

TEXAS DEPARTMENT OF MOTOR VEHICLES

BOARD MEETING

Friday,  
July 25, 2014

Lone Star Room  
Building 1  
4000 Jackson Avenue  
Austin, Texas

BOARD MEMBERS:

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

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P R O C E E D I N G S

1  
2 MR. WALKER: Good morning. My name is Johnny  
3 Walker. I am pleased to open the Board Meeting of the  
4 Texas Department of Motor Vehicles. It is now 8:06. I'm  
5 now calling the Board Meeting of July 25, 2014 to order.

6 I want to make a note for the record that the  
7 public notice of this meeting, containing all items on the  
8 agenda, was filed with the Office of Secretary of State on  
9 July 16, 2014.

10 Before we begin today's meeting, would you  
11 please place all your cell phones or any other  
12 communication mobile devices into the silent mode.

13 If you would like to comment before the board  
14 today, please fill out a yellow sheet back here in the  
15 corner. I think that they're still available back there  
16 if you want to do that. If it is not an agenda item, we  
17 will take your comments during the public portion for the  
18 meeting.

19 Now I'd like to move to take a roll call of the  
20 board members. Board Member Barnwell?

21 MR. BARNWELL: Present.

22 MR. WALKER: Board Member Caraway?

23 MS. CARAWAY: Present.

24 MR. WALKER: Board Member Ingram?

25 MR. INGRAM: Present.

1 MR. WALKER: Board Member Palacios?

2 MR. PALACIOS: Here.

3 MR. WALKER: Board Member Rush?

4 MR. RUSH: Here.

5 MR. WALKER: Board Member Slovacek?

6 MR. SLOVACEK: Here.

7 MR. WALKER: Let the record reflect that I,  
8 Johnny Walker, am here also. We have a quorum. Let the  
9 record also reflect that Members Ryan and Rodriguez are  
10 not present today.

11 Let's go to public comments. We have Carrie  
12 Rupprath.

13 MR. DUNCAN: Actually, Mr. Chairman, she signed  
14 up to speak on an agenda item that's later one of the  
15 rules, on the concrete.

16 MR. WALKER: So you want to talk during the  
17 item when it comes up, Carrie? Okay.

18 So I know that we have a lot people here today  
19 and I'd like to make a comment before we get started is  
20 that there's a lot of tax assessors here and some deputies  
21 with the tax assessor-collectors' offices. We appreciate  
22 you being here today. We have pulled the particular item  
23 that was of interest to you off the agenda that was  
24 intended to be on this agenda after we had posted for  
25 public comment. I'm not sure exactly, but at the last

1 count I think we had about 150 comments that came in on  
2 the particular rule item that we were putting in there,  
3 and due to that fact we thought that it would be prudent  
4 for the board to take and to reevaluate and re-look at  
5 that program and to listen to the comments that some of  
6 the public has made, some of the tax assessors have  
7 made -- I know, John, you have made one of the comments to  
8 the general rules and so forth -- and so we want to take a  
9 closer look at that.

10 The board is very open-minded, we want to do  
11 what is right, and so how we are where we are at today is  
12 due to, I think it's the 83rd Legislative Session -- I  
13 can't get all the numbers right -- but the last  
14 legislative session, the legislators passed a rule that  
15 instructed the Department of Motor Vehicle Board to look  
16 at the rules and rewrite the rules on deputies and on  
17 assistant deputies and on the duties and functions and the  
18 costs associated with the fees associated with the license  
19 plates and due to the title services and so forth.

20 So what is happening right now is that the  
21 agency has requested that a study be done by the Texas  
22 Transportation Institute out of College Station -- a good  
23 reputable organization -- to do a study. It's not  
24 something that we anticipate that can be done in a short  
25 period of time. They've had this now for about six

1 months, and we anticipate some answers from them probably  
2 around November. So when we get that information we will  
3 analyze that information. I would anticipate sometime  
4 shortly thereafter that the board will present some fees  
5 and make some proposals on what we're going to set these  
6 fees at. I do not anticipate that the particular  
7 rulemaking item will be back on the agenda until that  
8 point.

9 With that said, I know that, John, you came all  
10 the way from Dallas up there, it's a long drive, and El  
11 Paso, I think the tax assessor is here from there. We  
12 can't get into a debate or whatever, but we can listen as  
13 a board today, and we would more than welcome any kind of  
14 comments that you'd like to make about this stuff so that  
15 the board is aware of what's coming up, if you'd like to  
16 do that, and that's why we have a public comment section.

17 If you don't want to, I'm not trying to ask you to come  
18 up where and stand in front of us, but I just want you to  
19 know that you are welcome, any of you that have come a  
20 long way, to speak to the board because we do want to  
21 listen.

22 John Ames. For those of you that don't know,  
23 John Ames is the tax assessor-collector from Dallas  
24 County. And Mike Sullivan is over here with Harris  
25 County. We've got the two biggest tax assessors in the

1 state, I think.

2 MR. AMES: And thank you for recognizing us  
3 this morning. It was not my intent to make any comments,  
4 but based on what you just said, we just want to make sure  
5 the board understands that this is an important issue to  
6 tax assessor-collectors, and as the president of the  
7 statewide association this year, we've had many tax  
8 assessors that are concerned about this and we understand  
9 that you have that study underway.

10 We would also encourage the board to direct  
11 staff to have a work group where we can meet with the  
12 leadership of the Tax Assessor Association and meet with  
13 the DMV to make sure that all issues are being covered.  
14 That's our biggest concern is to make sure that there's  
15 communication prior to rules being published so that we  
16 can make sure we're all on the same page to avoid these  
17 delays in the future.

18 Thank you very much.

19 MR. WALKER: Thank you. And we will listen to  
20 all your comments and we'll be as open as we can about all  
21 this. We have an open government today and nothing we do  
22 do we try to hide or conceal, so we will let you know all  
23 of that, John. Thank you very much.

24 Mike do you want to make any comments? You  
25 drove a long way.

1 Hey, Frank, how are you doing?

2 MR. ORTIZ: Good morning. My name is Frank  
3 Ortiz. I'm the chief deputy to Tax Assessor-Collector  
4 Victor Flores out of El Paso County. I want to thank you  
5 for allowing us to speak this morning.

6 I just wanted to make sure that the board  
7 really did understand what will happen in case this fee is  
8 not approved for the contracted offices. In El Paso,  
9 Texas we have eleven subcontracted offices that do about  
10 50 to 60 percent of our work. With this being said,  
11 should these contracted offices not be able to continue  
12 doing the business, we will have definite problems with  
13 having to add the staff that will be required to fill the  
14 void of the contracted offices.

15 It would be very much appreciated at this time  
16 if there was an ability to have a temporary fee assigned  
17 so that we can continue to do business in El Paso County  
18 because at this point these businesses are about to go  
19 bankrupt due to the fact that they're not able to charge  
20 but the five dollar convenience fee that they have for  
21 renewals of registrations. So I would ask the board to  
22 consider temporary relief for some of these contracted  
23 offices because, quite honestly, El Paso County will not  
24 be able to sustain the amount of volume of work that would  
25 be coming without these.

1           Again, thank you for your time. If there's any  
2 other issues or questions that you may have for El Paso  
3 County, please feel free to contact us. I'm here at your  
4 disposal. Thank you so much. Have a blessed morning.

5           MR. WALKER: Thank you, Frank.

6           Would anybody else like to address the board at  
7 this time?

8           (No response.)

9           MR. WALKER: I know that I've already gone  
10 through the preamble, I guess, to get this meeting  
11 started, but I would like to make a note -- which I  
12 already have done -- that Marvin Rush is back with us.  
13 Marvin has been out for the last six months and it's not  
14 because Marvin has been traveling and vacationing. Marvin  
15 got hurt last year in -- would it be appropriate to say  
16 that you got hurt in a hunting accident, Marvin?

17           MR. RUSH: Got run over by a hunting truck.

18           MR. WALKER: He was at his ranch deer hunting  
19 last year at the end of deer season and one of the trucks  
20 ran over Marvin, and so he's had a lot of surgery and he  
21 hasn't even been working at his office. I'm not sure why  
22 Marvin works at his age; I hope that by half that time I  
23 don't have to work. Some people just love to work; I'm  
24 looking forward to the day I can retire and turn it over  
25 to my sons.

1           With that said, let's move on to our executive  
2 director and let's ask her to give her report today.

3           MS. BREWSTER: Thank you, Mr. Chairman, members  
4 of the board. For the record, my name is Whitney  
5 Brewster, executive director.

6           I just wanted to give the board a brief update  
7 on some of the activities within the agency that have  
8 occurred since the last board meeting. I know that there  
9 are a number of items to get to on the agenda, so I'll  
10 keep my comments brief.

11           I first wanted to discuss the issues of  
12 performance measures and wanted to let the board know, as  
13 well as members of the public, that the agency is working  
14 with the Projects and Operations Committee on updating the  
15 agency's key performance indicators. If you'll recall,  
16 the board adopted key performance indicators in April of  
17 2012 for the agency, and in December of 2013 the agency  
18 embarked on the initiative to update those performance  
19 indicators to essentially include all of the agency's  
20 functions that were not covered in the original key  
21 performance indicators, as well as develop additional  
22 items for measurement and to remove those items that we  
23 are consistently hitting at 100 percent. So this is just  
24 an update to let you know that we are working with the  
25 Projects and Operations Committee and we would hope that

1 we could bring those key performance indicators before the  
2 full board in the September meeting for consideration.

3           The next item, legislative hearings. We have  
4 had two legislative hearings since the board last  
5 convened. On June 23 I testified in front of the Senate  
6 Transportation Committee just to give a general update on  
7 agency activities. My testimony covered matters such as  
8 the TxDMV Fund, the proposed deputy rules, singles  
9 sticker, the new My Plates contract, and department  
10 facility issues that we're experiencing and what we would  
11 like to see in the upcoming legislative session, and gave  
12 an update on overall projects like the National Motor  
13 Vehicle Title Information System, WebDealer, and RTS  
14 refactoring.

15           We received very positive feedback from members  
16 of the committee about how we implemented the new hot rod  
17 and oversize/overweight permitting issues from last  
18 session. There were really no questions about the single  
19 sticker initiative, however, there was a comment that the  
20 implementation date of March 1, 2015 fell right during the  
21 legislative session, so the legislators would likely be  
22 hearing feedback from constituents. But we responded that  
23 we're doing everything that we can to ensure a smooth  
24 transition to this new process.

25           Also, on June 24 I testified in front of the

1 Senate Transportation Select Committee of Transportation  
2 Funding, Finance and Expenditures, to just discuss matters  
3 relating to registration fee revenues. I explained the  
4 current fee structure, the portions of registration  
5 revenues retained by the counties and how counties handled  
6 those revenues, total registrations and related revenue,  
7 and again talked about the TxDMV Fund. What was  
8 interesting in both committees, there were comments about  
9 the need to correct the error that occurred last session  
10 when the TxDMV Fund was essentially abolished by HB 6, the  
11 funds consolidation bill, and there was interest in  
12 revisiting that this upcoming legislative session.

13 Mr. Chairman, may I move on on the agenda?

14 MR. WALKER: Yes.

15 MS. BREWSTER: The Houston property. As this  
16 board is aware, we are in the process of a move from the  
17 existing space to the new Houston Regional Service Center  
18 at Governors Circle. We have been meeting with Texas  
19 Facilities Commission representative, John Conant, to  
20 discuss our established deadlines. We are looking at a  
21 move out date of October 24 and a move in date of October  
22 26. Actually, we'll start moving out on the 24th with the  
23 intent of opening the doors on October 26 so that we will  
24 not have any office closure so that we can continue to  
25 service the public.

1 I think it's important to note that the  
2 schedule includes requesting building permits no later  
3 than August 1. There is a risk that the building permit  
4 process may impede the commencement of work needed in the  
5 building. To mitigate this, the owner of the property has  
6 indicated that he will enlist someone to assist with the  
7 permitting process to usher that through, but I did want  
8 to let this board know that there is some risk associated  
9 with this because of how long it takes for permits to be  
10 obtained.

11 We have already taken steps to clear the second  
12 floor of the Houston building to facilitate early cleanup,  
13 and the second floor has our enforcement folks in that  
14 space. We will relocate those folks to the La Marque  
15 office starting October 10 so that we can start moving  
16 furniture and items out at that time. We're also  
17 surplusizing any unused equipment to speed up cleanup. So  
18 again, I just wanted to let the board know that the  
19 schedule is very tight. We are having ongoing meetings to  
20 ensure that we are meeting those deadlines, and I'm happy  
21 to entertain any questions that the board has on that.

22 MR. WALKER: I have, I guess, two comments and  
23 one question. How long did they tell us it's going to  
24 take between applying for this permit until they think  
25 that we will have a permit so that they can start the

1 build-out of the building?

2 MS. BREWSTER: It is based on a two-week  
3 turnaround which is very aggressive. We have also looked  
4 at fast tracking partial permits to allow some selected  
5 work to commence ahead of schedule. But that's what we're  
6 looking at.

7 MR. WALKER: Mr. Sullivan, do you have any  
8 friends down there?

9 MR. SULLIVAN: (Speaking from audience.)  
10 Former city council member.

11 MR. WALKER: I figured you should have some  
12 connections at the permit office to help us get the  
13 process rolling a little faster.

14 And I believe, if I'm not mistaken, they can  
15 get what's called an expedited permit. Is that what  
16 they're going to get? You pay extra to get it run through  
17 the process quicker than going through the short process.

18 MS. BREWSTER: I don't believe that we have had  
19 that specific discussion with the Texas Facilities  
20 Commission or the landlord, but we certainly will.

21 MR. WALKER: No, no. It's the City of Houston,  
22 the permit has to go through the City of Houston.

23 MS. BREWSTER: I understand, but what I'm  
24 saying is I don't know if they have looked at that. They  
25 are the ones that are requesting the permit, so we'll have

1 that conversation to see if that's an option.

2 MR. WALKER: And so I guess the more important  
3 question is just let's just say that encounter some more  
4 delays, how many extensions can we get from Mr. Nau, who  
5 owns that building? Do we have any idea there?

6 MR. DUNCAN: David Duncan, the board's general  
7 counsel. I've had those conversations with the general  
8 counsel for Silver Eagle Distributors, Mr. Nau's business,  
9 and it's not promising. I will continue to have  
10 conversations with him and we'll try to get some  
11 extensions, at least try to get the final week of the  
12 current proposed schedule that's been given to us by the  
13 Facilities Commission, but they've made it clear to us  
14 that we're impeding their desire to do demolition on that  
15 property, and if we were not there, it would speed up  
16 their ability to sell the part of the property they want  
17 to sell. So we're in the way of them doing a business  
18 deal that has a set closing date.

19 But I'm cautiously optimistic that they'll at  
20 least consider it since at this point it's only a week,  
21 but beyond that they've made it pretty clear if we ask for  
22 another month, the answer would probably be no.

23 MR. WALKER: So we need to be out of there on  
24 October 24?

25 MS. BREWSTER: Our last day is October 26, and

1 that is after already we've received a month extension.

2 MR. WALKER: And basically that's 90 days from  
3 today, and we don't even have a permit in place in  
4 Houston, so do we have a real good consensus that that's  
5 going to take -- I mean, 90 days is a pretty short build-  
6 out of a building. And what is the contingency plan  
7 should all hell break loose on this deal and not get done?

8 MR. DUNCAN: We are looking at that. Eric and  
9 Linda and her staff are looking at options like trailers  
10 in the parking lot. I know it's not ideal. We're also  
11 going to talk to TFC about whether they might have any  
12 temporary space, and we're also going to look to vendors.

13 There are vendors that will provide disaster recovery  
14 facilities, basically, where if you're a going business  
15 and you have a flood or a fire, there are companies that  
16 maintain office space ready fitted with computers,  
17 servers, internet access, the like. It's very expensive  
18 and it's very time-consuming to get that set up for our  
19 staff because they have to have access to our databases to  
20 do those transactions, and Eric and his staff can't do  
21 that overnight. But we are looking at all those options.

22 MS. BREWSTER: We are also, Mr. Chairman and  
23 Board, looking at prioritizing items that must be done  
24 before move in versus what would be nice to have before  
25 move in, so that although the facility may not be complete

1 or perfect, it is functional.

2 MR. WALKER: At what point do we start  
3 notifying the public that we have moved?

4 MS. BREWSTER: We have actually started to  
5 develop a public outreach campaign. We don't want to get  
6 too far in front of it, yet we don't want to wait too long  
7 either. What we certainly wanted to do was nail down the  
8 actual schedule so that we could give folks a specific  
9 date, which we have just been able to pin down.

10 MR. WALKER: Okay. Thank you.

11 Any other questions?

12 (No response.)

13 MR. WALKER: Okay. Let's move on to your  
14 Enterprise Project.

15 MS. BREWSTER: All right. We have had a couple  
16 of executive team members join the group since the last  
17 board meeting, which I wanted to introduce to the board  
18 and those who are in the audience. The first is Judy  
19 Sandberg. Judy, if you don't mind standing up. Judy  
20 Sandberg is our new Enterprise Project Management Office  
21 director. She has hit the ground running. Judy has  
22 extensive experience with working in Texas health and  
23 human service agencies in various director positions,  
24 business development, information technology and  
25 operations analysis. She spent the last four years as the

1 IT director for the Texas Department of Aging and  
2 Disability Services. And just want to welcome Judy. She  
3 is already proving to us that she's a welcome addition to  
4 the team. So thank you, Judy.

5 I also wanted to inform the group that Edward  
6 Sandoval, our new chief hearings examiner, has joined us  
7 in the Office of Administrative Hearings. Edward joins us  
8 from the Texas Workforce Commission where he spent most of  
9 his career, and for the last 16 years he served as the  
10 assistant supervisor of appeals for TWC, managing 20  
11 hearings officers, and before that he was a hearings  
12 officer and appeals referee at the agency. I want to  
13 welcome Edward, and he has really put forth a lot of  
14 effort in helping the agency establish our newest  
15 division, the Office of Administrative Hearings.

16 I also wanted to inform the board that the Auto  
17 Burglary and Theft Prevention Authority director, Charles  
18 Caldwell, resigned, and Ginny Booton has been selected as  
19 the interim director as we fill this position. Ginny is  
20 doing a great job working with staff and making sure that  
21 things are moving along.

22 Just wanted to let you know that the job  
23 posting for the ABTPA director will close on the 1st of  
24 August. The week of August 4, Shelly Mellott, our deputy  
25 executive director, will be reviewing the applications and

1 scheduling the first round of interviews. The week of  
2 August 11, Ginny, Shelly and I will conduct the first  
3 round of interviews, and the week of August 18 we will  
4 then conduct a second round of interviews which would  
5 include some ABTPA Board members in the process.

6 So with that, Mr. Chairman, that concludes the  
7 EPMO, chief hearings examiner and the ABTPA updates.

8 The final item on my report is in regards to  
9 the operation plans. Each of the divisions have been busy  
10 developing operating plans for FY 15. This is the first  
11 time the agency has embarked on this initiative, and this  
12 is, I think, a good way for us to lay out our  
13 accomplishments for FY 14 by division, but also look ahead  
14 into what we want to accomplish for FY 15. And I think  
15 that this will be a good exercise for the entire agency to  
16 just look forward and just see what we want to accomplish  
17 in the upcoming year. This is also consistent with one of  
18 the recommendations of the Azimuth report that was issued  
19 in 2011.

20 And with that, Mr. Chairman, that concludes my  
21 remarks, and I'm happy to answer any questions that board  
22 members have.

23 MR. WALKER: Thank you very much, Whitney.

24 Does anybody have any questions about the  
25 executive director's report?

1 MR. INGRAM: Just one quick question. On the  
2 2015 operational plan, will that be something that will be  
3 distributed to the board at some future time?

4 MS. BREWSTER: Member Ingram, it is an internal  
5 document for the agency's use, but we are certainly happy  
6 to distribute that to board members.

7 MR. INGRAM: Great. Thank you.

8 MS. BREWSTER: You bet.

9 MR. WALKER: Let's move to item 2.B,  
10 legislative reports, Jeremiah Kuntz.

11 MR. KUNTZ: Good morning. Jeremiah Kuntz,  
12 director of Government and Strategic Communications. I'm  
13 going to present a briefing item today, there's no action  
14 required for this item, to give you an update on the  
15 implementation activities related to the 83rd Legislative  
16 Session.

17 To date our implementation activities have  
18 focused on completing the required portions of legislation  
19 that was passed during the 83rd Legislative Session. The  
20 permissive portions of legislation will be handled on an  
21 ongoing basis as needed. There's obviously no  
22 requirements there if it's optional and we'll continue to  
23 implement those as we see fit. To date, 37 bills have  
24 been fully implemented. With your actions today on  
25 rulemaking, you'll also complete three additional bills,

1 and then there's still nine bills that we have that have  
2 some level of activity required for them.

3 HB 2741 which was our omnibus bill has several  
4 small rule changes that still remain. We'll continue to  
5 present those rules in the coming months.

6 We have the single sticker bill. The  
7 activities related to combining the inspection and  
8 registration sticker will continue to progress towards the  
9 deadline of March 1 of 2015. We have an extensive amount  
10 of marketing materials that we are preparing at this  
11 point. We've actually been pretty successful at turning  
12 those around pretty quickly. We should have many of those  
13 marketing materials completed, printed, and ready to be  
14 distributed by September 1, by the beginning of the next  
15 fiscal year.

16 Part of those preparations also include the  
17 creation of a stand-alone website specific to this issue.

18 The firm that we've hired, Texas Creative, which is doing  
19 the entire marketing campaign, is also developing that  
20 website, and so we've got a good rough draft of that  
21 website back from them, the wire frame, if you will, that  
22 lays out how it will look and feel. They will actually  
23 begin working on that very shortly to get that programmed  
24 so that they can meet a deadline of September 1 to deliver  
25 that to us.

1                   Additionally, on the business requirements  
2 side, we continue to draft business requirements for the  
3 IT section to be able to begin programming. We had in  
4 this last week a major development and that was for DPS to  
5 enter into a contract to get a cloud vendor in place so  
6 that their inspection data can be uploaded into the cloud  
7 for us to be able to pull down the data for our purposes  
8 for doing the registration transaction. They are still in  
9 the process of loading the information into that cloud and  
10 they are looking, I believe, towards the end of this month  
11 to have that completed and ready for us to begin  
12 programming against the cloud so that we can have the data  
13 available.

14                   MR. INGRAM: Can I ask one quick question?

15                   MR. KUNTZ: Yes, sir.

16                   MR. INGRAM: Is that going to be a real time  
17 update, or is that going to be like once a day? Do you  
18 have a concept of that yet?

19                   MR. KUNTZ: It is a mix, and when I say that  
20 it's a mix, it depends on the inspection facility  
21 themselves. It has the ability to be real time as far as  
22 the cloud is concerned; the cloud will be real time with  
23 DPS's database. However, the inspection stations  
24 themselves, some of them have a direct link where they are  
25 relaying that information in real time, others have the

1 ability to basically pend up to 25 transactions and then  
2 upload those once they've gotten kind of a batch of 25  
3 into the database. So it's a mix.

4 MR. INGRAM: I understand. Okay, thank you.

5 MR. KUNTZ: So the activities on that continue  
6 to progress pretty well. Our programmers are basically  
7 ready, standing by, once they get the business  
8 requirements to start coding as soon as we've sent that to  
9 them.

10 The next bill that still has pending activities  
11 is House Bill 2202. Obviously, you are very well aware of  
12 the rules relating to the deputy, also the cost study that  
13 we're conducting with TTI to get information about setting  
14 fees, setting compensation levels, and so those activities  
15 continue to progress. And we've made briefings to the  
16 Projects and Operations Committee, as well as the Finance  
17 and Audit Committee on the cost study itself and the  
18 activities there.

19 House Bill 1719 relating to golf carts on  
20 public highways, there will be rules on that that you'll  
21 see today, and then once those are adopted, there are  
22 still a few programmatic things that will need to be done  
23 in order to fully implement that bill, but that should be  
24 nearing completion once the rules are adopted.

25 We also have House Bill 2394 which was a

1 feasibility study of titling trailers. We are continuing  
2 to work on that. We presented a draft copy of that to the  
3 Projects and Operations Committee, and I believe you also  
4 have a draft copy of that in your board binders. We will  
5 continue to work on that. That has a deadline of  
6 September 1 of this year to be presented back to the  
7 legislature.

8           House Bill 162 which is an expedited  
9 occupational licensing for military spouses, you've  
10 adopted rules on that. There are still just a few forms  
11 that need to be completed on that to check that one off  
12 the list.

13           SB 700, energy and water management planning  
14 and reporting, we're waiting on another agency to be able  
15 to fully implement that. I believe it's the Facilities  
16 Commission that we're working with on completing that.

17           SB 1681, oversight and management of contracts,  
18 in order to complete that there will be some training that  
19 is needed in order to fulfill the statutory obligations  
20 for the board, and once we've got that training prepared  
21 we'll be setting up times to do the training with you to  
22 make sure that we can check that one off.

23           The final one is SB 1815 and that's donations  
24 to organ donors program. This was a bill that required us  
25 to add a donation line to our registration renewal insert.

1       When that renewal insert is reformatted is when that is  
2       required to be put in place. It actually had a provision  
3       in the bill that said it doesn't go into effect until we  
4       actually redo our form. That will be redone with single  
5       sticker, so there will be a new registration renewal form  
6       that is produced there, and so we should be able to  
7       complete that along with the single sticker  
8       implementation.

9               And that completes my agenda item for  
10       implementation of the 83rd Legislative Session.

11              MR. WALKER: Thank you, Mr. Kuntz.

12              Does anybody have any questions for Jeremiah?

13              (No response.)

14              MR. KUNTZ: The next agenda item is the  
15       preparations for the 84th Legislative Session. We're  
16       currently in the process of internally generating and  
17       evaluating ideas and recommendations for statutory  
18       changes. The department is following a new process this  
19       session in order to try and compile those. We've actually  
20       created a formal form for the divisions to fill out their  
21       requests. Those are due to be submitted to GSC and those  
22       will be due by the end of August. That will give us, as  
23       well as Ms. Brewster, time to evaluate all of those  
24       options, figure out which ones look like they're feasible  
25       and we should pursue. Many of the items that have been

1 discussed are general cleanup; I'm not aware of any large  
2 sweeping changes that we would be pursuing.

3 The one thing that I am aware of that we will  
4 definitely be looking at is reinstating the dedicated  
5 account that was done away with with the funds  
6 consolidation bill in the 83rd Legislative Session. So we  
7 will be pursuing a legislative action to try and establish  
8 that fund so that the agency has a dedicated fund for its  
9 purposes.

10 From August until November we'll review those,  
11 along with the Executive Office and the General Counsel's  
12 Office, and then we'll be making recommendations to the  
13 board upon the completion of that. Early filing starts  
14 November 10 of this year, so bills will start being filed  
15 then, and then session will actually start January 3 of  
16 2015, so we are fast approach the 84th Legislative  
17 Session. And there's a separate agenda item for you to  
18 take up and consider the Legislative Appropriations  
19 Request which is obviously part of the 84th Legislative  
20 Session.

21 That completes my presentation.

22 MR. WALKER: And I have a question.

23 MR. KUNTZ: Yes, sir.

24 MR. WALKER: Since Mr. Rodriguez and Ms. Ryan  
25 are not here, I guess I'll have to ask three times the

1 amount of questions. The dedicated fund bill, do we have  
2 a sponsor for that bill online so far, or who's going to  
3 carry that?

4 MR. KUNTZ: No. We have not identified  
5 somebody that would actually carry that bill. As many of  
6 you know, there are a lot of changes that are still yet to  
7 be determined with the elections in November. We do know  
8 that there will be new chairmen in at least the Senate  
9 Finance and the House Appropriations committees. There  
10 were interim appointments that were made, so we do know  
11 that at least in the Senate Senator Nelson has been  
12 appointed the chair of the Senate Finance Committee. It  
13 has yet to be seen whether or not that would continue into  
14 session. That would be the most likely person that would  
15 have an interest in this.

16 Generally, the chair of the Senate Finance and  
17 House Appropriations committees carry what is known as the  
18 funds consolidation bill, and that is the bill that we  
19 would need to be included in in order for that fund to be  
20 created. The change there does not necessarily have to be  
21 a separate stand-alone bill, we just need to be a part of  
22 the funds consolidation bill so that that fund is not  
23 consolidated.

24 MR. WALKER: So in the last session where we  
25 were given a dedicated account and then somebody goes and

1 creates a bill at the end of the session that says this  
2 abolishes all dedicated fund accounts created, how do you  
3 weather that storm so that that doesn't happen again? Is  
4 there a way that you can say that this fund can't be  
5 abolished? Tell me the mechanisms that they do to prevent  
6 that.

7 MR. KUNTZ: The way the funds consolidation  
8 bill works is it basically says that any funds that they  
9 want to consolidate are identified and they actually  
10 consolidate those. There's also a general provision that  
11 says any new funds that are created that are not  
12 specifically exempted in the bill are consolidated, so any  
13 bill that was attempting to pass during that legislative  
14 session that was not specifically line-itemed out to be  
15 exempted from the sweep provision got swept, and so we did  
16 not have an exception in that bill. We would need to add  
17 ourselves as an exception to the next funds consolidation  
18 bill to prevent from being consolidated.

19 MR. WALKER: Any further questions for Mr.  
20 Kuntz on the next session that we're going into?

21 MR. INGRAM: I don't have a question so much as  
22 just a comment, and we have a lot of the marketing plan in  
23 our agenda books, and I have to say I'm really impressed,  
24 it looks like it's a really thorough plan. So it will be  
25 interesting to see it but it looks very, very good.

1 MR. KUNTZ: We have gotten a lot of draft  
2 materials as they've come in. In fact, we actually  
3 reached out to TIADA and TADA to show them what we refer  
4 to as the dealer brochure. We got a lot of feedback from  
5 them. We're going back and re-crafting that to make sure  
6 that we're addressing that we're addressing all the  
7 issues, so we're trying to reach out to get input to make  
8 sure that it is actually going to work the way that we  
9 want it to work.

10 MR. INGRAM: Good job.

11 MR. KUNTZ: Thank you.

12 MR. WALKER: That concludes your report?

13 MR. KUNTZ: It does, yes, sir.

14 MR. WALKER: Thank you very much.

15 MR. KUNTZ: Thank you.

16 MR. WALKER: I'm going to go to item 3.A.2.

17 Mr. Archer, can I call you up real quick? Jimmy, we're  
18 going to skip 1 real quick and go on to 2, in case I have  
19 to go into executive session so I can get the concrete  
20 stuff taken care of since we have some people here that  
21 need to leave.

22 MR. ARCHER: Thank you, sir. Good morning, Mr.  
23 Chairman and members of the board. For the record, my  
24 name is Jimmy Archer and I'm the director of the Motor  
25 Carrier Division.

1           For the board's consideration, this is a  
2 request for adoption of an amendment to 43 Texas  
3 Administrative Code 219.3, Surety Bonds for Ready-mix  
4 Concrete Trucks, Concrete Pump Trucks, Vehicles  
5 Transporting Recyclable Materials, and Solid Waste  
6 Vehicles, and adoption of new rule 219.32, Ready-mixed  
7 Concrete Truck Permits.

8           The board was briefed on these rules at the May  
9 9 board meeting. These rules were drafted and submitted  
10 to the *Texas Register* and with Chairman Walker's  
11 permission, published in the *Texas Register* on March 28.  
12 Comments were received from the Texas Aggregates and  
13 Concrete Association on April 28, 2014. TxDMV staff met  
14 with TACA regarding their comments on June 4.

15           TACA's comments included the following.  
16 They're in support of removal of the surety bond  
17 requirement in Section 219.3. There is no longer any need  
18 for bonding because of the new permit fee. TACA requested  
19 that the rule be amended to only require license plate  
20 information known by the carrier at the time of the permit  
21 application. TACA states that applicants could supplement  
22 that application with license plate information when the  
23 information becomes available. Many of the association  
24 member companies purchase the permits for an entire fleet  
25 of trucks, often before the trucks are issued a license

1 plate number. The member companies do this because they  
2 would like to pay many of their known expenses in advance  
3 and they want to have the permits in place so the trucks  
4 can be operated as soon as the license plate numbers are  
5 issued.

6 The department did not amend New Section 219.32  
7 regarding license plate numbers because the department  
8 uses license plate numbers to enforce the prohibition  
9 against the transfer of this permit between vehicles  
10 pursuant to the Transportation Code. Also, the permitting  
11 department's online permitting system which is called the  
12 Texas Permitting and Routing Optimization System, is  
13 already require license plate numbers as part of the  
14 application. Further, if an applicant wants to pay its  
15 known expenses in advance, the department allows  
16 applicants to deposit money into an escrow account.

17 Permit fees. TACA requested the department to  
18 modify the language in the rule to authorize the issuance  
19 of a permit for a period of less than one year and prorate  
20 the permit fee. The department did not amend New Section  
21 219.32 regarding the annual permit fee because the  
22 requested change would increase the department's costs.  
23 If the department made the requested changes, the  
24 department would need to program changes in TxPROS.

25 In Section 219 of this title relating to

1 definitions, the department defines an annual permit as a  
2 permit that authorizes the movement of an over-dimension  
3 load for one year commencing at the movement to begin  
4 date. Finally, the ready-mixed concrete truck permit is  
5 an annual permit so the applicant has the opportunity to  
6 use the permit for an entire year regardless of the date  
7 the applicant purchases the permit.

8           Regarding construction and maintenance areas,  
9 TACA requested that the exception be added to the rule  
10 regarding any size truck limits in construction and  
11 maintenance areas when the truck is delivering concrete to  
12 the job site within the construction or maintenance area.

13       The department added an exception regarding the delivery  
14 of concrete to the job site within a state highway  
15 construction or maintenance area as long as the permittee  
16 obtains a written exception from the person authorized  
17 under 218.32(j) to issue the exception. When the  
18 permittee contacts appropriate local jurisdiction for  
19 construction or maintenance exceptions on state-related  
20 maintenance roadways, the permittee can request an  
21 exception from the local jurisdiction's construction and  
22 maintenance restrictions.

23           There is a representative of the Texas  
24 Aggregates and Concrete Association to testify on this  
25 rule, Ms. Carrie Rupprath.

1 MS. RUPPRATH: Good morning. For the record,  
2 my name is Carrie Rupprath, general counsel for TACA.  
3 Thank you guys for having us here, and I really want to go  
4 on record to thank Jimmy Archer, Jeremiah, your entire  
5 staff. We really appreciate the cooperation your staff  
6 has shown in working with TACA and our industry, both in  
7 the creation of the ready-mixed permit during the last  
8 legislative session and in this rulemaking.

9 Rich Sceszsy, president of TACA, wanted to be  
10 here to thank you himself, and unfortunately he couldn't  
11 make the new hearing date due to a family vacation, but  
12 myself, Chris Pepper from my firm, and Allen Bienne from  
13 Tuggey Fernandez are all here on Rich and TACA's behalf to  
14 thank you.

15 We support the rule, we understand the  
16 department's justification for not making the changes that  
17 were not made, and we're very appreciative of the  
18 cooperation and look forward to continued partnership  
19 moving forward. And if there's any questions, I'm happy  
20 to answer them.

21 MR. WALKER: Thank you, Carrie.

22 Anybody have any questions?

23 MR. INGRAM: Mr. Archer, could you explain the  
24 position on item 3 again, item 3 from their letter.  
25 You've kind of gone over 1 and 2 and why it was not

1 feasible. I kind of lost track of what we were talking  
2 about on item 3.

3 MR. ARCHER: Is that the permit fee?

4 MR. INGRAM: No. Item 3 is the construction or  
5 maintenance areas. It allows the movement of permitted  
6 vehicles through any state highway or construction site  
7 provided that the size and weight of the vehicle does not  
8 exceed certain -- do you know where I'm at?

9 MR. ARCHER: Yes, sir. The statute has  
10 restrictions against that -- or the rules do. In this  
11 particular case TACA asked that we help them get an  
12 exception or make an exception in this particular  
13 situation. We don't issue the restrictions, TxDOT does,  
14 we work with TxDOT to provide a means for TACA's members  
15 or anyone that has a ready-mixed concrete permit to  
16 contact TxDOT to get an exception when they are delivering  
17 concrete or materials in those areas. Similarly to the  
18 local jurisdictions that have permit restrictions, they  
19 can do the same thing and contact them and get an  
20 exception.

21 MR. INGRAM: So synopsis-wise, you're just not  
22 recommended a change to the rules as they proposed to.  
23 Correct?

24 MR. ARCHER: There is a change as proposed with  
25 the construction and maintenance areas; that did change.

1 We talked to TxDOT and we amended the rule to include the  
2 ability for people who have ready-mixed concrete permits  
3 to get an exceptions if they need to do so.

4 MR. INGRAM: So the rule has been amended from  
5 the one that we have in our packet?

6 MR. WALKER: It's new through the last  
7 legislative session.

8 MR. DUNCAN: We have the amended version in  
9 your packet.

10 MR. INGRAM: So the new package has the  
11 amendment.

12 MR. DUNCAN: Yes, sir.

13 MR. INGRAM: Okay. I'm good now. Thank you.

14 MR. WALKER: So we need a motion to accept the  
15 rule.

16 MR. INGRAM: I move to accept the rule as  
17 stated.

18 MR. SLOVACEK: Second.

19 MR. WALKER: We have a motion by Member Ingram  
20 and we have a second by Member Slovacek. Do we have any  
21 discussion?

22 (No response.)

23 MR. WALKER: All in favor of adopting the rule  
24 signify by saying aye.

25 (A chorus of ayes.)

1 MR. WALKER: All opposed same sign.

2 (No response.)

3 MR. WALKER: The motion carries unanimously.

4 Jimmy, I've got item A.1 also here. How long  
5 do you anticipate that would take?

6 MR. ARCHER: No longer than two minutes, sir.

7 MR. WALKER: How long?

8 MR. ARCHER: Two minutes.

9 MR. WALKER: Two minutes? You got it.

10 MR. ARCHER: For the board's consideration,  
11 this is a request for adoption of amendment to 43 Texas  
12 Administrative Code 217.30, Commercial Vehicle  
13 Registration. This currently requires commercial  
14 registrants to carry a copy of the registration receipt in  
15 a vehicle that displays a token trailer license plate.  
16 This rule was proposed to you at the May 9 board meeting.

17 Under the rule as amended, the registration  
18 receipt no longer must be carried in a vehicle that  
19 displays a token trailer license plate. The department  
20 worked with the Texas Trucking Association during the last  
21 session on legislation to delete the requirement that the  
22 receipt be carried in a vehicle that displays a token  
23 trailer license plate. We're requesting the board adopt  
24 the rule as amended.

25 MR. SLOVACEK: So moved.

1 MR. WALKER: We have a motion to adopt the rule  
2 by Mr. Slovacek, and a second by?

3 MS. CARAWAY: Second.

4 MR. WALKER: Second by Ms. Caraway. Any  
5 discussion? I have a question, only because I have an  
6 experience. How do we get this information down to --  
7 this was passed, I know, at the last legislative session,  
8 this law, and we've just put it into rules, so how do we  
9 educate the law enforcement that this rule exists?

10 MR. ARCHER: We've already had discussions with  
11 DPS commercial vehicle enforcement regarding this, and  
12 they're going to dispense that information out to their  
13 troopers and to other law enforcement through LETS.

14 MR. WALKER: So how do we get that down to  
15 small town U.S.A. or Houston, Texas HPD, how does it get  
16 to them?

17 MR. ARCHER: Again, through DPS they'll put it  
18 on their Texas Law Enforcement Telecommunication System  
19 and that information will be available regarding this  
20 through them. We can also do some outreach to them to do  
21 that and to let the other departments know that.

22 MR. WALKER: And the only reason I ask that  
23 question is because about two weeks ago one of my trucks  
24 was involved in an accident, I was at the scene, and the  
25 law enforcement lady, the police officer -- someone ran

1 into the back of our truck -- she said, I need to see your  
2 registration on the trailer. And I said, Well, it's not  
3 required to be carried anymore. And she said, Yes, it is,  
4 and if you don't have it, I'm going to give you a ticket.

5 Of course, we still carry them on our trailers in our  
6 James King boxes.

7 Any further discussion?

8 (No response.)

9 MR. WALKER: We have a motion and a second.  
10 All in favor signify by saying aye.

11 (A chorus of ayes.)

12 MR. WALKER: All opposed same sign.

13 (No response.)

14 MR. WALKER: The motion carries unanimously.

15 That moves us to 3. How long does that take?

16 That doesn't take very long, does it?

17 MR. ARCHER: Two minutes.

18 MR. WALKER: Two?

19 MR. ARCHER: That's my stock answer: two  
20 minutes.

21 MR. WALKER: I'm watching the clock. That is  
22 the best place in the world to put that clock behind you.

23 MR. ARCHER: For the board's consideration,  
24 this is a request that the board adopt New Rule 43, Texas  
25 Administrative Code 219.33, Federal Disaster Relief

1 Permits. This rule was proposed to you at the May 9 board  
2 meeting.

3 The rule was originally submitted as the MAP-21  
4 Emergency Permit rule. We're changing the title to  
5 Federal Disaster Relief Permit to accurately describe the  
6 purpose of the permit rather than use a congressional  
7 title. This rule was drafted and submitted to the *Texas*  
8 *Register*, with Chairman Walker's permission, on May 30,  
9 2014. The comment period closed on June 30, and no  
10 comments were received.

11 The rule authorizes the department to issue  
12 emergency permits when the president of the United States  
13 declares an emergency. TxPROS has been fully implemented  
14 to issue these permits, and I would respectfully ask the  
15 board to adopt this rule.

16 MR. INGRAM: I move to approve Rule 219.33.

17 MR. WALKER: We have a motion by Member Ingram.

18 MR. RUSH: Second.

19 MR. WALKER: We have a second by Mr. Rush. Any  
20 discussion?

21 (No response.)

22 MR. WALKER: All in favor signify by saying  
23 aye.

24 (A chorus of ayes.)

25 MR. WALKER: All opposed same sign.

1 (No response.)

2 MR. WALKER: The motion carries unanimously.

3 Before we move on to agenda item 3.A.4, it is  
4 now nine o'clock on July 25, 2014, we're going to go into  
5 a closed session under Texas Government Code Section  
6 551.071 and Section 551.074. For those of you in the  
7 audience, I anticipate being in executive session for  
8 approximately one hour. We will reconvene in open session  
9 after that.

10 With that, we are in recess of this public  
11 portion of this meeting temporarily.

12 (Whereupon, at 9:00 a.m., the meeting was  
13 recessed, to reconvene this same day, Friday, July 25,  
14 2014, following conclusion of the executive session.)

15 MR. WALKER: I'm missing one of my board  
16 members but I'm going to go ahead and start. It is now  
17 10:15, July 25, 2014. The Board of the Texas Department  
18 of Motor Vehicles is now in open session.

19 We want to make a note for the public that  
20 there was no action taken while in closed session and  
21 nothing was voted on back there.

22 And I notice that we had Representative Pickett  
23 here a while ago. Joe is gone and left? I was going to  
24 recognize him while he was here.

25 So let's move on to item 2.A.4, isn't it? Tim

1 Thompson.

2 I need to also let the record reflect that we  
3 are short one of our board members, Mr. Slovacek has left  
4 the room. Mr. Slovacek has no entered the room, so let  
5 the record reflect that at 10:15, before any business was  
6 conducted, that Mr. Slovacek convened back with the board.

7 Tim, the floor is yours. Item 2.A.4.

8 MR. THOMPSON: Good morning, Mr. Chairman,  
9 members of the board. I'm addressing item 3.A.4.

10 MR. WALKER: 3.A.4. I'm sorry.

11 MR. THOMPSON: Yes, sir. For the record my  
12 name is Tim Thompson. I serve as the deputy director of  
13 the Vehicle Titles and Registration Division.

14 Before you today is our request for approval  
15 for final adoption of the amendment to the Texas  
16 Administrative Code, Chapter 217, specifically 217.23.  
17 The initial proposal was presented to you by Mr. Elliston  
18 prior to his departure in March. The proposal was posted  
19 in the *Texas Register*, in accordance with statute, and we  
20 received no comments.

21 This is the section that implements House Bill  
22 3256 and actually should complete our work on 3256. The  
23 key point, probably for your interest, is to provide  
24 clarification on the requirement for providing proof of an  
25 applicant's Texas exemption for the ag/timber exemption,

1 particularly as they apply for temporary weight permits.  
2 The temporary additional weight permits are used in order  
3 for them to be able to transport their agricultural  
4 products to market or other points of sale in accordance  
5 with Transportation Code 502.34, and this also aligns this  
6 portion of rule with Section 217.22 which you have  
7 previously approved.

8 MR. WALKER: Does that complete the  
9 presentation? Do we have a motion?

10 MR. RUSH: I make a motion.

11 MR. PALACIOS: Second.

12 MR. WALKER: We have a motion from Mr. Rush, I  
13 guess it was, and second from Mr. Palacios. Is that  
14 correct?

15 MS. BREWSTER: Yes, that's correct.

16 MR. WALKER: Any discussion?

17 (No response.)

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

20 (A chorus of ayes.)

21 MR. WALKER: All opposed same sign.

22 (No response.)

23 MR. WALKER: The motion carries unanimously.  
24 Let's move on to item 3.A.5.

25 MR. THOMPSON: Yes, sir, Mr. Chairman.

1           This amends Section 217.28. These are the two  
2 license plates that I showed you last time, particularly  
3 the two plates that deal with state official license  
4 plates and our golf cart license plates.

5           The amendment before you, again, is for final  
6 adoption. It does amend Section 217.28. This proposal  
7 was presented to you at your last board meeting. It, too,  
8 has been posted in the *Texas Register*, in accordance with  
9 statute, and we have received no comments on this proposal  
10 as well. It would be the final point of business to  
11 implement requirements of Senate Bill 1914 and House Bills  
12 2741 and 719.

13           The key point, if you'll recall, is the board  
14 was charged to develop rules to allow for the alternative  
15 to the current state official plate that is marked and it  
16 allows a less conspicuous plate to be issued by the  
17 department.

18           MR. WALKER: The rule has been posted and there  
19 have been no comments, so do we have a motion to accept  
20 the rule?

21           MR. PALACIOS: Move to approve.

22           MR. SLOVACEK: Second.

23           MR. WALKER: We have a motion from Member  
24 Palacios, second from Member Slovacek. Any discussion?

25           I have one little question real quick. With

1 regard to the golf carts, that's a part of this deal. Is  
2 that right?

3 MR. THOMPSON: Yes, sir.

4 MR. WALKER: What is the latitude of what they  
5 can be used for? I heard some words about highway but  
6 that's not correct, is it?

7 MR. THOMPSON: In certain circumstances.  
8 Actually the portion that deals with highway was amended  
9 in this House bill also. The specific language is that  
10 the commissioners court of a county may allow for the use  
11 on a highway in an unincorporated area of the county that  
12 has a speed limit of not more than 35 miles an hour.

13 MR. WALKER: So it's restricted to under 35  
14 miles an hour.

15 MR. THOMPSON: Yes, sir. And there was also  
16 previously existing a statute that allowed for limited  
17 operation. That was what we talked about in the master  
18 communities; for example, we used Sun City as an example.  
19 And also, municipalities were also already allowed to  
20 grant access to use on roadways less than 30 miles an hour  
21 inside incorporated cities as well.

22 MR. WALKER: So we didn't put golf carts on I-  
23 35?

24 MR. THOMPSON: No, sir, we did not.

25 MR. WALKER: Okay, good. We have enough

1 problems already over there without adding to it.

2 So we have a motion and a second. Any other  
3 discussion?

4 (No response.)

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

7 (A chorus of ayes.)

8 MR. WALKER: All opposed same sign.

9 (No response.)

10 MR. WALKER: The motion carries unanimously.  
11 Let's move to item 3.B. Mr. Duncan, I think  
12 you're on stage.

13 MR. DUNCAN: Thank you, Mr. Chairman. David  
14 Duncan, the board's general counsel. With your  
15 permission, Mr. Chairman, I'd like to  
16 B items 1 through 4 together. These relate to the rule  
17 reviews that we presented to you previously where the  
18 agency is trying to get back on its schedule of reviewing  
19 its rules every four years, as required by statute. These  
20 are the actual proposals of the rule reviews.

21 You may recall, and if you'll look in your  
22 board book at page 104, I'm going to go from the general  
23 to the specific. If you look in your board book on page  
24 104, you will see that the original plan that we presented  
25 you to do rule reviews, we were going to start with five

1 chapters and we've reduced it to four, and you'll see that  
2 Chapter 206 is struck off. We hope to have that back to  
3 you in the September board meeting. The reason we've  
4 taken it off and moved it back from these four is that  
5 chapter contains some of the agency's procedural rules,  
6 and with the arrival of Judge Sandoval to run the Hearings  
7 Office, we wanted to consult with him as we amended those  
8 rules so that he could have input on those and they could  
9 request the changes they need in those procedural rules.  
10 So we'll be bringing that one back very soon, and we  
11 should be able to stay on our schedule of getting them  
12 done mid this fall by bringing that one back in September.

13 The other four that are before you are the  
14 agency's rules regarding the Public Information Act,  
15 employment practices, finance and contract management. If  
16 you look in your board books at page 105 there are short  
17 summaries of what we've proposed for each of those, and  
18 I'll go over those briefly.

19 Chapter 207 which is Public Information, the  
20 language that was in those rules is repetitive of rules  
21 that apply statewide that are governed by the Attorney  
22 General's Office, so we're proposing to repeal that entire  
23 chapter.

24 Chapter 208 which is employment practices,  
25 we're repealing Subchapter A and Subchapter D. A is job

1 application procedures, D is substance Abuse Program.  
2 There's no need for those to be in rule. We are updating  
3 some of the remaining chapters, including the sick leave  
4 program, to make them more in line with current  
5 requirements.

6 Chapter 209 which is finance has three  
7 subchapters. We're going to readopt Section 209.1 which  
8 is a rule that we need to correspond to the Attorney  
9 General's rules regarding collection of delinquent  
10 obligations, and we're going to amend it also to clarify  
11 that our procedure is that we don't send out multiple  
12 demand letters.

13 Section 209.2, we're also going to readopt that  
14 one with amendments. It's an insufficient check fee and  
15 we can add an order of payment so that we can apply their  
16 check fee in a certain way, and then, again, the two  
17 demand letter issue. We're going to repeal four sections  
18 because they're not necessary and then readopt three  
19 sections in their current form.

20 Finally, Chapter 210 which is the procurement  
21 chapter, I worked on that with Linda Flores's staff.  
22 There are currently four subchapters. We are going to  
23 repeal Subchapters B and D which is compliance with a  
24 federal law and Disadvantaged Business Enterprise, or DBE.  
25 It's similar to the HUB program that we have here but

1 it's only required for expenditures of federal grant money  
2 and we just don't expend federal grant money on our  
3 contractors. The only state agency that has that program  
4 is TxDOT, and we adopted that rule because it was a TxDOT  
5 rule. So we're proposing to repeal those two subchapters.

6 Subchapters A and C which are our contracting  
7 subchapter and our HUB program, we're required by state  
8 law to have the HUB chapter and to correspond our rules  
9 with those of the Comptroller's Office, and Subchapter A  
10 is necessary because we have to tell our vendors how they  
11 can appeal our decisions on contracts, and we're keeping  
12 that language but we're updating it to make it more  
13 current and more in line with what the Comptroller does on  
14 those issues.

15 And I'm available to answer any questions. My  
16 staff worked on these rules and they're all smarter than I  
17 and they all look a lot nicer.

18 MR. WALKER: So let me make sure I understand.  
19 I commend you on what you're doing. I fell asleep last  
20 night reading half of the stuff we were repealing, so it's  
21 kind of boring and monotonous stuff, and I'm all for  
22 cleaning up the rules and getting rid of stuff that  
23 doesn't need to be in books because it just takes up  
24 people's time and who knows whether something applies or  
25 doesn't apply to us.

1                   So we can get abolish the DBE because we don't  
2 hire people, I guess, so that's not required to be in  
3 there by any statute.

4                   MR. DUNCAN: That's correct, and I confirmed  
5 that both with our internal person in contracts and with  
6 the folks at the Comptroller's Office that run the overall  
7 statewide program.

8                   MR. WALKER: And my next question, I guess, is  
9 on the -- I was kind of shocked and didn't understand why  
10 in the first place our employee basically handbook and  
11 guidelines of employment, like the sick leave and so  
12 forth, why was that in rule instead of just under an  
13 employee handbook.

14                   MR. DUNCAN: I see a lot of head shaking over  
15 there. We don't know; we have no idea why some of this  
16 stuff was in the rules.

17                   MR. WALKER: I mean, I couldn't figure out why  
18 would that even be in a rule book.

19                   MR. DUNCAN: Because it's in TxDOT's rules.  
20 When we split the staff went through the TxDOT rules and  
21 said this, this, this, this and just copied those, changed  
22 everywhere it said TxDOT to TxDMV. That's the only thing  
23 we can think of, because every one of these we can find a  
24 corresponding rule in the TxDOT rules that says the same  
25 thing, and they don't need it either but we don't give

1       them advice.

2                   MR. WALKER:   So any employee guidelines, I  
3       guess, we took out of there?  Is there anything left in  
4       there that had anything to do with sick leave?

5                   MR. DUNCAN:  There's a little bit.  The sick  
6       leave pool is statutorily required.  We're required to  
7       have one and we're required to describe the general  
8       parameters, but we're allowed to default to the program  
9       description that we maintain and provide to all employees,  
10      and that's what we're going to do.  And training and  
11      education.

12                  MS. SWENSON:  Training and education must be in  
13      our rule by statute.

14                  MR. WALKER:  And so we already have everything  
15      that was repealed out of there already in the employee  
16      handbook, the book that I have a copy of from Ms. Brewer  
17      that's about that thick.  You ought to get that book about  
18      that thick; that's how big ours is.

19                  The question I have is I had some confusion  
20      last night when I was trying to understand on the shared  
21      sick leave.  What's going on there, how are we handling  
22      that?

23                  MR. DUNCAN:  The sick leave pool.

24                  MR. WALKER:  The shared sick leave.  Come  
25      explain that to me.  I think I understand it but I'm not

1 sure I agree with it. And tell me what the statutory  
2 requirements are there, and what are we doing with that,  
3 more importantly. And I guess maybe what you ought to do,  
4 in case some of the board members aren't cognizant of what  
5 I'm asking, you might kind of summarize.

6 MS. SWENSON: Sarah Swenson for the record. So  
7 what is the specific question: what is the shared  
8 program?

9 MR. WALKER: Well, help me out because when I  
10 read this last night, I'm not sure what we're doing,  
11 whether we're taking and abolishing it out of the rules,  
12 whether we're recreating it outside of the rules, or  
13 whether we're leaving it in the rules. And I owe you an  
14 apology because it was late at night when I was trying to  
15 go through all this and it was kind of somewhat  
16 monotonous.

17 MS. SWENSON: I understand. Basically, our  
18 rule says we have a sick leave program, as statute  
19 requires.

20 MR. WALKER: You've answered my first question.

21 MS. SWENSON: Our executive director or her  
22 designee administers the program, and that's Sharon, and  
23 then the policy is detailed in our manual, as it currently  
24 is. So all of the rules detailing it in statute are in  
25 the manual, basically.

1 MR. WALKER: So there is a Texas statute that  
2 says that this agency or any state agency has to take and  
3 have a program where if Ms. Brewster, for example, was  
4 sick for let's just say 20 days and that she's got cancer,  
5 whatever it might be, and that after 20 days her sick  
6 leave is up but she still is taking treatment, and so she  
7 can go and Sharon Brewer can say I want to give her my  
8 sick leave, and then Ms. Tuttle can give her her sick  
9 leave, and then I guess, theoretically, she could be off  
10 of work for a year, or is there any limitations to that?

11 MS. SWENSON: So employees may donate unused  
12 sick leave to this pool and it's for anyone's use who  
13 applies for it and qualifies under the program. To  
14 qualify you must have a catastrophic condition, as  
15 defined, and that's in our manual, and Sharon would review  
16 all of the information and make sure it's in line with  
17 does the condition meet catastrophic, how much leave is  
18 available. You can't give leave to a specific person. If  
19 an employee is eligible, they can get an award up to a  
20 maximum of 720 hours.

21 MS. BREWER: Sharon Brewer for the record. I'm  
22 the director of Human Resources.

23 The sick leave pool, it's employee  
24 contributions, as Sarah said, and an employee can give  
25 eight hours, ten, twelve, how many hours they'd like to

1 the pool, and as Sarah said, it's for catastrophic  
2 injuries or illness for the employee or a member of the  
3 employee's immediate family.

4 MR. WALKER: Stop right there. For the  
5 employee or the employee's immediate family.

6 MS. BREWER: To care for -- my apology -- to  
7 care for an immediate family member that's suffered a  
8 catastrophic injury or illness.

9 MR. WALKER: Ms. Brewster's son has cancer and  
10 she needs to stay home and take care of him.

11 MS. BREWER: Correct. And just to clarify, the  
12 executive director is not eligible for sick leave pool  
13 hours. Just to clarify that, so the rest of the workforce  
14 is, however, and it has to meet that catastrophic injury  
15 or illness definition, and we validate through a  
16 healthcare provider certification, so the medical  
17 presiding physician or psychiatrist would provide  
18 healthcare documentation, so we take it very seriously.  
19 And just for your information, we've had two employees  
20 this past fiscal year that have utilized hours from the  
21 sick leave pool.

22 MR. WALKER: So the employee comes to you and  
23 says I would like to take some hours out of this  
24 catastrophic pool and still get paid for being off work  
25 because my son is needing treatment and I need to get

1 paid.

2 MS. BREWER: That's correct.

3 MR. WALKER: And so you're saying that that is  
4 a statutory requirement, but when I did a little bit of  
5 snooping on it, I think I found out that not all agencies  
6 use that. Is that correct?

7 MS. SWENSON: The Government Code references  
8 the creation of the program in 661, and I believe it says  
9 that state agencies must establish a program. It could be  
10 that it applies to certain size agencies; I don't have  
11 that information in front of me right now. I'm not aware  
12 of agencies that don't.

13 MR. DUNCAN: We're really not changing what  
14 we're doing with this. What we're changing is all of the  
15 detail of the sick leave pool program is in the rules and  
16 it doesn't have to be. By the statute, we can have a sick  
17 leave pool program and then have all of the particulars of  
18 it in a guidance document, basically, that Sharon is able  
19 to give to staff, and what this will give us is the  
20 flexibility, if that program -- I've heard instances in  
21 the past where those programs have become taxed by serious  
22 illnesses among some reasonable subset of the staff, and  
23 then the pool gets down and so you have to go in and  
24 change the rules or change the guidelines, and so if it's  
25 in the rule, we have to wait till we have a board meeting,

1 propose it, adopt it, and we might be out of leave by  
2 then.

3 MR. WALKER: So kind of let me get back, I got  
4 maybe a little bit out of bounds here somewhat, but what  
5 you are asking today is that you're cleaning up the rules  
6 and you're abolishing these rules out of our rule book and  
7 you're not asking for any action other than for us to  
8 accept what you have taken out of rules and you have not  
9 created anything new. Is that correct?

10 MS. SWENSON: Well, we are leaving a very  
11 short, basically a statement that we will have a program,  
12 as required by statute, we will have an administrator of  
13 our program, and the details are in policy. So that's new  
14 but it's not substantively new.

15 MR. WALKER: And it may be just me and it may  
16 be the rest of the board too, for our own information  
17 purposes, but it was a big section of the board packet to  
18 read last night and when you start reading rules, it's not  
19 like reading a novel, so I would like maybe a  
20 summarization. You're asking us to vote today, what am I  
21 voting for other than the repeal of?

22 MS. SWENSON: This is proposal for publication.

23 MR. DUNCAN: Proposal for publication of the  
24 repeals and amendments of those four chapters.

25 MR. WALKER: So what are the changes that we

1 are basically, in a nutshell, asking since it's this much  
2 of rules?

3 MS. SWENSON: We are asking to remove the bulk  
4 of the procedural details of our sick leave pool rules  
5 from the Administrative Code, leaving in a very short  
6 reference to the program so that our rule will not be that  
7 many pages.

8 MR. WALKER: So we're not changing the program  
9 then.

10 MS. SWENSON: We're not changing the program,  
11 we're just changing our reference.

12 MR. WALKER: That's the real crux of what my  
13 question is. And so we're referencing the program instead  
14 of out of the rules over to Ms. Brewster's policy book  
15 here that Sharon has over there. Right?

16 MS. SWENSON: Right. It won't change the  
17 manual.

18 MR. WALKER: I'm okay now. And that's what I  
19 really needed a summarization of instead of having to dig  
20 all that out, and I apologize if I've burdened anybody  
21 here.

22 MR. INGRAM: Mr. Chairman, I move that we  
23 publish items in 3.A.1, 2, 3 and 4.

24 MR. WALKER: I think it's 3.B.

25 MR. INGRAM: 3.B.1, 2, 3 and 4, then.

1 MR. WALKER: We have a motion to publish items  
2 3.B.1 through 5.

3 MR. INGRAM: Four.

4 MR. WALKER: Just four?

5 MR. RUSH: Second.

6 MR. WALKER: We have a second by Mr. Rush. Any  
7 discussion?

8 (No response.)

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

11 (A chorus of ayes.)

12 MR. WALKER: All opposed same sign.

13 (No response.)

14 MR. WALKER: The motion carries unanimously.  
15 Thank you, David; thank you, Sarah; and thank  
16 you, Sharon.

17 Bill, do you want to bring us up to date on  
18 enforcement here under 2.B.5?

19 MR. HARBESON: Yes, sir. My name is Bill  
20 Harbeson and I'm the director of the Enforcement Division  
21 for the Texas Department of Motor Vehicles. I'm here  
22 today to speak to you about agenda item 3.B.5.

23 Staff is asking for permission from the board  
24 to publish for public comment changes to Title 43, Chapter  
25 218. These rule changes -- and I can go into more detail

1 if you'd like -- actually bring our procedural rules  
2 dealing with motor carrier enforcement in line with the  
3 changes that were brought about by House Bill 2741. More  
4 particularly, there were two Transportation Code sections  
5 that were affected: 643.256 and 643.054. The latter is  
6 referred to by most of us as the Chameleon Carrier  
7 statute. So with the changes made in the statute there  
8 were rule changes that needed to be made, and that's why  
9 we're here today to ask permission to publish these rules  
10 for comment.

11 218.72 is amended, 218.75 is no longer  
12 necessary in light of the statutory changes and the  
13 changes that will be brought about 218.78, and that  
14 section is really the most substantive of all of them  
15 because it established a procedure for the appeal by a  
16 carrier after the agency has denied or canceled a  
17 certificate of authority to operate. So we need these  
18 rule changes to bring our rules up to date with the  
19 statutory authority.

20 Are there any questions?

21 MR. WALKER: Do I hear a motion to publish?

22 MR. RUSH: So moved.

23 MR. WALKER: We have a motion from Member Rush  
24 to publish.

25 MR. INGRAM: Second.

1 MR. WALKER: We have a second from Mr. Ingram.

2 Any discussion?

3 (No response.)

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

6 (A chorus of ayes.)

7 MR. WALKER: All opposed same sign.

8 (No response.)

9 MR. WALKER: The motion carries unanimously.  
10 Thank you, Mr. Harbeson.

11 (General talking and laughter.)

12 MR. WALKER: I'll tell you what I want to do,  
13 I'm going to skip to item 4.D, if that's okay, right now.  
14 Tim.

15 MR. THOMPSON: Mr. Chairman, board members, for  
16 the record, my name is Tim Thompson, deputy director of  
17 Vehicle Titles and Registration Division.

18 I have two plates before you today for your  
19 consideration, and Mr. Chairman, would it be your  
20 preference to handle these together, or do you want me to  
21 separate these?

22 MR. WALKER: I would suggest we separate them.

23 MR. THOMPSON: The first plate is the plate  
24 presented by the state's specialty plate vendor, My  
25 Plates. They're requesting approval of the one new

1 specialty plate design for Iowa State University. The  
2 application for this plate has been reviewed and certified  
3 as complete, and it does meet all legislative and agency  
4 requirements. As I explained to you last time we had a My  
5 Plates plate, they have self-imposed the 200 purchase  
6 threshold before they'll proceed with this plate, as they  
7 did with the Michigan plate. To date, as of yesterday,  
8 actually, I had spoke with Mr. Farrar and he has had 288  
9 people currently register interest in this plate, however,  
10 they will not move forward until they have the 200 pre-  
11 sales.

12 MR. SLOVACEK: I move we approve.

13 MR. RUSH: Second.

14 MR. WALKER: We have a motion to approve the  
15 Iowa State plate, we have a second. All in favor signify  
16 by saying aye.

17 (A chorus of ayes.)

18 MR. WALKER: The motion carries.

19 Mr. Farrar, are you here today? Would you  
20 please come forward? You don't need to sit down for what  
21 I'm fixing to tell you.

22 For everybody in the public audience, I get the  
23 news clips for anything that goes on in the State of  
24 Texas, as the rest of the board members do, for items that  
25 affect the DMV and so forth, and with the My Plates

1 program being one of our bigger programs here, last week I  
2 got a phone call from the department that said that the My  
3 Plates program had reached their goal of the guarantee to  
4 the State of Texas of \$25 million.

5 And I want to thank Steve for the great work  
6 that your company has done in providing that service to  
7 the State of Texas, and to achieve that goal and to get  
8 there a little bit before time. I thought about it a  
9 little bit and I thought: Now, how in the world did you  
10 know that you'd hit within four months that goal? And  
11 that's got to be a task in itself to figure out, but thank  
12 you very much for what you've done for the State of Texas  
13 and we look forward to going forward with the program into  
14 the next phase of it which we anticipate making twice as  
15 much money going forward. Thank you, Steve.

16 MR. FARRAR: Thank you.

17 MR. THOMPSON: And Mr. Chairman, the second  
18 plate we have is a resubmission from the Texas Commission  
19 on Environmental Quality. The original plate design has  
20 been altered in an effort to improve readability of the  
21 message.

22 MR. SLOVACEK: I move we approve it. I mean,  
23 what do you want to do? We talked about this how many  
24 months? I move we approve it.

25 MR. WALKER: We have a motion accept the

1 following plate.

2 MR. INGRAM: I'll second.

3 MR. WALKER: We have a second from Mr. Ingram.

4 All in favor signify by saying aye.

5 (A chorus of ayes.)

6 MR. WALKER: All opposed same sign.

7 MR. PALACIOS: Aye.

8 MR. WALKER: Let the record reflect that there  
9 was one vote in opposition, I think, from Mr. Palacios.  
10 Is that correct?

11 MR. PALACIOS: Yes.

12 MR. WALKER: Thank you. And the rest of the  
13 board voted for the plate. The plate passes, not  
14 unanimously but by a six to one vote.

15 Let's go to item 4.C real quick.

16 MS. BREWSTER: Thank you, Mr. Chairman. For  
17 the record, Whitney Brewster, executive director.

18 In your board binders you will see an updated  
19 memorandum of understanding between the TxDMV and the  
20 ABTPA. Just a few items to share with you the substantive  
21 changes, anyway, over the previous version of the MOU.  
22 First, it clarifies specific duties and responsibilities  
23 of the ABTPA director and subjects the director to a  
24 written job performance plan. It also subjects that  
25 person to an annual performance review and evaluation by

1 the TxDMV executive director or the executive director's  
2 designee. It also clarifies specific duties and  
3 responsibilities of the ABTPA staff. It provides the  
4 staff with written job performance plans and subjects that  
5 staff to annual performance reviews conducted by the ABTPA  
6 director.

7 And finally, it sets forth in greater detail  
8 the specific services to be provided to the ABTPA by the  
9 TxDMV, including but not limited to fiscal services,  
10 administrative services, government and strategic  
11 communication services, human resources, audit and legal  
12 services.

13 This MOU was considered by the ABTPA Board at  
14 its June meeting in El Paso. What you see before you is  
15 that version that they voted upon, and also in your board  
16 backup information you will find a letter of support from  
17 Chairman Garcia urging your support of the updated MOU.

18 And with that, I'm happy to answer any  
19 questions that the board has.

20 MR. BARNWELL: Mr. Chairman, I move that the  
21 chairman be authorized to executive the memorandum of  
22 understanding with ABTPA.

23 MR. RUSH: I second.

24 MR. WALKER: We have a motion from Mr. Barnwell  
25 and we have a second from Mr. Rush. Any discussion?

1 (No response.)

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

4 (A chorus of ayes.)

5 MR. WALKER: You have your working orders.  
6 Thank you very much. The motion carries unanimously.

7 Let's move back to item 4.A.

8 MR. BARNWELL: Members, the Projects and  
9 Operations Committee of the TxDMV met on Thursday, July  
10 17, at 10:30 a.m. here at the TxDMV headquarters offices.  
11 Vice Chair Ryan, Ms. Caraway and I attended the meeting.

12 There were seven items on the agenda but only  
13 two require some action by the full board. Our plan today  
14 is to provide the committee's recommendation on those two  
15 items first and update the remaining items we were briefed  
16 on in the meeting without repeating the presentations made  
17 by the staff. All of those staff who made those  
18 presentations are available today in case you have any  
19 follow-up questions.

20 The first item for the board's consideration is  
21 the annual 2015 interagency agreement with the Texas  
22 Department of Transportation. There's a copy of the  
23 current draft of the agreement in your backup materials on  
24 page 260, showing the remaining outstanding issues and  
25 there are only a few. These issues are: A) TxDMV access

1 to TxDOT training resources for our continued use of  
2 TxDOT's HR software; B) whether TxDOT vendors can have  
3 free access to the TxDMV motor vehicle information  
4 database; and C) whether TxDOT will agree to limit shared  
5 property terminations to times when the legislature is or  
6 will be in session.

7 Briefly, the major changes from last year's  
8 agreement are:

9 TxDOT will now give us one year notice on the  
10 termination of any space where we will be required to move  
11 out of TxDOT facilities. This was previously set at 180  
12 days and our experience in Houston showed us that six  
13 months is not really enough time to move a regional  
14 office.

15 The new agreement removes references to TxDOT  
16 providing IT support as we now have obtained our own  
17 contractor to do that work.

18 We clarified TxDOT access to motor vehicle  
19 titling and registration databases to stress that hands-on  
20 research is not included in access. Also clarified that  
21 TxDMV will continue to have access to TxDOT's Crash  
22 Records Information System which is necessary for TxDMV  
23 VTR operations.

24 Finally, we deleted a section regarding TxDOT  
25 support for the CVISN grant process, as we have taken over

1 that work completely.

2 With these changes, Linda Flores's staff has  
3 concluded that the annual maximum cost of paying TxDOT for  
4 their support through the IAC will go down from \$4 million  
5 to \$3 million in the coming fiscal year.

6 Members, the current interagency agreement runs  
7 through August of this year. Because we will not have an  
8 August meeting and there are a handful of remaining items  
9 to negotiate, the Projects and Operations Committee  
10 recommends that the board delegate to Executive Director  
11 Whitney Brewster the final authority to negotiate and  
12 execute the interagency agreement with TxDOT, with input  
13 from Chairman Walker on the final negotiated terms.

14 MR. WALKER: That's on the interagency  
15 agreement. So do you want to go head and take that  
16 particular item right now?

17 MR. BARNWELL: We can hold it off if you'd  
18 prefer to, Mr. Chairman.

19 MR. WALKER: I think that you're giving us a  
20 report but then there needs to be a motion to assign the  
21 authority to Ms. Brewster to finish up the MOU with TxDOT.

22 MR. INGRAM: I will make that motion, Chairman.  
23 I move that the agency's executive director is authorized  
24 to negotiate and execute the fiscal 2015 interagency  
25 agreement between TxDOT and TxDMV, as well as any

1 amendments to the contract, with the approval of the  
2 chairman.

3 MR. WALKER: We have a motion to assign that  
4 duty to the executive director. Do we have a second?

5 MS. CARAWAY: Second.

6 MR. WALKER: We have a second from Ms. Caraway.  
7 Any discussion?

8 (No response.)

9 MR. WALKER: If not, I'll take a vote. All in  
10 favor signify by saying aye.

11 (A chorus of ayes.)

12 MR. WALKER: And all opposed same sign.

13 (No response.)

14 MR. WALKER: The motion carries.

15 I want to ask a question here, Barney, of you  
16 real quick. It doesn't have to do with assignment of the  
17 authority. You said that we're getting real close on this  
18 agreement here, and we went from six months to a year but  
19 they struck out the section where the legislature has to  
20 be in session, and the concern of the agency would have to  
21 be that if we were to get notice next year or after the  
22 session next year that TxDOT is leaving this -- is going  
23 to take back the facility that we are in today and  
24 reoccupy these because they move out of Riverside, and we  
25 don't have an appropriation for \$48 million, what do we

1 do, and so how would we address that? And so what is the  
2 reasoning, or can I get legal staff or whoever has been  
3 working on this to give me an explanation as to what the  
4 agency would do and what our approach is on this MOU on  
5 this thing.

6 MR. BARNWELL: One of the problems, just  
7 quickly -- and I'll let David address this in more  
8 detail -- is that with 180-day provision in there and the  
9 legislature being in session doesn't really give me a lot  
10 of comfort. We could wind up with ourselves being  
11 whipsawed in this thing, and so by going to a year and  
12 giving up the legislature being in session, we at least  
13 get ourselves a guaranteed year. And I don't think that's  
14 long enough. I mean, we really have to hit the ground  
15 running hard when we do get that year's notice, but that's  
16 what has been negotiated with TxDOT.

17 MR. DUNCAN: David Duncan, general counsel, Mr.  
18 Chairman. And Mr. Barnwell, thank you.

19 We've not conceded that point, obviously, yet.  
20 We have a negotiation session with TxDOT next week, and  
21 we do intend to bring this to their attention and urge  
22 that they re-include that language, and we may bring up  
23 the possibility that we would seek legislative relief on  
24 this exact point, if they're not inclined to give it to  
25 us, which, I think if we phrase it in those terms they'll

1 at least take it well up in their management chain before  
2 they'll say no.

3 Because I think our concern at this point is  
4 we're talking with people who negotiate contracts for  
5 TxDOT, and we've already found on one of the issues we  
6 were able to get a person-to-person update with some of  
7 the staff at TxDOT on the HR online training and the HR  
8 staff at TxDOT doesn't oppose that. So we'll be able to  
9 go into this negotiation with TxDOT and say: Your HR  
10 staff says they're fine with providing us the HR training  
11 so let's just take that off the table.

12 So we already have some negotiating points with  
13 TxDOT, and this one is top of our list. It's very  
14 important to us, especially since we already have found  
15 some room on the HR online training issue, and we do  
16 intend to press that significantly. And with Whitney  
17 given the ability to negotiate the final terms, she will  
18 update you on how we do in those negotiations.

19 MR. WALKER: The motion obviously allows that  
20 will have to have the support of the chairman, so she has  
21 to bring it to me before we accept the proposal, so I'm  
22 going to have final say-so I this. So my point to you, I  
23 guess, would have to be that I'm not going to leave the  
24 agency vulnerable on this particular aspect, and I don't  
25 think the board wants to leave us vulnerable, so that we

1 risk being put out on the street without a home without  
2 any kind of money appropriated to us to find a new home.  
3 So we need to make sure that in that MOU that it allows us  
4 to have the ability to go before a legislative session,  
5 should we get kicked out on the street here by TxDOT, and  
6 say that, hey, we're taking those facilities over, and we  
7 don't have money available to do that.

8 MS. BREWSTER: Mr. Chairman, Whitney Brewster,  
9 executive director.

10 The agency shares your concern and we will  
11 continue to push for that language to still be included.

12 MR. WALKER: Thank you.

13 Next, Mr. Barnwell, you're still onboard.

14 MR. BARNWELL: Did we vote?

15 MR. WALKER: We already voted for the MOU.  
16 That's all we voted for was the assignment of the MOU.

17 MR. BARNWELL: The second item for the board's  
18 consideration is the trailer titling study that came out  
19 of House Bill 2394 from the last legislative session.  
20 This item begins on page 292 of your board books.

21 The staff briefed the Projects and Operations  
22 Committee on their preliminary conclusions from that  
23 study. In conducting the study, staff told us that they  
24 had met with various stakeholders, such as the tax  
25 assessor-collectors, the Farm Bureau and law enforcement.

1 Staff is still in the process of finalizing the study to  
2 meet the September 1, 2014 deadline. From the data  
3 gathered so far, it appears that the benefit gained from  
4 requiring titling for small trailers not currently  
5 required to be titled is outweighed by the cost and  
6 difficulty of performing that work.

7 Staff concluded that if stakeholders who owned  
8 the untitled trailer did not perceive a net benefit from  
9 the recommendation, that the recommendation should be that  
10 they not be required to title them. While that is the  
11 staff's preliminary conclusion, the P&O Committee thought  
12 that additional review and outreach to potentially  
13 affected groups would be beneficial to consider in the  
14 final report back to the legislature.

15 Because the report is due back to the  
16 legislative leadership and committees by September 1, it  
17 is the recommendation of the Projects and Operations  
18 Committee that the board delegate to Executive Director  
19 Whitney Brewster the final authority to submit the  
20 required report, with final approval and input from the  
21 members of the Projects and Operations Committee.

22 MR. WALKER: So is there a motion there?

23 MR. RUSH: I make a motion.

24 MR. WALKER: Marvin, you're going to make a  
25 motion? Do you have a recommended motion?

1 MR. RUSH: To approve what we just talked  
2 about.

3 MR. WALKER: I think we have a script here.

4 MR. RUSH: We do. It is the recommendation of  
5 the Projects and Operations Committee that the board  
6 delegate to Executive Director Whitney Brewster the final  
7 authority to submit the required report, with final  
8 approval and input from the members of the Projects and  
9 Operations Committee.

10 MR. SLOVACEK: Second.

11 MR. WALKER: So we have a motion by Mr. Rush,  
12 we have a second by Mr. Slovacek. Any discussion?

13 (No response.)

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

16 (A chorus of ayes.)

17 MR. WALKER: All opposed same sign.

18 (No response.)

19 MR. WALKER: The motion carries unanimously.  
20 Let's move on to item 4.A.3.

21 MR. BARNWELL: Finally, members, I'd like to  
22 submit the Projects and Operations Committee's report on  
23 some of the non-action briefing items from our meeting  
24 last week.

25 Ms. Brewster updated us on the draft revised

1 key performance indicator measures which were reviewed by  
2 the TxDMV executive team beginning last December. The  
3 indicators have been revised to track the agency's work in  
4 ways that should give the board more clarity regarding  
5 performance on the agency's mission critical functions.  
6 Ms. Brewster plans to bring the final draft of the  
7 measures to the next board meeting in September for  
8 approval. The current draft of the measures is in your  
9 backup materials.

10 We received a briefing on the status of the fee  
11 study being performed as a result of HB 2202 from the last  
12 session. This is on page 287 in your board books. The  
13 Texas Transportation Institute study is looking at small,  
14 medium and large counties spread across the state and will  
15 look at the deputy operations in two counties. The study  
16 field work is about half complete. TTI's study team has  
17 already visited the county TA offices in Williamson,  
18 Refugio, Jasper, Howard and Hidalgo counties. The rest of  
19 the counties, Dallas, Wheeler, El Paso and Brewster,  
20 should be complete by the end of August. A draft of the  
21 study's conclusions should be available for staff review  
22 by September, with the final report due by mid November.

23 We were briefed on the status of the Enterprise  
24 Project Management Office, EPMO, by IT Director Eric  
25 Obermier, who was joined by the newly hired director of

1 the EPMO, Judy Sandberg. This begins on page 273 in your  
2 board books. They gave us status updates on their major  
3 projects, including the public-facing web page and  
4 National Motor Vehicle Title and Information System  
5 projects are now completed. The single sticker is being  
6 handled as an enterprise project in close coordination  
7 with the Texas Department of Public Safety and the Texas  
8 Commission on Environmental Quality.

9 The Houston Regional Office move-in date is now  
10 set for October 24, 2014, to be open for business on  
11 October 26, 2014, or earlier. Communication planning on  
12 the new location is in progress.

13 The Registration and Titling System refactoring  
14 project is within budget and schedule. The schedule is  
15 being closely monitored because testing is tracking behind  
16 schedule and may begin to affect the overall project  
17 schedule. Temporary permits is set to be implemented in  
18 late September 2014 and WebDealer is within budget and on  
19 schedule.

20 Judy also informed us that several high  
21 priority projects are competing for the same in-house  
22 staffing resources from both business areas and  
23 information technology. This is affecting some project  
24 schedules. Executive staff are closely monitoring several  
25 projects' performance and working to find solutions for

1 the unusual staffing resource demand.

2           Jeremiah Kuntz also presented an update of the  
3 single sticker project arising out of HB 2305. This  
4 begins on page 283 of your book. The new system has  
5 received quite a bit of media attention and was covered by  
6 print and broadcast in every major media market in Texas.

7           This resulted from Ms. Brewster's testimony at the  
8 legislature giving them an update of the process. TxDMV  
9 staff are preparing a public outreach campaign and are  
10 working with the Department of Public Safety and Texas  
11 Commission on Environmental Quality to implement the  
12 necessary IT elements and a website. The slogan "Two  
13 Steps, One Sticker" will be the theme of the campaign and  
14 website have been purchased for use by the agency.

15           Mr. Kuntz informed the committee that staff are  
16 currently developing the various marketing materials with  
17 a vendor. The material includes brochures, pamphlets,  
18 registration renewal inserts, posters for the county  
19 offices and inspection stations, web banners, radio  
20 advertisement and web video. Many of the materials will  
21 be complete by the end of the fiscal year. He also  
22 informed the committee that DPS was successful in  
23 procuring a cloud vendor to house the vehicle inspection  
24 data needed to make the program function.

25           Finally, we were briefed by our new chief

1 administrative law judge, Mr. Edward Sandoval, regarding  
2 the Office of Administrative Hearings. Mr. Sandoval is  
3 pleased overall with the time savings being shown over the  
4 previous SOAH process in dealing with the Lemon Law  
5 hearings. While at SOAH the process from the filing of a  
6 complaint with TxDMV through issuance of a final order  
7 was, on average, 250 days. Currently, from January 1 of  
8 this year through July 14 of this year, the process is  
9 taking 78 days.

10 Mr. Sandoval is working on developing tracking  
11 metrics for various parts of the hearings timeline to  
12 ensure that all aspects of the hearing process are being  
13 handled as efficiently as possible. He will present  
14 periodic reports to the board regarding the office's time  
15 to take matters from filing to resolution, as well as the  
16 cost savings resulting from the creation and operation of  
17 the office.

18 And that concludes the committee report.

19 MR. WALKER: Mr. Barnwell, y'all must have met  
20 for two days to cover all that.

21 MR. BARNWELL: We work really fast.

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

24 Are you anxious to get your report done too?

25 MR. PALACIOS: No. I have a question. Can

1 somebody address what the progress is of the WebDealer  
2 rollout?

3 MR. DUNCAN: Absolutely. Probably Tim.

4 MR. THOMPSON: Members, Tim Thompson, deputy  
5 director of the Vehicle Titles and Registration Division.

6 The most recent update, I suppose, is we've  
7 amended our process which now allows for the 130-U, the  
8 title application and associated documents to be scanned  
9 and uploaded into the system. This, in essence, relieves  
10 the F&I portions of the business from having to be  
11 involved in the titling aspects. We believe that this is  
12 going to be a boon for the overall adoption of the  
13 application by dealers across the state.

14 We're continuing to expand currently in the  
15 Dallas area. We've just brought on Sewell out of Dallas;  
16 seems to be going well with them. Actually, I spoke with  
17 Ms. Pack this morning from Harris County and we're gearing  
18 up to try to provide them some assistance to bring on  
19 Houston area dealers and we're continuing to expand out  
20 with all the new car franchise dealerships across the  
21 state. We expect that we'll have really a pretty big push  
22 now at this point as we move forward towards the end of  
23 the year. We're still on schedule to try to pilot with  
24 used car dealerships in November. And I believe that's  
25 the high points.

1 MR. PALACIOS: Are most of the counties  
2 receptive now to the WebDealer?

3 MR. THOMPSON: Yes. Actually, we had a booth  
4 set up at the Tax Assessor-Collectors conference and a  
5 number of the counties from across the state signed up to  
6 enable them to onboard dealerships in their counties. I  
7 forget the total number we signed up, it was 60-something.

8 MR. PALACIOS: So at this point we're wide open  
9 now. Any county that wants to sign up is eligible.

10 MR. THOMPSON: We have opened up the spigot  
11 pretty well.

12 MR. PALACIOS: Great. Thank you.

13 MR. WALKER: Mr. Barnwell, I have a question  
14 for you, and I don't know who your point person would be,  
15 but who is our direct contact with the agency that is  
16 handling the fee analysis with TTI on the deputies and the  
17 fees and so forth. Who's doing that study? I know who's  
18 doing it, but who's in-house?

19 MR. BARNWELL: I don't know, I don't have that  
20 information.

21 MS. BREWSTER: That's Mr. Kuntz.

22 MR. WALKER: Mr. Kuntz. Since I have some TACs  
23 here, I can get some feedback, probably, if I need some.  
24 But here's the question I have for you, Jeremiah, is that  
25 on the study that we are doing right now for the deputies

1 and the other fee structures that we're looking at, is TTI  
2 taking into consideration the differences -- which is  
3 going to go back to another question, probably -- that Mr.  
4 Ames operates his operation differently than MR. Ortiz  
5 does, maybe, in El Paso, so the fees are going to be  
6 variable based on how each TAC operates. So is TTI taking  
7 that into consideration and not saying, oh, this is how  
8 much it would cost Travis County to operate or how much it  
9 would cost to operate in El Paso County or in Harris  
10 County. Are they getting a real good picture of all the  
11 different TACs out there and how those fee structures  
12 would be affected statewide and not just one county or a  
13 test county here in Hays?

14 MR. KUNTZ: For the record again, Jeremiah  
15 Kuntz.

16 MR. WALKER: You understand my question?

17 MR. KUNTZ: Yes, sir. Director of Government  
18 and Strategic Communications.

19 They are building a financial model utilizing  
20 the data that they collect from all of the counties. The  
21 reason that we selected the counties that we did was to  
22 get both geographic dispersion across the state to take  
23 into consideration any differences in potentially wage  
24 rates or different costs of operating in the different  
25 parts of the state.

1           MR. WALKER: Can I interrupt you for just a  
2 second? And I apologize.

3           MR. KUNTZ: Yes, sir.

4           MR. WALKER: Because you just said two  
5 different things to me, I think. You said across all the  
6 counties, but then you said the selected counties, so are  
7 they getting information from all of the counties or are  
8 they getting information from a select pool of counties?

9           MR. KUNTZ: They used a sample size of nine  
10 counties, and those nine counties represent a dispersion  
11 across the state geographically, as well as a difference  
12 in the types of counties that they are surveying, so there  
13 are three small, three medium, and three large counties  
14 that are being evaluated. And they've done that to try  
15 and get some kind of picture of the differences not only  
16 geographically but also in the number of transactions that  
17 are taking place in the county, so they tried to create a  
18 sample size that would be representative of all of the  
19 counties statewide.

20           MR. WALKER: So who are the three large  
21 counties that have been selected?

22           MR. KUNTZ: Dallas, El Paso and Williamson.

23           MR. WALKER: Dallas, El Paso and Williamson?

24           MR. KUNTZ: Yes, sir.

25           MR. WALKER: So I assume, Mr. Ames, that they

1 are working with you and your people?

2 MR. AMES: John Ames, Dallas County Tax  
3 Assessor.

4 We have received the preliminary materials from  
5 TTI, some of their questions. I have shared with Ms.  
6 Brewster and Ms. Mellott that we were concerned a little  
7 bit with some of the questions, they were a little bit  
8 difficult to decipher and they were asking things that we  
9 felt were a little bit redundant. For example: How many  
10 registrations do you do? Doesn't DMV know how many  
11 registrations we do. So things like that.

12 We are eager to meet with them, we're scheduled  
13 to meet with them next Thursday and Friday. They  
14 initially only wanted to spend one day with us. We didn't  
15 feel like in a county of our size we could adequately  
16 explain how we process all our work in one day. They have  
17 expanded that to two days, and I have instructed my staff  
18 to not cut any of our time with them short and not rush  
19 through anything, because we want to be able to give you  
20 the best feedback we can give so that you can distribute  
21 that across the state.

22 It's difficult when you only pick nine out of  
23 254 counties to study. For example, in Harris and Dallas  
24 counties we're talking about a large production  
25 environment situation, where in Ellis County you're not

1 talking about that, you're talking about a little more  
2 one-on-one time and attention.

3 So we're about halfway through the process.  
4 That's my feedback thus far. We're eager to see how it  
5 goes next week. We're excited that we were chosen to do  
6 this and we're excited to be able to give that feedback to  
7 you.

8 MR. WALKER: So, John, in Dallas County, I know  
9 all the counties use deputies, full deputies -- no, we  
10 don't?

11 MR. AMES: No, sir. In Dallas County we have,  
12 of course, our employees which are deputized, and then we  
13 have our subcontractors which are limited service  
14 deputies. In Dallas County we have approximately 82  
15 subcontractors right now that work for us. And then we  
16 have our dealers that are deputized in some form or  
17 fashion.

18 MR. WALKER: And the reason I bring this is I  
19 just want to make sure that there's a means out there to  
20 come up with a standard that says Ms. Caraway operates in  
21 her county and you operate in your county. And I know  
22 that we've been taxed also with coming up with  
23 standardization of how you operate somewhat.

24 MR. AMES: With the initial documentation that  
25 I've seen so far, we believe that's a very good start, but

1 I would anticipate that they would come back after  
2 reviewing that from the nine counties and maybe have some  
3 follow-up questions because for sure you're going to get  
4 different answers depending on how each county interpreted  
5 the questions. And then as you go through, depending on  
6 what county you did first and which one you did last,  
7 they're going to want to come and follow up that. I'd be  
8 disappointed if they didn't come back after they've kind  
9 of summarized and drafted their process to you and visit  
10 with us again.

11 MR. WALKER: So, John, do you deputize in  
12 Dallas County a car dealership?

13 MR. AMES: Yes, we do.

14 MR. WALKER: Do most counties deputize?

15 MR. AMES: I'd probably say probably a third of  
16 the counties; it depends on the size of the county. You  
17 have to remember the largest five counties do the majority  
18 of the work in the state when it comes to that kind of  
19 work, and so the smaller counties don't have as many  
20 dealerships or their dealerships don't do enough work to  
21 justify a full deputation where they just bring work back  
22 and forth into the office.

23 MR. WALKER: So for example, I'm going to go to  
24 one of our board members right here, Mr. Palacios runs a  
25 car dealership, and I guess, Raymond, are you deputized?

1 MR. PALACIOS: No. El Paso County, they do not  
2 deputize car dealers.

3 MR. AMES: And that is completely up to the  
4 county tax assessor in this current rulemaking. And I  
5 support the fact that every independently elected tax  
6 assessor-collector can choose who they deputize or not  
7 because really they're doing the work on our behalf, under  
8 our name as the agent for the DMV.

9 MR. WALKER: But isn't it advantageous to you  
10 as a state -- I guess you're a county elected official,  
11 but isn't advantageous to get as many deputies out here  
12 that can simplify your process. For example, if Mr.  
13 Palacios was deputized as a car dealer and when I bought a  
14 car from him, he could go into the -- and the state is  
15 spending a tremendous amount of money putting a system out  
16 there, the RTS -- we've got about \$48 million -- to take  
17 and make the process simpler. If we were to deputize Mr.  
18 Palacios -- and I don't know whether or not he would want  
19 to be deputized or would be -- but to take and allow him  
20 to go ahead and go into the system, the RTS system, and  
21 issue a title, wouldn't that save some time off of your  
22 particular operation and costs?

23 MR. AMES: Well, Mr. Chairman, let me tell you  
24 this, there's always pros and cons to every situation.

25 MR. WALKER: Well, I'm here to listen.

1           MR. AMES: In my office, when I took office we  
2 only had 50 subcontractors, I encouraged my staff to  
3 increase that to at least 100 subcontractors because what  
4 that does is it takes the registration citizens out of our  
5 offices and into other facilities where they can get that  
6 work done quicker. That being said, we completely vet and  
7 we have to monitor those subcontractors that work for us.  
8       So when that work comes back it's not that we don't have  
9 the work to do, we just have to do it through a different  
10 channel. So rather than a front-line operation  
11 representative doing it, we're doing it in a back-house  
12 operation. It's not that the work is any easier to do,  
13 it's just a different style of work.

14           Are there some efficiencies built in? I  
15 believe there are, and I believe that helps getting people  
16 out of the lines in the tax offices. The dealerships are  
17 the same way, but you have to monitor these agencies that  
18 you deputize on your behalf because if they do something  
19 wrong, it's under our name, not under the DMV's name, it's  
20 under the tax assessor's name. So just to say everybody  
21 out there who wants to do it can do it is not necessarily  
22 true.

23           We vet out the people who want to do it in  
24 Dallas. Do we turn many of them away? No, not at all.  
25 But after we do background checks and interviews with

1       them, there are occasions when we say we don't think  
2       you're qualified to do this work on our behalf. There are  
3       deputations out there that we look at and review and after  
4       a year's worth of work, we say, you know, you're either  
5       not doing enough or you're not doing them right, or you're  
6       causing us more work on our end to have to fix your  
7       problems, you're no longer going to be deputized.

8                 So there are pros and cons to the process, and  
9       every tax assessor should be able to determine what is  
10       that pro and con. I certainly encourage -- and Ms.  
11       Caraway can attest to this -- I encourage that tax  
12       assessors work with the business partners in their  
13       communities. In fact, at our June conference I actually  
14       facilitated a panel with dealerships because dealers bring  
15       in a majority of the work that is title applications to  
16       our offices, and we ought to work cooperatively with those  
17       dealerships to make sure that can be done because we're  
18       serving the same citizen.

19                 MR. WALKER: I know just one of the biggest  
20       complaints that we hear is that -- and some of us are  
21       misguided to us -- the waiting lines. Even I see state  
22       representatives tell me we've got to do something about  
23       the lines at the DMV. Somebody complained about getting  
24       their driver's license, well, that's not even our agency.

25                 But we do need to minimize the waiting time,

1 and that's the task that this agency has, and we're going  
2 to be a retail-friendly operation, and we need to take  
3 advantage of all of the technology and the money that this  
4 agency is spending out there under RTS. So we need to  
5 look at ways that we make sure we work with you and the  
6 other tax assessor-collectors to make sure that we  
7 streamline the processes in order to take and get the  
8 lines out of your building and maybe work with the people  
9 so that they can get these things done.

10 MR. AMES: And a few comments on that, if you  
11 don't mind.

12 MR. WALKER: Go ahead. I'll give you time.

13 MR. AMES: Number one, I think that's very  
14 important to work through the process because when new  
15 processes are developed through the agency to help the tax  
16 assessors create efficiencies, the tax assessors ought to  
17 have input into those beginning processes because not  
18 every tax office works the same. What might work great in  
19 Williamson County does not function well in Dallas County.

20 Even though technically we all do the same kind of work,  
21 it depends on the volume and your policies and procedures  
22 within your office. So working with those groups to talk  
23 about products before they're developed and a lot of time  
24 and attention put into the agency, I certainly encourage,  
25 and that's been kind of the theme this year is

1 communication, if you will.

2 I think what will also help, because you're  
3 never going to convince anybody that they should go in on  
4 the 15th of the month when there's no lines in the tax  
5 offices to do their registration, they're always going to  
6 go in on the 29th, the 30th or the 2nd, it's human nature,  
7 but I think what will assist with that is when we remove  
8 those additional fees to do things online or to mail in.  
9 And when everybody pays the same amount and we don't  
10 penalize them for doing things more efficiently, then I do  
11 think that it will lower the lines in our offices, or I  
12 certainly hope so.

13 MR. WALKER: I'll toast you on that one because  
14 I agree with it.

15 MR. AMES: That would be great. So we're very  
16 eager to get that done and move forward.

17 MR. PALACIOS: Mr. Ames, I have a question  
18 regarding the subcontractors that you use. I think you  
19 said you had now many, 80?

20 MR. AMES: We have approximately 82  
21 subcontractors.

22 MR. PALACIOS: And what's the scope? Are they  
23 full service deputies or limited?

24 MR. AMES: Our subcontractors are limited  
25 service deputies. The majority of them are grocery

1 stores, we also have some credit unions, and AAA does  
2 registrations for us. They're limited to only doing  
3 registrations, they cannot do title work.

4 MR. PALACIOS: All right. Thank you.

5 MR. WALKER: Thank you, John.

6 MR. AMES: Thank you all.

7 MR. WALKER: So does anybody else have any more  
8 questions for Mr. Barnwell?

9 (No response.)

10 MR. WALKER: Thank you very much, Mr. Barnwell,  
11 for your report.

12 MR. BARNWELL: You're welcome.

13 MR. WALKER: That leaves Mr. Palacios to give  
14 us the financial update for the agency. Your committee  
15 met yesterday, I believe. How long was your meeting? Was  
16 it two days also?

17 MR. PALACIOS: Almost. I was set to get us out  
18 of here at 11:30, but Mr. Barnwell went overboard, so my  
19 apologies.

20 MR. WALKER: That just cost me lunch.

21 MR. BARNWELL: I did the best I could.

22 (General laughter.)

23 MR. PALACIOS: Chairman Walker, the Finance and  
24 Audit Committee of the TxDMV met yesterday, Thursday, July  
25 24, here at DMV headquarters. I presided over the meeting

1 which was attended by Members Ingram and Slovacek.

2           The committee considered four agenda items but  
3 only two require some action by the full board. I will  
4 present those two items first, along with the committee's  
5 recommendation for board action, and then I will present  
6 updates on the remaining items to be briefed in the  
7 meeting without repeating the presentations made by the  
8 staff. All the staff who made those presentations are  
9 available today in case you have any follow-up questions.

10           The first item for the board's consideration is  
11 the Legislative Appropriations Request for the upcoming  
12 2016-2017 biennium. The agency's request focuses on  
13 initiatives which take steps to establish the agency's  
14 independence, both physically and systematically. These  
15 initiatives include: acquisition and relocation of TxDMV  
16 facilities for the Austin headquarters and regional  
17 service centers; and the next item is continued  
18 enhancement of automation projects which include TxDMV  
19 automation project funding, additional dollars needed for  
20 data consolidation, development of IT infrastructure,  
21 application migration, and service infrastructure  
22 transformation.

23           The agency's budget is supported by  
24 collections. The staff estimates that TxDMV will collect  
25 approximately \$3.5 billion for the state, while retaining

1     \$298.6 million, or approximately 8.5 percent of  
2     collections for the agency operations over the biennium.

3             Thirteen exceptional items are recommended by  
4     the staff. Those exceptional items are in your board  
5     packet on page 338. The exceptional line items also  
6     includes the final request submitted by Chairman Garcia on  
7     behalf of the Auto Burglary and Theft Prevention Authority  
8     for their item to be included in the final TxDMV LAR.  
9     That item requests an additional \$5 million per year  
10    generated by their \$2 per vehicle insurance policy fee  
11    which would be used by the ABTPA for the express purpose  
12    of additional grant allocations to the agency's law  
13    enforcement grantees.

14            The proposed LAR also includes two requested  
15    budget riders which can be found in your books on page  
16    343. The first would allow the agency to spend an  
17    unexpended balance in appropriations for fiscal year 2016  
18    in fiscal year 2017. The other seeks additional funding  
19    for the production and distribution of license plate sets,  
20    placards and stickers for each year of the biennium should  
21    the agency require additional funds.

22            The committee recommends the board approve  
23    submission to the Legislative Budget Board of the LAR as  
24    shown in your board book, which includes the exceptional  
25    items in the order presented in that document. This

1 includes the ABTPA exceptional item request of \$5 million  
2 per year which is prioritized as item number 13.

3 We also recommend the board to give approval to  
4 the staff to make non-substantive changes to the LAR as  
5 needed, as well as more significant modifications, with  
6 approval and input from myself as the chairman of the  
7 Finance and Audit Committee, and Chairman Walker.

8 Linda Flores and her staff are available and  
9 can answer any questions you have about the specifics of  
10 the LAR or exceptional items.

11 MR. BARNWELL: I move that the board approve  
12 submission of the LAR to the Legislative Budget Board, as  
13 shown in the document in your board book, which includes  
14 the exceptional items in the order presented in that  
15 document. This includes the ABTPA exceptional item  
16 request of \$5 million per year which is prioritized as  
17 item number 13. And give staff approval to make non-  
18 substantive changes to the LAR as needed, as well as more  
19 significant modifications, with approval and input from  
20 the chairman of Finance and Audit and Chairman Walker.

21 MR. WALKER: We have a motion. Do we have a  
22 second?

23 MR. RUSH: Second.

24 MR. WALKER: We have a second. Any discussion?  
25 I have a question real quick on the LAR, and I've got to

1 be quick on this, but on the exception items list did we  
2 make darn sure that we got the ABTPA exception request put  
3 in there?

4 MR. PALACIOS: Yes. It's \$5 million twice.

5 MR. WALKER: Chief Garcia has called me and  
6 written me letters and wants to make sure that they don't  
7 get left out on that and I want to make sure, I promised  
8 him that I would make sure that's on the list.

9 MS. FLORES: For the record, Linda Flores,  
10 chief financial officer.

11 Yes, sir, it is item number 13.

12 MR. WALKER: So if he asks me if it is on that  
13 list to get his dollar, I'm going to make sure I tell him  
14 that we have requested it.

15 MS. FLORES: It is on the list.

16 MR. WALKER: So let the record reflect.

17 Any other discussion?

18 (No response.)

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

21 (A chorus of ayes.)

22 MR. WALKER: All opposed same sign.

23 (No response.)

24 MR. WALKER: The motion carries unanimously.

25 MR. PALACIOS: Chairman Walker, the committee

1 would next like to present the annual audit plan, as laid  
2 out by the internal auditor, Sandra Vice, Internal Audit  
3 director. The Finance and Audit Committee reviewed the  
4 proposed fiscal year 2015 Audit Plan presented by Ms.  
5 Vice. That document is in your board books on page 344.  
6 Internal Audit is required to develop a plan each year and  
7 obtain board approval. Agencies are required to post  
8 their approved audit plan on the agency website within 30  
9 days of approval, HB 16, 83rd Legislature Regular Session.

10 Also, the audit plan is one of the required  
11 elements of the Internal Audit annual report which is due  
12 by November 1 to the Governor's Office, the Legislative  
13 Budget Board, the State Auditor's Office, and the Sunset  
14 Advisory Commission.

15 The plan proposed by our internal auditor, Ms.  
16 Vice would have the staff performing five planned audits  
17 this year, including: 1) an audit of contract workers; 2)  
18 follow-up on information security standard gaps; 3)  
19 Vehicle Titles and Registration Division mission; 4)  
20 selected county TAC processes; and the Texas International  
21 Registration Plan. There are also other audits that would  
22 be performed under these staff audits proposed if  
23 resources are available, including: the  
24 oversight/overweight permitting; motor carrier  
25 credentialing; or job classification organizational

1 assessment. Ms. Vice is available to answer any questions  
2 you have about the audit plan.

3 The committee reviewed the plan and approved  
4 the plan with the following change: we did select the  
5 Texas International Registration Plan for the audit plan  
6 and recommend that the oversize/overweight permits be  
7 included only if additional resources are available this  
8 year. The committee recommends the board approve the  
9 fiscal year 2015 Audit Plan as amended.

10 MR. BARNWELL: Mr. Chairman, move to approve  
11 the fiscal year 2015 Internal Audit Plan as amended by the  
12 Finance and Audit Committee.

13 MR. INGRAM: I'll second.

14 MR. WALKER: We have a motion by Mr. Barnwell  
15 and a second by Mr. Ingram to accept the proposed Internal  
16 Audit Plan for fiscal year 2015. Any questions? I guess  
17 I have one question real quick. Did we get pretty close  
18 to finishing up the prior year's plan? Did we miss  
19 anything on there on the audit?

20 MR. PALACIOS: I'll let Ms. Vice come up and  
21 answer that question.

22 MR. WALKER: And if so, did we carry those  
23 forward? I know we were kind of short manned.

24 MS. VICE: Sandra Vice, Internal Audit  
25 director.

1           There's two reports that we're currently  
2 working on. One is the audit of the Automobile Burglary  
3 and Theft Prevention Authority, and the other one is a  
4 follow-up audit. Both of those will be presented at the  
5 September board meeting, since there won't be an August  
6 one. So those are, in essence, I guess, carried forward.

7           MR. WALKER: Excuse me. We did finish the  
8 ABTPA audit, did we not?

9           MS. VICE: The report is not finished.

10          MR. WALKER: And when can we expect that report  
11 to be out?

12          MS. VICE: It will be presented to the board at  
13 the September board meeting.

14          MR. WALKER: At the September meeting.

15          MS. VICE: Yes, sir. So those are two audits  
16 that will be presented at the September board meeting.  
17 And then there was another audit that had been proposed in  
18 the 2014 plan that we had said we were going to carry  
19 forward. When I put it back in the risk assessment, it  
20 did not rise to the level of risk of the other projects,  
21 so it's not going to be performed.

22          MR. WALKER: And what is that audit?

23          MS. BREWSTER: Mr. Chairman, if I might?  
24 Whitney Brewster, executive director.

25                 Is that the WebSub application audit?

1 MS. VICE: Yes, ma'am.

2 MR. WALKER: Okay. Thank you.

3 All in favor signify by saying aye to accept  
4 the proposed agenda for next year.

5 (A chorus of ayes.)

6 MR. WALKER: All opposed same sign.

7 (No response.)

8 MR. WALKER: The motion carries. Thank you  
9 very much.

10 You have a schedule of jobs to do for the next  
11 year, Ms. Vice, so I guess you've got some job security.

12 (General laughter.)

13 MR. PALACIOS: Lastly, members, I would like to  
14 submit the Finance and Audit Committee's report on some of  
15 the non-action briefing items from our meeting yesterday.

16 The fiscal year 2014 third quarter financial  
17 report. TxDMV chief financial officer, Linda Flores, and  
18 her staff briefed the committee on the financial report  
19 for the third quarter of the fiscal year. The main points  
20 in that report were: at the end of the third quarter the  
21 state had received approximately \$24 million in My Plates  
22 revenue. We know today the state has reached its \$25  
23 million commitment on July 17, 2014. Again,  
24 congratulations to My Plates. The current contract year  
25 ends on November 18, 2014, and the vendor is projected to

1 generate approximately \$27 million by the end of the  
2 contract period.

3           The agency intends to carry forward  
4 approximately \$30.9 million to the next fiscal year 2014  
5 for the automation and other capital projects to continue  
6 progress on its capital initiatives. Finally, the agency  
7 projects to lapse approximately \$2.9 million at fiscal  
8 year end August 31. Staff considered various uses of the  
9 lapse but none of the options considered were viable due  
10 to limitations in staff and IT resources. As a point of  
11 reference, the agency lapsed approximately \$16.6 million  
12 last fiscal year 2013. This is a significant improvement  
13 over last year, so congratulations to the staff for that  
14 improvement. And Linda, great job.

15           The next item I have is an update on the study  
16 of costs to process motor vehicle registration and titling  
17 transactions. We've gone over that at length already.  
18 Jeremiah did brief our committee, as well, on the progress  
19 of the study. His briefing was identical to the  
20 presentation made to the Projects and Operations Committee  
21 last week, so there's no need to provide additional  
22 updates on that summary as was presented to Member  
23 Barnwell.

24           And with that, Chairman, I conclude my report.

25           MR. WALKER: Anybody have any questions for Mr.

1 Palacios or his committee?

2 (No response.)

3 MR. WALKER: Thank you very much, Raymond. You  
4 did a good job. I appreciate it.

5 MR. PALACIOS: You're welcome.

6 MR. WALKER: With that, that brings us to the  
7 conclusion of our meeting today, and there will not be an  
8 August board meeting. We kind of shuffled around a little  
9 bit so that we could move this one back a little bit in  
10 July to pick up for the June miss, and then we're going to  
11 pick up the August, so our next board meeting will be on  
12 September 12. That is the Friday before somebody plays  
13 football somewhere.

14 I will entertain a motion to adjourn.

15 MR. BARNWELL: So moved.

16 MR. RUSH: Second.

17 MR. WALKER: Mr. Barnwell, we have a motion, we  
18 have a second from Mr. Rush. All in favor signify by  
19 saying aye.

20 (A chorus of ayes.)

21 MR. WALKER: Thank you very much, ladies and  
22 gentlemen, for coming today. We appreciate your time.

23 (Whereupon, at 11:34 a.m., the meeting was  
24 concluded.)

C E R T I F I C A T E

MEETING OF: TxDMV Board of Directors

LOCATION: Austin, Texas

DATE: July 25, 2014

I do hereby certify that the foregoing pages, numbers 1 through 102, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Nancy H. King before the Texas Department of Motor Vehicles.

/s/ Nancy H. King      07/30/2014  
(Transcriber)                      (Date)

On the Record Reporting  
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