 administrative fee that they have to then
25 transfer over to the Department, which the Department gets

1 to retain for use in administering the system and
2 recouping the programming costs, that we have already
3 invested up to this time.

4 At that point, the vendor system, they validate
5 the plate in their system. They link it, if you will,
6 similar to a phone, a cell phone. Until it is
7 provisioned, it is just a piece of plastic and glass.

8 Once it is provisioned, it now becomes a
9 license plate. At that point, the Reviver system will
10 communicate to the Department's Registration and Title
11 System. We will add a remark to the record that shows
12 that it is digitally license plate approved, which is
13 available also in TLETS.

14 And at the same time, there is a ten-digit
15 authorization code that is randomly generated by the
16 system that is then transmitted back to Reviver, for them
17 to place onto the license plate. So, in the lower right
18 hand corner of that sample is the ten-digit number.

19 So law enforcement can actually pull up that
20 record in TLETS, see that number, confirm that that is
21 what is being reported on the record, and know that it is
22 truly a valid digital license plate. This was our attempt
23 at trying to circumvent any kind of bad actors out there
24 trying to duplicate the technology.

25 Once that is done, then the customer simply

1 affixes the plate. They can self-install these, for the
2 battery version, anyway, because there is no wiring or
3 anything involved. They are not -- again, they are not
4 required to put the sticker on the windshield, but they
5 are required to maintain the windshield sticker and the
6 metal plate that would typically be on the rear of the
7 vehicle.

8 They have to retain that in the vehicle during
9 operation. So, if there is any doubt, any question by law
10 enforcement whether they truly have complied with
11 registration law, they should be able to provide that
12 registration sticker and the metal plate to prove the
13 validity. And again, if the vehicle is required to have
14 two plates, there will be a plate on the front, a metal
15 plate -- a traditional metal plate.

16 And then, their last step is to sign into the
17 Reviver application, whether online or through their
18 mobile site, and configure their options.

19 So before I get into talking about the actual
20 physical plate itself, any questions on the background
21 stuff?

22 MR. BACARISSE: Members, Vice Chair McRae, do
23 you have a question?

24 MS. McRAE: A couple of questions.

25 MR. KRISCH: Yes, ma'am.

1 MS. McRAE: How do they obtain the metal plate
2 that has to be displayed on the front of the vehicle? And
3 secondly, what about the collection of the \$10 Road and
4 Bridge Fee to the counties?

5 MR. KRISCH: So once again, all the
6 registration process that exists today, they have to
7 complete that first. So they are already going to have to
8 have a legally licensed registered vehicle prior to ever
9 being able to link a digital license plate.

10 So the customer will come into your office.
11 You will provide them registration, just like you do
12 today. They will walk out with their two plates and a
13 sticker. And then they can call Reviver and link the
14 digital plate to that account.

15 MS. McRAE: Okay.

16 MR. KRISCH: So, we have avoided any change to
17 the registration process by putting that in the rule.

18 MS. McRAE: Okay. Thank you.

19 MR. KRISCH: Absolutely.

20 MR. BACARISSE: Members, are there any other
21 questions? Yes, Member Gillman.

22 MS. GILLMAN: Is this an on or off thing?

23 MR. KRISCH: What you see there is what is the
24 appearance at all times. It is required to display just
25 like that for the entirety of the use of the plate. The

1 only exception is in park.

2 And here in a minute, I will walk through
3 some -- I have got some other images. I have got a trick
4 on these plates that I will walk you through.

5 MS. GILLMAN: So, I guess I don't understand.
6 If it is not activated, provisioned, if a person doesn't
7 pay, what happens?

8 MR. KRISCH: So when you buy the plate, it is
9 blank.

10 MS. GILLMAN: It is blank. That means, in my
11 language, off.

12 MR. KRISCH: Okay. Fair enough. I am sorry.
13 I misunderstood.

14 MS. GILLMAN: It is blank. When you purchase
15 it, it is blank.

16 MR. KRISCH: Correct.

17 MS. GILLMAN: When we pay, and I say the word
18 we, the person owning the truck and paying the 19.95 times
19 48 months --

20 MR. KRISCH: Right.

21 MS. GILLMAN: -- when you start paying, it
22 turns on.

23 MR. KRISCH: Correct.

24 MS. GILLMAN: If you stop paying, does it turn
25 off?

1 MR. KRISCH: It does.

2 MS. GILLMAN: Okay. So, when it turns off, I
3 guess, what happens? Does the consumer -- the owner of
4 the truck, are they supposed to take this off and put the
5 metal plate back on? Or is there -- I am just wondering
6 about that. What if they don't pay?

7 MR. KRISCH: Yes, ma'am. So, Texas
8 Administrative Code rule 217.64 basically states that if
9 the customer fails to make their payments or electively
10 chooses to not display the digital license plate, that
11 they are entitled to put the metal plate that they are
12 supposed to be carrying in the vehicle back on their
13 vehicle in place, even though the digital license plate
14 remark is on their record.

15 So again, they will have their metal plate that
16 they should be displaying. So if they fail to pay and it
17 is deactivated, then they would put their metal plate back
18 on the vehicle.

19 MS. GILLMAN: Is there -- this is not really a
20 question that I expect you to answer. But does law
21 enforcement, do they have a concern about that? It is not
22 really --

23 MR. KRISCH: So the only thing I can state
24 regarding that, is that our rules were developed -- they
25 were passed by the previous Board. The rules were

1 developed in conjunction with the Texas Department of
2 Public Safety.

3 And they actually had a 30-day veto authority
4 in statute, once we published the rules, to basically
5 invalidate them. And they chose not to do so.

6 MS. McRAE: Can I ask a question, Chairman?

7 MR. BACARISSE: Please --

8 MS. McRAE: So, with that, I'm assuming --

9 MR. BACARISSE: -- Member McRae.

10 MS. McRAE: I am sorry.

11 MR. BACARISSE: Member McRae for the record.

12 MS. McRAE: And with that, I am assuming that
13 DPS, with their -- since they did not veto that there is
14 that reflectorization in the plate so that law enforcement
15 can see it at night. Like with a metal plate, correct?

16 MR. KRISCH: That is absolutely correct. Texas
17 Administrative Code 217.59 laid out the very specific
18 testing requirements for the plate, and was also required
19 that that testing be conducted by an independent third
20 party. And in this case, the Texas Transportation
21 Institute, associated with Texas A&M, did the testing.

22 They confirmed that the plate is, in fact,
23 reflective. The glass that you see there is coated with a
24 reflective layer. That said, it is not retroreflective.

25 And not to get too scientific, but our metal

1 license plates are, in fact, retroreflective, which means
2 that the light that bounces off of the plate returns to
3 the same place that the light came from. Reflective in
4 general just means that it kind of glows.

5 And so, per statute, Transportation Code
6 requires that the plate be reflective, which it is. It
7 does not require retro reflectivity. This is only
8 reflective, not retroreflective.

9 MR. BACARISSE: Okay. Members, any other
10 questions?

11 Yes, Member Ramirez.

12 MR. RAMIREZ: Can you walk me through the
13 rationale of not requiring the registration sticker on the
14 front windshield, if you have this plate?

15 MR. KRISCH: That's in Transportation Code.

16 MR. BACARISSE: Legislation which became
17 statute.

18 MR. KRISCH: Correct.

19 MR. RAMIREZ: I just don't -- maybe it's over
20 my head. But I don't understand the difference of having
21 this or having a regular metal plate on the back. I mean,
22 the requirement for the sticker up front shouldn't change.

23 MR. KRISCH: I can't speak to the legislative
24 intent or decision making.

25 MR. BACARISSE: I am sorry. Member Scott.

1 MR. SCOTT: Who controls the advertising?

2 MR. KRISCH: So, they are required, the vendor
3 is required to submit any advertising that they wish to
4 put on the plate to the Department to approve, prior to
5 them implementing that advertising on the plate. As of
6 today, there has been no request for any kind of
7 advertising. And so I can't honestly, at this point, tell
8 you exactly what that would look like. But we would
9 employ the same good sense standards as far as, you know,
10 it has got to be in good taste kind of.

11 MR. SCOTT: But the revenue stays with the
12 vendor?

13 MR. KRISCH: Correct.

14 MR. BACARISSE: Member Graham. Sorry. Then I
15 will come to you, Member Gillman.

16 MR. GRAHAM: Well, I'm just trying to connect
17 the dots here. Say I have 20 trucks in my fleet --
18 pickups. And I am going to pay about 400 bucks a month to
19 display this.

20 Why would I do that? And then, so they can
21 turn around and advertise and collect revenue off my
22 trucks. I am just -- what are we doing here? I don't
23 remember where this started.

24 MS. GILLMAN: California. California.

25 MR. BACARISSE: Yes. And Chairman Paddie,

1 right, here? Yes. State Representative Chris Paddie was
2 adamant that we do this.

3 MS. FORE: I apologize for the interruption.

4 MR. BACARISSE: Sorry. General Counsel.

5 MS. FORE: I just wanted to make a note for the
6 record that Member Ramirez had walked out of the room.

7 MR. BACARISSE: Okay. Thank you. Thank you.

8 MR. GRAHAM: So, to the consumer, what is the
9 benefit?

10 MR. KRISCH: So, from a fleet side, if you
11 choose to get the wired plate, that enables -- there is a
12 GPS on board. It would enable automatic theft deterrence.

13 So, if you state -- you know, you can put in
14 the system, the vehicle should not be operated between
15 these hours. If there is motion detected, it can report
16 to the company or to the owner that the vehicle is in
17 motion.

18 You can set up geofencing. So this vehicle is
19 not supposed to be outside of this perimeter, this
20 geographic area. If it leaves that geographic area, it
21 can send an alert to the administrator.

22 MR. GRAHAM: So, it operates as a typical GPS
23 system on a vehicle?

24 MR. KRISCH: Correct. Correct, typically -- so
25 essentially, a lot of fleets nowadays -- I worked for

1 DirectTV for about six years, prior to coming here, as
2 Regional Director. And all of our vehicles had
3 telemetrics -- vehicle telemetry devices installed, so we
4 could track that vehicle.

5 All those same vehicle telemetrics are included
6 in the plate. So it essentially becomes a single device,
7 as opposed to having a license plate and a telemetry
8 device. That is their sales point.

9 MR. GRAHAM: Are there any other benefits?
10 Does it have internet?

11 MR. KRISCH: It's tech savvy. I mean, for
12 those people who are excited about tech. I mean, it is
13 supposedly the future of license plates.

14 MR. GRAHAM: But when I put it under here, in
15 the dark, it looks no different from a regular plate.
16 Does it ever, outside, I mean, at night, does it look
17 different?

18 MR. BACARISSE: Does it light up?

19 MR. GRAHAM: Does it light up? Is it --

20 MR. KRISCH: So, essentially, technically --
21 so, the screen itself is essentially the same technology
22 as a Kindle reader, for those of you that are familiar
23 with Kindles. So if you think about your Kindle, whether
24 you are in the daylight, or you are at night, you can read
25 it equally as well. And that is how these plates work.

1 So they don't necessarily have a backlight, per
2 se. They just always have this state of full
3 illumination, if you will.

4 MR. BACARISSE: We are all going to get under
5 the table now, and see if that's right. Pardon us.

6 (General laughter.)

7 MR. GRAHAM: Oh, you can't read it under the
8 table. I will tell you that. Okay.

9 So I look forward to hearing your next section
10 on advertising and promotion while our vehicles are
11 parked.

12 MS. GILLMAN: Only while it's parked.

13 MR. BACARISSE: Okay. Let's --

14 MR. SCOTT: I am sorry.

15 MR. BACARISSE: Member Scott, and then Member
16 Gillman. Sorry. Thank you. Go ahead. Yes, sir.

17 MR. SCOTT: The fee, \$19.95, is that set by
18 statute?

19 MR. KRISCH: No. That is the cost for the
20 device. That is retained by Reviver. And again, they can
21 set that price at whatever they want.

22 MR. SCOTT: Okay. So it could go up or down
23 from there.

24 MR. KRISCH: Correct. The only fee that is set
25 in stone is the \$95 administrative fee that is due to the

1 Department.

2 MR. SCOTT: Thank you.

3 MR. BACARISSE: Okay. Member Gillman.

4 MS. GILLMAN: Regarding the advertising, can
5 you clarify a little bit more? I guess I am concerned.
6 How long does the advertising light up? How long does it
7 stay? Does it block the numbers and letters?

8 MR. KRISCH: So the requirement is that the --
9 when the vehicle is in park, when it is not in motion,
10 that that is the only time that the advertising display
11 can be on there, or any of the governmental alerts that I
12 will talk about in a second. Any of that can be
13 displayed. It is only when the vehicle is not in
14 operation.

15 And the requirement is that the plate, that
16 image, the traditional plate image that you see there in
17 front of you can shrink to the upper right-hand corner.

18 MS. FORE: With apologies again.

19 MR. BACARISSE: Yes.

20 MS. FORE: Elizabeth Fore, for the record. I
21 just wanted to make note that Member Ramirez has joined
22 again.

23 MR. BACARISSE: Has returned. Thank you. Yes.

24 MR. KRISCH: So, the plate image is still
25 visible when the vehicle is not in operation, but it can

1 shrink in size.

2 MR. BACARISSE: Okay. Does that answer your
3 question, Member Gillman?

4 MS. GILLMAN: For now.

5 MR. BACARISSE: Okay. All right.

6 MR. KRISCH: And once again, I do -- I am
7 sorry. Excuse me.

8 MR. BACARISSE: No. Go ahead.

9 MR. KRISCH: I do want to clarify that the
10 ability to advertise, that also is prescribed in the
11 Transportation Code.

12 MR. BACARISSE: In statute.

13 MR. KRISCH: In the statute.

14 MR. BACARISSE: Right. Member Alvarado.

15 MR. ALVARADO: Thank you. I just had a quick
16 question. We talked about the fleet purpose and
17 potentially service of the GPS function. Is there an
18 alternative to not having that for a standard consumer
19 person that didn't want to be GPS tracked by their digital
20 license plate.

21 MR. KRISCH: So the GPS tracking, and along
22 with the ability to display additional images on your
23 plate, advertising alerts, whatnot, those are
24 user-configurable through their application.

25 So you can choose to turn off the GPS. You can

1 choose to turn off advertising. You can choose to turn
2 off governmental alerts, as the owner of the license
3 plate.

4 MR. ALVARADO: Thank you.

5 MR. KRISCH: You are welcome.

6 MR. BACARISSE: Vice Chair McRae.

7 MS. McRAE: Going back to law enforcement.

8 Vehicles are stolen every day. What if the metal plate
9 has been removed from the front?

10 The vehicle, someone stole the vehicle. They
11 know that if they put it in park, this plate is going to
12 turn off, assuming the purchaser has set it up that way.
13 Well then, how would law enforcement be able to see that
14 license plate on the back?

15 MR. KRISCH: So once again, when in park, it
16 doesn't turn off. If there is a third-party message, an
17 additional message, then it shrinks.

18 That said, the plate does offer the feature, if
19 your vehicle is stolen, the owner of the vehicle reports
20 that through Reviver. And then they can actually push a
21 message to that plate that shows STOLEN. And I have got a
22 sample of that in the plate.

23 MR. BACARISSE: That's nice.

24 MS. McRAE: Okay. That's great.

25 MR. GRAHAM: Does it have a paper tag option,

1 too?

2 (General talking and laughter.)

3 MR. KRISCH: Getting a little bit ahead. But
4 there is also -- if that plate, somebody were to think I
5 am going to get me a digital license plate for free. If
6 that plate, once it is attached to the vehicle, and
7 provisioned, so the license plate number shows up. That
8 is my mentality of provisioning.

9 Once that license plate is displayed, it is
10 attached to the vehicle. If it is removed from the
11 vehicle, it shows a message on there, saying plate
12 detached. There are sensors inside that know that that
13 plate has been removed from the vehicle. So, technically,
14 one possible benefit would be the deterrence of theft,
15 possibly.

16 MR. GRAHAM: I mean, the GPS features, if you
17 don't have already have GPS systems, depending on
18 functionality, that would be pretty nice for folks looking
19 for that.

20 MR. BACARISSE: Members, any other questions?
21 Great conversation, and we do appreciate your clear
22 understanding of this technology.

23 MR. KRISCH: Absolutely. All right.

24 MR. GRAHAM: Are we going to get to see the
25 "stolen"?

1 MR. KRISCH: So now, with your permission, we
2 will go through a little show-and-tell.

3 MR. BACARISSE: Yes. Oh, wonderful. Please.

4 MR. KRISCH: So, the plates that you have in
5 front of you now, those are unique demonstration plates,
6 and they actually include eleven unique images of license
7 plates. This is different than the consumer production
8 plate that would be received.

9 And you will notice in the lower right corner,
10 there is a kind of a recessed button there, a little oval
11 button. So each time you press that, if you press it and
12 hold it, or just press it once, give it about six seconds,
13 the image will refresh.

14 And I will walk through what the different
15 images are. So, plate image 1 that you all are looking
16 at, that is the Texas general issue license plate. That
17 is using the approved DMV font, and the image. We talked
18 about the activation number.

19 And then Image 2, that is -- Image 2, and Image
20 3 are essentially the same. The vendor included the Image
21 2 in error. Image 2 says U000001, but there is no
22 authorization code in the lower right-hand corner. That
23 was an image that was used in these demo plates prior to
24 the requirement for the authorization number.

25 So, Image 3 is that same view with the

1 authorization code. And please note that on Images 2 and
2 3, that is not the approved DMV font. That again, is --
3 and then, the key point about Image 3, is where that
4 current image says "private bus" underneath, that is where
5 you would potentially see "trailer" or "fleet" or
6 "exempt," if it was any of those specific plate types.

7 So, Image 4 is simply the disabled person
8 version of the plate. Image 5 is a disabled veteran
9 sample, and what that would look like. And that does have
10 our stacked DV characters, as a result of our change to
11 incorporate the ISA symbol on the DV plates.

12 Plate 6 --

13 MS. McRAE: You're ahead of us.

14 MR. KRISCH: I am sorry.

15 MS. McRAE: We are stuck on this.

16 MR. BACARISSE: Operator error. That is the
17 first one.

18 MR. KRISCH: Yes. So once you press it once,
19 it takes about six seconds before it will refresh. And
20 you kind of have got to get your finger in there a little
21 bit. You know, I had to hold it down. Just press and
22 release.

23 MR. GRAHAM: While we wait, does someone --

24 MR. BACARISSE: Member Graham.

25 MR. GRAHAM: Yes. Thank you. If someone has

1 personalized plates -- is it work -- no, back where we
2 started -- if someone has personalized tags?

3 MR. KRISCH: So, in order for a personalized
4 plate to be used on the system, the vendor would have to
5 get permission from MyPlates, our specialty plate vendor.
6 And I will tell you, this is strictly a black-and-white
7 display.

8 MR. BACARISSE: The Aggies are going to be very
9 upset.

10 MR. KRISCH: You know, in my opinion, the
11 majority of personalized plates, the reason people go to
12 them, the specialty plates, is they pop. They are
13 attractive. You are going to lose that in this. So I
14 don't anticipate our vendor licensing them to using the
15 any of the personalized plates.

16 MR. BACARISSE: Initially really, this is a
17 commercial/fleet sort of product.

18 MR. KRISCH: Correct. That said, for example,
19 AT&T does have a fleet plate that has their logo on the
20 plate. We do offer that.

21 And if AT&T chose to incorporate this
22 technology, we could replicate the plate with the AT&T
23 logo on there. So it would be a direct representation of
24 the metal plate, just in black and white.

25 MR. GRAHAM: Okay.

1 MR. BACARISSE: Yes, Member Gillman.

2 MS. GILLMAN: It's just in my nature to try and
3 worry about what could go wrong. And so I am probably not
4 saying anything that you haven't discussed already with
5 Reviver, but I am just going to say it out loud --

6 MR. BACARISSE: Sure.

7 MS. GILLMAN: -- the stuff that I am thinking
8 of, like glitches in the system. Technology always seems
9 to go haywire every once in a while.

10 So I worry about -- even if you are paying on
11 time. And all of a sudden, because of technology, it is
12 just going to go dark, bad connections, need to restart.
13 And you are driving down the road, and you don't even know
14 it. So I worry about that.

15 Number two is kind of the mixup in the numbers.
16 Like what if a U sort of becomes a zero accidentally? Do
17 you know what I am saying? Just, hard to read or blinking
18 numbers, or unclear numbers. Eights become nines, you
19 know, things like that. I worry about that.

20 Also, I worry about hacking. You know, I have
21 always wanted to have US JUDGE on the back of my plate. A
22 diplomat -- and I want to make myself a diplomat, and I
23 want to hack into the system and make myself -- anyway. I
24 worry about those kind of hackers.

25 So, those are some of the concerns that I am

1 sure are being vetted. But I thought I would just throw
2 it out there.

3 MR. KRISCH: So one part of the rule, as far as
4 plate specifications and testing is, there was a
5 third-party digital penetration test conducted that they
6 passed. And then, Reviver's got a slough of
7 specifications that they complied to.

8 IEC number -- I don't know what any of these
9 mean. I can quote them off, if anybody is familiar with
10 the IEC. But long story short, the plate does not have
11 any physical connections. So there is no way to
12 physically plug into it, to hack into it.

13 So they would have to be able to get past the
14 digital encryption and be able to like hack in to the
15 Bluetooth or LTE signal that the plate has for
16 communication, to be able to do that. I am not a
17 programmer. I am not a hacker. I don't know how easy or
18 not easy that is.

19 But as far as a defective plate -- because the
20 plate is in constant communication with the network.
21 Whether it be through connecting through the Bluetooth
22 connection through the user's mobile device, or through
23 the LT modem that is built in.

24 If that plate stops to communicate, the user
25 will get a push notification from the application, saying

1 that, hey, there is something wrong with your plate. That
2 is the best I can offer you, as far as prevention tactics
3 that Reviver has employed.

4 MS. GILLMAN: But if the user is the one trying
5 to reconfigure or rewire it, if the user is the bad guy,
6 that would be a problem.

7 MR. KRISCH: Agreed.

8 MS. GILLMAN: Just a thought.

9 MR. KRISCH: Yes. Maybe I'm speaking out of
10 place.

11 MR. BACARISSE: No.

12 MR. KRISCH: The likelihood of somebody
13 spending \$1,000 to hack into it, when they could go and
14 grab a metal plate that they can alter. Or just steal the
15 metal plate off of -- if they want a diplomat plate, they
16 go steal a diplomat plate. So some of the similar
17 challenges exist today with metal plates.

18 MR. BACARISSE: Right now, you could see the
19 biggest customer for this kind of option being fleets,
20 large fleets, and commercial.

21 MR. KRISCH: Correct.

22 MR. BACARISSE: I mean, it is commercial.
23 Individuals can't buy this yet, right? It is only -- is
24 that right?

25 MR. KRISCH: They can buy them. And it is up

1 to whether they have a qualifying vehicle, whether they
2 can tie them to their vehicle.

3 MR. BACARISSE: Right. Right. Okay. Great.

4 MS. McRAE: We've played with it long enough,
5 now we can see how it shrinks.

6 MR. KRISCH: Okay.

7 MR. BACARISSE: Yes. There is the silver
8 alert.

9 MR. KRISCH: So, okay. So, Silver Alert is the
10 last one. So, you made it all the way through the eleven
11 images. Just to catch up real quick. Hopefully, you all
12 were able to see the plate detached.

13 MR. BACARISSE: We did. Stolen.

14 MR. KRISCH: You know what that looks like.

15 MR. BACARISSE: Yes.

16 MR. KRISCH: And then, you saw the "stolen"
17 image. Then you have the image with the expiration
18 sticker in the corner.

19 MS. McRAE: Yes, for the trailers.

20 MR. KRISCH: So that is for a trailer that
21 would be required to have an expiration sticker. And
22 then, if the registration is expired and it lapses, our
23 communication will communicate with Reviver. And it will
24 actually say "Expired" on the plate.

25 So, you know, that is a visual indicator to law

1 enforcement that the registration is not current. And
2 then, there is a roadside assistance alert. And then of
3 course, the Silver alert. And Silver -- Reviver would
4 work with DPS to sign into that system, and they can
5 display any governmental alerts.

6 MR. BACARISSE: Members, any other questions?

7 MR. GRAHAM: One last.

8 MR. BACARISSE: Yes, Member Graham.

9 MR. GRAHAM: So you still are required to keep
10 the actual sticker, even though it is not in your
11 windshield in the vehicle. So there is really no benefit
12 to making it easier for fleets to renew their
13 registration, because they still have got to have a copy.
14 It all remains the same. Right?

15 MR. KRISCH: That is correct. In other states,
16 Reviver is allowed and authorized to do registration
17 renewal on behalf of their customer.

18 And that -- at the end of the day, that is
19 their true advantages. You know, one click, renew my
20 entire fleet, sync up all the renewals. We don't allow
21 that. We did not -- it is a new program, a new vendor.

22 MR. BACARISSE: Right.

23 MR. KRISCH: We did not want to go that far,
24 and give them that authority at this point. And so, in
25 Texas, they don't have that ability. But if it ever came

1 to that, like in the other states, they don't have to
2 carry any other registration proof.

3 MR. BACARISSE: Mr. Krisch, how many other
4 states have a digital license plate at this point? Out of
5 curiosity.

6 MR. KRISCH: So, yes. Currently California,
7 Arizona and Michigan have active programs. Georgia,
8 Illinois, Florida, and Colorado are in the legislative
9 process, and they are currently lobbying in Maryland,
10 Pennsylvania, and Washington.

11 MR. BACARISSE: Okay. Interesting. Thank you.
12 Members, any other questions on this item?

13 MR. GRAHAM: Too bad you can't live stream to
14 it, when you are at a football game, in the parking lot.

15 MR. BACARISSE: That would change tailgating.
16 Yes.

17 MR. GRAHAM: Thank you, Mr. Chairman.

18 MR. BACARISSE: So, you have one other item to
19 show us?

20 MR. KRISCH: Yes, please. Just back to your
21 question, Ms. Gillman, according to Administrative Code
22 217.64, it does specify that at a minimum, a digital
23 license plate provider must ensure the digital license
24 plate ceases a display of digital license plate
25 information, and notify the Department if they fail to

1 renew service, opt to cancel service, or they transfer the
2 vehicle, or the plate itself has been compromised. So, we
3 do have it in rule that we have to be notified.

4 MR. BACARISSE: If it's stolen or cut off.
5 Yes. Okay. Great.

6 Members, any other questions? This is
7 interesting stuff. Thank you.

8 (No response.)

9 MR. BACARISSE: Thanks for the very fulsome
10 conversation here, Mr. Krisch.

11 MR. KRISCH: Absolutely.

12 MR. BACARISSE: Thank you.

13 MR. KRISCH: Thank you.

14 MR. BACARISSE: All right, Members. We are at
15 the point now, where we will move to -- is there any other
16 public comment on this, Liz? I forgot to add that, on
17 this briefing item?

18 MS. FORE: On Agenda Item 13?

19 MR. BACARISSE: No. Well, on nine, ten.
20 Sorry. What are we on? Ten.

21 I am kidding. I think that was it, right?

22 MS. FORE: There are no commenters on Agenda
23 Item 10.

24 MR. BACARISSE: Okay, great. Thanks. Mr.
25 Avitia, are we ready to move to closed session?

1 MR. AVITIA: Yes, sir, Chairman. We are ready
2 to move to closed session.

3 MR. BACARISSE: Okay.

4 MS. FORE: I'd just like to make note of Agenda
5 Item 13. Elizabeth Fore, for the record.

6 MR. BACARISSE: Right. Yes. Do we want to --
7 do we have public comment to do before we go to a closed
8 session? Is there someone signed up?

9 MS. FORE: We do not have any commenters.

10 MR. BACARISSE: Prior to closed session?

11 MS. FORE: Prior to closed session.

12 MR. BACARISSE: Okay. Great. Before we move
13 to closed session, just another sort of great little bit
14 of news has come in, and I have been alerted to the fact.

15

16 And so, I wanted to ask the Executive Director
17 if you have any late breaking news that you might like to
18 share with the Board?

19 MR. AVITIA: Absolutely, Chairman. Thank you
20 for the opportunity to share with the Board today, as well
21 as members of the audience, and those watching. Effective
22 a couple of minutes ago, as information comes through fast
23 and quick, with regard to our denial of access efforts,
24 the Agency has now denied 101 entities from the system.

25 I want to thank the Enforcement Division and

1 all those involved for their diligence in keeping us
2 apprised daily, and sometimes hourly throughout the day,
3 to the number of entities that we are removing access to
4 the system.

5 And Chairman, Members, I appreciate your
6 support throughout this entire process.

7 MR. BACARISSE: It continues. And I do
8 appreciate the good work that is going on. And will
9 continue. Thank you. Vigilance, it is great.

10 Members, I would like to note that it is now
11 11:01 in the morning. And we are going to take up Agenda
12 Item 11. We are going to go into Closed Session.

13 It is, as I said, it is 11:01 on August 11,
14 2022. We will go into Closed Session under Texas
15 Government Code, Sections 551.071, 551.074, 551.076, and
16 551.089,

17 For those of you in the audience, I anticipate
18 being in this session for approximately one hour, and we
19 will reconvene in Open Session after that. With that, we
20 are now recessed from the public meeting, and we will go
21 into Closed Session.

22 (Whereupon, at 11:01 a.m., the meeting was
23 recessed, to reconvene this same day, Thursday, August 11,
24 2022, following conclusion of the closed session.)

25 MR. BACARISSE: Thank you all. It is now 12:20

1 in the afternoon, I am noting that. And the Board of
2 Texas DMV is now back in open session.

3 We will now take up Agenda Item 12, regarding
4 the FY 2024-'25 LAR, Legislative Appropriations Request
5 salary cap for the Executive Director.

6 And Members, we did not deliberate or discuss
7 specifically any of how we might go forward, other than to
8 get a great briefing on the issue from staff. So I will
9 make that clear for the record. In Executive Session we
10 don't deliberate.

11 But we will now take up this item, regarding
12 the LAR. We need to get that done, so they can submit it.

13 And so I would entertain a motion, if there is one, under
14 Agenda Item 12.

15 MR. PREWITT: Mr. Chairman.

16 MR. BACARISSE: Yes, Member Prewitt.

17 MR. PREWITT: I'd like to make a motion that we
18 increase the cap for the Executive Director to the amount
19 of \$261,068; 2-6-1-0-6-8.

20 MR. BACARISSE: Okay. Is there a second? Is
21 there a second -- I'm sorry, what? Is there a second?

22 MR. SCOTT: Yes.

23 MR. BACARISSE: Okay. From Member Scott. All
24 right. Thank you.

25 We have a motion and a second. Now is there

1 any further discussion?

2 MS. McRAE: Yes. I would just like to say that
3 as a Board, we would like to approve the recommended
4 salary, or as a motion --

5 MR. BACARISSE: Yes. Discuss this motion.

6 MS. McRAE: -- the salary cap for the deputies,
7 the Department's Executive Director position.

8 MR. BACARISSE: Would you -- are you suggesting
9 maybe a friendly amendment to the motion?

10 MS. McRAE: I am.

11 MR. BACARISSE: Okay. So, go ahead and make
12 your friendly amendment, and then we will ask. Under
13 Robert's Rules, we will ask the motioner if he accepts the
14 friendly amendment.

15 MS. McRAE: Okay.

16 MR. BACARISSE: Go ahead. Sorry.

17 MS. McRAE: I move that the Board approve the
18 recommended salary cap for the Department's Executive
19 Director position which will be included in the
20 Department's fiscal year 2024-'25 Legislative
21 Appropriations Request.

22 I further move that the salary cap will be
23 recommended at the maximum salary group for Group 7 from
24 the scheduled Exempt Positions salary rates found in
25 Article 9, Section 3.04(b) (2) of the General

1 Appropriations Act, from the 87th Legislature for fiscal
2 year 2022, 2023.

3 MR. BACARISSE: Member Prewitt, would you
4 accept that friendly amendment?

5 MR. PREWITT: Yes, I would.

6 MR. BACARISSE: All right. Thank you. We have
7 the motion as amended now, and a second remains.

8 Member Scott, are you still comfortable with
9 your second on the amendment?

10 MR. SCOTT: Yes, I am.

11 MR. BACARISSE: Okay, great. So, we have an
12 amended motion and a second on the table. Is there any
13 further discussion?

14 (No response.)

15 MR. BACARISSE: Liz, are there any public
16 comments on this issue? Oh, I am sorry. Yes.

17 Member Ramirez. Sorry.

18 MR. RAMIREZ: I just wanted to make the remark
19 that when considering increasing the cap for an Executive
20 Director's position here, we have to recognize that as a
21 large, dynamic, and very important agency, it is important
22 that the Agency has the flexibility to bring in the best
23 talent. And we see there is hiring challenges across all
24 industries, and government is no different.

25 So I think that the scope and responsibility of

1 that position are such that it merits being at the top of
2 the class when it comes to the groups that were designated
3 for the Agency. So I wanted to make that comment, that I
4 am very supportive of that motion.

5 MR. BACARISSE: Thank you. Thank you.
6 Members, any other discussion?

7 Yes, Member Graham.

8 MR. GRAHAM: Just along those same lines, I
9 would just say attract and retain great talent.

10 MR. BACARISSE: Well said. Well said.

11 Members, any other discussion on this motion?

12 (No response.)

13 MR. BACARISSE: Liz, are there any public
14 commenters on this motion?

15 MS. FORE: Elizabeth Fore. There are no
16 commenters on Agenda Item 12.

17 MR. BACARISSE: Thank you. I would like to now
18 call for the vote on Agenda Item 12 as amended.

19 Member Alvarado.

20 MR. ALVARADO: Aye.

21 MR. BACARISSE: Member McRae.

22 MS. McRAE: Aye.

23 MR. BACARISSE: Member Gillman.

24 MS. GILLMAN: Aye.

25 MR. BACARISSE: Member Graham.

1 MR. GRAHAM: Aye.

2 MR. BACARISSE: Member Omumu.

3 MS. OMUMU: Aye.

4 MR. BACARISSE: Member Prewitt.

5 MR. PREWITT: Aye.

6 MR. BACARISSE: Member Ramirez.

7 MR. RAMIREZ: Aye.

8 MR. BACARISSE: Member Scott.

9 MR. SCOTT: Aye.

10 MR. BACARISSE: And I, Bacarisse, vote aye as
11 well. It is unanimous. Great. Thank you. And that
12 motion carries.

13 We will now move to Agenda Item 14. Unless
14 there is any further business, I would entertain a motion
15 to adjourn.

16 MR. GRAHAM: So moved.

17 MR. BACARISSE: Member Graham.

18 MS. GILLMAN: Second.

19 MR. BACARISSE: And Gillman. I can't write
20 fast enough. Sorry. We need to vote on that amendment,
21 that motion, rather.

22 Member Alvarado.

23 MR. ALVARADO: Aye.

24 MR. BACARISSE: Gillman.

25 MS. GILLMAN: Aye.

1 MR. BACARISSE: Member Graham.

2 MR. GRAHAM: Aye.

3 MR. BACARISSE: Member McRae.

4 MS. McRAE: Aye.

5 MR. BACARISSE: Member Omumu.

6 MS. OMUMU: Aye.

7 MR. BACARISSE: Member Prewitt.

8 MR. PREWITT: Aye.

9 MR. BACARISSE: Member Ramirez.

10 MR. RAMIREZ: Aye.

11 MR. BACARISSE: Member Scott.

12 MR. SCOTT: Aye.

13 MR. BACARISSE: And I, Chairman Bacarisse, vote

14 aye as well. We are adjourned. It is -- what time is

15 it -- 12:25. Thank you.

16 (Whereupon, at 12:25 p.m., the meeting was

17 concluded.)

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C E R T I F I C A T E

MEETING OF: TxDMV Board

LOCATION: Austin, Texas

DATE: August 11, 2022

I do hereby certify that the foregoing pages,
numbers 1 through 112, 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.

DATE: August 19, 2022

/s/ Carol Bourgeois
(Transcriber)

On the Record Reporting
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