

TEXAS DEPARTMENT OF MOTOR VEHICLES

BOARD MEETING

9:10 a.m.
Thursday,
April 11, 2013

Lone Star Room
Building 1
4000 Jackson Avenue
Austin, Texas

BOARD MEMBERS:

Victor Vandergriff, Chair
Laura Ryan, Vice Chair
Robert "Barney" Barnwell, III
Blake Ingram
Raymond Palacios
Victor Rodriguez
Marvin Rush
Johnny Walker

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P R O C E E D I N G S

1
2 MR. VANDERGRIFF: I apologize for being late
3 this morning starting. My name is Victor Vandergriff and
4 I'm pleased to welcome you to the meeting of the Board of
5 the Department of Motor Vehicles.

6 I'm now calling the meeting for April 11, 2013
7 of the Board of the Texas Department of Motor Vehicles to
8 order, and I want to note for the record that the public
9 notice of this meeting, containing all items on the
10 agenda, was filed with the Office of Secretary of State on
11 April 3, 2013.

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

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

21 And now I'd like to have a roll call, please,
22 of the board members.

23 Vice Chair Ryan?

24 MS. RYAN: Present.

25 MR. VANDERGRIFF: Board Member Barnwell?

1 MR. BARNWELL: Present.

2 MR. VANDERGRIFF: Board Member Ingram?

3 MR. INGRAM: Present.

4 MR. VANDERGRIFF: Board Member Palacios?

5 MR. PALACIOS: Present.

6 MR. VANDERGRIFF: Board Member Rodriguez?

7 MR. RODRIGUEZ: Here.

8 MR. VANDERGRIFF: Board Member Rush?

9 MR. RUSH: Here.

10 MR. VANDERGRIFF: Board Member Walker?

11 MR. WALKER: Present.

12 MR. VANDERGRIFF: And let the record that I,
13 Victor Vandergriff, am here as well. We do have a quorum.

14 With that, we're in the first item on our
15 agenda which is the public comment. I do not have any
16 cards indicating anybody in the audience wishes to speak
17 to us on a matter not necessarily on the agenda.

18 So with that, I'm looking for comments and
19 announcements, mostly coming from me, but also obviously
20 board members if they have anything.

21 The first is on our agenda here special
22 recognition of our outgoing Board Member Cheryl Johnson.
23 Ms. Johnson could not be with us here today, so I hope
24 that at a future board meeting she will be able to come,
25 but I do want to say a little bit of a recap of what I

1 mentioned at the last meeting when we learned that she
2 would not be coming back.

3 She did an outstanding job in working with us
4 from the inception of the board to present date, devoted a
5 lot of time and energy to the department and was very
6 tireless in her efforts and very much appreciate that
7 service and look forward to the department getting a
8 chance to recognize her properly in the future.

9 The executive director is noting for me and
10 pulling out a nice plaque in recognition here, all of our
11 names are on it, thanking her for her service here on the
12 board. So like I said, I hope she can make it to a future
13 board meeting, and if not, certainly the department will
14 make sure and go see here in Houston as well.

15 But I do want to note that we have with us
16 today Luanne Caraway, who is the tax assessor-collector
17 from Hays County. Luanne will be joining this board as
18 soon as she gets through the proper training and is
19 confirmed in the Senate. We're excited to have her
20 onboard. It's been my pleasure to work with her for many
21 years in her capacity as a tax assessor-collector, as the
22 chairman of the Tax Assessor-Collectors Association, and
23 as their legislative chair, so I feel like she's been an
24 extension of our board for a number of years. And
25 probably one of the disappointments for me personally is

1 that just as she's coming on the board and I'm excited
2 about that for all of you, I will be exiting the board, so
3 we will pass each other like ships in the night, I guess,
4 if you will.

5 But welcome Luanne and look forward to your
6 service here. I know the board will enjoy the time with
7 you.

8 And then as far as my situation is concerned, I
9 am confirmed by the Senate for a position in the
10 Transportation Commission, but I have not taken that
11 position yet. I will take that position upon my
12 resignation as the chairman and board member from this
13 board which will not happen for at least another couple of
14 weeks, as we try to move through the legislative agenda of
15 the agency and of the many tasks that this agency has
16 before the legislature. I am easily replaced by any one
17 of you or someone else, but at the same time, on the
18 legislative side, I think that whoever that person might
19 be would curse me for having abandoned ship just at the
20 11-1/2 hour. So hopefully we'll get through all of that
21 and you'll then be able to move forward.

22 I will reserve comments until later, more
23 detailed comments, but I do want to make a couple of quick
24 announcements on this. My wife, Kristin, for those of you
25 that did not get a chance to meet her, is sitting over

1 here to the right, and she was gracious enough to come
2 today. I was excited that she would do that. She has a
3 career and involvement in her own right. We are two peas
4 in a pod, so to speak, in our community service. But she
5 is my right, left arm and brain and everything, and
6 certainly has my heart and soul, and so it's really
7 special for me that she's here today as I chair my last
8 meeting with you. So thank you, Kristin, for being here.

9 And with that, we will get to the regular part
10 of the meeting.

11 MS. RYAN: Can I interject real quick before we
12 move on?

13 MR. VANDERGRIFF: Sure.

14 MS. RYAN: We wanted to recognize you also so
15 we're going to take a minute. If you'll give me just one
16 second. I apologize.

17 So I've taken the liberty, I got the honor of
18 having this honor, and wrote some notes. I don't want you
19 to take the notes as insincere but I wanted to make sure I
20 got through this and didn't forget anything.

21 So as your friend and fellow board member, I
22 was asked to present on behalf of the board and the agency
23 this plaque as a token of our gratitude and hopefully --
24 you can't look at me.

25 (General laughter.)

1 MS. RYAN: This is why I wrote this down -- and
2 hopefully with it goes a small part of each of us so that
3 you are always reminded of our heartfelt appreciation for
4 your selfless dedication, time, energy, loyalty and the
5 heart and soul you've given to this agency, but more
6 importantly, to the people that make the Texas DMV what it
7 is.

8 It is said that the final test of a leader is
9 that he leaves behind in him and others the conviction and
10 the desire to carry on, and true of this test of
11 leadership, I assure you that you have left behind in each
12 of us the desire to carry on. Your spirit and your
13 passion will be carried forward and will continue to drive
14 each of us down the path and toward the vision that you
15 have so clearly articulated often. We will stay this
16 course, you have our word, and I am confident that you'll
17 be watching and checking up on us to make sure that we do.

18 Know that you will be dearly missed, however,
19 yet never forgot, and we -- and I speak for all of us at
20 the DMV -- cannot thank you enough for all that you have
21 done for this agency, and also on behalf of the industries
22 that it serves. We wish you all the best as you begin
23 your new adventure, and I know I speak for my peers and
24 tell you that it's been our honor to serve with you on
25 this board, and we thank you.

1 (Applause.)

2 MR. VANDERGRIFF: Thank you very much. I love
3 that. I'll have to use that someday when somebody is
4 saying bad things about me.

5 Well, thank you. I was really going to try to
6 breeze by it because unfortunately I do share my emotions,
7 and this has been a pure joy to serve with you and a labor
8 of love and to be a part of this agency. I did not seek
9 the new appointment that I have, and I do consider it a
10 compliment to all of you that we have had enough success
11 here that they feel like my services can be used and
12 benefit the state in a different capacity. And I consider
13 that a credit to the men and women of the department, the
14 constituencies that showed that our individual tribes
15 could work together in a governing fashion and be
16 supportive, and of the great success that the executive
17 director and her senior staff has had in moving this
18 agency forward, and most important, this board and what we
19 have accomplished together. So my hat's really off to all
20 of you collectively. It's been a privilege and an honor
21 and a pleasure.

22 And I will tell you that as life goes on, you
23 know how your parents, you learn from those experiences
24 and you think, my God, you've become your parents. I now
25 fully understand. My father served as the mayor of

1 Arlington for 26 years and he decided at the end of that
2 term that he was just going to leave quietly in the night,
3 and so he literally at the end of a city council meeting,
4 after 26 years, coming up on the filing for reelection,
5 just announced that he was not going to be serving for
6 another term, took his nameplate and left. And so I
7 understand that because of the emotion of it. But I thank
8 you for stopping me and letting me share a little bit with
9 you. So thank you for that.

10 Well, with that, Mr. Harbison, I can't think of
11 a better way to go than to have you lead off the consent
12 agenda.

13 MR. HARBESON: Good morning. My name is Bill
14 Harbeson. I'm the director of the Enforcement Division of
15 the Texas Department of Motor Vehicles, and I'm here today
16 to present the consent agenda.

17 As most of you know, we normally rush through
18 this matter, but Mr. Barnwell approached me before the
19 meeting and asked as a special tribute to the chairman
20 that I actually go into great detail on each of the 100
21 cases.

22 MR. VANDERGRIFF: I'm still the chairman and I
23 can overrule you on that particular effort.

24 (General laughter.)

25 MR. HARBESON: Having just observed your

1 reaction that, I'm going to go back to my normal routine
2 and try to get through these in a prompt manner.

3 On today's agenda are 63 enforcement agreed
4 orders. These are cases, of course, where we've initiated
5 an action and the parties have reached an agreement, the
6 penalty has been paid, and the orders are in front of you
7 today, and we're seeking approval of those.

8 We have 17 enforcement notice of violations.
9 These are similar cases but for lesser amounts, and these
10 are issued by citations by investigators in the field when
11 they're out doing inspections and investigating cases.

12 On the enforcement motions for dismissal, we
13 are asking approval today of items 1 through 14 and 16.
14 Item 15 was inadvertently placed on this agenda but was
15 handled in the last meeting, so it had already been
16 approved and an order has been issued.

17 There are nine Lemon Law settlement and
18 dismissals before you today on the consent agenda, and
19 there are no franchise dismissals today.

20 So with that, I am asking approval of these
21 orders by the board.

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

23 MR. VANDERGRIFF: We have a motion. Do we have
24 a second?

25 MR. PALACIOS: I do have a question -- a

1 second. I'll second and then I have a question.

2 Mr. Harbeson, quickly, at least three of these,
3 Carlos Acosta, ConsignRent and Revel Powersports, in
4 addition to the fines we had cease and desist orders until
5 such time that they receive a license, so I'm assuming
6 that these dealers are operating with out a license?

7 MR. HARBESON: That would be the case, sir. Is
8 this on the enforcement agreed orders?

9 MR. PALACIOS: Yes. So in those cases, what
10 are we doing to enforce that cease and desist?

11 MR. HARBESON: We would be revisiting their
12 dealership to make sure that they get the license approved
13 and through our system.

14 MR. PALACIOS: Okay. Because I'm assuming they
15 were already operating without a license, so what
16 enforcement do we have to make sure that the operation is
17 shut down and they're no longer in business?

18 MR. HARBESON: The problem with an unlicensed
19 dealer is we don't yet fully have jurisdiction over them,
20 so what we're normally going to be doing in those cases is
21 making a referral to law enforcement. These are
22 curbstoners, they're people in business without a license.

23 Based on what the investigator observes and what the
24 attorney discusses with the party, we just didn't know we
25 had to have a license or whatever and it appears like they

1 would otherwise be a good dealer but for not having a
2 license to get going, we are going to tell them to stop
3 selling, submit their license application, we'll push it
4 through our system and get them licensed.

5 MR. PALACIOS: So it's up to law enforcement
6 then to make that the operation is warned.

7 MR. HARBESON: Truly, prior to such time that
8 we have a license over them, we have very little
9 enforcement action. We will sometimes bring an
10 administrative action that you have in front of you today
11 if we believe that they are going to eventually be
12 licensed. Most of these people, if they're unlicensed,
13 they're essentially going to ignore and you're going to
14 see those in the default. But most of the time we're
15 going to be sending those to law enforcement and proceed
16 under 503 of the Transportation Code for the criminal
17 sanction that's available.

18 MR. PALACIOS: Okay. I have no other
19 questions.

20 MR. WALKER: Mr. Harbeson, how many cars do you
21 have to sell before you need a license?

22 MR. HARBESON: That's an interesting question,
23 Mr. Walker. It's my opinion that the law says that if
24 you're engaged in business as a dealer, you need a
25 license. So we're going to be looking at the facts.

1 There's a presumption in the law that if you sell four
2 cars, they're all licensed and registered to you, you are
3 not then a dealer. I take a slightly different view that
4 if you're buying cars and it's even under this magic five
5 number and you're doing that as a dealer, we're going to
6 look at the facts. Normally we're going to see people
7 that are buying these from some source, not registering
8 and titling them and putting them out on the street.

9 And so I think the number in the law is under
10 five, the number in my view, based on the facts, might be
11 as little as one. In other words, are you acting as
12 dealer without a license.

13 MR. WALKER: So if I took my wife's car and all
14 my kids' cars and sold them in my front yard, I'd be a
15 dealer if I have more than four or five?

16 MR. HARBESON: There's a presumption in the
17 law, yes, that if it's five or more that you would be
18 engaged in business as a dealer. Again, we would be
19 looking at the facts. If they were registered to you --
20 and this comes up quite often -- we'd be looking at
21 whether they were titled and registered to you, when they
22 were titled and registered to you because we'll look to
23 see if you bought it Monday, and titled and registered on
24 Tuesday, and put it in your yard on Wednesday, then we're
25 looking at probably facts that would lead us to to the

1 conclusion that you're in the business and not just buying
2 cars for your family.

3 MR. WALKER: Thank you.

4 MR. VANDERGRIFF: Any other questions?

5 MR. RODRIGUEZ: If Walker Motors -- I'm just
6 kidding.

7 (General laughter.)

8 MR. HARBESON: That, of course, would be an
9 indicia for us if we came by Mr. Walker's home and he had
10 a large neon sign that said Walker Motors.

11 MR. VANDERGRIFF: And speaking of that
12 presumption, he does live on a fairly busy street that's
13 heavily trafficked and he has a nice yard out front where
14 he could display.

15 MS. RYAN: Traffic count would be important.

16 MR. HARBESON: I'll leave that up to the
17 general counsel to discuss with Mr. Walker about him
18 engaging in business as a dealer.

19 (General laughter.)

20 MR. VANDERGRIFF: She just gave a thumbs up, so
21 I'm afraid I see an enforcement action coming, Mr. Walker.

22 With that, we have a motion and a second, a
23 motion from Board member Rodriguez and a second from Board
24 Member Palacios

25 MR. VANDERGRIFF: All of those in favor please

1 raise your right hand.

2 (A show of hands.)

3 MR. VANDERGRIFF: Thank you. The motion passes
4 unanimously.

5 MR. HARBESON: Now to proceed to 3A, which is
6 the contested cases.

7 MR. VANDERGRIFF: If I could interrupt one
8 second. I apologize. I'll let you proceed in just a
9 second. I failed to make this announcement earlier but
10 for the members in the audience, we are not going to have
11 an automation projects update today -- I'm sorry -- the
12 RTS Refactoring.

13 I apologize. It's 4C. We were hoping that we
14 could work on contract approval today on this and that is
15 not ready, it will have to be postponed. It didn't look
16 like we'd have to have a meeting in May; unfortunately,
17 you may have to have one if the contract is ready, but the
18 executive director will work with you on that going
19 forward.

20 So at this point you can strike from your
21 agenda 4C, which is the Registration and Title Refactoring
22 contract. It is still a work in progress at this point in
23 time.

24 Did you have anything you'd like to add on that
25 at all?

1 MS. BREWSTER: No, sir.

2 MR. VANDERGRIFF: We still will have an
3 automation projects update by Mr. Taylor, but 4C.

4 I'm sorry, Mr. Harbeson. You can continue,
5 please.

6 MR. HARBESON: On the contested case items
7 before you today are the motions for disposition. These
8 are cases where we've provided notice to the respondent,
9 they have refused to appear at SOAH, the case is then
10 returned to us, and then we prepare a package for you
11 seeking a sanction for the violations that were alleged in
12 the original petition.

13 We are seeking approval today of items 1
14 through 11, 13 through 17 and 19. Items 12 and 18, after
15 they were placed in line to go on the agenda, were settled
16 by the respondent contacting us and working out a
17 settlement with staff. So again, we're seeking a motion
18 for 1 through 11, 13 through 17 and item 19 on item 3A.

19 MR. RODRIGUEZ: Move we approve, Mr. Chairman,
20 except for item number 12 and number 18, as posted.

21 MR. VANDERGRIFF: Motion from Board Member
22 Rodriguez. Do we have a second?

23 MR. RUSH: Second.

24 MR. VANDERGRIFF: Second from Board Member
25 Rush. Seeing no discussion, all those in favor please

1 raise your right hand in support of the motion.

2 (A show of hands.)

3 MR. VANDERGRIFF: The motion carries
4 unanimately.

5 Mr. Gladney.

6 MR. GLADNEY: Agenda item 3B. I'm Mark
7 Gladney, for the record. This is Hines v. Ford. In this
8 particular case the complainant complained of an unusual
9 roaring a new 2010 Ford Focus that was purchased on
10 February 17, 2010 in Mesquite, Texas. The complainant
11 brought the vehicle in for the same issue several times in
12 about 30 months. The dealer techs made a number of
13 repairs to address the problems during that time, however,
14 the complainant maintained that the noise persisted. Ford
15 stated it could not reproduce the noise and deemed it non-
16 existent.

17 A complaint was filed with the department and a
18 hearing was held on December 5 of 2012 in Dallas. The
19 vehicle was driving at the hearing and the noise was not
20 present at that time. While the noise at issue did not
21 appear during the hearing, the ALJ determined that the
22 problem was ongoing yet intermittent from the record
23 evidence and recommended a reinspection of the vehicle
24 with further repair, if needed, to address the noise
25 problem.

1 Staff has reviewed the PFD and recommends
2 adoption of the PFD and approval of the order as proposed
3 in your packet.

4 MR. WALKER: So move that we accept the
5 recommendation from SOAH.

6 MR. VANDERGRIFF: We have a motion from Board
7 Member Walker. Do we have a second?

8 MR. RUSH: Second.

9 MR. VANDERGRIFF: Second from Board Member
10 Rush. Any questions of Mr. Gladney or any discussion?

11 (No response.)

12 MR. VANDERGRIFF: Seeing none, please raise
13 your right hand in support of the motion.

14 (A show of hands.)

15 MR. VANDERGRIFF: Amazing from the last one. I
16 don't think that he would have predicted that.

17 With that, we're on item 4A on the agenda,
18 which is Mr. Elliston and the special license plates.

19 MR. ELLISTON: Mr. Chairman, members. For the
20 record, my name is Randy Elliston. I'm the director of
21 the Vehicle Titles and Registration Division.

22 This morning you have before you the state
23 specialty plate vendor, My Plates, is requesting approval
24 of the new speciality plate redesign for the University of
25 Tennessee and a request from St. Mary's University of

1 redesign of their state plate. The new plates are the
2 redesigns that you have in your book, they're also posted
3 behind me. If you want to see what the plates currently
4 look like today, it's these two right here. Of course, I
5 don't like this one very much but that's just because it's
6 Tennessee.

7 These are not new license plates, these will be
8 replaced by the two behind you, so we're not adding to the
9 inventory, we're just replacing these two I have in my
10 hands with the ones behind us if you approve those today.
11 These plates, if approved are not additional but will be
12 replacements. The applications for these plates have been
13 reviewed and certified complete. The plates meet designs
14 as presented, meet all agency and legislative
15 requirements, and we bring those for your consideration
16 for approval today.

17 MR. BARNWELL: Mr. Chairman, I move we accept
18 the plates as submitted.

19 MR. VANDERGRIFF: We have a motion from Board
20 Member Barnwell. Do we have a second?

21 MR. RUSH: Second again.

22 MR. VANDERGRIFF: Second from Board Member
23 Rush.

24 MR. WALKER: Question.

25 MR. VANDERGRIFF: Please.

1 MR. WALKER: Have we consulted with the
2 University of Texas on this orange and white UT?

3 MS. RYAN: You're actually worried about UT?

4 MR. ELLISTON: Actually, Mr. Farrar is here,
5 we'll be happy to bring him up, it's their license plate.
6 No, sir, I have not, but under their licensing agreement,
7 I'm sure they have covered that.

8 MR. RODRIGUEZ: Question. The alphanumeric
9 area is called the area of interest. Is that right?

10 MR. ELLISTON: Region of interest. Yes, sir.

11 MR. RODRIGUEZ: Region of interest. Last time
12 I asked you to provide the basis by which you can move
13 that around. I haven't received anything. Just wondering
14 if that is forthcoming.

15 MR. ELLISTON: I have that with me today for
16 you, sir.

17 MR. RODRIGUEZ: I'm assuming for all of us. Is
18 that right?

19 MR. ELLISTON: I will make it available for
20 everybody before you leave today.

21 MR. RODRIGUEZ: Are these consistent with the
22 requirements in the region of interest?

23 MR. ELLISTON: Yes, sir.

24 MR. RODRIGUEZ: How many times can they change
25 their design?

1 MR. ELLISTON: There's no requirement that
2 would prohibit them, however, there is a cost each time
3 that these plates are redesigned. For the My Plates
4 license plates it's \$656 to do a redesign.

5 MR. RODRIGUEZ: They could conceivably have a
6 design change under the same license, under the same
7 contract for that license.

8 MR. ELLISTON: Yes, sir.

9 MR. RODRIGUEZ: They could conceivably change
10 that once a year, twice a year, every year?

11 MR. ELLISTON: Yes, sir, but obviously that
12 would be at the purview of the board because they have to
13 come to the board for approval.

14 MR. RODRIGUEZ: How many times have these
15 changes happened, these two series of plates?

16 MR. ELLISTON: To my knowledge, this is the
17 first time that these plates have been asked to be
18 redesigned.

19 MR. RODRIGUEZ: So we don't know.

20 MR. ELLISTON: Well, to my knowledge, I don't
21 know. I would give you a very good guess and say these
22 have never been redesigned before. I'll be happy to get
23 that for you.

24 MS. RYAN: I do have a question on the
25 Tennessee plate. Do we have any other plate -- the one

1 that surprised me on the Tennessee plate was the border
2 with the Texas on the top. I didn't realize that that was
3 an area. Do we have any other plates like that, or is
4 that a first?

5 MR. ELLISTON: We have a great number of plates
6 that have borders. In fact, a lot of the university
7 plates have a solid color across the top and across the
8 bottom, but to the best of my recollection, we don't have
9 any that are checkered, but it doesn't matter, they're
10 within the specs that we provide.

11 MR. VANDERGRIFF: Do we have any additional
12 questions?

13 (No response.)

14 MR. VANDERGRIFF: With that, we have a motion
15 from Board Member Barnwell and a second from Board Member
16 Rush. Please raise your right hand in support of the
17 motion.

18 (A show of hands: Barnwell, Ingram, Palacios,
19 Rush, Ryan, Vandergriff and Walker.)

20 MR. VANDERGRIFF: All those opposed?

21 (A show of hands: Rodriguez.)

22 MR. VANDERGRIFF: The motion carries seven to
23 one, with Board Member Rodriguez voting against.

24 Thank you, Mr. Elliston.

25 We're on item 4B. Mr. Taylor.

1 MR. TAYLOR: Good morning, and thank you. My
2 name is Jonathan Taylor. I'm the director of the EPMO for
3 the DMV.

4 The first thing that I'd like to bring up this
5 morning is the resolution adopting -- modifying the
6 resolution adopting contract approval procedures. This is
7 a document I hope you have with you. Sometime ago, it was
8 March 10, 2011, the board had a resolution for contract
9 approval. I'd like to change that to contract and project
10 approval, and in talking to some of you, that seems to be
11 what the purpose was in the first place. And that is when
12 the department decides to take on any project, we need to
13 get your approval. Well, as the resolution states, it's
14 contract approval, not just the whole project. So under
15 this resolution, if I had a project that cost, let's say,
16 \$400,000 but I can break that up into three contracts, I
17 don't get your approval on the whole project, I just get
18 your approval on the individual contracts.

19 I'd like to modify that to have to have your
20 approval on those contracts but also on the total project
21 as a whole, and that's really what this change does. So
22 instead of just resolution adopting contract approval
23 procedures, it's resolution adopting contract and project
24 approval procedures.

25 MR. BARNWELL: Has this been reviewed by

1 counsel?

2 MR. TAYLOR: It has.

3 MR. BARNWELL: And this language is acceptable
4 by you?

5 MR. TAYLOR: It's to give you a little more
6 transparency and to make sure that we're not putting in
7 contracts at \$199,999.99.

8 MR. VANDERGRIFF: And I want to commend the
9 department and Mr. Taylor for putting this in because it
10 really is more to the intent of what the board had a
11 couple of years ago, and it certainly allow that anything
12 was being done in that regard, I think the board is pretty
13 apprised of all your projects, but it just makes it very
14 clear, and as Mr. Taylor said, very transparent.

15 MR. RODRIGUEZ: Discussion?

16 MR. VANDERGRIFF: Please.

17 MR. RODRIGUEZ: Just a question for counsel.

18 Part of this suggests that someone other than the
19 executive director could execute a contract.

20 MS. WILSON: I'm sorry?

21 MR. RODRIGUEZ: Part of the revision suggests
22 that other than the executive director could execute a
23 contract.

24 MS. WILSON: You're talking about a delegation?

25 MR. RODRIGUEZ: At the bottom of page 1 it

1 suggests that the executive director or designee would
2 execute a contract.

3 MS. WILSON: Yes.

4 MR. RODRIGUEZ: And I'm just wondering if that
5 is consistent with state law.

6 MS. WILSON: Yes, it is.

7 MR. VANDERGRIFF: I don't see any other
8 questions at this point.

9 MR. WALKER: Do we need a motion?

10 MR. VANDERGRIFF: On this one I think we do.

11 MR. BARNWELL: Is it the intention that all
12 projects, whether it's \$99,999, or is it just projects
13 over \$100,000?

14 MR. TAYLOR: Any project over \$200,000 I intend
15 to get your complete approval.

16 MR. BARNWELL: Mine says \$100-.

17 MR. WALKER: Read the first sentence it says
18 under executive director.

19 MR. TAYLOR: The original resolution was
20 contracts over \$200,000 require your approval, less than
21 that require the executive director's. Now I'd like to
22 add just projects to that. Otherwise, those dollar
23 amounts stay the same.

24 MS. BREWSTER: Mr. Chairman.

25 MR. VANDERGRIFF: Please. The executive

1 director has a comment to make.

2 MS. BREWSTER: Member Barnwell, it is the
3 intent of this document, as well, that I would report to
4 the board if there were contracts executed between \$100-
5 and \$200,000, that I would still report to the board that
6 that contract has been executed, but the agency would need
7 authority to move forward with a contract or project if it
8 exceeds \$200,000.

9 MR. BARNWELL: I see. All right. Thank you.

10 MR. RODRIGUEZ: What constitutes a project?

11 MR. TAYLOR: Well, that's a good question and
12 one that we've established through a governance process
13 inside this agency. So we have a governance team and a
14 governance board that meets. Right now they meet monthly;
15 they can meet anytime that the executive director would
16 call them. And as a general rule, if we are engaged in an
17 activity that spans multiple divisions of this agency, and
18 I think the dollar amount we've gone with, is that
19 \$25,000? So a very low dollar amount, but generally any
20 activity that's going to span multiple business divisions
21 inside this agency becomes a project. Anything that does
22 that and goes over the \$200,000 level for a total project
23 needs your approval.

24 MR. RODRIGUEZ: You're going to replace
25 computers.

1 MR. TAYLOR: Yes, that's a project.

2 MR. RODRIGUEZ: That has been appropriated for
3 by the legislature. That's now a new project?

4 MR. TAYLOR: If it's agency wide, yes. If it
5 was just within one division, no, that doesn't need to be
6 a project.

7 MR. RODRIGUEZ: What necessitates these
8 changes?

9 MR. TAYLOR: So there's a few things that can
10 necessitate those changes. First and foremost -- and this
11 is a little bit of philosophy -- the first thing that
12 should necessitate those changes is response to our
13 customers' needs, that is, the motoring public. Other
14 than that we also have the direction by this board and we
15 have the direction by the legislature. When we're engaged
16 in a business process that our customer, that the board,
17 that the legislature demands that we change, we create a
18 project and make those changes.

19 MS. BREWSTER: Mr. Chairman.

20 MR. VANDERGRIFF: Please.

21 MS. BREWSTER: Member Rodriguez, when I first
22 came onboard it became very clear to me, from
23 communication with board members, that board members
24 wanted to know more about projects that were going on
25 within the agency. And in addition to what Mr. Taylor has

1 stated, I believe that this gets to providing more
2 information and more insight into the projects that are
3 going on within the department. This document talks about
4 obligation of funds, and in essence, a project would be
5 obligating funds, and so the agency thought that this
6 spoke to the spirit of what the board intended when it
7 initially adopted it last year.

8 MR. RODRIGUEZ: Well, I know you weren't here,
9 but I thought I remember opposing this particular motion
10 when it first came up. I just thought it was getting us
11 too far into the weeds on some of the stuff that this
12 agency needs to do. And I just feel like this particular
13 tweaking of this particular agreement takes us even
14 further into the weeds than we need to. That's why we
15 have a board that sets policy and that's why we have an
16 executive director that's entrusted with the
17 responsibilities of the day-to-day operation of this
18 agency responsive to this particular board. So that's my
19 concern.

20 MR. VANDERGRIFF: And my own personal remark,
21 and I promise you I'm not responsible for this coming
22 before you, but I'm going to say that I think the projects
23 is actually at a higher level than the contracts. I think
24 it is actually important for us to have that because that
25 gives us, as a board, a certainty -- not that the

1 department has not already done this and always done
2 this -- about the projects that they're working on and a
3 clarity to those and how much they're going to cost. We
4 all know that we obviously have very much appreciated Mr.
5 Taylor in his leadership and the executive director in
6 really getting a firm handle on the cost of these
7 automation projects, but one of the reasons that we
8 haven't jumped out there on these earlier is because we
9 just really weren't sure. It was hard for this board to
10 to vote for something that the number changed on an almost
11 monthly basis, or certainly a quarterly basis. So I
12 actually think this change is at a higher level than
13 getting into the weeds of the operation.

14 Having said that, I don't know if maybe there
15 is a threshold concern here that if your concern is
16 looking at projects under \$100,000 or something like that,
17 if that's getting too far into the weeds, then maybe
18 that's a discussion we should have.

19 MR. RODRIGUEZ: No. I think the concern I have
20 is that we ought to be doing business with projects,
21 ideas, concepts and policy and all of those things with
22 the executive director, and what's going to happen by
23 this, we're going to have people come up, person after
24 person come up here and present a project, and then we're,
25 in effect, managing with that person and leaving the

1 executive director out of the process. That's a concern I
2 have with the projects concept. I agree that projects and
3 anything like that are resultant of the policy and the
4 direction that the board gives the executive director. So
5 there is a process or should be a process by which that
6 happens and those things get aired out. That's the same
7 thing but looking at it differently.

8 MR. WALKER: Isn't that what we're trying to
9 achieve here, though, Victor, is that we do look at that
10 before it gets to that point?

11 MR. RODRIGUEZ: And we ought to, but we ought
12 to be doing that with the executive director.

13 MR. VANDERGRIFF: I think that this part of the
14 agenda, even though the chair sets the agenda, per se, the
15 executive director is actually bringing this resolution
16 forward because Mr. Taylor has been designated by her to
17 put this before us, so I actually think this is the
18 executive director working with us. Correct me if I'm
19 wrong.

20 MS. BREWSTER: I would certainly agree with
21 that. We do have the Projects and Operations Committee as
22 well where we can talk about projects prior to them coming
23 before the full board, where Member Walker and I and
24 others on that committee can have that dialogue, and then
25 it comes before the full board for a vote.

1 MR. TAYLOR: And Mr. Rodriguez, now I see where
2 you were going with your chain of questions, and it makes
3 a lot of sense to me. So maybe a quick example of how
4 this actually works with the governance team. So you
5 asked how we get that original direction. One of the ways
6 I gave you was from the legislature. There's a
7 legislative command that says we will form our own agency.
8 The governance team, that is the division directors,
9 business owners inside this agency, the executive director
10 get together and say: Hey, we need to make a project to
11 do something like, let's say, regional office
12 communications, making our own, so that we're not
13 dependent on TxDOT, we're our own agency for
14 communications between ourselves and the regional offices.
15 We get together, we discuss that, we vote that
16 we say it should be a project, then we enter a process to
17 develop a charter that says this is the whole scope of
18 that project, this is how much we think it's going to
19 cost. Once we get that how much we think it's going to
20 cost and how long we think it's going to take, at that
21 point -- so we've all agreed inside, with the executive
22 director's leadership all the way down through the agency,
23 we've decided this is how we are going to go after that
24 broader goal. Then we take that project to this board if
25 it costs over \$200,000, and say: Hey, this is the

1 direction we've been provided either from the board, the
2 BPA, the legislature, whatever, this is the direction
3 we've been provided to do something, this is how we think
4 we're going to do it and how much it's going to cost, do
5 you think this is a good idea.

6 MR. RODRIGUEZ: And all I'm saying to you is
7 that before you get to all that work, you should have
8 gotten policy direction from the board or the legislature
9 or somebody else beyond that point and therefore have had
10 already the basis for getting the work started. When you
11 say we have this goal up here that's been set for us and
12 we get to work and we bring it back up to you, well,
13 that's not managing how we get to the goal. That's all
14 I'm saying. We set the goal or policy, you figure out
15 you've been given this direction, you formulate your
16 approach to it, and you bring that to us. And now we say:
17 Well, I don't really like that particular way of doing
18 what direction we set for you to begin with.

19 That's what I mean about getting into the weeds
20 on some of this stuff.

21 MR. TAYLOR: I hear what you're saying. I very
22 much appreciate your faith in the staff to accomplish your
23 directive.

24 MS. RYAN: Can I ask a question, and I don't
25 know, Jonathan, if this is for you or Whitney, but what

1 changes operationally with these changes? Was this done
2 for the benefit of the functionality of performing day-to-
3 day operations for the agency, or was this done at the
4 request of the board or a concern that the board has
5 raised that you felt it was needed?

6 MR. TAYLOR: I would say the latter. At the
7 direction of the executive director, this is actually
8 something we have put into practice, I believe, since you
9 have come onboard, we're just codifying what our practice
10 has been.

11 MS. RYAN: So the practice has been as a best
12 practice and a courtesy to the board versus a mandate of
13 the board, and by making these changes it becomes a
14 mandate and not as much a courtesy. And I guess my
15 question is if it was to remain a courtesy, how does that
16 change the functionality operationally of how you do your
17 day-to-day job?

18 MS. BREWSTER: The agency would continue as a
19 courtesy to bring the information before the board and
20 it's in Mr. Taylor's report at each board meeting.

21 MR. TAYLOR: It's, of course, your call, but I
22 would much rather see that as policy-driven as opposed to
23 personality-driven.

24 MS. RYAN: So the recommendation is it is a
25 policy and then how it gets executed is a determination of

1 Whitney and you with regard to how you roll out the
2 department.

3 MR. TAYLOR: The executive director.

4 MS. RYAN: Okay, that helps.

5 MR. WALKER: Question.

6 MR. VANDERGRIFF: Please.

7 MR. WALKER: I'm tending to kind of believe
8 along Mr. Rodriguez's line of thinking of here is that --
9 and he and both and Victor were involved in why we created
10 this original language was to make sure that the board
11 knew about contracts, but aren't we going to hinder the
12 staff's ability to go out and run the agency by saying can
13 I, mother every time something needs to be done? I mean,
14 shouldn't we give our staff that direction to go out and
15 say we need to look into whether or not this project needs
16 to go forward, or let's look at possibly doing something
17 without having to say can I look at it because it might
18 cost over \$200,000? And furthermore, how are you going to
19 know the cost of a project before you get into the ditches
20 on figuring out where you're going on this thing?

21 MR. TAYLOR: We don't. I have to get into
22 those ditches first.

23 MR. WALKER: So you're going to do it without
24 our approval anyway, so why do we need to change what we
25 do? I'm with Victor, I think we don't need to micromanage

1 it that much.

2 MR. TAYLOR: Okay.

3 MS. BREWSTER: Member Walker, if I might. What
4 we were experiencing at the agency is that we were
5 starting into work before it had been properly scoped. We
6 were starting work on projects, spending money without
7 have a well thought out plan from beginning to end and how
8 much we believed the project was going to cost.

9 One of the performance measures that the board
10 has passed for the agency is that a benefit-cost analysis
11 is completed for each of the projects. That is what we
12 are now doing on a routine basis and bringing before the
13 board. My fear is that we move backwards and that we
14 should not be starting work on projects without having
15 scoped those projects out. And yes, there are things that
16 come up that are unexpected and unanticipated at which
17 time we have -- Mr. Taylor just in the last board meeting
18 came before this board and asked for approval to up the
19 threshold for the WAN/LAN project. So really, this is to
20 keep us transparent, to keep us accountable, and for the
21 agency to continue to fully scope out projects before we
22 start spending money.

23 MS. RYAN: To follow up real quick, and to
24 Victor's point, I do start to see the fact that this could
25 be looked at opposite, Victor, as not in the weeds but

1 more as policy. If we set it as policy, it probably sets
2 the standard that we now have a policy and that we trust
3 the staff to follow through, and it allows us the comfort
4 to stay out of the weeds because we know that we're being
5 brought into the loop. And I think that's what I hear
6 that you are asking for us to support.

7 MS. BREWSTER: Vice Chair Ryan, that will
8 continue, whether the board supports the amendment to the
9 resolution or not, it will continue to be operationally
10 the direction that I give to the agency that we fully
11 scope our projects, that we provide ongoing updates to the
12 board, so obviously, if it is the board's will to not pass
13 this, there will not be a change operationally so long as
14 I am in the position that I am.

15 MS. RYAN: But it's at your discretion if it
16 doesn't get changed, if you were to change.

17 MS. BREWSTER: Yes, ma'am.

18 MS. RYAN: So from a policy standpoint, the
19 board does set that it's a way the agency should function.
20 I do see it that way.

21 MR. VANDERGRIFF: I think this board spoke a
22 couple of years ago saying they didn't want contracts to
23 be executed except in a certain manner so we wanted to be
24 aware of them, and it left, by my way of reading this as
25 it's come before us now -- I certainly didn't notice it

1 then -- it left a loophole, if you will, that you weren't
2 executing a contract but you'd go out and work on a
3 project that could cost an enormous amount of money.

4 I do believe that the two individuals that are
5 talking with us about this, our executive director and Mr.
6 Taylor -- and they're being very polite in this -- have
7 noticed that from the past that a lot of projects have
8 been started and a lot of money has been spent and this
9 board has been concerned about that and evidenced that
10 concern by not moving forward on a contract per se, but we
11 still didn't prevent or have any mechanism in which for a
12 lot of money to be spent. This would ensure for this
13 board and future boards that at least projects were
14 reviewed.

15 Again, I promise I am not the genesis of this
16 starting, but I strongly support it, believing that it's
17 probably in the best interest of this board, particularly
18 when it comes to big projects that ultimately you will be
19 responsible for.

20 MR. PALACIOS: Mr. Chairman, I concur. I
21 understand not wanting to get too involved in the minutiae
22 of the operations of the agency, and I don't think this
23 proposal here anyway would encourage that, but I also
24 think as a board our primary responsibility is to demand
25 accountability and oversight of the actions of DMV. And

1 expenditures, what we're talking about are actual
2 expenditures over \$200,000, not necessarily looking in the
3 projects and so forth -- I mean, that is totally within
4 the purview of the DMV staff. But for us to back off and
5 say it's your job and we've entrusted you to do it, I
6 think we're relinquishing our duties as a board.

7 I'm comfortable with the way it's listed here.

8 I agree if you have a project over \$200,000, you could
9 have several contracts that are under \$200,000 and that
10 would be completely out of our control if we left the
11 verbiage the way it is now. So I'm for this proposal. I
12 think it's really within our rights and our responsibility
13 to approve it.

14 MR. RODRIGUEZ: Just one more thing. I don't
15 think that this is about spending, this also asks us to
16 approve projects. In this day and time, projects easily
17 can reach hundreds of thousands of dollars. I don't view
18 replacement of computers as a project, it's something that
19 the legislature approved, but yet in this concept we're
20 going to be bringing replacement of computers as a project
21 proposal to this group for a policy decision. The policy
22 decision has already been made by the legislature when it
23 approved the budget. Number one.

24 Number two, this proposal, although we can be
25 more stringent than state law, but the state law is more

1 relaxed than what we assume it is. The state law already
2 suggests to us and statute tells us that we are a policy
3 board and we hire an executive director to execute the
4 day-to-day activities of the agency, period, and that
5 executive director needs to do what she needs to do to
6 execute those actions. So I'm not suggesting we can't be
7 harsher than state law, but if state law is that relaxed,
8 then I don't think we are relinquishing our duties, as you
9 suggest.

10 MR. PALACIOS: I just think it leaves too many
11 loopholes.

12 MR. RUSH: I agree with you.

13 MR. VANDERGRIFF: And I'm busy reading this
14 again, and I apologize for that, but I thought that
15 already we really know that like, for example, the State
16 of Texas has a contract with the Department of Criminal
17 Justice division to produce plates for us, and we really
18 can focus all we want on the \$32 million number but
19 there's not anything we can do about that. So I think
20 there is a different designation for contracts that have
21 been mandated by the legislature in terms of how we're
22 supposed to do that. Am I not correct?

23 MR. WALKER: But those are excluded, Victor, in
24 the wording.

25 MR. VANDERGRIFF: That's what I mean. The

1 point is things that the legislature has said are going to
2 happen, that's already excluded in the wording of these.
3 So I don't know that we're going to run afoul of doing
4 something that the legislature has already dictated -- or
5 not doing something they've already dictated has been
6 done, because I think that's excluded.

7 MR. WALKER: It excludes all the statutory
8 requirements.

9 MR. VANDERGRIFF: Yes. So basically, the will
10 of the legislature trumps us already and trumps us every
11 time.

12 Well, with that, we can continue to have
13 discussion but I would be pleased to at least entertain a
14 motion one way or another in order to move this forward.

15 MR. PALACIOS: I move that we accept the
16 proposed changes to the contracts.

17 MR. RUSH: I second.

18 MR. VANDERGRIFF: So we have a motion from
19 Director Palacios and a second from Director Rush. Any
20 discussion? Would anybody like to continue the
21 discussion?

22 MR. RUSH: Well, I'm just going to say that I'm
23 in the same kind of business because I have a public
24 company and we're responsible to the shareholders in all
25 this stuff, and we have all kinds of policies and

1 procedures, and anything reaches a certain level, we know
2 about it. And that's not to say we control it, but we
3 want to know what our liabilities or costs are going to
4 be, and it changes all the time. Like my computers was
5 going to cost \$15 million and now it costs \$80-, but
6 that's another story. But I think that when you're
7 talking, I don't know whether \$200,000 or \$200 million is
8 the right number, but I think depending on what size you
9 are, whichever, I think you ought to have some controls.

10 MR. BARNWELL: And I agree with that. As a
11 board member, I feel that I have an obligation in
12 fulfillment of whatever duties I have to at least know
13 what's going on. I'm not interested in micromanaging, I'm
14 not interested in trying to tell you how to put the lug
15 nuts on the wheel, I'm not interested in that stuff, but I
16 am interested in whether or not we're going to put five
17 lug nuts on or two, and things of that sort, and so as a
18 poor analogy.

19 The contract language has already been approved
20 in 2011, now we're adding projects to it, which is a smart
21 move because projects can involve a lot of staff time, I
22 believe.

23 MR. TAYLOR: Yes, sir.

24 MR. BARNWELL: And we have limited resources in
25 this outfit and we need to be smart about how we do it.

1 And at least we would have the opportunity then to know
2 the direction that the department is taking and how we're
3 deploying our resources. I like the idea of at least
4 knowing what's going on and I think it's incumbent on me
5 as a board member to have some idea of where we are,
6 because if something goes sideways, I don't want to say:
7 Well, you know, we had this deal and we really don't
8 control any of that, we're just a policy board and we just
9 set real broad policy like we're not going to spend over a
10 billion dollars. That would be a good policy to have.
11 That really flies in the face of my duties and
12 responsibilities and obligations as a board member.

13 So I think this is a very idea to have this
14 because it helps me to know more about what's going on in
15 the agency than I would otherwise have access to, and as a
16 board member, I need to be able to know what those things
17 are.

18 MR. VANDERGRIFF: Any further questions or
19 comments?

20 (No response.)

21 MR. VANDERGRIFF: With that, please raise your
22 right hand in support of the motion.

23 (A show of hands: Barnwell, Ingram, Palacios,
24 Rush, Ryan, Vandergriff and Walker.)

25 MR. VANDERGRIFF: Please raise your right hand

1 as opposed to the motion.

2 (A show of hands: Rodriguez.)

3 MR. VANDERGRIFF: The motion carries seven to
4 one, with Board Member Rodriguez voting against.

5 With that, Mr. Taylor, you still have the dais.

6 MR. TAYLOR: Thank you. So I'll go over the
7 automation projects updates. So quarterly, as we
8 established, I think, back in January, quarterly I'll do a
9 detailed this is what each one of the projects are, this
10 is how they fit into the BPA and legislation and
11 everything, and that will be a detailed discussion every
12 quarter. Nobody wants that every month. So this month,
13 in the interim like I did last month, I'll basically go
14 over the updates of the projects, let you know where we
15 stand, what's on time, what's my problem children, and
16 hopefully not take too much of your time, and of course,
17 be open to questions.

18 First on your list the projects, the title of
19 the document is Active Projects, Expenditures and
20 Timetables as of yesterday. Right now this project is
21 showing IRP infrastructure upgrade, that's literally the
22 hardware to run the international registration plan.
23 Right now we're showing that as the estimated completion
24 August 31. I was told this morning that it's likely to
25 slip to September 31. The IT department will work to try

1 to shorten that time.

2 Next, though, is a few projects that are in the
3 red and I'd like to talk about those briefly. These are
4 the projects regional office, headquarters, WAN/LAN, these
5 are the projects that at the core of how we do business,
6 they're the foundation on how we run a whole lot of
7 things. It's how we talk to each other and how we tell
8 each other who we are in electronic sense.

9 So the regional office communications
10 infrastructure, I put on time, on budget, I put no. Now,
11 we may end up being on time, I can assure you we won't end
12 up being on budget, and this is why. So when this project
13 was originally scoped, they went out and they said this is
14 how much we think it would take to bring these regional
15 offices up to par to really be able to communicate back
16 and forth between the regions, the headquarters and their
17 customers. As I told you guys last time, there were some
18 assumptions made on what connectivity those regional
19 offices have. We know those assumptions were wrong. So
20 what we're doing is actual site surveys of each location.

21 I can't tell you right now how much more it's
22 actually going to cost until we complete those, and we're
23 not going to do any work until we complete those. So we
24 may be on time, I think we're going to be over budget, I'm
25 just not sure how much yet, and we are in the process of

1 determining how much.

2 On the next one, the headquarters
3 communications infrastructure, it's a little bit of a
4 different story. So when this project was budgeted out,
5 it had several phases. The last phases were call centers.

6 Now, if you can remember back to what all the projects
7 are, that call center sounds like a whole lot like what
8 some of our moves projects and it sounds a whole lot like
9 several of our projects, not only the customer call center
10 but also the redundancies, the distribution of assets as
11 far as individual people answering the phone in these
12 regions.

13 So the first part of this project which was
14 actually how do people talk to us was budgeted out, that
15 second piece wasn't. The reason why is because it was
16 assumed this is actually going to be another project that
17 fits into it later. We don't need to wait years on that.
18 So what I've asked is that a new budget be figured out,
19 how much that whole project is going to cost, cradle to
20 grave, which we didn't have before and we're working on
21 that right now. So when I say we're out of budget, we
22 actually may not be, but until I know for sure, I'm going
23 to list this project in the red.

24 One of the projects you see below that is
25 WAN/LAN transformation. That is what is sounds like wide

1 area network, local area network. This is the physical
2 connection of how do we talk to each other. That project
3 was in the red for a long time. There has been some
4 really great work done by our IT department, but the
5 interim CIO, Mr. Kuntz, an only recently and will be much
6 missed former employee Elaine Mays, as well as the project
7 manager in my staff, Kenneth Dousing. They've really
8 turned this project around, it's back on budget, back on
9 time.

10 The major problem with this is that, again, we
11 had assumed physical connections between offices in and
12 around Austin, offices around this campus existed that
13 didn't. Staff has found other connections that do exist.

14 Some work has to be done on those but not for very much
15 money. Since that project has been re-budgeted, we went
16 over that last time, we're back in the green with that
17 one, and since a whole lot of other projects were stacked
18 up behind that, very happy that we're back on time with
19 that one. That one took a lot of work.

20 MR. INGRAM: So you're basically saying that
21 you found some optics that are working.

22 MR. TAYLOR: We found some fiber. It's dark
23 and takes a little work on both ends of the connections to
24 work, that's what we have to do, but we think it will
25 run -- actually, the tests say it will run, we've already

1 tested it.

2 The next one is that active directory. That's
3 kind of tech speak. Really, that comes down to, I think
4 I've said it before, how we identify who is who and what
5 they're trusted with. That project is massive, massive,
6 massive, massive. There's really kind of two projects
7 inside this one. There's the every application that
8 anybody touches DMV with part. That's hundreds of
9 applications and tens of thousands of users, but then
10 there's also the core of DMV employees, who are you and
11 what do we trust you with.

12 That second part, we will meet the schedule of
13 that second part. That will be done, we expect, by June.

14 That larger part, I'll tell you and I have some
15 experience with this, I've never seen -- and we're
16 inheriting some of this from TxDOT, I've never seen this
17 particular way of active directory done by anybody else.
18 Matter of fact, most of the people I've talked say they've
19 never seen that done like that by anybody else, so it's
20 kind of a one-off. Usually like all your users, all your
21 customers aren't also in the same category as the
22 employees and everything, they're an entirely different
23 thing. We don't do that here. So that larger section
24 will take longer than that original date, it will take
25 past September 1, but that core portion of it won't.

1 And then finally, and I like to link these two
2 together, active directory and this application migration
3 and server infrastructure transformation -- that's really
4 a long one -- that is what are the applications we use,
5 where are they, who runs them, can we control them?
6 They're ours. It's that part. That's a really huge
7 project. Turns out there's not only hundreds of
8 applications, but as it was described in the last week,
9 there's lots of little secret spreadsheets and databases
10 run off one individual person's computer somewhere in some
11 other building that turns out that they run applications
12 that we depend on. Finding those is not as easy as you
13 might think, especially when it's hundreds of those
14 applications.

15 The last couple weeks we have received a great
16 amount of help from the director of the DIR, Department of
17 Information Resources, Karen Robinson, and her crew. She
18 has assigned a full-time project manager on her staff to
19 do nothing but help us with them, that's it. And we've
20 been meeting with them three and four times a week.

21 It's been really obvious that in the past this
22 agency was not a giant priority to them and now we are.
23 We are a one-off. If you look at how the Data Center
24 services contract really fits in with DIR and with
25 agencies, splitting an agency isn't contemplated in those

1 contracts, it's not contemplated in their plan. So this
2 is very much a new thing for them. And because of that,
3 once we were able to really get them to recognize we're
4 different than anything you've done before, they've really
5 thrown a lot of resources at it, we've moved much, much
6 faster. That project is moving quicker. Until I really
7 know long it's going to take, that's going to continue to
8 be in the red.

9 And then finally, the last project really
10 that's in the red here, this public facing website which
11 was supposed to go live at the end of January, looks like
12 we will finally go live, after having tested, after
13 talking to our customers, by the end of this month, which
14 will be a good thing. And by the way, yes, it's an
15 example of doing this late but it's an example of what
16 real excellent customer service is. That is, we didn't
17 put a product in front of our customers until we had
18 handed it to them, asked them to test it, asked them to
19 make sure it works, and when our customers are good with
20 it, then we roll it out.

21 That's my brief update for today. Any
22 questions?

23 MR. INGRAM: I have one request and a question.
24 On future updates, will you please separate your on time
25 and on budget column, just give us an on time column and

1 an on budget column. It would be a little clearer.

2 And my question is about Web/Dealer/e-Title.

3 MR. TAYLOR: Yes, sir.

4 MR. INGRAM: Can you just kind of give me a
5 brief update on that one?

6 MR. TAYLOR: Sure. That project was going
7 along well. The project manager identified that there are
8 some we call them resources here -- really people, there
9 weren't enough people on this project. He was worried
10 over the last week and made everybody aware: Hey, unless
11 we get some more people on this, we are going to fall
12 behind. Since then we've hired another developer that was
13 specifically named that already has a lot of experience
14 with this particular project and the projects behind this
15 project. We've hired that person, they'll be on pretty
16 soon, I think.

17 In addition, in my staff we have put several
18 additional full-time people in this particular project,
19 specifically business analysts. With those additional
20 resources, we believe it will be on time with this pilot.

21 MR. INGRAM: So we're hoping to pilot this
22 sometime in July or August?

23 MR. TAYLOR: By September 1.

24 MR. INGRAM: You're going to start the pilot
25 September 1.

1 MR. TAYLOR: That's correct, sir.

2 MR. PALACIOS: I also have some questions on e-
3 Title. The briefing book that we were sent out
4 electronically a few days ago shows no expenditures on the
5 e-Title. The sheet you just gave us shows half a million
6 dollars, and I guess there's obviously a couple of million
7 dollars difference there. But I guess my question is
8 along Mr. Ingram's, are we still on track to have this
9 pilot in September?

10 MR. TAYLOR: Yes.

11 MR. PALACIOS: Just explain to me a little bit,
12 are we contracting with a vendor that already has an e-
13 Title package that is in use now somewhere in the country,
14 or is this a fresh start in terms of the software used to
15 implement this?

16 MR. TAYLOR: We don't have a vendor online
17 right now, no.

18 MR. PALACIOS: So this is something we're
19 developing ourselves.

20 MR. TAYLOR: Yes, sir, and have been for a
21 while.

22 MR. VANDERGRIFF: So you were not here at the
23 time, but I'm sure you understand that there is a deadline
24 looming on us with the industry, and obviously I won't be
25 here, but I have some concern about imposing requirements

1 on folks and being really a the infancy of this, and I
2 think the expectation of the industry is that we probably
3 would be more robust in what we're doing. I realize that
4 pilot technically qualifies for that, but I'm not sure how
5 robust our pilot will be on September 1. And you know
6 what I'm referring to, obviously, is the ID requirements
7 that have been adopted by this board effective on
8 September 1.

9 Do you care to comment on that in terms of the
10 impact on the industry relative to what we promised we
11 would be able to deliver? Are we going to deliver?

12 MS. BREWSTER: Chairman Vandergriff, that was
13 actually at my very first board meeting.

14 MR. VANDERGRIFF: That's right.

15 MS. BREWSTER: And that was very interesting.
16 At that time the agency committed that we would be ready
17 to pilot the Web/Dealer application as of September 1. We
18 will meet that commitment. We have talked in a previous
19 board meeting about having a demonstration of the
20 Web/Dealer application which the agency can certainly do
21 at the next board meeting or as a separate stand-alone
22 meeting. The agency is prepared to do that.

23 In terms of Member Palacios's question about
24 e-Title and Web/Dealer, there's a distinction between the
25 two, and I don't know if Mr. Taylor wants to lay that out.

1 MR. TAYLOR: Yes. Those originally started as
2 two projects but they were so overlapping, we made them
3 one project. One was dependent on the other, one used the
4 other, so we went ahead and made them one project.

5 MR. INGRAM: Is it fair to say, and if I'm
6 getting this wrong, please let me know, but we're not
7 trying to write this from scratch, we're taking the
8 website.

9 MR. TAYLOR: Absolutely, yes. Same project
10 manager, same project team -- well, a lot of the same
11 project team. Matter of fact, the developer we hired was
12 because he was already very familiar with the website.
13 But yes, we are not starting from scratch by any means.

14 MR. INGRAM: Okay. So it's web-sub converted.

15 MR. TAYLOR: A lot of that, yes, sir.
16 Absolutely.

17 MR. WALKER: Jonathan.

18 MR. TAYLOR: Yes, sir.

19 MR. WALKER: Two points. Number one is Ms.
20 Ryan would like to see an identification marker on
21 projects that are statutorily required on future reports.

22 If you'll do that for her.

23 MR. TAYLOR: Sure.

24 MR. WALKER: And my question is on these
25 projects that are in the red, I'm not real clear whether

1 they're in the red financially or they're in the red on a
2 time element.

3 MR. TAYLOR: In the explanation section you'll
4 see a parentheses and a bold word Schedule or Budget,
5 that's what they're in the red for.

6 MR. WALKER: So if, for example, on the
7 regional office communication infrastructure, it's in the
8 red and it's Schedule in the red, it's running late, and
9 it is running over our budgeted item.

10 MR. TAYLOR: That is correct. I don't have a
11 solid Budget on it, I just know that it's going to be more
12 than \$418,000.

13 MR. WALKER: And so how does the board know
14 about how much money we're looking at and where we're
15 going to come up with the additional funding to handle
16 that?

17 MR. TAYLOR: Remember you're earlier question
18 as to we've got to get in the ditch before we really know
19 how much it's going to cost, that's where we are with
20 those projects. Unless you see a new recommended budget
21 in front of you, we're in the ditch trying to figure out
22 how much this is really going to cost.

23 MR. WALKER: At what point would it be prudent
24 to bring it to the board and say we've got problems that
25 we need to address because we're going to be over budget

1 on this particular item.

2 MR. TAYLOR: Well, I'm doing that right now,
3 even though I don't know what that total budget is going
4 to be. So as soon as I know that we're not going to hit
5 the budget, I'm going to tell you we're not going to hit
6 the budget. The next thing that's going to happen is as
7 we're in the process of figuring out how much this really
8 costs -- and some of these, that's not easy when it
9 includes individual site surveys at each regional office
10 and going through all of that -- so as soon as I have that
11 dollar amount, I'll bring that. And this is the really
12 real world, that dollar amount might change again as we
13 continue to go through the process and continue to go
14 through discovery. If anybody in business tells you this
15 is how much it's going to cost, it's probably going to
16 cost more.

17 MR. WALKER: And since we have a two-year
18 budget appropriated by the legislature and we bust our
19 budget on these particular items, where is this money
20 supposed to come from?

21 MR. TAYLOR: Don't know yet, I can't give you
22 that answer, and one of the reasons I can't give you that
23 answer is I don't know how much it's going to be yet.
24 Once we determine how much it's actually going to cost,
25 then we can figure out where it's going to come from and

1 what priorities have to be there. It may be that other
2 things fall off the list for that biennium, but we won't
3 know until we know how much it really costs.

4 MR. WALKER: Do we have the latitude to move
5 within our budget to pick up some money someplace else and
6 postpone something, and actually, do we have statutory
7 authority to take money away from one project and fund
8 another one after we've been appropriated for it?

9 MR. TAYLOR: For some individual projects,
10 sure.

11 MS. BREWSTER: If I might, Mr. Chairman.

12 MR. VANDERGRIFF: Sure.

13 MS. BREWSTER: Member Walker, yes, we do have
14 the authority to do that within our capital funds.

15 As I stated earlier, there were a number of
16 projects that were not properly scoped, and you're seeing
17 the results of that as Mr. Taylor comes before you to talk
18 to you.

19 MR. TAYLOR: We spend a lot of our time doing
20 detective work, a whole lot of our time.

21 MS. BREWSTER: And just to piggyback, as a
22 result, there have been several personnel changes, as
23 well, because, unfortunately, projects were not properly
24 scoped. So we're addressing the issue, we're coming
25 before the board, letting you know that they were not

1 properly scoped, going through the authorization process
2 to increase the budget or to let you know that the project
3 is not on time so that you're aware of those issues. But
4 you are seeing, unfortunately, the results of projects
5 that were not properly reviewed and thought out.

6 MR. INGRAM: Mr. Taylor, can you kind of give
7 me a synopsis of where e-Tags fall in this? Because I
8 know e-Tags are being handled currently by the state, I
9 believe, in their operations, in their computers.

10 MR. TAYLOR: I'm a little confused with your
11 question. You mean where e-Tags falls in Web/Dealer/e-
12 Title?

13 MR. INGRAM: Well, more or less, are we going
14 to have more control over the e-Tag systems and the e-Tag
15 software.

16 MR. TAYLOR: So the answer in general, one, I
17 am very aware of all the e-Tag issues. There's a lot of
18 people that yell about that and they yell loudly.

19 MR. INGRAM: I'm not going to yell at you.

20 MR. TAYLOR: But it will give the state a much,
21 much faster ability -- well, one, the system won't
22 continue to crash while you're sitting in a dealer's
23 office, which is helpful. But yes, the long story short
24 is with Web/Dealer and e-Title, once it's done -- and by
25 the way, we're breaking e-Tags out into its own little

1 project -- should have a great deal more reaction time
2 within the system for dealers.

3 But I would like to back up a little, e-Tags
4 needs to be its own -- e-Tags, not just e-Title -- e-Tags
5 needs to be its own project. We've recognized the
6 problems with it, and so in this last governance team
7 meeting, I guess a week ago, we decided that e-Tags needs
8 its own dedicated project manager to work it and make sure
9 it happens. e-Tags transition is what we'll be calling
10 it. We have a new project manager, he started Monday,
11 he's working on this project in particular. The end
12 result should be a system that is actually stable and much
13 faster and provides much more latitude. It needs to be
14 its own project.

15 MS. RYAN: What might be helpful for the next
16 update is a clear understanding with the list of projects
17 which ones are way out of whack that are being re-scoped,
18 and then a little understanding, at least identification
19 of they're out of budget, they're being re-scoped, but
20 also an understanding of are they being re-scoped because
21 the end zone, so to speak, changed, or did the project
22 scope has stayed the same, we just didn't think it through
23 well enough to change that.

24 MR. TAYLOR: I will do that next time, but I
25 can give you that as a really quick example. In every

1 single one of these, except for Fleet Plus, the end zones
2 didn't change, we just didn't do a very good job of
3 figuring out how much it actually cost to do what we
4 wanted to do.

5 MS. RYAN: So are you stating that every one of
6 these projects, with the exception of one, the scope was
7 not changed?

8 MR. TAYLOR: There's not a scope change in any
9 of these.

10 MS. RYAN: We don't have the right
11 requirements and budget?

12 MS. BREWSTER: Vice Chair Ryan, the ones that
13 are in the red.

14 MR. TAYLOR: Sorry. The ones that are in the
15 red.

16 MS. RYAN: Those are the ones, with the
17 exception of one, and that one the scope changed.

18 MR. TAYLOR: In Fleet Plus the scope changed
19 because we found out that one of the things that we wanted
20 the Fleet Plus to do is already being done by another
21 program and we don't need to pay for it twice, so we
22 reduced the scope and saved 20K. But the rest of these,
23 the scope did not change.

24 MS. RYAN: The requirements and the expense to
25 those requirements did.

1 MR. TAYLOR: The expense to those requirements
2 absolutely did. We knew that we needed to be able to talk
3 to a regional office. The assumption of how we were
4 talking to that regional office, literally the cable
5 that's in the ground or the phone line that's there at
6 that office, that assumption was false.

7 MS. RYAN: So based on that, and with some of
8 these we've got three-fourths of the total budget has been
9 spent already, is there some form of slow down or stopping
10 so that we're not continuing to spend bad money?

11 MR. TAYLOR: Yes.

12 MS. RYAN: And then when you tell us they're
13 off budget time-wise, can we get an ETA of how much
14 they're going to be off. And if there's an issue to the
15 point of the September 1 requirement, if it's something we
16 are -- it's an enhancement from the agency, being off six
17 months might not be an issue. If we've made a commitment
18 to one of our industries, being off six months might
19 actually jeopardize or harm one of their businesses
20 because they're running plans simultaneously with our
21 deadlines, then we probably ought to make sure that we're
22 communicating that to our industries.

23 MR. TAYLOR: I will. And as soon as I have,
24 such as IRP, as soon as I have a -- like formally, when we
25 look at the formal project, we talk to the vendors, we

1 look at how long this is going to take, we say 8/31, but
2 I've got, like I said, an update this morning from the
3 vendor that said, hey, we think it's going to take a month
4 longer than that now, I'm going to let you know that as
5 soon as I know it -- like this morning.

6 MS. RYAN: But again, an identifier of where
7 we've made commitments to industries where they may be
8 taking action or putting things in place to meet up with
9 our deadlines as we've made commitments, that could be an
10 issue outside of here.

11 MS. BREWSTER: Vice Chair Ryan, that is
12 something that is discussed extensively in the governance
13 team meetings.

14 MS. RYAN: Okay.

15 MR. TAYLOR: That's one of the ways we
16 prioritize.

17 MS. BREWSTER: Who have we made promises to,
18 who is going to hurt, what does it mean in terms of the
19 rest of the projects, bringing resources off of other
20 projects, if we're doing that, does that delay that
21 project.

22 MR. TAYLOR: And we've actually changed the
23 format of those governance team meetings up a little.
24 They start with what are our project priorities, are we
25 going to change them, and then the next question is what

1 does that priority mean, because what priority means in
2 this agency is that if something becomes a priority, that
3 means people and money go to it -- which is a fun
4 discussion.

5 MR. VANDERGRIFF: Any further questions at this
6 point?

7 (No response.)

8 MR. VANDERGRIFF: Thank you, Mr. Taylor.

9 MR. TAYLOR: Thank you very much.

10 MR. VANDERGRIFF: Ms. Flores.

11 MS. FLORES: Good morning. For the record, my
12 name is Linda Flores. I'm the chief financial officer for
13 the Texas Department of Motor Vehicles.

14 We are presenting the monthly financial report
15 for the month ending February, which is actually the end
16 of our second quarter of our fiscal year. You'll notice
17 on the first page that we've got expenditures for the
18 quarter of \$27.58 million, compared to actuals for the
19 prior fiscal year of \$26 million, so that kind of gives
20 you an idea of our expenditures are roughly following the
21 same trends that we did last year.

22 MR. WALKER: But why are they tracking lower
23 than last year?

24 MS. FLORES: Actually, they're tracking higher.
25 In '12 it was \$26-, this fiscal year they're \$27-, so it's

1 roughly about the same, a little bit higher.

2 MR. RODRIGUEZ: \$1.5 million higher.

3 MS. FLORES: Yes, sir.

4 The number of currently registered vehicles is
5 still at approximately 22 million. Registration revenues,
6 you can see we normally see this kind of dip in the month
7 of February. As you can see, in January it was roughly
8 almost \$100 million, and for the month ending February it
9 was \$52 million, and we normally see this dip, it's a
10 significant dip.

11 The next slide shows our Oversize/Overweight
12 revenue for both Fund 6 and Fund 1. Again, very on trend,
13 no surprises there.

14 And then our next slide is our Fund 1 and Fund
15 6 deposits, very similar.

16 MR. WALKER: Why are deposits down in February?

17 MS. FLORES: We've actually asked VTR and
18 they've kept extensive information regarding this dip.
19 It's my understanding that at one time all registration
20 ended in March, and so because of the staggering, there's
21 still a lot of vehicles out there that don't renew until
22 March, so you'll see in March it spiked back up again, but
23 for the month of February it's always dropped down.

24 MR. ENDLICH: For the record, my name is
25 Michael Endlich, revenue estimator for the department.

1 Typically, under state law right now, counties
2 keep a portion of the registration revenues that they take
3 in. They start on a calendar year so they get their
4 portion starting in January. We see a 30-day lag, so
5 that's reflected in the February deposits to us. They get
6 to keep theirs up front and then submit the rest to us.
7 So every February is always going to be down like that.

8 MS. FLORES: The last line has to do with our
9 My Plates projected deposits. We believe the vendor will
10 meet their obligation. We have not changed this
11 projection, we believe they'll meet their obligation
12 within the time frame established by the contract.

13 MR. BARNWELL: Where does the data come from
14 for the broad blue line?

15 MR. ENDLICH: So up until that purple little
16 square there, I guess, that's actual deposits, and
17 anything further beyond that is actually forecasted out
18 based on previous deposits.

19 MR. BARNWELL: Shouldn't that be dashed or
20 dotted or something to indicate it's a projection?

21 MR. ENDLICH: Absolutely. I'll figure it out
22 somehow.

23 MR. BARNWELL: Get some white-out and I'll just
24 make some dashes.

25 (General laughter.)

1 MR. RODRIGUEZ: Linda, you keep showing \$28
2 million. You now have 40 months of history. Right?

3 MS. FLORES: Correct.

4 MR. RODRIGUEZ: You've got \$15 million in. I
5 know there's something in between here that keeps you on
6 that \$28 million track, but if we just took that data, the
7 known data right now, that would suggest \$23 million,
8 maybe. Why is there a difference between that and \$28
9 million?

10 MR. ENDLICH: Essentially, with this program
11 there's two types of revenue that actually comes in: one
12 is from the sale of new plates, the other is the renewal
13 of the plates that were issued. So as we sell more and
14 more plates, our renewals become higher and higher and our
15 retention rate is actually growing as well. So you're
16 going to see an exponential growth toward the end of this
17 contract as far as deposits which is going to drive that
18 up a little bit.

19 MR. RODRIGUEZ: That experience has not been
20 recorded in the history thus far.

21 MS. FLORES: Correct, and the business does
22 have a market business plan that they've modified to
23 accommodate for some anticipated changes in their selling
24 patterns.

25 MR. RODRIGUEZ: But at some point in time it's

1 going to be a sharp increase because of something.

2 MR. ENDLICH: Well, if you look at the trend
3 here --

4 MR. RODRIGUEZ: And all I'm asking you is
5 whatever that experience is going to be, we've not seen it
6 yet in the 40-month history we have.

7 MR. ENDLICH: We kind of have, if you look at
8 the graph -- and I know it's not blown up to see this a
9 little bit easier -- but the growth in the blue line,
10 before you get to the little square there, it starts
11 coming up deeper and deeper each time a little bit, and
12 that's, like I said, because the renewals are kicking in,
13 higher plate sales.

14 MR. WALKER: Michael, renewals, do we see
15 exactly a trend since 2009 as percentages of renewals?
16 What percent do we see, and do we see the same percent on
17 an annual basis?

18 MR. ENDLICH: Right now we're at about 65
19 percent renewals for all license plates sold. That has
20 grown. I think we're at 64.6 right now. That's grown over
21 the past eight months, it's continually increasing as far
22 as retention rate.

23 MR. WALKER: So we're seeing a higher tendency
24 for people to renew their personalized license plates
25 rather than canceling them.

1 MR. ENDLICH: Correct. Now, keep in mind, what
2 you need to consider is a lot of the revenue coming in
3 right now is from five- and ten-year sales which we won't
4 see, obviously, any renewals for some time, but when those
5 do come up, that could be an influx of revenue as well.

6 MR. WALKER: Do we take that five- and ten-year
7 sales into consideration that they won't be renewed,
8 though?

9 MR. ENDLICH: not for the contract. We're only
10 forecasting out to the end of the contract.

11 MR. WALKER: Those are all paid for up on the
12 front-end. Correct?

13 MR. ENDLICH: Correct, absolutely.

14 MR. WALKER: So a renewal on those counts for
15 nothing because we've already got the money on the front-
16 end.

17 MR. ENDLICH: Absolutely.

18 MR. WALKER: So how do we calculate that into
19 our projections?

20 MR. ENDLICH: I haven't been asked to forecast
21 past the expiration of this contract. I think we're just
22 kind of focused on this contract to see how things work
23 out. If and when we do renew this contract, I'll take
24 those into account and forecast out even further.

25 MR. WALKER: I think I'm right, but the only

1 ones that we've sold multi-years, they've only been the
2 auction plates. Is that not correct?

3 MR. ENDLICH: No, that's not correct at all.
4 Right now you can go online and just buy a plate for five
5 or ten years right now.

6 MR. WALKER: So what percentage of our plates
7 are being sold today that are multi-year plates?

8 MR. ENDLICH: You would ask them that, wouldn't
9 you.

10 MS. FLORES: We don't have that information
11 with us.

12 MR. ENDLICH: I would have to find out for you.

13 MR. WALKER: But you do have that information
14 because you definitely use that information to track your
15 chart here, as Victor said.

16 MR. ENDLICH: Absolutely.

17 MS. FLORES: We'll provide that to all the
18 board members.

19 MR. VANDERGRIF: Are there any additional
20 questions?

21 MS. FLORES: I do have one more comment. With
22 regards to Board Member Barnwell's request for a change in
23 providing a profit and loss statement or income statement.
24 Board Member, we are working on a couple of options.
25 They are still a work in progress and haven't been fully

1 vetted by the executive director, so we are working on
2 changing up the format of this presentation.

3 MR. BARNWELL: Fine. Thank you.

4 MR. WALKER: Kind of like you, Mr. Barnwell, a
5 work in progress.

6 (General talking and laughter.)

7 MR. VANDERGRIFF: We're on the last item of our
8 core agenda, and that's the executive director reports.

9 I do want to, before she starts, note that we
10 will have a short executive session after this. Oh,
11 excuse me, I forgot the legislative report. I can't
12 believe I ignored Mr. Kuntz. We will have a short
13 executive session on both 6A and B and items pertaining to
14 5B and 5C and the performance of the executive director,
15 so she will be accompanying us in that.

16 Go ahead.

17 MR. KUNTZ: For the record, Jeremiah Kuntz,
18 director of Government and Strategic Communications.

19 I'm here presenting the legislative update.
20 I'll try and go through this really quickly. There's been
21 a lot that's gone on in the last three weeks.

22 Just as a quick update, the last day for the
23 House to report bills out is going to be May 6, and so
24 we're three weeks out from that date, so we've got the next
25 three weeks for the House to report bills out. At that

1 time, anything that hasn't been reported out of committee
2 is basically left behind, so there's going to be a pretty
3 big push the next three weeks for hearings and lots of
4 bills will be worked on.

5 Just a quick update on our agenda bills. House
6 Transportation passed out our cleanup, or omnibus bill, if
7 you will, yesterday. They had a hearing on that last
8 week; there was a committee substitute. We worked with
9 the author, Representative Phillips, on that and got some
10 stuff added and cleaned up in that draft. That was voted
11 out yesterday, so we're on our way with that bill. It
12 will go to the floor and then move over to the Senate.

13 The Senate also heard the companion to that
14 bill yesterday -- I'm sorry -- that bill was passed out on
15 Tuesday in House Transportation. Yesterday the Senate
16 heard the companion version of that. They had the same
17 substitute language that they heard, and so they just left
18 it pending. They're waiting for the House bill to come
19 over, and then they'll vote it out. So it should start
20 moving pretty quickly on that one, that one is looking
21 pretty good.

22 House Appropriations had a subcommittee hearing
23 yesterday to talk about what we refer to as our
24 Registration Process Simplification bill. That's the one
25 that will create a dedicated account for the agency and

1 move all of our administrative related fees that are
2 collected into that account. That was heard yesterday in
3 the House Appropriations subcommittee. It was left
4 pending. There were a lot of bills, transportation
5 funding related, that were heard at that same hearing as
6 well. All of those bills were left pending, as the
7 tradition, I guess, of the committees right now. They'll
8 hear a bill, leave it pending, and then vote it out at a
9 later date.

10 We're hopeful that that will get voted out
11 maybe this week, if not, hopefully next week. It's in a
12 subcommittee so it will have to go back through the full
13 committee before it can get to the floor of the House.

14 It was also heard in Senate Finance; they had a
15 hearing on it. There were not questions really that came
16 up on that bill, and it was left pending. Again, I
17 believe that the chairman's will is that they're going to
18 wait for the House version to come over before he moves
19 that version. So that's been heard, it's left pending,
20 they're just kind of sitting on it for now to see what the
21 House does with it.

22 The budget was heard on April 4 in the House.
23 That passed on the House floor. It was actually one of
24 the quickest budget floor debates that I've seen in the
25 last eleven years that I've been doing this. They were

1 out well before midnight. Usually they go sometimes a day
2 and a half. It was pretty quick the way that they moved
3 through it. There was a lot of support from the members,
4 so that was pretty good.

5 We're anticipating that they'll go into
6 conference in the next couple of weeks, they'll start
7 doing conference hearings. At this point in time, we're
8 looking pretty good as far as conference. We had a lot of
9 the stuff that we needed matched up between the House and
10 Senate versions.

11 There were a couple of floor amendments that
12 were added on, there were riders that we had some interest
13 in. One was a rider that pertained to all agencies. It
14 was increasing the per diem for travel by \$8 per day.
15 It's something that Chairman Pitts added in, it's an
16 Article 9 rider which applies to all agencies, so they
17 just raised that.

18 There were two riders that we had some concerns
19 with, and we have gone back and talked to the members that
20 offered those. But the reason I say we have some
21 concerns, they were put into what is known as Article 11
22 which is referred to as the Wish List -- that is, to
23 preserve the concept for the conference committee. A lot
24 of those items won't survive the conference committee, but
25 they're there to preserve kind of a placeholder, if you

1 will, in case the conference committee decides that it's
2 something they would like to pursue.

3 Those two riders related to taking funds out of
4 our budget, out of specifically the strategy that deals
5 with motor carrier permits. One rider takes \$500,000 in
6 both 14 and 15 and moves that to the council of
7 governments to fund the counties that are impacted by the
8 shale productions, so that's the Eagle Ford Shale, Permian
9 Basin, I believe Cline as well.

10 In talking to the members that offered those, I
11 believe there was some misconception by the title of our
12 line item for our appropriation. It's titled Motor
13 Carrier Permits. I believe that those members thought
14 that that line item was a revenue line item, when, in
15 fact, that is our strategy that is used for the operations
16 of collection of those permits. We've gone back and
17 talked to those members and clarified that to them that
18 there's no money, necessarily, in that appropriation line
19 item from permit fees, that's just the money that we use
20 for the collection. So we've talked to them, I think that
21 they understand that.

22 There were multiple riders that were offered
23 that did that. There's one rider that, in my estimation,
24 kind of hit right where the money is. That rider is in as
25 well. We've talked to the member's office. I believe that

1 they're probably going to pursue that rider and not these.

2 But we'll watch that closely in conference to see if
3 there's any impact, because, obviously, that would
4 negatively impact our ability to collect motor carrier
5 permits and fees.

6 There are two other bills that I wanted to
7 cover just because they have a profound impact on the
8 agency's operations. One is dealing with the study that
9 we took up which was to consolidate the stickers for
10 inspection and registration. That is HB 2875 by Linda
11 Harper Brown. That was heard in committee. It was left
12 pending on the 25th of March. We've been working with the
13 member's office to clean that bill up, make some
14 adjustments to make sure that it would work correctly.

15 It looks like that actually may move, it looks
16 like it's got some legs, and may actually get sent over to
17 the Senate. At least it will get out of committee, as far
18 as we can see. We'll see if it makes it off the House
19 floor or not, but it does look like there's some interest
20 in pursuing that, so that's something that could impact our
21 operations and we would see some need to make some changes
22 and adjustments to the way that we collect fees.

23 The other one is HB 1515 by Representative
24 McClendon. That bill is the bill that would move driver's
25 license from DPS to the Department of Motor Vehicles. The

1 way that that bill was structured, we've been working with
2 her office to try and look at really focusing in this
3 interim on creating an implementation plan that would be
4 due November 1 of 2014. So we would work during the
5 interim, develop an implementation plan, evaluate what
6 would be needed in order to make that transition a smooth
7 transition, and report back kind of a plan for the
8 legislature to consider going into the next legislative
9 session.

10 The date of the transfer would not happen until
11 September 1 of 2015. That, in essence, gives the
12 legislature another bite at the apple to say: Yes, the
13 implementation plan looks like it could be successfully
14 put into place, or no, there are problems with making this
15 transition. And therefore, they would have the chance to
16 undo that and back out of that bill, basically take it off
17 the table.

18 So we're working with McClendon's office, trying
19 to make sure that that language gives us sufficient
20 latitude to be able to do that study in an effective way,
21 working with either the Sunset Commission or another
22 public or private entity to help us develop the strategy
23 for making that transition.

24 So with that, that's really big things that are
25 impacting us at this moment. We've got quite a few other

1 bills that we're monitoring that either would impact us or
2 our business partners, and we'll continue to monitor
3 those. If there's anything that looks like it's going to
4 have some kind of negative impact or a substantial
5 increase in our business, we'll make sure to let you know,
6 but those are kind of the main items that we're seeing
7 right now.

8 So with that, I'll take any questions.

9 MR. RODRIGUEZ: How many FTEs involved in the
10 driver's license transfer?

11 MR. KUNTZ: The fiscal note identified 1,860
12 what they classified as Customer Service Rep III. The
13 original fiscal note, the way that the bill was drafted,
14 did not identify any indirect administrative costs. We've
15 gone back, we've worked with McClendon's office to try and
16 add some clarifying language in the transitional portion
17 of the bill to make sure that indirect FTEs would transfer
18 as well.

19 The fiscal note, the way the LBB wrote it, they
20 assumed that an MOU would be drafted with DPS and they
21 would support us through an MOU for indirect
22 administrative costs. We believe that would be pretty
23 challenging to have to go to them for HR support, finance,
24 any of those kinds of functions that really need to be
25 housed within the agency that's administering that

1 program. So we're trying to work out the details on that,
2 but it's upwards of 2,000 FTEs.

3 MR. RODRIGUEZ: You say the fiscal note is how
4 much? I'm sorry.

5 MR. KUNTZ: 1,860 direct FTEs. Those are
6 front-line customer service reps.

7 MR. RODRIGUEZ: Does the fiscal note take into
8 consideration the technology requirements for a subsequent
9 complete transfer of data? I mean, the whole idea is at
10 one point we'd have driver's license and registration
11 basically in one database which would be beneficial, would
12 be great for all kinds of reasons. It's a dream that I
13 think would be nice to realize.

14 MR. KUNTZ: Sure.

15 MR. RODRIGUEZ: But we're going to have to, at
16 some point, divorce from the DPS databases all the
17 driver's license information.

18 MR. KUNTZ: Yes, sir. When we submitted our
19 estimate to the LBB, we did take that into consideration.
20 We have estimates on what we believe the IT component
21 would cost. There is a challenge that we would be facing,
22 and that is that currently the DPS database is not part of
23 the State Data Center. They have an exemption from the
24 State Data Center. By bringing it into our agency, we
25 would need to house that at the State Data Center and

1 there would be some costs associated with transitioning
2 that over. We did take that into consideration and
3 included that in our estimate.

4 MR. RODRIGUEZ: And it could be something that
5 would happen after about maybe two or three legislative
6 cycles, but it's obviously the goal for it to happen at
7 some point.

8 MR. KUNTZ: Yes, sir. Our anticipation was
9 that at this point we would look at trying to move things
10 over as easily and seamlessly as we could which would be
11 to maintain that existing database and then make efforts
12 to try and consolidate those through initiatives through
13 the agency.

14 MR. VANDERGRIFF: Board Member Rodriguez, I
15 wanted to let you know that I was in that hearing called
16 up to testify on that bill, and I made note of the fact
17 specifically of these database issues. The way the world
18 works currently, each tax assessor-collector, of course,
19 has their database relative to the county. We can talk
20 about that, but if driver's license was moved there, as
21 several bills have indicated they want to do to move
22 renewals there, and DPS has its own database, and now DMV
23 has its database, so basically all these tax assessor-
24 collector offices are going to have three databases
25 sitting side by side, and it would, in my personal

1 opinion -- and I think you probably share it -- would
2 behoove us to figure out how to consolidate those in a
3 cost-effective manner because otherwise it's going to be
4 pretty cumbersome and very difficult.

5 And we're on track to do that, whether this
6 bill goes anywhere or not; right now we're on track for
7 three databases in a county office in the not too distant
8 future.

9 MR. KUNTZ: And Executive Director Brewster did
10 a very good job during that hearing of really hanging our
11 hat on this implementation plan as kind of the critical
12 part of this. At this point in time, without really fully
13 understanding what their systems look like versus what our
14 systems look like, it's very difficult to ascertain how we
15 would take and merge these two together. And so we're
16 saying we need this implementation plan to figure all of
17 those parts and pieces out; there's a lot of moving parts
18 and pieces.

19 MR. VANDERGRIFF: And we did note in the
20 discussion the difference between a customer service
21 function, which is primarily the tax assessor-collector's
22 and this department, and a law enforcement/public safety
23 function which DPS considers to be the primary function of
24 the driver's license, and those two philosophies also have
25 to be reconciled.

1 MR. RODRIGUEZ: And regardless of how and when
2 that happens, we probably will have a TCIC bridge
3 somewhere that's going to have to be --

4 MR. KUNTZ: Absolutely. They rely on the data
5 that's in that database on a hourly, minute-by-minute
6 basis. Obviously, that's the database that they need in
7 order to do their functions on the side of the road.

8 MR. RODRIGUEZ: The point of that is that
9 they'll need access.

10 MR. KUNTZ: Absolutely. Yes, sir.

11 MR. WALKER: So this doesn't mean that the
12 automation project is flushing money down the drain on
13 something that may have to be totally changed in another
14 four years?

15 MR. KUNTZ: I do not believe so. I mean, I
16 believe that at this point in time our automation project
17 needs to be brought up as far as bringing it up into a new
18 platform, a new language that could easily be integrated
19 with another database.

20 MR. WALKER: That's my question. Will it have
21 the capabilities to be integrated into the other systems?

22 MR. VANDERGRIFF: You won't know that for sure
23 because we don't know what their system is, but that's part
24 of what we've urged the legislators to think about is that
25 this system is supposed to be flexible and scalable to add

1 things to it, but it has not been designed in perhaps the
2 same manner that driver's license has been designed. You
3 don't know that.

4 MR. WALKER: Well, I'd had to spend \$30 million
5 of the state's money and then find out that it doesn't work
6 for this project and then we'd have to do something
7 different.

8 MR. VANDERGRIFF: That was part of the
9 discussion that the department had, just to make sure that
10 everyone knew, the legislators up there, that this wasn't
11 a simple merger and it needed to be thought out. And
12 certainly from a financial perspective to the counties, to
13 the state in both its driver's license and its title and
14 registration functions, that discussion needed to take
15 place which I think the department's implementation plan
16 would contemplate if it happens.

17 My own personal feeling is the legislature has
18 gone on a path in the 2011 session in which they committed
19 over 360 additional FTEs to driver's license and the
20 multi-millions to institute mega-centers, and in this
21 legislation a couple of bills are moving very rapidly
22 through the House and the Senate which I think will be
23 overwhelmingly adopted which will allow driver's license
24 to work directly with counties on renewals. And those are
25 being sponsored by heavy hitters in the legislature in

1 both houses, so I personally expect that these two
2 agencies will be independent, other discussions should
3 probably take place, but I don't believe that's going to
4 happen in the foreseeable future, this bill
5 notwithstanding.

6 So some of the concern is probably going to
7 become moot because the legislature is moving in a
8 different direction. They liked our idea presented last
9 session which driver's license renewal should be done in
10 the counties, they're just keeping it with driver's license
11 at this point.

12 MR. WALKER: And with the DPS.

13 MR. VANDERGRIFF: Well, driver's license of
14 DPS. Excuse me.

15 MR. INGRAM: I have a question about 2875.

16 MR. KUNTZ: Okay.

17 MR. INGRAM: What has been our business
18 partners' reaction to that bill? Have you talked to the
19 independent dealers, or what have you done to reach out to
20 the people that might be impacted by that?

21 MR. KUNTZ: We haven't gone out and actively
22 sought out their comments on that one, and I say that with
23 some trepidation because while this was a study that we
24 did, we were not pushing this bill per se, this wasn't
25 that the board had on its legislative agenda, and so we

1 haven't been going out and actively working that bill, if
2 you will, to try and find out where our business partners
3 are on it. I'm not aware of anybody that's been raising
4 concerns about it. I'm open to go and talk with them at
5 any time and get their input on it.

6 MR. INGRAM: I realize that we weren't pushing
7 it, but since it's moving and we want to have some input
8 from those business partners to see how this is going to
9 impact, and it seems like that would be important.

10 MR. KUNTZ: Sure. I'll be more than happy to
11 reach out to the associations at the close of this
12 meeting. Generally, they've approached me if there are
13 issues that they found, but I'll be more than happy to go
14 out and seek out their input.

15 MR. VANDERGRIFF: And I would like to note,
16 too, that there are a number of bills, as I think
17 everybody probably understands here, that are beyond the
18 department's reach that members are moving right now, and
19 to some degree the department, as our friends in the
20 associations, moving a little bit like fire fighters,
21 trying to go work these bills to educate members about
22 what the unintended consequences might be.

23 I do think, and I think I would hear otherwise,
24 I think the department would hear otherwise if any of
25 the -- I'm not trying to single out, I'm looking over here

1 because some of the association presidents are here and
2 representatives -- I do think that they would be letting
3 Mr. Kuntz know and the executive director know very
4 aggressively if there was something that was impacting
5 them, and I think, by the grins over there, they're doing
6 that already.

7 MR. KUNTZ: I am aware that the counties were
8 actively engaged with Representative Harper Brown from
9 their perspective. I actually got word that I know at
10 least one of them had been by to see her and talk to her
11 about how this process would work. That specific tax
12 assessor-collector actually testified at the hearing as
13 well, and I know that Mr. Elliston has gone back and
14 visited with them to discuss their concerns as well.

15 MR. VANDERGRIFF: Another reason I'm delighted
16 that Luanne Caraway is going to join the board is because
17 I think you will have a new member who is very adept and
18 capable in knowing and understanding and working with the
19 legislature, as she's done for many years.

20 MR. KUNTZ: Any other questions?

21 (No response.)

22 MR. VANDERGRIFF: Thank you.

23 MR. VANDERGRIFF: You're up.

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

25 If you will recall, in the last board meeting

1 the agency started reporting out on its performance
2 measures. At that meeting there were a couple of
3 suggestions to the document, the scorecard itself, which
4 the agency is working on, one being the establishment of a
5 baseline on some of these measures where there is
6 historical information in existence.

7 The other was there was a second suggestion
8 regarding the targets. Some of the targets that have been
9 established are shorter term targets, and Vice Chair Ryan
10 pointed out that maybe if we had the perspective of what
11 the overall goal is to include in the document, we should
12 do that. The agency is working on doing that and should
13 have that information prepared for the next board meeting.

14 I do just want to briefly point out some of the
15 items that have changed. Although the overall executive
16 summary has not yet changed, there are several items in
17 the scorecard that show improvement in our measurements,
18 and I just wanted to point some of those out. I think one
19 of the benefits of having performance metrics is showing
20 where we're currently at and where we want to be, and by
21 just identifying that, we at least know where we're at and
22 we can start working on those, and I think we're already
23 seeing the fruits of that effort.

24 The first being percentage of vacancies. That
25 number, the percentage of vacancies, dropped from the last

1 board meeting from 8 percent to 7.21 percent, so we're
2 going in the right way, we're trending in the right
3 direction. Also, in terms of the percentage of reliance
4 on contractors, that number, too, went down from 5.76 to
5 4.98, so we're trending in the right direction on that as
6 well.

7 I think also of particular interest is
8 performance metric number 4, average time to resolve
9 complaints from receipt to resolution, went from red to
10 yellow. We've shown improvements in terms of non-
11 contested cases in each of those categories. So I think,
12 again, that's excellent improvement, and I want to commend
13 the staff who have we worked on those.

14 Item number 4(c), number of education programs
15 conducted by the agency. VTR did an excellent job in
16 terms of the number of training sessions it offered, it
17 exceeded the target. As well as Enforcement, too, met the
18 target by having five trainings and 293 attendees. So
19 we're moving and grooving in terms of training programs
20 being offered by the agency.

21 Finally, I thought I would point out the
22 percentage to total renewals conducted online, by mail, in
23 person. I thought it was very interesting to see that we
24 are consistently seeing more online transactions being
25 conducted for registration renewals. The average when we

1 started this process was 12 percent and we've jumped to 17
2 percent, and we believe that that is attributed to a
3 policy change that the agency made in terms of being able
4 to renew online if your registration has expired. We have
5 made some programming changes that allow those that have
6 expired not more than six months to be able to do that
7 online, and I believe that that's what we can attribute
8 that jump to.

9 MR. WALKER: Can I interrupt you there?

10 MS. BREWSTER: Yes.

11 MR. WALKER: When we do an online renewal, is
12 that done in Austin or is that done at the county tax
13 assessor-collector's office?

14 MS. BREWSTER: The transaction is obviously
15 completed online, but the tax assessor-collector mails out
16 the information. They are paid for that transaction.

17 MR. WALKER: So it still goes back to the
18 county tax assessor every time.

19 MS. BREWSTER: Yes, sir.

20 MR. WALKER: And why do we do that? Is that
21 because of the county bridge fees that we don't know about
22 here? Is that the reason?

23 MS. BREWSTER: I don't believe it is just that.
24 That has been the process for as long as we've had online
25 transactions.

1 MR. WALKER: Then why wouldn't we just go ahead
2 and handle the entire transaction right here in Austin
3 with our staff?

4 MS. BREWSTER: Centralized registration is what
5 you're referring to.

6 MR. WALKER: Yes, ma'am.

7 MS. BREWSTER: Mr. Chairman, I'm sorry. You
8 started to say something.

9 MR. VANDERGRIFF: I was going to say the policy
10 decision has been in the State of Texas that renewals, we
11 are a facilitator, a distributor, a partner, if you will,
12 but that renewals are handled at the individual county
13 level.

14 MR. WALKER: Would there be a cost savings to
15 centralize that?

16 MR. VANDERGRIFF: Well, in my personal opinion,
17 not necessarily, because we would have to jump up and add
18 people and a centralized system and the like. But there
19 have been moves actually in this legislative session. For
20 example, there are a number of counties who do not offer
21 online renewal, and yet we now have, with agreement, a
22 process that those counties, since we'll want to do that,
23 can contract with another county in order to process
24 those. So there are some tweaks to the system that I
25 think inevitably will come up.

1 MR. RODRIGUEZ: It would represent a pretty
2 significant shift from the legislative standpoint to do
3 that.

4 MR. VANDERGRIFF: Yes.

5 MS. BREWSTER: And so the last item that I
6 would just point out in terms of percentage of renewals in
7 the method that they were performed, we hit the target of
8 75 percent this month in terms of in-person transactions,
9 so we're obviously trying to drive down in-person
10 transactions in terms of from a customer service
11 standpoint, and so we did indeed meet that target this
12 month.

13 So with that, Mr. Chairman, I'll close my
14 remarks on the performance metrics, and I'd be happy to
15 answer any further questions.

16 MR. VANDERGRIFF: I think this is great, a
17 great trend and good information for us to have.

18 I would encourage, to the extent that you can,
19 to try to get these out early before the meetings so we
20 have a chance to look at them.

21 MS. BREWSTER: Mr. Chairman, there is one other
22 item that I would like to just point out that I failed to
23 before, and that is the processing time for the average
24 intrastate authority application processing time. This
25 was something that was not tracked by the agency prior to

1 the performance metrics, and it has gone 3 days, when we
2 initially started measuring it, to 1.8 days. So we are
3 very much trending in the right direction on that.

4 MR. VANDERGRIFF: That's great.

5 MS. BREWSTER: And yes, sir, we will get them
6 out earlier so that the board members have them.

7 MR. VANDERGRIFF: And I'm assuming this is a
8 Motor Carrier function. Correct?

9 MS. BREWSTER: Yes, sir.

10 MR. VANDERGRIFF: So Mr. Walker ought to be,
11 and his constituency, very happy about that.

12 MR. WALKER: Are we still doing that through
13 Mr. Poole's office, are we doing it through Mr. Elliston's
14 office?

15 MS. BREWSTER: We are doing that through Mr.
16 Poole's office.

17 And the next item is in regards to the
18 Historically Underutilized Businesses audit. I'd like,
19 Mr. Chairman, if acceptable to you, to invite Ms. Flores
20 to come up.

21 MR. VANDERGRIFF: This is called a HUB audit.

22 MS. FLORES: Yes, sir.

23 For the record again, Linda Flores, CFO for the
24 agency. And with me is David Chambers, director of
25 purchasing, and Fred Snell, who is our assistant HUB

1 coordinator.

2 As you know, state agencies are periodically
3 audited by the State Auditor's Office, and because we were
4 a new agency, we were of interest to the State Auditor's
5 Office. The very first audit that was performed for this
6 agency, as a matter of fact, was to ensure that the agency
7 had received all of the assets, resources required by
8 House Bill 3097 which created the agency.

9 Since then we've had the privilege of having
10 the State Auditors here again for a contract management
11 audit, and they reviewed the period of fiscal year '11,
12 which is September 2010 through August 31, 2011, and they
13 found some items that they brought to our attention.

14 And again, they visited us again recently to
15 look at this HUB program, which is of particular interest
16 to legislators. They put it in place to ensure that a
17 certain amount of activity and the business was directed
18 to these types of businesses.

19 And we had lots of conversations with the State
20 Auditor's Office when they came to have their entrance
21 meeting with us. We brought up the fact that we had
22 already been audited for the same time period. We felt
23 that looking again at the same time period for a different
24 program was really not going to bring additional issues to
25 light that we were not aware of.

1 This particular report is not flattering to the
2 agency. We took exception to some of the things that they
3 brought to our attention. The actual report did modify
4 the report based on some of those things that we brought
5 to their attention. For the same time period that we were
6 being audited, we were being supported by a legacy agency,
7 and some of the issues that were brought to our attention
8 had to do with reporting and documentation.

9 Some of these things included things like you
10 did not document meetings with the executive director.
11 There is a requirement that the HUB coordinator has to
12 meet with the executive director, that executive staff
13 have to attend certain meetings with regards to this
14 program. We held the meetings, what we failed to do was
15 to document it in writing and put it in our file. A lot
16 of the items that were brought to our attention had to do
17 with that type of item that was missing.

18 MR. VANDERGRIFF: Mr. Chairman, if I might.

19 MR. VANDERGRIFF: Sure, please.

20 MS. BREWSTER: I'm sorry, Ms. Flores.

21 One thing that I would like to note that in the
22 entrance meeting obviously Ms. Flores was there, I was
23 there as well, and we did state at that time that for the
24 period being audited we were dependent upon a legacy
25 agency, that it may not be an accurate reflection of the

1 TxDMV, and we offered up another time period, FY '12, to
2 look at because at that point we were on our own. They
3 chose to move forward with the time period that they
4 chose. And so I do want to point out that we did ask for
5 them to look at that and maybe readjust the year that they
6 were looking at, and they chose not to.

7 MR. WALKER: Didn't we go over all this at the
8 last board meeting also?

9 MS. FLORES: Not in detail. And I believe Ms.
10 Brewster wanted to make sure that you were aware and
11 informed about this report. The question that was posed
12 to me was how will this report be used. During a
13 legislative hearing, many times a chairperson will request
14 the State Auditor to report on audits that have been
15 conducted on the agency. That happened to us in the
16 January or February time frame when we were brought in
17 before Appropriations, and they discussed, they had the
18 State Auditors there discussing the contract management
19 report. And so we were asked about the report and what
20 kind of improvements we had undertaken to ensure that that
21 did not happen again.

22 MR. VANDERGRIFF: Let me put it in perspective
23 for the board members, particularly for three that may or
24 may not be called before a Senate nominations committee.
25 I had an nominations committee hearing before that same

1 body this Monday, and they asked me in particular about
2 the HUB audit of TxDOT, which was also not flattering to
3 them, and I had prepared for that and answered that. So I
4 do suggest, even though we're having this briefing now,
5 probably that our nominees here won't be requested to
6 appear, most of the time they're not, but in the event you
7 are, that those three, the two returning and the one new,
8 should be fully briefed and understand it as well, even
9 more than the remaining six, not to the exclusion but
10 that's important for them to know.

11 We got a hatchet job on us, basically. It was
12 unfair, and it's easily defendable.

13 MS. FLORES: But finally, all of the
14 suggestions that the State Auditor had, we've already
15 implemented all of those recommendations. We created our
16 own little database to use for all of our procurements
17 which knows all of our when we check on things about
18 what's available through a HUB or not. We've actually
19 modified our form so that when the auditor comes back we
20 can clearly show them yes, we did check these particular
21 spots to make sure that we were using a HUB.

22 And that concludes my short briefing on this
23 report.

24 MR. PALACIOS: I just want to comment. I
25 understand how auditors work, I used to be one myself, and

1 they're real sticklers on process, but looking at
2 management's response here, it seems to me the results are
3 what matter most. Texas DMV was recognized by TIBH as one
4 of the top ten customers for 2011 in purchasing of
5 products from their vendors.

6 MS. FLORES: That was one particular item that
7 we took issue with. They said that we didn't use enough
8 of the State Youth Program, and our response back was we
9 were recognized in using this particular program, we
10 received an award, so how can you identify this as a
11 finding. But as you mentioned, auditors are sticklers for
12 having written documentation to prove it up. We offered
13 the award but that's not sufficient documentation for the
14 auditor, they wanted to see reports from the Comptroller's
15 Office. So we agreed to disagree.

16 MR. INGRAM: And check.

17 MS. FLORES: And modify our forms so that when
18 they come back they can clearly see that we have that
19 documentation.

20 MR. VANDERGRIFF: Any other questions?

21 (No response.)

22 MR. VANDERGRIFF: Thank you very much.
23 Appreciate the report.

24 As I noted earlier, we are going to have a
25 short executive session. This concludes the public part

1 of our agenda.

2 Before we break we're going to take a ten-
3 minute recess before going back into a closed meeting, and
4 I would anticipate we would go into executive session
5 at -- my watch is a little different than that one, but
6 based on that clock, I'd say 11:30, anticipate it would be
7 less than 30 minutes, and we will be going under Section
8 551.074 regarding personnel matters, and it will be
9 discussing the performance and duties of the executive
10 director, and she will be joining us for that meeting but
11 it will just be us and the board through this.

12 So the last thing I'd want to say is that there
13 is a reception in the Fiesta Room by the cafeteria, and so
14 anyone here in the audience is welcome to attend, in
15 addition to TxDMV staff. And the only thing that I am
16 deeply concerned about is the whereabouts of the one
17 employee who inadvertently disclosed that reception to me.
18 I hope they are still among us.

19 MS. BREWSTER: Yes. She's way too valuable.

20 MR. VANDERGRIFF: I noticed that she's been
21 conspicuously absent here this morning, so I'm concerned
22 about her.

23 MS. RYAN: I was going to add you just invited
24 everyone to your surprise reception.

25 MR. VANDERGRIFF: For those of you that don't

1 know, one staff member asked to meet with me to discuss a
2 couple of things with the executive director and wanted to
3 know if it was before or after my party. So I've not
4 heard from her since.

5 (General laughter.)

6 MR. VANDERGRIFF: With that, we will be in
7 executive session in approximately ten minutes, and I do
8 not anticipate any action coming out of executive session.

9 (Whereupon, at 11:20 a.m., the meeting was
10 recessed, to reconvene following conclusion of the
11 executive session.)

12 MR. VANDERGRIFF: It is approximately 12:15
13 p.m. on April 11, 2013, and the Board of the Texas
14 Department of Motor Vehicles is now in open session. We
15 want to note that no action was taken in closed session.

16 And with that, I am pleased to hit the gavel
17 and say we are adjourned.

18 (Whereupon, at 12:15 p.m., the meeting was
19 concluded.)

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MEETING OF: TxDMV Board

LOCATION: Austin, Texas

DATE: April 11, 2013

I do hereby certify that the foregoing pages, numbers 1 through 100, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Nancy H. King before the Texas Department of Motor Vehicles.

/s/ Nancy H. King 04/18/2013
(Transcriber) (Date)

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