

TEXAS DEPARTMENT OF MOTOR VEHICLES

BOARD MEETING

Thursday,  
April 12, 2018

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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| 13. | 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:<br><br><ul style="list-style-type: none"> <li>• Section 551.071</li> <li>• Section 551.074</li> <li>• Section 551.089</li> </ul> | 126 |
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P R O C E E D I N G S

1  
2 MR. PALACIOS: All right. Let's get this show  
3 moving. Good morning, everyone. It's a great day in  
4 Austin, Texas.

5 My name is Raymond Palacios. I'm pleased to  
6 open the Board meeting of the Texas Department of Motor  
7 Vehicles. It is 8:02 a.m., and I'm now calling the Board  
8 meeting for April 12, 2018 to order. I want to note for  
9 the record that public notice of this meeting, containing  
10 all items on the agenda, was filed with the Office of  
11 Secretary of State on April 4, 2018.

12 Before we begin today's meeting, please place  
13 all cell phones and other communication devices in the  
14 silent mode, and please note, as a courtesy to others do  
15 not carry 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're 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 In accordance with the department's  
3 administrative rules, comments to the Board will be  
4 limited to three minutes. To assist each speaker, a timer  
5 has been provided. The timer light will be green for the  
6 first two minutes, yellow for one minute, and then red  
7 when your time is over. Individuals cannot accumulate  
8 time for other speakers. Comments should be pertinent to  
9 the issues stated on the comment sheet. When addressing  
10 the Board, please state your name and affiliation for the  
11 record.

12 Before we begin today, I'd like to remind all  
13 presenters of the rules of conduct at our Board meetings.

14 In the department rules section of 206.22, the Board  
15 chair is given authority to supervise the conduct of the  
16 meetings. This includes the authority to determine when a  
17 speaker is being disruptive of the meeting or is otherwise  
18 violating the timing presentation rules I just discussed.

19 So let's move forward now with roll call.

20 Board Member Barnwell?

21 MR. BARNWELL: Present.

22 MR. PALACIOS: Board Member Caraway?

23 MS. CARAWAY: Present.

24 MR. PALACIOS: Board Member Graham?

25 MR. GRAHAM: Present.

1 MR. PALACIOS: Board Member Hardy?

2 MS. HARDY: Present.

3 MR. PALACIOS: Board Member Ingram?

4 MR. INGRAM: Present.

5 MR. PALACIOS: Board Member Painter?

6 MR. PAINTER: Present.

7 MR. PALACIOS: Board Member Walker?

8 MR. WALKER: Present.

9 MR. PALACIOS: And let the record reflect I am  
10 here too, Raymond Palacios. We have a quorum. Also let  
11 the record reflect that Board Member Treviño is not  
12 present.

13 So we can move on now to honor our great  
14 country.

15 (The Pledge of Allegiance was recited.)

16 MR. PALACIOS: Okay. We're going to move  
17 straight on to the executive director's report.

18 MS. BREWSTER: Good morning, Mr. Chairman,  
19 members, guests and staff. For the record, my name is  
20 Whitney Brewster, executive director of the Texas  
21 Department of Motor Vehicles.

22 The first item that I would like to provide an  
23 update on is the Sunset review. As I'm sure many of you  
24 are aware, the Sunset Commission convened for the first  
25 time on March 19 for an organizational meeting. At that

1 meeting, Ken Levine, the executive director of the Sunset  
2 Commission, presented an overview of the Sunset process  
3 for members. The commission also approved the review  
4 schedule for this cycle, and our public hearing will be on  
5 May 23 and 24. Other agencies with public hearings on  
6 those same days include the Department of Public Safety,  
7 the Texas Military Department, several of the river  
8 authorities, as well as several of the banking and finance  
9 agencies, including the Office of the Consumer Credit  
10 Commissioner.

11 The Sunset staff report, the report itself,  
12 we've been told will be published on April 19, which that  
13 is when that report will become public, and then the  
14 agency's response is due back to Sunset by May 10. At the  
15 May hearing the Sunset staff will present the report and  
16 the commission will also take public testimony. Both the  
17 report and our response will be available to the  
18 commission and to the public.

19 After the May hearing, the commission will  
20 convene again in August, August 29 and 30, and they will  
21 not only consider Sunset reports of a new round of  
22 agencies, they'll actually make decisions on our report at  
23 that meeting. Our decision hearing, again, will be August  
24 29 and 30. The Sunset Commission has the authority to  
25 adopt the Sunset report as presented or they can make

1 changes. Any recommended management actions in the Sunset  
2 report, as adopted by the commission, those become  
3 effective immediately upon a vote. Any changes in statute  
4 recommended in the adopted report would be part of the  
5 department's Sunset bill to be considered by the  
6 legislature once it convenes in January.

7 With that, I am happy to answer any questions  
8 on the Sunset review process.

9 (No response.)

10 MS. BREWSTER: Hearing none, Mr. Chairman, if I  
11 might move along to item 2.

12 I wanted to just introduce you to our newest  
13 member of our executive team, Mike Higginbotham. If you  
14 don't mind standing, Mike. Good morning.

15 Mike is our new chief information officer, for  
16 those of the Board who haven't had the opportunity to meet  
17 him or our key stakeholders. In this role he is obviously  
18 overseeing the Information Technology Services Division  
19 and its 92 employees, providing information technology  
20 services and support for all agency staff, as well as  
21 stakeholders and consumers, and maintenance and support of  
22 TxDMV's major systems and technologies. Obviously this is  
23 a very critical role for our organization as we continue  
24 to enhance technology infrastructure and transform the way  
25 that we do business.



1                   Mike has 20 years of technology and customer  
2 service experience. Mike most recently served as  
3 corporate vice president and chief information officer for  
4 the long term care division of New York Life Insurance  
5 Company. Other positions within that company include head  
6 of customer service, program manager, enterprise  
7 architect, application development manager, and senior  
8 programmer. Before New York Life, he worked as a senior  
9 programmer for Computer Services Corporation. Mike was  
10 born and raised here in Austin and earned his bachelor's  
11 degree in computer information systems from Texas State  
12 University.

13                   So members, if you wouldn't mind joining me in  
14 welcoming Mike to TxDMV.

15                   (Applause.)

16                   MR. PALACIOS: Welcome aboard, Mike.

17                   MS. BREWSTER: Moving on, Mr. Chairman. In the  
18 last Board meeting you authorized me, on behalf of the  
19 Auto Burglary and Theft Prevention Authority, to request  
20 from the Legislative Budget Board authorization to  
21 transfer any unexpended or unobligated general revenue  
22 balances remaining as of August 31, 2018 for the same  
23 purposes for the fiscal year beginning September 1, 2018.

24                   As an update to that action, I submitted the request and  
25 received notification in March from the Governor's Office,

1 as well as the Legislative Budget Board, that they granted  
2 that request, so those unexpended dollars not used in FY18  
3 will now transfer to FY19 to be used for grant. And this  
4 authorization provides critical flexibility in managing  
5 the funds awarded to law enforcement combat auto burglary  
6 and theft.

7 So just wanted to provide that update to the  
8 Board and I'd be happy to answer any questions that you  
9 have on that item.

10 (No response.)

11 MS. BREWSTER: All right. Moving right along.

12 At this time we would like to recognize our recent  
13 retirees and employees who have reached a major state  
14 service milestone. We celebrate these employees as a show  
15 of our appreciation for their years of service to the  
16 citizens of Texas. I also want to welcome the family and  
17 friends of those that we're honoring today. We know that  
18 you share your loved ones with us and we really appreciate  
19 very much the support that you provide to those that we're  
20 honoring here today.

21 Martha Yancey, with the Human Resources  
22 Division, will read the announcements. And Mr. Chairman  
23 and members, if you'd join me at the front of the dais.  
24 Thank you.

25 MS. YANCEY: Good morning. My name is Martha

1 Yancey, Human Resources Division.

2 The following employees have reached a state  
3 service milestone of 20 years. Claudette Otis-Watkins,  
4 please join Ms. Brewster and our Board members.

5 (Applause.)

6 MS. YANCEY: Claudette has worked for the DMV  
7 since November 1, 2009. She is a program specialist for  
8 the commercial fleet services section within the Motor  
9 Carrier Division. She does an exceptional job in the  
10 International Registration Plan, or IRP, compliance audit  
11 branch, and she provides excellent assistance to our  
12 customers. Claudette is truly an asset to the division.

13 Congratulations on 20 years of state service,  
14 Claudette.

15 (Applause.)

16 MS. YANCEY: Next, Connie Green.

17 (Applause.)

18 MS. YANCEY: Connie began her state service  
19 career on March 23, 1998 with the Texas Commission on  
20 Environmental Quality. She has worked for the DMV since  
21 January 6, 2014 as a program specialist in the Finance and  
22 Administrative Services Division. She does an exceptional  
23 job with managing and coordinating special projects and  
24 she provides excellent customer service. Connie is truly  
25 an asset to the division.

1                   Congratulations on your 20 years, Connie.

2                   (Applause.)

3                   MS. YANCEY: The following employee has reached  
4 a state service milestone of 25 years, Tom Shindell.  
5 Please join Ms. Brewster and the Board members, Tom.

6                   (Applause.)

7                   MS. YANCEY: Tom began his state career with  
8 the University of Texas in Austin on June 1, 1990. Prior  
9 to joining our agency, Tom worked for the Texas Department  
10 of Health, State Auditor's Office, and the Texas Education  
11 Agency. Tom serves as our innovation and strategy expert.

12                   Through his work at the agency, he has developed and  
13 implemented an innovation program that recognizes the work  
14 of our employees in improving processes and customer  
15 service. Tom is currently leading the effort to develop  
16 the agency's strategic plan and to improve the key  
17 performance measures of the agency. He is known for his  
18 caring attitude and quick wit. Tom has big pun at TxDMV.

19                   Congratulations on 25 years.

20                   (Applause.)

21                   MS. YANCEY: And the following employee has  
22 reached a state service milestone of 40 years, Judy  
23 Sandberg.

24                   (Applause.)

25                   MS. YANCEY: Judy starting work for TxDMV on

1 July 1, 2014 as the Enterprise Project Management Office  
2 director. Judy began her state career in 1977 at the  
3 Texas Rehabilitation Commission and worked for several of  
4 the health and human services agencies prior to joining  
5 our agency. Over her 40-year career with the state, Judy  
6 has served as the director of information technology and  
7 successfully led several major projects in state  
8 government. We continue to benefit from her project  
9 management expertise as evidenced by the significant  
10 improvements to the management and reporting of enterprise  
11 projects at TxDMV. Judy is the consummate professional,  
12 and we are so proud to have her on the team.

13 Congratulations, Judy, on your 40 years of  
14 state service.

15 (Applause.)

16 MS. YANCEY: The following employees also  
17 reached a state service milestone but were unable to join  
18 us this morning. 20 years: Valerie Luna, Human  
19 Resources Division; Richard Arevelo, Vehicle Titles and  
20 Registration division; 30 years: Duane Murdock, Motor  
21 Carrier Division. And last, the employees who recently  
22 retired from the agency are Lois Johnson and Jesse  
23 Barrera.

24 Thank you.

25 (Applause.)

1 MR. PALACIOS: Okay. Let's move along here.  
2 I'm going to take one item out of order here. We're going  
3 to move the public comment section up now, it's agenda  
4 item number 15, and we'll go ahead and hear from a speaker  
5 during this open comment session. And we have with us Mr.  
6 Hardy.

7 MR. HARDY: Good morning. I'm H.S. Hardy with  
8 QuickView Technologies.

9 QuickView is an original recipient of motor  
10 vehicle records containing personal information from TxDMV  
11 by virtue of a service agreement for electronic access,  
12 which is commonly known as MVInet. QuickView, through  
13 secured website access, re-discloses these records that  
14 include personal information to entities and individuals  
15 that have a permitted purpose to view personal information  
16 as they're assigned agent.

17 QuickView became involved in this endeavor 16  
18 years ago when we were proposing to the TxDOT VTR Division  
19 a new software application called QuickVTR that was  
20 compatible with MVInet and interfaced directly server to  
21 server. This application will allow the last 500  
22 reluctant voice dial-up subscribers to convert to MVInet  
23 even though they didn't have internet access. Ultimately,  
24 because of time constraints, these subscribers were forced  
25 to switch to MVInet or lose access to motor vehicle

1 inquiries.

2           Soon after, QuickView decided to continue  
3 QuickVTR development and convinced 14 out of the 500  
4 subscribers to give it a try. Today we have 1,100  
5 subscribing entities and individuals which inquired on  
6 220,000 motor vehicle records in March. I'm guessing as a  
7 third party we re-disclose 25 percent of all fee-based  
8 MVInet record inquiries.

9           During Thanksgiving week of 2015, the MVInet  
10 application was moved from the TxDOT mainframe to the  
11 TxDMV servers. We didn't know at the time that MVInet  
12 would be a completely new application. Because of this,  
13 we lost our server to server connection and we went dark.  
14 Thanks to Eric Obermier and the Deloitte developers, we  
15 were back online in three days, but later Eric said to me,  
16 "I had no idea that you existed." And that's why I'm here  
17 today. I'm asking TxDMV to please reach out to us and  
18 learn about and to vet our business practices. Then I'm  
19 asking for us to work together in a cooperative way for  
20 the benefit of the Texas stakeholders that utilize us to  
21 deliver these important motor vehicle records.

22           And with that, thank you.

23           MR. PALACIOS: Thank you, Mr. Hardy.

24           MR. DUNCAN: Mr. Chairman, if I may? David  
25 Duncan, general counsel.

1           Just to put Mr. Hardy's comments in context, we  
2 do have a rule open on the provision of motor vehicle  
3 records and the interface between our record systems and  
4 businesses like his, so we will be glad to work with Mr.  
5 Hardy. And the comment period on that rule does not close  
6 until April 16, for anyone that's listening, so we've  
7 still got a few days left on the comment period for that,  
8 so please get your comments in. And we'll work with the  
9 commenters to make sure that they understand our processes  
10 and we understand theirs.

11           MR. PALACIOS: Okay. Thank you.

12           All right. Let's move along to our Finance and  
13 Audit presentations by Linda and Renita.

14           MS. FLORES: Good morning. For the record,  
15 Linda Flores, chief financial officer for the Texas  
16 Department of Motor Vehicles.

17           Our presentation today is for all of our  
18 activities through the month ending February 28, 2018, so  
19 this represents activities for the first six months of the  
20 agency.

21           The first slide, which is also reflected on  
22 page 9 of your materials, provides a snapshot of how we're  
23 doing in our projections, and for the most part we are  
24 actually ahead of the game when it comes to most of our  
25 fees. We are slightly down in titles, as well as



1 registration.

2           When it comes to titles, our projections  
3 included a very aggressive volume for the titles that we  
4 anticipated to be turned over because of Hurricane Harvey.

5           Those have not really materialized. We have seen an  
6 influx of titles and you'll see that in the table right  
7 below this table on page 9, it's just that our projections  
8 were a little bit more aggressive than what we're actually  
9 realizing.

10           When it comes to registrations, we know that  
11 the dollar for the automation fee is now being captured  
12 under processing and handling, so again, the projections  
13 that we had last year did include that first four months  
14 of activity. We know what that is. We believe that as  
15 time moves on for the rest of the year that we'll narrow  
16 that discrepancy, if you will. So there's really no  
17 concerns when it comes to our revenues at all.

18           Our expenditures and obligations, for the most  
19 part we've either spent or encumbered approximately 50  
20 percent of our budget. That's in line with where we are  
21 for the first six months of the year.

22           My Plates, again, as you all know, they hit  
23 their \$50 million obligation last August. They continue  
24 to deposit dollars into the general revenue, and that is a  
25 good thing.

1           Expenditures for the second quarter, this is  
2 just, again, as I mentioned, we've either spent or  
3 obligated 50 percent of our budget. These are the  
4 different categories. There's no anomalies, no strange  
5 items that we've encountered so far, it's pretty much  
6 business as usual when it comes to spending.

7           And our capital status, the largest budget, of  
8 course, is for automation. That particular category  
9 includes 14 distinct projects, so we've got \$24 million,  
10 we've got about half of that available through the end of  
11 February to carry us throughout the year.

12           And that concludes my presentation.

13           I would like to let you know that in May you  
14 will be getting a report about our midyear analysis. We  
15 do a budget midyear analysis, we're in the middle of  
16 finalizing some of our recommendations to identify where  
17 some divisions may be leaving dollars on the table where  
18 we'll come up with a recommendation from Ms. Brewster to  
19 consider to repurpose those dollars into another part of  
20 the agency so we can ensure that we're not leaving  
21 valuable dollars on the table. So we'll be doing that.

22           The other thing that we're doing is we're in  
23 the process of establishing our spending levels for the  
24 next biennium. We've received instructions from the  
25 Legislative Budget Board, it's time to start that process

1 for the legislative appropriations request. So the first  
2 step, there is a submission in May where you establish  
3 that spending level, step one. Step two, we come to the  
4 Board in June with a preliminary recommendation to the  
5 Finance Committee and the Board. And then in August we  
6 finalize our compilation and submit to the Legislative  
7 Budget Board. So just wanted to kind of give you a heads-  
8 up on that.

9 And that concludes my presentation. Any  
10 questions?

11 (No response.)

12 MS. FLORES: Thank you very much.

13 MR. PALACIOS: Thank you, Linda.

14 Okay. We'll move on to the next item on our  
15 agenda, the Internal Audit update.

16 MS. MENJIVAR-SUDDEATH: Good morning. For the  
17 record, Sandra Menjivar-Suddeath, Internal Audit director,  
18 and I'm presenting item 5.E. which is the Internal Audit  
19 Division status, which you can find on page 17 of your  
20 board book. The Internal Audit status includes an update  
21 on our current status on the fiscal year 2018 annual audit  
22 plan and any external coordination items.

23 For the fiscal year 2018 audit plan, we are  
24 working on currently seven engagements. Those seven  
25 engagements are listed on page 18 of your board book. The

1 first one is the fraud, waste and abuse risk assessment.  
2 This is an advisory service to identify and rank fraud,  
3 waste and abuse risks throughout the department. They are  
4 focused on internal risks. On page 20 you'll see a  
5 progress on where we are. We're collecting risks for 13  
6 divisions. So far we've actually finished about seven  
7 different divisions, including Enforcement, we finished  
8 the Enforcement Division last week. We have about four  
9 ongoing and two that have not been started, but by the end  
10 of the week we should be finishing up a couple of those.

11 Overall we've identified about 57 fraud risks  
12 and controls, so we're collecting that information and  
13 we'll be providing at the end of the year the full wrap-up  
14 of all the risks we've identified to the Board, as well as  
15 the Executive Office.

16 The next item on our status is the FY 2018  
17 Internal Audit follow-up. This is a project that verifies  
18 the outstanding audit recommendations, specifically  
19 Internal Audit recommendations, to see if they've been  
20 fully implemented. Currently we're reviewing Internal  
21 Audit recommendations that had a completion date between  
22 March 1 and May 31, but in your board book on page 22 we  
23 have the second quarter results. For the second quarter,  
24 Internal Audit reviewed 13 audit recommendations from  
25 eight internal audit reports. These were audit

1 recommendations that had a due date between December 1 and  
2 February 28, 2018. Five of the audit recommendations had  
3 a high priority which meant that they were not within the  
4 acceptable risk tolerance for the department or they were  
5 something that was a concern to the Executive Office or  
6 the Board. Eight of them had a low priority which means  
7 that they were within the risk tolerance but there was  
8 still some concern in that area.

9 Overall, the department implemented nine of  
10 those recommendations, and as you can tell in the board  
11 book, many of these audits are also very old audits, some  
12 of them go back to fiscal year 2014, some of them are  
13 current, but overall, nine have been fully implemented and  
14 those nine were implemented within 32 days of the  
15 estimated completion date, which is good -- that means  
16 that the department is actually giving us realistic dates  
17 on completion -- and we actually had two audit  
18 recommendations that were completed within 90 days and 236  
19 days prior to the completion date.

20 For the four audit recommendations that were  
21 stated, management did provide us an updated completion  
22 date. Those completion dates, on average, have about 144  
23 more days to go, and out of the four, only one of them had  
24 a priority high.

25 The next item on the Internal Audit side of it

1 is the fiscal year 2019 annual audit plan, so we're  
2 beginning our audit plan for fiscal year 2019. We're  
3 collecting risk information, looking at data. We'll have  
4 an audit plan for you by August.

5 The other items are currently reports, either  
6 items that we are starting or we're in planning. The  
7 management request for the Texas Commission on Law  
8 Enforcement, that report is with the executive management  
9 for their review. That report will be released to the  
10 Board by April. Similar with travel and training, that  
11 report will also be released to the Board within the next  
12 couple of weeks. And then we've kicked off two audits,  
13 social media and inventory. Those engagement letters are  
14 on page 26 and 28 of your board book, and we anticipate  
15 those being done by June, which will leave us two audits  
16 to go for the fiscal year so we're on track for finishing  
17 the audit plan again this year.

18 For external audit coordination, we have three  
19 items. We submitted to the State Auditor's Office the  
20 coordination investigation letter which is the letter we  
21 send to the State Auditor's Office on any internal  
22 referrals that we have or complaints that the SAO sends to  
23 us. That was submitted on March 19. And then we had a  
24 Criminal Justice Information Service security audit. They  
25 found us in compliance and provided us the notification in

1 March. In addition, we also had the Texas Commission on  
2 Law Enforcement conduct an annual review of our law  
3 enforcement training. They did find two minor issues. The  
4 Enforcement Division is fixing those but it's nothing that  
5 is anything that's catastrophic.

6 Are there any questions?

7 (No response.)

8 MS. MENJIVAR-SUDDEATH: Okay. That concludes  
9 my item. Thank you.

10 MR. PALACIOS: Thank you, Sandra.

11 Okay. Let's move on to agenda item number 6,  
12 the legislative and public affairs presentation. It's all  
13 yours, Caroline.

14 MS. LOVE: Good morning. For the record, my  
15 name is Caroline Love. I'm the director of the Government  
16 and Strategic Communications Division, and this morning I  
17 have two items related to legislative updates. I'll begin  
18 with a briefing, starting on page 33 of your briefing  
19 books, regarding our implementation efforts for  
20 legislation passed by the 85th Legislature.

21 By and large, almost all the legislation that  
22 was passed has either been implemented or is well on the  
23 way for full implementation. Thankfully, we're not  
24 running into many issues. There are quite a few from the  
25 Board related items that were passed as recommendations to

1 the 85th Legislature. Almost all those items are  
2 implemented except for some provisions related to Senate  
3 Bill 2076 which allows for that certified copy of the  
4 original title to supersede any previously issued titles.

5 There's definitely a lot of programming and effort that  
6 goes into that, and we are definitely on track with  
7 implementing it by the implementation date stated in the  
8 legislation which is January 1 of 2019. So those efforts  
9 remain underway.

10 And then on other bills that were passed by the  
11 legislature, we have rules that have been adopted allowing  
12 for various things to move forward such as House Bill 561,  
13 letting package delivery vehicles get special plates. And  
14 those are those vehicles that are going through master  
15 planned communities, they're more electric or alternative  
16 to the larger trucks that you typically see being driven  
17 by UPS or FedEx through neighborhoods. So that has been  
18 implemented.

19 Additionally, Senate Bill 1062 had some  
20 provisions related to titles as well, allowing for  
21 electronic signatures and things like that. There was a  
22 delayed effective date on that bill of January 1, as well,  
23 to kind of allow for programming and that sort of thing to  
24 take place.

25 On House Bill 1959, there was a study that was



1 required by the department to look at ways to improve  
2 commercial vehicle processes, whether it related to  
3 registration, credentialing, and things such as digital  
4 license plates, something like that. And the study for  
5 that one is due by statute in December 2021, however, we  
6 decided in the previous bill that I mentioned, Senate Bill  
7 2076, there was a study that also was required of the  
8 department that's due by December 31 of 2018 that requires  
9 us to look at elements of the registration, titling and  
10 inspection process as it relates to registration and see  
11 if there's any efficiencies or items in there that can be  
12 eliminated. And so we've combined that with this House  
13 Bill 1959 study and we have awarded a vendor to help us  
14 research this, and it is Texas State University, so we'll  
15 be working on those studies the remainder of this year.

16           Additionally, I wanted to mention there were  
17 three new oversize/overweight permits that were created by  
18 the 85th Legislature. All those permits are now  
19 available. Senate Bill 1524 had the permit that allows  
20 for intermodal shipping containers in excess of the 87,000  
21 pounds to be able to travel within the 30-mile radius of  
22 ports, and to date we have issued 19 of those permits.

23           There is also, I did want to mention, next  
24 Tuesday, I believe it is -- I'm sorry -- it's actually a  
25 week and a half from now, April 24, the Senate

1 Transportation Committee will have a hearing and mainly  
2 they will hear from TxDOT on several issues but they do  
3 want an update from TxDOT and TxDMV to discuss the  
4 implementation of these permits.

5 The other two permits that were created include  
6 the fluid milk permit and also the Northeast Texas  
7 intermodal permit which just allows for a short distance  
8 in the northeast Texas Bowie County area for travel of  
9 oversize/overweight vehicles. Those two other permits  
10 have not had any requests and we have not issued any on  
11 those.

12 MR. WALKER: So why would we have gone through  
13 all the process to implement these and then nobody buys  
14 them?

15 MS. LOVE: Well, that's a good question. In  
16 the legislation there were a lot of requirements of the  
17 education for the drivers, the vehicle requirements, such  
18 as anti-roll stability, and we're hearing that some of  
19 these industries have not yet acquired either the training  
20 necessary or the specific equipment. And then TxDOT has  
21 held a stakeholder work group where those industries were  
22 invited and they have talked about routes and all those  
23 routes have been established, so it's definitely available  
24 to these industries.

25 MR. WALKER: So the anti-roll stability and

1 that stuff was only required, I believe, on the permit out  
2 of Houston down there in Barbers' Cut. It's not required  
3 on the other two, is it?

4 MS. LOVE: Yes. It was required.

5 MR. WALKER: Oh, we did put that on there?

6 MS. LOVE: Well, the language was amended in  
7 both those bills as it moved through the process to  
8 reflect what was in Senate Bill 1524 as well, so all three  
9 do have those requirements.

10 In terms of implementation efforts, that was  
11 all I had. Unless there's any questions, I can move on to  
12 the next item.

13 MR. PALACIOS: Yes, please.

14 MS. LOVE: So agenda item 6.B. begins on page  
15 42 of your briefing book, and it's looking ahead at our  
16 planning efforts for the 86th Legislative Session,  
17 because, believe it or not, one year from now we will be  
18 well in the throes of it, so just something to look  
19 forward to.

20 So as you are aware, the Board is charged in  
21 statute in the Texas Transportation Code with bringing to  
22 the legislature opportunities to improve operations and  
23 functions for the department, and we have begun to look at  
24 that as an agency to see what has been recommended by the  
25 Board in the past that maybe has not become statute to

1 date, and we do have a lot of small cleanup items that for  
2 various reasons, maybe there might be a reference to TxDOT  
3 instead of TxDMV, so those are some things that we're  
4 looking at. But we definitely are starting to review with  
5 staff what we need to consider for the 86th Legislative  
6 Session, and so we're kind of in the internal process at  
7 the moment, and during the summer we hope to start getting  
8 stakeholder feedback on what we would like to consider  
9 moving forward, and then by the fall we'll be coming back  
10 to this Board with some items to consider for that.

11 I put some key dates in the briefing just to  
12 have for reference. The session does begin on January 8  
13 of 2019, but with bill filing starting on November 12 of  
14 2018, we do want to make sure that we something to you all  
15 before that so we can try to get as much of a head start  
16 on that as possible. And certainly, we'll be working  
17 closely within the Sunset review structure as well. As  
18 Ms. Brewster mentioned earlier, we have our public  
19 hearings coming up in May and then a decision hearing in  
20 August, and so those will definitely be something that we  
21 consider any recommendations from that process and how  
22 they reflect on ours.

23 So that's more of a heads-up at this point, but  
24 I'm happy to answer any questions you may have.

25 MR. WALKER: So looking forward, at one time we

1 had looked at electronic titles. Is that something that  
2 we're going to legislatively maybe make some suggestions  
3 there?

4 MS. LOVE: At this point, I know it's something  
5 that we're continuing to look into, but I'll let Jeremiah  
6 come up. Thank you.

7 MR. WALKER: I know we talked about it and I  
8 think it would take legislative action. Right?

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

11 There's already statute in Chapter 501 that  
12 would allow for the facilitation of an electronic title.

13 MR. WALKER: So why don't we do that then?

14 MR. KUNTZ: We are moving in that direction  
15 right now. So there is actually a project inside of  
16 webDEALER to create an eTITLE system to allow dealers to  
17 electronically transfer a vehicle from one dealership to  
18 another, what we refer to as a vehicle assignment, that's  
19 when a dealer would assign a vehicle on the back of a  
20 title. That is the next step as you're moving towards  
21 electronic titling. It's not as easy as just creating an  
22 entire electronic titling system all in one fell swoop.  
23 We've methodically been going through the webDEALER  
24 project and adding different functionality in that system  
25 that facilitates the full electronic transfer of vehicles.

1           We also have a project, and I believe Ms.  
2 Sandberg will be talking about that, the webLIEN project,  
3 which is another part of electronic titling that we have  
4 on the books already. So we are systematically going  
5 through and checking off the different parts of a title  
6 transfer that need to be checked off in order to go to  
7 full electronic titles.

8           MR. WALKER: But it would be a huge savings to  
9 the agency, wouldn't it?

10          MR. KUNTZ: We already have types of electronic  
11 titles right now, we have something called an electronic  
12 lien title, or ELT. So when we have our very large lien  
13 holders that are financing a vehicle, we used to actually  
14 print a title with the lien listed on it and send them  
15 physical copies of titles. If they participate in the ELT  
16 process, they no longer get a paper title, they get an  
17 electronic record. When that line is paid off, they  
18 release that electronic record back to the individual so  
19 that that vehicle could be sold later on. So when an ELT  
20 is released, we actually print a title here at  
21 headquarters and mail you a new title without the lien on  
22 it, thus saving two titles from being printed, it's just  
23 one.

24          MR. WALKER: How would I eliminate file cabinet  
25 drawers full of titles that we have?

1           MR. KUNTZ: So as we're going through this, the  
2 biggest thing that is an impediment to getting to full  
3 electronic titling is having unique user name and  
4 passwords, basically an account for an individual to store  
5 all of their titles in. So it makes sense right now in  
6 the ELT system when you have very large lien holders that  
7 have thousands of titles in their system, it makes  
8 financial sense for them to have a piece of software that  
9 they contain all of those records in. When we do our  
10 e-Lien initiative, that will be a benefit for smaller lien  
11 holders to start participating, but again, we have to have  
12 a specific user name account and password for them to be  
13 able to log in.

14           To have 24- or 26 million of those accounts for  
15 every citizen in the State of Texas becomes somewhat  
16 expensive, somewhat cost-prohibitive unless we have more  
17 shared resources, if you will. There's talk right now  
18 about having a single user name and password for all state  
19 services, that's an initiative that DIR has. That  
20 initiative would make the cost savings significant for us  
21 to be able to participate in something like that to where  
22 a user has one user name and password for all state  
23 services, the state only has to pay for that user account  
24 once instead of every state agency having their own user  
25 accounts. These accounts aren't extremely expensive, but

1 you know, even if they're a dollar apiece, you're looking  
2 at \$26 million just to have user accounts.

3 MR. WALKER: Thank you.

4 MS. BREWSTER: Mr. Chairman.

5 MR. PALACIOS: Yes.

6 MS. BREWSTER: I might just add that there  
7 aren't any states that have already done this, this isn't  
8 like it's available and we can look to other states and  
9 there's something that we can use. We're really on the  
10 cutting edge of this moving forward, so there are a lot of  
11 issues to address as we move forward with that, but it is  
12 certainly on our roadmap and in the very near future  
13 making progress towards eTitles.

14 MR. PALACIOS: Thanks, Jeremiah.

15 MR. WALKER: Thanks, Caroline.

16 MS. LOVE: Any other questions?

17 (No response.)

18 MS. LOVE: Thank you.

19 MR. PALACIOS: Thank you, Caroline.

20 Okay. We're going to move on to projects and  
21 operations report, beginning with the enterprise projects  
22 update.

23 MS. SANDBERG: Good morning. For the record,  
24 Judy Sandberg, director of the Enterprise Project  
25 Management Office. My role here today is to provide you a



1 briefing on enterprise projects, and I also will be  
2 seeking one decision from you today early in my briefing.  
3 If you would like to follow along, the handouts in your  
4 briefing book begin on page 44. What the handouts include  
5 is an overall portfolio, a collection of our projects,  
6 being our project portfolio, I'll be sharing a high-level  
7 schedule with you, a list of new projects that we have  
8 started this fiscal year, status on our projects that have  
9 been in flight for a while.

10 All of the projects are within budget with the  
11 exception of webDEALER is trending to exceed the approved  
12 agency budget because of the additional time that it has  
13 taken to implement eTAGs, but I am pleased to report to  
14 you that eTAGs and centralized pay did go live on Monday  
15 this week, and overall, the feedback we've received from  
16 the calls coming in and contacts, it's been a fairly  
17 smooth deployment. The call volume has been significantly  
18 lower than our last deployment, and we've seen relatively  
19 few issues with the application itself. Many of the calls  
20 have been either one-off situations or education issues  
21 with some of the changes in the product. So I'll speak  
22 more about that when I get to the webDEALER project.

23 Moving on to page 46 in your briefing books,  
24 I've provided a high-level overview of the project  
25 schedule for the remainder of the biennium. It actually

1 goes from September 1, 2017 through August 31, 2019.  
2 You'll see across the top the schedule is divided into the  
3 two fiscal years, 2018 and 2019, and then below that  
4 you'll see one column for each calendar month in each  
5 fiscal year. On the left side you'll see the projects  
6 that we are working on during this biennium and they are  
7 organized into priorities. We prioritized them into  
8 groups, Group 1 being our major information resources  
9 projects that you're very familiar with by this time, the  
10 RTS refactoring project, the webDEALER project, and the  
11 new project that Mr. Kuntz mentioned, the webLIEN project.

12 The bars across the top extending out  
13 horizontally from those project names are intended to  
14 depict for you that RTS refactoring and webDEALER  
15 continued into this biennium and RTS refactoring is on  
16 schedule to end by December 31, 2018, as planned, and we  
17 are in the process of transitioning it from a project to  
18 an operating scenario within IT.

19 webDEALER project, with the implementation of  
20 eTAGs and centralized pay, we have one remaining phase to  
21 go, that's the eTitles phase that was discussed earlier.  
22 The end date that is showing on this chart will have to be  
23 extended, we will not be able to implement it by the end  
24 of April, as this chart shows. We are currently looking  
25 at how much additional time, how many more months might it

1 take us to implement eTitles because we put it aside while  
2 we worked on the issues and challenges with eTAGs to get  
3 eTAGs to go live.

4 And you may recall that we provided you a  
5 special report back in January that you requested on the  
6 lessons learned and new best practices that we implemented  
7 as a result of the challenges with eTAGs. We did those  
8 things and it took us an extra three to four months in  
9 order to be able to recover eTAGs, but we managed to  
10 recover it and get it out the door, thanks to the hard  
11 work of many staff in IT, the business area of VTR,  
12 everyone coming together, many staff across the agency  
13 helping with communication and training and getting the  
14 word out, but it is now live and in-person and available  
15 for use.

16 MR. PALACIOS: Judy, I have a question on the  
17 webDEALER. Are there any imminent needs for refactoring  
18 of the package?

19 MS. SANDBERG: There are some needs for the  
20 webDEALER application that has been in place now for  
21 almost five years. We are reaching a point where it is  
22 necessary to do some maintenance and to update the  
23 application framework that it's in. And that is one of  
24 the areas that we'll be working on, IT actually will work  
25 on that as maintenance and operations, that will not be

1 part of the project, but that will factor into our  
2 schedule for both eTitles and webLIEN since they are all  
3 so closely integrated.

4 MR. PALACIOS: Okay. So these are just  
5 maintenance items, it's not a complete refactoring of the  
6 program itself.

7 MS. SANDBERG: Well, I don't know how you would  
8 define refactoring. Maybe I'll defer to our new CIO to  
9 provide the best explanation of what we need to do here.

10 MR. HIGGINBOTHAM: For the record, Mike  
11 Higginbotham, chief information officer. So this is  
12 something that is part of maintenance. I would consider  
13 it kind of a preventive maintenance sort of activity, so  
14 it's part of operations and I wouldn't consider it an  
15 entire rebuild of functionality, it's more kind of behind  
16 the scenes maintenance.

17 Does that answer the question?

18 MR. PALACIOS: Okay. Yes, it does, and maybe  
19 I'm thinking about another project, but I understood that  
20 we were going to have to refactor the webDEALER, I guess,  
21 to suit another platform that we're moving to, and I guess  
22 the question I would have had is this is a relatively new  
23 package that we have here, so if you're telling me all  
24 we're doing is maintaining it and not, again, a complete  
25 refactor, then that's different from what I understood.

1 MR. HIGGINBOTHAM: It's the kind of  
2 underpinnings or the foundation that have to be kind of  
3 brought up to date, so kind of bringing it up to current  
4 and in kind of a preventive way, but it's not going to  
5 change, we're not looking at changing functionality or  
6 reworking that.

7 MR. PALACIOS: Okay.

8 MR. KUNTZ: If I may kind of help out, maybe,  
9 with this. It is still going to be a JAVA code base so it  
10 will still be an internet-based application, it will still  
11 be in JAVA, it's just the framework, the software  
12 basically used to maintain that JAVA code is what needs to  
13 be updated.

14 MR. HIGGINBOTHAM: That's right.

15 MR. PALACIOS: Okay. Thank you.

16 MS. BREWSTER: Mr. Chairman, before we move on  
17 to another project, if I may, I'd like to thank very much  
18 Vice Chair Ingram for his guidance during the eTAGs  
19 project or the eTAGs portion of webDEALER. His input and  
20 advice and guidance was extremely helpful to staff as we  
21 move forward, and his experience with the previous eTAGs  
22 project and words of caution not to do certain things,  
23 lessons learned, if you will. And I just want to very  
24 much thank you for your guidance and providing your  
25 expertise. So thank you.

1 MR. INGRAM: Thank you.

2 MR. PALACIOS: Way to go, Blake.

3 MR. WALKER: We'll have a plaque for you next  
4 month.

5 MR. GRAHAM: I'll draw it up.

6 (General laughter.)

7 MR. WALKER: Judy, I have a question going back  
8 to the RTS deal. It says we're 94 percent complete on  
9 that, but that's the software programming, and so how much  
10 of the program have we actually implemented and run today?  
11 Is 94 percent of the programs running, or is 94 percent  
12 of the programming completed?

13 MS. SANDBERG: All of the programming is  
14 completed, all of the refactoring is completed. Actually,  
15 what we've been doing for the last year is what we would  
16 consider more maintenance and operations, implementing  
17 enhancement, and the last year has been more of a  
18 transitional period and that will continue to the end of  
19 December. We've really been working with IT, with  
20 Deloitte's expertise while Deloitte is still with us, on  
21 how we transition from a project into regular ongoing  
22 maintenance releases, establishing a schedule, identifying  
23 what new skills may be required because we changed the  
24 platform in this case to a different type of product.  
25 That's required a significant knowledge transfer effort

1 for staff within IT. And so it's really fully  
2 operational. When you see 95 percent, what you're really  
3 seeing is the remaining work according to the contract and  
4 the number of hours, if you will, that are still remaining  
5 to provide some releases with Deloitte still here and  
6 while it's still a project.

7 The cost of the project for the remainder  
8 through December is really focused on helping IT  
9 transition into being able to maintain this independently.

10 We are spending some funds to bring in some contractors  
11 temporarily through the end of the calendar year to help  
12 with workload. There's a fairly significant load of  
13 maintenance and operations work that has queued up while  
14 we've been through this refactoring effort, and so there  
15 is a need to assist IT with that work, and that's what we  
16 have Deloitte and these six additional contractors that  
17 we're bringing in focusing on for the rest of this  
18 calendar year, as well as our last major release within  
19 the project will go live in January and that will be a  
20 major NMVTIS update, and so we also have the team focused  
21 on being ready to implement those changes as well. So  
22 really in a big project like this you usually should have  
23 a robust transitioning from project to maintenance, and  
24 that's where we are right now.

25 MR. WALKER: So for the record, I'm the oldest

1 dinosaur in the room, and being an original member on the  
2 Board when we first started the Board here, the RTS  
3 project was handed to us, it was the first thing we did in  
4 the agency here. The Board did, we went to West Virginia  
5 to look at what they'd done over there to see how they'd  
6 done this. Nobody had ever succeeded in doing what we did  
7 here on the RTS project -- I don't know if you're aware of  
8 that -- but no state -- multiple states had tried to do  
9 what we did and they all failed, so this is the first time  
10 that this project has been done. So really we need to  
11 commend our staff and Deloitte for an extremely good job  
12 because we've done what nobody else was able to do here.  
13 So thank you, all of you for the good job you did on that.

14 MS. SANDBERG: Thank you, Member Walker.

15 I think after my award today, you're not the  
16 only dinosaur in the room.

17 (General laughter.)

18 MS. SANDBERG: Moving on back to page 46, Group  
19 2 projects that we're doing during this biennium. We are  
20 doing a call center upgrade, and we are doing a fraud data  
21 dashboard project to help with the new CID Division, and  
22 you may hear more about that in a moment. We're also  
23 doing a kiosk pilot, which I think you may have heard  
24 about. And there's more information on these projects on  
25 subsequent slides, but once again, the bars to the right



1 show you where these projects are intended to start and  
2 how long they will take.

3 And finally, that brings me to Group 3  
4 projects, enterprise reporting which is an effort to  
5 improve our use of the COGNOS reporting and increase the  
6 information and knowledge and expertise by staff and all  
7 individuals who use COGNOS reports, and then an external  
8 website renovation. And the projects in Groups 2 and 3  
9 are definitely needed, they were identified as activities  
10 we needed to pursue, but we have a little more flexibility  
11 in the start and end dates on those projects, and given  
12 what we have put our staff through the last four years in  
13 IT and the business areas, the executive governance team  
14 has used this to really try to be sensitive to what we are  
15 asking of our staff in terms of working on projects and  
16 trying to do their day-to-day jobs. So this represents a  
17 real effort by the executives to try to stage the  
18 beginning and end of these projects so that we're not  
19 overwhelming staff with work.

20 MR. WALKER: Can I ask you one other. When we  
21 geared this project up initially and as it got bigger, we  
22 hired a lot of contract employees and we staffed those  
23 over at a remote location from the agency to implement all  
24 the RTS and so forth, so now that that is winding down,  
25 have we terminated our contracts with those people and got

1 rid of our -- I think we had a leased piece of property or  
2 something another where we were. What are we doing about  
3 cutting back now on that?

4 MS. SANDBERG: Well, we are looking at -- the  
5 Deloitte contract ends August 31, we do not plan to extend  
6 it or renew it in any way, so all of the Deloitte staff  
7 who have been working on the project are actually already  
8 moving out of that property that you mentioned into their  
9 offices downtown. We do have some contractors who are  
10 still onboard. Some of those will stay through August 31,  
11 some of them will stay through December 31. We are  
12 bringing on six additional contractors, I mentioned, just  
13 from now through the end of December to help with the  
14 workload of tickets -- we call them tickets of  
15 enhancements that are needed in the application that is  
16 really considered ongoing maintenance and operations.

17 So we are looking at how do we begin to scale  
18 back. I don't want to speak for Mike, I'll let him speak  
19 for himself, but I know he is looking at the IT  
20 organization right now and how best to staff the  
21 organization for all of the applications and all  
22 technology that they need to support.

23 MR. WALKER: So what we don't want to do as an  
24 agency here, and everybody needs to be aware of this, when  
25 we took over and became the DMV, we had a lot of

1 contractors within the agency -- you have FTEs and then  
2 you have contractors outside of our employees that we  
3 contract with to come in -- and we had people in here that  
4 their job was to analyze the spacing of where people sat  
5 in the office. I mean, we had all kind of contractors  
6 that we really didn't need, and the initial Board, we  
7 looked at that and said, hey, why do we have all these  
8 contractors, and we got rid of them. We don't want to  
9 allow the agency just to think that we have an open  
10 checkbook -- and I know we don't -- but we need to make  
11 sure that we manage these contractors that we've hired  
12 over the years to manage the project to scale that back  
13 now because the purpose of the project was to come up with  
14 better processes and procedures so that we didn't have to  
15 have as many people operating the agency here. So it's  
16 just something that we all need to be aware of.

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

18 MR. PALACIOS: Yes.

19 MS. BREWSTER: Whitney Brewster, executive  
20 director.

21 I completely agree with what you've been  
22 saying, Member Walker. The agency has scaled back  
23 significantly the number of contractors at the agency. I  
24 know at the inception of the organization there were a  
25 number of contractors onboard. Many of those have been

1 released. Those that are remaining are really specific to  
2 the areas in which we needed assistance or need to move  
3 through a backlog. Additionally, we've set up processes  
4 so that any temporary employee or contractor coming  
5 onboard is approved at the executive level, so we're  
6 keeping that on the radar and keeping them to a minimum.

7 To address your very specific question about  
8 the Westlake Oaks facility, that facility is actually  
9 leased by Deloitte, however, to Ms. Sandberg's point, they  
10 are slowly transitioning back to the Deloitte offices in  
11 Austin and they're transitioning away from using that  
12 facility.

13 MR. WALKER: So the DMV didn't have any  
14 expenditure costs associated with the external facility?

15 MS. BREWSTER: Not directly -- certainly  
16 through the contract but not directly.

17 MR. WALKER: I know we had employees offsite at  
18 a remote location, and I didn't know whether we were  
19 paying for that or Deloitte in the contract.

20 MS. BREWSTER: Yes, sir, Deloitte.

21 MR. WALKER: We really want to make sure that  
22 we look, because I'll use Company A, I'll just say, if we  
23 have a contractor in here with them that's managing a  
24 program and we keep these contractors, we're paying them  
25 \$50 an hour for a contractor versus putting an FTE in

1       there working on our own we can hire maybe for \$25 an  
2       hour. So we need to manage that FTE and not these  
3       contractors at high dollar costs, which is what we found  
4       initially when we looked at this initially at the agency.

5               MS. SANDBERG: Certainly. Thank you, Member  
6       Walker.

7               MR. WALKER: Thank you. That's just my  
8       comments.

9               MS. SANDBERG: Thank you.

10              Back to page 47, call center update, this is  
11       the one decision I am seeking from you today is related to  
12       this project. You may recall that a couple of years ago  
13       we had a call center project and we did end it, but we  
14       were not able to implement all of the features that would  
15       have provided the call center the efficiency that was  
16       needed. And one of the reasons we didn't do that was  
17       because the software that was implemented needed an  
18       upgrade in order to be able for us to implement all those  
19       functionalities. So we're now in the process -- or IT is  
20       in the process of completing a software upgrade for the  
21       call center, and a part of this project is to then  
22       implement specific features that have been identified to  
23       assist, for example, the Consumer Relations Division in  
24       receiving and being able to handle all of the calls that  
25       they receive from outside the agency.

1           So this is one of the projects that we funded  
2 for this biennium, it was a Group 2 project from a  
3 priority perspective, we felt like it really needed to be  
4 done, the executives did. The intention is to outsource  
5 to a vendor for services to assist us with the  
6 implementation of the upgraded software and the  
7 implementation of the new features that we have not been  
8 able to implement in the past.

9           Ginny Booton is our executive sponsor for this  
10 project and several of the division areas that have call  
11 centers, in addition to CRD, are also members of the  
12 executive steering committee, so they have been part of  
13 looking at what can be accomplished here, setting the  
14 charter, setting the scope, and determining the best use  
15 of the project funding, and they have determined that  
16 outsourcing to have an expert come in and help us with  
17 implementation of the product and the features is what  
18 would be best.

19           We anticipate that this contract would exceed  
20 the customary limit, would exceed the amount that normally  
21 comes to the Board for approval. Right now we have a  
22 statement of work in purchasing, it will be published any  
23 day now, and so we are seeking your approval to delegate  
24 authority to the executive director, Whitney Brewster, to  
25 approve the amount of the award, once we complete the

1 normal purchasing process, if it exceeds the amount that  
2 requires your approval, and in consultation with the Board  
3 chairman. So that is the decision that we would be  
4 seeking from you today regarding this particular project.

5 MR. WALKER: So didn't we as an agency do an  
6 update like three years ago of the call center?

7 MS. SANDBERG: We did, we had a project.

8 MR. WALKER: So why are we doing it again?

9 MS. SANDBERG: That's a very good question,  
10 Member Walker, but there is a software update that is  
11 needed to be able to implement all of the features that  
12 the call centers need to implement. The earlier version  
13 that was implemented was not able to support all of those  
14 features.

15 You may recall also, we had significant  
16 challenges with that particular project and the way it was  
17 implemented. It became protracted and prolonged and we  
18 had a lot of challenges in being able to accomplish all of  
19 the items in the scope that were needed, but we reached a  
20 point where we had achieved the majority of the  
21 implementation, we were at the end of the budget and the  
22 time duration. The executives made a choice to end the  
23 project at that point, and also --

24 MR. WALKER: You said the executives?

25 MS. SANDBERG: The governance team, the

1 executive governance team, the executive steering  
2 committee and the governance team made a decision that we  
3 had accomplished about all we could accomplish within the  
4 software as it was available to us at that time, and our  
5 understanding was that the Cisco product would require an  
6 upgrade in order to be able to implement all of the  
7 features that were needed. And so now we are at a point  
8 where we have funding to be able to implement that upgrade  
9 and the product I actually available to us.

10 MR. WALKER: So didn't we spend like \$4  
11 million, something like that, on this last upgrade?

12 MS. SANDBERG: Well, I believe the project  
13 amount was approximately \$3 million, and you may recall it  
14 was combination of a headquarters communications project  
15 and a statewide project, and it wasn't just the software  
16 upgrade, it was also to separate our telecommunications  
17 from TxDOT and it involved actually new telephone  
18 equipment, new servers, even in some cases new telephone  
19 cabling across our 16 regional service centers, as well as  
20 here at headquarters. So the approximate \$3 million for  
21 that project was not just limited to the software  
22 implementation.

23 MR. WALKER: And so now we're thinking we need  
24 to spend another \$200,000 because the programs that we put  
25 in are not functioning the way they should and we put it



1 in like three years ago?

2 MS. SANDBERG: Well, we're feeling we need to  
3 upgrade the product to the more current version of the  
4 product to allow us to implement the features to ensure  
5 that it's fully functioning. We also learned over the  
6 last two or three years in maintaining this product that  
7 we needed some expert services to come in and assist us  
8 with implementing this product. There are also some  
9 efficiencies to be gained from what would happen with this  
10 particular project. For example, one for the things we'd  
11 like to see happen is to be able to move the product to  
12 the cloud and that begins to bring efficiencies to IT in  
13 terms of their staffing. The staffing has been strained  
14 in order to be able to support the telecommunications for  
15 the entire agency. So there are some benefits to be  
16 gained from doing this project that go beyond upgrade of  
17 the software.

18 MS. HARDY: And what are some of the features  
19 that we're going to get with this enhancement versus, you  
20 know, what we have today? Are they enhanced features or  
21 just new features?

22 MS. SANDBERG: They're new features or features  
23 that have been available but we haven't always been able  
24 to take advantage of.

25 MS. HARDY: And what are a couple of those?

1 MS. SANDBERG: May I defer to the executive  
2 sponsor, Ginny Booton, and allow her to offer some  
3 insights on what some of those features are.

4 MS. HARDY: Just high level.

5 MS. BOOTON: For the record, it's Ginny Booton,  
6 and I'm the director of the Consumer Relations Division.

7 So, Member Hardy, one of the things would be we  
8 have something called courtesy callback where customers  
9 can choose a time to be called back, and actually they  
10 would just be called back when we could get to them, and  
11 in the new solution it offers them the opportunity to  
12 actually set a particular time to be called back. But  
13 more importantly for us, because we can't handle all the  
14 calls we're getting, it actually lets me set the time  
15 frame that's a shorter call volume time of day and give  
16 them those options, and so it really helps us spread out  
17 call volume and hopefully have a lower abandoned call  
18 rate.

19 Also, like Judy was saying, we would go to the  
20 cloud, we would have vendor support, IT here, it's a real  
21 struggle to continue to support us the way we are.

22 MS. HARDY: Okay.

23 MR. GRAHAM: Could I ask a couple of questions?

24 So just for clarification, what calls -- exactly who  
25 calls into this call center? I mean, is this general

1 consumers across the state, or is this coming from tax  
2 assessor staff?

3 MS. BOOTON: Member Graham, we get calls from  
4 everyone, even including motor carriers, we get general  
5 questions from them. Motor Carrier has their own separate  
6 call centers, but we are considered the agency call  
7 center. The largest volume of calls are from the motoring  
8 public, registration and title calls, but we support all  
9 the dealers across the state, we're the first line of  
10 defense. Law enforcement will call us, tax assessors will  
11 call us for guidance or if they have an issue, we work  
12 with VTR regional service centers for that. They may have  
13 a customer in their office and they need to run some  
14 things by us that we may have said or given them guidance  
15 on. So we take calls from everywhere.

16 MR. GRAHAM: So when someone calls -- so if you  
17 have a question, if a consumer has a question, they could  
18 call their local location there in their county to get an  
19 answer. Correct? The tax assessor or the local tag  
20 office?

21 MS. BOOTON: So your question is could they  
22 call them? Is that right?

23 MR. GRAHAM: Well, my understanding is they can  
24 call the local office or they can call the state line,  
25 either one. Right?

1 MS. BOOTON: Well, they can, absolutely, but  
2 the specialty for tax assessor-collectors, of course, is  
3 registration and they can answer some basic motor vehicle  
4 dealer questions. Our agency call center, our job is to  
5 either know the answers to any of these questions or to  
6 find the resources for them, so we have a much broader  
7 scope than if they call the TACs -- that's why they're  
8 often referred to our call center.

9 MR. GRAHAM: Sure, and that was really where I  
10 was going with the question was to try and understand the  
11 strategy by which and the message we put out as to which  
12 one you call. We work through our local office, and they  
13 are great and they can almost always answer any question  
14 we have, and I've had conversations with them about calls,  
15 how do they manage their walk-up traffic along with calls,  
16 when their calls back up do they automatically forward to  
17 this call center, and so I was just curious. This may not  
18 be the time and place, the time of the meeting to have  
19 that discussion, but just interested to know the strategy  
20 and if this project will help manage a strategy to handle  
21 those calls that helps the consumers in Texas end up with  
22 a better product.

23 MS. BOOTON: That's a good point, Member  
24 Graham, and this actually does, it does help us expand our  
25 options of call load balancing. We have some of that

1 today but we are limited, and this would really expand our  
2 options there.

3 MR. GRAHAM: Thank you.

4 MS. BREWSTER: Mr. Chairman?

5 MR. PALACIOS: Yes.

6 MS. BREWSTER: Ms. Booton, doesn't this project  
7 also contemplate the use of web chat that we don't  
8 currently have?

9 MS. BOOTON: It does, it does contemplate that,  
10 and we're very excited about that. Plus also, it opens us  
11 up to text messaging. You know, most people just message  
12 today so we don't have that ability today but we would be  
13 able to answer customers that just need a quick response  
14 or us to send them something. There's a lot of little  
15 details that might not seem like a big deal but they are  
16 to our customers and it can make a real difference and  
17 help us to serve them quicker.

18 MR. GRAHAM: That's great. I know Member  
19 Walker would probably rather use chat.

20 MR. WALKER: Exactly.

21 MS. BOOTON: Chat with us, Member Walker, and  
22 we'll chat back.

23 MR. BARNWELL: Is there an option on there for  
24 long-winded chat?

25 (General talking and laughter.)

1 MS. HARDY: Well, it seems like what they're  
2 proposing is kind of what is the price of entry today in  
3 any call center or customer service center that's out  
4 there, so it seems to make sense.

5 MR. BARNWELL: The issue that I have, Member  
6 Walker said something about exceeding \$200,000, but you  
7 want us to approve just whatever to whatever amount of  
8 money, and I'm not comfortable with that.

9 MS. SANDBERG: So I understand that. What I  
10 was seeking today was whether you would be willing to  
11 delegate authority.

12 MR. BARNWELL: No. The answer is not carte  
13 blanche. I mean, that's what you're asking for so far.  
14 Now, you may clarify and go into more detail, but as a  
15 Board member, what's the point?

16 MS. SANDBERG: Well, what I'm requesting is not  
17 to exceed the approved budget or the amount that has been  
18 authorized by the executive steering committee for this  
19 award.

20 MR. BARNWELL: Okay. And is that less than  
21 \$100 million?

22 MS. SANDBERG: Yes, sir.

23 MR. BARNWELL: Is that something I can know  
24 from looking at documentation, because it's certainly not  
25 something I'm aware of today.

1 MS. SANDBERG: May I consult?

2 MR. DUNCAN: Member Barnwell, if I may? If  
3 it's the Board's desire, we can certainly discuss aspects  
4 of this agenda item in executive session prior to your  
5 vote.

6 MR. BARNWELL: And that's fine and I understand  
7 why we would want to do that. I'm just saying that until  
8 I know more as a Board member, I feel like I'd be  
9 abdicating whatever little responsibility I have by just  
10 saying yeah, sure, whatever. And so I'd just like to know  
11 more.

12 MR. PALACIOS: Board Member Barnwell's points  
13 are very valid. The \$200,000 is a threshold by which our  
14 executive director has for contract approval, however, I  
15 understand your concerns. If we delegate the authority to  
16 our executive director to negotiate a contract, we still  
17 need to know how much above \$200,000. I mean, to his  
18 point it shouldn't be carte blanche.

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

20 MR. PALACIOS: Yes.

21 MS. BREWSTER: Understood, and that is why the  
22 request is that it's delegated to the executive director  
23 with consultation with the Board chairman before  
24 execution.

25 MR. BARNWELL: Yes, but I still want to know

1 more.

2 MS. BREWSTER: Absolutely, and we can certainly  
3 address that.

4 MR. WALKER: Since this is a contract, can I  
5 ask that we take this as an item to discuss during  
6 executive session?

7 MR. BARNWELL: Absolutely we want to do that in  
8 executive session, but what we're talking about is a  
9 procedure and an authorization that makes the eight Board  
10 members irrelevant, and if we're going to be irrelevant,  
11 then I've got other things I can be doing.

12 MR. WALKER: I agree with you 100 percent.

13 MR. BARNWELL: So all I'm saying is that I just  
14 want to be -- if I'm going to vote on something, I just  
15 want some information. I'm not saying I'm for it, I'm not  
16 saying I'm against it, at this point I simply don't know.

17 And to the extent that staff comes to the Board with  
18 these kinds of requests -- nothing against you, Judy --  
19 you know, I just want more information, and executive  
20 session is an appropriate forum for us to get that  
21 information and that's fine and I understand why. But I  
22 just want to say that as a Board member, gee, I don't want  
23 to feel like chopped liver up here, you know.

24 MS. SANDBERG: Well, I apologize, sir. That  
25 was certainly not my intent to make you feel like chopped



1 liver.

2 MR. BARNWELL: Well, you hurt my feelings, I  
3 just want you to know.

4 (General talking and laughter.)

5 MR. PALACIOS: Well, I guess, Counsel, can I  
6 just suggest can we move forward with granting our  
7 executive director to negotiate a contract, however, can  
8 we finalize it in executive session at a future meeting?

9 MR. DUNCAN: The actual vote on the contract,  
10 you can't take votes in executive session. However, I've  
11 just been talking to Judy, it's likely we will be able to  
12 bring this back in the June meeting, so I think if the  
13 authority we got today was for Ms. Brewster to solicit and  
14 do the preliminary aspects of working out the bids for the  
15 contract, accepting the bids, evaluating them and getting  
16 to the point of award without actually awarding, we may be  
17 able to bring the award decision to the next Board  
18 meeting. In fact, I'm fairly confident we can do that.

19 MR. WALKER: What is the difference between  
20 accepting and implementing?

21 MR. DUNCAN: Awarding the contract.

22 MR. WALKER: (Microphone not turned on.) Well,  
23 then you say yeah, you've got the deal.

24 MR. DUNCAN: Oh, no, award is award.

25 MR. WALKER: (Microphone not turned on.) In my

1 world it's okay, you can start.

2 MR. DUNCAN: Again, it's an internal process  
3 versus an external interface. Our internal process would  
4 be we would accept the bids, we would do all the  
5 evaluation, we would have a preliminary decision that's  
6 our internal decision but we wouldn't talk to the  
7 contractor about that.

8 MR. WALKER: (Microphone not turned on.) Well,  
9 I know it's appropriate -- since it's a contract we're  
10 talking about here, it's appropriate that we take this to  
11 executive session --

12 (Microphone turned on.) I know it's  
13 appropriate, since it's a contract that we're looking at  
14 doing, it's appropriate to talk about in executive  
15 session, we don't want to sit out here and say, okay, how  
16 much, because obviously there's vendors out here that may  
17 be listening in and are saying, oh, they're going to  
18 appropriate 10 million bucks on this so let's bid high,  
19 whatever. So what we need to do, before we give anybody  
20 any authorization, is we need to say what is the scope and  
21 limits of the project, then we can vote whether or not we  
22 want to delegate our authority to her to exceed her limits  
23 of \$200,000. Is that not appropriate to take it to an  
24 executive session to ask these questions?

25 MR. DUNCAN: Absolutely.

1 MR. WALKER: So Mr. Chairman, what I'd like to  
2 do --

3 MR. PALACIOS: Why can't we discuss the scope  
4 here? Again, I think the sensitive issue is more the  
5 dollar amounts and so forth.

6 MR. WALKER: That's correct.

7 MR. DUNCAN: It is. We've been talking about  
8 the scope, that's what Judy and Ginny have been  
9 discussing, the features.

10 MR. WALKER: I think the motion is what I'm  
11 concerned about, giving her the authority just -- I think  
12 Barney is saying, well, we're not going to give her just  
13 carte blanche blanket authority to out here and approve a  
14 \$10 million project because that's what the motion they're  
15 requesting is to allow her to enter into it without us  
16 knowing what the limits of the scope are, and we don't  
17 want to put that out on the table today.

18 MR. PALACIOS: Okay. So when you say scope,  
19 you're talking about the financial part of it.

20 MR. WALKER: Yes. Just the price of the  
21 project, the limits of the spending, not what the scope of  
22 the project is, we can listen to that.

23 MR. PALACIOS: All right. So then I guess  
24 we'll defer any motion on this matter until executive  
25 session.

1 MR. WALKER: Until after.

2 MR. PALACIOS: Right. After.

3 MR. BARNWELL: We can try to do something after  
4 the executive session, that's fine. I understand you have  
5 more. I'm just saying at this point I'm too ignorant to  
6 even talk about it.

7 MS. SANDBERG: No, sir.

8 MR. BARNWELL: I need to learn things.

9 MS. SANDBERG: I understand. Thank you very  
10 much.

11 So with that, there are some additional slides  
12 in your presentation. Moving on to page 48, we've already  
13 pretty well covered RTS refactoring. Each one of the  
14 remaining slides in the presentation addresses one  
15 project, it provides basic information to you. It  
16 includes the customary box in the upper left corner that  
17 you're used to seeing that shows the percent of work  
18 that's complete, the percent of the duration that's  
19 complete, and the external budget that is remaining. We  
20 are in good shape on the RTS project, we'll finish it on  
21 time and within budget.

22 webDEALER project, I've already mentioned that  
23 we have one remaining phase, eTitles. We've actually  
24 begun work on eTitles but we are at a point where we need  
25 to make some decisions about how to proceed and looking at

1 what the additional funds, if any, might be needed to  
2 actually finish eTitles.

3 The webLIEN project, as Mr. Kuntz mentioned to  
4 you earlier, it is also a major information resources  
5 project in Group 1. It is furthering the foundation that  
6 has been laid by webDEALER, it will integrate with  
7 webDEALER and eTitles. We are funded for this and need to  
8 try to complete it by the end of the biennium. We are  
9 still working on the schedule, this one is still in its  
10 early stages and will be dependent upon finishing eTitles  
11 and the maintenance work that we discussed on webDEALER.

12 We can bypass slide 51 which for some reason  
13 was out of place.

14 The fraud data alert project, at a high level  
15 this provides you some information. You can see from the  
16 work complete and the duration complete and the budget  
17 that we are still in the very early stages but we are  
18 making good progress. We have already advanced through  
19 we've identified the business requirements, we've moved  
20 into design. The result of this project will provide nine  
21 new reports for the Compliance and Investigations Division  
22 to use in their work as they are formed as gearing up as a  
23 new division, and we've been working very closely with the  
24 staff in CID to make sure that we can provide them  
25 reports, that they've to rely on kind of a manual process

1 to find data and information. This will provide them with  
2 actual reports to help with that.

3 Kiosk pilot is another one of the projects. You  
4 may recall this is to institute a kiosk in a few county  
5 offices to assess the feasibility and cost of consumers  
6 walking up to a kiosk in order to get their vehicle  
7 registration renewed or similar types of services that  
8 they might go to the county office for can they do it at  
9 self-service at a kiosk, and it would include not only the  
10 kiosk but credit card payment and being able to print out  
11 the result of the document. This one is just getting  
12 underway, we are just starting to identify specifications.

13 It will also require a procurement for services, and  
14 we'll come back to you at a future date with a request  
15 regarding that.

16 MR. WALKER: Where will these kiosks be placed?

17 MS. SANDBERG: I don't know that that decision  
18 has been made yet. I think the maximum number of kiosks  
19 that we've talked about placing somewhere is up to ten,  
20 but this will just be a pilot to assess the feasibility of  
21 this, how well it works, and how viable a solution it is.

22 MR. BARNWELL: So would these be placed in tax  
23 assessor-collector offices, or H-E-B?

24 MS. SANDBERG: I think there's been some  
25 discussion about whether they would be in places like H-E-

1 B, that is a possible option, but I don't think that final  
2 decisions about placement have been made.

3 MR. BARNWELL: And what do you anticipate the  
4 capabilities of this kiosk pilot might be?

5 MS. SANDBERG: Capabilities in terms of what we  
6 might --

7 MR. BARNWELL: You said quickly and I missed  
8 some of what you said. So people could renew their  
9 titles -- or renew their registration, I mean.

10 MS. SANDBERG: Right.

11 MR. BARNWELL: What else could they do at this  
12 kiosk, do you think?

13 MS. SANDBERG: Right now we're just limiting it  
14 to a small number of services that they could use to walk  
15 up to a kiosk-type device, select from a menu probably.

16 MR. BARNWELL: And do what?

17 MS. SANDBERG: Well, renew their --

18 MR. WALKER: Print the window sticker.

19 MS. SANDBERG: Pardon?

20 MR. WALKER: Print the window sticker.

21 MS. SANDBERG: Print the window sticker, renew  
22 their vehicle registration. It will not be a broad scope  
23 of work yet at this point.

24 MR. BARNWELL: Okay.

25 MR. THOMPSON: Good morning, members. For the

1 record, Tim Thompson, deputy director of the Vehicle  
2 Titles and Registration Division.

3 Member Barnwell, the initial thought is to  
4 really focus on registration renewal. To your earlier  
5 point, the thought again, is that we would put these in  
6 public retailers like an H-E-B, who we partner with today  
7 with many of the counties. Also, maybe to put these in  
8 some of the larger tax assessor-collector offices  
9 throughout the state. My thinking is that you have a  
10 large volume office today, let's just say, for example,  
11 Travis County, a line of 50 people. Well, the people who  
12 are wanting to just simply come in for a very simple  
13 renewal process could go over there and do the quick  
14 renewal through the kiosk. Again, the possibility to  
15 allow either a cash based transaction or a credit card  
16 based transaction, so we could expand our customer base  
17 that may not use checking accounts, may not use credit  
18 card accounts, so there's some possibility of maybe using  
19 a cash based means to make these purchases as well.

20 But again, the sole purpose is to try to maybe  
21 allow a means to get people through the TAC offices in a  
22 quicker means and also to be able to get people out into  
23 public areas that have expanded hours of operations, like  
24 an H-E-B.

25 MR. BARNWELL: I can see that you might be able



1 to implement something with debit cards or credit cards,  
2 but cash, I don't think that's going to work for you.

3 MR. THOMPSON: It's a point we're going to  
4 consider. As said earlier, we're very, very early into  
5 this.

6 MS. BREWSTER: Mr. Chairman, if I may? There  
7 are other jurisdictions that have implemented kiosks with  
8 cash, and so it can be done. And that's why this is a  
9 pilot where we would be looking at how would this  
10 technology, how would these kiosks be best used by Texans.

11 MR. BARNWELL: What are you anticipating the  
12 market penetration of this will be versus the online  
13 registrations and in-person registrations we have?

14 MR. THOMPSON: We have not gotten that far.

15 MR. BARNWELL: What about other jurisdictions?  
16 The executive director was talking about how they have  
17 cash, they take cash. I don't know if it's successful.  
18 Okay. So we're at the beginning of the journey.

19 MR. THOMPSON: We're at the infantile stage of  
20 the project.

21 MR. BARNWELL: Okay.

22 MR. THOMPSON: The thought is to offer just one  
23 more means of accessibility for people who may not be  
24 comfortable doing online, for example, to expand our  
25 services to people who may not use traditional banking

1 systems, as well, and to offer expanded hours of service.

2 That's kind of the bottom line.

3 MR. BARNWELL: Okay. Thank you, Tim.

4 MR. WALKER: So Tim.

5 MR. THOMPSON: Yes, sir.

6 MR. WALKER: I think I'm right on this is that  
7 when I get my renewal registration in the mail from Luanne  
8 Caraway, then I can take and send her my \$54.60 as long as  
9 I do that before the end of the expiration date, correct,  
10 by mail?

11 MR. THOMPSON: You could actually do it even  
12 beyond the expiration date.

13 MR. WALKER: Well, I was told one time that  
14 after the expiration date you can't do it by mail, you  
15 have to go into the TAC's office to renew at that point in  
16 time.

17 MR. THOMPSON: There was a time where you could  
18 not renew if you were beyond expiration but we changed  
19 that actually quite some time ago.

20 MR. WALKER: Because I remember one time I sent  
21 mine in and they said, Nope, yours is past due, you've got  
22 to take it in to do it.

23 MR. THOMPSON: It's up to six months now.

24 MR. WALKER: Okay. Because I was going to ask  
25 you how do you address that issue. Thank you.

1 MR. BARNWELL: Good to know. I have a vehicle  
2 that disqualifies for that.

3 (General laughter.)

4 MR. PALACIOS: Please proceed.

5 MS. SANDBERG: Moving on, two more projects.  
6 One new project is the enterprise reporting project. As I  
7 mentioned earlier, this is looking at enhancing our  
8 current use of the COGNOS reports. You may recall that  
9 COGNOS was implemented along with the RTS refactoring  
10 project. We've collected information from across the  
11 divisions on what kind of additional reports they might  
12 need that would be useful in their areas in providing  
13 information outside the agency and performing their work.

14 This project actually will not begin until July, so it's  
15 in its very early stages.

16 Finally, external website renovation. Caroline  
17 Love is the executive sponsor for this particular project.

18 This is in response to feedback that's been received from  
19 those who try to use our external internet website that  
20 perhaps it could be more useful, easier to understand and  
21 follow, easier to get to the information that they're  
22 looking for. So the effort of this project is to  
23 determine how do we make that website more useful to the  
24 people outside the agency who are attempting to use it,  
25 whether that's the public or our government partners,

1 other county offices, whoever might need to access that  
2 website. How can we better arrange the information, how  
3 can we make it easier to find information that you're  
4 looking for and get to it and use the information. And  
5 also looking at how can we streamline the content and  
6 manage it so that we keep the content on the website  
7 current.

8 So that's what this project is about and it is  
9 actually just now ramping up and getting started. I would  
10 anticipate that we will also probably come to you with a  
11 request regarding a contract on this as well at some  
12 future date.

13 And that is the end of my prepared briefing.  
14 Do you have any other questions?

15 (No response.)

16 MS. SANDBERG: Thank you. Appreciate your  
17 time.

18 MR. PALACIOS: Thank you, Judy.

19 Okay. We'll go on to item 7.B. our progress  
20 report on operations of Compliance and Investigations  
21 Division.

22 MR. MENKE: Good morning. For the record, my  
23 name is Tim Menke. I'm the director of the Compliance and  
24 Investigations Division. Mr. Chairman and members, thank  
25 you for giving me the opportunity to give you a brief

1 overview of the status of the Compliance and  
2 Investigations Division. If I could bring your attention  
3 to page 59, I have a brief status update on the hiring,  
4 and right now we are very much in the building stage of  
5 hiring and outreach efforts for the division.

6 But before I get into that, I want to give you  
7 just a brief update as to the organizational structure of  
8 the Compliance and Investigations Division. On the one  
9 side of the division you can see we have the field  
10 services section. Those are the field service  
11 representatives that have contact with the TAC offices of  
12 the 254 counties throughout the state.

13 You can view this section of the division as  
14 kind of the best practices portion, ensuring compliance,  
15 looking for vulnerabilities, identifying educational  
16 opportunities within the tax assessor-collector offices,  
17 and also kind of our eyes and ears on the ground as to  
18 what's taking place within those offices. Are the  
19 vulnerabilities sloppiness which could possibly be a  
20 waste; is anyone taking advantage of regulatory language  
21 which could be abused; or is someone stealing or  
22 committing fraud, and then in those instances that  
23 information would be relayed directly to the other side,  
24 the other section of the division which is the  
25 investigations section. So when you look at the

1 compliance side of the division, it's very much best  
2 practices and maximizing efficiency and ensuring  
3 organizational effectiveness.

4 The other side of the division is the special  
5 investigation section. We have a lead investigator, four  
6 investigator positions, a criminal intelligence analyst  
7 position, one position that's not reflected there which is  
8 an FTE from our Office of Counsel and that will be a fully  
9 dedicated attorney to the division to assist in  
10 interpretations of policy, regulations and laws, and also  
11 assist in prosecutions with our federal, state and local  
12 partners when we come across criminal activity.

13 The focus of the special investigations section  
14 is to concentrate on criminal activity taking place  
15 throughout the state having to do with title registration  
16 fraud, odometer rollbacks, or criminal activity taking  
17 place with tax assessor-collector offices.

18 We have three main priorities as a division,  
19 and that is number one, public safety. If we come across  
20 something that has an immediate impact on public safety,  
21 of course we will make that a priority.

22 Secondly, return on investment. With the  
23 limited resources on the investigations side of the house,  
24 we are going to have to pick and choose wisely the types  
25 of investigation that we do get involved in so we can

1 ensure the best return on investment for the taxpayers.  
2 Just because something is criminal doesn't mean we're  
3 automatically going to work it. It may be a misdemeanor  
4 type of offense which we can refer back to either the  
5 Enforcement Division, or if it's an administrative issue  
6 that we find, a vulnerability, we can refer that back to  
7 VTR so they can take appropriate educational or  
8 administrative action. Something could be civil, we would  
9 work closely with our colleagues in the Office of Counsel  
10 to address civil issues.

11 But if it's an outright slam-dunk criminal  
12 activity, probably at the felony level, those are going to  
13 be the investigations we concentrate on. Once again, they  
14 should have a significant return on investment for the  
15 taxpayers if we're going to get involved in it, and that  
16 means fines, restitutions, seizures, and settlements  
17 associated with that criminal activity.

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

19 MR. PALACIOS: Yes.

20 MS. BREWSTER: Just to clarify, Mr. Menke, they  
21 would be investigating also any activities, criminal  
22 activities performed by our own employees as well.

23 MR. MENKE: That's correct.

24 MS. BREWSTER: In a regional service center or  
25 elsewhere.

1           MR. MENKE: That's correct. Also, that type of  
2 criminal activity that we would find internally, that  
3 would be reported either internally or contact with law  
4 enforcement of our own employees. So that internal  
5 affairs function exists as well. We would also work  
6 closely with Audit if it's internal fraud, but we would  
7 investigate that type of activity. Thank you.

8           We are working closely with our partners.  
9 We've made contact with four of the five Fusion Centers  
10 throughout the State of Texas. I determined one of the  
11 best ways to get our message out as to what we're going to  
12 do and who we are is to work with the Fusion Centers that  
13 can push that information out through counties and law  
14 enforcement agencies that have intelligence-sharing with  
15 those Fusion Centers. We've met with the Dallas Fusion  
16 Center, the North Texas Fusion Center in McKinney, the  
17 Fusion Center in Houston, as well as the Joint  
18 Intelligence and Information Center here in Austin, and I  
19 have an appointment to meet with the San Antonio Fusion  
20 Center that covers the southwest part of the state as  
21 well.

22           In our meetings with those directors of the  
23 Fusion Centers, they have pledged their support and we  
24 will assist them in their efforts, especially those  
25 activities that are significant, and this could come to



1 the public safety issue, the priorities we have, and that  
2 could be human trafficking, narcotics smuggling,  
3 terrorism, those types of things that involve vehicles  
4 where they just dump the vehicle after they commit some  
5 criminal activity that's significant in nature.

6 So we also have outreach activity with some  
7 auto theft task forces. We have agreements with the  
8 Tarrant County Auto Theft Task Force to embed one of our  
9 investigators in Fort Worth, also, the Harris County Auto  
10 Theft Task Force where we will embed one of our  
11 investigators in the Houston area as well. The other two  
12 investigators will be here in Austin.

13 We have three accepted offers currently from  
14 interviews we've conducted for investigative positions.  
15 These are seasoned law enforcement veterans with about 30  
16 years of experience, much of it in white collar fraud.  
17 And we have one more position to fill, that is in Fort  
18 Worth, so we have the two investigator positions in Austin  
19 and one in Houston already identified and those candidates  
20 have accepted the position.

21 For the rest of the month it's going to be  
22 nonstop interviews for the remaining field service  
23 representatives. The map that's currently pulled up on  
24 the screen, you can see the zones of the 13 field service  
25 representatives we will have -- actually, there will be 12

1 field service representatives and then one field service  
2 representative manager, who will be a working manager, and  
3 you can see the condensed area number 1 around the Austin  
4 region where that manager will conduct the same type of  
5 activity as the field service representatives, in addition  
6 to managing the FSRs throughout the state.

7 So our goal is wrap up the interviews by May 1,  
8 complete most of the onboarding throughout the month of  
9 May, and we hope to be fully staffed in June. We have  
10 training planned for July for the entire division to come  
11 to Austin so we can touch upon our fraud, waste and abuse  
12 efforts, and then probably some FTO work in the fall,  
13 field training officer type work so we can match up our  
14 manager and our lead investigator to kind of show the  
15 ropes to some of the newer folks. Even though they have  
16 experience, this is a very specialized area of fraud and  
17 they will have to know what areas to concentrate on for  
18 efficiency.

19 We hope to see significant return on investment  
20 by the first of the year, and then moving on a year from  
21 now we expect that on the investigation side we should be  
22 working 60 to 80 investigations. On the surface it  
23 doesn't sound like a lot but within those investigations  
24 you may have a dozen subjects and dozens of counts on  
25 those particular subjects, so an investigation can be

1 fairly complex when you're looking at white collar fraud.

2 That's just a brief overview of where we're at  
3 right now, and I'd be happy to answer any questions that  
4 you may have.

5 MR. PAINTER: Will you have a computer  
6 specialist or software specialist on the team?

7 MR. MENKE: Yes, sir. That role will be  
8 addressed with the criminal intelligence analyst, mostly  
9 data-mining, not necessarily a computer specialist but  
10 data-mining to look for trends. Some of the reports that  
11 were mentioned earlier, as we're building the fraud data  
12 dashboard, some of those reports will expedite the  
13 information to make it easier to search. We expect that  
14 criminal intelligence analyst to serve that function  
15 proactively to look for trends, and then refer anomalies  
16 in numbers, which may or may not be fraud. Sometimes the  
17 numbers, well, they're just numbers, and until we do the  
18 investigation we don't know whether it's fraud or not.  
19 But that criminal intelligence will play that proactive  
20 role, and of course, any infrastructure or software needs,  
21 we will work closely with our IT to ensure that criminal  
22 intelligence analyst has the right tools.

23 MR. PALACIOS: Are there any other questions  
24 for Mr. Menke?

25 MR. DUNCAN: I might also add, a position that

1 Tim briefly touched on, that doesn't report through his  
2 division and was not on his org chart, reports to me is an  
3 attorney to support Tim's division, and we've closed the  
4 posting for that and Tim and I are doing the interviews  
5 together, and that will be done by the end of the month.  
6 So that's another person that that offer will be out in  
7 May and that person will be onboard by, hopefully, June 1.

8 MR. PALACIOS: Thank you, Tim.

9 Okay. Let's move on to agenda item number 8,  
10 Assembled Vehicles Working Group update.

11 MR. KUNTZ: Good morning again. For the  
12 record, Jeremiah Kuntz, director of the Vehicle Titles and  
13 Registration Division. This is just a briefing item,  
14 there is no action required. I just wanted to give the  
15 Board an update on our activities since we had the  
16 presentation on assembled vehicles at the Board meeting.

17 We put together a working group made up of  
18 industry partners, as well as a couple of public members,  
19 to bring forward a discussion about the assembled  
20 vehicles, dune buggies, kind of those other vehicles that  
21 are not traditionally built by a manufacturer, and so we  
22 had a two-day meeting, it was February 28 and March 1. It  
23 was a very productive meeting, everybody was very engaged  
24 in the discussion that we had.

25 We were very pleased that we were able to get

1 NHTSA, the National Highway Traffic Safety Administration.

2 They provided us with two resources via teleconference  
3 that we were able to engage them and go through some  
4 different vehicle types, different types of manufacturer  
5 to try and better understand their interpretation letters  
6 that they have available so that we could better  
7 understand what the rules of the game are as far as  
8 manufacturing of vehicles.

9 There was never an intended purpose of an  
10 outcome of that meeting to have any kind of resolution.  
11 We have another meeting scheduled April 26 to bring that  
12 group back together. We wanted to just present all of the  
13 different ideas, get everybody's issues kind of out on the  
14 table so that we could allow folks to go back, think about  
15 that and come up with different solutions on how we might  
16 be able to move forward on this.

17 In particular there was a group here in Texas,  
18 I believe they've got a group name called Save the Texas  
19 Dune Buggy. They have a lobbyist that they have hired  
20 that took part in the discussion. They are particularly  
21 working on, I guess, some recommendations or some options  
22 to present to the working group on the way they see it and  
23 how to move forward, so we'll be taking in that  
24 information from them so that we can evaluate it and  
25 figure out what the next steps are.

1           We also did have a member from an organization  
2 that's a national organization known as SEMA. I cannot  
3 remember what that acronym specifically stands for, but it  
4 is the aftermarket parts manufacturers are the folks that  
5 are members of that association. So folks that build the  
6 kit cars, that build different body modification parts,  
7 all those kind of things are generally the members of that  
8 association. They were also present at the meeting. They  
9 have provided us some comments in a letter to the agency,  
10 so we've got their input, if you will, on the issue. One  
11 of the main things that they've encouraged is to continue  
12 to reach out to NHTSA to seek some additional  
13 clarification on some of the interpretation letters.

14           So once we've had this next meeting, that's  
15 probably one of the next steps that we'll be evaluating is  
16 to reach back out to NHTSA in a formal request for an  
17 interpretation on these vehicles so that we can try and  
18 get a specific ruling, if you will, from NHTSA on how they  
19 would treat the manufacture of some of these alternative  
20 vehicles.

21           MR. WALKER: Jeremiah, does NHTSA have any  
22 authority in Texas on vehicles that we issue titles to?

23           MR. KUNTZ: So that is one of the topics of  
24 discussion that we had. As a federal agency, they do not  
25 oversee or regulate the State of Texas as far as vehicles.

1       They are a regulatory entity that regulates the  
2       manufacture of vehicles, and therefore, they regulate any  
3       private entity or private business that is manufacturing a  
4       vehicle to put onto the roadways. So any vehicle that has  
5       been assembled, manufactured must comply with NHTSA's  
6       safety standards.

7               MR. WALKER: According to Texas statutes or  
8       according to federal?

9               MR. KUNTZ: Federal statutes.

10              MR. WALKER: But how does NHTSA have any marker  
11       in the game, so to speak, on the State of Texas issuing a  
12       title on a dune buggy to be operated on a state or city  
13       road in the State of Texas?

14              MR. KUNTZ: So they do not have any regulatory  
15       authority over the State of Texas, or the DMV, for that  
16       matter. They have regulatory authority over the vehicle  
17       and the person that manufactured it, so a person that  
18       manufactures a vehicle that is not in compliance with  
19       NHTSA is subject to their fines for not complying with all  
20       the safety standards. So these are the standards such as  
21       airbags, for example. If GM was to, for example, stop  
22       installing airbags on a 2018 version of a Tahoe -- I'm  
23       just using this as an example -- they would be in direct  
24       violation of NHTSA's requirements to have airbags in any  
25       current model vehicle that is being manufactured, and they

1 would subject themselves to fines and penalties. There's  
2 no penalty on the State of Texas if we were to title that  
3 vehicle in the State of Texas, but the responsibility lies  
4 with GM to adhere to all those safety standards, and  
5 technically, that vehicle is not supposed to be put onto  
6 the roadway.

7 MR. WALKER: So -- and I'm really getting in  
8 left field and I apologize if I'm wasting the Board's  
9 time -- if I made a go kart in my garage for my son,  
10 obviously I can't drive it on the road, but NHTSA can't be  
11 involved in how I made the go kart. Right?

12 MR. KUNTZ: If it is for off-highway use, in  
13 other words, you're never going to operate it on a highway  
14 or on a public street, then they would not, however, if  
15 you --

16 MR. WALKER: But if I wanted to license it, it  
17 has to be approved by NHTSA.

18 MR. KUNTZ: If it is to be operated on a state  
19 or federal roadway, any public street or roadway, it is  
20 required to comply with all of the safety standards and  
21 the person who assembled that vehicle is the party that is  
22 responsible for ensuring that it adheres to all those  
23 safety standards. So if you built it in your garage and  
24 you took it out onto a public street, then if you didn't  
25 have a registration on it, obviously law enforcement is



1 going to pull you over for not having a registered  
2 vehicle. If you were to somehow manage to get  
3 registration to that vehicle and start operating it on the  
4 roadway, you as the manufacturer would be subject to  
5 penalties from NHTSA for that vehicle not complying with  
6 the safety standards.

7 MR. WALKER: There's exceptions to all those  
8 rules apparently, because in the last legislative session  
9 the State of Texas passed some bills allowing golf carts  
10 to operate on the streets in Texas that are not NHTSA  
11 approved.

12 MR. KUNTZ: NHTSA has exceptions for slow-  
13 moving vehicles which are vehicles that are not able to  
14 attain a speed of greater than 35 miles an hour, so if  
15 your vehicle is not able to operate at 40 miles an hour,  
16 it is exempt from that standard. There are also,  
17 obviously, exemptions for motorcycles. A motorcycle is  
18 not required to have airbags, it's not required to have  
19 seatbelts. So different vehicles clearly have different  
20 standards at the federal level. But if you were to build  
21 a four-wheeled vehicle that has a means of propulsion in  
22 it, a motor, that vehicle must meet the standards if it is  
23 manufactured today.

24 MR. BARNWELL: Jeremiah, are kit car builders  
25 manufacturers?

1 MR. KUNTZ: That is central to the discussion  
2 we are having right now. It appears -- that's what I  
3 said, it appears that in NHTSA's eyes they are.

4 MR. BARNWELL: Okay. Well, we have junkyard  
5 cars and all these television shows that are on and they  
6 take a car that is essentially the same, or they may  
7 replace the frame and they may replace the hood and the  
8 fenders and the roof and all that. Is that a  
9 remanufactured? At this juncture, is that what that is?  
10 Stop rubbing your face over there, Counsel.

11 MR. PALACIOS: You are all asking the exact  
12 questions that are central to the exact discussion that  
13 we're having in the working group.

14 MR. BARNWELL: So that's an ongoing discussion.

15 MR. DUNCAN: It is.

16 MR. INGRAM: I was hoping, Barney, you could  
17 just answer it and that way we could be done.

18 MR. BARNWELL: Actually, I can answer it but  
19 nobody cares. All right, fine.

20 MR. KUNTZ: These are the very tough  
21 discussions that we are having right now to try and sort  
22 through at what point does a construction methodology, if  
23 you will, cross that threshold into a new vehicle. And  
24 that is a very difficult discussion we are having right  
25 now because it is difficult to understand interpretation

1 letters because they do not paint with a broad stroke.  
2 Those interpretation letters are very specific to one  
3 specific vehicle instance, and NHTSA has been very  
4 hesitant to paint with a broad brush when you just throw a  
5 scenario out. They generally are not answering that  
6 general scenario, they are saying give me the specific  
7 example, the specific vehicle and what was done to it, and  
8 then we'll opine on it. And that's the difficulty we're  
9 having is you have to cobble together many interpretation  
10 letters for lots of very specific requests for  
11 interpretation from NHTSA on very specific vehicles and  
12 how they were constructed.

13 MR. BARNWELL: What do you think the chances  
14 are that you'll ever get clear guidance from NHTSA? I  
15 mean over and under, kind of the odds on it.

16 MR. KUNTZ: I think that we are getting a  
17 better sense of where they are. I think that we still  
18 have some specific instances that we do still need clarity  
19 on, and that's where SEMA was, in their letter,  
20 encouraging us to reach out to the general counsel with  
21 NHTSA to seek better clarification on some of these  
22 interpretation letters. I think that there are different  
23 scenarios that are easier to get to a solution on than  
24 others.

25 MR. BARNWELL: Okay.

1 MR. WALKER: But this can't be just a Texas  
2 issue.

3 MR. KUNTZ: It is not.

4 MR. WALKER: There's 48 other -- 50 -- 49  
5 states out there that have got to be facing the same issue  
6 as we do on this.

7 MR. KUNTZ: Every state is faced with this  
8 issue, which is why we had national representation. We  
9 had AMVA, which is our Association of Motor Vehicle  
10 Administrators, they were in attendance at the meeting.  
11 The comment that she made was this was eye-opening to hear  
12 the discussion that we were having because this discussion  
13 is not the first time we've had it, that it's been had  
14 nationally, but we've brought forward some items that had  
15 not been considered in the best practices documents that  
16 they had, and they were going to be going back and  
17 reworking some of those best practice documents.

18 We also had Factory Five which is a very large  
19 manufacturer of kits that was there. The owner of that  
20 company actually came and provided very good insight as to  
21 the discussion they've been having at the federal level  
22 with Congress on these very issues and the struggle that  
23 they, as members of SEMA, have had with trying to get  
24 federal legislation to carve out hobbyists, if you will,  
25 folks that are really doing this as a very low

1 manufacturer, they aren't mass-producing these things,  
2 i.e., somebody that's doing it in their garage. And they  
3 talked about the struggles they've had for many years on  
4 trying to get clear guidance, both with Congress and from  
5 NHTSA on this very issue.

6 So it is something that has been out there,  
7 it's longstanding, and it's not something that's been  
8 easily addressed.

9 MR. DUNCAN: And Member Walker, David Duncan,  
10 general counsel.

11 Further on your question, we did reach towards  
12 other states and there are some solutions ranging from in  
13 Massachusetts -- oddly where the largest kit car  
14 manufacturer is, Factory Five is in Massachusetts -- they  
15 got together at the state level and decided you can't  
16 register and title a kit car in Massachusetts, even though  
17 the biggest manufacturer of kit cars is there, they just  
18 said no. California came up with a new category of  
19 vehicles called Specially Constructed Vehicles, for people  
20 that put cars together. You can register it and title it  
21 but you can never sell it. It's on a special kind of  
22 title, you can literally never sell it.

23 MR. WALKER: But you can register and title it  
24 in California.

25 MR. KUNTZ: Correct.

1 MR. DUNCAN: Register and title it for your own  
2 use forever. You can never sell it, you can't give it to  
3 your grandkids, you can't give it away in your will. I  
4 guess it's just crushed when you die. I'm not sure that  
5 solution is going to work, but we just came across that  
6 and we were what is that, that's really strange.

7 MR. BARNWELL: That's a contrived solution that  
8 is a dead-end.

9 But have you looked at -- and we're beating  
10 this up pretty good but Member Walker has nominated me to  
11 take on the mantle of wasting the Board's time this  
12 morning, so I'm trying to fulfill that obligation.

13 (General laughter.)

14 Let me suggest to you that NHTSA needs to look  
15 at the FAA, of all organizations, and the Experimental  
16 Aircraft Association and those qualifications.

17 MR. KUNTZ: I have actually done a little  
18 research into that myself.

19 MR. BARNWELL: Good. You know, I would have  
20 bet you had done that.

21 MR. KUNTZ: And so the best that I can assess  
22 from the FAA model is that prior to construction FAA  
23 actually has on staff engineers that will review the plans  
24 for that aircraft prior to it entering construction. So  
25 they pre-clear those plans for airworthiness and it goes

1 through an extensive review process on their end before it  
2 ever goes to manufacture. The reverse is what takes place  
3 in the automobile manufacturing in that the responsibility  
4 is passed down to the person that manufactures that to  
5 hold responsibility for the roadworthiness of that vehicle  
6 and whether or not it will be certified as safe.

7 So NHTSA does not pre-clear or even inspect  
8 after the fact, they only go in and ensure that the  
9 manufacturer has certified with them that they have done  
10 that due diligence and that the manufacturer is certifying  
11 to NHTSA that that vehicle meets its roadworthiness, so  
12 it's an inverse. What NHTSA clearly stated and continues  
13 to state is they do not have the resources to pre-clear  
14 vehicles, they do not have engineers on staff, they are a  
15 small federal agency with limited resources that does not  
16 take that role on, which is why they have shifted the  
17 responsibility down to the manufacturer.

18 MR. BARNWELL: Thank you.

19 MR. KUNTZ: Yes, sir.

20 MR. PALACIOS: Jeremiah, I know we've discussed  
21 this issue at length, it's pretty complex. It started out  
22 as a discussion on dune buggies, then went into kit cars,  
23 remanufactured cars, hobbyists, and so forth, and I know  
24 you have another meeting coming up this month. Is it your  
25 sense that after we meet with the stakeholders that we'll

1 be able to draft rules that can address this issue, or do  
2 you think this is something that will probably be given to  
3 the legislature?

4 MR. KUNTZ: There is a possibility of a mix of  
5 the two. I would anticipate for certain types of  
6 solutions, we would need some statutory guidance. There's  
7 always the possibility that certain types of vehicles  
8 could potentially come to this Board for disposition to  
9 rulemaking. So again, it's early on, I'm very curious to  
10 see what this group has as far as their recommendations  
11 for solutions before I really go out on a limb and say  
12 that we've got a solution. I don't really have something  
13 in my hip pocket that I can just say today definitively  
14 yes, we've got a solution and we know the path forward.  
15 We're really still trying to gather information and figure  
16 out kind of where to go with this. So I'd be pretty far  
17 out to give you any kind of answer on a solution today.

18 MR. WALKER: Did I hear you say that I can see  
19 in the future that somebody could come to this agency to  
20 get approval to build and manufacture a kit car?

21 MR. KUNTZ: No. What I'm saying is that there  
22 are certain types of manufacturer that could be handled  
23 through administrative rule rather than requiring a  
24 legislative solution. One of the things -- to get a  
25 little bit out on that limb, one of the things that we



1 have seen from NHTSA is so long as the chassis of the  
2 vehicle is not being changed in a way that the original  
3 body could not be reattached to that vehicle and brought  
4 back to its original condition, then NHTSA does not view  
5 that as a new vehicle. So if you take the chassis as is  
6 from an old vehicle but you place a new body on top of  
7 that, they do not, in certain instances -- that's why I'm  
8 saying I'm a little bit out on a limb here -- in certain  
9 instances they have viewed that to be an old vehicle  
10 exempt from having to have the new standards placed to it,  
11 and so those could be allowed to be titled and registered  
12 in the State of Texas.

13 So that's why I'm saying depending on each and  
14 every vehicle and how it's manufactured, you get to  
15 different conclusions when you kind of run this through,  
16 and that's where we've got to go through and figure out  
17 how would we make that determination as an administrative  
18 body. Has that vehicle stayed with its original  
19 configuration, can it proceed with titling and  
20 registration, or through an investigation or through some  
21 kind of inspection of that vehicle could it be determined  
22 that a substantial departure from its original  
23 configuration has occurred, and therefore, it is now a new  
24 vehicle and not eligible for registration and title.

25 That line is what is very difficult to try and

1 assess is at what point do you cross that threshold from  
2 being an old vehicle that's been remanufactured or  
3 reconstructed to something that is now substantially  
4 changed from its original configuration such that you  
5 could reassemble it back to its original configuration,  
6 and therefore, it is deemed a new vehicle. Again, we're  
7 early on and we can see dilemmas with all of these  
8 situations in how NHTSA has interpreted them, where a  
9 clearer interpretation may provide us clearer guidance  
10 where we don't get into those kind of having to split that  
11 hair.

12 So again, we want to let this process really  
13 work its way through. I want to get that opportunity to  
14 be able to potentially clarify with NHTSA on certain types  
15 of vehicle construction to see if we can't carve out more  
16 of these and deem that as non-new -- and that's the best  
17 terminology I can come up with is non-new vehicles so that  
18 they could be titled and registered.

19 MR. WALKER: You've got a real difficult road.

20 MR. KUNTZ: Yes, sir. I recognize and  
21 acknowledge that this is not an easy problem to try and  
22 solve.

23 MR. WALKER: I mean, because if you're talking  
24 about a body style -- obviously, I can change an engine  
25 out in a truck and put a new engine in it and I don't have

1 to retitle it for that.

2 MR. KUNTZ: Yes, sir.

3 MR. WALKER: So I can change an engine right  
4 now, I can change a transmission right now.

5 MR. KUNTZ: And you're getting awful close now  
6 with NHTSA.

7 MR. WALKER: I mean, we put transmissions in  
8 trucks all the time when they break.

9 MR. KUNTZ: And basically what they say is one  
10 more part and you're new. And that's where we are very  
11 difficult on that line is they've gone motor,  
12 transmission, chassis, if those are all new, new vehicle.  
13 That's where we're struggling right now.

14 MR. WALKER: So motor, transmission, body.

15 MR. KUNTZ: Not new. That's the best I can  
16 tell.

17 MR. HARDY: So will we get a report out in June  
18 then?

19 MR. KUNTZ: Yes, we'll give you another update  
20 on where we're at, what additional feedback we get back  
21 from the group. I mean, we are really trying to get this  
22 group to give us where are some options we can go to ask  
23 for NHTSA's clarification.

24 MR. PALACIOS: Okay. Thank you, Jeremiah.

25 Any other questions on this matter?

1 MR. WALKER: It's a pretty difficult issue, I  
2 can tell you that.

3 MR. PALACIOS: This is just a briefing too.

4 MR. KUNTZ: One of multiple, I'm sure.

5 Would you like me to move to the next item?

6 MR. PALACIOS: Yes, please.

7 MR. WALKER: Oh, we're not through with you  
8 yet?

9 MR. KUNTZ: I've got three items up here in a  
10 row.

11 The next for your consideration are our license  
12 plates. I'll wait for them to get our plates up, but as  
13 they're doing that, we have four new license plates, three  
14 of which are redesigns of existing plates and one of which  
15 is a brand new license plate. I will point out that one  
16 of those, while it is a redesign is also a crossover  
17 plate. That was a statutory plate that is being crossed  
18 over to the My Plates program, and that is the Texas State  
19 Rifle Association.

20 As you can see here, we have a redesign of the  
21 RE/MAX license plate, that is to redesign it with their  
22 new logo; a redesign of Prairie View A&M's license plate,  
23 they would like to go in a different direction from their  
24 existing logo to the use of their mascot on their license  
25 plate; and then as I covered, the Texas State Rifle

1 Association, they're going essentially from a white  
2 background to a black background, that's the major change  
3 to their design on that. And then the last one is the  
4 monarch butterfly plate which is a My Plates designed  
5 license plate, as you can see here on the bottom.

6 We did publish these for e-view. On the  
7 monarch butterfly we got 151 people that liked the design,  
8 14 did not; the Texas State Rifle Association, 109 people  
9 liked the new design, 59 did not; on Prairie View A&M, 126  
10 people liked the new design, 45 did not; and on RE/MAX, 92  
11 people like the design and 74 did not.

12 As was customary, you have a just briefing  
13 document, if you will, in the back on the specialty  
14 license plates. Just to give you our current count, we  
15 currently offer 474 license plate designs, 180 of those  
16 are military, 50 are restricted use, 125 are state  
17 specialty plates, and My Plates currently has 119 plate  
18 offerings in their catalogue.

19 MR. PALACIOS: I have a question. On this  
20 college/university plate, doesn't statute already provide  
21 for universities, or do they all go through My Plates,  
22 universities?

23 MR. KUNTZ: I believe that we do have the  
24 ability for universities. I would have to go back and  
25 look at that exact statutory reference, though.

1 MR. PALACIOS: Okay. Because I know we have  
2 the state sanctioned plates, and I thought universities  
3 fell under that provision for plates.

4 MR. KUNTZ: I believe they do, but they can  
5 also go through My Plates as well.

6 MR. WALKER: Like I have an A&M plate on my  
7 wife's car, it's a state plate. You can buy my plate,  
8 also one from A&M on My Plates.

9 MR. KUNTZ: We have multiple university  
10 offerings, even for like A&M and UT both have multiple  
11 plate offerings that they have available.

12 MR. PALACIOS: Okay.

13 MR. PAINTER: How many university plates have  
14 their mascot on it?

15 MR. KUNTZ: I would have to go back and look at  
16 the details on it.

17 MR. PAINTER: Somebody will get mad about the  
18 mascot and they'll want them to change it.

19 MR. KUNTZ: And Prairie View A&M is the one  
20 that brought forward this redesign.

21 MR. WALKER: I thought that was the Permian  
22 Panthers.

23 So why the RE/MAX change?

24 MR. KUNTZ: RE/MAX redid their logo.

25 MR. WALKER: The only thing different I see is

1 the balloon has curved lines instead of straight lines

2 MR. KUNTZ: It is a slightly different vantage  
3 point.

4 MR. BARNWELL: It's RE/MAX redux.

5 MR. KUNTZ: That was something that RE/MAX has  
6 requested, that is the new logo that they use for all of  
7 their marketing purposes, and they want their license  
8 plate to be redone with the new logo.

9 MR. WALKER: So does RE/MAX have to pay the  
10 \$4,000 fee that we charge there?

11 MR. KUNTZ: I would have to go back on  
12 redesigns what the fees are for the redesigns. I can't  
13 remember the exact charges on all the redesigns, but I  
14 know that there are some charges that we would charge them  
15 for redesigning the license plate.

16 MR. WALKER: The Texas Parks and Wildlife  
17 plate, it that a --

18 MR. KUNTZ: I want to clarify, that is not a  
19 Texas Parks and Wildlife plate on the bottom, that is a My  
20 Plates plate design. Yes, sir, I believe Parks and  
21 Wildlife is here today to comment on that plate.

22 MR. WALKER: Is that a statutory plate?

23 MR. KUNTZ: No, it is not. It is a My Plates  
24 plate. My Plates is bringing forward that butterfly  
25 design.

1 MR. PALACIOS: Okay. We have a couple of  
2 people that have registered to speak about the monarch  
3 butterfly plate, so I guess I'll call Janis Johnson. Are  
4 you present? Please come forward.

5 MS. JOHNSON: Good morning, Chairman and  
6 members of the Board. Thank you for this opportunity to  
7 come talk to you today. My name is Janis Johnson, and I  
8 am with the Texas Parks and Wildlife Department. Along  
9 with my colleagues in our resource divisions, that is  
10 state parks, inland fisheries, coastal fisheries and  
11 wildlife, I have the honor of overseeing the agency's  
12 conservation license plate program. And with me today is  
13 John Davis, who is a wildlife biologist and director of  
14 our wildlife diversity program.

15 Now, over the last 20 years, the Texas Parks  
16 and Wildlife Department has issued a branded family of  
17 conservation license plates that help fund and raise  
18 awareness for a broad range of conservation efforts and  
19 department programs. We currently have eight plates on  
20 the market. You may have seen them on the road: the  
21 iconic horned lizard, otherwise known as the horny toad,  
22 that supports wildlife conservation; the bluebonnet and  
23 camping tent plates that support Texas state parks; a  
24 large mouth bass plate that supports Texas fishing; a  
25 whitetail deer plate that supports Texas's hunting



1 heritage; and a hummingbird and a rattlesnake plate that  
2 support wildlife diversity. And last summer we introduced  
3 a Texas rivers plate which helps sustain and conserve  
4 waterways across the state.

5 Now, our customers who have helped us raise  
6 over \$8 million over these past 20 years, have purchased  
7 these plates in great part because they want their dollars  
8 to go to conservation causes and programs. So \$20 out of  
9 every \$30 -- and that's what we charge for all of the  
10 plates, straight up \$30, affordable for everyone, we  
11 hope -- \$22 of every \$30 goes to specific conservation  
12 programs.

13 We've also marketed these plates, including  
14 building a website, where people can learn about the  
15 plates and how the dollars are spent. We advertise on  
16 billboards, gas station ads, print ads and online. We  
17 believe that we have built a very good perception that  
18 wildlife plates are Texas Parks and Wildlife plates, and  
19 we believe that when the public sees a wildlife plate they  
20 will assume it is associated with the department and  
21 through their purchase they are helping support and fund  
22 conservation efforts for that animal or program.

23 In 2014 we conducted a consumer survey asking  
24 Texans to rank six new plates we were considering  
25 introducing, including the monarch butterfly. The monarch

1 plate ranked just behind our top two overall plates, and  
2 in 2015, the next year, we launched the hummingbird and  
3 the rattlesnake plates which tied for first place in the  
4 survey. We placed the monarch butterfly on our roadmap  
5 for a 2019 launch. So in your folder you will find our  
6 design for a monarch butterfly plate.

7 We are here today to ask that you consider  
8 allowing us an opportunity to carry out our plans to  
9 introduce a monarch butterfly plate in 2019 without having  
10 to compete with another monarch plate that is neither tied  
11 to the department nor wholly to conservation efforts for  
12 native pollinators. We believe that it is important for  
13 consumers and our motorists to not be confused about  
14 whether they are supporting the Texas Parks and Wildlife  
15 Department conservation effort to protect wildlife, and  
16 which we feel would be the case should My Plates also  
17 issue a monarch butterfly plate.

18 With that, I would be happy to take any  
19 questions you may have of me or my colleague, John Davis.  
20 Thank you.

21 MR. PALACIOS: Thank you.

22 Jeremiah, I have a question about this. Is  
23 this a My Plates or a state plate?

24 MR. KUNTZ: My Plates brought this plate  
25 forward.

1 MR. BARNWELL: That one there?

2 MR. KUNTZ: The one that you see before you  
3 here for your consideration is a My Plates plate design.

4 MR. PALACIOS: Okay. And then this other one  
5 is a state.

6 MR. KUNTZ: Correct. We do not have an  
7 application currently pending for that license plate.

8 MR. PALACIOS: Okay.

9 MR. WALKER: For this?

10 MR. KUNTZ: No. Correct.

11 MR. WALKER: Wait a minute. I thought this is  
12 a plate?

13 MR. KUNTZ: It is not. That plate is a plate  
14 design, as she mentioned, that is a plate design that they  
15 had planned to bring forward in 2019.

16 MR. WALKER: So this doesn't exist?

17 MR. KUNTZ: It does not exist today.

18 MR. PALACIOS: Okay. We have another person  
19 that will comment on this monarch plate, Steve Farrar.  
20 Are you present?

21 MR. FARRAR: Mr. Chairman, Board members, thank  
22 you for the opportunity.

23 Thank you, Janis and John.

24 First of all, I'd like to state that we are  
25 very supportive of everything that Texas Parks and

1 Wildlife does with their conservation plates. We don't  
2 see ourselves as competing in the marketplace with them.  
3 As a program, since 2009, we have delivered 360,000 plates  
4 to the market and we've delivered over \$63 million in  
5 sales in revenue to the general fund. When you look at  
6 Texas and the number of sales that we've done, 360,000 is  
7 still only representative of less than 1-1/2 percent of  
8 market penetration. So we've got a long way to go, and  
9 certainly collectively, with 474 plates in market, I think  
10 we're still probably around 5 percent or less in all the  
11 plates in the Texas marketplace.

12           When we look at the butterfly plate that we  
13 have proposed, it is a plate that we had surveyed some  
14 years ago and we certainly, like Texas Parks and Wildlife,  
15 found that there was a lot of interest in a butterfly  
16 plate. Our design format is certainly different to the  
17 design format that Texas Parks and Wildlife used. Our  
18 initial feeling is that it wouldn't be misrepresented as a  
19 Texas Parks and Wildlife plate.

20           With that said, it was only brought to our  
21 attention yesterday that there was an issue potentially  
22 with this plate. I met Janis briefly this morning,  
23 certainly happy to have further talks with her. We are  
24 looking to allocate 10 percent of the proceeds of the  
25 plate background of this plate to a charity for

1 conservation needs, and certainly we're more than happy to  
2 direct that to Texas Parks and Wildlife and more than  
3 happy to get that in writing to them.

4           Jeremiah had mentioned there are multiple  
5 plates in market, like A&M has multiple plates, Cowboys  
6 have multiple plates, UT has multiple plates. There are  
7 many different plates out of the 474 plates in market that  
8 have very similar like designs and concepts, whether it be  
9 representative of the Texas flag or Lone Stars or fishes  
10 or birds, et cetera. Our feeling is that ours would just  
11 be another butterfly plate, certainly one that's appealing  
12 in the market and more skewing towards the female target  
13 market which is where our program is wishing to move  
14 towards.

15           At the end of the day, when it comes to  
16 conservation and preservation of the monarch butterfly,  
17 which we do sincerely support that cause, our feeling is  
18 we don't want to prevent Texas Parks and Wildlife from  
19 moving forward with their plate, we certainly would not  
20 protest their design, we would encourage them to move  
21 forward with that. Together our feeling is that  
22 collectively, both ourselves and the Texas Parks and  
23 Wildlife, by bringing both plates to the market, will  
24 actually raise more awareness and deliver greater  
25 conservation and preservation needs.

1           That's all I have to say.

2           MR. PALACIOS: Thank you. Are there any  
3 questions for either of the parties?

4           MR. WALKER: Yes, I have a couple of questions.

5           So, Jeremiah -- and Steve, hold on just one  
6 second -- the script on this plate is -- I mean, I like  
7 that, it looks nice, but we had an area on the plate where  
8 we said this belongs to the state and this has to meet our  
9 particular specifications. Does the script "Texas" meet  
10 the specifications that we designed when we came up with  
11 area where we own the particular part of the plate.

12           MR. KUNTZ: Correct. The script is something  
13 that we have not done before in the past.

14           MR. WALKER: It looks nice.

15           MR. KUNTZ: I would agree. I think that it has  
16 an appeal that we have not put out there before, having a  
17 scripted "Texas" like that on a license plate. I would  
18 have to look at the spec to see if the spec actually  
19 covers font. I know it covers the size and spacing and  
20 the placement of the jurisdiction, i.e., the State of  
21 Texas. That is required to be in the top part of the  
22 license plate between the two bolt holes. We do have some  
23 flexibility within that spec to allow variations from it,  
24 and this is something that we did review and deemed that  
25 it would be acceptable for us to move forward with that

1 script.

2 MR. WALKER: So, Steve, you made a comment that  
3 you said that the plate does not meet the requirements of  
4 the state, so what were you referring to?

5 MR. FARRAR: No, I don't think I did. It  
6 certainly does meet the requirements of the state.

7 MR. WALKER: Okay. So then the next question I  
8 had was -- the lady before you, and I apologize, I don't  
9 remember her name right now --

10 MR. FARRAR: Janis.

11 MR. WALKER: Janis. So she said that \$20 of  
12 every \$30 is --

13 MR. FARRAR: \$22.

14 MR. WALKER: Okay. \$22 of the \$30 is going to  
15 go to them. Didn't we set that up originally in the  
16 statute that there was a certain split on these deals?

17 MR. KUNTZ: Correct. On a statutory plate, \$30  
18 is the plate cost, \$8 goes to the department for the cost  
19 of manufacturing the license plate, and \$22 goes to the  
20 organization.

21 MR. WALKER: On a statutory.

22 MR. KUNTZ: On a statutory, yes.

23 MR. WALKER: But this is a My Plates plate.

24 MR. KUNTZ: So I want to clarify. What Parks  
25 and Wildlife was referring to is the Parks and Wildlife

1 conservation series. They have a specific statute that  
2 allows them to bring forward conservation plates. They're  
3 not limited to just one plate in statute, and we actually  
4 looked up, just like the collegiate plates, the colleges  
5 can bring forward license plates through statute and have  
6 those statutory fees applied. So Parks and Wildlife has  
7 their conservation series; that conservation series is  
8 covered by the statutory fees which are \$30, \$22 of which  
9 goes to the organization that brings forward that license  
10 plate, \$8 to the department.

11 On this license plate, this would be a My  
12 Plates license plate and it would have the standard fees  
13 that My Plates charges for their specialty plates, so  
14 those are the ones that are set in your rule. The Board  
15 has the authority to set rules on the fees for My Plates  
16 specialty plates, so this particular plate that you see  
17 before you today would have that fee structure, not the  
18 \$30 fee structure.

19 MR. WALKER: So is the state, Steve, Parks and  
20 Wildlife conservation, wherever this money is going to go  
21 to, are they going to realize the same benefit on this  
22 plate as they do from the statutory plate?

23 MR. FARRAR: No. Texas Parks and Wildlife,  
24 when and if they bring their monarch butterfly plate to  
25 the market, they will receive a greater proportion of the



1 revenue on that plate to the conservation needs. This  
2 plate, under the My Plates program, benefits the general  
3 revenue fund of the state as well as us, the private  
4 vendor.

5 MR. WALKER: So it's kind of getting a little  
6 clearer to me right now. So what you just said is that  
7 Texas Parks and Wildlife is going to present this  
8 particular plate here at some point in the future, and we  
9 kind of internally know about this, and on a statutory  
10 plate, the Parks and Wildlife, which is a state agency, is  
11 going to get \$22 of the sale on this plate and then the  
12 DMV gets \$8 for our cost of making the plate. What you're  
13 proposing on this right here is -- and I thought it was  
14 Texas Parks and Wildlife but it is not?

15 MR. KUNTZ: This is not a Texas Parks and  
16 Wildlife plate.

17 MR. WALKER: This is not a Texas Parks and  
18 Wildlife plate.

19 MR. PALACIOS: This is a Texas Parks and  
20 Wildlife plate.

21 MR. WALKER: So who is this group here that  
22 these people represent?

23 MR. FARRAR: This is a My Plates design. We  
24 ran surveys some years back looking at different designs,  
25 and one of the designs that was popular was a butterfly

1 plate, and so we looked at various butterflies and we  
2 looked at the monarch butterfly as one that was the state  
3 butterfly as well as one that was in need of awareness and  
4 preservation, and so that's why we thought we'd move  
5 forward with that design. We were not aware that Texas  
6 Parks and Wildlife were planning on their own monarch  
7 butterfly plate, it was only brought to our attention  
8 yesterday.

9 As I said, we're more than happy to allocate 10  
10 percent of the proceeds of that plate background fee to  
11 Texas Parks and Wildlife, in addition to what they'll  
12 receive from their plate.

13 MR. WALKER: And how much would that be?

14 MR. FARRAR: The plate sells for \$50 for a one-  
15 year term, so that would be \$5, if it's a three-year term  
16 it's \$13, a five-year term is \$17.50.

17 MR. WALKER: My Plates is going to benefit  
18 Parks and Wildlife with their 10 percent contribution for  
19 \$5, the state statutory plate, which is the same plate, is  
20 going to benefit the Parks and Wildlife by \$22. Okay.  
21 I'm clear.

22 MR. GRAHAM: And there's nothing here that  
23 would prevent Texas Parks and Wildlife in the future from  
24 going ahead and proceeding, even though My Plates would  
25 already have a butterfly plate. Correct?

1 MR. KUNTZ: That is correct. Parks and  
2 Wildlife can bring their plate design before this Board  
3 for consideration for that design. So yes, they can also  
4 bring their plate. We are not precluded, as Steve  
5 mentioned, from having multiple license plates that have  
6 similar design features to them.

7 MR. GRAHAM: Thank you.

8 MR. WALKER: Steve, be careful about what you  
9 say. I was thinking about getting that license plate  
10 until you said that would be a woman's license plate.

11 MR. FARRAR: I said it would have a greater  
12 skew with females.

13 (General laughter.)

14 MR. PALACIOS: Okay. Any more discussion on  
15 the butterfly plates or any of the other plates that have  
16 been presented to us?

17 (No response.)

18 MR. PALACIOS: If not, I'll entertain a motion  
19 to accept, I guess we can go in order, start with 9.A. the  
20 butterfly plate. Do I hear a motion to accept? I hear no  
21 motion.

22 MR. BARNWELL: I move we accept it.

23 MR. GRAHAM: I'll second.

24 MR. PALACIOS: Okay. There's a motion by Board  
25 Member Barnwell, second by Board Member Graham. All in

1 favor of accepting the monarch butterfly plate please  
2 signify by raising your right hand.

3 (A show of hands: Board Members Barnwell,  
4 Caraway, and Graham.)

5 MR. PALACIOS: Okay. Board Member Graham,  
6 Barnwell and Caraway.

7 All opposed?

8 (A show of hands: Board Members Hardy, Ingram,  
9 Painter, Palacios, and Walker.)

10 MR. PALACIOS: Board Member Ingram, Painter,  
11 Hardy, Walker, and myself.

12 We have a rejection.

13 Do I hear a motion to accept the second plate,  
14 the Texas State Rifle Association?

15 MR. GRAHAM: So moved.

16 MR. INGRAM: Mr. Chairman, can I move that we  
17 approve the three plates together?

18 MR. PALACIOS: Sure.

19 MR. WALKER: Second.

20 MR. PALACIOS: Okay. Motion to accept all  
21 three plates which would be the Rifle Association, Prairie  
22 View A&M and RE/MAX. All in favor please signify by  
23 raising your right hand.

24 (A show of hands: Board Members Barnwell,  
25 Caraway, Graham, Hardy, Ingram, Painter, and Walker.)

1 MR. PALACIOS: All opposed?

2 (A show of hands: Board Member Palacios.)

3 MR. PALACIOS: The motion carries.

4 Okay. Let's move on to agenda item number 10  
5 which is the rules proposal, Chapter 217, Vehicle Titles  
6 and Registrations.

7 MR. KUNTZ: Again for the record, Jeremiah  
8 Kuntz, director of the Vehicle Titles and Registration  
9 Division.

10 Before you are our proposed changes to Chapter  
11 217.27 of the Administrative Code relating to the  
12 procedures and requirements for approval or denial of  
13 personalized license plates. The purpose of the amendment  
14 is to clarify the requirements and procedures for the  
15 approval or denial of personalized license plates and to  
16 make the rule consistent and more clear as to our current  
17 practice. I will tell you we currently have the authority  
18 to deny all of the personalized plates that you see before  
19 you that are enumerated in these rules. Our rules are  
20 just very broad and give us very general authority to make  
21 determinations as to their appropriateness.

22 We have extensive amounts of experience in  
23 reviewing license plate personalization that comes into  
24 the department on a daily basis, and as such, are trying  
25 to clarify the requirements that we look at when

1 evaluating a license plate to try and provide the public  
2 with more clarity on what is and is not acceptable for  
3 personalization on our plates. So this is really to try  
4 and bring forward more visibility to an applicant so that  
5 they will understand why their plate has been denied. We  
6 have used very general terminology in those denials and at  
7 times people do not understand how we're applying certain  
8 general criteria to the denial, and we want to provide  
9 them with greater clarity as to what criteria we're using.

10 What you will also see in this rule is that we  
11 have clarified an appeals process for somebody who has had  
12 their license plate denied or revoked so that they have a  
13 very clear administrative procedure that they can follow  
14 in order to have their, I guess, concerns heard by the  
15 department as to why they believe their license plate is  
16 not in violation of that rule so that they can have an  
17 administrative procedure that is followed by the  
18 department.

19 As you will see in that, there is a time frame  
20 for which they must submit their arguments to the  
21 department for why they believe their license plate should  
22 be granted to them, and they have to do that within 20  
23 days of the notification of cancellation or non-issuance,  
24 and then the executive director has 31 days from that  
25 appeal in order to render a decision on that license

1 pattern, on that alphanumeric pattern.

2 If the executive director does not render an  
3 opinion, by operation of law, the plate pattern is denied.

4 That way if we do not have a chance to review every  
5 single one of these -- and I will tell you we get appeals  
6 frequent and often -- that it would not put an undue  
7 burden on the executive director to ensure that she takes  
8 every single one of those, that it would automatically be  
9 denied after that 31 days if she does not take action.

10 If there are any questions, I would be happy to  
11 entertain any questions.

12 MR. PAINTER: I would like to make a comment.

13 MR. KUNTZ: Yes, sir.

14 MR. PAINTER: As an officer, when you're  
15 traveling 100-120 miles an hour trying to read that plate,  
16 it looks real pretty to have all that stuff on it, but  
17 when you minimize the letters and the numbers for the  
18 registration, it creates a hazard for the officer trying  
19 to read it and drive at the same time, and it creates a  
20 problem, and I would ask that the department remember that  
21 and keep that in mind.

22 MR. KUNTZ: So one thing that I will state,  
23 this rule will not impact that. Our standard sizing of  
24 our alphanumerics is a standard so the actual alphanumeric  
25 pattern itself is standardized, there is a standard font

1 and size of those alphanumerics that is universal and is  
2 on every one of our plate designs. Our plate design  
3 itself, the background may limit how many characters we  
4 have available because of that standard, so what you'll  
5 see on a lot of our specialty plates, if they have a plate  
6 design that's on that one-third, that side of the license  
7 plate, that will restrict how many characters are  
8 available. Our standard issue plates have seven  
9 characters on them, if you have specialty plates, some of  
10 them have a six character limit or a five character limit  
11 depending on how large that design is on the side.

12 MR. PAINTER: And that would limit the number  
13 that could be produced?

14 MR. KUNTZ: Correct. It does limit how many  
15 are available because we've only got so many five and six  
16 character plate patterns that would be available for  
17 those.

18 MR. PAINTER: Thank you.

19 MR. KUNTZ: Yes, sir.

20 MR. DUNCAN: And before you move to any kind of  
21 motion on this, I want to point something out and  
22 apologize to you. Part of this effort of updating this  
23 rule was we literally looked at all 50 states to see how  
24 they addressed this issue and we reviewed their rules and  
25 we reviewed some case law from other states, and one of



1 the things that we noticed after we had posted the agenda  
2 is that subsection (g) which is page 80, going to page 81,  
3 we left in another state's terminology for what they call  
4 these, we said "vanity plate" instead of "personalized  
5 plate". So I apologize and we'll get that corrected  
6 before we publish it. That's just not a defined term in  
7 Texas, and I apologize, that was our error. We liked the  
8 paragraph, we just should have used our terminology  
9 instead of theirs.

10 MR. GRAHAM: Mr. Chairman, I move that the  
11 Board approve the proposed amendments to Section 217.27  
12 for publication in the *Texas Register* for public comment.

13 MS. CARAWAY: Second.

14 MR. PALACIOS: Okay. I have a motion by Board  
15 Member Graham to accept the rule proposal, second by Board  
16 Member Caraway. All in favor please signify by raising  
17 your right hand.

18 (A show of hands.)

19 MR. PALACIOS: The motion passes unanimously.  
20 Thank you, Jeremiah.

21 Okay. We are going to table item number 11 in  
22 order for the staff to accumulate more information on  
23 this, and we'll address this rule at a future meeting.

24 So we will then move on to item number 12.

25 MR. INGRAM: Can I ask real quick, Mr.

1 Chairman?

2 MR. PALACIOS: Yes.

3 MR. INGRAM: Point of order. If it's on the  
4 agenda, do we have to actually make a motion to table?

5 MR. DUNCAN: That has not been our practice.  
6 Again, by statute the progression of the agenda and the  
7 placing of items on the agenda is at the call of the  
8 chair, and so our practice has been, going back to Member  
9 Walker when I first started, was that the chair could pull  
10 an item from the agenda.

11 MR. PALACIOS: Thank you.

12 Let's move on to item number 12, oversize and  
13 overweight vehicles and loads, presentation to be given by  
14 Mr. Archer.

15 MR. ARCHER: Good morning, Mr. Chairman,  
16 members of the Board. For the record, my name is Jimmy  
17 Archer and I'm director of the Motor Carrier Division.  
18 This item can be found at page 90 of your board books.

19 For the Board's consideration, we're proposing  
20 amendments to 43 Texas Administrative Code, Chapter 219,  
21 and seeking approval for these proposed amendments to be  
22 published in the *Texas Register*, relating to oversize and  
23 overweight vehicles and loads.

24 The proposed amendments authorize a crane with  
25 a permit to travel with properly secured equipment to the

1 extent the equipment is necessary for the crane to perform  
2 its intended function, consistent with the definition of  
3 non-divisible vehicle in Section 219.2. This amendment  
4 authorizes the crane to travel at nighttime with a front  
5 or rear escort vehicle if the crane is overweight and does  
6 not exceed legal size limits, provides uniform  
7 requirements for permitted cranes to travel at nighttime,  
8 and cleans up rule language.

9 The department received calls from law  
10 enforcement and industry after drivers were stopped by law  
11 enforcement for traveling at nighttime without a front and  
12 rear escort when that permitted crane with an annual  
13 permit was overweight but did not exceed legal size  
14 limits. Industry must comply with different standards  
15 when they cross the state line into Texas because other  
16 states currently allow properly secured equipment to be  
17 transported on the crane rather than being transported in  
18 separate vehicles. The industry asked the department to  
19 consider amending our rules to allow properly secured  
20 equipment to be transported with the crane.

21 The amendment is consistent with the  
22 department's general rule for a permitted vehicle  
23 traveling at nighttime, as well as the information on the  
24 department's web page for the single trip mileage permit  
25 for cranes.

1           If the Board approves the proposed amendments,  
2 the staff anticipates publication in the *Texas Register*,  
3 and I'd be happy to answer any questions you might have.

4           MR. PALACIOS: Are there any questions for Mr.  
5 Archer?

6           MR. WALKER: Where did this come from?

7           MR. ARCHER: We got a call a while back from  
8 DPS and from folks with the industry. It was  
9 inconsistent, people coming to Texas from other states,  
10 like Louisiana, they're allowed to carry their booms and  
11 their counterweights on the crane so it's not cargo. In  
12 Texas, the way the rules are written, they'd have to break  
13 those things down and carry them in a separate vehicle.  
14 It was asked by both law enforcement and industry that we  
15 standardize that, and the Federal Highway Administration  
16 does leave it to the states to allow those type of rules  
17 to take place to allow the equipment for intended use to  
18 be carried with the crane.

19           MR. WALKER: So what you're asking for is to  
20 say that if a load is divisible and it's a crane that I  
21 can subvert around the law and put it all on there and  
22 say -- in other words, J.H. Walker Trucking has 100 pieces  
23 of pipe on a truck, so if I can make my truck legal I've  
24 got to take one piece of pipe off the truck, that's the  
25 way the law is. Now we're saying on cranes, that cranes

1 can come in here and leave the mast on the cranes and  
2 everything, the load that could have been made legal or  
3 reduce the weight tolerance is now going to be allowed to  
4 use the highways, and I assume at the higher permitting  
5 price of whatever the weight is.

6 MS. AUCOIN: For the record, my name is Aline  
7 Aucoin, associate general counsel.

8 So a crane is very different than a vehicle  
9 that you're talking about. You're talking about a vehicle  
10 that actually carries a load; a crane is called an unladen  
11 lift equipment so the crane itself is the thing that's  
12 being moved, it does not actually carry a load. The  
13 proposed amendment is allowing that crane to still be  
14 considered non-divisible when component parts that are  
15 essential for that crane to do its job are attached to the  
16 vehicle and allowed to travel with the vehicle.

17 In some cases, for example, a crane needs a  
18 counterweight when it gets to the site, and that  
19 counterweight --

20 MR. WALKER: I was just fixing to go there,  
21 Aline, because you're talking huge amounts of weight. A  
22 crane, I'm very well aware of cranes in my world I live  
23 in, and so that crane may have 100- or 250,000 worth of  
24 counterweights on it in order to keep the crane when it  
25 lifts over here 100,000 pound beam to go up in a high-rise

1 building, they have to have a counterweight to keep the  
2 crane from tipping over. So currently we take the  
3 counterweights off the crane, haul them on separate trucks  
4 so that we're not carrying a million pounds down the  
5 highway, and we make the load divisible because the  
6 counterweights all come off. Now we're saying we're going  
7 to allow the counterweights to stay on cranes coming in  
8 from out of state?

9 MS. AUCOIN: And counterweights are not the  
10 only piece of the crane.

11 MR. WALKER: Sure. There's the metal ball  
12 that's on there, there's a lot of things, there's the mast  
13 on there.

14 MS. AUCOIN: So to discuss the counterweight  
15 part, manufacturers actually require the counterweights to  
16 be positioned in certain spots on that vehicle while it  
17 travels. For the counterweights, it's actually a safety  
18 issue for the vehicle to travel on the road because the  
19 counterweights are strategically placed to make that  
20 vehicle safe to travel on the road. So the counterweights  
21 are not just used at the work site.

22 MR. GRAHAM: Just to expand on that, would you  
23 explain how that would affect the weight limitations of it  
24 being moved with the counterweights? I mean, I agree, I  
25 would like to understand that better.

1 MR. WALKER: It's all over the board. I mean,  
2 you're opening this thing up to, hell, you could put  
3 50,000 extra pounds or 100,000 on a crane because the  
4 counterweights weight that much.

5 MS. AUCOIN: So the standard that we're looking  
6 at is the definition of the term non-divisible, and in  
7 this case we're looking at whether the crane with the  
8 equipment that is necessary for the crane to do the job at  
9 the work site, whether those things together could be  
10 considered a non-divisible load. Our definition of non-  
11 divisible is a definition that we copied directly from  
12 federal regulations which we comply with the federal  
13 regulations so that we can continue to get state highway  
14 funding.

15 The portion of the definition is a vehicle can  
16 be considered a non-divisible vehicle if taking something  
17 off it would compromise the intended use of the vehicle,  
18 for example, make the vehicle unable to perform the  
19 function for which it was intended. And in this case, the  
20 crane needs the counterweights, it needs certain pieces.

21 MR. GRAHAM: Okay, and I got that, and I  
22 understand that's all fine. I mean, if they want to put  
23 it all together, that's good. But does this allow them to  
24 subvert some weight rules? That's really what I'm wanting  
25 to understand. I mean, right now as the permit is written

1 today without this, what are the weight limitations and  
2 what does that look like after this?

3 MS. AUCOIN: So it depends on what kind of  
4 permit they are buying. If they're buying an annual  
5 permit, there is a cap on the gross weight and they cannot  
6 exceed that cap on the gross weight. When it comes to the  
7 other two permits -- there are three kinds of permits that  
8 a crane can get: an annual permit, a hubometer permit, or  
9 a single trip permit.

10 For the single trip there is not a max on the  
11 weight but for that particular permit it goes through a  
12 very involved process where a TxDOT approved engineer  
13 actually has to look at the vehicle and the configuration  
14 and look at the proposed route and determine whether that  
15 vehicle can safely travel that route. So there are  
16 protections in place on the single trip permit, doesn't  
17 have a cap on the weight but if that vehicle can't safely  
18 travel on that roadway, it won't be permitted.

19 MR. GRAHAM: Well, when you say it doesn't have  
20 a cap on the weight, are you referring to the weight of  
21 the vehicle being moved or the per-axle?

22 MS. AUCOIN: The overall gross weight.

23 MR. GRAHAM: Overall gross weight.

24 MS. AUCOIN: And I'm not positive about the  
25 axles.



1           MR. WALKER: But in my mind you're opening this  
2 up and saying that, okay, a crane can go out here and be a  
3 million pounds if it's all one component.

4           MS. AUCOIN: Definitely not for an annual. For  
5 a single trip, if the TxDOT approved engineer analyzes  
6 that vehicle and the proposed route and determines that  
7 that weight could be safely transported on that road, the  
8 permit would be approved.

9           MR. WALKER: But Aline, I disagree with what  
10 you said about the counterweights need to be on there to  
11 safely move them. They move every day right now in Texas,  
12 all day long, these cranes do, and the counterweights come  
13 off of them and we haul them on our trucks, so I mean,  
14 they do move safely with the counterweights off. And a  
15 counterweight is really the heavy factor on these loads;  
16 they take them off so that the load is not going to be a  
17 million pounds or 200,000 or whatever it might be. They  
18 take them off and say okay, they want to take them off and  
19 put it onto ABC's truck or their own truck and transport  
20 two trucks from Houston to San Antonio where the crane is  
21 being rented, and now you're going to say let's just do it  
22 with one truck and leave the counterweights on there.

23                   And basically, I heard that this is coming from  
24 cranes moving in from out of state where they're allowed  
25 to do that, coming into Texas where they can't get into

1 Texas because we currently require that they disassemble  
2 them and make multiple loads out of it. Is that not what  
3 I heard?

4 MS. AUCOIN: That's what you heard.

5 MR. WALKER: So we're doing it right now.

6 MR. ARCHER: Mr. Walker, we've also had our own  
7 crane industry approach us and say, look, they have to  
8 have several vehicles to move a crane from one job to  
9 another, they have to have a vehicle to carry their  
10 weights, they have to have a vehicle to carry their  
11 outriggers. So this is kind of making it to where -- this  
12 equipment is built for intended use with these pieces,  
13 they're not carrying extra cargo, they're not throwing on  
14 concrete blocks or extra chains or anything else that's  
15 not intended use with that vehicle, they're moving their  
16 total piece of equipment from one place to another.

17 MR. PAINTER: Are you going to have a  
18 restriction on the allowed maximum speed? Because the  
19 speed of the vehicle increases the stopping distance and  
20 the danger of that vehicle to the motoring public.

21 MS. AUCOIN: So I know that there are some  
22 definitely speed limits are listed on the permit itself,  
23 and it may even be in our rule.

24 MR. WALKER: I've never seen on one of my  
25 permits that we get a speed limit on a permit. Jimmy,

1 have you ever seen one?

2 MR. ARCHER: I think it says that you're  
3 required to follow traffic laws.

4 MR. WALKER: That's not a speed limit.

5 MR. PAINTER: If you've got a 150-, 200,000  
6 crane going 75 miles an hour down the road, that's a  
7 danger to the motoring public.

8 MR. WALKER: I buy permits every day and I've  
9 never seen where it says you can't exceed 30 miles an  
10 hour.

11 MR. PAINTER: You can't stop it in feet, you're  
12 talking in miles.

13 MR. GRAHAM: While she's looking, I just want  
14 to make sure I'm clear that it would be my  
15 understanding -- and Member Walker, you might be able to  
16 help me clarify this -- even if the weight goes up, there  
17 is a limitation on a per-axle basis, they would have to  
18 add axles depending on the weight. No, that's not  
19 accurate?

20 MR. WALKER: If the state allows certain weight  
21 restrictions per axle, yes. Well, on a motor crane, I  
22 don't know because you can't add axles, it's just the way  
23 they're made. The motor crane may have six axles on it or  
24 I've seen motor cranes that have like ten axles, it looks  
25 like it's all axles the crane is so big. And I don't know

1 even what the limits they're requiring on the motor crane.

2 MR. GRAHAM: Well, I'm referring to the trailer  
3 that it's on.

4 MR. WALKER: Do what now?

5 MR. GRAHAM: I'm referring to the trailer  
6 that's carrying the crane.

7 MR. WALKER: No, no, no. You're wrong. She's  
8 talking about you've gone down the road and seen the crane  
9 that's on wheels.

10 MR. GRAHAM: Oh, gotcha.

11 MR. WALKER: This is a motor crane is what  
12 she's talking about.

13 MR. GRAHAM: All right. I'm with you.

14 MR. WALKER: It's not a crane that is being put  
15 together someplace. This is an actual crane that drives  
16 down the road.

17 MR. ARCHER: This has an annual permit. I  
18 think what you're thinking about are maybe cranes for a  
19 specific type job where they're huge, and those would fall  
20 in the category of super heavy and they would have to go  
21 through a specific permitting process with us.

22 MR. WALKER: So what we're proposing today is  
23 to post for comments. Is that what you're asking to do?  
24 We can still kill it at some point in time down the road,  
25 but you're going to get some comments from, I assume, TXTA

1 and the crane associations and so forth about this.

2 MS. HARDY: What's the average distance these  
3 things travel?

4 MR. WALKER: There isn't, they go everywhere.

5 MR. ARCHER: I mean, I have no idea.

6 MS. HARDY: I've never seen one on the road.

7 MR. WALKER: Yes, you have, yes, you have, you  
8 just don't notice that stuff. They're there all the time.

9 MS. HARDY: All right.

10 MR. WALKER: They generally are used -- hell,  
11 they're used everywhere. They may need one for putting in  
12 air conditioning on top of a building in downtown Houston.  
13 They've got the big cranes. They move all the time.

14 MR. BARNWELL: Before we go further, I'd like  
15 to have at least three more examples of where these cranes  
16 can be used. Can you elaborate?

17 MR. WALKER: Mostly in chemical plants and  
18 construction sites where they're building something.  
19 They're used everywhere.

20 (Lots of general talking and laughter.)

21 MR. GRAHAM: Okay. So I'm clear. Thank you.

22 MR. BARNWELL: I'd like to make a motion, Mr.  
23 Chairman.

24 MR. PALACIOS: Okay. Proceed.

25 MR. BARNWELL: Thank you. I move that the

1 Board approve the proposed amendments to Chapter 219 for  
2 publication in the *Texas Register* for public comment.

3 MR. PALACIOS: Do I hear a second?

4 MS. HARDY: Second.

5 MR. PALACIOS: Okay. We have a motion by Board  
6 Member Barnwell, a second by Board Member Hardy to accept  
7 the rule proposal. All in favor please signify by raising  
8 your right hand.

9 (A show of hands.)

10 MR. PALACIOS: Okay. Motion passes  
11 unanimately.

12 Thank you very much, Jimmy, Aline.

13 We've pretty much covered everything. Okay.  
14 We will now go into closed session. It is 10:54 a.m. on  
15 April 12, 2018. We'll go into closed session under Texas  
16 Government Code Sections 551.071, 551.074, 551.089.

17 For those of you in attendance, I anticipate  
18 being in executive session for approximately 45 minutes,  
19 and we'll reconvene in open session after that. With  
20 that, we're recessed from public meeting and go into  
21 executive session.

22 (Whereupon, at 10:54 a.m., the meeting was  
23 recessed, to reconvene this same day, Thursday, April 12,  
24 2018, following conclusion of the executive session.)

25 MR. PALACIOS: Okay. Let's get going again.

1 It's approximately 12:00 p.m. on April 12, 2018. The  
2 Board of the Texas Department of Motor Vehicles is now in  
3 open session. We want to note that no action was taken in  
4 closed session.

5 We will go back now to agenda item number 7.A.  
6 and I will entertain a motion to accept the  
7 recommendation.

8 MR. WALKER: I'd like to make a motion that the  
9 Board authorize the executive director to have the  
10 authority to enter into negotiations and contract for the  
11 phone system modifications with the approval of the  
12 chairman before signing.

13 MS. HARDY: Second.

14 MR. PALACIOS: Motion by Board Member Walker,  
15 second by Board Member Hardy for the delegation of the  
16 signature authority to our executive director. All in  
17 favor please signify by --

18 MR. WALKER: With the approval of the chairman.

19 MR. PALACIOS: Yes, with the approval of the  
20 chairman, after consultation with the chairman.

21 All in favor please signify by raising your  
22 right hand.

23 (A show of hands.)

24 MR. PALACIOS: Motion passes unanimously.

25 With that, we are at the end. Are there any

1 things that we may have missed?

2 MR. WALKER: No, but you didn't set a record.

3 MR. PALACIOS: Close to it.

4 Meeting adjourned.

5 (Whereupon, at 12:01 p.m., the meeting was  
6 adjourned.)



C E R T I F I C A T E

1  
2  
3 MEETING OF: TxDMV Board  
4 LOCATION: Austin, Texas  
5 DATE: April 12, 2018

6 I do hereby certify that the foregoing pages,  
7 numbers 1 through 129, inclusive, are the true, accurate,  
8 and complete transcript prepared from the verbal recording  
9 made by electronic recording by Nancy H. King before the  
10 Texas Department of Motor Vehicles.

11 DATE: 4/20/2018  
12  
13  
14  
15  
16

17 /s/ Nancy H. King  
18 (Transcriber)  
19

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