

TEXAS DEPARTMENT OF MOTOR VEHICLES

BOARD MEETING

Thursday,
October 19, 2017

Lone Star Room
Building 1
4000 Jackson Avenue
Austin, Texas

BOARD MEMBERS:

Raymond Palacios, Chair
Blake Ingram, Vice Chair
Robert "Barney" Barnwell, III
Luanne Caraway
Brett Graham
Kate Hardy
Gary Painter
Guillermo "Memo" Treviño
Johnny Walker

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EXECUTIVE SESSION

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| 19. | The Board may enter into closed session under one or more of the following provisions of the Texas Open Meetings Act, Government Code, Chapter 551:
<ul style="list-style-type: none"> • Section 551.071 • Section 551.074 • Section 551.089 | 117 |
| 20. | Action Items from Executive Session | none |
| 21. | Public Comment | none |
| 22. | Adjournment | 118 |

P R O C E E D I N G S

1
2 MR. PALACIOS: Good morning, everybody. Happy
3 October 19. It is a great day in Austin, Texas. Good
4 morning. My name is Raymond Palacios, and I'm pleased to
5 open the Board meeting of the Texas Department of Motor
6 Vehicles. It is 8:03 a.m., and I am now calling the Board
7 meeting for October 19, 2017 to order.

8 I want to note for the record that public
9 notice of this meeting, containing all items on the
10 agenda, was filed with the Office of the Secretary of
11 State on October 11, 2017.

12 Before we begin today's meeting, please place
13 all cell phones and other communication devices in the
14 silent mode, and please, as a courtesy to others, do not
15 carry on side conversations or other activities in the
16 meeting room.

17 If you wish to address the Board or speak on an
18 agenda item during today's meeting, please complete a
19 speaker's sheet at the registration table. Please
20 identify on the sheet the specific item you are interested
21 in commenting on and indicate if you wish to appear before
22 the Board and present your comment, or if you only wish to
23 have your written comment read into the record. If your
24 comment does not pertain to a specific agenda item, we
25 will take your comment during the general public comment

1 portion of the meeting.

2 And I will now begin with the roll call. Board
3 Member Barnwell?

4 MR. BARNWELL: Present.

5 MR. PALACIOS: Board Member Caraway?

6 MS. CARAWAY: Here.

7 MR. PALACIOS: Board Member Graham?

8 MR. GRAHAM: Present.

9 MR. PALACIOS: Board Member Ingram?

10 MR. INGRAM: Present.

11 MR. PALACIOS: Board Member Painter?

12 MR. PAINTER: Here.

13 MR. PALACIOS: Board Member Treviño?

14 MR. TREVIÑO: Here.

15 MR. PALACIOS: Board Member Walker?

16 MR. WALKER: Present.

17 MR. PALACIOS: Let the record reflect I,
18 Raymond Palacios, am here too. We have a quorum. And
19 also let the record reflect that Board Member Hardy is
20 absent today.

21 I'd like to begin today's meeting with agenda
22 item 2, the 2018 tentative board meeting schedule. As we
23 have in the past. The meetings are tentatively scheduled
24 to be held on the first Thursday of every month. If
25 there's a change, we'll notify everyone, and once a

1 meeting is officially scheduled, the meeting will be
2 posted on the *Texas Register* and department websites.

3 And I also want to acknowledge a very special
4 event that happened just recently. Our esteemed Board
5 Member Luanne Caraway is now a proud grandmother.
6 Congratulations on the birth of your grandson.

7 MS. CARAWAY: If anybody wants pictures, I've
8 got them.

9 (General laughter.)

10 MR. PALACIOS: We'll move on to agenda item 3,
11 the executive director's report.

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

13 Good morning, Chair, members, guests and staff.

14 At this time we would like to recognize our
15 recent retirees and employees who have reached a state
16 service milestone. We celebrate these employees as a show
17 of our appreciation for their years of service to the
18 citizens of Texas.

19 I want to welcome the family and friends of our
20 celebrants who have joined us this morning. We appreciate
21 the support you have provided over the years and for
22 sharing your loved ones with this agency.

23 Martha Yancey, from the Human Resources
24 Division, will read the service announcements. Chairman
25 Palacios, members, if you'd join me at the front of the

1 dais.

2 MS. YANCEY: Good morning. My name is Martha
3 Yancey, Human Resources Division.

4 The following employees have reached a state
5 service milestone of 20 years. Donald Burns, please join
6 Ms. Brewster and the Board members.

7 Donald transferred from TxDOT as a transport
8 investigator with the Motor Carrier Division into the
9 newly formed Enforcement Division when the DMV became
10 operational on November 1, 2009. In his role as a motor
11 carrier investigator, Donald responds to complaints and
12 investigates a wide range of motor carrier issues. He is
13 a skilled asset to our agency, and we look forward to his
14 continued service. We congratulate him on reaching this
15 milestone and we know he will continue to keep up the good
16 work.

17 Congratulations, Donald.

18 (Applause; pause for presentation and photos.)

19 MS. YANCEY: Next is Kristeaufer Phillips.

20 Kristeaufer Phillips is also in the Enforcement
21 Division. He is a transport investigator in the Fort
22 Worth office. He transferred from TxDOT and has been with
23 the DMV since November 1, 2009. Kristeaufer has extensive
24 experience in conducting motor carrier investigations and
25 he is an active participant in training law enforcement on

1 motor carrier regulations.

2 Congratulations on 20 years of state service,
3 Kris.

4 (Applause; pause for presentation and photos.)

5 MS. YANCEY: And next we have an employee who
6 has reached a state service milestone of 30 years, Jeannie
7 Weaver.

8 Jeannie came to the DMV in January of 2011.
9 Among her accomplishments she has implemented a continuous
10 improvement and change management training program at the
11 department and is currently leading the effort to
12 implement a leadership training program. Through her
13 change management efforts, Jeannie was instrumental in the
14 successful deployment of CAPPS HR/Payroll and the new
15 CAPPS learning management system. Jeannie is known for
16 her brilliant sense of humor and quick wit. She genuinely
17 cares about our employees. Jeannie has exhibited a great
18 spirit of service throughout her 30 years of state
19 service.

20 Congratulations, Jeannie.

21 (Applause; pause for presentation and photos.)

22 MS. YANCEY: The following employees reached a
23 25-year state service milestone but were unable to join us
24 this morning: Shebia Harrison from Vehicle Titles and
25 Registration Division, and Mary Chacon, Information

1 Technology Services Division.

2 And last, the employees who recently retired
3 from the agency are: Rose Guillen, Helen Guerrero, Paula
4 Noland, Debbie Fromme, Doris Curl, Barbara Bonner, Patrick
5 Palmer, Bill Harbeson, Carol Primrose, Charles Landers,
6 Lori Smith, Beverly Trumble, and Yolanda Johnson.

7 Thank you.

8 (Applause.)

9 MS. BREWSTER: Thank you, Mr. Chairman, members
10 of the Board.

11 Moving on to item 3.B, I just wanted to provide
12 the Board with an update on the Sunset review process. As
13 you know, the department is currently undergoing its first
14 Sunset review. Since the last time the Board met, the
15 agency has submitted its Sunset self-evaluation report. A
16 few weeks ago, the entire executive team and I met with
17 the Sunset review team, headed by Amy Tripp, and also
18 present was Ken Levine, the executive director of the
19 Sunset Commission. It was a general overview of the
20 department, each of our programs, and we talked about our
21 key purpose and functions.

22 Shortly thereafter, the division directors and
23 subject matter experts from each of the divisions began
24 meeting in small groups with the Sunset review team to
25 give presentations on their programs and to answer

1 questions from the team. The goal of these meetings is to
2 provide a more in-depth look at the department's
3 functions, look at the overall purpose, goals and
4 objectives of each of our programs and how each of the
5 programs accomplishes the agency's goals.

6 As of today, we've held ten of those in-depth
7 meetings with the Sunset team, and it's my understanding
8 that the Sunset team will also be making field visits to
9 our Austin Regional Service Center and other offices
10 within the state in the very near future.

11 After they conclude their onsite meetings, they
12 will also continue to talk with staff and gather
13 information. They'll also be reaching out to each of you
14 individually, as well as the ABTPA Board members. They'll
15 also be reaching out to our stakeholders, including the
16 tax assessor-collectors, associations and other government
17 partners, in an effort to better understand TxDMV and how
18 we serve the motoring public.

19 After gathering as much information as
20 necessary, the Sunset review team will then put together a
21 staff report that identifies areas that may need
22 improvements and make specific recommendations for
23 positive change within the agency, and they anticipate
24 that that staff report could be published potentially as
25 early as April.

1 About a month after that report is published,
2 the Sunset Commission will meet to hear public testimony
3 of the department and the recommendations of the Sunset
4 staff, and based on that public input and the Sunset staff
5 report, the Sunset Commission will adopt recommendations
6 for the full legislature to consider in the next
7 legislative session when it convenes in January of 2019.

8 The agency has posted information about the
9 Sunset review process on our website, including a link to
10 the Sunset's website, so anyone can view our self-
11 evaluation report. We have also provided information
12 about how individuals can contact the Sunset Commission
13 directly if they want to share thoughts about the
14 department, so that information is currently posted on our
15 website.

16 In closing on the topic, I'd just like to
17 briefly share a couple of thoughts about the Sunset review
18 process thus far. I want to begin by commending all of
19 the TxDMV staff that have participated both in the
20 compilation of the self-evaluation report, as well as
21 those that have participated in the initial meetings with
22 the Sunset review staff. Everyone, I believe, has treated
23 this process with the respect and professionalism that it
24 deserves and that we've come to expect from our
25 department, and from day one, the TxDMV has taken this

1 process as an opportunity for positive change and growth
2 for the department so that we can truly achieve greater
3 efficiencies and effectiveness and just become a better
4 department altogether. So we are embracing this process
5 to make positive change in the organization, we look
6 forward to continuing to work with the Sunset review team,
7 and certainly with members of the legislature to ensure
8 that we uphold the mission of this agency.

9 And with that, I'd be happy to answer any
10 questions that you all have.

11 (No response.)

12 MS. BREWSTER: Hearing none?

13 MR. PALACIOS: Please proceed.

14 MS. BREWSTER: If you'll recall, item 3.C is
15 the interagency agreement between TxDOT and TxDMV. This
16 is just a brief update to let you that that interagency
17 agreement was executed with both my signature and James
18 Bass, fully executed on September 13, 2017.

19 Yes, sir, Mr. Walker.

20 MR. WALKER: I know we gave you some permission
21 to make some adjustments to that. Were there any
22 adjustments made to the final agreement other than the
23 ones that we approved?

24 MS. BREWSTER: No, sir, there were no
25 substantive changes from the draft that you saw in your

1 board books the last meeting.

2 MR. WALKER: Okay. Thank you.

3 MS. BREWSTER: Thank you.

4 Moving along, I just wanted to provide an
5 update to the Board on the agency's response to Hurricane
6 Harvey. As Hurricane Harvey made landfall on August 25,
7 it impacted several of our TxDMV regional service centers.
8 TxDMV staff accelerated the San Antonio move just ahead
9 of the storm which was an enormous undertaking, and I just
10 want to take a moment to thank the Vehicle Title and
11 Registration, the Finance and Administrative Services and
12 the Information Technology Services divisions for their
13 quick action and their commitment to our customers to
14 avoid disruption to the service that we provide to our
15 customers. That San Antonio office opened without a hitch
16 despite the amazing amount of rainfall, and imagine moving
17 in that. I just really want to take a moment to thank our
18 staff who committed to doing that on an accelerated
19 timeline. So if you'll join me in thanking them for that.

20 (Applause.)

21 MS. BREWSTER: Our Corpus Christi Regional
22 Service Center was able to reopen on Wednesday, August 30.
23 The Houston Regional Service Center was able to reopen on
24 Tuesday, September 5. Unfortunately, because of adverse
25 impacts of the hurricane, we did not have electricity in

1 our Beaumont office for quite some time, but we were able
2 to reopen about 10:00 a.m. on Tuesday, September 12. I am
3 very happy to report that no property insurance related
4 claims had to be made at any of our regional service
5 centers, which is pretty remarkable. Although, I know
6 several offices, including tax assessor-collector offices,
7 were impacted. I'm even more pleased to be able to report
8 that all of our TxDMV employees were safe as the storms
9 moved through, so we count our blessings.

10 A total of 47 employees were granted emergency
11 leave resulting from the closures at a cost of \$42,619.
12 TxDMV expects to incur additional operating expenses
13 resulting from an increase of the number of salvage and
14 rebuilt titles issued by the department for vehicles that
15 have been damaged, primarily from flooding. The agency
16 has hired 23 temporary staff. The majority of those are
17 in the Vehicle Title and Registration Division, but we
18 also have two in the Finance and Administrative Services
19 Division, to address the additional workload with plans to
20 hire additional staff as needed.

21 The turnaround time for titles from the time we
22 receive the application to the time the title is issued is
23 currently hovering at six days. In addition to working
24 overtime, we have re-purposed our staff to assist with the
25 volume and we're looking at working overtime this weekend

1 to further reduce the turnaround time on those titles.

2 The past two weeks we've averaged 3,800
3 applications processed a day which is a significant
4 increase for this agency. The estimate that we we're
5 looking at in terms of flooded vehicles is 500,000 to a
6 million vehicles, whereas, our agency in a typical year
7 processes 300,000, so you can see the enormous increase in
8 the workload for our staff, particularly in the title
9 arena. The workload is expected to peak this month and
10 then also in November, but we will be experiencing an
11 uptick for quite some time to come.

12 I would like to share with you, though, a
13 recent comment that we received from the insurance
14 industry because I think this gives you kind of a good
15 snapshot of how we are treating the significance of the
16 storm. "We continue to use you as the poster child on how
17 to respond to a catastrophe. We are hoping that more
18 states take a lesson from you." So I just thought that
19 was important to share, especially considering the amount
20 of time and effort that our staff is putting into making
21 sure that these vehicles are branded properly to ensure
22 safety of our motoring public.

23 We are continuing to provide actual and
24 projected fiscal impacts to the Governor's Office, as well
25 as the Legislative Budget Board, and periodic updates will

1 occur over the next several months as state agencies
2 complete their damage assessments.

3 I do also want to talk about some cultural
4 things that we have done at the agency as a result of
5 Hurricane Harvey and the impacts it has had. In addition,
6 staff at the Austin headquarters created and participated
7 in multiple fund-raising efforts to help members of our
8 TxDMV family who were directly impacted by the hurricane.

9 The outpouring of support and generosity over the last
10 several weeks has been really overwhelming. We have
11 enjoyed a lot of food together, a lot of funny photos, we
12 had a book fair, we had several raffles and lots of pies
13 in the faces of directors which was a lot of fun.

14 MR. INGRAM: We missed that?

15 MR. PALACIOS: Why didn't you invite us to that
16 one?

17 (General laughter.)

18 MS. BREWSTER: We have pictures on the intranet
19 and we'd certainly be happy to share those with you. A
20 rather impressive grand total has been raised, including
21 all of the events, contributions from staff and the
22 absolute generosity of members of this Board, we have been
23 able to raise collectively \$12,394.32 for our staff. This
24 is a remarkable amount to raise in such a short time, and
25 I just want you to know what this money is going towards

1 because I think that's important for you to know. We have
2 identified 13 employees with direct impacts from the
3 hurricane, including very significant damages to homes, as
4 well as medical equipment and supplies, medically
5 customized vehicles and other everyday necessities such as
6 roofing and flooded vehicle repairs.

7 In addition to those impacted, we had
8 opportunities to meet many of our fellow employees outside
9 of our normal business and built friendships and
10 relationships. Overall, I'd just say that this effort has
11 been a testament to the kindness and the service of our
12 employees and our Board. And a comment recently shared
13 with me by one of our employees, I think reflects just the
14 overall tone: "It touches my heart that others I work
15 with have been so giving of their time and money to help
16 others that we may never meet but are part of our work
17 family." So my feelings exactly.

18 So I just want to take a moment to recognize
19 the staff and recognize our Board for all that it has
20 done. The effort was for those impacted employees but it
21 really brought the team together, and I just want to take
22 a moment to recognize and thank you.

23 MR. PALACIOS: Hear, hear.

24 I want to interrupt a little bit, Ms. Brewster,
25 and really want to commend all of our staff for the quick,

1 the decisive and the effective measures that you've taken
2 during this catastrophe. As you know, Hurricane Harvey
3 was an unprecedented catastrophe. It's estimated that it
4 dropped approximately altogether about 27 trillion gallons
5 of water. In Houston alone, it's estimated that it
6 dropped about 15 trillion, and just to put that in
7 perspective, Hoover Dam holds about 9 trillion gallons of
8 water, so just imagine Hoover Dam and a half, or more
9 actually, just being unloaded on a city in such a short
10 time.

11 For the degree of the catastrophe, putting into
12 perspective everything that our staff did, I think it's
13 just remarkable and I just want to commend everybody for
14 what you have done to mitigate the damages to the extent
15 that we could. I know beyond, I guess, the work that we
16 did, can you talk a little bit about the extension of the
17 fees that were in place, and I believe they're still in
18 place as well. Correct?

19 MS. BREWSTER: So thank you for bringing that
20 up. The agency worked very closely with the Governor's
21 Office regarding extensions and waivers to help provide
22 relief to the citizens of Texas as a result of the storm.

23 The agency worked with the governor and the governor made
24 an initial extension of registration and inspection
25 enforcements to delay enforcement for 45 days. Recently

1 there was a further extension of that for an additional 30
2 days, so that is still in effect.

3 A couple of extensions that are no longer in
4 effect but were for 45 days is not requiring a \$2 fee for
5 registration receipts, duplicate receipts. There were
6 many people needing to come in to get duplicate receipts
7 to be able to receive funding, specifically disaster
8 related funding through FEMA. Those fees were waived to
9 allow for them to come in and get those duplicate receipts
10 that were necessary to get that much needed funding.
11 Additionally, the late transfer title fee was suspended to
12 allow for people to be able to obtain a certified copy of
13 their titles, because we were hearing a lot from customers
14 that they had lost their titles, they didn't have access
15 to any of that information, and so we were able to work
16 with the Governor's Office to be able to waive those late
17 transfer fees as well, in addition to suspending
18 international registration plan and IFTA taxes to allow
19 motor carriers from other states traveling into Texas to
20 be able to respond to the hurricane.

21 And I do want to thank the Governor's Office
22 and Governor Abbott for their quick action and their
23 dedication and leadership through this storm that still
24 continues. As we all know, it's not over and we're
25 continuing to have that dialogue with the Governor's

1 Office and it has helped tremendously relieve the burden
2 of the people across the state. And our Consumer
3 Relations Division, I had an employee recently come up to
4 me and say: People have called in tears with gratitude
5 for the extensions that have been allowed to give them
6 time to rebuild and get back on their feet.

7 MR. PALACIOS: Thank you, Ms. Brewster.

8 MR. WALKER: I have a question, two questions.
9 Earlier in your comments you made a comment, I don't
10 remember the exact amount that you had, people were
11 granted leave and it was at a cost to the agency of
12 \$47,000. Explain that to me, how would that cost the
13 agency?

14 MS. BREWSTER: Well, that's the total amount.
15 Under certain circumstances, an executive director can
16 extend to employees emergency leave. Emergency leave is
17 in addition to the vacation and sick time that they accrue
18 as an employee based on years of service, so this is
19 additional leave on top of that.

20 MR. WALKER: But there's no additional cash
21 expenditure there, is there?

22 MS. BREWSTER: No, sir.

23 MR. BARNWELL: It's an identified cost to the
24 agency.

25 MR. WALKER: It's just payroll but there was

1 already an expenditure to the agency, you're just double
2 stating it.

3 MS. BREWSTER: That's correct.

4 MR. WALKER: That's my first question.

5 The second question is that there's 500,000 to
6 a million, and I've heard all kinds of numbers. I
7 guarantee there's over 100,000, I can show you that many
8 sitting on the side of the road in Columbus, Texas. It
9 would seem to me -- and I was going to ask Linda this
10 question when I was going through the financials last
11 night -- it seems like that would be a boom to this agency
12 because if I'd lost my car, I'm going to have to go buy a
13 new car and registrations should be up by half a million
14 to a million vehicles. Is registrations not up, Linda?

15 MS. FLORES: Not yet.

16 MR. PALACIOS: Everybody who has lost a car has
17 to buy a new car. Right?

18 MS. BREWSTER: We have not realized that
19 uptick, Member Walker.

20 MR. WALKER: We're not seeing any? The people
21 that sell cars aren't selling more cars?

22 MR. PALACIOS: Not in my area, but what we've
23 seen in Houston and the affected areas, the sales are
24 setting records right now.

25 MR. INGRAM: There's a lag.

1 MS. BREWSTER: There is a lag. We will likely
2 start to see that, and we will provide information,
3 obviously, as we move forward on how the hurricane is
4 continuing to impact the agency.

5 MR. WALKER: So, Linda, let's just use a
6 hypothetical number and let's just say it's half a million
7 cars are destroyed by the flood.

8 MR. INGRAM: It's going to be more than that.

9 MS. FLORES: For the record, Linda Flores,
10 chief financial officer, and with me is Jeremiah.

11 MR. BARNWELL: What's his last name?

12 MR. KUNTZ: For the record, Jeremiah Kuntz,
13 Vehicle Titles and Registration Division director.

14 MR. WALKER: So just for a hypothetical, if
15 half a million cars were destroyed that are going to go
16 and get a salvage title, somebody is going to take -- I've
17 been told -- and they're going to auction all those cars
18 off at auction, and they will be either destroyed or
19 retitled as salvage vehicles and sold again, so there will
20 be potential of a registration on all these salvage
21 vehicles, and then everybody got insurance checks that
22 lost a car that will be buying replacement cards, so there
23 is a potential upside to the agency here of maybe a
24 million registrations. Is that not correct?

25 MS. FLORES: That is correct.

1 MR. WALKER: Which is huge for the State of
2 Texas.

3 MS. FLORES: As mentioned, there is going to be
4 a lag between when we start to see the impacts of that
5 transaction, but we have not seen that yet. We're
6 watching our registrations on a daily basis to see what
7 we're actually getting in so that we can modify our
8 estimates for the next year. Some of those salvage
9 vehicles will, as you know, find their way back on the
10 street. We do know that there is a lot of potential out
11 there for someone to keep their vehicle, even though it's
12 been branded as a salvage title, so there may not be that
13 one-for-one turnover that you're describing.

14 MR. KUNTZ: So we are watching those numbers.
15 To give you a little bit of, I guess, where we're at in
16 the process, we have a weekly call with the insurance
17 industry as well as NICB. NICB actually has a report that
18 they get from the insurance industry on how many insurance
19 claims are processed. To date there have been
20 approximately 430,000 insurance claims that have been
21 processed.

22 MR. WALKER: How many?

23 MR. KUNTZ: 430,000. That number grows every
24 single day. I don't know if it's still growing at this
25 rate, but initially it was growing at about 15,000

1 vehicles a day, and so those are rolling in. Now, those
2 claims are only for vehicles that had a full coverage
3 policy, so if somebody only had a liability insurance
4 policy or did not have insurance, we aren't seeing those
5 vehicles coming in. There's a requirement for those
6 individuals to obtain a salvage title in the statute,
7 however, we know that a lot of people are not aware of
8 that or not coming in and actually processing those
9 salvage titles if they did not have insurance. The
10 insurance industry is required to process a salvage title
11 if they pay a total loss claim, and so the ones that we
12 know for sure that we're going to see are the ones that
13 had full coverage insurance.

14 So again, we're at about 430,000 that had full
15 coverage insurance, we don't know how many did not have
16 insurance or had liability insurance. Those will be kept,
17 most likely, but that individual or sold, and so when you
18 look at the full number of a potential of a million
19 vehicles out there, a large section of those didn't have
20 insurance or did not have full coverage insurance, and so
21 we're most likely not going to see those.

22 We are trying to work with FEMA right now.
23 When FEMA goes out to provide relief to somebody that was
24 harmed, one of the programs that they have is a vehicle
25 replacement program, it's a repair or replace, and so we

1 are trying to get information on those claims that they
2 have made so that we can take those and also look at those
3 vehicles because they only make claims for vehicles that
4 did not have full coverage but that had liability
5 insurance. So we're trying to find out as many vehicles
6 as we can so that we can identify them for salvage
7 purposes and branding purposes, but there's going to be a
8 large section of that vehicle mix that's not reported to
9 us.

10 MR. WALKER: So has anybody run the rough
11 preliminary numbers on projections of a million cars or
12 half a million cars, there's no salvage value on the
13 registrations to those cars. Correct? They paid \$50 to
14 go get their car registered or renewed it during the year.

15 All those plates are sitting out there in the parking lot
16 of the salvage yards, there's no credibility to those.
17 Correct?

18 MR. KUNTZ: If there is a remaining portion on
19 that registration, it can be claimed with the department,

20 MR. WALKER: Did anybody take tags off of cars
21 or did they just leave them on all the cars?

22 MR. KUNTZ: I'm sure that there's tags on
23 there, but one of the things that can be processed with
24 the department is a credit for the unused portion of that
25 registration sticker, so if they scrape it off, they can

1 come in and get credit for that unused portion of that
2 registration.

3 MR. WALKER: Do we think anybody is going to do
4 that, or is it pretty much going to be that there's a half
5 a million registrations that just went away that we're
6 going to realize a boom to this agency of half a million
7 dollars worth of new registrations, not only just new
8 registrations, new titles have to be issued on all those
9 cars, and that's 25 bucks for a title transfer, so 25
10 times a million, that's \$25 million.

11 MR. KUNTZ: Now they're \$24 to \$33.

12 MR. WALKER: Thirty-three million dollars right
13 there, and then you've got a boom to the state with the
14 sales tax because everybody is going to have to pay a
15 sales tax on all of them. The boom to the state is in the
16 hundreds of millions of dollars, is it not?

17 MR. KUNTZ: There is definitely a potential for
18 increased revenue from this event, just like you said,
19 from the registration and titling of those vehicles. The
20 part that makes this challenging is not knowing, one, how
21 many of those vehicles were going to get replaced this
22 year anyway, so there's going to be some number of those
23 vehicles that would have been replaced whether the event
24 had happened or not. There's also going to be some number
25 of vehicles that their registration was coming due and so

1 they were at the 11th or 12th month of their registration
2 sticker, and therefore, were going to be renewing anyway.

3 But yes, to your point, yes, there is definitely a
4 potential for increased revenue from that changing of
5 vehicles out, but there's some other things that you would
6 have to balance against that as well for the things that I
7 just mentioned.

8 MR. WALKER: We just have to be careful -- and
9 you've got a real good person sitting next to you in Linda
10 Flores because I've worked with her now for eight years --
11 we just need to make sure going forward that we don't use
12 all of those distorted numbers in our projections going
13 forward in the following years.

14 MR. KUNTZ: Sure.

15 MR. WALKER: Thank you.

16 MR. PALACIOS: Thank you, Mr. Kuntz and Ms.
17 Flores.

18 MS. BREWSTER: Mr. Chairman, if I may move
19 along.

20 MR. PALACIOS: Yes, please proceed.

21 MS. BREWSTER: I just wanted to provide an
22 update on the operational plans of the agency, both for FY
23 '17 and '18. The agency completed 18 initiatives, and by
24 that, think of initiatives as special projects. Above and
25 beyond the projects that are regularly reported by Ms.

1 Sandberg through the Enterprise Project Management Office,
2 just some of these include Finance and Administrative
3 Services improvement to inventory, IT's annual system
4 access validation, establishment of that process and
5 working through that, Motor Vehicle Division continuing to
6 make enhancements to the eLICENSING system, the Office of
7 Administrative Hearings conducting a focus group to make
8 process improvements within the hearings process. I just
9 want to make sure that the Board is aware that even
10 thought all of these things aren't reported out on, these
11 are significant improvements to the agency, and we have a
12 report of all of those initiatives that we will be posting
13 to the intranet and the internet for anyone to take a look
14 at.

15 Looking forward into FY '18, there are 22
16 proposed initiatives, some related to the Finance and
17 Administrative Services' facilities maintenance transition
18 with TxDOT, Human Resources' development of a training
19 program for the agency, Motor Carrier Division's
20 streamlining of the TxPROS heavy permit process and
21 enhancements and expansion to that system, Vehicle Title
22 and Registrations' regional office re-engineering project.

23 So there are a number of things that the agency
24 has completed and that we're looking forward to. That
25 report, too, will be posted for everyone's viewing

1 pleasure, but I just wanted to provide an update on those
2 efforts and answer any questions that you have.

3 Mr. Chairman, moving along, I do want to take a
4 moment to introduce Corrie Thompson to you. Corrie, don't
5 be shy. Corrie is currently serving as the interim
6 director of the Enforcement Division. In this role she
7 oversees enforcement of statutes and administrative rules
8 affecting the motor vehicle distribution, salvage and
9 motor carrier industries. Her role also includes
10 oversight of the section responsible for administering the
11 Lemon Law program and warranty performance program.

12 She previously was the managing attorney,
13 supervising attorneys who handle the administrative
14 prosecution of motor vehicle/motor carrier,
15 oversize/overweight and salvage vehicle dealer cases. And
16 she also participates extensively in the dealer training
17 seminars across the state, so some of our stakeholder
18 groups have probably seen her in action. Prior to joining
19 the agency in 2013, she prosecuted cases involving
20 Medicaid provider fraud, waste and abuse for the Texas
21 Health and Human Services Commission, Office of Inspector
22 General.

23 She has a bachelor's degree from St. Edward's
24 University and a law degree from University of Houston and
25 is licensed by the State Bar of Texas.

1 With that, please join me in welcoming Corrie.

2 MR. WALKER: She's married to an Aggie, by the
3 way.

4 MS. BREWSTER: And she is married to an Aggie.
5 (Applause.)

6 MS. BREWSTER: Corrie is a go-getter and it's
7 great to have her in this role, she's been very helpful.

8 In closing, Mr. Chairman, I wanted to just give
9 an update on the Application Migration Server
10 Infrastructure Transformation project. I'm going to just
11 say AMSIT because that's a mouthful. It was completed on
12 August 31, 2017, the planned end date, with an actual cost
13 of \$2.3 million and a budget of \$7.4 million, so do the
14 math, that's about 69 percent under budget. So with the
15 Board approval and with notification to the Legislative
16 Budget Board, as well as to the Governor's Office, the
17 balance remaining from that project was transferred into
18 the TxDMV's automation fund as of September 1.

19 All TxDMV files and data stored on servers in
20 TxDOT's data center were successfully moved to the Austin
21 Data Center and our network security operations center was
22 also established, completing our technology separation
23 from TxDOT.

24 Eric Obermier, TxDMV CIO, ably served as our
25 executive sponsor, shepherding the executive steering

1 committee and project team to a successful outcome. This
2 required extremely complex technical solutions, including
3 new log-in security requirements and finessing
4 communication with internal and external RTS users to
5 inform them about the changes, and this truly was an
6 enterprise-wide project. We had approximately 70 staff
7 from all TxDMV divisions contributing to this project. We
8 are very appreciative of the dedication of all of our
9 staff who worked on this effort, it was a tremendous lift.

10 And I want to recognize a few contributors who
11 went above and beyond the call of duty to make this
12 milestone in the life of our department, because this is a
13 true milestone, a reality. And if they're here, I would
14 like them to stand, and I will start with Rita Abdeladim.

15 She was our project manager and helped us stay organized
16 and focused and moving forward on time and under budget.
17 Mike Barrada, Tom Benavides, Tammy Briggs, Ed Brown,
18 Adrienne Carter, Laura Dennis, Kimberly Jaso, Chris
19 Kanute, John McCartney, Jonathan O'Quinn, Corby Quiqley,
20 Ana Ramirez, Ray Rowehl, and Steve Williams. You see
21 they're not standing up because they're busy at work.

22 So with that, please join me in giving them a
23 huge round of applause for a job well done.

24 (Applause.)

25 MS. BREWSTER: And with that, Mr. Chairman,

1 that concludes my rather lengthy executive director
2 report. Thank you for the time. Members, thank you.

3 MR. PALACIOS: Thank you, Ms. Brewster.

4 Let's move along now to agenda item 4, the
5 finance and audit briefing. We'll first address agenda
6 item 4, and I'll turn it over to Ms. Linda Flores, Sandra
7 Menjivar and their staff, and Ms. Renita Bankhead as well.

8 MS. FLORES: Good morning, members, again.
9 Linda Flores, chief financial officer for the Texas
10 Department of Motor Vehicles.

11 This is item 4.A and it is a briefing item
12 only, no action is requested from the Board. It is a
13 presentation of activities in the DMV Fund for the month
14 ending August 31. This information can be found in your
15 board book on page 7 and page 8. As I mentioned, this is
16 for the month ending August 31, which is also our fiscal
17 year-end.

18 We began depositing DMV fees into this fund
19 September 1, 2016. We've collected approximately \$167
20 million, but the biggest chunk of that was the one-time
21 deposit of \$23 million. Our expenditures for the year
22 were \$113.4 million, and then when you tacked on fringe
23 benefits and convenience fees and the Texas.gov fees for
24 the online processing and handling fee, our total
25 obligations were \$132.7 million. So at the end of the

1 year, I think the biggest take-away was that our ending
2 balance is currently at \$41.5 million.

3 So to kind of sum it up, we did not have to
4 touch that one-time transfer, so we were able to support
5 ourselves with what we were bringing in, and to Mr.
6 Walker's point, we like to make sure that we're very
7 conservative in our estimates. That fund balance stays in
8 that fund and it is available for future appropriations or
9 future uses.

10 MS. BREWSTER: Mr. Chairman, if I may?

11 MR. PALACIOS: Yes.

12 MS. BREWSTER: Ms. Flores, doesn't the agency
13 spend approximately \$10 million a month in operating?

14 MS. FLORES: Yes.

15 MS. BREWSTER: So just to put that into
16 perspective, a balance of about \$40 million would
17 represent about four months of operating expenses for the
18 agency.

19 MS. FLORES: Correct. Our payroll, as you can
20 see, is about \$37- for the year, so if you divide that by
21 12, you're looking at \$3-1/2 million just in payroll.

22 Moving on, if you don't have any questions,
23 we'll move on to the quarterly financial report, and that
24 can be found on page 11 of your board book. Again, this
25 is for the quarter ending August 31, 2017. It's a

1 briefing item and no action is requested from the Board.

2 Just to kind of give you a really quick update
3 on My Plates, they met their \$50 million obligation to the
4 State of Texas in the third week of August. They have
5 deposited to general revenue \$31 million, and I think
6 there's two more years left in their contract.

7 With regards to overall DMV Fund collections,
8 while we did not necessarily meet our projection, we did
9 collect significantly more revenue than we did in fiscal
10 year 2016. Last year for all deposits, we had collected
11 \$1.75 billion, this year we collected \$1.8 billion, so
12 again, even though we didn't hit our targets, we were
13 about 2.2 percent short, we did collect more money for the
14 state.

15 And with that, I'll turn it over to Ms.
16 Bankhead so she can give you a rundown of our
17 expenditures.

18 MS. BANKHEAD: Good morning. For the record,
19 I'm Renita Bankhead, assistant chief financial officer.

20 Beginning on page 16 of your materials, the
21 department obligations, expenditures and encumbrances, at
22 year-end, our fiscal year ends August 31, totaled \$158
23 million. That's over 80 percent of our approved budget of
24 \$195.7 million. The remaining budget includes UBs,
25 unexpended balances authority, and lapses as shown on the

1 square to the right of the pie chart. If you adjust for
2 the UBs for the capital budget and for Bull Creek, we did
3 have authority to move forward any balances that were
4 remaining for the Bull Creek relocation, a salary lapse
5 related to the mandated hiring freeze, and unspent
6 authority for Texas.gov and My Plates, the estimated year-
7 end lapse is about \$5.6 million, and that's about 2.89
8 percent of our approved budget. The lapse that we had at
9 this time last year was about \$6.3 million, so we're a
10 little bit less than we were last year.

11 The majority of that lapse, which you see it
12 there on the square to the right down at the very bottom,
13 a portion of that lapse is GR balances and capital
14 authority that we do not have authority to move forward,
15 we only have authority to carry forward automation
16 balances, but any balances in projects such as the RSC
17 relocation, agency growth and enhancement and a tiny
18 little piece of AMSIT -- we left a little bit of AMSIT
19 there because we weren't sure about our expenditures, so
20 it was a few hundred thousand dollars that was left
21 there -- that is mostly in GR.

22 The remaining lapse, which is in the TxDMV Fund
23 which is about \$4 million, is related to savings generated
24 as a result of reductions in the amount that we had
25 estimated that we needed to pay to TxDOT and any other

1 operating balances. As Linda said before, any of the
2 balances in the TxDMV Fund, they revert back to the fund,
3 they remain in the fund and are available for
4 appropriations, the GR portion goes back to the
5 Comptroller.

6 And just briefly to talk about our capital
7 budget. At the end of the year the capital budget
8 obligations totaled \$36.6 million, and our expenditures
9 were primarily in the automation program, data center, and
10 the county growth and enhancement project. And the
11 biggest piece of the county growth and enhancement project
12 was for the county equipment refresh project which
13 successfully ended in May 2017, and it provided printers
14 and computer upgrades to 508 county offices.

15 The remaining budget, which is that gray piece,
16 90 percent of that are balances in automation that we will
17 be able to carry forward, and the remaining balance that I
18 just talked about, which part of it is GR and the rest is
19 a teeny-tiny piece to the DMV Fund.

20 So that concludes my presentation. Are there
21 any questions?

22 MR. WALKER: So, Renita, on the lapsed funds --
23 I don't know how to ask the question, I guess. The \$41
24 million, let's just start at the \$41 million that we
25 didn't use that was given to the agency in the self-

1 directed --

2 MS. FLORES: You mean the \$23 million?

3 MR. WALKER: Wasn't it \$41-?

4 MS. FLORES: Well, that's the ending fund
5 balance.

6 MR. WALKER: But you said we were given that
7 much money to operate the agency.

8 MS. FLORES: That represents approximately four
9 months of operating costs that we normally spend.

10 MR. WALKER: But when the agency was started
11 up, we were funded wasn't it \$41 million?

12 MS. FLORES: No. \$23-.

13 MR. WALKER: Twenty-three. So the \$23- that we
14 didn't actually use, we've been able to operate off of the
15 actual processing and handling fee revenue, so will that
16 money lapse back or do we get to keep that in the self-
17 directed fund of our own?

18 MS. FLORES: That \$23 million that we did not
19 touch stays in the fund.

20 MR. WALKER: So we don't have to give that
21 back.

22 MS. FLORES: No, sir.

23 MR. WALKER: Okay. That's my question.

24 MS. BREWSTER: And just to be clear, the
25 processing and handling fee is part of the revenue but

1 there are a number of other fees that were directed to the
2 TxDMV Fund to cover the operating costs of the agency, so
3 I just wanted to make clear it's not that one fee that is
4 bringing in the revenue to cover the costs of the agency.

5 MR. WALKER: I've got to get this clear in my
6 mind. When we do our legislative appropriations, our next
7 one, do we have to take that money into consideration in
8 the process?

9 MS. FLORES: We take it into consideration that
10 if we were to go out -- for example, during the
11 legislative appropriations request compilation, we have an
12 opportunity as an agency to request an exceptional item
13 that is over and above our base. It is a better idea or
14 better strategic plan that if you have an extra request,
15 that you have the funding to go along with that. So if we
16 had fund balance, a positive fund balance that could help
17 support that request, that is better received by the
18 legislature.

19 MR. WALKER: And you're making a good point.
20 So what you're saying now is that for the past seven years
21 we've been doing this, or eight, whatever it is, we have
22 gone out here and put exception items on let's just say 20
23 cars that we need for the agency, and the legislative
24 appropriations people kick it back and throw those back
25 and say, No, we don't have the money for 20 cars.

1 However, if we have these funds available through our -- I
2 don't know whether you call it lapsed or whether you call
3 it available in our fund, that money could be used for
4 exception items and we fund exception items through our
5 own money instead of through the state's money.

6 MS. FLORES: Yes, sir, that is correct.

7 MR. WALKER: Oh, that's a great thing the.
8 Okay. Thanks.

9 MR. PALACIOS: Any further questions?

10 (No response.)

11 MR. PALACIOS: I guess we'll move on to the
12 facilities update then.

13 MS. FLORES: Thank you.

14 Moving on to item 4.C, the facilities update,
15 again, this is a briefing item, and with me is Ms. Ann
16 Pierce from Administrative Services.

17 As you know, the agency, and as you can see for
18 yourselves if you've parked in our parking lot, you
19 noticed that we have a smoother surface in the parking
20 area, and you've noticed some fences along the courtyard
21 here, and there's been some digging going on. So I'm
22 going to turn it over and let Ann kind of give you an
23 update of what's going on.

24 MS. PIERCE: For the record, Ann Pierce,
25 director of Administrative Services. Good morning,

1 everyone.

2 Like Linda said, we've had quite a bit going
3 on. The parking lot is very improved. TxDOT initiated a
4 project and we worked very closely with them to not only
5 improve the surfacing of the parking lots and the lighting
6 in the parking lots, but also to actually increase the
7 overall number of parking spaces, which has been a great
8 blessing. Overall we got an extra 26 parking spaces at
9 Building 5 next door and an additional 24 here, and we've
10 received lots of compliments that we have to pass on to
11 the contractors and TxDOT and the collaborative efforts
12 that went into making that a reality.

13 One thing that we did notice, unfortunately,
14 the project did everything it was supposed to do with the
15 resurfacing, the improvements of the lighting, and it was
16 completely in compliance with requisite ADA requirements,
17 but we do have a little higher population of ADA related
18 needs in this building and that became very evident early
19 on. So we were very fortunate, we went to Linda and with
20 her and Whitney's help we were able to find a little bit
21 of funding to go towards adding some ADA parking that you
22 would see on the north side of the building over in the
23 employee side, and that actually opens up the ADA parking
24 that we normally have out front -- when we don't have
25 construction going on -- for our visitors. So that's been

1 a blessing, we've received a lot of compliments about
2 that. People are very pleased, even those that were not
3 using the ADA parking, they were very pleased to see that
4 we put attention towards that to make sure we took care of
5 our fellow employees.

6 One other thing that we've got going on that's
7 kind of been major, as you noticed the fencing that Linda
8 pointed out over here to my left, that is up there for the
9 safety of our staff and the contractors that are working
10 in there normally. It's kind of quiet right now and it
11 has been for about a week or so.

12 We have had some flooding periodically through
13 the years on the first floor as a result of what wound up
14 being some piping issues. This building was originally
15 built in 1953, so as you can imagine, some of the piping
16 is old, it's kind of coming apart, it's got tree roots
17 growing through it, so it's been kind of a challenge. And
18 one other thing that was discovered when the contractors
19 got in there was that some of the piping went upwards,
20 which is not conducive to water and sewage trying to get
21 through them correctly.

22 So TxDOT did initiate a project with us, it
23 took a little while to do that, but they've been
24 mitigating things so we've not had a flood in the last
25 year since we did have an incident, and they're waiting on

1 some components right now and we anticipate those
2 components arriving next week. Once they arrive, they'll
3 pick back up, and they hope to finish this project before
4 Thanksgiving so we can kind of return to normal back
5 there.

6 MS. FLORES: And if I can add, this has not
7 been at the DMV's expense, this has been financed by
8 TxDOT, both the parking and the renovations out here for
9 the sewer lines.

10 MR. PALACIOS: Ms. Flores, or Whitney, I guess
11 for my edification and the Board's edification, can you
12 discuss a little bit the provisions by which TxDOT is
13 undertaking these expenditures and what else do we have
14 coming, I guess under the agreement that we have with
15 them, that we can anticipate?

16 MS. FLORES: I'm looking at Whitney.

17 TxDOT has been very cooperative and through the
18 memorandum of understanding that we have, as well as some
19 legislation that was passed during the 85th Legislature,
20 TxDOT may transfer the property here on Camp Hubbard,
21 there's a certain amount of acreage that they may transfer
22 all of it, but those provisions, when we were negotiating
23 and discussing the items in the legislative packet, there
24 were a lot of things that were addressed that we knew
25 about, things that, as Ann mentioned, these are 50-year-

1 old, 60-year-old buildings, we don't know what's behind
2 the walls.

3 TxDOT did have a master plan for all of their
4 property and they had identified things that needed to
5 happen if money was available. As part of those
6 discussions about transferring this property to the DMV at
7 some future time, they agreed that they would finance a
8 lot of those projects before it's turned over. So we're
9 going to continue to monitor some of the things that
10 they're doing. We're asking for some changes as well when
11 we think something needs to be addressed. Every other
12 month staff from both TxDOT and DMV get together to talk
13 about facility issues, and so through that process we're
14 identifying things on both sides and working through some
15 of these things that we know need to happen before that
16 transfer occurs.

17 MS. BREWSTER: And just to be clear, the
18 dollars that we received during the last legislative
19 session, the appropriation that we received, was for basic
20 maintenance of the facilities that we are currently housed
21 in, they were not sufficient to cover major repairs like
22 sewage or roofing. So I just wanted to make sure that we
23 pointed that out and that those dollars are really just
24 for basic wear and tear types of situations where we're
25 needing to make minor improvements around the building.

1 MR. INGRAM: A quick question for me. Have
2 these changes, these mitigations that we're doing with the
3 sewer and with asbestos, have they modified our timelines
4 or are we still on track?

5 MS. FLORES: Actually, these were outside of
6 our current or what we had planned to do. Bull Creek, as
7 you know -- and we were about to give you a current status
8 on that -- TxDOT has had a few delays in the renovations
9 of the top floor in Building 6, we've had to push back our
10 modular a couple of times, but we're still on track to
11 move in January of next year. And we've had a little bit
12 of some issues going on at Bull Creek from Milestone, who
13 is the new property owner, but we're working with TxDOT to
14 make sure that our operations are not impacted in a
15 negative manner.

16 MR. PAINTER: If I might make a suggestion, Ms.
17 Brewster. On these parking lots, if you could add in each
18 one of these lots a special parking space for the Purple
19 Heart recipient.

20 MS. PIERCE: That's a wonderful idea. We'll
21 certainly look into that.

22 MR. PAINTER: Thank you.

23 MS. PIERCE: Thank you.

24 MR. WALKER: So when you say we're on schedule
25 to move next year in January, that's like in 2-1/2 months?

1 MS. FLORES: Yes, sir. That is our next move.
2 As Ms. Brewster mentioned, we did get San Antonio
3 relocated in August. We don't have any other moving
4 projects underway for this current biennium, the only move
5 that we've got in front of us is Bull Creek.

6 And I think that concludes our presentation.

7 MR. WALKER: So on the move of Bull Creek, you
8 said we are on target. I assume that means that we've
9 done the wiring, because we've got a lot of computer
10 software stuff in that building because of the TxPROS. So
11 we're getting that in place, because that would need to be
12 being done right now.

13 MS. PIERCE: That work is actually going on
14 right now, and Mr. Obermier's team of IT folks are doing
15 that, and like the many other projects that we have with
16 TxDOT, it's been very, very collaborative.

17 MR. WALKER: So, Eric, over at that building
18 over there, we've got a huge room over there, like it's
19 going into like NASA central there where it's cubed off
20 and there's all these computers in it. Is that moving in
21 its entirety the same way?

22 MR. OBERMIER: For the record, my name is Eric
23 Obermier, chief information officer for the DMV.

24 Member Walker, the question that you asked, the
25 only room that I'm aware of over there that has computers

1 in it that will not be moved in any respect is going to be
2 the actual local data center. They have a raised floor
3 data center over there.

4 MR. WALKER: It's in the center of the
5 building, it's a locked off room, and it's real dark in
6 there. There's two guys that stay in there all day long
7 that make the best coffee in the agency.

8 MR. INGRAM: They don't let them out, they keep
9 them in a closed, dark room.

10 (General laughter.)

11 MR. WALKER: If you've never been in that room,
12 it's pretty amazing. Do you know what room I'm talking
13 about?

14 MR. OBERMIER: I do. With the recent updates
15 they did approximately three years ago to that data
16 center, it's probably very unlikely that there's any food
17 or drink allowed in that room anymore due to the nature of
18 what's actually going on in there.

19 All of the area that we're going to be
20 occupying for MCD is up on the top floor and should not be
21 affected by the room that you're referring to.

22 MR. WALKER: Thank you.

23 MS. BREWSTER: Mr. Chairman, if I may just say
24 something.

25 MR. PALACIOS: Yes.

1 MS. BREWSTER: I would like to publicly thank
2 TxDOT for their partnership. Our relationship has come a
3 long way and it has been extremely productive and
4 collaborative, and I just want to give credit where credit
5 is due. They have been excellent partners in mitigating
6 issues that come up and addressing them quickly. So thank
7 you for the indulgence.

8 MR. PALACIOS: Well said.

9 MR. TREVIÑO: Ms. Flores, I've got one more
10 question, and I know Member Walker didn't mean it in this
11 way, but there may be areas of the budget that do get
12 increased revenue because of the hurricane and fees that
13 are assessed, but this is not going to generate tons of
14 revenue for the state. The state has massive expenses and
15 so this is not a net revenue generator for the state. I
16 just want to make that very clear that there's not some
17 huge windfall that we're going to get.

18 MS. FLORES: While there may be increased
19 revenue, to your point, in one part, there's going to be a
20 lot of expenses associated with mitigating some of the
21 renovations that the state is going to need across several
22 state agencies because, as you know, there is a lot of
23 property damage, not only houses but cars, equipment, so
24 there will be a cost to all of this.

25 MR. TREVIÑO: And I know Member Walker didn't

1 mean it that way, I just wanted to clarify that.

2 MR. BARNWELL: I don't know. Did you ask him
3 if he meant it that way?

4 MR. TREVIÑO: He's thinking three or four steps
5 ahead.

6 (General laughter.)

7 MR. PALACIOS: Any further questions?

8 (NO response.)

9 MR. PALACIOS: Thank you.

10 We'll move on now to the Internal Audit update
11 that will be given by Ms. Sandra Menjivar-Suddeath.

12 MS. MENJIVAR-SUDDEATH: Good morning, Board
13 members. For the record, my name is Sandra Menjivar-
14 Suddeath, Internal Audit director, and I'm presenting item
15 4.D which is the Internal Audit Division status which can
16 be found on page 25 of your board book. The status is
17 made of three parts. The first is the internal audit plan
18 status, the second is external coordination status, and
19 then finally, hiring updates.

20 For the first part on the internal audit plan
21 status, we have five current engagements. Four of them
22 are currently in field work or in planning. The first one
23 is the DMV Fund table on processing and handling which the
24 audit objective is to determine if appropriate revenue is
25 being deposited appropriately to the TxDMV Fund, as well

1 as whether appropriate amounts of revenue are being
2 transferred to the counties. This audit is in field work
3 and we anticipate the release date of the report in
4 January.

5 The second one is the open records audit. This
6 is an audit to determine if open records requests are
7 handled consistently in accordance to state law. This is
8 also in field work. We anticipate releasing this report
9 in January as well.

10 The next one is an advisory service which is
11 the fraud, waste and abuse risk assessment, and we'll be
12 working with divisions throughout the department to
13 identify and rank fraud, waste and abuse risks and
14 identify any potential controls that are in place to
15 mitigate those risks. This will be a year-long advisory
16 service so we plan on finishing this in August.

17 We also have the FY 2018 internal audit
18 followup which is verifying the internal audit
19 recommendations and external recommendations issued to
20 this department. We'll be providing quarterly updates
21 going forward and have a wrap-up of the year-end of all
22 the audit recommendation that were reviewed that year.

23 And then finally, the item that we have
24 completed is the fiscal year 2017 annual internal audit
25 report. This report summarizes the internal audit

1 activities that were conducted in fiscal year 2017, and is
2 on page 28 for your review. It comments on six audits
3 that we finalized and two advisory services, the audit
4 plan for fiscal year 2018 and the audit report for fiscal
5 year 2016. It also shows that management is actively
6 working on addressing any recommendations that were issued
7 in these audits or advisory services. We have to submit
8 this report to the State Auditor's Office, the Sunset
9 Commission, the Governor's Office and the LBB on November
10 1, so we will be doing that.

11 Any questions on the internal audit status?

12 MR. BARNWELL: Will you be making interim
13 reports from time to time during this year-long audit
14 period for some of these items you're doing?

15 MS. MENJIVAR-SUDDEATH: For the internal audit
16 followup we will be providing quarterly updates, but we
17 can do that as well for the fraud, waste and abuse risk
18 assessment. That is a confidential document so we'll be
19 doing that in executive session.

20 MR. BARNWELL: That will be great.

21 MS. MENJIVAR-SUDDEATH: Then moving on to the
22 external coordination items, on October 4 we provided the
23 State Auditor's Office with the SAO fraud hotline
24 coordination letter for any referrals that they sent to
25 us. There was five referrals and we had no internal

1 referrals, so we have provided a response to that.

2 We also have several audits going on right now.

3 The Texas Department of Public Safety actually performed
4 an audit to ensure compliance with the technical aspects
5 of the FBI CJIS Division. This was done a couple of weeks
6 ago, we're waiting for the report on that. And then we
7 will have the Texas Comptroller of Public Accounts doing a
8 routine post-payment audit in November. The audit
9 objective is to ensure the department's payroll,
10 procurement and travel expenditures comply with state laws
11 and regulations. In addition, the State Office of Risk
12 Management will be conducting a risk management program
13 review. Both of these audits, there's nothing we did to
14 get these audits, we're just up in their schedule. Both
15 of them were done in 2013 so it's just time for another
16 one.

17 And finally, on Tuesday I presented to the
18 county auditors a presentation on combating fraud in motor
19 vehicle sections and it was well received, so hopefully we
20 can continue partnering with county auditors to help
21 combat fraud in motor vehicle.

22 Lastly, on the Internal Audit hiring, as you're
23 aware, we received two FTEs at the beginning of the fiscal
24 year. We posted those positions in September, we had over
25 75 applicants for both positions. We conducted interviews

1 earlier this month and we are in the process of giving
2 offers to two individuals, so hopefully we'll have them
3 hired by November 1.

4 MR. PALACIOS: Great.

5 MS. MENJIVAR-SUDDEATH: Any questions?

6 MR. TREVIÑO: Yes. Ms. Menjivar-Suddeath, do
7 you feel you have the resources necessary to maintain the
8 safety and soundness of this organization?

9 MS. MENJIVAR-SUDDEATH: At this point we do.
10 Hopefully these two new auditors will really come in and
11 help us out even more.

12 MR. TREVIÑO: Great. And staff has been
13 supportive in your efforts?

14 MS. MENJIVAR-SUDDEATH: Yes.

15 MR. TREVIÑO: Excellent. Thank you.

16 MS. MENJIVAR-SUDDEATH: Well, thank you. That
17 concludes my presentation.

18 MR. PALACIOS: Thank you very much, Ms.
19 Menjivar, for your presentation.

20 We'll move on now to agenda item number 5, the
21 legislative update by Ms. Caroline Love.

22 MS. LOVE: Good morning. For the record, my
23 name is Caroline Love. I'm the director of the Government
24 and Strategic Communications Division, and this morning
25 I'll be providing a briefing updating the Board on

1 implementation status for all the legislation that passed
2 during this last session.

3 (General talking and laughter.)

4 MS. LOVE: For the purposes of today's
5 briefing, I'll focus on the items that have implementation
6 activities either imminent or ongoing, but if you have any
7 questions about any of the other items in the book, please
8 let me know.

9 So I'll start with the Board recommended
10 legislation that have implementation activities ongoing.
11 We'll start with Senate Bill 2075, and that had several
12 elements as it relates to registration cleanup in statute.

13 One of those items that's already been put into effect is
14 allowing when a customer renews their registration online,
15 if they print that receipt, that receipt will serve as
16 their proof of registration for 31 days from that date,
17 and that is now printed on the receipt. So that was in an
18 effort to help diminish those lines that the counties tend
19 to see at the end of the month and the very beginning of
20 the month for people who feel like they have to have that
21 sticker on the windshield. So that is one that's been
22 implemented.

23 In addition, today there will be rules proposed
24 that will allow for the implementation of the one-time fee
25 for registration of a fleet, and that will hopefully

1 encourage more participation, as the fee was assessed
2 annually and we felt like that was hindering participation
3 from those who manage fleets.

4 Another item that is of general interest,
5 Senate Bill 2076 had a lot of changes as it relates to the
6 Title Act, and some of those remain under implementation
7 efforts, including the certified copy of original title
8 now serving as the superseding title. That one has a
9 delayed implementation date to allow for all of the
10 programming and related efforts that correspond with that.

11 But for today there will be consideration of the rules
12 that will help to implement the VIN inspection process,
13 the vehicle identification number inspection process, so
14 there will be more to come when that item is up for rule
15 adoption.

16 And then in addition, there's another element
17 of Senate Bill 2076 that requires the department to
18 conduct a study looking at the various elements of
19 titling, registration and inspection of vehicles and make
20 a recommendation to the legislature by December 2018 of
21 any of those elements that could be eliminated or
22 modified. And so we have been meeting with the Texas
23 Department of Public Safety, since they have a significant
24 component of that as it relates to the inspection process,
25 and we're also looking at working with an institute of

1 higher education to help conduct the study.

2 There's another study that was required this
3 session through House Bill 1959 that asks the department
4 to look into opportunities for commercial motor vehicles
5 to have their processes for permitting, registration,
6 license plates, things like that, look at alternative
7 technologies for that process to help simplify. So that
8 is something we're looking at combining with this study,
9 so there will be more to come on that but we have meetings
10 ongoing and are continuing those efforts there.

11 And as I mentioned, the Senate Bill 2076 study
12 is due in December 2018, the House Bill 1959 study is not
13 due until January of 2021, however, we are going to try to
14 combine those and then we will likely have the House Bill
15 1959 portion done far sooner than the deadline in statute.

16 Moving on to some of the others, in addition to
17 the other rules that will be up for consideration today,
18 there is a rule adoption that relates to House Bill 561
19 and that is for package service delivery vehicles. So for
20 the larger carriers that tend to do a lot of deliveries
21 around the holidays, this would allow them to identify
22 smaller, more efficient vehicles, including maybe golf
23 utility type vehicles, things like that, to help make
24 deliveries in master planned communities where their big
25 trucks wouldn't be idling, taking up as much space on the

1 road and things like that. So that is a rule that will be
2 up for consideration later this morning, unless we go on
3 for a long time this afternoon. I don't see that
4 happening; I'm trying to give you good vibes.

5 MR. PALACIOS: Thank you, Caroline. It's
6 appreciated.

7 MS. LOVE: And then those were the bills that I
8 wanted to mention that were very specific to the
9 department, and unless you have any questions, I was going
10 to talk a little bit about some of the other legislation
11 that passed that impacts all agencies to give you a feel
12 for kind of some of those things that all agencies are
13 working on implementing.

14 So there was House Bill 1861 that was passed
15 during this last session that exempts certain computer
16 security incidents from disclosure when there are Public
17 Information Act requests, and also, it includes some
18 contracting requirements for computer security that are
19 not required to be posted on the internet. And that's, of
20 course, in an effort to kind of maintain the sanctity of
21 that computer security process.

22 And there is also another bill, House Bill
23 2463, that requires agencies to consider and product
24 succession plans for employees that might retire or leave
25 agencies, and that is something that we have done in the

1 past but I do think there are a lot of agencies that have
2 not really looked at that, and then there tends to be a
3 lot of retirements that occur at the end of fiscal years
4 and some agencies have found themselves in a big, I guess,
5 informational gap when it comes to the institutional
6 knowledge that those individuals may have. So it's an
7 effort there to try to ensure the state continues
8 functioning properly.

9 There were some additional contracting training
10 requirements that were put in statute for staff that work
11 on contracts but nothing of significance that would impact
12 our agency. And then there was another bill, Senate Bill
13 73, rather pertinent to the discussion of the Hurricane
14 Harvey and the impacted employees. It sets in new
15 parameters for which emergency leave can be distributed to
16 employees, and so there are reporting requirements that if
17 any more than 32 hours are utilized by one employee, there
18 has to be a report submitted to the legislature detailing
19 the need for that, and so there are just some additional
20 parameters that have been put in place since it was a
21 process that some agencies had overused in the past.

22 So those are the items that I wanted to mention
23 today. If there's any questions, I'm happy to answer
24 them.

25 MR. PALACIOS: Are there any questions for Ms.

1 Love.

2 (No response.)

3 MS. LOVE: And you all look great.

4 MR. PALACIOS: Thank you, Ms. Love. You look
5 great as well.

6 (General talking and laughter.)

7 MR. PALACIOS: We will now move on to agenda
8 item number 6, projects and operations, turn it over to
9 Ms. Judy Sandberg.

10 MS. SANDBERG: Good morning. Judy Sandberg,
11 director of the Enterprise Project Management Office.
12 It's my pleasure today to provide you a report on the
13 status of enterprise projects. I will not be asking you
14 for any decisions today, just providing you an update.

15 The briefing begins in your board book on page
16 57, if you care to follow along, and I'm actually moving
17 forward to the slide on page 59. I wanted to do something
18 a little different this time and give you an update on the
19 overall portfolio. I'm very pleased to report that by the
20 end of August 31, as has already been mentioned, the AMSIT
21 project was completed on time by August 31. That brought
22 us down to two projects in flight in the EPMO, the RTS
23 Refactoring project and the webDEALER project which we
24 have authority to carry forward into this current fiscal
25 year, and so the dashboard on page 59 is intended to show

1 you the overall health of the portfolio as of the end of
2 the last fiscal year was healthy and green and down to two
3 projects.

4 The dashboards below the portfolio chart show
5 you the AMSIT project was completed on time, and as has
6 already been mentioned, well under budget. The RTS
7 project shows you that at this point in time about 90
8 percent of the project work has been completed. It is on
9 target to be finished during calendar year 2018, and we
10 still have only expended 79 percent of our budget so we
11 have sufficient budget to carry us through to the end of
12 the project. The webDEALER project is also about 90
13 percent complete. It is scheduled to be completed April
14 2018. We have also expended or planned expenditures for
15 about 90 percent of that budget at this point in time.

16 A new chart I have for you shows you over the
17 last three fiscal years the number of projects which have
18 been closed with the authority of the executive governance
19 team, and it gives you a total by fiscal year. Starting
20 with fiscal year '15 we closed three, in fiscal year '16
21 we closed four, and in fiscal year '17 we closed six. A
22 full list of those projects is on a slide later in the
23 presentation.

24 Another new slide I have for you is on page 60
25 of your briefing books. This shows you the budgets that

1 are being applied to projects in the upcoming biennium
2 that began September 1 and will extend through August 31,
3 2019. This shows you the list of projects that the
4 governance team has charged the Enterprise Project
5 Management Office with managing this year and reporting to
6 the executive governance team on. These were identified
7 as initiatives in the legislative appropriations request
8 so you've seen this list in a previous presentation by Ms.
9 Flores. The governance team identified these particular
10 initiatives that you see listed here as projects, and I
11 have a little more information for you in the next slides.

12 But this shows you how the budget during this
13 biennium is distributed month those projects, and you may
14 notice, for example, for RTS Refactoring project and for
15 webDEALER, the dollar amount shown is the dollar amount
16 that we began with at the start of this biennium, not the
17 full project budget, so it shows you the amount of funding
18 that we have to spend during the biennium on all these
19 particular projects.

20 And to help with this slide, if you move on to
21 pages 61 and 62, I've provided you a list of those same
22 projects that we have been charged with proceeding with
23 project management of during the biennium, and something
24 new that the governance team has also done this biennium
25 is divided these projects up into prioritized groups. So

1 Priority Group 1 lists for you all the projects that are
2 considered major information resources projects by state
3 government code. They're also all subject to monitoring
4 by the Texas Quality Assurance Team, so that includes RTS
5 Refactoring webDEALER, and the new webLIEN project which
6 has already been approved and authorized to proceed by the
7 Quality Assurance Team.

8 Priority Group 2 then shows you a list of these
9 are new initiatives of projects. The kiosk pilot, a fraud
10 data dashboard, the call center upgrade, and eRENEWALS.
11 I've also listed multiple columns for each of these
12 projects showing you the current planned budget authorized
13 by the governance team, a brief statement of the purpose,
14 benefit to the public, and benefit to the agency for each
15 one of these projects.

16 I think it's important to emphasize all of
17 these new efforts are in stages of initiation and planning
18 at this point. We are in the process of presenting
19 charters to the governance team for their consideration
20 and approval. What that means is the scope is being
21 finalized, actually what we are going to do within each
22 project is being determined by the executive steering
23 committees who were appointed by Executive Director
24 Brewster.

25 Then our next step will be to work on project

1 schedules. We have begun some of that planning, so the
2 actual start and end dates for each one of these efforts
3 is still to be determined, but based upon your interest in
4 the future, I will be happy to provide overviews of how
5 these projects are proceeding.

6 MS. BREWSTER: Mr. Chairman, if I may just add
7 one thing. With the exception of the priority one
8 projects, those schedules have been confirmed and that
9 information has been provided to the QAT, so we do know
10 those schedules.

11 MS. SANDBERG: Thank you for the clarification.

12 And then that list of projects continues.
13 Priority Group 3 is listed on page 63. Group 3 includes
14 an enterprise reporting project, renovation of our
15 external website, and a mobile app which is being
16 sponsored by our Motor Carrier Division director. So
17 that's some insight to what's coming up for the agency
18 based on the executive's priorities and what we have
19 authorized funding for in the coming biennium.

20 Do you have any questions?

21 MR. INGRAM: Judy, I have one question. On the
22 Priority Group 2 versus Priority Group 3, can you explain
23 kind of the decision-making process for how one got put
24 into Category 2 versus one got put into Category 3?

25 MS. SANDBERG: Yes. There were some meetings

1 and discussions between Mr. Obermier, Executive Director
2 Brewster, Deputy Executive Director Shelly Mellott on
3 looking at our priorities. We discussed how best to
4 prioritize the projects. We had proposed an idea to the
5 governance team earlier in the summer that it might be
6 helpful in managing our resources, including our human
7 resources as well as our schedules, if the teams working
8 on the project had an idea of how the executives viewed
9 the priorities.

10 So based on that discussion, it was an
11 evolutionary discussion, but we ultimately came to
12 prioritizing into groups rather than literally trying to
13 prioritize every sequential project. The discussions
14 between those individuals I mentioned resulted in these
15 three particular groups. Those groups were then presented
16 to the executive governance team for discussion and
17 adoption, and the executive governance team then approved
18 prioritizing the projects into these three groups.

19 The intent is to help us with setting schedules
20 for these projects, knowing the executives' priorities for
21 how we approach all of these projects. The reality is, as
22 we've talked about many times in these meetings, resource
23 constraints are often a concern for us, and where we find
24 ourselves sometimes having competition for human
25 resources, it is helpful to know how the executives view

1 the priorities, and that helps us make decisions about how
2 we should assign staff to spend time, and then we follow a
3 change management process and then if necessary, come back
4 to the governance team to seek approval if we need to make
5 adjustments to schedules, to scope or even budgets in
6 order to accomplish what the executives have envisioned
7 for the agency.

8 I'm sorry, that was a very long-winded answer.

9 MR. INGRAM: No, actually, it was very detailed
10 but it is important.

11 One reason why I bring it up is I wanted just
12 to mention again to staff how important it is to have a
13 website that's reactive to cell phones, and so just when
14 you look at case studies when people have taken their
15 websites from non-reactive to reactive and how much the
16 usage has gone up, I know that it's important that we
17 increase our internet usage in terms of getting more
18 people on to the internet, so I feel like that's a very
19 high priority case for us. Just my own personal
20 preference.

21 MS. SANDBERG: Thank you very much for that
22 feedback, sir, and I'm sure it will be discussed at the
23 next governance team meeting which is on Monday.

24 MR. INGRAM: Okay. Please take a look at the
25 stats. I'm sure there's stats out there in terms of what

1 the usage increase is when you switch, I mean, I'm
2 assuming there probably is. I can give you mine, I mean,
3 it's pretty substantial.

4 MS. BREWSTER: Mr. Chairman, one thing I might
5 add, just to go into a little bit more detail on what Ms.
6 Sandberg said about the priorities. We looked at this in
7 terms of scheduling, Priority 1 projects scheduled first,
8 then scheduling out Priority 2 and then Priority 3, and I
9 should have started by saying all of these are absolutely
10 worthwhile projects or else they wouldn't even be on the
11 list, however, because of the resources and the scheduling
12 challenges, that is how we prioritized them so that we
13 could effectively conduct the work that's necessary to
14 complete the projects.

15 I know specifically the external website
16 redesign, I was in the executive steering committee
17 meeting just yesterday talking about that schedule and how
18 we would go about accomplishing that work. So it is
19 absolutely on the list of things that we intend to do.

20 MR. PALACIOS: Thank you.

21 Any further questions?

22 MR. TREVIÑO: Ms. Sandberg, was there any
23 discussion around cyber risk as a project itself, or how
24 do you guys plan to incorporate cyber risk within the
25 various projects, especially with the idea of increased

1 use, with increased use comes increased risk.

2 MS. SANDBERG: Yes, there was, and actually,
3 I'd like to defer to Mr. Obermier to answer that.

4 MR. OBERMIER: Thank you, Judy.

5 Yes, actually we have multiple cyber efforts
6 that we're going to be working on within this current
7 biennium. We asked for funding and we actually received
8 that funding to get about four different efforts underway,
9 everything from the improvement of monitoring to stricter
10 controls and tighter controls around how our own employees
11 can access the systems from outside of this building, for
12 instance. So there are multiple fronts that we're going
13 to be working on with that area, however, they don't meet
14 the criteria to be managed by the Enterprise Project
15 Management Office and/or reported through that structure.

16 Now, we do, however, along with all of our
17 other initiatives as well, inform the governance team of
18 those kinds of efforts going on so that the governance
19 team can be aware of the resource commitments outside of
20 the planned project activities that you see before you.

21 MR. TREVIÑO: Great. Just as a suggestion, a
22 lot of organizations are looking at cyber risk as an
23 institutional challenge as opposed to something that's
24 specific to an area within the enterprise, so just a
25 suggestion on that point.

1 Thanks. Great answer.

2 MR. PALACIOS: In that line, Mr. Obermier, can
3 you give us an update on the breach that Deloitte had and
4 any potential risks that we may have?

5 MR. OBERMIER: Sure. So there have been
6 multiple meetings that we've had with our representatives
7 from that organization and they have shared with us
8 multiple articles and even more details behind those
9 articles, or rather details that were not included in
10 those articles. From what we understand and the evidence
11 that they have is that the breach only affected six of
12 their clients, none of those being State of Texas clients,
13 so at this point there's no reason to believe that the
14 TxDMV's information was at risk.

15 MR. PALACIOS: Great. That's good news.

16 Any further questions for Ms. Sandberg or Mr.
17 Obermier?

18 MR. WALKER: Judy, I have a question. Can you
19 kind of explain to me how this webLIEN is going to work?

20 MS. SANDBERG: From a business perspective?

21 MR. WALKER: What's the operational aspect of
22 webLIEN?

23 MS. SANDBERG: Do you mind if we ask Jeremiah
24 Kuntz to come forward and discuss that?

25 MS. BREWSTER: Mr. Kuntz is the executive

1 sponsor of this project.

2 MR. WALKER: I just don't think we've ever been
3 briefed on it, have we?

4 MS. BREWSTER: I don't know that you have.

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

7 So webLIEN is a new addition to our web
8 application suite under our webAGENT umbrella, so we've
9 got webDEALER, webSALVAGE, webSUB, this will be now
10 webLIENHOLDER. The concept here is to be able to give
11 lienholders electronic access to view all of the titles
12 that they have a lienholder interest in. So we have a
13 similar program right now for large financial
14 institutions, what we refer to as an ELT which is an
15 electronic lien title. What happens with an ELT is the
16 printing of the paper title is suppressed and the ELT
17 financial institution receives an electronic copy of that
18 title rather than a paper title, and then they release
19 that lien electronically as well.

20 What that does is it adds an additional layer
21 of security to that lienholder in that somebody cannot
22 falsify a release of lien letter. The only way to release
23 that lien is electronically so they have to release it in
24 their system which then tells RTS, hey, that lien has now
25 been released, it's been satisfied, and therefore the

1 vehicle can be transferred. So there's additional
2 security around that lienholder's interest when we do an
3 electronic lien in that you can't have falsified paperwork
4 that comes along.

5 So the challenge with the ELT project is it
6 requires that that financial institution purchase third
7 party software that can be quite expensive to manage that
8 list of liens in their system, and so we send them a file,
9 it goes into their system and then they can manage it
10 electronically. What we are seeking to do is provide
11 smaller lienholders, your buy-here-pay-here auto dealers,
12 other types of lending institutions, with the ability to
13 record and maintain their liens without getting a paper
14 title.

15 So there's a cost-effectiveness to us, there's
16 added security features that then the lienholder can
17 enjoy, knowing that somebody is not going to be able to
18 come in and extinguish their lien with a falsified
19 document in a county office. So it's definitely something
20 that would benefit our smaller lending institutions, our
21 buy-here-pay-here dealers with those liens, and it
22 provides us some cost savings on the front-end in that we
23 suppress that paper title, and then when that lien is
24 released we actually print that paper title for the
25 customer without the lien on it, so the customer gets a

1 benefit as well in that they don't have to come in and
2 reapply for title and pay a title fee to have that lien
3 taken off of their title.

4 MR. WALKER: So we're going to do away -- and I
5 think it's a great idea -- we're going to do away with the
6 hard paper copy. Let's just say I go to Chase Bank and I
7 want to borrow \$10,000 --

8 MR. INGRAM: You didn't say you were going to
9 come to Auto City?

10 (General laughter.)

11 MR. WALKER: Whatever bank you want to go to,
12 Frost Bank. I want to buy a new car and so I go borrow
13 \$20,000 against my new car, and so the bank keeps the
14 title to that car generally in a hard copy.

15 MR. KUNTZ: Correct.

16 MR. WALKER: So now we're going to do away with
17 the hard copy, the bank doesn't get a hard copy anymore?

18 MR. KUNTZ: For lending institutions we will
19 allow them to opt into this program. There still may be
20 some folks that want to get a paper title and we will
21 still allow them to do so. But what we see is generally
22 what people do if they're using that old paper title, a
23 lot of times a lending institution, what we would
24 anecdotally, is they would get it, they would shred it,
25 and then they would just keep a record of that lien on

1 their file, and then when they actually release the lien,
2 they would send a letter to the individual owner and say
3 your lien has been released, and that would require an
4 owner to go in and get a certified copy of their title.

5 So we're alleviating some of those steps, we're
6 eliminating the need for a paper title because a lot of
7 folks weren't using it anyway. And it's a management
8 issue. They're having to have file cabinets full of paper
9 titles that they're having to keep track of and maintain
10 and manage.

11 MR. WALKER: It's a bigger problem than you
12 think, because we've had problems where these banks, Bank
13 A buys Bank B, we have a note with Bank B on titles to
14 trucks that we've financed, and so now all of a sudden my
15 title gets lost in the transition of the bank purchase and
16 now when we go to sell, they forget to even send them back
17 to you. The bank sold these titles and it all become a
18 problem because now we have to go find that title or go
19 request a new title be issued on it. And so that will
20 eliminate some of those problems?

21 MR. KUNTZ: We are attempting to eliminate
22 those and make this process much more efficient.

23 MR. WALKER: Because we had some titles for
24 trucks that we paid off like five years before and the
25 bank had been bought, it took us six months to find those

1 titles because they said, Well, we've got to go to
2 archives and find them.

3 MR. KUNTZ: With this process, once that lien
4 is released, they would electronically release it and then
5 you would receive a paper copy of that title that does not
6 have a lien on it anymore from the department.

7 MR. WALKER: But there's one more step in that
8 process that we need to clean up, and maybe it's being
9 cleaned up, is that that bank puts a UCC filing against
10 the person that's borrowed the money and it's out there in
11 record land, and so when somebody runs a credit report on
12 you -- we have to go get those UCC filings released, the
13 banks aren't releasing those. Will that eliminate that
14 process?

15 MR. KUNTZ: We will not be touching any of the
16 processes within that financial institution. That's not a
17 process that we control or manage.

18 MR. WALKER: Why do they do those UCC filings
19 and not release those, do you know?

20 MR. BARNWELL: On a motor vehicle is
21 irrelevant. A UCC-1 is affected against non-titled,
22 really should be against non-titled.

23 MR. WALKER: They sit out there and when
24 somebody does a credit check on you, they'll see these
25 filings.

1 MR. BARNWELL: I know.

2 MR. WALKER: And so they'll sit out there and
3 you need to clean those off your company's records. We go
4 and write a letter to them and say: Here's a copy of the
5 paid off promissory note, you need to release those UCC
6 filings.

7 MR. BARNWELL: It's a lot of wasted effort to
8 have to do that.

9 MR. WALKER: Yes. The bank should be required
10 to do that instead of the purchaser, and they don't.

11 MS. CARAWAY: I have one question. With the
12 smaller lienholders, if the lien gets paid off but they're
13 now out of business and they never released it, what's
14 going to happen in those instances, how are you going to
15 handle that?

16 MR. KUNTZ: We'll work through all those kind
17 of processes when we're doing the business requirements on
18 this to make sure that those are all handled
19 appropriately.

20 MS. CARAWAY: That just comes up a lot and we
21 need to make sure we're covering that.

22 MR. KUNTZ: Sure, absolutely.

23 MS. BREWSTER: Mr. Chairman, members of the
24 Board, we will gladly provide you a more in-depth briefing
25 as we get closer to the beginning of the project, once

1 we've gone through the business requirements development,
2 and provide you with greater detail on the project. But I
3 appreciate Mr. Kuntz coming up and giving a general
4 overview.

5 MR. WALKER: But going forward, Jeremiah, going
6 forward in this process, I won't be getting titles back
7 from the bank anymore on financed equipment, it will be
8 coming from DMV?

9 MR. BARNWELL: If they elect into the program.

10 MR. KUNTZ: Yes. If they go into the program
11 and they have an electronic lien title then, once they
12 release it, then that sends a file to the department that
13 we need to print that title without the lien on it. And
14 so we would get that print job, print the title and then
15 mail you a title that's clean that has no lien on it
16 anymore. It saves the end consumer a step of having to go
17 to the county office to get the lien taken off the title.

18 MR. WALKER: Yes. Why wouldn't that just be
19 mandatory that they do it this way?

20 MR. KUNTZ: At this point, I don't want to
21 necessarily say that we're mandating anything, we still
22 need to develop the program.

23 MR. WALKER: Well, it seems like it's
24 friendlier for everybody involved.

25 MR. BARNWELL: We develop the program and if it

1 works really well, then adoption could become compulsory,
2 but if it doesn't work so well, we don't want everybody
3 bailing out, coming into the deal and then having to have
4 a train wreck.

5 MR. WALKER: But it sounds like a great
6 program.

7 MR. BARNWELL: I agree.
8 Did you think of this?

9 MR. KUNTZ: This was something that came up
10 actually from my staff, the title folks. We've been
11 thinking about it for a while.

12 MR. BARNWELL: I think it's a great idea.

13 MR. GRAHAM: Mr. Chairman, if I could have a
14 quick followup question, a general question, I'm not sure
15 who it's directed to. In discussions of the benefits to
16 lienholders in the management of these titles, I'm
17 thinking about now similar benefits, potentially, for
18 fleets, such as Mr. Walker's company or my company where
19 you have lots of vehicles, trying to manage those, and
20 we're back to files and drawers with copies and it's very
21 challenging. I know you are running quickly down this
22 road of technology and you really are doing an exceptional
23 job, I think you're one of if not the premier DMV in the
24 country taking this path, but I would just add maybe
25 consider some technology for the large fleet owners as

1 well to try to manage that data as well. I'm sure it's
2 not there yet.

3 MR. KUNTZ: So yes, that is definitely
4 something that has been thought about, and initially when
5 we were going down the road of eTITLE there was a consumer
6 part of that project that we were looking at. There are
7 definitely some additional challenges that we need to
8 overcome in order to get there. Your point is well taken
9 that starting with large fleets or corporations that have
10 a large number of vehicles may be a place to start down
11 that path.

12 We've been kind of systematically going through
13 the title process and making all of the different steps
14 electronic to try and ease those burdens on the public,
15 and so as we do another phase, we learn more, we figure
16 out how to get this process kind of wrapped up together
17 which is why we've got a suite of web applications around
18 the title event. And so it's definitely something that we
19 continue to think about and as we make improvements we'll
20 look for other opportunities to further those
21 improvements, and so that's something we'll definitely
22 look at.

23 MR. GRAHAM: Thank you.

24 MR. TREVIÑO: I know this is far, far away from
25 where we are now, but has anybody looked at blockchain and

1 Smart contracts for working in this process?

2 MR. INGRAM: I didn't hear. Could you repeat?

3 MR. TREVIÑO: Using blockchain or smart
4 contracts to address a lot of the issues around
5 contracting.

6 MR. OBERMIER: Actually, that is something that
7 is being looked at across really all of technology,
8 whether it be private sector or public sector, and there
9 are many compelling cases for using that, even in the
10 public sector.

11 And just so you guys know what blockchain is,
12 it's not a single authoritative source of a record, for
13 instance, it's you have a community of entities out there
14 maintaining the same record and whenever something changes
15 about it, you're polling the entire community, is this the
16 valid record. And for the folks to maintain those kinds
17 of systems, they're incentivized for the first person that
18 comes up with the correct answer in that blockchain and
19 all of the other ones that then come in to validate that
20 correct answer, they actually get some type of financial
21 reward for that. It can be incremental, very small, but
22 when you add that up over time, it's enough to pay for
23 those systems.

24 And what this allows for is overall better
25 information security and integrity of the data, less

1 likely to be able to be breached and your information
2 changed, for instance. So, yes, that is something that
3 is, frankly, one of the top subjects that you see in all
4 IT conferences today and you see a lot of case studies
5 about how that can be used in public as well as private
6 sector.

7 (General talking and laughter.)

8 MR. PALACIOS: Okay. Moving along, any further
9 questions for Ms. Sandberg, Mr. Obermier or Mr. Kuntz?

10 (No response.)

11 MR. PALACIOS: Thank you very much.

12 MS. SANDBERG: Thank you.

13 MR. PALACIOS: Mr. Kuntz, I guess will stay
14 because we're moving on to agenda item number 7, specialty
15 plates design.

16 MR. KUNTZ: Again for the record, Jeremiah
17 Kuntz, director of the Vehicle Titles and Registration
18 Division.

19 Before you we are seeking approval or denial of
20 two new specialty license plates. The first one that
21 you'll see on the board is a quail plate. This license
22 plate is actually being brought forward by the Texas Parks
23 and Wildlife for the benefit of the Texas Parks and
24 Wildlife Foundation, and so the proceeds from this would
25 go to support the foundation and its efforts.

1 The next one that you see down below is what we
2 refer to as Texas 2000. The Texas 2000 plate is a My
3 Plates plate design. You may recognize this plate, it is
4 a former general issue plate that has been slightly
5 redesigned, and so the reason it's Texas 2000 is this
6 general issue plate design was available in the year 2000
7 through the year 2009, and one of the primary features
8 that you will notice on this plate that has been
9 redesigned is the plate used to have a three-legged horse
10 on it, and the fourth leg has been added to the horse to
11 accurately depict a horse with four legs.

12 So with that, I will seek your approval.

13 MR. PALACIOS: Before we move on to a motion,
14 we have a registration form here, a request to speak.
15 I'll call up Mr. Jay Kleberg. Are you here?

16 (General talking and laughter.)

17 MR. KLEBERG: My name is Jay Kleberg and I'm
18 associate director for the Texas Parks and Wildlife
19 Foundation, and want to thank you all for considering this
20 quail plate today. I just want to give you a little bit
21 of information about Parks and Wildlife Foundation and the
22 work that we do and how this would work in terms of
23 funding from the plate.

24 The Parks and Wildlife Foundation has been
25 around for 26 years and during that time we've raised \$170

1 million for wild things and wild places in Texas, and one
2 of the more recent projects that's impacted quail and
3 other wildlife was the largest investment in conservation
4 history in Texas was Powderhorn Ranch which is on the mid
5 coast and 17,000 acres, \$50 million project. The Parks
6 and Wildlife Foundation actually acquired that property
7 and now we actually manage it in the interim before we
8 transfer it to the Parks and Wildlife Department, the
9 state agency.

10 The quail plate itself, the funds from that
11 plate would come through Parks and Wildlife Department to
12 Parks and Wildlife Foundation, and we would have panel of
13 experts in quail from around the state who would select
14 small scale habitat restoration projects for either
15 education or demonstration purposes. And as you all may
16 or may not know, quail populations, depending on where you
17 are in the state, have fluctuated over the years and the
18 last 50 years have been pretty difficult for scaled quail
19 and for bobwhite, Montezuma, Gambel, we have four species
20 in the state. And this funding is needed, the research is
21 needed to understand the needs, to understand what is
22 habitat fragmentation and development doing to that
23 species in the state.

24 And so thank you all for considering this and
25 for having us here today.

1 MR. WALKER: Are you related to Tio.

2 MR. KLEBERG: That's my father, yes. Don't
3 hold that against me.

4 (General laughter.)

5 MR. PALACIOS: Thank you, Mr. Kleberg.

6 MR. WALKER: Jeremiah, so I know we're into
7 seven characters on license plates.

8 MR. KUNTZ: Yes, sir.

9 MR. WALKER: So if Mr. Kleberg wants to buy
10 that license plate to put on his car, how do we get any
11 more than five characters on that plate?

12 MR. KUNTZ: Not all of our license plates will
13 accommodate seven characters. Our general issue plate has
14 moved to the seven character pattern, and so not all of
15 them will actually use a seven character. So as you can
16 see, yes, there is a limitation on space on that
17 particular plate and it would be limited to the number of
18 characters that you see there today.

19 MR. TREVIÑO: Are there revenue estimates on
20 these plates?

21 MR. KUNTZ: I do not have specific revenue
22 estimates on these. Generally what you will see on our My
23 Plates designs, we have a contractual provision that
24 requires them to pre-sell 200 license plates prior to it
25 actually being available for placement on a vehicle, and

1 so they would have to meet at least that before the
2 license plate is actually on the roadways.

3 On the quail plate, when it's a state agency
4 sponsored plate, we don't have that same condition placed
5 upon those license plates because of the way that we've
6 got it in statute for them to be created, but I would
7 anticipate this plate would probably be a pretty decent
8 seller. All of our wildlife related license plates tend
9 to be very well received and purchased by the public.

10 MR. PALACIOS: Thank you. Any further
11 questions for Mr. Kuntz?

12 (No response.)

13 MR. PALACIOS: If not, I'll entertain a motion
14 to accept, let's take the first one, the quail plate.

15 MR. TREVIÑO: So moved.

16 MR. WALKER: Second.

17 MR. PALACIOS: Motion by Board Member Treviño,
18 second by Board Member Walker to accept the quail plate.
19 All in favor please signify by raising your right hand.

20 (A show of hands.)

21 MR. PALACIOS: Motion passes unanimously.

22 Great.

23 I'll entertain a motion for the next plate.

24 MR. PAINTER: So moved.

25 MR. PALACIOS: Do I hear a second?

1 MR. GRAHAM: Second.

2 MR. PALACIOS: Motion by Board Member Painter,
3 second by Board Member Graham to accept the four-legged
4 Texas 2000 plate. All in favor please signify by raising
5 your right hand.

6 (A show of hands.)

7 MR. PALACIOS: Great. Motion passes
8 unanimously. Wonderful.

9 Thank you, Mr. Kuntz. I guess stay there. We
10 will now hear from Jeremiah Kuntz again on agenda items
11 number 8, 9 and 10 regarding Chapter 217.

12 MR. DUNCAN: Mr. Chairman, David Duncan,
13 general counsel. I apologize for jumping in.

14 I wanted to alert the Board that we're doing
15 something just a little bit differently as it relates to
16 the rule proposals and adoptions. We have grouped them by
17 presenter so each presenter will do the full slate, so
18 Jeremiah is going to do 8, 9 and 10, for example, and
19 we've done a single motion for those three items to
20 expedite the process a bit. So somewhat like an award
21 show, hold your applause till the end, and we'll have a
22 single motion which should speed things along for these
23 meetings.

24 MR. GRAHAM: Mr. Chairman, if I could ask a
25 question of general counsel before we move into the rules.

1 MR. PALACIOS: Yes.

2 MR. GRAHAM: Explain to me the process where we
3 provide stakeholders this information, what that timeline
4 looks like, how that decision is made. So let me tell you
5 specifically, I had a question on one of these so I
6 reached out to a stakeholder in the industry and I guess
7 this information on these rules don't go out until the day
8 before the board meeting?

9 MR. DUNCAN: That's correct, generally, and
10 that's not just limited to rules, that's limited to the
11 entire package, the backup package that you guys get a
12 week before the board meeting or sometimes a little more.

13 We discussed this with the Board about a year
14 and a half ago and what was happening was bits and pieces
15 of some of these different items would get out to
16 stakeholders and then Board members would get calls and in
17 many cases the Board members had not had the opportunity
18 to review the materials yet, and so they were being caught
19 unaware. And so we asked the Board, the day we send it
20 out to you, we can send it out to everybody that's
21 interested, we can post it on our website, and the Board's
22 feedback was 24 hours, one day before the meeting, and so
23 we have been posting it one day before the meeting.

24 We can change that. We have it ready to go
25 when we send it to you. It is locked in, the agenda is

1 set, and we would entertain any changes the Board would
2 direct in terms of releasing. And if you wanted to treat
3 certain things differently, for example, if you wanted to
4 say whenever there's a rule, go ahead and give the draft
5 rule package out the week before and let people look at
6 it. We can follow your lead wherever you would like us to
7 go because the materials are ready to go a week before the
8 board meeting and we can provide them or not. Again, the
9 concern previously had been that board members were
10 getting contacted before they'd had an opportunity to go
11 through the board book which in many cases was hundreds
12 and hundreds of pages of materials.

13 MR. INGRAM: But it was published after the
14 last meeting, because these are adoptions.

15 MR. DUNCAN: Again, there are different rules.
16 For example, what Jeremiah is about to cover are rule
17 adoptions. The rule adoption packages have been published
18 in the *Texas Register*, they hit the *Register* about 2-1/2
19 weeks or so after your board meeting, they sit for 30
20 days, we receive comments, and then it's very rare that we
21 get it back to a board meeting within a month of that
22 comment period closing, so there's even time for us, if we
23 get a comment we can oftentimes call the commenter and
24 say, What did you mean by this? And we can reach some
25 sort of agreement that their comment has been satisfied,

1 and in some cases share we're thinking about changing it
2 in this way, does that satisfy your concern. So rules are
3 slightly different.

4 Now, rule proposals, we do have some proposals
5 on this agenda, most notably dealer deputy compensation,
6 number 16, that has received a lot of interest, and I do
7 know that we had some early requests for that, but again,
8 we followed the lead of the Board and said, Sorry, we
9 don't make board materials available more than a day
10 before the board meeting.

11 MR. GRAHAM: So I think I would just add in my
12 opinion, and as I went back because it caused me to feel
13 like I needed to go back and review the Board goals and
14 objectives to make sure that I'm thinking clearly, and
15 when I went back and I did review that information, under
16 our values, you know, transparency and stakeholders are
17 two of the five items. So I'm not sure there's not a
18 Board member up here that doesn't rely on input and
19 communication from stakeholders because of the detailed
20 items on so many of these rules, and so I would just put
21 forward that I'd like for this Board to consider maybe
22 pushing that back a little bit to give our stakeholders
23 more time to review it and for more communication and
24 transparency in the process.

25 MR. TREVIÑO: Does staff have a recommendation?

1 MR. DUNCAN: Again, the board books are ready
2 often before that seven days prior to the meeting, not by
3 a lot, ten days is probably the longest, but we would be
4 glad to provide all of it or some of it, per your
5 direction, to whoever would be interested. And the
6 simplest in terms of fullest transparency, we can post it
7 on the website, that way anybody can get it. They can
8 just go and download it and print it and look at it if
9 they want to.

10 MR. GRAHAM: So I tell you what, I'll wrap this
11 up, and is that modified through a board vote formally?

12 MR. DUNCAN: I don't believe it needs a vote.
13 If we get a sense from the Board and we would discuss with
14 the chairman the setting of the agenda.

15 MR. GRAHAM: Okay. So we would do this through
16 the chairman.

17 MR. DUNCAN: Please give your input to the
18 chairman and to Mr. Ingram, who is the vice chair, and
19 we'll consult with them going forward on this. And again,
20 we're following your lead.

21 MR. GRAHAM: Thank you.

22 MR. DUNCAN: Yes, sir.

23 MR. PALACIOS: Are there any other comments
24 regarding Mr. Graham's suggestion, in favor of or opposed
25 to? Apparently, I guess the board of a year and a half

1 ago, I don't remember the specifics, but I guess my
2 concern is along with Mr. Graham, I think for the sake of
3 transparency and being above board with everything, we
4 should give stakeholders ample time to review material. A
5 day before really doesn't give them much time, and I don't
6 think it's unreasonable to let them see the information at
7 the same time as the Board. I mean, a week is not out of
8 line. I think if there's any objection, I mean, I think
9 we just go ahead and go forward.

10 MR. TREVIÑO: I would agree.

11 MR. INGRAM: I think whenever we get the
12 materials, we post them. It's a good idea.

13 MS. BREWSTER: Consider it implemented.

14 MR. PALACIOS: Thank you, Board Member Graham.

15 MR. GRAHAM: You're welcome.

16 MR. PALACIOS: Mr. Kuntz.

17 MR. KUNTZ: For your consideration, I'll be
18 covering, as you indicated, Mr. Chairman, items number 8,
19 9 and 10. All of these rules are for final adoption.

20 And so the first rule that I'll be covering is
21 amendments to 217.3, .4, .82, and .84. These rules, the
22 changes from the last legislative session in Senate Bill
23 2076 required us to make some changes to our rules. The
24 first is relating to the maximum width and length of a
25 travel trailer. Those were to get in line with some

1 industry standards, so the legislature allows for the
2 maximum width of a trailer to be eight feet, six inches,
3 we were prior to this at eight feet, zero inches, and then
4 takes it from 40 feet in length to 45 feet in length. And
5 so we know that there were manufacturers that were
6 manufacturing travel trailers that fit into that envelope,
7 and so this was to accommodate some industry movement
8 where there are trailers that are longer and slightly
9 wider than statute previously allowed for.

10 The next relates to clarifying title
11 requirements for travels and semi-trailers with a gross
12 weight of 4,000 pounds or less to clarify that they may be
13 permissively titled. It also removes a clause relating to
14 the manufactured homes that is incorrect and unnecessary
15 anymore.

16 We also clarify the application for title. One
17 of the provisions of 2076 allows for a customer in an
18 emergency situation or when a county office is closed for
19 a protracted amount of time to now go to any county that
20 is willing to accept that title transfer, and so we're
21 making the corresponding changes in our rule to allow for
22 that as well.

23 We are also updating, just cleaning up the use
24 of the word non repairable and salvage title throughout to
25 make it consistent with statute. There were hyphens in

1 our rule where there were no hyphens in statute, so we're
2 just cleaning those up to be consistent on the use of the
3 hyphen in non repairable.

4 The next rule I'll be covering is agenda item
5 number 9. This is an agenda item related to package
6 delivery vehicles, it is amendments to 217.45 and 217.182.
7 Package delivery vehicles, as Caroline Love mentioned in
8 her briefing on statutory changes, were allowed to receive
9 registration and license plates for operation in limited
10 instances. They can operate on roadways with a speed
11 limit no more than 35 miles an hour by a licensed
12 commercial motor carrier for the delivery of packages, and
13 so as she mentioned, this will be for companies.

14 I know UPS was behind this piece of legislation
15 in the last session because they want to use golf carts,
16 particularly, or other electric vehicles to make
17 deliveries during the holidays. They will generally stage
18 a large truck at the entrance to a community and then
19 shuttle back and forth packages from that large truck to
20 individual houses to accommodate the large number of
21 people that are purchasing things on line and having them
22 shipped to them during the holidays.

23 MR. WALKER: You said licensed vehicle motor
24 carriers.

25 MR. KUNTZ: Yes.

1 MR. WALKER: Any special type of license?

2 MR. KUNTZ: No. They have to be licensed by
3 the department as a commercial motor carrier. Basically,
4 the legislature wanted to ensure that these were not just
5 being placed upon personal vehicles as somebody that just
6 had a golf cart that wanted to get a license plate for it
7 that wouldn't particularly have insurance or any safety
8 training around that. So they were very specific to say
9 that this must be a regulated, a registered commercial
10 motor carrier with the department.

11 MR. WALKER: So if Amazon is delivering
12 packages in a private community neighborhood, they can't
13 do that.

14 MR. KUNTZ: Not unless they are a commercial
15 carrier that is registered through the department. So if
16 they purchase their own trucks, came into the department
17 through Jimmy Archer's shop and became a commercial
18 carrier, that would be the only way that they would be
19 able to utilize this particular statute and put golf
20 carts, neighborhood electric vehicles, ATVs, ROVs into
21 service using this statutory provision.

22 The fee for this license plate is \$25; the
23 statute did allow for that fee up to \$25.

24 The final rule that I will be covering is
25 amendments to 217.144, this is identification number

1 inspections or VIN inspections. And I should have
2 mentioned on the previous two rules we did not receive any
3 comments. On this particular rule we did receive quite a
4 few comments from law enforcement and other entities that
5 are members of auto theft task forces. There was some
6 confusion related to this rule's authority. The
7 legislature changed who may conduct vehicle VIN
8 inspections and basically there were some concerns that
9 this rule was going to open that up to folks that were not
10 commissioned peace officers.

11 We had numerous discussions with all of these
12 entities that commented after they made their comments
13 early, and we did reach out to them and have discussions
14 with them. I believe we've got some agreement with them
15 now or an understanding of why this rule is crafted the
16 way that it is. Their comments were really focused on the
17 statute which allowed for noncommissioned peace officers
18 to be able to conduct VIN inspections. What we are
19 attempting to do here is maintain status quo.

20 We do not provide training to noncommissioned
21 peace officers that would be required by this rule, so a
22 civilian that wanted to do VIN inspections still will not
23 be able to because the training that's required is only
24 offered to commissioned peace officers at this time. So
25 while statute does allow for noncommissioned peace

1 officers to get training and to perform these VIN
2 inspections, at this time there's not training available
3 to them, and so therefore, they would not be eligible to
4 perform these inspections at this time.

5 With that, that concludes my presentation, and
6 I would seek your approval or denial of the rules for
7 final adoption.

8 MR. INGRAM: So my question to you, Jeremiah,
9 is did they withdraw their comments? Because there's no
10 comments attached to our board documents, or I didn't see
11 them. Are they attached?

12 MR. GRAHAM: Law enforcement, yes.

13 MR. INGRAM: Now I feel dumb.

14 MR. GRAHAM: That's okay.

15 MR. PALACIOS: They're buried in there
16 somewhere.

17 MR. INGRAM: Now I see them.

18 MS. CARAWAY: Was there anything back from them
19 saying that they agreed with the rule as proposed?

20 MR. DUNCAN: David Duncan, general counsel. I
21 believe Bryan Wilson had extensive conversations with many
22 of the commenters to discuss the reasons behind their
23 comments and to attempt to put their minds at ease that
24 that was not the purpose of this rulemaking, because,
25 again, basically all the comments speak to the subject of

1 what the statute says and not what the rulemaking does.

2 There was one comment in particular that said
3 we should take one type of training off of that list, and
4 the reason is it's no longer provided. The NICB training
5 used to be done by DPS and they no longer do it, but there
6 are people out there who are doing this work and that's
7 the one training they had, they just had it years ago, so
8 we didn't want to take it off the list just because it is
9 actually a qualifying training, it's just no longer
10 provided.

11 So we will have responses to all of those
12 comments, not telling them that they're wrong but just
13 that they're really not speaking to the subject of this
14 rule, and that's the reasoned justification we would give
15 for adopting the rule without changes.

16 MR. INGRAM: Is anyone here to speak on the
17 matter?

18 MR. PALACIOS: No.

19 Any further questions?

20 (No response.)

21 MR. PALACIOS: If not, I will entertain a
22 motion.

23 MS. CARAWAY: I move that the Board approve the
24 adoption of the amendments in New Section Chapter 217, as
25 recommended by staff.

1 MR. PALACIOS: Do I hear a second?

2 MR. TREVIÑO: Second.

3 MR. PALACIOS: Motion made by Board Member
4 Caraway, second by Board Member Treviño to adopt the
5 rules. All in favor please signify by raising your right
6 hand.

7 (A show of hands.)

8 MR. PALACIOS: Great. Motion carries
9 unanimately.

10 Thank you, Mr. Kuntz.

11 MR. KUNTZ: Thank you.

12 MR. PALACIOS: Now we'll move on to agenda item
13 number 11 regarding Chapter 218, and I'll turn it over to
14 Corrie Thompson and Jimmy Archer.

15 MS. THOMPSON: Good morning, Chairman, Board
16 members. Corrie Thompson, and as Whitney mentioned
17 earlier, I'm serving as the interim director of the
18 Enforcement Division.

19 What you have before you today is agenda item
20 number 11, which you will see on page 159 of your board
21 books, and this is actually a recommendation to adopt an
22 amendment to Administrative Rule 218.61 which pertains to
23 claims filed with household goods carriers. Adopting this
24 rule will actually increase consumer protection by
25 requiring household goods carriers to issue an

1 acknowledgment letter to a claimant unless the claim has
2 been resolved within 20 days after receipt of the claim.

3 And after we published this rule back on June
4 23, we did receive one comment that was from the Southwest
5 Movers Association, and the comment pertained to believing
6 that the amendment should have been put out for comment
7 for the Household Goods Rules Advisory Committee. We did
8 later speak to the executive director of the Southwest
9 Movers Association and we explained the rule that is
10 proposed and we offered the option to have the department
11 put up on the website by the effective date of the rule a
12 claim acknowledgment letter template that could be used by
13 the carriers going forward, which the executive director
14 was agreeable to.

15 So that's the genesis of the rule. If you have
16 no questions, then my recommendation would be to adopt
17 the rule as written currently.

18 MR. BARNWELL: Is it required that they use the
19 template that you put on the website?

20 MS. THOMPSON: It's not going to be a
21 requirement, it's just there; if they would like to use
22 the template, it will be available.

23 MR. BARNWELL: So this is an acknowledgment of
24 receipt of the complaint?

25 MS. THOMPSON: Correct.

1 MR. BARNWELL: And is that only sent to the
2 complainant?

3 MS. THOMPSON: Correct.

4 MR. BARNWELL: Okay. And then from there,
5 they're building their documentation, their case, so what
6 would be the next step after they don't get satisfaction
7 from the household mover?

8 MS. THOMPSON: So the claim acknowledgment
9 letter advises the claimant of their rights under filing
10 the claim with the carrier, so it acknowledges that they
11 have a certain period of time after the claim has been
12 denied for them to reject the settlement or to reach out
13 to the department to obtain a mediation by department
14 staff.

15 MR. BARNWELL: And I apologize, I haven't read
16 all the rules, but does the rule detail all of the
17 requirements of the acknowledgment letter? Because this
18 is a notification to the complainant of his rights and
19 time frames and everything. So is that in the rule?

20 MS. THOMPSON: That is correct, it's going to
21 be in the template, and yes, it is spelled out in the rule
22 itself.

23 MR. BARNWELL: But the template is not
24 required.

25 MS. THOMPSON: Correct. The elements that

1 should appear in a template used by a carrier are in the
2 rule.

3 MR. BARNWELL: That should be used.

4 MS. THOMPSON: Correct.

5 MR. BARNWELL: Is it optional? I mean, I want
6 to pin down the carrier so that notification is detailed
7 and required.

8 MS. THOMPSON: Right. There are certain items
9 that need to appear in the claim acknowledgment letter and
10 they are spelled out in the rule. Yes.

11 MR. BARNWELL: Okay. All right. Then it's an
12 improvement over the current situation anyway.

13 MR. GRAHAM: So as a followup question, if I
14 read this correctly, it more clearly defined the
15 requirement. I mean, it sounds like before if they made a
16 call, they attempted to call, they left a voice message,
17 that counted as a contact.

18 MS. THOMPSON: That's correct.

19 MR. GRAHAM: This says that no longer counts as
20 a contact, you have to send the letter. Right?

21 MS. THOMPSON: Absolutely correct. So it's
22 removing that second exception to when the mover has to
23 send the claim acknowledgment letter. So previously, the
24 claim could have been settled within 20 days after receipt
25 of the claim, or the mover could have initiated

1 communication and that could mean a number of things. So
2 this rule will add that consumer protection element and
3 provide that clarification that if the claim has not been
4 settled within 20 days of receipt of the claim, then the
5 claim acknowledgment letter needs to be sent.

6 MR. GRAHAM: So as a followup to that, and I'm
7 not sure that the exception that the association took is
8 really that important, but I just don't see any
9 communication here that it was acceptable. I mean, right
10 now, from our documentation that you provide in the
11 packet, it only states that they object.

12 MS. THOMPSON: Right. Well, we did speak to
13 them later, and so you'll see on the executive summary
14 page on page 159 when we laid out that we did later speak
15 to the executive director of the moving association, that
16 really their concern was that, yes, that it go before the
17 Household Goods Rules Advisory Committee, but under
18 Transportation Code 643, the Rules Advisory Committee is
19 to look at rules that are to modernize and streamline the
20 rules, and it was the department's position that this was
21 more of a consumer protection element rather than
22 modernizing and streamlining the rules.

23 MR. GRAHAM: Okay. So my packet was very slow
24 coming up here because it's so many pages. I guess what
25 I'm asking is is there anything in the packet to indicate

1 that Mr. John Esparza did change his issue with it?

2 MS. THOMPSON: Yes. And that occurred during
3 the conversation that the department had with Mr. Esparza
4 after the comment was received.

5 MR. GRAHAM: Okay. Is there any documentation
6 in here of that?

7 MS. THOMPSON: Verbal.

8 MR. GRAHAM: Verbal. Okay. And that's good
9 enough for me, I just wanted to make sure I was clear on
10 that, and he would be here, I'm sure, if he still had
11 issues. So thank you.

12 MR. WALKER: His sidekick is sitting over here,
13 you can ask his sidekick.

14 MR. GRAHAM: I'm going to assume that if he's
15 staying seated that he's okay with it. Thank you.

16 MR. WALKER: So I have a question for you.
17 Carmack doesn't apply to household goods carriers?
18 Because what you're doing here, the rules in Carmack under
19 49 CFR applies to -- Texas adopted that. Didn't Carmack
20 apply when they deregulated and they pushed it down to the
21 state level? Carmack is the federal statute that surround
22 how you handle freight claims, and every contract that we
23 do at our company pretty much Carmack applies which gives
24 the carrier a certain amount of time to respond in writing
25 to the complainant that there's been a damage, and once

1 you get that notice you have 30 days in order to
2 acknowledge the claim and then you have a certain period
3 of time to take and resolve the claim, and all that comes
4 under Carmack under the Code of Federal Regulations. So
5 you're saying Carmack doesn't apply to household goods?

6 MS. THOMPSON: I will defer to either David or
7 Jimmy on that.

8 MR. WALKER: Okay. That's probably a big
9 question, we'll just look at it later then.

10 MS. AUCOIN: For the record, my name is Aline
11 Aucoin, associate general counsel for DMV.

12 So as far as the claim issue that we're
13 discussing here, the federal regulations don't apply to
14 that particular part. We do have Transportation Code
15 Section 643.152 which addresses the Carmack issue, it uses
16 different words, but the items that are listed where we
17 have to be consistent with the federal regulations, this
18 part of the claim process is not included. So this is
19 just merely an acknowledgment letter that the household
20 goods carrier sends to the claimant saying I received your
21 claim.

22 MR. WALKER: Which kind of streamlines back
23 over to Carmack. Is that not correct, basically?

24 MS. AUCOIN: Again, our state requirements for
25 this particular part of the claim process don't require us

1 to be consistent with the federal standards and the
2 federal standards don't necessarily apply.

3 MR. WALKER: Okay.

4 MR. PALACIOS: Thank you. Are there any
5 further questions on this rule?

6 (No response.)

7 MR. PALACIOS: If not, I will entertain a
8 motion.

9 MR. PAINTER: Mr. Chairman, I move that the
10 Board approve the adoption of amendments to Section
11 218.61, as recommended by staff.

12 MR. WALKER: I'll second that.

13 MR. PALACIOS: There's a motion by Board Member
14 Painter, second by Board Member Walker to accept the
15 Chapter 218.61 rule. All those in favor please signify by
16 raising your right hand.

17 (A show of hands.)

18 MR. PALACIOS: Motion passes unanimously.
19 Great.

20 Before we move on to agenda item number, I
21 suggest we take a quick break of about ten minutes, and we
22 reconvene at 10:40.

23 (Whereupon, a brief recess was taken.)

24 MR. PALACIOS: We're all present and accounted
25 for. Let's move on now to agenda item number 12, Chapter

1 209, rule proposal. It will be given by Linda Flores.

2 MS. FLORES: And it's my understanding we're
3 going to be taking up the next two rule proposals.

4 MR. PALACIOS: That is correct.

5 MS. FLORES: The first one is rule proposal to
6 publish a new section in 209.24, Charges for Public
7 Information. This is found on page 170 of your board
8 document. The purpose of the section is to adopt the
9 attorney general's rules relating to charges for public
10 information. There are no fiscal impacts associated with
11 the new section. The department is required to use rules
12 adopted by the attorney general in determining the charges
13 for providing copies of public information.

14 And with that, I'll move on to item number 13.

15 Again, this is a proposal for a rule under Title 43,
16 Texas Administrative Code, Chapter 210, Contract
17 Management, Subchapter B, Historically Underutilized
18 Business Program, and it's the amendments to Chapter
19 210.22. The purpose of the amendment is to correct a
20 citation associated with the comptroller's Historically
21 Underutilized Businesses rules. Our rules point to an
22 incorrect citation, they changed their rules, we need to
23 sync them up. There are no fiscal implications for the
24 department with the proposed amendments for both.

25 And with that, I request your approval to

1 publish these rules.

2 MR. PALACIOS: Are there any questions for Ms.
3 Flores regarding these two rules?

4 (No response.)

5 MR. PALACIOS: Hearing none, I will entertain a
6 motion.

7 MR. TREVIÑO: Mr. Chairman, I move that the
8 Board approve the proposed New Section 209.24 and
9 amendments to 210.22 for publication in the *Texas Register*
10 for public comment.

11 MR. INGRAM: Second.

12 MR. PALACIOS: Motion by Board Member Treviño,
13 second by Board Member Ingram for the rule proposals. All
14 those in favor please signify by raising your right hand.

15 (A show of hands.)

16 MR. PALACIOS: Motion passes unanimously.

17 Thank you, Ms. Flores.

18 Let's move on now to agenda item number 14,
19 Chapter 215, Motor Vehicle Distribution, that will be
20 given by Ms. Corrie Thompson.

21 MS. THOMPSON: Chairman and Board members,
22 again, Corrie Thompson, interim director of the
23 Enforcement Division.

24 And now for agenda item 14 which is on page 182
25 of your board book, before you is a recommendation to

1 approve publishing of the proposed amendments to
2 Administrative Rule 215.210 in the *Texas Register* for
3 public comment. The purpose of the amendments of this
4 rule are to make the rule consistent with the language
5 that appears in Occupations Code 2301.610 and to replace
6 the acronym OEM with Original Equipment Manufacturer, as
7 OEM is not currently defined in Chapter 215.

8 The genesis of the proposal is that 2301.610
9 requires a disclosure statement when there has been an
10 order to repurchase or replace a vehicle, and the current
11 rule actually imposes two additional requirements when
12 that disclosure statement must be attached to the vehicle,
13 and those two additional requirements our current rule
14 imposes are when there is a settlement prior to a hearing
15 being held or when a vehicle is brought into Texas after
16 being reacquired to resolve a warranty claim that occurred
17 in another jurisdiction. So again, this rule amendment
18 would just make our rule consistent with the requirements
19 spelled out in Occupations Code 2301.610.

20 And again, this agenda item is to request
21 approval to publish this rule in the *Texas Register* for
22 public comment.

23 MR. WALKER: Mr. Chairman, I propose to move
24 that the Board approve the proposed amendment to Section
25 215.210 for publishing in the *Texas Register* for public

1 comment

2 MR. TREVIÑO: Second.

3 MR. PALACIOS: Motion by Board Member Walker,
4 second by Board Member Treviño for the rule proposal
5 Section 215.210. All those in favor please signify by
6 raising your right hand.

7 (A show of hands.)

8 MR. PALACIOS: Motion passes unanimously.

9 Thank you, Ms. Thompson.

10 Let's bring Mr. Kuntz back. We haven't seen
11 him in a while.

12 (General laughter.)

13 MR. KUNTZ: Good morning. Again for the
14 record, Jeremiah Kuntz, director of the Vehicle Titles and
15 Registration Division.

16 Before you I will be covering two rules for
17 publication for proposal for comment. The first is
18 217.43, 217.45 and 217.46. This rule makes various
19 changes to our rules relating to license plates. The
20 primary purpose of this is to clean up some of the license
21 plates that had a mandatory month of expiration for them
22 to give them staggered registration of the 12-month
23 period. As you may be aware many vehicles used to all
24 expire in March and it caused a backlog in the county
25 offices of everybody coming in to register their vehicles

1 all in the same month, and so over time we have been
2 getting away from that March expiration and staggering the
3 registration periods for many of our license plates and
4 registration.

5 So the first one that we've got is the
6 Congressional Medal of Honor license plate, we've also got
7 some plates on here for cotton vehicles, disaster relief,
8 honorary consul, and log loader, so all of those will have
9 staggered registration. The other is to clarify that
10 fertilizer plates will be issued one plate, as well as
11 golf cart and package delivery vehicles will not be
12 allowed to be personalized, so those would only receive a
13 random character for their plates, not a personalized
14 plate pattern.

15 And then the last item that we've got on here
16 relates to the Railroad Commission. We have state
17 official license plates that are issued to various state
18 officials. Some of those state officials are the Railroad
19 Commission, there are three Railroad commissioners. The
20 rule the way it is set up, the chair of that commission
21 always received the license plate with the lowest number.

22 That actually had caused some issues with them because
23 they rotate who the chair is pretty frequently is, and so
24 they're constantly having to turn their license plates in
25 and rotate who had the specific number of the chair. They

1 actually made a request to us to stop doing that so that
2 they just receive a specialty plate for the duration as
3 their time on the Railroad Commission and that way they
4 would not rotate the license plates between the various
5 commissioners.

6 So with that, that concludes my presentation on
7 that one.

8 So the next item before you are amendments that
9 will be published for public comment in 217.168 and
10 217.185. As you are all aware, we have the processing and
11 handling fee that was adopted back in June, and so we've
12 had some requests, there was a petition for rulemaking
13 related to one of the compensations that was coming out of
14 the processing and handling fee specifically for a
15 deputized dealer, so a dealer deputy of the county.

16 The way that the processing and handling fee
17 worked is that if the dealer deputy processed a title and
18 registration, they would keep a \$1 fee from the processing
19 and handling fee for their part in processing the
20 registration and that they would also be able to charge a
21 \$10 fee for processing the title. We heard from some of
22 the counties that they would prefer to receive that \$1 and
23 bring the county compensation from \$1.30 up to \$2.30 which
24 would be in line with the compensation for a county that
25 is processing a transaction in person and by mail, and so

1 it would make their compensation the same as those
2 transaction types.

3 And so we did receive the petition for
4 rulemaking from a county tax assessor-collector on behalf
5 of the association, making the request that the \$1 for a
6 dealer deputy be given to the county instead of to the
7 dealer. That concludes my presentation.

8 MR. BARNWELL: Mr. Chairman, with respect to
9 agenda items 15 and 16, I move that the Board approve the
10 proposed amendments to Chapter 217 for publication in the
11 *Texas Register* for public comment.

12 MR. PAINTER: Second.

13 MR. PALACIOS: Motion made by Board Member
14 Barnwell, second by Board Member Painter to accept these
15 rule proposals.

16 MR. WALKER: Question.

17 MR. PALACIOS: Yes.

18 MR. WALKER: Jeremiah, would you go back and
19 explain, I didn't quite understand the staggering of the
20 plates, tell me how we plan on doing that.

21 MR. KUNTZ: So the same that we do for our
22 general issue plates. There's generally a registration
23 sticker that is issued with that license plate that has
24 the expiration month and year that is printed on that
25 sticker, and so rather than giving them a March

1 registration sticker that has whatever year it's expiring
2 in, they would receive twelve months of registration from
3 whatever time they apply for that license plate and
4 registration for that vehicle. So as these come in, as
5 new vehicles come in and make application for one of these
6 particular types of registration, then they would just
7 receive twelve months of registration from that time going
8 forward. Today what happens is if they bring a new
9 vehicle in, we have to prorate them to March and then they
10 get onto that cycle, and so rather than prorating them,
11 they will just receive twelve months of registration.

12 MR. WALKER: This is on what kind of license
13 plates?

14 MR. KUNTZ: So there are various plates, so the
15 Congressional Medal of Honor, which obviously there's no
16 registration on that but their expiration would just occur
17 twelve months from the time of issue.

18 MR. WALKER: Here's where I was confused.
19 We're not staggering anybody else's plates, it's just
20 these Congressional plates.

21 MR. KUNTZ: There's a fertilizer license plate
22 that will only be issued one, but the ones that are
23 getting the March is going to be cotton vehicle, disaster
24 relief, and honorary consul, as well as the log loader
25 will no longer have a set month, they will be staggered

1 now.

2 MR. WALKER: There can't be that many of these
3 plates, is there?

4 MR. KUNTZ: No. And like I said, we're getting
5 to the end of license plates that still were on that old
6 system of having one month of expiration, and so we're
7 just trying to get it to where everybody has got staggered
8 registration.

9 MR. WALKER: Okay.

10 MR. PALACIOS: Are there any further questions
11 for Mr. Kuntz? I'll say I had an opportunity to visit
12 with Mr. Kuntz and staff on these two, as well as some of
13 the other rules, and Mr. Kuntz is very firm in his
14 conviction that these are sound and needed rules. He did
15 express that he's disappointed that he couldn't present us
16 with something that wasn't as mundane and as boring. So
17 with that, I would ask all of you before you vote to
18 consider the ramifications, weigh the pros and cons, and
19 consider the impact on the State of Texas that these rules
20 will have before you vote.

21 With that, all those in favor signify by
22 raising your right hand.

23 (A show of hands.)

24 MR. PALACIOS: Motion passes unanimously.

25 Did I spice it up enough for you, Jeremiah?

1 MR. KUNTZ: Absolutely. Thank you, sir.

2 (General laughter.)

3 MR. PALACIOS: Next we're going to move on
4 agenda item number 17, Chapter 217, Vehicle Titles and
5 Registration, and number 18, Chapter 219,
6 Oversize/Overweight Vehicles and Loads, to be presented by
7 Mr. Jimmy Archer.

8 MR. ARCHER: Thank you, Mr. Chairman. My name
9 is Jimmy Archer, director of the Motor Carrier Division
10 for the Texas Department of Motor Vehicles.

11 As the Chairman said, I have two rules I'll be
12 presenting today. One of them deals with Chapter 217 for
13 registration of motor carriers, and the other deals with
14 Chapter 219 for oversize/overweight permits.

15 The first proposal is proposed amendments to 43
16 Administrative Code, Chapter 217, Vehicles Titles and
17 Registration. This is a proposal to be posted in the
18 *Texas Register*. Last session House Bill 1793 was passed
19 and it amended the statute to eliminate inspection
20 requirements for certain commercial motor vehicles that
21 are subject to other inspection requirements. The
22 proposed amendments implement these changes to the statute
23 by eliminating from Chapter 217 the requirement that the
24 inspection fee only be collected for inspections conducted
25 in Texas. The fee will be collected regardless of where

1 the inspection took place.

2 What was happening prior to this was a carrier
3 would have to either bring their trucks back to Texas if
4 they were working out of state, say they were working in
5 North Dakota, for instance, once the registration expired
6 each year, they'd either have to bring their trucks all
7 the way back to Texas to be registered or as soon as they
8 entered Texas they would have to get an inspection within
9 24 hours. The way this will work is if a carrier is
10 working out of state for an extended period of time, he
11 can have his truck inspected or his vehicle inspected, get
12 a Federal Motor Carrier Safety Administration certified
13 inspection, and he'll be good to go in Texas. He can
14 register and he won't be required to pay the fee when he
15 registers the vehicle.

16 The second one was Bill 2075 which was passed
17 last session and it amended the Transportation Code to
18 allow the payment of a one-time \$10 fleet fee instead of
19 an annual fee. The proposed amendments clarify situations
20 that a one-time fee of \$10 per vehicle is due to DMV. The
21 three situations are: when the carrier registers a fleet
22 for the first time, when a new vehicle is added to the
23 owner's existing fleet, or when a buyer registers a fleet
24 even if the seller had previously registered the vehicles
25 that were in that fleet.

1 There are no fiscal implications. The fees
2 from the fleet fees will be deposited in the TxDMV Fund.
3 If the Board approves, the proposed rules will be posted
4 to the *Register* on November 10 and comments will be
5 accepted until December 11. I ask the Board approve these
6 proposed amendments.

7 MR. PALACIOS: Are there any questions for Mr.
8 Archer?

9 (No response.)

10 MR. PALACIOS: Hearing none, I will entertain a
11 motion.

12 MR. ARCHER: I still have a second rule.

13 MR. PALACIOS: That's right, we're doing them
14 both. Okay.

15 MR. ARCHER: The second one deals with
16 Oversize/Overweight Vehicles, Chapter 219. Again, this is
17 a proposed amendment.

18 These amendments improve terminology, correct
19 errors, modify language for consistency with other rules
20 in Chapter 219, delete irrelevant language, delete
21 language that's already found in statutes or rule, and
22 clarify requirements and procedures and make the rules
23 consistent with existing practice. Examples of making
24 rules consistent with the current practice are an
25 applicant applying for the first quarter of a quarterly

1 hubometer permit under 219 currently pays an initial \$31
2 processing fee rather than an estimated fee. We took the
3 language about the estimated fee out of the rule.

4 Also, we corrected errors like names of some
5 departments, example is the Department of Economic
6 Development was corrected to be the Economic Development
7 and Tourism Office, modified language to replace
8 Department with Texas Department of Transportation where
9 appropriate, new language already found in statute and
10 other rules, and finally, we modernized language to
11 continue the progress of technology. One example would be
12 we eliminated the use of the term facsimile to modernize
13 the rules because we're finding different ways to
14 communicate with our carriers to have them apply for
15 permits and receive them.

16 So if the Board approves, staff anticipates
17 publication November and comments will be accepted until
18 December 11, and again, I ask the Board to approve these
19 rules for publication in the *Texas Register*.

20 MR. PALACIOS: Are there any questions
21 regarding the two rule proposals that have been presented?

22 MR. GRAHAM: Mr. Chairman, I move that the
23 Board approve the proposed amendments to Section 217.54
24 and Chapter 219 for publication in the *Texas Register* for
25 public comment.

1 MR. PAINTER: Second.

2 MR. PALACIOS: Motion by Board Member Graham,
3 second by Board Member Painter to accept the rule
4 proposals. All in favor please signify by raising your
5 right hand.

6 (A show of hands.)

7 MR. PALACIOS: Motion passes unanimously.

8 Thank you, Mr. Archer.

9 Okay. We're moving along just fine. We're now
10 on agenda item number 19 which is executive session.
11 We're going into closed session. It is now 11:01 a.m. on
12 October 19, 2017. We'll go into closed session under
13 Texas Government Code Section 551.071, 551.074 and
14 551.089. For those of you in the audience, I anticipate
15 being in executive session for approximately 55 minutes.
16 We'll reconvene in open session after that.

17 With that, we are recessed from public meeting
18 and we'll go into executive session.

19 (Where upon, at 11:01 a.m., the meeting was
20 recessed, to reconvene this same day, Thursday, October
21 19, 2017, following conclusion of the executive session.)

22 MR. PALACIOS: Let's get things going here.
23 It's approximately 12:39 p.m. on October 19, 2017, and the
24 Board of the Texas Department of Motor Vehicles is now in
25 open session. We want to note that no action was taken in

1 the closed session.

2 So let's move on to agenda item 21, public
3 comment. Do we have any cards, Melanie? No one. Great.

4 If not, we're going to move on to agenda item
5 number 22.

6 MR. WALKER: I'll make a motion that we would
7 adjourn.

8 MR. TREVIÑO: Second.

9 MR. PALACIOS: Motion by Board Member Walker,
10 second by Board Member Treviño. All in favor?

11 (A show of hands.)

12 MR. PALACIOS: We're adjourned. That's it.

13 (Whereupon, at 12:40 p.m., the meeting was
14 adjourned.)

C E R T I F I C A T E

MEETING OF: Texas Department of Motor Vehicles

LOCATION: Austin, Texas

DATE: October 19, 2017

I do hereby certify that the foregoing pages, numbers 1 through 119, 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.

10/26/2017

(Transcriber) (Date)

On the Record Reporting
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