

TEXAS DEPARTMENT OF MOTOR VEHICLES

BOARD MEETING

8:11 a.m.
Thursday,
February 4, 2016

Lone Star Room
Building 1
4000 Jackson Avenue
Austin, Texas

BOARD MEMBERS:

Laura Ryan, Chair
Raymond Palacios, Vice Chair (absent)
Robert "Barney" Barnwell, III
Luanne Caraway
Blake Ingram
Marvin Rush
Gary Swindle (absent)
Guillermo "Memo" Treviño
Johnny Walker (absent)

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P R O C E E D I N G S

1
2 MS. RYAN: Good morning. My name is Laura
3 Ryan. And I am pleased to open the Board meeting of the
4 Texas Department of Motor Vehicles. It is 8:11.

5 And I am now calling the Board meeting from
6 February 4, 2016, to order. I want to note for the record
7 that the public notice of this meeting containing all
8 items on the agenda was filed with the office of Secretary
9 of State on January 27, 2016.

10 Before we begin today's meeting, please place
11 all cell phones and other communication devices on silent
12 mode. If you wish to address the Board during today's
13 meeting, please complete a speaker sheet at the
14 registration table.

15 To comment on an agenda item, please complete a
16 yellow or blue sheet, and identify the agenda item. If it
17 is not on the agenda, we will take your comment during the
18 public comment portion of the meeting.

19 And now, I would like to have a roll call of
20 the Board members. Board Member Barnwell.

21 MR. BARNWELL: Present.

22 MS. RYAN: Board Member Caraway.

23 MS. CARAWAY: Here.

24 MS. RYAN: Board Member Ingram.

25 MR. INGRAM: Present.

1 MS. RYAN: Board Member Trevino.

2 MR. TREVINO: Present.

3 MS. RYAN: And let the record reflect that I,
4 Laura Ryan, am here, too. I would like to make note that
5 Board Member Palacios, Board Member Rush, Board Member
6 Swindle, and Board Member Walker are not present at this
7 time.

8 I see that we will move on to the public
9 comment section. I do see that we have one public comment
10 card from Mr. Hickman. Good morning.

11 MR. HICKMAN: Good morning.

12 MR. DUNCAN: Members, if I may, while the
13 commenter is coming up here, just some points on public
14 comment. Under the Texas Open Meetings Act, the Board
15 can't comment or deliberate on public comment, because it
16 is not related to an item on the posted agenda. This is
17 because the public wouldn't have been on notice that the
18 Board might discuss that subject.

19 If the Board desires, we can schedule some
20 aspect of the commenter's remarks for a future agenda,
21 with the approval of the Chairman. Also, pursuant to
22 Board rule at 34 TAC 206.22, open public comment is
23 limited to three minutes per person.

24 We have a timer, and Ms. Neeland [phonetic]
25 will be operating that for us. There will be a white

1 light when there is one minute left, and a red light when
2 the time is up.

3 MS. RYAN: Mr. Hickman?

4 MR. HICKMAN: Okay. For the record, my name is
5 Howard Hickman. I am a retired DMV Enforcement attorney.

6
7 Originally, I intended to address a different
8 topic today. But after hearing the Executive Director's
9 bureaucratic misdirection in response to my remarks at the
10 last meeting, to the effect that she needs only to give
11 you dashboard numbers and a list of 53 measures as the
12 definitive answer to what I said about the Agency's
13 performance measures.

14 Bureaucratic misdirection depends upon man's
15 inherent laziness, ignorance or reliance on a bureaucrat's
16 expertise. Unfortunately, I am not lazy or ignorant. And
17 I have found the expertise of this Agency to be a source
18 of amusement and laughter for years.

19 As you may remember, I stated that over 27
20 percent of the Agency's measures were zero equivalents.
21 If you look at the materials you were provided in your
22 August meeting packets, you will see a list of eleven
23 measures. Three of those measures, or 27 percent are zero
24 equivalents. Zero is nothing. Nothing is the lack of
25 something.

1 If the performance measures were a true
2 reflection of what this Agency does, then 27 percent of
3 the Agency's production is missing. That 27 percent is
4 like 200 Agency employees doing nothing but playing games
5 on their iPhones and drinking coffee all day. In the
6 August materials, you will see an agency-wide number,
7 three subcategory numbers, and various charts and graphs
8 containing detailed numbers.

9 If you review the November and today's
10 materials, you will find no agency-wide number; only the
11 three subcategory numbers and four line graphs for
12 enforcement, motor carrier, NVD, and VTR performance. You
13 are not provided with graphs for the 13 other divisions
14 and offices in this Agency.

15 Let me point out the performance of some of
16 those missing divisions and offices. Since August 1st,
17 per public records, IT has had 79 system crashes of IT-
18 provided services to stakeholders.

19 The Enterprise Management office continually
20 fails to meet project completion deadlines. I have never
21 heard of them completing a project by the original
22 completion date.

23 Now, let's look at that omitted agency-wide
24 number for the November report. If you were to calculate
25 it, the number would be 4.33. The number for today is

1 4.15. The number for August is 5.11.

2 That means that performance dropped 16 percent
3 in one quarter and another 4 percent in the current
4 quarter. That is the sort of information that should not
5 be hidden from you or this Agency's largest stakeholder;
6 the Texas taxpayer.

7 In business, if performance dropped 16 percent
8 in a quarter, and continued to drop another 4 percent in
9 the next quarter, management had better have a good,
10 detailed explanation or management would be trying to find
11 the unemployment office. This Agency has a vision
12 statement that says: Transparency, Efficiency, Excellent
13 Accountability and stakeholders.

14 The Executive Director has made a mockery of
15 the first four visions. Will you join her, and relegate
16 the Agency's vision to a pile of bovine scatology, or will
17 you do your job as the Texas taxpayers expect? Are you
18 content with even fewer pairs of size 4 left shoes?

19 Thank you for your time. And I still have 25
20 seconds. We will see you again at the next meeting.

21 MS. RYAN: Thank you, Mr. Hickman. Have a good
22 day.

23 MR. HICKMAN: Thank you.

24 MS. RYAN: Okay. Moving on, we will move to
25 Item 1C. I will turn it over to our Executive Director;

1 Whitney.

2 MS. BREWSTER: Thank you, Madam Chair. For the
3 record, my name is Whitney Brewster, Executive Director.
4 The Agency is reporting out on its fourth quarter key
5 performance indicators for 2015.

6 As you know there are three strategic goals
7 that are set by the Board; performance driven, optimized
8 services and innovation, and customer-centric. There are
9 multiple measurements that roll up into that overall score
10 for each of those goals.

11 Now, I report out quarterly in these meetings
12 the overall scores for our key performance indicators.
13 However, starting with January, 2016 numbers, the Board
14 will be receiving monthly updates on all 53 of those, our
15 key performance indicators with an explanation why we did
16 or did not meet the target set by the Agency.

17 Ms. Tuttle will be sending those out. So you
18 have greater insight into areas where things are going
19 very well, or where we may need some additional attention.

20 Overall, for the fourth quarter, the Agency saw
21 a dip under the performance-driven category, from 5.71 in
22 the third quarter, to 5.12 in the fourth quarter. The
23 optimized services category went up slightly from 3.6 to
24 3.67.

25 And customer-centric fell from an overall score

1 of 3.96 to 3.67. And I believe that some of that dip can
2 be attributed to some of the technical difficulties that
3 we have experienced over the last quarter.

4 We have also seen a much higher degree of calls
5 coming into the Agency specific to changes made in the
6 TxDMV systems. The service desk, for instance, when it
7 comes to county support, has seen a sharp increase since
8 the deployment of our refactored RTS, and the new CONGA
9 reporting tools.

10 We have also seen an interesting trend. We do
11 keep track of how many Texans register their vehicles
12 through the mail. That has consistently stayed at 2
13 percent. Our target is 5 percent.

14 But what we are seeing is actually a good
15 thing. More people are going online, thus reducing that
16 by-mail number. The number is staying pretty much
17 stagnant on the walk-in clientele.

18 But that is where we are seeing -- we are
19 meeting the targets now for our online services. But the
20 by mail has dropped to a consistent 2 percent now. So
21 there are some interesting trends that I think would be of
22 interest to the Board, which you will see when Ms. Tuttle
23 sends those measures out to you on a monthly basis.

24 Also --

25 MS. RYAN: To that point, how often are -- to

1 the mail in numbers, versus the online, how often are
2 those metrics revisited? Where we may want to see the
3 mail in numbers reduced and the online increased, how
4 often does the Agency, Executive staff go back and relook
5 at those things?

6 MS. BREWSTER: Annually.

7 MS. RYAN: Okay.

8 MS. BREWSTER: So now that the year is closed
9 out, we will revisit that moving forward, for January in
10 2016.

11 MS. RYAN: Okay.

12 MS. BREWSTER: With that, I would be happy to
13 answer any questions the Board members have on that item.

14 MR. INGRAM: I just have one. The number
15 for -- the target for web, what was it for 2015?

16 MS. RYAN: For 2015, the target is 16 percent.
17 And for December, we were at 19 percent.

18 MR. INGRAM: Well, okay. Great. Thank you.

19 MS. BREWSTER: Madam Chair, if there aren't any
20 further questions on that item, I will move to the next
21 item on my report. The Texas Veterans Commission and the
22 Coalition of Veterans recently recognized our Special
23 Plates Unit for their excellence and hard work in
24 implementing the 47 new military plates that passed the
25 Legislature last session. This was absolutely no small

1 feat.

2 And we, of course, know that they are
3 fantastic. But it is really nice to see that others
4 recognize that as well. And I asked them to join us this
5 morning, just so we could recognize them publicly for a
6 job well done.

7 So if you all wouldn't mind standing when I
8 call your name. Linda Kirksey, Christy Bernal, Tania
9 Sanders, Carol Birdow, Christina Flores, Deanna Dugan,
10 Fred Rorex and Margaret Zapata. I want to thank the
11 Special Plates Unit for their hard work, their
12 professionalism, and for helping honor our military.

13 (Applause.)

14 MS. RYAN: Thank you. Moving right along. As
15 you know, there have been several recent examples of fraud
16 occurring as it relates to motor vehicles that have -- we
17 have seen stories in the media recently about activities
18 there. The Agency works very closely with law enforcement
19 when fraud occurs, but we believe as an agency we can do
20 more.

21 I recently established the anti-fraud, waste
22 and abuse working group, made up of various folks from
23 across the Agency. We have got folks from Enforcement,
24 Vehicle Title and Registration, Internal Audit, Office of
25 General Counsel, Human Resources, Finance and IT.

1 The objective of this working group is to
2 develop policies, procedures, resource plans and cost
3 estimates in an effort to develop and implement an anti-
4 fraud, waste and abuse program to prevent, detect,
5 investigate and report fraud, waste and abuse impacting
6 TxDMV. The working group has met twice, and is currently
7 working on a policy specifically addressing fraud, waste
8 and abuse, and what our employees' responsibilities are
9 when it comes to that issue; the proper reporting
10 structure.

11 Internal Audit provided consultation services
12 regarding what a best practices policy should consider.
13 Which, Ms. Vice, I know, will discuss a little later in
14 the agenda.

15 We are formulating our anti-fraud, waste and
16 abuse policy, based on what is included in that report.
17 We also have formulated subcommittees to consider various
18 aspects related to fraud, waste and abuse. The first
19 subcommittee being prevention and training. The second is
20 devoted to communication and any legislative changes.

21 Ongoing monitoring and detection is another
22 subcommittee. And finally, fraud procedures subcommittee,
23 which will address when fraud is reported, what are the
24 action items the -- what is the checklist that the Agency
25 goes through to make sure that we handle it properly,

1 whether it be coordination with law enforcement, Human
2 Resources, access to systems, et cetera.

3 So the goal of this working group is to develop
4 the program prior to our Legislative Appropriations
5 Request being finalized. So that if there are requests
6 that the Agency needs to make, the Board can consider
7 those. Any statutory or budgetary changes that we may
8 need to be able to implement a successful program.

9 MS. RYAN: And there have been several meetings
10 already?

11 MS. BREWSTER: We have had two so far.

12 MS. RYAN: Any implementation so far?

13 MS. BREWSTER: Our biggest item has been
14 focused on the policy itself.

15 MS. RYAN: The policies. Okay.

16 MS. BREWSTER: And formulating those
17 subcommittees. Those subcommittees are where a lot of the
18 in-depth work is going to be done.

19 MS. RYAN: Okay.

20 MS. BREWSTER: And I would be happy to report
21 out, moving forward, on the progress of this working
22 group.

23 MS. RYAN: That would be great.

24 MS. BREWSTER: All right. Moving right along.
25 Since the Board last met, the RTS refactoring project team

1 has successfully migrated off the TxDOT mainframe servers,
2 which is an enormous feat. This is also a huge win, in
3 terms of moving the Agency forward in its efforts to be
4 more responsive to the needs of our stakeholders and our
5 customers, because it is written -- the new system is
6 written in a much more current language. And
7 modifications to it are less intensive. We are not locked
8 in by technology.

9 The other win is that -- it is a key part of
10 ending the Agency's dependency on TxDOT to provide
11 technology support. So we are now on servers, TxDMV
12 servers. And off of that shared mainframe with TxDOT.

13 I would be remiss if I didn't inform the Board
14 that this process has not been without bumps. Throughout
15 the month of January, the RTS point of sale application
16 that is used by counties, our regional service centers
17 have experienced unexpected outages multiple times
18 throughout January.

19 The Agency has sent two separate communications
20 out to the counties: one from me, the other from Eric
21 Obermier, our CIO, addressing those issues and apologizing
22 for the inconvenience that the outages have caused the
23 counties, because when the application is down, customers
24 are impacted, not only in the counties, but in our
25 Regional Service Centers.

1 The causes of the January outages have been
2 identified and are being addressed as quickly as possible.

3 Unfortunately, some of those outages were caused by human
4 error. Some were also caused by gaps in support
5 procedures for the new system, which were very difficult
6 to avoid, absent the experience with the new system.

7 We have worked with the vendor to improve the
8 procedures used to support the refactored RTS system. And
9 do not expect those specific issues to reoccur.

10 In addition, we are working on an enhanced
11 process for communication issues that we receive through
12 the service desk when a county, or our Regional Service
13 Center reports an issue so that we can inform those that
14 are reporting as it moves through the process, and is
15 being addressed. So that folks, when they are reporting,
16 they know that the loop is closed, once the issue has been
17 resolved.

18 We will be sharing that enhanced process with
19 the tax assessor collectors as well as this Board within
20 the next two weeks. We are also looking at how we might
21 provide additional information and training around the top
22 issues that are reported to the service desk.

23 Some of the issues that are reported are not
24 defect or outage related, but user's familiarity with the
25 system. And so, by providing additional information to

1 the counties, on those top reported items, I think one,
2 will decrease the number of calls that we are getting at
3 the service desk. And hopefully, the counties will feel
4 more comfortable with the system that is being used.

5 So, Madam Chair, that is my report on the RTS
6 refactoring project. There will be more information later
7 on in the agenda. Judy Sandberg, our EPMO Division
8 Director will be giving an update on projects within the
9 Agency.

10 MS. RYAN: Any questions?

11 MS. BREWSTER: Okay.

12 MR. TREVINO: Do you feel the system is more
13 stable? There is always a problem when you implement a
14 new system. But do you feel it is more stable now, and do
15 you feel comfortable with the process going forward?

16 MS. BREWSTER: I believe that as we are working
17 through the defects that have been identified within the
18 system -- there were a much larger number that we have
19 been aggressively pursuing fixing those defects. And it
20 has gotten down to a much more manageable number.

21 The more -- the point being, hands are still in
22 the system, and with hands in the system -- increases the
23 risk of issues. So as we work with the vendor to address
24 the defects and get those off of the plate, and behind us,
25 I think we will experience more and more stability moving

1 forward.

2 I believe that we will get there in very short
3 order. January was just a very -- it was a rough month
4 for everybody. So with that material, I will move on to
5 the survey of employee engagement. Okay.

6 The Agency has just completed its fourth survey
7 of employee engagement. This is the employee opinion
8 survey sponsored by the Texas Legislature and conducted
9 every two years by The University of Texas. Every
10 employee received an invitation to participate
11 anonymously.

12 The response figures from UT indicate that we
13 had a very good overall response rate of 78 percent, which
14 is fantastic. It is above the state average. And I very
15 much appreciate the employees that did participate and
16 give us that feedback.

17 I also want to thank the division directors for
18 really conveying that message strongly to their folks;
19 that we really want their feedback. And this is a great
20 way to do that anonymously. And so, we had a great
21 response rate.

22 We just got the scores back yesterday from UT.
23 We have not had adequate time to really dive into them
24 too deeply. But I did want to report out that for 2016,
25 our response went up from 2013 from 3.51 to 3.61. So that

1 is a huge success for the Agency particularly with all of
2 the activities that are going on within the Agency and the
3 amount of work that folks are putting in, it is great to
4 see that this overall score went up over the last time it
5 was taken.

6 So this score is based on a scale of one to
7 five, with five being perfect. Scores above 3.5 are
8 considered desirable, according to the report.

9 So just to give you an idea of where the Agency
10 has been, in 2012 the score was 3.37. In 2013, '14, it
11 was 3.51. And this year it increased to the overall score
12 of 3.61.

13 The survey asked employees about a number of
14 organizational issues including customer service, team
15 effectiveness, communication, and quality of work life.
16 The results will be posted to our intranet site, or myDMV
17 site.

18 Beginning in late spring, we will start
19 conducting a number of focus groups with employees in
20 Austin and our Regional Service Centers to talk about the
21 survey findings, and to hear their suggestions for how we
22 can improve. The executive leadership team will review
23 the survey results and employee suggestions to determine
24 what organizational change we wish to make based on that
25 feedback.

1 We will communicate regularly with employees,
2 as we have done from the beginning of the process, to keep
3 them informed about what we are doing with their feedback.

4 And how we are moving forward to address issues that were
5 identified in the survey. With that, I would be happy to
6 answer any questions.

7 MS. RYAN: I would congratulate the Agency on
8 the improvement. I think it is great to hear. And I
9 would also encourage all of the associates to continue the
10 feedback. I think surveys are not the only way to keep
11 them going. Right? We wait for once a year.

12 And also, I am happy to hear about the focus
13 groups, because I think that as the Agency focuses on
14 customer-centric and stakeholders, that stakeholder focus
15 is important. And our customer service is only as good as
16 our associate engagement.

17 So this is great news. And anyway, the Board
18 can support, I think -- I think we are behind you all 100
19 percent. So let us know what we can do. I think we speak
20 for all of us

21 MS. BREWSTER: Thank you.

22 MS. RYAN: Well done.

23 MS. BREWSTER: Thanks. The final item that I
24 would like to just bring the Board up to speed on is the
25 Performance Quality Recognition Program. The Agency

1 recently formulated a working group called the Performance
2 Quality Recognition working group composed of TxDMV staff
3 from our Regional Service Centers and headquarters as well
4 as well as various tax assessor collectors from small,
5 medium, and large counties.

6 This working group is charged with providing
7 input on the developments of a program, and rules to
8 recognize outstanding performance and efficiency in
9 processing title and registration transactions in a county
10 tax assessor collector office. Additionally, and one of
11 the primary purposes of having Regional Service Center
12 representation of this working group is to also have very
13 similar, if not the same standards within our Regional
14 Service Centers.

15 I know that there are different types of
16 transactions that are done in those offices. But those
17 things that translate to both offices, we'll certainly
18 want to consider implementing in our Regional Service
19 Centers.

20 The role of the working group is to provide
21 input and guidance on the program that will be used by
22 TxDMV Executive staff to make recommendations for
23 consideration by this Board. The goal is to have the
24 rules authorizing the program and the basic tenets of what
25 the program should include those rules being before this

1 Board in April.

2 They had their first meeting yesterday. They
3 considered draft rules authorizing the program. And the
4 follow-up meeting will be scheduled for February 18th.

5 Those that are serving or on this working group
6 are Ro'Vin Garrett out of Brazoria County; Ronnie Keister
7 out of Lubbock; Christy Hallmark out of Matagorda; Becky
8 Watson out of Cass; Deborah Hunt out of Williamson County;
9 Robin Harper out of Andrews County; Tammy McKee out of
10 Montgomery County; Teri Garvey out of Anderson County.

11 We also have from the Office of General Counsel
12 here at headquarters, Aline Aucoin and Jeremiah Kuntz,
13 Division Director for Vehicle Title and Registration,
14 William Diggs, also from VTR. Amber Wilson who is a
15 Regional Service Center manager in Fort Worth. And Jeanna
16 Gordon, also a Regional Service Center manager.

17 And last, but certainly not least, Tammera
18 Parr-Lamb, who is also part of VTR here at headquarters.
19 So again, they are providing input on rules establishing
20 the program for Agency staff to consider incorporating.

21 And then the Agency staff will make a
22 recommendation to this body for consideration in the April
23 Board meeting. With that, I am happy to answer any
24 questions that you all have.

25 MS. RYAN: Any questions before we move on?

1 (No response.)

2 MS. RYAN: Comments?

3 MS. CARAWAY: No, I was just, I guess, a little
4 curious as far as the rules are concerned for this is, the
5 rule is authorizing the program. But is the rule also
6 addressing the specific tenets?

7 MS. BREWSTER: This would work much like -- it
8 would be the framework that is established with the basic
9 tenets of what the program should include, for the rule
10 itself. A separate activity, but very related is defining
11 the specifics of the program. Much like the My Place
12 program.

13 We have -- it is in rule that there will be a
14 specialty license plate program. However there is a
15 separate document that gets down further into the detail
16 as to what the alphanumeric size should be, what the
17 graphic should be. It is a separate document that you
18 might not want to have that type of specificity in a rule.

19 MS. RYAN: Right.

20 MS. BREWSTER: And so, that is how we are
21 approaching it. That it would be the overall framework
22 for the program, the time line for when it is measured.

23 And the basic tenets recognizing efficiency,
24 transactions done in a timely manner, cost -- the offices
25 that have implemented cost savings. Those that

1 consistently apply statute, rule and policy governing our
2 processes, has a customer feedback program and a fraud,
3 waste and abuse awareness and prevention program. Those
4 are just some of the ideas that are being discussed in
5 this working group, that the program should at least
6 contain things that address those items.

7 MS. CARAWAY: And this is still a voluntary
8 program?

9 MS. BREWSTER: Yes, ma'am.

10 MS. CARAWAY: And that was -- some concern that
11 has been out there, about once it gets in rule, then it
12 becomes something more than a voluntary program. Because
13 of course, you know, with a county office, Commissioners
14 control the amount of funds that are allotted, that may
15 allow you to do more efficient things.

16 MS. BREWSTER: Right.

17 MS. CARAWAY: But they don't give you the funds
18 to do it. They shouldn't be penalized for not doing it.
19 And so, that was just some concern that I heard out in the
20 tax collector field.

21 MS. BREWSTER: Absolutely, it is contemplated
22 as a voluntary program. And there is not a one size fits
23 all. And that is why we do have a small, medium, and
24 large. We have those counties represented.

25 Also, there may be various ways that a county

1 could exhibit meeting a certain issue. Processing
2 transactions in a timely fashion. I mean, I think that
3 those types of things can apply across the Board.

4 But there may be some, like implementing
5 innovative technology there may be some that have more
6 funding than others. Perhaps there is a -- it may not be
7 the latest and greatest.

8 But the way that the technology, an existing
9 technology is being used now, being done creatively may
10 address innovation. I am just talking off the cuff here.

11 But there are multiple ways that a county could exhibit
12 meeting the tenets in the program.

13 MS. RYAN: And it will be applicable and
14 relevant to that county, or those customers, right?
15 Whatever the innovation is.

16 MS. CARAWAY: Right.

17 MS. RYAN: For those needs in that county.

18 MS. CARAWAY: I think one of the big concerns
19 was just the fact that there is so many things that we saw
20 in the preliminary documents regarding things that weren't
21 in the control of the tax collector themselves. You know,
22 providing service is one thing.

23 But how far can you go, or maybe just size
24 limitations or whatever. And so, I think that was just
25 some concerns that you know, somebody might not get to

1 meet the standard because they are not allowed to meet
2 some of those things by their budget constraints, or just
3 the size of their office, or the resources within their
4 office.

5 MS. BREWSTER: Right. And we are addressing
6 those issues in the working group and talking through
7 those with the tax assessor collectors. As you stated, it
8 is a voluntary program.

9 Currently, that is what is being contemplated
10 in the rule. And recognizing that there may be those that
11 don't wish to, or may wish to forgo participation a
12 particular year. Right. So.

13 MS. CARAWAY: Thank you.

14 MR. RUSH: Sorry.

15 MS. BREWSTER: Good morning. Madam Chair, that
16 completes my report.

17 MS. RYAN: Okay. Thank you.

18 MS. BREWSTER: Thank you.

19 MS. RYAN: Let the record reflect that Member
20 Rush has joined the meeting at 8:46. Thank you.

21 We will move to Agenda Item 2A. We will
22 address 2A, Motor Vehicle Licensing Advisory Committee.
23 During the November 13, 2015 open meeting, the Board
24 authorized the continued existence of the Motor Vehicle
25 Licensing Advisory Committee, and elected to consider

1 selection of new Committee members during a future open
2 meeting.

3 After conferring with stakeholders, the
4 Executive Director presented a proposed membership list
5 for the Motor Vehicle Licensing Advisory Committee for the
6 Board's consideration. This list has been considered by
7 the Committee's current Chairman, Blake Ingram already.

8 And the proposed members are: board member,
9 myself; board member, Laura Ryan; board member, Blake
10 Ingram; board member, Raymond Palacios; Bob Kee of
11 Destination Cycle Sports as the motorcycle representative;
12 Bruce Ormand of Al PartSmart as the salvage
13 representative; Mike Regan of Crestview RV as the RV
14 representative; Brent Rhodes of Fiesta Motors as the used
15 car representative; Joey Blackmon of Ancira Enterprises,
16 as the new car representative to replace Paul Morgan; and
17 Lloyd "Buddy" Ferguson of Strasburger & Price law firm as
18 the manufacturer's representative to replace Ken Roach.

19 So except for the two -- the last two that I
20 named, all members were current on the Committee prior to
21 this new list. So if -- I would like to have a motion, if
22 the Board so pleases, to put this Committee in place.

23 MR. BARNWELL: Madam Chairman, I move that the
24 members, that the personnel, gentlemen and ladies
25 enumerated by you and your previous comment just now be

1 appointed to serve on the Motor Vehicle Licensing Advisory
2 Committee. The Advisory Committee shall choose their
3 presiding officer or chairperson.

4 MR. INGRAM: Second.

5 MS. RYAN: I have a motion by Member Barnwell,
6 and a second by Member Ingram. All in favor, please raise
7 your right hand.

8 (A show of hands.)

9 MS. RYAN: The motion carries, unanimously.

10 MS. RYAN: Okay. We will move to Item 2B. The
11 Transportation Code §1001.2383 requires the Chair to
12 report to the Governor on the state of affairs of the
13 Department. The report includes updates on the Agency's
14 budget, enterprise budgets, our continuing efforts to
15 separate infrastructure from TxDOT, facility efforts and
16 key accomplishments.

17 This report was submitted to the Office of the
18 Governor yesterday, and will also be shared with
19 legislators and their staff, and will also be available to
20 stakeholders. For any other interested parties, it has
21 also been posted on the Agency website, both internally
22 and externally for easy access.

23 Please reference this report as needed, so you
24 can better understand and communicate to others the
25 Agency's efforts and focus. On the public website, the

1 report can be found under the tab: Learn More, and then
2 Reports and Data. Any questions?

3 (No response.)

4 MS. RYAN: Okay. All right. Also, Item 2C,
5 Transportation Code, §1001.023(b)(9) requires that the
6 Board Chair appoint a member of the Board to act in the
7 absence of the Chair and the Vice Chair. Therefore, I
8 would like to appoint Member Barnwell to serve in this
9 capacity, should that event occur.

10 (No response.)

11 MS. RYAN: Member Barnwell, congratulations.

12 MR. BARNWELL: Thank you, I think.

13 MS. RYAN: You are very welcome. So we just
14 need to hope that Raymond and I stay healthy and show up,
15 or don't need to recuse ourselves on any particular items.

16 All right. Moving on. The last item is not on
17 the agenda. I just wanted to let everyone know that for
18 this particular meeting, we do plan to stay on schedule,
19 with the exception we will move the Executive Session to
20 the very end of the meeting, to keep things moving. And
21 we will also move Item 5A(1) to after Executive Session.
22 We will take that item up after we -- when we come out of
23 Executive Session.

24 So with that, we will keep moving forward. And
25 we will go to Agenda Item 4A; quarterly financial reports.

1 So Ms. Flores.

2 MS. FLORES: Good morning. For the record, my
3 name is Linda Flores. I am the Chief Financial Officer
4 for the Texas Department of Motor Vehicles. With me this
5 morning, are Renita Bankhead, she is the Assistant CFO,
6 and Sergio Rey. He is the Director of Accounting.

7 Item 4A(1) is the quarterly financial report,
8 which will be followed by Item 2, end of year FY '15
9 reports. These are both informational items only. No
10 action is required from the Board.

11 On page 9 of your Board document, we'll have
12 some slides where we have taken some items of interest for
13 the Board. This is for the financial summary for the
14 first quarter ending November 30. This is a snapshot for
15 our activities: September, October, November.

16 Slide 9 shows the revenue the Agency received.
17 And as we have all are aware, revenue from oversize,
18 overweight is falling, due to the decline in the oil and
19 gas industry.

20 There have been several hearings held at the
21 Capitol recently by -- who have been attended by the
22 Comptroller Glenn Hager. And he has testified that they
23 are seeing a decline in revenue, but that they are not
24 able to really forecast what the drop is going to be.

25 We are seeing a 20 percent reduction in

1 oversized, overweight. But we are also seeing some flat
2 revenues in the intrastate commercial industry. So it is
3 being offset somewhat.

4 We believe that our registration revenue will
5 be met; what our targets are. So overall, the only dips
6 that we are seeing is in oversize, overweight. And we
7 have already accounted for that, for the year.

8 MR. TREVINO: Ms. Flores, on your budgeting for
9 the methodology for the following year, does the
10 Comptroller give you the information, or do you do the
11 forecasting for that going forward? Because taking this
12 into account, do they give you those parameters?

13 MS. FLORES: No, sir. Basically, what happens
14 is, we develop information projections. Sometimes, the
15 Comptroller's staff will call us to find out, you know,
16 what we are seeing when it comes to our specific permits.

17
18 But they develop their own revenue projections.
19 And they don't use the numbers that we provide. So I
20 know that in the Comptroller's biennial revenue estimates,
21 if you will, they have forecasted a lot higher. And so,
22 those revenue estimates do not change.

23 So you know, while we know that things are
24 happening, we are adjusting our projections to ensure
25 that, you know, we know what is going on, and that we are

1 meeting our budget targets. They don't. They will not
2 change their revenue estimates.

3 MR. TREVINO: Thank you.

4 MS. FLORES: Slide 10 is a snapshot of the
5 revenue collections associated with the My Plates vendor
6 contract. And I know that Jeremiah Kuntz has a more
7 detailed discussion for you on the contract performance of
8 that vendor.

9 What I can say is that based on their
10 performance up to now, we do expect them to meet their \$50
11 million obligation to the State of Texas, if nothing else
12 changes for the rest of the year. So that is some good
13 news.

14 Slides 11 and 12 will now address the
15 expenditures for this first quarter. I am going to turn
16 it over to Ms. Bankhead.

17 MS. BANKHEAD: Good morning. For the record,
18 my name is Renita Bankhead, Assistant CFO. And on page 11
19 of your materials is the slides that represents the
20 expenditures, obligations really, for the first quarter.

21 And this was a little different than the slides
22 that you have seen in the past. We are going to show this
23 based on a bar chart. We think it kind of shows in much
24 more graphic detail where the Agency, what their financial
25 position is, as far as expenditures for the quarter.

1 And this is year to date as of November 30,
2 2015. If you see some little blue items or red items
3 without numbers, that is because they are less than \$2
4 million. And we figured it would just be easier just to
5 tell you than, to show little bitty twos.

6 The first quarter expenditures and encumbrances
7 total \$118 million. And as you can see from the chart,
8 the biggest driver in our expenditures and encumbrances
9 are our encumbrances. And basically, those are in
10 professional fees for our capital projects. RTS
11 refactoring, LACE and the application migration and server
12 information transformation program, which we call AMSIT.

13 The other large bar that you can see there is
14 salaries. That is because we have about 700 FTEs and
15 salaries is a big driver for us, as far as expenditures
16 are concerned.

17 The next slide is a summary of capital
18 projects. At the top left, it shows the capital
19 expenditures as of the end of the first quarter which
20 total approximately \$2.7 million. The majority of those
21 expenditures are in the data center consolidation or DCS
22 project.

23 And that is because there are some expenditures
24 that happen at the beginning of the year that are kind of
25 front loaded. They are for maintenance, and we pay those

1 at the beginning of the year.

2 As you remember, last year, we had quite a bit
3 of an issue with the data center. We have received
4 sufficient appropriations and we believe that we will end
5 the year within our data center consolidation budget. So
6 we don't think we are going to go over this year.

7 And even though you see the square for
8 automation is very small right now, we assume that that is
9 going to grow, because of the projected expenditures in
10 RTS. The bottom right slide, that is a percent. That
11 shows the percent of the total budget for each of the
12 capital automation projects.

13 The encumbrances for those total \$26.6 million
14 with RTS accounting for the majority of those. And that
15 is due to our contract with Deloitte.

16 Finally, one thing that is not shown on these
17 slides or on the bar chart is the AMSIT project. The
18 automation -- the AMSIT project. It is a capital project.

19 But it is not included in the automation bucket. So we
20 will not show it as part of automation, even though it is
21 an automation-related project.

22 But at this point in the year, we have
23 obligated almost all of the \$7.3 million that was
24 appropriated for that project. That is all I have for
25 now. Are there any questions?

1 MS. RYAN: Where is that \$7 million being
2 shown?

3 MS. BANKHEAD: It is in the detail.

4 MS. RYAN: Did I miss that.

5 MS. BANKHEAD: It is in the detail in your
6 Board book.

7 MS. RYAN: It is just not shown in the slide?

8 MS. BANKHEAD: It is not shown in the slide.

9 MS. RYAN: Okay. I understand. Okay.

10 MS. FLORES: With that we will continue with a
11 look at how we finished our fiscal year 2015. state
12 agencies are required by Texas Government Code to submit
13 an annual financial report November 20. We do so based on
14 generally accepted accounting principles and other rules
15 prescribed by the Governmental Accounting Standards Board
16 and the Comptroller. And with that, I will turn it over
17 to Mr. Sergio Rey.

18 MR. REY: Good morning. Good morning. For the
19 record, my name is Sergio Rey. I am Director of
20 Accounting.

21 And for our presentation on the annual
22 financial report, we are also depicting it in graphics.
23 So to make the comparisons between 2014 and 2015.

24 On the slides, on the left, you will see 2014.
25 And as you look at the slide on your Board book page 24,

1 this is the statement of net assets, or what we commonly
2 know as a balance sheet. As you can see, the assets, we
3 had an increase of \$6.4 million from last reporting
4 period.

5 Now, that is in part related to our General
6 Revenue appropriation increases that we had. In that was
7 also the legislative salary increase; 1 percent additional
8 in 2015. Another portion of that increase is our accounts
9 receivable group. And that is -- our accounts receivable
10 is basically our obligations, or our collections from our
11 tax assessor collector offices in our Regional Service
12 Centers that are in transit, that haven't made it to the
13 state Treasury as of 8/31.

14 MR. BARNWELL: How much was that?

15 MR. REY: The accounts receivable increase?

16 MR. BARNWELL: Yes.

17 MR. REY: That sir is -- our accounts
18 receivable went up 4.6 percent. That was an additional
19 5.8 million.

20 MR. BARNWELL: What is the turnaround on
21 collecting from the tags?

22 MR. REY: From the tags, when it comes to
23 registration fees, there is a 30 days, 34 days turnaround
24 time for them, for collections.

25 MR. BARNWELL: Okay. Thank you.

1 MR. REY: As any balance sheet, on the other
2 side of the coin, from the assets are our liabilities, and
3 our equity. For governmental accounting, our equity is
4 our fund balance.

5 The fund balance is the unspent or the
6 nonspendable portion. And that had an increase of \$3.4
7 million. Combined with that is our total liabilities.
8 That had an increase of \$3 million. Now it was unique in
9 this year, because at the end of 2014, we transferred over
10 to the new state accounting system.

11 So during that transition, our payables, we did
12 an accelerated payment process. So that we had a
13 successful transition there. So we did not have a
14 payables at the end of 2014 when -- now in the normal, our
15 normal payables this year was \$1.7 million. So that had
16 attributed to the increase in our liabilities.

17 MS. FLORES: So let me just kind of put that in
18 perspective. We have been using an old mainframe
19 accounting system. It was called USAS. The Uniform
20 Statewide Accounting System.

21 And in '15, we actually deployed a more modern
22 version of the state's accounting system. And they call
23 it CAPPS. It is the Centralized Accounting Personnel
24 Payroll System. So normally, you know, we do see
25 payables. And we will record that. And it just follows

1 into the next year.

2 Well, because of that deployment, we were
3 shutting down USAS in August. Starting with CAPPs,
4 September 1. The Comptroller actually gave us an
5 exemption to go ahead and accelerate those payments for
6 the bills that we got in August, so that we would start
7 the year clean, if you will, with a new set of books. And
8 we wouldn't have to worry about those payments coming out
9 of the system when the invoice came in in that system.

10 So you know, in order to make sure there was no
11 reconciliations or things falling off the table, they went
12 ahead and gave us a waiver to make those payments ahead of
13 time. We didn't -- normally state agencies are required
14 to follow the Prompt Payment Act. It is 30 days from the
15 date the invoice is received. So just to kind of give you
16 some context on that.

17 MR. REY: In addition to those payables we also
18 have accrual entries that we had to report. Those
19 accruals were based on obligations that were met for 2015
20 but did not get paid until the month of September.

21 Another liability that increased was our
22 compensable employee leave liability. That is the
23 monetary reporting of the employee's vacation and sick
24 leave balances. So we had an increase of that as well, in
25 2015, compared to '14.

1 On the next slide we have Exhibit 2, our
2 Statement of Revenue Expenditures, and Changes in Net
3 Assets. A long term, a governmental accounting term for
4 the income statement.

5 In here we are, again, our graphics depict our
6 major categories; the revenues and expenditures. And each
7 one broken down into categories that are reported in the
8 annual financial report.

9 At the top, you see the revenues. And you can
10 clearly see 93 percent of our collective revenues is based
11 on licenses, fees and permits. Only 7 percent of our
12 revenue reported comes from legislative appropriations.

13 In the balance sheet, our legislative
14 appropriations were pretty much increased because of our
15 additional General Revenue and the legislated salary
16 increases. The licenses, fees and permits had a 2 percent
17 increase from 2014, and that matched the natural growth
18 that we had expected for our revenue collections.

19 At the bottom, the expenditures, talk about --
20 you know, are broken down by again, the major categories
21 in the financial reports. Of note, we had a decrease in
22 our expenditures. And those were primarily in the
23 categories of the professional fees and contracts, as well
24 as in the repair and maintenance category.

25 These, in 2014, we had a big amount of IT and

1 data-processing services that we paid out. A lot of it
2 kind of ties back to that accelerated payments that we had
3 to do at the year end, to close out the books and
4 transition over to CAPPS.

5 Also, we had a lot of refactoring initiatives
6 that were completed and paid off in 2014. In repairs and
7 maintenance, we had computer software maintenance, one
8 time contract obligations that we paid off in 2014 that
9 were not in 2015.

10 Another portion of our income statement, and
11 this is the next slide, we took what the collective
12 revenue, the total collective revenue for each of the
13 years, and we broke it down into how it distributes out.
14 The biggest portion of it is our transfer of the state
15 highway funds, or the Fund 6 fees that we collect.

16 So we transfer that money to the Texas
17 Department of Transportation. They saw a considerable
18 increase in this transfer. All of us saw that; a \$72
19 million increase in net transfer compared to last year.

20 Now, we take all of our collective revenue.
21 Subtract out the transfer. Subtract out our expenditures.

22 That left the remaining revenue balance of \$3.7 million.

23 And much of that, or pretty much all of that is Fund 6
24 money, or state highway funds. Okay.

25 That is a recap of our annual financial report.

1 And as Ms. Flores mentioned, by Government Code, this was
2 presented to our oversight agencies on November 20th. And
3 it met the standards requested by the Comptroller and
4 Governmental accounting principles.

5 MS. FLORES: The last slide has to do --

6 MR. TREVINO: Ms. Flores.

7 MS. FLORES: Yes.

8 MR. TREVINO: Going back to the receivables, do
9 you have an aging on those? Are there any of those over
10 90 days, or any problem with those?

11 MR. REY: As far, currently we don't have an
12 aging on that. There is -- typically there is not an
13 issue as far as an aging for the -- from the tax in the
14 Regional Service Centers.

15 MS. FLORES: We really don't have any bad debt.

16 MR. TREVINO: Okay.

17 MS. FLORES: Yes.

18 MR. TREVINO: Just asking.

19 MS. FLORES: Yes. That was one of the first
20 things I looked at when I came to this Agency. We collect
21 pretty much over 99 percent of -- what is owed to the
22 State is collected.

23 MR. TREVINO: Great.

24 MS. FLORES: The last slide has to do with an
25 annual report of non-financial information. And before

1 the 77th Legislature, which I think was in 2001, this
2 information used to be captured in the annual financial
3 report itself.

4 They called it the 120-day report. So when the
5 Comptroller -- there were some GASB changes that were
6 going on, and they split the two reports out.

7 So now you have the numbers report, the annual
8 financial report. And it was accelerated to November
9 20th. So they cut it by 30 days. So that has to be
10 submitted in November, November 20th.

11 Then you have this non-financial data. And it
12 includes everything from your lease space, your occupied,
13 you know, where you are sitting today. The vehicles you
14 purchase. Alternative fuels used.

15 So it is all the non-numbers. And that is
16 submitted at the end of December. So that helps the
17 Comptroller in compiling their comprehensive annual
18 financial report.

19 But it also still provides leadership,
20 oversight entities with information as to how the agencies
21 are meeting their targets for HUBs, historically
22 underutilized businesses. Where they are moving their
23 money; from one strategy to another. An appropriation
24 line item.

25 And from our perspective, the most useful

1 information is the -- as Mr. Rey mentioned, the
2 professional and consulting services from one year to the
3 next. In '14, we had a large expenditure associated with
4 the RTS refactoring.

5 And that was part of the ramp up. Getting that
6 project going. They met a lot of their deliverables. So
7 we paid quite a bit of money in '14 compared to '15.

8 And in '15, there was a difference in the data
9 center charges. And that is when we came back to the
10 Board in FY '15 and said hey, we know we are going to
11 exceed our budget. We are going to have to notify the
12 Governor's Office and the Legislative Budget Board.

13 We pulled money from all kinds of areas, other
14 areas within the Agency to cover that cost. So that is
15 the biggest takeaway from one year to the next on
16 professional fees.

17 The one thing I would like to mention, and you
18 don't really see it here. But it is in your detail, is in
19 FY '14, we paid the State Office of Administrative
20 Hearings approximately \$300,000. And that is for cases
21 that we sent over to them.

22 And in FY '15, that number dropped to \$85,000.

23 So that is in line with when we got that program back at
24 the Agency and created our Office of Administrative
25 Hearings.

1 Those costs have gone down substantially. And
2 we expect to see that continue. That concludes our end of
3 year activities for fiscal year 2015.

4 MS. RYAN: Thank you.

5 MR. INGRAM: Thank you, Linda.

6 MS. RYAN: Okay. Thank you. We will move to
7 Agenda Item 3, Internal Audit Division, Ms. Vice. Thank
8 you.

9 MS. VICE: Good morning, Madam Chairman,
10 Members, Ms. Brewster. I am Sandra Vice, Internal Audit
11 Director. And with me is Derek Miller, Senior Auditor.

12 Beginning on page 94 of your Board book, you
13 are going to find the Internal Audit Division status
14 update. And this update is for informational purposes
15 only. No Board action is required today.

16 We have completed a project on the current
17 audit plan on implementing an anti-fraud, waste and abuse
18 program. That is what Ms. Brewster was referring to
19 earlier today. And Mr. Miller is going to provide to you
20 a summary of that report in just a minute.

21 We are also in the field work phase of an audit
22 of compliance with the drivers policy and protection act.
23 The letter notifying the Board and the Agency of the audit
24 starts on page 124 of your Board book.

25 I wanted to let you know about external audit

1 activities that have been ongoing. Internal Audit
2 coordinates external audits, and the first review is
3 scheduled for next week.

4 And it is a review of the Agency's risk
5 management program, but by the office of the State Office
6 of Risk Management. This review is conducted every three
7 years by SORM at agencies, and it is to determine if the
8 Agency is managing its property and liability losses,
9 including workers comp losses effectively.

10 The second review was conducted this past
11 November by the International Registration Plan Peer
12 Review Committee. And we received that final report in
13 January, which found that the Agency was substantially in
14 compliance with the Plan, and the audit procedures manual.

15 There were three issues that were identified as
16 non-compliant. And the Motor Carrier Division and the
17 Executive Director are currently working on an action plan
18 related to bringing the Agency into compliance.

19 And then finally, the third audit is the one
20 that Ms. Flores just mentioned. The Comptroller prepares
21 its comprehensive annual financial report in the State
22 Auditors Office audit stat. It is basically auditing the
23 Texas State's financial statements, and we are a part of
24 that audit.

25 And last week, the auditors reported to us that

1 they had conducted, they had concluded. That the
2 recommendation that they issued to us last year, the prior
3 year finding has been implemented. So we are all good for
4 this year, and that final report will be issued at the end
5 of this month.

6 Those are the external audits. Are there any
7 questions about the external audits?

8 (No response.)

9 MS. VICE: I wanted to share some good news.
10 Our Deputy Director, Arby Gonzalez has now become a
11 certified public accountant. We are very proud and happy
12 of him.

13 And I was going to ask him to stand up and be
14 recognized, but he is celebrating overseas. And now, I
15 would like to have Mr. Miller provide a summary of the
16 project on the anti-fraud, waste and abuse.

17 MR. MILLER: Good morning.

18 MS. RYAN: Good morning.

19 MR. MILLER: Derek Miller, Internal Audit
20 Senior Auditor. The report on implementing an anti-fraud,
21 waste and abuse program is on page 95 of the Board book.
22 And we reviewed the TxDMV's anti-fraud prevention program
23 as an advisory service to assist management and the Board
24 to implement a robust anti-fraud program.

25 As there were no statutes or requirements

1 that govern the specific contents of an anti-fraud program
2 for state agencies, we identified 18 best practices using
3 model fraud policies, 13 or 72 percent of which the TxDMV
4 does include in its Human Resources manual. We conducted
5 n employee survey on fraud awareness.

6 Survey responses indicated that employees do
7 want more fraud training. That employees are most likely
8 to report suspicions of fraudulent activity through their
9 supervisors. And that 83 percent of all employees are
10 either very confident or somewhat confident that the TxDMV
11 would conduct thorough and fair fraud investigations.

12 We recommended that the TxDMV update its fraud
13 policy and adopt a risk management framework. Management
14 agrees with the recommendations. And as Ms. Brewster
15 mentioned, the Agency has already formed the anti-fraud,
16 waste and abuse working group and they have already begun
17 work to implement those recommendations.

18 MS. VICE: Any questions? Sorry.

19 MR. MILLER: No.

20 (No response.)

21 MS. VICE: If there is no questions, that
22 concludes our update. And thank you so much.

23 MS. RYAN: Thank you. Any questions?

24 (No response.)

25 MS. RYAN: No. Thank you very much. We will

1 move to Item 4C. Legislative and public affairs. Carolyn
2 Love. I'm sorry, 4B. No, I didn't mean to throw you off.
3 I was just seeing if you were paying attention. I'm
4 sorry, Blake. We will move to 4B; Project and operations.
5 Member Blake Ingram. I threw Blake off.

6 MR. INGRAM: Yes. That is not right.

7 MS. RYAN: I'm sorry, Blake.

8 MR. INGRAM: That is all right.

9 MS. RYAN: I can --

10 MR. INGRAM: I had notes, and then all of a
11 sudden, my notes disappeared.

12 MS. RYAN: Do you want us to -- hold on, one
13 sec.

14 MR. INGRAM: That is all right.

15 MS. RYAN: All right. One second.

16 MR. INGRAM: I wrote down my notes, so that I
17 wouldn't ramble.

18 MS. RYAN: Do you want us to move on to
19 something?

20 MR. INGRAM: No. I have got it now.

21 MS. RYAN: Okay.

22 MALE VOICE: I didn't help, did it?

23 MR. INGRAM: No. Not much.

24 MS. RYAN: I threw everybody off by jumping
25 around.

1 MR. INGRAM: No. That is all right. So as the
2 Chair of the Project and Operations Committee, I realized
3 that while the Board knows about our accomplishments, the
4 public, that hopefully somebody is watching, might not
5 know.

6 So with the Board's indulgence, I wanted to
7 just briefly discuss our accomplishments last year. Which
8 included several extensive challenging and simultaneous
9 undertakings. Namely, the RTS refactoring, the single
10 sticker Web Dealer, LACE, and consolidated call center.

11 So we started off by just saying on behalf of
12 the Board, I would like to echo Whitney's earlier comments
13 about the successful launch of the new web-based RTS or
14 registration and titling system that all counties use for
15 registrations. The Board wishes to express appreciation
16 to everyone who was involved with this tremendous
17 undertaking.

18 Project team members worked late nights,
19 weekends and holidays to get this done. We also would
20 like to thank as a Board the 254 county tax assessor
21 collectors and their staff for their patience during this
22 transition. We know the transition has not
23 been perfect. And there have been some bumps along the
24 way. But I know that the RTS refactoring project team is
25 working hard to stabilize the system and address defects

1 impacting users.

2 And just as a comment, I only have 150
3 employees, and I tremble with fear if I am going to change
4 out some piece of software. So our little few bumps in
5 the road is really pretty amazing.

6 And I know that any downtime is not what we
7 expect. But still, it has been very, very minor,
8 considering the size and scope of the project. The
9 feedback from the tax have been essential. The RTS system
10 is a key component of the Agency's technology upgrade, and
11 will help position the system for future updates while
12 also allowing for more customer-centric enhancements.

13 It was essential as we remove the old
14 mainframe-based system inherited from TxDOT. Although it
15 makes me just a little bit nervous, because I am getting
16 to that age, where I am thinking somebody might remove me
17 at some point.

18 MS. RYAN: It is just an upgrade.

19 MR. INGRAM: Yes. But that worries me. I am
20 worried about somebody just upgrading.

21 MS. RYAN: No. Upgrade you.

22 MR. INGRAM: Okay. The transition to single
23 sticker where inspection and registration is the most
24 significant change impacting our customers in the six-year
25 history of the agency.

1 Almost one year ago, March 1st, the Agency
2 embarked on the project as we referred to, two steps, one
3 sticker, or single sticker. Beginning March 1st of next
4 month, single sticker Phase Two implements the 90-day
5 inspection window for vehicle registrations and the 180-
6 day registration inspection window for used vehicle
7 dealers.

8 While single sticker will save the State a
9 considerable amount of money, I am even more excited about
10 the possibilities to take additional steps in the future
11 to make the inspection and registration process better in
12 the future. Hopefully, we can get it down to one step,
13 one sticker. That is my goal.

14 Here in Texas there is a saying that it is not
15 bragging if it is true. So I am really proud to brag that
16 with Web Dealer, Texas leads the nation by being the first
17 and only state with an all electronic titling system.

18 Web Dealer is a web based application that is
19 available to new and used car dealers across the state to
20 conveniently process transactions online, which is a win-
21 win for all. Dealers will no longer be required to
22 physically go into the county tax office, thereby reducing
23 the wait time citizens experience for their own
24 transactions.

25 So far, there have been 700,000 transactions

1 successfully completed through Web Dealer. And as a
2 personal note, as a Web Dealer user, it has transformed my
3 title department. And it has been a great, great change.
4

5 LACE, which is Licensing, Administration,
6 Consumer Relations and Enforcement. LACE is a lot easier
7 to say. It is much smaller. It is being replaced with
8 the new system that will provide benefits to the more than
9 32,000 dealers in Texas.

10 There will be a new self-service hub for
11 submitting license applications online. It will also
12 allow the public to search for licensees by location,
13 license type, product lines and more.

14 Last but not least, the consolidated call
15 center project, the consumer relations division served
16 nearly half a million customers in 2015. The project will
17 improve the customer service experience with features such
18 as callback options and live chat, resulting in reduced
19 call times.

20 So I appreciate the Board allowing me to just
21 briefly go back over what you already know. But I thought
22 it was important that we touch on it for the benefit of
23 the people that hopefully might watch this. So with that
24 overview of the Agency's projects, if it is acceptable to
25 you, I will turn the rest of my time over to Judy

1 Sandberg.

2 MS. RYAN: If I can, I would like to give, I
3 guess, the staff in appreciation for the tax, a round of
4 applause for you guys. So thank you guys.

5 (Applause.)

6 MS. RYAN: Thanks for everything you guys
7 have -- thanks for your patience for all of that. So all
8 right. So we will turn it over to you guys now.

9 MS. SANDBERG: Thank you. For the record, Judy
10 Sandberg, Director of the Enterprise Project Management
11 Office. I am flanked by my colleagues, Eric Obermier,
12 Chief Investment Officer and Jeremiah Kuntz, Division
13 Director for the Vehicle Title and Registration.

14 I will be providing you a report with
15 information. I will not be seeking a decision from you
16 today. The materials in my report can be found on page
17 126 in your briefing book. If you would like to follow
18 along. I would like to share with you a little bit of
19 background.

20 We have a new format. This Board meeting is
21 the first time that we are presenting this new format. So
22 I wanted to go over it just briefly to help you -- help
23 guide you through the page.

24 In the upper left corner, you will find the
25 name of the project that we are speaking to. Across the

1 top, we have attempted to share the benefits to the
2 public, as well as the benefits to the Agency.

3 On the row below that is a brief description of
4 the project. The name of the project manager, the DMV
5 business owners and the executive sponsor. We will also
6 find the project end date.

7 In the center, on the second row, you will find
8 information about the status of the project related to
9 schedule, budget, scope and resources. To the far right
10 on the second row, there are standard phases that we go
11 through with each project, especially technology, systems
12 development projects.

13 And we go through them in the same sequence.
14 And requirements, design, development, tests, and deploy
15 are listed and intended to try to convey which stage of
16 the project -- or which stage the project is in.

17 Going on to the middle row or the third row on
18 the left, is information about the project budget.
19 Information in the center about staffing. And then to the
20 far right of that row, information about change requests;
21 how many change requests have been received on that
22 project.

23 And finally, at the bottom of the sheet, you
24 will find information about our accomplishments during the
25 last 30 days. Planned milestones during the next 30 days.

1 And then some information on the most significant risk
2 and issues and our mitigation strategies or corrective
3 actions for addressing those particular risks and issues.
4

5 So we are trying to convey quite a bit of
6 information on one slide that you can take with you.
7 Speaking to the consolidated call center project, which is
8 actually the final work stream, if you will, in the
9 headquarters communications project. We have been working
10 on the consolidated call center project which implements
11 new technology in all of the call centers here on the main
12 campus; in building one here and over at Bull Creek.

13 I need to let you know that the DMV staff
14 involved in this particular project have persevered and
15 showed incredible patience as we work through this
16 project. It has been going on for almost three years.
17 And we have had some several bumps along the way with this
18 project as well.

19 The good news is that we have implemented the
20 new infrastructure the new telephone systems, the basic
21 hardware for call centers. We are down to a handful of
22 call center features that we are trying to implement,
23 including redaction of certain information on recordings,
24 automated surveys, use of courtesy callback. Those are
25 the types of features that we are working on.

1 We have had some struggles with some vendors
2 along the way. Our legal department and our purchasing
3 department have engaged very promptly and assisted us in
4 trying to resolve issues with those vendors. We are
5 hopeful within the next three to four months that we will
6 finally implement, fully implement those features,
7 complete training, and complete development of the reports
8 that are needed for the call center to be able to function
9 the way that it wants to function in serving the public.

10 Briefly, on the budget, our expenditures and
11 encumbrances to date on this particular project have
12 totaled \$1.5 million. As of today, we have about \$200,000
13 that has not been spent or encumbered for a specific
14 purpose at this point in time.

15 That is my primary update on call center. Do
16 you have any questions about the call center:

17 MR. BARNWELL: Would you tell me on the second
18 line, January 2016 status?

19 MS. SANDBERG: Yes, sir.

20 MR. BARNWELL: I hate to be obtuse, but I don't
21 understand what the red circle with an R means, and then
22 another one, and then green and then yellow. What is
23 that, exactly?

24 MS. SANDBERG: That is an excellent question,
25 and you are not being obtuse at all. And I should have

1 explained that.

2 What that means, overall status for the project
3 is red, is what that R means. Meaning that, overall the
4 project is behind schedule. And we have some challenges
5 that I described earlier. We are trying to convey --

6 MR. BARNWELL: With contractors?

7 MS. SANDBERG: We have challenges with vendors.
8 We have had challenges with new technology. Those are
9 the kinds of issues we have tried to convey. We are very
10 behind schedule on this project. And it is not for a lack
11 of the technical staff and the program area staff trying
12 to implement.

13 It is -- we have had challenges in being able
14 to implement these final few features in the environment
15 that we established, some of which may candidly, hearken
16 back to earlier vendors who are no longer working with us,
17 the way they originally set up the environment. We have
18 struggled somewhat.

19 Recently, Information Technology did
20 maintenance and made some corrections, working with CISCO.

21 And we are beginning to see this particular system and
22 environment stabilize. And we are finally beginning to
23 see some progress in some of these features.

24 MR. INGRAM: Barney, just to tack on, we had to
25 change horses.

1 MR. BARNWELL: I gathered that.

2 MR. INGRAM: Yes.

3 MR. BARNWELL: Yes. So it wasn't working at
4 all before, and you had to ditch that. And some of the
5 legacy installation and implementation that they had done
6 carried over into the new system.

7 MS. SANDBERG: Yes, sir. That is correct.

8 MR. BARNWELL: Okay. I have got it.

9 MR. INGRAM: Could you also just touch on the
10 fact that the current system and what we are going to have
11 at the end of this is going to have basic reports and that
12 there will be at some point, back to the Board, a
13 statement of work for customer reports.

14 MS. SANDBERG: We are in the process right now.
15 Yes, sir. Thank you for reminding me of that. We have
16 actually developed a statement of work to pursue some
17 external expert resources to help us develop enhanced
18 reports, primarily for the Consumer Rights Division and
19 Motor Carrier Division.

20 And we are in the process of finalizing that
21 now. We are optimistic that the cost will be such that it
22 may not even require Board approval.

23 MR. INGRAM: Uh-huh.

24 MS. SANDBERG: But we are in the process of
25 determining the best path to pursue that, so that we can

1 go ahead and hire a vendor to come in and assist us in
2 finalizing those reports.

3 MR. TREVINO: Do you think these issues
4 affected your customer satisfaction metrics, overall for
5 the Department?

6 MS. SANDBERG: I am not -- I don't know the
7 answer to that question. I would have to defer to that
8 particular Department, or to Executive Director Brewster,
9 if she has any information on that.

10 MS. BREWSTER: Member Trevino, yes. There was
11 some impact of system stability on overall wait times as
12 well as abandoned call rates that were impacted.

13 We had a non-related phone system issue. But,
14 it was related to fiber lines, when it comes to Motor
15 Carrier Division, that because of that fiber issue, some
16 of those abandoned call rates and wait times went up.

17 MS. SANDBERG: Thank you. Any other questions?

18 (No response.)

19 MS. RYAN: So moving on to the LACE project.
20 The LACE project, we'll focus on the January status in the
21 center there. Overall the project is green, meaning that
22 we are within budget.

23 The schedule is yellow because it is beginning
24 to slip. We are about, at this point, five weeks behind
25 schedule on developing the requirements for this

1 particular system, which involves the vendor, EPMO staff,
2 and working with the staff from Enforcement as well as
3 from the Motor Vehicle Division and hearings group to
4 determine what the requirements are for this new system.

5 It has taken us longer than we anticipated, but
6 we are wanting to make sure that we get this right. These
7 basic requirements become the foundation for everything
8 that we design and build out for the rest of the project.

9
10 We have been working hard to -- the vendor and
11 the EPMO have been working together to try to determine a
12 revised schedule, to get the project back on track. Our
13 goal is to finalize requirements within the next two
14 weeks.

15 And next week, we plan to schedule a meeting to
16 kick off the design and make sure that all of the business
17 areas and the vendor understand exactly what the vision
18 is, and the guiding principles for this new system, and
19 what we are trying to accomplish with this particular
20 project. So that is why we are monitoring this project
21 very closely.

22 We are proceeding cautiously at this point.
23 But we are at a point where we need to finalize these
24 requirements and start moving into design, and getting
25 ready to configure this system.

1 This particular system will not be built from
2 scratch, which will help us in recovery of schedule. We
3 did purchase licenses to an off the shelf product that
4 basically is built. What we will be doing is customizing
5 or reconfiguring some of the features in that system to
6 align it with exactly what we need for it to do.

7 The budget, at this point in time on LACE, the
8 expenditures and encumbrances are slightly over \$6
9 million. We have \$3.9 million that have not been
10 encumbered.

11 Those additional funds are scheduled to be
12 spent in the future on software licenses, training of
13 employees and -- but we do have some contingency baked in
14 there, depending on what we -- what risk or issues we
15 might encounter with the project. Any questions about
16 LACE?

17 MR. INGRAM: Would you mind just going briefly,
18 briefly over the risk and issues for this particular
19 project?

20 MS. SANDBERG: I will be happy to do that. So
21 one of the risks that you see there, we have an existing
22 contract with a particular vendor.

23 We are trying to implement across the
24 Enterprise, a standardized approach for identity access
25 management. And we are building on the access management

1 process that we built into RTS. We have already
2 contracted with a vendor to help us implement the same
3 type of strategy with Web Dealer.

4 And we now want to, in our efforts to
5 standardize across the Enterprise, we want to build in
6 that same standard into the LACE product. Our current
7 contract with the vendor for Web Dealer, we have learned
8 from purchasing, cannot be expanded.

9 So we may have to do a new procurement for
10 services in order to implement this particular feature.
11 So we are watching this very closely, because any time we
12 get into a new procurement, it adds time to the schedule.

13
14 So we are working closely right now with
15 purchasing, with our services vendor, Deloitte, to
16 determine the best way to move forward on this. So that
17 one is a particular concern.

18 And depending on the estimated cost, will
19 determine what kind of procurement we have to proceed
20 with. And then that will determine the impact on the
21 schedule.

22 MR. INGRAM: I kind of understand the next
23 ones. But the last one is going to throw me off, because
24 this -- that one, I don't understand.

25 MS. SANDBERG: CONGA is the name of a product

1 that Deloitte proposed in their response to our Statement
2 of Work. One of the things we asked for was the ability
3 to produce documents. We produce many, many documents,
4 correspondence.

5 And we needed for this particular application
6 to be able to continue to generate documents. CONGA is a
7 software tool that Deloitte proposed in their response to
8 us; that they would configure to use along with the sales
9 force product to help us generate these documents.

10 A couple of months ago, Deloitte did a
11 demonstration for the staff on this particular tool. And
12 candidly, it was not well received. There was not great
13 excitement about how it worked. And there was a
14 widespread feeling that it did not meet their needs, and
15 would not be satisfactory.

16 So we have asked Deloitte to go back to the
17 drawing board and come back to us with a -- either an
18 improvement in that particular solution, or for us to have
19 discussions about do we need to consider a different path
20 than this particular tool. But this is about being able
21 to generate and print documents along with the new system.

22 MR. INGRAM: Thank you.

23 MS. SANDBERG: You bet. Are there questions?

24 (No response.)

25 MS. SANDBERG: Okay. Moving on to RTS

1 refactoring. Much has been said about RTS refactoring
2 today. As along with the progress that we've made in
3 moving off the mainframe, we are proceeding with the
4 release schedule that was agreed upon with Deloitte.

5 We are doing -- we are releasing almost monthly
6 new code. Our release schedule focuses on legislative
7 requirements and planned enhancements that we knew we had
8 to implement during the current fiscal year. Also within
9 those releases some of the defects that were mentioned
10 earlier are being repaired and tested, and included with
11 some of those releases, so that we are gradually
12 addressing those.

13 Deloitte has also, at our request, provided us
14 a strategy for how they are going to make quicker progress
15 on addressing some of the outstanding defects that we have
16 seen since implementation. And they have done that. They
17 now have seven more individuals available to them to
18 assist with this kind of approach. We are asking them to
19 start looking at providing us a schedule for how they are
20 going to make progress on the backlog of defects along
21 with this release schedule that we cannot back off of
22 either, in order to stay on track with the legislative
23 requirements. So that is in progress to keep us moving
24 forward.

25 This project, if you look at the status in the

1 center, the last time I reported to you, it was red. So
2 it has made some improvement in moving from red to yellow,
3 in terms of schedule. We are still watching Scope very
4 closely because of the stabilization process that we are
5 going through, and the volume of defects that we are still
6 dealing with. But we do see some gradual improvement
7 here. And as has already been mentioned by others, we do
8 anticipate increased improvement in the stabilization of
9 the software. Any other questions?

10 MR. INGRAM: Can you remind everyone what Work
11 Stream 4 is going to be? Because you have increased the
12 number of hours dramatically.

13 MS. SANDBERG: Yes, sir. Work Stream 4 was
14 specific towards maintenance and operations of the newly
15 implemented refactored RTS. And that specifically is the
16 release schedule that I referenced.

17 The original statement of work that was
18 released a few years ago when we launch down this path.
19 We estimated approximately 33,000 hours of work over Work
20 Stream 4 that would require maintenance. After the last
21 legislative session, the estimated increased.

22 It more than doubled to 77,000 hours of work.
23 That led to us releasing a Statement of Work for the
24 increased amount of work, which was ultimately awarded to
25 Deloitte, and went into effect the end of November.

1 So all of Work Stream 4 is focused on
2 implementing these new releases. The meeting --
3 implementing new functionality into the system. Complying
4 with legislative mandates. Implementing Single Sticker II
5 is a part of that effort, and -- along with any
6 maintenance that is necessary to sustain the system and
7 keep it going.

8 MS. CARAWAY: What about the name search?

9 MS. SANDBERG: Name search. It is -- we have
10 put it on the list of defects. And we are -- Jeremiah's
11 team is helping Deloitte prioritize how we -- what order
12 we work on those remaining defects.

13 And right now, the name search has been
14 prioritized a little lower than some of the other system
15 issues that we are seeing. It is still on the list to be
16 addressed.

17 But right now, from impact on both attacks as
18 well as the DMV offices that are using this product, the
19 program areas have advised us, we need to focus on some of
20 those other defects first. We still have plans to get to
21 it, but it is sitting on the list right now with a little
22 lower priority than some of these other issues.

23 MS. CARAWAY: Thank you.

24 MR. TREVINO: Ms. Sandberg, you mentioned the
25 legislative mandates. Have those been fairly stable, or

1 has that been a moving target as well?

2 MS. SANDBERG: We were able to identify the
3 legislative mandates early in the fiscal year and go ahead
4 and schedule them out. And strive to try to implement
5 them by the dates that were mandated in statute.

6 And for the most part, we have been on track
7 with staying on schedule with that. There was one item,
8 Jeremiah, my memory has -- I have lost it. There was one
9 item, I think. We were a little late on, a couple of
10 weeks.

11 MR. KUNTZ: That was our January release.

12 MS. SANDBERG: Right.

13 MR. KUNTZ: Yes. So there were some new, I was
14 going to say, Caroline would have all of the details on
15 all of those releases. And she is, I think she is going
16 to cover that in her presentation.

17 MS. SANDBERG: Thank you. Sometimes I have to
18 phone a friend to help me with some of these details.

19 But for the most part, we are on track and on
20 target to meet all of the legislative mandates on time.
21 Yes, sir. Other questions about refactoring?

22 (No response.)

23 MS. SANDBERG: That leads us to Single Sticker
24 Phase Two. The overall status on Single Sticker, we
25 are -- it is shaded yellow overall, yellow on schedule.

1 Yellow on scope. But green on budget and resources.

2 We believe that the basic changes that are
3 needed, or all of the changes that are needed in the
4 refactored RTS system in order to be able to implement
5 Single Sticker Phase Two are on target. They have all
6 already been coded. We are in the midst of testing, and
7 we are on track to implement those into the production
8 environment on time.

9 The reason this is tracking yellow right now,
10 is because in addition to that, we are doing some reports
11 for some of the other agencies, including Department of
12 Information Resources, Department of Public Safety and
13 Texas Commission on Environmental Quality. They have
14 asked us to either provide information to them in the
15 format of reports, or send files to them.

16 We have been working in interagency work groups
17 and committees since early fall on getting those
18 requirements. Some of those requirements came in to us a
19 little late. And we have been working with Deloitte as
20 well as IT to make sure we understand those requirements
21 and that we can provide them those reports that they seek.

22 We know we will not have those reports ready
23 for them on March 1st. But as of March 1st, we need to
24 start gathering -- we will be collecting the data or the
25 information that is necessary to populate those reports.

1 Our goal is to try to provide them those reports by the
2 end of March, so that they have that information available
3 to them.

4 We are tracking to be able to do that by the
5 end of March. Candidly, our vendor has some concerns
6 about whether we can realize that date. We believe that
7 it is achievable, but it is going to require very close
8 monitoring, and closely working with those agencies and
9 working with the vendor.

10 But we will finish those reports and provide
11 them what they have requested of us. Any questions about
12 Single Sticker Phase Two?

13 (No response.)

14 MS. SANDBERG: Okay. Moving on to Web Dealer,
15 Web Dealer is also painted yellow right now, meaning that
16 it is slightly behind schedule.

17 We were having some scope issues, and we have
18 had a few resource issues. We had planned to deploy an
19 adoption improvement module on January 31st. We did not
20 meet that date. We have postponed that deployment by two
21 weeks until Valentine's Day on Sunday, February 14th.

22 The reason that we delayed it is because
23 through testing, we realized the quality was not where we
24 wanted it to be. And we all agree that we did not want to
25 put a product out that was just going to create problems.

1 And that it was better for us to take an extra couple of
2 weeks, take stock of where we are, find where we had some
3 challenges, repair those, retest them, and make sure the
4 product is right before we release it.

5 So that particular module is going to be
6 delivered about two weeks behind schedule. So that has
7 contributed to the delay.

8 Another area that is presenting a challenge for
9 us, and Jeremiah may want to speak to this more; he is
10 more familiar with it than I am from a business
11 perspective. But we are trying to implement as part of
12 Web Dealer centralized payment and improved convenience
13 for providing payment in both the salvage module and in
14 the centralized payment module for Web Dealer.

15 And the path we would like to take that
16 provides the best benefit and the least cost to those who
17 would use this is providing challenging. Part of that is
18 because we are required by the State of Texas to use
19 texas.gov. That proved to have some challenges for us in
20 terms of the cost per transaction or groups of
21 transactions.

22 We have been negotiating with the Department of
23 Information Resources, who owns that contract with the
24 vendor who oversees texas.gov. And that has -- we had to
25 submit a waiver to the Department of Information Resources

1 for an exception from that process in order to go a
2 different path with the Comptroller's Office. So you can
3 see how convoluted this kind of is.

4 But it has contributed to delaying the
5 schedule. And as we stand right now on salvage, we are
6 proceeding at this point on the salvage module using our
7 current payment method. But we are still negotiating with
8 DIR to pursue the waiver. So that at some point here in
9 the future, we could implement the improved payment
10 process that we are seeking.

11 We are already at the point now where this is
12 beginning to impact the centralized payment module that we
13 want to implement. And in fact, we have a meeting
14 internally with executives tomorrow to discuss, do we
15 submit a waiver to DIR for this? What direction do we go?

16 So that payment gateway and method of payment
17 is proving to present challenges for design and from
18 building in the requirements.

19 Is there anything you want to add, Jeremiah, to
20 that?

21 MR. KUNTZ: I think you did a great job.

22 MS. SANDBERG: Thank you.

23 MR. INGRAM: So the waiver that we have already
24 filed is just on salvage, correct? The waiver that is
25 currently pending with DIR is relating to the salvage

1 payment gateway? So the decision next is whether we do
2 another waiver for --

3 MR. KUNTZ: Yes, sir.

4 MR. INGRAM: The centralized payments.

5 MR. KUNTZ: Yes, sir.

6 MR. INGRAM: Okay.

7 MS. SANDBERG: Budget-wise, we are within
8 budget. Expenditures, encumbrances at this point at \$4.6
9 million. Our remaining budget is a little over a million
10 dollars. So we are tracking on budget.

11 The project end date is a year away; February
12 2, 2017. So even though we have had some delays in some
13 of these milestones, we are still overall on track to
14 finish before the project end date.

15 And that concludes my presentation. If you
16 have any questions, I will be happy to try to answer them.

17 (No response.)

18 MS. RYAN: Any questions?

19 (No response.)

20 MS. SANDBERG: Thank you.

21 MS. RYAN: Thank you very much. Item B(2).

22 MR. KUNTZ: For the record, Jeremiah Kuntz,
23 Director of Vehicle Title and Registration Division. I
24 will be covering Agenda Item 4B(2) today. This is a
25 briefing item. It does not require action on behalf of

1 the Board.

2 In November, 2014, the Agency renewed its
3 contract with our vendor, My Plates for the marketing of
4 specialty license plates. That contract was a five-year
5 renewal. The original contract was five years. It had an
6 option for a five-year renewal.

7 We are currently in the first year. We have
8 just completed the first year of that new five-year
9 renewal term. The new renewal will expire in November of
10 2019.

11 Similar to the first contract, the new renewed
12 contract had a guarantee payment to the General Revenue
13 account of revenue from the sale of specialty license
14 plates. Each license plate that is sold in our program, a
15 percentage of it goes to General Revenue. And so, during
16 that renewal, we renegotiated how those percentages were
17 laid out.

18 There was a substantial change in the amount of
19 revenue that the State would receive on license plates
20 that were renewed by customers. Originally, in the
21 original contract, that percentage was closer to 50
22 percent split. In the new renewed contract, the State
23 receives 95 percent of the revenue on a renewed license
24 plate. My Plates would retain 5 percent of a renewed
25 license plate.

1 That has had a substantial impact, a positive
2 impact on the revenue that the State is receiving. This
3 is really one of the main reasons we wanted to give you
4 this briefing is in the first year, and really, the
5 numbers I have got compare the first 13 months of the new
6 contract to the last 13 months of the old contract.

7 The General Revenue has seen an increase of
8 about \$2.7 million. As Ms. Flores reported, we have
9 generated close to \$10 million already for General Revenue
10 in the first 13 months of this contract. The guarantee
11 for General Revenue is \$15 million.

12 So we are well on our way to meeting that
13 guarantee. Or My Plates is well on their way to meeting
14 the guarantee of \$15 million to the State. The first
15 contract had a \$25 million guarantee, but obviously with
16 the percentages being different, it took them a lot longer
17 to get to that guarantee.

18 This guarantee is a lot less. However, we get
19 a larger percentage. So they weren't going to take on
20 more risk in increasing that guarantee. That is why we
21 restructured the contract the way we did.

22 It is proving out to be very successful. We
23 have seen a lot of good revenue coming in from this
24 contract. Part of the new contract as well had to do with
25 the design, the inventory design.

1 Right now, currently My Plates has about 111
2 designs that are available through their marketing
3 efforts. At its peak, we had about 168 license plate
4 designs that were available. The 57 that have been
5 reduced largely were attributable to a provision in the
6 renewed contract that required that any plate design had a
7 minimum of 200 active registrations on it.

8 If a plate design falls below that 200
9 threshold, My Plates notices the sponsor. Or if they have
10 their own plates, they are just on notice that those plate
11 designs would be removed from inventory if they do not get
12 them up over the 200 registration threshold.

13 So in the first year of the contract, we went
14 through attrition of those plates. In your packet, you
15 can actually see. We have got the plates that have been
16 discontinued. There are 55 plates that were discontinued.

17 There were two plate designs that they
18 repurposed and redesigned, so that is how you get to the
19 57 plate designs that have been changed or reduced. So
20 that is what you are seeing right there. We have had a
21 substantial decrease due to that. They have added five
22 plates, plate designs since the contract started.

23 So we have seen a lot of success with that, in
24 trying to manage the inventory better and make sure that
25 the plates that are offered have a good participation

1 rate. People are interested in those plates and want to
2 purchase them.

3 In addition to that, we have made some
4 substantial efforts to try to assist My Plates in their
5 marketing efforts. Previously, we were not running
6 banners on our website for My Plates. We have since
7 started that.

8 My Plates has given us a schedule for the year.

9 They have provided us multiple banner designs, depending
10 on different sales that they have scheduled, or different
11 plate designs that relate to a certain time of year.

12 The thing that comes to mind the most is,
13 putting a banner on college sports plates during the
14 seasons that are coming up. At the beginning of football
15 season, we will run banners relating to college plates to
16 try and increase that interest in those kind of plate
17 designs.

18 Additionally, we have added some marketing to
19 our renewal notices. So on the renewal envelope on the
20 outside of the envelope, we have added a marketing piece
21 in the bottom left hand corner of the envelope, marketing
22 the MyPlates.com website to try and generate interest from
23 those people that are getting a renewal in the mail.

24 And then additionally, My Plates -- you all
25 approved just recently the all black license plate. It is

1 referred to as the Classic Black. It is looks very
2 similar to some of the old Classic Black plates that were
3 issued in general issue back in like the '60s.

4 They have run a major marketing campaign on
5 that. They have TV ads. They have web ads. They are
6 running radio ads on that. We have taken and added a web
7 video on our front page for that campaign to assist them
8 in that campaign as well.

9 So we are trying in all of our efforts to make
10 sure that we are supporting them in trying to drive new
11 plate sales as well. So that we are in sync with what
12 they are doing on their websites, and out in the media as
13 well. Their marketing activities continue.

14 They have got year-round marketing. They have
15 got social media. They are heavily engaged in social
16 media. They are heavily engaged in web marketing.

17 So they go out to websites and do targeted
18 marketing of people. If somebody clicks on their website,
19 that loads in a cache. And they will do direct marketing
20 to that person again.

21 They also monitor different websites to see
22 people that visit certain websites may have gone to their
23 website. And so, new people that go to those new
24 websites, they want to have ads on those as well. So they
25 are doing very targeted marketing online, as well as their

1 radio and TV ads.

2 In your presentation, I have got a couple of
3 graphs that you can actually graphically see the way the
4 revenue has come in. This just shows you the increase
5 that we have seen in that first year.

6 And then also, for your reference, we have got
7 some charts that just give you some context on where
8 different plates are. It shows you the top ten plates for
9 the different programs.

10 The first chart shows you the top ten military
11 plates. Our disabled veteran's license plate is our
12 highest speciality plate. Obviously, it is a qualifying
13 plate. We have over 180,000 disabled veteran plates that
14 are actively on the roads today.

15 As you look down, you see the charity plates.
16 These are statutory plates, or plates that are sponsored
17 by other state agencies outside of the My Plates contract.

18 And the largest portion of those are
19 personalized plates that are on a general issue design.
20 Those are not longer available. But those are holdovers
21 that people continue to renew. And so, that is what those
22 represent, is we have got about 45,000 people who had
23 personalized a general issue plate that are maintaining
24 that personalization.

25 And then down at the bottom, you can see the

1 top plates for My Plates. If you look at their top five,
2 you can see all of those have a black background design.
3 So that is obviously a very heavily purchased plate
4 design.

5 Lots of folks that have black vehicles, or
6 vehicles that they want to try and match colors, that is
7 generally what you are seeing there, is that they are
8 using that black background to try and match the paint job
9 on their cars. So that has got a very high population
10 there, of all of the specialty plates. With that, that
11 concludes my presentation.

12 MS. RYAN: I'm sorry. We had a comment from
13 the audience.

14 MR. KUNTZ: Was that from SIRI?

15 FEMALE VOICE: That was SIRI.

16 MS. RYAN: Oh, that was SIRI? All right. I'm
17 sorry. We had a comment from SIRI. Sorry, Jeremiah, to
18 interrupt.

19 MR. KUNTZ: That concluded my presentation.

20 MS. RYAN: Okay. Well done. Thank you.

21 Any other comments for Jeremiah?

22 (No response.)

23 MS. RYAN: Okay. Thank you.

24 MR. KUNTZ: Thank you.

25 MS. RYAN: We will move to Item 4C. Caroline,

1 sorry to jump the gun earlier. We will now hear from you.

2 MS. LOVE: Good morning. For the record, my
3 name is Caroline Love. I am the Director of Government
4 and Strategic Communications for the Department.

5 And the report that I will provide to you today
6 relates to implementation of legislative items. And it
7 begins on page 140 of your briefing book. And it is for
8 informational purposes only, so no action is required of
9 the Board.

10 I did, before I start, want to give a few
11 legislative type updates. The first thing I wanted to
12 mention is that the woman who spearheaded this Agency and
13 has been a close friend of the Department since we began,
14 Ruth Jones McClendon announced that she is resigning, or
15 she has resigned, effective January 31st.

16 She had announced back in September that she
17 would not seek reelection to spend more time with her
18 family. And then this resignation allows the Governor to
19 call a special election to fill that seat.

20 But it is certainly someone who we will miss.
21 She was a very good friend to us, and very supportive, and
22 had a lot of great leadership, and our regard. So I
23 wanted to mention that.

24 And then also, as we discussed in previous
25 meetings, the 84th Legislature's General Appropriations

1 Act included the ability for the Texas Facilities
2 Commission to issue revenue bonds to provide for new
3 facilities for DMV, which was subsequently vetoed by the
4 Governor in June. And some update on that.

5 In July, the Legislative Budget Board sent a
6 letter to the Comptroller questioning whether or not that
7 was overstepping veto authority, because it vetoed a rider
8 instead of an actual appropriation. And Comptroller Hager
9 then requested an opinion from the Attorney General. And
10 the Attorney General's Office issued an opinion in
11 December, upholding the veto, and saying that it was
12 related to the appropriation itself.

13 So that veto is standing. And so, I just
14 wanted to give you an update on that. But we continue to
15 work with the state leadership on what our facilities
16 options can be for the future.

17 And another legislative-related item, we have
18 had other -- there has been quite a few interim hearings
19 that have been taking place since we last met in November.

20 And some of those have included testimony from
21 Comptroller Hager, at a House Select Committee on
22 Transportation Planning.

23 And also at a Senate Finance Committee hearing
24 regarding what the revenue estimates might be for the
25 State, given the drop in oil production. And his

1 essential summarization of the impact is that it is too
2 soon to tell what it might mean for the State. And that
3 the next few months will be more telling of what that
4 impact could be.

5 But his directive to the Legislature was,
6 anticipate a tighter budget for the upcoming biennium. So
7 I think that is something we -- all state agencies are
8 taking into account as we look at our Legislative
9 Appropriations Requests.

10 And in addition, the Senate Transportation
11 Committee met on January 27th. There are two items
12 related to DPS programs, including the driver
13 responsibility program, which does not have a DMV
14 component.

15 But the other interim item that they
16 considered, related to the vehicle inspection program
17 which is certainly tied into DMV now, through the Single
18 Sticker program. And they did not ask for the Department
19 to prepare testimony.

20 But we were there. Jeremiah Kuntz attended on
21 behalf of the Agency to be available as a resource
22 witness. Just a quick summary of what occurred at the
23 hearing. They talked about how 15, there was --

24 I should start with the people who attended.
25 There were representatives from DPS, Texas State

1 Inspection Association, Texas Commission on Environmental
2 Quality, the Texas Trucking Association had a
3 representative there. And there was a professor of
4 economics from Troy University in Alabama.

5 And apparently, this professor has researched
6 vehicle inspection requirements in states for several
7 years. And he said that only 15 states currently require
8 a safety vehicle inspection program. Not to be confused
9 with the emissions inspection requirements which are a
10 federal requirement of all states, in near non-attainment
11 or non-attainment zones.

12 But the vehicle safety inspection program has
13 certainly garnered a lot of attention. And he mentioned
14 that of the statistics they have received nationwide,
15 approximately 2 percent of all vehicle crashes are related
16 to a malfunction of vehicles. So there was a lot of
17 discussion among the Committee about continuing the
18 vehicle inspection program.

19 And in the end, there was a discussion of what
20 would the State do if it were to be eliminated? And
21 Senator Garcia on the Senate Transportation Committee
22 noted that if they were to do away with this program, it
23 would leave a subsequent hole in their budget given that
24 \$7.50 of every vehicle inspection currently goes towards
25 the State for various programs. So that is something that

1 the Committee is going to continue to consider.

2 Jeremiah was called up to answer a question.
3 The Texas Trucking Association representative mentioned
4 that there is a concern that for some intrastate carriers,
5 the way the statute reads on inspection requirements, if
6 they have a vehicle that may have received an inspection
7 in another state when they come to Texas, it claims they
8 need a Texas inspection.

9 And so, we -- Jeremiah was able to clarify what
10 statute currently requires for both commercial and
11 personal out of state vehicles in terms of an inspection.

12 But we are going to work with the Committee to make sure
13 that language is clear moving forward, to not be redundant
14 in terms of inspection requirements for certain vehicles.
15 Those were some of the main items.

16 There are a few other upcoming hearings. I
17 think once we hit March, there will be a lot of additional
18 hearings that will be scheduled. But some of the ones
19 that we know of that are coming up in the near term
20 include on March 17, the House Defense and Veterans
21 Affairs Committee will hold a meeting to discuss items
22 that passed during the 84th Legislative Session, and the
23 status of implementation.

24 And as our Executive Director mentioned
25 previously, there were 47 military related, specialty

1 license plates that passed last session. And the
2 Committee did ask if we could come.

3 And Jeremiah is scheduled once again to be our
4 resource witness on that. And he will inform the
5 Committee that we have successfully implemented all of
6 those license plate requirements.

7 And then on March 29th, the Senate
8 Transportation Committee will hear testimony, invited
9 testimony related to oversize and overweight regulations.

10 Some of their testimony will focus on the impacts of
11 Texas economy from the Panama Canal expansion project.
12 And then also, if larger vehicle weight limits were
13 allowed on the roadways, what that would mean for the
14 State's roads and bridges.

15 We are currently working with the Committee to
16 see if -- what kind of role we might have in that, given
17 our permitting authority in that area. But it has
18 certainly been a hot topic as of recent.

19 The Texas Trucking Association last week had a
20 summit in Houston, which I was able to attend. And so did
21 Jimmy Archer and Scott McKee from our Motor Carrier
22 Division, talking about certain industry desires to
23 increase weight limits over 80,000 pounds to maintain
24 competitive economic advantage within Texas.

25 There is certainly a lot of stakeholder

1 considerations with something along that effort including
2 local communities not wanting such large vehicles to go
3 through their neighborhoods to law enforcement and safety
4 needs and all sorts of various impacts that that would
5 have.

6 So the Texas Trucking Association intends to
7 continue to have these types of stakeholder meetings to
8 work on this. And I think this hearing will be another
9 effort to move those efforts forward to see if there is
10 anything that can be considered by the 85th Legislature.

11 So that kind of summarizes my other legislative
12 items. And now, unless there is any questions, I can get
13 into the summary of our implementation efforts.

14 (No response.)

15 MS. LOVE: So we had, as mentioned before 71
16 bills identified that passed during the 84th Legislative
17 Session that do have some sort of implementation effort on
18 behalf of the Agency. And so currently, 34 of those have
19 been fully implemented.

20 And of the 37 remaining bills, there are eight
21 bills that have third party requirements. And some of
22 those relate to some license plates have deposit
23 requirements from the stakeholder groups in order to
24 continue to move forward.

25 Or for some larger bills such as the Senate

1 Bill 20 which did all of the state agency contracting,
2 there are some efforts that the Department of Information
3 Resources and the Comptrollers Office are working on
4 still. To make sure that state agencies have proper
5 guidance on those items. And then there are the remaining
6 29 bills.

7 Two of those do not go into effect until
8 September 1 of 2016. Certainly, the biggest impact of
9 those two bills would be Senate Bill 1512, which recreated
10 the TxDMV Fund. And staff is working to make sure we have
11 everything in order for that transition to be successful.

12 So I will continue to provide updates on that one.

13 And then also House Bill 7535 by Representative
14 Israel from the Austin area requires the Department to
15 submit an annual report to the Legislature on
16 alternatively fueled vehicles. And it would just help the
17 Legislature identify how many vehicles are either not
18 paying the motor fuels tax or paying less of a motor fuels
19 tax. And so, that can help them in some of their decision
20 making.

21 The other 27 bills mainly have been implemented
22 from a functional standpoint. But we have some smaller
23 implementation items to catch up on, such as updates to
24 manuals and things like that.

25 One of the things that Judy mentioned and that

1 we were mentioning before, there were several bills that
2 we requested a January 1, 2016, effective date to help us
3 get the registration and titling system up to speed to
4 adopt the various license plates or efforts, registration
5 renewals and things like that into place. So there were
6 two components. Two bills that were delayed for
7 implementation by one week.

8 There was a bill that had a donation that could
9 be made to Special Olympics which was not allowed before,
10 when you were doing your registration renewal. Or, an
11 organ donor donation, which previously was limited to \$1
12 when you were filling out your registration. But now it
13 says \$1 or more.

14 And because of some issues with the release for
15 the refactoring project, the implementation was delayed
16 for that release by one week. We notified the bill
17 authors and the stakeholder groups. And then once it
18 became available, everyone was very pleased with the
19 outcomes. So we are now fully in compliance with those
20 efforts.

21 And in addition, there are a couple of items
22 that the Board will consider today to kind of finally
23 implement some of those other remaining bills, including
24 the Chapter 210 adoption of rules. That will look at
25 contracting requirements for Senate Bill 20 and then also

1 the Chapter 217 final adoption of rules, which includes a
2 component to recognize auto cycles.

3 And that was per Senate Bill 449 by Senator
4 Bettencourt. And unless there is any questions on that
5 part, I do have another update on the Single Sticker
6 implementation.

7 (No response.)

8 MS. LOVE: So we continue to implement Single
9 Sticker, which was passed by the 83rd Legislature in House
10 Bill 2305. That program had a longer than normal, I
11 suppose, implementation due to the fact that we had to
12 have the current sync up-year, which will end at the end
13 of this month.

14 So during the sync-up year, as long as a
15 vehicle had a current inspection, it was allowed to move
16 forward with registration. Starting in March with vehicle
17 registrations that expire in March, there is a requirement
18 for vehicles to obtain that inspection 90 days prior to
19 the registration expiration.

20 And to that end, the Department has been
21 working on several efforts to try to get that new message
22 out. One of the ways that we have done it, we did on
23 January 20th, issue a press release which has since been
24 covered by more than 30 news outlets statewide.

25 And then we also continue to utilize social

1 media. Some of the examples: We will put up on the top
2 banner of Facebook or Twitter page an image of the
3 expiring sticker. And it says, does this look familiar?
4 If so, you can start your inspection process.

5 So we have various efforts underway to make
6 sure that people know about the requirements there. And
7 in addition, we have been working with some of our
8 stakeholder groups, such as the Texas Auto Dealers and the
9 Texas Independent Auto Dealers to have articles appear in
10 their regular publications, which has been very helpful.

11 And of note, on this past Saturday, our
12 Executive Director was able to participate in the KVUE
13 morning show here in Austin, and talk about the upcoming
14 requirements, which is very helpful. And I thought it was
15 a very good show. So thank you.

16 MS. RYAN: I didn't know that. Wow. I'll have
17 to YouTube it.

18 MR. INGRAM: I missed it.

19 MS. BREWSTER: It will be sent to you in your
20 Board update that is going to you today. Grab the
21 popcorn.

22 MS. RYAN: Okay.

23 MS. LOVE: And in addition, we have shared
24 customizable press releases with counties for them to use
25 in the local areas, which is particularly helpful in some

1 of the more rural areas of the state. And that pretty
2 much wraps up my single sticker update. Unless you have
3 any questions on that.

4 (No response.)

5 MS. RYAN: Thank you. Any questions?

6 (No response.)

7 MS. LOVE: Well, with that, I would like to
8 have just a brief moment to update you on what we are
9 doing to prepare for the 85th Legislative Session. The
10 Government and Strategic Communications Division has
11 started to reach out to internal staff to see if we could
12 start looking at those items that either didn't pass
13 during the last session or that might be -- where statute
14 is unclear in certain areas, to determine what efforts
15 might need to be taken during the next session to help
16 make sure we are as efficient and effective as we can be.

17

18 And just as a reminder, the Transportation Code
19 charges the DMV Board with considering opportunities for
20 improvement and to recommend changes in statute to the
21 Legislature. That is something that we'll continue to
22 work on this summer. We will likely have stakeholder work
23 group meetings to help make sure we get input from as many
24 outside entities as we can.

25 And then we will also be working closely with

1 the Board, Legislative Committee, and kind of keeping you
2 apprised of our efforts there. So we will have likely the
3 final set of recommendations ready for the Board's review
4 sometime this fall.

5 And that is all that I have for today. But
6 again, I am happy to answer any questions.

7 MS. RYAN: Questions? Comments?

8 (No response.)

9 MS. LOVE: Thank you.

10 MS. RYAN: Thank you very much.

11

12 MS. LOVE: You are welcome.

13 MS. RYAN: Okay. With that, we will move to
14 Item 5. We are going to move 5A to after Executive
15 Session . So we will move to 5A(2). Move 5-1 to the
16 back. We will move to 5-2. So Jimmy, thank you. And
17 will take up Item 2.

18 MR. ARCHER: Good morning, Madam Chair, members
19 of the Board. For the record, my name is Jimmy Archer. I
20 am Director of the Motor Carrier Division. This Agenda
21 Item is located on page 146 of your Board book.

22 The Motor Carrier Division requests Board
23 approval to renew the contract with Explorer Information
24 Services for one year of software maintenance and support
25 for the existing Texas International Registration Plan, or

1 Texas IRP. The current contract expires on March 31,
2 2016.

3 Specifically, it is requested that the Board
4 delegate authority to the Executive Director, or her
5 designee, to negotiate, execute and sign the contract
6 with Explorer Information Services. The Board approved a
7 new contract with Explorer Services in 2014. That
8 contract included an option for three one-year renewals.

9 With your approval, this will be the second of
10 those three available renewals. The contract supports the
11 online Texas IRP system related components. The monthly
12 cost is \$26,691 or \$320,292 annually.

13 Texas IRP collected \$152.6 million in revenue
14 in FY '15 for registrations through the Texas IRP system.

15 The system supports the following: reregistration,
16 proportion registration, token trailers, forestry, rental
17 trailers, performance and registration information systems
18 management and records, reviews and audits.

19 Performance and registration information
20 systems management or PRISM requirements went effective
21 2008. Texas PRISM links the motor carrier safety
22 information to the Texas IRP web base.

23 The registration system accomplish two goals.
24 First, determine the safety and fitness of motor carriers
25 prior to issuing a license plate. And second, to

1 influence the carrier to improve its safety performance
2 through an improvement process whereby, if necessary, the
3 application and registration sanctions.

4 I respectfully ask the Board to delegate
5 authority to the Executive Director Whitney Brewster or
6 her designee, to negotiate, execute and sign the contract
7 with Explorer Information Services. Thank you. And I
8 entertain any questions you may have.

9 MS. RYAN: Question. Jimmy, we have had no
10 concerns during the first renewal period, or problems with
11 the contractor or the software?

12 MR. ARCHER: No, ma'am. Their services do very
13 good.

14 MS. RYAN: Okay. We have a motion?

15 MR. TREVINO: Chair Ryan, I move that the Board
16 approve the contract renewal and delegate authority for
17 the Agency's Executive Director or her designee to
18 negotiate, execute and sign the contract renewal with
19 Explorer Information Services for one year of software
20 maintenance and support for the existing Texas
21 International Registration Plan.

22 MS. RYAN: Thank you.

23 MR. BARNWELL: Second.

24 MS. RYAN: Motion from Member Trevino and a
25 second from Member Barnwell. All in favor, raise your

1 right hand, please.

2 (A show of hands.)

3 MS. RYAN: The motion carries unanimously. All
4 set. Thank you very much. Okay. Item 5B, specialty
5 license plates. Jeremiah Kuntz.

6 MR. KUNTZ: Jeremiah Kuntz, Director of Vehicle
7 Title and Registration Division. Before you for approval
8 is a license plate design for the Childhood Cancer
9 Awareness. It is a license plate that is a non-vendor
10 plate.

11 This is a plate that is being sponsored by the
12 Texas General Land Office. These plates have a standard
13 fee of \$30, \$22 of which would go to the General Land
14 Office to support grants for the Snowdrop Foundation.

15 The Snowdrop Foundation provides scholarships
16 for pediatric cancer patients and survivors. They intend
17 to raise awareness as well as research cures for childhood
18 cancer. I will entertain any questions that you may have
19 about the plate design.

20 MR. INGRAM: Move that we approve the plate.

21 MS. RYAN: Motion from Member Ingram.

22 MR. TREVINO: Second.

23 MS. RYAN: Second from Member Trevino. Any
24 questions or discussion?

25 MS. RYAN: All in favor, raise your right hand.

1 (A show of hands.)

2 MS. RYAN: The motion carries unanimously.

3 MR. INGRAM: Madam Chair, it has been two and a
4 half hours. Could we take a five-minute break?

5 MS. RYAN: We can. Yes. We will be in recess
6 for five minutes. We will be back in five minutes. Thank
7 you.

8 (Whereupon, a short recess was taken.)

9 MS. RYAN: All right. I would like to call the
10 meeting back to order. We will now take up item 4C. Yes,
11 4C. A contested case. And Daniel Avitia. We are on
12 four -- I'm sorry, 5C. I apologize, 5C. I flipped the
13 page, 5C.

14 MR. AVITIA: Madam Chair, Board members, Ms.
15 Brewster. Good morning. For the record, my name is
16 Daniel Avitia. I have the pleasure of serving as the
17 Director of the Motor Vehicle Division.

18 Alongside me this morning is Mr. Michael Cady,
19 an attorney with the Enforcement Division. Mr. Cady
20 provided the legal representation during the contested
21 case hearing held at the State Office of Administrative
22 Hearings. This effort also included significant support
23 from Ms. Michelle Lingo as co-counsel.

24 Agenda Item 5C, which can be found on page 150
25 of your Board books is the Texas Department of Motor

1 Vehicles versus Fela F. Koleoso d/b/a American Auto Buyers
2 Club, contested case. On this matter, staff is asking the
3 Board to issue a final order which concurs with the
4 administrative law judge's proposal for decision and deny
5 Mr. Koleoso's application for wholesale GDN licensure.

6 This is the first case the Board has heard
7 since the Board adopted criminal offense and fitness rules
8 October 2014. Since the new rules went into effect, the
9 Motor Vehicle Division has reviewed and processed more
10 than 4,500 applications for licensure. That is new
11 applications.

12 At current, nine applications have required the
13 next step of issuing the notice of the Division's decision
14 to pursue denial, which affords an Applicant the
15 opportunity to request a hearing before the State Office
16 of Administrative Hearings. In an effort to provide you
17 some context with regard to application, criminal offense
18 and fitness reviews, the following convictions are
19 examples in which staff has determined an application
20 denial was necessary.

21 So for example, felony aggravated assault with
22 a deadly weapon, felony theft of property; more than
23 \$200,000. Felony engaging in organized crime. Felony
24 sexual assault. Felony sexual assault of a child.

25 And as in this case, with regard to Mr. Fela F.

1 Koleso d/b/a American Auto Buyers Club, he has been
2 convicted of the felonies following: bank fraud,
3 receiving mail in a fictitious name, and aggravated
4 identity theft. The issue in this case is whether the
5 Board should approve or deny the application for
6 licensure.

7 The Applicant in this case did not file
8 exceptions, briefs, or any pleadings contesting the ALJ's
9 findings of fact or conclusions of law. As you are aware,
10 the Board can only change findings, conclusions, or orders
11 issued by SOAH ALJ when change is justified under Texas
12 Occupation Code 2001-0580. Staff finds that such
13 justifications are not present in this case.

14 The SOAH judge did not fail to properly apply
15 or interpret applicable law, agency rules, written
16 policies, or prior administrative decisions. There is not
17 a prior administrative decision on which the SOAH ALJ
18 relied on that is incorrect or should be changed. And
19 there is not a technical error in a finding of fact that
20 should be changed.

21 After staff's review of all the documents
22 before the Board today, staff believes the ALJ's analysis
23 of the law, and evidence presented is thorough and that
24 the conclusions of law reached in this case are
25 reasonable. Therefore, the Motor Vehicle Division

1 requests that the Board issue an order which adopts the
2 ALJ's findings of fact and conclusions of law, and concurs
3 with the ALJ's recommendation to deny the application for
4 licensure.

5 Staff has prepared a draft order for your
6 consideration. Mr. Cady and I are certainly happy to
7 answer any questions you may have.

8 MS. RYAN: All right. Is the party present
9 today?

10 MR. DUNCAN: I was going to answer that. I
11 just checked with our sign-in folks, and Mr. Koleoso and
12 his attorney were notified via email and regular mail of
13 the Board's meeting today, and that this matter would be
14 considered. They didn't file anything with our office to
15 present to the Board, and they are not here.

16 MS. RYAN: Did they reply to the email?

17 MR. DUNCAN: They did not.

18 MS. RYAN: So do we know for sure that they
19 received the notice?

20 MR. CADY: Actually, I spoke with Mr. Koleoso.
21 I am Mike Cady, for the record. I am the staff attorney
22 that handled the prosecution in this matter.

23 And I spoke with the Applicant's attorney,
24 Jason Danowsky, yesterday afternoon. And he said that he
25 wasn't going to file any briefs, and he wasn't going to

1 appear.

2 MS. RYAN: So we do have confirmation that they
3 are aware of this hearing. Okay.

4 MR. RUSH: I make a motion that the Board adopt
5 as SOAH administrative law judge's proposal for this
6 decision with no change.

7 MS. RYAN: We have a motion from Member Rush.

8 MR. BARNWELL: Second.

9 MS. RYAN: A second from Member Barnwell. Any
10 discussion?

11 (No response.)

12 MS. RYAN: Okay. All in favor, raise your
13 right hand.

14 (A show of hands.)

15 MS. RYAN: The motion carries unanimously.
16 Okay. Thank you very much. Okay. We will now move to
17 Item 5D.

18 MR. DUNCAN: Good morning, Members. David
19 Duncan, General Counsel.

20 This is a rule that was proposed at your last
21 Board meeting. It relates to the operation and rules of
22 the Advisory Committees. These rules, what we did was, we
23 took general rules of the Board that referred to advisory
24 committees without specificity and made the rules specific
25 to advisory committees, which is required by another

1 statute in the Government Code.

2 We did receive one comment in favor of the
3 rule, from the Texas Independent Auto Dealers Association.

4 And we would urge that the Board give permission to the
5 staff to publish the rules for adoption without changes.

6 MR. BARNWELL: I move that the Board approve
7 the adoption of the amendments to Section 206.93 and new
8 Section 206.94 and 206.95 without changes to the published
9 proposed text.

10 MR. INGRAM: Second.

11 MS. RYAN: Motion from Member Barnwell. Second
12 from Member Ingram. Is that correct?

13 MR. INGRAM: Yes.

14 MS. RYAN: Okay. Any comments or discussions?

15 (No response.)

16 MS. RYAN: All in favor, raise your right hand.

17 (A show of hands.)

18 MS. RYAN: The motion carries unanimously.

19 Item B.

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

21 And I am here to request your approval to adopt a new
22 section 210.3 in the contract management, Subchapter A,
23 Purchase Contracts.

24 As Caroline updated you this earlier, this is
25 to implement Senate Bill 20 by Senator Nelson, having to

1 do with contracts. There were no fiscal implications
2 related to the new section. The proposal was published in
3 the *Texas Register* on December 4th, and it closed on
4 January 4th and no comments were received.

5 We do have an internal working group working on
6 those particular rules. Our target deadline to establish
7 our procedures is August 31st. And with that, I request
8 your approval.

9 MR. INGRAM: I move that the Board approve the
10 proposed rule review, repeals, amendments and new Section
11 215.16 to Chapter 215 for publication in the *Texas*
12 *Register* for public comment.

13 MR. TREVINO: Second.

14 MS. RYAN: Motion by Member Ingram and a second
15 by Member Trevino. Any discussion or comments? Excuse
16 me, this is for -- actually this rule is 210.3, Enhanced
17 Contract Monitoring Program motion. Yes, let's.

18 MR. INGRAM: Sorry.

19 MS. RYAN: Yes.

20 MR. INGRAM: I was just eager.

21 MS. RYAN: He was so excited about the
22 contracts.

23 MR. TREVINO: Well, I'd like to go ahead with
24 what he --

25 MS. RYAN: Blake, will you withdraw that

1 motion, please?

2 MR. INGRAM: I think we could withdraw that
3 motion. Thank you.

4 MS. RYAN: Okay. So the motion has been
5 withdrawn and the second has been withdrawn by Member
6 Ingram and Member Trevino. Do I have a motion, a new
7 motion?

8 MS. CARAWAY: I move that the Board approve the
9 adoption of new Section 210.3 without changes to the
10 published proposed text.

11 MS. RYAN: Okay.

12 MR. TREVINO: Second.

13 MS. RYAN: We have a motion by Member Caraway,
14 and a second by Member Trevino. Do we have any comment or
15 discussion?

16 (No response.)

17 MS. RYAN: Okay. All in favor, raise your
18 right hand, please.

19 (A show of hands.)

20 MS. RYAN: Okay. The motion carries
21 unanimously. And for confirmation, Mr. Duncan, was that
22 correct?

23 MR. DUNCAN: Yes, ma'am. It was.

24 MS. RYAN: Thank you.

25 MR. BARNWELL: I like the way they catch that a

1 little sooner, and I would like to point out that before
2 we go further, this lovely tie from the Metropolitan
3 Museum of Art was loaned to me by our esteemed counsel
4 David Duncan today, because I forgot my tie.

5 MR. DUNCAN: Thank you very much.

6 MR. BARNWELL: I will get it back to you one of
7 these days.

8 MR. DUNCAN: You are quite welcome.

9 MS. RYAN: Thank you very much. Okay. Item C.

10 MR. KUNTZ: Jeremiah Kuntz, Director of Vehicle
11 Title and Registration Division. Before you is Item
12 5D(1)(c). This order authorizes the adoption of
13 amendments to Chapter 217, Vehicle Title and Registration,
14 217.13, Motor Vehicle Titles.

15 The amendment is final adoption, does the
16 following things. It adds auto cycles as was referenced
17 earlier from the legislative session to those vehicles
18 that may be titled and registered as motorcycles. It also
19 corrects some size issues that we had with travel trailers
20 for consistency with the Transportation Code.

21 It clarifies language that excludes some house
22 trailer type vehicles from eligibility of titling under
23 Transportation Code 501. And then the majority of this
24 rule packet relates to clarifying language regarding
25 assembled vehicles.

1 Those vehicle types, we are making sure that as
2 vehicles are assembled, that they are using the correct
3 component parts as allowed by federal law and that we do
4 not have issues that are created by assembled vehicles.
5 There were no fiscal implications related to the
6 amendment.

7 The proposal was published in the *Texas*
8 *Register* on December 4, 2015, and comment period closed on
9 January 4, 2016. With that -- and there were no comments
10 received. With that, I close my presentation.

11 MS. RYAN: Can we have like a motion.

12 MR. BARNWELL: I am not doing that again.

13 MR. RUSH: I will make the motion.

14 MS. RYAN: Motion to -- would you like to.

15 MR. RUSH: Never mind. You do it.

16 MS. RYAN: What have you got. What have you
17 got, Marvin?

18 MR. RUSH: Got amendment to approve. Which one
19 am I approving after that.

20 MR. BARNWELL: Yes. See, I ran into that
21 problem a minute ago.

22 MS. RYAN: Jeremiah. Motion to approve?

23 MR. RUSH: I move the Board approve the
24 adoption of amendments of Section 217.3 without changes
25 and the published proposed text.

1 MS. RYAN: We have a motion from Member Rush.

2 MR. INGRAM: Second.

3 MS. RYAN: And a second from Member Ingram.

4 Any comments or discussion?

5 (No response.)

6 MS. RYAN: All right. All in favor, raise your
7 right hand.

8 (A show of hands.)

9 MS. RYAN: The motion carries unanimously.
10 Thank you very much. Okay. With that, we will move to
11 Item 2A. And -- no. We won't move to -- move to 5D(2).

12 MR. DUNCAN: Members, good morning again.
13 David Duncan, General Counsel. I am joined by Mr. Avitia,
14 the Director of the Motor Vehicle Division; and Mr.
15 Harbeson of the Enforcement Division.

16 This is the only proposal today. It is a
17 reproposal of the Chapter 215 rules, which we have been
18 massaging and struggling with for about a year now.

19 We had discussions internally and externally
20 over late spring and into the summer; proposed the rules.

21 And unfortunately, were unable to reach a consensus on
22 certain key issues in time to have the rules adopted by
23 the six-month deadline that is imposed by the Texas
24 Administrative Procedure Act.

25 So we are back with a slightly revised package.

1 There are only a handful of changes. One of them, you
2 will see, is the new 215.160 which would impose a duty to
3 identify vehicles at both wholesale and retail sale as
4 salvage.

5 And additionally, we have tried to revisit the
6 Subchapter H advertising rules. You may see in front of
7 you a small selection of pages from Chapter 215. And I
8 would point out that these rules run from pages 191 to
9 page 528 of your Board backup.

10 So I doubt you are going to scroll through and
11 read them all while we are here. But there are a few
12 selected pages that we have left in front of you that have
13 a blue line. They are sort of a pale blue.

14 We had missed some highlighting. When we
15 change rules like this, we are supposed to underline new
16 language and strike out. We missed underlining two
17 abbreviations of a new term that we have used, called SRP,
18 which is Suggested Retail Price.

19 And we also neglected to include a strikeout.
20 The language just disappeared. It was just as gone, but
21 we didn't put it in there as stricken out. So we would
22 just like to point out that the big package that is in
23 your backup had three small errors in it. And that is
24 everything that we found since we provided that backup.

25 We look forward to working with interested

1 stakeholders on this rule. We realize it is not perfect.
2 We have gotten some verbal feedback already. And it is
3 our desire and our sincere hope that we would take the
4 next few months.

5 It will obviously be open formally for comment
6 for 30 days. However, that 30-day comment period, we must
7 consider any comments we get in that 30 days. But
8 agencies are always free to consider comments that are
9 received outside that period. So if we receive other
10 comments that point out things that we agree should be
11 fixed in the rule, obviously, we are going to work with
12 those stakeholders and try to reach consensus among
13 everyone.

14 With that, I would open it to my colleagues to
15 see if there is anything they would like to add. But
16 other than that we would urge that the Board give the
17 staff permission to propose these rules and begin the work
18 of reaching out to all of our stakeholders and seeing what
19 we can arrive on as an agreed package.

20 MS. RYAN: These rules, unlike the others, are
21 for posting only?

22 MR. DUNCAN: Correct. These are for proposal.

23 MS. RYAN: For comment.

24 MR. DUNCAN: Yes.

25 MR. INGRAM: Okay. Nobody say anything. I

1 have got this. Now, I move that the Board approve the
2 proposed rule review, repeals, amendments and new section
3 215.160 to Chapter 215 and for publication in the *Texas*
4 *Register* for public comment.

5 MR. TREVINO: Your turn. Are you sure?

6 MR. INGRAM: I am sure.

7 MR. TREVINO: And I am sure I will second that.

8 MS. RYAN: We have a motion from Member Ingram
9 and a second from Member Trevino. Any comments or
10 discussions?

11 MR. INGRAM: Well, I thought that went very
12 smooth. Thank you.

13 MS. RYAN: All in favor, raise your right hand.

14 (A show of hands.)

15 MS. RYAN: The motion carries unanimously.

16 It will work. All right. Thank you very much.

17 Okay. With that, we will go back to Item 2 on
18 our agenda. And we will -- the Board will move in --
19 excuse me one second.

20 We are going into closed session. It is now
21 10:56 a.m. on February 4, 2016. We will go into closed
22 session under Government Code Section 551.071 and 551.074.

23 For those of you in the audience, I anticipate
24 being in Executive Session for approximately 45 minutes.
25 And we will reconvene in open session after that. With

1 that, we are recessed from the public meeting, and we are
2 going into Executive Session.

3 (Whereupon, the Board recessed into Executive
4 Session at 10:56 a.m.)

5 MS. RYAN: It is approximately 12:24 p.m. on
6 February 4, 2016. And the Board of the Texas Department
7 of Motor Vehicles is now in open session. I want to note
8 that no action was taken in closed session.

9 We will now take up Item 5A(1). Mr. Archer.

10 MR. ARCHER: Thank you. Good afternoon, Chair
11 Ryan and members of the Board. Again, for the record, my
12 name is Jimmy Archer. I am the Director of the Motor
13 Carrier Division.

14 This agenda item is located on page 145 of your
15 Board book. The Motor Carrier Division asks the Board
16 approval to seek a new contract through a Request for
17 Offers to support the Texas Permitting and Routing
18 Optimization System or TxPROS.

19 Specifically, it is requested that the Board
20 delegate authority to the Executive Director or designee
21 to award a contract to support TxPROS which will put
22 website hosting and maintenance for an initial term of 29
23 months. This will allow for future contracts and renewals
24 for the TxPROS website hosting and maintenance to sync up
25 with the fiscal year. Right now, it will expire in March,

1 at the end of March.

2 This way, at the end of the fiscal year, be a
3 renewed beginning. The TxPROS system was developed by
4 ProMiles Software Development Corporation, which is a
5 Texas Corporation, established in 1997.

6 Since the launch of TxPROS in August of 2011,
7 Promiles has hosted the system on its servers, provided
8 annual maintenance and support. This includes software
9 and technical support, bug fixes, documentation, correlate
10 geographic information system data, updates and
11 enhancements.

12 Because ProMiles developed and maintains
13 TxPROS, the RFO will state that a new contract may be
14 proprietary to that vendor under the Government Code,
15 Section 2155.067. Other providers are encouraged to
16 respond, however.

17 In fiscal year 2015, total oversize and weight
18 permit fees collected through TxPROS was \$183,622,000 and
19 the total web hosting and maintenance cost was \$456,700, a
20 cost of one dollar for every \$402 collected in permit
21 fees.

22 TxPROS modernized oversize/overweight
23 permitting and routing, allowing customers to apply for
24 and receive permits 24 hours a day, seven days a week.
25 The efficiency of TxPROS allow the Motor Carrier Division

1 to handle increase of permit volume since it launched from
2 590,000 permits in 2011 to 836,000 permits in 2014.

3 The program volume has fluctuated with oil and
4 gas drilling activity. It dropped 803,000 501 permits in
5 2015. However, fee collections continue to climb from
6 178,841,571 in 2014 to 183,622,000 in fiscal year 2015.

7 TxPROS vital and DMVs goal, provide reliable
8 and safe routes and permits to motor carriers, moving
9 oversize and overweight loads on the Texas highways.
10 Finally, TxPROS is exempt from being hosted at a state-
11 maintained data center through a temporary exemption,
12 through the Department of Information Resources.

13 I respectfully ask that the Board delegate
14 authority to Executive Director Whitney Brewster or her
15 designee to award a contract to support TxPROS which will
16 include website hosting and maintenance for an initial
17 term of 29 months. I would be happy to answer any
18 questions.

19 MS. RYAN: Do I have a motion?

20 MR. INGRAM: Well, I would like to make a
21 motion, but I want to make sure we are on 5A(1).

22 MS. RYAN: Yes, sir. Yes, sir.

23 MR. INGRAM: Okay. Well, dang, this is going
24 to be long. I will try to make this fast. I move that
25 the Board delegate authority to the Agency's Executive

1 Director or her designee to award a contract to support
2 the Texas Permitting and Routing Optimization System,
3 TxPROS.

4 The Agency shall utilize the appropriate
5 procurement method to achieve the best value to the Agency
6 in determining the awarded vendor or vendors. I also move
7 that the Board delegate authority to the Agency's
8 Executive Director or her designee to award, execute and
9 sign the initial contract for 29 months or as negotiated.
10

11 I further move that the Board delegate
12 authority to the Agency Executive Director or her designee
13 to execute any amendments or renewal options to the
14 contract if agreed upon by both parties, with approval of
15 the Chair.

16 MS. RYAN: Motion by Member Ingram.

17 MR. TREVINO: Second.

18 MS. RYAN: Second by Member Trevino. Any
19 discussion or comments?

20 MR. INGRAM: If that was the wrong one, I was
21 going to be so sad.

22 MS. RYAN: No. You can be happy.

23 MR. BARNWELL: I was going to never let you
24 forget it.

25 MS. RYAN: Further discussion, all?

1 (No response.)

2 MS. RYAN: All in favor, raise your right hand,
3 please. Mr. Rush, are you voting?

4 MR. RUSH: I'm sorry.

5 MS. RYAN: That is okay. I just want to make
6 sure.

7 MR. RUSH: I was reading.

8 MS. RYAN: That is okay. All in favor?

9 (A show of hands.)

10 MS. RYAN: The motion carries, unanimously.

11 MR. ARCHER: Thank you very much.

12 MS. RYAN: Thank you. Okay. That covers our
13 agenda. I would be happy to entertain a motion to
14 adjourn.

15 MR. RUSH: Motion.

16 MS. RYAN: I have a motion from Member Rush.
17 We have his attention now. Do I have a second?

18 MR. TREVINO: Second.

19 MS. RYAN: Second from Member Trevino. All in
20 favor, raise your right hand.

21 (A show of hands.)

22 MS. RYAN: The motion carries. Thank you very
23 much. Meeting ends. You want the gavel? There you go.

24 (Whereupon, at 12:30 p.m., the meeting was
25 concluded.)

C E R T I F I C A T E

MEETING OF: Texas Department of Motor Vehicles Board

LOCATION: Austin, Texas

DATE: February 4, 2016

I do hereby certify that the foregoing pages, numbers 1 through 116, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Nancy H. King before the Texas Department of Motor Vehicles.

/s/ Carol Bourgeois 2/10/2016
(Transcriber) (Date)

On the Record Reporting
3636 Executive Cntr Dr., G22
Austin, Texas 78731