

TEXAS DEPARTMENT OF MOTOR VEHICLES

BOARD MEETING

Friday,  
February 13, 2015

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 8:08 a.m. and  
5 I'm now calling the meeting for February 13, Friday, the  
6 13th on top of that, to order.

7 I want to note for the record that public  
8 notice of this meeting, containing all items on the  
9 agenda, was filed with the Office of Secretary of State on  
10 February 5, 2015.

11 Before we begin to, please place all cell  
12 phones -- and I need to do that myself -- in the silent  
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 on  
18 which you would like to speak and make comments on.

19 Now I'd like to make a roll call of the board  
20 members. Vice Chairman Ryan is not here. She was going  
21 to be here and had to leave. She notified me last night  
22 that she had some kind of, I think, family emergency she  
23 had to deal with.

24 Board Member Barnwell?

25 MR. BARNWELL: Present.

1 MR. WALKER: Board Member Caraway?

2 MS. CARAWAY: Here.

3 MR. WALKER: Board Member Palacios?

4 MR. PALACIOS: Present.

5 MR. WALKER: Board Member Rodriguez?

6 MR. RODRIGUEZ: Here.

7 MR. WALKER: And Board Member Rush?

8 Marvin notified me yesterday he was going to be  
9 here. Has anybody tried to contact him? Terri?

10 Okay. We'll try to get a hold of Marvin. As  
11 far as I know, Marvin was supposed to be here today.

12 Board Member Slovacek?

13 MR. SLOVACEK: Here.

14 MR. WALKER: Let the record reflect that I,  
15 Johnny Walker, am also here, and we have a quorum.

16 Also, let the record reflect that Board Members  
17 Ryan, Ingram and Mr. Rush is not present at this time.

18 I knew you were coming, I heard you were  
19 coming. Let the record be corrected that Mr. Rush is here  
20 now.

21 Section 1001.023 of the Transportation Code  
22 sets out duties of the board chairman and vice chairman.  
23 One of the duties of the chairman is to report to the  
24 Governor on the state of affairs of the department. I  
25 submitted that report to Governor Abbott on January 23,

1 2015. The report includes updates on agency staff,  
2 budget, enterprise projects, key accomplishments from the  
3 legislative agenda. It also contains information on the  
4 need for the appropriations to acquire property for the  
5 agency and also the need for continuing funding for the  
6 automation projects in order to continue the momentum of  
7 providing optimum services for the state.

8 The report has been and continues to be  
9 distributed to legislators as we meet with them and their  
10 staff on a continual basis. It is posted on the agency  
11 website, both externally and internally, for all to access  
12 and to read. Please reference this report however you  
13 need to to communicate to others about the agency as well  
14 as information on where the report can be found. On the  
15 public website at the bottom of the page it is under Learn  
16 More and Reports and Data.

17 So I have filed the report with the Governor's  
18 Office, and if you would like to see a copy of that, it's  
19 available to you and we can make it available to you, and  
20 it kind of summarizes everything the agency has done for  
21 the last year and where we anticipate going going forward.

22 At this time what we're going to do is we're  
23 going to go into an executive session to deal with some  
24 issues that the board has that we need to go into. It is  
25 8:13 right now and we're going into closed session. I

1 don't anticipate us to be back until about probably 9:20,  
2 9:30, somewhere in that area of time, because we've got  
3 some pretty big legal issues that we need to go over.

4 MR. RODRIGUEZ: Mr. Chairman, before we go  
5 there, I'd like to recognize under comments the fact that  
6 we have the chair of the Automobile Burglary and Theft  
7 Prevention Authority, which as you know, is a separate and  
8 independent authority that effectively operates under the  
9 Texas Department of Motor Vehicles. It's chair, Carlos  
10 Garcia, is here, and I'd like to recognize him, he's going  
11 to be at our meeting today. Thank you.

12 MR. GARCIA: Chairman, Mr. Rodriguez. Thank  
13 you for having me.

14 MR. WALKER: Thank you for coming, Carlos. No  
15 wonder I couldn't see you, you're hiding behind that post  
16 over there.

17 MR. RODRIGUEZ: I think we'll hear from later  
18 on today. I just wanted to recognize Carlos. Thank you.

19 MR. WALKER: Thank you.

20 With that, we will recess the public portion of  
21 this meeting until the executive session is over, under  
22 Sections 551.071 and 551.074.

23 (Whereupon, at 9:44 p.m., the meeting was  
24 recessed, to reconvene this same day, Friday, February 13,  
25 2015, following conclusion of the executive session.)



1 MR. WALKER: It is approximately 9:44 on  
2 February 13, 2015. The Board of the Texas Department of  
3 Motor Vehicles is now back in open session. I want to  
4 note for the record that no action was taken in closed  
5 session.

6 And what we're going to do is we're going to  
7 change things up here a little bit on my order of things.  
8 I have, I think, one, two, three, four, five, six, seven,  
9 eight, nine, I have nine people who have requested to make  
10 comments on the action item number 5, which is Resolution  
11 for individual consideration, Transfer of ownership of a  
12 dealership under Occupation Code, Section 2301.359, Daniel  
13 Avitia, which is the Audi North Austin, Audi South Austin,  
14 Ricardo Weitz and Hi Tech Imports.

15 So I think the people whose yellow requests  
16 here I have, we have looked at these and I've come to the  
17 conclusion that I have buyers, I have sellers, I have  
18 manufacturers, and I have dealers here, and so we're going  
19 to ask, to save some time, I'm not going to deprive  
20 anybody of their right to speak before the board today,  
21 but if you are in one of these groups and you would like  
22 to consolidate what you want to do, I'm going to give you  
23 a little bit of an opportunity to do that right now, to  
24 kind of get together. So if there's three of you, instead  
25 of all three of you speaking, if you want to consolidate

1 and speak as one as a group, it would be nice to do that  
2 so that we save some time here so we're not here till six  
3 o'clock tonight.

4 And I'm notifying you of this because I'm going  
5 to do this -- we're going to hear these public comments  
6 after the staff presents us the information on this  
7 particular case and we will rule on it at that point in  
8 time. I understand if you feel like you would like to  
9 speak -- and some of you may be over here, I apologize --  
10 but if you would like to speak individually and not as a  
11 group, I would be more than happy to allow two of you to  
12 speak or three of you. I will not deprive anybody of  
13 their right to speak and express your opinion before the  
14 board.

15 Each of you will be allowed three minutes of  
16 time to do that. I think we have a timekeeper here  
17 somewhere -- yes, I do have a timekeeper. We'll keep a  
18 pretty close eye on that. If you finish up early, I  
19 appreciate it, if you delay and you go a little bit  
20 longer, I'm not going to shut you down, but I will ask you  
21 to try to keep your comments to three minutes.

22 So at this point I'm going to move forward and  
23 I'm going to go to item number 5 on the agenda. I'm going  
24 to move it forward because I know that with all these  
25 comments here I know that your time is as valuable to you

1 as ours is to us, and I'd hate to keep you here all day  
2 long listening to things that maybe you don't want to hear  
3 about, so we'll let you move. Especially those of you  
4 that have attorneys, I've paid enough attorney bills in my  
5 life to know that they get very expensive, so you want to  
6 get them cut as short as you can.

7 So David, I'm going to turn it over to you and  
8 we're going to go to item number 5 on the agenda today.

9 MR. DUNCAN: Thank you, Mr. Chairman, members.

10 David Duncan, DMV general counsel

11 As the chairman stated, agenda item number 5 is  
12 the Budget Leasing v. Audi Franchise contested case. A  
13 little bit of background. At the September 12 open  
14 meeting, the department staff presented this matter to the  
15 board. At that meeting the staff took the position that  
16 the record lacked required evidence needed for the board  
17 to act on the application. The staff recommended that the  
18 case be dismissed because the protesting dealer did not  
19 properly invoke the agency's jurisdiction. The board  
20 agreed with the staff and dismissed the seller's protest  
21 for that reason.

22 The record before the board on September 12  
23 indicated that the statutorily required written agreement  
24 with the transferee was not provided in the case and is,  
25 therefore, not in the record. It was the absence of this

1 document that the board cited in its order as the basis  
2 for dismissal. I'd like to clarify that neither staff's  
3 original recommendation nor the board's September order  
4 was based on issues with certified mail, and the staff's  
5 current position does not rely on arguments on this issue.  
6 Based on what we knew at the time, the staff's  
7 recommendation and the board's action in September reached  
8 a correct outcome.

9 In line with the department's values of  
10 transparency, accountability and service to stakeholders,  
11 I need to point out that the term "jurisdiction" that was  
12 used in that original order was technically incorrect. We  
13 should have based the order on failure to comply with a  
14 mandatory statutory requirement. This legal argument was  
15 noted by the TADA amicus brief filed during the motion for  
16 rehearing process. Simply put, the board has always had  
17 jurisdiction over this matter.

18 In response to the September 12 board order,  
19 the seller and buyer timely filed a joint motion to urge  
20 the board to rehear that order. On December 10, 2014, the  
21 board granted the request for rehearing. In granting the  
22 motion for rehearing, the board found that substantial  
23 controversies continue to exist and that these  
24 controversies require adjudication within the contested  
25 case process. The motion and the board's action on it

1 were proper as this matter was and still is a contested  
2 case, subject to the board's authority and the board's  
3 September 12 order was never final and appealable.

4           Since the September meeting, the staff was made  
5 aware of and received a copy of a document that may  
6 satisfy the statutory requirement that was discussed in  
7 the September board meeting. Because that item is clearly  
8 missing from the SOAH record, it's the staff's position  
9 that the most appropriate outcome is to remand the matter  
10 to SOAH so that the document can be considered by the SOAH  
11 judges. The further adjudication referred to in the  
12 board's December 10 order requires a remand to SOAH  
13 because TxDMV hearing functions, including the collection  
14 of evidence and the findings and conclusions of law, are  
15 generally delegated to SOAH administrative law judges in  
16 accordance with Texas Occupations Code, Section  
17 2301.704(a).

18           All the parties to this case were provided with  
19 copies of the staff's recommendation and the accompanying  
20 documents in advance of today's meeting, and the staff has  
21 prepared a draft order in line with that for your  
22 consideration.

23           I've got with me Mr. Daniel Avitia, the  
24 director of the Motor Vehicle Division, in case there are  
25 any technical questions regarding the Motor Vehicle

1 Division position on this, and we're available to answer  
2 any questions.

3 MR. SLOVACEK: What is the staff's  
4 recommendation?

5 MR. DUNCAN: To remand to SOAH to consider the  
6 document that we received in the period between the  
7 board's last action and today.

8 MR. SLOVACEK: Mr. Chairman, I make a motion  
9 that we remand to SOAH, for the reasons outlined by Mr.  
10 Duncan, this entire case, for all the reasons set forth,  
11 to determine whether the interveners have, in fact,  
12 satisfied the conditions of the proposal for decision.

13 MR. PALACIOS: I second the motion.

14 MR. WALKER: We have a motion by Member  
15 Slovacek and we have as second by Raymond Palacios. Do we  
16 have any comments or any questions by any of the board  
17 members?

18 (No response.)

19 MR. WALKER: If so, I'd like to call a vote.  
20 All in favor of the motion?

21 MR. SLOVACEK: Point of order. You said you  
22 were going to allow the people to talk about it.

23 MR. WALKER: I'm sorry. You're right, you're  
24 right.

25 MR. SLOVACEK: Not that I think you ought to

1 let them talk, but I'm just saying.

2 (General laughter.)

3 MR. WALKER: Okay. So at this point in time, I  
4 guess we're going to hear comments before we vote on this  
5 real quick, and I don't think that the board is going to  
6 answer any questions but we will listen to your comments,  
7 and I guess I can start with Thomas Phillips.

8 MR. PHILLIPS: (Speaking from audience.) I'll  
9 reserve my comments for now. I think we'll stand on our  
10 brief, unless someone on the board has a question.

11 MR. WALKER: Okay. Thank you, Judge Phillips.  
12 Matt Wood.

13 MR. WOOD: (Speaking from audience.) I work  
14 with Tom Phillips.

15 MR. WALKER: This might be quicker than I  
16 thought.

17 Billy Donley.

18 MR. DONLEY: (Speaking from audience.) Mr.  
19 Chairman, before I address the board, I do have a request,  
20 though. When all the other parties or all the other  
21 individuals that have signed up to address the board -- I  
22 assume they're on the other side of it -- it might be  
23 better if I heard their comments before I speak.

24 MR. WALKER: I would be more than happy to do  
25 that.

1 MR. DONLEY: Thank you very much.

2 MR. WALKER: Bill Crocker.

3 MR. CROCKER: Yes, sir.

4 I'll be, as the old judge over in Mississippi  
5 once told me, mercifully brief. There is a saying that  
6 lawyers and judges have used for years that -- well,  
7 first, let me offer this thought. We support -- I'm  
8 speaking on behalf of -- let's go back and start this  
9 properly.

10 My name is Bill Crocker. I practice law here  
11 in Austin and I'm here on behalf the sellers in this  
12 transaction, ultimately, two gentlemen named Roger Beasley  
13 and David Stein. Mr. Stein is here in the audience.

14 First, let me tell you that we support the  
15 motion to remand this to SOAH for the limited purposes  
16 outlined. I want to also offer you one thought, and  
17 that's the thought that I started with a moment ago that  
18 Judges and lawyers have had for years, that justice  
19 delayed is justice denied.

20 This contract for the sale of these dealerships  
21 was executed in December of 2012, and it's four  
22 dealerships, two Audi dealerships, one Porsche dealership  
23 and one Maserati dealership, they're all here in Austin.  
24 The sale price of these dealerships and the real estate is  
25 \$66,500,000. The franchise application process was begun



1 immediately, and Maserati had no problems with approving  
2 the application. The evidence shows that Porsche was  
3 almost immediately ready to approve until Audi decided to  
4 withhold its approval, and Porsche, by the way, has not  
5 participated in this proceeding and just agreed to abide  
6 by its outcome.

7           Nearly two years later we are still awaiting a  
8 decision as to whether or not Audi can show or has shown  
9 good cause for denying the franchise applications for the  
10 two dealerships in Austin. We have two men who want to  
11 sell and one man who wants to buy, but they still don't  
12 have a decision on whether or not Audi has good cause to  
13 deny their opportunity to close the \$66-1/2 million  
14 transaction.

15           My clients support this proposal to send this  
16 back to SOAH, but they hope it's a very quick hearing to  
17 determine one small matter of fact. If that's what the  
18 staff thinks is necessary to clear up the issue of  
19 jurisdiction, we totally support that. Once that is done,  
20 we would urge that he board quickly, at the earliest  
21 opportunity, make a final decision in this matter.

22           Again, I will tell you that justice delayed is  
23 justice denied, and we've got people who've been twisting  
24 in the wind now for two years.

25           If you have any questions, I'd be happy to

1 respond. Thank you very much.

2 MR. WALKER: No, but I will make a comment to  
3 you.

4 MR. CROCKER: All right, sir.

5 MR. WALKER: And I wasn't going to do this but  
6 I'm going to make a comment to you because I think you're  
7 entitled to it. Mr. Crocker, I'm a business person and I  
8 own a company I purchased and I've seen transactions, many  
9 of them in my time, and I would have to agree with you 100  
10 percent that the process has been delayed too long and  
11 that what this board is going to do is that we're going to  
12 ask that SOAH expedite your case and get it moved along  
13 quickly, and I can promise you, as the chairman of this  
14 board, that as soon as we get this back, if it comes back  
15 to us, if it's not resolved through the SOAH hearing, that  
16 we will expedite and move the process along as quickly as  
17 possible. You have my word on that.

18 MR. CROCKER: That's all we could ask, Mr.  
19 Chairman. Thank you very much.

20 MR. WALKER: Let's see here. Joe Letzer.

21 (Discussion between Mr. Walker and timekeeper  
22 regarding how time clock works.)

23 MR. LETZER: May it please the Board. Good  
24 morning. My name is Joe Letzer. I'm with Burr and Forman  
25 Law Firm and I come from Alabama, and I'll be speaking on

1 behalf of the buyers in this transaction, Hi Tech Motor  
2 Cars.

3 As the board is well aware, we have filed a  
4 brief, as has TADA, and it is our belief that substantial  
5 compliance with the notice provisions is sufficient. We  
6 stand by that position, however, the board has raised the  
7 question as to whether there's strict compliance in this  
8 instance and have recommended a remand to SOAH to explore  
9 that issue under the applicable authority, and we agree  
10 with that action on behalf of buyers.

11 Now, I don't know what criticism Mr. Donley is  
12 going to make of that proposed order, and I'd like to  
13 reserve my remaining time to address whatever attacks he  
14 has on that order.

15 MR. WALKER: Well, I really don't want to get  
16 into argument. The purpose of this is to make comments,  
17 and I apologize, maybe, that I let him go after you so  
18 that he can argue that point, but I would prefer that we  
19 keep this to comments and we're not going to debate the  
20 case here in front of the board today. So if you don't  
21 mind, would you just continue and give me the rest, if you  
22 have any further comments? Because I'm not going to get  
23 into arguing the case here today.

24 MR. LETZER: Okay. Well, we are in agreement  
25 with the staff recommendation because it is expeditious,

1 it should be relatively inexpensive, and we should be back  
2 here in a fairly quick manner. It doesn't involve  
3 additional discovery, it doesn't involve additional  
4 expense.

5 We believe what you're going to hear from the  
6 manufacturer here, Mr. Donley, is that he wants to take up  
7 issues like es parte communications, which has already  
8 been resolved by this board, cured by actions of your  
9 general counsel, Mr. Duncan. Lord knows what else he  
10 wants to bring up so that it becomes a prolonged procedure  
11 involving additional discovery, and we oppose that action.

12 And I don't know what he's going to say in addition, but  
13 as long as it's as written on the narrow basis that it's  
14 written, we agree with the staff's recommendation.

15 MR. WALKER: Thank you, Mr. Letzer.

16 MR. LETZER: I'll be glad to answer any  
17 questions you have. Thank you.

18 MR. WALKER: Bruce Bennett.

19 MR. BENNETT: (Speaking from audience.) I have  
20 no comments.

21 MR. WALKER: Thank you.

22 I can't read that. Is it Dent Morton?

23 MR. MORTON: It's Dent Morton.

24 MR. WALKER: No comments.

25 Mr. Donley.

1 MR. DONLEY: I'm back up?

2 MR. WALKER: You're back up. Mr. Donley, I  
3 know you've brought some visuals here, but I'm going to  
4 ask that you make comments and that we not retry the case  
5 today in front of the board.

6 MR. DONLEY: I will not be retrying the case,  
7 Mr. Chairman. These boards are directly on the issue  
8 that's before you this morning on the staff's  
9 recommendation, if I may.

10 MR. WALKER: Okay.

11 MR. DONLEY: May I proceed?

12 MR. WALKER: Go ahead.

13 MR. DONLEY: Mr. Chairman, members of the  
14 board. My name is Billy Donley, I'm an attorney with  
15 Baker & Hostetler, and I represent Volkswagen and its  
16 division Audi in this case.

17 This board, in September of last year, decided  
18 it doesn't have jurisdiction. That order stands, you  
19 still don't have jurisdiction, you have no ability to send  
20 this case back down to SOAH.

21 Let me tell you the other reason why, though,  
22 you should not be sending this case back down to SOAH.  
23 You heard staff this morning tell you that you do not have  
24 the ability to accept this document that is at issue into  
25 evidence, and so staff has suggested that you send it back

1 to SOAH. If I may, Mr. Chairman, I've got a board here  
2 and I'd like to show you the rules of procedure that  
3 actually apply to SOAH. What I have here is Rule 155.153,  
4 Powers and duties of SOAH regarding judges, the  
5 administrative law judges. This rule says at (a) Judges  
6 authorities and duties. The judge, being the  
7 administrative law judge in a case such as this one, shall  
8 have the authority and duty under (4) to reopen the  
9 record -- which they're going to be asked to do here --  
10 when justice requires but only if the judges have not  
11 issued a dismissal, proposal for decision or final  
12 decision.

13 In this case the proposal for decision was  
14 issued on July 16, 2014. With that proposal for decision  
15 having been issued and this rule being in effect on the  
16 judges in this case, if this matter was sent back to them,  
17 they cannot let this document into evidence, they can't  
18 reopen the record under this rule. So what the board  
19 would be asking SOAH to do and the administrative law  
20 judges to do is to violate that rule. The board can't get  
21 this document into evidence, SOAH can't get this document  
22 into evidence.

23 Why is that? We've already had a trial, it was  
24 nine days long, we had hundreds of exhibits and a whole  
25 bunch of witnesses. The parties had a chance to put into

1 evidence everything they thought that was important, and  
2 we did so. We fought this case tooth and nail on both  
3 sides, you can bet. Each side had plenty of lawyers and  
4 had the ability to attack each issue they wanted to. If  
5 the parties wanted to go back and offer additional  
6 evidence, they had to get the record open under Rule  
7 155.153 and they had to do it before a proposal for  
8 decision was issued. Staff didn't mention that rule this  
9 morning. There's no way around it

10 But there's another reason that -- there's one  
11 other thing I want to mention with regard to rules and  
12 statutes. 2001.058 is what governs this board at this  
13 point, once a proposal for decision comes over here. That  
14 discussion was held on September 12, too, between Mr.  
15 Duncan and Member Rodriguez. They talked about 2001.058  
16 on the Nissan case that was heard just before this case,  
17 and it lays out four reasons then why -- or what the board  
18 can do with this case. It does not include sending this  
19 back to SOAH at this point. Why? It's part of this same  
20 rule that I've already put in front of the board. SOAH  
21 cannot reopen the record so there's nothing in .058 that  
22 allows the board to send it back to SOAH.

23 Let me give one other reason, though, a little  
24 more practical, on why there's no reason to send this back  
25 to SOAH, and I don't believe you've heard this before

1 either.

2 MR. WALKER: Mr. Donley, your time is up. I'm  
3 going to allow you to finish this right here, but make it  
4 brief, if you can.

5 MR. DONLEY: Very good. I will.

6 During the course of the hearing on the merits  
7 before the administrative law judges, I asked Mr. Weitz  
8 whether or not he had complied with 2301.359(c)(3), had  
9 you sent the letter that was required to Audi with regard  
10 to the application that was at issue. Here's the question  
11 and the answer, it's on page 1899 of the transcript.

12 My question to Mr. Weitz: Do you recall that  
13 during the course of the application process up until the  
14 turndown on April 16, 2013 -- and that's the turndown of  
15 the application at issue -- that you never and no one on  
16 your behalf ever provided Audi with a statement that you  
17 or any of your entities would indeed comply with the Audi  
18 dealer agreement to the extent it was not in conflict with  
19 Texas law?

20 That comes out of 2310.359(c)(3).

21 MR. WALKER: Okay, Mr. Donley.

22 Answer: No, did not indicate that.

23 MR. WALKER: Excuse me.

24 MR. DONLEY: Yes, sir.

25 MR. WALKER: I've kind of explained to you, Mr.



1 Donley, that we're not going to retry the case here today.

2 MR. DONLEY: Yes, sir.

3 MR. WALKER: That is not the responsibility of  
4 this board to hear cases. It is the responsibility of  
5 SOAH to hear cases and to determine whether they apply to  
6 the law. I have spent a lot of time reading your case  
7 from front to back, and I will agree with you that it is a  
8 very complicated case, it's backwards and forwards,  
9 there's all kinds of limited partes, trusts, and I see  
10 everything you're talking about. So why don't you  
11 conclude because I'm not going to go into this kind of  
12 stuff right now with you because I think I would have to  
13 entitle the other people here to get back up and argue  
14 their side of the question on this also.

15 So why don't you finish up in about 15 seconds  
16 and then we're going to take and make a decision on what  
17 we're going to do here.

18 MR. DONLEY: Again, to be clear, these are my  
19 comments on the request by the staff this morning which we  
20 disagree with, sending it back down.

21 I'll give you one other, 2301.709, the board  
22 can't consider things that are not timely submitted.

23 The long and short of it is, members of the  
24 board, justice delayed is justice denied. That applies to  
25 Audi too. People can't act like the manufacturers don't

1 matter up here, we do, and in this case what the board  
2 ought to do is to reject the staff's comment, leave this  
3 case as it is, there's no jurisdiction. You ought to also  
4 add to your order, however, that they failed to meet the  
5 statutory requirements, as Mr. Duncan stated this morning,  
6 dismiss this case, and let us proceed on from there.

7 Thank you very much.

8 MR. WALKER: Thank you, Mr. Donley.

9 So I guess I have a question to Mr. Duncan, and  
10 that is what is your advice to this board. Do we have the  
11 authority, based on the statutory -- the SOAH statute  
12 there, do we have the authority to send this back based on  
13 new evidence or evidence that was not in the file to go  
14 back and have SOAH to reevaluate that new evidence?

15 MR. DUNCAN: Absolutely.

16 MR. WALKER: I don't know that it is new  
17 evidence. It is evidence that was not in the file or was  
18 inadvertently missed in the file.

19 MR. DUNCAN: Correct. You have the absolute  
20 power to do this and to ask SOAH to reconsider. Should  
21 they refuse, we might have an issue, but I doubt very  
22 seriously they will. The rule -- not statute -- the rule  
23 that he refers to is a SOAH rule, it's a SOAH rule  
24 governing SOAH actions. That says a judge can reopen the  
25 record when the judge wants to. The judge is not

1 reopening the record. You're sending it back to the judge  
2 as the board that has the statutory authority over these  
3 types of licenses. You're sending it back and saying we'd  
4 like you to clarify certain items from the PFD.

5 I've been doing this kind of practice for years  
6 and years and years, boards send things back to SOAH, they  
7 do, for additional clarification, for additional  
8 adjudication by the SOAH judge.

9 MR. RODRIGUEZ: And that's the recommendation  
10 that's been made, we have a motion and a second, Mr.  
11 Chairman. I ask for the exhibits to be removed and ask  
12 for the question, Mr. Chairman.

13 MR. WALKER: I don't know that the exhibits are  
14 a party to this, are they? I thought you meant removed  
15 from the record.

16 MR. RODRIGUEZ: No.

17 MR. WALKER: I'm sorry.

18 So we have a motion and we have a second. Do  
19 we have any further comments from the board?

20 (No response.)

21 MR. WALKER: All in favor of the recommended  
22 proposal to send it back to SOAH, signify by saying aye.

23 (A chorus of ayes.)

24 MR. WALKER: All opposed, same sign.

25 (No response.)

1 MR. WALKER: The motion carries.

2 And Mr. Duncan, I would respectfully ask that  
3 when you send this back to SOAH that you ask them to  
4 expedite this. And let the record reflect that I, as the  
5 chairman, have asked that SOAH move this to the front of  
6 their line and that we would like to get this thing  
7 resolved in an expeditious form. We understand that all  
8 these people have businesses to operate and they need  
9 resolve to this so that they can either go forward and  
10 find a new purchaser, whether they can continue to make  
11 the sale transition work, whatever it's going to be that's  
12 determined on this thing, but it needs to be resolved, it  
13 needs to be moved forward so that people can continue to  
14 sell cars and to run their businesses as they should.

15 MR. DUNCAN: Absolutely, Mr. Chairman. We'll  
16 make that point in the order and in every other way that  
17 we can.

18 MR. WALKER: Thank you very much. And should  
19 you find that there's a delay, let me know and I will see  
20 if I have any power in my authority to progress this at a  
21 faster rate.

22 MR. DUNCAN: Yes, sir.

23 MR. WALKER: Okay. There are some other people  
24 in the room I know that you have some comments with  
25 respect to some other items on here, and we will take

1 those later on as we get to those particular items.

2 I'm going to take financial reports next. Ms.  
3 Flores, are you hiding behind that post over there for a  
4 reason?

5 MS. FLORES: No, sir.

6 MR. WALKER: You know, I moved you to the front  
7 of the agenda because I want to give you plenty of ample  
8 time, since we are in a legislative process and it is  
9 important that we get the finances organized and  
10 understood of the agency. So I want people to give full  
11 attention to you so I moved you to the front while we're  
12 still clear-minded.

13 MS. FLORES: So that does that mean you're  
14 going to turn on the timer for me?

15 (General laughter.)

16 MR. WALKER: No, no, no. You are not limited  
17 by time, but I would like to finish by noon today.

18 MS. FLORES: For the record, my name is Linda  
19 Flores. I'm the chief financial officer for the Texas  
20 Department of Motor Vehicles. And with me today is Sergio  
21 Rey, he's the accounting director, and we're here to  
22 present the agency's annual financial reports that were  
23 submitted, as required, on November 20 to the State  
24 Comptroller's Office.

25 These financial statements are prepared in

1 accordance with Governmental Accounting Standards, and  
2 they're submitted to the Comptroller. There is no action  
3 required from the board. This is merely a briefing on the  
4 changes that we identified in our financial statements.

5 MR. WALKER: Excuse me, Ms. Flores. Can I get  
6 somebody to move the TVs up here so the board can see  
7 them, please?

8 (Pause to adjust TVs.)

9 MR. WALKER: Thank you very much.

10 MS. FLORES: The actual methods do begin on  
11 page 49 of your briefing documents -- I'm sorry, 48. And  
12 with that, I'll turn it over to Mr. Rey.

13 MR. REY: Chairman Walker, Ms. Brewster, board  
14 members, good morning. My name is Sergio Rey, for the  
15 record, accounting director.

16 This morning I will be providing the annual  
17 financial report for year ended August 31, 2014, which was  
18 submitted to our oversight agencies, like Ms. Flores said,  
19 on November 20. The presentation before you provides  
20 prior year information to serve as a point of reference on  
21 this fiscal year's highlights.

22 So again, on page 48 you'll find the statement  
23 of net assets which is the governmental accounting balance  
24 sheet. In this section, the TxDMV increased its numbers  
25 by \$28 million. Our legislative appropriation increased

1 by \$16.7 million because of the changes in our method of  
2 finance, because of House Bill 2202 where technically the  
3 agency was appropriated more funds from general revenue  
4 Fund 1. In prior years the operations funded by Fund 1  
5 were only for ABTPA, so in this 2014, more operations were  
6 funded by Fund 1.

7 Also, while we continue to improve our  
8 reporting of revenue from our asset accounts, there was an  
9 increase in our accounts receivable as a result of timing,  
10 the collection of receipts from the tax assessor-  
11 collectors and the regional service centers, so at the end  
12 of the fiscal year, since that date ended or fell on an  
13 extended holiday weekend of Labor Day, deposits for those  
14 final days did not hit the books until after September 1.  
15 In our non-current assets, we had a growth of almost \$5  
16 million because of increased computer software inventory  
17 purchases, much of which was related to our RTS  
18 refactoring project. That's our statement of net assets,  
19 that's the asset section of our balance sheet.

20 Now on the next page we have the liabilities  
21 section where we have increases of about \$2 million in our  
22 accounts payable. This increase is technically items that  
23 were reported on our books as material expenses that were  
24 posted in September.

25 Our fund balance, which is the unspent of the

1 no-spendable balances, grew by \$26 million. That, too, is  
2 a result of the higher appropriation from Fund 1 and the  
3 increases in inventory.

4 On our next slide and on page 50 you will find  
5 the governmental accounting version of the income  
6 statement, or as referred, the statement of revenue,  
7 expenditures and changes in fund balance. Again, this  
8 will highlight the significant changes as compared to  
9 2013.

10 For revenues, again, we see the impact of House  
11 Bill 2202, the additional revenues Fund 1 appropriations,  
12 but also the impact of the amount of reportable fee  
13 revenue. With several fees now deposited to Fund 1, those  
14 revenues are reported by the Comptroller in their  
15 financial reports, so rather than reflecting the almost  
16 \$1.7 billion in revenue, TxDMV is only responsible for  
17 reporting the almost \$1.5 billion in licenses, fees and  
18 permits.

19 On the expenditures side the agency continues  
20 to see increases in professional fees, computer equipment  
21 and software inventory and maintenance costs, again,  
22 associated with the RTS refactoring project. And in 2014  
23 there were also increases for ABTPA grant expenditures due  
24 to increased submittals from the grantees and improved  
25 internal processing of grant payment requests prior to the



1 end of the fiscal year.

2 A final note on the income statement, this year  
3 there was a \$4 million increase to our Fund 6 revenue  
4 transfer to the Texas Department of Transportation. The  
5 final payout to TxDOT was just over \$1.4 billion.

6 These are the highlights of the principal  
7 exhibits of the annual financial report. The remaining  
8 schedules in your packet and the notes provided support  
9 information to the figures in those exhibits. As  
10 mentioned earlier, the AFR was completed in accordance  
11 with comptroller guidelines and the reporting requirements  
12 in compliance with Governmental Accounting Principles.  
13 Our financial statements are incorporated in the State's  
14 Comprehensive Annual Financial Report produced by the  
15 State Comptroller's Office.

16 This concludes my presentation. I'm available  
17 for questions if you have any.

18 MR. SLOVACEK: Not a think.

19 MR. WALKER: Do we have any questions, comments  
20 or anybody want to take any particular issues up with the  
21 staff on this? Raymond?

22 MR. PALACIOS: No. I'm fine.

23 MR. WALKER: I don't think that that is an  
24 action item, it doesn't require a vote, just a report.

25 Thank you, Daniel and Linda. Linda, do you

1 have more, or does this conclude your total report? I'm  
2 sorry, Sergio. Daniel was before you.

3 MR. RODRIGUEZ: I think she's going on to  
4 4.A.1.b, Mr. Chairman.

5 MR. WALKER: Linda, let's move on to 4.A.1.b.

6 MS. FLORES: Yes, sir.

7 With me today is Renita Bankhead. She's the  
8 assistant CFO for the agency. We are reporting on the  
9 first quarter financial status as of November 30, 2014.

10 As Mr. Rey mentioned, House Bill 2202  
11 significantly impacted the agency's method of financing.  
12 This is going to be reflected, as you will see here  
13 shortly. In addition, House Bill 2202 has provided more  
14 clarity on our revenues that we're actually collecting and  
15 depositing into general revenue. What Mr. Rey did not  
16 tell you was that last year we actually deposited into  
17 general revenue \$121 million. That's in addition to the  
18 amounts that we collected for Fund 6.

19 We continue to see that growth here in the  
20 first quarter. Our revenues are still showing an increase  
21 over the same period last year, approximately \$23.4  
22 million. Again, as we reported in the past, these are due  
23 to increased numbers in permits, titles, registered  
24 vehicles, all of those things contribute to our revenue  
25 growth.

1           On the expenditure side, we've also implemented  
2 a new financial system September 1, and with that, we've  
3 identified some opportunities for us to better report  
4 information to the board.

5           And with that, I'll turn it over to Ms.  
6 Bankhead.

7           MS. BANKHEAD: Chairman Walker, Ms. Brewster,  
8 members of the board. For the record, I'm Renita Bankhead  
9 of your staff.

10           Beginning on page 81 of your materials is a  
11 summary of expenditures as of November 30, 2014, which you  
12 can see here on the slide.

13           MR. WALKER: Renita, before you go and move to  
14 that point, can I ask a question real quick, because I was  
15 a little confused last night when I was reading this and  
16 we just went past it. I think this is the first time,  
17 maybe it's not, it's my recollection of the first time  
18 I've seen this. All of these different accounts, Linda,  
19 that we have over here, it says fund number 803, 804, 805,  
20 can you explain all these different fund numbers to me?

21           MS. FLORES: Are you referring to the annual  
22 financial report?

23           MR. WALKER: All these pages of different  
24 dollar amounts.

25           MS. FLORES: That is actually included in the

1 annual financial report, and that's where the DMV collects  
2 money on behalf of other agencies or it has to do with  
3 specialty plates. So all of those numbers, when it says  
4 agency 8-0-something, 603, 392, those all represent a  
5 state agency. So we collect money on their behalf. They  
6 issued a specialty plate for a charitable purpose and so  
7 we collect the money and at the end of the year we're  
8 acting as a fiduciary, we pass those dollars on to the  
9 other state agencies.

10 MR. WALKER: So if I were to ask you what  
11 agency 537, D23, 803 is?

12 MS. FLORES: We do have a list of names  
13 associated with each one.

14 MR. WALKER: Is it appropriate or not  
15 appropriate to put the names on there, or is that a code?

16 MS. FLORES: That's a code, and for the board's  
17 purpose we've identified what those are on page 41 for you  
18 in your briefing books. When we submit our financial  
19 statements, the Comptroller does not really care for the  
20 names, what they're looking for is that agency code. But  
21 for your information, we have provided that for you.

22 MR. WALKER: Page 41?

23 MS. FLORES: Yes, sir, of your briefing  
24 document.

25 MR. WALKER: Okay.

1 MS. FLORES: So you will see the Office of the  
2 Governor is agency 300, Attorney General 302, General Land  
3 Office 305, Texas Workforce Commission 320, Department of  
4 Housing and Community Affairs 332.

5 MR. WALKER: Okay. You don't need to go  
6 through all of them, Linda. I was just curious that those  
7 different accounts were.

8 MS. FLORES: They all have a special code.

9 MR. WALKER: Renita, you can continue.

10 MS. BANKHEAD: Thank you.

11 As Linda stated, we have implemented the new  
12 accounting system, CAPPs, and as you can see on the slide,  
13 we have significantly more expenditure categories than we  
14 did before, and what we did was we took the other  
15 operating expense categories and we provided more detail  
16 so you could see specifically where our expenditures are  
17 for the license plates, that's under purchased contract  
18 services. Or where we mail the plates and other materials  
19 under postage, where we print our registration and titling  
20 materials, that is under reproduction and printing. We  
21 felt like this would give not only the board but our  
22 internal staff a lot more detail so that we could identify  
23 those expenditures quickly.

24 The year-to-date expenditures through November  
25 total almost \$25 million compared to \$21 million at the

1 same time last year.

2 Another process improvement that we've included  
3 on these reports is the ability to encumber funds. That's  
4 one thing that CAPPs allows us to do that we weren't  
5 really able to do before, and for us to show them to the  
6 board. To encumber we are committing funds for business  
7 services all at one time so that money is set aside so we  
8 don't try to spend it on other things.

9 The major encumbrances here are for the same  
10 big ticket things that you would expect: expenditures for  
11 the RTS system; under professional fees, most of that, \$21  
12 million is encumbered; for RTS about \$15 million; the rest  
13 of it is data center consolidation for IT contractors; and  
14 the rest of the money that we have to pay the Comptroller  
15 for CAPPs.

16 MR. RODRIGUEZ: Ms. Bankhead, can you encumber  
17 past a fiscal period or not?

18 MS. BANKHEAD: No, we cannot encumber past a  
19 fiscal period.

20 At this point in the year about 48 percent of  
21 our budget has either been expended or encumbered,  
22 committed. So were tracking our expenses. One of the  
23 other things that CAPPs allows us to do is to be able to  
24 control our budget by if you try to process a transaction  
25 and there's no budget, the system stops it. So I think it

1 gives us a lot more control over how much we budget and  
2 how much we spend.

3           On page 83 of your packet is the next slide,  
4 and that is the capital projects, and as with the  
5 expenditure page on the front page most of the  
6 expenditures are related to the automation project. And  
7 based on the current version of House Bill 1 and Senate  
8 Bill 2 -- which Linda is going to talk about in a  
9 minute -- any unspent balances in the automation project  
10 will be carried forward to 2016. That's just in our  
11 current version of those bills.

12           The line item for data center consolidation,  
13 something we talked about quite a bit last year, the  
14 budget and encumbrances only reflect what's actually --  
15 we've only encumbered up to what we have budgeted. We  
16 know we're going to have additional expenditures for that.

17           As of yesterday, we anticipate that we're going to be  
18 about \$1.7 million in the hole for that with our payments  
19 to DIR, and this does not include the \$1.5 million that we  
20 have to pay TxDOT for DCS services as well.

21           So we are working to identify balances in our  
22 budget to be able to pay for those things, just like we  
23 did last year. When we come to you again for the second  
24 quarter report, we will have completed our midyear review  
25 and we will show how we are planning to address that

1 specific deficit and how we are going to pay for any other  
2 unanticipated costs.

3 And that completes my presentation. If there  
4 are any questions?

5 MR. PALACIOS: Ms. Bankhead, have we completed  
6 the transition of data and applications from the previous  
7 software over to the CAPPS system?

8 MS. BANKHEAD: We really didn't transfer any of  
9 our previous years' expenses, we just started fresh on  
10 September 1. All of our previous expenditures and those  
11 types of things are still in USAS, the statewide  
12 accounting system.

13 MR. PALACIOS: And then just briefly, how is it  
14 working out so far, CAPPS?

15 MS. BANKHEAD: CAPPS is working out for us. We  
16 are still learning how it works. We completed our  
17 training to the external staff in December. We are  
18 working with the Comptroller to improve the reports that  
19 are available to you and to our internal staff, so we're  
20 still working and learning how the system works. We were  
21 testing some of the new purchasing modules this past  
22 month, and we've completed that. So it is working out.  
23 We still have some things that we're still trying to --  
24 some issues we're still trying to iron out, but it's  
25 working for us. We are able to pay our bills, we are able



1 to track our expenditures, we are able to collect our  
2 revenues and report on our revenues, and those things were  
3 very critical to us and we are able to do those things.

4 MS. FLORES: That was the major decision-making  
5 point for me for this agency was that the interfaces on  
6 our revenue collection had to work because we collect \$100  
7 million a month, so if that was not working properly, my  
8 decision would have been no go September 1. But the  
9 Comptroller worked it out with us, they ensured that the  
10 interfaces were working properly between RTS and Treasury,  
11 and CAPPs, and so that was the defining moment when we  
12 were seeing those revenues.

13 MR. PALACIOS: Thank you.

14 MR. WALKER: Do you want to continue? Are you  
15 finished with all your stuff?

16 MS. FLORES: We've concluded our presentation  
17 on the first quarter, and now we're moving on to the  
18 legislative update for House Bill 1.

19 I just wanted to give the board a real brief  
20 reminder of the Texas legislative process. As you recall,  
21 last August we were submitting the agency's appropriations  
22 request, as required by the Legislative Budget Board.  
23 During the summer we brought our exceptional items list to  
24 the board at that time and incorporated the approved  
25 documents into our submission. Public hearings were held

1 with staff from both Governor's Office, the Legislative  
2 Budget Board and some other oversight entities. We laid  
3 out our budget and explained what was in the details.

4 From September to December the Legislative  
5 Budget Board staff worked with their board, whose composed  
6 of also the oversight entities, the Governor's Office,  
7 Lieutenant Governor, to come up with a recommendation for  
8 the Appropriations Act. That is either House Bill 1 or  
9 Senate Bill 1, they take turns. This session it's House  
10 Bill 1.

11 That was submitted and produced on January 15.

12 House Bill 1 was posted on the Legislative Budget Board's  
13 website as introduced. They then took the Senate's  
14 version and posted that on January 27. Sometimes those  
15 two bills are different. For this agency it was the same  
16 bill pattern, and when I talk about bill pattern, I'm  
17 talking about appropriations.

18 So once it was posted, the agency had an  
19 opportunity to see what was in that recommendation. It  
20 was not what we had requested. They did approve a couple  
21 of exceptional items -- I'll go into a little bit more  
22 detail -- but at that point we met with our legislative  
23 budget analyst, Thomas Galvan, on January 28 where he came  
24 to explain the rationale behind our recommendation for our  
25 agency's appropriations.

1           At that time he did request that we reevaluate  
2 our exceptional items request as we had submitted it.  
3 Only two had been approved, it was the agency's turn to  
4 review the remainder items on that legislative  
5 appropriations request list to determine whether or not we  
6 wished to proceed or revise. And once we submitted that  
7 to them, to the Legislative Budget Board, they will then  
8 take that document and use that as talking points when the  
9 agency's appropriations request is being laid out in front  
10 of committees.

11           The committee hearings will start here next  
12 week. They will go on till the end of May where different  
13 appropriations committees will meet, break up into work  
14 group sessions and delve into the details of the agency's  
15 request. This is the reason why we've prepared a revised  
16 exceptional items request. They did approve the  
17 additional request that we had for license plate  
18 production, as well as they helped fund some of the data  
19 center consolidation request, about half. We had asked  
20 for nine, they gave us about four and a half of that  
21 initial request. We are still going to proceed to ask  
22 them for the rest of that exceptional item request.

23           This gives you an understanding of what the  
24 process is, some of the time constraints, compressions of  
25 time, if you will, and we were not able to bring back that

1 exceptional items request list to you in time to meet the  
2 Legislative Budget Board's deadline. We do have that  
3 before you today and we'll go into that shortly.

4 MR. WALKER: We're going to look at the revised  
5 exception report?

6 MS. FLORES: Yes, sir.

7 Just for your information, House Bill 1 is  
8 included in your briefing books starting on page 85.

9 One of the major things that House Bill 1 did  
10 was change the agency's method of financing. Before we  
11 were primarily Fund 6, now we're general revenue, so that  
12 is a major shift in how this agency's appropriations are  
13 set.

14 As I mentioned, they approved the exceptional  
15 item for license plates, as well as some of the data  
16 center. They eliminated from the base request the CVISN  
17 grant. We originally had \$1.7 million in our base  
18 request; they eliminated that totally, both state and  
19 federal match. They also reduced the base request for  
20 automation funding from \$23 million down to \$16-. They  
21 reduced our capital regional office remodeling that we had  
22 left in there. We had \$141,000 set aside for another  
23 couple of remodels in the regions. We recently  
24 accomplished Wichita Falls and Austin this past December.

25 They reduced the amounts that we had in there

1 for additional CAPPs reports, as well as human resources  
2 reports. They reduced our computer replacements by  
3 \$50,000 a year. And they added a contingency rider that  
4 addresses the agency's method of financing if the DMV Fund  
5 is recreated in this legislative session.

6 MR. WALKER: Can you explain that to me?

7 MS. FLORES: Yes, sir. So House Bill 2202  
8 actually created the DMV Fund that we had sought to have  
9 created. House Bill 6 at the end, which it's a routine  
10 bill that's done every session --

11 MR. WALKER: I understand all that. Go back  
12 and explain what this means right here, this particular  
13 rider, how it affects us going forward.

14 MS. FLORES: So moving forward we are going to  
15 pursue the creation of the DMV Fund during this  
16 legislative session. If it comes to pass and it's  
17 approved, then the agency's method of financing will shift  
18 from general revenue to the DMV Fund. That DMV Fund also  
19 has the ability to include the process and handling fee  
20 that the board is authorized to create for the agency.

21 MR. WALKER: But I guess the question I'm  
22 asking -- I mean, everything you're saying I understand --  
23 but they're adding a contingency rider. What is the  
24 rider?

25 MS. FLORES: A contingency rider is contingent

1 on a proposed bill passing.

2 MR. WALKER: But what does the rider say?

3 MS. FLORES: The rider says if the bill passes  
4 then the DMV Fund is created, the agency will be financed  
5 with the DMV Fund.

6 MR. WALKER: What would the relevance of that  
7 need to be back to us? I mean, why would they need that?

8 MR. RODRIGUEZ: We've been asking for this.  
9 Right?

10 MS. FLORES: We've been asking for the DMV Fund  
11 so that we can be self-sufficient and self-supported.

12 MR. WALKER: I understand all that. I'm just  
13 trying to say what is the relevance of the Legislative  
14 Budget Board putting that particular note into our report.

15 MS. FLORES: This is their acknowledgment that  
16 the DMV Fund is a probability.

17 MR. WALKER: Okay. So it's just saying that  
18 the fund could be relevant, and if so, this is how it will  
19 be addressed going forward.

20 MS. FLORES: Yes, sir.

21 MR. WALKER: Okay. Thank you.

22 MR. PALACIOS: Ms. Flores, I have a question  
23 about that DMV Fund. The timing with, I guess, the  
24 legislation to pass the TxDMV Fund and the new rules that  
25 will be written at some point regarding the process and

1 handling fee, so obviously one has to happen before the  
2 other, because obviously we can't have a change in the  
3 TxDMV Fund unless there is a new method to fund it.

4 MS. FLORES: Correct.

5 MR. PALACIOS: So I guess what do you see as  
6 the timing of all of this, because obviously we'd have to  
7 get rules in place before we can even address legislation.

8 MS. FLORES: The agency internal staff, we're  
9 working on scenarios, various scenarios as to if a process  
10 and handling fee is authorized, when would it go into  
11 effect, when would we have sufficient information to put  
12 in front of the board. Obviously, if we were to have a  
13 process and handling fee by September, for example, we  
14 would have to have something to the board by April in  
15 order to meet all of the deadlines for publication in the  
16 Texas Register, public comment. So we know at this time  
17 that we don't have that kind of information, so we're  
18 looking at timeline required to put something in front of  
19 you so that you all can make a reasonable decision without  
20 hurrying through this, because this is going to take some  
21 time for us to develop what is an appropriate process and  
22 handling fee.

23 We have a Texas Transportation Institute study  
24 that is wrapping up. That report, the second draft has  
25 not come back to the agency. We still need time to digest

1 that and see what was the cost information provided in  
2 that report. So there's still a lot of logistics that we  
3 have to pass before we can put something in front of the  
4 board for your review.

5 I'm doing cash flow analysis. You know, we  
6 were up to 13 scenarios and we've knocked it back down to  
7 two that are most reasonable because I have lots of moving  
8 parts. If the fee hits effective this date but I don't  
9 start cash collection until a month later, I need money  
10 for bills, to make payroll, I need money for the first  
11 three-five months of this agency's operations. So we're  
12 having to work through all of those things and we're just  
13 not there yet.

14 MR. PALACIOS: I understand.

15 MR. WALKER: Are there more? Those are the  
16 recommendations, all of them?

17 MS. FLORES: Yes, sir.

18 MR. WALKER: So what is the overall effect of  
19 the recommendations and reduction in the budget  
20 expenditures?

21 MS. FLORES: Well, the original list of  
22 exceptional items was \$90 million, our revised request is  
23 \$87 million. We modified, we took off the license plates,  
24 we're asking for restoration of the automation dollars so  
25 that we can take on a new initiative for separating



1 servers and applications from TxDOT. We feel like we have  
2 sufficient justification to request those dollars back.

3 The others that are in front of you were there  
4 to begin with. The data center consolidation, since they  
5 only funded half, I want the other half. I think this  
6 agency needs to have -- that's a need, it's not a want.  
7 What we did when we looked back at our exceptional items,  
8 we reviewed these requests from what do we really, really  
9 need, not what do we want, so the list in front of you is  
10 that list. We eliminated the FTEs for finance and for  
11 internal audit. We feel like we can work within our cap,  
12 our staffing caps to make that happen.

13 There was development of IT infrastructure. We  
14 call that cyber security. That has a more descriptive  
15 name to it for what it really is. We've also changed the  
16 name for the field service representatives in VTR so that  
17 when the legislators look at that, they'll know right off  
18 the top what this is referring to.

19 We feel like this list will help this agency  
20 continue to move forward with not only finishing up the  
21 RTS refactoring but taking a major step in separating from  
22 TxDOT's infrastructure on the IT side. With that, we will  
23 really be a stand-alone agency and if we were lucky enough  
24 to get a building someday, somehow, we would truly be the  
25 DMV.

1                   And what we're asking from the board at this  
2 time is your support of the agency's revised exceptional  
3 items request.

4                   MR. WALKER: Mr. Palacios?

5                   MR. PALACIOS: Yes. I move that we accept  
6 staff's recommendation for the revised exceptional items  
7 request.

8                   MR. RODRIGUEZ: Second, Mr. Chairman.

9                   MR. WALKER: So we have a motion from Mr.  
10 Palacios to accept the revised exception request of the  
11 appropriations request, we have a second by Mr. Rodriguez.  
12 Do we have any comments, questions?

13                   (No response.)

14                   MR. WALKER: All in favor of the revised list,  
15 signify by saying aye.

16                   (A chorus of ayes.)

17                   MR. WALKER: All opposed, same sign.

18                   (No response.)

19                   MR. WALKER: Motion carries unanimously. Thank  
20 you.

21                   We're going to skip over here to item number  
22 6.D, Bryan -- 4.D. I'm sorry. Bryan.

23                   Mr. Garcia, thank you very much for being here  
24 today.

25                   MR. GARCIA: Mr. Chairman, board members, thank

1 you for having me here and the opportunity just to sit  
2 with Mr. Wilson and give you some updates on the  
3 activities.

4 MR. WALKER: Would you like to tell the people  
5 in the room who you are in case they don't really know?

6 MR. GARCIA: Yes, sir, I sure would. My name  
7 is Carlos Garcia, the chief of police for the Port of  
8 Brownsville, former police chief for the City of  
9 Brownsville three years ago, presiding officer/chairman of  
10 the board for ABTPA. So thank you for having me here, and  
11 while I'm at it, Mr. Chairman, I know it's a long meeting,  
12 but I think it's only fair that at this point that I thank  
13 DMV staff, executive director, assistant executive  
14 director, the board and everybody else for stepping up to  
15 the plate and supporting ABTPA, whereas, before we felt  
16 that we didn't have the support from TxDOT. Before that  
17 we were a stand-alone department of projects. But we've  
18 been given great support by Ms. Brewster and her staff and  
19 so I appreciate that from ABTPA.

20 MR. WALKER: Thank you very much. We  
21 appreciate that.

22 For those of you that don't know -- and I'll  
23 probably step all over my tail for making this comment --  
24 the ABTPA Board is a separate board that kind of is under  
25 this board but they really operate independent themselves

1 but they're under our agency, and Carlos is the chairman  
2 of that board.

3 So we appreciate all that your board does in  
4 coming up with the grants that need to be disbursed out  
5 through the state.

6 MR. GARCIA: Thank you for your support, Mr.  
7 Chairman.

8 MR. WALKER: So Bryan, with that, let's move  
9 forward with your report on the Auto Burglary and Theft  
10 division.

11 MR. WILSON: Thank you, Mr. Chairman, board,  
12 Ms. Brewster. My name is Bryan Wilson. I'm the director  
13 of the Automobile Burglary and Theft Prevention Authority.

14 This report is for information only, no action needs to  
15 be taken.

16 I just wanted to report to you that the staff  
17 has been very busy. We finalized the 2014 grants a few  
18 weeks ago at the end of November and found out that we had  
19 a 99.6 percent utilization rate. I think it's very  
20 admirable to these law enforcement agencies, the counties  
21 and cities that we support in preventing automobile and  
22 burglary -- automobile theft and burglary -- excuse me,  
23 I'll get it right in a minute. We're not supporting any  
24 kind of theft at all.

25 (General laughter.)

1 MR. WILSON: But anyway, it's real hard to  
2 receive a grant and work this kind of program where you  
3 spend almost everything without going over because the  
4 penalties for managers and administrators is quite high if  
5 they overspend their budget. I'm sure you would not  
6 expect this agency to do it, cities and counties don't  
7 expect it either.

8 We have a statutory administrative cap that we  
9 stayed well within at about 6.9 percent, but almost 4  
10 percent of that money was actually for public awareness or  
11 specific items required under the statute, so  
12 administratively we're operating extremely lean and to  
13 commend the DMV executive agency that supports this  
14 agency, but 3.1 percent is pretty low for managing a \$14  
15 million grant, and we appreciate that support.

16 This year for 2015, the year we're currently  
17 in, we have \$13.8 million awarded out to combat motor  
18 vehicle theft as well as preventing burglary to 29  
19 different grant programs. We have met our statutory  
20 deadline by delivering a plan of operation to the  
21 legislative bodies, the Speaker of the House as well as  
22 the Lieutenant Governor. We also met the deadlines set by  
23 this board for response to an internal audit. So what we  
24 did at December 1 was respond to the internal audit, but  
25 the actions are being monitored during this year. By

1 August 31 we should have met all of the requirements  
2 identified in the TxDMV internal audit requirements. If  
3 we don't we'll tell you what we didn't make, but I'm  
4 pretty sure at 8/31 you can find full appreciation of your  
5 efforts in overseeing the administrative side.

6 So that concludes my report, and if there's any  
7 questions for myself or Chief Garcia, we'll be glad to  
8 entertain those at this time.

9 MR. RODRIGUEZ: Mr. Wilson, I don't know that  
10 you know this number or maybe percentage, but we  
11 created -- I say we, the State of Texas created back then  
12 the Automobile Theft Prevention Authority as a response to  
13 very high number of motor vehicle thefts in the state of  
14 Texas. I know some of these dealers don't like to hear  
15 this but it's been brought down quite a bit so they don't  
16 sell as many cars -- I'm just kidding.

17 (General laughter.)

18 MR. RODRIGUEZ: But do you know what that  
19 number was back then and what it is today? I know it's a  
20 significant drop but I don't know what the numbers are or  
21 the percentage.

22 MR. WILSON: It was 167,000 vehicles when the  
23 ATPA was created. We've seen a slight up-tick. It's  
24 always been decreasing until the last two years, so in '12  
25 and '13 -- that's the last numbers we have -- it's down to

1 67,000 motor vehicle thefts at this time. We have plans,  
2 I've worked with the board to really address that  
3 little -- it's just a 2 percent increase but despite the  
4 growth in the state, but we're working on plans to address  
5 that as well.

6 MR. RODRIGUEZ: So we've reduced it about 60  
7 percent of what it used to be.

8 MR. WILSON: That's 300 percent, almost 300  
9 percent.

10 MR. RODRIGUEZ: It was 160,000 stolen back when  
11 we started. Right?

12 MR. WILSON: Yes, sir.

13 MR. RODRIGUEZ: And now it is at 60,000?

14 MR. WILSON: 67,000, somewhere right in there.

15 MR. RODRIGUEZ: Good job.

16 MR. WALKER: I understand that the \$13.8  
17 million is probably a pretty rigid number. The grantees  
18 29, is that a fixed number or is that a variable number?

19 MR. WILSON: Well, it's been fixed for a couple  
20 of years but it's always subject to change. Any police  
21 department or any agency, according to the statute -- I  
22 won't list them all here -- they're allowed to apply for a  
23 grant. They can construct a program, a regional program  
24 or an independent city or individual county can apply, and  
25 the board has the primary responsibility to decide who

1 gets the funds. And so it's based partly on who applies  
2 and partly on the amount of money that's available to the  
3 program. And so each grant application year will be  
4 reviewed by the ABTPA Board to make those decisions.

5 MR. RODRIGUEZ: But just to be clear, because  
6 there may be 29 grantees, those are 29 physically  
7 applicants and under those applicants you may have --  
8 under any one given applicant you may have a multitude of  
9 agencies that are a part of that one grant.

10 MR. WILSON: Most of them are regions.

11 MR. RODRIGUEZ: Right. So you don't have 29  
12 benefactors, you have a lot more than 29 benefactors.

13 MR. WALKER: But there's 29 grants. Right?

14 MR. WILSON: For this year.

15 MR. WALKER: But next year it might be 35  
16 grants, or it could be 25.

17 MR. WILSON: Right. We will be issuing in the  
18 next few weeks what's called a request for proposals and  
19 any law enforcement agency or any entity that meets the  
20 statutory criteria will be able to apply for that grant,  
21 and staff and a board liaison will review all of those  
22 applications and make a recommendation, and then the board  
23 will ultimately decide, the ABTPA Board will decide how  
24 those funds are disbursed.

25 MR. PALACIOS: Mr. Wilson, has there been a



1 change since you've come onboard and since the audit in  
2 the methodology and process for selecting the grantees and  
3 monitoring?

4 MR. WILSON: There will be. 2016, the review  
5 process that we'll be going into this spring will be the  
6 first year to change the methodology. It's still a grant  
7 review and it's still a scoring process. There's  
8 definitions to the scores, a little tighter definitions.

9 MR. PALACIOS: And how are you monitoring the  
10 grants?

11 MR. WILSON: Well, right now coming out of the  
12 internal audit, that wasn't really tied to the monitoring  
13 process. What we've done -- and I've just been explaining  
14 to the chief today -- is we'll have a three-tier  
15 monitoring process. The first one is what's called the  
16 comprehensive annual financial review that all cities and  
17 counties that have more than \$500,000 in grants have to go  
18 through. Our first line will be reviewing all of those  
19 that meet the criteria, in other words, the larger  
20 jurisdictions that have that. We'll assign risks to that.

21 The next level is monitoring each individual  
22 grant payment, what we call desk reviews, making sure that  
23 whatever they claim on their expenditure report is  
24 legitimate and legal expenses. We've seen a few items  
25 where we've denied the expenses for certain types of

1 receipts that don't meet the requirements of our statute  
2 or our program. And then the last one is we'll do site  
3 visits, both programmatic and fiscal.

4 MR. RODRIGUEZ: Bryan, at the end of the day,  
5 the deciding body as to who gets those grants is the board  
6 that Mr. Garcia chairs, not us. Right?

7 MR. WILSON: That is correct. The Automobile  
8 Burglary and Theft Prevention has exclusive authority and  
9 appointed by the Governor to make that selection.

10 MR. GARCIA: Mr. Chairman and board members,  
11 just to make it clear, I think our questions in regard to  
12 how the money has been distributed in the past. I will  
13 assure you as the chairman, as a board member, as a law  
14 enforcement officer that the funding has been disbursed to  
15 those areas that have a need with regards to auto thefts.  
16 This program was created back in 1991, we first started in  
17 1993, so we've been around many, many years. Mr. Victor  
18 Rodriguez, if you didn't know, was the first chair of this  
19 board back then.

20 So we've come a long way and I think the  
21 numbers have pretty much justified our existence  
22 throughout the years. Definitely we've lost partnerships,  
23 we've lost grantees because of funding. At one point I  
24 remember two sessions ago we were zeroed out by the  
25 Legislative Budget Board, so we had to scramble to get

1 back just to be alive again. Now we're at a point that  
2 we're part of the process, we've been included in part of  
3 the process, thanks to DMV staff, and hopefully, with  
4 exceptional item funding that we have requested that we'll  
5 not only be able to expand coverage areas but hopefully  
6 make some of these task forces that currently exist with  
7 very few personnel expand their task forces also.

8 MR. WILSON: And I would also add to that that  
9 there is a little over \$44 million collected for the  
10 Automobile Burglary and Theft Prevention Authority under  
11 policies issued in the State of Texas, and currently only  
12 \$14.9- is provided to DMV to support this effort. So we  
13 get a lot of calls about people saying I want my \$2 back.  
14 It's \$2 on every policy and we get about 53 cents of  
15 that.

16 MR. WALKER: Just remember that I know that you  
17 make the grants and we don't want to get into that realm  
18 of reality here at the DMV, but we do have a fiscal  
19 responsibility of oversight of your particular division  
20 and there were some recommendations made by our internal  
21 auditors to look at the program to make sure that the  
22 funds are being appropriately distributed and that there's  
23 checks and balances out there. I think going forward that  
24 I would suggest on your program that maybe you get back  
25 with our internal auditors to vet your proposals to them

1 to make sure that they're going pass muster going forward.

2 MR. GARCIA: Mr. Chairman, I can assure you as  
3 the chairman of the ABTPA Board we are committed to do  
4 that and we're committed to ensure that every audit  
5 finding has a resolution and we have resolved that by the  
6 timeline that was given to us.

7 MR. WALKER: Thank you very much, Chief Garcia.

8 MR. GARCIA: Thank you.

9 MR. WALKER: Thank you, Bryan.

10 Victor, are you wanting me to jump to item 6?

11 MR. RODRIGUEZ: Yes. Let's get the action  
12 items done, if you don't mind.

13 MR. WALKER: I can skip down to those if you'd  
14 like. Let's go to item number 6.A. Mr. Duncan.

15 MR. DUNCAN: Mr. Chairman and members, David  
16 Duncan again, general counsel.

17 The two items in A I'll take in succession.  
18 These were both driven by the rules review that we  
19 mentioned to the board last year and we've been going  
20 through these rules, actually these two and my next one in  
21 B. These are the final adoption, however, of rule review  
22 and amendments.

23 I'll start with 217. The biggest thing we did  
24 in this chapter was a restructuring and renumbering of  
25 this chapter because there were two sections, 217.3 which

1 is Motor Vehicle Titles and 217.22 which is Motor Vehicle  
2 Registration that were dozens of pages long, they were  
3 huge rules, and it made it very difficult for people to  
4 find what they were looking for, the numbering system was  
5 very cumbersome. So we've broken those two sections into  
6 24 new sections which should enable us to do two things:  
7 one, it allows people to find what they're looking for  
8 more easily, and two, it allows us to change those rules  
9 with a little more precision instead of you're always in  
10 217.3 or 217.22

11 Other restructuring includes moving the  
12 sections governing title liens into their own subchapter  
13 which is going to be Subchapter E. The current Subchapter  
14 E, Salvage Vehicle Dealers, we're moving to the end of the  
15 chapter in Subchapter I, and the reason for that is we're  
16 expecting that there might be some legislation in this  
17 upcoming session that will probably give them their own  
18 chapter at some point, so instead of pulling them out of  
19 the middle, lop them off at the end of 217.

20 While this all looks like a huge revision of  
21 this chapter, in fact, it's pretty much totally  
22 nonsubstantive. The only substantive changes we made  
23 really were regarding the single sticker fixes that were  
24 needed in the chapter for commercial fleet vehicles, and  
25 then deleting some language that was already in statute.

1 It's all pretty much cleanup.

2 The Dallas County Tax Assessor-Collector's  
3 Office did submit a comment requesting that we define  
4 involved party in the definition of statement in fact in  
5 the new Section 217.2. In response to that comment, we've  
6 added a clarification to the rule that involved party is  
7 the seller or an agent of the seller involved in a motor  
8 vehicle transaction. And the Dallas County TAC, who  
9 happens to be here, has told me that that would address  
10 their concerns.

11 I'm available for any questions on this if you  
12 have any.

13 MR. RODRIGUEZ: Move to adopt, Mr. Chairman.

14 MR. WALKER: We need to have a motion to accept  
15 the changes.

16 MR. DUNCAN: It's part of this.

17 MR. WALKER: You want to finish the rest?

18 MR. DUNCAN: I'm just saying that's in the  
19 adoption package that he's recommended a motion.

20 MR. PALACIOS: Second.

21 MR. WALKER: So we have a motion by Mr.  
22 Rodriguez and a second by Mr. Palacios. Any questions,  
23 comments?

24 (No response.)

25 MR. WALKER: All in favor signify by saying

1 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's move on to the next one, Mr. Duncan.

7 MR. DUNCAN: Chapter 218, again, rule review  
8 and cleanup. We deleted language already in statute and  
9 unnecessary language and made it consistent with current  
10 department rules and practices. There were rules added  
11 regarding financial responsibility for motor carriers  
12 operating foreign commercial motor vehicles in Texas,  
13 authorizing motor carriers to display their insurance cab  
14 card information on a wireless device, document and  
15 clarifying current procedures regarding non-expiring  
16 certificates of registration for motor carriers that  
17 qualify for that, clarifying the procedures for self-  
18 insurance versus filing evidence with the department, and  
19 significantly revised the definition of "knowingly" for  
20 the purposes of determining an administrative penalty  
21 under 218.

22 That particular change on "knowingly" and one  
23 other were commented on by the Texas Trucking Association  
24 and the Southwest Movers Association. They commented that  
25 they would request that we remove the proposed language I

1 281.52 that requires both a certificate from us and a US  
2 DOT registration number on print advertisements by movers,  
3 and that either one of those numbers is adequate to  
4 identify the motor carrier. And regarding the knowingly,  
5 they didn't think it was necessary to add that, they  
6 didn't think it was appropriate for an administrative  
7 enforcement case.

8 In response to their comments, we removed the  
9 language that required the US DOT number on print  
10 advertisements and website because we agree with them that  
11 the DMV registration number is sufficient identification.

12 And we modified the proposed definition of the word  
13 "knowingly." And my understanding is that the  
14 incomparable Mr. Harbeson has consulted with TXTA and the  
15 Movers and they're fine with these changes.

16 And with that, we would recommend adoption of  
17 the rule with those changes.

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

19 MR. RUSH: Second.

20 MR. WALKER: So we have a motion from Mr.  
21 Barnwell to approve the adopted changes to Chapter 218,  
22 and we have a second by Mr. Rush. Any questions about  
23 these?

24 MR. RODRIGUEZ: Just one question. You say you  
25 modified the definition of "knowingly." How did you fix



1 that?

2 MR. DUNCAN: I apologize, it's a long chapter  
3 and I didn't bring the whole thing with me. We just  
4 worked out a definition with TXTA. It now states that  
5 "knowingly" means: Actual awareness of an act or  
6 practice, that is the alleged violation, or acting with  
7 deliberate ignorance of or reckless disregard for the  
8 violation involved. Actual awareness may be inferred from  
9 the conduct of the alleged violator or from a history of  
10 previous violations by the alleged violator.

11 MR. WALKER: Pretty subjective.

12 MR. DUNCAN: As are many violations.

13 MR. RODRIGUEZ: Okay. I'm good, Mr. Chairman.

14 MR. WALKER: All in favor of the modifications  
15 to Chapter 218 signify by saying aye.

16 (A chorus of ayes.)

17 MR. WALKER: All opposed, same sign.

18 (No response.)

19 MR. WALKER: Motion carries unanimously that we  
20 adopt the changes to 218.

21 Let's go to item 6.B, proposed rules under  
22 Title 43, Texas Administrative Code, Chapter 206,  
23 Management. Mr. Duncan.

24 MR. DUNCAN: In this package we proposed  
25 publication for comment on the rule review and minor

1 amendments to Chapter 206. This is, again, a rule review;  
2 we're going through and cleaning up the rule. The title  
3 of this chapter is Management. One of the things it  
4 governs is the board meetings and practices, and a lot of  
5 that language is being deleted as it's repetitive of  
6 statute. We're not making any substantive changes, it's  
7 all just cleanup. We're pulling out language that's  
8 unnecessary, things that repeat statute. And we would  
9 recommend publication for proposal.

10 MR. BARNWELL: So moved, Mr. Chairman.

11 MR. RUSH: Second.

12 MR. WALKER: We have a motion by Mr. Barnwell  
13 to accept the changes to Chapter 206 under Management. I  
14 have a second by, I'm sorry, I didn't hear.

15 MR. RODRIGUEZ: It's a move to post, Mr.  
16 Chairman.

17 MR. WALKER: Oh, these are postings. I'm  
18 sorry.

19 MR. DUNCAN: Proposal.

20 MR. WALKER: So we have a motion to post  
21 Chapter 206, Management by Mr. Barnwell. Who seconded  
22 that?

23 MR. RUSH: I did.

24 MR. WALKER: Mr. Rush seconded that. Any  
25 questions?

1 (No response.)

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

4 (A chorus of ayes.)

5 MR. WALKER: All opposed, same sign.

6 (No response.)

7 MR. WALKER: Motion carries unanimously to post  
8 the rules under Chapter 206.

9 Chapter 217 posting.

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

12 Before you is agenda item 6.B.2 dealing with  
13 the Administrative Code 217.27. These rules are to  
14 address an issue that has been raised recently with  
15 regards to the single sticker program that we've got going  
16 on as it relates to new vehicles. Currently in statute, a  
17 new vehicle which is sold in the State of Texas is  
18 required to get a two-year safety inspection, that's the  
19 initial safety inspection that they receive. There's been  
20 a lot of discussion from dealers around the state, as well  
21 as other interested parties, about how that expiration  
22 would sync up with the registration sticker.

23 This rule is trying to address that issue by  
24 requiring anybody that receives a two-year inspection to  
25 also receive a two-year registration to keep those two

1 dates in alignment so that we don't get out of sync. We  
2 had issues where somebody would come in on a two-year  
3 inspection, maybe that vehicle sat on a dealership's lot  
4 for eleven months, and then it was sold, and there's a  
5 question about when would that inspection expire, would it  
6 expire at a different time than the registration if the  
7 person came back after one year and tried to register that  
8 vehicle. We wanted to make sure that that was seamless  
9 for a customer, that there was no ambiguity, and that they  
10 would get the full benefit of two years of inspection with  
11 a two-year registration. This rule is intended to resolve  
12 that issue.

13 MR. PALACIOS: I just want a little clarity,  
14 Mr. Kuntz. So the inspection, I have an example here, a  
15 vehicle comes onto a dealer's lot June of '15 and it is  
16 inspected at that point and it's sold six months later, so  
17 how are we syncing these?

18 MR. KUNTZ: What this would require is because  
19 you're getting a two-year inspection that they would  
20 purchase a two-year registration. That registration  
21 period is going to start from the date of sale so when  
22 that vehicle is actually sold, which means the expiration  
23 date on that sticker would give them a full two years of  
24 benefit. They would not be required to inspect that  
25 vehicle until the 90 days prior to the expiration of that

1 registration. So they would not lose any months of  
2 inspection, if you will, and there would not be an issue  
3 with them coming back.

4 The problem that we see is that under your  
5 scenario they'd come back in one year to get a new  
6 registration sticker and if enough time is elapsed,  
7 potentially that that inspection date has expired past two  
8 years and that they would be required to inspect again  
9 even though they've only gotten one year of use out of the  
10 vehicle. So we're trying to just make sure that those two  
11 dates stay in alignment.

12 MR. PALACIOS: Okay. Thank you.

13 MR. RODRIGUEZ: We think this is going to  
14 basically impact the field, if you will, by reducing the  
15 two-year inspection to, let's say, one year most of the  
16 time from now on so that they don't have these sync  
17 problems. We think that's what's going to happen, right,  
18 with our dealers?

19 MR. WALKER: That's not what's happening here.

20 MR. KUNTZ: Currently right now a vehicle that  
21 is sold in the State of Texas is required to get a two-  
22 year safety inspection on the initial sale, so if they buy  
23 it from a Texas dealer today, they've got a two-year  
24 inspection. They're not required to get a two-year  
25 registration sticker, and so you have the potential where

1 in the instance that we heard is a manufacturer may make  
2 the vehicle ready at the port and then ship a vehicle to a  
3 dealership's lot, that vehicle sits on a lot potentially  
4 past one year, then you'd have an issue when that person  
5 comes in after that one year that they've owned the  
6 vehicle that the inspection date has been expired and they  
7 would not be allowed to register, they'd be required to  
8 inspect before they could register the vehicle. We're  
9 trying to make sure that they get the full benefit of that  
10 two-year inspection and two years of registration all  
11 together at one time.

12 MR. RODRIGUEZ: Okay. It's a rule posting  
13 only, so we'll have feedback, I guess, from the industry.

14 MR. KUNTZ: Absolutely. And we have made some  
15 preliminary reaching out to some manufacturers, as well as  
16 the TADA to try and get their input on this. I believe  
17 we'll have favorable input from the dealer and  
18 manufacturer community.

19 MS. CARAWAY: So the dealer would be the only  
20 one qualified for a two-year registration. Correct?

21 MR. KUNTZ: A Texas dealer is the only one  
22 currently today that is qualified to do a two-year  
23 inspection, and they would be the only ones that are  
24 allowed to do a two-year registration.

25 MS. CARAWAY: Thank you.

1 MR. KUNTZ: Yes, ma'am.

2 MR. WALKER: So it's only on new car sales.

3 MR. KUNTZ: Right. There are no other  
4 opportunities to get a two-year inspection in state law  
5 today.

6 MR. WALKER: So the question I have -- and you  
7 may have answered and I may have missed it, I apologize --  
8 but if Mr. Rodriguez over here buys a car brand A and he  
9 has that car for one year and he's got a two-year  
10 registration on it and a two-year inspection sticker on  
11 it, and now he sells the car at the end of the year. Do I  
12 need to re-register the car and buy a new registration, or  
13 will the remaining one year that's paid registration be  
14 credited forward to me on the car?

15 MR. KUNTZ: If it is traded in to a dealer,  
16 dealers do what we refer to as sticker scraping, and they  
17 issue new registration on that vehicle upon resale. If it  
18 is a private party sale, there is an opportunity to  
19 transfer the registration to the new owner, and there's a  
20 fee for transferring that registration.

21 MR. WALKER: So if I bought the car direct from  
22 Mr. Rodriguez, I could transfer the registration and it  
23 would move forward to me.

24 MR. KUNTZ: Yes, sir. There would be a \$2.50  
25 transfer fee at the time of transfer.

1 MR. WALKER: But if the car goes to Mr.  
2 Palacios here at his dealership, he's going to scrape the  
3 sticker off and now I have to buy a new registration.

4 MR. KUNTZ: The new purchaser would purchase a  
5 new full year of registration for that vehicle.

6 MR. PALACIOS: So in a private party  
7 transaction, it's only the remaining portion of time on  
8 that registration.

9 MR. KUNTZ: Yes, sir. If there's six months  
10 left, you can pay \$2.50 and have that six months carried  
11 forward to the new owner.

12 MR. WALKER: Anybody else have any questions?

13 MR. KUNTZ: And these are being proposed for  
14 comment.

15 MS. CARAWAY: I'll make a motion to post as  
16 proposed.

17 MR. RUSH: Second.

18 MR. WALKER: So we have a motion from Ms.  
19 Caraway to post the rule, we have a second from Mr. Rush.  
20 Any more questions that we want to ask? We've pretty  
21 much vetted everything.

22 (No response.)

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

25 (A chorus of ayes.)



1 MR. WALKER: All opposed, same sign.

2 (No response.)

3 MR. WALKER: Motion carries unanimously.

4 Mr. Archer, you are up. Oversize and  
5 Overweight Vehicles and loads.

6 MR. ARCHER: Yes, sir. Good morning, Mr.  
7 Chairman, members of the board. For the record, my name  
8 is Jimmy Archer and I'm the director of the Motor Carrier  
9 Division.

10 For the board's consideration I'm proposing  
11 amendments to the following rules to be published in the  
12 Texas Register relating to Oversize and Overweight  
13 Vehicles and Loads, 43 Texas Administrative Code, Sections  
14 219.1 through 219.3, Sections 219.11 through 219.17,  
15 Section 219.30, Sections 219.41 through 219.45, Sections  
16 219.61 through 219.64, Section 219.82, and Sections  
17 219.124 through 219.126.

18 The proposed amendments to these rules are not  
19 substantive in nature and our general cleanup can do the  
20 following: change references from TxDOT to Texas  
21 Department of Motor vehicles where applicable; change  
22 references from Motor Carrier Division to the correct  
23 authority under statute where applicable; change Texas  
24 Transportation Commission references to the Texas  
25 Department of Motor Vehicles Board; change references to

1 the old Chapter 28 to the new Chapter 219, and Chapter 18  
2 to Chapter 218.

3 The proposed rules also revise terminology to  
4 be consistent with other departmental rules and current  
5 practices, as well as add, delete and modify certain  
6 definitions. It eliminates redundancy by removing some  
7 language from the chapter that is already in the  
8 Transportation Code, as well as ensuring rules are  
9 consistent with law. Where possible, removes graphics and  
10 replace it with the language itself so they're easier to  
11 understand. The proposal replaces the old house move  
12 diagram with a cleaner, modern version. And finally, it  
13 removes language that does not belong in administrative  
14 rule.

15 The proposed amendments, if approved by the  
16 board for publication, staff anticipates publication in  
17 the Texas Register on or about March 6, 2015 and comments  
18 and the proposed amendments will be accepted until 5:00  
19 p.m. on April 6, 2015.

20 I respectfully ask the board to approve these  
21 proposed rules for posting in the Texas Register, and I'm  
22 happy to answer any questions you may have.

23 MR. RODRIGUEZ: Again, posting proposal at this  
24 point. Correct?

25 MR, ARCHER: Yes, sir.

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

2 MR. PALACIOS: Second.

3 MR. WALKER: We have a recommendation from  
4 Member Rodriguez to post Chapter 219 changes to the public  
5 register, we have a second by Member Palacios. Any  
6 questions, comments?

7 (No response.)

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

10 (A chorus of ayes.)

11 MR. WALKER: All opposed, same sign.

12 (No response.)

13 MR. WALKER: Motion carries unanimously.

14 Mr. Archer, you can step down, I think. But  
15 how about Mr. Kuntz? I'm kind of going to jump around  
16 here for just a minute. I know I've been all over the  
17 page today but I'm trying to accommodate maybe some people  
18 in the audience here. I want to go to item 7.D, if I  
19 could, at this time, Specialty plates design.

20 MR. KUNTZ: Again for the record, Jeremiah  
21 Kuntz, director of Vehicle Titles and Registration  
22 Division.

23 Before you are new specialty plate designs  
24 which are before you for your approval. We've got six new  
25 plate designs that are being proposed. Five of these

1 plates are My Plates designs, and then the other one, the  
2 Texas Wildflower plate, is a design that has a state  
3 agency sponsor, that would be the University of Texas at  
4 Austin, who is in charge of the Lady Bird Johnson  
5 Wildflower Center, with a mission to increase the use and  
6 conservation of native wildflower.

7 At your pleasure, we can either take these up  
8 individually or take them up as a group.

9 MR. SLOVACEK: Take them as a group.

10 MR. WALKER: Well, I need to kind of not do it  
11 that way.

12 MR. RODRIGUEZ: Can you do vendor plates and  
13 non-vendor plates?

14 MR. WALKER: Let's do non-vendor plates to  
15 start with. Can we do that?

16 MR. KUNTZ: The plate that I just mentioned,  
17 the Texas Wildflower plate, was proposed by the University  
18 of Texas at Austin. This would be outside of the My  
19 Plates program as one of those state agency sponsored  
20 license plates. As I said, it's for the support of the  
21 Lady Bird Johnson Wildflower Center. We did post it for  
22 public comment in November of 2014, we had 2,768 people  
23 that liked the design and 355 that said they did not.

24 MR. WALKER: So we have a recommendation by  
25 staff that we adopt the non-vendor plate which is the

1 Texas Wildflower. Do I have a motion to adopt?

2 MR. SLOVACEK: So moved.

3 MR. RUSH: Second.

4 MR. WALKER: We have a motion from Mr.  
5 Slovacek, we have a second from Mr. Rush.

6 At this point in time I would like to call a  
7 Damon Waitt. I think you have requested that you do a  
8 public comment about this plate.

9 MR. WAITT: Yes, sir. Did you just vote to  
10 adopt it?

11 MR. WALKER: Not yet. I have a motion to adopt  
12 and I have a second, but I'm going to allow you to make a  
13 comment about why you don't want this license plate.

14 MR. WAITE: Why I don't? Well, actually, I do.

15 MR. WALKER: I'm just pulling your leg, you  
16 know.

17 MR. WAITT: Okay. I'm the senior director of  
18 the Lady Bird Johnson Wildflower Center.

19 And I worked on this plate with a volunteer,  
20 one of our volunteers who did the illustration. And just  
21 a little side story, when I asked if I could compensate  
22 her work, she said all the compensation she would need  
23 would be to see this license plate on the back of vehicles  
24 in Texas.

25 So as you know, the Wildflower Center is a

1 plant conservation organization, and we do a lot in the  
2 State of Texas and we work with a lot of state agencies,  
3 like the Texas Department of Transportation. So for  
4 example, we are launching a project to support monarch  
5 health along the I-35 corridor. So the funds that we hope  
6 to raise through the sales of license plate will help  
7 support those conservation efforts.

8           When we chose the design, we decided to go with  
9 multiple wildflowers. I remember Lady Bird Johnson saying  
10 to me, when I asked her what is your favorite wildflower,  
11 she said, They're all my favorites, they're like my  
12 children and I can't pick just one.

13           So we really hope you'll support this plate.  
14 We think it has great potential and will become a very  
15 popular specialty plate in Texas. Thank you. Any  
16 questions?

17           (No response.)

18           MR. WALKER: Thank you very much, Mr. Waitt,  
19 for your comments. We appreciate you coming forward  
20 today.

21           MR. SLOVACEK: Apple pie and mother. Right?  
22 Alamo. I mean, it's all the same, isn't it? Who could  
23 vote against the Alamo?

24           (General laughter.)

25           MR. WALKER: Do we have any other comments or

1 recommended support?

2 (No response.)

3 MR. WALKER: If not, all in favor of adopting  
4 plate number D.6 signify by saying aye.

5 (A chorus of ayes.)

6 MR. WALKER: All opposed, same sign.

7 (No response.)

8 MR. WALKER: The plate is adopted.

9 Now, Mr. Farrar, we're going to do the vendor  
10 plates here real quick, and would you like to come  
11 forward, Steve?

12 MR. FARRAR: Thank you. Mr. Chairman, thank  
13 you for calling me. I'm Steve Farrar, president of My  
14 Plates.

15 MR. WALKER: And today we have one, two, three,  
16 four, five plates that are being proposed by the private  
17 vendor for recommendation and approval. Is that correct?

18 MR. FARRAR: Yes, sir. Before you are five  
19 vendor plates, but we've decided to pull the Flag of Texas  
20 plate at this time, and we'll reconsider bringing that  
21 back at a later time.

22 MR. WALKER: And that is plate number 1 right  
23 there which is the plate on the right side here?

24 MR. FARRAR: Correct.

25 MR. WALKER: Okay. So the rest of them we're

1 going to go forward with, and I guess do you want to  
2 expound upon those plates and tell us what they are real  
3 quick?

4 MR. FARRAR: Very quickly, for the benefit of  
5 everyone, I can't see the board, but the number 2 plate,  
6 the Dallas Mavericks plate, which is this plate here that  
7 I'm holding, is a crossover plate, meaning that the Dallas  
8 Mavericks, who have had a license plate in the state  
9 program for a number of years made the decision to move  
10 their plate from the state program into the My Plates  
11 program, and during that process decided to redesign the  
12 plate as well. So there was a decision to bring that  
13 plate into the My Plates program and certainly it's there  
14 for the consideration of the board for their approval for  
15 it to move into the My Plates program.

16 The current Mavericks plate in the state  
17 program is this one, so it would be replacing that one in  
18 the market for a new sales going forward. Anyone who  
19 currently has the existing state plate can continue to  
20 renew that plate for as many years as they'd continue to  
21 like to renew it.

22 The number 3 is the Texas Oil and Gas plate, so  
23 it has the oil and gas. Texas is all about oil and gas  
24 and so this is a very popular design in some plate design  
25 concepts that we had tested through surveys over the last



1 couple of years and decided to move forward with that  
2 proposal before you today. It reflects, obviously, oil  
3 and gas here in Texas.

4 MR. WALKER: So that's not being sponsored by  
5 anybody.

6 MR. FARRAR: Correct. It's just a My Plates  
7 plate.

8 MR. WALKER: A My Plates plate that says I'm in  
9 the oil and gas business, basically.

10 MR. FARRAR: That's correct.

11 The number 4 is the Lone Star 1836 plate. With  
12 the recent design changes we made last year with the  
13 removal of T plates, we had a number of people who liked  
14 that format of a design where there's a white panel down  
15 the side and the full black, and so we looked at  
16 recreating a plate of that nature in a similar format, and  
17 so we came up with the Lone Star 1836 plate. And that's  
18 just a My Plates plate, no organization behind that plate  
19 as well.

20 And number 5 is the Gas Monkey Garage. I'm not  
21 sure if any of you have heard of Gas Monkey Garage, but  
22 they do have a very popular cable television show.  
23 They're based in Dallas, they're very much in the  
24 automotive world. They are actually an authorized dealer  
25 within the State of Texas as well. They approached us

1 many months ago with regards to looking at a plate for  
2 their customers. Many of their customers and fans and  
3 supporters in Texas are avid fans of their organization.  
4 So we looked at their proposal, they put through an  
5 application.

6 This is an organization and they're looking to  
7 donate some proceeds to their designated charity, as well,  
8 from the proceeds that they receive from the royalties  
9 that we pay the Gas Monkey Garage. And again, there for  
10 your consideration as well. I think we've had well over  
11 400 people who have already registered interest to  
12 purchase this plate.

13 MR. WALKER: So we have a recommendation by  
14 staff and by our third party vendor. There's five plates  
15 submitted and we are going to pull plate number 1 -- or  
16 they have pulled plate number 1 from recommendation. So I  
17 need a motion to accept these.

18 MR. RUSH: I make a motion.

19 MR. WALKER: So we have a motion from Mr. Rush  
20 to accept and adopt the plates.

21 MR. SLOVACEK: Second.

22 MR. WALKER: We have a second from Mr.  
23 Slovacek.

24 Before I go forward, with comments I have a  
25 Gary Gibbs.

1 MR. RODRIGUEZ: I've got a couple of questions  
2 as well, Mr. Chairman.

3 MR. WALKER: Can we listen to the comments  
4 first?

5 MR. RODRIGUEZ: Sure. That's fine.

6 MR. GIBBS: Mr. Chairman, members, Ms.  
7 Brewster. I'm Gary Gibbs, the executive director of the  
8 Texas Commission on the Arts.

9 I'm pleased with the decision today to withdraw  
10 the flag because I came to oppose that. This has been our  
11 specialty plate for many years. For many years it was the  
12 highest selling specialty plate in the State of Texas.  
13 Since the partnership with My Plates and the state, our  
14 sales have dropped over 50 percent, but they're still  
15 valuable dollars to our agency that we use to grant to  
16 arts organizations and schools throughout the state  
17 because our mission as a state agency is to promote and  
18 support the arts.

19 So we will continue to oppose any effort to use  
20 these specific design elements in creating a new plate.  
21 We feel like if you want the Texas Flag, this is the  
22 plate. Thank you for allowing me to share my thoughts  
23 today.

24 MR. WALKER: Thank you, Mr. Gibbs.

25 MR. SLOVACEK: You're speaking to the Flag of

1 Texas that was taken off the table?

2 MR. GIBBS: Yes.

3 MR. SLOVACEK: And you're okay with that?

4 MR. GIBBS: I'm okay with it being taken off  
5 the table; I'd like it to stay under the table.

6 (General laughter.)

7 MR. WALKER: I think you can thank Mr. Farrar  
8 there next to you.

9 MR. RODRIGUEZ: So you've lost revenue.

10 MR. GIBBS: Yes.

11 MR. RODRIGUEZ: Thank you.

12 MR. GIBBS: Fifty percent.

13 MR. SLOVACEK: Does it come with a trademark  
14 issue on these designs? Are these trademarked?

15 MR. DUNCAN: All of them are. David Duncan,  
16 general counsel. All of the designs belong to the state  
17 at the end of it, all of the license plate designs are  
18 state designs.

19 MR. WALKER: Thank you very much. Appreciate  
20 your comments.

21 I also have a Grant Weaver. Are you still here?

22 MR. WEAVER: (Speaking from audience.) I  
23 consolidated my comments with Dr. Gibbs.

24 MR. WALKER: Thank you very much for coming.  
25 I'm sorry. Maybe I should have pulled this up a little

1 earlier so you didn't have to stay for the whole meeting,  
2 but I hope you've enjoyed it and got something out of it.

3 MR. GIBBS: Reminds me of the ones we have at  
4 our office.

5 (General laughter.)

6 MR. WALKER: Thank you for coming. Appreciate  
7 it.

8 So we have a motion and we have a second. Any  
9 further comments? Mr. Rodriguez?

10 MR. RODRIGUEZ: I have a couple of questions,  
11 Mr. Chairman.

12 One for Jeremiah. I don't know if you've  
13 noticed but I believe that it's been out in the public  
14 already, some of these authorities, these toll authorities  
15 are experiencing LPR problems, license plate reader  
16 problems, and they're billing people across the state and  
17 they're finding out that they're getting misreads. My  
18 question to you is is there any correlation between those  
19 misreads that is happening with more frequency right  
20 now -- I know it's happening in Austin, I know North Texas  
21 had some, and I know the Houston area has had some -- is  
22 there any correlation between those misreads or what's  
23 going on in that world with our specialty plates? If you  
24 don't know, you don't know. I'm just asking.

25 MR. KUNTZ: I'm not aware that anybody has

1 looked at that to see if there's a direct correlation. I  
2 do know that all of our plates are tested for reflectivity  
3 and we also try and get input from the public on these.  
4 Obviously, the toll authorities and law enforcement have  
5 the ability to provide us comments if they believe that it  
6 would be difficult to read.

7 MR. RODRIGUEZ: Reflectivity is one thing,  
8 license plate reading is a whole different other ballpark.

9 MR. KUNTZ: Absolutely.

10 MR. RODRIGUEZ: For Mr. Farrar. How are you,  
11 sir?

12 MR. FARRAR: Very well. Thank you, Chief.

13 MR. RODRIGUEZ: If some exotic dance club  
14 wanted to have its license plate and instead of Gas Monkey  
15 Garage at the bottom it would say something like that, how  
16 would you handle that?

17 MR. FARRAR: We've had numerous organizations  
18 contact us over the years, and believe me, there have been  
19 hundreds upon hundreds of organizations, many of which we  
20 will not bring before you today. With regards to the Gas  
21 Monkey Garage, yes, it's their logo and it has a monkey on  
22 it. It obviously raises some questions and concerns, I  
23 can understand that, and we looked at that organization,  
24 they are an authorized dealer of the State of Texas,  
25 they've got a very popular program on television which is

1 a huge media opportunity, and we recognized that there  
2 were some other benefits for us to get behind that  
3 organization to sponsor them to bring them to the table  
4 today.

5 MR. RODRIGUEZ: So just so that I get this  
6 right, the decision at the entry point -- the entry point  
7 being your business -- you shut them down there, we don't  
8 ever get a chance to say yes or no.

9 MR. FARRAR: Correct.

10 MR. RODRIGUEZ: I can see where that can be a  
11 problem for us down the road, but you're basically  
12 exercising an authority that's relegated to the state.

13 MR. FARRAR: We'll make a judgment call with  
14 regards to our investment getting behind an organization  
15 to choose to sponsor them or not.

16 MR. RODRIGUEZ: I understand.

17 MR. FARRAR: There are a number of sponsored  
18 organizations or charities that can actually go down the  
19 state route, to look at a state agency to sponsor them,  
20 and we've certainly sent a number that direction because  
21 we felt in their best interest they were looking for more  
22 of a charity revenue generator for themselves and not  
23 necessarily for the state. Our charter is obviously to  
24 generate revenue for the State of Texas, and so it would  
25 be in the best interest for some charity organizations to

1 get a state agency to sponsor them, similar to the  
2 Wildflower plate that was before you earlier.

3 MR. RODRIGUEZ: Have you heard any of these  
4 problems that are occurring with these toll authorities  
5 around the state, by chance?

6 Mr. FARRAR: It's the first. I certainly heard  
7 a story on the news with regards to Xerox and TxDOT  
8 responding to some criticism with regards to their billing  
9 processes and everything of that nature. I'm not sure how  
10 it relates to the license plates, I haven't looked into it  
11 in that detail.

12 MR. RODRIGUEZ: Thank you, Mr. Farrar.

13 MR. WALKER: Victor, where did you hear those  
14 comments about the readability?

15 MR. RODRIGUEZ: It's been in the news.

16 MR. WALKER: So okay. We have a motion to  
17 adopt the remaining four vendor plates, excluding item  
18 number 1, the Texas Flag. All in favor signify by saying  
19 aye.

20 MR. RODRIGUEZ: I'm sorry. This is a vote for  
21 what?

22 MR. WALKER: To adopt.

23 MR. RODRIGUEZ: I'm opposing, obviously, Mr.  
24 Chairman. I withdraw my vote.

25 MR. WALKER: Okay. I tell you what, let's do



1 this. All in favor signify by raising your right hand,  
2 please.

3 (A show of hands: Barnwell, Caraway, Rush,  
4 Slovacek and Walker.)

5 MR. WALKER: So we have Mr. Slovacek, Mr.  
6 Walker, Mr. Rush and Mr. Barnwell and Ms. Caraway in  
7 favor.

8 All opposed signify by raising your right hand.

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

10 MR. WALKER: So we have two nay votes from  
11 Victor Rodriguez and Raymond Palacios. Motion carries.

12 MR. RODRIGUEZ: Just to be clear, that group  
13 that's approved, Mr. Chairman, does not include the Flag  
14 of Texas. Right?

15 MR. WALKER: That is correct, it did not  
16 include the Flag of Texas. I excluded that as plate  
17 number 1.

18 MR. FARRAR: Thank you all.

19 MR. WALKER: Thank you, Steve. Appreciate it.  
20 Thank you, Jeremiah. I guess I'm finished with  
21 you here.

22 I've skipped around so much, I've got to figure  
23 out what I've missed. Let's go to 7.A, B, C.

24 MS. FLORES: Again for the record, Linda  
25 Flores, CFO.

1           On page 393 of your briefing document is a  
2 request to renew a rental term for the Carrollton/Dallas  
3 Regional Office. The term period is five years at a cost  
4 of \$623,000, approximately \$623,000. The annual rent  
5 starts out at \$121,000 and is \$125- at the end of the  
6 term.

7           The regional service center houses  
8 approximately 21 FTEs. They process replacement titles,  
9 bonded title rejection letters, apportioned registration  
10 and permits, and they research Texas title errors.

11           This is the model that was used to set up the  
12 Houston Regional Service Center, so I'm just going to show  
13 you some of the pictures from our Dallas office. You'll  
14 notice a lot of similarities.

15           MR. SLOVACEK: Pretty busy place.

16           MR. WALKER: We did these pictures after hours.

17           MS. FLORES: Before hours.

18           And we're asking for your approval to proceed  
19 with the purchase request.

20           MR. WALKER: What do you mean a purchase  
21 request?

22           MS. FLORES: I'm sorry. The purchase order.  
23 It's a purchase order in order to process the rental  
24 agreement.

25           MR. WALKER: But there is an existing lease

1 that is expiring?

2 MS. FLORES: Yes, sir. It was actually a  
3 little bit higher, so right now the annual rate is like  
4 \$10,000 a month so it was a little bit higher. And this  
5 goes through 2019.

6 MR. RODRIGUEZ: So you're asking us to approve,  
7 if I read this correctly --

8 MS. FLORES: To give the executive director  
9 authority to approve the renewal purchase order.

10 MR. RODRIGUEZ: And that's because the contract  
11 total exceeds the \$200,000?

12 MS. FLORES: Yes, sir.

13 MR. SLOVACEK: I have a motion. Mr. Chairman,  
14 I move that we authorize the agency's executive director,  
15 or her designee, to finalize and approve the renewal lease  
16 purchase order for the Carrollton/Dallas Regional Service  
17 Center for a term of five years, including her authority  
18 to approve any amendments with the approval of the  
19 chairman.

20 MR. WALKER: So we have a motion to delegate  
21 authority to the executive director to execute a contract  
22 for the continuation of a lease in our Dallas facility for  
23 the rental cost of \$10,099.38. And I was going to have a  
24 question, but I can look at the numbers now and see that  
25 there is a very, very, very small escalation clause in

1 there. And is that an estimated CPI? I'm looking at the  
2 numbers that you're providing. Is that a fixed CPI or are  
3 those estimated numbers?

4 MS. FLORES: Estimated.

5 MR. WALKER: So the numbers that we are looking  
6 at in our book here of \$10,499 a month versus \$10,099 a  
7 month is only a guess going forward?

8 MS. FLORES: Yes, sir.

9 MR. WALKER: And so is that really the  
10 appropriate way to present that to the board instead of --  
11 I mean, how do we come up with a CPI when we don't know  
12 what it's going to be?

13 MS. FLORES: The CPI rate is normally  
14 negotiated by Texas Facilities Commission with the lessor,  
15 and so it's kind of the standard term in any given rental  
16 agreement.

17 MR. WALKER: But we don't know what the CPI is,  
18 that number.

19 MS. FLORES: This is a not to exceed.

20 MR. WALKER: Okay. And what is that particular  
21 number?

22 MS. FLORES: The total is going to be  
23 \$623,962.80.

24 MR. WALKER: So the CPIs are almost already  
25 identified in the particular lease.

1 MS. FLORES: Yes, sir.

2 MR. SLOVACEK: And this motion will approve a  
3 purchase order for a lease renewal.

4 MS. FLORES: Yes, sir.

5 MR. WALKER: So I need a motion, which we do  
6 from Slovacek, and we have a second from?

7 MR. RUSH: Me.

8 MR. WALKER: From Mr. Rush. Any more  
9 questions? Raymond, are you good with this? Can we  
10 afford it?

11 MR. PALACIOS: Yes.

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

14 (A chorus of ayes.)

15 MR. WALKER: All opposed, same sign.

16 (No response.)

17 MR. WALKER: Motion carries. You have  
18 authority. That's a lot of money to spend.

19 MS. BREWSTER: We wouldn't bring it before you  
20 if we didn't have the money.

21 (General laughter.)

22 MR. WALKER: Let's go to item number -- I think  
23 it is Mr. Archer.

24 MR. ARCHER: Yes, sir. Item 7.B and 7.C are  
25 going to be two contract renewals.

1 Chairman Walker, board members, Executive  
2 Director Brewster. For the record, my name is Jimmy  
3 Archer, director of the Motor Carrier Division.

4 The Motor Carrier Division is asking the board  
5 to approve renewal of one twelve-month term of service  
6 from ProMiles Software Development Corporation to provide  
7 hosting services for our Texas Permitting and Routing  
8 Optimization System, or TxPROS. ProMiles hosts TxPROS in  
9 its servers and provides annual maintenance and support.  
10 This includes software technical support, bug fixes,  
11 documentation, quarterly GIS updates and 936 hours of  
12 enhancements. As part of its hosting services, ProMiles  
13 provides full disaster recovery services with remote  
14 hosting at a separate location.

15 In fiscal year 2014, total Oversize and  
16 Overweight permit revenue was \$178,841,571, and the total  
17 web hosting and maintenance cost was \$384,700, or one  
18 dollar for every \$465 dollars collected in permit fees.  
19 The cost for web hosting services currently is \$19,858 a  
20 month, or \$238,200 per year, and it's estimated to be the  
21 same going forward. The current contract expires in March  
22 2016 and allows for two twelve-month renewals for hosting  
23 services. This purchase order would be the second and  
24 last of those two annual renewals.

25 I respectfully ask the board to approve the

1 contract renewal and will be happy to answer any  
2 questions.

3 MR. BARNWELL: The ultimate term of the  
4 contract is March of 2016?

5 MR. ARCHER: This is our last year option to  
6 renew.

7 MR. BARNWELL: So we will renew effective March  
8 of 2015?

9 MR. ARCHER: Yes, sir.

10 MR. BARNWELL: So this is the second of those  
11 two. I understand.

12 MR. PALACIOS: And what happens after that  
13 period?

14 MR. ARCHER: We'll have to put it out for bid  
15 and get a new -- rebid it, basically. We've already  
16 started working on statements of work for that.

17 MR. BARNWELL: Mr. Chairman, I move to  
18 authorize the agency's executive director, or her  
19 designee, to finalize the execute the one-year contract  
20 renewal with ProMiles Software Development Corporation for  
21 Texas Permitting and Routing Optimization System, TxPROS  
22 website hosting. In addition, I also move to authorize  
23 the agency's executive director to execute any amendments  
24 to the contract with the approval of the chairman.

25 MR. RODRIGUEZ: Second, Mr. Chairman.

1 MR. WALKER: We have a motion from Mr. Barnwell  
2 to authorize the executive director to enter into a  
3 contract with the ProMiles Software program for TxPROS, we  
4 have a second by Mr. Rodriguez. Any further comments?

5 (No response.)

6 MR. WALKER: I have one question. Jimmy, is it  
7 \$384,000 or \$320,000? You said 4384- but the paperwork  
8 says \$320-.

9 MR. ARCHER: The \$384,700 is the combined  
10 maintenance and web hosting. The annual web hosting is  
11 \$238,200.

12 MR. WALKER: So what are we asking for approval  
13 for, the \$384- or the \$320-?

14 MR. ARCHER: The web hosting only.

15 MR. WALKER: Just the web hosting only, the  
16 \$320-.

17 MR. ARCHER: Yes. So any other questions?

18 (No response.)

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

21 MR. BARNWELL: Let me ask a question.

22 MR. WALKER: You got it in on time.

23 MR. BARNWELL: How much is web hosting a month  
24 now?

25 MR. ARCHER: \$19,850.



1 MR. BARNWELL: And for the year that is  
2 \$238,000?

3 MR. ARCHER: \$238,200, yes, sir.

4 MR. BARNWELL: And that's the limited extent of  
5 the renewal that we're talking about here, the web hosting  
6 portion of their contract?

7 MR. ARCHER: Yes, sir. That's what I'm asking  
8 you to do. Absolutely, yes, sir.

9 MR. BARNWELL: Thank you. Sorry, Mr. Chairman.

10 MR. WALKER: That's okay. So we were paying  
11 \$138,000 for this?

12 MR. ARCHER: No, sir.

13 MR. WALKER: \$19,000 times --

14 MR. ARCHER: \$19,850 times twelve is \$238,200.

15 MR. RUSH: Just a hair under \$240,000.

16 MR. WALKER: I have been told a thousand times  
17 Marvin is a whiz with numbers.

18 So why did it go up? I guess let me ask that  
19 question. Why did it go up so much? That's a pretty good  
20 jump from \$238- to \$320-.

21 MR. ARCHER: I think you're looking at the IRP  
22 contract, Mr. Chairman. This is TxPROS, the next one is  
23 IRP. This one has not gone up.

24 MR. WALKER: Okay. I'm sorry.

25 MR. BARNWELL: Try and make that more clear I

1 the future for the chairman, would you please?

2 (General talking and laughter.)

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

5 (A chorus of ayes.)

6 MR. WALKER: All opposed, same sign.

7 (No response.)

8 MR. RODRIGUEZ: See you later.

9 MR. WALKER: We've got one more.

10 MR. RODRIGUEZ: Is there one more?

11 MR. WALKER: Sit down.

12 MR. RODRIGUEZ: I thought B and C were  
13 together.

14 MR. WALKER: And you don't want to stay and  
15 watch Marvin take over and run this deal?

16 (General laughter.)

17 MR. RODRIGUEZ: We took B and C together,  
18 didn't we?

19 MR. ARCHER: We did B, now we're doing C.

20 MR. RODRIGUEZ: I thought we did both of them.  
21 I'm sorry. Go ahead.

22 MR. WALKER: Go ahead.

23 MR. ARCHER: We request the board approve  
24 renewal of the contract with Explore Information Services  
25 for one year of software maintenance and support of the

1 existing Texas International Registration Plan. The  
2 current contract expires March 31, 2015.

3 The board approved a new contract last year  
4 with Explore Information Services. That contracted  
5 included an option for three one-year renewals. With your  
6 approval, this will be the first of those three annual  
7 renewals.

8 The contract supports the online Texas IRP  
9 system and related components. The local cost is \$26,691  
10 a month, or \$320,292 annually. And I respectfully ask  
11 that you approve this contract renewal.

12 MR. RUSH: Same as last year.

13 MR. ARCHER: Yes, sir.

14 MR. RUSH: I move approval.

15 MR. WALKER: We have a motion by Mr. Rush. Do  
16 we have a second?

17 MR. RODRIGUEZ: Second, Mr. Chairman.

18 MR. WALKER: We have a second by Mr. Rodriguez.

19 Any questions, comments? Ms. Caraway, are you sure?  
20 Forever hold your peace.

21 MS. CARAWAY: Yes, sir.

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

24 (A chorus of ayes.)

25 MR. WALKER: All opposed, same sign.

1 (No response.)

2 MR. WALKER: Motion carries unanimously.

3 MR. RODRIGUEZ: See you guys later.

4 (Member Rodriguez left the meeting at  
5 approximately 11:45 a.m.)

6 MR. WALKER: Is Sandra here? Let's go to your  
7 Internal Audit report real quick.

8 MS. VICE: Mr. Chairman, members, Ms. Brewster.  
9 For the record, I'm Sandra Vice, Internal Audit director.

10 On page 98 there is a handout and that is the  
11 status update of the Internal Audit activities that I'm  
12 going to provide today. There is no action required, this  
13 is informational only, just a regular report. There's  
14 three things I'm going to go over: one is how we're doing  
15 on the current audit plan, second is I'm going to give you  
16 an update on external audits that have been conducted, and  
17 then I'm going to talk about our first peer review.

18 So again, on page 98, the first item under the  
19 Internal Audit Plan is that we have completed the audit of  
20 the agency's use of contract workers. That audit begins  
21 on page 99. And just briefly, to give you an overview of  
22 what that audit was about, it set out to verify that the  
23 agency was following laws and regulations and that terms  
24 in the contracts were enforced. And again, as you may  
25 have heard in the news, this report was very timely

1 because the topic of whether contracts are procured in  
2 accordance with laws has been very much in the news here  
3 in Austin. And we concluded that the agency has procured  
4 the contract worker services in accordance with laws,  
5 regulations and agency policies and procedures.

6 Some of the strengths of the agency's  
7 contracting processes are that, for example, when a needs  
8 assessment is required they were performed, that the  
9 agency procured the services in the correct procurement  
10 method. And we also verified that the agency paid vendors  
11 the correct rate, that time sheets supported the amounts  
12 invoiced, and that invoices matched payments.

13 There were a few things that we recommended to  
14 improve the agency's use of contract workers, and these  
15 included, for example: that the agency provide guidance  
16 to our employees on how to manage contract worker  
17 engagements; also, that we develop a process to review and  
18 document the justification to hire a contract worker  
19 instead of an employee; that there be a statement of work  
20 in the staff augmentation contracts; and that whenever  
21 possible that we convert hourly rate contracts to  
22 deliverable based contracts.

23 Management has agreed with these  
24 recommendations and others in the report, and I'm happy to  
25 report that they've already begun working on implementing

1       them.

2                   Any questions about the audit?

3                   MR. PALACIOS:  Yes, I have some questions.  I  
4       guess I'd direct them to Ms. Brewster.  I personally saw  
5       this as a very, very critical component of the audit,  
6       given the scope and magnitude of dollars that we expend on  
7       contractors, and although I guess the procurement process  
8       is fine, time sheets, according to Ms. Vice were fine.  I  
9       guess my overall concern is oversight of the contractors  
10      that we hire in that we can, I guess, receive assurances  
11      that we are receiving value for the dollars that we're  
12      expending.

13                   And I guess I just want to be certain that we  
14      have proper oversight of these contractors, and I'm not  
15      exactly sure what the chain of command or who they report  
16      to.  I guess on one hand we have to be careful about this,  
17      that they are contractors and certainly that we're not  
18      supervising their activities, but it's very, very  
19      important that we can ascertain that we are in fact  
20      receiving value for the dollars that we're spending, and  
21      that's the area that I think is critical that we focus on.

22                   MS. BREWSTER:  For the record, Whitney  
23      Brewster, executive director.

24                   I completely agree with, Member Palacios.  We  
25      are in a time of great activity within this agency,

1 primarily with the number of projects that the agency has  
2 going on, so the majority of these contractors are within  
3 Information Technology Services, as well as the Enterprise  
4 Project Management Office. We have developed a governance  
5 process when it comes to our projects, as well as we have  
6 executive steering committees that oversee these projects.

7 We report regularly on the performance on these projects,  
8 and we also report out to the board on an ongoing basis as  
9 to the status of the projects.

10 I was very pleased that the audit found that we  
11 are in compliance with state laws as well as rules, but  
12 there are certainly areas that we can tighten up, and we  
13 certainly will do so.

14 MR. PALACIOS: Thank you.

15 MS. VICE: Anything else?

16 The second item related to the audit plan is a  
17 notice that we have started another audit. This is the  
18 audit of the VTR Division mission, and we have decided  
19 after doing some planning that we're going to focus on the  
20 title processes. So that audit I hope to bring to you at  
21 a June meeting.

22 Then I'd like to brief you on some external  
23 audits that have been performed. There's a table in the  
24 handout that shows four different engagements. The first  
25 of these is a report by the State Auditor's Office. It

1 was not an audit but an informational report on multiple  
2 large information system projects, and NMVTIS, the  
3 National Motor Vehicle Title Information System, from our  
4 agency was selected in this report. The report included  
5 information that the project was implemented under budget,  
6 and that's very unique. It did not spend about 40 percent  
7 of its budget. It was also completed about two months  
8 after the estimated date, which is not very late. And  
9 that it was, most importantly, completed with the intent  
10 functionality. This agency actually provided them a  
11 demonstration and they were able to see that it does what  
12 it was meant to do.

13           The Department of Public Safety conducted two  
14 audits of this agency in December. The first of these was  
15 how this agency accesses criminal history record  
16 information, and the second was how this agency complies  
17 with the Criminal Justice Information System security  
18 policies. And again, the agency was found to be totally  
19 compliant, there were no issues of compliance. And they  
20 won't be back for another three years; those are required  
21 every three years.

22           The final engagement is a financial audit that  
23 is being performed by the State Auditor's Office. We are  
24 currently providing the management responses and that  
25 report will be finalized later this month, and at our next



1 board meeting I will bring you the results from that  
2 audit.

3 Are there any questions about the external  
4 engagements?

5 MS. BREWSTER: Mr. Chairman, if I might just  
6 add a comment on the National Motor Vehicle Title  
7 Information System project that was looked at or reviewed.  
8 I think it's important to note that on that project the  
9 agency elected to put a warranty period onto that project,  
10 which the project went live and then we continued to look  
11 at the project to make sure that we didn't roll off our  
12 resources if there were issues that came up and needed to  
13 be addressed. So much of that two-month period where it  
14 went over was dedicated to a warranty period so that we  
15 had resources available to address issues. So the project  
16 was moving along quite well but we wanted to just make  
17 sure, because it has such a wide reach, that all of the  
18 kinks were worked out.

19 MR. WALKER: Thank you.

20 MS. VICE: The final item of my update, on page  
21 126 I include a handout for you. I'd like to notify the  
22 board that beginning next week the auditor is being  
23 audited. It does happen. We are going to be undergoing  
24 our first ever peer review and this will be conducted by  
25 external auditors from other state agencies that will be

1 coming in, looking at our policies and procedures,  
2 actually looking at the work that we perform, our reports.  
3 They'll be talking to some members of the agency  
4 management, as well as some of the board members. And the  
5 purpose of this is to assess whether our Internal Audit  
6 activity is complying with the standards that we're  
7 supposed to operate under, including following the Texas  
8 Internal Auditing Act.

9 It will culminate in a report that I'll bring  
10 to you at our next board meeting, it's supposed to be done  
11 by April, and they'll issue an opinion and it can be one  
12 for three things: it can be pass, it can be pass with  
13 deficiencies, or it can be fail. I'm shooting for pass.  
14 So I hope to bring that to you at our next board meeting.

15 I do have a letter to the auditors, Mr.  
16 Chairman, that I'd like you to sign for me at the  
17 conclusion of the board meeting.

18 But that's my update, and I'll be happy to  
19 answer any questions.

20 MR. WALKER: Thank you very much, Ms. Vice.

21 Does anybody have any questions for Ms. Vice on  
22 Internal Audit?

23 MR. BARNWELL: Good job.

24 MS. VICE: Thank you.

25 MR. WALKER: Let's go to Caroline. Are you

1 here? Hiding from me back behind that post; I'm going to  
2 move that post.

3 (General talking and laughter.)

4 MS. LOVE: Good morning. My name is Caroline  
5 Love. I am the director of Government and Strategic  
6 Communications for the department, and I will report to  
7 you on item 4.B.1 which is a legislative update.

8 So first I'll cover the status of the  
9 legislative agenda that was adopted by the board at your  
10 November meeting, and to date we have not seen anything  
11 filed related to the bills that we proposed. However, we  
12 have had the opportunity to visit with Senator Nichols and  
13 his staff and also Representative Pickett and his staff to  
14 discuss the provisions included in the agenda, and they  
15 are assisting us with the official drafting of the omnibus  
16 bill and helping us move forward on that effort.

17 We also have had a chance to visit with the  
18 Comptroller's Office and Texas Legislative Counsel on the  
19 reestablishment of the TxDMV Fund. And yesterday we had  
20 the opportunity to visit with Chairman John Otto, who is  
21 the chair of the House Appropriations Committee, and  
22 discuss the options that we have identified for  
23 reestablishing that fund.

24 There were two options that we were  
25 considering. One was a rather lengthy amendment to the

1 fund's consolidation bill that would reestablish the fund  
2 and exempt it from the provisions of funds consolidation,  
3 or have a separate stand-alone bill that would reestablish  
4 the fund and then pursue also the exemption from funds  
5 consolidation as an amendment. And Chairman Otto  
6 recommended that second option so we are going to continue  
7 to move forward on pursuing that in the establishment of  
8 the DMV Fund.

9 In terms of the bills that have been filed to  
10 date, there are about 2,000 bills that have been filed by  
11 both the House and the Senate, and we have been keeping an  
12 eye on those. Many of those bills impact several state  
13 agencies. For example, Senator Nelson filed Senate Bill  
14 353 which puts many provisions forward for state agencies  
15 to comply with on contracting measures, including ethics  
16 training for staff that deal with contracts and posting of  
17 contracts online and different things like that.

18 And we also have been looking at some bills  
19 that are more specific to DMV operations and we have a  
20 couple of bills that we've identified to have more of a  
21 significant interest or impact. One of those is House  
22 Bill 439 by Representative Larry Gonzales and it's  
23 essentially the same as Senate Bill 449 by Senator  
24 Bettencourt that would expand the definition of motorcycle  
25 in statute to allow for the registration of vehicles such

1 as the Polaris Slingshot. So that's one that we're  
2 keeping an eye on to see what happens there.

3 There is House Bill 735 by Representative  
4 Sylvia Israel from the Austin area that would require us  
5 to produce an annual report on the number of alternatively  
6 fueled vehicles that are registered in the state, and that  
7 would be an annual report.

8 There's also 16 bills to date that have been  
9 filed creating various specialty license plates. That  
10 includes House Bill 199 by Representative Huberty which  
11 would establish a new plate for county tax assessor-  
12 collectors. And then there's also Senate Bill 274 by  
13 Senator West which would establish a county official  
14 license plate for those county officials that are elected  
15 into office.

16 And lastly, I did want to mention another one,  
17 there was Senate Bill 441 by Connie Burton. She's from  
18 the Colleyville/Fort Worth area, and that would remove any  
19 requirement for auto dealerships to be open only a  
20 Saturday or a Sunday, so that would repeal that section.

21 MR. WALKER: The Blue Laws, they're going to  
22 repeal that? Somebody is proposing to repeal the Blue  
23 Law?

24 MR. PALACIOS: Who's doing that?

25 MS. LOVE: Senator Connie Burton.

1 MR. WALKER: Guess you're going to work seven  
2 days a week, Raymond.

3 MR. PALACIOS: Already do in New Mexico. Texas  
4 is where I come for vacation.

5 (General laughter.)

6 MS. LOVE: And there's other legislation we're  
7 aware of being considered but it hasn't been filed yet,  
8 and for example, we've been invited by Senator Nichols to  
9 participate in what are being called in Transportation  
10 Network Companies Working Groups. And this working group  
11 is made up of different agencies that could have an  
12 interest in the regulation of companies such as Uber and  
13 Lift. Those companies currently are regulated at the  
14 municipal or local levels, and they, I think, have an  
15 interest in taking more of a statewide regulation approach  
16 like has been done in Virginia and in Colorado. So we  
17 have a working group meeting coming up on that actually  
18 Monday, and so we'll continue to keep you informed.

19 Senator Nichols has indicated to us that he  
20 would like for the DMV to be that regulating entity, so  
21 we're considering to research what that would mean for us  
22 in terms of resources and how that would look in state  
23 law.

24 Just in general, the activities of the  
25 legislature, as you are aware, they started one month ago,

1 the House and the Senate convened for the first time and  
2 there's been several inaugural activities and things like  
3 that since. And next Tuesday at 11:00 a.m. there will be  
4 a joint session of the House and the Senate and Governor  
5 Abbott will give his State of the State address at that  
6 time.

7 Lieutenant Dan Patrick announced the Senate  
8 committee assignments on January 23, and that included  
9 Senator Jane Nelson of Flower Mound as the chair of Senate  
10 Finance, and then Senator Robert Nichols was renamed the  
11 chair of Senate Transportation.

12 And then Speaker Straus announced his committee  
13 assignments on February 4, and that included  
14 Representative John Otto of Dayton as the chair of House  
15 Appropriations, and Representative Joe Pickett of El Paso  
16 as the chair of House Transportation.

17 And just a quick side note, yesterday the  
18 subcommittees of House Appropriations were announced and  
19 they break up the subcommittees by articles of the budget,  
20 and our articles are subcommittees 6, 7 and 8, and that is  
21 now chaired by Representative Larry Gonzales and he's at  
22 the Round Rock area.

23 And I thought I'd give a quick overview of the  
24 upcoming hearings that we are committed to participate in,  
25 and this is pretty much over the next week and a half.

1 Next Wednesday, February 18, the House Appropriations  
2 Subcommittee will be meeting to hear from us about our  
3 budget. They start at 7:30 in the morning but they  
4 released an agenda and we are towards the end, and that is  
5 due to the fact that previously Senator Nichols had  
6 indicated he would like to hear from us at a Senate  
7 Transportation hearing next Wednesday, February 18, from  
8 8:00 a.m. to 9:00 a.m. Other agencies that he'll be  
9 hearing from that morning include TxDOT -- he did have a  
10 hearing with TxDOT earlier this week but they didn't  
11 complete their testimony -- and then DPS is also part of  
12 that hearing.

13 On next Thursday, February 19, at 8:00 a.m.,  
14 Chairman Pickett will hold his first hearing and they have  
15 asked us to attend, so we'll be at that one. And then on  
16 Tuesday, February 24, at 9:00 a.m., we will be in front of  
17 Senate Finance to talk about our budget there as well.

18 As a reminder, the deadline to file non-  
19 emergency and non-local bills is one month from today, so  
20 we will see a flurry of bills being filed. I believe that  
21 that number of 2,000 will at least double, likely more  
22 than that. Typically, the number of bills filed per  
23 session are between 5,000 and 7,000. So we'll see what  
24 the future holds there.

25 That concludes my update on legislative items.



1 Are there any questions that I can answer?

2 MR. WALKER: Thank you very much, Caroline.

3 MS. LOVE: I have another one.

4 MR. WALKER: You've got another report too?  
5 Oh, what are you going to do, single sticker?

6 MS. LOVE: Single sticker. Item 4.B.2, I  
7 wanted to also provide you all with an update on our  
8 single sticker media efforts.

9 We had on February 3 what we referred to as  
10 Single Sticker Day at the Capitol, and Senator West hosted  
11 us and we were able to have a very informative and helpful  
12 press conference with several members of the media and  
13 talk about what it means to go to the Two Steps, One  
14 Sticker process starting March 1. DPS and TCEQ joined us  
15 at that press conference, and we did receive quite a bit  
16 of good feedback from that.

17 We also started the radio PSAs at the end of  
18 January, and that seems to have been well received so far.  
19 And since the beginning of the year, since January 1, we  
20 have tracked more than 150 news items and that includes  
21 radio, TV and newspaper stories related to the  
22 implementation of single sticker, and there could be even  
23 more stories than that out there. I think that these are  
24 the ones that we have found in our searches. That also  
25 covers all 20 of the Texas media markets, so we've

1 certainly seen wide outreach on that.

2 We're going to continue to do Two Steps, One  
3 Sticker stories. There's a copy in your books on page 135  
4 of the single sticker press release that went out on the  
5 day of the press conference. And in addition, we've  
6 developed a county-specific press release that we sent out  
7 to all the counties for them to use, and it has been  
8 widely used by many places, so that was a successful  
9 effort as well.

10 So that is pretty much the wrap-up of what  
11 we've seen on that. We'll continue those efforts moving  
12 forward. The radio ads go through July, and we're going  
13 to continue to monitor activity and see what happens after  
14 everything goes live which we will continue to do moving  
15 forward to keep the media informed of everything going on  
16 there.

17 MS. BREWSTER: Mr. Chairman, if I might just  
18 add. I just want to make sure that we recognize that our  
19 county tax assessor-collectors have been right by our side  
20 through all of these media events. At Single Sticker Day,  
21 we held that purposely on county day so that we could have  
22 participation from our tax assessor-collectors, and they  
23 came out in support. John Ames of Dallas County was able  
24 to speak at the press conference as well. And in turn, I  
25 was able to go out to Dallas County where I joined Mr.

1 Ames, Ron Wright of Tarrant County, and Michelle French of  
2 Denton County at a press event where Senator West also  
3 attended.

4 So we're very much getting the word out and  
5 it's very helpful to have the partnership of our tax  
6 assessor-collectors. So thank you.

7 I'll also be going out to Lubbock County next  
8 Friday to do another press event with Lubbock County Tax  
9 Assessor-Collector Ronnie Keister.

10 MS. LOVE: I'm happy to answer any questions.

11 MR. WALKER: Anybody have any questions for Ms.  
12 Love?

13 MS. LOVE: My day is tomorrow, Valentine's Day  
14 Love.

15 (General talking and laughter.)

16 MR. WALKER: Okay. We have one last item on  
17 the agenda, Projects and Operations, and Ms. Ryan is not  
18 here, so I guess we can go to Judy to give us an update  
19 real quick on her particular committee over there.

20 MS. SANDBERG: Good afternoon. For the record,  
21 I'm Judy Sandberg. I'm the director of the Enterprise  
22 Project Management Office here at DMV. My role this  
23 afternoon is to provide you a report on some of the  
24 enterprise projects we're working on; I will not be  
25 seeking a decision from you today.

1           My report, a copy of it is in your briefing  
2 book, and it begins on page 139. You've already heard a  
3 good deal of information about single sticker project.  
4 I'm happy to report to you that it is on track and going  
5 well, and today is actually a milestone day for us because  
6 we wrap up user acceptance testing today, and we have not  
7 had any defects found during testing in the last couple of  
8 days, so that is going very well and we seem to be on  
9 track with that.

10           The one issue that continues is the  
11 implementation by H.E.B., and they still report to us that  
12 they are on track to be ready to go sometime between March  
13 8 and March 17. I believe there have been communications  
14 with our county offices to make sure that they're aware of  
15 these particular issues, and we're still hopeful that they  
16 will be ready to go by or before March 17.

17           Moving on to the RTS refactoring project, that  
18 project is also in a state of green light now. They are  
19 in also a milestone event. As of yesterday they began  
20 user acceptance testing on the refactored code, including  
21 single sticker code, and we are very excited to have staff  
22 from the counties who are here, arrived day before  
23 yesterday, to actually participate in the testing with us,  
24 and we believe that that will really add a significant  
25 benefit to making sure that the test cases are thoroughly

1 tested and we identify any particular issues that need to  
2 be addressed.

3           Since I was last able to report to you, we have  
4 had some focus groups from the TAC offices, and we've  
5 received favorable feedback from those visits. Generally,  
6 the participants found the look, feel and ease of use to  
7 be positive, so that was good to know.

8           We are moving forward with our plans for the  
9 actual rollout of refactored code to offices in phases.  
10 That begins on April 13 and will be concluded around June  
11 12. We are also still on track to migrate off of the  
12 mainframe into a server environment by August 3.

13           The one issue that we are really watching  
14 closely is a stage of testing for the mainframe  
15 integration testing but we have seen some significant  
16 improvement in the last two or three days, but that's the  
17 one item we're really watching carefully right now and  
18 moving forward.

19           Any questions about refactoring?

20           (No response.)

21           MS. SANDBERG: So that brings me to the  
22 WebDealer project which I'm also pleased to report to you  
23 is in a state of green. There have been a few changes  
24 that have been managed by the executive steering  
25 committee, as well as the governance team, over WebDealer.

1       These changes, for the most part, are an effort to  
2 improve or increase the adoption rate of WebDealer. The  
3 executives decided to add a couple of new phases, one for  
4 commercial fleet buyers. That one is the one we are  
5 currently working on now to assist entities like car  
6 rental companies with the single sticker implementation.  
7 And then also the eTags, replacement of the current  
8 outdated eTag system.

9               They also re-prioritized the order in which the  
10 phases will be implemented. Of course, new cars is  
11 already available for statewide use. Used cars is in the  
12 final stages of pilot. The next phase that we will  
13 implement is commercial fleet buyers, then centralized  
14 payment, eTags, salvage, eTitles and private party sales.

15              One of the things that allowed us to add these  
16 additional phases is a savings that was realized in  
17 contractor costs in the last fiscal year that made it  
18 possible to expand the scope of work, hopefully for the  
19 benefit of the public as well as dealers and our  
20 stakeholders and partners.

21              That will extend the schedule by about 13  
22 months, so we have a new end date for WebDealer in  
23 February of 2017, but it still keeps us within our budget  
24 that we report to the Texas quality assurance team.

25              Any questions about WebDealer?

1 MR. PALACIOS: Yes, I do, Ms. Sandberg. What's  
2 the participation rate? Do you know what it is amongst  
3 new car dealers across the state, I guess, by county or by  
4 dealership? I would assume it's by county first and then  
5 you break that down.

6 MS. SANDBERG: I don't have information for you  
7 by county today, but I can tell you today about the total  
8 adoption is about 289 dealerships at this point in time.

9 MR. PALACIOS: That seems very low.

10 MS. SANDBERG: I think some of the attempts at  
11 the changes that we've mentioned are aimed at improving  
12 that rate. Also, we have a document imaging strategy that  
13 we are rolling out soon that we hear from dealers is  
14 another factor that may improve or increase that adoption  
15 rate.

16 MR. PALACIOS: What are we doing, I guess, to  
17 get the word out about the WebDealer amongst, I guess, the  
18 TACs and the dealerships?

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

21 There have been quite a few efforts to do  
22 training sessions at the county level by our regional  
23 service centers, so really, the strategy we've been taking  
24 is for our 16 regional service managers to really engage  
25 with their local community, with the county tax assessor-

1 collectors in those communities to try and get them to  
2 participate.

3           What we've seen a lot of in recent months is  
4 that there are some issues surrounding the document  
5 imaging, so the scanning, that we are going to be  
6 resolving with the next release which is coming out in  
7 concert with 760 for RTS. The single sticker release will  
8 also include some enhancements to WebDealer, and those  
9 enhancements include the ability for a dealership to scan  
10 all of their documents as one scanned image. Previously  
11 they had to scan each document separately and then upload  
12 each one of those separately into the system. Now they  
13 can just stack all the paperwork on a scanner, scan it  
14 into one PDF and attach the one PDF.

15           The other improvement that we've added to the  
16 system was for the counties on the document viewing side,  
17 so once those images are scanned in, when they hit the  
18 county office, the county actually wanted a side-by-side  
19 to where they could compare what was written on those  
20 scanned documents with what is actually entered into  
21 WebDealer. We've actually created a side-by-side viewing  
22 to where they can actually see the document and what's  
23 entered as far as metadata in the system at the same time.

24           We anticipate that those two items will make a  
25 dramatic improvement for both the counties as well as



1 dealers on the adoption rate.

2           The second part that we're really seeing is  
3 we've gone through pilot with used autos. Once we go  
4 statewide with the used auto, we believe that there will  
5 be another high adoption rate with new car dealers that do  
6 both sides of the business, they've got a new and used car  
7 side to their business, as well as opening the door the  
8 larger population which is the used auto dealer  
9 population. As you know, most of the dealerships that are  
10 licensed in the state are licensed as used autos, not new  
11 car. I believe we had some of those numbers. I think on  
12 the new car side is about 2,700 new franchise dealers and  
13 it was about 16- or 17,000 used car dealers. So adding  
14 functionality for used car dealers obviously would give us  
15 a much more open door for them to be able to come in and  
16 participate.

17           The other things that Judy has laid out in the  
18 re-prioritization of some of those new phases we believe  
19 will, again, build on that momentum as far as adoption  
20 rate, bringing eTags in too so that they're into the  
21 system so that there's a one-stop shop for dealers. They  
22 can have an integrated system where the eTag prints at the  
23 end of the transaction we believe will be a huge benefit  
24 to them instead of having to log into two different  
25 systems.

1           Also, centralized processing of payments we're  
2 hoping will help streamline and simplify this for both the  
3 counties, as well as the dealers, so that they don't have  
4 to set up separate ACH transactions with each and every  
5 dealership and each and every county that they want to  
6 process transactions. We still have a lot of work to do  
7 on those to get the requirements done on that, but we  
8 think that these will make great strides towards  
9 improvements for this system.

10           MS. CARAWAY: Do you have a date yet as to when  
11 the used car dealer will roll out statewide?

12           MS. SANDBERG: We are looking at early March to  
13 get past the deployment of the single sticker, as well as  
14 that will include this document imaging improvement that  
15 Jeremiah was referring to. I believe we want to roll it  
16 out in a very careful manner to make sure that we're  
17 monitoring the volume of images to make sure that that  
18 works properly, and so we'll be looking at that very  
19 closely, but we should be ready in early March to start  
20 taking it further.

21           MR. PALACIOS: Are you talking about statewide  
22 early in March, three weeks?

23           MS. SANDBERG: Yes, sir.

24           MR. KUNTZ: And as far as the pilot for used  
25 cars, we've not seen any major issues that have been

1 reported to us by the pilot dealerships. We've been  
2 running a substantial amount of transactions through. We  
3 had a dealership in Bexar County, one in Travis County,  
4 and then also Mr. Ingram's dealership running  
5 transactions, and we have not had any major issues that  
6 have been reported to us on the used car side of the  
7 system.

8 MR. WALKER: I have one more question, and it  
9 may be more appropriate for maybe Ms. Caraway or Mr. Ames  
10 back here. Why did I get a receipt this week, two of  
11 them, as a matter of fact, on some licenses that we  
12 renewed at our office and they came to me, and on the  
13 receipt and the sticker down at the bottom -- one was a  
14 window sticker and one was a trailer sticker -- it said,  
15 it was typed on there, it wasn't like it was part of the  
16 form, it said WebDealer on that piece of paper on the  
17 receipt. Why did that show up on my registration, do you  
18 know?

19 MR. KUNTZ: We can take a look at it and get  
20 back to you.

21 MR. WALKER: I was just curious. Do you know  
22 the answer to that?

23 (Gentleman speaking from audience.)

24 MR. WALKER: So explain that to me, because  
25 does that have anything to do with -- would you come to

1 the mic?

2 MR. JONES: Dennis Jones, Travis County Tax  
3 Office.

4 When you process a WebDealer transaction, up on  
5 the top of the receipt it identifies it as a WebDealer  
6 transaction, the same as if you do a WebAgent transaction,  
7 it identifies it as a WebAgent transaction so that we in  
8 the tax office know what type of transaction was actually  
9 processed.

10 MR. WALKER: So let me ask you this question.  
11 This came from our office, we would have sent a check in,  
12 somebody said it's time to renew. One of these is a boat  
13 trailer and one of them was pickup truck, but they came  
14 back and these are multi-year-old vehicles.

15 MR. JONES: It should have been a new vehicle  
16 processed by a dealership.

17 MR. WALKER: These are not new, these are used  
18 vehicles.

19 MS. CARAWAY: They're just renewals, Dennis.

20 MR. JONES: It must have been a WebAgent  
21 instead of a WebDealer, Mr. Walker.

22 MR. WALKER: So what does WebAgent mean?

23 MR. JONES: WebAgent is identifying something  
24 that was processed at a grocery store or one of your  
25 subcontractors in your county.

1 MR. KUNTZ: Chairman Walker, if I might. We  
2 could get with you after.

3 MR. WALKER: I was just curious why it was  
4 typed on there.

5 SPEAKER FROM AUDIENCE: Was it in Harris  
6 County?

7 MR. WALKER: Yes.

8 SPEAKER FROM AUDIENCE: It's our remittance  
9 scanner machine. They go through WebAgents so that's why  
10 it says WebAgent.

11 MR. WALKER: I was just curious why it said  
12 that on there. I thought maybe it was going through the  
13 web process and what's the relationship that I couldn't  
14 figure out what it was. I have a question for you  
15 afterwards, though.

16 (General talking and laughter.)

17 MS. SANDBERG: Any other questions about  
18 WebDealer?

19 MR. WALKER: No, ma'am.

20 MS. SANDBERG: Moving on to the LACE project.  
21 That project is red, it continues to be red primarily  
22 because of our procurement process that we're in. I'm  
23 limited in what I can say about it because we are in the  
24 procurement stages. I believe I can report to you that we  
25 have gone through one cycle of review, we are now in the

1 second cycle of review to determine if we can select a  
2 vendor. And once we do that, then we will take a look at  
3 the schedule and our budget, and if we need to make  
4 changes in the end date, then we will go forward to the  
5 governance team to present that.

6 Right now the planned end date for this project  
7 is actually February 2017, so it's still possible that we  
8 can meet that date -- I'm sorry -- 2016, I misspoke,  
9 February 2016.

10 Moving on to the CAPPs projects. CAPPs  
11 financial, actually there has been an update since the  
12 time that I provided this report to you. This report  
13 indicates that we were withholding payment on reports to  
14 the Comptroller's Office, but since that time there have  
15 been discussions between Ms. Flores's office and the  
16 Comptroller's Office, and Ms. Brewster has been involved,  
17 and there's been progress noted, so I believe we have  
18 reached an agreement where we will proceed with payment  
19 and continue to monitor their progress in hopes of moving  
20 towards closeout of that project.

21 The CAPPs HR and payroll project continues to  
22 move forward. A portion of that project is on track to be  
23 implemented in May. That includes the personnel  
24 transactions, time and labor, position management and  
25 payroll. There have been some interesting circumstances

1 surrounding other portions of the project, particularly  
2 related to the recruiting solution, job postings and  
3 applications, learning and performance management. There  
4 were some contract issues between the Texas Department of  
5 Information Resources and the Oracle database vendor.  
6 It's my understanding that contract has now been signed  
7 and a proposed implementation date has been presented to  
8 the agency of September. It will be put before the  
9 governance team to determine whether we will accept that  
10 date in going forward.

11 The communications projects are green. The  
12 headquarters infrastructure project is scheduled to be  
13 finished the end of this month. We are at this moment on  
14 track but we are very closely watching whether we can  
15 implement some final implementation surrounding faxes, fax  
16 machines -- or not fax machines but fax numbers related to  
17 transitioning to our own network and the implementation of  
18 the VoIP phones.

19 The call center project is moving along well.  
20 We are on schedule to implement the call center in the  
21 Consumer Rights Division, CRD, by February 27. Testing  
22 and training actually begins on Monday on the holiday.

23 The infrastructure project of installing VoIP  
24 phones in the regional service centers and where necessary  
25 improving their cabling is also proceeding quite well. The

1 offices where we have completed installation are listed  
2 for you on page 145. One change, El Paso has been added  
3 to offices where the VoIP phones have been installed. We  
4 are on track to complete VoIP installation in all those  
5 offices by April 21.

6 And lastly, I'm pleased to report to you that  
7 we have closed a project with the approval of the  
8 governance team. The temp/permanent project closed on  
9 schedule, within scope, and actually about \$32,000 under  
10 budget. So we are very pleased to report to you that over  
11 18,000 permits have now been purchased online and we  
12 expect that to increase.

13 Any questions?

14 MR. WALKER: No, but make sure Linda knows bout  
15 that \$32,000 so she can rathole it. I've got a feeling  
16 we're going to need it.

17 MS. SANDBERG: I may already need it for  
18 another project.

19 MS. FLORES: That was going to be my comment.  
20 I think Judy has already spent that a couple of times  
21 over.

22 MS. SANDBERG: But I stayed in budget.

23 MR. WALKER: It's kind of like my wife, you  
24 know, she saved on something but she spent it someplace  
25 else.



1 (General laughter.)

2 MR. WALKER: I think Mr. Harbeson is next on  
3 his report on Enforcement actions.

4 MR. HARBESON: Good afternoon. My name is Bill  
5 Harbeson. I am the director of the Enforcement Division,  
6 and everything is going great in Enforcement.

7 MR. WALKER: Thank you for your report.

8 MR. HARBESON: Do any of you have any  
9 questions?

10 MR. WALKER: I had to have a little fun today,  
11 Bill.

12 MR. HARBESON: That's all right, sir.

13 MR. WALKER: I notice you were kind of nodding  
14 back there every once in a while.

15 MR. HARBESON: No, sir. I was merely  
16 contemplating your thoughts, but we're going to go out and  
17 check the lot to make sure everybody's cars are properly  
18 registered, starting on your large truck.

19 (General talking and laughter.)

20 MR. WALKER: Ms. Flores, you are up. Tell us  
21 about our building plans.

22 MS. FLORES: Yes, sir.

23 As you know, the agency worked with the Texas  
24 Facilities Commission to engage an architectural firm to  
25 give us a better idea of what kind of footprint this

1 agency would need. They looked at it from two  
2 perspectives: our current staff, and then we also asked  
3 them to look at if Drivers License were to come over, what  
4 would that look like. So we met with a firm called  
5 O'Connell Robertson here in Austin, and if you'll turn to  
6 page 158, that's really the heart of the deliberations  
7 that we came to.

8 The space requirements for the agency as it is  
9 today would require approximately 146,000 square feet.  
10 That also include 610 parking spaces for this agency.

11 MR. BARNWELL: The 146,000 square feet includes  
12 600 parking places, or 600 parking places are in addition  
13 to the 146,000?

14 MS. FLORES: It's in addition to.

15 And we looked at possible locations here in  
16 Austin, or in Central Texas, basically, either in northern  
17 Travis County or southern Williamson County where land is  
18 more affordable than in central Austin. They did indicate  
19 that we would need at least nine acres of land to put a  
20 building. The report kind of gave the agency options to  
21 consider moving forward. They also gave us better numbers  
22 when it came to the cost of a building, and that's what we  
23 used for our exceptional item.

24 So in today's dollars that number was \$55  
25 million. If it were to take approximately six years, it

1 would go up to \$69 million, I believe was their final  
2 number. That included a contingency for TFC to help  
3 manage the project, as well as a contingency for the  
4 building. We used all of this information, as I said, to  
5 come up with the revised exceptional item request. Their  
6 report only included costs for the building. On top of  
7 that we added costs for operations, to move our staff, to  
8 have some security systems put in place, utilities  
9 maintenance, grounds maintenance. So that's what we have  
10 revised that exceptional item request to be, it's \$58.7  
11 million.

12 We've also compiled information. If we're not  
13 successful in getting a building built, we could  
14 potentially lease a building, so we've included those  
15 costs and that's approximately \$19 million for the  
16 biennium. We are very open to any other suggestions that  
17 the legislators may have for us, whether that's acquiring  
18 a shell of a building somewhere and modifying that to fit  
19 our needs. If Drivers License were to come over, we'd be  
20 adding another 400 people to this agency, so we've also  
21 got that data. In case a fiscal bill is introduced that  
22 would transfer that function over to us, we have some data  
23 that would support a fiscal note submitted to the  
24 Legislative Budget Board.

25 MR. WALKER: I apologize for interrupting, but

1 we have already gone to DPS and so how do we know how many  
2 people that is?

3 MS. FLORES: I think this will be the second  
4 legislative session where we will see legislation  
5 introduced that transfers that function over to us. It's  
6 happened before. Last legislative session I believe it  
7 was Ruth McClendon who introduced a bill. It didn't go  
8 anywhere, but she introduced a bill to transfer that  
9 function to us, so we went through a massive exercise of  
10 identifying how many people that entails over at DPS, so  
11 we had that type of information that we used for this.

12 MR. WALKER: So we know that the requirement is  
13 400 people, but our number of \$58 million that we have out  
14 there today in our exception item does or does not  
15 include?

16 MS. FLORES: It does not.

17 MR. WALKER: So if in this particular session  
18 they were to say, oh, by the way, guess what, you're now  
19 in charge of Drivers License, we would have to go back to  
20 our exception item and say, hey, we don't have enough room  
21 in the building we're proposing?

22 MS. FLORES: The actual bill fiscal impact that  
23 will create will have that information in there so the  
24 Legislative Budget Board, we won't have to go back,  
25 they'll put it together.

1 MR. WALKER: And so the nine-acre requirement  
2 could become twelve acres.

3 MS. FLORES: Yes, sir.

4 MR. WALKER: And the 600 parking places  
5 becomes, obviously, over a thousand parking places.

6 MS. FLORES: More. Yes, sir. And that is true  
7 for any other function that may be proposed to be  
8 transferred to the DMV.

9 MR. WALKER: And so there's also speculation  
10 and rumor that somebody has said, well, hey, what about  
11 the vehicle inspection management program.

12 MS. FLORES: We estimate another 200 people  
13 associated with that function.

14 MR. WALKER: So we have considered the 200 on  
15 this deal also?

16 MS. FLORES: Yes, sir.

17 MR. WALKER: You do good work, Linda, even  
18 though you did go to Texas.

19 (General laughter.)

20 MS. FLORES: Thank you, sir.

21 So that's an update on the headquarters, and as  
22 I mentioned, we did use this data to develop our  
23 exceptional items request.

24 MR. WALKER: Ms. Pierce, do you have any  
25 comments to make about the project, since you've been

1 working on this with Ms. Flores?

2 MS. PIERCE: For the record, Ann Pierce,  
3 Finance Administration.

4 She's carrying forward the same message. We've  
5 been working closely with TFC.

6 MR. WALKER: And I don't know that I have done  
7 this in public or not, but I want to thank you for all the  
8 work that you put in on the Houston Regional Office down  
9 there. I know that you headed that up and spearheaded it.  
10 And have we met since it's been open, have we had a  
11 meeting?

12 MS. FLORES: You actually did recognize my  
13 staff. I think Ann was out that day.

14 MR. WALKER: You did a great job on that. And  
15 I did go by there last week, as a matter of fact, and they  
16 love it and everything is running very smoothly they told  
17 me.

18 MS. PIERCE: Thank you.

19 MR. WALKER: What I was shocked about, however,  
20 is I could have sworn that we figured that that parking  
21 lot was more than ample, and the day I went it was packed,  
22 the parking lot was totally full.

23 You are next up, I think. How long are you  
24 going to take to tell us how good a job you're doing?

25 MS. BREWSTER: How great the agency is doing?

1 MR. WALKER: Oh, want to do Jeremiah? Did I  
2 skip order?

3 MS. BREWSTER: Jeremiah is going to say how  
4 great I am.

5 MR. KUNTZ: Whitney Brewster is doing a  
6 wonderful job.

7 (General laughter.)

8 MR. WALKER: What else can you tell us,  
9 Jeremiah, that you haven't already told us today?

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

12 Agenda item 4.C.3 is an update on the Vehicle  
13 Titles and Registration Working Group. The last meeting  
14 that was held for the full Vehicle Titles and Registration  
15 Working Group was on December 8. We continue our  
16 discussions about the deputy rules that would come before  
17 this board and how those would be structured for the  
18 duties and obligations of full service, limited service  
19 and dealer deputies.

20 Since then we've also had an additional meeting  
21 with the county tax assessor-collector leadership from  
22 their association to further talk about the specific  
23 language that was in those rules. We have a tentative  
24 meeting scheduled for March 9 for the next meeting to get  
25 back together and discuss where we are with the rules as

1 it relates to the deputies that are going to be  
2 considered.

3 Ms. Flores had mentioned previously we are  
4 still waiting TTI's study on the cost to process title and  
5 registration transactions in the counties, as well as the  
6 deputy offices. Once we get that, we will be going over  
7 that with staff and the board and then eventually letting  
8 the working group take a look at that so that we can  
9 finalize the rules and set the compensation levels for all  
10 of the deputies that are being proposed. Right now we've  
11 not taken up and considered any of those rates in the  
12 rules that we've discussed in that working group. We've  
13 been waiting for that report so that we'd have information  
14 to be able to discuss those fully.

15 At the March 9 we're still trying to finalize  
16 the agenda, but some of the things that we possibly would  
17 be talking about would be finalizing those rules,  
18 potentially talking about implementation of the single  
19 sticker program which would be nine days in at that point,  
20 also looking at the implement of WebDealer -- that's  
21 another charge of that working group -- so we'll be  
22 talking to them about our re-prioritization of the  
23 different phases to make sure everybody is aware of those  
24 items as well. As we get that finalized, we'll get that  
25 out to the working group so that they have ample time to



1 get prepared for that meeting.

2 And that concludes my report.

3 MR. SLOVACEK: Thank you. I'm in charge, let's  
4 get this done. Bring in the hamburgers.

5 (General laughter.)

6 MS. BREWSTER: For the record, my name is  
7 Whitney Brewster. I'm the executive director.

8 I am providing the board my executive report of  
9 the agency's key performance measures. You should have a  
10 handout that looks like this in front of you. This is the  
11 first month that we're reporting out on the new key  
12 performance measures adopted by the board in September.  
13 Just a reminder, the executive team went through a process  
14 of updating our performance measures, also changing our  
15 targets to make them a little more challenging for us to  
16 attain, and so this is the first time that we've reported  
17 out under the new measures.

18 Also, moving forward the agency will start  
19 presenting the key performance on a quarterly basis in a  
20 new format. On the second page you'll see that. The  
21 agency has procured new software to score and graph our  
22 key performance measures, and you've been provided an  
23 example of what that would look like. There's a lot of  
24 benefits of this. The new program will assist us in  
25 making better and more informed decisions. It will also

1 show much more clearly any trending that the agency has in  
2 its key performance measures.

3 And also, right now it's a very, very manual  
4 process for compiling our key performance indicators; this  
5 will streamline the process. I'm sure you're much more  
6 accustomed to looking at dashboards like the one on the  
7 second page, and so hopefully it will be a little more  
8 telling for you as to how the agency is doing and our  
9 trends.

10 On the final page is the calendar that we'll be  
11 reporting out first quarter, all of the quarters. If we  
12 do not end up having a board meeting on the date that we  
13 would have reported out, I will make sure that I send this  
14 out to the board in electronic format so that you have  
15 those available, and then at year-end we'll obviously look  
16 at the trend for the entire year. We're just continuing  
17 to improve the way that we report out.

18 And with that, I'd be happy to entertain any  
19 questions that you have.

20 MR. SLOVACEK: Will I'm stalling for Johnny, I  
21 want to take a moment and say, David, I appreciate the  
22 work that you've done for us on the board, for your legal  
23 advice on the executive sessions we have. I know lawyers  
24 never get complimented. I want to tell you thank you very  
25 much. Your staff has done a great job, everybody here. I

1 know it's a little stressful when we show up sometimes,  
2 but Terri, for being the liaison, keeping us out of  
3 trouble. Really, I just want to tell you personally that  
4 I very much appreciate the preparation, the organization,  
5 the implementation of everything you guys do. It makes  
6 our job very easy. And you've got a wonderful board.  
7 Each individual here really takes this job seriously and I  
8 think appreciates, as I do, what everybody does. And we  
9 don't tell you thank you often enough, but thank you very  
10 much.

11 MS. BREWSTER: Thank you.

12 MR. SLOVACEK: I'm going to adjourn this  
13 meeting.

14 Unless there's any further business, I'd like  
15 to entertain a motion to adjourn.

16 MR. RUSH: I make it.

17 MR. WALKER: Second.

18 MR. SLOVACEK: Motion by Marvin Rush, seconded  
19 by the Aggie, Chairman Walker. All in favor?

20 (A chorus of ayes.)

21 MR. SLOVACEK: Let the record reflect it's  
22 unanimous.

23 (Whereupon, at 12:47 p.m., the meeting was  
24 concluded.)

