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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ON THE RECORD REPORTING
(512) 450-0342
RULES – PROPOSAL

10. Chapter 217, Vehicle Titles and Registration Amendments, §217.27
(Relating to clarifying requirements and procedures for the approval or denial of personalized license plates)

(Relating to used motor vehicle referral fees)
(TABLED)

12. Chapter 219, Oversize and Overweight Vehicles and Loads Amendments, §§219.60-219.64
(Relating to authorizing travel with properly secured equipment, authorizing travel during daylight and at nighttime, making rule language consistent with current practice or policy, and cleaning up rule language)

EXECUTIVE SESSION

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:
   • Section 551.071
   • Section 551.074
   • Section 551.089

14. Action Items from Executive Session

15. Public Comment

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

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

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

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

In accordance with the department's administrative rules, comments to the Board will be limited to three minutes. To assist each speaker, a timer has been provided. The timer light will be green for the first two minutes, yellow for one minute, and then red when your time is over. Individuals cannot accumulate time for other speakers. Comments should be pertinent to the issues stated on the comment sheet. When addressing the Board, please state your name and affiliation for the record.

Before we begin today, I'd like to remind all presenters of the rules of conduct at our Board meetings. In the department rules section of 206.22, the Board chair is given authority to supervise the conduct of the meetings. This includes the authority to determine when a speaker is being disruptive of the meeting or is otherwise violating the timing presentation rules I just discussed.

So let's move forward how with roll call.

Board Member Barnwell?
MR. BARNWELL: Present.

MR. PALACIOS: Board Member Caraway?
MS. CARAWAY: Present.

MR. PALACIOS: Board Member Graham?
MR. GRAHAM: Present.
MR. PALACIOS: Board Member Hardy?

MS. HARDY: Present.

MR. PALACIOS: Board Member Ingram?

MR. INGRAM: Present.

MR. PALACIOS: Board Member Painter?

MR. PAINTER: Present.

MR. PALACIOS: Board Member Walker?

MR. WALKER: Present.

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

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

(The Pledge of Allegiance was recited.)

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

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

The first item that I would like to provide an update on is the Sunset review. As I'm sure many of you are aware, the Sunset Commission convened for the first time on March 19 for an organizational meeting. At that
meeting, Ken Levine, the executive director of the Sunset Commission, presented an overview of the Sunset process for members. The commission also approved the review schedule for this cycle, and our public hearing will be on May 23 and 24. Other agencies with public hearings on those same days include the Department of Public Safety, the Texas Military Department, several of the river authorities, as well as several of the banking and finance agencies, including the Office of the Consumer Credit Commissioner.

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

After the May hearing, the commission will convene again in August, August 29 and 30, and they will not only consider Sunset reports of a new round of agencies, they'll actually make decisions on our report at that meeting. Our decision hearing, again, will be August 29 and 30. The Sunset Commission has the authority to adopt the Sunset report as presented or they can make
changes. Any recommended management actions in the Sunset report, as adopted by the commission, those become effective immediately upon a vote. Any changes in statute recommended in the adopted report would be part of the department's Sunset bill to be considered by the legislature once it convenes in January.

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

(No response.)

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

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

Mike is our new chief information officer, for those of the Board who haven't had the opportunity to meet him or our key stakeholders. In this role he is obviously overseeing the Information Technology Services Division and its 92 employees, providing information technology services and support for all agency staff, as well as stakeholders and consumers, and maintenance and support of TxDMV's major systems and technologies. Obviously this is a very critical role for our organization as we continue to enhance technology infrastructure and transform the way that we do business.
Mike has 20 years of technology and customer service experience. Mike most recently served as corporate vice president and chief information officer for the long term care division of New York Life Insurance Company. Other positions within that company include head of customer service, program manager, enterprise architect, application development manager, and senior programmer. Before New York Life, he worked as a senior programmer for Computer Services Corporation. Mike was born and raised here in Austin and earned his bachelor's degree in computer information systems from Texas State University.

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

(Applause.)

MR. PALACIOS: Welcome aboard, Mike.

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

As an update to that action, I submitted the request and received notification in March from the Governor's Office.
as well as the Legislative Budget Board, that they granted that request, so those unexpended dollars not used in FY18 will now transfer to FY19 to be used for grant. And this authorization provides critical flexibility in managing the funds awarded to law enforcement combat auto burglary and theft.

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

(No response.)

MS. BREWSTER: All right. Moving right along.

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

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

Thank you.

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

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

(Applause.)

MS. YANCEY: Claudette has worked for the DMV since November 1, 2009. She is a program specialist for the commercial fleet services section within the Motor Carrier Division. She does an exceptional job in the International Registration Plan, or IRP, compliance audit branch, and she provides excellent assistance to our customers. Claudette is truly an asset to the division. Congratulations on 20 years of state service, Claudette.

(Applause.)

MS. YANCEY: Next, Connie Green.

(Applause.)

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

(Applause.)

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

(Applause.)

MS. YANCEY: Tom began his state career with the University of Texas in Austin on June 1, 1990. Prior to joining our agency, Tom worked for the Texas Department of Health, State Auditor's Office, and the Texas Education Agency. Tom serves as our innovation and strategy expert. Through his work at the agency, he has developed and implemented an innovation program that recognizes the work of our employees in improving processes and customer service. Tom is currently leading the effort to develop the agency's strategic plan and to improve the key performance measures of the agency. He is known for his caring attitude and quick wit. Tom has big pun at TxDMV.

Congratulations on 25 years.

(Applause.)

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

(Applause.)

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

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

(Applause.)

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

Thank you.

(Applause.)
MR. PALACIOS: Okay. Let's move along here.

I'm going to take one item out of order here. We're going to move the public comment section up now, it's agenda item number 15, and we'll go ahead and hear from a speaker during this open comment session. And we have with us Mr. Hardy.

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

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

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

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

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

And with that, thank you.

MR. PALACIOS: Thank you, Mr. Hardy.

MR. DUNCAN: Mr. Chairman, if I may? David
Duncan, general counsel.
Just to put Mr. Hardy's comments in context, we do have a rule open on the provision of motor vehicle records and the interface between our record systems and businesses like his, so we will be glad to work with Mr. Hardy. And the comment period on that rule does not close until April 16, for anyone that's listening, so we've still got a few days left on the comment period for that, so please get your comments in. And we'll work with the commenters to make sure that they understand our processes and we understand theirs.

MR. PALACIOS: Okay. Thank you.

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

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

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

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

When it comes to titles, our projections included a very aggressive volume for the titles that we anticipated to be turned over because of Hurricane Harvey. Those have not really materialized. We have seen an influx of titles and you'll see that in the table right below this table on page 9, it's just that our projections were a little bit more aggressive than what we're actually realizing.

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

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

My Plates, again, as you all know, they hit their $50 million obligation last August. They continue to deposit dollars into the general revenue, and that is a good thing.
Expenditures for the second quarter, this is just, again, as I mentioned, we've either spent or obligated 50 percent of our budget. These are the different categories. There's no anomalies, no strange items that we've encountered so far, it's pretty much business as usual when it comes to spending.

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

And that concludes my presentation.

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

The other thing that we're doing is we're in the process of establishing our spending levels for the next biennium. We've received instructions from the Legislative Budget Board, it's time to start that process.
for the legislative appropriations request. So the first
step, there is a submission in May where you establish
that spending level, step one. Step two, we come to the
Board in June with a preliminary recommendation to the
Finance Committee and the Board. And then in August we
finalize our compilation and submit to the Legislative
Budget Board. So just wanted to kind of give you a heads-
up on that.

And that concludes my presentation. Any
questions?
(No response.)

MS. FLORES: Thank you very much.

MR. PALACIOS: Thank you, Linda.

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

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

For the fiscal year 2018 audit plan, we are
working on currently seven engagements. Those seven
engagements are listed on page 18 of your board book. The
first one is the fraud, waste and abuse risk assessment. This is an advisory service to identify and rank fraud, waste and abuse risks throughout the department. They are focused on internal risks. On page 20 you'll see a progress on where we are. We're collecting risks for 13 divisions. So far we've actually finished about seven different divisions, including Enforcement, we finished the Enforcement Division last week. We have about four ongoing and two that have not been started, but by the end of the week we should be finishing up a couple of those.

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

The next item on our status is the FY 2018 Internal Audit follow-up. This is a project that verifies the outstanding audit recommendations, specifically Internal Audit recommendations, to see if they've been fully implemented. Currently we're reviewing Internal Audit recommendations that had a completion date between March 1 and May 31, but in your board book on page 22 we have the second quarter results. For the second quarter, Internal Audit reviewed 13 audit recommendations from eight internal audit reports. These were audit
recommendations that had a due date between December 1 and February 28, 2018. Five of the audit recommendations had a high priority which meant that they were not within the acceptable risk tolerance for the department or they were something that was a concern to the Executive Office or the Board. Eight of them had a low priority which means that they were within the risk tolerance but there was still some concern in that area.

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

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

The next item on the Internal Audit side of it
is the fiscal year 2019 annual audit plan, so we're beginning our audit plan for fiscal year 2019. We're collecting risk information, looking at data. We'll have an audit plan for you by August.

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

For external audit coordination, we have three items. We submitted to the State Auditor's Office the coordination investigation letter which is the letter we send to the State Auditor's Office on any internal referrals that we have or complaints that the SAO sends to us. That was submitted on March 19. And then we had a Criminal Justice Information Service security audit. They found us in compliance and provided us the notification in
March. In addition, we also had the Texas Commission on Law Enforcement conduct an annual review of our law enforcement training. They did find two minor issues. The Enforcement Division is fixing those but it's nothing that is anything that's catastrophic.

Are there any questions?
(No response.)

MS. MENJIVAR-SUDEATH: Okay. That concludes my item. Thank you.

MR. PALACIOS: Thank you, Sandra.

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

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

By and large, almost all the legislation that was passed has either been implemented or is well on the way for full implementation. Thankfully, we're not running into many issues. There are quite a few from the Board related items that were passed as recommendations to
the 85th Legislature. Almost all those items are implemented except for some provisions related to Senate Bill 2076 which allows for that certified copy of the original title to supersede any previously issued titles. There's definitely a lot of programming and effort that goes into that, and we are definitely on track with implementing it by the implementation date stated in the legislation which is January 1 of 2019. So those efforts remain underway.

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

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

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

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

There is also, I did want to mention, next Tuesday, I believe it is -- I'm sorry -- it's actually a week and a half from now, April 24, the Senate
Transportation Committee will have a hearing and mainly they will hear from TxDOT on several issues but they do want an update from TxDOT and TxDMV to discuss the implementation of these permits.

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

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

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

MR. WALKER: So the anti-roll stability and
that stuff was only required, I believe, on the permit out
of Houston down there in Barbers' Cut. It's not required
on the other two, is it?

MS. LOVE: Yes. It was required.

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

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

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

MR. PALACIOS: Yes, please.

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

So as you are aware, the Board is charged in
statute in the Texas Transportation Code with bringing to
the legislature opportunities to improve operations and
functions for the department, and we have begun to look at
that as an agency to see what has been recommended by the
Board in the past that maybe has not become statute to
date, and we do have a lot of small cleanup items that for various reasons, maybe there might be a reference to TxDOT instead of TxDMV, so those are some things that we're looking at. But we definitely are starting to review with staff what we need to consider for the 86th Legislative Session, and so we're kind of in the internal process at the moment, and during the summer we hope to start getting stakeholder feedback on what we would like to consider moving forward, and then by the fall we'll be coming back to this Board with some items to consider for that.

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

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

MR. WALKER: So looking forward, at one time we
had looked at electronic titles. Is that something that we're going to legislatively maybe make some suggestions there?

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

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

MR. KUNTZ: For the record, Jeremiah Kuntz, director of Vehicle Titles and Registration Division. There's already statute in Chapter 501 that would allow for the facilitation of an electronic title.

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

MR. KUNTZ: We are moving in that direction right now. So there is actually a project inside of webDEALER to create an eTITLE system to allow dealers to electronically transfer a vehicle from one dealership to another, what we refer to as a vehicle assignment, that's when a dealer would assign a vehicle on the back of a title. That is the next step as you're moving towards electronic titling. It's not as easy as just creating an entire electronic titling system all in one fell swoop. We've methodically been going through the webDEALER project and adding different functionality in that system that facilitates the full electronic transfer of vehicles.
We also have a project, and I believe Ms. Sandberg will be talking about that, the webLIEN project, which is another part of electronic titling that we have on the books already. So we are systematically going through and checking off the different parts of a title transfer that need to be checked off in order to go to full electronic titles.

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

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

MR. WALKER: How would I eliminate file cabinet drawers full of titles that we have?
MR. KUNTZ: So as we're going through this, the biggest thing that is an impediment to getting to full electronic titling is having unique user name and passwords, basically an account for an individual to store all of their titles in. So it makes sense right now in the ELT system when you have very large lien holders that have thousands of titles in their system, it makes financial sense for them to have a piece of software that they contain all of those records in. When we do our e-Lien initiative, that will be a benefit for smaller lien holders to start participating, but again, we have to have a specific user name account and password for them to be able to log in.

To have 24- or 26 million of those accounts for every citizen in the State of Texas becomes somewhat expensive, somewhat cost-prohibitive unless we have more shared resources, if you will. There's talk right now about having a single user name and password for all state services, that's an initiative that DIR has. That initiative would make the cost savings significant for us to be able to participate in something like that to where a user has one user name and password for all state services, the state only has to pay for that user account once instead of every state agency having their own user accounts. These accounts aren't extremely expensive, but
you know, even if they're a dollar apiece, you're looking at $26 million just to have user accounts.

MR. WALKER: Thank you.

MS. BREWSTER: Mr. Chairman.

MR. PALACIOS: Yes.

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

MR. PALACIOS: Thanks, Jeremiah.

MR. WALKER: Thanks, Caroline.

MS. LOVE: Any other questions?

(No response.)

MS. LOVE: Thank you.

MR. PALACIOS: Thank you, Caroline.

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

MS. SANDBERG: Good morning. For the record, Judy Sandberg, director of the Enterprise Project Management Office. My role here today is to provide you a
briefing on enterprise projects, and I also will be seeking one decision from you today early in my briefing. If you would like to follow along, the handouts in your briefing book begin on page 44. What the handouts include is an overall portfolio, a collection of our projects, being our project portfolio, I'll be sharing a high-level schedule with you, a list of new projects that we have started this fiscal year, status on our projects that have been in flight for a while.

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

Moving on to page 46 in your briefing books, I've provided a high-level overview of the project schedule for the remainder of the biennium. It actually
goes from September 1, 2017 through August 31, 2019. You'll see across the top the schedule is divided into the two fiscal years, 2018 and 2019, and then below that you'll see one column for each calendar month in each fiscal year. On the left side you'll see the projects that we are working on during this biennium and they are organized into priorities. We prioritized them into groups, Group 1 being our major information resources projects that you're very familiar with by this time, the RTS refactoring project, the webDEALER project, and the new project that Mr. Kuntz mentioned, the webLIEN project.

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

webDEALER project, with the implementation of eTAGs and centralized pay, we have one remaining phase to go, that's the eTitles phase that was discussed earlier. The end date that is showing on this chart will have to be extended, we will not be able to implement it by the end of April, as this chart shows. We are currently looking at how much additional time, how many more months might it
take us to implement eTitles because we put it aside while we worked on the issues and challenges with eTAGs to get eTAGs to go live.

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

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

MS. SANDBERG: There are some needs for the webDEALER application that has been in place now for almost five years. We are reaching a point where it is necessary to do some maintenance and to update the application framework that it's in. And that is one of the areas that we'll be working on, IT actually will work on that as maintenance and operations, that will not be
part of the project, but that will factor into our
schedule for both eTitles and webLIEN since they are all
so closely integrated.

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

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

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

Does that answer the question?

MRS. PALACIOS: Okay. Yes, it does, and maybe
I'm thinking about another project, but I understood that
we were going to have to refactor the webDEALER, I guess,
to suit another platform that we're moving to, and I guess
the question I would have had is this is a relatively new
package that we have here, so if you're telling me all
we're doing is maintaining it and not, again, a complete
refactor, then that's different from what I understood.
MR. HIGGINBOTHAM: It's the kind of underpinnings or the foundation that have to be kind of brought up to date, so kind of bringing it up to current and in kind of a preventive way, but it's not going to change, we're not looking at changing functionality or reworking that.

MR. PALACIOS: Okay.

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

MR. HIGGINBOTHAM: That's right.

MR. PALACIOS: Okay. Thank you.

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

MR. PALACIOS: Way to go, Blake.

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

MR. GRAHAM: I'll draw it up.

(General laughter.)

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

MS. SANDBERG: All of the programming is completed, all of the refactoring is completed. Actually, what we've been doing for the last year is what we would consider more maintenance and operations, implementing enhancement, and the last year has been more of a transitional period and that will continue to the end of December. We've really been working with IT, with Deloitte's expertise while Deloitte is still with us, on how we transition from a project into regular ongoing maintenance releases, establishing a schedule, identifying what new skills may be required because we changed the platform in this case to a different type of product. That's required a significant knowledge transfer effort.
for staff within IT. And so it's really fully operational. When you see 95 percent, what you're really seeing is the remaining work according to the contract and the number of hours, if you will, that are still remaining to provide some releases with Deloitte still here and while it's still a project.

The cost of the project for the remainder through December is really focused on helping IT transition into being able to maintain this independently. We are spending some funds to bring in some contractors temporarily through the end of the calendar year to help with workload. There's a fairly significant load of maintenance and operations work that has queued up while we've been through this refactoring effort, and so there is a need to assist IT with that work, and that's what we have Deloitte and these six additional contractors that we're bringing in focusing on for the rest of this calendar year, as well as our last major release within the project will go live in January and that will be a major NMVTIS update, and so we also have the team focused on being ready to implement those changes as well. So really in a big project like this you usually should have a robust transitioning from project to maintenance, and that's where we are right now.

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

MS. SANDBERG: Thank you, Member Walker.

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

(General laughter.)

MS. SANDBERG: Moving on back to page 46, Group 2 projects that we're doing during this biennium. We are doing a call center upgrade, and we are doing a fraud data dashboard project to help with the new CID Division, and you may hear more about that in a moment. We're also doing a kiosk pilot, which I think you may have heard about. And there's more information on these projects on subsequent slides, but once again, the bars to the right
show you where these projects are intended to start and how long they will take.

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

MR. WALKER: Can I ask you one other. When we geared this project up initially and as it got bigger, we hired a lot of contract employees and we staffed those over at a remote location from the agency to implement all the RTS and so forth, so now that that is winding down, have we terminated our contracts with those people and got
rid of our -- I think we had a leased piece of property or something another where we were. What are we doing about cutting back now on that?

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

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

MR. WALKER: So what we don't want to do as an agency here, and everybody needs to be aware of this, when we took over and became the DMV, we had a lot of
contractors within the agency -- you have FTEs and then
you have contractors outside of our employees that we
contract with to come in -- and we had people in here that
their job was to analyze the spacing of where people sat
in the office. I mean, we had all kind of contractors
that we really didn't need, and the initial Board, we
looked at that and said, hey, why do we have all these
contractors, and we got rid of them. We don't want to
allow the agency just to think that we have an open
checkbook -- and I know we don't -- but we need to make
sure that we manage these contractors that we've hired
over the years to manage the project to scale that back
now because the purpose of the project was to come up with
better processes and procedures so that we didn't have to
have as many people operating the agency here. So it's
just something that we all need to be aware of.

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

MR. PALACIOS: Yes.

MS. BREWSTER: Whitney Brewster, executive
director.

I completely agree with what you've been
saying, Member Walker. The agency has scaled back
significantly the number of contractors at the agency. I
know at the inception of the organization there were a
number of contractors onboard. Many of those have been
released. Those that are remaining are really specific to
the areas in which we needed assistance or need to move
through a backlog. Additionally, we've set up processes
so that any temporary employee or contractor coming
onboard is approved at the executive level, so we're
keeping that on the radar and keeping them to a minimum.

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

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

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

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

MS. BREWSTER: Yes, sir, Deloitte.

MR. WALKER: We really want to make sure that
we look, because I'll use Company A, I'll just say, if we
have a contractor in here with them that's managing a
program and we keep these contractors, we're paying them
$50 an hour for a contractor versus putting an FTE in
there working on our own we can hire maybe for $25 an hour. So we need to manage that FTE and not these contractors at high dollar costs, which is what we found initially when we looked at this initially at the agency.

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

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

MS. SANDBERG: Thank you.

Back to page 47, call center update, this is the one decision I am seeking from you today is related to this project. You may recall that a couple of years ago we had a call center project and we did end it, but we were not able to implement all of the features that would have provided the call center the efficiency that was needed. And one of the reasons we didn't do that was because the software that was implemented needed an upgrade in order to be able for us to implement all those functionalities. So we're now in the process -- or IT is in the process of completing a software upgrade for the call center, and a part of this project is to then implement specific features that have been identified to assist, for example, the Consumer Relations Division in receiving and being able to handle all of the calls that they receive from outside the agency.
So this is one of the projects that we funded for this biennium, it was a Group 2 project from a priority perspective, we felt like it really needed to be done, the executives did. The intention is to outsource to a vendor for services to assist us with the implementation of the upgraded software and the implementation of the new features that we have not been able to implement in the past.

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

We anticipate that this contract would exceed the customary limit, would exceed the amount that normally comes to the Board for approval. Right now we have a statement of work in purchasing, it will be published any day now, and so we are seeking your approval to delegate authority to the executive director, Whitney Brewster, to approve the amount of the award, once we complete the
normal purchasing process, if it exceeds the amount that requires your approval, and in consultation with the Board chairman. So that is the decision that we would be seeking from you today regarding this particular project.

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

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

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

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

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

MR. WALKER: You said the executives?

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

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

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

MR. WALKER: And so now we're thinking we need to spend another $200,000 because the programs that we put in are not functioning the way they should and we put it...
in like three years ago?

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

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

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

    MS. HARDY: And what are a couple of those?
MS. SANDBERG: May I defer to the executive sponsor, Ginny Booton, and allow her to offer some insights on what some of those features are.

MS. HARDY: Just high level.

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

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

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

MS. HARDY: Okay.

MR. GRAHAM: Could I ask a couple of questions? So just for clarification, what calls -- exactly who calls into this call center? I mean, is this general
consumers across the state, or is this coming from tax
assessor staff?

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

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

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

MR. GRAHAM: Well, my understanding is they can
call the local office or they can call the state line,
either one. Right?
MS. BOOTON: Well, they can, absolutely, but the specialty for tax assessor-collectors, of course, is registration and they can answer some basic motor vehicle dealer questions. Our agency call center, our job is to either know the answers to any of these questions or to find the resources for them, so we have a much broader scope than if they call the TACs -- that's why they're often referred to our call center.

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

MS. BOOTON: That's a good point, Member Graham, and this actually does, it does help us expand our options of call load balancing. We have some of that
today but we are limited, and this would really expand our
options there.

    MR. GRAHAM: Thank you.

    MS. BREWSTER: Mr. Chairman?

    MR. PALACIOS: Yes.

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

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

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

    MR. WALKER: Exactly.

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

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

    (General talking and laughter.)
MS. HARDY: Well, it seems like what they're proposing is kind of what is the price of entry today in any call center or customer service center that's out there, so it seems to make sense.

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

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

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

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

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

MS. SANDBERG: Yes, sir.

MR. BARNWELL: Is that something I can know from looking at documentation, because it's certainly not something I'm aware of today.
MS. SANDBERG: May I consult?

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

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

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

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

MR. PALACIOS: Yes.

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

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

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

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

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

MR. WALKER: I agree with you 100 percent.

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

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

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

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

(General talking and laughter.)

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

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

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

MR. DUNCAN: Awarding the contract.

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

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

MR. WALKER: (Microphone not turned on.) In my
world it's okay, you can start.

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

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

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

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

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

MR. WALKER: That's correct.

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

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

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

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

MR. PALACIOS: All right. So then I guess we'll defer any motion on this matter until executive session.
MR. WALKER: Until after.

MR. PALACIOS: Right. After.

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

MS. SANDBERG: No, sir.

MR. BARNWELL: I need to learn things.

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

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

webDEALER project, I've already mentioned that we have one remaining phase, eTitles. We've actually begun work on eTitles but we are at a point where we need to make some decisions about how to proceed and looking at
what the additional funds, if any, might be needed to actually finish eTitles.

The webLIEN project, as Mr. Kuntz mentioned to you earlier, it is also a major information resources project in Group 1. It is furthering the foundation that has been laid by webDEALER, it will integrate with webDEALER and eTitles. We are funded for this and need to try to complete it by the end of the biennium. We are still working on the schedule, this one is still in its early stages and will be dependent upon finishing eTitles and the maintenance work that we discussed on webDEALER. We can bypass slide 51 which for some reason was out of place.

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

Kiosk pilot is another one of the projects. You may recall this is to institute a kiosk in a few county offices to assess the feasibility and cost of consumers walking up to a kiosk in order to get their vehicle registration renewed or similar types of services that they might go to the county office for can they do it at self-service at a kiosk, and it would include not only the kiosk but credit card payment and being able to print out the result of the document. This one is just getting underway, we are just starting to identify specifications. It will also require a procurement for services, and we'll come back to you at a future date with a request regarding that.

MR. WALKER: Where will these kiosks be placed?

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

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

MS. SANDBERG: I think there's been some discussion about whether they would be in places like H-E-
B, that is a possible option, but I don't think that final decisions about placement have been made.

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

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

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

MS. SANDBERG: Right.

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

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

MR. BARNWELL: And do what?

MS. SANDBERG: Well, renew their --

MR. WALKER: Print the window sticker.

MS. SANDBERG: Pardon?

MR. WALKER: Print the window sticker.

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

MR. BARNWELL: Okay.

MR. THOMPSON: Good morning, members. For the
record, Tim Thompson, deputy director of the Vehicle Titles and Registration Division.

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

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

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

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

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

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

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

    MR. THOMPSON: We have not gotten that far.

    MR. BARNWELL: What about other jurisdictions?

    The executive director was talking about how they have cash, they take cash. I don't know if it's successful. Okay. So we're at the beginning of the journey.

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

    MR. BARNWELL: Okay.

    MR. THOMPSON: The thought is to offer just one more means of accessibility for people who may not be comfortable doing online, for example, to expand our services to people who may not use traditional banking.
systems, as well, and to offer expanded hours of service. That's kind of the bottom line.

MR. BARNWELL: Okay. Thank you, Tim.

MR. WALKER: So Tim.

MR. THOMPSON: Yes, sir.

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

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

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

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

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

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

MR. WALKER: Okay. Because I was going to ask you how do you address that issue. Thank you.
MR. BARNWELL: Good to know. I have a vehicle that disqualifies for that.

(General laughter.)

MR. PALACIOS: Please proceed.

MS. SANDBERG: Moving on, two more projects.

One new project is the enterprise reporting project. As I mentioned earlier, this is looking at enhancing our current use of the COGNOS reports. You may recall that COGNOS was implemented along with the RTS refactoring project. We've collected information from across the divisions on what kind of additional reports they might need that would be useful in their areas in providing information outside the agency and performing their work. This project actually will not begin until July, so it's in its very early stages.

Finally, external website renovation. Caroline Love is the executive sponsor for this particular project. This is in response to feedback that's been received from those who try to use our external internet website that perhaps it could be more useful, easier to understand and follow, easier to get to the information that they're looking for. So the effort of this project is to determine how do we make that website more useful to the people outside the agency who are attempting to use it, whether that's the public or our government partners,
other county offices, whoever might need to access that website. How can we better arrange the information, how can we make it easier to find information that you're looking for and get to it and use the information. And also looking at how can we streamline the content and manage it so that we keep the content on the website current.

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

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

(No response.)

MS. SANDBERG: Thank you. Appreciate your time.

MR. PALACIOS: Thank you, Judy.

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

MR. MENKE: Good morning. For the record, my name is Tim Menke. I'm the director of the Compliance and Investigations Division. Mr. Chairman and members, thank you for giving me the opportunity to give you a brief
overview of the status of the Compliance and Investigations Division. If I could bring your attention to page 59, I have a brief status update on the hiring, and right now we are very much in the building stage of hiring and outreach efforts for the division.

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

You can view this section of the division as kind of the best practices portion, ensuring compliance, looking for vulnerabilities, identifying educational opportunities within the tax assessor-collector offices, and also kind of our eyes and ears on the ground as to what's taking place within those offices. Are the vulnerabilities sloppiness which could possibly be a waste; is anyone taking advantage of regulatory language which could be abused; or is someone stealing or committing fraud, and then in those instances that information would be relayed directly to the other side, the other section of the division which is the investigations section. So when you look at the
compliance side of the division, it's very much best
practices and maximizing efficiency and ensuring
organizational effectiveness.

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

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

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

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

Just because something is criminal doesn't mean we're automatically going to work it. It may be a misdemeanor type of offense which we can refer back to either the Enforcement Division, or if it's an administrative issue that we find, a vulnerability, we can refer that back to VTR so they can take appropriate educational or administrative action. Something could be civil, we would work closely with our colleagues in the Office of Counsel to address civil issues.

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

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

MR. PALACIOS: Yes.

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

MR. MENKE: That's correct.

MS. BREWSTER: In a regional service center or elsewhere.
MR. MENKE: That's correct. Also, that type of criminal activity that we would find internally, that would be reported either internally or contact with law enforcement of our own employees. So that internal affairs function exists as well. We would also work closely with Audit if it's internal fraud, but we would investigate that type of activity. Thank you.

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

In our meetings with those directors of the Fusion Centers, they have pledged their support and we will assist them in their efforts, especially those activities that are significant, and this could come to
the public safety issue, the priorities we have, and that could be human trafficking, narcotics smuggling, terrorism, those types of things that involve vehicles where they just dump the vehicle after they commit some criminal activity that's significant in nature.

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

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

For the rest of the month it's going to be nonstop interviews for the remaining field service representatives. The map that's currently pulled up on the screen, you can see the zones of the 13 field service representatives we will have -- actually, there will be 12
field service representatives and then one field service representative manager, who will be a working manager, and you can see the condensed area number 1 around the Austin region where that manager will conduct the same type of activity as the field service representatives, in addition to managing the FSRs throughout the state.

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

We hope to see significant return on investment by the first of the year, and then moving on a year from now we expect that on the investigation side we should be working 60 to 80 investigations. On the surface it doesn't sound like a lot but within those investigations you may have a dozen subjects and dozens of counts on those particular subjects, so an investigation can be
fairly complex when you're looking at white collar fraud.

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

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

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

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

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

MR. PALACIOS: Thank you, Tim.

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

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

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

We were very pleased that we were able to get
NHTSA, the National Highway Traffic Safety Administration. They provided us with two resources via teleconference that we were able to engage them and go through some different vehicle types, different types of manufacturer to try and better understand their interpretation letters that they have available so that we could better understand what the rules of the game are as far as manufacturing of vehicles.

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

In particular there was a group here in Texas, I believe they've got a group name called Save the Texas Dune Buggy. They have a lobbyist that they have hired that took part in the discussion. They are particularly working on, I guess, some recommendations or some options to present to the working group on the way they see it and how to move forward, so we'll be taking in that information from them so that we can evaluate it and figure out what the next steps are.
We also did have a member from an organization that's a national organization known as SEMA. I cannot remember what that acronym specifically stands for, but it is the aftermarket parts manufacturers are the folks that are members of that association. So folks that build the kit cars, that build different body modification parts, all those kind of things are generally the members of that association. They were also present at the meeting. They have provided us some comments in a letter to the agency, so we've got their input, if you will, on the issue. One of the main things that they've encouraged is to continue to reach out to NHTSA to seek some additional clarification on some of the interpretation letters.

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

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

MR. KUNTZ: So that is one of the topics of discussion that we had. As a federal agency, they do not oversee or regulate the State of Texas as far as vehicles.
They are a regulatory entity that regulates the
manufacture of vehicles, and therefore, they regulate any
private entity or private business that is manufacturing a
vehicle to put onto the roadways. So any vehicle that has
been assembled, manufactured must comply with NHTSA's
safety standards.

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

MR. KUNTZ: Federal statutes.

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

MR. KUNTZ: So they do not have any regulatory
authority over the State of Texas, or the DMV, for that
matter. They have regulatory authority over the vehicle
and the person that manufactured it, so a person that
manufactures a vehicle that is not in compliance with
NHTSA is subject to their fines for not complying with all
the safety standards. So these are the standards such as
airbags, for example. If GM was to, for example, stop
installing airbags on a 2018 version of a Tahoe -- I'm
just using this as an example -- they would be in direct
violation of NHTSA's requirements to have airbags in any
current model vehicle that is being manufactured, and they
would subject themselves to fines and penalties. There's no penalty on the State of Texas if we were to title that vehicle in the State of Texas, but the responsibility lies with GM to adhere to all those safety standards, and technically, that vehicle is not supposed to be put onto the roadway.

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

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

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

MR. KUNTZ: If it is to be operated on a state or federal roadway, any public street or roadway, it is required to comply with all of the safety standards and the person who assembled that vehicle is the party that is responsible for ensuring that it adheres to all those safety standards. So if you built it in your garage and you took it out onto a public street, then if you didn't have a registration on it, obviously law enforcement is
going to pull you over for not having a registered
vehicle. If you were to somehow manage to get
registration to that vehicle and start operating it on the
roadway, you as the manufacturer would be subject to
penalties from NHTSA for that vehicle not complying with
the safety standards.

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

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

MR. BARNWELL: Jeremiah, are kit car builders
manufacturers?
MR. KUNTZ: That is central to the discussion we are having right now. It appears -- that's what I said, it appears that in NHTSA's eyes they are.

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

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

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

MR. DUNCAN: It is.

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

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

MR. KUNTZ: These are the very tough discussions that we are having right now to try and sort through at what point does a construction methodology, if you will, cross that threshold into a new vehicle. And that is a very difficult discussion we are having right now because it is difficult to understand interpretation.
letters because they do not paint with a broad stroke. Those interpretation letters are very specific to one specific vehicle instance, and NHTSA has been very hesitant to paint with a broad brush when you just throw a scenario out. They generally are not answering that general scenario, they are saying give me the specific example, the specific vehicle and what was done to it, and then we'll opine on it. And that's the difficulty we're having is you have to cobble together many interpretation letters for lots of very specific requests for interpretation from NHTSA on very specific vehicles and how they were constructed.

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

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

MR. BARNWELL: Okay.
MR. WALKER: But this can't be just a Texas issue.

MR. KUNTZ: It is not.

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

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

We also had Factory Five which is a very large manufacturer of kits that was there. The owner of that company actually came and provided very good insight as to the discussion they've been having at the federal level with Congress on these very issues and the struggle that they, as members of SEMA, have had with trying to get federal legislation to carve out hobbyists, if you will, folks that are really doing this as a very low
manufacturer, they aren't mass-producing these things, i.e., somebody that's doing it in their garage. And they talked about the struggles they've had for many years on trying to get clear guidance, both with Congress and from NHTSA on this very issue.

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

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

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

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

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

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

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

(General laughter.)

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

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

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

MR. KUNTZ: And so the best that I can assess from the FAA model is that prior to construction FAA actually has on staff engineers that will review the plans for that aircraft prior to it entering construction. So they pre-clear those plans for airworthiness and it goes.
through an extensive review process on their end before it ever goes to manufacture. The reverse is what takes place in the automobile manufacturing in that the responsibility is passed down to the person that manufactures that to hold responsibility for the roadworthiness of that vehicle and whether or not it will be certified as safe.

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

MR. BARNWELL: Thank you.

MR. KUNTZ: Yes, sir.

MR. PALACIOS: Jeremiah, I know we've discussed this issue at length, it's pretty complex. It started out as a discussion on dune buggies, then went into kit cars, remanufactured cars, hobbyists, and so forth, and I know you have another meeting coming up this month. Is it your sense that after we meet with the stakeholders that we'll...
be able to draft rules that can address this issue, or do you think this is something that will probably be given to the legislature?

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

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

MR. KUNTZ: No. What I'm saying is that there are certain types of manufacturer that could be handled through administrative rule rather than requiring a legislative solution. One of the things -- to get a little bit out on that limb, one of the things that we
have seen from NHTSA is so long as the chassis of the vehicle is not being changed in a way that the original body could not be reaffixed to that vehicle and brought back to its original condition, then NHTSA does not view that as a new vehicle. So if you take the chassis as is from an old vehicle but you place a new body on top of that, they do not, in certain instances -- that's why I'm saying I'm a little bit out on a limb here -- in certain instances they have viewed that to be an old vehicle exempt from having to have the new standards placed to it, and so those could be allowed to be titled and registered in the State of Texas.

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

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

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

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

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

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

MR. KUNTZ: Yes, sir.

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

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

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

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

That's where we're struggling right now.

MR. WALKER: So motor, transmission, body.

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

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

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

MR. PALACIOS: Okay. Thank you, Jeremiah.

Any other questions on this matter?
MR. WALKER: It's a pretty difficult issue, I can tell you that.

MR. PALACIOS: This is just a briefing too.

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

Would you like me to move to the next item?

MR. PALACIOS: Yes, please.

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

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

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

As you can see here, we have a redesign of the RE/MAX license plate, that is to redesign it with their new logo; a redesign of Prairie View A&M's license plate, they would like to go in a different direction from their existing logo to the use of their mascot on their license plate; and then as I covered, the Texas State Rifle
Association, they're going essentially from a white background to a black background, that's the major change to their design on that. And then the last one is the monarch butterfly plate which is a My Plates designed license plate, as you can see here on the bottom.

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

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

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

MR. KUNTZ: I believe that we do have the ability for universities. I would have to go back and look at that exact statutory reference, though.
MR. PALACIOS: Okay. Because I know we have the state sanctioned plates, and I thought universities fell under that provision for plates.

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

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

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

MR. PALACIOS: Okay.

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

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

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

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

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

So why the RE/MAX change?

MR. KUNTZ: RE/MAX redid their logo.

MR. WALKER: The only thing different I see is
the balloon has curved lines instead of straight lines

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

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

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

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

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

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

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

MR. WALKER: Is that a statutory plate?

MR. KUNTZ: No, it is not. It is a My Plates plate. My Plates is bringing forward that butterfly design.
MR. PALACIOS: Okay. We have a couple of people that have registered to speak about the monarch butterfly plate, so I guess I'll call Janis Johnson. Are you present? Please come forward.

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

Now, over the last 20 years, the Texas Parks and Wildlife Department has issued a branded family of conservation license plates that help fund and raise awareness for a broad range of conservation efforts and department programs. We currently have eight plates on the market. You may have seen them on the road: the iconic horned lizard, otherwise known as the horny toad, that supports wildlife conservation; the bluebonnet and camping tent plates that support Texas state parks; a large mouth bass plate that supports Texas fishing; a whitetail deer plate that supports Texas's hunting
heritage; and a hummingbird and a rattlesnake plate that support wildlife diversity. And last summer we introduced a Texas rivers plate which helps sustain and conserve waterways across the state.

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

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

In 2014 we conducted a consumer survey asking Texans to rank six new plates we were considering introducing, including the monarch butterfly. The monarch
plate ranked just behind our top two overall plates, and in 2015, the next year, we launched the hummingbird and the rattlesnake plates which tied for first place in the survey. We placed the monarch butterfly on our roadmap for a 2019 launch. So in your folder you will find our design for a monarch butterfly plate.

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

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

Thank you.

MR. PALACIOS: Thank you.

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

MR. KUNTZ: My Plates brought this plate forward.
MR. BARNWELL: That one there?

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

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

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

MR. PALACIOS: Okay.

MR. WALKER: For this?

MR. KUNTZ: No. Correct.

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

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

MR. WALKER: So this doesn't exist?

MR. KUNTZ: It does not exist today.

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

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

Thank you, Janis and John.

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

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

With that said, it was only brought to our attention yesterday that there was an issue potentially with this plate. I met Janis briefly this morning, certainly happy to have further talks with her. We are looking to allocate 10 percent of the proceeds of the plate background of this plate to a charity for
conservation needs, and certainly we're more than happy to
direct that to Texas Parks and Wildlife and more than
happy to get that in writing to them.

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

At the end of the day, when it comes to
conservation and preservation of the monarch butterfly,
which we do sincerely support that cause, our feeling is
we don't want to prevent Texas Parks and Wildlife from
moving forward with their plate, we certainly would not
protest their design, we would encourage them to move
forward with that. Together our feeling is that
collectively, both ourselves and the Texas Parks and
Wildlife, by bringing both plates to the market, will
actually raise more awareness and deliver greater
conservation and preservation needs.
That's all I have to say.

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

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

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

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

MR. WALKER: It looks nice.

MR. KUNTZ: I would agree. I think that it has an appeal that we have not put out there before, having a scripted "Texas" like that on a license plate. I would have to look at the spec to see if the spec actually covers font. I know it covers the size and spacing and the placement of the jurisdiction, i.e., the State of Texas. That is required to be in the top part of the license plate between the two bolt holes. We do have some flexibility within that spec to allow variations from it, and this is something that we did review and deemed that it would be acceptable for us to move forward with that.
MR. WALKER: So, Steve, you made a comment that you said that the plate does not meet the requirements of the state, so what were you referring to?

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

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

MR. FARRAR: Janis.

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

MR. FARRAR: $22.

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

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

MR. WALKER: On a statutory.

MR. KUNTZ: On a statutory, yes.

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

MR. KUNTZ: So I want to clarify. What Parks and Wildlife was referring to is the Parks and Wildlife
conservation series. They have a specific statute that allows them to bring forward conservation plates. They're not limited to just one plate in statute, and we actually looked up, just like the collegiate plates, the colleges can bring forward license plates through statute and have those statutory fees applied. So Parks and Wildlife has their conservation series; that conservation series is covered by the statutory fees which are $30, $22 of which goes to the organization that brings forward that license plate, $8 to the department.

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

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

MR. FARRAR: No. Texas Parks and Wildlife, when and if they bring their monarch butterfly plate to the market, they will receive a greater proportion of the
revenue on that plate to the conservation needs. This plate, under the My Plates program, benefits the general revenue fund of the state as well as us, the private vendor.

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

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

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

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

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

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

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

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

MR. WALKER: And how much would that be?

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

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

MR. GRAHAM: And there's nothing here that would prevent Texas Parks and Wildlife in the future from going ahead and proceeding, even though My Plates would already have a butterfly plate. Correct?
MR. KUNTZ: That is correct. Parks and Wildlife can bring their plate design before this Board for consideration for that design. So yes, they can also bring their plate. We are not precluded, as Steve mentioned, from having multiple license plates that have similar design features to them.

MR. GRAHAM: Thank you.

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

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

(General laughter.)

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

(No response.)

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

MR. BARNWELL: I move we accept it.

MR. GRAHAM: I'll second.

MR. PALACIOS: Okay. There's a motion by Board Member Barnwell, second by Board Member Graham. All in
favor of accepting the monarch butterfly plate please signify by raising your right hand.

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

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

All opposed?

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

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

We have a rejection.

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

MR. GRAHAM: So moved.

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

MR. PALACIOS: Sure.

MR. WALKER: Second.

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

(A show of hands: Board Members Barnwell, Caraway, Graham, Hardy, Ingram, Painter, and Walker.)
MR. PALACIOS: All opposed?

(A show of hands: Board Member Palacios.)

MR. PALACIOS: The motion carries.

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

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

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

We have extensive amounts of experience in reviewing license plate personalization that comes into the department on a daily basis, and as such, are trying to clarify the requirements that we look at when
evaluating a license plate to try and provide the public with more clarity on what is and is not acceptable for personalization on our plates. So this is really to try and bring forward more visibility to an applicant so that they will understand why their plate has been denied. We have used very general terminology in those denials and at times people do not understand how we're applying certain general criteria to the denial, and we want to provide them with greater clarity as to what criteria we're using.

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

As you will see in that, there is a time frame for which they must submit their arguments to the department for why they believe their license plate should be granted to them, and they have to do that within 20 days of the notification of cancellation or non-issuance, and then the executive director has 31 days from that appeal in order to render a decision on that license
If the executive director does not render an opinion, by operation of law, the plate pattern is denied. That way if we do not have a chance to review every single one of these -- and I will tell you we get appeals frequent and often -- that it would not put an undue burden on the executive director to ensure that she takes every single one of those, that it would automatically be denied after that 31 days if she does not take action.

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

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

MR. KUNTZ: Yes, sir.

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

MR. KUNTZ: So one thing that I will state, this rule will not impact that. Our standard sizing of our alphanumerics is a standard so the actual alphanumeric pattern itself is standardized, there is a standard font
and size of those alphanumerics that is universal and is on every one of our plate designs. Our plate design itself, the background may limit how many characters we have available because of that standard, so what you'll see on a lot of our specialty plates, if they have a plate design that's on that one-third, that side of the license plate, that will restrict how many characters are available. Our standard issue plates have seven characters on them, if you have specialty plates, some of them have a six character limit or a five character limit depending on how large that design is on the side.

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

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

MR. PAINTER: Thank you.

MR. KUNTZ: Yes, sir.

MR. DUNCAN: And before you move to any kind of motion on this, I want to point something out and apologize to you. Part of this effort of updating this rule was we literally looked at all 50 states to see how they addressed this issue and we reviewed their rules and we reviewed some case law from other states, and one of
the things that we noticed after we had posted the agenda is that subsection (g) which is page 80, going to page 81, we left in another state's terminology for what they call these, we said "vanity plate" instead of "personalized plate". So I apologize and we'll get that corrected before we publish it. That's just not a defined term in Texas, and I apologize, that was our error. We liked the paragraph, we just should have used our terminology instead of theirs.

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

MS. CARAWAY: Second.

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

(A show of hands.)

MR. PALACIOS: The motion passes unanimously.

Thank you, Jeremiah.

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

So we will then move on to item number 12.

MR. INGRAM: Can I ask real quick, Mr.
Chairman?

MR. PALACIOS: Yes.

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

MR. DUNCAN: That has not been our practice.

Again, by statute the progression of the agenda and the placing of items on the agenda is at the call of the chair, and so our practice has been, going back to Member Walker when I first started, was that the chair could pull an item from the agenda.

MR. PALACIOS: Thank you.

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

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

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

The proposed amendments authorize a crane with a permit to travel with properly secured equipment to the
extent the equipment is necessary for the crane to perform its intended function, consistent with the definition of non-divisible vehicle in Section 219.2. This amendment authorizes the crane to travel at nighttime with a front or rear escort vehicle if the crane is overweight and does not exceed legal size limits, provides uniform requirements for permitted cranes to gravel at nighttime, and cleans up rule language.

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

The amendment is consistent with the department's general rule for a permitted vehicle traveling at nighttime, as well as the information on the department's web page for the single trip mileage permit for cranes.
If the Board approves the proposed amendments, the staff anticipates publication in the *Texas Register*, and I'd be happy to answer any questions you might have.

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

MR. WALKER: Where did this come from?

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

MR. WALKER: So what you're asking for is to say that if a load is divisible and it's a crane that I can subvert around the law and put it all on there and say -- in other words, J.H. Walker Trucking has 100 pieces of pipe on a truck, so if I can make my truck legal I've got to take one piece of pipe off the truck, that's the way the law is. Now we're saying on cranes, that cranes
can come in here and leave the mast on the cranes and
everything, the load that could have been made legal or
reduce the weight tolerance is now going to be allowed to
use the highways, and I assume at the higher permitting
price of whatever the weight is.

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

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

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

MR. WALKER: I was just fixing to go there,
Aline, because you're talking huge amounts of weight. A
crane, I'm very well aware of cranes in my world I live
in, and so that crane may have 100- or 250,000 worth of
counterweights on it in order to keep the crane when it
lifts over here 100,000 pound beam to go up in a high-rise
building, they have to have a counterweight to keep the crane from tipping over. So currently we take the counterweights off the crane, haul them on separate trucks so that we're not carrying a million pounds down the highway, and we make the load divisible because the counterweights all come off. Now we're saying we're going to allow the counterweights to stay on cranes coming in from out of state?

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

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

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

MR. GRAHAM: Just to expand on that, would you explain how that would affect the weight limitations of it being moved with the counterweights? I mean, I agree, I would like to understand that better.
MR. WALKER: It's all over the board. I mean, you're opening this thing up to, hell, you could put 50,000 extra pounds or 100,000 on a crane because the counterweights weight that much.

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

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

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

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

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

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

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

MS. AUCOIN: The overall gross weight.

MR. GRAHAM: Overall gross weight.

MS. AUCOIN: And I'm not positive about the
axles.
MR. WALKER: But in my mind you're opening this up and saying that, okay, a crane can go out here and be a million pounds if it's all one component.

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

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

And basically, I heard that this is coming from cranes moving in from out of state where they're allowed to do that, coming into Texas where they can't get into
Texas because we currently require that they disassemble
them and make multiple loads out of it. Is that not what
I heard?

MS. AU Coin: That's what you heard.

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

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

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

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

MR. WALKER: I've never seen on one of my
permits that we get a speed limit on a permit. Jimmy,
have you ever seen one?

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

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

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

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

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

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

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

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

MR. WALKER: Do what now?

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

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

MR. GRAHAM: Oh, gotcha.

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

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

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

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

MR. WALKER: So what we're proposing today is to post for comments. Is that what you're asking to do? We can still kill it at some point in time down the road, but you're going to get some comments from, I assume, TXTA
and the crane associations and so forth about this.

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

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

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

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

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

MS. HARDY: All right.

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

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

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

(Lots of general talking and laughter.)

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

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

MR. PALACIOS: Okay. Proceed.

MR. BARNWELL: Thank you. I move that the
Board approve the proposed amendments to Chapter 219 for
publication in the Texas Register for public comment.

    MR. PALACIOS: Do I hear a second?

    MS. HARDY: Second.

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

    (A show of hands.)

    MR. PALACIOS: Okay. Motion passes
unanimously.

    Thank you very much, Jimmy, Aline.

    We've pretty much covered everything. Okay.

We will now go into closed session. It is 10:54 a.m. on
April 12, 2018. We'll go into closed session under Texas
Government Code Sections 551.071, 551.074, 551.089.

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

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

    MR. PALACIOS: Okay. Let's get going again.
It's approximately 12:00 p.m. on April 12, 2018. The Board of the Texas Department of Motor Vehicles is now in open session. We want to note that no action was taken in closed session.

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

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

MS. HARDY: Second.

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

MR. WALKER: With the approval of the chairman.

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

All in favor please signify by raising your right hand.

(A show of hands.)

MR. PALACIOS: Motion passes unanimously.

With that, we are at the end. Are there any
things that we may have missed?

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

MR. PALACIOS: Close to it.

Meeting adjourned.

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

MEETING OF:    TxDMV Board
LOCATION:       Austin, Texas
DATE:           April 12, 2018

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

DATE: 4/20/2018

/s/ Nancy H. King
(Transcriber)

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