TEXAS DEPARTMENT OF MOTOR VEHICLES

BOARD MEETING

Thursday,
September 1, 2016

Lone Star Room
Building 1
4000 Jackson Avenue
Austin, Texas

BOARD MEMBERS:

Raymond Palacios, Chair
Robert "Barney" Barnwell, III
Luanne Caraway
Brett Graham
Kate Hardy
Blake Ingram
Gary Painter
Guillermo "Memo" Treviño
Johnny Walker
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ON THE RECORD REPORTING
(512) 450-0342
MR. PALACIOS: Good morning, ladies and gentlemen. My name is Raymond Palacios, and I'm pleased to open the Board Meeting of the Texas Department of Motor Vehicles.

It is 8:03 a.m., and I'm now calling to order the Board Meeting of September 1, 2016 to order. I note for the record that public notice of this meeting, containing all items on the agenda, was filed with the Office of the Secretary of State on August 24, 2016.

Before we begin today's meeting, please place all cell phones and other communication devices in the silent mode, and please, as a courtesy to others, do not carry on 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 are 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.
Now I have a few announcements to make, really, really happy to make these announcements. On August 23, 2016, the Governor made the following appointments to replace our Board members who have resigned: Mr. Brett Graham from Denison, Texas is replacing Marvin Rush for a term set to expire February 1, 2017. Mr. Graham is here to my left. Kate Hardy will be replacing Laura Ryan for a term set to expire February 1, 2021. Kate will not be with us today. And Sheriff Gary Painter will be replacing Gary Swindle for a term set to expire February 1, 2021. Sheriff Painter is right in front of me to my left. The Governor also designated me as the presiding officer of the Board to replace Ms. Laura Ryan.

So I would now like to begin with a roll call.

Board Member Caraway? She is on her way.

Board Member Graham?

MR. GRAHAM: Present.

MR. PALACIOS: Board Member Ingram?

MR. INGRAM: Present.

MR. PALACIOS: Board Member Painter

MR. PAINTER: Here.

MR. PALACIOS: Board Member Treviño?

MR. TREVIÑO: Here.

MR. PALACIOS: Board Member Walker?

MR. WALKER: Here.
MR. PALACIOS: And let the record reflect that I, Raymond Palacios, am here too. We have a quorum.

Also, let the record reflect that Board Members Barnwell and Hardy are absent today, and Board Member Caraway is in transit.

Before getting into the published agenda, I'd like to note that item 2.E.3 on our agenda, the Household Goods Carrier draft rules, will not be considered today. The chair of the advisory committee on those rules wishes to have additional meeting time prior to the presentation of those rules to the Board.

As I mentioned earlier, the Governor recently appointed three Board members, Member Graham, Member Hardy and Member Painter. Board Member Graham represents franchised auto dealers, Board Member Hardy represents vehicle and manufacturing distribution, and Board Member Painter represents law enforcement. I'd like to welcome Members Painter and Graham, who are here with us. I look forward to working with you.

I had a chance to meet with them yesterday, and I will tell you they are first class individuals and I know they're going to add great value to this Board and to this agency, and we certainly look forward to working with you and know you'll do a great job with us.

MR. PAINTER: Thank you, Chairman.
MR. GRAHAM: Thank you.

MR. PALACIOS: Let the record reflect that it's 8:06 and Board Member Caraway just stepped in.

At this point we had another item here, but I don't see Laura, so we'll move on to item 1.B.2 on the agenda and turn it over to our executive director, Ms. Whitney Brewster.

MS. BREWSTER: Thank you, Mr. Chairman.

I just wanted to take a moment to introduce Sandra Menjivar Suddeath as our new director of Internal Audit. Sandra, are you behind the pillar? Okay, there she is.

Our returning Board members know that our previous Internal Auditor was also named Sandra. We really like Sandra, but I think we might be able to save a few dollars by just scratching out the last name on her office door.

But anyway, in all seriousness, we are very happy to have Sandra on board. She has a strong background of experience at both the state and federal level. Most recently she was the audit manager for TxDOT, and she has also led audits for the Texas Department of Public Safety and was a senior auditor at the U.S. Department of Transportation.

Sandra has only been here since mid July but
she and her staff have been very, very busy working on
the FY17 internal audit plan which you'll hear more about
later on in the agenda. So just please join me in
welcoming Sandra.

(Applause.)

MS. BREWSTER: Moving right along, I'm excited
to tell you about several awards that the TxDMV has
received since the last Board meeting. Both the American
Association of Motor Vehicle Administrators and the Texas
Association of State Systems for Computing and
Communications, or TASSCC, have recognized the agency for
its webDEALER program.

TASSCC selected TxDMV for his High Value Impact
Excellence Award which recognizes an organization that
has clearly demonstrated improved government operations
where the benefits impact multiple stakeholders.

We also received recognition from AAMVA, the
American Association of Motor Vehicle Administrators, at
its annual international conference, again for the
webDEALER program. The Trailblazer award recognizes
innovative changes that positively affect their agency
and community and are transferable to other jurisdictions
or organizations. We are hopeful that these awards can
bring even more attention to webDEALER further driving
interest in participating in the program. I'm extremely
proud of the webDEALER project team and all of the hard work that they have put into that. It is really a project to be proud of and really has done great things for the agency and its stakeholders.

Last, but certainly not least, our very own CIO, Eric Obermier -- Eric, you can stand up -- was recognized by TASSCC with the President's Award, which is given for individual leadership and excellence in information technology. This is a very prestigious award and it recognizes an IT manager who has benefitted his organization through hard work and strong leadership, and that is exactly what Eric Obermier exemplifies. We are grateful for his service and thrilled that he got this award. He was totally shocked, it was fantastic. He didn't realize he was going to get it and he gave an excellent acceptance speech on the fly.

MR. INGRAM: Congratulations.

(Applause.)

MS. BREWSTER: Mr. Chairman, we also have a superstar on the Board that I think we should probably highlight here too. I received this recently in the mail. Our own Johnny Walker is on the cover of the TXTA publication this month. If I could get an autograph, Member Walker. It was very nice to see Member Walker highlighted in that magazine.
MS. BREWSTER: Mr. Chairman, that concludes my remarks. Thank you.

MR. PALACIOS: Thank you, Whitney.

Now we'll move on to the next section on the agenda, the public comment. I see we have a comment sheet so I'll go into the agenda item. In accordance with Department Administrative Rule, 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 issue stated in the comment card. When addressing the Board, please state your name and affiliation for the record.

Please come up.

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

I'd also like to remind the Board that under the Texas Open Meetings Act, the Board can't comment or deliberate on a public comment that doesn't relate to an item on the posted agenda. This is because the public would not have been on notice that the Board might discuss that subject. If the Board desires, we can
schedule any aspect of the commenters' remarks for a
future agenda with approval of the chairman.

Thank you.

MR. WALKER: May I ask what the comment is in
regards to?

MR. DUNCAN: It's open public comment so it's
not related to an item. That's for ones that are related
to an item.

MR. PALACIOS: The comment is regarding good
government and update to Board members from previous
comments.

MS. BREWSTER: Update to new Board members.

MR. PALACIOS: Yes. Update to new Board
members.

MR. HICKMAN: For the record, my name is Howard
Anthony Hickman. I'm a retired enforcement attorney for
this agency. For the new Board members, I'm sure
management will describe me as a disgruntled former
employee. But why am I disgruntled? Let me tell you.

In a recent six-month period, according to the
agency's own performance measures, agency performance
dropped 20 percent. Since the agency was created in
2009, it has received $188,684,137 for IT capital
expenditures. What have the people of Texas received for
the money? A system that suffered 79 public system
crashes in a recent six-month period which is an average
of a crash every other day.

Every session of the legislature, the agency
gets together with various business special interests --
last session there were 16 of them -- and spends
hundreds of thousands of dollars using dozens of state
employees to draft legislation for the benefit of those
special interests. This biennium the agency's auditor
has already recommended a change to a statute and
directed agency staff to draft legislation. Such
activities are blatant violations of Texas taxpayers'
freedom of association in Chapter 556 of the Texas
Government Code.

The agency has decided that people who let
their Johnson grass go to seed or divert water from
artesian wells are so reprehensible that they may not be
motor vehicle dealers, but human traffickers, gunrunners
and persons convicted of intoxication manslaughter are
not.

Complaints from licensees, trade associations
and financially large licensees are acted on immediately
in the name of customer service, usually with a favorable
result. Complaints from consumers, unless they complain
to a local television station, are relegated to a turn in
line which may require a year or more for resolution
without any prioritization for the severity of the offense and many times to the detriment of the consumer. After receiving an award from a trade association and a request to change a particular policy, a TxDMV division director directed a rule requiring a safety inspection before a vehicle could be driven off a dealer's lot by a motor vehicle purchaser would no longer be enforced. That's subjecting the consumer and the general public to a potentially unsafe vehicle.

You should know that Volkswagen has defrauded 32,000 Texans with substandard diesel engines for six model years, yet this agency has not pursued any actions against Volkswagen.

Ronald Reagan once said, The problem with government is government. If these facts have not made you disgruntled like me, then you are the problem.

We'll talk again at your next meeting, and I've got 32 seconds left. Thank you.

MR. PALACIOS: Thank you, Mr. Hickman.

I want to go back to a previous item here. Laura, would you come forward, please? Come on and join me here at the front.

MS. RYAN: Good morning, everyone.

MR. PALACIOS: As we all know, in life change is always inevitable and that's certainly the case for
our Board. While we're ecstatic that we have three new Board members, Sheriff Painter, Board Member Graham and Kate Hardy, I will say it is with mixed emotions and trepidation that I do acknowledge the departure of our former Board member, our chairwoman and our leader, Laura Ryan.

Laura has been with us since July of 2010, and I will tell you since the time she started here at the inception of this agency, the early years, up until her last Board meeting in June, which was the culmination of just tireless effort to bring together this agency with the legislature and with the Governor's Office, I can tell you that she just worked relentlessly to get this agency to a point to where we are now self-sufficient and we're fiscally sound, and that was not easy. And I will tell you personally during that time Laura went through some hardship, which we all know about, she overcame that, and gave us 110 percent.

And I will tell you, Laura, we can never express our gratitude for what you've done for us. What we can do, though, for now is we have few things that we want to give you so hopefully you won't forget us.

We have here a gavel and what makes this gavel really, really special is that during the whole time you were chairwoman, and I know you wanted to but not once
did you ever hit of any us with it.

(General laughter.)

MR. PALACIOS: We also have a flag that was flown over the State Capitol last month, and your name plate there.

And we also have something from Governor Abbott which reads: In recognition and appreciation for her years of meritorious service to the State of Texas as a member and Board Chair of the Texas Department of Motor Vehicles from 2010 to 2016.

MS. RYAN: Thank you very much.

(Applause.)

MR. PALACIOS: Thank you, on behalf of the Board and the agency, for your leadership, for everything you've done for this agency, for everything you've done for the State of Texas. We are forever grateful. Thank you.

(Applause.)

MS. RYAN: I just want to say thank you very much to, first off, Governor Abbott for the faith and trust that, again, he gave me. To the Board for their partnership and friendship, patience and not hitting me with the gavel or anything else. And that's Board members present and past; we really have had a great Board throughout the time that I've been here. To the
staff, really it's a great team, the directors, the staff all the way through, both here in Austin and the regions. It takes a team. This is not a one-man band and everyone here performs. So thank you. And stakeholders obviously make this agency good and wonderful and have made it what it is.

So thank you to everyone who has made my time here, and some of them at time have been trying but great, but that's what makes moving forward. So hopefully I've been able to build a good foundation for everyone. Welcome to the new members. You are really walking into a great agency, it is a great team, so welcome. I'm not going far, so my phone number is still available if you need anything. And as I told staff, I had an opportunity but I'm still going to be one of your biggest cheerleaders and fans and I'm not far and I'll be watching and I'm still here to help.

So thank you for everything.

(APplause.)

MR. PALACIOS: Thanks, Laura. Keep in touch.

MR. INGRAM: Are you going to hang out and watch the entire meeting?

MS. RYAN: I think I'm moving on. My new responsibilities have not slowed down. I'm off to wreak other havoc somewhere else.
(General laughter.)

MS. RYAN: I wish you all the best of luck.

You don't need me, you're in good hands. Thank you.

MR. PALACIOS: Thank you, Laura.

Let's move on now to item 2.A. Strike that.

At this time we are going into closed session.

It is now 8:22 a.m. on September 1, 2016. We'll go into closed session under Texas Government Code Sections 551.071 and 551.074. For those of you in the audience, I anticipate being in the executive session for approximately 30 minutes, and we'll reconvene in open session after that.

With that, we are recessed from the public meeting and we are going into executive session.

(Whereupon, at 8:22 a.m., the meeting was recessed, to reconvene this same day, Thursday, September 1, 2016, following conclusion of the executive session.)

MR. PALACIOS: It's approximately 9:34 a.m. on September 1, 2016, and the Board of the Texas Department of Motor Vehicles is now in open session. I will note that no action was taken in the closed session.

We will move now to agenda item 2, the action and briefing items, beginning with 2.A, Finance & Audit Committee update. As the chair of the Finance & Audit Committee, I'll give a briefing to the full Board.
The members of the committee met on Wednesday, August 3, 2016, here at the TxDMV headquarters. I presided over the meeting, which was also attended by Members Caraway and Treviño. The committee considered five agenda items. Three of the items from the committee meeting require action by the full Board.

First, agenda item 2.A.1 which is the 2017 interagency agreement between TxDOT and TxDMV. The committee was briefed on this item but did not take a recommendation because there were issues yet to be negotiated, and so I'll ask Ms. Brewster to present this item separately. Following that, I will present the remaining two action items considered by the committee, along with the committee's recommendation for Board action. Then I will present updates on the remaining items we were briefed on in the meeting, without repeating the presentations made by staff. All the staff who made those presentations are available today in case you have any followup questions.

Ms. Brewster will now present agenda item 2.A.1, a fiscal year 2017 interagency agreement between TxDOT and TxDMV.

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

As many of you are aware, TxDMV and TxDOT have
an interagency agreement that spells out the rules and responsibilities of each of the agencies regarding various items. We are still at this point dependent on TxDOT in the areas primarily of facilities, as well as technology.

Before you, not in your board books but before you, you will find a redlined version of the near final draft of the MOU. I just wanted to briefly explain what the changes are from that is in your board book. The agency has continued to negotiate with TxDOT and this is the final product that we are asking for approval on. I am requesting of you today approval to enter into this MOU with TxDOT for the amount of $2 million. For those members who were here the last time the Board approved this, it was at $2.25 million, it is not at $2 million.

Some of the items that have also changed from what is in your board book: it clarifies how TxDOT will separate, clean and archive the TxDMV information from the HR Online system. We are no longer using HR Online, have now moved to CAPPS for our HR needs, as well as our finance needs, so that is one of the items that has been clarified. It also shows the final list of TxDMV IT items to be separated from TxDOT's environments. It also adds a provision for IT staff of both agencies to get together to agree on what servers are shared.
Also, it clarifies necessary elements of work authorizations where TxDOT does the work at TxDMV's request. It also corrects the names and titles of key personnel. For instance, the TxDOT IT director recently retired, so there's updated information there. It adds a new appendix, Appendix 2 which deals with billing and how TxDMV and TxDOT will interface on issues of billing. It also gives TxDMV accounting staff 15 days to review billings versus TxDOT's originally proposed five which is in the board books. And then there were some minor fixes and language adjustments.

But with that, Mr. Chairman, I am happy to answer any questions that the Board members have.

MR. PALACIOS: Board Member Walker.

MR. WALKER: For clarification purposes, you said this is a $2 million contract. I think it's a not to exceed $2 million contract. Is that not correct?

MS. BREWSTER: Yes, sir. Obviously if the agency does not spend or have services that meet that $2 million threshold, the charges to the agency would be less.

MR. WALKER: Also, under item 8.B there is some wording there that says TxDOT shall give DMV one year written notice to vacate prior to the date DMV is required to vacate.
MS. BREWSTER: Yes, sir.

MR. WALKER: So let's just say that we have a legislative session coming up and the day after the session is over, they give us one year to vacate, we would not have any funding to do that so how would we address that?

MR. DUNCAN: That is the only instance in this fiscal year where that would be an issue is if would be next summer, and we have some pretty firm commitments from TxDOT's senior management.

MR. WALKER: Let's put it in writing.

MR. DUNCAN: I understand. But they correctly point out that for us to extend a condition like this beyond the year of the contract is really pretty meaningless, it's a one-year contract.

MR. WALKER: This is going to be a one-year contract?

MR. DUNCAN: Yes, sir. It runs until August 31 of next year. So for me to require them to give notice beyond the term of the contract, if I say you have to give me two years' notice and it's a one-year contract, so their lawyers have objected to that and I've kind of seen their point.

MR. WALKER: But it still could put us in a kind of precarious position because they could sell the
piece of property two days after the legislative session, we have a one-year contract with a notification clause in there, and at the end of the year we're out of a facility and we have no funding through the legislative appropriations for housing. So it's a critical issue to this agency that we have control of our financial aspect of this prior to the next legislative session. If the legislative session is a two-year deal between sessions, we're not going to be able to get the funding.

And I know it's an understanding, maybe, between the agencies and they understand that, and we have two of our prior Board members over on their board today are commissioners, so they understand that also. So it should not be that big a problem, in my mind, that we need to take and put in there that they have to give us a two-year notification of evacuation of the buildings.

MR. DUNCAN: At least at a minimum get us two months into the next legislative session.

MR. WALKER: Yes.

MR. DUNCAN: Well, Ms. Brewster and I will talk to the TxDOT staff.

MR. WALKER: Well, I would strongly suggest that we get us into a legislative session so we can get funding should they sell the facilities.
MR. DUNCAN: I understand. We will work very hard to try to get that in there.

MR. INGRAM: And is the concept that we don't do a two-year just because we think that the second year the needs will change?

MS. BREWSTER: Member Ingram, that is exactly correct. As you know, we have decreased considerably our dependence on TxDOT, and this year we will see that change dramatically as well. As we continue to separate our servers in the TxDOT environments, we will see our dependency on TxDOT decrease in the IT area, and therefore, also the funding necessary to support those services.

MR. TREVIÑO: But since this is a one-year agreement, the facilities portion that Member Walker was talking about would almost have to be a separate agreement with them, wouldn't it?

MR. DUNCAN: If they would agree to it, we can certainly put it in there. If they would agree to get us to the next legislative session rather than stating as a term of at least one year or to the midpoint of the next legislative session, whichever is later, I think they would agree to that. I'd certainly execute an agreement with that in it.

MR. WALKER: So what are we asking for here
today, Mr. Palacios?

MR. PALACIOS: We are asking for a motion to accept the MOU between TxDOT and DMV as it's presented.

MR. DUNCAN: And to give Ms. Brewster the authority to negotiate the final agreement and execute it.

MR. INGRAM: I can make that motion. I move that the Board authorize the agency's executive director to negotiate and execute the fiscal year 2017 interagency agreement between the Texas Department of Transportation and the Texas Department of Motor Vehicles, as well as any amendments to the contract, with the approval of the Board chairman, not to exceed $2 million.

MR. TREVIÑO: Second.

MR. PALACIOS: Motion by Board Member Ingram, and second by Member Treviño. Any discussion?

(No response.)

MR. PALACIOS: All in favor please signify by saying aye.

(A chorus of ayes.)

MR. PALACIOS: Any opposed?

(No response.)

MR. PALACIOS: The motion carries unanimously. Let's move forward now to the internal audit plan. Ms. Menjivar presented the fiscal year 2017 annual
audit plan to the committee on August 3, as well. The Texas Internal Auditing Act requires that an annual audit plan be approved by the agency's governing board. The audit plan is the work plan for the Internal Audit Division. The plan, beginning on page 26 of your briefing book, includes seven proposed reports, audits and advisory services to be done in fiscal year 2017, other Internal Audit Division duties, and four contingency audits and advisory services. It was determined the division would be unable to complete all the proposed audit duties because of staffing, so there may be some reduction in scope of the audits.

With that, I'll turn it over to Ms. Menjivar, who, as you all know, is our new internal auditor. Welcome and congratulations on your first Board meeting.

MS. MENJIVAR-SUDEATH: Thank you, sir.

Any questions that I can answer?

(No response.)

MR. PALACIOS: I will note the committee did recommend to the full Board approval of the fiscal year 2017 internal audit plan

MR. PAINTER: Mr. Chairman, I move that the Board approve the fiscal year 2017 internal audit plan, as recommended by the Finance & Audit Committee.

MR. PALACIOS: We have a motion by Board Member
Painter. Is there a second?

   MS. CARAWAY:  Second.
   
   MR. PALACIOS:  Second by Board Member Caraway.
   
   All in favor signify by saying aye.
   
   (A chorus of ayes.)
   
   MR. PALACIOS:  Any opposed?
   
   (No response.)
   
   MR. PALACIOS:  The motion carries unanimously.
   
   MR. TREVIÑO:  Chairman, I have one comment, though, for Ms. Menjivar-Suddearth, that the fund tables and processing and handling fee portion of your plan, that you really spend a lot of time on that. With implementation of any new process, you're going to have issues, but that one is not negotiable, that we do spend the time on that one for sure.
   
   MS. MENJIVAR-SUDDEATH:  Yes, sir. And we are planning to start working on that in March. That's after the processing and handling fee tables have been established to make sure we have enough time to allow IT and the agency to get used to it. And that is definitely one of the audits we'll make sure that is taken care of this year.
   
   MR. TREVIÑO:  Thank you.
   
   MR. PALACIOS:  Thank you.
   
   I'll move on to the next item, another item
that was covered during our Finance & Audit Committee meeting on August 3. Ms. Flores and her staff briefed the committee on the fiscal year 2017 recommending operating budget. TxDMV develops annual operating budgets based on approved biennial appropriations. This operating budget implements year two of the biennium. The budget reflects the establishment of the TxDMV Fund, is structurally balanced to support recurring expenses and allocates $192 million to the agency's organization.

The major initiatives included in the budget are: implementation of the processing and handling fee, relocation of three divisional services and Bull Creek staff, establishment of the TxDMV Fund, and implementation of the e-LICENSING project and refresh of county IT equipment.

The recommended operating budget includes contracts with the Southwest Research Institute and American Association of Motor Vehicle Administrators National Motor Vehicle Title Information System for which staff is specifically requesting Board approval.

The purpose of the contract with the Southwest Research Institute at a cost of $310,000, is to make modifications to the Texas Vehicle Information Exchange Window and the Federal Motor Carrier Safety Administration moves their data to a cloud environment.
It modifies some of the web services, changes databases or requirements of the TxCVIEW and the FMCSA's rollout of the new unified carrier registration application.

The second contract is the annual National Motor Vehicle Title Information System contract through the American Association of Motor Vehicle Administrators. This program allows the state to report and receive information on branded stolen vehicles and identify VIN and odometer discrepancies. The Finance & Audit Committee recommended approval of this contract at an estimated amount of $240,000. The agency has since received the final invoice which came in at $268,075. This is an annual contract and the fee is based on the number of registered vehicles in the state.

The committee recommends Board approval of the fiscal year 2017 recommended operating budget, including approval for the executive director to negotiate, execute and sign the routine and required contracts contained in part two of the document.

Ms. Flores is here to answer any questions regarding the operating budget.

MR. TREVIÑO: Ms. Flores, do you have any concerns with the budget or has anything changed in light of the changing economic conditions of the state, or any comments you'd like to make?
MS. FLORES: Thank you, Board Member Treviño.

For the record, Linda Flores, chief financial officer for the agency.

This budget, as Chairman Palacios indicated, is balanced. We are, as you know, establishing the DMV fund today, but the statewide accounting system is down, so we are unable -- that is not an unusual occurrence, it happens due to rollover, end of one year, beginning of the new fiscal year. We are anxiously waiting for the accounting system to come back up, we know transactions are occurring behind the scenes, but the first order of business is to make sure that the DMV fund receives $23 million in a one-time transfer. We know that that will happen; it may not happen today or tomorrow but certainly we will check every day until it does.

This operating budget also provides for anticipated costs that we're going to be incurring in January once the centralized printing and mailing of registrations online occurs.

We have taken a very conservative approach in developing this budget, and we will report to you on a routine basis to make sure that you are also informed as far as the agency's operation, so I do not have any concerns today.

MR. WALKER: Question. I don't think we've
ever talked about this in all the Board meetings we've had, and in the past I assume that the State of Texas has some kind of banking relationship with somebody where they bank, but if they're transferring $23 million to us, do we need to form a banking relationship through this agency, or the state really keeps the money?

MS. FLORES: State and other local entities have a different form of accounting, it's fund accounting. The Comptroller's Office has bank accounts for all of their treasury operation, so no, we don't have to establish a --

MR. WALKER: So we never see the cash.

MS. FLORES: We see the cash. We see the cash, yes, sir, we do see the cash.

MR. INGRAM: You're not going to actually see it, see it.

MS. FLORES: No, not see it, see it. It's going to be on a screen, I hope.

MR. WALKER: But we don't have to take this deposit down to Chase Bank or whatever.

MS. FLORES: No, sir.

(General laughter.)

MR. WALKER: I have another question when I was looking through here. Explain to me, when I was looking at our operating budget here, it says capital
expenditure, $9.4 million. It's on page 4, the pie chart at the very bottom of the page.

MS. FLORES: Yes, sir.

MR. WALKER: What is that comprised of, the capital, because I'm not sure what expenditures would be capital.

MS. FLORES: Normally the capital budget includes the county refresh equipment, so that includes printers, routers, anything that in aggregate is over $100,000. The county refresh alone is appropriated approximately $5 million a year, so for that particular line item it would include at least $5 million for capital expenditures.

MR. WALKER: We call those capital expenditures because we're buying hard assets that we're going to depreciate?

MS. FLORES: Yes, sir.

MR. WALKER: And we're going to spend $9.4 million?

MS. FLORES: That's just one portion of it. I'm trying to see if there's any other place in the document where I can refer you to. There is not a breakout, but I'm certainly happy to provide that to you.

MR. WALKER: Well, I don't need a breakout. I was just kind of curious as to where we spend $9.4
million on capital expenditures. We have not bought any computer equipment, we finished that last project we did -- I can't remember the name of it now.

MS. FLORES: The county refresh.

MR. WALKER: But that's done now, so where are we spending that $9.4 million?

MS. FLORES: It's actually not done. We're actually carrying forward unspent balances from '16 into '17. We have a contract, we have an agreement in place, but we haven't actually spent the money, so we're going to spend the money in '17, so that's what that capital line item is about.

MR. WALKER: Thank you.

MS. FLORES: Yes, sir.

MR. TREVIÑO: Since it is a balanced budget, do we do our own revenue projections or do we work with someone from the Governor's Office, the state, or the Comptroller to make our revenue projections?

MS. FLORES: Member Treviño, we have one vacancy, but we have three revenue estimator positions. We estimate our own revenue estimate but we use information from Dunn & Bradstreet, we have a subscription, we monitor the Wall Street Journal to look at conditions for the Texas economy. We also work with the Comptroller's Office, but more times than not,
they're calling us versus us calling them.

MR. PALACIOS: Are there any further questions for Ms. Flores?

MR. WALKER: One more. Going to page 42, or 7 on your budget here, the operating budget, I had a question under the Motor Carrier Division we have 119 FTEs and we're budgeting $7.1 million, however, under Finance and Administration Services -- I guess that would come under your particular part of the department -- we're spending $35 million on 71 FTEs. Why in the world do they make so much more over there in that department than they do over in the Motor Carrier?

MS. FLORES: If you'll recall, Mr. Walker, I also oversee the $25 million contract for the production of license plates, so part of that $35- is that contract.

MR. WALKER: So the license plate contract is under your division over there?

MS. FLORES: Yes, sir.

MR. WALKER: Okay. Thank you. I thought they just got paid a lot more.

(General laughter.)

MR. PALACIOS: Okay. Any further questions for Ms. Flores?

(No response.)

MR. PALACIOS: Hearing none, I'll entertain a
MR. TREVIÑO: Mr. Chairman, I move that the Board approve the fiscal year 2017 operating budget, as recommended by the Finance & Audit Committee, with the change in the amount of the National Motor Vehicle Title Information System Contract. I also move that the Board approve delegation to the executive director to execute and sign the routinely required contracts contained in part 2 of the document, and specifically the following two contracts: Southwest Research Institute and American Association of Motor Vehicle Administrators National Motor Vehicle Title Information System.

MR. PALACIOS: Motion from Board Member Treviño.

MR. INGRAM: Second.

MR. PALACIOS: Second from Board Member Ingram.

Any discussion?

(No response.)

MR. PALACIOS: If not, all in favor signify by saying aye.

(A chorus of ayes.)

MR. PALACIOS: All opposed?

(No response.)

MR. PALACIOS: The motion carries unanimously.

Thank you very much, Ms. Flores.
Lastly, I'd like to submit the Finance & Audit Committee report on the non-action briefing items from our meeting.

Ms. Flores and her staff briefed the committee on the legislative appropriations request process for the upcoming legislative session, including the timeline, estimated revenue collections by fund, baseline budget appropriations requests by strategy, capital budget project summary baseline, preliminary exception line requests by order of priority, and riders.

The LAR was presented to the Finance & Audit Committee at the August 3 meeting. The committee gave approval for staff to make minor changes to the LAR as needed, as well as more significant modifications with approval and input from the executive director and the chairman of the Audit and Finance Committee. The LAR was submitted to the LBB and the Governor's Office, as required, on August 12.

The agency's baseline request of $3,027,800 includes several initiatives designed to remain within the projected revenue, including reducing capital expenditures primarily in the automation budget requests. This is offset by increased costs due to the implementation of centralized printing and mailing of online registration renewals and absorbing credit card
fees for online registration renewals that were previously borne by the customer.

The capital budget includes: funding for automation in the amount of $11.7 million, primarily for refactoring of the Registration and Titling System; ongoing costs for the Data Center Services of $16.7 million; replacement of computer equipment in the counties and at the TxDMV headquarters, $11.9 million; funding to relocate one regional service center and to replace aging fleet vehicles in the amount of $1.5 million.

Five exceptional items totaling $40 million and 16 full-time equivalents are recommended by the staff. The agency exceptional items include: maintenance and operating costs related to the TxDMV headquarters with a biennial total of $9.8 million and three FTEs. The agency's exceptional items for new headquarters building was modified prior to submission of the legislative appropriations request.

As the interim board chair at the time, I approved, after consultation with the Governor's Office and the executive director, submission of the amended request to reflect only: maintenance costs for the Camp Hubbard Building; creation of a special investigations unit at a biennial total of $1.9 million and 13 FTEs;
matching dollars for the Commercial Vehicle Information Systems Network grants which are available for system and roadside projects that increase safety on the roads and increase efficiency of moving commerce on the roads.

TxDMV is the lead agency for the CVISN in Texas. A match of $262,500 will allow the agency to receive $1.5 million in federal funds.

The exceptional items list also includes a request from the Auto Burglary and Theft Prevention Authority for items to be included in the final TxDMV LAR. The two items are the restoration of the 4 percent general revenue reduction and an additional $12.6 million per year, $25.3 million biennial total, generated by a $2 fee imposed on motor vehicle insurance policies for the express purpose of providing additional grant allocations to the agency's grantees.

The proposed LAR also includes one new rider which would allow the agency to spend any unexpended balances in the appropriations between the first and second year of a biennium.

Furthermore, the fiscal year 2016 quarterly financial report, given by our CFO Linda Flores and her staff, briefed the committee on the fiscal year 2016 quarterly financial report through May 31, 2016. The points in that report were: year-to-date revenue
collections increased 1.1 percent or $14.1 million over the same period last year; as of the end of the third quarter, My Plates collections totaled $8 million towards a $15 million guarantee; year-to-date expenditures totaled $88,941,000; over 80 percent of the capital obligations consist of automation costs and funding for the DIR contract for the Data Center Services.

Year-to-date obligations for TxDMV mainly consist of anticipated expenses for the RTS refactoring and funding for the e-LICENSING project, formerly known as LACE. The remaining budget in the TxDMV automation as well as other capital projects will be carried forward to 2017.

Furthermore, on the internal audit side, our internal audit director, Ms. Sandra Menjivar, briefed the committee on the Internal Audit Division status report. The main points in the report: remaining projects in the fiscal year 2016 internal audit plan to include completing the report on the audit efficiency of the Texas Internal Registration Plan compliance audit process; the Drivers' Privacy Protection Act report which was expected to be released to management in August and presented to the Board during fiscal year 2017; the Oversize/Overweight Permitting staff is currently doing field work and expects to present to the Board during
fiscal year 2017; the RTS refactoring and single sticker
holds some limitation which carry on over to fiscal year
2017; and the fiscal year 2017 internal audit plan which
was presented earlier; coordinating an external audit
with the State of Office Risk Management for the onsite
visit of the Waco Regional Service Center on August 12.

I said that all in one breath.

(General laughter.)

MR. PALACIOS: Do we have any questions
regarding any of these items for either Ms. Flores or Ms.
Menjivar?

MR. WALKER: I have one question.

MR. PALACIOS: Yes, Member Walker.

MR. WALKER: So I know we do this every time on
this 10 percent reduction in GR, and the only GR money
that we have is Auto Burglary and Theft. Is it really
appropriate to reduce our Auto Burglary and Theft because
that money is grant money that was dedicated solely to
the purpose of law enforcement and so all that money
should be earmarked, tagged. Gary, you ought to be
screaming bloody murder that the legislature is trying to
take money away from grant money. But that's really not
overhead general revenue expenditures in my mind, that's
grant money that was dedicated for a specific purpose,
not an operating cost. How do you address that?
MS. FLORES: All state agencies are provided guidance by the Legislative Budget Board and the Governor's Office to fill out certain schedules. One of the required schedules that we're required to fill out is a 10 percent general revenue reduction. The only program that this agency will have at that time that's financed by general revenue is the Auto Burglary and Theft Prevention program. That is not to say that agencies don't have the ability to identify the fiscal impacts caused by that 10 percent reduction. We will have that opportunity, our first opportunity actually, September 7.

It's the first public hearing on our appropriations request. It is held by staff from various legislative offices such as the Governor's Office, the Legislative Budget Board, the Lieutenant Governor's Office, the Speaker's Office. So we will have the opportunity at that that time to tell the story of how this affects the DMV and the ABTPA program.

But in order to submit the appropriations request, there is a target that is provided to the agency. If you're not in balance at the time of submission, you will not close; if you do not close, you have not submitted your request, and therefore, you are late. So in order to submit and close, you've got to hit all those targets that they've provided.
MR. WALKER: So Linda, I'm not sure I understood exactly what you said in that last portion there, but what if we were to take and say that our 10 percent reduction is not the overall big picture of the $2 times the number of insurance policies but if we were to say that the operating expenditures and the 10 percent reduction is our actual operating cost of that particular -- say, Bryan and his staff, five people including Bryan -- so what if we instead of saying the overall is $40 million that we say that the overall expenditures for that particular agency is $400,000, $200,000, whatever it is, and take the 10 percent out of the actual operating costs, that way we give more grant money. That won't cut it?

MS. FLORES: The Legislative Budget Board has a formula that they use and it's not based on operating versus different categories. It's you are financed with X amount of money from general revenue, it's $15 million a year. They're not going to carve out what's operating and redo the formula based on that, they're just looking at the big picture: $15 million, 10 percent of $15 million, million and a half, whatever it is.

So that's how they establish the target which is, again, provided to an agency, and this application budgeting system that they have, when I said you have to
balance, there are balancing tools within that application that you have to hit them. You have to be in balance, otherwise, they don't let you close it.

MS. BREWSTER: Chairman Palacios, if I may?

MR. PALACIOS: Yes.

MS. BREWSTER: This is not an atypical exercise, this is something that has been done for quite some time. It is incumbent upon the agencies and stakeholder groups impacted to make a case before the legislature as to what the actual impact is of that reduction. I know that at the hearing that Ms. Flores was just speaking of, Chairman Garcia, who is the chair of the ABTPA Board, intends to be there and to speak to that issue, and so we will continue to send that message when we have opportunities to talk to legislators.

MR. WALKER: That's the only question I had, Chairman Palacios.

MR. PALACIOS: Thank you, Board Member Walker.

Any further questions for Ms. Flores or Ms. Menjivar?

(No response.)

MR. WALKER: I make a motion that we accept the LAR appropriation request.

MR. DUNCAN: Apologies, Mr. Walker. This was not an action item because it's already been submitted,
it's a briefing.

MR. PALACIOS: It's a briefing item.

Thank you very much, ladies.

We'll now move on to item 2.B.1, Projects and Operations, and I'd like to call Ms. Judy Sandberg who will address agenda item 2.B.1 on the enterprise projects quarterly report.

MS. SANDBERG: Good morning. For the record, I'm Judy Sandberg, Texas Department of Motor Vehicles Enterprise Project Management Office director. I'm providing a briefing on projects; this is the quarterly report of enterprise projects to the Board. I am not seeking any decisions today.

For your reference, handouts related to this briefing begin on page 91 in your briefing books. If you turn to page 92, the first page of the actual briefing, you'll find a dashboard of one of the projects I'll be reporting on today, the application migration and server infrastructure transformation project, also known as AMSIT. I'd like to spend just a few moments orienting you to the information that's on this dashboard. There is one dashboard featuring the eight projects on which I will be reporting today.

In the upper left-hand corner of each dashboard you'll find the full name of the project and its acronym.
Along the top row we attempt to provide basic information about the benefits to the public and to the agency for each project. Beneath that row you'll find a general description of the project and the name of the project manager, the business owner in TxDMV, and the executive sponsor, as well as the project end date.

In the center you'll find the actual dashboard and on these dashboards we use rather standard red/yellow/green indicators that are used in project management, with green being good indicating all systems are go, yellow being something of a caution light that there's something to pay attention to and watch there, and red being a warning light that something may be close to getting behind schedule or over budget or there is some very high risk that needs to be paid attention to.

To the right of the dashboard we typically list the general phases of the project and a checkmark indicates that phase is completed. Then we use the standard red/yellow/green indicators for each phase to provide an update on that phase.

In the third row you'll find, from left to right, information about the budget, the total budget, expenditures and encumbrances to date, and then the remaining budget. Then to the right of that some information showing how many staff hours we had planned.
to spend and what the rate of consumption of those hours is. And then change requests, just an indicator of how many times we're changing the project.

And finally, on the bottom row on the left side we try to list accomplishments for the previous 30 days, planned achievements for the next 30 days, provide an indicator of the most significant risks and issues, and either the mitigation strategies or corrective actions being taken.

So that's just to let you know the kind of information that's included on each one of these dashboards. Also, to assist you in interpreting these dashboards, a glossary of terms and acronyms is provided on page 101 of your briefing book.

So I'll proceed on to an update on the AMSIT project. TxDMV was appropriated $7.3 million during the 84th Session of the Texas Legislature to accomplish this project. The purpose of the project is to complete the separation of TxDMV's applications and data from the Texas Department of Transportation, or TxDOT, data center and to move them on to servers in the Department of Information Resources Data Center Services by the end of the biennium, August 31, 2017.

Some transformation work has already been completed by TxDMV's Information Technology Services
Division, or IT, as part of other projects, but about 30
servers containing TxDMV applications and data remain in
the TxDOT data center. In March 2016, TxDMV awarded a
contract for services to NTT Data to plan, organize and
execute the actual transfer of applications and data and
the transformation onto servers in the Data Center.

The vendor kickoff meeting was held on March
24, 2016. By June 2016, TxDMV was concerned by the slow
progress on expected deliverables, so on July 7, 2016,
TxDMV issued a cure letter to the services vendor. The
services vendor cured all items in the letter by early
March as follows: they provided a project plan, they
provided all the vendor staff listed in the proposal for
the percent of time listed in their proposal, and they
provided a report of hours worked to date by vendor staff
assigned to the project.

The project is on schedule, approximately 61
percent of the project work remains to be completed, with
about 67 percent of the project schedule remaining. The
project is under budget. The services vendor offered
TxDMV a credit of $531,895 for work already completed by
TxDMV IT.

The project scope is yellow because the
services vendor reports they have gained clarity on
TxDMV's requirements for moving files from Novell servers
to Windows servers and for moving from file transfer
protocol to secure file transfer protocol. While this
does not expand the scope of work, it may expand the
complexity, time to complete and the cost. That said, we
anticipate that cost will be less than the credit offered
for work already completed by TxDMV. We anticipate other
expenses not currently known may be identified as we
proceed, but we believe the project can be completed well
within the approved budget.

Any questions about the AMSIT?

MR. PALACIOS: Yes, Ms. Sandberg. Were there
any damages that were incurred to this agency as a result
of the, I guess, deficiencies that led up to the cure
letter being sent out?

MS. SANDBERG: No specific damages at that
point. I believe the early intervention and not allowing
the schedule delay to become prolonged, and the fact that
the vendor did respond and cured all of the items in the
letter. We are still within schedule and we still have
the ability to finish the project on time. If we had
allowed it to go unaddressed, we would have been at
extreme risk of not completing on schedule, and
therefore, not effectively using the funds appropriated
by the legislature.

MR. PALACIOS: Thank you.
MS. SANDBERG: You're welcome.

MR. INGRAM: Judy, one quick question. The credit is not currently part of your expenditures and encumbrances. Correct?

MS. SANDBERG: Correct.

MR. INGRAM: Okay. So if the change order does not come in higher than that credit, then we shouldn't see a big change there.

MS. SANDBERG: I beg your pardon. Allow me to correct my answer. It is part of the encumbrance. It was part of the original purchase order encumbrance, so where we are in moving forward is we're currently looking at the vendor is providing a proposal to do the additional complex work that I described earlier related to the moving from Novell servers to Windows servers. They may request a cost increase for that amount. We're still in the process of working through the purchase order process with purchasing, and ultimately we will not pay that $500,000-plus that they have provided a credit for but it has not actually been removed from the encumbered purchase order at this time.

MR. INGRAM: Right. And so I think you answered the question. I may have asked it in a bad way. But out of your $1.65 million, that is the original contract, it does not look at the credit that's currently
sitting out there.

MS. SANDBERG: Yes, sir. They are crediting
against the original contract.

MR. INGRAM: Right. Okay. I was just making
sure that that's the case. Thank you.

MS. SANDBERG: All right. Well, moving on to
page 92, the physical security project. The Texas
Legislature appropriated $813,000 to TxDMV to improve
system security at the 16 TxDMV regional service centers,
or RSCs. The project will provide increased safety for
the public who visit these sites, the employees and
protection of assets. The project will also further
TexDMV's separation from TxDOT by installing TxDMV's own
physical security system at the 16 RSCs. The system
includes badging of staff, keypad entry for staff and
collection of entrance and exit data, video surveillance
with monitoring consoles, and 24-hour monitoring with
alarms for intruder entry.

The project manager is coordinating with IT,
the information security officer, the Vehicle Titles and
Registration Division, TxDMV facilities who coordinate
with building landlords, TxDOT and the vendor to plan and
complete this project. To date, installation is complete
in Austin, Houston, Dallas and Fort Worth. Site prep
walk-throughs remain for El Paso, Midland, Lubbock and
Amarillo, and are planned to be completed by September 9. Wichita Falls and Abilene are on schedule to be completed by September 30.

The three offices, Corpus Christi, Pharr and San Antonio, are at the end of the schedule in March 2017, pending outcome of their relocation. This morning we had new information about a final location on Corpus Christi, so that will allow us to work with Ms. Flores's staff on finalizing the installation of the security equipment at that new location.

The project schedule is on target. The planned completion date is March 31, 2017, with a contingency through August 31, 2017 due to the three offices that we'll be relocating. The project is within budget. Contingency funds are being spent on unanticipated site prep items discovered during walk-throughs. Some examples that we've discovered are in Wichita Falls we needed to install additional power to be able to accommodate the new security system, in Waco we needed to install a steel exterior door to support the intruder alert system, and some offices are requiring additional cabling in order to support the new system.

Any questions about physical security?

MR. PALACIOS: Yes, Ms. Sandberg. Is this project coordinated with other agencies that already may
have these security systems in place? Are we following, I guess, whatever vendors they may have used, or are we going independent?

MS. SANDBERG: Well, I do not know what coordination might have been done before the contract was awarded to the vendor. The contract had already been awarded by the time EPMO received the project. This may not be answering your question. We are coordinating with TxDOT because they are the landlords for some of these facilities, and they have expressed interest in the type of equipment that we are installing and have asked many questions and asked for information about that type of equipment. We've also received an inquiry from the Florida DMV asking for information about the equipment that's being installed, and we are responding to those requests. At this point, that's the extent of any intergovernmental agency coordination.

MR. TREVIÑO: But we are following basic guidelines, security protocols, it's nothing above and beyond?

MS. SANDBERG: Yes, that's my understanding. The agency's information security officer has been heavily engaged from the outset, participated in pre-award walk-throughs, and also helped participate in identifying the requirements. I will defer to our award-
winning CIO if he would like to add any information.

MR. OBERMIER: Thank you, Ms. Sandberg.

For the record, my name is Eric Obermier, CIO for the DMV.

So I believe this question came up in some prior meetings as well, Member Treviño, and we are installing the standard systems that you would see employed anywhere. The only difference may be possibly the brand, but it's all your traditional equipment such as badge readers on doors that you want leading to any of the secure areas, including exterior doors, cameras, not everywhere but in some of the key locations, fire alarms, all of those other services, in fact, that you would see with many of the other state office buildings across the state.

MS. SANDBERG: Moving on to page 94, the FileNet project. FileNet is a software tool that serves as a document repository and allows TxDOT to capture, manage and share documents and document images. The current version of FileNet is reaching end of life and needed to be upgraded to Version 8. The scope of the project included the following components: moving 80 million FileNet records from TxDOT data center to the DIR Data Center; updating Kofax, an image product that collects documents in various forms and transforms them.
into accurate retrievable images; training TxDMV staff on
the new image viewer; performing a full round of system
testing, user acceptance testing and load testing; and
staff from Finance, all 16 regional service centers, VTR
and IT participated in the testing.

On August 19, 2016, TxDMV staff, including IT,
VTR and EPMO, successfully completed moving the last of
80 million FileNet records from TxDOT to the new Data
Center and moved TxDMV from FileNet P6 to Version P8.
About 3 million color images were not successfully
migrated but they are still retrievable and viewable on
the TxDOT servers. Adjacent, the technical vendor,
acknowledged an error in their algorithm and offered to
move the 3 million records during September and October
at no additional cost. After that is complete, the
project will be a candidate for closure. The project is
under budget.

Any questions about FileNet?

MR. OBERMIER: If I can add just one
clarification to Ms. Sandberg's statement about the 3
million records that need to still be transferred over.
Those are older documents, they are color images, and
that's where the trouble came in, if you will. Most of
all of our images that are in FileNet are actually black
and white. So the 3 million documents were caught early
on and errored out, but kept moving forward knowing that
the exposure there being that the documents were in
excess of five years old, and based on the types of
documents, not going to be needed in the short term, and
even if they are needed in the short term on an exception
basis, we still have access to them in the FileNet P6
installation. We will not be shutting that system down
until we have all of the images moved over successfully.

On the actual of the cut-over weekend, the last
of the 80 million images or so that Ms. Sandberg was
referencing, we had about 217,000 still to get done that
weekend, so those were all moved over and only 81 of
those failed, but again, with 81 documents, at that point
we just made a decision to just go ahead and plan to move
those manually because it will take more time to go and
figure out what went wrong with the automation script
than it would to just export the documents from P6 and
move it into P8.

MS. SANDBERG: Thank you, Mr. Obermier.

Moving on to page 95, Licensing,
Administration, Consumer Affairs and Enforcement, the
LACE replacement project, will replace the existing
system used by in-house staff only with a modern highly
configurable web-based system which will be known as the
e-LICENSING system. The plan benefits include improved
customer service, online sales service for applying for and renewing dealer licenses, reduced support costs, and integrated case management between the Motor Vehicles Division, Enforcement, and the Office of Administrative Hearings.

TxDMV selected Salesforce, a commercial off-the-shelf software which can be configured to meet TxDMV's requirements. The new system will be used to manage: licensing activities of dealers, manufacturers, distributors, in-transit operators, and others; to track litigated contested cases arising from dealer-manufacturer disputes and license protest; manage Lemon Law cases; legislation passed to assist buyers and manufacturers with new vehicle warranty performance; track fees paid for licenses, civil penalties and Lemon Law filing fees; facilitate TxDMV agency-wide Public Information Act requests; integrate case management and those public information requests; add additional self-service functionality to improved service turnaround time and increase consistency of service.

Although TxDMV acquired a commercial off-the-shelf software, it needed to be configured to meet TxDMV's specific needs, so TxDMV hired a services vendor with expertise in Salesforce implementations to plan, organize and coordinate the gathering of configuration
requirements, design, configure, test and deploy.
Requirements, design and configuration are in the final
states, integration consistence testing is on target to
end by tomorrow, September 2. TxDMV will begin user
acceptance testing on September 23.
The department is responsible for
organizational change management. This includes public
information, communication with external stakeholders and
partners, announcements to employees, changes in business
processes and standard operating procedures, training on
the new e-LICENSING system for both employees and
external users of e-LICENSING. Education materials
include webinars on how to use e-LICENSING, frequently
asked questions, downloadable desk aids, a day one
command center, and a call center supported by CRD, IT,
VTR, MVD and Enforcement.

The go live is one month behind schedule. The
system will deploy the weekend of October 28 and go live
on November 1. It was originally planned to go live on
September 23, 2016. The project is within the budget
approved by the Board.

Any questions about e-LICENSING?

MR. TREVIÑO: All this information resides on
our services. Right? Is that correct? Or TxDOT
servers?
MS. SANDBERG: This information has been moved into the Data Center, I believe, and the new Salesforce system will be in a cloud. I'll defer to Mr. Obermier.

MR. OBERMIER: Correct. It is going to be actually running in the Salesforce cloud environment, but it is also encrypted and only TxDMV staff will have access to the data. The way the Salesforce platform works is their staff have full access to the infrastructure to do any of the platform upgrades, things like that, bring servers up and down as needed for handling load, but they do not have access to TxDMV's customer data.

MR. TREVIÑO: And you're comfortable with the security protocols and they haven't had any breaches, material breaches?

MR. OBERMIER: So as part of all of our projects that we work on here, we include Information Security Officer Joshua Kuntz and we include that role early on in the phases to make sure that whatever designs or architectures or services that are going to be contemplated within all of our information security manuals, as well as comply with the Texas Administrative Code, Section 202, which is all around the information security standards.

MR. TREVIÑO: Thank you.
MR. WALKER: Judy, looking at your dashboard, this is the first time we've seen it formatted like this. We haven't gotten it in this format before, I don't think, have we?

MS. SANDBERG: Only one other time, I believe.

MR. WALKER: This is a great dashboard to look at. The only question that I have that I'm trying to look at these is can you tell me where our start date and our estimated finish date is on this dashboard that says where's the timeline of when it started and when is it finishing and where are we with respect to that. I'm trying, as you go through this, kind of question where are we with respect. Where is that? Tell me where it is.

MS. SANDBERG: I believe that you have identified a need for improvement in the dashboard, because we do show the project end date but I don't believe that we're showing the project start date. So in the next version of this, I will add that.

MR. WALKER: Well, I'd just like to see where we're at with respect to where we should be, and it may be in here and maybe I'm just not catching it.

MS. SANDBERG: The schedule, there's only an indicator of red/yellow/green on the timeline. But we could certainly add, I think, a very small -- it would
only take up a small portion of the real estate to show you, for example, a bar graph of what the start and end date is and where we are at the current point in time. Do you think that would help, something like that?

MR. WALKER: I would just like to see that. I mean, some of this stuff, this one box over here, I'm not even real sure what it's about, this project change requests and that box there. Explain that box to me, maybe.

MS. SANDBERG: That box is just an indicator of how many change requests have been presented to the executive governance team, and change requests usually center around a change in cost, perhaps adding some level of work that was not originally anticipated, asking for changes in timelines and things of that nature. I think the schedule that you requested would probably be of more value.

MR. WALKER: Could we maybe take the change orders and put under the expected budget over here or within the budget items? Because a change order affects your budget expenditures, maybe just include it over in that deal, but kind of give us a timeline of start date and where we're supposed to be with respect to a timeline.

MS. SANDBERG: Yes, sir.
MR. WALKER: But otherwise, it's great. It tells me everything I need to know to look at this, and it's the best I've seen.

MS. SANDBERG: I'm so glad. Well, thank you very much. We will work to make it better to meet your needs. That's a great suggestion.

MR. TREVIÑO: It is good. And just a point on the changes, the change doesn't show materiality, some changes are minor, some changes are major, so you may show one change but you don't know what that change is. It's a good data point, if you see a lot of changes, it shows you there may be issues with the project, but it doesn't incorporate the materiality of that change.

MS. SANDBERG: You're right. It doesn't really provide you context.

MR. TREVIÑO: But it's a good box, it tells you something.

MS. SANDBERG: All right. Thank you very much. We will make that improvement.

Moving on to page 96, Single Sticker Phase II. House Bill 2305, passed during the 82nd Session of the Texas Legislature, eliminated the inspection sticker resulting in a single sticker system. Vehicle registration is now dependent on obtaining passing a vehicle inspection. Phase I, implemented on March 14,
2015, required most vehicle inspection and registration
dates to be aligned or synced up. Phase II, implemented
on March 1, 2016, established the 90-day inspection
window for vehicle registration and the 180-day
inspection window for used vehicle dealers.

House Bill 1888, passed during the 84th
Legislative Session, removed the inspection compliance
requirement at time of registration for apportioned and
token trailers. This legislation does not apply to token
trailers registered in multi-year fleet registration.
This requires a change in the Texas International
Registration Plan, TxIRP system, which is used by the
Motor Carrier Division. TxIRP is maintained by an
external vendor rather than TxDMV IT.

At the meeting on November 3, 2015, the TxDMV
Board authorized the executive director to award a
contract to the Explore vendor to update TxIRP with
functionality required by House Bill 1888. The TxIRP
enhancements will provide increased customer service
through real-time electronic query of the inspection
database, increased efficiency in the verification of
inspection and emission compliance, streamlining the
process and management of vehicle inspection stickers,
reducing cost, and potentially reducing fraud by
electronic verification of inspection.
Until implemented, the Motor Carrier Division will continue the current manual process. The automation of TxIRP for single sticker will allow the suspension and cancellation of registration for multi-year fleet, forestry vehicles and rental trailers due to the lack of inspection or failing inspection.

The project end date is July 2017. The Explore vendor projects completion of system changes by or before May 2017, so the project is ahead of schedule.

Any questions?

(No response.)

MS. SANDBERG: All right. Moving on to page 97, Refactored Registration and Titling System project. TxDMV's RTS refactoring project refreshed RTS technology by modernizing the core RTS system from COBOL to Java, moving the application and data off the mainframe onto servers in the DIR Data Center, and improving business intelligence reporting capabilities using a software called Cognos.

Achievements to date include: completed refactoring of RTS point of sale used by the counties in May 2015; implemented Cognos business analytics reports in July 2015; completed deployment of refactored RTS point of sale to all 254 county tax assessor-collector offices in October 2015; moved RTS and data off the
mainframe in November 2015; repaired almost 500
production defects, some existing and some newly
introduced; redeployed the enhanced name search feature
in RTS point of sale in May 2016. It was originally
deployed in 2015 in December but was rolled back due to
low performance. The search feature is still in
production but is under review for additional
improvements.

Completed year-one release schedule as of
August 31, 2016, yesterday. Releases included
legislative mandates, such as Single Sticker I and II,
enhancements to RTS point of sale and new or improved
Cognos reports.

Work left to do: knowledge transfer from the
vendor to TxDMV IT, and the year two release schedule to
be completed August 31, 2017.

The project is on schedule and within budget.
The contract with the services vendor has been renewed
for an additional one year, from September 1, 2016
through August 31, 2017.

Any questions?

MR. INGRAM: I have a quick question probably
for maybe Eric. At one point we talked back in May --
this goes back a ways -- when we had an outage and they
changed our service level and they took us, I guess, to
platinum level, whatever that is -- gold, platinum, I
don't know. Are we still at that level? And I guess the
secondary question if we are, did they end up charging us
for it.

MR. OBERMIER: No, sir. I think we're probably
talking about a couple of different topics at the same
time. One is the level at which our RTS storage was on
with one of the external storage systems. They have
certain service levels within there. That was moved to
platinum and they have not been charging us for the
platinum rate, mainly because it's now basically
performing at the same level it was performing at what
was considered a gold level on the prior storage system
that was actually being replaced. So when they migrated
us to the newer storage system because it used slightly
different algorithms on where we're sharing the storage
with other agencies as well, so when you're sharing that,
how the algorithm determines who gets priority is
different, so once they realized that, they did move us
to the higher level.

MR. INGRAM: Thank you. And I guess another
question, and this goes to when we discussed the projects
on the 29th, Luanne, you had mentioned that you had an
outage or you believed that there was an outage that day.
Was it performance or outage, or the same?
MS. CARAWAY: It was a sporadic outage but it was, I think, more performance.

MR. OBERMIER: Right. I can go into a little bit of that. So to go back to first answer in the context of what is Department of Information Resources and DCS doing as it relates to our services. Whenever we have any issues like the intermittent issue or the sporadic one that Ms. Caraway is talking about, DIR and all of their support staff immediate come to the conference bridge. As you may recall from some prior meetings, the way the typical incident response call would go is wherever the first indicator of the problem was, that would be the only technology tower that might come to the conference bridge, if it's a server issue, only the server person would get on the phone, and then they find out maybe it's looking more like a network, then they've got to chase the network person down.

The response to any RTS issue ever since a few months ago when we had Mr. Todd Kimbriel here at that point, the interim executive director of DIR, the response ever since then and will continue to be that whenever there is an RTS issue that we report, all of the technology towers join the bridge right away, and they only dismiss them with our approval when we absolutely know whatever issue might have been going on, if it's
still going on, has nothing to do with that area.

And now going back to the issue that happened, I believe, on the 29th, if that was Monday. We do have an issue that seems to be repeating. It's typically the first business day of a week and it's typically between the 10:00 a.m. and 11:00 a.m. hour, if it happens. I say if it happens because we'll get on a conference bridge every Monday to see what is going to happen and sometimes it doesn't happen. That's kind of the watched pot never boils.

In this case it did happen, we saw a blip of three seconds of servers not talking to each other, two critical servers not actually communicating with each other, and that caused kind of a chain reaction, it looks like from initial analysis, of transactions that were in flight. Does not affect every work station, does not affect every office, does not affect every county. In this case we took, I think, a total of about 25 calls around that incident. To give you further context, typically when we have a statewide issue, we'll get so many calls in queue that there's no way we can answer them. The good news is that we'll put a message on the phone to let the counties know that we are aware of the issue and working on it, whatever it is.

But all this to say we are zeroing in, with the
assistance of Deloitte, the Department of Information Resources staff, including the Data Center Services staff, to every Monday going in, based on what we learned from the prior one, applying additional filters and packet captures to try and further isolate what the issue is that is coming back every Monday. The good news is they seem to be short lived when they do occur and in most cases, even if it does affect the county offices, it's a subset of stations within that county office. For instance, one of the busier offices in Harris County I think had just three of their work stations impacted by this issue in that one office.

MR. INGRAM: Internally, do we classify that outage differently? Do we classify it internally as a performance issue or as an outage, or is there a difference?

MR. OBERMIER: That is correct. We would classify that as just an overall performance issue since it does not impact all work stations or even all counties. So if we ever classify it as a true outage, that means it wasn't available for anybody in any respect to serve customers.

MR. INGRAM: And I know at one time back in the spring or early summer we had some charts or graphs that indicated the number of issues that we had, and I should
have thought to ask you this, and I apologize, on the 29th, but that might be nice to see something similar like that in the future.

MR. OBERMIER: Absolutely. For the month of August, just closing yesterday, we will get the graphs updated and we will get that out.

MR. INGRAM: And the graphs, do they only have the outages or they have also both problems?

MR. OBERMIER: Actually just the outages. We can include a table that would show other incidents, if you will, that may have impacted one or more of the county offices but not all of them. So anytime we would have what we classify as just an overall system performance issue, we can just include those in table. That would be harder to graph.

MR. INGRAM: That would be fine. I don't need a graph but I'd like to have that.

MS. SANDBERG: Moving on to page 98, TxDMV Fund and Processing and Handling Fee project. The 83rd Legislative Session passed House Bill 2202 to establish the TxDMV Fund and to authorize the TxDMV Board to establish rules for a processing and handling fee. The 84th Texas Legislative Session passed Senate Bill 1512 to recreate the TxDMV Fund established in House Bill 2202 and to establish that only revenue received on or after
September 1, 2016 will be deposited to the fund. On June 27, 2016, the TxDMV Board adopted rules regarding the processing and handling fee.

The purpose of this project is to identify all applications used by TxDMV affected by the changes in law and rules and to coordinate with TxDMV business areas, IT and vendors to update those applications, to coordinate with Government and Strategic Communications with releases public information, to coordinate training, orientation or other information necessary to assist county offices and other application users to navigate the system changes.

Code to establish the TxDMV Fund was deployed last weekend on August 28 and was in production on Monday, August 29. Implementation of the P&H fee is tracking about three business days behind schedule. All coding was to be completed last Friday, August 26. It was completed on August 31, delaying the start of integration testing which was planned for August 29. Delay in preparing the integration test environment also delayed the start of testing. Current projections are testing will begin today, September 1. It is still possible to recover the schedule and to deploy P&H into production on October 23, 2016, as planned, but the tolerance for risk and issues is extremely low, as there
is currently only one week of buffer remaining in the schedule.

Any questions about this project?

MR. WALKER: Yes. This is kind of a new project, so to speak. I mean, I don't even really kind of think of it as a project, but I guess I'm sitting here thinking, well, it is because something has to be done. So like what is our timeline on this? I mean, we just approved it two months ago at the last Board meeting, and what's the expected completion date? There's no expenditures, I guess, really so to speak on cost, is there?

MS. SANDBERG: It's an unfunded project. The governance team actually authorized us to proceed with this as a coordinated effort as a project in April, and originally when the work was under consideration, it was thought that some of the applications with projects in flight, this could be incorporated into those projects. But we found that it might be a more efficient approach if we had a project manager oversee all those coordinated efforts and to make sure that we identified every application. Some of the applications, in fact, we identified had no project in flight, had no project manager, so I think it's been valuable to have a coordinated effort to make sure that all of the
applications that needed to be updated were, and that any
way that they interact with each other or affect each
other was also considered.

It has been a very short timeline, we did start
in April, we started gathering requirements immediately.
We made some assumptions on what we thought might happen
at the June 27 Board meeting. There were some slight
alterations to requirements and design that the adoption
of the rules changed, but we adapted and adjusted to
that. IT and the vendor have worked together on RTS and
staff have worked on webDEALER and some of the other
applications.

We've known for several months that the TxDMV
Fund had to be implemented by September 1, so
requirements gathering on that actually had started
before April, and so fortunately, we had a little bit of
lead time on that, and thanks to yeoman's efforts by
staff, it was actually deployed on time.

MR. WALKER: So I guess my question would be --
and I thought about this when I was listening to you
start on this -- was that I don't ever remember this
being a project because it's never been on here before.
I think of the projects as RTS and those kind of things
like that. But as I was sitting mentally going through
the process, I'm thinking like, well, yeah, there would
be functions, timelines to try to get this thing implemented and so forth, that's the correct way to manage it. But the implementation of this is going to be rather quickly, I would think, so I would assume that at the next Board meeting we will be told that this project is completed? Help me out with that.

MS. BREWSTER: Member Walker, if you'll recall, the implementation date of the processing and handling fee itself is January 1, and so the end date would exceed that date. In addition to the application programming, there are significant communications pieces of the project as well to make sure that we have communicated effectively with our stakeholder groups as well as the public on the processing and handling fee. So it is not specific to the IT applications themselves, the effort is, I think, more comprehensive.

MR. WALKER: So I'm trying to visualize in my mind here what the Board -- obviously we're concerned about getting this done. Where did Linda go? Linda is already in the process of setting up the bank account, so to speak, but getting the money transferred and getting the IT technology switched over. Is it really a project?

MS. BREWSTER: So Member Walker, one of the things -- and maybe Ms. Sandberg can go into a little bit more about what the governance team does to consider a
project. Typically, it touches multiple divisions, if it's not just division-specific, if it's more enterprise related, which this obviously is. And also, another consideration is the dollar amount associated with a project. If it reaches a certain threshold, we consider it as a governance team project. So it may not be the conventional project that you have historically seen but it certainly meets the threshold of an enterprise project.

MR. WALKER: And I would probably agree with you on that. Thanks very much.

MR. PALACIOS: I would like some clarity, though, on this project or whatever we're calling it. Obviously we knew this would, I guess, initially have to be in place by September 1. Can you give me some clarity as to why this is an unfunded project and we don't even have a budget for it? How are we paying for this?

MS. SANDBERG: We were not allocated specific funds to implement the technology piece of this and so part of the cost has been staff time who are already salaried employees who have worked on this. We have had some contractors working on this. To your point, it has been something of a hybrid effort because some of the contractors who worked, for example, on the RTS changes that were necessary are a part of the RTS refactoring
project, so we have been able to incorporate staff and contractors who were already on board to work on projects related to these applications in order to accomplish this work.

With the RTS project in particular, what enables us to do that is because that particular project includes a release schedule, and TxDMV has the latitude to determine the content of that release schedule. And the executive steering committee for the RTS refactoring project approves the content of that release schedule, so this became one of the items in that release schedule that became covered, if you will, by that team that was already in place.

MS. BREWSTER: Mr. Chairman, just in short. The projects already in flight, like RTS, like webDEALER, there was money within those budgets that was used to accommodate the additional changes to be made. So although it was no specific funding source for processing and handling, TxDMV Fund, there was money within other budgets and the ability to incorporate and fold them in to be able to cover those costs.

MR. PALACIOS: Okay. Find the money.

MR. TREVIÑO: But just to go over the timeline again. So we've deployed it September 1, but we're not live with it. Correct? That happens January 1. Can you
go over what deploy and when we're actually going to be
fully live with this project?

MS. FLORES: I want to make sure that we
delineate between the two because there's two things
going on. One we established the fund and we've got fees
that are already going in there. Okay? Two, you
approved the processing and handling fee but it goes into
effect January 1. I had to have the fund set up to
receive the fees that are being deposited today. The
processing and handling fee goes into effect in January,
I won't see those fees start to come in until mid January
sometime because there's a lag.

MR. OBERMIER: If I can add to that as well.
So for the processing and handling fee portion, that
coding will go into production October 24. The reason we
have to have that running in the RTS system before
January 1 is the system needs to know how to correctly
calculate whatever the registration renewal fees would be
for vehicles expiring January 1 and later because we
start processing those 90 days in advance, they're
printed about 60 days in advance and then put in the
mail. So we already had to have the logic in the system
to be able to account for that.

MR. KUNTZ: For the record, Jeremiah Kuntz,
Vehicle Titles and Registration Division.
To add on to what Eric said, IVTRS will also allow a customer to renew online up to 60 days before their expiration of their registration, so November 1 technically we may have people that come online on IVTRS to renew their registration early and the system has to be able to correctly calculate those fees for those January renewals that are renewing in November.

MS. FLORES: And the coding will tell it where to push it to.

MR. KUNTZ: So we could start seeing revenue as early as November from the P&H coming into the DMV Fund.

MR. WALKER: I guess what would have been accommodatable to the Board here since this is a new project, so to speak, would have been to see maybe a timeline that says we're going to start this project, these are the things that we're going to implement along the way, and this is our expected date of completion where we're going to attach to the RTS system here, we've got to do this and this and this. That's where my questions really come from is what does the project encompass and what's our expected timeline of getting it done.

MS. BREWSTER: Member Walker, we can certainly provide the Board with that, we have that information. We'd be happy to do so.
MR. WALKER: Okay. Thanks.

MR. TREVIÑO: And given that timeline that you just articulated, you're comfortable that you will have time to fully test, given the dates that you've got coming up. Right? It's mission critical, it's a big deal.

MR. OBERMIER: Yes, sir. So while we did get started a little bit late on integration testing, we did get confirmation that that did indeed commence this morning, that we do believe that there is still time.

MR. INGRAM: Well, comfortable seems like a strong word.

(General laughter.)

MS. FLORES: But I do want to make sure you know we did test the DMV Fund. Like I said, I know things are happening behind the scenes; the system is down but we know transactions are going and they're going in the right bucket.

MR. OBERMIER: And if I can again just clarify, it's not our system that's down.

MR. WALKER: We're just short that $23 million in there is the only thing we're missing.

MS. FLORES: It's the statewide accounting system that's down, as expected.

MS. SANDBERG: Any other questions?
MR. PALACIOS: Please proceed.

MS. SANDBERG: Okay. Last project is on page 99, webDEALER. The award-winning project is the first of its kind in the nation and allows a vehicle title to be created, stored and transferred in electronic form, improving the speed and accuracy of the titling process.

To date, functionality for new vehicles, used vehicles, commercial fleet buyer, adoption improvements and TxDMV Fund functionality have been implemented, and a module for WebSalvage is being piloted by a salvage dealer. One of the main goals of WebSalvage is to achieve a faster turnaround time for the issuance of salvage and non-repairable vehicle titles while making the submission and approval process easier for salvage pool operators, insurance companies and TxDMV.

The WebSalvage pilot started on August 1, with Copart's New Braunfels location. VTR and Copart have been in constant communication to ensure users understand how to use the application and that the application is functioning as expected. VTR is also using the pilot phase to fully implement and streamline new procedures to ensure timely processing of the electronic applications.

Copart currently has three users at the pilot location authorized to submit applications. A total of 363 transactions were submitted in August. VTR has met the
goal of reviewing applications the same day they are submitted and approving them the same day the ownership evidence is received from Copart.

The criteria for a successful pilot included receiving a continual increase of transactions from Copart, VTR maintaining the current turnaround time on processing applications, and no discovery of major defects in the application. Satisfaction of these criteria will determine the conclusion of the pilot and a timeline for statewide implementation.

Future plans for salvage include the ability to pay fees by use of an automated payment gateway, using Texas.gov as the provider. The Board of the Texas Department of Information Resources recently voted to reduce the Texas.gov cost per ACH transaction to 25 cents from $1 for all systems used by state agencies. This allowed TxDMV to withdraw its waiver request for an exception to the process and to use Texas.gov in a future enhancement to webDEALER Salvage with a date to be determined.

Any questions about webDEALER?

MR. PALACIOS: I have a question, it's probably for Jeremiah, though. Jeremiah, I was just wondering if you could, I guess, let us know how the participation rate is progressing regarding the usage of the webDEALER
software for dealers, used car dealers and so forth.

MR. KUNTZ: For webDEALER we continue to have increased usage. The number of applications that are submitted to the counties has continued to grow as we move forward. I don't have the exact numbers right in front of me on the total number of dealers that are participating, but I do believe that we added, I believe it was 20 this last month coming on to webDEALER. So we are having increased participation by the counties and by dealers and I know that our numbers for this year exceed a million transactions for this year alone, I believe we're getting closer to a million and a half for this year, transactions that are being processed in webDEALER. So we continue to have growth in the usage of webDEALER statewide.

MR. PALACIOS: I'm just a little concerned. When you rolled this out, we had, I guess, an upward trend, obviously, in usage, and do you know if that's leveled off now? Because I can tell just in the market that I'm in that participation isn't anywhere where we had expected.

MR. KUNTZ: Participation definitely varies county to county. We have continued to see transaction volume continue to rise, just total number of transactions that are processed through the system, but
we can get you the specific details. And I've got some executive dashboards that I watch on that, so I would be more than happy to provide those to you to show you where we are as far as number of transactions, counties and dealers.

MR. PALACIOS: Are there any efforts, I guess, to promote usage of the software?

MR. KUNTZ: You know, we continue to work with the counties on that through the regional offices. We definitely had a major effort to get all of what we refer to as our DTA dealers off of the old system which was the jump drive system that the dealers used to utilize. We've moved off of that, 100 percent of our dealers are off of that old system, and so there was a large push to move them over. Since then, we have not had a major initiative to really go out and market this, as we have been focusing on the WebSalvage application and getting it up and running. And so we could definitely take a look at some additional outreach to dealers as well as the counties.

We have some further enhancements that will be coming later on that we will be working on once the processing and handling fee has been implemented in webDEALER as well as RTS. So we've got phases to move the e-Tags or the buyer's tag system over into webDEALER,
as well as an e-Title functionality for webDEALER that will improve the dealerships' usage of that. So we continue to monitor and look for ways to try and increase usage, and so we can definitely reinvigorate that some more.

MS. BREWSTER: Mr. Chairman, if I may. I don't want to give the impression that we are not promoting it at all. Obviously, whenever we have an opportunity before an association, any dealer trainings that are offered, we take advantage of those opportunities to let the dealers know that this is available and it's available statewide for both franchise and independent dealers, as well as, obviously, those releases that are to come, like the salvage release.

MR. WALKER: So if it's available statewide, I don't understand why there wouldn't be just a line outside your door waiting to sign up to say I want to do this because it streamlines their ability to do their job. I mean, maybe you two guys up here that sell cars can tell me.

MS. BREWSTER: Member Walker, if I may. That is a county decision as to whether or not those dealers want to use webDEALER within their county, so you have some of those counties that are very open to using the system and then there are those that may be a little bit
resistant to change.

MR. PALACIOS: So do we actually have counties that have prohibited usage of the webDEALER software?

MR. KUNTZ: I don't know. I don't have any information or data that I could point that says that I have counties that have outright rejected. There are varying degrees of requirements that we have heard about. I have heard that in some counties they require dealers to process at least 100 transactions a month to be able to qualify, so it really depends county by county on what kind of requirements they put in place or how they evaluate usage. We could definitely have some additional discussions with the counties about what they're doing as far as bringing on dealers, if they have any restrictions that they've placed on those dealerships.

MS. SANDBERG: I think also there's been some issues with some of the dealers that just don't want to do that in their office. I have a number of used car dealers that we're trying to get on and they're kind of refusing. They may not have internet or people to do the work, I don't know what the deal is, but we do have some that just refuse to do it.

MR. INGRAM: And to your point, Board Member Walker, if you've been lucky enough to have a title clerk that's been with you for a long time, making that shift,
that change to doing something differently -- title clerks, they like to do it, like this is the way they're going to do it and they do it this way.

MR. WALKER: Dinosaurs.

MR. INGRAM: Well, no. They're called valued long-term employees.

(General laughter.)

MR. WALKER: I have some of those.

MR. INGRAM: But you know, change is difficult and so on the dealer side that's one part of it. But on the tax assessor -- and I can't really speak to it but I can give you my impression -- is that especially in the larger counties there is this balancing act that the tax assessors are having to do with putting enough people handling the paper transaction and putting enough people handling the digital transactions, and if they don't get that process right, then it can actually be even more difficult to do it digitally because if they understaffed the digital section -- would you agree that it's a different process? Right? So you don't have the same person doing both necessarily. I'm sure in a smaller one you would, yes. But you possibly could have this person only does digital and if you don't have enough people there, well, then the time to get that process can be quite slow.
MR. WALKER: So I guess you told me something I didn't know is that when the dealer goes into the system and enters the information that the information from there goes to the tax assessor-collector's office, and they still have to take and approve and update the process instead of it just being automated into the big box.

MR. INGRAM: You're at the mercy of the tax assessor-collector to approve it.

Going to that same thing is that there seems to be sometimes a difference in how a tax assessor-collector clerk might look at a paper deal versus a digital deal. A good example is that there might be a small technical error on a paper deal that can be fixed quite easily by a clerk that's right at the counter, but if it's digital, they've got to completely reject that deal, send it back to me, and I've got to fix it and then resubmit it. So you can see where the long-term valued employees might be hesitant.

MR. WALKER: So that brings another question that I have that I didn't realize. So on a full service deputy, when a full service deputy basically does the same process in his office, does that still go back to the tax assessor-collector's office again?

MR. KUNTZ: You're highlighting the difference
between the two systems. webDEALER is an electronic
title application submission system, it is not an RTS
workstation, so the only thing that webDEALER does is it
captures the information and submits it to a county for
the county to review and approve the transaction.
There's still a review process. The documents are
scanned into the system, the clerk in the county office
can still review those documents, they're just reviewing
them in a digital format rather than in paper. So they
review all the documentation and then they approve that
transaction.
At that point it puts that transaction into the
registration and titling system, so it actually pushes it
into the system.
With the full service deputies, the full
service deputies have an RTS workstation. When they
approve that transaction, it is approved as if a county
clerk had approved that transaction. So there isn't a
secondary review by the headquarters office of the county
to review those transactions, they're approved just as if
a substation of the county had approved the transaction.
They're just going in and making sure that the till
balances with the transactions that were approved, but
that's the only thing that is reviewed in a county
office, they're not going back over all that
documentation and re-reviewing it and approving it in RTS.

MR. WALKER: I thought it was going straight into the system.

MR. KUNTZ: webDEALER does not go straight in, there is a pause at the county office for review.

MR. WALKER: Basically I just don't have to go down and stand in line to go give them the information, I'm just going to do it at the office.

MR. KUNTZ: You're getting in line digitally.

MR. WALKER: But somebody still has to approve it and go back and question maybe an error.

MR. KUNTZ: Yes, sir.

MR. WALKER: I got it.

MR. TREVIÑO: How does H.E.B.'s blackout dates affect this project?

MR. KUNTZ: H.E.B.'s blackout dates?

MR. TREVIÑO: In the document that we have, it says, Risks and issues -- at least the one I have -- the required H.E.B. blackout dates and release dates is a risk. And then it's mitigated so it's good because it's been taken care of, but I don't understand how that affects.

MR. KUNTZ: So we have limited service deputies like H.E.B. that utilize WebSub which is a registration
renewal system. Most of our limited service deputy partners utilize the web interface that is available. They just go to a URL on their workstation and it pulls up the WebSub application and they process. H.E.B. built an interface system that is embedded into their point of sale system, so it is actually embedded into their system. Any time we change our system, like with the P&H where we require a different fee structure, they have to go into their system and update their system as well. And so their blackout dates for their software upgrades impact our ability for them to be up and ready at the same time as our system.

MR. INGRAM: Could you speak just a little bit more about our efforts to start using Texas.gov in terms of timeline, specifically timeline.

MR. KUNTZ: So Texas.gov, we actually had a deployment of one of the phases with Texas.gov that happened at the same time as the DMV Fund. We actually migrated our system for online registration renewals to what is referred to as common checkout. That was an upgrade to their newest platform for processing the credit card transactions. We have phase of webDEALER that will integrate a payment functionality into the webDEALER application. I do not have the dates specifically on that integration but we are looking at
utilizing ACH and potentially credit cards for some of those transactions. Particularly we've been evaluating ACH, but that is a phase that we have for webDEALER.

We have multiple other applications that we are looking to have credit cards added onto. I believe Linda Flores might have some additional information on some of those other applications.

MR. INGRAM: So no idea yet on the timeline for the webDEALER part of that. I'm sure there is a timeline perhaps.

MS. SANDBERG: There is a timeline, it's just not included on your dashboard, and I apologize, I don't remember off the top of my head what that is.

MR. INGRAM: No problem.

So the other question is that once that rolls out, is that something that the tax assessor-collectors are going to have an option to use or are they going to be required to use it? How is that going to work?

MR. KUNTZ: The way that we have looked at the centralized payment functionality for webDEALER is that that would be an option that the counties and dealers could opt into if they choose to use that. We would not require them, like if you already have an ACH with the county, we would not require those ACH agreements to be canceled and then to use only the application. You could
continue to use your separate ACH process outside of webDEALER.

MR. PALACIOS: Any further questions for Jeremiah or Ms. Sandberg on webDealer?

MS. SANDBERG: I have one last item that if I may draw your attention to on page 99 for webDEALER. You'll notice in the upper left-hand corner, the project end date is now showing as April 30, 2018. This is a new end date since I last reported to you. The last time I reported to you, the project end date was February 2017, and that was to complete all of the remaining phases, some of which we've been discussing, e-Tag, and the e-Titles as well as the centralized payment processing module.

We've found that over the past year, year and a half, we've inserted other requirements into the webDEALER project, including single sticker, the adoption improvements release, as well as the TxDMV Fund and processing and handling fee, and that's required us to insert those in before some of these other phases. So the executive steering committee for webDEALER took a long look at the remaining work to be done, the staff capacity for doing all of this work, we looked at multiple options for how to complete the project, and ultimately, both the executive steering committee and the
executive governance team approved the option that
extended the project end date out to April 2018.

This is within the budget that has been
approved by the Legislative Budget Board for us to use on
the project. There are some increased costs on
contractors but we'll still be within our approved plan
budget even with this date extension.

We've also coordinated with the Texas Quality
Assurance Team, who has some oversight responsibility for
the webDEALER project because of the duration and because
it exceeds $1 million in cost. They accepted our
explanation and had no further questions, so we have
reported that to them as well. But I did want to make
you aware of that because that is a change since I last
reported to you.

MR. WALKER: And how much would that be,
roughly?

MS. SANDBERG: I'm sorry. I should have been
prepared to answer that question. I don't have the exact
dollar amount for additional contractor costs, but I can
get that for you and provide that for you post-meeting,
if that's acceptable.

MR. WALKER: I'm sure Linda will find the
money.

MS. SANDBERG: She already has.
The last thing in my report today for you is during last fiscal year, September 1 through August 31, TxDMV governance team closed three projects: in January they closed the regional office telecommunications project, in March the RTS name parsing project, and in July the headquarters communications project. That concludes my briefing. Do you have any other questions? (No response.)

MS. SANDBERG: Thank you for your time.

MR. PALACIOS: Thank you, Ms. Sandberg.

MR. INGRAM: Thank you very much.

MR. PALACIOS: I'll just note that Board Member Walker stepped out.

Okay. Let's move on now to item 2.B.2 on the agenda, the facilities update that will be given by Ms. Flores.

MS. FLORES: Thank you, Board members. This is a briefing item, no action is requested.

Just to remind everyone, the Texas Department of Motor Vehicles received a special line item appropriation to move two mid-sized regional service centers. We were appropriated about a million-four. However, we were able to identify a small regional office that could be moved as well within the approved budget.
The three offices chosen were Corpus, the regional office in Corpus Christi, Pharr, Texas, and San Antonio, Texas. Late yesterday we did receive the approved executed lease for the Corpus Christi Regional Office. They will be housed within a larger organization, the Regional Transit Authority, located across from the city hall in Corpus Christi, Texas. The address, I believe, is 601 Staples. That particular office houses six of our employees and we will have approximately 3,000 square feet. And having the executed lease is important to us so that we can start the logistics of the physical moves and installing badge readers and our security cameras.

For the other two regional offices, again, just kind of to level set everyone, we issued a request for proposals back in January of this year, it closed in March of this year. For San Antonio we've looked at four different properties and we have another -- actually, we've looked at seven different properties, and in Pharr we've looked at six different properties. We are still looking for space for these two regional offices.

The Pharr Regional Service Center is a little bit closer. We're actually waiting on some drawings from a potential site to determine whether or not our 14 FTEs will be accommodated within a retail space. More importantly, for both of these offices is the need to
have enough parking for large 18-wheel trucks to come in
in case they need permits. So that seems to be the
hurdle we're having to overcome for the two offices in
San Antonio and in Pharr.

MR. PALACIOS: I'm going to interrupt you for a
second and let the record reflect that Board Member
Walker has returned.

MS. FLORES: We are working very closely with
the Texas Facilities Commission, and at this point for
the two regional offices in Pharr and San Antonio, we
will probably need to escalate our concerns within that
commission and I already have an email in to our point of
contact there. And that's where we're at.

MR. WALKER: Ms. Flores, let me make a comment.
I appreciate that the agency is concerned about the
trucking industry being able to have access to those
offices to get those permits, but in reality, we had that
same concern down in Houston, I bet if you did a survey
you'd find out that 18-wheelers really don't go to any of
our offices to pick up that stuff, to be honest with you.

MS. FLORES: Well, I can tell you specifically
for the Pharr Regional Service Center, our regional
service center manager indicated that there were a lot of
trucks that come through his particular location. It's
probably because they're close to the border and so
there's a lot of activity down in Pharr.

In San Antonio, yes, we still have some concern to have the large trucks come by, but in this particular location it's more about the parking.

But more to come, and that concludes my briefing.

MR. PALACIOS: Thank you, Ms. Flores.

Any questions for Ms. Flores the facilities update?

(No response.)

MR. PALACIOS: Thank you.

Let's move on now to agenda item 2.C, the legislative and public affairs briefing that will be given by Ms. Caroline Love.

MS. LOVE: Good morning. My name is Caroline Love. I am the director of the Government and Strategic Communications Division, and today I'll be giving you all a briefing on implementation of legislation passed by the 84th Legislature, as well as an update on the efforts related to the 85th Legislative Session upcoming in 2017. You can find my briefing materials on page 102 of your board book.

The last time that I was before the Board giving an update on this was in February, and we have seen quite a bit of activity since then. At that time we
had 34 bills that had been fully implemented and 37 that remained to be implemented. Now we are up to 51 bills being fully implemented, with 20 that are to be implemented still, and that’s a little bit of an uptick from what you see in your board book because we’ve had some activity within the last week or so.

And so I’ll kind of give you an overview of what remains to be done. There is one bill, House Bill 315, which created the "In God We Trust" specialty license plate that is still awaiting an $8,000 deposit that’s required by the law.

And there was another one, House Bill 2424 that is noted in your book that allows insurance companies to get refunds for any amounts that they overpaid related to the Auto Burglary and Theft Prevention Authority fee. We have received the guidance that we needed on that from the Comptroller’s Office, and so we have now implemented that process and that one is considered implemented.

And then, of course, we have two pretty significant bills that are effective today. One has already been mentioned pretty extensively by our CFO and others which is Senate Bill 1512 related to the recreation of the Texas Department of Motor Vehicles Fund, and so that is out there today.

And then in addition, we also had House Bill
735 by Representative Israel that's effective today, which requires the department to submit a report to the legislature on the number of alternatively fueled vehicles that are registered in the state. That one has an authority for the Board to adopt rules related to providing that report, and those rules will be considered by you all later today.

And then we have 16 remaining bills to be implemented. Many are done from a practical standpoint, however, there's small things such as an update to a brochure which is in the works for all the military specialty license plates. So there are just a very few items that remain to be implemented and we're well on our way with those.

So that is the update on the items from the 84th Legislative Session. Are there any questions about that portion?

MR. PALACIOS: Yes. Ms. Love, of the 16 items that you have that remain to be implemented, can you just go over the top priority items?

MS. LOVE: Sure. So as I mentioned, ten of those are related to the military specialty license plates that are available and they're new plates that are available right now to the public but the brochure that details all of those plates is in the final review
process and should be approved very shortly.

The other six bills that remain, they are actually some that just require manual updates related to various small items, and one is related to items that will be considered in the Chapter 215 rules that will also be up for consideration later today.

MR. PALACIOS: Anyone have any questions for Ms. Love?

(No response.)

MR. PALACIOS: Thank you very much.

MS. LOVE: Sure. The next item that I have as well relates to the process for the 85th Legislative Session, and one of the things that the Transportation Code charges the DMV Board with is considering opportunities for improvement to the recommended changes in statute that might help with agency functions and operations. What the code states is: The Board shall consider ways in which the department's operations may be improved and may periodically report to the legislature concerning potential statutory changes that would improve the operation of the department.

And what the Government and Strategic Communications Division has been doing for the past several months is working with all of the divisions to obtain feedback and ideas on what items should be
considered for this type of improvement, and we are in
the process of finalizing those items internally. Within
the next week or so we'll be starting to reach out to
stakeholders so we can start getting that feedback. And
then at that point, I'll be working with the Legislative
Committee of this Board and then we'll have a report to
the Board likely around the November meeting, around the
November time frame.

There are some key dates that it wanted to
mention related to the upcoming session. November 8 is
election day, and if you're interested, early voting will
begin October 4. The bill pre-filing for the 85th
Legislative Session begins November 14, and then the
first day of the session is January 10 of 2017.

And that concludes my remarks. If there's any
questions, I'm happy to answer them. Thank you.

MR. PALACIOS: Thank you, Ms. Love.

Let's move on to the next agenda item. We have
a contested case that will be presented by Mr. Daniel
Avitia.

MR. DUNCAN: Members, David Duncan, general
counsel.

While Mr. Avitia and Mr. Herring are getting
situated, I'd like to inform the Board that the two
parties' counsel have presented us with an oral
presentation waiver which means they're not going to get up -- that's why the timer is gone. And they both signed a statement.

"The parties in the above-referenced case jointly advise the Texas Department of Motor Vehicles Board that neither party will present oral arguments during the September 1, 2016 Board meeting. The parties agree that the written materials before the Board properly reflect their respective positions and that additional oral presentations would tend to be repetitive. Neither party waives any rights, including but not limited to the right to file a motion for rehearing or the right to appeal these proceedings."

And it's signed by Howard Rose, attorney for Autobahn Imports d/b/a Land Rover of Fort Worth, and Colm Moran who is the attorney for Jaguar Land Rover North America.

MR. AVITIA: Mr. Duncan, thank you.

Chairman, Board members, Ms. Brewster, good morning. For the record, my name is Daniel Avitia. I am the director of the Motor Vehicle Division. Alongside me this morning is Mr. Ken Herring. He is a staff attorney with the Motor Vehicle Division, as well as the attorney assigned to review this matter.

Agenda item number 2.D, which can be found on
page 106 of your board books, is being presented for the Board's consideration to adopt a final order. The proposed order aligns with the State Office of Administrative Hearings judge's proposal and recommendations to the Board. Item 2.D is a franchised contested case regarding Autobahn d/b/a Land Rover of Fort Worth v. Jaguar Land Rover North America. The matter had a proceeding conducted by judges of the State Office of Administrative Hearings.

The complainant, a franchised dealer, filed a case against the respondent, a licensed manufacturer, alleging three separate violations of the Texas Occupations Code. The complainant filed a motion for summary disposition requesting that the case be decided against the respondent as a matter of law without a full contested case hearing. The SOAH judges granted the complainant's motion and ruled against the respondent as to two of the violations. After getting this ruling, the complainant withdrew the remaining violation.

By law, the Board can change findings, conclusions or orders issued by a SOAH judge when change is justified under Texas Government Code 2001.058(e). Staff has reviewed this matter and finds that 2001.058(e) justifications are not present in this case. That is to say that: one, the SOAH judge did not fail to properly
apply or interpret applicable law, agency rules, written policies or prior administrative decisions; two, there is not a prior administrative decision on which a SOAH judge relied on that is incorrect or should be changed; and finally, third, there is not a technical error in a finding of fact that should be changed.

After staff's review of all the documents that are before the Board today, staff recommends that the Board issue an order which adopts the judge's proposed findings of facts and conclusions of law. Staff has prepared a final order for your consideration, again, which aligns with the judge's proposal and recommendations to the Board.

Mr. Herring and I are happy to answer any questions you may have.

MR. WALKER: The way I read this last night when I was reading the book is that the parties have agreed on this on both sides, have they not? Did I read that wrong?

MR. AVITIA: The parties have agreed not to present oral arguments today. The matter is before the Board for consideration.

MR. WALKER: So what is being asked by the parties here today?

MR. HERRING: The parties and the staff are
requesting that you issue the order that was recommended by staff. The parties aren't necessarily saying that they agree to the order but they are satisfied that their written presentations represent their opinions on both sides of this order and that you can make your judgment based on the written presentation without the need of an oral presentation as well.

This is Ken Herring speaking.

MR. PAINTER: You're saying the administrative law judge has issued a ruling.

MR. HERRING: Correct.

MR. PAINTER: And they had their arguments.

MR. HERRING: They had their arguments against it, they presented those arguments in writing in the forms of exceptions, and they also have the option after you've presented an order to file a motion for a hearing and go through other steps of appeal, and they will rely on those steps of appeal as opposed to having oral arguments here today.

MR. WALKER: So they really didn't want to come and orally argue this in front of us, they just want to put it in a written format and say we'd like you to reevaluate what the SOAH judge determined?

MR. HERRING: Assuming that they choose to go through the appeals process, yes. I won't speak for
them, but other than say they agreed that neither side would appear today and they would rely on their presentations of exceptions that applies to the administrative law judge, and if they decided to appeal your decision, they would rely on the process of motions for rehearing and further appeal.

MR. WALKER: David, is this not like some of the deals that we have done in electronic format in the past maybe, where we've gotten requests.

MR. DUNCAN: On motions for rehearing.

MR. WALKER: I mean, I'm confused. Are they asking for a motion to rehear and here's the facts?

MR. DUNCAN: So this is a very straightforward presentation of a PFD. The judge has rendered a proposal for decision. Mr. Avitia has properly laid out that the Board's discretion in overturning a PFD is very limited by the Government Code 2001.058(e), and the staff is requesting that you adopt the PFD essentially exactly as it's written because there's no grounds to overturn it.

MR. WALKER: That's the way I read it and that's my understanding, which we've never in all the years seen something as unusual as this in this requested format without somebody being here to argue the case.

MR. AVITIA: That is correct. Essentially what typically happens is you'll have representation from both
parties presenting oral arguments for your consideration, and essentially what the parties have agreed to, again, as Mr. Duncan mentioned, is not to present oral arguments today. That is the only difference in the discussion that we're having today versus what we usually present to you.

MR. PALACIOS: So what is before us now is, I guess, whether or not we want to concur with the staff and go along with the ALJ's recommendation.

MR. WALKER: You have to. There's no way to overrule it. There's no evidence being presented to change the facts of the SOAH judge.

MR. INGRAM: Well, you could theoretically take a look at the response by the respondent and look at that and make a determination that there is a case. I'm not saying that there is. I'm just saying that there is some option.

MR. WALKER: But it ought to be his responsibility, as far as I'm concerned. If he wants to bring it before this Board and argue those points, he ought to be here to argue those before this Board.

MR. INGRAM: I guess you could argue, though -- I mean, I'm not being argumentative -- sounds bad, I guess I am.

(General laughter.)
MR. INGRAM: I guess you could say that they have, in fact, made the presentation by the response.

MR. PALACIOS: And then the other argument is the complainant is not here to argue either, so neither party is here.

MR. AVITIA: That is correct.

MR. INGRAM: The next action beyond this ruling, whichever way it may go, for these individuals would be to ask for a rehearing?

MR. AVITIA: Correct. They could request a motion for rehearing for your consideration.

MR. WALKER: I would like to make a motion that the Board accept the advice of our staff which would be to let the SOAH decision stand as it is on its merits and that's there been no evidence presented otherwise to overturn or to change the SOAH decision, is the way I see it.

MR. PAINTER: Second.

MR. PALACIOS: There's a motion by Board Member Walker to accept the ALJ's conclusions and follow the amended PFD, seconded by Board Member Painter. Any discussion?

(No response.)

MR. PALACIOS: All in favor raise your right hand.
[A chorus of ayes.]

MR. PALACIOS: All opposed.

(No response.)

MR. PALACIOS: The motion is unanimous.

Thank you very much, Mr. Avitia.

MR. AVITIA: Members, thank you.

MR. PALACIOS: Mr. Herring, thank you.

Let's move on, we're getting towards the end here, folks. We're going to move on to agenda item 2.E, proposals of the rules under Title 43, Texas Administrative Code. Mr. Avitia and Mr. Kuntz will give us a briefing.

MR. DUNCAN: If you don't mind, Daniel, I'll kick this one off as well.

David Duncan, general counsel again.

The E.1 on the agenda, the 215 rules, is a little bit unusual in that this is the third attempt at proposing this package. We brought it to you twice before. One time we just ran out of time, and then this last time we ran out of time because we ran out of Board members, so we couldn't have a quorum in time to get these in front of you.

We have worked extensively with the regulated community in both rounds of the proposal of this rule and we were fully prepared to have an adoption package that
resolved all of the issues we could resolve in those rules. And so with all of that history, we called Chairman Palacios and asked his permission to publish this by permission.

Chairman Walker, you may remember approving that a handful of times.

It's unusual, but the Government Code does not require boards to approval rules for proposal, only adoption. We typically would like to bring these to you, but with the history of these rules and having been proposed twice before, we thought it really wouldn't be that big a deal to go ahead and propose them one more time. And that will also give us a little bit of extra time and we may be able to bring the adoption back to the November Board meeting.

So I just wanted to give that background and note that this is not an action item for proposal.

MR. PALACIOS: Thank you.

Let's move on then to item 2.E.2.

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

Before you we have amendments to Chapter 217.9 of the Administrative Code. These rules are for your consideration for approval to be published for public comment. The impetus of these rules actually resulted
from an initiative that the Title Services Section of my division had conducted this last fiscal year relating to improving all of our title forms. We have consolidated some of those title forms and there was actually a title form number that was listed in this section of the Administrative Code that needed to be removed because that form will no longer be utilized, it has been consolidated with another form.

So as we opened up this section of the Administrative Code, there were some additional items that needed to be clarified, so the amendments before you are for clarification purposes, they are non-substantive in their nature.

Mr. Chairman, would you like me to continue with the other ones?

MR. PALACIOS: Yes, please proceed.

MR. KUNTZ: The next package of rules is 217.57. This is a result of House Bill 735 from the 84th Legislative Session. You heard Caroline Love refer to this. This is the report for the alternatively fueled vehicles; this is a report that is required to given to the legislature annually. That bill required us to adopt rules to implement that report, so these rules are merely to require the agency to submit that report to the legislature annually.
I can go through all these but I bet you can read them, the final amendments are to various sections of 217. These are a result of the rule review process that the General Counsel's Office has undergone. All of these changes to these various sections of 217 are non-substantive in nature, they are clerical changes to that code for your consideration.

MR. PALACIOS: Thank you. We need a motion, please.

MR. WALKER: All of this is just some cleanup stuff?

MR. KUNTZ: Yes, sir.

MR. TREVIÑO: I move we adopt changes as presented by staff.

MR. WALKER: Second.

MR. INGRAM: To clarify, we're publishing. Correct?

MR. KUNTZ: For publication.

MR. PALACIOS: We have a motion from Board Member Treviño, second by Board Member Walker. All in favor please signify by raising your right hand.

(A chorus of ayes.)

MR. PALACIOS: All opposed.

(No response.)

MR. PALACIOS: Motion carries unanimously.
Thank you, Mr. Kuntz.

Item 2.E.3 has been removed from the agenda, as we previously mentioned.

MR. WALKER: I make a motion to adjourn, Mr. Chairman.

MR. PALACIOS: Wait a minute, there's got to be something here, it's not 12:00 yet.

I just want to make an announcement. The Board will be meeting on November 3, that is a Thursday.

If there's no other items to be discussed here, no other agenda items, I guess you made a motion to adjourn.

MR. GRAHAM: Second.

MR. PALACIOS: Motion by Board Member Walker.

You've already contributed. Thank you, Mr. Graham.

Board adjourned.

(Whereupon, at 11:52 a.m., the meeting of the Board of the Texas Department of Motor Vehicles was adjourned.)
CERTIFICATE

MEETING OF: Texas Department of Motor Vehicles
LOCATION: Austin, Texas
DATE: September 1, 2016

I do hereby certify that the foregoing pages, numbers 1 through 112, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Nancy H. King before the Texas Department of Motor Vehicles.

/s/ Nancy H. King 09/08/16
(Transcriber) (Date)

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