TEXAS DEPARTMENT OF MOTOR VEHICLES BOARD MEETING

Wednesday, March 7, 2012

4000 Jackson Avenue 1st Floor, Lone Star Room Austin, Texas 78701-2483

BOARD MEMBERS:

Victor Vandergriff, Chair Laura Ryan, Vice Chair Blake Ingram Cheryl E. Johnson Raymond Palacios Victor Rodriguez Marvin Rush (not present) Johnny Walker (not present)

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PROCEEDINGS

MR. VANDERGRIFF: Good afternoon. My name is Victor Vandergriff, and I'm pleased to welcome you here today to the meeting of the Board of the Texas Department of Motor Vehicles. I'm now calling the meeting for March 7, 2012 of the Board of the Texas Department of Motor Vehicles to order, and I want to note for the record that the public notice of this meeting, containing all items on the agenda, was filed with the Office of Secretary of State on February 28, 2012.

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

If you wish to address the board during today's meeting, please complete a speaker's card at the registration table in the back of the room. To comment on an agenda item, please complete a yellow card and identify the agenda item. If it is not an agenda item, we will take your comments during the public portion of the meeting.

And now I'd like to have roll call of the members, please.

Board Member Ingram?

MR. INGRAM: Present.

MR. VANDERGRIFF: Board Member Johnson?

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1	MS. JOHNSON: Here.
2	MR. VANDERGRIFF: Board Member Palacios?
3	MR. PALACIOS: Here.
4	MR. VANDERGRIFF: Board Member Rodriguez?
5	MR. RODRIGUEZ: Present.
6	MR. VANDERGRIFF: Vice Chair Ryan?
7	MS. RYAN: Present.
8	MR. VANDERGRIFF: And let the record reflect
9	that I, Victor Vandergriff, am here too and we do have a
10	quorum. Board Members Rush and Mr. Walker, Johnny Walker
11	are not present with us here today.
12	With that, I do not see any cards from anybody
13	from the public wishing to comment on just a matter in
14	general, so we're going to go directly in to item number
15	2.
16	Before doing so, though, I will note for the
17	audience that depending upon the time that we take on the
18	strategic plan and the agency operating plan, have no
19	certainty there of time, but there is a possibility that
20	we will take up the remainder of the agenda that we have.
21	For the anticipation of the board members here, you never
22	know for sure how much time anything will take, but it's
23	estimated that the maximum amount of time for what we have
24	on the agenda beyond the strategic plan and the agency
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operating plan is about an hour and a half, hour and 45

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minutes maybe, depending on the length of the executive session.

2.

So with that, I would proceed, and I would be pleased to turn this over to our vice chair and invite you to proceed.

MS. RYAN: And twofold, we have the strategic plan that Linda will cover on the agency and then board framework, which is really kind of the what -- with regard to as a followup to our January meeting, one of the to-dos that came out of our workshop was the board really should create what the expectations are and then to allow the boundaries and then the agency to develop the how. So we've done that.

We've also created measures that the board would view to allow us an understanding of the things and the trending that we would want to look at so that we would then know when and what discussions we might want to have with the executive director on kind of the how it's going, so to speak.

Before we start it off, one of the things we want to show is a three-minute video to really kind of set the tone of the workshop, a little different than the meeting portion of it, and this will probably play into the culture piece that we're trying to emphasize. And I have used this video before personally and it really sets

the tone that the recognition of how much work is getting done, we recognize that and we understand how hard everybody is working, but to get to where we want to be, that outcome of that one little extra degree, so to speak, will have a huge impact, and I think the video really displays how that looks. And I'm not sure how many may or may not have seen this, but it's a 212 Degree video.

2.

So for three minutes indulge me, if you would, and hopefully that will set the tone for the discussions over the next hour, hour and a half, optimistically.

(Whereupon, the video was shown.)

MS. RYAN: So hopefully the message of at 211 degrees hot water really does not a lot with the image, at 212 it creates steam. It's not really the temperature of the water but the outcome, the reaction of that temperature that really drives the change and the power.

So when we start to look at the framework and we start to look at the how, and I guess what we're saying is we recognize how much is there but that little extra effort of all of us pulling together really will start to put that framework and bring it to life on what we want to do. This has been used as a theme for a year for a strategic plan that I've used, and we challenged each other, we used it kind of as a verb and when somebody was down or challenged or overwhelmed, it was: Come on, let's

make it a 212 day or think about 212.

So I encourage you all to find a way, and the board too, to challenge each other to maybe find that little extra even though we think we've given it all. So I just wanted to share that. We have been too fluffy for some, but hopefully you can find kind of a driver in it that takes it.

So with that, unless there's questions, I'm going to turn it over to Linda to go through the strategic plan and then we'll get into the board plan or the framework.

MS. FLORES: For the record, my name is Linda Flores. I'm the chief financial officer as well as the interim executive director for the agency. And what I've provided to the board is the basic outline of what an agency strategic plan will look like when we compile the agency's next strategic plan.

What we submitted in January is the first part in your packet. I've also included a timeline for the next steps with regard to the state's process. We hope to meet with the Legislative Budget Board staff in March. We'll be submitting our strategic plan in the month of June of this year. I've also included a side-by-side comparison between the agency's outline of goals and strategies with the board-approved October 2011 goals and

strategies.

2.

Also included in your material, and it's dated February 22, 2012 version, is the strategic planning structure where we've included the agency's mission, vision, values, as well as our goal for optimized services and systems, provides quality customer service, protect the public and be direct.

The basic framework for the agency's strategic plan is to incorporate the values that the board's 2011 document provided with regards to being innovative, progressive and providing excellent services. So we tried to merge those concepts into our strategic plan that we're going to submit that will in turn be the basics for our appropriations request. So we'll have these goals and the Legislative Budget Board and the state legislature will assign a monetary value to that.

We've also included some performance measures that we're going to be submitting to the Legislative Budget Board. All of this is still very fluid. Nothing is set in stone yet, that's why we still have some changes occurring. I would like to point you to goal 3 of protect the public. For the administer Automobile Burglary and Theft Prevention Authority, we have six performance measures. The director of ABTPA, Charles Caldwell, has asked us to remove the number of persons arrested,

recovery rate and clearance rate from the submission to the Legislative Budget Board. He'll keep those performance measures internally but what he would like to report on is the number of stolen motor vehicles per 100,000 population, number of burglaries and thefts from motor vehicles, and administrative and support costs as a percentage of total expenditures.

The very last page of that document includes internal measures that the agency is going to compile and report within itself, and it includes all of the agency's divisions: Vehicle Titles and Registration, Motor Vehicle, Motor Carrier, Consumer Relations, and Technology. And we've outlined what those things are as well.

I'm available for any questions that you might have on the material.

MS. RYAN: Can we get background on why?

MS. FLORES: ABTPA removed those?

MS. RYAN: Yes.

MS. RYAN: Rather than include those as a submission to the Legislative Budget Board, he is basically just reporting what he's required by statute to report and removing those others and keeping them internally. So we're still going to compile the information, we just don't have to report to the

Legislative Budget Board on a quarterly basis. Anything that is in this document that the LBB approves, we will have to report to them on a quarterly basis. It doesn't preclude us from having other internal performance measures that we compile on a routine basis.

MS. RYAN: Is it extra work, is it downsizing?

MR. RODRIGUEZ: I would suggest this information should be internal to us. It probably is that it's not a truly reflective piece of information on their behalf. This is statewide data that's being asked for that was proposed, whereas, the impact out of the program is not statewide. They only get like \$13-\$16 million a year that they put out to a very few number of agencies that address auto theft. So I don't think efforts go on with or without Caldwell's group, so it's not a true measure.

MS. RYAN: To impact the money being spent.

MR. RODRIGUEZ: Right.

MS. JOHNSON: I have a question on this one as well. Why would you not put -- and when I look at these, they all kind of sort of have the same lack of definition for me -- why wouldn't you have reduce the number of stolen motor vehicles and reduce the number of thefts, since that what your purpose really is to try and educate so those numbers come down. Is it just simply reporting

them at a state level at this agency level that's not important?

2.

MR. CALDWELL: For the record, my name is Charles Caldwell. I'm the director of the Automobile Burglary and Theft Prevention Authority.

We report those because of the data that we get from the Uniform Crimes Report. That's the way it is being reported, that is our source data on how it's being reported. It's very difficult to report it on a quarterly basis or even break it down to half a year, and that's the way we've been reporting, it's in our statute reporting the effect of the stolen vehicle rate. And then the burglaries and thefts from motor vehicles is also kind of difficult to break down because of the source data reported by the UCR reports is on a yearly basis. There's a number of things involved in that that we have to get separated out in order to report that particular number as well.

MS. JOHNSON: But they're measuring your success, and it seems like in the last session because of the value of those statistics that were brought forward, you were able to continue and not lose any funding or anything, and so that's just what you go in there to make them feel better about the money?

MR. CALDWELL: Well, normally our task forces

cover about 90 percent of all the thefts in the State of Texas, and the reason why we take the State of Texas is because we cover the areas of where the most stolen are occurring. So in the other areas there may be a number, maybe five thefts within a county or something so we don't cover that particular county, but we only report it statewide because that's the way the source data that we have in the UCR is reported as well.

MS. JOHNSON: Thank you.

MR. PALACIOS: One other thing, some of the things that you do here, am I correct, and the same for Charles's area, are numerically driven because the LBB is looking for statistics that drive that headcount, the FTE count.

MS. FLORES: The justification for the money, as well as staffing. A lot of the things that we report on are used by the analysts to explain why an agency has however many staff levels that they might have.

MR. VANDERGRIFF: Versus qualitative and being more quantitative.

MS. FLORES: But that doesn't preclude us from keeping that information internally, as we've stated, to help really explain how we're doing.

MR. VANDERGRIFF: I think these numbers explain more about what we're doing in terms of keeping track.

1 MS. FLORES: Than how we're doing. And I think that's where the strategic framework is really coming to 2 help us establish standards that will explain how we're 3 4 doing versus what we're doing. MR. RODRIGUEZ: Charles, how many grants do you 5 6 put out every year? 7 MR. CALDWELL: We've been averaging about 28 8 grants. 9 MR. RODRIGUEZ: And how many agencies are there, 60 maybe? 10 MR. CALDWELL: Probably around there. Some of 11 our task forces are multi-jurisdictional so they have 12 sheriff departments and police departments in other areas, 13 14 counties and cities that are attached to them. 15 MR. RODRIGUEZ: How many law enforcement agencies in Texas, somewhere around 2-3,000. 16 17 MR. CALDWELL: Probably that. 18 MR. RODRIGUEZ: So my point is he can regulate the 60 agencies in terms of reporting because he's given 19 20 them money and the others he can't, so that's why that number is not a reportable number -- not an accurately 21 22 reportable number. 23 MS. RYAN: So that helps. 24 MR. VANDERGRIFF: Does anybody else have any 25 questions?

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1 MR. INGRAM: I have a question for Mr. Harbeson. On the item that we're going to be reporting, 2 the number of motor vehicle dealer licenses issued, does 3 4 that mean broadly issued as in renewed, is that just new? How is that being defined as being issued? 5 6 MR. HARBESON: I believe it's going to be every 7 type of license. 8 MR. INGRAM: Every type, renewal, new, all 9 types. MS. FLORES: We're still working on how we're 10 defining all of these measures and how it's going to be 11 calculated, so we're still working on that with the 12 divisions, but this was just our first step in this 13 14 process, and as we get deeper into the detail, you'll see 15 this document expand with a lot more detail. There will be a workforce development component, an information 16 17 technology component. MS. RYAN: Is there a facilities component? 18 MS. FLORES: And there's a facilities and 19 20 capital assets. So you'll see a lot more detail included, definitions, explanations of each goal, objective and 21 strategy. 22 23 MR. INGRAM: Are you thinking this LBB in 24 March?

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MS. FLORES: Just to start the dialogue.

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1 MR. INGRAM: Just the dialogue. MS. FLORES: This is very different from what 2 they call our current appropriations pattern which is 3 4 based almost by division. It was Motor Vehicle, VTR, Motor Carrier. This is going to look very, very different 5 6 to the Legislative Budget Board. They're not real quick 7 to embrace such a drastic change. MR. INGRAM: So this is starting the education 8 9 process. MR. VANDERGRIFF: And it still comes back to 10 11 us. MS. FLORES: And it does come back, absolutely. 12 13 This is just our first step. 14 MR. VANDERGRIFF: And it's also incumbent, I 15 don't know if everybody remembers that statutorily legislation was introduced that changed our ability here. 16 17 We were, when we started, in kind of a siloed agency that 18 required you to have these different divisions, and the legislation that was passed in the last session allowed it 19 20 to operate or be aligned along with functions, so really 21 this is going to the LBB to more mirror what we were told 22 by the legislature to align towards. Enforcement, for 23 example, covers more than just as by division, Licensing 24 the same thing.

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MS. JOHNSON: On the enforcement services we've

been measured in the past on what's being resolved but because we're sending a lot of these cases to SOAH, we have no real control over that. Is it not better to somehow have one of these tied to turned over to SOAH so that it more accurately reflects what we have control over rather than what we have no control over.

2.

MR. HARBESON: I think on the internal measure we get into greater detail about breaking those cases out for SOAH/non-SOAH. I think the starting point for this project, there wasn't any enforcement measures because we didn't exist when the agency was initially created. And there's also a possibly confusing measure in there regarding consumer affairs, it talks about automobile complaints -- I think that's the term -- and that's actually a Consumer Affairs or Lemon Law measure. But I know we measure how long it takes us to dispose of a case in our internal measures, counting the SOAH cases and looking at how long the SOAH process impacts those cases, or how much it impacts them.

MR. INGRAM: Is there a reason we struck the number of enforcement education attendance?

MS. FLORES: It had more value to us to keep it internally. We can use that information when we're explaining things to the Legislative Budget Board but we didn't feel like we needed to report to them every

quarter.

2.

MR. INGRAM: But part of the reasons that we supply this is to justify, and it seems like that would be an item, you know, it does take time and FTEs, if you will, to do those. So I get that it's internal and we have it internal for us to follow, it just seems like it might useful if we also reported it.

MS. FLORES: We also felt like we needed to keep the additions to the bill pattern to a minimum with the Legislative Budget Board, so that was another reason for not having it included in our submission.

MR. INGRAM: Well, it's a minor point so I don't want to belabor it.

MS. RYAN: Blake, in spending some time this helped me. It took me a while to understand the LBB strategic plan measurements and true operational functioning, how are we doing kind of measurements, and these measurements are more about the money versus how we're doing, are we being efficient, as I finally got my head around it.

MR. INGRAM: I totally get it. And so it's just that it does take money for us to put that on, but I mean, I get it.

MS. RYAN: I had some of the same discussions.

MS. FLORES: And we did kind of want to keep it

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2.

MR. INGRAM: So now I understand if you're reporting quarterly it's a lot of data, every extra item is just a lot more.

MS. FLORES: For the staff to make sure they're compiling.

MR. INGRAM: So it needs to be enough to be valuable. Right, I understand.

MS. JOHNSON: I was also curious as to why we took out of regional service centers -- well, we actually never had it there -- the average wait time. We get a lot of complaints in our offices about how the wait is at the regional service centers. The number of customer contacts would kind of sort of indicate that as well, that you are having an average amount of time of people on hold in the contact center, so would that not apply in the regional services centers? Because their efficiency is absolutely dependent upon how long it takes, how many customers and then how long are they waiting there. Or is that more of a measurement that we would do internally?

MS. FLORES: I think that's more of an internal measurement.

MS. RYAN: I mean, honestly, a lot of this information really isn't a measurement, it's data, and then you would take that data, divide it by head count,

determine an average time per transaction, and then factor in well, they must have had to wait X percent because we have five people, they can probably come up with it. So it isn't really a measurement, this won't tell us anything unless you extrapolate it and put some relativity to it which is what took me a while to get my head around that we were calling them measurements.

MS. FLORES: And with the business process analysis, we're hoping to mitigate some of these not obstacles but opportunities for us to do better, so we're also trying to take that into consideration. So before we put something else out there for us to report on to the Legislative Budget Board which might be mitigated a lot more quickly than to submit a strat plan every two years, we just felt like let's leave this at something that we can all compile and that won't hinder us from doing our day-to-day but still provide enough information to the Legislative Budget Board to help them help us justify our appropriations request.

MR. RODRIGUEZ: There's nothing that prohibits the executive director from having his own managerial plan and quantifies and qualifies and all the other stuff that comes into your job. To some degree we kind of do and guide how you work. But this is simply the LBB submittal and I would agree with you the shorter the better, the

shorter the sweeter.

MR. VANDERGRIFF: They're already going to have to educate them to the way the statute now works. It's not a divisional approach, it's on a functional approach. So I agree with what the chief said, I'm okay. Not to say that those measures we shouldn't have but they just may not be in this document. And again, we'll see this again several times.

MS. FLORES: Several times.

MR. VANDERGRIFF: Any further questions?

(No response.)

MR. VANDERGRIFF: With that, Laura, I'll turn it back to you.

I do want to note one thing, I'm not sure if you mentioned this, but just as an example of something that we're going to talk about is I gave you a copy or we gave you a copy of a strategic plan which is really almost more like what we're talking about now from the board's perspective, more of an operating plan, it's from the State of Florida. I tell you that, for those of you who don't know, Florida is a state that is most like us in the way it's structured. They do have driver's license in the DMV that we do not have, obviously, in our department, so that's mentioned in here, but the tax assessor-collectors in Florida are the same as they are in Texas, they are the

main arm, they don't have a separate state agency that handles vehicle titles and registration, they have regional offices much like we do. So it's a very similar state and obviously it's fairly close in size, and I thought they had some interesting measures and concepts in here that was worth you getting a copy of this. And lots of things about lots of DMVs all across websites of America.

So with that, Laura.

2.

MS. RYAN: Okay. And does everyone have a copy of that? Is it in the binders?

MR. VANDERGRIFF: It should have been in the packet.

MS. RYAN: If anyone needs a copy, we can get it to you.

I'm going to cover the very colorful, not only did we kill trees but we probably planted a carbon footprint about a mile wide, but they're colorful. A couple of documents, I'll just refresh what you have in front of you and what we'll cover. The first one you have is strategic framework; the next one which is the legal size you have what we'll call a board scorecard; and the other three documents are mainly for reference -- four, I'll include the Florida plan, and those are the goals and objectives, the board's governance policy, and the

Strategic planning policy that the board adopted back in October. And it was those three documents that we basically used as a starting point with the lessons we learned or the message that we heard in January that it was the board's responsibility to set a very clear what was expected so that the agency had the ability to go to work and do what you do well every day without our interference, quite honestly.

And what we took was the goals and objectives document and then worked hard to put together the framework document, and I'll star there and I'll explain it and then open it up for discussion.

The vision is the same as you'll see on the other document. The objective of this document is to create the what, and I'll read this: The objective of this document is designed to create the strategic framework -- not plan -- for the agency that will support the goals identified by the Texas DMV Board. This document is to describe the what. The agency will have the responsibility of developing its operational plan from the goals, strategies, business initiatives described below, the how. Performance metrics should measure activities that help program areas operate efficiently, support policy direction, and provide a management tool.

So in the goals and objectives document that

was adopted in October, we basically had three goals:

performance driven, optimize services and innovation, and

customer-centric, and they're color coded. We then took

the strategies that are also in that document, summarized

them, and then took the BPA, the organizational assessment

and all the initiatives that have occurred over the last

year, basically, that are actively being focused on and

took our best shot at placing those initiatives or pieces

of each of those initiatives into each of those goals, and

we refer to those as business initiatives.

This then should be able to be a framework for the agency to take this and determine who owns what, basically, and how you'll implement and execute, and then in a plan-do-check manner report back to the executive director in a ay that gets funneled back to the board and which the board has the ability to maintain and update high level, and then we will take that information and we will plug it into the scorecard which allows the board then to have a clear trending indicator of are things moving in the manner that the expectations were set, are we giving clear direction, understanding, support and resources to the executive director to allow the needle to keep moving.

So both these documents are basically board tools to make sure that we're able to provide the

direction and resources to the agency.

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Any questions, before I keep going, thus far? Okay, we'll open it up for discussion.

The next then is expectation and accountability which goes to, again, the what, and the expectation is that we would receive monthly, at minimum -- and the executive director can determine more frequent as he or she deems necessary -- updates, briefings, progress reports and communications regarding the strategic framework. The expectation is that those updates will be aligned with an agency operating plan, the General Appropriations Act, the Vehicle Division's optimization analysis which was in 2008 which was a lot of recommendations already made for the agency with regard to moving forward, the organizational assessment, business process analysis and LBB strategic plan. The expectation is that this framework identifies the what and any update that comes out of this would be expected to be balanced back against those key items that are in place that we have an obligation to meet or move forward on.

The accountability then is that the agency's accountability to the goals, strategies and business initiatives should include timelines to include phases, stages and milestones. Budget allocations, if we were allocated money, how are the projects or initiatives that

we're working on balancing against that. Risk factors, to allow us to make decisions to get ahead of them. Employee and industry engagement and acceptance. This goes to we can put things in place but are they being accepted, are we actually the change and the outcome. Quantitative and qualitative information and measures, and then progress and status update. And the expectation in the accountability is the what we would expect in the updates to be included.

2.

Anything in the green are items that have been placed on the table over the last year that truly are either being worked on but fall kind of into the board's action items and we still have some decisions to make as a board but we wanted to clearly keep on the table that we know we own those and we know they're on our to-do list.

And then if you'll flip to the very last page, you'll see boundaries and agency behaviors. In the workshop in January it was very clear that in order to allow the agency to do what they do well and stay out of the way, the board had to clearly set expectations on what those boundaries and expectations were. This wasn't hard to do because in October we had implemented or adopted values, and a value is only as good as the actions that live with it, so what we did was basically take the values that should not be new to anybody and write these

boundaries and agency behaviors in a manner that we could actually see the values became tangible. So we would expect to see actions in these manners.

In the first one you would see transparent, and the way that value translates into a behavior is the Texas DMV shall act in a way that will ensure that the basic facts and figures as well as all mechanisms and processes are visible, predictable and understood by all that use services provided by the agency or come in contact with agency staff.

Teamwork. Texas DMV shall operate with one voice. The Texas DMV is not now nor never shall be again an agency made up of individual silos. The Texas DMV shall take a unified approach to performance, one that ties together the entire agency and individual employees to the strategic vision.

Again, as you go through these, it should allow each and every one of the directors to reinforce to their associates and themselves as a team what we expect to see as we move forward with implementing everything on the first two pages.

So the goal -- and I'll stop -- is that the board agrees on -- and this is the discussion point where we get some discussion -- to finalize this so that we can provide the agency with very clear expectations and vision

of what we would like being worked on and how we want it to be worked on.

2.

So with that, I'll stop and turn it over for discussion or questions.

MR. PALACIOS: On these metrics, what's the process now for the evaluation?

MS. RYAN: We didn't get to that part yet, but I can if you want.

MR. VANDERGRIFF: And I'll jump in on some of that too on the metrics part.

MS. RYAN: I'll cover this. I was trying to keep us organized.

MR. PALACIOS: Okay. I'll wait then.

MS. RYAN: No. I'll cover it.

The metrics are we tried to find -- there are 17 here but these would be the board metrics in that through the updates that we get, Julie would then take those and put these into a scorecard that we would get on a monthly basis to basically look for trends. We don't know honestly if these are the right metrics or not, we don't know that the baselines are the targets without having it to start as a baseline and then seeing if we're trending in the right direction, and then if we are trending in the right direction, are we getting the outcome we want. But it should allow us an opportunity

for some flags or indicators to see if what we're doing is having the impact we want.

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My vision would be that once a quarter we'd look at this and evaluate whether we have the right metric or was it driving what we needed and then open it up to discussion and then change it if need be. But that was kind of the hope.

MR. RODRIGUEZ: I think the idea on the metrics is simply a bottom line just so you can find things coming back from this so you can find out whether or not you're either trending up or trending down or flat. It's just to give you a visual right quick about which way it's moving. It should always be moving and you plot that report either monthly or quarterly or whatever it is and then you'll get an idea of whether your movement is going north, south, east or west.

And the only other thing I was going to say, and I don't know if it's open at this point, where it says the Texas DMV, and I realize it says department and where this will serve as a department guidance tool, effectively, this is the relationship between the board and the executive director. We're saying this is what we're going to check him or her on, and then he'd take the documents, Linda, because that LBB stuff, he's going to have to track that and do the kind of stuff we talked

1 about, all the quantitative and qualitative stuff that he's going to have to do at a level below this so that he 2 can report on this. 3 4 So all I'm saying is that where it says the Texas DMV, and I'm not suggesting it doesn't apply to the 5 6 whole agency because it would apply to them, but basically this is our guidance to the executive director about how 7 8 and where they will take the agency. MR. VANDERGRIFF: And I think we can put a 9 qualifying statement in here to reflect that, because I 10 agree with you. 11 If I could maybe jump in on one thing. 12 MS. RYAN: Absolutely. 13 MR. VANDERGRIFF: Maybe you haven't finished on 14 15 this and maybe it's better first to finish on this and then go to the performance metrics. 16 17 MR. INGRAM: I'm afraid I might get all confused if we don't finish on the framework first. 18 MS. RYAN: I knew there was a method to my 19 20 madness. 21 MR. VANDERGRIFF: I'll reserve my question or comment until we get back to the performance metrics. 22 23 MR. INGRAM: One comment and one question. 24 comment is that it's just an amazing amount of work, so I 25 don't know how many people were all involved in this but

it's a stunning amount of work, quite frankly.

MR. VANDERGRIFF: You're saying stunning in terms of putting it together or stunning in terms of what they have put together to come up with it?

MR. INGRAM: That leads to my second question, actually. So it was a stunning amount of work just putting this all together and presenting it to us now, but I'm concerned the expectation is that -- are you saying that monthly, at a minimum, that we're going to have briefings, reports, communications regarding every item on the first two pages?

MS. RYAN: No, because the first two and a half pages may not be active and everything may or may not be acted on immediately, but it would be an executive review of what's being worked on so that when we get those we can start to see -- and I don't think you're going to see an 18-page document every month. I mean, it would be high level where a lot of this will fall into automation project -- I'm going to use an example -- and it may be the automation project we'll get that update and it may reference these line items that are being touched on. But I'm not envisioning that you're going to get, like I said, an 18-page document every month. But that would really be for the executive director and the agency to determine when and how these things get implemented.

MR. INGRAM: Well, also updated to us.

MR. VANDERGRIFF: I think for the most part we have goals and strategies and then the business initiatives have come out of the organizational assessment and the BPA and rather than just lose those into infinity, they're attached to a specific strategy that aligns with it. Some of these BPA matters may be years in the doing, some may never happen, most will under some form.

But I'm looking at our chief operating officer and chief information officer because in large measure many of these will -- it falls on to the agency as a whole and to the executive director to direct that, but literally they're analyzing right now how much of these processes need to have automation associated with them, how much has the process changed today, and as we get into the metrics, eventually some of this needs to have a costbenefit analysis done to it because if it's going to cost you -- and I'm just being hypothetical here -- \$10 million to do something that has a \$5 million benefit, that doesn't necessarily make much sense.

But we, as an agency, took a great deal of time and care on these two major initiatives that are supposed to drive the future state of this agency, so that's what this is designed to do. And then I think on these other documents, I'd leave it to Laura because the

expectation -- by the way, the kudos really need to go, in my opinion, primarily in addition to considerable staff support, to Julie -- by staff I mean the entire agency staff, but Julie, the executive director and the senior division directors around the table, a few in the audience, and then also certainly to Laura, the vice chair, and Victor Rodriguez who worked diligently on this.

But I think the expectation, as I understand it, these are six documents -- obviously, I've mentioned two of them, four other documents -- that have driven at some point either the call to create us or the call to fund us, and we just expect where there's major activities in these areas, we would learn of it. S I'm not sure it's generating anything more than is already being done, but that's just to make sure that it's on a piece of paper. And then the accountability is obviously to do some analysis to make sure all these things, as I just mentioned, actually make sense and have some financial value or customer-centric value.

Does that make sense?

MR. INGRAM: Yes, it does. Thank you.

MR. RODRIGUEZ: To his point, I think about 30-some-odd different reporting points in terms of business initiatives, when you've got an agency of this magnitude, I mean, I think that easily can be -- I mean, that's a

piece of cake, I think.

MS. RYAN: This is not to imply that we're not getting any of this now, so we're getting a lot of this already and it's maybe a little bit more of a structured approach.

MR. INGRAM: You know, honestly, I was trying to figure it out more for my own expectation.

MS. RYAN: How much you were going to have to read?

MR. INGRAM: No, it's not so much that. I'm trying to find out what is expected or not in this format. I mean, I get it now that what you're saying is that as there's activity and as there's mile markers, or if you will, unique things that we would get that update.

MR. VANDERGRIFF: I think the answer is you get the update, then the answer would be yes, you'll get something that will tell you what ties to this. And that's something to develop, but at some point, it may not be a quarterly basis, it may be a semi-annual or an annual, I don't know, but that something would give us a score sheet to let us know how many of these are still on the list and how many of these have been checked off and either done or in ongoing maintenance or they're never going to be done.

MS. RYAN: And that maybe it's okay to tie the

measurement piece in real quick. I'll risk it.

MR. INGRAM: Go ahead.

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MS. RYAN: That's where when the measurements, what we tried to do was everything on here tie it back, and if you'll notice the measurement sheet has some measurement which we think is the right measurement, we'll know with the target. The actual would be the measurement and then status you'll see red, yellow, green and then not yet started, so hopefully we would start to see some of the areas that if we haven't started them yet, we'd know that and we'd quickly start on this to see whether there was activity going on or not based on some of the metrics. If the metrics maintained flat in a certain area, that might be a good thing, it also may indicate that we're not really implementing the things that we need, and we would have to make that assessment once we got that scorecard. On any area that drove concern or curiosity we may look into, we may not. There may be an easy explanation, there may not be.

MR. INGRAM: The scorecard is meant to be presented monthly.

MS. RYAN: Yes, to hopefully give us a high level indication of progress so that we can work with the executive director on getting more details or updates on an area if we feel it should be moving faster or not, or

1 it's on the right target, or do we have the right data, hopefully to help us make decisions to provide the best 2 support and resources and direction. 3 4 MR. RODRIGUEZ: And just for clarity, Laura and Julie, they're the ones that really did all the work. 5 6 came in and sat in and drank coffee a couple of times. 7 (General laughter.) 8 MS. RYAN: It took a village. MR. PALACIOS: Since we're talking about 9 metrics now, how do you evaluate or measure some of these 10 metrics? Just looking at number 4, I know how you'd 11 measure it but what's our target? 12 MS. RYAN: Well, some of the targets are left 13 blank because we still need to drill into that a little 14 15 harder. We just ran out of hours and days. MR. PALACIOS: Okay. So this is still a work 16 17 in process then. 18 MR. VANDERGRIFF: Oh, yes, definitely. MS. RYAN: 19 Oh, yes. 20 MR. VANDERGRIFF: Let me address something here if I can. On these particular measures, I think the vice 21 chair already mentioned that the targets are just 22 23 placeholders sitting there right now, so I would almost 24 ignore them at this point. But the measures themselves

can clearly be changed, as was just said, but for example,

the one you just mentioned, all of these are either based upon something that the collective industry has looked at here, issues or opportunities that have been looked at for us. They have involved the use of financial resources, the use of personnel resources, some sort of return on whatever investment we have, and some sort of look-see into how people are satisfied with us. They may not be the right ones but hopefully they're at least honing in on the right area.

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For example, in the enforcement area, two big discussions that have come up is one that I've heard the constant refrain is the average time from the point something is filed to finalizing it at the division. may be Lemon Law case which is a separate category from a warranty performance proposal, or from a motor carrier enforcement action in terms of a mover or a trucker, so there may be lots of different categories, but that's a theme that I hear. And then the other, the average time to resolve protest filing through SOAH is actually something that even just came up a little bit ago at this meeting is that SOAH is something different from us and the protests which we get them to SOAH and then it sits there for a long period of time. We ought to know that and understand that because that's obviously an opportunity cost for people that are tied up in that

process. Because we get asked that question, or at least I get asked that question a all the time.

MS. RYAN: And there maybe a hundred measures that the agency is doing by division that you'd get this report and that report and this report, and then that summation of that data is what gives us this type of an information piece.

MR. VANDERGRIFF: And one other point to give to the board, and also we're going to outreach with this, if it gets past this level, I would hope outreach, like we have on so many other things, to the industry as a whole and get their thought process on this. But these are all relatively high level for a board to be looking at, and I would hope that we would keep these -- we have 17 at the moment, 16 if you don't count a potential recommendation on actually doing a survey, an independent survey on customer issues, internal/external -- but trying to keep us to no more than 20. The executive director, he or she and their management may choose to measure 50 things and they may be things that aren't even on this list. We're just trying to look for things, I think, that are at a high level, worthy of policy directive from the board.

I'm not sure, at least in my own personal thought process, that I want to get too far into the detail. If we get the right high level numbers, then

they're going to have to figure out how to produce it in performance and any other measurements that they need to help them internally. But you know, we could get lost if we look at a 50-page a month performance metric.

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MR. RODRIGUEZ: The right high level numbers will prompt the questions about areas that need to be looked at, just by default it will happen.

MR. VANDERGRIFF: My feeling exactly. I totally agree with the chief's statement there.

MR. PALACIOS: I think this is a good format to have a high level summation of data, but what I'm saying --

MR. VANDERGRIFF: I'm not expecting today.

What I'm looking for, hopefully, at least me, and the vice chair is in charge here so I'm stepping over, but I'm looking for us that this is a good format, and I don't know that you can sit here right this minute, almost cold as a board member, and figure out exactly what you want, but if this is on the right path.

MR. PALACIOS: I believe it is, but the comment was we need the data, the detail to back it up. The old saying: the devil is in the details. So we want, I guess, that backup to be able to drill down if we see something is out of line.

MR. VANDERGRIFF: Absolutely. That's what you

have to charge the executive director with. For example, and this is almost a two-edged sword here, but say the total number of renewals and the net cost of registration renewal, if you see that online continues to languish at less than 10 percent in spite of all efforts on our behalf and you want to ask questions on that, then whoever is in charge is going to have to produce information to explain that. If you see that the cost of registration renewal by one category seems so out of whack with what you would be expecting, then we need to look at that. This will drive, I think, more detailed information to support it.

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MS. RYAN: And one of the things that's important is we have to start before we'll know. Again, we'll look at it and say it's driving, it's not. targets are important where we may find that the targets may look high and somebody say I think 95 is too high. Well, that's our target. We may realize that our baseline is at 50 and then the question would be what are we doing to encourage it and what trend, and that's where every month -- I don't know that the first three months we will really know whether we can make decisions from this information or not. In the actual you'd want the actual and you'd want an arrow: is it trending up, is it flat, or is it trending down. Because it's really the trends of the metrics that will allow us to know what decisions and

where we need to drill down. Otherwise, if we just look at one month and react, then we just become a knee-jerk agency and we'll never see any traction.

What we're trying to do is start -- I used it already earlier -- that plan-do-check. We've planned it, we need to do it, and then we need to at least start somewhere and then check it in a couple of months and make sure we're on track, and that's where the importance of the discussions with the board will come into play and is it giving us what we need, is it helping, is it driving, do we need data, but hopefully gives us a real quick one-pager to get a feel.

MR. RODRIGUEZ: The right person is going to be self-prompted when he starts seeing information that's coming to us that it's not holding up. I mean, if we get the right person, that person is going to say, for example, average time, if we start at 15 minutes and all of a sudden it starts going to 17, 18, 19 minutes over a nine-month period, or whatever it is, if we have to ask the person why is it trending up, then we may need to have to look at that. But the right person is going to say, I better have an answer as to why it's happening. He may find that it's one county throwing all the averages out, he may find it's one person, one employee, no employees, equipment or something else, but the right person in the

executive director's job should be alerted by that, should be self-aware of that information. It doesn't happen all the time but I would suspect that we would want that.

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MR. VANDERGRIFF: I'm going to give kudos on a related matter to our internal auditor, Mr. Lawler, that in the licensing area a few months ago they'd never really had any major statistics there that we'd ever seen, but he broke it down into a number of different categories. This is what the executive director -- and kudos also to Linda -- asked for, and it really showed where it was amazing, you would have a licensing agent that had zero backup and was just a few and then you had some with a ton. Now, I don't know, obviously I didn't get into the detail after that point, they may know whether that person had some particularly different cases or license applications that were holding them up or not.

But the point being is that they had developed internally a metric to really dial down to each individual licensing specialist to determine where potential backlogs would be if that's what we were having problem with. I assume you still do that.

 $$\operatorname{MR.}$$ HARBESON: We look at the individual caseloads.

MR. VANDERGRIFF: So they can even them up if need be, or if somebody has got a problem, they're just

not fast enough, then you address that

MR. INGRAM: This is totally in the right direction. I have some questions, but honestly, they're educational questions just to educate me, and so since this is a work in progress, I can just ask that later.

But I think it's probably the right direction.

MS. JOHNSON: I'm curious, you know, I have the tax assessor-collector perspective, obviously, and the number of titles and the number of registrations is a performance measure and it's in our strategic plan and then we have a measure here, and I guess my question for Mr. Elliston is the total number of renewals is going to be dependent on whether people are buying new cars and some of that is just going to be a constant, but some of this is out of our hands and it's more the cost of registration is pretty much legislated, so how will measure that? Obviously, the net cost of registration is dependent on how much you're paying to those county tax offices to process those registrations.

MR. ELLISTON: Well, I think what we're looking on the cost there is not the cost of the registration but the cost of doing business, you know, what does it cost us to do one online versus a walk-in versus a mail-in. If our online obviously is going to be our more cost-effective but it's our lower number, we need to focus our

efforts on getting people online. Do we need to do education, do we need to do advertising? Those are kind of things that we'll look at from the cost perspective to help us decide which way do we need to model or push our business or try to impact which way people are registering their cars.

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MS. RYAN: And if we're spending a million bucks to educate because that's the lowest expense but you add the education in, then our lowest option all of a sudden becomes -- so where is that return, \$10 million for a \$5 million return.

MR. ELLISTON: And we may spend a million dollars on advertising but save \$2 million in postage or something like that, so I think that's what we're talking about. It's not the registration cost but what does it cost us to get those registrations done.

MS. JOHNSON: Do you feel like in any way, shape or form that the processing time is relevant there, or should be measured in some way? And I know, again, it's out of your hands.

MR. ELLISTON: Well, the processing time is going to go to more of a customer service issue than anything else, because if they stand in line two hours and we get their money or if they stand in line ten minutes and we get their money, we still get their money. But

1 from a customer service standpoint, if we can do it in ten minutes versus thirty minutes, they're going to be a whole 2 lot happier with us. 3 MS. JOHNSON: 4 We're pushing everybody to online because obviously that's more efficient and the processing 5 6 for us is faster, and so our philosophy is: Go online, get out of line. 7 8 MR. VANDERGRIFF: That sounds like a good topic for the Standards Committee. 9 MS. JOHNSON: Oh, yes, it's going to be, 10 absolutely. 11 MS. RYAN: Just to clarify too, the processing 12 time might be something that the department looks at but 13 from a high level. 14 15 MS. JOHNSON: I think we will pull that into standards. 16 17 MR. ELLISTON: And processing time is going to be something that would be very difficult to track because 18 we've got all these different offices, different ways of 19 20 doing business, some of them are automated, some aren't, some of them have TVS in their lobby maybe and some don't. 21 But it's going to be difficult to measure that, but that 22 23 will be our challenge to figure out how do we quantify 24 these things, how do we look at them.

MS. JOHNSON:

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Then do you feel like that that

would -- because obviously education and training, I see education for the industry and for employees. Do stakeholders and partners need to be part of that?

MR. ELLISTON: I think so and we're working towards that. Also, as you know, we have our learning management system and we're doing that for tax assessor-collector employees free of charge.

MS. JOHNSON: We're doing a lot of that. Right.

MR. ELLISTON: That's right. And we're also working with TACA now to do some training for new tax assessor-collectors coming in, newly elected, haven't been in the business, maybe don't know a whole lot about the business, we'll do some training for them too when they first get in so it helps them understand what they should be looking for and all to make their operations more efficient.

MS. JOHNSON: Because that has been such a big effort and it has been very important to me personally, I don't necessarily see it addressed in here. Do you think that that needs to be added, continuous education and training for employees and stakeholders or partners, or continuous education and training for industry. Unless the TACs fall into that, I'm good, but I don't know, in some places it's stakeholders, in other places it's

customers and industry and others. So where does that fall and does that need to be more specific on who are the stakeholders, who are the partners, who is the industry. I would say pretty easily the automobile industry, but then that leaves out that whole segment of that counter where you're so affected, and most people's opinion of the DMV is based in the county tax office.

MR. ELLISTON: Right.

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MS. JOHNSON: So because you are doing so much effort, it would seem fair to me that you should be measured for that because it is a major effort.

MS. RYAN: And to Randy's defense, he had no input in this.

(General talking and laughter.)

MS. JOHNSON: I'm just trying to figure out do we need to add those words, because I know it's going on.

MR. ELLISTON: And this is something we can certainly look at and that's something internally we try on the learning management system who's using it and that sort of thing. So with the Standards Committee we're going to set some of those rules to drive some of that, so then we may have something we can measure at that point.

MS. JOHNSON: But as a board member, again I'm still trying to figure out under which one of these, so I don't know if I'm asking the question right.

MR. VANDERGRIFF: You're asking a good
question, I think, but in my remembrance of the BPA number
17, industry was referring to everybody which would
include stakeholders and partners.

MS. JOHNSON: And that's what I was trying to
get to.

MR. VANDERGRIFF: But I know sometimes we use

industry as referring to like the motor vehicle dealers, and so we probably need to figure out how to get the right definition, either broad or narrow, to be sure it's consistent.

MR. RODRIGUEZ: The other thing I will say, also, is that education and training and all those things we talked about that Ms. Johnson mentioned a minute ago, that can be the effort that goes into once you've determined that something is not trending in the right direction. For example, let's say you look at online, mail and in-person, I think typically today we would want to see the online registrations trending up and the others trending down. When that's not happening, then that's a problem, and then you can come up with solutions like training, education and all those other things.

MS. JOHNSON: Thank you.

MR. VANDERGRIFF: And I would venture a guess, I don't want to put Mr. Harbeson on the spot, but I am,

but I would venture that you probably look at those that go through your education programs, what their rate of making the same mistake the next time is, or something like that, that you watch that, yo track that so that there is some correlation between education and better behavior, so to speak.

MR. HARBESON: The recidivism.

MR. VANDERGRIFF: Yes.

MR. HARBESON: Actually, Vice Chair Ryan raised that during the committee meeting when we were talking about dealer education, and we went back and actually started looking at that, and the rate is actually really good because most of our attendees at the course are relatively new dealers who recognize as needing the education. We see very few of them back with a complaint filed against them.

MR. VANDERGRIFF: I do also want to note one statistic I saw that was interesting in the licensing area is that one thing we did exceptionally well was cash the checks.

MS. FLORES: It's a state law that you have to deposit a check within 72 hours.

MR. VANDERGRIFF: We did that exceptionally well. Unfortunately for those who were waiting for weeks for their application to be processed, they didn't quite

think of that as doing something exceptionally well.

(General laughter.)

MR. RODRIGUEZ: There was a report that came out -- and maybe this is not the right time -- there was a report that came out with regard to late penalty charges, and I know you were addressing that, and I was just wondering if that was in the same category as exceptionally well.

MS. FLORES: We're getting better.

MR. RODRIGUEZ: Okay. Good enough.

MR. PALACIOS: One last comment since this is a work in process, I'd say overall it's a very good scorecard. I would just suggest that we focus more the metrics on sound results that can be based on sound empirical data and try to move away from some of these measurements that, in my judgment, are somewhat vague, that I could see staff members just trying to fill in a box at the end of a quarter to try to get the right evaluation. I mean, at the end of the day we want to measure the results of how the department is performing and using sound data, and some of these, like number 6 and number 7, in my judgment, are somewhat vague.

MS. RYAN: They're vague by design, in some ways, because they need to be high enough that we are not measuring the performance of each individual department,

that would be the executive director's. What we're trying to do is determine is the agency meeting the expectations of what we expect them to do. So the vagueness in some ways will be -- and it's also hard to manipulate these because there won't be a report. A lot of them, like I said, will come from three or four, and also there's no benefit in manipulating them. But because something is not going well, then the board needs to work with the executive director and the agency to figure out why, and again, is it resource.

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But to that point, we're open. That's why it's discussion and a work in progress. If anybody has suggestions on any of these, Julie or myself will be happy to take them. And then also thoughts on the targets, what would the board feel is acceptable levels of performance, and it could be acceptable equals exceptional. It may take us three years to reach those targets, and as a board, we have to know that it's progress we're looking for, not necessarily immediate results because that drives the wrong behaviors. To your point, they're just going to fill them in.

But we're open to suggestions here, but I would want to keep in mind that this is really high level which means in some ways they will be abstract versus specific because we would expect each division director, then they

can support if we want to drill into it, versus us dictating this is what you'll measure because what you measure will determine how somebody responds and what they do. We used the example that if we started measuring red shirts worn on Friday, without any change in structure or strategy, if all of a sudden we just posted that number, I assure you sales of red shirts would go up, people would start talking about where did you get that one. What we measure will determine people respond. So that's kind of the high level, but I'm open. We just ran out of brain cells and days and hours.

MR. PALACIOS: I understand. I think it's a great scorecard overall.

MS. RYAN: But if you've got ideas, I'd like to see them.

MR. VANDERGRIFF: I'd like to follow up on a more specific thing on like 6, 7 and 8, for example, we have said as a board, and I think we've seen success with those, as an agency about outreaching to the industry that we work with and oversee for getting their input on critical issues of the day, whether they be most recently the licensing issue, the oversized/overweight permits, or now the standards for the TACs, rather than just us dictate, we're actually getting input, getting feedback and participation and then hopefully collaboratively

coming up with things so that there's better buy-in,
better understanding from both sides, the agency
perspective and the industry perspective. We think that's
a good thing to do.

So it may be a very generic high level thing we're asking for, but if we're asking, hey, how many outreach programs are you doing, how many best practices ideas are you coming up with, then that's on the list of the executive director to come back. And then furthermore, how many have you implemented. Are you going out and actually getting their input and then doing some positive things with it. So we're not directing necessarily what they do or the how of what they do, but we're directing the what in the sense of that we want to see that. So again, I don't know if it's the right metric but we're trying to make sure that certain behaviors are tracked.

MR. PALACIOS: I understand. I'm just looking more at the end result, what's the purpose of the implementation of these outreach programs. It's to achieve a result, and that's what I want to key on.

MR. VANDERGRIFF: But if there's a better way to word it and get what we're looking for, Laura is all ears.

MS. RYAN: All ears.

So the measurement is a work in progress, and again, input would be appreciated and then we'll work to get this filled in and get it back to the board to look at, and a goal would be to start filling in also the actual measurements in the next 30-60 days if we can finalize this filled-in document.

And then with regard to the framework, again, this is a board document that we would basically hand over to the executive director as kind of a clear understanding of what's important and the what is expected, but we want to come to agreement that this is what we expect, and then from there we can pass it on, basically.

So I guess the next question is do we need more time with it. Are we ready to move forward with the framework agreement, is there anything in it that we don't expect, and if so, we can move forward. If we need more time to vet it or sleep on it, then we would, I guess, bring it back next month, but the sooner we can provide the agency with very clear direction. The benefit of this, too, is that as we move forward in the near future for an executive director, we want to be able, as a board, to clearly identify what it is the expectations of that new executive director would be.

MR. RODRIGUEZ: Two points. One is even if we say yes today, that can be changed so we can always make

adjustments to it or otherwise. But I think it's important to have something in place as soon as possible, something that could be made even available to the applicants we interview right now so that they could effectively be quizzed on it during our process, number one, and number two, expect them to perform on it once they're here, whoever that person is. But I think that the sooner we move on saying that we're okay on this, that we have it in place, but no later, definitely, than when the executive director comes online. That's got to be the absolute deadline.

So I don't know if we necessarily need approval.

MS. RYAN: Well, I guess before we turned it over to the current executive director and started putting it out for discussion, we'd want to, as a board at least agree.

MR. VANDERGRIFF: I would be looking, if possible today, if we're going that direction, for at least approval of this so we have this firmly. I think it's clear that this we're going to work on and reach out to the board members to get input over the course of the next month.

MS. RYAN: On the measurement.

MR. VANDERGRIFF: Yes, the measurement. And

1 also, there's one last companion piece to this that won't come up today but we'll address next month and we'll get 2. things working with you which is a little more definition 3 4 to the boundaries. If you recall, that's one of the things we talked about is making sure that we -- these do 5 6 it but not to maybe the total specificity the boundaries 7 the board have for the staff. If you remember the example that was out there about the corral, make the corral and 8 then let the staff run inside that corral and do what they 9 need to do on the how side of the business. So that's one 10 last piece to put together. 11 But I think the chief has really driven home 12 something that's important is to try to get as much of 13 14

this as possible in place in the next month so as we get to this --

MR. PALACIOS: So Mr. Chairman, do we need a motion to adopt this?

MR. VANDERGRIFF: I'd love that.

MR. PALACIOS: I'd move that we adopt the strategic framework.

> MS. JOHNSON: Second.

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MR. VANDERGRIFF: We have a motion from Director Palacios, a second from Director Johnson. further discussion? Don't see any.

Please everyone raise your right hand in

support.

2 (A show of hands.)

MR. VANDERGRIFF: The motion carries unanimously of those present. Directors Rush and Walker are absent. And kidding aside, I will tell Mr. Walker he no longer has any further input to be had in this particular document.

MS. JOHNSON: Good luck.

MR. VANDERGRIFF: Let the record reflect also,
Director Rodriguez noted that the chairman of
Oversized/Overweight has not weighed in on this yet.

(General talking and laughter.)

MR. VANDERGRIFF: And then this again, I'll ask specifically, obviously, with assistance from the board members involved, but Julie will be reaching out to you getting this out and getting the feedback on this so we can move it forward and pass it around.

With that, we are into the regular part of our agenda, so unless there is any objection from the rest of the board, we'll just plow right in. And with that, I think that I'll also ask, Gloria, I know that you're not leaving, but make sure somebody notifies the two board members who would be coming tomorrow, I want to make sure you know that they had other commitments, this was a special called session and we weren't sure if it was going

to take two days or not, but Board Members Walker and Rush, who would be able to attend tomorrow if this was a regular board meeting were not able to attend today, but we'll make sure they're apprised of that.

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With that, we're on item number 3, the consent agenda, and before we get down to item number 6, or when we get there, I'll take a couple of items out of order, but I'll wait till we get to that point.

So Mr. Harbeson, I assume you are ready.

MR. HARBESON: Good afternoon. My name is Bill Harbeson. I'm the director of the Enforcement Division and I'm here to present the consent agenda today.

The first item is the enforcement agreed orders, and we are withdrawing item number 13 which is Cause Number 11-0205. That case was inadvertently put before you today. Actually, you had earlier acted on this matter, the respondent paid the fine after a default, and when it came into our office it was mistakenly put into the agreed orders stack that comes before you.

So we're presenting 81 agreed orders, 57 notice of violations/citations, 20 motions to dismiss, 10 Lemon Law dismissal cases, and three franchise cases where the matter is being dismissed, and we would ask for your approval of those orders.

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

1	a question.
2	MR. VANDERGRIFF: Please.
3	MR. RODRIGUEZ: You say you've got three
4	dismissal orders.
5	MR. HARBESON: In the franchise area, yes, sir.
6	MR. RODRIGUEZ: I thought I saw six. Franchise
7	case dismissals, I'm showing one, two, three, four, five,
8	six.
9	MR. HARBESON: Let me check the list. That is
10	correct, there are six.
11	MR. RODRIGUEZ: Mr. Chairman, I move that we
12	approve the consent agenda 3.A. items 1 through 82 except
13	for number 13, and B.2 through 57, C.1 through 20, D.1
14	through 10, and E.1 through 6.
15	MR. VANDERGRIFF: We have a motion from
16	Director Rodriguez. Do we have a second?
17	MR. INGRAM: Second.
18	MR. VANDERGRIFF: Second from Director Ingram.
19	All those in favor please raise your right hand.
20	(A show of hands.)
21	MR. VANDERGRIFF: We are now on item number 4
22	which is the resolutions for individual consideration on
23	contested cases.
24	Mr. Harbeson, I assume you're still up.
25	MR. HARBESON: It's Mr. Gladney.

1	MR. VANDERGRIFF: Okay. Sorry. Mark.
2	MR. GLADNEY: For the record, Mark Gladney for
3	staff.
4	Staff is presenting three warranty performance
5	proposals for decision for your consideration. The first
6	one is Moody v. American Honda Motor Co. Neither party is
7	here on this case; in fact, for all three cases the
8	parties are not here.
9	In this particular case the complainant alleged
10	a steering and tire defect on a 2009 Pilot. A SOAH
11	hearing was held on September 15 of last year, the ALJ
12	found that the complaint was made outside the warranty
13	period and thus not covered, and the PFD recommended
14	dismissal. Staff recommends dismissal of this case.
15	MR. VANDERGRIFF: Do we have a motion?
16	MR. INGRAM: I move that we dismiss.
17	MS. JOHNSON: Second.
18	MR. VANDERGRIFF: We have a motion from
19	Director Ingram and a second from Director Johnson. Any
20	questions?
21	(No response.)
22	MR. VANDERGRIFF: Seeing none, please raise
23	your right hand in support of the motion.
24	(A show of hands.)
25	MR. VANDERGRIFF: The motion carries

1 unanimously of the directors present, and again reflecting that Directors Rush and Walker are absent. 2. MR. GLADNEY: The second case is the Szekely v 3 4 Gulf States Toyota. For the record, there is an error in the cited MVD docket number. It should be 11-0233 instead 5 of 11-0223. 6 7 In this particular case the complainant alleged a transmission defect in 2009 Tundra. A SOAH hearing was 8 held on November 18 of last year, the ALJ found 9 insufficient evidence of defect and that the transmission 10 behavior, hesitation by the transmission was due to driver 11 performance and not a defect. In this case the PFD 12 recommended dismissal, and staff concurs with the SOAH 13 14 ALJ's contention. 15 MS. RYAN: I'd like to go on the record that I'll recuse myself from voting on this particular case. 16 17 MR. GLADNEY: Staff recommends dismissal of the 18 case. MS. JOHNSON: So moved. 19 20 MR. INGRAM: I'll second. MR. VANDERGRIFF: We'll reverse it: 21 Director Johnson has made the motion and Director Ingram has 22 23 Seeing no indication of any discussion, please 24 raise your right hand in support.

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(A show of hands.)

1 MR. VANDERGRIFF: The motion carries unanimously. Vice Chair Ryan abstained from this, recused 2 herself, and again, I've noted about the previous two 3 4 members that are absent. MR. GLADNEY: And the last case is the 5 6 Vallabares v. Ford Motor Company case. The complainant 7 alleged engine problems during the warranty period, and that problem has existed beyond said warranty period. 8 9 complainant sought reimbursement of repair work money spent on problems after the warranty period ran. A SOAH 10 hearing was held on September 23 of last year, the ALJ 11 12 found that the respondent had failed to restore the 13 vehicle to a warrantable condition during the warranty 14 period and the same problems that were alleged existed, 15 thus the PFD recommended reimbursement of the repair costs expended by the complainant. Staff recommends approval of 16 17 the PFD recommended repair. 18 MR. INGRAM: I move that we approve the ALJ's conclusion for repair. 19 20 MR. VANDERGRIFF: Do we have a second? MR. PALACIOS: Second. 21 22 MR. VANDERGRIFF: We have a motion from 23 Director Ingram and a second from Director Palacios. discussion? 24

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(No response.)

1 MR. VANDERGRIFF: Seeing none, please raise your right hand in support. 2 (A show of hands.) 3 4 MR. VANDERGRIFF: The motion carries unanimously. 5 MR. GLADNEY: That is all I have. 6 7 MR. VANDERGRIFF: Mr. Harbeson, are you back 8 up? MR. HARBESON: Yes, sir. Again, I am Bill 9 Harbeson. I am the interim director of the Motor Vehicle 10 Division. 11 Before you today is a proposal for decision 12 from the State Office of Administrative Hearings in the 13 14 case of JPCC, Inc. d/b/a Scooter Bums, Complainant, v. 15 Suckerpunch Sallys, LLC, Respondent. This is a case where a termination of a franchise occurred and there was an 16 17 action brought by the dealer for repurchase of the 18 inventory. The case was heard in August of last year; the ALJ recommended reimbursement to the dealer, storage, 19 20 attorney's fees. The staff, when reviewing the ALJ's findings --21 and this is reflected in the order we presented to you --22 found that there was a miscalculation of a mis-award of 23 24 interest in this case, so we in the PFD made those

corrections and are asking the board today to approve the

1	order as amended.
2	MS. JOHNSON: So moved.
3	MR. VANDERGRIFF: We have a motion from
4	Director Johnson.
5	MR. INGRAM: Second.
6	MR. VANDERGRIFF: And a second from Director
7	Ingram. Any discussion?
8	We will save commentary about the names of the
9	parties here at the moment.
10	(General talking and laughter.)
11	MR. RODRIGUEZ: So my question is the dollar
12	difference between the ALJ's recommendation and your
13	calculation is 5 percent.
14	MR. HARBESON: One of the errors that I know
15	was made was that there was an award of interest on the
16	attorney's fees. What is the dollar difference, more or
17	less, about ten grand, more or less?
18	MR. HARBESON: Yes, sir.
19	MR. RODRIGUEZ: About 10,000, more or less?
20	MR. HARBESON: That's true. And that's where
21	the staff has corrected it to make it in compliance with
22	what's authorized by our statutes.
23	MR. RODRIGUEZ: So 5 percent.
24	MR. HARBESON: Five percent, yes, sir. And the
25	5 percent is established by law by the Comptroller's

2	applied to judgments or orders of this type.
3	MR. RODRIGUEZ: Thank you.
4	MR. INGRAM: I have a question that won't
5	impact my decision but I'm curious. Does Scooter Bums
6	currently operate in the State of Texas?
7	MR. HARBESON: Scooter Bums, the manufacturer
8	is no longer licensed.
9	MR. INGRAM: That's what I thought.
10	MR. HARBESON: They failed to appear at the
11	hearing, and their attorney withdrew from the case shortly
12	before the hearing itself.
13	MR. INGRAM: Do they exist at all?
14	MR. HARBESON: I'm not sure. I checked that
15	they were no longer licensed.
16	MR. INGRAM: That's all.
17	MR. VANDERGRIFF: Any other questions or
18	discussion?
19	(No response.)
20	MR. VANDERGRIFF: Please raise your right hand
21	in support of the motion.
22	(A show of hands.)
23	MR. VANDERGRIFF: Motion carries unanimously.
24	I do have to ask why a business would want to
25	be called Scooter Bums, which maybe it's an indication why

Office, I believe, and that's the standard rate that is

1	they're no longer in business, and then Suckerpunch
2	Sallys.
3	MR. HARBESON: They are still in business.
4	MS. JOHNSON: Suckerpunch is but not Bums.
5	MR. RODRIGUEZ: You wonder about Sally. Right?
6	(General laughter.)
7	MR. VANDERGRIFF: Don't mean to make fun of
8	anybody's name, but it's interesting, particularly in the
9	business they're in.
10	Mr. Harbeson, please continue.
11	MR. HARBESON: At this point I'm here as the
12	director of the Enforcement Division presenting before you
13	24 motions for disposition which staff has filed following
14	the default of SOAH by the respondent in these cases.
15	Staff is recommending or requesting that you approve these
16	orders as they were presented to you.
17	MS. JOHNSON: So moved.
18	MR. RODRIGUEZ: One through 24?
19	MR. HARBESON: Yes, sir.
20	MR. RODRIGUEZ: Second.
21	MR. VANDERGRIFF: We have a motion from
22	Director Johnson, second from Director Rodriguez. Any
23	discussion?
24	(No response.)
25	MR. VANDERGRIFF: Please raise your right hand

in support of the motion.

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(A show of hands.)

MR. VANDERGRIFF: The motion carries unanimously.

And with that, we're on item number 5 on our agenda, resolutions for individual consideration on rules.

I believe, Mr. Bray, you're up on the first one.

MR. BRAY: Mr. Chairman, members, Chapter 206 of the Board's Rules of Practice and Procedure involve Management, and specifically Subchapter E involves Advisory Committees. House bill 2017 from this last session changed the way advisory committees can be formed at the agency, gave the agency more flexibility and he adoption of these rules and the repeal of the existing rules is necessary to implement House Bill 2017. If you adopt these you'll be removing particular specific advisory committees that correspond to divisions and allow additional flexibility for both the board and the committees in how they are created and how they are operated.

There were no comments. These were published in accordance with the normal processes under the Administrative Procedure Act and there were no comments, and other than answering any specific questions you might have, I commend them to you for adoption.

1	MR. RODRIGUEZ: So moved.
2	MR. VANDERGRIFF: Motion from Director
3	Rodriguez. Do we have a second?
4	MS. JOHNSON: I'll second it.
5	MR. VANDERGRIFF: Second from Director Johnson.
6	Please raise your right hand in support of the motion.
7	(A show of hands.)
8	MR. VANDERGRIFF: The motion carries
9	unanimously.
10	Ms. Flores, you're up on the next one.
11	MS. FLORES: Yes, sir.
12	The next set of rules are also to implement
13	House Bill 2017 and it adds Subchapter C, 209.31 through
14	209.34, to allow the agency to accept donations and
15	contributions, and it establishes procedures for the
16	acceptance of these donations and contributions.
17	Again, the rules were published in the <i>Texas</i>
18	Register in November and the agency did not receive any
19	comment, so I recommend them for your approval.
20	MR. RODRIGUEZ: So moved, Mr. Chairman.
21	MR. VANDERGRIFF: Motion from Director
22	Rodriguez. A second?
23	MR. PALACIOS: Second.
24	MR. VANDERGRIFF: Second from Director
25	Palacios. Please raise your right hand in support of the

motion.

2 (A show of hands.)

MR. VANDERGRIFF: The motion carries unanimously.

And Mr. Harbeson, I think you're next on the rules.

MR. HARBESON: Yes, sir.

Administrative Code 215.270, which deals with the enforcement of advertising rules in the state. The current statute provides that prior to the initiation of a disciplinary action that the agency must advise the violator and provide them an opportunity to correct the violation before proceeding with the disciplinary action. The current rule provides that after that notice has been provided we could only take an action if the second violation occurred between 15 days and one year following that initial violation.

What we've proposed in the rule is to eliminate that one-year period to make the rule more effective and to make enforcement more effective because now they would still get the one warning but any violation occurring after that of that same rule would result in a disciplinary action. The practical effect of what we have now is every 13 months you could run the same bad ad and

essentially start over again with requiring a warning.

So the rule before you has been published, we received no comments, and we're asking for approval of the rule as amended. If there are any questions, I'd be glad to answer them.

MR. PALACIOS: Just one clarification. The enforcement before they, I guess, issue the fine, it would only be after the first violation, so you're saying any time after the first violation they would be subject to a fine.

MR. HARBESON: Yes, sir. And that's because the statute currently provides that in the area of advertising we can take no action until they've been warned of that specific violation. So the first violation would result in a warning, the second violation would result in disciplinary action.

MR. PALACIOS: Okay.

MR. INGRAM: Is the fine, is it general overall advertising, or is it specifically you advertised a fishable drag or whatever and then that was a violation, and then so he does some other form of advertising violation, is it still -- I'm trying to figure out.

MR. HARBESON: It would be a particular rule. In other words, if you violated the Truth in Lending Act and you violated that same Truth in Lending Act provision

1	in our rules, the rules are very specific and there's a
2	number of them, so it would be that same rule was again
3	violated.
4	MR. RODRIGUEZ: Question. The notice of
5	opportunity to cure, is that each and every violation or
6	once?
7	MR. HARBESON: For each rule. In other words,
8	if you violated
9	MR. RODRIGUEZ: Let's say I violated Rule 1
10	today.
11	MR. HARBESON: You would be issued a notice
12	that said this was the violation and you are provided an
13	opportunity to cure.
14	MR. RODRIGUEZ: And six months later the same
15	rule was violated.
16	MR. HARBESON: If Rule 1 was again violated, we
17	would then initiate a disciplinary action or could
18	initiate a disciplinary action.
19	MR. RODRIGUEZ: So notice to cure is only the
20	first time.
21	MR. HARBESON: Yes, sir, on the same rule.
22	MR. RODRIGUEZ: And that's what it is now.
23	MR. HARBESON: That is what it is now. In
24	practice, in almost every other area that's how we
25	operate, that we will issue a warning I think we

1	discussed this at an earlier meeting we would issue a
2	warning, try to get the dealer into compliance, and then
3	would take a disciplinary action on the second or third
4	time.
5	MR. RODRIGUEZ: Move we approve it, sir.
6	MS. JOHNSON: I'll second.
7	MR. VANDERGRIFF: Motion to approve from
8	Director Rodriguez, a second from Director Johnson. All
9	those in favor please raise your right hand.
10	(A show of hands.)
11	MR. VANDERGRIFF: All those opposed?
12	(A show of hands.)
13	MR. VANDERGRIFF: Motion carries five to one
14	with Director Rodriguez voting against I'm sorry
15	Palacios. Why did I say Rodriguez? I apologize.
16	Rodriguez made the motion. And then Director Rush and
17	Walker are absent, as we've noted all along.
18	Thank you very much, Mr. Harbeson.
19	Mr. Elliston, you're up next.
20	MR. ELLISTON: Mr. Chairman, members, for the
21	record, my name is Randy Elliston. I'm the director of
22	the Vehicle Titles and Registration Division for the
23	agency.
24	You have before you today for final adoption a

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new Subchapter G to Chapter 217. The new subchapter is

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necessary to comply with the requirements of House Bill 890 of the 82nd Legislature, Regular Session 2011 which requires the department to set standards for an initial inspection of street rod and custom vehicles. The new subchapter requires an owner to provide proof of a safety inspection to the department on initial registration including registration at the time of title transfer.

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The applicant must provide proof that a safety inspection was performed by an Automotive Service Excellence technician with valid certification as a certified master automotive and light truck technician. The inspection must certify that the vehicle is structurally stable, meets the necessary conditions to be operated safely on the roadway, and is equipped and operational with all equipment required for the year the vehicle was manufactured or resembles.

One comment was received from Specialty

Equipment Market Association, or SEMA, that stated that
the department's requirement for inspections to be
performed by an ASE technician with valid certification as
a certified master automobile and light truck technician
is excessive and unnecessary because a vehicle must be
inspected upon title transfer. The department requires
the higher standards because it is possible that a vehicle
may only be inspected once but be driven on the roadway

for decades if title is never transferred.

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enough ASE technicians available, however, we have researched that and determined that there are over 5,000 ASE master mechanics in Texas which is a 16-to-1 ratio for street rod and custom vehicles in comparison to the 1,962-to-1 ratio of motor vehicles to DPS inspections for the 21 million motor vehicles being inspected by DPS. SEMA submitted suggested change that would only apply to vehicles that no longer replicate or resemble any known manufactured vehicle, however, the statute contains definitions requiring that the new safety inspection process must include vehicles that resemble.

What the legislation basically did to us was they required us, the DMV, to come up with an inspection program for these two vehicles and it specifically exempts them from the DPS annual inspection. We met with DPS, tried to figure a way could we incorporate their inspection process, however, because these vehicles are altered and manufactured in many different ways, or put together or assembled in a lot of different ways, we felt like it was important for the motoring public to ensure that someone with some level of expertise looked at the vehicle to see is it structurally sound to be operated on the highway, because both of these classes of vehicles can

be used for regular use. It exempts them from the regular inspection process so they may only get inspected one time.

So that's why we ask that these rules be put in place, to ensure that the vehicles are at least looked at by someone who has some knowledge of whether or not the vehicle would be structurally sound. And we ask that you approve the rules as presented.

MS. JOHNSON: So moved.

MR. RODRIGUEZ: Second.

MR. VANDERGRIFF: We have a motion from Director Johnson, second from Director Rodriguez.

MR. INGRAM: I had one question. We had one comment and I saw that comment. Was there additional comments, or just the one?

MR. ELLISTON: That was the only comment that we received was from SEMA, and that's a national group that has car shows and things like that. They had one other little issue about cost because we don't set what the cost of that inspection can be. We talked to ASE mechanics across Texas, we used our 16 regional offices to go out and talk to people. Most of them said this would be like probably an hour's worth of labor, so it could be anywhere from \$35 to \$90 if they did it that way. We believe that there will be an opportunity probably for the

people who do these shows and all that they may do them at that location. But we don't have the mechanism, the bricks and mortar.

And even the DPS inspectors inspect specific things, they inspect headlights, horns, they don't look necessarily at the structural part of the vehicle, and since these are modified, altered, welded-on, those types of things, we felt like it would be incumbent that we got somebody to look at it that says it's roadworthy, because they are available to be used for general road use.

MS. RYAN: Is there infrastructure or a process, there's 5,000 master techs that can do this inspection, will they all inspect the same way and the same thing, and then how will we validate that, is it a sticker?

MR. ELLISTON: We have developed a form for them to have to fill out. We basically took the information that DPS currently does for older vehicles that don't require emissions, or it has to have horns or a turn signal. It's things that would apply to that year model, make of vehicle, or one that in this case could be a newer vehicle but it has been made to resemble a 1947 or something like that. So they will have to fill this out, they have to give us their ASE number which there is a database of those folks, and we can audit them, do some

kind of checks on them to see is this guy really an ASE mechanic or somebody trying to scam the system.

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So it will require them to have this, they will have to turn it in to the tax assessor-collector at the time in which they want their title branded as a replica vehicle to be able to get the license plate. And there are actually two license plates, Street Rod and the other is the Custom Vehicle, it looks just like that, it says Custom Vehicle across the bottom. So that's what they'll be trying to get. And it does exempt them from further inspection in the future until that title is transferred again.

MS. RYAN: So they don't have to do the regular safety inspections.

MR. ELLISTON: They don't have to do the regular safety inspection.

MS. JOHNSON: Mr. Elliston, I have a question.

I have a customer, through no fault of his own, has been kind of caught in a loop in our office in trying to register his street rod. Is he going to fall under these rules now that they're adopted today because we've not completed his process? Or is this more advantageous for him anyway?

MR. ELLISTON: He can have a street rod, he can title it with regular registration, but if he wants a

1 Street Rod license plate then he has to have this inspection to be able to do that, according to the 2 3 statute. 4 MR. BRAY: New rules don't take effect until a certain amount of days after you adopt and we put them in 5 6 the Register again, so probably not. 7 MS. JOHNSON: Probably not. Okay. So we need 8 to get to work. Right? 9 MR. BRAY: Yes, ma'am. Thank you. 10 MS. JOHNSON: Question. Randy, the Texas 11 MR. RODRIGUEZ: silhouette on the license plate is one inch by one inch. 12 Is that right? 13 14 MR. ELLISTON: It has to be a minimum of a 15 half-inch by half-inch. MR. RODRIGUEZ: Half-inch by half-inch. 16 17 MR. ELLISTON: Yes, sir. I believe this one is a one-by-one is what we use on the general issue license 18 plates. 19 20 MR. RODRIGUEZ: And that's required by Texas 21 law on our license plates. 22 MR. ELLISTON: Yes, sir. 23 MR. RODRIGUEZ: Are specialty plates exempt 24 from that? I'm just wondering. And if you don't know the 25 answer.

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1	MR. ELLISTON: Specialty license plates are
2	exempt from having the silhouette in between the plate
3	pattern.
4	MR. RODRIGUEZ: Now, we know that actually?
5	I'm just wondering. It's one of those questions I wanted
6	to check on. I don't need an answer right now. You
7	brought it up and it just kind of reminded me of that.
8	MR. ELLISTON: Yes, sir. It is specifically
9	required by statute.
10	MR. RODRIGUEZ: I know it's required.
11	MR. ELLISTON: And specialty plates are
12	specifically in law exempted from having the silhouette.
13	MR. RODRIGUEZ: And I'm just asking Brett to
14	validate that, that's all I'm asking, at some point. Not
15	right now, later is fine. I just have not seen that
16	anywhere where it says you guys don't have to put that
17	half-inch by half-inch.
18	MR. ELLISTON: Okay. I'll be happy to provide
19	that for you.
20	MR. VANDERGRIFF: Any additional questions?
21	(No response.)
22	MR. VANDERGRIFF: We do have a motion and a
23	second on the floor. All those in favor please raise your
24	right hand in support.

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(A show of hands.)

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MR. VANDERGRIFF: Those opposed?

(No response.)

MR. VANDERGRIFF: The motion carries unanimously.

Mr. Gladney, I believe you're up next on B.

MR. GLADNEY: Yes. Staff is presenting today for your approval for publication the proposed rules under Subchapter G, Warranty Performance Obligations.

Now, the task is mostly reorganization and clarification of the rules, not necessarily a complete rewrite, so a lot of thought went into the proposed rules and responded to situations that we were encountering from the parties in Lemon Law cases and in warranty performance cases under 2301.204. So while you see a lot of repeals of current rules, I believe it's five repeals, that was more to relieve the confusion over the modifications that we were making to the current rules, and as we went along we found ourselves shifting subsections, and when we started seeing so many cross-throughs and new items in the particular subsections, it was just simpler to just simply repeal those particular rule sections.

Now, we also sought to reorganize these particular portions of Subchapter G to simplify the complaint process and to clarify the responsibilities of the parties in these cases and to make the final order

content more efficient, we could get the orders out a lot quicker, and there would be a lot less confusion among the parties that we were seeing in a lot of the 2301.604 cases.

Now, the proposed changes were mainly brought about to reflect House Bill 2017 and some of the changes involved the expanded definition of an owner to include military service members who may have purchased new vehicles outside of the state, they would have Lemon Law protection under the new rules. We added in some definitions to clarify what replacement vehicle obligations were on the part of the manufacturers.

We expanded delegation of the final order authority under 204 and 604 cases to other employees in the agency, and modifications to reflect the two final order authorities in these cases because in 204 cases, of course, the board has the final order authority and in 604 cases it would be the Motor Vehicle Division director. So we found in some aspects, some portions of the rules that that was getting kind of mixed up so we wanted to clarify that as well.

And we also sought to simplify the final order options in replacement cases to allow some more flexibility so if we had a replacement case in which a comparable motor vehicle could not be reasonably found by

1	the manufacturer, then the case could morph into a
2	repurchase case very easily and that would alleviate any
3	kind of confusion or delay in the final order, so we
4	included some changes in the rules to address that
5	situation.
6	We distributed the proposed rules to
7	approximately 35 stakeholders for input and we received no
8	negative responses whatsoever. It seemed like the
9	response was quite positive, and we found it just to be a
10	good partnership between the industry and staff in
11	creating these rules. And we're asking for your approval
12	for publication of the these proposed rules.
13	MR. VANDERGRIFF: Do we have a motion?
14	MR. RODRIGUEZ: So moved, Mr. Chairman.
15	MR. VANDERGRIFF: Motion from Director
16	Rodriguez. Do we have a second?
17	MS. RYAN: Second.
18	MR. VANDERGRIFF: Second from Vice Chair Ryan.
19	Any discussion?
20	(No response.)
21	MR. VANDERGRIFF: Seeing none, please raise
22	your right hand in support.
23	(A show of hands.)
24	MR. VANDERGRIFF: Motion carries unanimously.
25	MR. GLADNEY: Again, that's all I have.

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MR. VANDERGRIFF: Thank you very much.

We now moved into item number 6 on the agenda, and the first item there is 6.A, and that's the approval of the minutes from our January 4, 2012 Board Workshop. I need to make sure I cover this specifically.

As you know, I have specific language before we address them and I'll ask for your comments on the minutes. This is the first meeting since the January 4, 2012 January Board Workshop Meeting, and a governmental body must either keep minutes or make a tape recording of every open meeting.

The January 4 meeting was not recorded. The minutes must state the subject of each deliberation and indicate every action taken. No action, of course, was taken at the meeting. The minutes are open to the public for inspection and copying.

I would pleased to entertain a motion by a member of the board for approval of the minutes, but of course, I also will take any suggestions or corrections to the minutes if you have any of those that you'd like to suggest. And I will say I read these through and found them to be a reasonable, accurate summary of what occurred during the course of the meeting.

MR. RODRIGUEZ: So moved, Mr. Chairman.

MR. VANDERGRIFF: Motion from Director

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1 Rodriguez. Do I have a second? 2. MS. RYAN: Second. MR. VANDERGRIFF: Second from Vice Chair Ryan. 3 4 All those in favor please raise your right hand in support of the motion. 5 (A show of hands.) 6 MR. VANDERGRIFF: Motion carries unanimously. 7 8 Did you have a question? MR. BRAY: I would like to get rid of a 9 homework assignment, if I may. 10 MR. VANDERGRIFF: Okay. 11 MR. BRAY: To confirm Mr. Elliston's 12 representations, it's in Transportation Code 504.005(c). 13 14 That same section is where the requirement for the half-15 inch by half-inch Texas silhouette is, but it expressly authorizes that we don't have to put that on the specialty 16 17 plates. I say it that way, I'm not actually looking at 18 the true statutory language, I'm looking at a summary of it, but it appears that it's a may. In other words, the 19 20 department may omit it, and I quess we have omitted it; 21 I'm not 100 percent sure that we have to omit it. 22 MR. RODRIGUEZ: Thank you, Brett. 23 MR. VANDERGRIFF: Thank you very much. 24 The next item is 6.B, and we should have 25 addressed this one earlier when we were talking about the

strategic plan, but this would be requested for through the strategic plan performance measures that the executive director gave to us on the strategic plan earlier.

Again, this will come back to us several times. The LBB will be discussing that with Linda and her staff, so it's not like we aren't going to see this again, and at that point could make some changes if necessary, either by direction from the LBB or Linda and her staff or certainly comments from the board. But she's looking for some action from us so that she can feel comfortable moving forward.

MS. FLORES: And it's a specific performance measure that you're authorizing me to go forward and create the detail I need to engage the Legislative Budget Board. If you have any kind of changes in definition or if you're adding or taking away, they have a process and the deadline for us to submit these is March. So just for your information, currently the agency has approximately five performance measures that we report to the Legislative Budget Board. We'd be going from five to 17 as proposed. So again, it's just the authority for me to go ahead and create those additional items and compile the necessary detail that they're going to want to see for these performance measures.

MR. VANDERGRIFF: Do we have a motion?

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1	MR. INGRAM: They're the 17 that you already
2	talked about at the beginning. Right?
3	MS. FLORES: Correct.
4	MR. VANDERGRIFF: These are not the board ones.
5	MR. INGRAM: Right. I'm trying to figure out,
6	I just want to make sure I understand.
7	MS. RYAN: It's in the book.
8	MR. RODRIGUEZ: Tab 2, I think it is.
9	MS. RYAN: So we're approving the draft to move
10	forward and the final to be changed as needed and we'd
11	approve any changes. Will there be another draft that
12	will come back that we'll see to approve?
13	MS. FLORES: Yes.
14	MR. INGRAM: What threw me that, and it's just
15	coincidence, there's 17 versus 17.
16	MS. FLORES: Oh, that's true. Interesting.
17	MR. VANDERGRIFF: That was a coincidence.
18	MS. FLORES: That's a coincidence.
19	MS. RYAN: That's your lucky number for the
20	week.
21	MR. VANDERGRIFF: So we have a motion and a
22	second?
23	MS. JOHNSON: So moved to approve.
24	MS. RYAN: I don't think we had one.
25	MS. JOHNSON: I don't think we had one.

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MR. VANDERGRIFF: I apologize, I didn't make that very clear. We needed a motion, we have that from Director Johnson. Do we have a second?

R. RODRIGUEZ: Second.

MR. VANDERGRIFF: Director Rodriguez has seconded the motion. Please raise your right hand in support of the motion.

(A show of hands.)

MR. VANDERGRIFF: Motion carries unanimously.

I'm going to skip item C just for a couple of

minutes and go to the advisory committee updates.

Actually, I want to call your attention to the tab that is after the speciality license plates, and this is to the committee assignments, the advisory committees. I believe I've talked to most everybody about this, just trying to make sure we line these up now that we're obviously moving this direction from an operational perspective.

We have three standing committees at this point which the Administrative Committee is primarily dealing with what we've been dealing with earlier in the agency operating plan and the vice chair is chairing that, along with Director Rodriguez is on it. I'm assuming that we'll have a public member at some point to replace Cliff Butler, and so I just have a placeholder here on this particular one.

Director Palacios has agreed to chair the

Finance and Audit Committee. We can do a lot of things

electronically and by telephone and so he has agreed to do

that, and Mr. Ingram and Mr. Walker have been on that

committee and will remain, hopefully. I'm looking at Mr.

Ingram; I did not clear that with him for sure but I may

put him on the spot here.

And then the Projects and Operations Committee,
Mr. Walker has been chairing that and would remain, and
Ms. Johnson and Mr. Rush have been on that committee and
would remain there as well.

We do have the advisory committees, we have one for Motor Vehicles that Mr. Ingram is responsible for and they just recently finished — he is also chairing an advisory committee on Motor Vehicle License but they, I was going to say, have done a bang-up job there, and he also filled in, if you will, when we did not have a dealer member on the Senate Bill 529 Advisory Committee. There may be some additional work done there, we don't know that yet for sure. Mr. Palacios would keep that moving and organized.

The Vehicle Titles and Registration, the so-called Standards Committee, that is just being formed and later we'll get into some updates. Director Johnson and Mr. Elliston can talk about that.

And then last, but certainly not least, is the Oversized/Overweight Advisory Committee that Mr. Walker is certainly the leading weight and authority on that particular committee as well.

But I wanted to make sure that was clear that we have that, and with that, there's no need to approve that per se but we'll have some resolution with respect to the advisory committees as we go forward. I'm looking at Mr. Bray, I think we do have to have some of those, but we're going to do that at our next meeting?

MR. BRAY: We'll do that when you say to do it.

MR. VANDERGRIFF: Okay. All right. I'm not sure if we're prepared on the committee on the Vehicle Titles and Registration, do we have a resolution on that one?

MR. BRAY: We do not.

MR. VANDERGRIFF: Okay. So we'll get that at our next meeting.

MR. BRAY: This will require some work-up because you'll need to appoint members to the committee.

MR. VANDERGRIFF: Right. We do have those members, we've been putting those together. I say that, I don't know the exact names of them, I know a few of them, but Mr. Elliston and Ms. Johnson can handle that. And some of these others have already been stood up by motion

1 from this board before, but we'll probably just re-clarify that in a formal action next month. 2 Is that okay with the board? Any questions? 3 4 Thank you for not backing out on any of this, appreciate that. 5 6 MS. RYAN: Oh, was that the opportunity to do 7 it? 8 MR. VANDERGRIFF: Yes. Notice I didn't give you any motion. 9 MS. JOHNSON: Mr. Chairman, it kind of looks 10 like the vice chair needs a little bit more to do, so as 11 you're trying to assign some other responsibilities here, 12 perhaps you can fill her in. 13 14 MS. RYAN: On behalf of her, she's plenty busy. 15 (General laughter.) MR. VANDERGRIFF: Going back to item 6.C, this 16 17 item is not going to be taken up, the specialty license 18 plates is not going to be taken up at this board meeting. We'll bring that back. I do want to note that we 19 20 certainly continue to have some questions about the 21 overall breadth of the program, so I am going to ask Mr. Walker on the Projects and Operations Committee to take up 22 23 a couple of matters that have come to our attention, and

the board will bring that back in April to discuss, so

we'll have those and we'll bring the plates back as well

24

25

1	at that point.
2	MS. RYAN: Can I ask a question on that tab?
3	MR. VANDERGRIFF: Sure.
4	MS. RYAN: The document behind it is relevant
5	to?
6	MS. JOHNSON: I think that just got stuck in
7	there.
8	MS. RYAN: It's not relevant to that, is it? I
9	don't know, that's why I'm asking.
10	MR. VANDERGRIFF: It doesn't appear to be. It
11	does tend to note the importance of Oversized/Overweight
12	vehicles I'm trying to take Mr. Rodriguez's lead
13	there that seem to be actually one thing that seemed to
14	slip in something.
15	And with that, I would ask for now on item
16	6.D
17	MR. BRAY: Actually, what this is will relate
18	to what you're going to talk about at the end of your
19	reports. This is the publication that you're going to
20	want to report to the rest of the board.
21	MR. VANDERGRIFF: Okay. This is the one that
22	we, in turn I'll let you explain the detail, Mr. Bray.
23	MR. BRAY: Do you want me to do it now?
24	MR. VANDERGRIFF: Yes, go ahead. This is one
25	we agreed to just go ahead and publish and bring it back

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to the board for approval.

2.

MR. BRAY: It is, and your board member that should have been here to back me up isn't here, but essentially, on occasion when there are exigent circumstances, we'll publish a proposed rule and then bring it to you for adoption in the normal course of the Administrative Procedures Act, and this is one of those times.

The last time we did it I don't think the board actually got to see it until it was presented for adoption, and so today it's here just to let you know we've conferred with both the chair and Mr. Walker, the industry rep on this particular one, that we did publish this. That's basically what the report is, is that it's been published and it's out there for public comment.

Oversized/Overweight transferred over in January, there are two rules that deal with the same thing, enforcement penalties, and they conflict somewhat, and they did before. As a matter of fact, you might recall that the last time we visited this subject was a year and a half ago when the board, was asked to publish some amendments to our existing Motor Carrier enforcement rule, and you all did pass that. TxDOT did not, they didn't do anything, so we inherited this rule, it's 219.121, or its

predecessor.

And so you will see an entire group of rules that's being reworked and amended and will be presented to you in relation to the transfer of the Oversized/Overweight program, but this particular one needs work right now for Mr. Harbeson to have uniformity. And actually, he has uniformity in practice, we want to make the rules catch up with what the practice is. So that's why it's published so soon and that's why you won't see it until it's presented to you for adoption, we hope.

Is that fair?

MR. VANDERGRIFF: Perfect.

Any questions?

(No response.)

MR. VANDERGRIFF: Thank you very much for that.

I would ask, we have it noted here, and it was a successful committee from all that I have certainly heard, but I'd like an update on the advisory committee regarding the motor vehicle licensing process.

Mr. Ingram or Mr. Harbeson, do you want to tell us about that, where that is at this point?

MR. INGRAM: Well, the status is that we've met for probably the last meeting before we present to the board our recommendations, so being a consensus board, we managed to get through quite a few of the issues and we

looked at the entire set of rules. The only thing that we were not able to resolve was the record retention at the point of sale dealership, we're still looking at that and we didn't want to hold up the entire process for just that one item. Also, the concept of pre-licensing education, while everyone seems to be in favor, it seems to be pretty divided on how that should be happening.

So again, we didn't want to hold the whole package up for those two items. Everything else is being, I guess formatted is the correct word to say, and we should present it at the April board meeting for the board's review and hopefully publish.

And thanks again to Mr. Bray and Mr. Harbeson, and also my fellow board members. It was a very good group.

Laura, do you have anything you want to tack on?

MS. RYAN: No. I thought the process and the group was exceptional. Really good feedback, really good dialogue, and I think really kind of set the tone for where we were going. So well-chaired.

MR. INGRAM: Thank you.

MR. VANDERGRIFF: With that, I will note just for the public that we will have an executive session coming later, but do want to point out that we are still

on target with our search for an executive director.

2.

We would anticipate, based on the target we have now, that by our May board meeting we would hopefully have that executive director onboard here, but that process seems to be moving forward successfully and have had a great deal of interest from in state and out of state in it, so we're pleased with that.

From my perspective, we did have some stakeholder meetings during the course, a couple of tax assessor-collectors, independent dealers. I know Mr. Harbeson has been up with a couple there in motor carrier. I think the outreach that the board, and more importantly, the staff continues to do with the industry is paying off very well. People are very pleased with what they perceive to be as an open, transparent process, and one of inclusion and education. So my hat's off to all the staff for doing that.

And we should start up, we haven't seen anything yet, to my knowledge, from House Transportation or Senate Transportation and Homeland Security, but would not be surprised that we see some agenda item coming up for some of the various interim study matters that will affect us, and I'm sure staff will keep the board apprised of those. And in addition, I know by summer we will start the legislative process that we successfully did two years

ago going into the '11 session, in 2010 did that, so we'll start that beginning with appropriate members of the board and the staff working on the strategy there.

And then beyond that, I think that's really all. Everything else we've covered in one form or fashion to be given notice of.

So next, Linda, I think you need to go through the monthly financial report.

MS. FLORES: Yes, sir.

In your notebook you've got the month ending

January 31 financial summary. We've identified a couple

of new things. Because of the transfer of the

Oversized/Overweight Division, we've now incorporated them

into our operating budget, as well as our revenue

collection. We did collect \$104.4 million in revenue and

we spent \$8.3 million in expenditures.

And based on a question about interest, I did quickly go back to see what we spent. In January we spent \$2 in interest, so that's good thing for the agency.

Based on a request regarding more detail with regards to our capital projects, if you'll turn to page 14 of the document, we have broken out all of our appropriated capital by specific division, and you'll see the budget broken out for each of those line items in our appropriations bill pattern, as well as what we've spent.

You'll notice a big dollar amount for the automation project. I do expect more expenditures to occur as we move forward with issuing that request for proposal which is anticipated to be this month. And I know Dawn has a written update for all of these projects.

The only other thing I really need to point out is for the My Plates trend analysis, we have been reviewing more current information regarding renewals, and when we did that we changed our projection for that specific contract. We're projected that they would generate approximately \$34 million by the end of the contract period of October 2014; we have adjusted that project downward to \$30 million. And we will continue to monitor those trend collections as we move forward, and if I notice there is another change in the forecast I'll make sure to bring that back to the board.

And that concludes the monthly report.

MS. RYAN: I have two quick questions.

MS. FLORES: Yes, ma'am.

MS. RYAN: The automation project is through three divisions, that's just broken up by responsibilities. Right?

MS. FLORES: Correct. The major portion is in this Chief Operating Officer's Division. Executive had approximately a million dollars for project management.

Government and Strategic Communications has two contractors, I believe, who were charged with change management and communications. So that's why you see those three pieces.

MS. RYAN: And then last question. On the technology replacement and upgrades, on page 14 it references \$6.8 million in the budget and on the next page it's at \$12.1-.

MS. FLORES: Yes, ma'am. In 2011 we actually had two years 2010 and 2011, we were able to carry forward those dollars. And that's where the bulk of the expenditure are hitting because it was really appropriation year '11 dollars and we executed that P.O. prior to the appropriations. So we do have another \$6.8 million for FY '12 and I know that administrative services is developing a plan to spend that money because the initial phase of the project did incorporate all of our partners.

MS. HEIKKILA: Right. And for the record, my name is Dawn Heikkila, chief operating officer for the Texas Department of Motor Vehicles.

In addition to the technology upgrade or the county equipment replacement, this budget line item also supports the county tax assessor-collectors in terms of supplies, forms, toner, we have to pay the T-1

connectivity lines out of this line item. A significant portion, as Linda indicated, of the county equipment replacement cost, because of the way that that equipment was procured, we actually get to bill it back against '11. So some of those expenses we get to bill back against a previous period which is good for us.

As we do look forward at some of our improvement initiatives that came out of the BPA, we're looking at opportunities to change or improve the way we connect our county business partners to our network, and that's something that we're going to be looking for in terms of cost savings and better efficiencies and hopefully less downtime. So as the project progresses, we'll have a better idea of how that's going to work out.

Additionally, if the chair is amenable, I'll just push on into the technology.

MR. VANDERGRIFF: Let's actually make sure there's no more further questions on the monthly financial report.

MR. INGRAM: I have one. Would you just clarify the T-1 comment, the comment that we're paying for the T-1. Is that monthly, annually, from here on?

MS. HEIKKILA: It's a monthly cost. It's an infrastructure issue that we've inherited so as we plan the separation strategy which includes telecom, we'll be

looking at ways to reduce those costs, but right now, on average we're paying about \$350,000 a month to provide connectivity between the RTS application and the county business partners. MR. INGRAM: And that's in this budget as well? MS. HEIKKILA: Yes. MR. INGRAM: That's a fairly sizable amount of this money.

MS. HEIKKILA: It is. The second largest consumable supply is probably toner. For every printer we have deployed for our business partners, we provide the toner. About a million dollars a year. Additionally, any maintenance that isn't covered under warranty for the new equipment that's deployed, if we have to have equipment, cabling moves, offices moves, any of that stuff has to come out of this budget as well.

MR. INGRAM: But out of the \$6.8 million, almost \$4 million is going to T-1s.

MS. HEIKKILA: Correct. Which is why we wanted to be very efficient in how we contracted for services to deploy. That's why scheduling is such an issue, anything that causes the schedule to be pushed out causes costs to increase, and those are costs that have to come out of that line item as well.

MR. INGRAM: All right. Thank you.

ON THE RECORD REPORTING (512) 450-0342 MS. HEIKKILA: Do you want me to move on to the update?

MR. VANDERGRIFF: Unless there are any further questions on the financial statement?

(No response.)

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MR. VANDERGRIFF: Okay, please.

MS. HEIKKILA: Okay. You'll notice or you should have noticed there's a paper-clipped report. This is the new and improved automation update, this talks about all the IT initiatives but it kind of puts them in the context of how they fall into the line items. This new format is at the request of Vice Chair Ryan. puts some context around each one of these projects, you know, what is the objective of the project, why are we doing it, what is the benefit we're going to receive. also provides an opportunity to put high level timelines for when we think these activities are going to occur and the time frame that they'll be completed. As these projects unfold, then we have better, tighter timelines, better idea of what the completion forecast looks like, then we'll make adjustments to this time frame.

It's a lot to look at, it's very wordy. I've tried to bold the updated pieces so they kind of jump out at you. Some of the projects, we identified the automation project in three parts, the first part was

KEES. KEES is a project concluded at the end of January; it's now rolled over into a release management project.

We have the business process analysis that was completed at the end of the calendar year. That's what resulted in the future state business requirements, the 19 improvement initiatives, we've also attached the 20th initiative which is addressing the core system. We need to make sure we have a solid foundation and a modernized operating platform to layer these improvement initiatives on top of that.

2.

We have a continued engagement with Gartner to perform the alternatives analysis, looking at these 19 initiatives, determining which of the 19 initiatives require process change only that can be implemented without a technology solution support, which of the 19 initiatives are related to each other, what is the order of operation, what needs to be implemented in what order and how do they fit together. There are several opportunities for improvement that work together. If you don't do one, you can't really implement the other.

Once that alternative analysis is complete,
then we can begin looking at additional procurement
opportunities. The Gartner team is currently working fast
and furious on the first RFP, request for proposal.
That's the first procurement solution to go out the door.

That RFP is on schedule to be completed by the end of March. That means our piece is done and we still have some additional oversight reviews that have to happen. The Department of Information Resources has a quality assurance team that reviews different components of the project and they have to approve that project overall before we can move forward with procurement.

Additionally, once the RFP is completed and the agency staff has signed off and said, Yep, this is what we want, then that piece has to go to the Comptroller's Office for contract review and procurement approval, and it cannot be solicited to the vendor community until we receive those two approvals.

Those approvals add to our timeline somewhat because it's outside our control. There's not a whole lot we can do to affect how quickly we get through those review gates. A perfect example is we very quickly were able to pull together the business case justification and get that in front of the QAT, the quality assurance team. Executive management sponsors and the project team met with the DIR QAT before we ever submitted it, kind of paved the way, this is what's coming, here's what's in the project, you know, what do you want to see and how do you want to see it. We prepared it according to the Texas Project Delivery Framework rules, submitted it, and it was

promptly returned for additional information and clarification.

2.

It was submitted a second time yesterday afternoon to the QAT and has already been kicked at because DIR has decided they want a different format for the workbook that accompanies it, which is a spreadsheet that has probably 14-15 individual pages in it. So what we now have to do is we have to extract the information out of the existing workbook, figure out where it fits and how it fits and put it in the new workbook, and then we can resubmit it a third time.

MR. INGRAM: Isn't that frustrating, all those rejections? I'm so glad we didn't do licensing like that.

(General laughter.)

MS. HEIKKILA: They could take a lesson from Mr. Harbeson. The point being is there are several points in this process where you don't really have control over what's going on, and so we'll keep being responsive to the QAT, we'll give them what they want in the form that they want, and we'll get the project going and keep it going on down the road.

This document also talks about the continued engagement with Gartner. In addition to the alternative analysis is a sourcing strategy, you know, of these initiatives, what's related to what, how is the

application affected in terms of supporting those improvement initiatives and the subsequent procurement effects that will come out as a result of addressing those improvement initiatives. The future state architecture is in development right now. We have, I think, the third workshop is scheduled for March 28. That project is on target to have a future state architecture identified by the middle of April, end of April, sometime in April.

MR. VANDERGRIFF: Is this coming out of the RFI too?

MS. HEIKKILA: The RFI that we did in January, we got an incredible response. I think there was 24-25 responses and they were all pretty much big players. The information from the RFI is still being digested, but it's being used to inform both the RFP process, development of the statement of work, as well as future procurements and looking at the different options available for your future state architecture.

MR. VANDERGRIFF: And helping us to hone in on timelines and cost projections too.

MS. HEIKKILA: Exactly. That was the primary push for the RFI.

Additionally, your future state architecture is going to help map out your separation strategy in terms of

infrastructure from the legacy agency.

2.

MR. VANDERGRIFF: Translated from TxDOT.

MS. HEIKKILA: Right.

So those things are all included in this update. Again, my preference is the update should include only what's new and what happened since the last time you saw it, I don't think you want to keep layering on, at some point we'll end up with "War and Peace." But I will take my direction and feedback from you all if you want additional information or less information or a different type of information.

One thing that's not included in here that will be for the next update and for the April board meeting is the costs against line item. And in preparing that information there's a slight disconnect between what we think we have obligated against the project line items versus what we can show on the budget side that actually has been posted. That could be as simple as we count it when we obligate it, they count it when it liquidates. So rather than give you information that I can't support, I wanted to go back and make sure we knew exactly what we were looking at and what the numbers were, and so that will be included in the April update as well.

MR. INGRAM: You're going to do cost as obligated?

1 MS. HEIKKILA: I'm sorry? MR. INGRAM: Are you going to do cost as 2 obligated? 3 4 MS. HEIKKILA: I'd like to be able to show both if there's a big discrepancy. If it's just a matter of 5 6 the expenditures are there, they just hit the wrong fund 7 or the wrong account and we need to transfer them over and 8 then have them show appropriately, we're going to go ahead and clean that up. But if it is obligated versus 9 expended, then we need to make sure, because when you're 10 planning your projects you really need to know and have a 11 handle on what you've obligated. 12 13 MR. INGRAM: Right. That's why I asked the question. 14 15 MS. HEIKKILA: Because at the end of the day you're going to have to write that check. 16 17 So that's all I have for the IT update. If you 18 have any questions, I'd be happy to take your questions. MS. RYAN: I have maybe an indirect question. 19 20 What happens to the equipment, what do we do with the equipment when it comes back, the old equipment from the 21 22 TACs, the old computers and things like that? 23 MS. HEIKKILA: That has been a most interesting 24 part of this whole project. There are several thoughts on 25 that. We actually are bound by the Comptroller's Office

surplus property rules, so we have to bring it back, we have to take it off of our inventory, we have to advertise it for surplus or salvage for whatever value that the Comptroller's Office feels it has, and then either it gets taken away or it gets recycled at that point.

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MS. RYAN: Taken away or recycled by whom?

The Department of Information MS. HEIKKILA: Resources has a mechanism for doing that, the Comptroller's Office does. There's usually one vendor out there who goes around and picks up everybody's junk, and when I say junk, what we're doing is as we deploy the equipment, the old equipment is picked up from the site -and a lot of these tax assessor-collectors don't have any way to store this equipment and we don't want to create a hardship for them, so we try to remove it within 48 hours of the new equipment being deployed -- we bring it back to Austin, we have a staging area in a warehouse that we're renting. The hard drives are pulled out and they're drilled so there's no chance of any data getting loose or anything like that, and then at that point the inventory records are cleansed, updated. They're updated in our internal inventory system, they're updated at the Comptroller's Office, our system of record, and then the equipment is disposed of. Then generally there's a guy for a dollar will come and take a whole truckload away.

1 MS. RYAN: And there's no way to donate them to schools or to have them used? 2 The systems are so old that they 3 MS. HEIKKILA: 4 really aren't functional, and when we first started offering them for whoever wanted them, nobody wanted them 5 6 because there isn't really anything you can do with them. Although, I will say the monitors 7 MS. JOHNSON: 8 are very useful. I know we asked the gentlemen that were in our office what they were going to do with them because 9 we could have used them. 10 MS. HEIKKILA: We still have to go through the 11 Comptroller's process for disposing of it, but if that's 12 something you wanted to talk offline about, we certainly 13 14 could do that. 15 MS. JOHNSON: Thank you. MR. KOONTZ: Just to add on to that, during the 16 17 state's disposal process, state agencies and other 18 governmental entities are given priority as first option to purchase those pieces of equipment before they're 19 20 offered to the general public, so counties, cities, school districts would actually have first bite at the apple if 21 they were interested in this. 22 23 MS. RYAN: They don't have any money either, 24 though, based on the budgeting. That's why I wondered. 25 MS. JOHNSON: But when you can get a monitor

that would cost you \$100 for a dollar, it's well worth it.

MS. RYAN: I just was curious, I just wasn't sure what we did with it. It seems like some good could be done with them, but I understand the process. Thank you.

MS. HEIKKILA: Any other questions?

MR. VANDERGRIFF: You might mention just for the board's information and the public about Michigan, you went up there.

MS. HEIKKILA: Yes. As part of polling other DMVs, you know, what are their lessons learned in doing remodernization efforts, we made a site visit to the Michigan Department of State and the Department of Technology, Budget and Management up there. And the State of Michigan has recently undergone a similar business process analysis and modernization effort where they've refactored all of their systems, they've done a lot of consolidation in terms of departments. They have some flexibility that we don't, they have a centralized data center but it's run by their own FTEs, as opposed to contractors like we have it here.

The real benefit of the trip was the ability to actually very frankly and honestly talk about what worked well, what didn't work well, what were some of their experiences that maybe they should have put more thought

process into. It was an opportunity to really hear what their lessons learned were, what their pain points were, and make sure that we use that information as we go through our own process and don't step on some of those land mines.

They have a vendor that is doing their project for them. They started out with one vendor, it was acquired by another company which caused some shifts in approach and design, and then it was acquired by yet another company which initially had bid on the project and didn't get the project but ended up with the project through acquisition. So there's some things that you can't plan for, but it was very, very informative.

Randy went, Gary went, the chairman attended,

I'll let them chime in as well, but it was really nice to

know that the process we're going through, even though

it's painstakingly slow, you know, it's not as expeditious

as some of us would like, but we're doing things in the

right order to make sure that we're as effective and

efficient as we can be.

Anybody else want to add anything? Gary?

MR. GORDIER: Only my perspective, just to echo what Dawn has said, it was incredibly invaluable because they were uncharacteristically candid with what was good, bad and ugly about their process, and gave us a lot of

information of how to avoid some land mines that may be out in front of us. It was very valuable from that perspective. Also to look at their technology architecture, of course, that's something I tune in on and focus on, and what's worked well for them and what they're looking at changing and modifying their own processes also. MR. RODRIGUEZ: What is their architecture? MR. GORDIER: They're using a service-oriented architecture, very much like we're going to be doing, a

architecture, very much like we're going to be doing, a lot of virtualization. Most all the servers are all virtualized, very much what is going to be occurring in the State Data Center here, so it's a very modern approach.

MR. RODRIGUEZ: Operating systems?

MR. GORDIER: Operating systems are predominantly Linux and Windows.

MS. HEIKKILA: So even though Michigan is about a third the size of Texas and some of the business decisions they make won't translate over to Texas directly because of scalability issues because we're so much bigger.

But I think one of the things that I found really interesting, without even telling them what our plan was and what our focus was, is that they've got two

databases, a vehicle database and a driver database, and they want these databases to integrate and share data, and in doing that as part of the project, they're taking their vehicle database and having the focus not on the vehicle but the focus on the customer. And that's the one thing that we really want to make sure our database focuses on is have a customer-centric view of the data that we collect and use as opposed to a vehicle-centric.

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So that was kind of interesting to see what some of their challenges were in merging the data and that both sets of data had different business rules because they were being collected and used in different manners. And so that's interesting as you try to combine these things because it affects how these applications collect the data, pull the data, read the data and report the data. So that was a very valuable point that we hadn't actually really thought through, so that was a big benefit, I thought.

MR. VANDERGRIFF: I know you visited with Director Rush and his experience.

MS. HEIKKILA: I did. And some of the lessons learned from the State of Michigan was know when to put the brakes on, take a step back and really reevaluate what you're doing, how you're doing it, why you're doing it, and whether or not you need to do a course correction, and

getting in there not being afraid to actually take those actions. And that is almost verbatim one of the things that Member Rush was very adamant about and his project could have been much more disastrous had he not taken those actions.

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So it was nice to kind of see it from two different perspectives and have a real common thread in the information we were receiving.

(Mr. Koontz left the meeting.)

MR. VANDERGRIFF: Jeremiah's wife is expecting so that might be the call, like any minute. Good luck.

MR. INGRAM: One question about you made the comment that the data is we're hoping to be customer-centric versus vehicle-centric.

MS. HEIKKILA: The way the data is organized.

MR. INGRAM: I don't understand the concept too well so I'm grasping at that. I mean, I understand vehicle-centric because its VIN number, it's really simple. When you have John Johnson and there's a million John Johnsons, I'm not sure how do you do customercentric.

MS. JOHNSON: Can I try and tackle that? Just from the standpoint of I have five vehicles registered in my name, they're all old, but when we get the stickers and you can only go by the plate number and the VIN number,

whereas, if I came in as a customer to a tax office and said I wanted to renew my sticker, if you could call me up by customer, then you could see every vehicle and you might have the opportunity to say, Well, Ms. Johnson or Mr. Ingram, you have another sticker that's going to expire next month, would you like to go ahead and renew that now. And from that standpoint is what I would envision.

MR. BRAY: And you want to add that you're the only Cheryl Johnson with your particular driver's license number or other identifier.

MS. JOHNSON: Absolutely.

MS. HEIKKILA: That's exactly how they were doing it. The data was keyed off of the individual customer's driver's license number and the validated against date of birth.

MR. GORDIER: Of course, one of their challenges is when you have multiple individuals owning the same vehicle which is not uncommon, but those are issues they've wrestled with and figured out. Like I say, it was very informative. They've already taken that approach and figured a lot of those issues out.

MR. INGRAM: Or even entities and trusts and companies.

MR. GORDIER: Right.

MR. INGRAM: Okay.

MR. VANDERGRIFF: Thank you very much.

We do have one item that I didn't mean to skip.

I introduced it but I think that Member Johnson does have some specific information with respect to a very important advisory committee that we're standing up, and that is the standards area for the tax assessor-collectors, and we need to be aware of that.

MS. JOHNSON: Would you like for me to go ahead?

MR. VANDERGRIFF: Please.

MS. JOHNSON: While this is being passed out -- and Mr. Elliston, you can jump in here anytime that you can help -- I met last month with several members of the agency team and it was a tremendous meeting, and we began the process of developing -- getting the process started to develop standards for tax assessor-collectors, and in that meeting we defined certain things, and I put everything into a charter because it seemed appropriate.

So we defined what the scope was, what we were trying to accomplish, and everything that we're doing is driven by House Bill 2357 which gave the agency the authority to establish standards for their county partners. We defined who the members are, and predominantly it will be Ms. Booton and Mr. Elliston.

There will be other agency staff that will be called in as necessary.

And of course, I was present, and Mr. Palacios, he snoozed through his emails yesterday and he won the draw on being the other board member -- so Mr. Ingram, because you were quick on the draw on your email -- you need a Blackberry, he won the seat by default.

(General laughter.)

MS. JOHNSON: In order to make standards, the counties are so very different, we have some tax assessors who are on the frontline and there's three people in the office, including the tax assessor-collector, and then you have other counties like Dallas and Harris County where there's anywhere from 2- to 300 employees and the tax assessor-collector wouldn't even see most of what was going on in that department.

So we decided that in order for the standards to be relevant that we should include geographical areas of the state -- and you can look on the last page of this document and kind of see where the numbers came from -- and then we also wanted to cover the small, medium and large size counties to make sure that everybody was going to be sensitive to the needs of a small county as well as the needs of a large county.

Now, on the map the input, we were asked to go

to the Texas Assessor-Collectors Association president and DMV liaison committee in order to get them to recommend certain members, and so there was one person additional --well, actually, we lost a representative from Victoria County yesterday. I would love to have another member from the south, but I think Travis and Comal will be good, and our board member will be representing far west Texas -- we were not provided any names for that.

Thus far, I've received all positive comments from the tax assessor-collectors and they've tentatively come together and said that a Friday conference call would be workable, so I'll get together with Mr. Elliston and we'll arrange our first conference call, as long as that works with you.

We established a timeline. We're going to hope to have some preliminary standards ready for the TACA conference in June. I do believe that Mr. Elliston is going to use the VTR listserve in order to get some of that process started to start getting people to think about things. And we're going to try and do telephone conferences and webinar remote conferencing so that we don't adversely affect anybody's schedule, as well as agency staff, and use the best resources possible.

The items that we were going to preliminarily cover, Mr. Elliston, you might can define how these were

arrived at.

MR. ELLISTON: What we wanted to start out with, 2357 gave us the authority for the agency to set standards for tax assessor-collectors. What we wanted to do, though, is start at a real high level, try to pick a lot of what we kind of consider low-hanging fruit that we think everybody could probably come together on and have some consensus with. But this is a living document, this thing is going to change as we have meetings and there will be things added to it, there may be some things kicked off it.

But this was kind of a first ditch effort to get some things on paper that we believe will help us have consistency across the state, so if you go into the tax assessor-collector's office in El Paso or if you go to Corpus Christi, you'll have a similar experience. And when I say similar experience, you're going to be charged the same fees, you're going to be required to provide the same documentation, and those sorts of things.

And I talked to a group of tax assessorcollectors yesterday and I gave them an example of we have
a tax assessor-collector's office that if you go in and
you don't have your insurance, Texas sure doesn't pick you
up but you have insurance, you call your agent, they say
I've got the information, I'll fax it right over, the tax

assessor-collector's office says, Okay, for \$10 we'll let you do that. Well, the tax assessor-collector is an agent for DMV, we ought to have leeway in those standards to say these are the things you can charge for, for doing business for this agency.

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So that's kind of how we came up with this list of things. Most of it has to do with items where we've had feedback from around the state and it's very much a high-level starting point. If we're successful, as I'm sure we will be, getting through these things, then we'll start to get down a little further and start to incorporate more and more as the committee matures and gets ahold with the group.

So far the tax assessor-collectors have been very supportive, large, medium and small counties, to this effort because most of them say we would like some of that direction. I've kind of equated to some of them, they say, well, you know, my citizens may not like some of that, well, you can blame it on us. It will give you an opportunity to say, Well, the DMV is requiring us to do that now. Even little Mickey Mouse fees like transfer fees and all, some charge, some don't, how do they go about that, so we think that should be consistent across the board.

And so that's how we kind of came up with

starting list, and like I said, it will change and probably look a lot different by the time we get to the end of the process, but it's a good starting point.

MS. JOHNSON: I would appreciate having any input after you review these, and if there's concerns that any of the board members have generally in your experiences -- and I know I will hear from Mr. Walker with regard to a couple of items -- we would really like to have your input and when we go into this that we have a broad scope. I believe that this is an excellent list. I really appreciate everybody that attended that meeting in February, it was really, really a very productive meeting. And my hope is that we'll be able to facilitate this, get this moving very quickly, and get back to the board with possible rule adoption.

But I do believe consistency is going to be critical, uniform consistency will be really beneficial to the customer, and I see this accomplishing several of our strategic planning goals, as well as some of the goals that were identified in the BPA. This going to really go a long way to moving the agency forward with customer service.

MR. VANDERGRIFF: Thank you very much. I think it's a big step.

MR. RODRIGUEZ: Mr. Chairman, I'm just

1 wondering how does this match up with the BPA. MS. HEIKKILA: For the record again, my name is 2 Dawn Heikkila. 3 4 I think there for a lot of the improvement initiatives, some of them are addressing processes and I 5 6 think that's where it fits. MR. RODRIGUEZ: You're saying in the processes 7 8 you label certain things a certain way, and we're labeling certain things a certain way here. I'm just wondering if 9 we have the same labels is what I'm asking. 10 MS. HEIKKILA: Behind those 19 improvement 11 initiatives there's a whole series of use cases that 12 identify specific processes in each program area. 13 have to go in and dig into those use cases to really map 14 15 it one to one, but that's part of kind of bringing some consistency in service delivery across the regional 16 17 operations. And I think Randy can probably speak to that 18 even better. MR. ELLISTON: It's a customer service issue, 19 20 predominantly. A lot of it is going to help tax assessorcollectors but also it's a customer service issue for how 21 the service is delivered across the state. 22 23 MR. VANDERGRIFF: But it does map to the BPA,

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Yes.

MS. HEIKKILA:

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bottom line.

1	MS. JOHNSON: And I appreciate the question,
2	because one of my delays is as soon as I walked away from
3	that meeting I received a full copy of the BPA and I
4	realized that there's a lot in the BPA that will be
5	accomplished as a result of this, and so a lot of my delay
6	was trying to go to the BPA and figure out how this works.
7	That effort really I've not completed, Member Rodriguez,
8	and so I hope to be able to complete that real soon.
9	MR. RODRIGUEZ: At some point in time we're
10	going to have to have the same transaction given the same
11	name, is what I'm saying.
12	MR. VANDERGRIFF: It's like earlier when we
13	talked about industry, does that include stakeholders and
14	customers and how does that work.
15	MS. HEIKKILA: Right. And getting our
16	vernacular straight is part of our growing pains we're

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working on.

MR. VANDERGRIFF: I do have a question, though, for Mr. Bray. Do you think we can take what we have right now with respect to the committee members here -- and I know that your staff would have to appropriately word a resolution -- but can we not take this membership and the board take action to approve these as the members of this advisory committee?

MR. BRAY: I don't see it anywhere on the

1 agenda, so I don't see how the public got notice. Now, we've gone down this road before and I don't know who 2 would complain, but if in the end you're talking about a 3 4 really significant set of rules. MR. VANDERGRIFF: No, not the rules, I'm 5 6 talking about just the committee. 7 MR. BRAY: I understand, but the rules will 8 come out of recommendations from the committee, and therefore, you've got this issue that you're setting it up 9 for potential attack if you don't do it right. 10 recommendation would be that we do it next board meeting. 11 MR. VANDERGRIFF: All right. Fair enough. 12 We'll do that. We're just moving forward but we'll 13 officially do that at the next board meeting. That will 14 be fine. 15 In fact, I was hoping that you were 16 MR. BRAY: 17 going to tell me that this was a TACA special advisory 18 committee, not a DMV special advisory committee, but we'll work with it for next meeting. 19 20 MR. VANDERGRIFF: Okay. Thank you very much. 21 Anything else, Ms. Johnson? MS. JOHNSON: No, sir. 22 23 MR. VANDERGRIFF: Thank you again for taking 24 this on. It's a huge task. 25 MR. ELLISTON: Can I ask one question?

doesn't preclude us from moving forward, though. Correct?

I mean, going ahead and working on it?

MR. BRAY: No.

MR. VANDERGRIFF: With that, I think we've come to the conclusion of the public portion of our agenda. We do have some executive session items that we need to cover. I do not anticipate -- I cannot tell exactly how long we will be in executive session. I don't anticipate it being an extremely long period of time, but I also do not anticipate, for the members of the public sitting in the audience, that we would have any action items coming out of executive session. So I think our only action basically coming out of executive session will be to adjourn at that point.

Anything else from any of the board members?

(No response.)

MR. VANDERGRIFF: Seeing none, we will take as long as it takes us to walk upstairs, about a five-minute break, and then go into executive session. We're going to go into executive session.

The time is now 3:45 p.m. on March 2, 2012 and we will go into executive session in approximately five minutes under Section 551.071 and 551.074 of the Texas Government Code. We're in recess and we're about to go into executive session.

1	(Whereupon, at 3:51 p.m., the meeting was
2	recessed, to reconvene this same day, Wednesday, March 7,
3	2012, following conclusion of the executive session.)
4	MR. VANDERGRIFF: It is now approximately 4:37
5	p.m. on March 7, 2012, and the Board of the Texas
6	Department of Motor Vehicles is now in open session. We
7	want to note that no action was taken in closed session.
8	We have no further business on our agenda, and
9	I would be pleased to entertain a motion to adjourn
10	MR. RODRIGUEZ: So moved, Mr. Chairman.
11	MS. RYAN: Second.
12	MR. VANDERGRIFF: We have a motion from Member
13	Rodriguez, and we have a second from Vice Chair Ryan.
14	Please raise your right hand in support.
15	(A show of hands.)
16	MR. VANDERGRIFF: Motion passes unanimously.
17	Thank you. We are adjourned.
18	(Whereupon, at 4:38 p.m., the meeting was
19	concluded.)