

TEXAS DEPARTMENT OF MOTOR VEHICLES

BOARD MEETING

Friday,
January 10, 2014

Lone Star Room
Building 1
4000 Jackson Avenue
Austin, Texas

BOARD MEMBERS:

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

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Engaged in activities outside of its licensed classification- salvage dealer; Respondent, a licensed salvage dealer, engaged in activities outside of its licensed classification: Occ Code 2302.102, 2302.108 and 2302.354 and 43 TAC 217.81(b)(3) and 217.81(c)
Proposed Sanction: \$3,000.00 civil penalty

2. 13-1020 ENF - Carlos Carrillo, DBA Carrillo Auto Sales

Engaged in activities outside of its licensed classification- salvage dealer; Respondent, a licensed salvage dealer, engaged in activities outside of its licensed classification: Occ Code 2302.102, 2302.108 and 2302.354 and 43 TAC 217.81(b)(3) and 217.81(c)
Proposed Sanction: \$500.00 civil penalty

3. 14-0129 ENF - Victor Trevino, DBA Trevino Quality Cars #10393

Respondent allowed the use of its license for the purpose of avoiding salvage dealer laws: 43 TAC 217.81(b)(11), Occ Code 2302.108 And 2302.354
Proposed Sanction: \$1,000.00 civil penalty

4. 14-0132 ENF - JC Auto Sales #2, DBA JC Auto Sales #2 (Salvage #32420)

Respondent knowingly provided false or incorrect information, or, without legal authority, signed the name of another person: Transp Code 501.155, 43 TAC 217.81(b)(16), Occ Code 2302.354(a) and 43 TAC 217.81(c)
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P R O C E E D I N G S

1
2 MR. WALKER: Good morning. My name is Johnny
3 Walker. I'm pleased to open the Board meeting of the
4 Texas Department of Motor Vehicles. It is now 8:01 a.m.,
5 and I'm now calling the Board meeting for January 10, 2014
6 to order. I want to note for the record that the public
7 notice of this meeting, containing all items on the
8 agenda, was filed with the Office of the Secretary of
9 State on January 2, 2014.

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

13 If you wish to address the board during today's
14 meeting, please complete a speaker's card at the
15 registration table. To comment on an agenda item, please
16 complete a yellow card and identify the agenda item that
17 you would like to speak on. If it is not an agenda item,
18 we will take your comments during the public comment
19 portion of this meeting.

20 Now I'd like to have a roll call of the board
21 members present. Vice Chairman Ryan?

22 MS. RYAN: Present.

23 MR. WALKER: Board Member Caraway?

24 MS. CARAWAY: Present.

25 MR. WALKER: Board Member Palacios?

1 MR. PALACIOS: Here.

2 MR. WALKER: Board Member Rodriguez?

3 MR. RODRIGUEZ: Present.

4 MR. WALKER: Board Member SLOVACEK?

5 MR. SLOVACEK: Here.

6 MR. WALKER: Let the record reflect that I,
7 Johnny Walker, am here too, and we have a quorum. Members
8 Barnwell, Ingram and Rush are absent today.

9 With that, I'd like to go to the first item on
10 the agenda, and let's go to excused absences, item 1.B.

11 MS. RYAN: I would move to excuse the absence
12 of Member Caraway for the September 12, 2013 board
13 meeting.

14 MR. RODRIGUEZ: Second, Mr. Chairman.

15 MR. WALKER: We have a motion and we have a
16 second.

17 I'd like to ask a question, if I could, of our
18 legal counsel. We're asking for one excused absence only
19 for the September meeting. Is that so that we put her
20 back into compliance, or why wouldn't we have done all at
21 the same time?

22 MR. DUNCAN: The statutory threshold is if the
23 member misses more than half of the regularly scheduled
24 meeting, and with one, she'll be below that threshold of
25 half of the meetings she was available to attend.

1 MR. RODRIGUEZ: But it's during a calendar
2 year.

3 MR. DUNCAN: Yes, sir.

4 MR. RODRIGUEZ: So we're trying to fix the
5 calendar year 2013.

6 MR. DUNCAN: '13, yes, sir.

7 MR. WALKER: Okay. So that just fixes for
8 2013.

9 MR. DUNCAN: '13.

10 MR. WALKER: And my next question to you would
11 be do we have to correct that as that happens, would that
12 be more prudent, or would it be more prudent to wait till
13 the end of the year to correct that?

14 MR. DUNCAN: No, I would think it would be
15 better, and we will be keeping very close track from here
16 out. We had to go back and reconstruct by hand, we had to
17 go back and look at the attendance lists from the
18 different board meetings, but we will correct it. If, for
19 example, if any of the three board members that are absent
20 today are absent at our next regularly scheduled meeting,
21 we should excuse their absences at that meeting. That
22 would keep them below half all the time and eliminate the
23 possibility that there would be a need for notification.

24 MR. WALKER: So we should correct those
25 periodically through the year as they're occurring, which

1 we have not been doing.

2 MR. DUNCAN: Correct. And we'll be very much
3 on top of that and let you know at the beginning of each
4 meeting.

5 MR. RODRIGUEZ: Mr. Chairman, the other thing
6 to be aware of is what defines a regularly scheduled
7 meeting. We have got into a practice of scheduling
8 committee meetings as board meetings as well, so we've got
9 to be careful.

10 MR. DUNCAN: We're considering the regularly
11 scheduled board meetings to be the full board meetings,
12 not any special meetings. I believe you had a board
13 retreat --

14 MR. WALKER: No, not a retreat, we had a
15 workshop.

16 MR. DUNCAN: -- workshop, and we did not
17 consider that a regularly scheduled meeting because it was
18 not handling normal business.

19 MR. RODRIGUEZ: But when we're scheduling
20 committee meetings, we're posting them as if they were
21 full board meetings, and we've got to make that
22 distinction. That's all I'm suggesting.

23 MR. DUNCAN: We're posting that out of an
24 abundance of caution under the Open Meetings Act, but
25 we're not considering those full board meetings.

1 MR. RODRIGUEZ: And I understand that, but
2 we've got to be aware of that.

3 MR. DUNCAN: Yes, and we've done some
4 evaluation of that. Yes, sir. Thank you.

5 MR. WALKER: Okay. Good discussion. We're
6 going to forgive you this time.

7 MS. CARAWAY: Thank you.

8 (General laughter.)

9 MS. RYAN: We have a second.

10 MR. WALKER: We have a motion by you, we have a
11 second right here. Any further discussion?

12 (No response.)

13 MR. WALKER: All in favor signify by saying
14 aye.

15 (A chorus of ayes.)

16 MR. WALKER: All opposed, same sign.

17 (No response.)

18 MR. WALKER: Motion carries. You're excused.

19 MS. CARAWAY: Thank you.

20 MR. WALKER: Let's move to item 1.D, comments
21 and announcements from the chairman, board members and
22 executive director. I'd like to make an announcement
23 here. We have a new internal auditor that I'd like to
24 introduce. Sandra Vice is now with us. She has been in
25 private practice and she has been an internal auditor, I

1 believe, over at the Comptroller's Office, was it?

2 MS. VICE: State Auditor's Office.

3 MR. WALKER: State Auditor's Office. We'd like
4 to welcome her aboard. She'll be working directly with
5 the board and managing the internal audit portion of our
6 work here.

7 The chief hearing examiner, which I have not
8 met, is he here? Marc Burns. Marc is going to be our
9 chief examiner for our SOAH hearings. He came from over
10 at the SOAH office. Right?

11 MR. BURNS: I was at SOAH, yes, sir.

12 MR. WALKER: At SOAH for a while. And he's
13 going to be the chief examiner, and I guess we're going to
14 hire another administrative law judge, I guess you'd call
15 it, to work with him to hear our SOAH cases, our warranty
16 issues and performance, Lemon Law, and stuff like that.

17 Thank you very much. Welcome aboard, Marc, and
18 if there's anything we can do for you, I'm sure that
19 Whitney will help you.

20 The next item, let's go to item 2, the
21 financial reports, Linda Flores. We kind of changed
22 things up here. We normally had put Linda toward the
23 bottom end of the agenda always, and I always felt like
24 she kind of gets a little rushed, so we're going to kind
25 of flip things around a little bit so that we give her the

1 appropriate time, at least annually we're going to put the
2 financials on the front-end of the agenda.

3 MR. RODRIGUEZ: I thought you said we had one
4 public comment.

5 MR. WALKER: We have one but I'm going to take
6 it at the time of the item.

7 MR. RODRIGUEZ: All right.

8 MR. WALKER: Ms. Flores, the floor is yours.

9 MS. FLORES: Good morning. For the record, my
10 name is Linda Flores. I'm the chief financial officer for
11 the Texas Department of Motor Vehicles. With me today I
12 have Sergio Rey, who is the director of accounting, and
13 Renita Bankhead, who is the assistant chief financial
14 officer. They're going to help me in this presentation.
15 I've been dealing with a severe case of allergies with the
16 cedar, and if I talk a little bit too much, I kind of lose
17 my breath.

18 The FY 2013 annual financial report was
19 prepared and submitted as required by Texas Government
20 Code. The financial statements for the agency are
21 prepared on a modified accrual basis which basically we
22 recognize revenues when they're available and measurable,
23 versus the private sector as when they're earned.
24 Liabilities are still recognized when the expense is
25 incurred.

1 Our financial statements are not audited by an
2 independent auditor. They are, however, incorporated into
3 the state's annual financial report, and the State Auditor
4 is responsible for expressing an opinion on whether those
5 statements are fairly presented. So with that, I'm going
6 to turn it over to Mr. Rey.

7 MR. REY: Chairman, Ms. Brewster, board
8 members, good morning. For the record, my name is Sergio
9 Rey, director of accounting, and today this morning I will
10 be providing highlights to the 2013 annual financial
11 report.

12 In your board book on page 46, you will find
13 Exhibit 1, the statement of net assets, or the balance
14 sheet, as it's called for governmental accounting. This
15 presentation for you provides the balances from the 2012
16 annual financial report for comparative purposes.

17 In the asset section we had an approximately \$3
18 million decrease in current assets. This decrease is
19 because of efficiencies in timing of recording suspense
20 funds as collected revenue, and a decrease of pending
21 revenue from tax assessor-collector offices simply because
22 of timing at the end of the month. In current assets we
23 have an increase of approximately \$1.4 million because of
24 additional inventory computer equipment for upgrades and
25 the creation of the data center room in Building 5. The

1 net change in assets is a total decrease of \$2.6 million.

2 Exhibit 1 continues on page 47 of your board
3 book with the liabilities section. Current liabilities
4 remain stable with a slight decrease of approximately
5 \$200,000. This net effect is from increases in accounts
6 payable which are expenditures which are due after 8/31
7 and decreases in the due to other agencies which are also
8 expenditures or transfers to other state agencies or
9 universities on 8/31 which were then processed in fiscal
10 year 2014.

11 Non-current liabilities for our agency is
12 totally the employee compensable leave balance. That is
13 the vacation and sick leave balances turned into dollars.

14 This year it increased approximately by \$200,000 because
15 the agency had more employees at fiscal year-end compared
16 to last year.

17 Our fund balance, which is the unspent or the
18 non-spendable balances in general revenue in Fund 6,
19 decreased by approximately \$2 million as a result of the
20 activity in current assets and in current liabilities.

21 Overall, our total net asset for 2013 decreased by
22 approximately \$1.3-.

23 On page 48 of your board book, you will find
24 the governmental accounting version of the income
25 statement, or otherwise known as a statement of revenue,

1 expenditures and changes in net assets. Again, FY 2012
2 figures are provided for comparison. For revenues the
3 Legislative Appropriations for general revenue remained
4 the same as in FY 2012. As for licenses, fees and
5 permits, the increase of approximately \$95 million was due
6 to a full year of the oversize/overweight revenue
7 activity, and the expected annual growth in revenue
8 collection. The net result was an increase of \$94 million
9 dollars in total revenue for fiscal year 2013.

10 As for expenditures, FY 2013 had a net increase
11 of approximately \$12.6-. A \$2.7 million increase in
12 salaries and wages contributed to this increase -- again,
13 more employees for fiscal year 2013. Payments for data
14 center services and increases in automation related costs
15 contributed to a \$4.7 million increase in professional
16 fees and services. Again, automation related services, as
17 well as new cleaning services contracts and increases in
18 credit card convenience fees, resulted in an increase of
19 approximately \$8 million in other operating expenses.

20 On a final note regarding the income statement,
21 this year there was a \$98 million increase to the transfer
22 of Fund 6 revenue to the Texas Department of
23 Transportation.

24 MR. WALKER: Can I ask you questions as we go,
25 or do you want me to wait to the end? I mean, I'd like to

1 do it, if you don't mind, while we're on this.

2 MR. REY: No problem, sir.

3 MR. WALKER: The data center increase in costs,
4 wasn't that transferred, we had that money internally
5 operating, we just needed to go to the data center on some
6 of that stuff, Linda?

7 MS. FLORES: Let me address that. Data center
8 costs are appropriated to the agency as a capital line
9 item. In fiscal year '13, our appropriation was roughly
10 \$3.8 million. So it's really an in and an out. It goes
11 directly to the Department of Information Resources.

12 MR. WALKER: But didn't we have a lower number
13 on there that we took and we had some stuff that wasn't in
14 the data center that we needed to put into the data
15 center?

16 MS. FLORES: Actually, there's two parts to the
17 data center costs. One is those services that we are
18 provided directly by data center, and then there's also
19 servers that TxDOT administers. So there's really two
20 costs associated with all of our mainframe and servers:
21 one is in the operating side of the house and the other is
22 in the capital appropriations side of the house. Those
23 two together, when you add them all up, is going to be
24 roughly \$6 million for the year.

25 MR. WALKER: Okay. Thank you. Go ahead. That

1 was my question.

2 MR. REY: Actually, this is the end of my
3 presentation as far as the two exhibits. These were
4 highlights of the primary principal exhibits of the annual
5 financial report. The remaining schedules and the notes
6 in this report are supporting information to the figures
7 in these two exhibits. As Ms. Flores mentioned earlier,
8 the annual financial report was completed in accordance
9 with state guidelines, Comptroller requirements and
10 General Governmental Accounting Principles. The report
11 was submitted to the Comptroller back on November 20 of
12 this past year.

13 If you have any further questions, we'll be
14 happy to address them.

15 MR. WALKER: I don't have a question, I guess,
16 but I'd just like the record to reflect that revenues for
17 the State of Texas through this agency are up or down by
18 how much. I know the answer, but let's see if you can
19 tell everybody.

20 MR. REY: The \$94 million.

21 MR. WALKER: And what percent revenue increase
22 is that?

23 MR. REY: The percentage of increase?

24 MR. WALKER: Is that 8.2 percent?

25 MR. REY: From last year, we're looking at an

1 additional about 6-1/2 percent.

2 MR. WALKER: So the agency, our revenue stream
3 is up about 8 percent over what we had anticipated it to
4 be, which is good. Those are the kind of things that the
5 legislators and the governor want to know, and we go to
6 them that our revenues are up, so that's important to
7 note. And our expenses are up or down?

8 MR. REY: They are up from last year again.

9 MR. WALKER: But are they up more than what our
10 increase in revenues are? Are we out of line there?

11 MS. FLORES: On the expense side, you know, we
12 were under our appropriated amount, and that's kind of how
13 we judge ourselves. So our normal appropriations are
14 roughly about \$163 million and we were at like \$135-, I
15 believe, so we were certainly under, however, saying that,
16 we did carry forward any unspent balances that we could
17 into this year for the automation project.

18 MR. WALKER: And I guess my point that I wanted
19 to get on the record was that the agency, our revenue
20 stream is up, it's higher than what we had anticipated and
21 appropriated for, and that our expenses are not out of
22 line, they're actually less than what we had appropriated
23 for, so the agency obviously is being run and managed very
24 efficiently.

25 MS. FLORES: Yes, sir. We still provide a

1 great deal for the State of Texas. For every dollar that
2 we bring in, you know, we provide to the state ten dollars
3 to the state. For every dollar we spend, the state gets
4 over ten.

5 MR. RODRIGUEZ: Ten or twenty? Twenty in the
6 biennium?

7 MS. FLORES: Ten in a year.

8 MR. RODRIGUEZ: Question. Obviously our budget
9 is set by the legislature and we're under-spending. What
10 percentage of that is due to unfilled FTEs?

11 MS. FLORES: I would say that on any given year
12 we've been averaging about 50 to 60 vacancies.

13 MR. RODRIGUEZ: That helps a lot. I mean, that
14 helps in the end.

15 MS. FLORES: It does, and it's going to help us
16 this year, which Ms. Bankhead is going to kind of touch on
17 for this fiscal year because we do have some challenges in
18 front of us.

19 MR. RODRIGUEZ: I understand that, but if we
20 keep track of the number of FTEs on a pretty consistent
21 basis, we stand the risk of being questioned about why we
22 have them.

23 MS. FLORES: Absolutely, yes, sir. Most of
24 those vacancies have been in our IT Division. With the
25 recruitment and hiring of Mr. Obermier, he's made a

1 concerted effort to fill those vacancies so that we can
2 manage our own IT shop.

3 MR. RODRIGUEZ: You can have a relatively
4 stable number of FTEs and vacant FTEs, the problem is when
5 it's the same FTES always vacant.

6 MS. FLORES: Yes, sir.

7 MR. WALKER: I can address some of that because
8 I've never seen it before but I sign the retirement deals,
9 and every month we have a tremendous turnover in our
10 people retiring. I bet I sign two or three retirement
11 letters every month.

12 MR. RODRIGUEZ: Well, it's understandable, but
13 if the same FTES that's vacant in a biennium, all two
14 years, then we're going to be questioned. So that's all
15 I'm saying.

16 MS. BREWSTER: And Mr. Chairman, if I might. We
17 are tracking those very closely, Member Rodriguez, the
18 length, the duration of the vacancy, if those positions
19 need to be Repurpose elsewhere and what the true need of
20 those FTEs are. And I might also add that it was
21 interesting to see that our turnover rate has gone from
22 over 11 percent to 6.5 percent this year, so the agency is
23 stabilizing, I would say, we're not seeing the turnover
24 that we did earlier in the inception of the agency. So I
25 think that we will see the savings from salaries decrease

1 even more so this year.

2 MR. RODRIGUEZ: The whole point of this is that
3 we shouldn't rely on those FTES vacancies to keep us under
4 budget as much, and to watch the FTES vacancy list.

5 MS. BREWSTER: I agree.

6 MR. WALKER: Well, some of those FTES vacancies
7 have also been through, I think, Mr. Archer's Motor
8 Carrier Division, and when we did the TxPROS project over
9 there, because of the efficiencies of that, I think that
10 his numbers went down somewhat, and they were planning on
11 using those empty FTEs from his particular division into
12 the IT Division so that we would have enough people to
13 fund the refactoring project.

14 MS. BREWSTER: Yes, sir, and that's exactly
15 what's happened. Nine FTEs from Motor Carrier Division
16 have been repurpose for assisting with RTS refactoring.

17 MR. RODRIGUEZ: I think the previous number was
18 somewhere around 90-something the last cycle that we went
19 through this, so we've brought it down somewhat. So just
20 kind of putting it out there.

21 MR. WALKER: So Ms. Flores, does that conclude
22 your report today?

23 MS. FLORES: Yes, sir.

24 MR. WALKER: Thank you very much. You do a
25 tremendous job, you and your people, and we appreciate it.

1 Thank you very much.

2 MS. FLORES: Thank you very much.

3 Ms. Bankhead.

4 MS. BANKHEAD: Good morning, Chairman Walker,
5 Ms. Brewster, member of the board. For the record, my
6 name is Renita Bankhead. I'm here to present the
7 financial summary for the first quarter of the new fiscal
8 year 2014. This is a status report of revenues, budget
9 and expenditures as of November 30.

10 The first line here is expenditures. This
11 relates to page 74 of your document. This is just an
12 excerpt from that page, it is a budget to actual report
13 with year-end projections. I know this is kind of small,
14 but the adjusted budget is \$195.3 million. That is a net
15 increase of \$32.3 million over the original budget that
16 you approved back in August of \$163.1 million. That
17 increase is a net of the increase from the balances for
18 the automation project that we brought forward from 2013
19 that Ms. Flores just spoke about, and a reduction, a
20 legislatively mandated reduction for the data center
21 project of \$2.3 million. So that's how we get to the
22 \$195-.

23 The actual expenditures column, which is the
24 second green column there that's highlighted, are actual
25 expenditures as of November 30. These are 11 percent

1 higher than where we were at this same point last year.
2 The reason for those higher expenditures are the
3 additional costs associated with software licenses for the
4 RTS project, and a payment to the Comptroller for our new
5 financial system, our new automated financial system. The
6 fourth column there shows projected expenditures and
7 carryforward of approximately \$171 million, and that
8 consists of \$135 million in expenses and obligations and
9 \$36 million in capital budget that we feel like we can
10 carry forward or we'll spend.

11 So note that you see a shortfall in
12 professional fees, and that is based on our estimate of
13 data center payments to the Department of Information
14 Resources and payments to TxDOT for data center costs for
15 shared service that Linda just talked about a minute ago.

16 We did budget a contingency and you see that in other
17 operating expenses, the \$2 million surplus in other
18 operating and agency-wide. That was what the contingency
19 rebudgeted to fund that payment to TxDOT for the data
20 center services, but we will be using salary lapse and
21 other identified balances to fund the shortfall in the dat
22 center, our payments to DIR.

23 And as Linda has mentioned before, we do have
24 salary lapse. This is based on about 54 vacancies that we
25 had as of November 30.

1 MR. RODRIGUEZ: Ms. Bankhead, your projected
2 expenditures, is that straight math, or is that based on
3 two months of data and projecting that out?

4 MS. BANKHEAD: Basically, we look at what
5 obligations we have, any kind of encumbrances, and any
6 prior year expenditures, any trends from prior year, and
7 we extrapolate those. For the data center services, what
8 we do, because the costs fluctuate from month to month,
9 our first bill for September was so much higher than the
10 other bills, we just take the last month and we
11 extrapolate that, so each month it might change a little
12 bit. For salaries, what we do is that we just use a
13 straight line extrapolation, but for those positions that
14 are vacant, we assume that those positions will be filled
15 sometime during the fiscal year, so we adjust all of them
16 accordingly.

17 MR. RODRIGUEZ: So you've got a hybrid.

18 MS. BANKHEAD: Yes, we have a hybrid, and it
19 just depends on what object of expense we're looking at
20 would depend on how we're going to project those
21 expenditures.

22 MR. RODRIGUEZ: Question. I didn't see the
23 liabilities section, but do we have to carry on the books
24 the cost of accrued leave, sick leave or vacation leave?

25 MS. FLORES: That was represented in the annual

1 financial report. It's a liability, and it's recorded on
2 the books, however, it's not recorded as a true
3 expenditure until it's incurred.

4 MR. RODRIGUEZ: But should we have a high
5 number of people, it's a cost that's not in here at this
6 point. Right?

7 MS. FLORES: Correct.

8 MS. BANKHEAD: The next slide we're going to
9 move on to revenues. This slide corresponds to page 75 in
10 your briefing book, and it outlines revenue collections
11 for the current year and the prior two years. Deposits to
12 Fund 6 make up 87 percent of the revenue that we are
13 collecting as of November of 2013. As you can see, the
14 revenue collections are slightly higher for '14 than the
15 same period for the previous two years. This increase in
16 revenue is driven by an increase in the number of vehicles
17 registered and sold and the addition of new types of
18 revenue, specifically the ready-mix concrete and the
19 oversize/overweight category.

20 MR. WALKER: You're saying that the ready-mix
21 concrete permits increased the revenue stream by how much?

22 MS. BANKHEAD: Just slightly.

23 MR. WALKER: How much?

24 MS. BANKHEAD: I will have to get that for you,
25 I don't have it right here with me.

1 MR. WALKER: It can't be that much, is it?

2 MS. FLORES: We did look at the revenue, but
3 unfortunately, we didn't bring our work paper with us, so
4 we can get that for you specifically.

5 MR. WALKER: It's not important. I just
6 wouldn't have thought that the ready-mix or the timber
7 permitting, either one of those.

8 MS. FLORES: Timber permits didn't bring
9 anything in, but concrete did.

10 MR. WALKER: Ballpark, if you had to guess, how
11 much?

12 MS. FLORES: Jeremiah believes that it was
13 \$4-1/2 million. I don't think it was that high, but I'll
14 double check and send you all an email.

15 MR. JEREMIAH KUNTZ: Jeremiah Kuntz, director
16 of Government and Strategic Communications.

17 Our numbers right now on concrete are around
18 4,200 permits issued at \$1,000 a permit.

19 MR. RODRIGUEZ: But the question is what's the
20 increase, the net increase?

21 MS. FLORES: For the first quarter I don't
22 think it was that much.

23 MR. WALKER: Jimmy, can I get you to come
24 forward for a second?

25 MR. ARCHER: For the record, I'm Jimmy Archer,

1 director of the Motor Carrier Division. Yes, sir?

2 MR. WALKER: Thank you. When the legislature
3 changed the ready-mix permitting, they were buying permits
4 already, were they not?

5 MR. ARCHER: Actually, the ready-mix customers
6 were using bonds.

7 MR. WALKER: So the bonds went away and now
8 they buy the permits.

9 MR. ARCHER: Yes, sir.

10 MR. WALKER: And did the bonds have any effect
11 on the agency, did we lose the bonding revenue?

12 MR. ARCHER: The bonds went away when the
13 permits were instituted.

14 MR. WALKER: And my understanding of a bond is
15 a bond is like an insurance policy.

16 MR. ARCHER: Exactly.

17 MR. WALKER: And so if I were to interpret this
18 correctly, it would mean that the insurance companies are
19 not getting a bond and the state is getting a permit now
20 for the use of that instead.

21 MR. ARCHER: Correct.

22 MR. WALKER: And roughly, so to speak, you
23 think that the state picked up how much in revenue off of
24 that, about?

25 MR. ARCHER: Well, as of this morning we've

1 issued 4,500 ready-mix permits, so it's \$4-1/2 million,
2 approximately.

3 MS. FLORES: And actually, we just found out
4 paperwork.

5 MS. BANKHEAD: For the first quarter it
6 produced \$3.2 million in revenue for ready-mix.

7 MR. WALKER: And let me ask you this question.
8 Those are annual permits, so we wouldn't anticipate that
9 that would be a steady stream for twelve months, that
10 probably it's all incurred, 90 percent of it, in the first
11 quarter.

12 MS. BANKHEAD: Yes.

13 MR. WALKER: That's all the questions I have.
14 I just wanted to clarify that for the record.

15 MS. RYAN: And I have a question. The increase
16 in business dealer licenses, 18.3 percent, just seems
17 high. Revenue is up, right, due to collections, but is
18 there a decrease in the revenue or a decrease in the
19 license volume, the number?

20 MS. BANKHEAD: The reason for that increase was
21 back in '13 we had a backlog of applications that we had
22 to process and it increased the revenue in '13. So once
23 we completed that backlog in '13, then our revenue went
24 back down to what the anticipated level should be.

25 MS. RYAN: So the number of licenses has not

1 changed.

2 MS. BANKHEAD: Yes.

3 MS. RYAN: Thank you.

4 MS. BANKHEAD: Any other questions? We'll move
5 along to capital projects. The summary for capital
6 projects can be found on page 78 of your briefing book.

7 As we talked about in the previous slides, we
8 are projecting a deficit related to payments for the data
9 center services to the Department of Information
10 Resources. This million dollars that's showing on this
11 slide only relates to that portion that's in the capital
12 budget, so we do have another portion that's in our
13 operating budget that's part of that contract between
14 TxDOT and DMVs for data center services. We are
15 projecting to either spend or carry forward any of our
16 budget for capital. Most of what we will carry forward
17 will be related to the refactoring project.

18 That pretty much closes my presentation. We do
19 have some challenges, as you can see, but we're working on
20 solutions. Next month staff will begin the midyear budget
21 process to identify balances that we can use for any
22 shortfalls or any other unanticipated expenses, and to
23 assist us in the development of our baseline for our
24 legislative appropriation request that's due this summer.

25 MR. WALKER: So do we have any kind of

1 anticipations of shortages or overages that we'll have to
2 identify?

3 MS. FLORES: Definitely. We have several
4 shortages, primarily in the IT arena.

5 MR. WALKER: Wasn't some of that anticipated
6 with the refactoring project?

7 MS. FLORES: The shortfalls that we are
8 projecting at this point have nothing to do with the
9 automation -- that's a separate matter. What we're
10 dealing with are the day-to-day servers and activities.
11 Because the appropriation gave on one hand, and then took
12 away immediately, a \$2 million reduction in our data
13 center costs per year, that's going to really affect our
14 ability to run servers in the data center. I mean,
15 business doesn't stop, we're still using the data center
16 for our day-to-day RTS, mainframe issues. So the
17 shortfalls are associated with current operations.

18 MS. BREWSTER: Mr. Chairman, as soon as we knew
19 what we were appropriated at the end of the day from the
20 legislature for data center services, we knew at the
21 beginning that we were going to be short. And so we have
22 been looking very closely at other areas that we could
23 find savings in so that we could cover those costs, and
24 I'm confident that we will find the needed funds to cover
25 those shortages.

1 MR. WALKER: Well, weren't there some
2 anticipated shortfalls that we had anticipated from some
3 of the projects that we anticipated that maybe we would go
4 forward but that we would get the money in the following
5 biennium because the project hadn't got to those points?

6 MS. BREWSTER: Mr. Chairman, that's a different
7 capital item.

8 MR. RODRIGUEZ: From a capital standpoint,
9 we're controlling that, it's the operational costs.

10 MS. FLORES: Absolutely, yes, sir.

11 And that concludes our first quarter financial
12 summary, and next quarter, as Renita mentioned, we are
13 going to be looking at a midyear budget review and we're
14 going to establish a process, a more formal process than
15 we've had in the past with all of our divisions to make
16 sure that we do capture unanticipated items that we don't
17 know about that they may have a better handle on, as well
18 as setting up the stage for our appropriations request
19 which is going to be due in August.

20 MS. RYAN: So is it fair to think that by April
21 or May board meeting we would have a good understanding of
22 where we're going to cover the losses from it and have an
23 update then?

24 MS. FLORES: It think it's going to be more
25 like June.

1 MS. RYAN: So we would have then right
2 before -- when is the legislative appropriations due this
3 summer?

4 MS. FLORES: August. It's usually like the
5 third week of August.

6 MR. RODRIGUEZ: And we don't know for sure
7 whether -- I would suggest to you that we probably don't
8 anticipate an ordered cut in your LAR but it could happen.

9 MS. FLORES: It could happen. It's happened in
10 the past. Agencies who are funded in general revenue,
11 specifically, normally get a letter around March-April
12 telling us to program a 10 percent reduction. So knowing
13 that, we're not going to wait for the letter, we'll do it
14 ourselves in anticipation of the letter, with a
15 description of what the impact to the agency would be.

16 MR. RODRIGUEZ: And you're saying our LAR is
17 going to be due in August?

18 MS. FLORES: Yes, sir.

19 MR. WALKER: But right now it looks like \$2
20 million. Is that what you said?

21 MS. FLORES: Two million. Absolutely.

22 MR. WALKER: Shortfall in our data center.

23 MS. FLORES: That was from the appropriations
24 reduction. We're anticipating about \$2-1/2-.

25 MS. BANKHEAD: \$2-1/2-, almost \$3 million.

1 MR. WALKER: So we're going to be short from
2 our legislative appropriations amount for that particular
3 item and we're going to have to go figure out where to get
4 that from someplace else.

5 MS. FLORES: And another point I need to bring
6 up is in Article 9 of the General Appropriations Act
7 there's all these stipulations, so just on the capital
8 line item, that million dollar shortfall, I'm going to
9 have to provide you all with a written notice that we're
10 going to have to inform outside oversight entities, such
11 as the Governor's Office, the Legislative Budget Board,
12 that we're going to have to fill that shortage. And so
13 there's a lot of hoops that we have to jump through in
14 order to make those notifications, so we'll be doing that.

15 MR. WALKER: Before you send that to the
16 governor, would you let me know?

17 MS. FLORES: Absolutely. I can't go over there
18 without going through you first.

19 MR. RODRIGUEZ: So you'll provide the required
20 notice saying this is our minus and this is how we're
21 going to fix it, and we hopefully will have approval here
22 about agreement on what that fix is going to be.

23 MS. FLORES: Right. And it could be a
24 combination of finding money from unspent balances, as
25 well as working with Eric Obermier and his IT staff to

1 figure out ways that we can have some savings through the
2 data center.

3 MR. WALKER: But Linda, how much -- and maybe
4 this is a Whitney question -- how much actual control,
5 since we're mandated by the legislature to use the data
6 center, how much control do we have over what they bill us
7 and charge us to use their services?

8 MS. FLORES: If I could?

9 MR. WALKER: Go ahead.

10 MS. FLORES: We actually have been looking at
11 the bills from the data center, as well as the bills that
12 we receive from TxDOT. I believe that some of our staff
13 believe that there might be some duplicate charges going
14 on. There's one. Number two, the services that you
15 receive from the data center are all based on service
16 levels, and depending on what kind of service agreements
17 you want, if you want a two-hour turnaround versus a four-
18 hour turnaround, there's some cost savings associated with
19 those turnaround times. There's also cost savings if you
20 don't use as much storage as you anticipated to use. So
21 there are ways to lower your costs, but whether or not we
22 can achieve that, I'm not sure.

23 MS. BANKHEAD: And IT is working with Finance
24 to monitor those costs. They look at those costs every
25 month, they review that invoice every month to look at the

1 volumes and the service levels to make sure that we're
2 getting what we're paying for. So there is a review going
3 on and there's going to be more coordination as far as
4 that's concerned, but that review is going on right now.

5 MS. FLORES: From our perspective, this is the
6 biggest issue we have in front of us, so we're really
7 starting to bear down on those expenses to figure out
8 what's going on and what's the driving factor.

9 MS. RYAN: Is this being coordinated, Raymond,
10 you're in the loop on all this and good, or will be in the
11 loop on all this?

12 MS. FLORES: We have not reached out to the
13 Finance Committee, but once we can figure out what's going
14 on, we're more than happy to share it.

15 MS. BREWSTER: Mr. Chairman, if I might? Vice
16 Chair Ryan, we are anticipating a Finance and Audit
17 Committee meeting coming up in the very near future, so
18 this issue will certainly come up.

19 MS. RYAN: Okay.

20 MR. WALKER: So Ms. Flores, what is -- I don't
21 know what item number is -- what is our total anticipated
22 expenditures through the data center?

23 MS. BANKHEAD: Our total expenses, just for the
24 data center, just our cost to DIR, we're projecting about
25 \$4.9 million.

1 MR. WALKER: So we're 50 percent off of that
2 target?

3 MS. FLORES: Our appropriations were \$3.8-.

4 MS. BANKHEAD: Our appropriations were \$3.8-,
5 we're projecting \$4.9- in expenses.

6 MS. FLORES: Now, remember, they cut us \$2
7 million. If our appropriation had stayed the same, it
8 would be closer to five a year, just for that one line
9 item. They cut us.

10 MR. RODRIGUEZ: Twenty-five percent off.

11 MS. BANKHEAD: And that does not include the
12 \$1.8- for the services that we have to pay TxDOT; we have
13 to pay TxDOT for the DCS services.

14 MR. WALKER: Anybody else have any questions
15 for Renita?

16 MS. RYAN: Raymond, you've got a busy spring,
17 it sounds like.

18 MR. PALACIOS: It sounds like it.

19 MR. WALKER: It sounds like your job is cut out
20 for you, Raymond, to figure out how to get that back.

21 MR. PALACIOS: Spending some time here in
22 Austin.

23 MR. WALKER: That 8.2 percent increase in
24 revenue, maybe we could go get that back.

25 MS. RYAN: They'll find it, I have faith in

1 that.

2 MR. RODRIGUEZ: Thank you very much.

3 MR. WALKER: Thank you very much for your
4 report.

5 (General talking and laughter.)

6 MR. WALKER: Let's move on to item 3A, B, C, D
7 and E with the consent agenda. Mr. Harbeson, I see you
8 and your team are up here.

9 MR. HARBESON: Yes, sir. My name is Bill
10 Harbeson and I'm the director of the Enforcement Division.
11 With me today is Mark Gladney, the head of our Lemon Law/
12 Warranty Performance Section.

13 I'm going to first address items 2.A through E
14 of the consent agenda. 2.A is is 132 consent orders where
15 we initiated disciplinary actions and have reached a
16 settlement with the licensee. The money has been paid to
17 the state, and therefore, we're asking approval of these
18 132 items under item 2.A.

19 MR. WALKER: I think it's 3.A, Bill.

20 MR. HARBESON: Am I at 3.A? Okay, you're
21 right. We moved because of Linda.

22 We're asking for approval of those items under
23 3.A, those consent orders.

24 MR. RODRIGUEZ: Are you taking them all at one
25 time?

1 MR. HARBESON: No, sir. I'm going to divide
2 them up today.

3 MR. RODRIGUEZ: So moved, Mr. Chairman.

4 MR. WALKER: So we have a motion to -- I'm kind
5 of confused because he was offering, I though, as items
6 3.A through E, but what are we going to look at
7 independently here?

8 MR. HARBESON: My intent is to have D as a
9 separate item.

10 MR. WALKER: So 3.A through C, is that what
11 we're taking up here?

12 MR. HARBESON: We can, sir. 3.A is the agreed
13 orders, 3.B is the 23 NODS, the tickets we issue, and 3.C
14 is the 39 dismissals of cases after we initiated them.

15 MR. WALKER: So I'm going to assume, Victor,
16 that your motion is that we take the recommendation of the
17 staff and to accept their recommendations?

18 MR. RODRIGUEZ: I so move, Mr. Chairman.

19 MR. WALKER: So we have a motion to accept the
20 recommendation of staff on items 3.A through C.

21 MS. RYAN: May I ask a question before the
22 second so you don't have to change it?

23 MR. WALKER: Yes.

24 MS. RYAN: I need to recuse myself for a couple
25 of these things. What I don't have in front of me is is

1 there anything in 3.A through D that I need to do that
2 with.

3 MR. HARBESON: It will be 3.D.

4 MS. RYAN: That's what I thought. I just
5 didn't want us to have to undo it.

6 MR. WALKER: So we have a motion; I do not have
7 a second at this point.

8 MR. SLOVACEK: Second.

9 MR. WALKER: WE have a second by Member
10 Slovacek. Any discussion?

11 (No response.)

12 MR. WALKER: All in favor signify by saying
13 aye.

14 (A chorus of ayes.)

15 MR. WALKER: Any opposed, same sign.

16 (No response.)

17 MR. WALKER: Motion carries. We can move
18 forward, let's go to item 3.D, I guess, Bill.

19 MR. HARBESON: 3.D is 23 settlements or
20 dismissals coming out of our Lemon Law and Warranty
21 Performance cases. I'm asking approval of the orders that
22 have been previously presented to the board.

23 MR. WALKER: I'll make a motion that we accept
24 the recommendation of staff on item 3.D.

25 MS. CARAWAY: Second.

1 MR. WALKER: We have a second.

2 MS. RYAN: But I need to recuse myself for D,
3 item 21.

4 MR. WALKER: Let the record reflect that Ms.
5 Ryan is rebuking herself for a conflict of interest on one
6 of the items there.

7 MR. RODRIGUEZ: Is that 3.D?

8 MR. HARBESON: 3.D, 21.

9 MR. RODRIGUEZ: 4.D is Gulf States Toyota.

10 MS. RYAN: Yes, but there's also a Lemon Law
11 case in D, item 21, so there's two.

12 MR. RODRIGUEZ: Got it.

13 MR. WALKER: So we have a motion and we have a
14 second by Member Caraway down here. All in favor signify
15 by saying aye.

16 (A chorus of ayes.)

17 MR. WALKER: All opposed, same sign.

18 (No response.)

19 MR. WALKER: Motion carries unanimously.

20 Let's go to item 3.E.

21 MR. HARBESON: 3.E is two cases that were
22 brought the franchise area where the parties have reached
23 and agreement and the cases are before you to be
24 dismissed. We're requesting that you approve the orders
25 that have previously been presented to you.

1 MR. RODRIGUEZ: So moved, Mr. Chairman.

2 MR. WALKER: We have a motion from Member
3 Rodriguez.

4 MR. SLOVACEK: Second.

5 MR. WALKER: And we have a second by Mr.
6 Slovacek. Any discussion?

7 (No response.)

8 MR. WALKER: If not, we'll take a vote to
9 accept the recommendation of staff to dismiss the
10 previously recommended actions, or the dismissal. All in
11 favor signify by saying aye.

12 (A chorus of ayes.)

13 MR. WALKER: All opposed, same sign.

14 (No response.)

15 MR. WALKER: Motion carries.

16 Let's move on to item 4 on the agenda.

17 MR. HARBESON: Yes, sir. 4.A is 48 motions for
18 disposition and these are contested cases where the
19 licensee did not respond. We've prepared motions and
20 proposed orders which are then presented to you
21 previously, and we're asking for approval of those 48
22 orders.

23 MR. PALACIOS: So moved.

24 MR. WALKER: We have a motion by Member
25 Palacios to accept staff recommendations on the removal.

1 MS. RYAN: Second.

2 MR. WALKER: We have a second by Ms. Ryan. Any
3 discussion?

4 (No response.)

5 MR. WALKER: All in favor signify by saying
6 aye.

7 (A chorus of ayes.)

8 MR. WALKER: All opposed, same sign.

9 (No response.)

10 MR. WALKER: Motion carries unanimously.

11 Let's move to item 4.B.

12 MR. HARBESON: 4.B is four salvage cases which
13 are before you today. After the staff notified the party
14 of their intent to issue a decision, there was no response
15 from the licensee, and we're now asking for approval of
16 those orders.

17 MR. RODRIGUEZ: So it's 4.B.1 through 4.
18 Right?

19 MR. HARBESON: Yes, sir.

20 MR. RODRIGUEZ: So moved, Mr. Chairman.

21 MR. WALKER: We have a motion to move on items
22 4A -- it's just B here. Correct?

23 MR. RODRIGUEZ: It's 4.B.1 through 4.

24 MR. WALKER: 4.B.1 through 4. I need a second.

25 MS. RYAN: Second.

1 MR. WALKER: We have a second from Ms. Ryan.
2 Any discussion?

3 (No response.)

4 MR. WALKER: All in favor signify by saying
5 aye.

6 (A chorus of ayes.)

7 MR. WALKER: All opposed, same sign.

8 (No response.)

9 MR. WALKER: Motion carries.

10 Let's move on to item 4.C which is our warranty
11 performance proposals. I guess, Mr. Gladney, you're going
12 to handle that?

13 MR. GLADNEY: Yes. For the record, Mark
14 Gladney, Lemon Law Section.

15 In all the cases that are presented today, the
16 parties have been served at their record addresses with
17 the proposed orders and notices of consideration of the
18 respective cases at today's board meeting by regular mail,
19 certified mail and fax, where applicable. To date, staff
20 has received no request from a party wishing to address
21 the board on the cases presented today.

22 Additionally, in all cases presented, after
23 review by staff, but for the correction of minor citation
24 and spelling errors, staff has concurred with all ALJ
25 recommendations submitted for your consideration. The

1 proposed orders reflect the minor corrections for the
2 applicable cases.

3 In agenda items 4C.1 and 2, both cases are
4 2301.204 warranty performance cases in which a hearing was
5 conducted at SOAH where the presiding ALJ recommended
6 dismissal of the complaints. Staff respectfully
7 recommends a vote for approval of the PFD with the
8 proposed orders in your packets for both agenda items.

9 MR. WALKER: I so move that we accept the ALJ's
10 recommendation for dismissal on the two items there under
11 C, 1 and 2.

12 MR. RODRIGUEZ: Second, Mr. Chairman.

13 MR. WALKER: We have a second by Victor
14 Rodriguez. Any discussion?

15 (No response.)

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

18 (A chorus of ayes.)

19 MR. WALKER: All opposed, same sign.

20 (No response.)

21 MR. WALKER: Motion carries unanimously.

22 Go ahead, I guess. I want to ask you a
23 question but I'll let you finish the Lemon Law deals
24 first.

25 MR. GLADNEY: The next grouping is agenda items

1 4.D.1, 2, 4 and 5, staff will take up these items and the
2 subsequent items by decision grouping, except for agenda
3 item 4.D.3, Boggs v. Gulf States Toyota.

4 MR. WALKER: You lost MR. 1, 2, 4 and 5?

5 MR. GLADNEY: 1, 2, 4 and 5. In the
6 aforementioned Lemon Law agenda items, the parties
7 participated in hearings at SOAH where the presiding ALJ
8 recommended dismissals of the complaints. Staff concurs
9 with the ALJ recommendations. Staff respectfully
10 recommends a vote for approval of the PFD with the
11 proposed order in your packets for the agenda items.

12 MR. WALKER: So your recommendation is items
13 D.1, 2, 4 and 5, and that is so that we can allow Ms. Ryan
14 to vote?

15 MR. GLADNEY: I'm pulling 3 out for separate
16 consideration because of Board Member Ryan.

17 MR. WALKER: These are just the dismissals.

18 MS. RYAN: Correct. The ALJ is recommending
19 dismissal on these.

20 MR. WALKER: But he's leaving this out.

21 MS. RYAN: Because I have to recuse myself.

22 MR. WALKER: I know. So I can vote on these,
23 he's going to then bring up 3.

24 MS. BREWSTER: That is the reason why we're
25 doing that. Yes, sir.

1 MR. WALKER: Okay.

2 MR. RODRIGUEZ: So moved, Mr. Chairman.

3 MS. RYAN: Second.

4 MR. WALKER: We have a motion, we have a second
5 by Ms. Ryan here. Any discussion?

6 (No response.)

7 MR. WALKER: All in favor signify by saying
8 aye.

9 (A chorus of ayes.)

10 MR. WALKER: All opposed, same sign.

11 (No response.)

12 MR. WALKER: Let's go back and take item 3 now.

13 MR. GLADNEY: For agenda item 4.D.3, Boggs v.
14 Gulf States Toyota, again in this particular case the ALJ
15 recommended dismissal of the complaint. Staff concurs
16 with the ALJ's recommendation and requests a vote for
17 approval of the PFD with the proposed order that is
18 currently in your packet.

19 MR. WALKER: I so recommend
20 that we accept staff's recommendation on dismissal.

21 MR. PALACIOS: Second.

22 MR. WALKER: We have a second from Mr.
23 Palacios. And let the record reflect that Ms. Ryan has
24 recuse herself from voting on this particular item. I was
25 going to do that after the vote.

1 MS. RYAN: Sorry. I think you have to do it
2 before the vote, though.

3 MR. WALKER: So Ms. Ryan has removed herself
4 from any vote on this because of the conflict -- a
5 potential conflict of interest there. So we have a
6 recommendation, we have a second. All in favor signify by
7 saying aye.

8 MR. RODRIGUEZ: Question. What are the
9 statement of clarifications you wanted to make on this?

10 MR. GLADNEY: Pardon?

11 MR. RODRIGUEZ: I believe you wanted to make
12 some statement of corrections on this particular item.

13 MR. GLADNEY: On 4.D.3? Yes. In conclusion of
14 law number 3, the staff corrected a jurisdictional
15 citation error that was made by SOAH. They cited
16 Subchapter E as opposed to Subchapters M.

17 MR. RODRIGUEZ: Not fatal, I guess?

18 MR. GLADNEY: No, it's not.

19 MR. RODRIGUEZ: No further questions, Mr.
20 Chairman.

21 MR. WALKER: With no further questions, we have
22 a motion and we have a second. All in favor signify by
23 saying aye.

24 (A chorus of ayes.)

25 MR. WALKER: All opposed, same sign.

1 (No response.)

2 MR. WALKER: Motion carries. And let the
3 record reflect that Ms. Ryan did not vote.

4 Let's go to item 4, I guess you want to take
5 recommended repairs, 6 through 10 in a lump?

6 MR. GLADNEY: 6 through 8.

7 MR. WALKER: You want to do 6 through 8.

8 MR. GLADNEY: In agenda items 4.D.6 through
9 4.D.8, the parties participated in a hearing at SOAH. The
10 presiding ALJ recommended repair relief. Staff concurs
11 with the ALJ recommendations. Staff recommends a vote for
12 approval of the PFD with the proposed order in your
13 packets.

14 MR. RODRIGUEZ: Can you clarify your
15 corrections for number 7, and also your misstatement of
16 corrections on number 8?

17 MR. GLADNEY: Yes. The proposed order notes a
18 jurisdictional citation error in 4.D.7, and 4.D.8,
19 conclusion of law number 4. Additionally, in agenda item
20 4.D.7, a misspelled reference to the sync system, they
21 spelled it S-I-N-C, as opposed to S-Y-N-C, and that was
22 corrected as well.

23 MR. RODRIGUEZ: Again, these are not fatal
24 mistakes?

25 MR. GLADNEY: Pardon?

1 MR. RODRIGUEZ: Not fatal?

2 MR. GLADNEY: No, not fatal.

3 MR. RODRIGUEZ: So moved, Mr. Chairman.

4 MR. WALKER: We have a motion to move on items
5 6 through 8 and accept the recommendations of staff to
6 make the repairs.

7 MS. RYAN: Second.

8 MR. WALKER: We have a second by Ms. Ryan. Any
9 questions or discussion?

10 (No response.)

11 MR. WALKER: All in favor signify by saying
12 aye.

13 (A chorus of ayes.)

14 MR. WALKER: Opposed, same sign.

15 (No response.)

16 MR. WALKER: Motion carries unanimously by all
17 board members.

18 Items 4.D.9 and 10 which would be
19 recommendations of Lemon Law repurchases.

20 MR. GLADNEY: Yes. In 4.D.9 and 4.D.10, the
21 parties participated in a hearing at SOAH where the ALJ
22 recommended repurchase of the subject motor vehicles.
23 Staff again concurs with the ALJ recommendations. Staff
24 notes that the proposed order in agenda item 4.D.9 and 10
25 corrected a jurisdictional citation error in conclusion of

1 law number 4. It is not fatal. Staff recommends approval
2 of the adoption of the PFDs with the proposed order in
3 your packets.

4 MR. WALKER: So moved, Mr. Chairman.

5 MR. WALKER: We have a motion by Mr. Rodriguez
6 to accept the recommendations of repurchase of the
7 vehicles by the manufacturers.

8 MS. RYAN: Second.

9 MR. WALKER: We have a second by Ms. Ryan.

10 MS. RYAN: On a roll, Victor and I.

11 MR. WALKER: Mr. Slovacek, you've got to wake
12 up back there.

13 MR. SLOVACEK: I'm voting yes on everything.
14 I'm following closely.

15 (General laughter.)

16 MR. WALKER: Do we have any questions or
17 discussion?

18 (No response.)

19 MR. WALKER: If not, then all in favor signify
20 by saying aye.

21 (A chorus of ayes.)

22 MR. WALKER: All opposed, same sign.

23 (No response.)

24 MR. WALKER: Motion carries unanimously.

25 Let me stop you right there, Mark, before we go

1 to Bill. These Lemon Law and warranty cases that we just
2 went through here are no longer going to be under the
3 purview of this board, they're going to be over here with
4 our new examining officers, but there's still a backlog of
5 these cases sitting out there, I guess, that would have
6 been presented during this window of opportunity, so to
7 speak. About how many of those cases are sitting out
8 there right now in that window?

9 MR. GLADNEY: I can't give you an exact number
10 but I'm estimating it's probably maybe about 20 or so, but
11 it's not very many.

12 MR. WALKER: Okay. So you think that we will
13 hear those probably in the next three months?

14 MR. GLADNEY: In the next meeting that would be
15 the case.

16 MR. WALKER: And that will clear most of that
17 out?

18 MR. GLADNEY: Yes. Unless I missed my guess,
19 and if the delegation rule were to be approved, I would
20 think that whoever is delegated to make the board
21 decisions on these types of cases could do it as well.

22 MR. WALKER: So if there was a case filed in
23 November of 2013 but that case gets delayed until 2015,
24 that particular case would not go to our administrative
25 law judge, it would still have to come back to the board a

1 year from now if it was filed within the window. Am I
2 correct, David?

3 MR. GLADNEY: The statute says the date filed,
4 and so January 1 is the magic date.

5 MR. WALKER: Of filing?

6 MR. GLADNEY: Yes.

7 MR. WALKER: So anything that was filed in that
8 window, we will still have to hear until it is cleared off
9 the books.

10 MR. GLADNEY: Yes.

11 MR. WALKER: And there's about 20 of those out
12 there, you think.

13 MR. GLADNEY: About that.

14 MR. WALKER: Let's move forward to 5.A.

15 MR. HARBESON: 5.A.1 is before you today
16 requesting approval of a new rule 215.58 which deals with
17 the delegation of final order authority. During the
18 course of the comment period we received no comments.

19 I presented you with a chart in the book that
20 provides some idea about the effect of this rule if it's
21 approved. In essence, all of the protest cases filed by
22 dealers would still come to the board. Dealer versus
23 dealer, dealer versus manufacturer, any case where SOAH
24 has issued a PFD, those cases will continue, in the
25 future, to come to the board. Final orders for

1 enforcement contested cases will continue to come to the
2 board if SOAH has issued a PFD, and I think we've only had
3 one of those in recent history, that I know of, where a
4 PFD was issued and the enforcement case was up here. And
5 all of the motions for rehearing in these two categories
6 of cases, the SOAH cases that are heard at SOAH and PFDs
7 are issued, the motions for rehearing in those cases will
8 also continue to come to the board.

9 We have suggested approval of this rule for a
10 number of reasons. First of all, we think it's going to
11 expedite the board meetings. Probably more important from
12 my point, it's going to expedite our handling of these
13 cases, where swift justice is sometimes much better
14 justice, and we'll be able to get to these cases, get an
15 order issued and move on as opposed to having cases where
16 we're waiting sometimes several months before we can get a
17 final order.

18 Delegation is authorized in both the
19 Transportation Code founding statute for the agency and is
20 also found in 23301 of the Occupations Code dealing
21 specifically with the Motor Vehicle Division. So staff is
22 recommending approval of this rule. Do you have any
23 questions?

24 MS. RYAN: The chart is helpful.

25 MR. HARBESON: Excuse me?

1 MS. RYAN: The chart is very helpful. Thank
2 you. So moved.

3 MR. WALKER: We have a motion to move with the
4 recommendations under 5.A.1 through 3. Ms. Ryan, is that
5 correct?

6 MS. RYAN: Correct.

7 MR. RODRIGUEZ: I second that motion.

8 MR. WALKER: We have a second from Mr.
9 Rodriguez. Any questions or discussion?

10 (No response.)

11 MR. WALKER: All in favor signify by saying
12 aye.

13 (A chorus of ayes.)

14 MR. WALKER: All opposed, same sign.

15 (No response.)

16 MR. WALKER: Motion carries unanimously.
17 Let's go to item 5.B.

18 MR. HARBESON: House Bill 894 out of the last
19 session provided a slight change to the use of dealer tags
20 for independent dealers. It provided that

21 MS. BREWSTER: We're on A.2.

22 MR. WALKER: I'm sorry. We voted on 1. Let me
23 clarify that we're on item 5.A.2, not 1 through 3. I'm
24 sorry. You're okay, but I made a mistake.

25 MR. HARBESON: 894 provided a slight change to

1 the use of dealer plates and it was very narrow in the
2 scope of what the legislature did. It provided that an
3 independent dealer could use these plates in transporting
4 vehicles to and from the point of sale. With the passage
5 of that bill, which is now in effect, it required a small
6 change to our rule that deals with use of dealer plates,
7 and that's what this rule deals with. It merely refers
8 back to the statute and says except as provided by that
9 statute, these are the authorized uses of dealer plates.

10 We've received no comments on this rule
11 proposal, and we're asking for your approval of the rule.

12 MR. PALACIOS: So moved.

13 MR. WALKER: We have a motion to accept the
14 recommendation on item 5.A.2.

15 MS. CARAWAY: Second by Ms. Caraway down here.
16 Any discussion or questions about the metal license
17 plates?

18 (No response.)

19 MR. WALKER: All in favor signify by saying
20 aye.

21 (A chorus of ayes.)

22 MR. WALKER: All opposed, same sign.

23 (No response.)

24 MR. WALKER: Motion carries unanimously.

25 Let's go to item 5.A.3.

1 MR. HARBESON: 5.A.3 is before you today. It
2 involves the amendment and repeal of a number of statutes
3 that deal with our enforcement program in the automobile
4 industry only, and what the legislature did at 2741, one
5 of the many things they did, was they provided that a
6 dealer or another licensee under 2301 was entitled to an
7 opportunity for hearing. And so with that change in the
8 law, we believed it was a good idea to move forward in
9 syncing up how we do business in the car business with the
10 way we do business in the salvage business and also the
11 motor carrier business. So what this rule essentially
12 does is change the procedures to the same procedures that
13 we currently use in motor carrier and salvage for the
14 automobile industry.

15 We received no comments on this rule and staff
16 today is asking for your approval of the rule.

17 MR. WALKER: I need a motion.

18 MR. RODRIGUEZ: So moved, Mr. Chairman.

19 MR. WALKER: We have a motion from Mr.
20 Rodriguez to accept the proposed resolution, the rule.

21 MS. RYAN: Second.

22 MR. WALKER: We have a second.

23 MR. PALACIOS: I do have a question for Mr.
24 Harbeson.

25 MR. HARBESON: Yes, sir.

1 MR. PALACIOS: What specific procedures? Now,
2 you're saying we're syncing dealer procedures with those
3 of salvage and motor carrier?

4 MR. HARBESON: Yes, sir.

5 MR. PALACIOS: So the dealer procedures are
6 changing now to match. Can you give me some specifics?

7 MR. HARBESON: Yes. Those other two areas of
8 the law provide what's called a 26-day letter. We send a
9 26-day letter to the licensee and say: If at the end of
10 the 26 days you have not either settled the case with us
11 or requested a hearing, an order will be issued. And
12 that's the change. Currently we send a notice of intent
13 to start an action, then we send a petition, then we send
14 a notice of hearing. The changes will greatly improve the
15 speed by which we can do business without really affecting
16 in any way the rights of the licensee to have a hearing,
17 and the appeal rights in no way are changed.

18 You know, 90-something percent of the cases
19 that we deal with in the car business are settled because
20 the licensee takes it seriously and contacts us. What
21 you're dealing in each of these meetings with these
22 defaults are the ones that this is going to speed the
23 process up on. So they will receive the same 26-day
24 letter that truckers and salvage dealers get that says:
25 This is what's going to happen to you at the end of 26

1 days, please contact us to either settle the case or
2 request a hearing

3 MR. PALACIOS: So in the past normally how long
4 would these cases take? I mean, going down to 26 days but
5 from what?

6 MR. HARBESON: Two to three months. Because we
7 would issue an initial 30-day letter, then when we got
8 back to the case we'd issue another petition, then if they
9 didn't answer the petition we'd file a notice of hearing.

10 MR. PALACIOS: Okay. Thank you.

11 MR. HARBESON: Yes, sir.

12 MR. WALKER: I have one other question. We
13 posted this for public comment back in October -- no, it
14 was prior to that, September 27, *Texas Register*. The
15 comment period was over on October and why would we have
16 not tried to get this on our November docket when we had a
17 November board meeting?

18 MS. RYAN: Some of it was discussion out of a
19 committee meeting that was part of the delay, I believe.
20 I don't think it was the agency. This came up at a
21 committee meeting and some of that discussion, before it
22 came to the board it went to the committee meeting, so I
23 don't believe it was the agency's delay, it was just the
24 process.

25 MR. WALKER: But isn't the process we post the

1 rule, we go to comments, after comments it pretty much
2 goes to the board, does it not, for approval?

3 MS. RYAN: It went for comment prior to it
4 going through any of the committees, so there was some
5 discussion from the stakeholders.

6 MR. WALKER: After the public comment. Okay.

7 MR. DUNCAN: Mr. Chairman, we've been working
8 with the executive director's office and the other
9 directors, we in General Counsel's Office, to try to come
10 up with a rule schedule that closely tracks, and we have a
11 plan to every time the board has a rule that closes
12 within -- you know, if it gets too close, this one I
13 notice October 28 was when the period closed, it's
14 possible it could have gotten on the November board
15 meeting, the board meeting was in the second week, but
16 you're getting pretty close to our desire to have a whole
17 package ready to send to you guys in your backup package
18 at least a week before, so that was like four, maybe six,
19 eight days.

20 MR. WALKER: I understand.

21 MR. DUNCAN: But our goal definitely is to get
22 them to you in a very common fashion.

23 MR. WALKER: I just want to make sure we don't
24 get things delayed after they go through the process.

25 MR. DUNCAN: No. We don't plan on delaying

1 them a month or two. We plan on getting them in front of
2 you at the next available agenda right after the comment
3 period closes. Now, if we get voluminous comments, the
4 APA requires that we do a reasoned justification response
5 to all those comments, it may be that we can't get it on
6 that next board meeting.

7 MR. WALKER: But generally some of those
8 comments come back to the board?

9 MR. DUNCAN: Yes, sir. All of them. We want
10 you to know about the comments and what our proposed
11 response to those comments is.

12 MR. WALKER: And I see very, very few comments,
13 so we apparently don't get a whole lot of comments from
14 postings.

15 MR. DUNCAN: None on any of these, none of the
16 rules today have any.

17 MR. RODRIGUEZ: These were no comments, all
18 three of them.

19 My question, there is no time frame required
20 for adoption post the closing period of posting. Right?

21 MR. DUNCAN: There is a six-month window for
22 all rules under the Administrative Procedures Act.
23 Between the time that the rule is posted in the *Texas*
24 *Register*, you have six months to finally adopt that rule
25 or it ceases to exist and you have to start over.

1 MR. RODRIGUEZ: You have to repost it.

2 MR. DUNCAN: We'll watch that window very
3 carefully.

4 MR. WALKER: So we have a motion by Mr.
5 Rodriguez, we have a second, I believe, by Ms. Caraway.
6 Is that correct? Did you second?

7 MS. CARAWAY: Second.

8 MR. WALKER: We have a second by Ms. Caraway.
9 Any other discussion? I know we had a second because we
10 couldn't have got to the discussion without it. So with
11 no further questions, all in favor of the recommendation
12 signify by saying aye.

13 (A chorus of ayes.)

14 MR. WALKER: All opposed, same sign.

15 (No response.)

16 MR. WALKER: Motion carries unanimously. I
17 guess it goes into the rules.

18 Mr. Elliston, I think you are up next under
19 item 5.B.

20 MR. ELLISTON: Good morning, Mr. Chairman and
21 members. For the record, my name is Randy Elliston, the
22 director of Vehicle Titles and Registration Division for
23 the agency.

24 You have before you today consideration for
25 final adoption for rules under Title 43, Sections 217.21,

1 217.23, 217.24, 217.26 and 217.29, relating to motor
2 vehicle registrations. These were previously published
3 for public comment in September of 2013. You'll find this
4 information in your board book, page 364.

5 All of the changes to the rules that you have
6 before you today are as a result of legislative action in
7 multiple bills that created these changes. They're
8 predominantly cleanup of language or deletion of
9 information that is redundant in statute.

10 The first section that I'll talk about is
11 217.21 which is merely a change in definition. It removes
12 in tons from carry capacity and changes it to gross
13 vehicle weight, and that same thing runs throughout
14 several of these sections.

15 Section 217.23 changes language in calculating
16 additional weight for permit fees. Again, it just changes
17 the tonnage to gross vehicle weight and prohibits issuance
18 of additional weight permits before permit fee is paid,
19 and changes exempt language related to foreign semi
20 trailers and payment of token trailer fees if they're
21 currently registered in their home country. We have that
22 like with Mexico, if they're currently registered in
23 Mexico, they don't have to get a token trailer plate in
24 Texas as long as they have their permit for running in a
25 commercial zone on the tractor.

1 The amendments also authorize and return the
2 use of temporary registration permits to the county tax
3 assessor-collector, as well as to the department, to
4 increase customer convenience. In the past, if someone
5 had a temporary permit and if they sold the vehicle or
6 whatever, they had to surrender that to the agency. Now
7 they can do that with a tax assessor as well so it's more
8 convenient for them. We rarely see this occur, most
9 people don't do it, but that will provide that convenience
10 for them.

11 Section 217.24 makes some additional changes in
12 deleting the color and renewal requirements regarding
13 windshield identification placards. It's already in
14 statute so we're removing that from our rules. It permits
15 a disabled person to transfer a license plate that they
16 have. If they're a qualified recipient, they can move it
17 from one vehicle to the next without having to get a new
18 license plate as long as they can prove that they are the
19 owner of that disabled license plate.

20 It also streamlines for law enforcement who
21 confiscate hanging placards for disabled persons. In the
22 past they were required to return those placards to us.
23 Then if there was an appeal process, if it was found that
24 they should have the permit, then we would actually have
25 to return that to them. Now law enforcement may destroy

1 those locally and send us a notice, advise us if they have
2 done so. If the person appeals, then we would just have
3 them get a replacement for that placard.

4 217.26 adds a number of license plates to our
5 system that are legislatively mandated. Those are the
6 Defense Superior Service Medal, Air Medal, Air Medal with
7 Valor, Enduring Freedom Afghanistan, and Retired U.S.
8 Armed Forces military speciality license plates. It also
9 allows a surviving spouse of a disabled veteran to retain
10 that license plate for just the \$3 fee.

11 Section 217.29 makes participation mandatory by
12 county tax assessor-collectors in an online registration
13 renewal system approved by the department. I'm also glad
14 to inform you that as of December 31, all 254 counties are
15 on that system now, so anyone who wants to renew online
16 may do so regardless of what county that they live in.

17 After these were published for public comment,
18 we did not receive any comments regarding these rules, and
19 so we would ask your consideration for final adoption.

20 MS. CARAWAY: Motion to approve.

21 MR. WALKER: So we have a motion by Member
22 Caraway to accept the rules that have been posted and make
23 them final.

24 MR. SLOVACEK: Second.

25 MR. WALKER: We have a second by Mr. Slovacek.

1 Any further discussion or questions?

2 (No response.)

3 MR. WALKER: All in favor signify by saying
4 aye.

5 (A chorus of ayes.)

6 MR. WALKER: Opposed, same sign.

7 (No response.)

8 MR. WALKER: Motion carries.

9 MR. RODRIGUEZ: Who's the oversize and
10 overweight chairman now?

11 MR. WALKER: It's not me anymore. I've lost
12 some weight.

13 (General laughter.)

14 MR. WALKER: Let's do this while you're sitting
15 there, to save a little bit of time real quick. Do you
16 want to clear up item 7.C real quick while you're here,
17 Randy? We'll kind of jump around a little bit. It's the
18 license plates. It won't take very long to do that, will
19 it?

20 MR. ELLISTON: Mr. Chairman, again for the
21 record, my name is Randy Elliston, director of Vehicle
22 Titles and Registration for the agency.

23 You have before you today a recommendation for
24 two new license plates. One is proposed by our vendor, My
25 Plates, it is for the University of Michigan. Believe

1 it's on the board behind us here, you'll see the plate.
2 That plate does meet all statutory and department
3 requirements for being approved, and we present that to
4 you today for your consideration.

5 MR. WALKER: So you're asking for a
6 recommendation only on the Michigan plate which is a
7 vendor plate.

8 MR. ELLISTON: Only on the Michigan plate.
9 That's the only one that's here for the vendor today, yes,
10 sir.

11 MR. WALKER: Did they play any Texas teams in
12 any bowls and beat them?

13 (General talking and laughter.)

14 MR. WALKER: We need a motion from somebody to
15 accept the plate or not to accept it.

16 MS. RYAN: Motion to accept.

17 MR. WALKER: So we have a motion to accept the
18 Michigan plate.

19 MR. SLOVACEK: Second.

20 MR. WALKER: We have a second by Mr. Slovacek.

21 And do we have any questions for Mr. Palacios or Mr.
22 Rodriguez

23 MS. RYAN: For them or from them?

24 MR. WALKER: I know where the questions come
25 from. No questions, Victor or Raymond?

1 MR. PALACIOS: No.

2 MR. WALKER: So we have a motion to accept the
3 Michigan plate into the portfolio of license plates. All
4 in favor signify by saying aye.

5 (Ayes: Caraway, Ryan, Slovacek.)

6 MR. WALKER: All opposed, same sign.

7 (Ayes: Palacios, Rodriguez, Walker.)

8 MR. WALKER: So we have one, two, three, one,
9 two, three, we have a tie.

10 MR. DUNCAN: It does not prevail, the motion
11 doesn't prevail if there's a tie.

12 MR. WALKER: So let the record reflect that we
13 have Mr. Slovacek, Ms. Ryan and Ms. Caraway voting in
14 favor of the Michigan license plate, we have Mr.
15 Rodriguez, Mr. Walker and Mr. Palacios voting in
16 opposition to the license plate. So motion fails due to
17 not having a unanimous decision.

18 Let's move on to the next license plate.

19 MR. ELLISTON: Mr. Chairman, also before you
20 today you have a request for a non-vendor plate that is
21 being sponsored by the Texas Commission on Environmental
22 Quality for a Take Care of Texas plate. You'll see that
23 also behind me on the board. Take Care of Texas is a
24 public service campaign; the campaign intends to make
25 Texans aware of how they can improve air and water

1 quality, conserve water energy and reduce waste, making
2 Texas a better place to live, work and play.

3 We request your consideration of this plate.

4 MS. RYAN: Motion to approve.

5 MR. WALKER: We have a motion to accept the
6 license plate.

7 MR. SLOVACEK: Second.

8 MR. WALKER: We have a second by Mr. Slovacek.

9 MR. RODRIGUEZ: I have a question.

10 MR. WALKER: I do too, so let's go with the
11 first question over here from Mr. Rodriguez.

12 MR. RODRIGUEZ: My questions are who is the
13 sponsor of this license plate, number one, and number two,
14 why do they have to go through My Plates?

15 MR. ELLISTON: This is not a My Plates, this is
16 a non-vendor plate, this plate is sponsored by the Texas
17 Commission --

18 MR. RODRIGUEZ: I missed that.

19 MR. ELLISTON: Okay.

20 MR. WALKER: Who's the sponsor of that?

21 MR. ELLISTON: Texas Commission on
22 Environmental Quality, TCEQ, a state agency.

23 MR. WALKER: Typically in the past these have
24 come through statutes through the legislature. Now
25 agencies are bringing forth requests?

1 MR. ELLISTON: We have a lot of license plates
2 that are done, they get a sponsor state agency who agrees
3 to sponsor that license plate. Most of those that come
4 through are that way. They get sponsored by a state
5 agency. The state agency accepts the funds and it
6 distributes them to a particular group. This license
7 plate, there's no indication that the money is going to a
8 specific group, TCEQ is going to use it, what it appears,
9 for their campaign for air and water quality.

10 MR. WALKER: I have a question for you then.
11 Who pays the setup fee for that plate there?

12 MR. ELLISTON: The setup fee on this plate
13 would be paid by the agency.

14 MR. WALKER: Would we charge the agency a setup
15 fee? The agency being TCEQ or by the DMV?

16 MR. ELLISTON: TCEQ, the sponsoring agency.

17 MR. WALKER: Has to pay for the setup fee.

18 MR. ELLISTON: Many times they'll have a group
19 that they're working with that agency. That group then
20 typically will pay the money for the setup fee. We will
21 not produce a plate once you approve until that money is
22 paid, the plate would not move forward.

23 MR. WALKER: Let me ask you a question about
24 approving license plates, and particularly like this one
25 right here. And I know Steve Farrar is in the room here

1 and he may want to listen to this. I'm sitting right here
2 and my eyes are kind of getting not as good as they used
3 to be, I can't read that license plate from right here, I
4 can't read what that says.

5 MR. ELLISTON: Are you referring to the plate
6 pattern?

7 MR. WALKER: No. I can read the DPS's
8 perfectly, I can't read the message on that license plate.
9 Which concerns me a little bit because I find myself,
10 because of being on this board -- and I know whether the
11 rest of the people in the world get curious about those
12 kind of things -- but because I can't read some of these
13 plates when I'm driving down the highway, I'm kind of
14 curious as to what they say because I'm trying to figure
15 out whose plate is that, and now, all of a sudden, I find
16 myself trying to tailgate somebody in order to try to get
17 close enough to read what does that plate say.

18 MS. RYAN: Victor, did you hear that?

19 (General talking and laughter.)

20 MR. WALKER: And so my question would be maybe
21 I'm the only person in the world that tries to do that,
22 but now do we really want to have people trying to
23 tailgate somebody to read a license plate? Because you
24 can't read that from here and that would be not even
25 appropriate a safe distance to follow another car.

1 MR. ELLISTON: Mr. Chairman, what I can tell
2 you is that in the past the consideration for the graphic
3 that goes on the plate is not something that we've been
4 greatly concerned about. The sponsoring entity is the one
5 that comes up with that graphic. Now, what we do look at
6 is to make sure that it's appropriate, it's not something
7 vulgar or it doesn't interfere with the plate or something
8 of that nature. But what they put over there otherwise,
9 we have not given a lot of consideration to. We can
10 certainly look at that, is that something maybe we ought
11 to consider. Maybe so, we could study that and see.

12 MR. WALKER: I mean, if it was a Nike
13 checkmark, we all know that that's something that we
14 recognize, or TAM or maybe the M for Michigan, but now
15 when we start putting small inscriptions on license
16 plates, I'm wondering if there may not be an issue with
17 we're creating an environment where people are trying to
18 get closer to cars to read what it says.

19 MR. RODRIGUEZ: I have a question.

20 MR. WALKER: Go ahead. That was my question.

21 MR. RODRIGUEZ: By the way I was following one
22 yesterday coming here, and I couldn't make out the license
23 plate. I think it was one of the My Plates plates where
24 the background overshadowed the alphanumeric part of the
25 license plate, I couldn't make out what the alphanumeric

1 part of it was, but nonetheless, that's just a commentary.

2 My question is this, and I just wanted to
3 follow what Johnny was saying about being able to make out
4 the license plates, but one of the things that's coming up
5 here, we're going to talk about My Plates, one of the
6 things that we're trying to do is basically clean up the
7 inventory, hopefully. When I say clean up the inventory,
8 maybe make it more compliant or a little bit more
9 compliant than I think it's been from the onset, but
10 nonetheless, clean up the inventory and reduce the number
11 of license plates that are out there. So my question to
12 you is this, do we have an idea as to what -- or should we
13 have a minimum number of license plates? Are we doing to
14 do it with them maybe?

15 MR. ELLISTON: That's been a discussion we've
16 had for quite some time: how many plates should we have.

17 MR. RODRIGUEZ: I mean, is there a threshold?
18 If they were to come to us saying we're good for a
19 thousand, okay, that's a sizable number, but if it's going
20 to be one of these where they sell 20 of them in a year's
21 time, all that does is pollute the license plate
22 inventory.

23 MR. ELLISTON: Correct. And that's something
24 that's certainly within the purview of the agency and the
25 board to set, so that's something we can look at. And

1 obviously with our late inventory from our vendor side,
2 that's something that we've been talking with them about
3 and looking at is how to manage that plate inventory,
4 because if they're not selling plates, why have them out
5 there. But on the other side of that, if they're not
6 selling plates, they're not out there. So they are on our
7 list but they're not actually on the highway. But that is
8 something that is being considered at this time in regards
9 to how we move forward with our plate inventory. It is on
10 our radar and we are looking at that.

11 Now, regarding the graphic and whether you can
12 read it or not read it, we have a lot of legislative
13 plates that are legislatively mandated to us that have
14 graphics over there that are equally as difficult to read,
15 so those we would not be able to do anything with.

16 MR. RODRIGUEZ: There's basically three groups
17 of license plates we talked about: one is your standard,
18 one is the legislatively mandated ones and there's a group
19 of those, growing basically every legislative session, and
20 then the third group is the specialty license plates.

21 MR. WALKER: Well, actually there's a fourth,
22 apparently, there's sponsoring agency ones.

23 MR. RODRIGUEZ: Well, the specialty license
24 plates has got two groups: one is the private, and one is
25 the internal which is this one right here.

1 MR. ELLISTON: Correct.

2 MR. PALACIOS: I have a question for Mr.
3 Elliston. Are there any rules regarding -- I see that as
4 an advertisement, the web page there. So long as an
5 entity, I guess a state agency supports an organization,
6 whether for profit or not for profit, do we have any rules
7 or guidelines that would stipulate whether or not you can
8 advertise? That's how I see this.

9 MR. ELLISTON: And I'm assuming what you're
10 talking about is like between the bolt holes at the bottom
11 where it has their dot-org information.

12 MR. SLOVACEK: Who is that?

13 MR. ELLISTON: I'm sorry?

14 MR. SLOVACEK: Who is that?

15 MR. ELLISTON: That takecareoftexas.org, that's
16 TCEQ's, what this plate would be for.

17 We have a number of plates in our inventory
18 today that have that type of -- we have 14 that contain
19 either complete or partial websites, and I've got the
20 list. We approved the Buffalo Soldier, it's got a website
21 on it; Donate Life Texas has a website on it; Texas
22 Rangers Baseball has a website on it. You can just go
23 down the line. We've got a multitude of these license
24 plates. I think we approved, in July, Save the Ocelot,
25 savetexasocelots.org.

1 MS. RYAN: Randy, is it fair -- it sometimes
2 questions are recommendations, right? -- is it fair to ask
3 that you are capturing all these questions as concerns?

4 MR. ELLISTON: Absolutely.

5 MS. RYAN: And as we move into next year and
6 looking at possibly what needs to change with the program,
7 those recommendations of what needs to be changed is going
8 to be brought back before us?

9 MR. ELLISTON: Absolutely, yes, ma'am.

10 MS. RYAN: So you're hearing loud and clear
11 that we think there's some changes that need to be made
12 and we'll get some recommendations made back?

13 MR. ELLISTON: Yes, ma'am. Multiple times I've
14 heard loud and clear.

15 MS. RYAN: Because I think that's kind of where
16 we're at. Right? All of our questions truly are how do
17 we make the changes to clean up the program, and I think
18 what we're looking for is: We heard you, here's what we
19 think we should execute. And let's get those changes
20 made, because we ask the same questions every time

21 MR. WALKER: Do we look at any kind of good
22 data -- and I know that the My Plates people are
23 addressing this also -- is there any kind of data or any
24 kind of presentation that says we're going to sell 500 of
25 these license plates, or it's just somebody who says hey,

1 we need our own license plate and let's just go get one?
2 Is there any anticipated budget out there that says
3 they're going to sell a hundred of these?

4 MR. ELLISTON: There's always an anticipation
5 or a projection that they'll do a certain amount. We
6 rarely see that we -- I shouldn't say rarely -- many times
7 it does not achieve that. Obviously, someone who puts up
8 a lot of money to start this license plate has an
9 anticipation they're going to derive some kind of benefit
10 from it. I know our vendor does some market research
11 where they try to ascertain what will this plate do. So
12 in that regard, yes, we do try to do that. We have some
13 considerations and plans and thoughts on how to better do
14 that in the future that I'd like to bring to you at
15 another time. That would probably be more appropriate to
16 get that to you at another time than to lay that out here
17 this morning.

18 MR. SLOVACEK: You go to the website and you
19 see Take Care of Texas, it doesn't have that follow up:
20 "It's the only one we've got." That's why that's busy and
21 that's why it's difficult to read, or there's too much
22 lettering on that plate. And that background, I don't
23 know what that background is, but it blends with the color
24 of the font of "It's the only one we've got." But I guess
25 it's not our job to be the artist who designs these

1 things.

2 MR. WALKER: But it is our job to approve or to
3 disapprove them.

4 MR. DUNCAN: You could mandate a minimum font
5 size, for example, and mandate that it be readable at a
6 certain distance.

7 MR. SLOVACEK: I mean, I think Take Care of
8 Texas would be the way I would do it because it solves the
9 chairman's concern, you can read it: Take Care of Texas.

10 MS. RYAN: Randy, question. Because of the
11 concerns, if this plate were not to be approved, do they
12 have the ability to redesign and bring it back with no
13 harm?

14 MR. ELLISTON: Yes.

15 MS. RYAN: There's no financial impact to them
16 or anything like that.

17 MR. ELLISTON: No. It would just be a delay,
18 from the financial side it would be a delay in getting it
19 to market.

20 MS. RYAN: But no duplicative costs or anything
21 like that?

22 MR. ELLISTON: No.

23 MR. SLOVACEK: Can I ask the board what was the
24 problem with the Michigan plate by comparison? Michigan
25 is pretty easy to read, big M.

1 MR. WALKER: Too late. We already had
2 discussion on that, Mr. Slovacek.

3 MR. SLOVACEK: I didn't hear your discussion,
4 actually. I was just curious why you guys had a problem
5 with the big M. I can see that.

6 MR. PALACIOS: I do have another question to
7 follow up on some of the points that were raised. Do we
8 have any thresholds for when somebody applies for a plate
9 and say they forecast X number, if they fall far short of
10 that, do we continue to renew?

11 MR. ELLISTON: Yes, sir, today we do. We do
12 have the ability to sunset a plate or to stop producing a
13 plate. That's something that we will be looking at, as
14 Vice Chair Ryan spoke to earlier, that we are already in
15 the process of looking at that, you know, how do we get to
16 that point. Plates that don't produce, we'll just have to
17 set that threshold and put it in rule because these people
18 are coming to us and they're expending money to try to get
19 these license plates out, so they need to know this is the
20 procedure we follow. So we are in the process of working
21 on that as far as reducing our plate inventory.

22 MR. SLOVACEK: You know, I'd also note that
23 Texas appears on that plate three times. Take Care of
24 Texas is on there twice. That's just a lot of lettering
25 on a plate.

1 MR. WALKER: I'm going to call for the vote.
2 We have a motion by -- I think Mr. Slovacek made the
3 motion. Is that correct?

4 MR. SLOVACEK: I did not.

5 MR. WALKER: Well, we had to have a motion in
6 order to discuss. Who made the motion?

7 MS. RYAN: The questions just came up.

8 MR. SLOVACEK: I'm back to the Michigan plate.

9 MR. WALKER: Okay. So we have a recommendation
10 by staff to move forward and approve this TCEQ license
11 plate. I guess it's TCEQ. Is that who that is?

12 MR. ELLISTON: Yes, sir.

13 MR. WALKER: The TCEQ license plate. Do we
14 have a motion to propose that.

15 MR. SLOVACEK: I think we ought to just send it
16 back and tell them to think about it.

17 MR. WALKER: We need to vote.

18 MR. SLOVACEK: We don't have a motion.

19 MR. WALKER: So it gets killed by lack of a
20 motion.

21 MS. RYAN: I make a motion to approve.

22 MR. WALKER: We have a motion to approve.

23 MR. SLOVACEK: No second.

24 MR. WALKER: Do we have a second for approval?

25 (No response.)

1 MR. WALKER: Plate fails for lack of a second.

2 I know you're getting the message, Randy. I
3 think we're sending a message back that the board wants to
4 see a little better -- not on your part, but that some of
5 these plates, I think, are getting where you can't even
6 read them and there's some issues about that.

7 Let's go to item 5.C, Oversize/Overweight,
8 Jimmy Archer.

9 MR. ARCHER: Yes, sir. Again, I'm Jimmy
10 Archer, director of the Motor Carrier Division.

11 For the board's consideration, this is the
12 adoption of 43 Texas Administrative Code, Section 219.31,
13 the timber permit. The rules were drafted and submitted
14 to the *Texas Register*, with Chairman Walker's permission.

15 It was published in the *Register* on October 25, 2013. It
16 was presented to this board on November 14, 2013. The
17 comment period was through November 25 and no comments
18 were received.

19 This section establishes procedures for the
20 application and issuance of permits. It establishes the
21 process by which the financially responsible party shall
22 electronically file the notification document with the
23 department, as required by Transportation Code, Section
24 623.323, and establishes certain restrictions and
25 requirements regarding the permit.

1 I would ask the board to approve the adoption
2 of Section 219.31.

3 MR. SLOVACEK: Motion.

4 MR. RODRIGUEZ: Second.

5 MR. WALKER: We have a motion by Member
6 Slovacek, we have a second by Member Rodriguez. Any
7 questions or discussion on the proposal to accept the
8 rule?

9 (No response.)

10 MR. WALKER: All in favor signify by saying
11 aye.

12 (A chorus of ayes.)

13 MR. WALKER: All opposed, same sign.

14 (No response.)

15 MR. WALKER: Motion carries unanimously.

16 We're going to take a short break, go into a
17 closed session. It is now 9:40 a.m., January 10, 2014.
18 We'll be in closed session under Texas Government Code,
19 Section 551.071 and Section 551.074.

20 For those of you in attendance, I anticipate
21 being in executive session probably between about 30 to 45
22 minutes. After that time we will recess back into the
23 public portion of the meeting.

24 Mr. Farrar, I do have your comments here and
25 I'm going to take those up when we get back in there and o

1 to item 7.A.

2 (Whereupon, at 9:40 a.m., the meeting was
3 recessed, to reconvene this same day, Friday, January 10,
4 2014, following conclusion of the executive session.)

5 MR. WALKER: It's approximately 10:38 a.m. on
6 January 10, 2014. The Board of the Texas Department of
7 Motor Vehicles is now back in open session. I want to
8 note for the record that there was no action taken, no
9 voting taking place in the closed session of today's
10 meeting.

11 With that, we would like to move to item -- I
12 tell you what, before we go into the next item, I have
13 been informed that the motion on the plate that is the
14 TCEQ plate, that there had been a motion for approval by
15 Ms. Ryan and that there had been a second by Mr. Slovacek,
16 that the record reflected that. Is that not correct?

17 THE REPORTER: Yes, sir.

18 MR. WALKER: And so since that happened, I
19 think that what we need to do -- do we need to go back and
20 just note for the record that there had been but that it
21 looked like the motion was not going to carry.

22 MR. DUNCAN: After discussion the motion was
23 re-urged but there was no second so the second is
24 essentially withdrawn.

25 MR. SLOVACEK: That's what I'd tell you too, I

1 withdraw my second.

2 MR. DUNCAN: There it just happened, so there's
3 no need to call the vote.

4 MR. WALKER: The second has been withdrawn, so
5 let the record reflect correctly that --

6 MR. DUNCAN: The motion died for lack of
7 second.

8 MR. WALKER: Okay. So that cleans that up.
9 Thank you.

10 Now let's go to item 6, resolutions for
11 individual consideration, rules, Mr. Harbeson.

12 MR. HARBESON: Bill Harbeson, director of the
13 Motor Vehicle Division.

14 Before the board today is a request to publish
15 a rule for comment. It's an amendment to 43 TAC, 218.71,
16 which deals with enforcement, in particular in the
17 household goods area. Last year the department entered
18 into an MOU with the Federal Motor Carrier Safety
19 Administration whereby that agency delegated to us
20 authority to enforce federal law relating to interstate
21 moves. Up until that point we really couldn't do anything
22 on a violation involving an interstate move, and the truth
23 is the feds simply don't have the resources to handle the
24 entire country.

25 So we are part of a pilot program, one of three

1 states, that they've requested to enter into this
2 agreement. My staff has been through training, we're now
3 investigating these cases, and we're at a step where we
4 need to amend our rules slightly to allow us to proceed
5 with these interstate cases and to enforce them using the
6 federal guidelines or the penalties found in the federal
7 laws we're going to be enforcing.

8 The question is what's in this for us. Well,
9 any penalties that are collected in this -- well, two
10 things, first of all, we're going to be able to help
11 people moving into Texas that have interstate problems,
12 and that's probably the most important thing. But second
13 of all, under the terms of the agreement, any penalties
14 that are collected and actions taken are retained by DMV.

15 So staff is requesting that you approve this
16 for publication for public comment.

17 MR. RODRIGUEZ: So moved, Mr. Chairman.

18 MR. WALKER: So we have a motion to post the
19 rule on this regulation which will allow the agency to
20 take and enforce interstate actions or enforcement of
21 violations of motor carrier household goods
22 transportation.

23 MR. HARBESON: It's limited to household goods
24 moves. Yes, sir.

25 MS. RYAN: Second.

1 MR. WALKER: So we have a motion by Mr.
2 Rodriguez, we have a second by Ms. Ryan. Any discussion
3 or questions?

4 MR. PALACIOS: Yes. I have a couple of
5 questions for Mr. Harbeson. In cases where let's say the
6 rules that we're enforcing may conflict somewhat, say
7 they're not consistent with federal rules. In other
8 words, Texas rules, there may be some similarities but
9 inconsistencies or even penalties. Which rules or
10 penalties would take precedence here?

11 MR. HARBESON: The federal penalties if we're
12 proceeding under this program. So we will be charging the
13 violator with violations of federal laws and referring to
14 the federal schedule of penalties for the penalty to be
15 even imposed in these cases. So this is an entirely and
16 distinct carved-out piece of our enforcement program in
17 the Motor Carrier area.

18 MR. WALKER: So there's an infraction which is
19 an interstate infraction because it comes under an
20 interstate move. Correct?

21 MR. HARBESON: Yes, sir.

22 MR. WALKER: And when you say it's a test
23 program, so I assume that what is happening is that we are
24 being given authority by the federal government to be
25 their agent. Is that correct? Is that the appropriate

1 way to say it?

2 MR. HARBESON: Yes, sir. The underlying
3 federal statute allows for this to happen. FMCSA has
4 moved forward to do this, we're one of three states that
5 are starting up the program.

6 MR. WALKER: So federal statute allows them to
7 assign their enforcement abilities to the states.

8 MR. HARBESON: Yes, sir.

9 MR. WALKER: Okay. That answers my question.
10 So any other questions or comments?

11 (No response.)

12 MR. WALKER: All in favor of posting of the
13 rule signify by saying aye.

14 (A chorus of ayes.)

15 MR. WALKER: All opposed, same sign.

16 (No response.)

17 MR. WALKER: Motion carries unanimously.

18 Let's go to item 7.A.

19 MR. RODRIGUEZ: Move you move this item to a
20 meeting of your choice in the future, Mr. Chairman.

21 MR. WALKER: Okay. I think since we don't have
22 a full contingency of the board, that we're going to move
23 this item and table it until the next board meeting.

24 Let's go to 7.B. Bill.

25 MR. HARBESON: Yes, sir. On December 11, 2013,

1 the Motor Vehicle License Advisory Committee met for a
2 second time on the issues surrounding creating rules
3 defining what felonies would stop somebody from becoming a
4 licensed dealer or manufacturer, and also to define what
5 constituted unfitness. Our statute provides that we could
6 stop a licensee or revoke a licensee if we find him unfit
7 based on board rules, but those rules don't exist.

8 So Blake Ingram, along with Vice Chair Ryan and
9 Board Member Palacios, and the other members of the
10 committee met in December, pretty much got through
11 everything that needed to be done, and we're currently in
12 a situation where we're refining those rules and sending
13 them up the line for review, and we anticipate in the not
14 too distant future to present the board actually with the
15 rules that are the product of this committee.

16 If there are any questions, I'll be glad to
17 answer them.

18 MR. WALKER: Any questions from the board
19 members?

20 (No response.)

21 MR. WALKER: Okay. Let's move to item number
22 7.D, Mr. Kuntz, Josh.

23 MR. JOSHUA KUNTZ: Good morning, Mr. Chairman,
24 members of the board. For the record, my name is Joshua
25 Kuntz. I'm the interim director for the Enterprise

1 Project Management Office for the agency. I'm presenting
2 a briefing on the enterprise project status found
3 beginning on page 436 of your board book. This is a
4 briefing only, I'm not asking for any action.

5 I wanted to highlight a few of our projects
6 that have statuses that have changed since this report was
7 drafted, the first one being WebDealer which is one of our
8 external projects. I will highlight the fact that the
9 status has gone to yellow due to a fairly optimistic or
10 overly optimistic view of the ability of our dealers
11 participating in the pilot program to fully implement the
12 WebDealer system, and then also due to some of our DMS
13 vendors could fully integrate their systems in with our
14 WebDealer system in that time frame. We have since
15 engaged a DMS vendor, CVR, to work with us to produce that
16 integration so that we can more seamlessly assist dealers
17 in coming on to the system.

18 The remaining dealers will be brought on
19 through the regional service centers in a more distributed
20 implementation approach. Those regional service centers
21 are undergoing training, starting with the Austin regional
22 service center. They are, during the February-April time
23 frame, going to move into the rest of the DTA dealers
24 within the Austin area, and then from the spring through
25 the summer, we're looking at bringing on the other DTA

1 dealerships throughout the state.

2 I know that you're very interested in Phase 2
3 which is used cars for the independent dealers and the
4 used car sales at the franchise dealerships. That phase
5 of implementation we're looking at having the code release
6 in the December-January time frame of next year.

7 In parallel actions to the deployment of the
8 current system or expansion of the current system to other
9 dealers, we are doing releases along the way to implement
10 more and more capabilities within the space, one for the
11 franchise new car sales, adding vehicle types to be
12 utilized under the system, and different types of title
13 transactions.

14 Do we have any questions?

15 MR. WALKER: I do.

16 MR. JOSHUA KUNTZ: Yes, sir.

17 MR. WALKER: Is there still a lot of enthusiasm
18 amongst the dealers, or has it kind of died? I know that
19 when Leif Johnson did this there was a lot of hype out
20 there, there was a lot of positive vibrations going around
21 within the industry that: Hey, man, this is the best
22 thing since sliced bread, and how quick can we get it.

23 MR. JOSHUA KUNTZ: We're still seeing some
24 enthusiasm. In fact, we've been approached by some
25 dealers that we had not previously anticipated going with

1 to come on to the program here in Austin, so we're looking
2 at bringing them into that first phase of deployment.
3 Additionally, we engaged with the tax assessor-collector
4 offices at the V.G. Young Conference to bring them in, and
5 they had a very positive response to the system and being
6 able to implement that and reduce lines at the county
7 offices.

8 Additionally, we are scheduling a dealer
9 conference or demonstration here in Austin to kind of kick
10 off the Austin regional service center deployment and the
11 rest of the dealers here in Austin, and we're looking at
12 having some additional demonstrations at other dealer
13 conferences as they come available.

14 MR. WALKER: And so are we limited in our
15 capacity to continue to push this thing out at a pretty
16 good clip, or do we have some restrictions on our
17 abilities to do that?

18 MR. JOSHUA KUNTZ: In order to not get ahead of
19 ourselves, we have used the Austin regional service center
20 as the initial deployment or implementation group to
21 define those training materials to ensure that when we go
22 statewide we are not limited. So currently, yes, there
23 are some limitations, wanting to make sure that we have
24 the training aids, the drive aids, the FAQs, and the push
25 cards, all materials are refined to be easy to understand

1 so that we can get into sort of a plug-and-play capability
2 where we deploy these out, it doesn't take an enormous
3 amount of hands-on working to get a dealer or a county
4 into the system. So we're trying to refine that here in
5 Austin and then begin to move it out to the other counties
6 to make sure that those deployments can work smoother, so
7 we'll pick up momentum as we go.

8 MR. WALKER: I know that we want to walk before
9 we run on these deals so we don't make a lot of mistakes,
10 but I know that on the front end of deals, it's kind of
11 like buying an iPhone, when they come out with the new
12 iPhone 10, or whatever it's going to be, it's like
13 everybody stands in line and wants to be the first out
14 there to get it, but then after that it kind of slows
15 down. You want to kind of move it expeditiously while the
16 enthusiasm is there because there's a lot of benefits to
17 everybody involved here, and so we want to kind of make
18 sure that we keep those programs ongoing.

19 MR. JOSHUA KUNTZ: That's why we're engaging in
20 those dealer trainings, dealer conferences, and hosting
21 some dealer demonstrations.

22 MR. WALKER: But we're a year away from being
23 able to do statewide implementation on this? January of
24 '15, you said?

25 MR. JOSHUA KUNTZ: We're a year away from the

1 Phase 2 for the used car sales.

2 MR. WALKER: And when we go to Phase 2, we will
3 already have made accessible the availability of this to
4 all the new car dealers?

5 MR. JOSHUA KUNTZ: Correct. And this is a
6 voluntary program so we will have offered it, and then as
7 those dealers are coming on, we'll be assisting them and
8 the counties in bringing this onboard.

9 MR. WALKER: Do we have an expectation of what
10 percent, since it's a voluntary program, how many of the
11 new dealers will probably jump onboard?

12 MR. JOSHUA KUNTZ: We do not currently have an
13 estimation of their participation at this point.

14 MS. BREWSTER: I do believe, Mr. Chairman,
15 though, that we'll see an increase of that once we are
16 able to integrate.

17 MR. JOSHUA KUNTZ: With the dealer management
18 system, yes.

19 MS. BREWSTER: That will make that much more
20 enticing for them.

21 MR. WALKER: I would think so.

22 MS. BREWSTER: And so that's what we're working
23 through right now, and that's some of the feedback that
24 we've gotten through the pilot is that that would help
25 them tremendously in participating.

1 MR. JOSHUA KUNTZ: One of our pilot dealers had
2 IT staff on hand that were able to make a more seamless
3 transition to utilize the export/import function which is
4 not an automated function, it takes some manual
5 intervention, and which is why they have been more
6 prolific in their use. As we work with the dealer
7 management system vendors, we'll be able to get a seamless
8 integration where they complete a sale in their normal
9 system, press the send button, and it automatically moves
10 those transactions into the WebDealer. So that will also
11 increase the buy-in and the participation as it becomes
12 more seamless in the process.

13 MS. BREWSTER: I think it's important to note,
14 though, that there are still huge benefits from the system
15 as it exists today. Integrating with the DMS system is
16 more convenient and an added benefit.

17 MR. JOSHUA KUNTZ: Even utilizing the manual
18 entry system would reduce the amount of time that a dealer
19 would have to spend in line at the county office
20 processing the remainder of their transactions.

21 MS. RYAN: As with anything new, as we get
22 dealers on and can get testimonials and metrics that say
23 it saves this much time which saves this much dollars, I
24 think you then start to see the momentum build when we can
25 actually tout the benefits, so I think it will build.

1 MR. JOSHUA KUNTZ: Absolutely.

2 MR. PALACIOS: Mr. Kuntz, I have a couple of
3 questions. I think it's going to be a very positive
4 thing. I understand the first pilot started last
5 September here in Austin. Regarding the integration,
6 there are about four or five major DMS systems that
7 dealers use throughout the state. Are you integrating
8 with all of them now or just a couple of them?

9 MR. JOSHUA KUNTZ: Well, the agency had taken a
10 vendor neutral approach and had asked the association to
11 give a recommendation for a DMS vendor to begin working
12 with. The first vendor was a little more reluctant in
13 participating on a voluntary basis. Another DMS vendor,
14 CVR, came forward and said, Hey, we'd love to participate.
15 And we're working with them to integrate. We anticipate
16 that as that takes up momentum, the other DMS vendors will
17 see the same benefits.

18 MR. PALACIOS: So will lack of integration
19 preclude a dealer from participating?

20 MR. JOSHUA KUNTZ: No.

21 MR. PALACIOS: So we can still do it manually.

22 MR. JOSHUA KUNTZ: You can still do it
23 manually, you can still do an export/import function, but
24 those are more hands-on capabilities. As we move to a
25 full DMS integration, it's just easier for a dealer to

1 participate.

2 MR. PALACIOS: Okay. I would suggest I think
3 it will be a great thing for dealers and we do need to
4 market this thing a little more, whether it's just sending
5 communications out or whatever, letting dealers know that
6 this is available to them. I think the question was asked
7 what type of participation. I would predict we're going
8 to get the majority, the vast majority of dealers signing
9 up for this.

10 MR. JOSHUA KUNTZ: I share that prediction.

11 Moving on to the RTS refactoring project. It's
12 actually going quite smoothly. The work at the project
13 site continues with most of the legacy application code
14 having been converted to the Java. The bulk of the work
15 on this project is now underway and the integration and
16 the testing of all the functionality, so while the code
17 may have been converted, we have to make sure that all the
18 screens match with all the processes and that you get the
19 correct outcomes. All of the test cases have been
20 developed and they're going through test cases. That's
21 the majority of the time from now until we bring the new
22 system on and the conversion of the data.

23 We are doing the initial pilot testing of our
24 new reporting tools beginning in March with a subset of
25 the DMV staff to utilize those reporting tools in both VTR

1 and Finance. And our previous issues with the deployment
2 of our production environment at the consolidated data
3 center have been resolved. They have provided those
4 environments and we are loading all of the test data and
5 tools, applications in there to utilize those in
6 production, looking at being complete on that at the end
7 of January, so we can actually begin all of the reporting
8 testing at that point.

9 Any questions about RTS refactoring?

10 MR. WALKER: Does this conclude your report?

11 MR. JOSHUA KUNTZ: We have a few other items.
12 We have new projects that came on. Temporary permits
13 which will address some concerns with the three-day, six-
14 day and 30-day temporary motor carrier permits that
15 currently are available during working hours at a regional
16 service center or a TAC office as a walk-in, or through a
17 third-party vendor through a manual bulk permitting
18 process. This will be an online process available 24
19 hours a day, seven days a week, and give us additional
20 auditing and fraud prevention capabilities. It's a fairly
21 minor project, but given that the entire internal and
22 external project cost was over \$100,000 cap, it had to
23 become an official project for the agency.

24 And chameleon carriers, which was initiated out
25 of interest and concern by Transportation Chair Phillips

1 on motor carrier bad actors whose license has been revoked
2 and then resurface under a new name or a new owner, but
3 it's the same people, same trucks, and having a more
4 seamless way to catch that in the front-end of the
5 permitting and licensing process. So this will be an
6 online credentialing front-end to do those comparisons to
7 try to make matches to previous owners, previous trucks,
8 things to be able to catch bad actors before they get into
9 the system instead of catching them after the fact in law
10 enforcement action. Again, this is a fairly minor project
11 but it did go over the \$100,000 full cap, so it was
12 capitalized as a project.

13 And the last item is the headquarters
14 communication project. That is the call center for the
15 agency, the new call center that we're implementing
16 throughout the agency. It has gone into a red status for
17 schedule. That is due to the inability to provision our
18 digital voice circuits from our telecommunications
19 provider. Both our vendor that is providing the
20 deployment services and the configuration services and our
21 staff have been working very diligently to get this done,
22 but the service provider has not been able to give us
23 those circuits in the manner that they were predicted.

24 This has pushed our schedule, and we are
25 implementing contingency plans to move one of our

1 deployment groups into a later block so that we can
2 continue to work through this. We currently have a
3 commitment from the vendor on their implementation of
4 those circuits. We will continue to move forward with our
5 configuration efforts. Fortunately, all of the contract
6 staff that are participating in this project are under
7 firm fixed price for deliverables, so it's a deliverables
8 based project, so a delay in schedule is not going to
9 cause an increase in cost.

10 MR. WALKER: And what was that on? That's not
11 the power outage deal, is it?

12 MR. JOSHUA KUNTZ: No, sir. That's the
13 headquarters communication. That has to do with the
14 telecommunication circuits being deployed.

15 MR. WALKER: Do you want to address the power
16 outage?

17 MS. BREWSTER: No.

18 Will you discuss TxIRP.

19 MR. JOSHUA KUNTZ: And then TxIRP was my last
20 item. The TxIRP, as you know, was the implementation of a
21 new infrastructure for that system, moving it from TxDOT
22 into our own data center. That has been completed. It is
23 in the final stages of validation and closing, so that
24 project is in the closing stage, so I wanted to report to
25 you the success of we are closing projects.

1 With that, if you don't have any questions,
2 that concludes my briefing.

3 MS. RYAN: I'd like to add that I know -- and
4 I'm not counting chickens before they're hatched -- but
5 there's been a lot of work on the automation and RTS
6 refactoring, and it's extremely good news to hear that to
7 date it's right on time and budget. And I know that you
8 and a lot of other people are working on that, so thank
9 you for that.

10 MR. JOSHUA KUNTZ: Yes, ma'am. Thank you.

11 MR. WALKER: Ms. Ryan has our projects so Mr.
12 Kuntz kind of comes under her, and we want to thank both
13 of them. They're doing a great job. All of our projects
14 are pretty much on target, I think, that were scheduled.
15 We're right where we need to be. I think I heard some
16 news yesterday that it maybe -- I'm going to say this
17 cautiously --

18 MS. RYAN: You're going to jinx us, don't say
19 it.

20 (General laughter.)

21 MR. WALKER: We are right on, maybe a little
22 ahead of schedule on some of this stuff. So I want to
23 compliment both of you. That's great.

24 MS. RYAN: He did.

25 MS. BREWSTER: He didn't specify the project,

1 so we're good.

2 MR. WALKER: Thank you both for doing that, and
3 thank you, Josh, for your report.

4 MR. JOSHUA KUNTZ: Thank you, sir.

5 MR. WALKER: Let's move on to item 7.E.

6 MR. PALACIOS: Yes, Chairman Walker, fellow
7 board members. The Finance and Audit Committee was
8 assigned the responsibility of identifying a candidate to
9 fill the Internal Audit director position. Board members
10 Blake Ingram, Joe Slovacek and myself last fall, with the
11 assistance of DMV staff members, vetted and interviewed a
12 number of very good candidates, and we did select one that
13 we are very, very pleased to present to the board. We're
14 very excited about the candidate that we've brought
15 forward. She brings great credentials, great experience
16 and leadership to the DMV board.

17 So with that, I'd like to move to approve the
18 appointment of Sandra Vice as Internal Audit Director for
19 the Texas Department of Motor Vehicles, with the effective
20 date of December 9, 2013.

21 MR. WALKER: If we don't approve her, do we
22 still have to pay her for the time she's been here?

23 MR. PALACIOS: I believe so.

24 (General laughter.)

25 MR. WALKER: So we have, I guess, a motion to

1 accept the employment of Ms. Vice, although we're indebted
2 to her already, it sounds like. So I have a motion to
3 accept her appointment by the appropriate committee, the
4 Finance and Audit Committee. Do we have a second?

5 MS. RYAN: Second.

6 MR. WALKER: We have a second from Ms. Ryan.
7 And having known that they did their job, and I have met
8 Ms. Vice here and she is a very exciting person. I think
9 she will bring a lot to the agency. She has a lot of
10 enthusiasm for the job. I was really shocked when I first
11 met her that within a week's time she had hit the floor
12 running and had a stack of papers that she wanted to show
13 to us on ways that she wanted to improve the agency and to
14 go forward with the Internal Audit plan. So I think that,
15 Raymond, you and your guys did an excellent job of
16 reaching out and getting the right person for the job.

17 And I personally, as a board member and as the
18 chairman, look forward to working with you, Sandra, and
19 I'm excited about all that you're going to bring to the
20 agency.

21 MS. RYAN: I guess we're going to have to vote
22 yes now.

23 (General laughter.)

24 MR. WALKER: I'm trying to put in a good word
25 for you.

1 MS. VICE: I appreciate it.

2 MR. WALKER: So all in favor of accepting the
3 appointment of Ms. Vice as the Internal Auditor, signify
4 by saying aye.

5 (A chorus of ayes.)

6 MR. WALKER: All opposed, same sign

7 (No response.)

8 MR. WALKER: Well, it sounds to me like you're
9 going to get paid going forward.

10 MS. VICE: Thank you. I appreciate it.

11 MR. WALKER: Thank you, Sandra.

12 Next let's go to item 7.F, specialty license
13 plate contract. Randy Elliston.

14 And let me stop you right here. Steve, I know
15 you want to make a comment on this particular item, and
16 out of courtesy to you, would you like to make your
17 comment prior to Randy's presentation or would you like to
18 wait until the end of his presentation?

19 MR. FARRAR: I'll be more than happy to make it
20 now, if you'd like.

21 MR. WALKER: Okay. Then Randy, we'll let you
22 cede the floor.

23 MR. RODRIGUEZ: How long is your presentation?

24 MR. FARRAR: It will be about two minutes,
25 Chief Rodriguez.

1 For the record, my name is Steve Farrar. I'm
2 the president of License Plates of Texas, LLC, trading as
3 My Plates in the State of Texas.

4 Mr. Chairman, Vice Chair, board members,
5 Executive Director, I thank you for the opportunity today
6 to address the board whilst you consider this agenda item,
7 renewal of the specialty license plate contract.

8 For your information, License Plates of Texas
9 is owned by two Texas-based HUB certified minority
10 companies, one of which is E-Tech in East Texas and the
11 other a Dallas-based company, Pinnacle Technical
12 Resources, also owned by Nina Vaca, who also serves as
13 chairman emeritus of the U.S. Hispanic Chamber of
14 Commerce.

15 It is now a little more than four years since
16 the date awarded to License Plates of Texas the contract
17 to market, sell and design specialty license plates here
18 in the State of Texas to raise revenues for the state, at
19 no cost to the taxpayers. Prior to our award, two
20 contracts had been awarded and two contracts had failed.

21 I am pleased to report that the program is on
22 track to not only meet but exceed the \$25 million
23 obligation to the state, having already delivered \$21
24 million into the general revenue fund as of the 7th of
25 January this year, as well as a further \$5 million to

1 Texas Department of Motor Vehicles for costs of recovery.

2 In addition to these revenues, License Plates
3 of Texas has borne all of the operating costs of the
4 program, including: new plate implementation fees; credit
5 card processing; hosting a customer service center with
6 online click to chat services; providing exemplary service
7 to the Texas public; built and maintained and hosted a
8 very user-friendly online website, facilitating the
9 ordering process, with 99 percent of our sales going
10 through that method; paying all third-party licensing
11 fees, whether it be the Texans, the Cowboys, all the
12 various college plates we have in the marketplace, as well
13 as charities and royalty donations hat we make. In
14 addition to that, investing millions of dollars in
15 marketing each year in order to build the awareness
16 recognition and desire of this plate and this program, not
17 to mention creating over 30 jobs right here in the State
18 of Texas as a direct result of this program.

19 As I've already stated, we are on track to
20 exceed the \$25 million guarantee. We expect to exceed it
21 by \$2 million, reaching \$27 million by mid November this
22 year. The executive team and board leadership that
23 delivered these outstanding results remain in place and
24 look forward to exceeding these results in years six to
25 ten, while delivering a program that all Texans can view

1 with pride.

2 When it comes to plate management and
3 inventory, I've listened to the board today and I've heard
4 you in previous comments, and I have the greatest respect
5 for the board and will work very closely with Randy and
6 the team and the department to address any concerns that
7 the board has to make sure that we satisfy your concerns,
8 if there are any.

9 We encourage your favorable consideration for
10 the extension of the contract in order for my experienced
11 team to continue the success of this program to generate
12 even more millions of dollars for the State of Texas.
13 Thank you, and I'm available for any questions you may
14 have.

15 MR. WALKER: Anybody have any questions for
16 Steve?

17 MS. RYAN: Thank you.

18 MR. WALKER: Steve, I've been here since the
19 inception of the program, and I know that the My Plaits
20 people, your team of people, and yourself, particularly,
21 you and I have had a pretty good relationship for the last
22 four or five years now, and I know that you've done a
23 great job. It was exciting that the My Plates program is
24 going to meet its commitment to the State of Texas because
25 in the inception of this program back in 2009 when we took

1 it over, there was always a question, especially from the
2 board, as to whether or not we would ever meet that \$25
3 million goal, and I think it's amazing that somebody was
4 capable of hitting -- we're not only going to probably hit
5 it but I think we're going to maybe even exceed the \$25
6 million minimum sales.

7 So the board and myself, we commend you on the
8 job that you've done, and I know that it has been a great
9 relationship that the two of us have, and we look forward
10 to working through this deal.

11 MR. FARRAR: Thank you. I'll excuse myself.

12 MR. WALKER: Okay. Mr. Elliston.

13 MR. DUNCAN: Actually, I'll take this one, Mr.
14 Chairman.

15 MR. WALKER: You're going to take it over here?

16 MR. DUNCAN: Randy is up here in case you guys
17 have any questions, certainly.

18 As you heard in the presentation just now, the
19 current contract runs by its terms in mid November of this
20 year. The board issued this contract and the staff
21 desires to review the possibility of renewing the
22 contract. It does have the possibility of renewal, as
23 does the statute, and we seek the board's guidance on the
24 possible renegotiation and renewal of this contract.

25 MR. WALKER: Well, I can correct one thing.

1 This board did not approve that contract.

2 MR. DUNCAN: Pardon me. The board's power.

3 MR. WALKER: We inherited that contract from
4 TxDOT, but it was ours going forward.

5 MS. RYAN: It is, and in that light, I would
6 move to authorize the agency's executive director, and her
7 staff, to do two things: one, negotiate the renewal of
8 the current contract for the marketing of specialty
9 plates, the contract to be agreed upon no later than
10 March 1, 2014, and two, publish a request, if needed, for
11 proposals, if the contract negotiations for any renewal of
12 the current contract is not successfully completed by
13 March 1, 2014.

14 MR. WALKER: Would you clarify the second part
15 of that again?

16 MS. RYAN: Publish a request for proposals if
17 the contract negotiations for any renewal of the current
18 contract are not successfully completed by March 1, 2014.

19 If we don't have a renegotiated contract that all parties
20 can agree to, the agency would publish a request for
21 proposals.

22 MR. WALKER: So what you're asking is that the
23 staff enter into negotiations to evaluate the current
24 extension of the contract or renegotiate a contract.

25 MS. RYAN: It would be a renewal.

1 MR. WALKER: Within 45 days, and if they have
2 not met that goal within 45 days is that during that same
3 period of time they start preparing an RFP to put a new
4 proposal out there in order to pursue new bids.

5 MS. RYAN: I would request that the agency be
6 prepared on March 2 to put the request for proposals out.

7 MR. SLOVACEK: Second.

8 MR. WALKER: So we have a motion and we have a
9 second by Mr. Slovacek. Any discussion from the board
10 members, questions?

11 (No response.)

12 MR. WALKER: All in favor signify by saying
13 aye.

14 (A chorus of ayes.)

15 MR. WALKER: All opposed, same sign.

16 (No response.)

17 MR. WALKER: Motion carries. Sounds like
18 you've got a full order of business, Ms. Brewster.

19 MS. BREWSTER: Yes, sir.

20 MR. WALKER: Are you leaving early again?
21 We're almost finished.

22 MR. RODRIGUEZ: You've got one more item.

23 MR. WALKER: You can wait ten minutes. I'm
24 going to let you make the motion.

25 MR. RODRIGUEZ: So moved, Mr. Chairman. I'm

1 just kidding.

2 (General laughter.)

3 MR. WALKER: Let's go to item 7.G real quick.

4 Jimmy, you heard the guy, he's in a hurry.

5 MR. ARCHER: I can talk real fast.

6 MR. WALKER: This is easy; I know this item.

7 MR. ARCHER: Again for the record, my name is
8 Jimmy Archer. I'm th director of the Motor Carrier
9 Division.

10 Texas Department of Motor Vehicles Motor
11 Carrier Division is requesting that the board approve the
12 renewal of one twelve-month term of service for ProMiles
13 Software Development Corporation, or ProMiles, to provide
14 hosting services for the TxPROS. ProMiles is a Texas
15 corporation that was registered in 1997. ProMiles host
16 TxPROS and its service and provides annual maintenance and
17 support, including software and support, including
18 software and technical support, bug fixes, documentation
19 and quarterly GIS data updates, and 936 hours of
20 enhancements. As part of its hosting services, ProMiles
21 provides full disaster recovery service with remote
22 hosting at a separate location.

23 In fiscal year '13, total Oversize/Overweight
24 permit revenues was approximately \$162 million, and the
25 total web hosting and maintenance cost was \$384,700 which

1 is a cost of \$1 for every \$421 collected. DIR cannot
2 provide this service for less at this time. The recent
3 estimate from DIR was that it would cost approximately
4 \$39,000 a month to provide similar services that ProMiles
5 currently provides. The cost of the web hosting service
6 currently is \$19,850 per month and it's estimated to be
7 the same going forward.

8 The current contract, which expires in March
9 2016, allows for two twelve-month renewals.

10 MR. WALKER: When did you say?

11 MR. ARCHER: I'm sorry?

12 MR. WALKER: March of '16?

13 MR. ARCHER: We have two renewals up to March
14 of 2016. This is the first one, first of two.

15 MR. WALKER: So this is an extension until '16.

16 MR. ARCHER: This is an extension for one
17 twelve-month term, and then we'll come back next March and
18 ask for another one.

19 MR. WALKER: Okay.

20 MR. ARCHER: This PO would be the first
21 renewal. And just so you know, TxPROS is exempt in the
22 state-maintained data center through the Department of
23 Information Resources waiver. Any questions?

24 MR. RODRIGUEZ: Quickly, you're bringing this
25 because it exceeds the \$200,000 limit?

1 MR. WALKER: That was my question.

2 MR. RODRIGUEZ: You're bringing this up because
3 it exceeds \$200,000?

4 MR. ARCHER: Yes, sir.

5 MR. WALKER: And this is the operating system
6 that operates the Oversize/Overweight programs, the TxPROS
7 system, it's just a renewal of the operating software
8 license, basically, that we use over there. There's no
9 changes in cost.

10 I move that we so accept the proposed contract.

11 MS. RYAN: Second.

12 MR. WALKER: We have a second from Laura Ryan.

13 Any further discussion or questions?

14 (No response.)

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

17 (A chorus of ayes.)

18 MR. WALKER: All opposed, same sign.

19 (No response.)

20 MR. WALKER: Motion carries. You're fine.

21 MR. RODRIGUEZ: That was the last action item,
22 so I'll see you guys.

23 (Board Member Rodriguez left the meeting.)

24 MR. WALKER: Let's go to item number 8,
25 reports, legislative implementation progress report. Mr.

1 Jeremiah Kuntz.

2 MR. JEREMIAH KUNTZ: Good afternoon. Jeremiah
3 Kuntz, director of Government and Strategic
4 Communications, here presenting item 8.A, the legislative
5 implementation progress report.

6 My team continues to monitor the implementation
7 activities that changed during the 83rd Legislative
8 Session that impacted the DMV. To date the implementation
9 activities have focused mainly on completing the required
10 portions of legislation. The permissive portions,
11 obviously we take up as our available resources can take
12 those on.

13 Of the 49 pieces of legislation that were
14 enacted that have a direct impact on DMV, 21 have been
15 fully implemented, you actually completed another seven
16 with the final adoption of rules today, and so there are
17 21 bills that are in their final stages. We have three
18 more bills that are still on hold because of external
19 factors. We are waiting on designs of two license plates
20 and we're waiting on rules from the Comptroller on another
21 bill.

22 The main bills that we've focused on and I've
23 been giving reports on are the four bills that we had
24 worked on during the legislative session, House Bill 2741.
25 The Mega Rule was published on December 20 and scheduled

1 for adoption during your February board meeting; that will
2 knock out a lot of the requirements that were included in
3 that bill. There were various other rules related to that
4 that were adopted during this meeting. The only rule
5 that's yet to be addressed relates to emergency permits
6 and ready-mix permits, and so those will be coming up in
7 future board meetings.

8 The next bill, House Bill 1692, relates to the
9 transfer of the administrative hearings for Lemon Law and
10 warranty performance. I'm happy to report that the office
11 has been established, they've actually moved into a
12 physical location in Building 5. Obviously, you made the
13 announcement that Marc Burns was hired as the chief
14 hearings examiner. He is in the process of currently
15 interviewing the second hearings examiner, and we have
16 support staff already moved over there that were
17 transferred from the Motor Vehicle Division. So that
18 office is set up and ready to go.

19 There is final adoption with the Mega Rule. I
20 believe on March 16 those rules will be finally
21 implemented. You will adopt them in February, they will
22 have an effective date of about March 16. But they are
23 ready to receive cases. All the cases that were filed
24 after January, they will be processing under that new
25 process.

1 MS. BREWSTER: Just to clarify, they will come
2 before you in February for consideration for adoption.

3 MR. JEREMIAH KUNTZ: Sorry. Yes, ma'am.

4 The next bill I'll cover is House Bill 2305.
5 That is the bill that removes the inspection sticker, what
6 we refer to as the single sticker Bill. We are continuing
7 to have discussions with the three agencies involved:
8 yourself, DPS and TCEQ. We met as late as yesterday to
9 discuss the options. The biggest stumbling block that we
10 have before us right now is to try and sync up the dates
11 on those two stickers. We continue to have discussions
12 with those agencies.

13 There has not been consensus to date on exactly
14 which option to finally adopt and utilize, and so we
15 continue to work through those issues. All three agencies
16 have recognized that we have to have some decision by the
17 end of this month, and so we're all working towards that
18 goal so that we can actually get on with the public
19 awareness and get on with the programming activities that
20 will be required when we implement that bill.

21 I know we've stated this before, but we have
22 until March 1 of 2015, that's the effective date of that
23 bill. That's when the single sticker would go into effect
24 and there would no longer be inspection stickers issued.
25 So we're all marching towards that date, and obviously

1 there's a long tail on that to get ready, to educate the
2 public, to educate the tax assessor-collectors, law
3 enforcement, and all the entities that would be impacted
4 by this bill.

5 The last bill is House Bill 2202 which we refer
6 to as the dedicated account bill for the DMV, or the
7 processing and handling fee bill. That bill we continue
8 to work on, trying to evaluate the different options that
9 we have within that bill for fee structures, compensation,
10 those kinds of things. I know that we are discussing
11 heavily the adoption of rules or the proposal for rules
12 relating to deputization of entities to process
13 registration and title work.

14 We continue to work on that internally, and
15 we'll be reaching out to the county tax assessor-
16 collectors as well to try and talk about the full service
17 and limited service deputy, and then there's also been a
18 lot of discussion about a dealer deputy status to assist
19 with other transactions as well. So we'll continue to
20 have those discussions, we'll give you updates as we make
21 progress on that and keep you informed.

22 MR. WALKER: Thank you very much, Mr. Kuntz,
23 for your report.

24 MR. PALACIOS: I do have a question for Mr.
25 Kuntz. Regarding the House Bill 2202, how soon would you

1 foresee getting the processing and handling fee in place?

2 I understand you need to reach out to the TACs, but I
3 think we need to move that forward a little quicker, if we
4 can.

5 MR. JEREMIAH KUNTZ: We're in the process right
6 now of trying to evaluate what that fee should be and what
7 the compensation levels should be that are included in
8 that fee, and we want to make sure that we do that as
9 methodically and carefully as possible. That's not
10 something that we want to revisit month after month. I
11 mean, we want to make sure that we set it, set it
12 appropriately so that we're not changing that fee
13 frequently.

14 So we're in discussions right now about
15 potentially doing some kind of study or looking at how to
16 appropriately set that fee so that we can come with an
17 informed package to the board so that you can make a good
18 decision about what that fee should be.

19 MS. BREWSTER: Mr. Chairman, if I might just
20 very quick?

21 MR. WALKER: Go ahead. You're probably going
22 to say what I was going to say. Go ahead.

23 MS. BREWSTER: The agency has developed a draft
24 statement of work as to what that study would look like,
25 and we are vetting that internally right now in

1 anticipation of putting it out on the street to see what
2 it will cost to be able to conduct the study and whether
3 or not the agency has the funding to do a study of that
4 sort. We did not receive an additional appropriation to
5 do anything like this, so it will need to be done with
6 existing funds.

7 MR. WALKER: We were anticipating trying to go
8 back to maybe get some college where we can get some
9 breaks on some pricing to do some study because we don't
10 have money to go out to some big national firm to do some
11 cost studies. So the answer to your questions, probably,
12 Raymond -- and I don't know the real answer -- I would not
13 anticipate that due to lots of things that need to be done
14 that the fee structure setting will be something that we
15 would implement even in the next twelve months, I wouldn't
16 anticipate, because of the studies that need to be done
17 and evaluated. And then there's the standards committee
18 stuff that we're looking at under standards, that we kind
19 of roll all that together and kind of pull that all out at
20 the same time.

21 MR. PALACIOS: Okay. So as it stands now,
22 we're in the process of developing how we go forward with
23 the study. It's pretty complex because you've got the TAC
24 fee and then you've got the deputy fees and so forth.

25 MR. WALKER: It's a huge project.

1 MR. PALACIOS: I understand.

2 MS. BREWSTER: And we want to be able to come
3 back to the board with a well thought out fee structure
4 for consideration that's founded in fact and research.

5 MR. PALACIOS: I understand. It's complex.

6 MR. WALKER: It's a very complex, delicate
7 issue because it has to do with the funding of the tax
8 assessors, it has to do with state agency revenues, and we
9 have to make sure that the balance is there that it works
10 for everybody, so it's not going to be real simple.

11 Thank you very much, Jeremiah, for your report.

12 We have the next item which is our executive
13 director's report. Do you want to tell us anything?

14 MS. BREWSTER: Thank you, Mr. Chairman, just
15 briefly. For the record, my name is Whitney Brewster,
16 executive director of the Texas Department of Motor
17 Vehicles.

18 We have discussed a couple of these items so
19 I'll just hit them high level. We did, under our key
20 performance indicators for item 1(c), the transfer of
21 positions within the agency. We did transfer a number of
22 positions this time period from the Motor Carrier
23 Division, nine positions from the Motor Carrier Division
24 to IT and EPMO, Enterprise Project Management Office, to
25 be involved in the RTS refactoring project. We were able

1 to repurpose those positions. As you know, RTS
2 refactoring is a huge initiative that requires a great
3 number of resources, and so we were able to do that. And
4 so that's very much appreciated, and TxPROS was hugely
5 helpful in our ability to do this.

6 The other item that I would mention is that we
7 did transfer two positions from the Motor Carrier Division
8 to the Office of Administrative Hearings, the newly
9 established Office of Administrative Hearings, to
10 establish that office and to be able to support its
11 functions.

12 We had a great month for stakeholder and
13 customer training. I want to commend VTR, MCD and
14 Enforcement. All exceeded their targets, and this is the
15 first time that all three divisions collectively have
16 exceeded the targets, so we're doing a very good job in
17 hitting those.

18 For measure 15, we'll soon be seeing updated --
19 and this deals with job satisfaction within the agency,
20 employee satisfaction -- we'll be soon seeing updated
21 information on the percentage of employees how rate job
22 satisfaction as above average by the survey of employee
23 engagement. In 2010 the overall satisfaction rating was
24 63.78 percent, in 2012 that dropped to 60.94 percent. The
25 2014 SEE survey was sent to all employees last month, and

1 the results will be reported in the spring of 2014 once
2 the University of Texas has compiled that information and
3 sent that over to the agency.

4 So I am hopeful that we will see an increase in
5 the overall satisfaction of our employees, and that's been
6 a huge focus and I'm hopeful that we'll see that in the
7 results. But we will certainly come back and report what
8 that percentage is for job satisfaction.

9 MR. WALKER: Do they vote on the board's
10 performance in that survey?

11 MS. RYAN: That's what caused the drop.

12 (General laughter.)

13 MS. BREWSTER: No, but my input goes into that.

14 MS. RYAN: Whitney, before you move on, is the
15 trending downward trend, the drop there, the focus on
16 internal customer during the rollout?

17 MS. BREWSTER: Yes, Vice Chair Ryan, that is
18 exactly where you see that, the downward trend from 2010
19 to 2012. And because this is done every two years, you
20 have not seen a change in that measure, and hopefully you
21 will see the arrow go up the next time we report on that
22 once we have those results.

23 MS. RYAN: And with the last survey we were
24 able to get a lot of the details on what caused that,
25 right, and there's been activities and actions and things

1 that have taken place?

2 MS. BREWSTER: Yes. There have been a number
3 of focus groups conducted specifically around those items.
4 We have various rounds of continuous improvement and
5 change management courses that happen here at the agency
6 where our employees come in and we talk about those issues
7 and they present recommendations on how the agency can do
8 better. One of those items dealt with employees having
9 feedback or input into their supervisor's evaluation, and
10 that's something we were able to implement.

11 MS. RYAN: Okay. Certainly an important
12 metric, so looking forward to the outcome. I know a lot
13 of work has gone into it.

14 MS. BREWSTER: We are too.

15 And then finally, I'd just mention in an effort
16 to keep this document a living and effective document, the
17 executive team met in December to review the agency's
18 performance measures. Many of our key performance
19 indicators we've been hitting at 100 percent. The agency
20 will be coming before the board in April, if that is the
21 will of Chairman Walker, to make recommendations on how we
22 might improve our performance measures for your
23 consideration.

24 MR. WALKER: So we want to look at that when?

25 MS. BREWSTER: April. The executive team has

1 been working very hard on the key performance indicators
2 to make them effective, more effective, so that we can use
3 them as a useful gauge in our overall performance.

4 MR. WALKER: Let me ask you a question -- and I
5 know we track this in our own company -- turnover rate,
6 less than 6 percent is what you're looking at. Well, some
7 of that turnover is due to natural attrition, some of it
8 is due to dissatisfaction, so a turnover rate of 6
9 percent, I mean, I don't know whether that's good or bad
10 because what's normal attrition?

11 MS. BREWSTER: Exactly. I mean, I share your
12 concern and that's one of the things that we're addressing
13 in the new performance measures that will come before you,
14 is breaking those down by why is the agency turning over,
15 is it because they're not satisfied with their job, is it
16 because they retired, is it because they were promoted, so
17 that we can have more visibility into why there is that
18 turnover, so we can use it as a gauge to address the
19 issue.

20 MR. WALKER: So do we do an exit survey?

21 MS. BREWSTER: Yes, sir.

22 MR. WALKER: Then that tells you your metrics
23 right there.

24 MS. BREWSTER: It does, but the way that the
25 performance measure currently reads in its form, it does

1 not drill down.

2 MS. RYAN: It doesn't track the categories.

3 Right?

4 MS. BREWSTER: So that's a very good example of
5 what we're looking at.

6 MR. WALKER: It's a tweak.

7 MS. BREWSTER: Yes. And, Mr. Chairman, that
8 concludes my report.

9 MR. WALKER: Does anybody have any questions of
10 Ms. Brewster on her report?

11 (No response.)

12 MR. WALKER: As usual, she continues to do a
13 good job, and we will pat her on the back. Keep up the
14 good work.

15 MS. RYAN: Did you do that because she just
16 said her input was on the board's performance?

17 MS. BREWSTER: I already completed the survey.

18 MS. RYAN: It's too late, Johnny.

19 (General laughter.)

20 MR. WALKER: So I will entertain a motion to
21 adjourn, Mr. Palacios, if you are so inclined.

22 MR. PALACIOS: Chairman, I move to adjourn.

23 MR. WALKER: We have a motion. Do we have a
24 second?

25 MS. RYAN: Second.

1 MR. WALKER: We have a second from Ms. Ryan
2 over here. All in favor signify by saying aye.

3 (A chorus of ayes.)

4 MR. WALKER: Thank you very much, people, for
5 coming. We look forward to seeing you next month.

6 (Whereupon, at 11:35 a.m., the meeting was
7 concluded.)

C E R T I F I C A T E

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3 MEETING OF: TxDMV Board
4 LOCATION: Austin, Texas
5 DATE: January 10, 2014

6 I do hereby certify that the foregoing pages,
7 numbers 1 through 126, inclusive, are the true, accurate,
8 and complete transcript prepared from the verbal recording
9 made by electronic recording by Nancy H. King before the
10 Texas Department of Motor Vehicles.
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12
13
14
15

16 /s/ Nancy H. King 01/18/2014
17 (Transcriber) (Date)
18

19 On the Record Reporting
20 3636 Executive Ctr Dr., G-22
21 Austin, Texas 78731
22
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