

TEXAS DEPARTMENT OF MOTOR VEHICLES

BOARD MEETING

Friday,
August 14, 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'm pleased to open the Board meeting of the
4 Texas Department of Motor Vehicles. It is now 8:05. I'm
5 now calling the Board meeting for August 14, 2015 to
6 order.

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

11 Before we begin today's meeting, please place
12 all cell phones and any other communication devices in the
13 silent 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. If it is not an agenda
19 item, we will take your comments during the public comment
20 portion of the meeting.

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

23 MS. RYAN: Present.

24 MR. WALKER: Board Member Barnwell?

25 MR. BARNWELL: Present.

1 MR. WALKER: Board Member Caraway?

2 MS. CARAWAY: Present.

3 MR. WALKER: Board Member Ingram?

4 MR. INGRAM: Present.

5 MR. WALKER: Board Member Palacios?

6 MR. PALACIOS: Here.

7 MR. WALKER: Board Member Rodriguez?

8 MR. RODRIGUEZ: Present.

9 MR. WALKER: Board Member Rush? I think Mr.
10 Rush will be here in a little bit. We'll just note it
11 when he gets here for the record.

12 Board Member Slovacek?

13 MR. SLOVACEK: Here.

14 MR. WALKER: And let the record reflect that I,
15 Johnny Walker, am here too. We now have a quorum.

16 Let the record reflect also that Marvin Rush is
17 currently not present with us, but he will be here, we
18 think, rather shortly. He was here yesterday for some
19 committee meetings so I know he's here in town.

20 Let's move to item B. Do we have any public
21 comments? I see we have a Mr. Howard Hickman. Would you
22 like to come forward?

23 MR. DUNCAN: Members, if I may. David Duncan,
24 general counsel for the board.

25 Under the Texas Open Meetings Act, in open

1 public comment the board can't comment or deliberate on
2 any item that doesn't relate to a specific item on the
3 agenda. This is because the public wouldn't have been on
4 notice that the board might discuss that subject. If the
5 board so desires, we can schedule some aspect of the
6 commenters' remarks for a future agenda, with the approval
7 of the chairman.

8 Also, under Board Rule 34, Texas Administrative
9 Code 206.22(b)(3), open comment is limited to three
10 minutes per presenter. We have a timer that will show a
11 yellow light when a commenter has one minute remaining and
12 a red light when their time is up. Thank you.

13 MR. HICKMAN: For the record, my name is Howard
14 Hickman. I'm a retired enforcement attorney for this
15 agency.

16 The Texas Department of Motor Vehicles is
17 mandated to enforce, through its licensing, the law to
18 prevent fraud, unfair practices, discrimination,
19 impositions or other abuse of people of this state. It
20 does not.

21 Prior to last October, axe murderers,
22 terrorists and sexual offenders could be licensed with
23 virtually no restrictions to become motor vehicle dealers,
24 salvage dealers, movers or motor carriers. Now axe
25 murderers, terrorists and sexual offenders can be licensed

1 as salvage dealers, movers or motor carriers, but after a
2 new rule may not be licensed as motor vehicle dealers.
3 Additionally, the department has decided that people who
4 let their Johnson grass go to seed or divert water from
5 artesian wells are so reprehensible that they may not be
6 motor vehicle dealers, but human traffickers, gun runners
7 and persons convicted of intoxication manslaughter are
8 not.

9 Motor vehicle dealers, salvage dealers, movers
10 and motor carriers are not required to pass a test or have
11 any education or training to obtain their licenses, just
12 money. A driver's license is far more difficult to
13 obtain. The department, in the name of customer service,
14 caters to the demands of the trade associations which
15 represent rather than represent the interests of the
16 people of Texas.

17 After receiving an award from a trade
18 association and a request to change a particular policy, a
19 TxDMV division director directed the rule requiring safety
20 inspections before a vehicle could be driven off a
21 dealer's lot by a motor vehicle purchaser would no longer
22 be enforced, thus, subjecting the consumer and the general
23 public to a potentially unsafe vehicle. Rules can only be
24 legally modified by the amendment process that allows for
25 public comment and input, a process that is apparently too

1 inconvenient for the trade associations or the division
2 director.

3 Enforcement actions are primarily limited to
4 technical paperwork-like violations for motor vehicles,
5 sales of non-salvage vehicles by salvage dealers, and
6 failure to file insurance certificates and administrative
7 penalties for oversize/overweight traffic tickets for
8 movers and motor carriers. Complaints from licensed trade
9 associations and financially large licensees are acted on
10 immediately in the name of customer service, usually with
11 a favorable result.

12 Complaints from consumers, unless they complain
13 to a local television station, are relegated to an
14 attorney which may require a year or more for resolution
15 without any prioritization for the severity for the
16 offense and many times to the detriment of the consumer.

17 The people of Texas are the real customers of
18 the department and deserve at least the preferential
19 treatment the department gives its licensees. This board
20 should take action to reform TxDMV, make it prevent fraud,
21 unfair practices, discrimination, impositions or other
22 abuse of the people of this state, and in its practice of
23 regulation of the special interests by the special
24 interests and for the special interests. The people of
25 Texas expect nothing less.

1 Thank you for your time, and we'll talk again
2 next month. And I have ten seconds.

3 MR. WALKER: Thank you, Mr. Hickman.
4 Appreciate your comments.

5 I have three other people who would like to
6 speak on some items, 5.B, 5.B, and 5.A.6. Would you
7 prefer to wait, do it right now? Would you like to wait
8 until the item comes up? Okay. We'll wait on those until
9 we get to those particular items and let you speak either
10 before or right after that. I guess it would probably be
11 best to listen before.

12 Let's go to the executive director and talk
13 about our quarterly performance measures. Ms. Brewster.

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

16 In your board books you will find, starting on
17 page 6, the first quarter key performance indicators
18 dashboard and on page 7 the second quarter KPIs. This is
19 just a briefing, a short briefing on the status of the
20 performance of the agency when it comes to its key
21 performance indicators.

22 We have seen an increase in the overall
23 performance from 4.64 to 5.11 over the first quarter. We
24 improved in every area that we measure being performance
25 driven, optimized services and innovation, and being

1 customer centric. So I'm very pleased to report that we
2 are improving on all of our major KPIs.

3 Of note, I did want to point out some where
4 we've seen significant improvement. The percent of total
5 dealer title applications through WebDealer, for instance,
6 has gone from 3.19 percent in January of 2015 to now 17.03
7 percent. Also, the percent of total lien titles that are
8 electronic lien titles issued, that has gone from 37.18
9 percent in January to 39.47 percent. And so I'm very
10 pleased to see that the agency's innovation is being
11 utilized by our stakeholders.

12 I also wanted to point out in all of our
13 program areas we saw a dramatic increase in the number of
14 training sessions available to our stakeholders in areas
15 in the Motor Carrier Division, in Vehicle Title and
16 Registration, in Enforcement, in Motor Vehicle Division.
17 Across the board we have seen an uptick in that area.

18 Also, one that I'm particularly pleased about
19 is the percent of customers and stakeholders who express
20 above average satisfaction with communications to and from
21 the TxDMV. I'm happy to report that almost all of our
22 divisions have implemented a survey to get feedback from
23 stakeholders, as well as customers on the performance of
24 the agency, and that has increased from 78 percent in
25 January to 81 percent in June.

1 MR. WALKER: So where do you see that on this
2 particular chart?

3 MS. BREWSTER: Mr. Chairman, you have the
4 dashboard and I'm going into just some of the highlights
5 of the items that contributed to what you're seeing in the
6 dashboard.

7 And then finally, I do want to note in the
8 consumer relations division we saw a huge increase in the
9 wait times, in the performance of our ability to take the
10 calls and handle the calls that we're receiving. I want
11 to commend Ginny Booton and her team for all of the work
12 that they've done to serve our customers in the most
13 timely fashion that they're able to do. And so we've seen
14 improvements in areas of abandoned call rate and average
15 hold time. So thank you to Ms. Booton and her team.

16 And I would like to thank the agency and its
17 employees for all for their hard work in improving the
18 KPIs over the last quarter, and we're going in the right
19 direction.

20 So with that, Mr. Chairman, I'd be happy to
21 answer any questions that you have, you or any other
22 member.

23 MR. WALKER: Does anybody on the board have any
24 questions of Ms. Brewster about any of these KPIs?

25 (No response.)

1 MR. WALKER: Seeing that, I guess we can move
2 on to Best of Texas Awards, Ms. Brewster.

3 MS. BREWSTER: Thank you, Mr. Chairman.

4 One of the highlights of my job is to be able
5 to recognize employees for a job well done, and I do want
6 to recognize Tom Benavides, who's hiding behind the pole.
7 Tom, if you'll come around and show your face.

8 Tom is our infrastructure services manager. He
9 recently received a Best of Texas Award for outstanding IT
10 service and support award.

11 (General talking and laughter, and applause.)

12 MS. BREWSTER: The Best of Texas Awards program
13 salutes information technology professionals and projects
14 in Texas state and local government organizations and
15 educational institutions.

16 Just a little bit about Tom. He joined the
17 agency in October of 2014 and he has led his team through
18 the successful implementations of telephone and call
19 center functions at the 16 regional service centers across
20 the state for our department, as well as replacement of
21 the legacy call center for headquarters. He has also
22 overseen a project to upgrade the network connectivity for
23 513 office locations across the state and to convert the
24 TxDOT to TxDMV.

25 And I just want to thank Tom very much for his

1 professionalism, his work ethic and dedication to public
2 service. He has really helped us to be able to focus on
3 the customer, and I'm very proud of Tom. Thank you very
4 much.

5 (Applause.)

6 MS. BREWSTER: The agency also received another
7 award for the National Motor Vehicle Title Information
8 System, NMVTIS, as the best application serving the
9 public. And just a little bit about NMVTIS, I know that
10 this board is well aware of what NMVTIS is, but for those
11 who are listening who may not, this is an electronic
12 system created to prevent the introduction or re-
13 introduction of stolen motor vehicles into interstate
14 commerce, as well as to protect consumers from fraud and
15 unsafe vehicles. This was an enterprise-wide project, and
16 I want to thank the agency, all of those employees that
17 worked very, very hard to implement this at the TxDMV,
18 namely the Enterprise Project Management Office, IT
19 Services, Vehicle Titles and Registration Division, and
20 multiple others in some sort of fashion. It was obviously
21 a job well done.

22 And just to give you a little bit of
23 information on some of the benefits that we have seen
24 since NMVTIS has been implemented, statistically between
25 May 12, which was when we launched, of 2014 till April of

1 this year we have identified 9,247 odometer discrepancies,
2 over 15,000 omitted value limiting brands, including
3 junked and non-repairable vehicles which are prohibited
4 from being registered or titled. We've also seen 2,135
5 invalid or superseded titles.

6 And so again, I want to thank the department
7 for the agency staff for working very, very hard to
8 implement NMVTIS, and I think we're seeing a huge payoff
9 in terms of the service and the protection that we are
10 able to provide the public.

11 So with that, Mr. Chairman, I will conclude my
12 remarks.

13 MR. WALKER: Thank you very much, Ms. Brewster.

14 And congratulations to you and the agency for achieving
15 these commendable awards and goals.

16 With that, I'm going to kind of skip around
17 here before we go into executive session and try to knock
18 some stuff out. Let's go to agenda item number 4.B,
19 Finance and Audit Committee update. Board Member
20 Palacios.

21 MR. PALACIOS: Yes, Chairman Walker, fellow
22 board members. The Finance and Audit Committee of the
23 TxDMV met yesterday afternoon. I presided over the
24 meeting which was also attended by Members Ingram,
25 Slovacek and Rush. The committee considered five agenda

1 items, and I will be summarizing staff's presentation of
2 those items and presenting the committee's recommendations
3 in this report.

4 Three of the items from the committee require
5 action by the full board. I will present those three
6 items first, along with the committee's recommendation for
7 board action, and I will then present updates on the
8 remaining items we were briefed on in the meeting without
9 repeating the presentations made by staff. All of the
10 staff who made those presentations are available today in
11 case you have any followup questions.

12 In the first item requiring board action, TxDMV
13 Chief Financial Officer Linda Flores and her staff
14 presented the 2016 preliminary operating budget. A total
15 fiscal year 2016 budget is \$198.9 million. Ms. Flores
16 reminded the committee that the source of funding for
17 fiscal year 2016 is general revenue. The agency will not
18 be relying on funding from the TxDMV Fund until fiscal
19 year 2017.

20 This budget includes \$69.4 million for capital
21 projects which will be providing through funding for the
22 TxDMV automation project, application migration server
23 infrastructure, the Data Center service contract, county
24 and agency growth and enhancement, CVISN, and relocation
25 of at least two regional service centers. The budget

1 reflects an allocation of 763 FTE approved as part of the
2 2016-17 state budget passed by the legislature and signed
3 by the governor.

4 Finally, the budget presentation by Ms. Flores
5 sought authorization for five routine contracts. He board
6 would otherwise see these contracts individually at our
7 meetings, but the staff is bringing these to the board as
8 a group for approval as part of the budgeting process.
9 These include a pending amendment to the RTS refactoring
10 contract, maintenance services for the TxIRP and TxPROS
11 systems, technical consulting services in the CVISN grant
12 for the bridge hit avoidance technology, and a contract
13 for the AAMVA for required access to the Nation Motor
14 Vehicle Title and Information Systems.

15 The committee recommends the board approve the
16 2016 operating budget as recommended by staff and as shown
17 in your board book beginning at page 24. This would
18 include approval for the executive director to negotiate
19 and execute five contracts seen in the revised handout
20 provided by Ms. Flores.

21 MS. FLORES: My apologies. We did not bring
22 copies of that handout but we'll get them to you. We'll
23 have those to you shortly.

24 MR. PALACIOS: Okay. Thank you.

25 Ms. Flores and her staff are available and can

1 answer any questions you have about the specifics of the
2 2016 operating budget.

3 And with that, I'd like to move that the board
4 approve the fiscal year 2016 operating budget as
5 presented, including contracts listed on revised page 31
6 of the fiscal year 2016 operating budget.

7 MR. BARNWELL: Second.

8 MR. RODRIGUEZ: Question, Mr. Chairman.

9 MR. WALKER: We have a motion to accept the
10 report, we have a motion made by -- who made the motion?
11 I'm sorry.

12 MR. PALACIOS: I did.

13 MR. WALKER: Raymond did. And we have a second
14 by Mr. Slovacek? By the chief. So now we'll take
15 comments on this. Any comments? Mr. Rodriguez, I think
16 you have a question.

17 MR. RODRIGUEZ: I just had one question. I
18 know that we're trying to wrap into this the contracts
19 that would normally be brought individually before us
20 because we have specifically passed a resolution saying
21 contracts exceeding X amount have to be brought here. I
22 just want to make sure that wrapping them here is okay as
23 opposed to the requisite that the board has set forth for
24 the director before.

25 MR. DUNCAN: It is, and the varying list, the

1 two lists, some of the contracts are statutorily required,
2 we have no choice, like the printing of the license plates
3 by TDCJ in Huntsville. Then other contracts are within
4 the bounds of the delegation that you've already given to
5 staff, and then these five we would normally bring them
6 one at a time but we decided to wrap them into the budget.

7 It's just the same. If you guys have seen the contracts
8 and reviewed them and given approval for Ms. Brewster to
9 execute them, then it's the same as us bringing them to
10 you individually.

11 MR. RODRIGUEZ: Okay.

12 MR. WALKER: Any other questions?

13 (No response.)

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

16 (A chorus of ayes.)

17 MR. WALKER: All opposed same sign.

18 (No response.)

19 MR. WALKER: The motion carries unanimously.

20 MR. PALACIOS: Thank you, Chairman Walker.

21 The committee would like to present the annual
22 audit plan as laid out by Sandra Vice, Internal Audit
23 director. The Finance and Audit Committee reviewed the
24 proposed internal audit plan for fiscal year 2016
25 presented by Ms. Vice. The document is in your board

1 books on page 69.

2 The Texas Internal Auditing Act requires
3 internal audit to develop a plan each year and obtain
4 board approval. Agencies are required by state law to
5 post the approved audit plan on the agency website within
6 30 days of approval. Also, the audit plan is one of the
7 required elements of the internal audit annual report
8 which is due by November 1 to the Governor's Office and
9 the Legislative Budget Board, the State Auditor's Office,
10 and the Sunset Advisory Commission.

11 In addition to producing the required annual
12 audit plan and annual audit report, the plan proposed by
13 our internal auditor, Ms. Vice, would have staff
14 performing four projects this year on the following
15 topics: a TxDMV fraud prevention program, RTS refactoring
16 and single sticker post-implementation review,
17 oversize/overweight permitting, and Driver's Privacy
18 Protection Act.

19 Ms. Vice also plans to reevaluate the
20 objectives and scope of the Texas International
21 Registration Plan which is a carryover from fiscal year
22 2015 audit plan after the Texas IRP undergoes an external
23 peer review in November 2015. If audits are performed in
24 less time than estimated or other audit resources are
25 available, internal audit proposes adding audits on the

1 following: My Plates contract and Enforcement Division.

2 Ms. Vice is available any questions you have
3 about the audit plan.

4 The committee reviewed and tentatively approved
5 the plan after discussion in the committee meeting. The
6 committee recommends the board approve the fiscal year
7 2016 audit plan as offered by Ms. Vice.

8 MR. INGRAM: Mr. Chairman, I move that the
9 board approve the DMV audit plan for fiscal year 2016 as
10 presented.

11 MR. WALKER: We have a motion by Mr. Ingram to
12 accept the internal audit plan.

13 MR. BARNWELL: Second.

14 MR. WALKER: We have a second by Mr. Barnwell.
15 Any questions or comments?

16 MR. RODRIGUEZ: Question, Mr. Chairman.

17 MR. WALKER: I'll have some too. I'll let you
18 go first, Mr. Rodriguez.

19 MR. RODRIGUEZ: Ms. Vice, one of the objectives
20 for 2016 is to assess the department's preparedness and
21 knowledge about preventing, detecting and reporting fraud.

22 I'm just wondering if that is narrowed down to one area.

23 That seems like a pretty broad challenge is what I'm
24 suggesting to you. I'm wondering if you're looking at
25 finance data, are you looking at practices. I don't know

1 what that means so I'm just trying to figure that out.

2 MS. VICE: Sandra Vice, Internal Audit
3 director.

4 It is broad, sir, because it is looking at the
5 agency's complete approach to fraud prevention and
6 awareness, so we would be looking at what the Association
7 of Certified Fraud Examiners suggests that agencies have
8 in place, and so we would look at our policies, we would
9 look at the awareness that staff have, and then we would
10 make recommendations to make our program broader. It
11 might include things like having additional posters,
12 having additional training for staff. So it would look to
13 see if we have sufficient broad approach to educating our
14 staff about their responsibilities and the method of
15 reporting fraud.

16 MR. RODRIGUEZ: So this is more about whether
17 or not we have processes and procedures in place as
18 opposed to identifying any one area.

19 MS. VICE: Yes, sir. Because the Association
20 of Certified Fraud Examiners has concluded that it is much
21 cheaper to have a good preventative program than to be
22 putting money into detection. That's a lot harder and
23 more expensive, so increasing the awareness and making
24 sure that we have good preventative approaches in place.

25 MR. RODRIGUEZ: DPPA is the protection of

1 driver information?

2 MS. VICE: Yes, sir.

3 MR. RODRIGUEZ: My question is, and we talked
4 about basically integrity of our data systems and we're
5 looking at one sub unit as opposed to the overall data
6 system.

7 MS. VICE: So in this particular audit what we
8 would be doing is this agency has to follow the federal
9 law and the state law in terms of who they can and who
10 they cannot provide confidential information that
11 motorists provide. And so what we would be doing is
12 looking at the agreements that we have in place to sell
13 data and to make sure that we are selling it only to those
14 that are supposed to be receiving the data and that they
15 are using it appropriately, to make sure that we have the
16 contracts in place, to hold them accountable if they are
17 not using it appropriately.

18 MR. RODRIGUEZ: When you say using it, once we
19 sell it, I mean, we really lose control of what they do
20 with it. Right? It's what we sell that we should be
21 controlling.

22 MS. VICE: Yes, sir.

23 MR. RODRIGUEZ: And some of that ties into some
24 of these public reports we've had over the last year or
25 so. Right?

1 MS. VICE: Yes, sir.

2 MR. RODRIGUEZ: I'm asking.

3 MS. VICE: We always look at the integrity of
4 data whenever we do an audit, so for example, the titling
5 audit that we just did, we looked at the data within the
6 registration and titling system and we concluded that the
7 data is very good because we were able to trace it back to
8 the supporting documents that feed into it, and so we
9 always look at the integrity of data in systems when we
10 look at them.

11 MR. RODRIGUEZ: And I just want to be clear,
12 when you say you want to see what they're doing with it,
13 we really have no control over what company X or Y does
14 with data they buy from us. We should be looking at what
15 we're selling them and make sure that what we're selling
16 to them is information that we can sell or should be able
17 to sell, as opposed to not.

18 MS. VICE: Well, they do sign a contract that
19 says that they are buying it for a certain purpose, so
20 whether we're holding them accountable for that, for the
21 purpose that they said they were going to buy it for.

22 MS. BREWSTER: Mr. Chairman.

23 MR. WALKER: Yes, ma'am.

24 MS. BREWSTER: May I ask Jeremiah Kuntz to
25 speak to the issue of DPPA?

1 MR. WALKER: Yes, ma'am.

2 MS. BREWSTER: Thank you.

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

5 One of the things that we do is we very
6 periodically check on what's going on with those
7 individuals that are using that data. If we receive a
8 complaint from a customer that says that they have
9 received a marketing piece of information through the
10 mail, we will investigate that and see if we can track
11 down which vendor sent that. So we do go out and look
12 actively to see if somebody is misusing that. Generally
13 it is when somebody files a complaint that says that their
14 information has been misused, so we do go out and look at
15 those on occasion.

16 MS. RYAN: And what actions would we take once
17 we find out that a particular party or vendor is misusing
18 the information?

19 MR. KUNTZ: It does not happen often but we can
20 revoke their access to that data.

21 MR. BARNWELL: How much revenue per year is
22 generated from the sales of this data?

23 MR. KUNTZ: I don't have that number in front
24 of me, but we could get that information if you needed it.
25 And that is on a cost recovery, so when we charge

1 somebody, it's to recover our cost of providing that data.

2 MR. BARNWELL: So that's a breakeven thing, an
3 expense we wouldn't incur if we weren't going to the
4 trouble of assembling it and selling it.

5 MR. KUNTZ: Correct, yes.

6 MR. BARNWELL: I'd like to know how much
7 revenue we get each year from that. I understand that
8 it's supposed to be a zero sum game, I'd just like to know
9 how much revenue there is there. It sounds like it's
10 fraught with the possibilities of abuse.

11 MR. RODRIGUEZ: My concern with this is asking
12 you to be certain that we're not selling, providing or
13 given access to information about anyone that's done
14 business with us that we shouldn't. I mean, there's
15 certain information that's protected across the board and
16 that's the only concern I have is to make sure we're not
17 we're not selling pieces of data about anyone that we
18 should not be selling or giving access to. That's what
19 I'm asking if you'll keep your eyes on in terms of this
20 DPPA.

21 MS. VICE: That is the primary objective of
22 this project.

23 MR. BARNWELL: Jeremiah, when was this
24 authorized? Is this authorized by statute, is this
25 authorized by board action, or what?

1 MR. KUNTZ: Yes, sir. So there are both
2 federal and state statutes that --

3 MR. BARNWELL: I know preventing it, but what
4 authorizes us to sell it?

5 MR. KUNTZ: Under state law we have the
6 authorization to sell it for very specific purposes. And
7 I want to make sure that we've very careful when we say
8 selling it. We're providing the data and we're charging
9 them for our cost recovery, we're not selling it.

10 MR. BARNWELL: Well, you're selling it, you're
11 just not supposed to make any money, but you're definitely
12 selling something because they're buying something.

13 MR. KUNTZ: Yes, sir. And there are very
14 specific purposes that that data may be used for that is
15 listed out in statute. It is not allowed to be used for
16 marketing purposes or for surveys or those kinds of
17 things, so it is very specific for serving a governmental
18 function, for like tow truck companies to be able to
19 locate the owner of a vehicle that's been towed, insurance
20 companies to be able to locate owners of vehicles, that
21 kind of stuff, and it's also for law enforcement. That's
22 one of our larger consumers of this information is law
23 enforcement.

24 MR. BARNWELL: I can understand their need to
25 have that data, but I also know that I've received any

1 number of advertising flyers and brochures from people
2 after I've bought a car or leased or car or whatever, so
3 the opportunities for abuse here are definitely there.
4 These people are using the information that you supply at
5 no cost.

6 MS. RYAN: Well, Barney, can I speak to that?
7 There's a difference between what vendors may get
8 information from us per driver's licenses and if you've
9 bought a car then there's different statutes and rules
10 that if you've provided them, they get the information
11 from you, they can then market you because you've provided
12 them because you bought a car or you did business with
13 them by using insurance or you have a credit card with
14 them, so that's different.

15 So maybe we can get or the staff can provide us
16 with the statute on how a vendor can get information from
17 the agency and how that information can be used and what
18 charges so that we're educated on that, versus how we
19 probably don't have the information how it can be
20 marketed. But there is a differentiation there because
21 the dealers use it differently and insurance companies,
22 and there's a line there. I don't know all the details on
23 the marketing.

24 MR. BARNWELL: Well, the bottom line is there
25 is no privacy today.

1 MS. RYAN: Correct.

2 MR. BARNWELL: Whether it comes from the DMV or
3 it comes from whatever source, there's very little
4 privacy. I just want to make sure we protect ourselves as
5 an agency and protect the public as an agency, and I'm
6 sure you're doing that, I'd just like to see what's going
7 on with it.

8 MS. RYAN: I'd like to stop all of it.

9 MR. WALKER: Excuse me. Let me have the floor
10 a second as the chairman. So Barney, I think what we're
11 talking about here is the internal audit plan and that is
12 a part of the internal audit plan and that we have tasked
13 Ms. Vice to go over there and investigate and to go do an
14 oversight of that, and should there be any problems with
15 that information getting out or getting to the wrong
16 people, she should be able to uncover that during that
17 audit.

18 Would that not be the intent of your audit, Ms.
19 Vice?

20 MS. VICE: That is correct, Chairman.

21 MR. WALKER: So let's go back to the internal
22 audit plan and let's talk about directly if there are any
23 more questions about any specifics about that. And I have
24 two comments real quick.

25 Number one is I'm looking at you have three

1 people in your division. Correct?

2 MS. VICE: Yes, sir.

3 MR. WALKER: So you're allocating 4,700 hours
4 of time here and then 2,000 hours over here, so you've
5 pretty much allocated exactly. There's 2,080 hours in a
6 year per employee, I think, if you run 52 weeks and 40
7 hours a week, so you've pretty much booked this exactly to
8 three people times a year's worth of work. So do you find
9 that when you do these audits -- I know you can't be
10 exact, but do you find you kind of go quicker on some of
11 these and shorter on others?

12 MS. VICE: What we have found so far is that we
13 end up going a little longer, and the reason is that as we
14 discover issues a lot of times and we're briefing
15 management, they're interested in posing additional
16 questions, so we end up sometimes doing a little bit more
17 to make sure that are covering all of the risks.

18 MR. WALKER: So when I'm looking at the book
19 right here, we have your items under there's a blue tab
20 and then there's a green tab, and the blue tab is the
21 items that we are going to do first and then the green tab
22 are we're going to get to these if we have time?

23 MS. VICE: Right. They are contingent on us
24 having time.

25 MR. WALKER: But the contingencies really are

1 part of the three hours of 2,080, the way I look at it.
2 Is that not correct? So the likelihood is that you would
3 do those audits. True or false? I guess I could go back
4 to your statement that said they go longer than we
5 anticipate.

6 MS. VICE: I don't at this time believe that we
7 will get to the green tab, table 2, unless, for example,
8 we don't end up doing the Texas IRP audit, if we conclude
9 that the work that was done by the peer review team is
10 sufficient to cover all the risks that we were going to
11 look, then we might have additional hours. But at this
12 time with three resources, I don't believe we will get to
13 table 2.

14 MR. WALKER: And I know you're an auditor,
15 you're a lot smarter than I am, so if I were going to pick
16 one of these items, let's just take My Plates, for
17 example -- and I don't know if Steve is here today or
18 not -- but you're going to spend 800 hours, it says,
19 auditing the My Plates contract that we just redid here a
20 year ago, and for finding out that it has been, the last
21 sentence here: Verify the DMV is receiving the revenue it
22 is due in a timely manner. I just have a hard time
23 visualizing 800 hours auditing that particular program.
24 That's four months of one person's time.

25 MS. RYAN: I guess the good news is she doesn't

1 think she's going to get to it.

2 MS. VICE: And it might not take that long,
3 sir. Until we start planning the project and find out
4 what there is to audit because it hasn't been in place
5 this long, there may not be as many invoices, but we would
6 want to look at the contract, we'd look at the bidding
7 process, we'd look at whether it's got all the contract
8 terms. There's a lot of other things that go into an
9 audit that we want to provide the board and the
10 legislature assurances that we're doing right.

11 MS. RYAN: And would the board and the staff
12 have -- if at that time you feel that there's resources
13 available, and I guess Whitney as the agency director and
14 Raymond as the chairman of the committee and the board
15 would have the ability to say we'd like to redirect those
16 resources because there's something else that we feel has
17 higher concern or precedence at that particular time.
18 Correct?

19 MS. VICE: Absolutely. And the board has done
20 that already my first year here.

21 MS. RYAN: So if there is time available and we
22 have higher concerns at that particular time and we don't
23 feel that that is something that's relevant or as
24 concerning, then we could redirect those resources.

25 MR. WALKER: And I've done that before.

1 MS. VICE: This is part of the reason why I
2 present it like this, per your suggestion, is so that once
3 this plan is approved I can do any of these audits at your
4 direction without coming back for another board action.
5 Now, if you want me to do an audit that is not on the
6 plan, that would take additional board action.

7 MS. RYAN: But the blue ones are ones that will
8 definitely get done.

9 MS. VICE: Yes.

10 MS. RYAN: It's the green ones that we feel are
11 optional at this point.

12 MS. VICE: Yes.

13 MS. RYAN: Is that correct?

14 MR. PALACIOS: Yes, that's correct.

15 MR. RODRIGUEZ: Ms. Vice, you have yourself and
16 three other staff?

17 MS. VICE: No. There's three total, sir.

18 MR. RODRIGUEZ: Three total, so you've got a
19 total of 6,100 hours, more or less, to work with. And if
20 I look at this correctly, you're suggesting 6,700 hours of
21 work here that includes the green tab.

22 MS. VICE: The reason, sir, is because auditors
23 don't calculate 100 percent, we have a lot of other things
24 that we have to do. For example, follow up on
25 investigations, external coordination, we have to take

1 training to maintain our certification, so all of those
2 things take time, and so the audits is just a portion of
3 our time.

4 MR. RODRIGUEZ: I understand that. I'm just
5 saying that you're putting up there in the budget scenario
6 6,700 hours when you've only got 6,000 hours to work with.

7 MS. VICE: Yes, sir, and that's because we
8 might be able to start a project that may not finish
9 within the year.

10 MR. RODRIGUEZ: Thank you.

11 MR. WALKER: Any further questions of Ms. Vice
12 or Mr. Palacios about the internal audit plan for 2016?

13 (No response.)

14 MR. WALKER: So I apologize, I didn't write
15 down, I have a motion and a second. I don't remember who
16 made them at this point.

17 MR. INGRAM: It was my motion.

18 MR. WALKER: It's Blake's motion.

19 MR. BARNWELL: I second that motion.

20 MR. WALKER: Okay. Thank you.

21 So all in favor signify by saying aye.

22 (A chorus of ayes.)

23 MR. WALKER: All opposed same sign.

24 (No response.)

25 MR. WALKER: The motion carries unanimously.

1 MS. VICE: Thank you.

2 MR. PALACIOS: Chairman Walker, the final item
3 for full board action from the F&A Committee meeting
4 yesterday is renewal and amendment of the interagency
5 contract with the Texas Department of Transportation.

6 Staff has been in discussions with TxDOT
7 management and staff since the beginning of summer and
8 have renegotiation the IAC. The agreement governs the
9 interplay between TxDOT and TxDMV on a range of issues
10 including facilities, information technology, and
11 operational issues such as information exchange on
12 oversize/overweight permitting decisions.

13 This year TxDMV requested and TxDOT has
14 tentatively agreed on the appendix which will allow TxDMV
15 to use space at the TxDOT Austin regional office in north
16 Austin in the event of an emergency event that requires
17 staff to be located away from TxDMV headquarters for an
18 extended period.

19 The agreement has also been clarified to
20 specify more clearly certain IT exchange issues on motor
21 vehicle information and access to historical TxDOT web
22 portals needed for motor carrier operations.

23 Finally, the annual not to exceed total for the
24 IAC has been reduced from \$3 million last year to \$2.25
25 million this year to reflect the continued separation of

1 TxDMV operations from TxDOT support.

2 The committee recommends the board grant to
3 Executive Director Brewster the authority to negotiate any
4 outstanding issues with TxDOT and to execute the 2016
5 annual interagency contract with TxDOT with prior approval
6 and input from both the chairman of the Finance and Audit
7 Committee and Chairman Walker.

8 MR. BARNWELL: Mr. Chairman, I move that the
9 board authorize the agency's executive director to
10 negotiate and execute the fiscal year 2016 interagency
11 agreement between TxDOT and TxDMV, as well as any
12 amendments to the contract, with the approval of the
13 Finance and Audit Committee chairman and the Board
14 chairman.

15 MR. RODRIGUEZ: Second.

16 MR. WALKER: We have a motion by Mr. Barnwell
17 to allow the executive director, with the approval of the
18 financial chairman and the board chairman, to enter into
19 and finalize negotiations of a memorandum of understanding
20 between the two agencies. Is that correct? Did I get
21 that right?

22 MR. BARNWELL: Correct.

23 MR. RODRIGUEZ: No, you didn't -- I'm kidding.
24 (General laughter.)

25 MR. WALKER: I got that. So we have a motion

1 and we have a second. Are there any questions about the
2 MOU? Does anybody want to discuss any particular aspects
3 of the MOU?

4 MS. RYAN: Our current one ends at the end of
5 the month?

6 MS. BREWSTER: Yes. The FY '15 MOU or
7 interagency agreement expires at the end of this month.

8 MS. RYAN: And our negotiations are currently
9 going well?

10 MS. BREWSTER: Yes, they are. There is one
11 remaining item regarding the time required to vacate a
12 property should TxDOT need the facility that we currently
13 reside in, which I intend to call General Weber directly
14 about.

15 MS. RYAN: So you're comfortable with where
16 we're at?

17 MS. BREWSTER: Yes, ma'am.

18 MS. RYAN: Okay.

19 MR. WALKER: So in summary, let me summarize
20 some of this, Raymond, for the public record, is that the
21 MOU is pretty much in line where it has been repetitiously
22 over the past, I guess, six years now we've been doing
23 this, that not a whole lot has changed but that at this
24 point in time the hurdle I think that we are trying to get
25 over is that we would like to put a clause in the

1 memorandum of understanding that protects our agency that
2 gives us the ability to have some time if they were to
3 take and cancel one of our -- actually, we don't have
4 leases, but sell one of our buildings or facility that we
5 get notification. Is that the last part of what we're
6 trying to accomplish here?

7 MS. BREWSTER: Mr. Chairman, currently the
8 interagency agreement contemplates a year notification.
9 What we would like to include is a clause that indicates
10 that unless we have an appropriation for moving out of a
11 facility or into a new facility that we are allowed to
12 remain in the facility until we are able to secure that
13 appropriation.

14 MR. WALKER: That sounds very reasonable.

15 MS. BREWSTER: And I might note, General Weber
16 has been very public in stating that he and the rest of
17 the TxDOT agency need to take care of TxDMV, and so I'm
18 confident that we can reach resolution on this issue.

19 MR. WALKER: And I'm sure the Governor's Office
20 is very supportive of that also.

21 MS. BREWSTER: Yes, sir, and they have stated
22 that as well.

23 MR. WALKER: So with that, we have a motion and
24 we have a second. All in favor of this motion to move
25 forward on the MOU, signify by saying aye.

1 (A chorus of ayes.)

2 MR. WALKER: All opposed same sign.

3 (No response.)

4 MR. WALKER: Motion carries.

5 MR. PALACIOS: Lastly, Chairman Walker and
6 fellow board members, I'd like to submit the Finance and
7 Audit Committee report on the non-action briefing items
8 from our meeting yesterday.

9 Fiscal year 2015 third quarter financial
10 report. TxDMV assistant chief financial officer, Renita
11 Bankhead, briefed the committee on the financial report
12 for the third quarter of the fiscal year. The main points
13 in that report were at the end of the third quarter the
14 state had received \$4.8 million under the new My Plates
15 contract. We know today that the state has reached its
16 \$25 million commitment on July 17, 2014 under the first My
17 Plates contract. The current contract period ends on
18 November 18, 2019 and the revenue guarantee for the new My
19 Plates contract is \$15 million to the general revenue
20 fund.

21 The agency intends to carry forward
22 approximately \$29.6 million to the next fiscal year 2015
23 for automation and other capital projects continued
24 progress on its capital initiatives.

25 The Internal Audit Division status report for

1 2015, an update on audit of internal controls on Texas
2 titling processes. Finally, Ms. Vice presented the
3 committee with a status report on the internal audit
4 activities which is on page 67 of your books, as well as
5 the results of the audit on internal controls over the
6 State of Texas titling processes which is on page 77.
7 Overall, Ms. Vice reported that the TxDMV has established
8 effective internal controls over titling processes and
9 management agreed with the recommendations in the report.

10 That concludes the report, Chairman Walker.

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

12 MR. RODRIGUEZ: There's no action, Mr.

13 Chairman?

14 MR. WALKER: I don't think you need any action
15 on that, but we'll take some questions on that. Does
16 anybody have any questions? I do, Linda, if you don't
17 mind.

18 I was reading this last night on the My Plates
19 deal, and we're at I guess it's a three year contract.

20 MS. FLORES: Five year.

21 MR. WALKER: Five year? I thought he said
22 through '17.

23 MR. PALACIOS: Nineteen.

24 MS. FLORES: Nineteen.

25 MR. WALKER: Oh, okay. So '19, and it's a \$15

1 million guarantee, and already in the first not even
2 without a year elapsed in the present contract we're
3 already at 33 percent of it, roughly, is already in house?

4 MS. FLORES: For the record, Linda Flores, CFO.

5 Yes, sir, you're correct. Under the new
6 contract through the end of June we'd already hit the \$5
7 million mark in the first year.

8 MR. WALKER: So they're just going to blow this
9 thing out of the water this year.

10 MS. FLORES: For the first year, yes, sir,
11 they're ahead of their goal.

12 MR. WALKER: That's wonderful.

13 I had another question when I was reading this
14 and not sure I understand or should, but it says about
15 these encumbrances. I understand what encumbrance means
16 but I'm not sure I understand what encumbrance on your
17 financial report means.

18 MS. FLORES: An encumbrance in state government
19 is an obligation that's already, that we have a contract,
20 we know that this dollar was set aside for this particular
21 purpose. For example, the RTS refactoring project is a
22 good example. That initial contract was almost \$40
23 million. We've encumbered those dollars, so as we pay we
24 de-obligate the encumbrance for that payment and it moves
25 over as an expenditure.

1 MR. WALKER: So that would have been my
2 interpretation exactly, so that's why I questioned because
3 you have encumbrances of, for example, fuel and
4 lubricants. How would we have a fuel and lubricant
5 encumbrance? Why would we have a commitment for fuel and
6 lube going forward?

7 MS. FLORES: We probably know that by the end
8 of the year we were going to set aside so much money for
9 the year, so what we'll do here in the next -- our year
10 ends August 31 -- is that encumbrance may be liquidated by
11 the end when we're doing our closeout, but we knew that we
12 needed that money set aside. So we can set aside those
13 dollars because we know we're going to need them.

14 MR. WALKER: So what you're saying is some of
15 this really isn't what I would call an encumbrance, you're
16 accruing in my world.

17 MS. FLORES: Yes, sir.

18 MR. WALKER: I'm thinking of an encumbrance as
19 being, okay, we're going to buy the machine and we're
20 going to spend a million dollars. We've committed to buy
21 it, it's a deal. And when I think of fuel, when I think
22 of utilities, they're variable costs that, okay, I can say
23 that sure, we can estimate that we're going to use this
24 much in power to run the electricity in the building, but
25 it's not an encumbrance in my mind, it's just going to be

1 an expense that's there when it happens, or we can accrue
2 it.

3 MR. RODRIGUEZ: But if you don't encumber it,
4 then you run the risk of not having it there when you need
5 it.

6 MS. FLORES: And that is a difference between
7 government. We know that we're going to get that utility
8 bill so we're going to set aside those dollars so that
9 nobody else can use them.

10 MR. WALKER: We get them in the private sector
11 too.

12 MS. BREWSTER: Mr. Chairman, if I might also
13 add. Whitney Brewster.

14 We also do review those encumbrances during the
15 midyear review so that if we're not spending at the rate
16 that we thought we would or we're spending more than we
17 thought we would, we can make those adjustments and ensure
18 that we have adequate funding to be able to cover those
19 costs.

20 MR. WALKER: Thank you, Ms. Flores.

21 MS. FLORES: Yes, sir.

22 MR. WALKER: Any other questions?

23 (No response.)

24 MR. WALKER: Mr. Palacios, I guess that
25 concludes yours?

1 MR. PALACIOS: Thank you.

2 MR. RODRIGUEZ: Mr. Rush is here.

3 MR. WALKER: Let the record reflect that it is
4 not 8:58 and Board Member Marvin Rush is now joining the
5 meeting. I'm sure he had technical difficulties on one of
6 his cars.

7 (General talking and laughter.)

8 MR. WALKER: Let's go to item 4.A, that is
9 briefing, discussion and consideration for possible action
10 on the creation of a Household Goods Motor Carrier
11 Advisory Committee and appointment of members. Mr.
12 Harbeson, would you like to come forward?

13 MR. HARBESON: Good morning, Mr. Chair, board
14 members. My name is Bill Harbeson and I'm the director of
15 the Enforcement Division for the Department of Motor
16 Vehicles.

17 This is agenda item 4.A, the creation of
18 Household Goods Advisory Committee. After a request from
19 John Esparza of the Southwest Movers Association, the
20 department is requesting the board to create a Household
21 Goods Carries Rule Advisory Committee to examine the rules
22 under Transportation Code 643.153(a) and (b), and then, if
23 necessary, make recommendations back to the board for
24 modernizing or streamlining those rules.

25 Transportation Code 643.155 provides that the

1 department shall appoint a rules advisory committee
2 consisting of representatives from the motor carrier
3 industry, and the statute is particular in that it says
4 that these should be household goods carriers that operate
5 small, medium and large equipment. The statute also says
6 there should be public representation and the department
7 should also have representation on that committee.

8 The following persons have been nominated to
9 serve on the committee: Jim French from San Antonio,
10 Texas -- the first group have been submitted as motor
11 carriers -- Konrad Gwaltney of Alba, Texas; Chad Miller of
12 San Antonio; Gary Hendley of San Antonio; Chris Moucka of
13 Carrollton; Steve Lancashire of Austin; Traci McCullah of
14 Houston; George Parrow of Houston; Bill Andis of
15 Richardson, Texas.

16 The representative for the public that's
17 proposed today is Carey Hurt, and she's the regional
18 director for the Better Business Bureau and has been a
19 very important partner with us in our regulation or our
20 programs that deal with household goods movers, and in
21 particular the prevention of fraud in that industry.

22 The representatives from the department that
23 are proposed today are myself, Bill Harbeson, and Carol
24 Fallin who is our chief investigator that handles this
25 type of case, the household goods cases.

1 I would be pleased to answer any questions the
2 board may have about the composition, the committee
3 itself, or the underlying statutes that we're dealing with
4 today.

5 MR. PALACIOS: Mr. Harbeson, when was the last
6 time we updated the rules?

7 MR. HARBESON: I'm not sure I can give you an
8 answer. It was before I came to the agency when it was
9 part of TxDOT, so six, seven, at least seven years ago.

10 MR. PALACIOS: Then looking at the committee
11 that you're requesting be assembled, I just want to be
12 certain that we have adequate representation from all
13 stakeholders because it looks like you have lots of
14 representation from, I guess, motor carriers and one
15 person from the general public. I don't know the
16 specifics as to what the rules are, but again, I just want
17 to be mindful that we get input from stakeholders across
18 the board.

19 MR. HARBESON: Yes, sir. I understand your
20 concern. There really aren't any rules on this. The
21 statute just says there should be representation from the
22 industry of small, medium and large equipment operators,
23 the public and the department. If the board desires, I
24 can go back and seek out further public participation on
25 the committee, and as to your decision today, I'd just ask

1 that you approve the formation with the members we've
2 presented and then I could provide you additional public
3 members or could provide the chair. The statute says the
4 department shall bring it in front of the board because
5 it's been our tradition to present to the board the
6 formation of these type of committees.

7 MS. RYAN: Is there a reason right now the
8 members are all household goods -- it looks like they're
9 all household movers.

10 MR. HARBESON: And that's per statute the
11 industry members will be household goods movers. This is
12 just to look at the rules dealing with household goods
13 movers.

14 MS. RYAN: And that's the only purpose, that's
15 the only rules would be changed regulating them.

16 MR. HARBESON: It's the only section.

17 MS. RYAN: So it's not necessarily motor
18 carrier?

19 MR. HARBESON: No. It's household goods motor
20 carriers.

21 MS. RYAN: Okay.

22 MR. RODRIGUEZ: Bill, a couple of questions.
23 This is a requirement for the department to establish.
24 Right?

25 MR. HARBESON: Yes, sir.

1 MR. RODRIGUEZ: I'm wondering if we should just
2 leave it to the department, Mr. Chairman. That's my first
3 question.

4 You said the following have been nominated.
5 I'm wondering who nominated them.

6 MR. HARBESON: We asked John Esparza, who asked
7 for formation of the committee, to do that, and so
8 Southwest Movers nominated these household goods movers.

9 MR. RODRIGUEZ: And last question, Mr. Duncan.
10 The difference between let's say a board-appointed
11 advisory committee as opposed to a department advisory
12 committee and the responsibilities attached therewith in
13 terms of either -- they will have to serve at their own
14 cost, their own expense. Right?

15 MR. DUNCAN: Yes, and that's in statute as
16 well. There are statutes that govern the operation of
17 true advisory committees which are committees of the
18 board, they advise the board directly, versus a working
19 group or some other group that advises the staff.

20 In terms of what that word "department" means,
21 it's not terribly well spelled out, but Bill correctly
22 stated that when we've formed committees like this that
23 advise the board that we've always come to the board, and
24 we believe that's a prudent practice. If it's the board's
25 desire to delegate the final formation of that to one

1 member or the chair or Ms. Brewster, that's what we do
2 with contracts as well -- I mean, not formation of it.
3 Again, you could form it and then say Ms. Brewster could
4 add members to the committee, but that would be at the
5 board's discretion.

6 MR. RODRIGUEZ: And what I'm trying to point
7 towards here, this is a board-appointed committee that all
8 the formalities from that committee meeting from that
9 point forward is creating record and setting up agendas
10 and all that kind of stuff are requisites of that
11 committee, are they not?

12 MR. DUNCAN: Yes, sir.

13 MR. RODRIGUEZ: If it's a department working
14 committee, that's different, none of those things attach.
15 I'm just thinking about the requirements and expenses
16 associated with a distinction about a department work
17 group committee as opposed to a board committee. That's
18 the distinction I wanted to make.

19 MR. HARBESON: Well, I would defer to the
20 General Counsel's office on that. The statute actually
21 refers to it as an advisory committee, and therefore, the
22 Government Code provisions talking about the operations of
23 an advisory committee would probably apply to this entity
24 as well.

25 MS. RYAN: And the agency has had very good

1 success, and I think, Bill, you've been part of a lot of
2 the advisory committees that the agency and the board has
3 worked with in the past looking at and revising rules in a
4 lot of different areas. And I think that's what you're
5 suggesting here, correct, same type of formation and input
6 to the staff and the board?

7 MR. HARBESON: Yes, ma'am. The success
8 certainly goes into my request today, but that's coupled
9 with the statute that says that the department shall
10 create this committee.

11 MS. RYAN: But that's, I think, the same
12 wording that we've had in other areas that we've been able
13 to work together with stakeholders and staff and the board
14 and to have really good outcomes with it. It's the same
15 format. Correct? I just am trying to confirm that I'm
16 understanding clearly.

17 MR. HARBESON: Yes. And I'm very optimistic
18 about what comes out of these committees or advisory
19 committees.

20 MS. RYAN: And they were advisory too.
21 Correct?

22 MR. HARBESON: Yes, ma'am.

23 MS. RYAN: Okay. I understand.

24 MR. WALKER: Bill, the rules that we're looking
25 at are the rules that govern the transportation of

1 household goods within the State of Texas. Correct?

2 MR. HARBESON: Yes.

3 MR. WALKER: And the rules might be along the
4 lines of a consumer asking the question of, okay, y'all
5 damaged mom's dining room table and how long do I have to
6 file a claim before it's null and void, a claim period for
7 filing a claim. Does that make sense? Are those the kind
8 of things we're talking about here?

9 MR. HARBESON: Yes. The statute actually lists
10 a number of mandatory topics that should be addressed in
11 these rules, and the one you just mentioned, that is, how
12 to handle claims for damaged property during a household
13 goods move, is one of the enumerated reasons why these
14 rules and the committee should happen.

15 MR. WALKER: Well, I'm a trucker and I almost
16 hate to make this statement, but it looks to me, and I've
17 listened to our board members, it looks like this
18 committee is made up of the foxes and nobody is looking
19 after the hens. We have one public consumer on there and
20 I think we really need more than one public person on this
21 committee if we're talking about the rules of how somebody
22 conducts household goods moving or any kind of trucking or
23 any kind of business that the general public needs some
24 input into that that says, hey, I ought to have at least
25 two weeks to file a claim or three weeks or whatever it

1 might be, something reasonable, but I mean, you've got to
2 have interaction from both sides.

3 So I think I have heard most of the board
4 members here want a little more and I would like to see
5 more input from the public segment on this committee and
6 it not just be made up of truckers. If it were going to
7 be a committee that goes over and says, okay, how many
8 tires do we need on the truck, well, truckers might want
9 to sit down and say I can do it safely with six tires
10 instead of five tires -- I don't know, just hypothetical.

11 But if it's rules that affect the public, there ought to
12 be some more public members on this committee.

13 MS. RYAN: I might suggest you don't make it
14 any larger.

15 MR. WALKER: And that's a good point because
16 once committees start getting so big, then they don't
17 become functional. I mean, maybe keep the committee
18 somewhat the same size we have it but let's add a few more
19 public members to that committee. And I think we can do
20 that, can we not?

21 MS. RYAN: And can we make the suggestion and
22 let you all go back and decide? Because it probably
23 shouldn't be our -- is it our authority to decide that?

24 MR. WALKER: It's ours.

25 MS. BREWSTER: Mr. Chairman, if I may. Whitney

1 Brewster.

2 If we could go back as an agency and look for a
3 couple more public members to bring back to the board for
4 consideration to be added to the advisory committee in our
5 next board meeting, would that be satisfactory?

6 MR. WALKER: I'm okay with that. I'm even open
7 to saying that we can approve this committee as long as
8 there's an addition of at least maybe two more people from
9 the public segment on it.

10 MR. BARNWELL: How many people are on the
11 committee now?

12 MR. HARBESON: There's currently nine movers,
13 one public member and two department staff members.

14 MR. BARNWELL: Okay. So nine plus one plus
15 two.

16 MR. HARBESON: Yes, sir. We're currently at
17 twelve.

18 MS. RYAN: Ten stakeholders.

19 MR. BARNWELL: So we have small movers, medium
20 movers and large movers.

21 MR. HARBESON: What the statute says is they're
22 using small, medium and large equipment.

23 MR. BARNWELL: Oh, okay.

24 MR. HARBESON: I could go back to Mr. Esparza,
25 explain our goal here and ask him to maybe reduce the

1 number, still meeting the statutory requirements.

2 MR. BARNWELL: Well, I'm saying if you've got
3 small, medium and large equipment movers, why do we have
4 three of each of those guys?

5 MR. HARBESON: Well, I'm not sure we do. He
6 just met all the requirements, so we could have five large
7 movers, one small mover with moving equipment.

8 MR. BARNWELL: Well, before we go forward with
9 it, Bill, I'd like to see the makeup of this thing and I'd
10 like for it to be more equal. As the chairman has pointed
11 out, I'd like to see more non-interested or even consumer-
12 oriented members on the committee, but this thing is top
13 heavy with Esparza's -- and I'm not knocking Mr.
14 Esparza -- with the industry people. That's not
15 necessarily a bad thing but it seems that it would be more
16 equitable to have a little more representation from the
17 public.

18 MR. WALKER: How many meetings do you
19 anticipate on this and how long is this committee going to
20 function?

21 MR. HARBESON: I'm anticipating one meeting. I
22 think if the groundwork is done properly, that is, staff
23 sends out to them the limited purpose, the existing rules,
24 maybe even solicit topics prior to the actual meeting, I'
25 hoping that the work could be done in one day, that is,

1 reach a consensus on what, if anything, needs to be
2 changed and then make a report back to the board.

3 MR. WALKER: Okay. David, I need some help
4 here. I don't really -- I can bring this back to the next
5 board meeting if I have to, but if we can approve it
6 today, can we not approve the creation of the committee,
7 do we have to specify names when we do that? Can we not
8 just specify to the board specifies that the committee be
9 created and consist of no more than and no less than X
10 number of people and that no more and no less than those
11 numbers be general consumers? Is that possible or not?

12 MR. DUNCAN: I believe you could create the
13 committee and specify that per statute it must meet the
14 requirements of that formation, the three types of
15 equipment movers and public representation, with a
16 directive to staff to increase the public participation,
17 and then give Ms. Brewster authority to name the final
18 names. Because again, you've created the committee and
19 you've specified the makeup of the committee without
20 specifying names.

21 MR. WALKER: So we don't have to specify names
22 today and approve names. Is that correct?

23 MR. DUNCAN: I believe that's correct, yes.

24 MR. WALKER: Okay.

25 MS. RYAN: So can I try this?

1 MR. WALKER: I think I know where we're going,
2 so let's try it.

3 MS. RYAN: I think I added that to this. I
4 move that the board create a Household Goods Motor Carrier
5 Advisory Committee to review the rules adopted by the
6 board under the Transportation Code 643.153(a) and (b) and
7 make recommendations to the board on modernizing and
8 streamlining the rules, appoint the people to serve on the
9 advisory committee as recommended by staff, and including
10 the board's advice increasing input -- this is where it
11 gets fuzzy -- with balanced public stakeholder, and the
12 advisory committee will choose their presiding officer and
13 chairperson.

14 Did we clean it up with including the public
15 stakeholders?

16 MR. WALKER: But really all you've done there
17 is state exactly what the rule says to do.

18 MS. RYAN: The board has suggested that staff
19 increase and balance the public stakeholders.

20 MR. WALKER: But that's arbitrary. Why
21 wouldn't we just be more specific that no less than three
22 public?

23 MS. RYAN: Do we have the authority to do that?

24 MR. DUNCAN: You can.

25 MS. RYAN: Okay.

1 MR. WALKER: So what would be a consensus here
2 amongst us of how many public consumers need to be on this
3 advisory committee?

4 MR. INGRAM: I would be cautious on, just
5 personally, getting too many because it would be a big
6 learning curve on rules and how rules are set. I think at
7 most you need two.

8 MR. HARBESON: If I could ask that I be given
9 leeway regarding public members. We deal almost on a
10 daily basis with law enforcement, and I'd like to have the
11 ability to perhaps have a member from law enforcement
12 serve on this committee to represent the public rather
13 than just a public consumer. Ms. Hurt deals with public
14 consumers but may not actually be a public consumer.
15 She's dealing with complainants on a daily basis about
16 household goods move.

17 MR. INGRAM: I think that's an excellent move.

18 MR. RODRIGUEZ: But the point is you've got ten
19 of one and two of everybody else, when it comes to
20 deciding the recommendation, you're going to have ten
21 override the suggestions. So I think that's what they're
22 trying to address is how do we get a fair recommendation
23 from that group here.

24 MS. RYAN: She counts as public.

25 MR. HARBESON: Yes. I'm just saying limiting

1 public consumers, I'd ask a little more leeway there as
2 far as public representation.

3 MS. RYAN: But she counts as public, law
4 enforcement might count as -- it's kind of non household
5 goods, so maybe that's the wording we should use.

6 MR. HARBESON: Somebody other than a household
7 goods mover.

8 MS. RYAN: Right.

9 MR. WALKER: You've got to remember you have
10 Carol Fallin on there, and I almost consider her law
11 enforcement.

12 MS. RYAN: How about seven and three, is that a
13 fair breakout? And she counts as one if you want law
14 enforcement as one of your three, and you find one other
15 non household goods mover. You're looking at me like no.
16 How about eight and two?

17 MR. HARBESON: Would you look to have the
18 public number equal the mover number?

19 MS. RYAN: I think that's too much; I agree
20 with Blake.

21 MR. HARBESON: Too many people?

22 MR. WALKER: Yes.

23 MS. RYAN: I think all we're saying is one is
24 not enough. Pick any number above one.

25 MR. SLOVACEK: You're saying one is not enough

1 and you want two more, so let's do two more, make it
2 three.

3 MR. WALKER: Let's do this, here's going to be
4 my suggestion. It says we have to have small, medium and
5 large. Why don't we get two small carriers, two medium
6 carriers, two large carriers, that's six total carriers on
7 the committee. Then let's go to two consumers and let's
8 go to one person from law enforcement on there, and then I
9 think that kind of balances it.

10 MR. SLOVACEK: Second.

11 MS. RYAN: But consumer means Better Business
12 Bureau. You're not going to pick someone off the street.
13 Right?

14 MR. WALKER: Not going to walk out the door and
15 pick somebody. Somebody who has an interest in that.

16 MS. RYAN: But we have to make this work. Does
17 that work?

18 MR. BARNWELL: Bill, this is another fine mess
19 you've gotten us into.

20 (General laughter.)

21 MR. WALKER: So also put in the motion that the
22 final makeup of the committee is directed to the --
23 delegated, not directed -- thank you -- to the executive
24 director of the agency. She's got the gist of what we're
25 looking for today, I think. And she doesn't even need to

1 call me for approval.

2 MS. RYAN: Appoint the people to serve on the
3 advisory committee will be delegated to the executive
4 director?

5 MR. WALKER: I tell you what let's do. I'm
6 going to table this for about ten minutes.

7 MR. BARNWELL: That is a great idea.

8 MR. WALKER: And I'm going to let David write
9 this motion for me and bring it back to us in about 15
10 minutes. That's why you make the big bucks.

11 (General laughter.)

12 MR. WALKER: So for right now I'm going to
13 table item 4.A and we'll come back to that when we have a
14 cleaned up motion that I think we can all accept.

15 MS. RYAN: We're really close, I think.

16 MR. HARBESON: Thank you.

17 MR. WALKER: With that, let's go to item 4.C.
18 Caroline Love, come up and give us a report on the
19 legislative implementation progress that we're doing.

20 MS. LOVE: Good morning. Mr. Chairman and
21 members of the board, and Director Brewster. My name is
22 Caroline Love. I'm over the Government and Strategic
23 Communications Division. And on page 107 of your briefing
24 books you have a comprehensive listing of the legislation
25 that passed during the session that has an impact on the

1 department, which I'll get to in just a moment.

2 I did want to, before I begin that, just
3 mention briefly that there was the first hearing of the
4 House Transportation Committee this interim and it was on
5 Tuesday this week, and Shelly Mellott and Jeremiah Kuntz
6 did an excellent job providing an update to the committee
7 on the status of bills that passed during the session and
8 also our implementation efforts to date.

9 There are also likely going to be interim
10 charges presented for both the Senate and House committees
11 this year or early next year. It depends on the status of
12 their deliberations there, but after those interim charges
13 are out, then we'll expect to have more interim hearings,
14 so we'll keep you posted on those.

15 I'll go ahead and start off, and in the
16 interest of time, the listing that you have in your
17 briefing book is rather comprehensive so I won't go
18 through each one, but feel free to ask me any questions if
19 there's one that you're interested in that I do not cover,
20 but I'll try to cover the items that have a larger impact
21 or those that we have implementation efforts either
22 underway or accomplished already.

23 I'll start out with House Bill 1, the General
24 Appropriations Act. We saw an increase of almost 7
25 percent from this current biennium for our next biennium's

1 appropriation. That increase mainly covers a high license
2 plate production and volume costs. And we did receive a
3 few of our exceptional item requests, including full
4 funding for our automation project which includes the
5 application migration and server infrastructure
6 transformation. And then we also received funding, as
7 mentioned earlier, to relocate two regional service
8 centers and the staff that are currently located in the
9 Bull Creek campus.

10 And also, the General Appropriations Act
11 reflects a method of finance for the department for fiscal
12 year '16 from general revenue, and then in fiscal year
13 '17 we will transition to a method of finance from the
14 Texas Department of Motor Vehicles Fund.

15 And so with that, I'll get into legislation
16 that passed that impacted the agency. This relates to the
17 board recommendations that were considered and adopted by
18 this body back in November.

19 MR. RODRIGUEZ: Caroline, before you go there,
20 on House Bill 1, no increases for salaries for staff for
21 personnel?

22 MS. LOVE: Not specifically to DMV. There was
23 a bill that passed that has an increase, a 2.5 percent
24 salary increase across the board for state employees, but
25 that is meant to cover the roughly 2.5 percent increase in

1 contributions that employees will be making as of
2 September 1 to the ERS retirement system, so that was the
3 increase for state employees that occurred this session.

4 MR. RODRIGUEZ: And that increase includes DMV
5 employees, all of them?

6 MS. LOVE: Correct.

7 MR. RODRIGUEZ: So they're getting 2.5 but
8 they're also getting a 2.5 cost addition.

9 MS. LOVE: Correct.

10 So one of the top items of priority for the
11 board was the re-creation of the TxDMV Fund, and there was
12 Senate Bill 1512, that was by Senator Hancock, that passed
13 the legislature and it was signed by the governor, and it
14 allows for the fund to be recreated on September 1 of
15 2016. And in addition, the fund was included in House
16 Bill 6 which was this legislative session's funds
17 consolidation bill which means that the fund is exempt
18 from funds consolidation, so it will be effective
19 September 1 of 2016.

20 And just a note, we requested that delayed
21 implantation date to help the agency the Comptroller's
22 Office and everyone prepare for this transition to the new
23 method of finance and also to accommodate the RTS
24 refactoring project.

25 The bill also included the one-time transfer of

1 \$23 million from general revenue to the TxDMV Fund on that
2 start date to help cover initial operating costs.

3 Of interest I did want to mention the omnibus
4 bills, as mentioned at the last board meeting, did not
5 come through to passing, and the same is true of the
6 salvage licensing cleanup bills that did not pass. Real
7 quick on the salvage bills, they did both receive
8 hearings, and while there didn't seem to be any real
9 opposition to them, there also was just not a lot of
10 momentum behind them and there were a lot of other large
11 issues before the legislature this session.

12 And then on the omnibus bills, they just kind
13 of ran out of time towards the end of session, but we were
14 very thankful that a lot of authors worked with us to
15 incorporate some of the more critical measures that were
16 in those bills in other legislation and amendments.

17 So that brings me to House Bill 1888 which was
18 related to commercial vehicle driving and operation
19 measures and that ended up having an amendment brought on
20 in the end of the session that allows for some single
21 sticker cleanup measures, one of those being for token
22 trailers and participants of the International
23 Registration Plan. Those participants do not need to
24 provide proof of inspection prior to getting a
25 registration, as that was determined to be too burdensome

1 on that group. So that is now in statute.

2 And then in addition, there is also the ability
3 for the department to move forward with registration of
4 vehicles that are currently out of state without proof of
5 inspection as long as those owners promise to get those
6 inspections upon the vehicle's return to Texas.

7 MS. BREWSTER: Mr. Chairman, if I might.
8 Whitney Brewster.

9 I do just want to make sure that it's very
10 clear on the record that for token trailers and those
11 motor carriers participating in the International
12 Registration Plan that they are not exempted from
13 inspection. They're exempted from providing proof of
14 inspection for registration. So just to be very clear,
15 they are still required to go through the inspection
16 process. Thank you.

17 MS. RYAN: The comment was they promise to get
18 it done. So when they get back, what is the cause and
19 effect to make sure it gets done, the inspection gets
20 done? It is truly just they promise?

21 MS. LOVE: We have implemented the online
22 ability for people to self-certify that their vehicle is
23 out of state but that they will have an inspection upon
24 the vehicle's return. So it's an honor system.

25 MS. BREWSTER: And Mr. Chairman, their record

1 is flagged so if they are caught operating within the
2 state without inspection, they will be ticketed.

3 MR. WALKER: What this does is people -- and I
4 know multiple people along this line -- that have a home
5 in Colorado, like Barney probably does --

6 MR. BARNWELL: Among other states.

7 (General laughter.)

8 MR. WALKER: So he buys a Suburban and he keeps
9 it in his chalet up there in the garage and when he needs
10 a new registration we send them the registration, but he
11 says I can't get it inspected because I'd have to go to
12 Colorado, bring it all the way back to Texas. So we say,
13 okay, if it's in Colorado you can drive it without an
14 inspection, we'll register it, but when you bring it back
15 to Texas you've got to get it inspected.

16 And it's just on an honor system. Is that
17 right, Caroline? So when Barney brings it back to go to
18 the deer camp, then he's going to have to get it
19 inspected.

20 MS. RYAN: You would be honorable, correct,
21 Barney, and get it inspected?

22 MR. BARNWELL: Well, Louisiana originally.

23 MR. WALKER: That killed you right there.

24 (General talking and laughter.)

25 MS. BREWSTER: Mr. Chairman, this is not just

1 for people with chalets in other states, this also
2 addresses issues involving students and military and other
3 folks that have very valid reasons for being outside the
4 state.

5 MR. RODRIGUEZ: Are you done? I have one
6 question but I'm waiting until you're done.

7 MS. LOVE: Okay. So there was also House Bill
8 2115, by Representative Phillips, and that allows for new
9 vehicles purchased by commercial fleet buyers to receive
10 two years of initial inspection, and that will help
11 streamline that single sticker implementation of those
12 vehicles. So there are some rules that will be coming up,
13 a proposal later today that you'll be considering on that
14 item.

15 Before I move on to the general impact bills,
16 did you want to ask your question, or just finish?

17 MR. RODRIGUEZ: I'm wondering where the funding
18 for our new building is in all of this and the status of
19 that. I know all the stuff that's going on, I'm just
20 wondering if that is still alive anywhere.

21 MS. LOVE: So in the General Appropriations
22 Act, we are in Article 7 of the General Appropriations
23 Act, but the Texas Facilities Commission is in Article 1,
24 and there was a rider in their act that allowed for them
25 to move forward with acquiring facilities for the purpose

1 of the DMV headquarters. That did get subject to a veto
2 by the governor, and so right now we are now working with
3 the Governor's Office and with the Facilities Commission
4 and TxDOT to continue to look at what our options are
5 moving forward, and if there's no solution in the interim,
6 we'll definitely be addressing this during the next
7 legislative session.

8 There were a few bills related to motor vehicle
9 licensing. There was House Bill 833. There was a very
10 specific situation with a group named Foretravel in
11 Nacogdoches. They have a franchise dealer and a motorhome
12 manufacturer license and they wanted to have the ability
13 to have just one more location to have their franchise
14 dealer and that was deemed appropriate by the legislature,
15 so that has passed.

16 There was House Bill 2481 that related to
17 Occupations Code and kind of who can sell under an
18 auctioneer license. So it allows dealers to sell, offer
19 to sell or exchange at a public auction an antique vehicle
20 of at least 25 years old or a special interest vehicle at
21 least 12 years old or have been subject of a retail sale
22 as part of an auction. So there was a clarifying statute
23 on that that helped some of those motor dealer auction
24 processes.

25 There were quite a few bills related to titles

1 and registration. One of interest that would impact the
2 regional service centers if we move forward, there was
3 House Bill 1542 which would allow for digital message
4 display systems at public facilities, and this includes
5 drivers license facilities in addition to county tax
6 assessor-collector offices and regional service centers.
7 It would allow the agencies to enter into contracts with a
8 vendor to provide for these systems and to put general
9 public interest messages and things like that on those
10 displays.

11 There is also Senate Bill 1451, just of
12 interest. It allows tax assessor-collectors to more
13 easily seek redress if they have a disputed credit card
14 payment in their system, and this is very similar to the
15 guidance that we provide to them currently related to if
16 they get a hot check, so it coincides with that as well.
17 So we have provided guidance to the tax assessor-
18 collectors regarding that.

19 Of interest, there was Senate Bill 1756 that
20 was amended late in the session. It related to the
21 definition of a motorcycle as it relates to a driver's
22 license, but that does effectively impact the registration
23 and titling of motorcycles as well. And as we are aware,
24 there was a situation, which I'll get to in a moment,
25 related to a definition of an autocytle for the purpose of

1 registration and titling, and so the House sponsor,
2 Representative Phillips, added language that gives this
3 board the authority to adopt rules to define motorcycles
4 if needed, so that hopefully if we end up in a situation
5 again with a unique innovative vehicle, there are
6 opportunities outside of a legislative session to address
7 that.

8 And that leads me to Senate Bill 449, by
9 Senator Bettencourt, that relates to the definition of an
10 autocycle. And originally the three-wheeled vehicles or
11 less were considered to have a saddle seat and they
12 couldn't have a steering wheel, so this autocycle
13 definition says that for all intents and purposes an
14 autocycle should be considered a motorcycle but it does
15 add a definition that it can have regular seats and also a
16 steering wheel.

17 MS. BREWSTER: Mr. Chairman, if I might.

18 Ms. Love, is that bill not already implemented
19 and those types of vehicles being titled and registered
20 now?

21 MS. LOVE: That is correct. Thank you for
22 mentioning that. So we have begun registration of those
23 vehicles, so that has been implemented already.

24 And there is of interest House Bill 735, by
25 Representative Israel, which requires the department to

1 annually produce a report on alternatively fueled
2 vehicles. There is an implementation date of that as of
3 September 1 of 2016 or later, and we believe we'll be on
4 target to provide that report. I believe he interest
5 there is to make sure that the legislature is aware of the
6 vehicles that are on the road that are not maybe paying
7 their fair share of motor fuel taxes, as they like to say.

8 MR. WALKER: So I was reading that on here just
9 a second ago. How do we know -- when we register or title
10 a car, do we know if it uses an alternative fuel? Is that
11 on the title?

12 MS. LOVE: It's my understanding that the VIN
13 includes a sequence in there that can be decoded that will
14 tell you the fuel type.

15 MR. WALKER: So it's just a matter of going to
16 an Excel spreadsheet and drawing those out.

17 MS. LOVE: Correct.

18 MR. WALKER: Pretty simple for young smart
19 kids.

20 MS. LOVE: There you go.

21 There's also of interest House Bill 3283 allows
22 for the Linda Dawson Donate Life Registry donations on the
23 registration renewals to be expanded, originally it was
24 capped. And it was the very same type of situation for
25 Senate Bill 272 which allows for Special Olympics to have

1 the same type of donation options at the time of
2 registration.

3 And then getting into the specialty license
4 plates, there were a total of near 50 specialty license
5 plates created during the session. Seven were not
6 military related, all the others were related to military
7 plates. So there's a listing in your book, and those also
8 allow for a delayed implementation of January 1, 2016 to
9 accommodate the RTS refactoring system project. And we're
10 very thankful that the legislature was very willing to
11 work with us to accommodate that project.

12 MR. WALKER: So Caroline, since you're talking
13 about the specialty plates, the private ones that the My
14 Plates people do, when they submit those they pay us a fee
15 to do the setup and approval of those plates. The
16 statutory plates, does anybody pay us to do that, or we
17 just have to eat that cost?

18 MS. LOVE: It depends. It's marked in the
19 handout, but there are a handful of the plates, the non-
20 military related plates that do require the \$8,000
21 up-front cost to help for the setup.

22 MR. WALKER: So it's a blend of some of each.

23 MS. LOVE: Correct.

24 MR. WALKER: Thank you very much.

25 MS. LOVE: And on the motor carrier related

1 items, there was Senate Bill 562 that allows for new
2 oversize/overweight permit. It's really related to over-
3 length permits. And so this also will be allowed for
4 annual permits which originally it was 30, 60 or 90 day
5 increments. The department has already updated our
6 systems and those permits have started to get issued.

7 In addition, Senate Bill 1171 changed the
8 annual timber permit. The fee was reduced from \$1,500 to
9 \$900, and there's hope that this will increase
10 participation in that permit. So far, as mentioned by
11 Shelly earlier in the House Transportation Committee this
12 week, there have been eight of those permits issued and we
13 anticipate more as the other permits expire.

14 On the Auto Burglary and Theft Prevention
15 Authority, I did want to mention there was one bill that
16 passed related to their operations. It was House Bill
17 2424, and it extends the statute of limitations on when an
18 insurance company can request reimbursement for overpaying
19 on that related item. It will be for four years.
20 Currently there was six months in a session law and that
21 was something that was being considered as regular
22 practice, but this extends it to four years and that is in
23 general compliance with other such reimbursements that are
24 requested of the state.

25 And there are a few bills that relate to all

1 state agencies that will have a significant impact on the
2 department. Of mention, I did want to say that there was
3 House Bill 3337. That one relates to requiring for
4 reimbursement only of tuition payments issued by a state
5 agency to an employee. That is something that was
6 currently in practice at TxDMV, however, in the statute
7 now there is a requirement that all those reimbursements
8 are approved by the executive director and there will be
9 rules presented to you later today to implement that
10 measure.

11 Of interest as well, House Bill 885 requires
12 that all state agencies have a website that is compatible
13 with the three most commonly used search engines, and have
14 a mobile device compatible website as well. We are
15 already in compliance with that, so there are no
16 implementation efforts that we have associated with that.

17 Although the Department of Information Resources shall
18 identify those three most commonly used search engines.
19 They have not done so just yet but we believe we are
20 compatible with the five most commonly used search
21 engines, so that should be fine.

22 In addition, I did want to mention Senate Bill
23 20 is a very significant to all state agencies. It puts a
24 lot of addition requirements on state contracting. There
25 are work groups underway. The department has an internal

1 work group that has also been working with the Department
2 of Information Resources and the Comptroller's Office, who
3 are the main implementers of this bill, to look at rules
4 and what we need to do to comply with these new
5 requirements. So there will be more forthcoming on that
6 as rules develop.

7 And of note, I did want to mention House Bill
8 763 does mention that anyone who petitions a state agency
9 for rulemaking must be a Texas resident. It does not
10 require proof that the person is a Texas resident in terms
11 of showing a driver's license or anything along those
12 lines, but you will have rules presented to you later
13 today as well that will require an address to be put on
14 petitions to prove Texas residence.

15 And that concludes what I wanted to cover
16 today. I'll be providing regular updates to the board on
17 the department's implementation efforts. And I'm happy to
18 answer any other questions you may have.

19 MR. WALKER: (Inaudible; microphone not turned
20 on.)

21 MS. LOVE: We are looking at all of our
22 facilities right now to see if we have any signs that
23 prohibit handguns or anything, so we'll be in compliance
24 with that.

25 MR. WALKER: (Inaudible; microphone not turned

1 on.)

2 MS. RYAN: If you do, I want my seat changed.

3 (General laughter.)

4 MR. WALKER: Thank you, Caroline.

5 MS. LOVE: Thank you.

6 MS. RYAN: I want to sit next down to the chief
7 if you're wearing a gun.

8 MR. WALKER: Well, he's wearing one.

9 MS. RYAN: I know, but I trust him. He's
10 trained.

11 MR. WALKER: But he's entitled to wear one even
12 without the sign.

13 MS. RYAN: But he's trained.

14 MR. WALKER: I am too, I have a license.

15 (General laughter.)

16 MR. WALKER: David, are you getting close?

17 MR. DUNCAN: It's being finalized.

18 MR. WALKER: We're not ready yet, Joe, but
19 we'll get to that next.

20 Let's go to item 5.A.1. I think that's pretty
21 quick, David, isn't it?

22 MR. DUNCAN: It is.

23 MR. WALKER: I read it last night, it's pretty
24 cut and dried.

25 MR. DUNCAN: Mr. Chairman, David Duncan,

1 general counsel.

2 Caroline has already covered this quite well
3 with her legislative update. House Bill 763 from the
4 legislature required that an interested person for
5 purposes of submitting a petition for rulemaking must be a
6 Texas resident. As Caroline noted, there was a version of
7 the bill that required some sort of demonstration or proof
8 of their residency but that was removed in the final bill.
9 So we're adding a very simple change to our rules that
10 would require that they identify themselves, identify
11 their address, and we will rely on that identification.

12 Frankly, we get petitions for rulemaking very
13 rarely. We've got one today, but we get one maybe once a
14 year, and the vast majority of them, honestly, are from
15 trade associations or business entities that are located
16 in the state, so it's not been a issue and we don't expect
17 it would be, but we're clarifying our rules because the
18 statute does require that we obtain that information.

19 So this is a very simple rule change, and we
20 request the board's permission to publish this for
21 proposal.

22 MR. WALKER: So do we have a motion to publish
23 this rule?

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

25 MR. SLOVACEK: Second.

1 MR. WALKER: So we have a motion from Victor
2 Rodriguez, and we have a second from Mr. Slovacek to
3 post -- I guess this is a posting of the rules, correct,
4 David? -- to post the rule on adding the statutory
5 language to make sure that a Texas resident can only
6 propose a rule to the agency.

7 MR. PALACIOS: I have just a point of
8 clarification. As I read it, it's a Texas resident or
9 business, so does that mean if they're not a Texas
10 resident but have a business domiciled in Texas they're
11 eligible?

12 MR. DUNCAN: Yes, sir. And it's really not our
13 intention to -- for example, to bring up the famous Amazon
14 case, is Amazon a Texas resident. Well, if you ask the
15 Comptroller's Office, they'd say yes. So there are
16 businesses that are located in many states, and if they
17 have substantial business interests here, we're probably
18 going to accept a petition for rulemaking from them.

19 MR. PALACIOS: All right. Thank you.

20 MR. WALKER: So we have a motion by Member
21 Rodriguez, a second by Mr. Slovacek. All in favor signify
22 by saying aye.

23 (A chorus of ayes.)

24 MR. WALKER: All opposed same sign.

25 (No response.)

1 MR. WALKER: The motion carries unanimously.

2 Ms. Brewer, would you like to come for item
3 5.A.2 real quick?

4 MS. BREWER: Good morning, Chairman Walker,
5 Vice Chairman Ryan, board members, Ms. Brewster, guests
6 and staff. My name is Sharon Brewer, director of Human
7 Resources at the agency.

8 Agenda item 5.A.2 can be found on page 148 of
9 your briefing book. This order proposes publication for
10 comment of amendment to Chapter 208, Employment Practices,
11 Section 208.12, general standards. This is concerning
12 tuition reimbursement. This is in Title 43 of the Texas
13 Administrative Code.

14 The proposed amendment is necessary to
15 implement House Bill 3337 which Caroline just mentioned.
16 This amends the Government Code Section 656.048, the
17 payment of program expenses. The proposed amendment to
18 this rule will add Subsection (b)(4) which establishes
19 that the executive director must authorize tuition
20 reimbursement to an employee prior to the reimbursement
21 being paid.

22 There's no fiscal implications related to the
23 proposed amendment. If the proposed amendment is approved
24 by the board, we anticipate publication in the *Texas*
25 *Register* on or about September 4, and comments on the

1 proposed amendment would be accepted through 5:00 p.m. on
2 October 5. And your approval for publication for comment
3 of the proposed amendment is requested.

4 MR. RODRIGUEZ: Move we approve, Mr. Chairman.

5 MR. SLOVACEK: Second.

6 MR. WALKER: We have a motion from Victor
7 Rodriguez again to move to accept the publication of the
8 rule, and we have a second by Mr. Slovacek again, I
9 believe. Is that correct?

10 MR. RODRIGUEZ: I have a question, though, Mr.
11 Chairman. Discussion.

12 MR. WALKER: And now we have questions and
13 comments. Mr. Rodriguez.

14 MR. RODRIGUEZ: Ms. Brewer, there's no
15 reference to accredited schools or out-of-state schools or
16 online schools. Is any of that covered anywhere else, do
17 we need to cover it? I'm wondering on this.

18 MS. BREWER: Yes, sir. It is covered in our
19 policy. It is from an accredited college or university,
20 and we'll reimburse if it is from an accredited college or
21 university.

22 MR. RODRIGUEZ: Thank you.

23 MR. WALKER: Any other questions or 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: Motion carries unanimously.

6 Let's move to the next item on the agenda,

7 5.A.3. Mr. Kuntz, would you come forward, please?

8 MR. INGRAM: I thought we were pulling that.

9 MR. WALKER: Oh, wait a minute. I'm sorry.
10 I'm pulling that item. I'm sorry.

11 Mr. Archer, you may have a seat. We're going
12 to go to item 5.A.4, Chapter 217, Vehicle Titles and
13 Registrations. Mr. Archer. And we have Mr. Harbeson
14 joining him.

15 MR. ARCHER: He's here for the next one.

16 MR. WALKER: Oh, for the overweight. Okay.

17 MR. ARCHER: Good morning, Mr. Chairman and
18 members of the board, Director. My name is Jimmy Archer
19 and I'm the director of the Motor Carrier Division.

20 For the board's consideration I'm proposing
21 amendments to 43 Texas Administrative Code, Chapter 217,
22 to be published in the *Texas Register*, relating to
23 registration and reciprocity agreements. The proposed
24 amendments to Section 217.56 are: adopt by reference any
25 amendments to the International Registration Plan, IRP,

1 that become effective on January 1, 2016.

2 The rule also corrects language that is
3 inconsistent with the International Registration Plan. It
4 amends the definition of an apportionable vehicle so that
5 it's consistent with the IRP definition. Ballot 291
6 amended the definition of an apportionable vehicle in the
7 IRP by removing charter buses and vehicle types exempt
8 from plan requirements. The new definition will have an
9 effective date of January 1, 2016.

10 It also changes language listing vehicle types
11 of the gross weight of 26,000 pounds or less to be
12 consistent with Section 1015 of the IRP. It changes the
13 definition of trucks, tractor and trailer combinations to
14 power unit or the power unit in combination. And
15 clarifies the title application process by restructuring
16 one sentence.

17 The proposed amendments create no significant
18 fiscal implications and ask that the board approve these
19 proposed amendments of these rules for posting in the
20 *Register*. I'll entertain any questions.

21 MR. WALKER: We have a proposal by staff from
22 Mr. Archer on Chapter 217 which is Vehicle Titles and
23 Registration to post this for rule changes. Do we have a
24 motion?

25 MR. RUSH: So moved.

1 MR. WALKER: We have a motion from Mr. Rush.

2 MS. RYAN: Second.

3 MR. WALKER: We have a second from Ms. Ryan.

4 Any questions or comments?

5 (No response.)

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

8 (A chorus of ayes.)

9 MR. WALKER: All opposed same sign.

10 (No response.)

11 MR. WALKER: Motion carries.

12 Let's go to item 5.A.5

13 MR. ARCHER: Again, my name is Jimmy Archer,
14 director of the Motor Carrier Division.

15 For the board's consideration, this is a
16 proposal to post amendments to 43 Texas Administrative
17 Code, Chapter 219, Oversize and Overweight Vehicles and
18 Loads.

19 The executive summary is so detailed, I will
20 point out some of the more notable amendments. The
21 amendments are changing the definition of the term non-
22 divisible load to be consistent with federal regulations.

23 Texas must comply with certain federal size and weight
24 laws and regulations to receive Federal Highway funding.
25 The rule also updates the requirements regarding evidence

1 of a permit to allow a permit holder to provide an
2 electronic copy of certain permits on a wireless
3 communication device, and adds the new annual over-length
4 permit, authorized by Senate Bill 562, which was passed in
5 the last legislative session.

6 I would also like to point out that the
7 statutes regarding the oil well servicing and drilling
8 machinery permits and the crane permits require our board
9 to consult with the Texas Transportation Commission on
10 certain rules. For example, this requirement applies to
11 rules regarding the application for a permit.

12 If the board approves the proposed amendments
13 for posting today, the department will provide some of the
14 proposed amendments to TxDOT so TxDOT can present the
15 proposed amendments to the commission. This process will
16 satisfy the statutory requirements for our board to
17 consult with the commission on these rules. When TxDOT
18 provides the proposed amendments to the commission, the
19 department will review any feedback and will post the
20 proposed amendments for comment. The department will
21 treat any feedback from the commission as a comment just
22 like it is from the public.

23 I ask the board to approve these proposed rules
24 for posting for comment. I'll be happy to answer any
25 questions that you have.

1 MS. RYAN: Jimmy, I just want to make clear.
2 You mentioned a couple of times that there was some
3 coordination with a couple of different -- not just for
4 comment -- agencies. Have we done that ahead of time or
5 are you stating that we need to take any comments that
6 those agencies make into consideration before approval of
7 the rules?

8 MR. ARCHER: The statute requires us to consult
9 with the Transportation Commission. What we're going to
10 do, we're provide those portions of our rules that deal
11 with those specific matters that I discussed, like well
12 servicing equipment, provide those specific rules to TxDOT
13 and they can present them to their commission.

14 MS. RYAN: So we don't do that ahead of time,
15 we do it once it's posted.

16 MR. ARCHER: Yes, ma'am. Actually, we post it
17 afterwards. My understanding is it will be posted after
18 the Transportation Commission meets.

19 MS. RYAN: So we have not gotten their input to
20 be included in the rules before we post?

21 MR. ARCHER: No, ma'am.

22 MS. RYAN: Should we as stakeholders, or not?

23 MR. ARCHER: I don't believe so. I think the
24 process works better if we figure out what we need from
25 the rules and ask the commission if they agree with it.

1 Then we take any information they provide to us and we'll
2 take that into consideration when we do the final
3 adoption.

4 MS. RYAN: Okay.

5 MR. WALKER: Is this a total new rule, or is it
6 a modification of an existing rule?

7 MR. ARCHER: It's an modification of an
8 existing rule.

9 MR. WALKER: Because I don't see the strikeouts
10 on here is the reason I was questioning what's changing.

11 MR. HARBESON: Mr. Chairman, my name is Bill
12 Harbeson. I'm the director of Enforcement.

13 Jimmy already hit on one of the areas that
14 affects the Enforcement Division, but when you're asking
15 about the effect of the rule, there were some new
16 enforcement type, for lack of a better term,
17 clarifications, one of which was a definition that was
18 needed for a non-divisible load, and as Jimmy correctly
19 pointed out, it follows the federal statute.

20 There's a rule regarding single trip permits
21 that specifies that the single trip permits, which is
22 under a section that's for heavy equipment permits, cannot
23 be used for a container loaded with a divisible cargo,
24 including intermodal containers. There's a Section
25 219.13(e) (r) (A) that says that the permit applies to non-

1 divisible loads as newly defined, and specifically
2 excludes containers that are loaded with a divisible load.

3 And finally, there's a section on administrative
4 penalties that brings this section under 219 into
5 compliance with Chapter 218 where we define what
6 "knowingly" means.

7 MR. WALKER: So help me, and I think probably
8 the rest of the board, because are we trying to make
9 containers divisible or non-divisible?

10 MS. RYAN: That is the question.

11 MR. HARBESON: Well, a container may or may not
12 be, depends on what the load is.

13 MR. WALKER: I understand.

14 MR. HARBESON: So what we're saying is that the
15 laws that apply when we make that determination whether
16 it's divisible or non-divisible, it won't make a
17 difference what it's in. So a non-divisible load is non-
18 divisible.

19 MR. RODRIGUEZ: You can't use a container to
20 make it non-divisible.

21 MR. HARBESON: That's correct. And more
22 importantly, you cannot use a container to make a
23 divisible load non-divisible.

24 MR. WALKER: So that's what we're saying is
25 that putting widgets in a container and locking the door,

1 it's still divisible and we're saying that it is still
2 divisible. Is that correct?

3 MR. HARBESON: Yes, sir. You could open the
4 door and remove some widgets to bring it within the weight
5 limits.

6 MR. WALKER: Because some people have tried to
7 say that once the door is sealed, it's now undivisible,
8 and that's not really the truth, it can be made divisible.

9 MR. HARBESON: The facts will show that, yes,
10 once you open the doors you could remove some widgets and
11 bring it within the weight limits.

12 MR. BARNWELL: What's an example of a non-
13 divisible load?

14 MR. WALKER: Block of steel.

15 MR. HARBESON: A block of steel, a forged piece
16 of machinery, a huge blade.

17 MS. RYAN: The windmill blades. Right?

18 MR. WALKER: Well, but those are never
19 overweight.

20 MR. HARBESON: A propeller.

21 MR. WALKER: I'll give you a better example. A
22 bulldozer that weighs 65,000 pounds. And Jimmy's people
23 will tell you, well, can you not take the blade off of it
24 by knocking the two front pins off and try to get it down
25 to 45,000 pounds so that it's legal. So they'll tell

1 them, yes, you need to take the blade off. But they don't
2 require them to take the engine out of it because it's not
3 divisible to the effect to do that. So we want truckers
4 to try to get the loads down to legal weights if they
5 possibly can without cutting them up and destroying them,
6 basically.

7 MR. HARBESON: And the rules parallel the
8 federal rules. It discusses if you can dismantle it,
9 first of all, what would be the time and whether it's
10 reasonable to dismantle it to then bring it within weight
11 limits. And there's actually hours that they discuss that
12 can you dismantle it, say, within five hours, if not, then
13 it stays in the non-divisible category or non-dismantled.

14 MR. WALKER: It's not just weights either, it's
15 also dimensions, lengths and widths. I mean, we move
16 stuff all the time that might have a bolted on arm on it
17 that we'll tell them it dismantle the arm in order to make
18 it legal so we can go down the road without hitting cars
19 as we pass them. Trucking 101 today. I'm sorry.

20 MR. RODRIGUEZ: Need a motion, Mr. Chairman?

21 MR. WALKER: I need a motion.

22 MR. RODRIGUEZ: So moved.

23 MR. WALKER: We have a motion by Mr. Rodriguez.

24 MR. RUSH: Second.

25 MR. WALKER: We have a second by Mr. Rush. Any

1 further questions or comments?

2 (No response.)

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. WALKER: Motion carries.

9 Let's go to item 5.A.6, but hold on just one
10 second here. Is Steve Bresnen here? Hold on just one
11 second. You've asked for some time to make some public
12 comments on this. Would you like to make your comments
13 prior to them or would you like to make your comments
14 after they speak? I'll give you either courtesy.

15 MR. BRESNEN: I think it would be appropriate
16 for staff to do their thing, but I'm happy to do it in
17 whatever order you'd like.

18 MR. WALKER: I'll make it flexible on you.

19 MR. BRESNEN: I'll defer to Mr. Harbeson. He's
20 been great to work with.

21 MR. WALKER: So Bill, why don't you proceed and
22 tell us what you need to tell us on this.

23 MR. HARBESON: Yes, sir. This is agenda item
24 5.A.6. Again, my name is Bill Harbeson, director of the
25 Enforcement Division.

1 This agenda item is the proposed publication of
2 the proposed repeal of 43 Texas Administrative Code,
3 Chapter 217, Subchapter I, and the proposed publication
4 for comment of New Chapter 43 Texas Administrative Code,
5 Chapter 221. Again, both of these sections that we're
6 discussing today relate to the salvage business, salvage
7 vehicle dealers, salvage pool operators, and salvage
8 vehicle rebuilders. We're requesting your approval today
9 to publish these rules for public comment.

10 Prior to submitting the package to the board,
11 staff provided an initial draft of this new Chapter 221 to
12 the stakeholders, and many comments and suggestions were
13 received from them and were incorporated into the rules
14 that you're looking at today. Additional comments have
15 been received since that publication, and staff is asking
16 some leeway to change slightly some areas that we
17 overlooked on the first revision that came to you. Again,
18 we've been involving stakeholders from the start on this,
19 and the result is that we've received some very good
20 comments to try to make this the best rule we can here.

21 The significant new changes in the new chapter
22 that you're looking at, it organizes the salvage law, the
23 salvage rules that you're looking at in a more logical and
24 easier to use fashion by the department or licensees, law
25 enforcement and the public. The new rules provide

1 definitions of terms that require definitions such as new
2 automobile dealer and used automobile dealer that are
3 found in the salvage laws. Other definitions have been
4 omitted when needed and some new definitions have been
5 added. But significantly, we wanted a definition in the
6 rules of new automobile dealer and used automobile dealer.

7 It increases the fees for endorsements to this
8 license from \$95 a year to \$120 a year. We don't think
9 there will be a significant financial impact on this
10 because as the law now exists, there's five endorsements
11 and they're so difficult to understand what they're for,
12 we have a lot of licensees that just buy all of them and
13 we think that the clarification provided by the rule will
14 make it easier for licensees to choose the correct license
15 combination. The license, there's no fee for that, but it
16 has to have endorsements for you to operate.

17 The new rules establish a business location
18 requirement for salvage businesses. It provides that a
19 salvage dealer must be in compliance with city, county and
20 state laws. The new laws provide that the dealer may only
21 operate from his licensed salvage operation location
22 that's licensed by the department. The new rules provide
23 that a salvage operation cannot operate from a residence,
24 apartment house, hotel, motel or rooming house. That may
25 sound unusual, but we currently license people out of

1 apartment buildings to operate a salvage business, and so
2 this is a needed change.

3 It establishes a notification requirement for
4 retail sales so that a retail buyer of a vehicle on a
5 salvage title or a blue title that has been rebuilt will
6 be notified by the dealer that he is buying a car that's
7 either salvage or rebuilt salvage.

8 The proposed repeal of the parts of 217, and
9 let me explain that. 217 is essentially the VTR rule
10 section and you've dealt with that on a number of
11 occasions, but salvage was tucked in there because at one
12 time salvage was administered by VTR. It's now licensed
13 by the Motor Vehicle Division and the enforcement part of
14 the business is handled by the Enforcement Division, so
15 there was a need all along to remove it from 217 and
16 created a new rule chapter that deals specifically and
17 exclusively with the salvage business. And again, as I
18 said, we've tried to organize it in a way that it's easy
19 to use.

20 We anticipate that if you approve this
21 publication for comment that it will be published in the
22 *Register* on or about August 28. The comment period will
23 be open till approximately September 28, 2015. And at
24 this point I ask if there's any questions or if you'd like
25 to hear from Mr. Bresnen, I can do that.

1 MR. RODRIGUEZ: We have Mr. Bresnen?

2 MR. WALKER: Let's do this. It's Steve, right?
3 Why don't you come forward real quick. Before you start,
4 tell us your name and tell us what you do.

5 MR. BRESNEN: Yes, sir. My name is Steve
6 Bresnen. I'm here on behalf of Insurance Auto Auctions,
7 and I'm a lobbyist here in town, I keep my bar card
8 current, but if I'm representing you, you're in serious
9 trouble on a legal matter outside of the governmental
10 processes like this.

11 The first thing I'd like to do is thank Ms.
12 Brewster and her staff. They have always been excellent
13 to work with, very responsible, very accessible. Mr.
14 Harbeson and I have had a number of conversations about
15 this proposed rule and about legislation during the
16 session. We've worked excellently with Caroline Love and
17 Matthew Miller and Jeremiah Kuntz for a number of years
18 now. So we've had a great relationship with the
19 department and we really appreciate the atmosphere and
20 accessibility here.

21 With regard to the proposed rule, we have no
22 objection to the agency going forward and publishing for
23 public comment, but there are several areas that we've
24 been discussing with Mr. Harbeson that do need some
25 attention. The most important one would be in the casual

1 sales area. Right now the rule appears to say that the
2 limitation on casual sales does not apply, only people for
3 export only, vehicles for export only, whereas, the
4 statute also exempts out-of-state buyers on casual sales.

5 I think we're in agreement on language that is needed to
6 correct that.

7 The notice provisions to purchasers, I was glad
8 to hear Mr. Harbeson agree that that needs to be limited
9 to retail sales. When we're selling to licensed people
10 and they're on the lot buying cars, they know that they're
11 salvage vehicles and really there's no additional
12 notification requirement that they need to have. But a
13 member of the general public, for example, would certainly
14 need to have that brought to their attention, and I think
15 we're on the same page with regard to that as well

16 We've just given Mr. Harbeson 16 suggested
17 changes. Most of those, I think, are just in the manner
18 of cleanup. For example, the language right now seems to
19 anticipate only that entities that are incorporated in
20 Texas requires the filing of corporate documents, whereas,
21 of course, many companies are headquartered or chartered
22 out of state and have authority to do business in Texas,
23 so that language needs to be tweaked a little bit to make
24 sure that those corporate documents are what needs to be
25 filed.

1 That said, Mr. Chairman, the only other request
2 that we would make, because there's a lot of moving parts
3 here and it's very, very important, there's lots and lots
4 and lots of vehicles involved, we'd appreciate it if you'd
5 set some time in mid-October as the end of the comment
6 period rather than the standard minimum 30-day period,
7 just to give everybody a chance to get their say in and
8 make sure that all these fine points are addressed before
9 you finally act.

10 With that, I'm done.

11 MR. WALKER: Well, I can address your last
12 comment, I think. I don't think we have the ability to
13 extend. I mean, it's statutorily required, isn't it?

14 MR. DUNCAN: It's a minimum, no less than.

15 MR. WALKER: Oh, a minimum.

16 MS. BREWSTER: It's a minimum, so you could
17 extend it.

18 MR. WALKER: Okay.

19 MR. RODRIGUEZ: Move we post for 60 days, Mr.
20 Chairman.

21 MR. WALKER: We don't have a motion yet.

22 Thank you, Mr. Bresnen. I don't think that the
23 board can actually engage too much, but we can go back to
24 Mr. Harbeson. We can?

25 MS. RYAN: May I ask a question?

1 MR. WALKER: Yes. You have the floor.

2 MS. RYAN: David or Bill, is there any concern
3 from staff over extending the comments?

4 MR. HARBESON: No. I have no problem with
5 extending the period. There are a lot of stakeholders
6 involved in this industry. I have a number of law
7 enforcement agencies that I've dealt with, giving them the
8 rules and seeking comments. We have several large
9 companies involved in the auction end of it and several
10 associations involved in the purchasing end of it. So I
11 don't see any reason -- in fact, I would, again, encourage
12 keeping the comment period on this open. This is a fairly
13 significant change, the fact that we're creating a new
14 chapter of law here. I'd like to hear from everybody
15 again on the final draft we send out.

16 MS. RYAN: So you would agree with that
17 recommendation?

18 MR. HARBESON: Yes.

19 MR. DUNCAN: Absolutely.

20 MR. WALKER: So I assume, Bill, that you've met
21 with Steve, you've seen his proposed changes to your
22 particular rule, and you've got your thoughts on some of
23 that, I guess.

24 MR. HARBESON: Yes. We received an extensive
25 list on the first go-round, most of which that we were

1 able to easily take care of. The second round, I've
2 looked at the proposed comments, and again, most of them
3 are in the nature of doing things if we thought about it
4 probably should have anyway. This is in the application
5 process, what documents we would require to license them,
6 and we certainly should handle companies that are
7 incorporated outside the state, we'd want that corporate
8 document rather than a Texas document which, again, would
9 not really exist other than the authorization to engage in
10 business.

11 MR. WALKER: So here's what I'm hearing, is
12 that the changes are not so significant that we could make
13 the changes after the rule has posted and come back to us
14 with recommendations before we finalize the rule without
15 changing its context. Is that correct?

16 MR. HARBESON: I don't believe so.

17 MR. WALKER: So you think that any changes to
18 the rule would need to be done prior to posting the rule
19 right now?

20 MR. HARBESON: I would like to do that. I
21 would like to make any changes so what is being commented
22 upon -- again, I could have five or six stakeholders
23 making the same comment that Mr. Bresnen has already
24 brought to our attention.

25 MR. WALKER: So what I've just heard you say, I

1 think -- maybe I'm wrong -- is that you would like to pull
2 this back and make some revisions before we post the rule?

3 MR. RODRIGUEZ: No. I think he wants to
4 post -- I'm sorry. Go ahead.

5 MR. WALKER: But I just asked if we could make
6 the changes after it's been posted that it wouldn't
7 damage, and he said no.

8 MS. RYAN: We can approve that you post the
9 rules, you can still tweak them before they're posted.

10 MR. WALKER: Well, wait a minute.

11 MR. DUNCAN: You could give Bill authority,
12 because we've done publication by permission before.

13 MS. RYAN: Right. Because it doesn't say that
14 you'll post them until roughly August 28, so you can still
15 tweak them before they're posted, and you would have to
16 amend that they stay posted until October 28, not
17 September 28, and that's what we would have to approve.
18 Correct?

19 MR. DUNCAN: Yes.

20 MR. RODRIGUEZ: And if that's a motion, I so
21 move.

22 MR. SLOVACEK: Second.

23 MS. RYAN: Does that make sense?

24 MR. WALKER: Well, I think it does.

25 MS. RYAN: We don't have to approve these exact

1 rules. We can give them authority to change slightly
2 these rules and post them.

3 MR. WALKER: Can we do that?

4 MR. DUNCAN: Yes. The board's final authority
5 on adoption is the really significant one. That's when we
6 see and respond to comments. On proposal, there are many
7 agencies that don't even come to their board to propose,
8 the staff proposes and the board adopts.

9 MR. WALKER: Okay. So we have a motion to
10 tweak --

11 MR. INGRAM: Is that a legal term?

12 (General laughter.)

13 MS. RYAN: Slightly amend. Give them authority
14 to post rules.

15 MR. RODRIGUEZ: Post with the suggested
16 modifications, and a 60-day posting period.

17 MR. WALKER: So we have a motion to modify and
18 post for a 60-day extended period of time, bring back to
19 the board for final approval an adoption at that point in
20 time.

21 MR. PALACIOS: Second.

22 MR. WALKER: We have a motion by Mr.
23 Rodriguez -- or wait a minute, was it by Ryan?

24 MR. RODRIGUEZ: Ryan.

25 MR. WALKER: By Ryan.

1 MS. RYAN: It was a team effort.

2 MR. WALKER: And then a second by Palacios.

3 All in favor signify by saying aye.

4 (A chorus of ayes.)

5 MR. WALKER: All opposed same sign.

6 (No response.)

7 MR. WALKER: Motion carries.

8 Thank you very much, Steve. Appreciate your
9 time.

10 MR. BRESNEN: Thank you, members. Appreciate
11 it.

12 MR. WALKER: Come back any time.

13 Slovacek, what do you want to do, do you want
14 to do the license plate, do you want to do the committee?

15 MR. SLOVACEK: I move we do the license plate.

16 MR. WALKER: Let's to the license plate real
17 quick.

18 MR. KUNTZ: Jeremiah Kuntz, director of Vehicle
19 Titles and Registration Division. I'll be presenting on
20 item 4.F, the University of Colorado license plate.

21 This action is for the contingent approval of
22 the license plate design for the University of Colorado.
23 With the contingent approval of this plate, My Plates will
24 be required to pre-sell 200 plates within 180 days of this
25 board action. The design was published for review on July

1 8, 2015 through July 17 of 2015. The department received
2 80 comments that liked the design, 59 that did not.

3 Currently, My Plates has approximately out-of-
4 state university license plates that are on its list. My
5 Plates was required to discontinue plates that did not
6 have 200 active license plate registrations. Currently
7 there are 40 plate designs that have been discontinued to
8 date. My Plates currently has 124 active plate designs
9 that are authorized for sale.

10 MR. WALKER: There's a list of all those
11 canceled plates. Where is that? I saw it last night.
12 What page is that on?

13 MR. RODRIGUEZ: 136.

14 MR. WALKER: 136?

15 MR. INGRAM: While you're looking, Mr.
16 Chairman, I move that we approve the plate as designed.

17 MR. SLOVACEK: Second.

18 MR. WALKER: We have a motion to move that the
19 plate be accepted, with a second by Mr. Slovacek. Any
20 comments?

21 (No response.)

22 MR. WALKER: If not, all in favor of approving
23 the plate for posting -- I guess not posting, it's for
24 getting a minimum amount to get it sold, signify by saying
25 aye.

1 (A chorus of ayes.)

2 MR. WALKER: All opposed same sign.

3 (A chorus of ayes.)

4 MR. WALKER: One comment I will make as I was
5 looking at all these canceled plates that we're canceling,
6 and they're all kinds of schools is what they really are,
7 it looks like, especially high schools, like Sam Houston
8 State, Permian, Odessa, Midland, Longview.

9 MR. PALACIOS: I have a question, Mr. Kuntz, on
10 these canceled plates. I thought schools were covered,
11 state schools by statute, so are these duplicates?
12 Explain that to me.

13 MR. KUNTZ: There are some universities, there
14 is a provision in statute that allows a university to come
15 forward and have a design for their university. A lot of
16 universities also go to My Plates. Rather than going the
17 state statute route, they can go to My Plates and have
18 their license plates marketed by My Plates and sold by My
19 Plates. So what you're seeing here are license plate
20 designs where the university went to My Plates to have
21 their license plate design approved, and it did not meet
22 the minimum of 200 active registrations for their license
23 plates.

24 MR. PALACIOS: So those requirements for 200
25 aren't in effect if they go through the state statute. Is

1 that my understanding?

2 MR. KUNTZ: Correct. There's not a minimum
3 number of license plates that must be registered for
4 license plates that are authorized by statute.

5 MR. INGRAM: Mr. Chairman, it was a split vote.

6 MR. WALKER: Yes. I appreciate that. Thank
7 you, Blake.

8 Let's vote again. All in favor signify by
9 saying aye. I tell you what let's do, let's raise hands.
10 All in favor signify by raising your right hand.

11 (A show of hands: Caraway, Ingram, Rush, Ryan,
12 Slovacek, Walker.)

13 MR. WALKER: So we have Slovacek, we have Ryan,
14 we have Ingram, Walker, and Rush and Caraway.

15 All opposed same sign, raise your right hand.

16 (A show of hands: Barnwell, Palacios,
17 Rodriguez.)

18 MR. WALKER: Palacios, Barnwell, and Rodriguez.

19 Motion carries on a vote of six to three.

20 Thank you very much.

21 Let's go to Ms. Ryan. If you would like to
22 make an amended motion here on the committee creation of
23 the advisory committee for the household goods movers,
24 please.

25 MS. RYAN: I move that the board create a

1 Household Goods Motor Carrier Advisory Committee to
2 examine the rules adopted by the board under
3 Transportation Code 643.153(a) and (b), to make
4 recommendations to the board on modernizing and
5 streamlining the rules. The advisory committee will
6 choose their presiding officer and chairperson, and the
7 executive director will appoint the members to serve on
8 the committee which will consist of the following: two
9 motor carriers transporting household goods using small
10 equipment, two motor carriers transporting household goods
11 using medium equipment, two motor carriers transporting
12 household goods using large equipment, two members
13 representing the public, two members representing the
14 department, and one member representing law enforcement.

15 MR. SLOVACEK: Second.

16 MR. WALKER: We have a motion by Ms. Ryan, we
17 have a second from Mr. Slovacek. Any questions about the
18 proposal?

19 (No response.)

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

22 (A chorus of ayes.)

23 MR. WALKER: All opposed same sign.

24 (No response.)

25 MR. WALKER: Motion carries.

1 Thank you, Mr. Duncan. Appreciate your help on
2 that.

3 Let's go to item 5.B, if we could. And I think
4 we have Ms. Phillips, I see you're here, Kevin Oldham,
5 there you are, and I will offer you the same opportunity
6 before we get up here and do that, if you'd like to speak
7 before or you want to wait till after.

8 Bill, tell us about petition for rulemaking
9 under Title 43, Section 206.41.

10 MR. HARBESON: Yes, sir. My name is Bill
11 Harbeson. I'm the director of the Enforcement Division.

12 This is a petition for rulemaking filed by
13 Dykema, Cox & Smith. The petition requests that the board
14 initiate rulemaking to amend Title 43, Chapter 215,
15 Subchapter H, which is titled Advertising. The petition
16 seeks rulemaking to amend the current definition of
17 advertisement so that it excludes a vehicle price
18 comparison website, as long as the website is not operated
19 by a dealer or dealer representatives.

20 The petition also seeks rulemaking to amend the
21 DMV's proposed definition of savings claim or discount,
22 which was published on June 19 of this year in the *Texas*
23 *Register*, by carving out of the proposed definition of
24 savings claim or discount: historical prices, price
25 changes or price analysis if that information was provided

1 by a vehicle price comparison website.

2 And finally, the proposal to initiate
3 rulemaking seeks a new definition, to be included in
4 Subchapter H, for a vehicle price comparison website.

5 The staff today is recommending denial of the
6 petition for rulemaking. First of all, I'd like to
7 comment that the board has the duty and the authority to
8 regulate advertising that deals in this industry in the
9 distribution and sale of motor vehicles in the state. The
10 board has the duty and the authority to regulate both
11 licensees and non-licensees that are advertising the sale
12 of motor vehicles in the state.

13 Vehicle price comparison website and other
14 third party websites are in the business of marketing
15 motor vehicles on behalf of dealers. That is what they
16 do, that is how they make their money, that is their
17 raison d'être, the reason for them being. The promise to
18 generate leads for dealers that subscribe to these
19 services. That's their business.

20 The staff's position today is that what a
21 dealer cannot do himself in his own advertising, in his
22 own media that he uses, he may even have his own website.

23 If that's prohibited by the board's rules, he should not
24 be allowed to do the same thing simply by using a third
25 party such as a vehicle price comparison website.

1 Excluding vehicle price comparison websites from the
2 board's definition in advertising, in essence excludes all
3 licensed dealers that subscribe to that website for their
4 advertising. In other words, if you're using that device,
5 you're not going to be regulated because that's not your
6 advertising, that's somebody else's advertising or non-
7 advertising of motor vehicles.

8 Those dealers can violate rules such as the
9 prohibition against discounts and savings clauses on used
10 vehicles simply by using one of these other devices, one
11 of these other companies. This would result in an uneven
12 playing field in the industry we regulate and would not be
13 in the best interests of either the public or the vehicle
14 industry.

15 The board authorized the publication of Chapter
16 215, including the advertising rules found in Subchapter H
17 at its last board meeting. The board should not now today
18 initiate rulemaking affecting those same rules, especially
19 when the only result would be to undermine the rules that
20 you now have published for comment.

21 For these reasons and for the reasons stated in
22 Ms. Phillips's, letter, the staff today is recommending
23 that you not initiate rulemaking for the reasons set out
24 in the petition. Do you have any questions of me?

25 MR. RODRIGUEZ: Bill, if we approve the denial,

1 that is, approve your recommendation today, is there any
2 recourse beyond, let's say, the courts for the petitioner?
3 I'm just wondering.

4 MR. DUNCAN: Not that I'm aware of.

5 MR. RODRIGUEZ: Okay. Thank you.

6 MR. INGRAM: I have a question. Bill, let make
7 sure that I understand it correctly. A website that
8 compares my price to a dealer over here, that's fine, but
9 what's not fine is when it shows how my price has changed
10 over time, therefore, implying a discount, so therein lies
11 kind of the gist. Is that right?

12 MR. HARBESON: We've consistently taken the
13 position on this savings and discount claim for used cars
14 that you can't just say you're going to save X amount
15 because I've discounted my price, but we've also taken the
16 position that when you're exhibiting two prices the reader
17 is going to understand that what you're showing that was
18 the then price, this is the now price, you've dropped your
19 price. So that's a discount and we would hold that to be
20 a violation of the rule that currently exists which says
21 you cannot use discounts or price drops in advertising
22 used cars. And the reason should be easy to understand,
23 at least it is for me, is that we're talking about apples
24 and oranges. Any two cars, same year, same make, same
25 model, if they're used there's a difference, and so that's

1 why it's allowed in the new car business because there's a
2 set starting point, that being the MSRP, and there's
3 strict rules about what you can do after that to get down
4 to your featured price, but in used cars, the featured
5 price is the featured price.

6 MR. INGRAM: Right. And so the fear is that it
7 would be very easy to manipulate, so the example would be
8 pricing my car quite high and then marking it down at some
9 point and then showing a big savings, when in fact, it was
10 just manipulation.

11 MR. HARBESON: You have the ability to keep it
12 on your lot for a period of time, knowing all along that
13 you were going to sell it at the target price

14 MR. INGRAM: Okay. I don't have anything else.
15 Thank you.

16 MR. PALACIOS: Mr. Harbeson, I just want some
17 clarification. I'm confused by petitioner's premise for
18 an exemption. If they are representing, I guess, a used
19 car dealer or whoever it may be, isn't the dealer de facto
20 now asking for an exemption? I mean, just by using a
21 third party how does that differentiate them from -- or I
22 guess how would that be any different from that dealer
23 actually advertising in violation of the rules that we
24 have in place now just by using a third party? I mean, it
25 seems to me that they are de facto advertising. I mean,

1 it doesn't make any sense to me. Can you clarify that? I
2 think I'm missing something here.

3 MR. HARBESON: I'm not sure I can clarify that.

4 But you're correct, they're again asking to do through
5 this device, this third party, what they would not be able
6 to do themselves, and because they're now doing it through
7 this exempt device, this entity that is not considered to
8 be advertising if the rules were adopted as they propose
9 you to do, I see problems beyond just savings clause we're
10 talking about. If you're using a vehicle price comparison
11 website as your advertising device or vehicle, I see any
12 rule that was violated there simply because you're using
13 that third party, the dealer should not be exempt from the
14 rest of the rules. Again, I go back to if you're not on
15 that website you couldn't do that, if you are on that
16 website you could.

17 MR. WALKER: Okay. So let's do this, let's
18 kind of break right here for just a second, if we don't
19 have. We have Mr. Oldham, Kevin Oldham, and I think you
20 are the petitioner who is requesting that the agency post
21 this rule. Is that correct?

22 MR. OLDHAM: Yes, sir.

23 MR. WALKER: And are you the owner, are you a
24 lobbyist? Why don't you come forward and tell us who you
25 are and what your interest here is.

1 MR. OLDHAM: Sure, absolutely. Members of the
2 board, good morning. Executive Director. Thank you for
3 your time.

4 I did file a petition for rulemaking. The
5 reason being I'm a lawyer, an attorney here in town, and I
6 represent one of these vehicle price comparison websites,
7 CarGurus.com.

8 Now, kind of the genesis of this, not to
9 regurgitate the petition, what happens is my client has a
10 website that does an analysis of the price differences
11 between different vehicles in a certain geographic market,
12 so you've got a 1998 Toyota Camry, it looks at all the
13 Camrys, certain mileage, certain specs within a geographic
14 location, averages it out and then compares that average
15 with what dealers in that geographic market show as a
16 listing price. So it's very similar to TripAdvisor or
17 travel companies, or Zillow for real estate, if you're
18 familiar with those. It looks at the different prices in
19 a market, has an algorithm that computes an average, and
20 then it compares it.

21 It's consumer-driven, meaning it's not
22 dealership-driven. I have to disagree, respectfully, with
23 Mr. Harbeson and his characterization of it being a end
24 run around regulations on dealers because the definitions
25 specifically break from any dealers or dealer reps or have

1 any connection. What the website is supposed to do is to
2 provide consumers with more information to be more
3 educated in terms of buying.

4 Now, they do make money and they make money in
5 a variety of ways, one of which it they do have banner
6 advertising, just like any other website, they do sell
7 information based on clicks to dealers. There's other
8 things that they do to make money but they do not engage
9 in any sale of a motor vehicle, they do not have anything
10 to do with the transfer of a motor vehicle. Someone goes
11 to their website that's interested in buying is redirected
12 to a dealer.

13 There's also non-participating dealers.
14 There's information gathered on this website from people
15 who have no relationship whatsoever with my client, and
16 there's other people in this industry, other websites that
17 do similar things, Autotrader, Cars.com, you name it,
18 they're all out there, and this proposed regulation would
19 benefit them as well, not just my client.

20 Kind of the impetus of this is there was a
21 complaint filed by the dealers association against my
22 client because there was two aspects of the website that
23 they didn't like, one of which was the website would
24 show -- and they do this in all 50 states, not just Texas;
25 Texas is the only one that takes the position that this is

1 advertising and prohibited -- but there's two aspects of
2 the website that caused concern, one of which was when a
3 price the dealer listed was either above or below the
4 average price, the difference or that vector between the
5 two was shown. So it would be shown as a negative, which
6 Mr. Harbeson and his group would say would be a discount,
7 or it would be an amount above the line which would be
8 shown as a bad deal or something that's over the average.
9 So that was identified as something that was prohibited.

10 The second thing was the website, in an effort
11 to give consumers more and more information, would show
12 not only any price changes that a particular dealer had on
13 a vehicle but also the amount of the price change. So if
14 a vehicle has been on the market for 90 days and a
15 dealership has changed the price three times, whether they
16 change it up or change it down, that information would be
17 captured on the website. And so again, the department
18 made the determination that any change in price there
19 could potentially be a discount or a savings claim.

20 And so working with Mr. Harbeson and Ms.
21 Alvarado and their group, we made changes to the website
22 just for Texas -- we didn't have to make the changes in
23 any other state -- made changes to the website to bring it
24 into compliance. Well, one recommendation was if we
25 didn't like it, we should submit a change to the

1 regulations, so that's what we did, we followed that
2 advice.

3 I haven't had any conversations with Mr.
4 Harbeson, and I'm really kind of surprised by the strength
5 with which he recommends denial of the petition as opposed
6 to working with us. I never received a copy of Ms.
7 Phillips's letter, so I'm really kind of behind the eight-
8 ball in terms of what her arguments are. I don't
9 routinely practice before the Department of Motor Vehicles
10 so I don't know how you guys do things over here, but
11 that's really kind of the genesis.

12 I don't want to regurgitate everything that's
13 in the petition letter, but I'm happy to answer any
14 questions. I'm happy to work with the staff to change the
15 language to get rid of any concerns that they might have
16 about other applications or dealerships being able to do a
17 workaroud. I mean, the purpose of this is not to give
18 dealers a workaroud, the purpose of this is to provide
19 consumers with as much information as possible. There are
20 some dealers that don't want consumers to know how many
21 days a vehicle has been on the market. Right? And there
22 are some dealers that don't want consumers to know how
23 many times the prices have changed on that vehicle. There
24 are dealers that don't want consumers to know that their
25 price is above average for that geographic market.

1 And I understand it's kind of a tough thing to
2 pin the tail on the donkey when you're dealing with used
3 cars, and we are perfectly open to working with staff to
4 try to come to some kind of resolution. But I don't think
5 the model of these advertising regulations historically
6 are ready for the disruption of online information type
7 website, like TripAdvisor, like Zillow, but I think
8 eventually the department is going to have to deal with
9 this and hopefully the board will start today in trying to
10 make the regulations at least understand this different
11 aspect of the market that's come into play.

12 MS. RYAN: Kevin, may I ask a couple of quick
13 questions?

14 MR. OLDHAM: Absolutely.

15 MS. RYAN: Are you at liberty to disclose who
16 your client is?

17 MR. OLDHAM: Yes. It's CarGurus.com.

18 MS. RYAN: I'm not familiar with that website.
19 So I'm familiar with Zillow, all the website,
20 TripAdvisor, none of them negotiate with you. I can't go
21 negotiate with Zillow, I can't negotiate with United when
22 I want to go get an airline, I can negotiate with car
23 dealers, so that's part of the reason that the agency
24 worked to put the rules I place to protect the consumers.
25 Right?

1 MR. OLDHAM: Sure, absolutely.

2 MS. RYAN: And a lot of us on this board work
3 in the automotive industry, so we take a lot of pride in
4 that industry and we want it to have the integrity, we
5 want dealers to have that integrity. So the concern I
6 think that you hear is that the reason these rules were
7 put in place was to keep the integrity of the industry and
8 weed out anyone should they decide not to have the
9 integrity, as few as they may be. Right?

10 So I think the concern with the websites is
11 that they do allow a workaround. So I'm not familiar with
12 your website but a lot of the price comparison websites
13 allow the workarounds that do exactly that. So I think
14 the concern that Bill is raising is that it probably
15 allows the workaround, because the websites you're
16 suggesting, I don't know that that's a fair comparison. So
17 I don't know the answer. I guess what I'm saying is that
18 I don't know that you're comparing apples and oranges with
19 those website comparisons.

20 I've never seen your website so I can't speak
21 to it, but that's the concern, I think, that probably
22 you're hearing this firm stance and probably more research
23 would have to be done. But that's the uphill battle, I
24 think, you're probably hearing.

25 MR. OLDHAM: Sure. If I may respond. I think

1 what I'm hearing you say is that Zillow doesn't negotiate
2 with people who are going online to look at the price of a
3 home, and that's apples and oranges to what CarGurus does.

4 MS. RYAN: Let's do TripAdvisor.

5 MR. OLDHAM: Okay. So TripAdvisor redirects
6 people and gives people the opportunity to check things
7 and to rate different travel agencies. What CarGurus
8 does, CarGurus has no negotiation with a potential buyer
9 regarding the price of a car or the sale of a car. If
10 someone is interested in the purchase of a car, they're
11 redirected to that dealer.

12 MS. RYAN: I'm sorry. But the dealer will
13 negotiate, and I don't want to take up the time here, but
14 I guess the point is the concerns that the consumer could
15 be misled, and that's the concern you're hearing from us.

16 MR. OLDHAM: Right. And I would say that the
17 consumer is misled when a dealer is allowed to prevent a
18 website, like CarGurus, from showing price changes, and I
19 think a consumer can be misled by not being shown what the
20 potential car purchase is compared to the average in that
21 market. So I mean, I understand.

22 I think what we're asking for is consistent
23 with the overall tenor and purpose of these advertising
24 regulations, and that's to protect consumers, not to
25 protect the businesses that sell to these consumers.

1 MR. WALKER: But how do you know the price
2 changes?

3 MR. OLDHAM: That information is on the dealer
4 websites so it can be grabbed from those dealer websites.
5 I don't know if you're familiar with waybackmachine.com
6 or anything like that? Basically, you can track what a
7 dealers shows the price for a car, you could probably go
8 back to 2008 because that information is cached from
9 websites out there, there's ways of grabbing that
10 information. So it's the dealer's own suggested price at
11 that particular date, so if they change it three times,
12 four times, that information can be captured.

13 MR. WALKER: Only if he changes it on the site,
14 though. Right?

15 MS. RYAN: And the thing, Mr. Oldham, that's
16 the concern that some of the rules were put in place.
17 Most consumers aren't going to go back and track how many
18 times a dealer changes, so the rules were put in place to
19 protect the consumers because they're not going to go back
20 and track a dealer changing. So that's why we did what we
21 did with the rules to begin with.

22 MR. OLDHAM: Well, our website, though, allows
23 the consumer not to have to go back and check because we
24 provide it all in one spot. Right? So it's consumer
25 favorable as opposed to it being hiding the ball.

1 MR. WALKER: So you're not from Texas, I take
2 it.

3 MR. OLDHAM: I am from Texas. I've lived in
4 Texas my whole life, I can really lay on the accent if you
5 want me to. I went to your alma mater, by the way.

6 MR. WALKER: So CarGurus is not a Texas company
7 then.

8 MR. OLDHAM: It is not based in Texas, no.

9 MR. WALKER: Have you represented these people
10 in any other states?

11 MR. OLDHAM: My understanding is they have one
12 issue in Colorado that they're working on. I think it has
13 to do with the dealer handling charge has to be shown as
14 included in the price, and so they're working through
15 that, but other than that, there really hasn't been any
16 issues in the other jurisdictions.

17 MR. WALKER: But what I heard you say a while
18 ago, I want to make sure I got this correct, Texas is the
19 only state that does not allow this?

20 MR. OLDHAM: Texas is the only state that
21 interprets what CarGurus does to be protected advertising
22 and to provide a prohibited savings claim. Basically, the
23 department's position is if you have two prices on your
24 website and there's a difference between those prices,
25 it's prohibited.

1 MS. RYAN: But Mr. Oldham, we can't look at
2 just CarGurus and make rules specifically to your website
3 because we have to then also make sure that every other
4 price comparison website, and the agency can't sit and
5 look at every price comparison website every time somebody
6 wants to put something on the internet. And I'm sure you
7 can respect that. Correct?

8 MR. OLDHAM: Yes, I can respect that. But
9 these rules -- like I said, I'm happy to work with them --
10 would impact a whole industry, not just my client, because
11 things are changing. The biggest retailer in the world
12 right now is Amazon.com, and people are looking to the
13 internet to provide information and to educate them in
14 making all kinds of purchases, including motor vehicles.
15 So it's not just my client, there is ten other companies
16 that would potentially be in this same boat. Now, their
17 algorithm or they may not provide the extent of
18 information that we provide and so they haven't been
19 caught up in this type of regulatory. And we made the
20 changes to come into compliance with the current
21 department interpretation. We were told that the
22 regulatory administrative process would be one way to
23 address this, and that's why we're here today.

24 MS. RYAN: Understand. That's why we're
25 hearing these comments.

1 MR. WALKER: I think I'm kind of where you're
2 coming from.

3 MS. RYAN: Thank you for answering my
4 questions.

5 MR. INGRAM: So really it's a question for Mr.
6 Harbeson. So two specific points were brought up, and one
7 is the price change, and I understand the problem with
8 that one. The other one was the price comparison to the
9 industry average in that area. I don't see that there's a
10 problem with that one. Is there a problem that I don't
11 understand between doing this comparison basically saying
12 your X dollars above the average or X dollars below?

13 MR. HARBESON: No.

14 MR. INGRAM: So the only problem is that
15 savings discount one that's showing the savings.

16 MR. HARBESON: We've worked with them where
17 they have their data is out there available. The problem
18 we have is where we have something on a used car where it
19 says you save \$2,500 or \$2,063.

20 MR. INGRAM: Well, that's not you save from the
21 geographic region, it's just saying you have a problem
22 with you save because they discounted the price since they
23 posted the first time.

24 MR. HARBESON: This has the dealer's price and
25 then it says you save blank.

1 MR. RODRIGUEZ: That's misrepresentation.

2 MR. INGRAM: You save blank from the other
3 prices in that area?

4 MR. HARBESON: I'm not sure what it means, but
5 that's what it says on the website, but not on our
6 website.

7 MS. RYAN: And the dealers wouldn't be able to
8 do that.

9 MR. WALKER: Okay, Kevin, if you'll just kind
10 of hang in there for a second.

11 Ms. Phillips.

12 MS. PHILLIPS: Good morning. Karen Phillips
13 with the Texas Automobile Dealers Association.

14 For purposes of some clarification, I had one
15 of my members to contact me with respect to this
16 particular website, CarGurus.com, where they were showing
17 discounts with respect to used automobiles, and they
18 contacted the website and asked them to please comply with
19 state law because state law did not allow for any type of
20 savings claim to be done on a used automobile. They
21 received a reply back that said: Texas law in question
22 prohibits licensed dealers from this activity, but since
23 CarGurus.com is not a dealer, CarGurus cannot violate the
24 law.

25 Well, as Mr. Harbeson has already stated, we

1 cannot allow our members to utilize a third party to do
2 what they cannot do which is what you're being asked today
3 with respect to the petition for rulemaking. They want to
4 amend the definition of advertisement to exclude this
5 vehicle price comparison website, they want to add a
6 definition of savings claim or discount whereby a vehicle
7 price comparison discount is not a savings claim or
8 discount, and then they want to make certain that their
9 particular petition with respect to what a vehicle price
10 comparison website would not be an advertisement. So they
11 want to not have any regulatory authority over what it is
12 that they do.

13 You have jurisdiction over advertising. You
14 are charged with making certain that the citizens of the
15 state, as well as your licensees, are advertising in a
16 fair fashion, that what they advertise is not deceptive
17 or misleading to the public, and since a BPCW is an
18 advertisement, since you have jurisdiction over this, I
19 would suggest that you need to make certain that the
20 licensees are compliant with the rules.

21 The DTPA very much would require that there
22 cannot be anything misleading about what it is having to
23 do with a discount or a savings claim. We don't know with
24 respect to this type of website whether or not we're
25 giving false information on identical vehicles. We don't

1 know if the price comparisons are on identical vehicles
2 because they're used. We don't know what their average
3 price is, we don't know what that means. We don't know
4 what their geographic area is and we don't know what that
5 means. So we don't know what it is that they're actually
6 comparing.

7 With respect to this petition, I would request
8 that you deny it specifically, and there are some things
9 within the website that I think are very insightful for
10 you to have information about. They very specifically
11 say -- and I have to get my readers to read this because
12 it's in tiny print says: By posting or distributing
13 content through this site you grant CarGurus and its
14 affiliates and sub-licensees the non-exclusive, perpetual,
15 worldwide, irrevocable and fully sustainable right to use,
16 post, store, reproduce, modify, adapt, edit, translate,
17 transmit and publish.

18 So even though they may be obtaining
19 information from a dealer, we don't know what it is
20 they're doing with it. You are granting them the right to
21 modify it, you're granting them the right to edit it, and
22 just because something is on a website does not mean that
23 you shouldn't have oversight over it. In fact, because
24 it's being distributed so readily, I think that it is
25 incumbent upon you to make certain that you maintain your

1 oversight and regulatory authority with respect to this
2 type of an advertisement.

3 Happy to answer any questions.

4 MR. PALACIOS: Will this require a motion?

5 MR. WALKER: Yes.

6 MS. RYAN: Karen, if you -- go ahead. I'm
7 sorry. Go ahead, ask your question.

8 MR. PALACIOS: I was just going to make a
9 motion.

10 MR. WALKER: Let me tell you what's happening
11 were so we all make sure we understand. Mr. Oldham's
12 company has come to us. Normally we get a petition for
13 rulemaking through our own staff to change rules, so the
14 law allows for somebody outside of the DMV to go and make
15 a recommended rulemaking to change the rules. So
16 CarGurus.com has hired Mr. Oldham here to petition our
17 board to make a rule to modify and to change the rules to
18 do that. So that's where we're at right now.

19 And I guess we have several options, and I'm
20 fixing to find out right now. Let me talk to Whitney for
21 just a second.

22 She's got a good recommendation. Why don't we
23 take a break here and talk to our legal counsel for just a
24 second.

25 MS. RYAN: May I ask a question of Karen before

1 we take a break?

2 MR. WALKER: Yes.

3 MS. RYAN: Have you received one complaint? I
4 mean, after that complaint, have you received any other
5 soliciting or other feedback from dealers on any other
6 price comparison websites?

7 MS. PHILLIPS: After I asked the agency whether
8 or not this particular website was compliant or not and
9 got a letter stating that it was not, I sent a memo out to
10 my members and attached a copy of the letter that was
11 sent to this company stating that it was non-compliant.
12 When I sent out that memo, I received numerous phone calls
13 from my members with the fact that they were very
14 appreciative because they understood that they should not
15 be doing through a third party what they can't do
16 themselves, and they had stated that they have had issues
17 with some of these price comparison websites asking them
18 to correct the website to comply with our rules. The
19 agency then met again with CarGurus and they changed the
20 website to become compliant, and then I sent out another
21 memo telling the dealers that it was now compliant.

22 What came of all of that was a lot of
23 information that my members didn't recognize was going on
24 with these third party websites with their information
25 being ginned out and sent out and modified and utilized in

1 this way, and it did open their eyes up, or at least some
2 people's eyes up with respect to what was going on. So
3 it's an issue that my members are worried about, they want
4 to make certain that they're compliant, they think the
5 rules are good, and they think the rules need to be
6 complied with.

7 MR. WALKER: You're saying the existing rules
8 are good.

9 MS. PHILLIPS: The existing rules are good.

10 MS. RYAN: One more question, Karen. I'm
11 sorry. When we put these rules into effect, which we did
12 last year. Correct, Bill? A year and a half ago? The
13 advertising rules.

14 MR. HARBESON: There are currently two,
15 including some changes in Subchapter H, are out for public
16 comment. They've been published.

17 MS. RYAN: The advertising rules. I remember
18 when we went through this, and the price comparison
19 websites were part of that rule, they went out for public
20 comment and the price comparison websites. Can we go back
21 and see if we got any public comment from those price
22 comparison websites that opposed being part of the
23 advertising rules at that particular time? Because I'd
24 like to know if there was any strong opposition to being
25 excluded at that time, because it was posted then and they

1 were included.

2 MR. HARBESON: This is the first time I've
3 heard the term price comparison, vehicle price comparison
4 website. There are companies out there, similar to
5 CarGurus, that use comparison of data in their product
6 that they use. I have met and worked with almost all of
7 them somewhere in the last couple of years. And
8 specifically talking about CarGurus, I would say they have
9 been the most responsive of any of the companies I've
10 dealt with as far as immediately coming in and I think
11 within a day changing their website to bring it within our
12 rules.

13 MS. RYAN: But when we posted those rules and
14 we intended for any advertising, online, dealers, third
15 parties, that was the intent, correct, when we put it out
16 for comment?

17 MR. HARBESON: I will ask Mr. Duncan, but I
18 don't think we've received any comments on those rules.

19 MS. RYAN: Okay. And that may be some research
20 that needs to be done or backtracking to see what comments
21 came in to see if anything came in. Blake, and I think
22 there was a bunch of us that sat on that committee, and
23 Karen, you were there too, and it might be worth going
24 back, but I think it was all encompassing.

25 MS. PHILLIPS: Well, and it was certainly

1 excluded.

2 MS. RYAN: Right.

3 MR. WALKER: So can I take just a break for
4 about five minutes and get some legal advice maybe from
5 counsel here and kind of get a direction on what to do.

6 MS. RYAN: Thank you both for your time and
7 your input. Thank you.

8 MR. WALKER: We're going to take about a five-
9 minute break.

10 MR. RODRIGUEZ: Executive session?

11 MR. WALKER: No, we can't take an executive
12 session, but I need to talk to David about on a petition
13 on what we can do.

14 (Whereupon, at 10:59 a.m., a brief recess was
15 taken.)

16 MR. WALKER: I guess it's 11:11 and we are now
17 re-adjourning the meeting.

18 MS. RYAN: Re-adjourning?

19 (General laughter.)

20 MR. WALKER: Reconvening. We're reconvening.

21 So the first thing I'm going to do is I talked
22 to our general counsel about our options here, what we can
23 and cannot do and the direction that the law requires us
24 to go on this, so I'm going to let him brief the board and
25 tell us our options real quick.

1 MR. DUNCAN: Good morning again, members.
2 David Duncan, general counsel.

3 Under the Administrative Procedures Act, which
4 governs rulemaking in Texas, the subchapter on rulemaking
5 begins with the petition for adoption of rules. An
6 agency, once it receives a petition for rulemaking, not
7 later than 60 days after it's submitted, you must -- and
8 there are only two options -- deny the petition in
9 writing, stating its reasons for denial, or initiate a
10 rulemaking proceeding under this subchapter.

11 Now, the act doesn't define and there's never
12 been any cases that I'm aware that says what initiate a
13 rulemaking means, but deny is pretty obvious. I mean,
14 deny is the petition is denied. There is no limitation on
15 resubmission, so if they were to narrow or change or
16 limit, I know what their answer would be to an identical
17 submission, but if they were to resubmit or change the
18 petition in some way, and we could always work with them
19 to clarify exactly what our rules say and what we believe
20 they can and can't do.

21 And with that, I am available to answer any
22 questions.

23 MR. INGRAM: Mr. Chairman, I move that the
24 board deny the petition for rulemaking.

25 MR. PALACIOS: I second.

1 MR. WALKER: We have a motion from Mr. Ingram
2 to deny, we have a second from Mr. Palacios. Do we have
3 any questions?

4 MS. RYAN: Can I have some discussion? Can I
5 suggest that there be some additional work with the
6 agency. I think that there's going to be some times that
7 we're going to continue to have these types of things come
8 up, but I do think that any vendor that works with dealers
9 needs to comply with the same rules that our dealers have
10 to work with. But can the agency continue to work, is the
11 question, with Mr. Oldham or any other business that wants
12 to work with our dealers to find a solution? I mean, that
13 continues to happen whether this gets denied or not.
14 Correct?

15 MR. WALKER: Yes.

16 MS. RYAN: So that keeps happening. Got it.

17 MR. WALKER: Here's where I think that the
18 board is today with respect to where we're at in our
19 discussions at this point is I know that I don't have as
20 good an understanding today as I would like to have, and
21 I think there's other board members that are in the same
22 position that I'm at. That's not your fault and that's
23 not Mr. Harbeson's fault, that's just kind of where we're
24 at today. And my suggestion would be that your people get
25 with Mr. Harbeson and that you sit down and talk about

1 where we know the law is in the State of Texas and where
2 we can work within the bounds of accommodating maybe
3 something that's beneficial to the general public out
4 there with your product. You know, we live in one today
5 where technology, everything we do is on this deal right
6 here, it seems like. Even our board packets come on those
7 today.

8 So we'd like to look and get a better
9 understanding of that and I think that if we can come to
10 some amicable understandings between, we can come back
11 with another rulemaking, and you can re-petition a rule at
12 any time. Does that make sense to you?

13 MR. OLDHAM: It does. Thank you.

14 MR. WALKER: So we have a motion on the table
15 to deny and a second. Is there any further discussion?

16 (No response.)

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

19 (A chorus of ayes.)

20 MR. WALKER: All opposed same sign.

21 (No response.)

22 MR. WALKER: Motion carries.

23 I think there are two more things on the
24 agenda, one is projects, the other is on
25 the administrative hearings. Edward Sandoval. Let's go

1 to Ed. That's pretty darn quick, I bet. Tell us how
2 things are going over there.

3 MR. SANDOVAL: My name is Edward Sandoval. I'm
4 the chief hearings examiner for the Office of
5 Administrative Hearings. Good morning.

6 When the office was created, the goal was to
7 have the Lemon Law and warranty performance complaints
8 completed faster, cheaper and better than the State Office
9 of Administrative Hearings, SOAH, and I believe that we
10 are accomplishing those goals. The SOAH has now been in
11 existence for a year and a half. During fiscal year 2015
12 we have seen an increase in the number of complaints
13 referred to SOAH, as was to be expected since this is the
14 first full year for the office. For fiscal year 2015, as
15 of July 31, 2015, we have issued 299 final orders and
16 decisions. The average time that it has taken to issue a
17 final order and decision is 109 days. During the last two
18 full fiscal years that SOAH conducted the Lemon Law
19 hearings, the average length of time it took to issue a
20 final order and decision was 225 days.

21 MR. WALKER: How many?

22 MR. SANDOVAL: 225 days.

23 MR. WALKER: Wow. Cut the time in half.

24 MR. SANDOVAL: I'm sorry?

25 MR. WALKER: We cut the time in half.

1 MR. SANDOVAL: Just about.

2 The initial goal for the SOAH is to issue the
3 decisions in 150 days on average and we're exceeding that
4 goal at this time.

5 Another goal for SOAH was to conduct the
6 hearings more economically, and we're meeting that goal
7 also. DMV was budgeting \$650,000 per year for SOAH to
8 conduct these hearings. For fiscal year, SOAH was
9 budgeted \$440,000 and right now are projected expenditures
10 for the fiscal year are \$409,000, so just for the fiscal
11 year we're saving approximately \$31,000.

12 We're also attempting to be more consistent and
13 efficient when conducting the hearings. We attempt to
14 schedule two to three hearings for any location where we
15 have to travel to save on the travel budget. In addition,
16 since there are only two hearing officers who conduct the
17 hearings, just out of necessity we're more consistent
18 we're more consistent in the hearing procedures and in
19 writing the decisions. We're also working on creating
20 more decision templates to ensure continued consistency
21 for the future.

22 In February of 2015, a second hearing officer
23 retired from state service and it became it necessary to
24 hire a replacement, and we hired Andrew Kang who was
25 formerly an attorney in the department's Enforcement

1 Division. He has been a welcome addition to the office,
2 he's been doing a great job, he's a hard worker, he's
3 energetic, and we're looking for continued good work from
4 him.

5 In the upcoming hear, the office's initiatives
6 include streamlining the decision-writing process to cut
7 down on the time frame in which to issue decisions in
8 contested cases. We'll be looking at different methods in
9 which to do so.

10 Another initiative that I'm looking forward to
11 doing is to put the hearings information on our external
12 website for the general public to access. We anticipate
13 being able to put general hearing information, hearing
14 procedures, links to the relevant rules and sections of
15 the Occupations Code, a list of frequently requested
16 documentation and possibly an FAQ section.

17 In conclusion, I would say that we are
18 performing the Lemon Law and warranty performance hearings
19 faster, cheaper and better, and we anticipate continuing
20 to investigate ways to improve office performance in the
21 future. That concludes my presentation.

22 Do you have any questions?

23 MR. WALKER: I have one question. Do you track
24 any KPIs on your particular division there?

25 MR. SANDOVAL: We do.

1 MR. WALKER: And where do we do that? How do
2 we report that back to the board?

3 MR. SANDOVAL: Well, they go to Terri Tuttle
4 whenever she makes a request for them.

5 MR. WALKER: If I'm looking at the KPI chart
6 right here that says we've got the hearing process down to
7 109 days from the date it's submitted till we get a final
8 ruling on that, and our target date is to get these I and
9 out by, say, 90 days so that the board knows that, hey,
10 what is our goal? We've gone from 225 days average, you
11 just said, we've got it down to 109. What's reasonably
12 feasibly and where should our target be? My customer
13 expects my trucks to be on time making deliveries 95
14 percent of the time.

15 MR. SANDOVAL: On contested cases what would
16 probably be reasonable would be about 150 days, and that's
17 because the decision-writing process and how long it
18 takes. For the KPIs we're actually tracking from the time
19 the complaint is referred to the office, not from the time
20 the complaint is initially filed but from the time the
21 complaint is referred to the office to the time we issue a
22 decision, so those numbers are going to be a little
23 different.

24 MS. BREWSTER: Mr. Chairman, if I might.
25 Whitney Brewster.

1 What you see in the dashboard before you in the
2 KPIs is a culmination of various performance measures
3 rolled up under the goals, so for the Office of
4 Administrative Hearings, you will find that under
5 performance-driven.

6 MS. RYAN: So as per the discussion we had
7 yesterday, we'll get some additional details and
8 information to the board as the project that we work with
9 Terri on.

10 MR. WALKER: So we're going to get -- never
11 mind -- we're going to figure something out here.

12 Does anybody have any questions to ask about
13 the hearing processes?

14 MS. RYAN: You are fully staffed now. Is that
15 correct?

16 MR. SANDOVAL: We are staffed, fully staffed.

17 MR. WALKER: How many FTEs do we have there?

18 MR. SANDOVAL: Five. We just have two hearing
19 examiners, as I indicated, so the rest of the staff is
20 support staff.

21 MR. WALKER: And so we have a chief examiner
22 and then an examiner?

23 MR. SANDOVAL: Yes.

24 MR. WALKER: And you're the chief examiner.

25 Correct?

1 MR. SANDOVAL: Correct.

2 MR. WALKER: Okay. Anybody else have any
3 questions of Edward?

4 (No response.)

5 MR. WALKER: Thank you very much.

6 MS. RYAN: Thank you.

7 MR. SANDOVAL: Thank you.

8 MR. WALKER: Judy, do you want to come forward
9 and give us an enterprise projects update?

10 MS. SANDBERG: Good morning, Mr. Chairman,
11 members and Executive Director Brewster. For the record,
12 Judy Sandberg, director of the Enterprise Project
13 Management Office. Today I'm providing a briefing on
14 enterprise projects. I will not be seeking any decisions
15 form you today. My briefing begins on page 125 of your
16 board book.

17 I'd like to begin with an update on the RTS
18 refactoring project. As you know, the project is divided
19 into workstreams. We're currently working on workstream 2
20 which actually has two parts. The first part that we're
21 working on now is to implement the refactored code in all
22 of the county offices and the regional service centers,
23 and this slide will give you some information on what
24 progress we're making in that. We are a little behind
25 schedule. We were originally scheduled to finish that

1 deployment to all 254 counties by July 6.

2 I even have some updates to this slide because
3 things have evolved even in the last couple of weeks. As
4 of July 18 we had completed 416 work stations in
5 approximately 73 counties and 15 of the regional service
6 centers. Tonight we are approved by the executive
7 steering committee to resume deployment. We'll be
8 deploying another 432 work stations in another 74
9 counties, and we have also already finished the sixteenth
10 regional service center in Wichita Falls.

11 This week the executive steering committee
12 approved additional deployments on August 19 and on August
13 21. The numbers were slightly changed in order to try to
14 regain some ground we lost during the last few weeks when
15 we interrupted deployment, but on August 19 we will deploy
16 to 29 counties, 344 work stations, and on August 21
17 another 76 counties or 603 work stations.

18 This coming week the executive steering
19 committee will be asked to consider completion of the
20 deployment on the condition that these approved
21 deployments are successful. We will have on August 25
22 for consideration El Paso and Bexar County with 278 work
23 stations, and we'll also ask them to consider Dallas,
24 Tarrant and Harris counties on August 28 with 538 work
25 stations. If we are successful in that, then we will have

1 deployed point of sale to all counties, work stations and
2 regional service centers.

3 MS. BREWSTER: Mr. Chairman, if I might.
4 Whitney Brewster.

5 I just want to make sure that the public
6 understands why we have had delays in the rollout, and
7 that is because the agency has tried to be very sensitive
8 to the impact on the tax assessor-collectors and
9 ultimately the customers, and so we've tried to address
10 issues that have come up with each deployment before
11 moving on to bringing on additional counties. So it has
12 been measured and it has been deliberate, and so I just
13 wanted to make sure that that point was made. Thank you.

14 MR. WALKER: So Judy, we deployed and we had
15 some problems with some service going down and so we kind
16 of stalled the implementation a couple of week ago.

17 MS. SANDBERG: Yes, sir.

18 MR. WALKER: And so I didn't really understand
19 your report, I guess. Since we kind of put everything
20 kind of on somewhat of a hold before we did the next
21 deployment, have we done anything since that downtime?

22 MS. SANDBERG: Yes, sir, we have. Moving on to
23 the next slide, it's actually a segue into what Ms.
24 Brewster was describing on why we did the delays and what
25 some of the issues have been. To your point, we did find

1 that after one of our last deployments we had individuals
2 reporting slowness with the system, even some screen
3 freezing. So for a period of about two weeks after that,
4 Deloitte worked with our IT team, as well as with the Data
5 Center services team.

6 They identified some discrepancies in server
7 configurations between the testing environments and the
8 production environments. They did some analysis to
9 determine where those differences were and actually
10 identified 34 configurations that were different. They
11 have now made those corrections in both the test
12 environment as well as the production environment, and we
13 have seen improvement in performance since then. And so
14 that was a major reason the decision was made to resume
15 the deployment again because we see some improvement there
16 in the performance. And for the last two weeks also, all
17 of the counties and work stations who are currently online
18 have been operating in a stable manner.

19 MR. WALKER: Either I didn't understand or you
20 didn't answer my question correctly.

21 MS. SANDBERG: All right. I'm sorry. I'll try
22 again.

23 MR. WALKER: I asked the question have we
24 started implementing since the last time we went down and
25 decided to delay due to the fact that we were having

1 problems with the server. Yes or no?

2 MS. SANDBERG: No. Tonight will be the first
3 time we will resume the deployment.

4 MR. WALKER: There's the answer to my question.

5 MS. RYAN: And by the end of the month,
6 assuming tonight goes well, everything should be
7 installed.

8 MR. WALKER: So we don't know for a fact that
9 when we try to do it again whether it's going to fail or
10 whether it's going to be a problem or whether it's going
11 to go just right.

12 MS. SANDBERG: Right. We will see how the
13 deployment goes tonight.

14 MR. WALKER: And another thing you said to me
15 that you said in your report here which kind of a little
16 bit concerns me, and I know we've talked about this, we
17 talked about you made a comment that if this goes we were
18 going to go ahead and implement Dallas, Tarrant and Harris
19 counties, and when you say that, those were the three
20 largest counties where the most amount of users are and I
21 thought that we were trying to take and kind of not do a
22 big bang hit at one but kind of phase in, maybe Tarrant
23 County at one time and then Harris County a little later,
24 and then El Paso, some of the larger counties.

25 MS. SANDBERG: Yes, sir. Actually, what our

1 strategy has been is to reserve the larger counties for
2 the end of the deployments, and what this most recent
3 schedule does is actually divide up those larger counties
4 over two or three different deployments. So what we've
5 attempted to do is take care of all of the other counties
6 besides those five major counties, and then the strategy
7 is we will have all those counties implemented and
8 stabilized, and then that will allow us to focus our
9 attention on those larger counties when we deploy them.

10 MR. WALKER: But we'll do one at a time. We're
11 not going to hit the system with Dallas, Tarrant and
12 Harris all at one time.

13 MS. SANDBERG: Currently the proposal is to do
14 three of those counties on one night and another two
15 counties on a separate night.

16 MS. RYAN: But you believe, based on all the
17 delays and all the lessons learned, because of what's been
18 implemented and all the lessons learned and the delays
19 that all the fixes have been -- all the concerns have been
20 fixed and that we wouldn't expect anything new to come up
21 because those are big counties but we've implemented
22 almost as many responses have already been done. Correct?

23 MS. SANDBERG: Yes, ma'am. And in addition,
24 we've also factored in our ability to respond to issues
25 between both our Deloitte teams and our IT teams as we've

1 deployed and based that on the number of issues that have
2 come up, been reported to us. So we factored in our
3 capability for supporting that many work stations at one
4 time, that many end users at one time. That was part of
5 the thought that went into developing that schedule.

6 MS. RYAN: So we've been converting work
7 stations since the beginning of June. Correct?

8 MS. SANDBERG: That is correct.

9 MR. WALKER: Mr. Obermier, do you have some
10 comments?

11 MR. OBERMIER: I do, Mr. Chairman.

12 For the record, my name is Eric Obermier, CO
13 for the DMV.

14 To go back and address the question or comment
15 that was made about whether or not we knew what to expect
16 with these upcoming deployments, would we know whether or
17 not they were going to work. After the configuration
18 changes were identified that needed to be made and were
19 actually implemented, first in tests there was a very
20 significant and load and stress testing that was done to
21 confirm that the ceiling had been raised, if you will,
22 from where it was artificially lowered before because of
23 those configurations. There is a higher level of
24 confidence going into this next rollout than what we would
25 have had before otherwise.

1 MR. WALKER: But there's always surprises.

2 MS. RYAN: Are you trying to jinx us?

3 MR. WALKER: I've done enough implementation.

4 Marvin can tell you about surprises.

5 (General laughter.)

6 MS. SANDBERG: In addition to the system
7 slowness that we have strived to address with these
8 reconfigurations, we've also received reports of slow
9 printing. There has been progress made in that area.
10 Currently the printing interval is at four seconds,
11 however, we continue to monitor that closely and also
12 continue to look for opportunities to make improvement in
13 that printing.

14 We've also addressed several software defects
15 since we began the deployment in June. We have identified
16 over 240 defects in this time period between June and the
17 present, over 200 of those have actually been resolved and
18 tested and put into production. At present we have
19 approximately 40 defects that have been deemed not urgent
20 or high at this point in time. So progress has been made
21 on addressing the software. And you'll see a comment to
22 reinforce Executive Director Brewster's comments about why
23 we took this approach.

24 Moving on to page 127, I wanted to give you an
25 update on the second part of this particular workstream

1 which is getting off of the mainframe. The August 3 date
2 you have heard many times. We are beyond that August 3
3 date and we are still on the mainframe, we have not gotten
4 off the mainframe. Currently the working date is
5 September 14, but that is not an approved implementation
6 date. We've only authorized the project team so that they
7 would have some targets to work towards but we have not
8 granted them approval for an official new date.

9 The reasons that are not off the mainframe yet
10 are one, we have to finish this deployment to all the
11 counties before we can get off the mainframe, so that's
12 the first piece. But we also have not finished all of the
13 testing. We've been reporting to you that we still have
14 some integration testing, systems testing and user
15 acceptance testing in progress, and while integration
16 testing is at 99 percent complete, the remaining 1 percent
17 is mainly surrounding interface issues that are proving to
18 be particularly complex and difficult for the team to
19 solve. Those have been brought to the attention of the
20 executive steering committee just this week. Mr. Obermier
21 is engaged and we know now this is one of the major issues
22 for getting off the mainframe that needs to be addressed.

23 Another major issue is the overnight batch job
24 processes. When they run on the mainframe they readily
25 run overnight in just a few hours, for example, four

1 hours. In this new environment they're still running at
2 20 hours. We've got to reduce that window, so that's
3 another significant issue that has been being focused on
4 to try to determine how to reduce the number of hours that
5 it takes to run those overnight batch jobs.

6 MR. OBERMIER: I can add one clarification to
7 that. Some more recent information we have or updates we
8 have on the timing of the overnight batch schedule, it's
9 down closer to about the 12 to 12-1/2 hour mark. The
10 internal TxDMV IT staff and subject matter experts are
11 working with the refactoring team to help them identify
12 where there are areas to improve. They are not from the
13 logic side, if you will, but more from ten concurrent
14 processing side. On the mainframe if you had one process
15 doing everything, on the newer platform it's possible to
16 have three processes doing that same thing on different
17 subsets of records, and you can operate parallel just as
18 fast as you can with one on the mainframe. So with the
19 right amount of tuning and right amount of eyes on this,
20 again, we are confident that those times will come down
21 but it is going to take a little more of the
22 re-engineering to get that done.

23 MS. SANDBERG: Moving on to page 128,
24 workstream 4 is already upon us. Workstream 4, you may
25 recall, is where Deloitte begins to actually support the

1 new refactored product, and what we have learned in
2 beginning to work with them on this is the amount of
3 effort in hours that we had agreed on contractually was
4 30,000 hours, the actual work is turning out to be about
5 70,000 ours, primarily due to requirements from the
6 legislative session, including things like single sticker
7 and DMV Fund. So we are in the process, we've issued a
8 statement of work to Deloitte and have asked them to
9 provide us a response or a potential contract amendment.

10 The strategy that we are reviewing is a blended
11 team of staff from Obermier's shop, as well as Deloitte,
12 in an effort to try to save costs but also accelerate
13 workstream 5 which is the transition of support from
14 Deloitte to IT. We're also looking at ways we can
15 consider some savings that we've realized. For example,
16 during the current fiscal year our actual costs were one
17 million dollars less than what we had planned, so we're
18 looking for opportunities like that that will allow us to
19 offset the increased cost in order to complete this 70,000
20 hours of work.

21 That contract amendment is not final, it's
22 still in the negotiation stages, so that's about all I'm
23 able to say about that at this item, but if you have any
24 questions, I'll seek guidance on how to answer those
25 questions.

1 Moving on to the LACE project on the next
2 slide, I think there's good news to report about that.
3 Thank you for the authorization at the last board meeting
4 for the executive director to authorize us to find funds
5 within the agency to increase the budget and pursue a
6 contract. We have received a best and final offer from
7 the services vendor last week. We also just yesterday
8 responded to them on that, and I believe that we are very
9 close to being able to make an award, so we are making
10 progress there.

11 The IV&V contract, the proposals have been
12 received from vendors, they have been evaluated, and we're
13 in the final stages of being able to identify a vendor to
14 make an award in that case. We're also in discussions
15 with the software vendor to begin discussing prices for
16 the software and determining at what point we need to
17 begin purchasing the software so that we're ready to go
18 when the services vendor contract is awarded. So we are
19 very close to being able to make some awards and really
20 get started on this particular project and hit the ground
21 running with it.

22 Do you have any questions about LACE?

23 (No response.)

24 MS. SANDBERG: Moving on to WebDealer,
25 WebDealer is green, it's in good shape, we're moving

1 forward, we're on target. We actually added an additional
2 phase since last I reported to you. This new phase is
3 called adoption improvement, and we had some savings from
4 another project that closed that allowed us to respond to
5 VTR with their request that they had received from some of
6 the dealers to implement some improvements. We're still
7 staying within the budget ceiling of the project, so we
8 have added that to phases and to the schedule to be
9 implemented.

10 And salvage is moving on target. We've also
11 already begun developing requirements for the eTags
12 replacement software. So WebDealer is proceeding as
13 planned. Also, since I last reported we've issued over
14 200,000 titles using the WebDealer.

15 MR. WALKER: So how many used car dealers have
16 we got this into now?

17 MS. SANDBERG: I'm sorry, I don't have that
18 information. May I ask if Jeremiah Kuntz has that
19 information?

20 MR. WALKER: Well, Blake, how is it working
21 over at your place?

22 MR. INGRAM: It's working well. So it took a
23 little bit of learning to utilize it correctly, and the
24 biggest hurdle initially was having to do so many
25 different scans, which they've resolved and so now we only

1 have to do one scan, and so that was a significant hurdle.

2 Then the other hurdle really is just that where your
3 title clerks could make a small mistake or two on paper
4 which could be corrected at the tax office, that's not
5 possible now because it's a digital scan, so if you have a
6 mistake, you're going to get a rejection. So we have a
7 higher number of rejections, but we are learning to become
8 better at our jobs and that's definitely cut down on the
9 number of rejections.

10 So it's a learning process but I think that all
11 the dealers will love it. Most of the dealers I've talked
12 to that are using it love it, so I don't hear anything
13 negative in the dealer world.

14 MS. RYAN: Quick question. Jeremiah, I'm
15 sorry. What's the ETA on eTags?

16 MS. SANDBERG: On eTags our current schedule is
17 to fully implement in one year, July 2016.

18 MS. RYAN: Okay. Thank you.

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

21 I don't have the number of specific used
22 dealers that are on the system right now. We can get that
23 for you and provide you a full report. The thing I can
24 say is that we have a lot of dealers that are using the
25 used car functionality, but there may be new vehicle

1 dealers that are doing both and new used vehicles. I
2 don't have the number on exactly how many of the dealers
3 are specifically just used car independent auto dealers.

4 MR. INGRAM: And the number might seriously be
5 misleading anyway, Chairman, because there's a very large
6 number of independent dealers that don't sell very many
7 cars, so what you're really looking for is just getting
8 those biggest dealers to adopt the process.

9 MR. KUNTZ: We do know, based on the number of
10 dealers that we have on WebDealer, that the number of
11 title transactions that are being processed through the
12 system represent 17 percent of the total title
13 applications statewide. We only have, I believe, about
14 328 dealers that are currently on the system total, so
15 those 328 dealers represent 17 percent of the vehicles
16 being sold right now. There's definitely the dealers that
17 are on are the larger dealers or the ones that are selling
18 lots of vehicles at this time.

19 MR. WALKER: What percent car sales are new
20 versus used?

21 MR. KUNTZ: I don't have that number off the
22 top of my head.

23 MS. RYAN: Really?

24 MR. BARNWELL: I'd like to make a note of that.
25 We finally found something you didn't have off the top of

1 your head.

2 (General laughter.)

3 MR. PALACIOS: Mr. Kuntz, you mentioned 17
4 percent. How does that differentiate between this 5.56
5 that's on the report here, percent of applications?

6 MR. KUNTZ: I'll have to get how those were
7 calculated.

8 MR. PALACIOS: Okay.

9 MR. INGRAM: So have a quick followup question,
10 actually I have a couple. One, while I was very fortunate
11 to be involved in the initial part of this project, and so
12 I'm able to use it, I know that my Dallas County tax
13 assessor I don't think is taking on any new dealers. So
14 where are we at on that? Have all the TACs started like
15 using it, or are we still having resistance from the tax
16 assessor-collectors?

17 MR. KUNTZ: So we have quite a few tax
18 assessor-collectors that have come on board. We actually
19 have posted on the website the number of counties that are
20 participating in WebDealer. The particular county that
21 you're referring to has contacted us. They have some
22 improvements that they have requested to the system to
23 help them with more efficiently processing the
24 transactions. They had actually raised some issues that
25 based on the sheer volume of transactions that they're

1 getting that they were having trouble managing that flow
2 through WebDealer. So there are some enhancements that
3 they have requested, that is specifically the
4 enhancements, what is the name?

5 MS. SANDBERG: The adoption improvements.

6 MR. KUNTZ: So we've got a phase of this
7 project called adoption improvement which is specifically
8 aimed at addressing a lot of the concerns that they have.
9 We also had some other counties that had made some
10 requests or had raised some concerns with the way that the
11 system is set up on their end to be able to more
12 efficiently process the transactions. We're highly aware
13 of those and are making every effort we can to address
14 those as soon as possible. Right now our schedule will
15 have us making the substantial improvements to that to
16 address Dallas County's issues by January of 2016.

17 MR. INGRAM: I know in the government world
18 that's quick but in the private world that's like a really
19 long time.

20 MR. KUNTZ: And that's a little bit misleading.
21 We have enhancements that are currently scheduled prior
22 to that, but there is a large change that they have
23 requested on how they can view transactions and put them
24 into doing batches. That part of code is going to take a
25 whole lot more effort to design and develop. There are

1 smaller changes that will be made before then to help with
2 that process, but that batch processing, they want to be
3 able to put basically a reviewed status on them and put
4 them aside until payment has cleared. That was a
5 substantial change from the way the system was set up, and
6 so that's going to take longer to develop, but anything
7 that we can do in the short term we are doing. In fact,
8 we have an August release that is supposed to go out at
9 the end of the month that will address a lot of the
10 concerns that they had raised that were easy wins for us
11 to be able to get done quickly.

12 MS. RYAN: Can we live with adding more
13 dealers? Is there a compromise between that request and
14 adding a few more dealers?

15 MR. KUNTZ: We are constantly in conversation
16 with them about how we can help them with bringing them on
17 or assisting them, so obviously we don't want them to stop
18 completely from adding dealerships, but I think that they
19 were awaiting some confirmation from us that there were
20 going to be changes that were made. We've notified them
21 that those changes were made. I don't know if that will
22 change their mind on bringing additional dealers on or
23 not, but we'll have additional conversations with them.

24 MR. INGRAM: So a followup question then. I
25 noticed that as part of the future phases it's listing

1 eTitles, and so eTitles will be a part of WebDealer. Is
2 that what I'm hearing? Because eTitles exist now for
3 certain people, I guess for the largest of the
4 lienholders.

5 MR. KUNTZ: So we have an electronic lien
6 system right now, ELT, for lienholders to be able to apply
7 lien to a vehicle. What that system allows for is if a
8 lienholder signs up for ELT, they forego getting a paper
9 title, they get an electronic notification. It is not
10 truly an eTitle in the sense that when they go to sell
11 that vehicle or something needs to happen, it reverts back
12 to a paper title. What we're talking about here is the
13 actual transferability of a title electronically. A lot
14 of the business requirements that we're talking about here
15 with eTitle will be starting with the dealerships and
16 being able for a dealer to transfer a title between
17 different dealerships the way that they assign the title
18 on the back so that they can actually assign that title
19 electronically to other dealers.

20 It will also allow an individual -- currently
21 an individual can opt for an electronic title today if
22 they don't want to get a paper title but when they go to
23 sell the vehicle, ultimately they have to come up back in
24 and apply for a CCO or some paper title to transfer the
25 vehicle to another owner.

1 MR. INGRAM: And you know how much I love CCOs.

2 MR. KUNTZ: Yes, sir.

3 (General laughter.)

4 MR. INGRAM: That's it.

5 MR. KUNTZ: If I may, I've gotten the answer to
6 the number of independent auto dealers that are currently
7 on the system is 16.

8 MR. WALKER: So Judy, let's step it up.

9 MS. SANDBERG: All right

10 MR. WALKER: Give me a real quick briefing in
11 20 words on Single Sticker.

12 MS. SANDBERG: Single Sticker II has begun.
13 Requirements gathering is almost complete.

14 MR. WALKER: Everything is going pretty good on
15 that, though?

16 MS. SANDBERG: So far, so good.

17 MR. WALKER: Chairman Pickett will love that; I
18 can hardly wait to tell him.

19 MS. SANDBERG: And the rest of my briefing is
20 really about projects that are near completion or have
21 already been closed out, as provided for your information.

22 Any other questions?

23 MS. RYAN: I am sorry. On Single Sticker
24 there's been some press on the fact that there's been some
25 lines, there's been some difficulty in communications with

1 the inspections getting to us or the TACs. Is that just
2 negative PR, is there any credibility to that, is there
3 anything we need to do, or is it just kinks? Or should I
4 withdraw my question?

5 MR. KUNTZ: No. We can answer that. We are
6 continuing to work with county tax assessor-collectors to
7 try and figure out what is causing delays. I know that
8 there was a news story that ran in Travis County here. One
9 of the things that seems to be coming up is that customers
10 believe that they have to go into a tax assessor-
11 collector's office. Part of that is educating them that
12 no, they can process those by mail and online the way that
13 they were able to process those before.

14 We had gotten reports that there were some
15 higher number of rejections for the mail-ins that are
16 coming in. We have been going out, we sent out staff to
17 Williamson County this week to have them actually go out
18 and witness that and try and figure out what is causing
19 those rejections in the mail. We're going to triaging
20 that and try to figure out is here anything in our system
21 or is it just that something is not done correctly and
22 it's causing the rejection. So we'll be looking into that
23 to see if there's anything on our side that can be
24 improved, or if it's an education issue, we'll be looking
25 to put out additional information to the public.

1 MS. RYAN: Can we kind of maybe relaunch some
2 of the information we did at the beginning with TV and
3 radio and some of that maybe to reeducate, if that's all
4 it is?

5 MS. BREWSTER: Vice Chair Ryan, Whitney
6 Brewster.

7 We do fully intend to do that prior to phase 2
8 of Single Sticker, and we'll certainly re-look at those
9 materials in light of some of the things that we have
10 learned in terms of educating the public.

11 MS. RYAN: Because it's things we have already.
12 Right?

13 MR. KUNTZ: Yes. We have renewal inserts that
14 have continued to go out in every registration renewal
15 that we send. We are currently, with phase 2, looking at
16 our registration renewal notice to see is there something
17 on the notice itself that can be improved. We're
18 constantly looking at the website. If there's things that
19 we pick up on that are causing customers to have issues,
20 we will update the website to make sure that those items
21 are clear.

22 I know we were asked in the Transportation
23 Committee hearing about trailers. There's a lot of
24 confusion from customers that have trailers that are over
25 4,500 pounds. That has, unfortunately, been a low that's

1 been on the books that those trailers have been required
2 to have an inspection on them, I believe since the
3 seventies. It is not a new law, it's just something that
4 people have been unaware of. And so we will be reaching
5 out to DPS, as the committee requested that we do, to talk
6 with them about how they can help their inspection
7 stations educate the customers, and we'll look and see if
8 there's anything we can put out to help those customers as
9 well.

10 MS. CARAWAY: I think one of the big things
11 that has come up with tax collectors is the fact that on
12 the mail-in the larger offices are automating that
13 process, and when it doesn't match up in the system that
14 it has an inspection it kicks it out, so they might have
15 to do it manually or send a letter or something to get
16 that done.

17 And one suggestion came from a regional meeting
18 yesterday was that as far as advertising is concerned, on
19 a renewal notice if it went on the back of the envelope
20 where it says did you include your check, do you have your
21 inspection, maybe something there that would catch their
22 attention. People don't read the back of the notices for
23 the most part. That's where it is currently, if I'm not
24 mistaken, and people don't read that. So if it could be
25 more obvious, like on the front or on the envelope or

1 something to that effect, the return envelope, that would
2 probably help.

3 MR. KUNTZ: I can give you some assurance. I
4 was just looking at the return envelope I believe three
5 days ago. We are making changes to the return envelope,
6 and one of the major changes that we're making is to
7 really heighten the renew online which is actually written
8 across the fold where you seal the envelope. We're going
9 to make that big and bold all the way across to try and
10 emphasize that as you're sealing that envelope, you could
11 be renewing this online.

12 MS. CARAWAY: And that's where I was talking
13 about if the return envelope had something about the
14 inspection being included.

15 MR. KUNTZ: And that is something that is being
16 put into that list of things that must be included.

17 MS. CARAWAY: That's great. Thank you.

18 MR. KUNTZ: Yes, ma'am.

19 MS. RYAN: Thank you

20 MR. WALKER: Thank you.

21 Tom. Okay, here's the rule. You know you're
22 already on my bad side. Right? You took my office.

23 MR. SHINDELL: For the record, I'm Tom
24 Shindell, Office of Innovation and Strategy. And I figure
25 I'm already on your bad side because I took your office.

1 MR. WALKER: I'm kidding, but they said that's
2 where I could sit, and I get there and you're there.

3 MR. SHINDELL: You're getting even by bumping
4 me to the end, so it's okay.

5 (General laughter.)

6 MR. WALKER: Okay. Here's the next rule is
7 that you don't have a whole lot of time because I'm scared
8 to death that I'm going to lose Mr. Rodriguez over here if
9 we don't get into the executive session pretty quick.
10 He's got to hit the road by noon because he's got a long
11 drive. So keep it brief so I can get into executive
12 session because I've got to have an executive session
13 today.

14 MR. SHINDELL: Absolutely. Well, good morning,
15 and I just want to give you guys a quick briefing on the
16 development of the department's operating plans and how
17 they're being developed in each division.

18 So first off, what are operating plans?
19 Operating plans are short-term one-year plans used to
20 allocate resources and increase accountability. They also
21 help executive staff align the efforts in the organization
22 to make sure that everybody is on the same page and moving
23 forward. They support the longer range five-year
24 strategic plan that's already in place, and there are
25 three separate components to the operating plans that

1 we're working on right now.

2 The first component is a narrative section and
3 that's on page 118 in your board book. That's the
4 narrative template. The narrative section updates
5 basically the major functions of each division, the
6 duties, responsibilities, the organizational structure of
7 project initiatives and budgets for the division. And
8 that's what's in the narrative section.

9 The second component is the initiative section,
10 and that's on page 120 in your board book. And the
11 initiatives are special projects or tasks the division is
12 doing above and beyond its normal routine tasks and its
13 regular day-to-day activities. And the initiative
14 templates capture what the initiative is, what are the
15 benefits, what is the value proposition, what's the
16 calendar, what's the schedule, what resources you need,
17 those types of things. There's a communication plan
18 that's needed, there's a transition plan that's needed.
19 Initiatives can be either a single-year initiative or a
20 multi-year initiative, both are acceptable.

21 So operating plans are comprised of both the
22 narrative section and an initiative section, and those are
23 going to be due from the divisions next week. After
24 they're reviewed, they're going to be reviewed and
25 approved by Ms. Brewster, and they're will be put into

1 effect on September 1 and we'll post them on the DMV
2 intranet.

3 The last component to this whole process is
4 monitoring and in order to monitor and track the progress
5 of the initiatives that have been proposed by the
6 divisions, we'll be using the third component which is
7 located on page 122 in your board books which is a monthly
8 update. And so in our executive team meetings we'll be
9 tracking the status of everyone's initiatives over the
10 course of the year, and if they're multi-year, obviously
11 we'll track them longer than that.

12 And just to let you know, most of the divisions
13 have already submitted their first drafts for review and
14 we're in the process of reviewing them. And if you have
15 any questions, I would be happy to answer them; otherwise,
16 I'm done.

17 Was that quick enough, Chairman Walker?

18 MR. WALKER: Absolutely. Oh, you didn't get my
19 parking place also, did you?

20 MR. SHINDELL: No. I tried and they said no.

21 (General laughter.)

22 MR. WALKER: Okay. Thank you very much, Tom.

23 Appreciate your time.

24 MS. RYAN: Will you be giving us updates as you
25 move forward with these initiatives?

1 MR. SHINDELL: I'd be happy to.

2 MS. RYAN: Thank you.

3 MR. WALKER: Okay. It is currently 12:01 p.m.
4 on August 14, 2015. We're going to go into closed session
5 under Texas Government Code Section 551.071 and Section
6 551.074.

7 For those of you in the audience, I anticipate
8 being in executive session for probably about 30 minutes.

9 We'll reconvene the session after that, but the agenda
10 for today's meeting is complete. We will come back, we
11 will reconvene the meeting and then we will close the
12 meeting, so I wouldn't anticipate that you need to stay.
13 If I were you, I'd go eat lunch and go home, probably.
14 But you're welcome to sit here if you want to enjoy the
15 air conditioning.

16 (Whereupon, at 12:01 p.m., the meeting was
17 recessed, to reconvene this same day, Friday, August 14,
18 2015, following conclusion of the executive session.)

19 MR. WALKER: It is now 1:03, and we are back in
20 open session. I want to note for the record that there
21 was no formal actions taken in closed session.

22 At this point in time I don't believe there's
23 any further business for the board today. I will
24 entertain a motion to adjourn.

25 MR. RUSH: So moved.

1 MS. RYAN: Second.

2 MR. PALACIOS: Second.

3 MR. WALKER: We have a motion from Mr. Rush, we
4 have a second from Ms. Ryan and Palacios. Thank you very
5 much. Let's go home.

6 All in favor, signify by saying aye.

7 (A chorus of ayes.)

8 (Whereupon, at 1:03 p.m., the meeting was
9 concluded.)

C E R T I F I C A T E

1
2
3 MEETING OF: TxDMV Board
4 LOCATION: Austin, Texas
5 DATE: August 14, 2015

6 I do hereby certify that the foregoing pages,
7 numbers 1 through 167, inclusive, are the true, accurate,
8 and complete transcript prepared from the verbal recording
9 made by electronic recording by Nancy H. King before the
10 Texas Department of Motor Vehicles.
11
12
13
14
15

16 /s/ Nancy H. King 08/24/15
17 (Transcriber) (Date)
18

19 On the Record Reporting
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23