

TEXAS DEPARTMENT OF MOTOR VEHICLES

BOARD MEETING

Friday,
November 14, 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 8:080 a.m.

5 I am now calling the Board Meeting for November 14, 2014
6 to order.

7 I want to note for the record that the public
8 notice of this meeting, containing all items on the
9 agenda, was filed with the Office of Secretary of State on
10 November 5, 2014.

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

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

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

22 MS. RYAN: Present.

23 MR. WALKER: Board Member Barnwell?

24 MR. BARNWELL: Present.

25 MR. WALKER: Board Member Caraway?

1 MS. CARAWAY: Present.

2 MR. WALKER: Board Member Ingram?

3 MR. INGRAM: Present.

4 MR. WALKER: Board Member Palacios?

5 MR. PALACIOS: Here.

6 MR. WALKER: Board Member Rodriguez?

7 MR. RODRIGUEZ: Here.

8 MR. WALKER: Board Member Rush?

9 (No response.)

10 MR. WALKER: Board Member Slovacek?

11 MR. SLOVACEK: Here.

12 MR. WALKER: And let the record reflect that I
13 am Johnny Walker and I am here also. We have a quorum.

14 Terri, I know we had a call that Marvin was
15 going to be here today. Is that correct? Has he
16 canceled, postponed, or is he close by? Let's just call
17 and see if we can see where Marvin is real quick.

18 While we're doing that and trying to do some
19 things, I've got a couple of announcements I'd like to
20 make. Number one is I was not here for the last board
21 meeting, and I want to thank Ms. Ryan, Vice Chairman Ryan.

22 I heard she did an outstanding job that I'm going to have
23 a hard time today living up to the expectations that she
24 set last month, so I still hope I keep my job.

25 MS. RYAN: It's all yours.

1 MR. WALKER: Thank you, Laura. Appreciate
2 that.

3 And the other thing I'd like to talk about this
4 morning is that I was kind of shocked to hear that there
5 is a celebrity, a star amongst us today that we'd like to
6 recognize and tell a little bit about.

7 How about, Blake Ingram, could you stand up
8 just a second?

9 MR. INGRAM: Really?

10 MR. WALKER: All of you know Blake, our board
11 member here. Well, Blake this last month has been
12 recognized as the 2014 Texas Quality Dealer of the Year.
13 So that means that in the State of Texas that Blake
14 apparently runs the best dealership in the state. There's
15 17,000 of them, and Blake is the number one. So it is
16 absolutely an honor to have Blake on our board here and to
17 recognize him for all of his accomplishments. I read a
18 little article last night about he, and I didn't really
19 realize that his dad had started their dealership and he's
20 second generation, and his children are now coming in
21 there to start doing some of the work with him.

22 Blake, it's just an honor to know that and I'm
23 proud to be a part of a team that you're on and recognize
24 you as an outstanding independent dealer in the State of
25 Texas.

1 MR. INGRAM: Thank you so much, Chairman.

2 (Applause.)

3 MR. WALKER: Would you like to say anything?

4 MR. INGRAM: Well, I'm not sure if anybody has
5 recognized Member Palacios.

6 MR. PALACIOS: This is just a coincidence.

7 MR. INGRAM: It seems bad, in a way, that both
8 of us -- actually, I just found out today that you were
9 nominated and actually received the Texas Quality Dealer
10 for New Car Dealers.

11 MR. PALACIOS: That is correct.

12 MR. INGRAM: So congratulations to Raymond.

13 (Applause.)

14 MR. WALKER: I apologize, Raymond, I didn't get
15 that notice.

16 MS. RYAN: We were about to announce that also.

17 MR. INGRAM: And so congratulations, Raymond.

18 MR. PALACIOS: Thank you. Congratulations to
19 you.

20 MR. INGRAM: Thanks.

21 MR. BARNWELL: These guys are going to be hard
22 to live with.

23 MS. RYAN: You are in trouble sitting between
24 these two. Barney, what have you got?

25 MR. WALKER: So Victor, are you cop of the year

1 or something?

2 MR. RODRIGUEZ: We'll save that one for the
3 next meeting.

4 (General laughter.)

5 MR. WALKER: Well, let's go ahead and start and
6 I'm going to pick some items here that we can kind of work
7 around so that we can get Marvin in here on some of this
8 stuff today. Let's go to Executive Director Whitney
9 Brewster, and let's talk about our hiring announcements
10 first.

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

13 We have been busy with the hiring process and
14 I'm happy to announce that our executive team is now
15 complete with the last two hires. We hired the new ABTPA
16 director, Bryan Wilson. I want to welcome him. His first
17 day was October 13. He came to us as a grant
18 administrator for the Texas Indigent Defense Commission,
19 where he was responsible for overseeing the distribution
20 of \$30 million in grants per year. He's also served the
21 courts and state since 1988 in various capacities. He
22 started out as a probation officer, and then served as
23 administrator for TDCJ's Treatment Alternative to
24 Incarceration program, as well as program director for
25 TDCJ's Office of General Counsel. We are just absolutely

1 pleased that he has chosen to join our team, and want to
2 give him a very warm welcome. He's already attended --
3 actually, his first day was an ABTPA Board meeting, so he
4 had the opportunity to meet that board, as well as many of
5 the stakeholders. So welcome, Bryan.

6 And rounding out the executive team, we've got
7 Caroline Love. I know many of you had the opportunity to
8 meet her yesterday. Caroline Love is our new Government
9 and Strategic Communications Division director. We threw
10 right into the fire and she gave the Legislative Committee
11 an update yesterday and did a fine job. She joins us
12 previously from TxDOT where she has worked in various
13 capacities, but most recently as an advisor to the
14 Transportation Commission. She has held various
15 positions, including one as being an analyst and liaison
16 for HillCo Partners, LLC, as well as serving as an advisor
17 to former State Rep. Tony Goolsby. I want to welcome
18 Caroline.

19 And we're very pleased, probably no one more
20 than myself, that we have a fully staffed executive team,
21 and we're looking forward to the great things that these
22 two members can contribute to the team.

23 MR. WALKER: So Bryan, are you going to sing us
24 a song today? Make sure it's a Beach Boys song. Right?

25 (General laughter.)

1 MR. WALKER: Welcome aboard. We're glad to
2 have you guys.

3 MS. BREWSTER: Mr. Chairman, if I can also just
4 make one other announcement.

5 MR. WALKER: Absolutely.

6 MS. BREWSTER: Today we are celebrating the
7 TxDMV's fifth anniversary as an agency. A lot has
8 occurred in our five short years, and we will be
9 celebrating today. I do encourage those in the room to
10 stick around a little while after the board meeting.
11 We'll have a special video highlighting the agency's
12 accomplishments. We'll have it showing here in this room
13 as well as over in the cafeteria, Café Americano, right
14 after this meeting.

15 MR. WALKER: I'm going to skip over right now
16 and go to item 6. Let's go to 6. David, since you're
17 already up here, that will kind of be pretty quick and I
18 can get you to go over that stuff here before Marvin gets
19 here.

20 MR. DUNCAN: Good morning, Chairman, members.
21 David Duncan, general counsel.

22 I'd like to group 1 through 4, if I may. These
23 are the initial round rule reviews of the sort of
24 introductory chapters, the administrative chapters of the
25 department's rules. I'll start with Chapter 207, Public

1 Information. That chapter we're repealing in its
2 entirety. There's really no need for it, and a lot of it
3 is redundant -- or basically all of it was redundant of
4 rules and statutes that apply because the Attorney
5 General's Office adopts and enforces them.

6 Chapter 208, the Employment Practices rule, we
7 did keep some of that and we mainly adopted a sick leave
8 pool rule. We did do away with quite a bit of the chapter
9 having to do with the specifications for applications and
10 things like that, just things that really do not need to
11 be in a rule at all. And please stop me at any point if
12 you want to ask any questions about any of these.

13 On Chapter 209, Finance, we did repeal quite a
14 bit of that because it was either unnecessary or
15 duplicative. We did amend a section about dishonored
16 check processing to reflect the current cost of that and
17 to clarify that any payment from the person who drew the
18 dishonored check is first applied to the fee for that
19 dishonored check versus the penalty or the application
20 fee, whatever they're paying, and we also clarified the
21 delinquent payment obligations.

22 And finally, the last chapter is 210 which is
23 Contract Management. It, too, is in large part repealed;
24 we're keeping only two sections. We have to have a
25 protest rule and we do have to -- two subchapters, excuse

1 me -- we do have to have HUB references to the
2 Comptroller's rule so that we do have a compliant
3 Historically Underutilized Business program.

4 And with that, members, these are adoptions so
5 we would be both -- it's a two-part package: basically
6 we're noting for the record that we've done our four-year
7 rule review -- we have to review our rules every four
8 years -- so these four chapters are complete for another
9 four years, and we'll publish that separately from the
10 amendments and repeals of the chapters that I've
11 mentioned.

12 MR. WALKER: So there are four resolutions.
13 Your recommendation is under 6.A.1 through 4, and I'm not
14 sure whether we want to take all of those as one lump
15 because there's four resolutions, or whether we want to
16 take and individually vote on each one of those.

17 MR. DUNCAN: You can vote on them altogether;
18 they're exactly the same thing, just different packages.

19 MR. WALKER: Is there a preference by the
20 board? Does anybody want to discuss on any of these
21 items?

22 MR. RODRIGUEZ: No.

23 MR. WALKER: I'll entertain a motion to take
24 all four items under one vote.

25 MR. RODRIGUEZ: So moved.

1 MR. SLOVACEK: Second.

2 MR. WALKER: So we have a motion to approve the
3 resolution to repeal and revise the sections under
4 Subchapter 207, 208, 209 and 210 by Member Rodriguez, we
5 have a second by Member Slovacek. Any discussion?

6 MR. RODRIGUEZ: Yes. David, the 207 changes,
7 that being item 6.A.1, essentially what we're saying here
8 is (microphone not turned on) and so we don't need them.
9 Is that correct?

10 MR. DUNCAN: Yes, sir. And all of the rules
11 like for how you determine cost if someone asks for a
12 really big request, those are all with the AG's Office.

13 MR. RODRIGUEZ: All AG's Office.

14 MR. DUNCAN: Yes, sir.

15 MR. RODRIGUEZ: And you say there are no fiscal
16 implications with this change.

17 The Chapter 208 changes, these are relegated to
18 our policy manual, what is in the rules right now, except
19 for the sick leave.

20 MR. DUNCAN: Correct.

21 MR. RODRIGUEZ: And the sick leave is otherwise
22 governed by state policy.

23 MR. DUNCAN: Correct.

24 MR. RODRIGUEZ: Two questions. One is by what
25 process can that HR manual change?

1 MR. DUNCAN: The HR manual is run through an
2 executive review process and is ultimately approve by
3 Whitney after review by the management team and Sharon's
4 group.

5 MR. RODRIGUEZ: Mr. Chairman, I'm just
6 wondering if the HR manual --

7 MR. WALKER: Victor, turn your mic on.

8 MR. RODRIGUEZ: I'm just wondering, Mr.
9 Chairman, if there's any reference at all, I don't recall
10 whether or not -- I think we approved the HR manual
11 through the board. I'm just wondering.

12 MR. WALKER: A long time ago.

13 MR. DUNCAN: As we're aware it's not been to
14 the board. Sorry.

15 MR. WALKER: Do what?

16 MR. DUNCAN: As we're aware it has not been to
17 the board.

18 MR. RODRIGUEZ: That's okay. We don't need to
19 solve this right now. My concern here is that getting
20 away from rules in lieu of the manual is who's watching
21 the manual. That's all I'm concerned with from the
22 standpoint of that piece of my question. And I don't mean
23 to solve it today, but I understand where we're going with
24 this and it's just something for us to work with.

25 And number two, in this piece you say there are

1 no anticipated fiscal implications. What's the difference
2 between there are no fiscal implications and no
3 anticipated fiscal implications?

4 MR. DUNCAN: The anticipated fiscal
5 implications is the language of the statute that requires
6 that you look for that. In general, when you're doing
7 that kind of fiscal review, you're looking for external
8 impacts, one or two things, either impact on the business
9 world and the public or impact on our ability to collect
10 money or how much we collect. So fiscal implication can
11 be either it's going to cost people more money to do
12 business with us or --

13 MR. RODRIGUEZ: I understand that. I'm just
14 saying in one you're definitive, there are no cost
15 implications, and in this one there are no anticipated
16 implications, so the question is there could be some.

17 MR. DUNCAN: No. We don't think there would be
18 some on either one. I think we just used that word
19 because that's actually how the statute is worded is
20 anticipated, and I think we just didn't use anticipated in
21 the other one. Sorry about that.

22 MR. RODRIGUEZ: That's all my questions, Mr.
23 Chairman.

24 MR. WALKER: Do we have any public comments, or
25 would anybody like to speak after that?

1 MR. DUNCAN: And we didn't receive any comments
2 on any of these rules -- not surprisingly.

3 MR. WALKER: Any further questions from the
4 board or discussion?

5 MS. RYAN: These post and then are immediate
6 two weeks later, you said?

7 MR. DUNCAN: They're effective twenty-one days
8 after we send them to the register.

9 MS. RYAN: Twenty-one.

10 MR. DUNCAN: So they'll be effective mid
11 December.

12 MS. RYAN: So they don't come back to the
13 board.

14 MR. DUNCAN: No, ma'am. This is for adoption.

15 MS. RYAN: Okay.

16 MR. WALKER: All in favor of adoption of the
17 proposed recommendations by staff on items 207 through
18 210, I believe it was, signify by saying aye.

19 (A chorus of ayes.)

20 MR. WALKER: All opposed, same sign.

21 (No response.)

22 MR. WALKER: The motion carries unanimously by
23 all board members present.

24 Let's go to the next item 6.A.5 and 6, I guess
25 it is.

1 MR. KUNTZ: Good morning, members. For the
2 record, Jeremiah Kuntz, director of Vehicle Titles and
3 Registration.

4 Before you item 6.A.5 is for your consideration
5 the final adoption of Section 217.28, Specialty License
6 Plate Symbols, Tabs and Other Devices, and 217.40,
7 Marketing of Specialty License Plates through a Private
8 Vendor.

9 This rule for final adoption has two main
10 issues. The first is to add the star symbol as one of the
11 symbols that is in between the alphanumeric characters on
12 the license plate, and the other provision of this rule is
13 to adopt new specialty license plate fees under the
14 contract with My Plates.

15 When the board approved Whitney Brewster's
16 authority to enter into a contract with My Plates, that
17 contract has a new start date of November 19, 2014. That
18 contract My Plates had put for our consideration changing
19 the fee schedule that they have currently to a new fee
20 schedule that was passed out to you this morning. The
21 contract contemplated two main things that I wanted to
22 address with you that this rule takes care of.

23 One is the elimination of the ten-year plate
24 and the introduction of the three-year plate, so what they
25 used to have was a one-, five- and ten-year plate term,

1 now they will have a one-, three- and five-year plate
2 term. This was something that was requested by the
3 department when negotiating the contract renewal, and so
4 that's the first thing that's before you.

5 The other thing that you're seeing in this fee
6 schedule is the collapsing of three groupings of license
7 plates. The custom, premium and luxury license plates
8 will all be collapsed into one fee schedule, and as you
9 can see, custom one-year is kind of where I'll start here,
10 custom one-year would be \$150 for a one-year, a three-year
11 of \$400, and a five-year of \$450. That same three fees
12 would be applied to the custom, premium and luxury; those
13 would all be collapsed down into one type of license plate
14 that the individuals could purchase.

15 MR. WALKER: So there won't be a custom,
16 premier, luxury, it's just going to be one plate since
17 they're all the same price.

18 MR. KUNTZ: Correct. So they'll be background
19 only, there will be custom, and then freedom.

20 MR. BARNWELL: Can you tell me about those
21 plates? Background, custom, premium, luxury and freedom,
22 just briefly describe the differences in those plates.

23 MR. KUNTZ: Generally it had to do with the
24 plate designs and the alphanumeric characters that were
25 available on it, so as you got higher, the freedom got you

1 into the seven characters, so you had different background
2 patterns that were available, more basic backgrounds versus
3 backgrounds that were more fully colorful, they had
4 different logos and those things on them.

5 MR. RODRIGUEZ: If we wanted to walk away from
6 this contract, what do we have, a 30-day notice, 60-day
7 notice? What is our provision on that contract?

8 MR. KUNTZ: I would have to go back into that
9 contract to pull the actual cancellation to see how that
10 would work. I'm not prepared to talk about the actual
11 provisions of the contract today.

12 MR. WALKER: I don't think there is a
13 cancellation clause except by legislative mandate.

14 MR. RODRIGUEZ: I think every contract has a
15 walkout clause. I was just wondering what ours is.

16 MR. KUNTZ: I'd be more than happy to get you
17 that information after the board meeting.

18 MR. WALKER: Are you finished with your
19 presentation, Jeremiah?

20 MR. KUNTZ: That's my presentation.

21 MR. WALKER: So I guess what you're asking the
22 board to do is to approve the new rate structure for the
23 speciality license My Plates program which starts in
24 effect next week. Is that correct?

25 MR. KUNTZ: Yes, sir.

1 MR. WALKER: So by a vote today, that would put
2 these rates into effect, I guess, Monday. Monday is the
3 18th. Is that not correct?

4 MR. DUNCAN: The effective date of the rule
5 technically would be the 1st of December. You have to do
6 it at the beginning of the month so you don't mess up
7 renewals. You have to do it on a month, so it's going to
8 be December 1.

9 MR. WALKER: Marvin, I tried to hold back until
10 you could get here, buddy, but we haven't voted but on
11 three items, you only missed three deals.

12 Congratulations back, Marvin.

13 MR. RUSH: Thank you.

14 MR. WALKER: Let the record reflect that our
15 ninth board member, Marvin Rush, is now currently present,
16 for the record. So we have a full board. That's the
17 first time we've had a full board here in, I bet, over a
18 year almost, so it's a great day in paradise.

19 I have some questions real quick, Jeremiah,
20 before we move forward. The contract effective date is
21 November 18 which is next Tuesday. Correct?

22 MR. KUNTZ: The old contract expires on the
23 18th, the new contract starts on the 19th.

24 MR. WALKER: Same thing, semantics. So we're
25 going to start on the 19th but the rates will not be

1 effective until December 1, I just heard David say?

2 MR. KUNTZ: Yes, sir. The contract did
3 contemplate that the rate structure had to be approved by
4 the board, so it is still a board discretion on how to
5 approve that rate.

6 MR. WALKER: So we are not canceling the old
7 rates then until an effective date of December 1. Is that
8 correct?

9 MR. KUNTZ: Correct. The effective date of the
10 new rule.

11 MR. WALKER: I didn't notice that when I read
12 it last night, but maybe I missed it. So it states the
13 rule instead of the date. Okay. And it says that there
14 is no fiscal implications. Why would there not be a
15 fiscal implication? It affects pricing, it's a lower
16 price, so price should go down but anticipated fiscal
17 impact could be greater because we make may sell more
18 license plates due to that.

19 MR. DUNCAN: It's because of the rule if there
20 was any fiscal impact. The contract was renegotiated and
21 anticipates them setting their own pricing structure. It
22 also restructured how they're compensated under the new
23 contract, so once the new contract kicks in in November,
24 the income for the vendor is primarily driven by new plate
25 sales and less by renewals. They were getting a larger

1 share of the renewal, basically 50 percent, before, and
2 now they're getting much, much less in renewals. So if
3 there was any fiscal impact, it was from that renegotiated
4 contract which the board adopted several months ago. So
5 we don't think the rule itself is what's driving the
6 fiscal impact, it was the renegotiated contract allowing
7 them to change their prices.

8 MR. WALKER: So we have a recommendation by
9 staff to modify Section 217.28, 217.40 by adding a
10 silhouette marquis to the license plates, the State of
11 Texas symbol, I guess it is, or a star in between alpha
12 and numeric, and to adopt the adjusted pricing for the My
13 Plates contract going forward, effective date December 1,
14 and cancel the old rates, and do a consolidation of
15 custom, premium and luxury into one category of license
16 plates to be sold. Did I get it all?

17 MR. KUNTZ: Yes, sir.

18 MR. RODRIGUEZ: It's not a requisite that it be
19 a silhouette. Right?

20 MR. WALKER: It's the symbol and it's the
21 symbol that is in the middle of the license plate where
22 it's in the alphanumeric pattern.

23 MR. WALKER: So it's a silhouette of the State
24 of Texas is what it says it is in the book.

25 MR. KUNTZ: It's a star.

1 MR. RODRIGUEZ: We're adding the star, but are
2 you saying the star will be in a silhouette form or just a
3 star?

4 MR. KUNTZ: It's a star symbol, so right now as
5 one of your alphanumeric characters you can add a symbol,
6 so there are multiple symbols that people can choose from
7 to add into the alphanumeric characters.

8 MR. RODRIGUEZ: All I'm asking is it a
9 silhouette requisite, that's all I'm asking. It doesn't
10 say that.

11 MS. RYAN: It's a symbol.

12 MR. KUNTZ: It's just a symbol of a star.

13 MS. RYAN: And it's one of the numbers, so if
14 it's a six-character, it's one of.

15 MR. KUNTZ: A, star, and then something else
16 after it.

17 MR. WALKER: Do we have a motion to accept
18 staff's recommendation?

19 MR. BARNWELL: So moved.

20 MR. WALKER: So moved from Mr. Barnwell.

21 MS. RYAN: Second.

22 MR. WALKER: Second from Ms. Ryan. Any
23 discussion? Any further questions?

24 (No response.)

25 MR. WALKER: All in favor of adopting signify

1 by saying aye.

2 (A chorus of ayes.)

3 MR. WALKER: All opposed, same sign.

4 (No response.)

5 MR. WALKER: The motion carries unanimously.

6 Let the record reflect that all nine board members voted
7 in favor.

8 Let's move on down the road to Mr. Archer.

9 Let's talk about IRP.

10 MR. ARCHER: Good morning, Mr. Chairman and
11 members of the board. For the record, my name is Jimmy
12 Archer and I'm director of the Motor Carrier Division.

13 For the board's consideration we would request
14 adopting amendments to 43 Texas Administrative Code,
15 217.44, Registration Reciprocity Agreements. These
16 amendments were originally brought to you at the May 2014
17 board meeting. After receiving comments from Texas
18 Trucking Association, the department decided to withdraw
19 the previous submission and submit the amended version of
20 217.44 to the board.

21 Since this rule was posted for comment on
22 October 3, one comment was received. Mr. Barry Wilkerson
23 commented by email that the additional fees for
24 apportioned license plates are a burden to small
25 businesses if all commercial vehicles are required to have

1 apportioned license plates. However, Mr. Wilkerson does
2 not qualify to register his vehicles under the
3 International Registration Plan because he only operates
4 his vehicles in one state, being Texas, and he does not
5 say he plans to operate his vehicles in more than one
6 jurisdiction. If he wanted to operate in another
7 jurisdiction, registration under IRP is not mandatory. He
8 could go to each state and register in each state he
9 planned to travel in. I sent a response to Mr. Wilkerson
10 thanking him for his comments and informing of this. Mr.
11 Wilkerson replied he appreciated the reply and
12 consideration.

13 The proposed amendment to 217.44 is as follows:

14 It adds language to clarify the department will issue one
15 license plate for tractors, truck tractors, trailers and
16 semi-trailers, those being vehicles that are typically
17 used in conjunction with one another. It amends power
18 unit language to specify the plate issued to a tractor or
19 truck tractor is to be placed on the front of the vehicle.

20 The one plate issued trailers and semi-trailers is to be
21 displayed on the rear of the vehicle.

22 Additionally, peace officers are accustomed to
23 seeing a license plate on the rear of a power unit that is
24 not designed primarily for drawing another vehicle. The
25 department decided to issue two license plates to these

1 vehicles which will display a license plate on the front
2 and the rear of the vehicle. The rule also adds language
3 about the department issuing two license plates to all
4 other apportionable vehicles, to include buses used in
5 transport of charter parties and trucks that are
6 registered under IRP.

7 It corrects statutory references, rule
8 references and references to language in IRP as a
9 definition for the regional service center. It makes
10 additional changes so the rule is consistent with other
11 TxDMV rules and terminology.

12 There are no significant fiscal implications
13 related to these proposed amendments. If the proposed
14 amendments are adopted by the board, staff anticipates
15 publication in the Texas Register on or about November 28,
16 2014, with an effective date of December 4, 2014.

17 I respectfully ask that the board adopt the
18 proposed amendments to Section 217.44 and we're happy to
19 answer any questions that you might have.

20 MR. WALKER: I have a couple of questions after
21 I read this last night. Number one is Mr. Wilkerson said
22 unfair burden of increased costs. I'm not sure what he
23 was talking about because there is no additional cost
24 associated with this whatsoever, is there?

25 MR. ARCHER: Yes, sir.

1 MR. WALKER: So why was he saying it's going to
2 cost him more?

3 MR. ARCHER: He was under the impression that
4 it was a requirement that he register in IRP when he read
5 the rule.

6 MR. WALKER: Even if you register under IRP, it
7 doesn't cost anymore.

8 MR. ARCHER: I guess he didn't understand that,
9 Mr. Chairman.

10 MR. WALKER: Because an apportioned plate and a
11 state plate are the same fee based on the use of the
12 plate.

13 MR. ARCHER: Correct.

14 MR. WALKER: Number two is that there was a
15 comment in there from the Texas Trucking Association --
16 they changed their name. The Texas Trucking Association
17 said that law enforcement had been ticketing some items
18 because they did not have a rear plate when they were not
19 pulling, and the word you used in your draft, which I've
20 never seen before is drawing -- we normally pull trailers
21 but I didn't know we draw, maybe we draw wagons. Why have
22 there been tickets issued because the law plainly states
23 that a rear license plate is not necessary in a
24 combination application?

25 MR. ARCHER: Well, Texas Trucking Association's

1 original concern was about box trucks because, as you well
2 know, you can have a box truck that weighs less than
3 26,000 pounds, and depending on the weight of the axle,
4 you can have one that weighs over 30,000 pounds.

5 MR. WALKER: I have some of those. Keep going.

6 MR. ARCHER: Yes, sir. And those vehicles are
7 being issued one plate which will be put on the front.
8 The concern that TXTA had that we should draft the rule to
9 comply so it would be possible for all those vehicles to
10 get plates.

11 The drawing language came from our general
12 counsel's office to make it clear that if a vehicle draws
13 another, then you put the plate on the front.

14 MR. WALKER: Pulls.

15 MR. ARCHER: Pulls. Draws/pulls.

16 MR. WALKER: And so all we're doing here is
17 saying we're changing it, so I assume we're leaving the
18 word combination in there so if it's a combination truck
19 and trailer it's still only required to have one plate on
20 the front and the rear of the drawn trailer.

21 MR. ARCHER: That's correct.

22 MR. WALKER: No fiscal implications here, we're
23 just going to try to start issuing two plates on a truck
24 so the trucks that are, I guess, a 34 GVW apportioned box
25 truck or straight truck -- we've got straight trucks just

1 like that -- now will have two plates on there.

2 MR. ARCHER: Yes.

3 MR. WALKER: I need a motion.

4 MR. RUSH: I make a motion.

5 MR. WALKER: Marvin Rush has made a motion to
6 adopt the proposed rule. I need a second.

7 MR. BARNWELL: Second.

8 MR. WALKER: Is there any further discussion,
9 questions, comments?

10 MR. RODRIGUEZ: May I ask a question, Mr.
11 Chairman?

12 MR. WALKER: Yes, sir, Mr. Rodriguez.

13 MR. RODRIGUEZ: Jimmy, the May 30, 2014
14 posting, what was the outcome of that? We let it die?

15 MR. ARCHER: We received comments from TXTA and
16 we withdrew that rule, I believe in the July meeting, and
17 we resubmitted it.

18 MR. RODRIGUEZ: So we modified it and reposted
19 it.

20 MR. ARCHER: We did.

21 MR. RODRIGUEZ: Thank you.

22 MR. WALKER: Any further comments, questions?

23 (No response.)

24 MR. WALKER: All in favor of accepting the
25 adoption as recommended by staff signify by saying aye.

1 (A chorus of ayes.)

2 MR. WALKER: All opposed, same sign.

3 (No response.)

4 MR. WALKER: Motion carries unanimously once
5 again.

6 Mr. Harbeson, I think you're up next under
7 6.A.7.

8 MR. HARBESON: Yes, sir. My name is Bill
9 Harbeson. I'm the director of the Enforcement Division
10 for the department, and I'm here today asking the board to
11 approve the adoption of amendments to rule 218.72, the
12 repeal of 218.75 and the addition of a new Section 218.78.

13 These rule changes were brought about because
14 of the language in House Bill 2741 from the last session
15 that created a cause of action that allowed us to deny an
16 application if it was determined based on DPS reports that
17 the applicant was affiliated somehow with a carrier that
18 had earlier been cited as being unsafe by DPS. This is
19 what we've been referring to in our meetings as the
20 chameleon phenomenon. That is, somebody is a bad actor
21 that's unsafe on the highway and then they just come back
22 to us under another name or other ownership but it's the
23 same operation, same unsafe operation that we want to
24 remove from the highways.

25 So that change in statute required us to do

1 some things to change the rules to accommodate this new
2 statute. Most notably, the new statute says we deny
3 without notice of hearing, which is an unusual phenomenon
4 in our practice. Normally we have notice and hearing.
5 But in this particular case, where it's an applicant who
6 hasn't been issued a license, the department is authorized
7 by statute to deny, and then following that there is an
8 appeal process that the applicant can go through within
9 twenty-six days of receipt of that notice of denial.

10 So the rules 218.72 deletes the reference to
11 denial because that's the other actions that we can take,
12 revocation, suspension and probation, and those still have
13 notice and opportunity for hearing. So denial was taken
14 out of that because under the new law, denial doesn't have
15 the same rights. 218.75 is repealed because it's no
16 longer necessary. It has both repetitive language from
17 the statute that wasn't needed, and also, it's replaced
18 now by two 218.78 which is the new section which provides
19 for the appeal rights under this limited category of cases
20 where there's been a denial because of this unsafe
21 relationship with a chameleon carrier.

22 So there's been no comments filed on this rule.
23 Again, the rule was originally published on 15 August
24 2014, and staff is asking today for the approval of the
25 amendment to 281.72, the repeal of 218.75, and the

1 addition of new Section 218.78.

2 That's all I have, unless you have any
3 questions.

4 MR. PALACIOS: Mr. Harbeson, I have one
5 question. Under the new statute if the carrier is denied
6 under this chameleon rule, what is the appeals process?

7 MR. HARBESON: Within twenty-six days of notice
8 of the appeal they would ask for a hearing.

9 MR. PALACIOS: And normally, is that an
10 expedited process?

11 MR. HARBESON: We would expedite it in that
12 case because the issue is whether or not they're going to
13 go into business or not. They're currently in a non-
14 licensed situation, so we would expedite that process.

15 MR. PALACIOS: Thank you.

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

17 MR. WALKER: We have a recommendation by staff
18 to repeal Section 218.72 and 218.75, creating new Section
19 218.78 regarding chameleon carriers.

20 MR. HARBESON: Mr. Chairman, on 218.72 that's
21 an amendment. That one still stands with changes.

22 MR. WALKER: So we are amending 218.72,
23 repealing 218.75 and creating new rule 218.78. This is in
24 regards to the handling of chameleon carriers, as
25 directed, basically, by the last legislative session under

1 House Bill 2741. Have I got that correct?

2 MR. HARBESON: That's correct.

3 MR. WALKER: So I need a motion to adopt.

4 MR. INGRAM: So moved.

5 (General talking.)

6 MR. WALKER: Oh. We did have a motion.

7 MR. INGRAM: I'll second.

8 MR. WALKER: So we have a motion from Rodriguez
9 and we have a second by INgram.

10 MR. BARNWELL: One question. On 218.78, this
11 new rule that we're going to the appeal of denial rule,
12 you said that in the event that we deny it and if the
13 denied party desires to appeal they can do so within
14 twenty-six days and that you would expedite it. Is the
15 expedited language actually in the rule, or is that just a
16 policy that you have?

17 MR. HARBESON: That just would be a policy,
18 it's not in the rule.

19 MR. BARNWELL: If you didn't expedite it, put
20 it on a fast track, how long might it take for them to get
21 through that appeal process?

22 MR. HARBESON: Well, getting through the appeal
23 process is another issue.

24 MR. BARNWELL: Or let's say to have a hearing.

25 MR. HARBESON: We would set it for hearing as

1 soon as we received the notice. We would contact SOAH and
2 ask for a hearing.

3 MR. BARNWELL: Is that the policy for any
4 appeal?

5 MR. HARBESON: Yes, sir. Normally, if somebody
6 asks for a hearing we're going to immediately go set it
7 for hearing.

8 MR. BARNWELL: Okay. So the general policy is
9 no matter what the denial or whatever, if someone decides
10 to appeal an order or ruling by staff, then they can
11 appeal, and that's generally moved forward into SOAH
12 promptly.

13 MR. HARBESON: Yes, sir. Again, the vast
14 majority of our enforcement cases are handled by
15 settlement, but during that twenty-six days, staff will
16 encourage the party to go ahead and file your request for
17 hearing, we're going to try to work out a settlement, and
18 if that doesn't work, we'll go. One of the cases you'll
19 hear today is one of those that was not able to be settled
20 and we went ahead and had to try the case.

21 MR. BARNWELL: Okay. I was just wondering what
22 the general process and if there were exceptions. I
23 didn't want any wiggle room for staff to just delay
24 something without reason, so if it's the general policy of
25 the staff to move these forward in that way, then I have

1 no problem with it.

2 MR. HARBESON: As a matter of course, we just
3 don't receive that many, so staff all understands that
4 once that request has come in for a hearing, we're going
5 to get over to SOAH, ask for a date and get the ball
6 moving there.

7 MR. BARNWELL: Okay.

8 MR. HARBESON: At that point it's no longer in
9 our hands, then it's SOAH.

10 MR. BARNWELL: Exactly.

11 MR. INGRAM: So you're at the mercy of SOAH's
12 schedule.

13 MR. HARBESON: And the other side. I mean, I
14 should bring up that once we have a contested case going,
15 the other side may also engage in discovery, for instance,
16 which may stretch the case out.

17 MR. BARNWELL: Well, I mean, it may go on
18 forever, but the point is that as far as our policies and
19 procedures are concerned, we're moving that forward in an
20 expeditious way in order to try to achieve a quick
21 resolution to whatever the issue might be.

22 MR. HARBESON: Yes, sir.

23 MR. BARNWELL: Okay. I have no further
24 questions, Mr. Chairman.

25 MR. WALKER: I have one last question. When we

1 refer to chameleon carriers and carriers that are
2 primarily regulated under this particular statute, we're
3 dealing, I think, 100 percent with just household goods
4 carriers. Is that not correct?

5 MR. HARBESON: That is not correct.

6 MR. WALKER: Would you clarify that for me?

7 MR. HARBESON: We have other carriers that have
8 been taken off the highway by either our DPS or by the
9 Federal Motor Carrier Safety Administration for unsafe
10 practices. This only addresses DPS safety carriers. The
11 legislative package that was discussed yesterday, and that
12 the board will see today, covers really the entire gamut.

13 For instance, a carrier that we have dealt with that owes
14 us civil penalties will often just reincarnate as a
15 chameleon and come back to us, and currently we have
16 nothing to stop that. The new legislative package
17 addresses that problem.

18 MR. WALKER: Didn't the Surface Transportation
19 Act of 19 -- was it '96, or whatever it was, can't
20 remember the year -- didn't that take regulation of motor
21 carriers away from the states with the exception of
22 household goods carriers, though?

23 MR. HARBESON: I'm not aware of that.

24 MR. WALKER: I'm pretty sure that's correct.
25 It's in the Surface Transportation Act. That's when they

1 deregulated trucking, except for household goods carriers.

2 Okay. We have a motion by Chairman

3 Rodriguez --

4 MR. RODRIGUEZ: Promotion.

5 MS. RYAN: Good job, Victor.

6 (General laughter.)

7 MR. WALKER: Member Rodriguez -- I'm giving you
8 my job here, buddy, and by Member Ingram. No further
9 discussion, I will entertain a vote. All in favor signify
10 by saying aye.

11 (A chorus of ayes.)

12 MR. WALKER: All opposed same sign.

13 (No response.)

14 MR. WALKER: Motion carries unanimously by all
15 board members again. And that cleans up that.

16 Let's go to item 6.B, proposal of rules for
17 Texas Administrative Code. Mr. Duncan, since you're
18 available.

19 MR. DUNCAN: Members, again, David Duncan,
20 general counsel.

21 This is a proposed rule review and
22 restructuring. This is the first big substantive one.
23 This is Chapter 217 which is Registration and Titling
24 which is a very big deal to our friends in the TAC
25 community and the dealers; everybody needs to know how

1 this is going to look.

2 You'll note that this is one where we did not
3 give you the entire rule package because the entire rule
4 package is over 300 pages. We're not making that many
5 changes. This just has to do with the way the Texas
6 Register works. What we're doing is we're substantially
7 renumbering the entire chapter, and when you change the
8 number of a rule you have to repeal the old one to adopt a
9 new one, so we're repealing basically the whole thing and
10 readopting it.

11 If you'll look in your board book on page 281,
12 you'll see the summary, and the summary mentions that
13 there is one substantive change implementing House Bill
14 2305. It's a single sticker change for commercial fleets,
15 a very minor change. But the rest of it is all cleanup
16 and reordering and restructuring. And you'll see that
17 we've done two tables that begin on page 282, and they're
18 called derivation and disposition tables. Basically, one
19 is the converse of the other. A derivation table is how
20 the new rule number was derived from the old rule and the
21 disposition table is the opposite, you know, we took the
22 old rule and here's what we turned it into.

23 One thing we do plan to do for our friends in
24 the TAC community and the dealership community is to
25 create sort of a special redline of this rule. We're

1 going to create a redline that shows just the things that
2 were changed. That's not something that will ever show up
3 in the Register because they won't publish it that way,
4 but we'd like people to be able to look and see, okay,
5 here's the old rule language and they just changed two
6 words. And most of that is going to be very, very minor
7 changes, making it consistent with statute, that sort of
8 thing. So we will make that available.

9 Can we put it on the website? We haven't done
10 it yet but we'll get it up and make it available. It's a
11 bit of work but it's basically a word compare. You can
12 make these things, I've done them before. But we will
13 create one of these things so that the regulation you can
14 see exactly what we're really changed in the rule, even
15 though it will look like we've changed everything.

16 And with that, I'm available for any questions,
17 and we recommend that the board propose this rule review
18 and the amendments to Chapter 217.

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

20 MR. WALKER: So we have a motion to accept the
21 posting of the new 217 with its entirety by Board Member
22 Rodriguez.

23 MS. CARAWAY: Second.

24 MR. WALKER: We have a second by Ms. Caraway.
25 Any discussion, any comments, any questions?

1 MS. RYAN: This one will come back before the
2 board before adoption. Correct?

3 MR. DUNCAN: Absolutely, yes. And we may get
4 some comments on this because I think when people see it
5 in the register it's going to cause a little shock, but we
6 do think that it's definitely needed. Two of the sections
7 of Registration and Titling, one of those sections, just a
8 single section was over thirty pages long.

9 MR. WALKER: So I'm just a little confused
10 because under 5 and 6 the board just adopted changes to
11 217, so we made changes to 217 yet we are posting 217 for
12 comment about their makeup, basically, in their entirety.
13 Is that not correct?

14 MR. DUNCAN: Yes. 217 is a rule that's open
15 basically all the time.

16 MR. RODRIGUEZ: We're just reorganizing 217.

17 MR. DUNCAN: Correct. That's what this one is.
18 We'll actually have to wait until those changes --
19 everybody is nodding their head.

20 MR. WALKER: So even though we have posted,
21 approved and made changes to 217, now we're going back in
22 there to post to say that we're making a cleanup.

23 MR. DUNCAN: The Register won't allow us to
24 post this until those are final. We'll have to adopt
25 those and get the paperwork to them and the period has to

1 run, and then they'll let us publish this.

2 MR. WALKER: A lot of paperwork.

3 MR. DUNCAN: A lot of paperwork.

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

6 (A chorus of ayes.)

7 MR. WALKER: All opposed, same sign.

8 (No response.)

9 MR. WALKER: Motion carries unanimously.

10 MR. WALKER: Marvin, since you were late there
11 and we did recognitions before you got here and everybody
12 got an award but you, did you get recognized that we
13 didn't know anything about. Well, Blake over here, he's
14 auto dealer for the State of Texas, and Raymond over here
15 got Time Magazine dealer of the year, so you're sitting
16 between two of the most famous car dealers in the state.

17 MR. RUSH: [Inaudible].

18 MR. WALKER: That is exactly right. Marvin was
19 the number-one dealer in the United States, I think, about
20 five years ago. I remember that.

21 MR. RUSH: It's been a while.

22 MR. WALKER: Wow, a lot of famous people up
23 here today.

24 MR. RUSH: Means about as much as this does
25 sitting here, it's for free.

1 (General laughter.)

2 MR. WALKER: All right. I tell you what, let's
3 back up. Let's go back to item 4.A, or do you want to
4 stay up there and finish some of your stuff up? I can
5 take the order any way you want.

6 MR. HARBESON: I have remaining item 5.A.

7 MR. WALKER: Do you want to go to 5.A?

8 MR. HARBESON: That's at your pleasure.

9 MR. WALKER: Go ahead, knock it out, Bill.

10 MR. HARBESON: Yes. Again, my name is Bill
11 Harbeson, and I'm the director of the Enforcement
12 Division.

13 Before the board today is an enforcement case
14 brought by the department against a dealer, Docket No.
15 12-1046 in the matter of the License of Best Buy Motors,
16 Incorporated of Houston, Texas. We're asking today for
17 the board to issue an order adopting the SOAH findings of
18 fact, conclusions of law, and recommended civil penalty of
19 \$13,050.

20 The case was heard on June 9, 2014 at SOAH.
21 The respondent was represented by attorney, staff was
22 represented by our attorney, Howard Hackman. The PFD was
23 issued on August 4, 2014 and there were no exceptions
24 filed. SOAH found violations of most of the allegations
25 and to enumerate each case would take me a long time, but

1 there was a buyer's guide violation, they were operating
2 at a non-licensed location, there was late transfer of
3 titles of approximately twenty deals, and based on that,
4 SOAH recommended a civil penalty of \$13,050. More
5 specifically, there were seven deals where they decided on
6 the penalty of \$500, and that was based on the time to
7 transfer, those were over twenty but under twenty-five
8 days. And there were nine cases that were over twenty-
9 five days where they failed to transfer title, and so they
10 recommended a civil penalty of \$1,000 for each of those.
11 The authorized penalty for those, by the way, is \$1,000 a
12 day per violation, so this was not, by no means, the
13 maximum penalty that SOAH could have been recommending to
14 you.

15 The respondent is no longer in business, and
16 that's why you don't see a recommendation in this case for
17 revocation. Because of the board's action the last
18 meeting, this would clearly fit in one of those cases
19 where we would be looking at the fitness of this dealer to
20 come back and join the ranks of our dealers.

21 We're asking the board today to approve the
22 proposed order that is presented by the staff which,
23 again, adopts the SOAH findings of fact, conclusions of
24 law, and recommended civil penalty of \$13,050.

25 MR. RUSH: I make a motion.

1 MR. RODRIGUEZ: Second.

2 MR. WALKER: Board Member Rush has made a
3 motion to accept the adoption of the fines under section
4 5.A, and we have a second by was it Board Member
5 Rodriguez?

6 MR. RODRIGUEZ: Yes, sir.

7 MR. WALKER: Any comments, questions or
8 discussion?

9 MR. PALACIOS: I have a question, Mr. Harbeson.
10 In the event that this dealer were to reapply for a
11 license in the future, can you explain the process there?
12 Are there any scofflaw rules, because I find it hard that
13 we're going to collect \$13,000 if he's out of business.

14 MR. HARBESON: Well, collection of the money,
15 if we're unsuccessful after sending the two demand letters
16 that we send after the order is final, the case would then
17 be referred to the Office of Attorney General to file a
18 civil collection action. In regard to the department
19 itself, if he should reapply, first of all, his
20 application would be stopped because of unpaid civil
21 penalty, and we would also be looking at him under the new
22 unfitness rule based on his record here on the number of
23 violations whether we would find him to be unfit to be a
24 dealer under that rule. So the collection would be
25 started here and then continue on at the AG's office. The

1 license stoppage would be done by Mr. Avitia's group up in
2 the Motor Vehicle Division. This would pop up as an
3 indicator, based on his name and address, if he should use
4 the same dealer name. They normally look at the Secretary
5 of State records to see if there's related companies, and
6 if they see that, they then will refer down to Enforcement
7 and say, okay, where are we on this. We'd say: We have a
8 final order, it's unpaid, then issue a denial.

9 MR. PALACIOS: Thank you.

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

12 (A chorus of ayes.)

13 MR. WALKER: All opposed, same sign.

14 (No response.)

15 MR. WALKER: Motion carries, and that was
16 Rodriguez made the motion and who was the second?

17 MR. RODRIGUEZ: Rush made the motion.

18 MR. WALKER: Rush made the motion?

19 MR. RODRIGUEZ: Right.

20 MR. WALKER: Okay. Let's go to item 5.B.

21 MR. RODRIGUEZ: 6.B, Mr. Chairman, are we going
22 to clear that up or not bring it up?

23 MR. WALKER: I'm sorry?

24 MR. RODRIGUEZ: 6.B -- 5.B -- I'm sorry.

25 MR. WALKER: I'm clearing that up right now is

1 what I'm going to do. 5.B?

2 MR. RODRIGUEZ: 5.B, yes, sir.

3 MR. WALKER: I'm going to clear that right now.

4 MR. RODRIGUEZ: Okay.

5 MR. WALKER: On item 5.B, as the chairman it's
6 my understanding, from talking with our legal counsel,
7 that the parties are involved in a process of
8 negotiations. They have asked that this item be withdrawn
9 from the docket today because they think that they are
10 coming along fairly well in their talks.

11 MR. RODRIGUEZ: Do you need a motion for that?

12 MR. WALKER: At my discretion, I'm going to
13 remove this item from the docket today.

14 MR. RODRIGUEZ: Do you need a motion for that,
15 or not?

16 MR. WALKER: I don't think I need a motion to
17 take something off the docket as chairman, do I?

18 MR. DUNCAN: No.

19 MR. WALKER: I think the agenda is my
20 prerogative, whatever. So that's taken care of.

21 MR. DUNCAN: And if I may, members. I
22 apologize, Mr. Chairman, I thought I was going to have
23 time to hand this out before we got to this item. What
24 I've just handed out to the board members is a status
25 report for that mediation that served as the basis for the

1 parties' request to not consider the item today. They've
2 all seen this and they've all agreed to it in writing.

3 MR. WALKER: We don't need a motion.

4 Okay. So Ms. Vice, are you ready? Let's get
5 back on the organized chart here and go back to the front.

6 Oh, my gosh, look who walked in the door. Are
7 you back?

8 MR. PALACIOS: Elvis is in the building.

9 (General laughter.)

10 MS. VICE: Good morning, and happy anniversary.
11 I'm Sandra Vice and I am the Internal Audit director.
12 Today I'm presenting information only, no board action is
13 required for these two items.

14 First in your board book, beginning on page 9,
15 is the annual Internal Audit Division's report for fiscal
16 year 2014. It looks like this. The report is required
17 under the Texas Internal Auditing Act and provides
18 information on the work in the past fiscal year, including
19 the status of the internal audit plan, non-audit services
20 completed, and external audit services procured. In
21 addition, it includes what is presented for the coming
22 year -- in other words, the audit plan for fiscal year
23 2015.

24 As required, this report was submitted to the
25 Office of the Governor, the Legislative Budget Board, the

1 Sunset Advisory Commission, and the State Auditor's
2 Office. Following this meeting, this report will be
3 posted to the agency's website, as required also by the
4 act.

5 Any questions on that item?

6 (No response.)

7 MS. VICE: The second item is a status update
8 on the Internal Audit Division's activities and this
9 begins on page 22 of your board book. We have begun the
10 fiscal year 2015 audit plan by kicking off the audit of
11 Texas Department of Motor Vehicles contract workers. The
12 engagement letter is included in your board packet on page
13 21. In addition, we are coordinating five external audits
14 and reviews by the State Auditor's Office, the U.S.
15 Government Accountability Office, and the Texas Department
16 of Public Safety. I will report the results of these
17 audits as soon as they are completed.

18 I also wanted to give you an update on
19 staffing. As you know, we've had a vacancy in our audit
20 shop, and I am happy to report that last week I provided a
21 condition offer to a successful applicant, and if
22 everything goes as planned, that auditor will be joining
23 us December 1 and we'll have a full contingency again to
24 continue to the work of the fiscal audit plan. In
25 addition, during this time we have a contract worker

1 assisting us so that we don't get off track, and this is a
2 temporary arrangement until we have everybody onboard.

3 This concludes my update, and I'm available to
4 take any questions.

5 MR. PALACIOS: Ms. Vice, I have a question for
6 you. When do you anticipate you'll have the results of
7 the contract worker audit ready available to report to the
8 board?

9 MS. VICE: At the January board meeting.

10 MR. PALACIOS: Thank you.

11 MR. WALKER: Does that conclude your report?

12 MS. VICE: Yes, sir.

13 MR. WALKER: Anybody have any questions for Ms.
14 Vice?

15 (No response.)

16 MR. WALKER: I would like to make a comment
17 today that Sandra has now been with us, her one-year
18 anniversary, I think, is this week, and so Sandra, we
19 appreciate all you've done for the board here. I know
20 that you came in there and it was kind of a little bit
21 unorganized somewhat and we've got things squared away and
22 that division of the agency is running quite well, and we
23 appreciate all your work and hard efforts that you've put
24 into doing that.

25 MS. VICE: Thank you.

1 MR. WALKER: Ms. Flores, you're giving me a
2 look like UT is fixing to win a football game this weekend
3 or something.

4 (General laughter.)

5 MS. FLORES: We can only hope.

6 MR. WALKER: Well, look what happened to the
7 Aggies last week.

8 We're ready. Go ahead.

9 MS. FLORES: For the record, my name is Linda
10 Flores. I'm the chief financial officer for the
11 Department of Motor Vehicles. The information I'm
12 providing today is informational only and no action is
13 required from the board. In your board briefing book, the
14 information I am providing starts on page 24, and the
15 slide presentation starts on page 31.

16 It's appropriate for the agency to celebrate
17 successes this year, and we've had a banner year in both
18 using the funds that we were appropriated, as well as
19 collecting fees for the State of Texas. This year we're
20 projecting to lapse approximately \$3.6 million. That is a
21 substantial improvement from last year when we lapsed over
22 \$16 million. This does take into account, though, that
23 we're going to carry forward our capital dollars into
24 fiscal year '15, primarily for the automation project, so
25 you've heard some information on that.

1 On revenues, we've collected actually \$74
2 million more than we did last year, so again a major
3 success for the State of Texas.

4 For the My Plates --

5 MR. WALKER: Can I interrupt you before you go
6 forward, because when I read this last night and I may
7 just pass the point where it says our expenses were up by
8 29 percent, in that area?

9 MS. FLORES: Yes, sir.

10 MR. WALKER: And our revenues were up by 4.2
11 percent, I believe it was?

12 MS. FLORES: Yes, sir.

13 MR. WALKER: And so to clarify that for the
14 record, I'd like you to make a statement why revenues are
15 up and it's basically because we're selling more plates,
16 there's more registrations of vehicles, there's more
17 permits due to the oil industry, and I would like you to
18 also explain why our expenditures are kind of skewed
19 saying that they're up such a big percentage and that's
20 due to our capital projects, I think, expenditures that
21 are not normal items so that the record reflects that
22 we're not letting costs get out of hand. Does that make
23 sense?

24 MS. FLORES: Absolutely, yes, sir. For the
25 record, our revenue increases are due primarily to the

1 number of registered vehicles. I know that information
2 that I had received indicated we had 600 million more
3 registered vehicles out there in the state of Texas.

4 MR. RODRIGUEZ: Six hundred million?

5 MS. FLORES: Six hundred thousand. I'm sorry.

6 MR. WALKER: We needed to clarify that one.

7 (General laughter.)

8 MS. FLORES: We've also seen a jump in
9 oversize/overweight permits by 1.5 percent. We've had a
10 banner year in the number of permits. I know we've issued
11 over 750,000 permits in fiscal year '14. And then we've
12 also had increases in other fees such as business dealer
13 licenses, and it's not that the fees are increases, it's
14 that we're seeing more business, if you will.

15 On expenditures, the increases, as you
16 mentioned, are associated with our due diligence in making
17 sure that our projects are being taken care of during the
18 year, making sure that we're meeting our milestones. We
19 do have an Enterprise Project Management Office, and so
20 executive meets on a regular basis to see what the status
21 is on those projects, to address any risks that we've
22 identified, to ensure that those projects stay on track.
23 So we've done a better job of making sure that those
24 projects are making progress.

25 MR. WALKER: So another item that I noticed in

1 there, while we're in this particular area, it said that
2 we have 52 open FTEs, I believe it was, wasn't it?

3 MS. FLORES: Yes, sir.

4 MR. WALKER: And is that up a little bit from
5 where we were a year ago on our openings?

6 MS. FLORES: No, sir. I believe we're down.

7 MR. WALKER: That's down some?

8 MS. FLORES: Yes, sir. The numbers that I
9 recall were somewhere to the tune of about 70 vacancies,
10 so we've done a better job of making sure that we hire as
11 soon as vacancies come up. We've also instituted a
12 process, we call it midyear review of our budget so that
13 we're addressing any kind of funding gaps that we
14 anticipate. One that I know that comes to mind
15 particularly is the production of license plates. Because
16 of that increase in number of registered vehicles, what I
17 have in the budget is not sufficient to cover everything,
18 so in that midyear review we reallocate what we know will
19 be unspent at the end of the year to take care of those
20 type of funding gaps. I anticipate doing that as well for
21 this year.

22 We've also included new processes to make sure
23 that we're taking care of our operations, but if we know
24 of someone who's not going to be spending their money, we
25 reallocate those resources to cover those types of

1 unforeseen expenses or foreseen expenses that we know
2 we're going to have to cover.

3 MR. WALKER: So this may be an unfair question
4 to ask you, maybe I should ask Ms. Brewster, but on the
5 empty FTEs that we have, is it in any particular area that
6 we have a block of those, or is it pretty much evenly
7 distributed across the agency where it's a window teller
8 maybe in Houston and two in Dallas? Is it just across the
9 board?

10 MS. BREWSTER: Whitney Brewster, executive
11 director.

12 Primarily they're across the agency. There
13 were a number of vacancies within Motor Carrier Division.
14 They had a re-class done of some of the positions within
15 that division, and they held off on hiring until that re-
16 class was done, so those are now being filled quickly and
17 I believe they're almost complete, I think they have three
18 or four left to fill in that division.

19 MR. WALKER: But didn't we take the FTEs from
20 the Motor Carrier Division because we didn't need those as
21 much because of the TxPROS system, and we transferred
22 those over to IT positions on the projects to staff that?

23 MS. BREWSTER: Yes, sir. As a result of TxPROS
24 and the efficiencies gained there, we were able to
25 repurpose a number of position from the Motor Carrier

1 Division to both the Enterprise Project Management Office,
2 as well as IT, to focus on the projects that the agency
3 has. In addition to that, Motor Carrier Division did a
4 re-class -- an audit was completed, a re-class of some of
5 those positions was done, and as a result of that re-
6 class, they wanted to off on filling those positions until
7 that re-class was done. So it was twofold, and you're
8 absolutely correct, Mr. Chairman, we did transfer a number
9 of those positions over to focus headway on the agency's
10 priority projects.

11 MR. WALKER: So I guess an appropriate question
12 might be at this time is do we feel like or do you feel
13 like as the executive director that the agency is being
14 staffed adequately at all the different levels.

15 MS. BREWSTER: Mr. Chairman, I think you'll see
16 in our legislative appropriations request there were a
17 number of items that were requested, particularly in the
18 areas of enforcement, focused on oversize/overweight
19 enforcement, as well as areas in VTR specific to the field
20 representatives that go out and work with the tax
21 assessor-collectors on various ways to improve our
22 processes together. Those were two of the versa.

23 Ms. Flores, are there any others?

24 MS. FLORES: Finance.

25 MS. BREWSTER: Finance did have a position to

1 help with CAPS administration.

2 But back to your original question, we have far
3 fewer vacancies than we did at this time last year. Those
4 are primarily regular turnover. We review our positions
5 on a fairly routine basis to make sure that they are not
6 vacant for too long, because if they're vacant for too
7 long I then question if they are needed in that particular
8 area.

9 MR. WALKER: That's a good thing to do.

10 MS. BREWSTER: And so we do do that review, and
11 if there is no longer the need for that position, we do
12 repurpose those.

13 MR. RODRIGUEZ: Ms. Brewster, at 52 positions
14 that are vacant right now, that's about what, a 6 or 7
15 percent vacancy rate right now?

16 MR. WALKER: Higher than that, seven.

17 MS. BREWSTER: We have 763 FTEs.

18 MR. RODRIGUEZ: So that's about an 8 percent
19 vacancy rate right now, more or less?

20 MR. WALKER: Yes.

21 MR. RODRIGUEZ: What is our efficient rate?

22 MS. BREWSTER: I'm not prepared to answer that
23 question right now. I certainly can get that information
24 to you, Member Rodriguez.

25 MR. RODRIGUEZ: All right.

1 MR. WALKER: If you were going to look at
2 attrition, how would you look at that?

3 MS. BREWSTER: I would defer to Sharon Brewer,
4 our HR director.

5 MR. WALKER: No, no, that's not my question.
6 Come on up, Sharon. I mean, that's really something that
7 is important in our company, we watch attrition and try to
8 monitor that so we evaluate what causes turnovers and we
9 do exit interviews on everybody. For example, Randy
10 Elliston, sitting over here, quit because he wants to
11 retire, but you might have Billy Bob over here that quits
12 because he doesn't like the job and wants a better job.
13 What's attrition due to, the turnover due to?

14 MS. BREWSTER: Mr. Chairman, we do look at the
15 various reasons why there is turnover within the agency,
16 whether it's voluntary, whether it is due to termination
17 or if it's for retirement. We do capture that
18 information, and in fact, that's reflected in our new
19 performance measures.

20 MR. WALKER: Victor, have you got any more
21 questions on that?

22 MR. RODRIGUEZ: No. We were trying to estimate
23 the current rate of vacancies which is probably around
24 7-1/2 to 8 percent, somewhere in there, based upon 52 and
25 700-and-some-odd positions, and I'm just wondering how

1 that equates to our efficiency rate.

2 MS. BREWER: Sharon Brewer. I'm the Human
3 Resources director at the agency.

4 Last fiscal year we had an 11.9 percent
5 turnover rate. Currently, as of October 31, we had 41
6 vacant positions, and our vacancy rate is right around 6
7 percent. And so you see our strength over the last couple
8 of fiscal years, our employee strength has increased, and
9 I think we averaged about 733 employees last fiscal year.
10 We're waiting for the final numbers for this fiscal year
11 of turnover rates, and we can report that in the future to
12 you.

13 MR. WALKER: My mind is not working right,
14 because if we had an 11 percent turnover rate, that means
15 we lost 11 percent of our employees last year. If we have
16 a vacancy rate today of 8 percent -- is that not what Ms.
17 Flores just calculated, that we have basically 8 percent
18 of vacancy right now?

19 MS. BREWSTER: I'm sorry. I think we've got
20 different numbers here. The vacancy rate right now we
21 have 41 positions vacant.

22 MR. RODRIGUEZ: Are you working with the same
23 dates?

24 MR. WALKER: She said 53 and where's the
25 disconnect?

1 MS. BREWER: This is October data.

2 MS. FLORES: And the information I'm providing
3 is as of August.

4 MR. RODRIGUEZ: That's what I'm asking. So
5 you're working with two different dates.

6 MS. BREWER: My apologies.

7 MR. INGRAM: Kind of just a general question,
8 if you don't mind. I'd love an update on how goes the
9 CAPS.

10 MS. FLORES: Yes, sir. I'm prepared to give
11 you a status on that. Do you want me to do that now or do
12 you want me to go ahead and finish out the financial
13 information?

14 MR. INGRAM: Go ahead and finish, and if you're
15 going to do it later, that's fine.

16 MR. PALACIOS: Ms. Flores, I do have a question
17 on the plates. On the surface it looks like we're over
18 budget, and a lot of that has to do with the production of
19 plates where we have more plates issued. I guess my
20 question is as we have an incremental increase in the sale
21 of license plates, we also have an incremental increase in
22 revenue, so that it doesn't seem to me the proper thing
23 having now to look at other areas to make up the shortfall
24 for an increase of plates. So I guess my question is
25 going forward, if we go over budget in that particular

1 area, it's a positive for the state and the department and
2 everyone, so how can we address that as we set up our
3 forecast and our budgets going forward that this is a
4 moving target and we need to make provisions that would
5 not encumber, if we go over that, other areas.

6 MS. FLORES: Mr. Palacios ,we've actually
7 addressed this in two ways for the appropriations request.

8 One, we have an exceptional item asking for additional
9 funds to cover that. We built in a growth factor, if you
10 will, based on historical trends for registered vehicles
11 in the state, and we asked for an additional \$2-1/2
12 million a year to do that. Two, our second plan B, if you
13 will, our second approach, is to ask for a rider that
14 would give us that flexibility that you just mentioned:
15 if the number of registered vehicles goes up, we're
16 appropriated the dollars that we need to produce those
17 plates. So we have a two-prong approach, if you will.
18 We'll see which one makes it through the session.

19 MR. RODRIGUEZ: I mean, that's pretty standard.
20 You're growing at a rate of about 10 percent a year, from
21 what I can gather, so you're asking for those
22 considerations. We don't always get it, and therefore, we
23 have to do this right here. So at \$2-1/2 million, that's
24 a 10 percent increase.

25 MS. FLORES: Yes, sir. And as I mentioned, our

1 revenues are going up, and you can clearly see that in your
2 chart in your briefing book.

3 The next slide that I wanted to just briefly
4 mention is the My Plates revenue collection for the State
5 of Texas. As you know, their obligation to the State of
6 Texas was \$25 million and they hit that in July. As of
7 November 11, general revenue collections totaled
8 \$27,176,196, so they exceeded their obligation to the
9 State of Texas by approximately \$2.2 million.

10 And the final slide just depicts the progress
11 on our capital projects. You had a briefing on that
12 primarily in the automation project, and these are the
13 dollars that we're going to carry forward into this fiscal
14 year, and we've already done that.

15 MR. WALKER: So Linda, I guess technically
16 speaking, this is going to be the last time we will see
17 the My Plates graph. Is that correct?

18 MS. FLORES: Yes, sir, for this contract.

19 MR. WALKER: Because this basically is over
20 this week.

21 MS. FLORES: Yes, sir.

22 MR. WALKER: So we will start a new graph, I
23 guess, to track the new projection?

24 MS. FLORES: Yes, sir. Because all of the
25 factors that we use have changed.

1 MR. WALKER: Everything has changed. Right.
2 And so the program has changed somewhat also, so we'll
3 need to also take a look at how we track going forward
4 differently than this one.

5 MS. FLORES: That' right. I anticipate not
6 really having anything for you until my staff can get a
7 feel for what's going on with the business plan that
8 they've put into place.

9 MR. WALKER: But it will be different than the
10 way it was.

11 MS. FLORES: Absolutely.

12 MR. WALKER: Okay. Thank you. Go ahead.

13 MS. FLORES: That concludes my presentation.
14 I'm happy to answer any more questions.

15 With regards to the CAPS, the Centralized
16 Accounting Personnel System, the agency deployed that
17 financial system on September 1. The Finance Division has
18 been processing all of the transactions. We started
19 deploying access to that system to the rest of the agency
20 in October. We anticipate being done with that
21 deployment. We've been doing small portions of divisions
22 to ensure that we were able to provide the access that
23 they needed, that we were able to answer their questions,
24 because at the beginning we had questions on the system
25 itself, so we wanted to make sure that the finance staff

1 could address those same questions from the end user.

2 We started that in September with executive
3 staff, and things seemed to be going okay, so we ventured
4 out to the other divisions. I believe we've done Motor
5 Vehicle Division, some portions of Consumer Relations, so
6 we've got a plan by division, if you will, and we'll be
7 done mid December. And we're also in the middle of
8 prototyping for the HR side of the house.

9 MR. WALKER: Does anybody have any further
10 questions?

11 MS. FLORES: Love it, hate it, yes, sir.

12 MR. RODRIGUEZ: Keep going at this pace, you're
13 going to beat out Ms. Ryan's record last meeting.

14 MR. WALKER: She challenged me to see if I
15 could beat her.

16 MR. RODRIGUEZ: You're doing just great, Mr.
17 Chairman.

18 MR. WALKER: Do you have someplace you need to
19 be?

20 MR. RODRIGUEZ: Always.

21 MR. WALKER: So we are finished with 4.A and
22 4.B, 5.A and B, 6. Let's go to item 7 on the agenda,
23 Projects an Operations Committee report, Ms. Ryan. Well,
24 this is where we could lose here. She has control now,
25 Victor. You shouldn't have said that. I could

1 potentially lose the race now.

2 MR. RODRIGUEZ: She's not going to lose that
3 bet.

4 MS. RYAN: Hey, I win if you win, actually,
5 because I get to go too, so it's okay.

6 I'll give everyone a quick update. Members,
7 the Projects and Operations Committee of the TxDMV met on
8 Thursday, yesterday, November 13, at 1:00 p.m. here at the
9 TxDMV headquarters offices. Ms. Caraway, Mr. Barnwell,
10 Mr. Ingram and I attended the meeting.

11 There were four items on the agenda, none of
12 which require action by the full board in today's meeting.

13 I'll quickly provide an overview of these items the
14 committee was presented yesterday by staff and invited
15 guests. All the staff that presented and participated in
16 yesterday's presentations are available today in case you
17 have followup questions.

18 The first item considered by the committee was
19 an update and briefing on the progress of the Registration
20 and Titling System, RTS refactoring project. The
21 materials for this item are on page 313 of your board
22 books if you'd like to follow along or take a look. We
23 were first given a history and overview of the project by
24 EPMO director Judy Sandberg. She informed us of the
25 general status of the project and anticipated benefits

1 that the refactored system will provide for the agency and
2 its customers. Overall, the project is in a watchful
3 yellow status due to some minor delays caused by
4 scheduling conflicts between multiple groups involved in
5 the refactoring work. The overall project schedule seems
6 to be on track and is being watched closely to ensure key
7 dates do not slip.

8 We were next briefed by the prime contractor of
9 the project, Deloitte, who gave us the status of specific
10 project milestones and deliverables, which you will find
11 in your book, and discussed some of the challenges they
12 anticipate in bringing the project to completion.

13 Deloitte reviewed their progress on specific project
14 deliverables and how those will impact the transition from
15 the old system to the refactored system. Quality control
16 is a major focus, with 6,500 test cases that have already
17 been run against the new system. There is a target of
18 March 2015 for the release of the reporting solution which
19 is a major component of the refactored system.

20 Upcoming challenges include delivery of single
21 sticker code by TxDMV and other interfaces between TxDMV
22 systems and staff and Deloitte work. Basically, single
23 sticker could be a conflict with the work that's going on
24 and the agency is watching that very closely.

25 Finally, we were briefed by the independent

1 verification and validation, IV&V contractor, Greentree.
2 They reviewed their role in the project and provided the
3 impressions of the challenges faced by the agency and the
4 prime contractor, Deloitte. Greentree's current
5 impression is that the project is proceeding toward
6 completion on the originally agreed to scheduled timeline.

7 Overall, Greentree's observations are that the project
8 has excellent executive buy-in and involvement. They were
9 very complimentary of both our agency staff, the executive
10 team and the work that they're doing with Deloitte.
11 There's a healthy partnership between the agency and the
12 prime contractor, and issues are addressed early and
13 effectively when they arise and they're not allowed to get
14 blown out of proportion.

15 Some possible issues on the project are limited
16 resources. The DMV has numerous projects ongoing and its
17 limited staff is assigned to multiple high-level projects
18 in addition to the RTS refactoring project. The project
19 will need to react to any and all external changes and
20 management carefully as to not cause disruption to the
21 project with anything that is unexpected. The Deloitte
22 project management and oversight is currently good,
23 however, continued diligence is advised. The transition
24 in August of 2015 by Deloitte and its subcontractors from
25 supporting the old system to working with the refactored

1 code must be watched to ensure success.

2 The second item on our agenda, we received a
3 briefing by Jeremiah on the Titles and Registration
4 working group. The materials associated with this item
5 are on page 321 in your board book. Jeremiah Kuntz,
6 director of Vehicle Titles and Registration, informed us
7 that the committee held its first meeting on October 20.
8 The meeting was well attended by county tax assessor-
9 collectors, including Board Member Caraway, dealers
10 including Member Palacios, and a wide range of other
11 stakeholders.

12 The group discussion was focused on: deputy
13 types and duties, with much attention paid to dealer
14 deputies, balancing deputy types and duties against TACs'
15 need for certainty and oversight of transaction integrity
16 in their counties; bonding requirements; including the
17 latitude for TACs to set bonds versus the need to set a
18 statewide standard for an appropriate bonding threshold;
19 distinguishing between TAC and statewide transactions,
20 when is a deputy doing work on behalf of the TAC and when
21 are they not; the issue of WebDealer and the interplay
22 with TACs on their approval of dealerships to participate;
23 and finally, the staff is researching when TACs become
24 responsible for TACs' money in a transaction.

25 In conclusion, the staff is currently working

1 to draft rules that will describe the three deputy types
2 and their duties, as discussed at the first working group
3 meeting. They plan to schedule a followup meeting of the
4 working group in December to begin considering the draft
5 rules.

6 The third item that the committee received a
7 briefing on is the business continuity plan by Eric
8 Obermier, IT director. The staff summary of this issue is
9 on page 323 of the board book.

10 Eric informed us that the BCP was required in a
11 letter sent by the State Office of Risk Management. TxDMV
12 had already been working on an emergency response and
13 business continuity plan, but this letter gave the project
14 a firm deadline of October 31, 2014. TxDMV submitted the
15 plan on time. The plan considered alternative personnel
16 necessary for each division to continue performance, other
17 physical locations for work to be performed in the event
18 our buildings were unavailable and backup solutions for
19 agency processes and systems. Now that the plan is
20 complete, staff will develop and run a tabletop exercise
21 to test the plan, create and deliver training for the
22 agency staff and managers, and schedule updates for the
23 plan and key elements like the call trees to reach
24 personnel in an emergency. What means is we have a
25 disaster recovery plan in place and are separated from

1 TxDOT, in short.

2 Finally, members, the committee was briefed by
3 TxDOT CFO Linda Flores on the status of several facility
4 issues. Her presentation materials are on page 324 of the
5 board materials.

6 First, and very importantly, the Houston
7 Regional Service Center move was completed over the
8 weekend of October 24-26. Houston staff, assisted by
9 several staff from the Austin headquarters, worked
10 diligently from Friday evening through Sunday afternoon to
11 ensure a smooth grand reopening on Monday morning, October
12 27. The office was set up and running efficiently on that
13 Monday and has been ever since. Congratulations and
14 thanks to those who were instrumental in the excellent
15 team effort shown in that transition.

16 Regarding the agency's exceptional item budget
17 request for new office space in Austin, the staff is
18 working with an architect hired by the Texas Facilities
19 Commission to study the agency's need for space and
20 alternatives that might be utilized to meet that need. A
21 draft report by the architect is expected very soon, as I
22 understand it, perhaps today.

23 Ms. Flores also informed the committee
24 regarding the status of TxDOT's attempt to sell the Bull
25 Creek tract where many of our Motor Carrier staff work.

1 TxDOT's facilities manager met with Ms. Brewster and they
2 have committed to requiring a minimum of a two-year
3 leaseback to TxDMV in any sale of the property. There is
4 nothing final to report at this time, however, the issue
5 will be followed carefully over the coming months.

6 Finally, Ms. Flores informed us that some
7 overtures had been made regarding consolidating some TxDMV
8 Enforcement staff in the San Antonio office. Ms. Brewster
9 and the staff are engaging TxDOT management in discussions
10 regarding the basis for that request and to seek
11 alternatives to relocating the staff.

12 The committee spoke yesterday and wanted to
13 reach out and thank -- and I'll sure Johnny will speak
14 also -- the committee wanted to thank the staff that was
15 engaged in getting the Houston Service Center up and
16 running. As we understood yesterday and saw pictures,
17 everybody worked hard in getting that up and worked over
18 the weekend. And I also wanted to thank Terri on behalf
19 of the board for being there over the weekend and
20 representing the board. So we understand that that was a
21 lot of work and wanted to say thank you. We thanked
22 everybody yesterday.

23 MR. WALKER: Is Ann Pierce here? Oh, she's ill
24 today. I think Ann Pierce kind of headed that up for us
25 down there and Ann did a great job, and I appreciate it.

1 Tell her thanks. And Mike Dominkowitz.

2 MS. RYAN: Was that fast enough?

3 MR. WALKER: You did a good job, you read fast.

4 MR. BARNWELL: Outstanding, outstanding.

5 MS. RYAN: Thank you, sir.

6 MR. WALKER: So I assume that Houston is in
7 good shape now. We have a nice facility. It's nicer than
8 Luanne's facility over there in Hays County?

9 MR. PALACIOS: No way.

10 (General laughter.)

11 MR. WALKER: So I was told, I cannot remember
12 whether it was Ann or Terri or somebody told me, but that
13 Houston probably is going to be our model location for
14 going forward to kind of see how this works in designing
15 some of our other locations as we have to move out of the
16 TxDOT facilities, kind of come up with that.

17 And Kevin Steele. Is Kevin here?

18 MS. BREWSTER: No. Those three, Kevin, Mike
19 and Ann worked very hard to get that done.

20 MR. WALKER: I was over there myself quite a
21 bit. I'm sure they probably were wanting to know why in
22 the world this guy is over here constantly checking, but I
23 was over there weekly checking on it. They did a good
24 job. I think we've got a good landlord over there, I
25 think the facility is in an excellent location, we're

1 right by DPS, we're within half a mile of where we were
2 before, it's a safe neighborhood, it's a commercial
3 district over there. And I think security in the area, I
4 mean, you'd have to have a tank to get into this building
5 because it used to be, I guess, the safe house for all of
6 Bank of America's cash; it's where they counted their
7 cash. So it's a pretty good location.

8 MS. BREWSTER: Mr, Chairman, if I might?

9 MR. WALKER: Yes.

10 MS. BREWSTER: The agency would like to thank
11 you for your work. I know that your efforts helped get us
12 off high center in terms of where we were leaning towards
13 going, and I just very much appreciate your hands-on
14 ability to find a good location, a safe place, and I know
15 that the employees in Houston are excited about that
16 location, it's a beautiful facility. And I wanted to
17 thank you and the rest of the board for your efforts in
18 securing that location.

19 MR. WALKER: Well, that's what we get paid to
20 do, isn't it, Raymond?

21 MS. RYAN: That's why you get paid the big
22 bucks.

23 MR. PALACIOS: You get paid more than I do.

24 (General laughter.)

25 MR. WALKER: Thank you, Whitney.

1 Have you concluded with your report on Projects
2 and Operations?

3 MR. INGRAM: Yes, sir.

4 MR. WALKER: You didn't miss anything there?

5 MS. RYAN: Not unless the other members have
6 anything to add.

7 MR. WALKER: Anybody else on the Projects and
8 Operations Committee want to make any further comment or
9 statement?

10 (No response.)

11 MR. WALKER: Thank you, Laura. I think Laura
12 is doing a great job running the Projects and Operations
13 Committee. The RTS refactoring is a huge project and
14 Laura has been right there at the root of every aspect of
15 it. She has got a grasp of control of what's going on
16 without micromanaging it and working with Whitney and her
17 staff on that. And I do want to thank you, Laura, because
18 I personally was doing that before and I know that's a big
19 job with the RTS and the project stuff, so you've done a
20 great job, and thank you.

21 Mr. Slovacek, are you awake? I've not heard a
22 peep out of you today.

23 MR. SLOVACEK: I'm looking to finish this
24 meeting.

25 MR. WALKER: It is in your ballpark, my friend.

1 MR. SLOVACEK: Mr. Chairman, the Legislative
2 and Public Affairs Committee of the Texas Department of
3 Motor Vehicles met on Thursday, November 13 at three
4 o'clock p.m. here at the headquarters. Mr. Rodriguez, Ms.
5 Caraway, Mr. Palacios and I attended the meeting.
6 Chairman, you were present, as was Vice Chairman Ryan and
7 member Ingram.

8 There were two items on the agenda. Only one
9 requires action today by this board, and it relates to the
10 agency's proposed legislative recommendations. Our plan
11 today is to provide an update of the items which we were
12 briefed on at the meeting without repeating the staff
13 presentations. All staff who participated in the
14 presentations are available today if you have any
15 questions or followup comments.

16 The first item for the board's action is the
17 proposed legislation for the 84th Legislative Session. A
18 written summary for the legislative agenda begins on page
19 342 of your binder. Caroline Love, director of Government
20 and Strategic Communications, presented the staff's
21 proposed legislative agenda to the committee.

22 The proposed legislation is incorporated into
23 two bills. The first bill is an omnibus bill, including
24 most of the proposed changes which are largely intended to
25 clean up and clarify existing statutes related to motor

1 vehicle dealers, vehicle titles and registrations and
2 motor carriers. The second bill proposes changes and
3 clarifications to the salvage vehicle occupational
4 licensing statutes.

5 In summary, the larger omnibus bill will
6 include: clarification on dealer licensing and how
7 willfully omitting material information, such as general
8 distinguishing number, can result in an application being
9 denied, revoked, suspended, et cetera; making certified
10 title copies of title fees consistent with original title
11 fees, and stating that replacement titles replace
12 previously issued ones to help prevent fraud; removing the
13 character "DV" from disabled veteran plates due to a
14 shortage of alphanumeric sequences for those plates and
15 allowing for them to be used on motor homes.

16 In the motor carrier statutes we worked with
17 the stakeholders to include language clarifying that an
18 electronic version of a permit would be accepted as proof
19 operating authority and insurance and for cab cars. Also,
20 to allow for more flexibility in weight tolerance
21 permitting, a new 24-hour overweight permit is included
22 which would have the same basic limits as the existing
23 annual weight tolerance permit. On token trailer combo
24 license plates, language to allow for a permanent license
25 plate for semitrailer used in combo, as opposed to the

1 current annual license plate options. And finally,
2 language to allow for enhanced enforcement against
3 chameleon carriers by clarifying statutes allowing our
4 Enforcement staff to revoke, suspend or deny a motor
5 carriers registration if that carrier is discovered to
6 have a history of noncompliance in operation.

7 The other bill, the salvage vehicle operational
8 licensing bill will generally clarify statutes on the
9 regulation of such dealers and also streamline the
10 licensing process.

11 Finally, members of staff noted that additional
12 legislation is contemplated to reestablish the dedicated
13 Texas Department of Motor Vehicles fund, but this is not
14 part of the department's two proposed bills. Instead,
15 department staff will work with legislators, their staff
16 and the Legislative Budget Board and the Comptroller to
17 include language in the next session's funds consolidation
18 legislation to dedicate revenue sources to a fund
19 dedicated to the department.

20 The Legislative and Public Affairs Committee
21 recommends that the board approve and adopt the proposed
22 agenda for the 84th Legislature as summarized in this
23 report and as contained on page 342 of your briefing book.

24 So if somebody has a motion and somebody seconds it.

25 MR. PALACIOS: I move that the board approve

1 the legislation for the 84th Legislative Session as
2 presented.

3 MR. RUSH: Second.

4 MR. WALKER: So we have a motion to accept the
5 legislative agenda as brought forth by the Legislative
6 Committee, and that motion is by Raymond Palacios and
7 seconded by Board Member Marvin Rush. Any questions about
8 the proposed legislative cleanup?

9 (No response.)

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

12 (A chorus of ayes.)

13 MR. WALKER: All opposed, same sign.

14 (No response.)

15 MR. WALKER: Motion carries unanimously.

16 MR. SLOVACEK: May I continue?

17 MR. WALKER: Yes, sir, you can.

18 MR. SLOVACEK: The second item presented to the
19 committee is provided to the board for informational
20 purposes and it requires no board action.

21 Caroline Love, director of Government and
22 Strategic Communications, explained the agency's process
23 during the legislative session. She explained how staff
24 in the various divisions may submit a request for
25 legislative change, how the proposal is evaluated and

1 approved by Government and Strategic Communications, the
2 Office of General Counsel, relevant division directors and
3 the Executive Office. She also explained how the
4 Government and Strategic Communications staff compiles
5 bill analysis throughout the session to monitor
6 legislation that may affect the department. Finally, she
7 explained how her division will assist staff called to
8 testify before the legislative committee by creating
9 talking points and providing other support. Thank you,
10 Caroline Love, for all that information.

11 That pretty well sums it up. Our committee met
12 and was successful and welcome Caroline Love for her
13 presentation. I think the full board, maybe Marvin is the
14 only person that hasn't met her, everybody else, I think,
15 met her yesterday. That concludes our report.

16 MR. WALKER: Thank you, Joe.

17 Let's move to item 7.C, specialty plates.
18 Jeremiah.

19 MR. KUNTZ: For the record, Jeremiah Kuntz,
20 director of Vehicle Titles and Registration Division.

21 Members, before you we've got new plates for
22 your consideration. Since Randy Elliston is in the
23 audience, I'll do my best to lay these plates out and live
24 up to the legacy that he's left with license plates.
25 Before we've got a couple of different license plates that

1 are being proposed by our vendor, My Plates. The first,
2 Autism Speaks, Lamar University, Texas Christian
3 University, Delta Gamma and Ronald McDonald House. These
4 plates are being proposed for your consideration today.

5 One of the things that I want to point out is,
6 as we discussed earlier, there is a new contract that will
7 go into place on the 19th of this month. With that
8 contract there are new conditions put in place for My
9 Plates for pre-sales and before they actually take a plate
10 to market. For these plates they have gone out and gotten
11 interest from the community on how many people would order
12 this plate. Currently, for the Autism Speaks there are
13 627 people have registered their interest. These are non-
14 paid commitments that they've registered interest in this
15 plate. For Lamar University, 244 people, for Delta Gamma
16 Fraternity it's 288, and for Ronald McDonald House it's
17 452 people.

18 Those commitments have to be realized in paid
19 commitments, 200 paid commitments prior to the license
20 plate being made available for actual sale, so what they
21 will do is following the adoption of these new plate
22 designs, they would go out and seek prepaid commitments,
23 and they have 180 days to receive those prepaid
24 commitments and get those payments made. If not, then
25 that plate would not be available for sale and they would

1 refund money to customers that had pre-ordered those.

2 We also under the contract have new provisions
3 for maintenance of 200 registered license plates for each
4 plate design. That goes on after the plate has been
5 approved, that continues annually. There's a review to
6 see how many registered license plates there are per
7 design, and they have to maintain 200 registrations per
8 year or else that license plate design is taken off of the
9 availability for sale. I wanted to make sure that you
10 were aware of that prior to considering these plates.

11 The other plates that we have are a redesign of
12 the TCU plate. As you can see, there's an old plate that
13 had the Horned Frog on it and they've redesigned that to
14 remove that and just say TCU in the legend. And then also
15 is a license plate that is being proposed by the General
16 Land Office for the Daughters of the American Revolution.

17 These plates are all for your consideration,
18 and that completes my presentation.

19 MR. PALACIOS: Mr. Kuntz, I have a question.
20 Regarding the new minimums on plates, commitments for
21 plates, who monitors that?

22 MR. KUNTZ: My division will be monitoring
23 that. Once My Plates receives 200 prepaid commitments,
24 they will inform us that they've got the commitments and
25 that they're ready to go. That plate will be put into

1 production at that time and made available for people to
2 order.

3 MR. PALACIOS: Thank you.

4 MS. BREWSTER: Mr. Chairman, if I might?

5 Mr. Kuntz, will you go into a little bit the
6 issue of plate releases and RTS?

7 MR. KUNTZ: Yes, ma'am. So with RTS
8 refactoring that we have going on, there are windows in
9 which we can get plate releases put into place. Because
10 of the constraints on the programming, there's only
11 certain time frames that we can do plate releases because
12 of code freezes that will be going into place with that
13 system as we get closer and closer to the go live or the
14 launching of that system. So currently right now we have
15 planned a February plate release. These plates would be
16 available for that plate release, assuming that they can
17 get their pre-orders in place.

18 And we used to do quarterly plate releases,
19 every quarter we'd have a release, and when we say a
20 release, that's the coding is completed and the plate is
21 made available in the system for the counties to be able
22 to see that plate and process the plate. Without that
23 coding, that plate can't be sold to the public. So we've
24 only got limited times that we can do that. February will
25 be the next one. Right now tentatively we are looking at

1 another plate release. It was originally scheduled for
2 May but we are trying to figure out how that fits into the
3 actual code freeze, so we're not actually sure when that
4 second release will be made available prior to the August
5 time frame is when we're looking at the mainframe system
6 being deployed. So prior to August and after February,
7 we're not sure when that plate release will be made
8 available, so there's somewhat of a pinch point on when
9 new plates could be made available.

10 MR. WALKER: Steve, I noticed you slipped in
11 late on me here. We recognized you earlier today about
12 congratulations on reaching your \$25 million goal and
13 giving us an extra \$2 million. We appreciate that. I'm
14 sure somebody will spend it over there at the Capitol in
15 the next couple of weeks.

16 MR. SLOVACEK: Mr. Chairman, can I move that we
17 approve these plates?

18 MR. WALKER: Not yet -- well, okay, we can
19 accept a motion.

20 MR. INGRAM: I'll second.

21 MR. WALKER: We have a motion to accept the
22 plates in their entirety by Mr. Slovacek, we have a second
23 by Mr. Ingram. Any questions? I have two questions here.

24 The TCU plate, Steve, is one of your plates.
25 Is that not correct?

1 MR. FARRAR: For the record, Steve Farrar,
2 president of My Plates.

3 Yes, Mr. Chairman, the TCU plate is one of our
4 plates. It's actually a crossover plate, so some years
5 ago Texas Christian University decided to move their plate
6 from the state program into the My Plates program, and
7 that's the original Horned Frog plate that you can see
8 there, and recently they decided to change their logo
9 specifications as to what is allowable on certain
10 materials and they've asked us to make a change to the
11 license plate, and as you can see, the new TCU logo is
12 adorned on the plate there before you.

13 MR. WALKER: So TCU came to you and says we
14 want to get rid of the horny toad and go to just TCU?

15 MR. FARRAR: Correct.

16 MR. WALKER: I kind of like the old plate.

17 MR. FARRAR: There's a number of other alumni
18 and people who would actually agree with you, sir.

19 MR. WALKER: And so the university said we
20 don't like the old plate, we want a different late, would
21 you make it like this, so you're just basically moving on
22 their request to change the plate design.

23 MR. FARRAR: Correct. They're phasing out the
24 previous logo and they've moved to a new logo.

25 MR. WALKER: And the Lamar plate and the Ronald

1 McDonald plates, do we not already have? I could have
2 sworn I've seen a Lamar plate and a Ronald McDonald
3 before. We don't have those already?

4 MR. FARRAR: Lamar University may have had a
5 plate many, many years ago but I believe they were
6 sunsetted because of low sales some years back.

7 MR. WALKER: Jeremiah is shaking his head.
8 Tell me what's going on there.

9 MR. KUNTZ: Lamar University was initially
10 offered as a state collegiate license plate in 1996 and it
11 was sunsetted for low sales in 2004 by legislative action.

12 MR. WALKER: So we've grown since 1994, we
13 think we've got a lot of enthusiasm over there at Lamar,
14 we're going to sell a lot of plates.

15 MR. KUNTZ: At that time, in its best year only
16 42 vehicles were registered with the state Lamar
17 University license plate. We have 244 people who have
18 registered interest in purchasing that license plate.

19 MR. WALKER: The agency does not have a Ronald
20 McDonald House plate at all at this time?

21 MR. FARRAR: Not that I'm aware of.

22 MR. PALACIOS: Mr. Kuntz, can you explain to me
23 the difference between a state sponsored university plate
24 and a My Plates sponsored university plate?

25 MR. KUNTZ: There are some plates that there's

1 legislative action that allowed the universities to create
2 license plates, and so those previous license plates, as
3 Mr. Farrar has alluded, were in existence. Some of those
4 have crossed over to where they wanted to have My Plates
5 market the license plate for them and so they've come into
6 the My Plates program, but there's other state statute
7 that allows for them.

8 MR. WALKER: All in favor of accepting the
9 plates as presented today signify by saying aye.

10 (Ayes: Barnwell, Caraway, Ingram, Rush, Ryan,
11 Slovacek and Walker.)

12 MR. WALKER: All opposed, same sign?

13 (Ayes: Palacios and Rodriguez.)

14 MR. WALKER: Okay. So we have Mr. Palacios and
15 we have Mr. Rodriguez voting in opposition to the plates.

16 Is that correct? Signify by raising your right hand,
17 please. All opposed? Let's try this again one more time.

18 All those opposed signify by raising your right hand,
19 please.

20 (A show of hands: Palacios and Rodriguez.)

21 MR. WALKER: So we have two votes against, Mr.
22 Palacios and Mr. Rodriguez. That means we have seven
23 votes in favor of, so the plates pass.

24 Jeremiah Kuntz, I think we have one more thing,
25 the single sticker report coming out of you. Is that

1 correct?

2 MR. KUNTZ: Yes, sir. Again for the record,
3 Jeremiah Kuntz, director of Vehicle Titles and
4 Registration.

5 I'm here to provide you an update on the single
6 sticker media plan and public outreach efforts. Earlier
7 this month DMV staff executed a contract with Texas
8 Creative, valued at \$369,000, to develop and manage a
9 comprehensive media plan to increase awareness of the
10 registration based enforcement through a statewide radio
11 advertising campaign. So this is the radio advertising
12 that we've been talking about for the single sticker, or
13 the Two Steps, One Sticker project that we've been working
14 on.

15 Board approval of this contract is not
16 required. There is an existing TXMAS contract with this
17 vendor that exempts it from the resolution for contracts
18 over \$200,000. We wanted to bring this to your attention
19 just to make sure that you are aware of this contract
20 since it was a high value and it was going to be something
21 that the public was going to have a lot of exposure to and
22 see, so we wanted to make sure you are aware of it.

23 The media plan includes placement of our
24 previously produced English and Spanish Two Steps, One
25 Sticker radio ads. The ads will run in all Texas radio

1 markets with particular focus on multiple stations in the
2 top nine markets. Those markets include: Houston, Dallas
3 and Fort Worth, San Antonio, Austin, McAllen-Harlingen-
4 Brownsville, El Paso, Corpus Christi, Killeen-Temple-
5 College Station, Beaumont and Port Arthur. And then it
6 will also run in smaller radio markets; the ads will run
7 on the top rated in each market. Those markets include:
8 Amarillo, Lubbock, Tyler, Wichita Falls, Midland and
9 Abilene. In addition, the ads will run on online radio
10 service Pandora during the first eight weeks of the
11 campaign.

12 The vendor will also negotiate additional value
13 added through free spots, traffic sponsorships, news
14 interviews and distribution of Two Steps, One Sticker
15 materials to radio-hosted events. The radio spots will
16 begin running on January 26, 2015 and air through July 31.

17 Just as another note, just to make sure that
18 you're aware of some of the efforts that have gone on with
19 training, I know there's been a lot of interest from the
20 board on the training efforts that are taking place to
21 educate the public and our stakeholders. To date we've
22 held a lot of webinars and we've had walk-throughs of the
23 new website, the website has been launched, the
24 twostepsonesticker.com website.

25 Currently to date we've had attendees in

1 webinars: 749 tax assessor-collector attendees have
2 attended six webinar sessions; dealers, we've had 544
3 representatives from dealerships in four webinar sessions;
4 government and exempt agencies, we've had 706 attendees in
5 six webinars; county subcontractors, like your HEBs and
6 the subcontractors that do registration renewals, we've
7 had 112 attendees in four webinars; vehicle rental
8 companies, i.e., Enterprise, Avis, those kinds of
9 companies, we've had 23 attendees in two webinars; vehicle
10 leasing companies, this would be GE, Wheels, Inc., other
11 leasing companies, we've had 14 attendees in two webinars;
12 and lienholders, we've had 124 attendees we had in a
13 single webinar session we had for lienholders.

14 There's a lot of effort that's been going on to
15 try and educate the public, our stakeholders to get the
16 word out on this. I'd like to thank now Caroline Love's
17 staff. They've been working diligently on getting a lot
18 of these materials together. My staff, Candy Southerland
19 and David Pyndus, as well as Linda Kirksey and Tamera
20 Parr-Lamb, have done an exorbitant amount of work to do
21 the educational awareness through the webinars and the
22 training. So I'd like to thank all of their efforts on
23 getting the word out on this.

24 MR. RODRIGUEZ: Jeremiah, we've got a new body
25 of people, some body of people coming into the legislative

1 session come January. Have we done any outreach to, let's
2 say, the staffers out there so that they know that this is
3 happening come March? Because these legislators are going
4 to start hearing from their constituents out there.

5 MR. KUNTZ: We did an initial outreach to them
6 prior to actually going out and training any of our other
7 stakeholders. We did a full presentation down at the
8 Capitol, had a very high attendance from legislative
9 staffers at that meeting. We will continue to push
10 materials out to them as we get closer to the go live in
11 March. We've had numerous presentations made to the
12 transportation committees, in both the Senate and the
13 House transportation committees, so there's been a lot of
14 effort to reach out to them. That effort will continue as
15 we get closer to March. There's a communication plan
16 that's in place that continues to send out notifications
17 to all of our stakeholders, including the legislature, as
18 we get closer to go live.

19 MR. INGRAM: What was the size of the radio
20 contract again?

21 MR. KUNTZ: It's \$369,000. It's about six
22 months worth of radio in those markets.

23 MR. INGRAM: Where is it coming from budget-
24 wise?

25 MR. KUNTZ: It's coming from our agency-wide

1 budget. It was money that we had identified to try and
2 make sure that this gets taken care of.

3 MR. WALKER: That was appropriated in the last
4 session?

5 MR. KUNTZ: It's coming from savings that we're
6 realize throughout the year, so we're putting it aside now
7 and accounting for it so that we don't spend it during
8 this next fiscal year.

9 MS. BREWSTER: Mr. Chairman, at the beginning
10 of the fiscal year what we do is set aside an approximate
11 amount for agency-wide. This covers basically any
12 unexpected items that pop up that we need additional
13 funding on that is not otherwise specified in the budget,
14 and so this is being covered out of that pool of money.

15 MS. CARAWAY: Jeremiah, I had a quick question.
16 I know this isn't your area really, but do you know if
17 DPS has moved forward with the training of the inspection
18 stations yet?

19 MR. KUNTZ: I'm not aware. I'll have to verify
20 that and get back. I know there's been a lot of questions
21 about what training efforts they're putting forward on
22 this.

23 MS. CARAWAY: Haven't heard anything.

24 MR. KUNTZ: I haven't to date. I know that's
25 something we've talked to them about but I can get you

1 that information.

2 One other thing I wanted to mention as well is
3 that starter kits were sent out to all the counties, as
4 well as the regional service centers. Those starter kits
5 included push cards, pamphlets, a stand, as well as
6 posters and bumper stickers so that the county tax
7 assessor-collectors and the regional staff had materials
8 to start getting those out to the public. Those stands
9 can be put up in front of their work stations so that when
10 the public come up they can get the materials. So those
11 have been provided, and there's additional materials that
12 can be ordered by the county tax assessor-collectors as
13 well.

14 MR. WALKER: Law enforcement, when and how has
15 law enforcement been notified? Let's just pick on the
16 City of Houston since I live there, so that the City of
17 Houston doesn't write traffic tickets for inspection
18 stickers that are expired because we have a grace window
19 in here, do we not?

20 MR. KUNTZ: The way that the program will work
21 is in year one if you have a current valid inspection on
22 the day that you go in to register your vehicle, you'll be
23 allowed to proceed with registration. What law
24 enforcement will see is after March 1 of 2015 there will
25 only be one sticker in the windshield for any vehicle that

1 has a registration date expiring March 1 of 2016, so if
2 they see that sticker, they know that there is not an
3 inspection sticker required to be in that window.

4 MR. WALKER: So let me ask you this question.
5 I had an inspection done on my personal truck three weeks
6 ago, went down and got it inspected, so going on March 1,
7 let's say that my license plate renews March 1, what
8 happens to my inspection sticker versus my new
9 registration on March 1?

10 MR. KUNTZ: If you have a registration sticker
11 that is issued for March, you are no longer required to
12 display the inspection sticker in the window. So any
13 vehicle that has a March 1 or later registration sticker
14 is not required to display an inspection sticker in that
15 window.

16 MR. WALKER: So technically, on March 1 if I
17 were to get a new registration sticker, I can go in there
18 and peel off my inspection sticker off of my license
19 window.

20 MR. KUNTZ: Yes, sir.

21 MR. WALKER: And so technically speaking, I
22 would have a four-month grace window in there of unpaid
23 inspection period until my next registration.

24 MR. KUNTZ: In 2016.

25 MR. RODRIGUEZ: There's no grace period, it's

1 just until your next renewal

2 MR. KUNTZ: Correct. Your inspection and
3 registration are due now in the same month, and in 2016
4 you'll be required to have that vehicle inspected within
5 ninety days of the expiration of your registration
6 sticker. You cannot inspect it any earlier.

7 MR. WALKER: But until March 1, every car still
8 has to have a current vehicle inspection sticker on it and
9 registration. Is that correct?

10 MR. KUNTZ: Yes, sir. You must display both
11 stickers in the window.

12 MR. PALACIOS: Mr. Kuntz, just to clarify
13 Chairman Walker's example, will he be required to
14 reinspect the vehicle in March?

15 MR. KUNTZ: No.

16 MR. PALACIOS: So how long are those
17 inspections valid?

18 MR. KUNTZ: For the purposes of what we refer
19 to as syncing up the two stickers, as long as his
20 inspection is current and valid on the date that he
21 registers his vehicle for that March 1 sticker, he will be
22 allowed to proceed with registration.

23 MR. RODRIGUEZ: So let's say in March his
24 license plates are due and he's got a current inspection,
25 then effectively he'll have to not do an inspection again

1 for about fifteen months or so. The next one is not going
2 to be until a year later when you renew your license.

3 MR. KUNTZ: Until 2016. One for the things
4 that I would like to point out is this is the most frequent
5 question. The questions you're asking right now are the
6 most frequently asked questions that we get, and because
7 of that, there's actually a calculator on that
8 twostepsonesticker.com website, it's on the very front
9 page, and you can actually input your inspection and
10 registration expiration dates and it will calculate and
11 tell you exactly what you need to do in order to stay in
12 compliance with the law.

13 MR. RODRIGUEZ: The fallback always will be the
14 registration system online that we can go in there and
15 check, so we'll know one way or the other. Correct?

16 MR. WALKER: So let me go backwards with you.
17 Let's just say that I had my vehicle inspected in April
18 this past year so it's good until April this coming year,
19 and on March 1 my vehicle registration comes due and since
20 my sticker is actually eleven months old but it's good,
21 will I be able to get my car registered and go to a single
22 sticker?

23 MR. KUNTZ: Yes. It is current and valid on
24 the date that you registered your vehicle.

25 MR. WALKER: So that person gets basically a

1 twenty-three month window period on his inspection sticker
2 versus a twelve on the guy who renews in March and March.

3 MR. KUNTZ: Yes, sir.

4 MS. RYAN: So go buy a lottery ticket, it's
5 your lucky day.

6 MS. BREWSTER: Mr. Chairman, the alternative
7 would be that we would be requiring consumers to come in
8 more than once to inspect.

9 MR. WALKER: I like it. Less government is
10 better government.

11 MS. BREWSTER: We thought this was much more
12 customer friendly.

13 MR. RUSH: I buy my cars out of state and when
14 I come in I put my dealer plate on it. How do put a
15 sticker in place of a dealer plate, a metal plate?

16 MR. KUNTZ: The dealer license plate issue has
17 come up.

18 MR. WALKER: Marvin, excuse me. Reach over
19 there and push that button, the green. Okay. Thank you.

20 MR. RUSH: Excuse me. You heard me, though,
21 didn't you?

22 MR. WALKER: The meeting is being recorded so
23 we have to have it. Ask the question again, please.

24 MR. RUSH: In my situation, normally a buy a
25 car out of state and I title it there, and I bring it in

1 and pay the tax or whatever it is -- because I usually get
2 a better deal, that's the whole reason because I don't
3 deal in cars -- but since I have a metal plate I put the
4 metal on there when I get here. How do I worry about a
5 sticker, do I or do I not?

6 MR. KUNTZ: So you will not be required --
7 obviously, the metal dealer plates do not require a
8 windshield sticker to be adhered to the inside window
9 because that metal dealer plate can be moved and
10 transferred from vehicle to vehicle.

11 MR. RUSH: So if I have that on it, it's
12 exempt?

13 MR. KUNTZ: It is exempt from the sticker,
14 however, it is still required to be inspected, and what we
15 are asking for dealers to do is to carry a copy of what
16 will be issued as a vehicle inspection report and put it
17 in the glovebox so that law enforcement can see that.

18 MR. RUSH: I just didn't know what the
19 situation was.

20 MR. KUNTZ: That question is another frequently
21 asked question from dealers.

22 MR. INGRAM: And going back -- and again, this
23 is not our problem, this is DPS -- that guy that has an
24 inspection in April, gets it renewed in March, that's the
25 guy that's going to get pulled over because it's going to

1 be really, really quick that that inspection is out of
2 date and the word hasn't gotten passed down and he no
3 longer even needs that sticker.

4 MR. KUNTZ: Part of this effort with the three
5 agencies has been to make sure that all three agencies are
6 educating the people, the stakeholders that are their
7 stakeholders.

8 Actually, to answer your question, I just got
9 information. DPS has not gone out with training yet, but
10 we provided materials to them on October 20, so they have
11 all the materials that we have been providing as training.

12 We've been talking to them about making sure that they
13 get out and do their training sooner rather than later.
14 We understand the importance of this and we have been
15 pushing as hard as we can to make sure that there's
16 training going on for law enforcement, inspection
17 stations, for everybody. We're doing our level best to
18 make sure our stakeholders are well informed on it.

19 MS. RYAN: Is it reasonable to request a
20 schedule from them so we can communicate that out as well
21 as kind of a paired partner in this implementation?

22 MR. KUNTZ: We can definitely reach out to them
23 and have those discussions. We have a steering committee
24 of all three agencies that get together regularly and we
25 can bring that up as something that our board has

1 expressed interest in.

2 MR. RUSH: Hypothetically on this, another
3 question so I understand, it doesn't have anything to do
4 with me, if a person has a sticker that expires in April
5 or May, they still have to get it registered in March. I s
6 that correct?

7 MR. KUNTZ: The main thing that they need to do
8 is continue to register that vehicle the way that they've
9 always registered that vehicle, so if they have a March
10 expiration on their sticker, yes, they would need to come
11 in in March to get that registration renewed. The
12 registration sticker will continue to be placed on the
13 windshield and exist after March, so if they have an
14 expired registration sticker because they failed to
15 register in March and it's now April, then, yes, they are
16 out of compliance with the law.

17 MR. RUSH: But that's for an individual. In my
18 case where I have a current dealer plate on it, that
19 suffices for what goes on the windshield?

20 MR. KUNTZ: Yes, sir. A metal dealer plate
21 does not require a windshield sticker to be adhered to the
22 windshield.

23 MR. RUSH: It doesn't now.

24 MR. KUNTZ: That will stay the same. Yes, sir.

25 MS. CARAWAY: Jeremiah, I just wanted to thank

1 you too for doing the webinar for government agencies,
2 because I sent that out to my law enforcement and none of
3 them had heard anything about it basically, so I know they
4 participated.

5 MR. KUNTZ: We've had a lot of outreach efforts
6 to try and make sure that we're getting the word out as
7 far as we possibly can. I know that there were a lot of
8 issues that came up around government exempt vehicles, and
9 we did extend an additional webinar to try and get more
10 word out, and we appreciate the efforts of the county tax
11 assessor-collectors to spread that word as well. Our
12 lists are only as good as what we know and who we know to
13 contact, and so we are trying to get that out to as many
14 people as we could. Thank you.

15 MR. WALKER: So is our window going to stay the
16 same as it's been with respect to when we mail out the
17 renewal notices to the public, or are we going to open
18 that window up a little bigger?

19 MR. KUNTZ: No. It will continue to be the
20 same window on when we print and start mailing those
21 registration renewal notices.

22 MR. WALKER: And how many days is that window
23 between, the date we mail and the date the registration is
24 due on the car?`

25 MR. KUNTZ: Generally people get those in the

1 mail starting as early as sixty days prior to their
2 registration expiration date.

3 MR. WALKER: So there's a sixty-day window is
4 what we've been recognizing?

5 MR. KUNTZ: Yes. And so we start that process
6 at ninety days out and we send that file to our vendor who
7 starts the process of printing those. We print a couple
8 million of those a month, so it is a pretty large
9 undertaking to get those out, as you can imagine, and so
10 those start going out and they generally start hitting so
11 that people have a sixty-day window before their
12 registration expiration occurs. That is helpful in 2016
13 in that they'll receive their registration renewal notice
14 which will also include a flyer that's put inside, an
15 insert that tells them that they need to get their vehicle
16 inspected in that ninety-day window prior to registration
17 renewal expiration, and so we do not want to send those
18 out prior to that because if they receive those prior to
19 that window and they went and got inspected, then they
20 would be outside of the ninety-day window, the requirement
21 that's in place.

22 MR. RUSH: You've got to have basically a
23 sticker ninety days prior to or at or after before the
24 registration expires.

25 MR. KUNTZ: You cannot inspect earlier than

1 ninety days before your expiration of the registration
2 sticker.

3 MR. RUSH: But you're in trouble after ninety.

4 MR. KUNTZ: If your registration expires,
5 obviously you need to get that registration completed.
6 You can still go in and inspect after registration
7 expiration to get back into compliance, but you just can't
8 inspect any earlier than ninety days.

9 MR. WALKER: Jeremiah -- maybe Laura can help
10 me here -- would it be too burdensome or cumbersome or
11 beyond our authority to maybe ask people for email
12 contacts information and put that into our system so that
13 at some point in time we build a database and say Marvin
14 Rush, your renewal is coming due at such-and-such a date
15 and send out an email notification to that, and maybe even
16 go to the point where we say and Marvin, if you want to go
17 online and potentially renew this, it would save us a
18 mailing, it would save Marvin some time, it would save the
19 State of Texas some money.

20 MR. KUNTZ: Currently we have e-reminder which
21 is available on our website. You can sign up to receive
22 an email reminder of your registration expiration. It is
23 not, however, in lieu of receiving a paper registration
24 renewal notice, it is in addition to. So we do collect
25 email addresses, we do send out email notifications, but

1 we are not set up to have that issued in lieu of.

2 MR. WALKER: Well, we're not doing a good job
3 of it or I'm not paying attention because I didn't know
4 you could do that, and how would I know that? And I do
5 registrations every week.

6 MR. KUNTZ: We will do our level best to raise
7 awareness of that. I'll work with the Government and
8 Strategic Communications Division on trying to raise
9 awareness of that program.

10 MR. BARNWELL: Legislatively, you're still
11 required to send a paper notice, though. Is that in a
12 rule that the agency has or is that in the law?

13 MR. KUNTZ: I'm actually not aware of any
14 legislation that requires it, that is something that the
15 agency does to make sure that we get higher compliance
16 with registration renewal. It's not a requirement of the
17 agency, that I'm aware of.

18 MR. WALKER: Going back to my question, I
19 guess, the answer would be yes, that our RTS system going
20 forward we're going to have the abilities and capabilities
21 of capturing that data within that system?

22 MR. KUNTZ: We have the abilities today to
23 capture email addresses. Yes, sir.

24 MR. WALKER: Any other questions about the
25 single sticker? Jeremiah, it sounds like you guys have

1 done a good job this year on getting that thing lined up.

2 I know you worked through Government Relations there on
3 this whole deal from the beginning, and now you're over
4 there seeing its fruition and completion over there as the
5 director of VTR, so we appreciate all you've done over
6 there and your people.

7 MR. KUNTZ: Thank you. I know there are a lot
8 of people in the organization that have put in a lot of
9 long hours; IT, as well, on getting programming done.

10 MR. WALKER: Okay. Thank you very much.

11 Let me have everybody's attention here real
12 quick. We're going into closed session. It is now 10:25
13 on November 14, 2014. We're going into that under Texas
14 Government Code Section 551.071 and 551.074. For those of
15 you in the audience, I anticipate being in executive
16 session for approximately I think about one hour. It says
17 one and a half but I don't think it's going to take that.

18 We will reconvene in open session after that. With this,
19 we are recessed from the public meeting and going into an
20 executive session.

21 And I'd like to make a comment that unless you
22 just want to hang around here for some reason, there's
23 really no reason to hang around. We're going to have a
24 reception, I think it's anticipated to start at 11:15 --

25 MS. BREWSTER: It's between 11:30 and 12:00.

1 MR. WALKER: 11:30 and 12:00, the food gets
2 here at 11:15. And so we're going to go into executive
3 closed session, we're going to come back and then we're
4 going to close it out and go over there ourselves, so
5 there's no reason to hang around unless you just want to
6 sit here and stare at the walls.

7 (Whereupon, at 10:25 a.m., the meeting was
8 recessed, to reconvene this same day, Friday, November 14,
9 2014, following conclusion of the executive session.)

10 MR. WALKER: It is approximately 11:33 on
11 November 14, 2014. The Board of the Texas Department of
12 Motor Vehicles is now in open session. We want to note
13 for the record that no action was taken in closed session.

14 Do I have any motions for any other business?

15 (No response.)

16 MR. RODRIGUEZ: Move we adjourn, Mr. Chairman.

17 MR. SLOVACEK: Second.

18 MR. WALKER: We have a motion from Mr.
19 Rodriguez to adjourn, we have a second from Mr. Slovacek.
20 All in favor signify by saying aye.

21 (A chorus of ayes.)

22 MR. WALKER: Don't forget that we have a
23 reception lunch over here right next door. It is sold
24 out; if you don't have a ticket, you can come see me; I've
25 got scalping prices going on.

1 (Whereupon, at 11:33 a.m., the meeting was
2 concluded.)

C E R T I F I C A T E

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2
3 MEETING OF: TxDMV Board
4 LOCATION: Austin, Texas
5 DATE: November 14, 2014

6 I do hereby certify that the foregoing pages,
7 numbers 1 through 108, inclusive, are the true, accurate,
8 and complete transcript prepared from the verbal recording
9 made by electronic recording by Nancy H. King before the
10 Texas Department of Motor Vehicles.
11
12
13
14
15

16 /s/ Nancy H. King 11/24/2014
17 (Transcriber) (Date)
18

19 On the Record Reporting
20 3636 Executive Ctr Dr., G-22
21 Austin, Texas 78731
22
23