TEXAS DEPARTMENT OF MOTOR VEHICLES
BOARD MEETING

Thursday,
March 2, 2017

Lone Star Room
Building 1
4000 Jackson Avenue
Austin, Texas

BOARD MEMBERS:
Raymond Palacios, Chair
Blake Ingram, Vice Chair
Robert “Barney” Barnwell, III
Luanne Caraway
Brett Graham
Kate Hardy
Gary Painter
Guillermo “Memo” Treviño
Johnny Walker
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EXECUTIVE SESSION

13. The Board may enter into closed session under one or more of the following provisions of the Texas Open Meetings Act, Government Code, Chapter 551:
   • Section 551.071
   • Section 551.074
   • Section 551.076

14. ACTION ITEMS FROM EXECUTIVE SESSION

15. ADJOURNMENT
MR. PALACIOS: Good morning, everyone. Today it is my privilege, I will open up this meeting with an extra degree of enthusiasm and high honor. I was provided a very special gavel by a very special person, and her name is Kristen Graham. Kristen is a senior at Pottsboro High School and here's the significance of this gavel. Kristen has been a member of the Pottsboro High School Debate Team for four years. The last two years she's been the captain of that team, and recently within the last year she has won 20 out of the 24 debate competitions that she's participated in. Recently she scored a perfect score in her debate competition, she won a best speaker award and was presented this gavel. She will be attending Baylor University in the fall and is already on that debate team.

And by the way, she also happens to be related to one of our board members, Mr. Brett Graham is her father. The question I have is did she get the skill sets from you or was it the other way around?

MR. GRAHAM: I've been accused of arguing a lot, so apparently she got the arguing from me and she got the brains from her mom, and together it's made a powerhouse.

MR. PALACIOS: Wonderful.
Well, it's my understanding that Pottsboro High School is actually viewing this meeting live, so hello, Pottsboro High School, hello Cardinals. I just want you to know that this board is comprised of nine members that have been appointed by either Governor Perry or Governor Abbott. We serve the State of Texas, and I will say we have a staff of 763 people at the Texas Department of Motor Vehicles that are very dedicated, very committed to their job, and together we strive to do the best for Texas to serve its citizens.

I will say that I am very happy to know that Texas is in great hands now with people like Kristen coming up and the great students at Pottsboro High School. So with that, I will call this meeting to order. Go Cardinals.

(Applause.)

MR. PALACIOS: Okay. So let's get on to the perfunctory items here. It is 8:02 a.m. I'm calling the Board meeting for March 2, 2017 to order.

I want to note for the record that public notice of this meeting, containing all items on the agenda, was filed with the Office of Secretary of State on February 21, 2017.

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 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 wish only 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.

One other thing, a significant note. Today, March 2, happens to be Texas Independence Day, so in honor of Texas Independence, I will ask Board Member Graham to lead us in the Texas Pledge.

(The Texas Pledge was recited.)

MR. PALACIOS: Thank you.

Now I'd like to take a roll call of the board members.

Board Member Barnwell?

MR. BARNWELL: Here.

MR. PALACIOS: Board Member Caraway?

MS. CARAWAY: Here.
MR. PALACIOS: Board Member Graham?

MR. GRAHAM: Here.

MR. PALACIOS: Board Member Hardy?

MS. HARDY: Here.

MR. PALACIOS: Board Member Ingram?

MR. INGRAM: Here.

MR. PALACIOS: Board Member Painter?

MR. PAINTER: Here.

MR. PALACIOS: Board Member Treviño?

MR. TREVIÑO: Here.

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

Also, let the record reflect that Board Member Walker is absent today.

With that, let's move on to my report. We'll begin with agenda item 2. One of the duties of the chair is to report to the governor on the state of affairs of the department. I submitted that report to Governor Abbott on February 8, 2017. The report includes updates on agency staff, budget, enterprise projects, key accomplishments and the legislative agenda. It also contains information on the need for appropriations to acquire property for the agency and also the need for continued funding for automation projects in order to continue the momentum of providing optimum service to the
State.

The report has been and continues to be distributed to legislators as we meet with them and their staff. The board members were provided a hard copy today. It is posted on the agency website, both external and internal, for all to access and read. Please reference the report whenever needed to communicate about the agency, as well as information on where the report can be found. On the public website at the bottom it is under Learn More in Reports and Data.

With that, I will now turn this over to our deputy executive director, Shelly, who is sitting here in place of Whitney, to give the executive director's report.

MS. MELLOTT: Thank you, Chairman and members of the board. For the record, my name is Shelly Mellott. I'm the deputy executive director of the agency.

If you don't mind, Chairman, I'd like to hold off on item 3.A until our colleagues return from the Capitol.

MR. PALACIOS: Yes.

MS. MELLOTT: This morning we'll start with item 3.B which in your board books starting on page 5 you'll find the two memos from the Office of the Governor regarding the statewide hiring freeze that was announced on January 31. The first memo directs state agencies to
freeze hiring and the second memo provides a process for requesting an exception to the hiring freeze.

The hiring freeze went into effect on January 31 and will end on August 31. During this time frame agencies are not allowed to post a job requisition or fill a position unless an exception to the freeze is granted by the Office of the Governor. State agencies are allowed to post vacant positions internally, but are expected to provide savings for vacant positions regardless of whether a position is filled internally.

Finance has developed a process for identifying the salary savings for vacant positions and will ensure those savings are available should the Governor's Office request to transfer those funds. We're closely monitoring the impact of the hiring freeze on the operations and are in communications with the Office of the Governor. As of today, we have a total of 48 vacant positions at this time.

Are there any questions on the hiring freeze?

MR. INGRAM: On the 48 vacant positions, how do they skew out?

MS. MELLOTT: If you look in your book, there's a list in there of all the positions that are open across the agency. It starts actually on page 11, and it tells what position is open and which division those positions
MR. INGRAM: Okay. Keep going. I'll find it eventually.

MR. PALACIOS: Are there any other questions regarding the hiring freeze?

(No response.)

MR. PALACIOS: Okay. Let's go to eLICENSING.

MS. MELLOTT: So the last thing under the executive director's report is the eLICENSING program, and I'm excited to announce that the new eLICENSING program has been deployed successfully this week. Yay! Good job, everyone.

(Applause.)

MS. MELLOTT: So TxDMV can now utilize the eLICENSING program to process dealer applications, amendments, as well as complaints without having to manually scan documents or data enter documents into the system. Beginning March 6, we will open it up externally to all the Texas dealers, and they will be able to access the system 24 hours a day, seven days a week, and be able to apply and renew online.

I was able to have the pleasure of taking Chairman Palacios up yesterday afternoon and giving him a little demo of the system. We still have little bumps but we're working through them, and everybody has done a great
job. I want to thank everyone on the eLICENSING team, we couldn't have got through it without all their help. It's been an exciting week here at the agency.

MR. INGRAM: And I personally would like to recognize many, many late hours working late overnight to get this project off the ground, so thank you very much, eLICENSING team. I don't know how many nights Daniel slept up here, but it might be more than a few.

MR. PALACIOS: I'd like to second that as well. Outstanding job, Shelly, Daniel, Judy, Eric, and I know I'm leaving people out, but they have been working around the clock to get his project moving.

This project puts the State of Texas at the top in terms of the automation for these types of services. We lead the country in this and this is something that we can be very, very proud of. As Shelly said, certainly as you roll things out there are going to be some bugs in place, that's normal, but I can tell you the staff has been working diligently to make sure that any problems that occur are rectified as soon as possible, and we have now a product that we can all be proud of, a shining example for Texas as a result of your great efforts. So thank you very, very much. We're very proud of what you did.

MS. MELLOTT: That's the end of my remarks.
MR. PALACIOS: Thank you, Shelly.

We now will move into public comment, and I see we have two petitions here for public comment, and we'll start with Mr. Howard Hickman.

MR. DUNCAN: Board members, David Duncan, general counsel.

As a reminder on public comment, under the Texas Open Meetings Act, the board can't comment or deliberate on 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 some aspect of the commenter's remarks for a future agenda with the approval of the chairman.

Also, pursuant to Board Rule 34 TAC, 206.22, open public comment is limited to three minutes per presenter. We have a timer that's being operated by Crystal Beckley of my office. The light will be yellow when the commenter has one minute remaining and red when their time is up.

Thank you.

MR. PALACIOS: Good morning, Mr. Hickman.

MR. HICKMAN: Good morning. For the record, my name is Howard Anthony Hickman. I'm a retired enforcement attorney for this agency.
Today is Texas Independence Day. It's the day set aside to celebrate those Texans who freed us from the tyranny and corruption of the Mexican government. Instead of honoring these Texans with a celebration, you dishonor them by holding an inconsequential public hearing. Your mismanagement of this agency is evidenced by the continued failure to meet the agency performance levels of June 2015. Your failure to sanction Volkswagen for the defrauding of 32,000 Texas families, and your use of taxpayer funds to finance this agency's lobbying for your political agenda is an affront to the heroic dead of the Alamo and Goliad and the veterans of San Jacinto.

I can make a case that Santa Ana should be more admired by the people of Texas than this board. Santa Ana gave Texas mismanagement and bad government but at least he gave us chewing gum. This board just gives Texas mismanagement and bad government.

To paraphrase Davy Crockett, you can go to hell, I'm going to Washington on the Brazos for the Independence Day celebration.

We'll see you at the next board meeting.

MR. PALACIOS: We have another commenter, Mr. Bill McFarlane.

MR. DUNCAN: Members, David Duncan again. I would point out that Mr. McFarlane has provided some
handouts for you. You'll see that there's a short power point and a few documents that Mr. MacFarlane has asked us to give you related to his comments.

MR. MacFARLANE: Deputy Director, Mr. Chairman and Board members, thank you for giving me this three-minute time period.

We started on this thing about two years ago. My son brought this idea to me of having a historical license plate for the State of Texas. We started out by acquiring this one from the State of Delaware, the only state right now that currently has a historic license plate. They've done very well with it, with one percent of the licensed cars there which is about 2,000 plates a year.

I brought this in about six months ago. This is the reflective value or the letters that you have in your license plates today, and this is what we are proposing. This is the same reflective values on the side of your police cars which I think is very important. Where the white dot is will be a hologram, which you have a copy of the hologram. It's a 1917 Texas Seal which will be celebrated at the Capitol Building the first of July this year. Even though it came out in April of 1917, Mr. Pickett decided he wanted to celebrate it the first of July.
We've had numerous meetings with him, Marielle Martinez, the lobbyist handling this for me with the state. We've had rave reviews from DPS, City of Austin Police, sheriff's department, and the actual hologram, which I think is very important, will have a number on it which will attach to anybody purchasing a license plate, so if somebody was in a wreck, didn't have any identification on them, that police officer could scan that in, it would give the complete record of that person.

So in other words, it cannot be counterfeited. It's built by a company that does primarily holograms for the country of Mexico. They are probably the most advanced that I've been able to find.

The plate weighs three pounds, it's special steel coated with porcelain. Porcelain plates were used in 1917, porcelain letters were used in 1917, so that's why the historic value.

Why I'm here today, in order for the state legislature to approve everything, we have to have a separate category, which there is no category right now for a replica plate or for a historic plate in the State of Texas. I think it's very important that the state should have something like this, we have nothing. Everybody comments on how pretty it is. I actually had got in a wreck back at the end of December and when I went
to pick up my car in the body shop, I had this plate sitting in the back of it, and the guy that managed the body shop said, Can I buy four of them?

MR. PALACIOS: Mr. MacFarlane, I believe your time is expired. Thank you very much.

Let's move on. We will kind of move things on the agenda around a little bit. We are going to closed session. It is now 8:17. We'll go into closed session under Texas Government Code Sections 551.071, 551.074, and 551.076. For those of you in the audience, I anticipate being in executive session for approximately 45 to 60 minutes, and we'll convene in open session after that.

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

(Whereupon, at 8:17 a.m., the meeting was recessed, to reconvene this same day, Thursday, March 2, 2017, following conclusion of the executive session.)

MR. PALACIOS: We are back. It is approximately 9:36 a.m. on March 2, 2017, and the Board of the Texas Department of Motor Vehicles is now in open session. We want to note that no action was taken in closed session.

I would also like to note that our executive director is back with us. Welcome back, Ms. Brewster.

MS. BREWSTER: Thank you.
MR. PALACIOS: We will now move on to get back to an item that we skipped earlier, and this would be part of the executive director's report. We'll move to the awards recognition of years in service announcements.

MS. BREWSTER: Thank you, Mr. Chairman.

I'd like to invite Martha Yancey to come to the podium to provide information on our employees receiving recognition.

MS. YANCEY: I'm Martha Yancey, Human Resources Division.

Will you all come down.

(Board members stood in front of dais.)

MS. YANCEY: So we have one employee being recognized this morning for 30 years of state service, Jimmy Archer.

(Applause.)

MS. YANCEY: Jimmy is the director of the Motor Carrier Division. He joined the department in October 2012, and prior to that he served in various leadership roles with the Comptroller of Public Accounts. Jimmy has been a great addition to the department. He is quick to lend a helping hand, has a contagious laugh, he has a great smile and freely shares words of kindness with those he meets. We appreciate his leadership of the Motor Carrier Division and congratulate him on his service.
(Applause. Pause for presentation and photos.)

MS. YANCEY: The following employees also reached a state service milestone but were unable to join us this morning: Luis Perez who works in the Enforcement Division has reached 20 years of state service; and Tammy Wooten reached a state service milestone of 25 years, and Tammy works in the Vehicle Titles and Registration Division.

And finally, employees who retired from the state agency recently are: Carl Scarier, Enforcement Division; Celia Coker, Enforcement Division; and Bob Brown, Information Technology Services Division.

Thank you.

(Applause.)

MS. BREWSTER: All right. Mr. Chairman, Board members, it is my pleasure to present to you Janet Dudley, the TxDMV Enforcement Division Employee of the Year.

This award has been presented by the division since 2000. Janet works out of our San Antonio regional Service Center, and conducts investigations dealing with the motor vehicle sales and distribution and salvage industries.

Janet, who joined TxDMV in November of 2013, after a career in the military, was selected after her supervisor nominated her. His nomination had since
joining TxDMV become, quote, "one of the top motor vehicle investigators through her dedication and hard work." She has consistently demonstrated her expertise in dealer laws and has become one of the section's top report writers documenting all details of her investigation. investigator Dudley always presents a professional appearance and demeanor, she is always very enthusiastic and energetic in completing her assigned duties.

However, according to the selection committee of division managers, what won the day for Janet was the following statement by Hernandez, her supervisor: "Investigator Dudley is a shining example of the DMV's mission to provide excellent customer service. A great example of that is when Janet was able to assist over 100 consumers obtain titles for their vehicles after the selling dealer went out of trust with their floor planner. Through the use of her expert knowledge and investigative skills, she was able to locate most of the titles and made arrangement for ownership transfers. For consumers where the title could not be located, she was able to assist in setting up title hearings or assisted in obtaining bonded titles. Investigator Dudley has also assisted consumers through mediation arranging to have sales unwound or some type of restitution to the benefit of both the consumer and the dealer."
I just want to thank Investigator Dudley for her very, very hard work and for representing the agency so very well in the way that she assists consumers and dealers. Thank you very much.

Please join me in congratulating Janet.

(Applause. Pause for presentation and photos.)

MR. PALACIOS: It's always nice to recognize the outstanding employees of this agency, the employees that make this agency the great agency that it is.

Congrats again, Ms. Dudley, Mr. Archer, for your service.

We truly appreciate everything you do.

Let's move on now to item 5, we'll get into the finance and audit reports, and we will start with the presentation on the TxDMV Fund update that will be given by Ms. Linda Flores and Ms. Renita Bankhead.

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

If you will turn to page 13 in your board agenda book, this is a presentation, it is a briefing item only, no action is being requested of the board. This presentation is an update on the TxDMV Fund revenue and expenditures for activities through January 31, 2017.

As you know, the agency began depositing revenue into the Department of Motor Vehicle Fund, Fund
10, on September 1. The operating budget for fiscal year 2017 is primarily funded by revenues collected in the fund. The legislation did authorize a one-time transfer of $23 million into the fund to provide cash for cash flow purposes. The transfer was processed on September 2.

For the month ending January 31, the total collections were $49.3 million, and with the inclusion of that $23 million, brings total cash available to $72.3 million. Although the process and handling fee went into effect January 1, we did start to see collections in early November of about $3,000. Revenue collections for process and handling for the month of September totaled $2.7 million.

With regards to our projected revenue versus actual revenue, you can see that our projections are fiscally conservative. We have been seeing deposits come in higher than we anticipated. Our projections through January were $44.6 million but our actual were $49.2 million. We also know that in February we do expect to see a slight drop from our projection because we know that the refunds were delayed in February so we know that those things have an impact on our constituents if they're going out to buy new cars or whatever, if they didn't get their refund in time or maybe they have other obligations, but we do expect March to be a higher spike, as it normally
is. March, for whatever reason, is our highest month when it comes to deposits.

But for the first time, we were able to cover all of our expenses just from the revenue that we deposited in January, so January revenue was more than enough to cover our January expenditures, so that's a good thing.

With regards to expenditures, I'll let Ms. Bankhead cover our actuals and projected.

MS. BANKHEAD: Chairman Palacios, Ms. Brewster, members of the Board, for the record, I am Renita Bankhead.

Our January expenditures for Fund 10 totaled approximately $9 million, and salaries make up most of those expenditures, along with contract services and consumables. The table there shows what we projected for our expenditures versus what we've actually spent, and the amounts we projected were based on the expenditures in fiscal year '16. So we've had some spikes and some other kind of ups and downs, and basically those are related to when we're billed for our major expenses, specifically, the Data Center contract, sometimes they'll bill us a little, sometimes they'll bill us a little later, also when the agency decides to increase the postage meter for mailing our renewal notices and that kind of thing, also
the contract with TDCJ for plates. It just depends on when we bill those things and they kind of go up and down during the year, so that's kind of why you see the fluctuation between what we projected, which was based on '16, and what's actually going on. Our actual expenditures are a little bit more in line.

The other thing, if you look on page 14, you'll see that we had $2 million in contract services that was related to plate production. You'll also see $300,000 in consumables which seems a little high when you think about consumables like pens and paper and that kind of thing. The other thing that's included in that amount is what we spend for the counties for toner cartridges for the printers that we have out in the county tax assessor-collector offices, that's to replenish those toner cartridges, so that's a pretty big bill that we have to pay and we paid that in January.

Finally, in response to the governor's letter on the hiring freeze, the staff has calculated the amount of salary lapse for positions that were vacant as of January 31. As Ms. Mellott indicated earlier, these funds are being set aside to ensure that we meet the governor's request to generate cost savings. In addition, Finance staff is calculating each month the amount that's generated through vacant positions and we're also setting
that money aside just to make sure that when the governor
calls for those savings that we will have them available.

   Finally, and now really finally, the budget
staff is in the process of performing a midyear review of
expenditures. This process will identify funding for
unanticipated agency needs and help us to manage any of
our fund balances moving forward to ensure that we lapse
the appropriate amount but we still have enough in our
fund balance for the DMV Fund to keep us going for the
next year.

   And that concludes my presentation.

   MR. PALACIOS: I have I guess a broader
questions that's probably related to all the departments.
Has the hiring freeze had any impact on our ability to
provide services at the level that we're accustomed to
providing? Have we been inhibited in any way at all in
the operation of our responsibilities?

   MS. BREWSTER: Mr. Chairman, if I may, I'd like
to respond to that.

   MR. PALACIOS: Yes.

   MS. BREWSTER: That is something that we are
looking at very closely on an ongoing basis. All of the
division directors are monitoring that very closely
because we are a customer service agency and if we don't
have sufficient staff to be able to provide quality
services, we're working against our mission. So we are looking very closely at the impact on the agency of those vacancies. We've also established an internal process for submitting a waiver so that we can work with the Governor's Office on anything related to public safety but anything that is inhibiting our ability to perform.

And so to date we are proceeding business as usual, however, we are looking very closely and talking about that on an ongoing basis to ensure that our performance as an agency is not suffering as a result of vacancies, and having ongoing communication with the Governor's Office as well; we've had regular contact with them about the hiring freeze and the impact as well.

MR. PALACIOS: When is this hiring freeze supposed to end?

MS. BREWSTER: It's through the end of the fiscal year, so starting September 1, that's when state agencies are able to start hiring again, actually posting to fill.

MR. INGRAM: Then I had one followup question. The amount per month that we're having to put aside for those non-filled positions, how much is that?

MS. BANKHEAD: I really don't have an answer to that. It depends on how many positions become vacant during the month, so if somebody leaves in February or
whatever.

MR. INGRAM: Right. I know it's going to move a bit.

MS. FLORES: It's based on what that person is leaving, the compensation that they're leaving. So for example, if that monthly compensation is about $3,500, that's what we're going to pull. So we have to know what compensation they're leaving behind.

MR. INGRAM: Okay. I guess what I didn't understand was it doesn't include the positions that were previously empty.

MS. FLORES: Oh, yes, it does.

MR. INGRAM: Okay. That's what I thought. So that amount is kind of what I was looking for.

MS. BANKHEAD: That amount is almost $1.2 million.

MR. INGRAM: Okay. That's what I needed.

MS. BANKHEAD: Positions that were vacant as of January 1.

MR. INGRAM: Yes, ma'am. Thank you. I was just trying to figure out in my head because I can see incomes, expenses, but that number was kind of like --

MR. TREVIÑO: Is that $1.2 million the projection for the entire hiring freeze?

MS. BANKHEAD: Yes. Once those positions stay
vacant through August 31.

MS. FLORES: And that's for the original set, so as more positions become vacant during the fiscal year, it's going to add to that, but it shouldn't be less than $1.2 million.

MR. TREVIÑO: So you're projecting like a $1.4- perhaps, something like that. Right?

MS. FLORES: We're hoping that it stays at $1.2-.

MR. GRAHAM: You don't actually have to freeze those positions. I mean, you can move personnel. Right?

MS. BREWSTER: We have been told that we can post internally, so meaning if there is someone within a division where there is a position available, we can post those internally for hire. So to your point, we could fill positions internally, we just can't post for external vacancies to be filled.

MR. GRAHAM: So you can shift personnel.

MS. BREWSTER: Yes, sir.

MR. GRAHAM: For essential positions that are currently open.

MR. TREVIÑO: But you guys have done sort of a task assessment of the positions that are open and determined if anything is mission critical and then shifted that over to make sure it's not something like
somebody has to plug something in.

MS. FLORES: The governor's directive indicated that if we were going to request a waiver, it needed to be related to public safety. As Ms. Brewster mentioned, we're looking at all of our vacancies to determine whether it meets that criteria. But if there's an opportunity internally, we are letting those go through, but at the end of the day, there has to be a vacancy, if people are shifting around, somebody gets left behind or a position gets left behind.

MR. TREVIÑO: I'm talking about more that if something that there's a position open and part of the responsibilities is something that impacts say a wider body of team members, that task that they were performing, it's almost a task assessment so it doesn't negatively impact either how we operate or something that's going to really affect us down the road.

MS. FLORES: I know from my own division you saw quite a number of vacancies. Some of those duties have had to be absorbed by others in the team to ensure that nothing gets dropped off.

MR. TREVIÑO: We've done one sort of over the entire agency, I would guess. It's not a financial question, it's more a toward the director question, I guess.
MS. BREWSTER: Yes. We're looking at all of our processes to see, one, is there a different way of filling that gap, or like Ms. Flores said, absorbing those functions within the agency using existing agency staff to a certain extent.

I will say that yes, the governor's directive is related to the ability to fill positions related to public safety, however, if we do see that there are situations where performance is suffering as a result of vacancies, we will submit a waiver to the Governor's Office for consideration.

MS. FLORES: And that concludes our presentation on the DMV Fund update.

MR. PALACIOS: Okay. Are there any other questions?

MR. TREVIÑO: I've got a question, yes. Ms. Flores, did you find anything surprising about the revenue stream with the changes, anything that you weren't expecting or anything you're surprised by?

MS. FLORES: No, sir. We're very fiscally conservative when it comes to our projections. On the process and handling fee we are receiving more than we anticipated, but that's true in several other fees. The one fee that we know is being consistent is the oversize/overweight permitting fee revenue. That's been
in a slump, it continues to be in a slump, but all the
other fees, titles, other registration related fees such
as buyer's fees, those continue to go up a little bit
higher than our projections. So we can't really pinpoint
what's driving that increase yet, so we just continue to
monitor every month.

MR. PALACIOS: Are there any other questions
regarding the TxDMV Fund?

(No response.)

MR. PALACIOS: If not, at this time we will not
consider the relocation of the Pharr Regional Service
Center, and instead move on to a facilities update.

MS. FLORES: Thank you.

If you'll turn to page 15 of your board agenda
notebook, we will be discussing relocation projects for
Bull Creek, Corpus Christi Regional Service Center, San
Antonio Regional Service Center, and the Pharr Regional
Service Center.

As you know, we were appropriated $1.49- for
the relocation of Bull Creek and $1.4 million for the
relocation of the regional service centers. The Bull
Creek folks, rather than finding lease space in some part
of Austin will be relocating to the Camp Hubbard campus in
January 2018. So this is just a snapshot. We thought
we'd show you a snapshot of the building here on Camp
Hubbard. It's in Building 6 on the fifth floor, and this is just a schematic of all for the planned cubes and office spaces, so it's still a scheme.

They are in the process of literally tearing things out on the fifth floor. I believe there's some asbestos remediation going on so we're not allowed on the floor at this time. But it's moving forward, they're on target, they've got their contractor lined up and they've started work. We're in the process of also ordering modular pieces for our cube space, and making the plans to physically move Motor Carrier. So all of that will kind of come to a head around September-October-November of this year.

As part of anticipating to move in January, we have asked for a rider in our appropriations bill to allow us to carry forward any unspent dollars into September, because we know we're not going to move until January. So normally our appropriations end in August but knowing that we're not going to move until January, we wanted to be able to access those appropriated dollars into the new biennium. So that is out there. We have gotten questions about it as recently as yesterday about that, so we're also sharing the plans with the committee staff on this item.

This is the Corpus Christi Regional Service

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Center, and I think you've seen this before and we had question last time, well, where is our office. You'll notice that there is an orange arrow on the picture this time around, and that is the exterior. There's a door right under the arrow. That's where our entrance will be located. We're moving along in this particular project. We actually have pictures of the work that's going on today. The plan here is to move March 31, so that's at the end of the month, that's a Friday. We'll close down the office, move everything over to the Corpus Christi Regional Transit Authority on Friday, get them set up on Saturday, and they'll be open for business on Monday.

So a lot of work going on right now. We've had AT&T out there, the IT folks out there, our regional service center manager, Stefan Krish, has been out there as well just kind of staying on top of everything. And we're very pleased with the way everything is looking.

For the San Antonio Regional Service Center, the last time you were here you allowed us to enter into a lease. The new property is located at 15150 Nacogdoches Road. Again we included an arrow, and this is the front of the new office location. It is in a strip center. There's not much going on here as far as work, actual construction. We just had plans that we submitted to the landlord and their architect so they're working up an
office space plan, but it will be here.

And for Pharr, we did remove the Pharr item from consideration. We thought we were real close on a lease and it didn't go through. So we're back to kind of looking in Pharr but at some point we're going to have to make a determination whether that regional service center is actually going to move from where it's at. Today we're co-located with TxDOT. So we've looked at over 40 properties in Pharr and they've been out of our price range or they don't fit our needs. Parking is an issue, access for the large trucks, the 18-wheelers coming in for permits, so those two things are really driving the issue with Pharr, but there is one property that we're still looking at and we'll see how it goes in the next month.

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

MR. PALACIOS: Yes.

MS. BREWSTER: Just a point of clarification.

We are co-located with TxDOT. There is no effort for TxDOT to sell the property and they have not asked us to relocate. So if ultimately we are not able to locate a location that works and meets our needs, we're going to be fine, so I just wanted to make sure that the board was aware of that.

MR. PALACIOS: Thank you.

MS. FLORES: And that concludes the
presentation on the relocation efforts this year.

MR. PALACIOS: Thank you, Ms. Flores.

Are there any questions on the facilities update?

(No response.)

MR. PALACIOS: Okay. Thank you.

Hearing no other questions, we'll move on to
the Internal Audit Division status report, to be given by
Sandra Menjivar.

MS. MENJIVAR-SUDEATH: Good morning. For the
record, my name is Sandra Menjivar-Suddeath, Internal
Audit director, and I'll be presenting item 5.D which is
the Internal Audit Division status report. The status
update begins on page 19 and is a briefing item only.

So for the status update, the first part of the
status update is what Internal Audit is doing. Right now
our registration title and refactoring single sticker
post-implementation review is in reporting, we've finished
our field work on that. The report has been sent to the
division directors for their review, and then it will go
to the executive director for her review, and then it will
be sent to the board for their review. So we plan to
finish that audit completely with reporting by March.

The next one is the management board requests
the IT organizational review which was an advisory
service. We finished our field work on that last week. We're currently working on the report, and once we are doing with that, we will provide it to division directors, the executive director and the board for review. We also anticipate finishing that by late March.

The next item is one of our newer projects. It's the continuous monitoring of vehicle registration and title transactions. This is an advisory service. Initially it was thought to be something we were going to do continuous monitoring every month, pull transactions, review them to identify potentially fraudulent transactions. Due to timing and other competing interests, we've updated the objective to help the division, which is Vehicle Titles and Registration, to identify reports that could be used to continuously monitor for fraudulent transactions, and so on page 20 you'll see the advisory agreement.

The deliverables we'll be providing is identifying high risk fraudulent activities that may warrant monitoring, providing information on fraud risk thresholds for transactions, providing information on transaction trends that could be potential indicators of fraud risk, and then identifying how often the reports should be monitored. We plan to wrap this up by June. That may change, however, due to competing priorities with
the legislative session and Vehicle Titles and Registration's availability.

The final item for the Internal Audit is the Internal Audit recommendation followup engagement. Our audit standards require us to monitor the progress of recommendations. In previous years what we've done is done an actual followup audit on external recommendations. This year we're taking a different approach, we're looking at our internal recommendations, since the recommendation statuses have not been verified since the inception of Internal Audit. So on page 21 you can see the list of Internal Audit recommendations we'll be reviewing, there's 119 Internal Audit recommendations.

We've started with the audit of Automobile Burglary and Theft Prevention Authority and the anti fraud, waste and abuse program. We're wrapping up the field work on those, and then we'll continue on with other audits and review the recommendations. At the end of the year we'll have a report that will say these are how many that were actually implemented, these are still in progress, these have new due dates, and these are not implemented. And so that will give the board and the agency assurance that these recommendations are being taken care of. That's for the internal side.

On the external side, the SAO, the State
Auditor's Office, is still working on the complaint process audit. They're finalizing their field work within a week or so, so we plan to have a report from them in May.

Are there any questions on our status update?
(No response.)

MS. MENJIVAR-SUDEATH: Okay, great. Then the next item I'm presenting is 5.E, and we're requesting a decision on a bid, and I'll let our general counsel, David Duncan, discuss it.

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

In your board books at page 22 you'll see a short summary of the status of this issue. The State Office of Risk Management visited early last year on an audit and consultation on insurance and property risk issues. One of the recommendations of that review was that the board be presented additionally -- the board has seen this issue previously twice -- that the board be presented with the opportunity to obtain director and officer insurance. You will see that the provider that is on contract with the State Office of Risk Management has provided you three options of $1 million, $3 million or $5 million of coverage for varying costs that are discussed in that summary document.
Having reviewed the risks that are covered by that insurance and having had a discussion with the board on those risks in executive session, it's the staff's recommendation that coverage be declined.

MS. HARDY: I'll make a motion. I'll move that the board decline the offered contract for the public officials liability and employment practices liability insurance with ACE American Insurance Company.

MR. INGRAM: Second.

MR. PALACIOS: We have a motion by Board Member Hardy and a second by Board Member Ingram to decline the public officials liability and employment practices liability insurance. Is there any discussion?

(No response.)

MR. PALACIOS: Hearing none, I would ask that all those in favor of the motion please signify by raising your right hand.

(A show of hands.)

MR. PALACIOS: The motion passes unanimously.

MR. DUNCAN: Thank you, members.

MR. PALACIOS: Thank you.

Okay. Let's move on now to item 6.A which will be an enterprise projects update to be given by Ms. Judy Sandberg and Mr. Eric Obermier.

MS. SANDBERG: Good morning. For the record,
I'm Judy Sandberg, director of TxDMV's Enterprise Projects Management Office.

A copy of this update begins on page 56 of your briefing book and continues through page 68. I will not be seeking any decisions today; instead, my purpose is to provide you with a briefing only on the active projects.

Moving on to page 58, you'll see an overall portfolio view of all the projects. I'm very pleased to report to you that the TxDMV projects portfolio is very healthy. It is green in almost all aspects, including overall, schedule, budget and in change management.

As you've already heard this morning, on slide 59 is the dashboard for the LACE replacement project. We're all very excited this week to be able to say that eLICENSING is live and in production. It's been an interesting journey but one that I do think I would like to echo Chairman Palacios's words earlier: I think this will be a moment we can all look back and be proud of.

Almost every division in the department has been touched in some way by this project and has contributed staff who have worked on it. They have all risen to the occasion, often at personal sacrifice in order to do so, but it is a proud moment to be able to see it really working, so that's very exciting news.

MR. PALACIOS: Congratulations again.
MS. SANDBERG: Well, thank you on behalf of an army that stands shoulder to shoulder to get this done.

So overall, the health of the project is green because we are about to bring it into full production, and at that point in time it will transition into a warranty period where there are some remaining defects that our vendor is responsible for repairing by the end of the contract which is March 31. We have indicated that as one of the risks, but I can also report to you that the vendor has already actually begun work on those items in parallel with the go-live activities and they've brought in additional staff on their side to help make sure that they finish those on time. And in fact, later today one of the discussions to begin is to start planning on how we resolve those defects, so we're already looking forward to the warranty period.

With that, do you have any questions about this particular project?

(No response.)

MS. SANDBERG: If not, I'll move on to RTS refactoring. I'm also pleased to report to you that RTS refactoring is in good health.

One of the things you may notice on the dashboard, in the very center on the second row in the status box there's a new little bubble to the far right
for risk. We're always looking for ways to improve the information that we provide to you the board and the executives in DMV, and we thought it might be helpful to add an indicator for risk. Especially when a project is in all green status, we want to make sure if there is a risk that we should be watching that we indicate that.

And there are a couple of risks related to the RTS refactoring project, primarily having to do with resources and scheduling. The disaster recovery coverage in the middle tier is a risk we've been carrying for quite some time, but we expect it to be remediated once we actually implement the new middle tier. So we view those as low risk right now, we're just keeping an eye on them, but I'm pleased to report that the future releases, the upcoming releases for RTS, while there's been some delay on one of the upcoming releases, we have kept a very close eye on it and it is on schedule to be put into production on time.

I also would like to in parallel go ahead and talk about the Single Sticker.

MR. BARNWELL: Before you do that, I have a question for you on the risk. How do you assess the risk? Is it the risk that the middle tier fails, or is it the risk of a loss of data, is it a critical failure? What happens?
MS. SANDBERG: In this particular situation, the way we're looking at the risk is the fact that we don't have a specific disaster recovery plan in place for the middle tier that's in the Austin Data Center.

MR. BARNWELL: If the Austin Data Center fell into a giant hole and was unrecoverable, what would happen to the data?

MS. SANDBERG: That's why Mr. Obermier is here. I'll defer to him.

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

Mr. Barnwell, to address that question, actually the production for the middle tier servers is actually run out of the San Angelo data center, just for clarification there. So the reason the risk is there right now is when the middle tier was built years ago back when TxDMV was actually still part of TxDOT, there was not a separate set of servers stood up in parallel to be kind of a hot standby set of servers to then move everything over to, so what that means is if there was a failure, then servers have to be stood up.

MR. BARNWELL: Stood up and configured and loaded.

MR. OBERMIER: Correct.

MR. BARNWELL: But the data is not lost.
MR. OBERMIER: No, sir.

MR. BARNWELL: That's the critical kind of failure I was concerned about.

MR. OBERMIER: Right. So it is always backed up, and should we have a failure any time after the last backup occurs, what happens with these databases is they maintain transaction logs which are backed up every 15 minutes, I believe. So what happens is then if you did a backup overnight and you had a failure late the following night but before the next backup occurs, what you do is you have to restore from the last full backup and then play back all those transaction logs to roll forward up to within 15 minutes of when you had the failure.

MR. BARNWELL: Okay. Thank you.

MS. SANDBERG: Moving on to Single Sticker Phase II, which is on slide 61, which has actually been run much in parallel with the RTS project. We're very excited to report that actually is going to go live next week ahead of schedule. We had some good news overnight on some batch testing that's been very interesting for us to watch, but we had some success last night, so we will actually be implementing that particular project a little ahead of time next week.

Any questions about Single Sticker Phase II?

(No response.)
MS. SANDBERG: Moving on to webDealer, I'm pleased to report that the status of webDealer has improved since the last time I reported to you. It is overall in a healthy green status, it is on schedule to finish by the current project end date which is in April 2018, and we are within budget and we are within scope.

And the only risk that we are really watching at the moment has to do with resources. We are sharing resources for this particular project along with AMSIT and in some cases the eLICENSING efforts of this week have drawn upon those very same resources. And over the last I would say month, we have had to very closely look at the schedule for AMSIT, the schedule for webDealer, the impact on the RTS project because we are using some of the exact same skill sets, particularly from the IT Services Division.

We took a hard look at what it is we were trying to accomplish, and as we were developing the requirements for the centralized payment module of webDealer, we also uncovered that the automated clearinghouse, ACH portion of centralized payment was broader than we might have originally imagined. It affected beyond the webDealer project. It would require some modifications in RTS, IVTRS, and we began to realize as we tried to define the requirements, it was going to
require a bigger solution than we had envisioned. We also began to understand from a business point of view that it might require some changes in rules that might have to be considered and adopted.

So we convened the executive steering committees for those three projects in a joint meeting to talk about what our options are to make sure that AMSIT stays on schedule since it's scheduled to end by August 31, and we made a recommendation that we defer the ACH portion of centralized payment to a completely separate project to be organized at some point in the future and that we focus on credit card payments for salvage and for out-of-state tags. And that was approved by the executive steering committees for those three projects that we take that step.

We also postponed the deployment of centralized pay by one month. It was scheduled to go in mid October, we postponed it to mid November. That allowed us to have some relief for staff who are working on AMSIT so that they can finish their work and we can completely complete that project by the end of August, which is when our funding is required to be used.

So I wanted to attempt to explain to you why we made that kind of change. We attempted to look at this from an enterprise perspective how the applications relate
to one another, how our funding has been provided, approved by the legislature for each one of these projects in order to make sure we were being efficient and effective in using that funding while still accomplishing as much scope as we possibly could. And we still have plans to proceed with the eTitles portion of webDealer which will be the next phase after we complete eTags, centralized pay, and then eTitles is fast on the heels of centralized pay.

Do you have any questions about webDealer?

MR. PALACIOS: Yes, I do, Ms. Sandberg.

So I understand the applications that are still pending, I guess, we're looking to have put in place, I guess, by April of 2018 would be eTags, eTitles and then the centralized pay.

MS. SANDBERG: Yes, sir, that's correct.

MR. PALACIOS: Okay. Otherwise, everything else is in place for use by the end-users.

MS. SANDBERG: They're available for us, yes, sir.

So that brings us to AMSIT on slide 63. It is also in a favorable state and a healthy status. The reason risk is yellow is because of the resource competition that we just described to you. We're watching that very closely, but we are attempting to prioritize
AMSIT since we have the shortest runway for AMSIT to
complete that project on time.

But there have been significant progress in the
last couple of months, especially working with our vendor.
You may recall we did some amendments with them a couple
of months ago, made some changes. They are now on board
and working solidly. We've actually started the Novell to
Windows migration. We've made a good deal of internal
progress on cleaning up our files on servers so that they
can be moved into the new data center. Our NSOC
installation is well underway, so we're making good
progress there.

The issue where we have overlap is implementing
the ForgeRock identity access management piece on
webDealer, and we need to do that before we migrate off
the TxDOT servers into the new Austin Data Center, and so
that's where we have some competition for webDealer
resources and why we're focusing on getting that AMSIT
piece done first.

Any questions about AMSIT?
(No response.)

MS. SANDBERG: Thank you.

Moving on to slide 64, the facility physical
security project, I'm also pleased to report to you that
we are on target for 15 out of 16 regional service centers
to have the physical security equipment installed and in use by April 1.

The one office that is remaining is the San Antonio office, and that's because of an overlap with their move to a new facility. And we've encountered a situation where the contract project manager we hired will essentially be finished with most of their work in early April. It does not seem cost-effective to keep them on board for two months while we wait to move into San Antonio's new office. So we presented some suggestions to the executive steering committee for that project and the governance team, and they just earlier this week approved moving the San Antonio RSC out of scope for the project and transferring it to the IT Division for their responsibility to take care of. That will save us two months in project manager costs by making that move, and he IT Division will be responsible for maintaining that equipment at some point anyway once the project ends.

So that was a change in scope that I wanted to share with you to let you know, but we are on target to be finished with every office except San Antonio by early April.

Any questions about that project?

(No response.)

MS. SANDBERG: County equipment refresh project
is also ahead of schedule. You can see the metrics for yourself there on the lower left. We have over 63 percent of the work is finished, with only 46 percent of the schedule duration having elapsed. In the lower left corner you can see how many of the work stations have actually been installed, how many are remaining. We are, as I mentioned earlier, about 63 percent complete with all the installations of the new PCs, new printers, removal of the old PCs and processing those through the warehouse and having that particular equipment surpluses. But we anticipate that this project will also be finished in April.

There will be some work to be done after the installations are actually finished. It will take us probably a few weeks after that to make sure that all of the old equipment that we've brought in has been properly processed, and the data has been accurately accounted for, but we are on target with completing that.

That is the last of our active projects.

I have one new piece of information I wanted to just make you aware of on slide 68. For the first time we have attempted to provide you some definitions for the dashboard colors that we use for the indicators. I won't read those to you now, but certainly after you peruse them, if you have any questions, please feel free to
contact me and I'll be happy to try to answer any questions you might have. But we thought it might be helpful if you could see how we decide something is red, yellow or green.

Blue is usually reserved for things that are completely finished and so that's why has an indicator in the column heading that's usually for closed projects. Just because a project is closed, however, doesn't necessarily mean that every indicator is blue. Sometimes you can close a project with something not necessarily in a blue status, but that's not our goal.

That concludes my briefing. Do you have any questions?

(No response.)

MS. SANDBERG: Thank you very much.

MR. PALACIOS: Thank you, Ms. Sandberg, Mr. Obermier, for your briefing.

Next we're going to move on to the Performance Quality Recognition Program update. It will be a briefing that I believe will be led by Mr. Jeremiah Kuntz.

I'd also like to state for the record it is 10:31 a.m., and Luanne Caraway is leaving.

MR. KUNTZ: Good morning, board members. For the record, my name is Jeremiah Kuntz, director of the Vehicle Titles and Registration Division. I'm joined
today by Tim Thompson, my deputy, and he will be going
over some of this Performance Quality Recognition Program.

Before we get started, I wanted to thank all
the members that participated in our Performance Quality
Recognition Program working group. Those included Ro'Vin
Garrett, Kevin Kieschnick, Ronnie Keister, Cristyn
Hallmark, Becky Robles, Becky Watson, Deborah Hunt, Robin
Harper, Tammy McRae and Terri Garvey, who were all tax
assessor-collectors who participated in that working group
to help put this together. Additionally, we had DMV staff
that worked a whole lot on this program, and that included
Aline Aucoin from our General Counsel's Office, William
Diggs, Amber Wilson and Jeanna Gordon, Tamra Parr Lamb and
Kimberly Jasso from the Vehicle Titles and Registration
Division. They put in a lot of hours putting this program
together, and so I wanted to make sure that we publicly
thanked them for all their assistance in getting that
together.

With that, I'm going to actually turn it over
to Tim Thompson to go over some of the merits of the
program and how it's put together.

MR. THOMPSON: Good morning, members. My name
is Tim Thompson, serving as the deputy director of the
Vehicle Titles and Registration Division.

The purpose of this item before you is to
provide you a high level overview of the program. It's going to require no additional action to be taken on your part. So as I thought about this in preparation, I realized that this item really predates, I guess, most of the board, so I thought I would provide you some degree background, hopefully not give you a historical lesson but give you some background to give you context for this item and hopefully some appreciation for where we're at today.

The genesis for the item actually goes back to HB 2017 from the 82nd Legislature. It's interesting that we've been at this for six years now, but here we are. That particular bill was signed into law and created Transportation Code Section 520.004. That section of statute required that the agency establish standards for uniformity and service quality for county tax assessors regarding vehicle titles and registration, so we've been under the auspices of that law for six years now.

Initially after that statute was passed, a working group was formed. That particular working group was spearheaded by former member Cheryl Johnson from Galveston County, and also the former VTR director, Randy Elliston. Much as the current working group is constituted today, that group also included a number of prominent tax assess-collectors from across the state and DMV subject matter experts.
That group, really all the work was done by teleconference and the group did a lot of work as far as cleaning up, I'd call cleanup type work, you know, we verified the ways a lot of things should be done and instituted maybe some consistency about different processes, but there were, what I would say, no long lasting things left in place for future use. So after the group concluded its work, there really was some dormancy until late 2015.

At that time our Internal Audit Division had done some work, had worked with 50 different tax assessor-collector offices from around the state, did some survey information, discussed current practices and actually discussed what would be a good way to provide recognition for the work done across the state. The Internal Audit Division released to you Audit Number 15-4 in November of 2015, and so once you accepted that audit, we put together another working group, again comprised of the ten tax assessor-collectors recognized by Mr. Kuntz and our current staff here.

As opposed to the teleconference method, one of the things that I thought as nice is we actually had three different meetings here in Austin, Texas where all these tax assessors came in, all of our staff was here, and we really just discussed some best practices and ways that
other states do their business, and really just kind of
put together some work for what would become a rules
package that you were delivered back in June of this past
year.

So I guess going back to the audit work, what
they really did was they laid out a template for
recognition. That template contemplated having a bronze
level of recognition, a silver level of recognition and a
gold level of recognition.

Bronze really was to recognize offices that
complied with state laws and agency rules for registering
and titling motor vehicles and then doing that type of
training with our DMV training modules.

Silver was to recognize offices that met bronze
but also moved more into customer-centric operations and
innovations within their offices, and obviously
contemplated that they would comply with all the statutory
requirements.

And then finally gold, that was to again
require that you would meet all the requirements of both
bronze and silver, and then that you were, again,
following statutes and our rules, and that you were
actually performing customer-centric business practices
that met or exceeded expected levels of service.

They also provided a number of actual items to
be looked at in meeting these service levels, and we essentially used that status that you approved as a template for where we're at today. So again, in June you passed Subchapter J of Chapter 217, which in essence the purpose and scope of the new subchapter was to describe procedures and general criteria for the department to use in establishing and administering this program, it's kind of where we got to today.

We had two subsequent meetings with the working group and actually did a lot of work to develop a guide that I believe you got for your last meeting, so hopefully you have that before you.

I guess the easiest way to go about this is if you look at the sheet that you were given today, you really have at the top the three recognition levels that we were discussing earlier as far as bronze, silver and gold, and if you also notice, there are, I guess, basically you could say strategies for policy, programs and procedures, and then the outcome measures, and then on the vertical plane you see training, customer service, fraud prevention and business process.

Just if you look at the bronze level, you've got twelve different required items there. To achieve this recognition, the tax assessor-collector would have to actually meet all twelve of those items. Then in bronze
it goes to 22 items, nine of which are required and the
remaining are optional items -- I'm sorry -- silver, and
so you would earn one point for each of the nine required
and then you would need to earn additional points to total
up to 14, so you could take on any of those additional
items to try to get to that recognition level. And then
finally, gold you would, again, meet both bronze and
silver, again, you have 22 items, nine of which are
required in that as well, plus achieving these optional
items to get up to 14 points.

If you were to look down across the horizontal
plane at the customer service, for example, you would have
a dedicated county tax assessor website, so that would be
your base item in that category. And then if you go
across to S-11, you have published motor vehicle services
and information on the county tax assessor's website, and
then finally, if you go across to gold on G-11 you have
county website analytics. So that's an example that this
is designed to start off with a base level of recognition,
a base level of performance, and each of these items then
gradually increase in the requirement, but more
importantly, the service to which it's tied to.

I would tell you that the group that came in
included well respected members of the tax assessor-
collectors group. I thought actually their
representatives and the members here, I thought we worked together very well. We actually have a product now that will be long lasting. The guide that you have, we actually received our printed copies from our printer this week. We're in the process now of preparing it for distribution across the state.

We're also going to have a link or actually have a place on our website on the tax assessor-collector sub where counties that are recognized, they'll be able to be listed on our website to let the public know who's recognized. Those that receive recognition will receive a certificate from Ms. Brewster and also receive a logo that they can put on their website to show that they're a recognized tax assessor-collector office. Actually, that logo that they can put on their website can be linked back to ours to give an explanation of the overall program.

MR. BARNWELL: How often is that reviewed?

Once I'm a gold level, how long am I gold level?

MR. THOMPSON: You would be gold through the end of your current term.

MR. BARNWELL: Term of office?

MR. THOMPSON: Yes, sir. Then you would renew after you're into your next term.

MR. BARNWELL: Is there a further review?

MR. KUNTZ: They would reapply, so after their
term of office expires and their recognition expires, they
would have to reapply for that recognition.

MR. BARNWELL: So is there any way during a
term to upgrade?

MR. KUNTZ: Yes. They can upgrade after the
completion of a full fiscal year. So if they got bronze
for fiscal year '17, they could come back and reapply in
fiscal year '17 for silver or gold. They can go right to
applying for gold. If they meet all of the criteria, they
don't have to apply for one and then step through them,
they could just apply for gold in their first application
so long as they've met all of the criteria for all of the
levels.

MR. BARNWELL: Okay.

MR. THOMPSON: Likewise, if there's some event
that might lead to the office no longer being eligible for
that particular recognition level, there's actually a
provision where the level could be demoted a level, and
just as Mr. Kuntz said, that would require a new
evaluation period to pass before you could apply for the
higher level.

MR. BARNWELL: Do we go and reclaim the
certificate we gave them?

MR. THOMPSON: We might just cut the logo off
the internet.
MR. TREVIÑO: How many tax assessor-collectors are there?

MR. KUNTZ: 254.

MR. TREVIÑO: And this is a voluntary program. Do you have any thoughts on what your goals are for how many people will actually apply for the program?

MR. KUNTZ: At this point we have not established any goals for that. We really wanted to get the program rolled out and then gauge interest from the tax assessor-collectors. This is something we will definitely talk with them about at their conferences. We will also make sure that our field service reps and our regional service center managers are discussing this program with their tax assessor-collectors to try and encourage them to participate.

MR. THOMPSON: One thing to keep in mind to that degree too -- and who knows how this will turn out -- some of these tax assessor-collectors that were on the group, and again, I would characterize as well respected within that organization, this was actually a program that they desired as well, so hopefully that attitude will prevail among the group and we'll have good participation.

MR. KUNTZ: To add on to that, one of the comments that they made during the work group was that this was a great template for best practices, and one of
the tax assessor-collectors said, I really wish that this had been around when I was first elected because it kind of gives you a roadmap of what should I be focused on, what should I be doing in my office. And so hopefully they take that to heart and they use it, the new tax assessor-collectors have something they can reference to see kind of what are the best practices in the industry.

MR. THOMPSON: I personally think that the most exciting part about this is we do have a published document, we do have something that will be ongoing, and again, will hopefully be a model to help provide better citizen service for the foreseeable future.

MR. INGRAM: So if you could walk me through what it's going to look like to a tax assessor. They perform these items and they apply. I'm wondering who verifies it and who makes the decisions, so is it a group or you're going to actually go to the tax assessor? How is that going to be done?

MR. KUNTZ: So one of the things is as we built this program we needed to build it in such a way that it was easy to administer. Obviously, we don't have extra staff that are dedicated to this program, we're doing it with existing resources, so we have an application, there will be a digital application that's available to them that they can fill out. A lot of this is self-
certification, they certify that they are doing these things, they sign the document at the end. Some of these items are particular in that they have reports out of RTS that they would rely upon and they would submit as supporting documentation to that. So it really depends on which criteria we're focused in on.

As you look at this program, really in bronze a lot of is base level things, it's your oath of office, provide us that you took your oath of office. You've got bonds that you're maintaining, you would provide us copies of your bonds that you're maintaining. So there's going to be supporting information that they provide that they should readily have available.

As you move into silver, what we're looking at -- and I'll take the very first one -- is annual inventory concludes with no discrepancies found. That annual inventory is performed by our field service representatives. We will know if they have met that because that's our own report, our field service reps would be able to validate that yes, they had no discrepancies found in their review.

So as I'm kind of walking through that, there's a lot of this information that we either have available or that they can present. Some of them, like a commitment to training, in the manual we have provided a kind of
statement that they are signing, so they are signing that commitment when they sign their application that they are committed to training their office. There's not anything that's needed there, it's something that they are making a commitment as they submit their application.

As you go forward from that, participation in webinars, we track that participation so we would see what their numbers are in participating in webinars.

MR. THOMPSON: Member Ingram, likewise on item S-14 and G-14, which contemplates queuing systems and use of stanchions, et cetera, that also was a discussion that our SFRs and our regional managers, as they do site visits in the counties would also be verified and that those things are in place as well.

Also, we've actually contemplated that the receipt of the application initially go to our regional managers who have the most familiarity with those particular tax offices and would have a better idea of where we're at on a lot of these things.

MR. KUNTZ: To do an initial review so they could initially review them and then submit them up. We have not constituted the committee that would be reviewing these at this point but that's in our plan as we get to that first review stage gate.

MS. BREWSTER: Mr. Chairman, if I may?
MR. PALACIOS: Yes.

MS. BREWSTER: There is also within the manual information about if we do not have sufficient evidence of something, we can request additional information before making a determination, so there is a process built in for getting more information if their application is deficient in some way.

MR. KUNTZ: One of the other things that we were very cognizant of, I know Mr. Thompson went over how many points they have to receive in each of the criteria, those were very carefully thought out, the number of points required, and we heard a lot about can a small county participate, can a large county participate. We were very cognizant of the different types of criteria, some are easier for large counties to achieve, some are easier for smaller counties to achieve, and so we tried to make sure that there was a balance that small counties meeting those that they could achieve could get to the same points that the large counties would be able to get to that same points because they could get queuing systems, for example. A small county doesn't need or would not have the funding to put in electronic queuing systems like a large county would.

And so there's definitely some differences in the way that the points were weighted so that we made sure
that everybody could equally participate.

MR. THOMPSON: And actually, in the group, the
tax assessors themselves went for a more aggressive points
level.

MR. PALACIOS: Peer pressure, in my judgment,
is always a good motivator. I know you mentioned the TACA
meeting coming up in June. How do you see this? Because
the way I look at it, those that are going be at gold
level or maybe even silver are going to sign up
immediately, those that are bronze, but I guess the goal
would be to get everybody to sign up for this, but how do
you see that? It would appear to me that it would be the
TACA network themselves that would have to promote this.

MR. KUNTZ: Yes, and like we said, there's
definitely members from that association that participated
in the work group that are vocal members within that
organization, and so my hope is that they would bring
forward that message that this is a good program that
their membership should participate in.

MR. TREVIÑO: Even if you don't get universal
uptake, at least you have a standard that's been presented
by the association, the TACs and also the department of
what is expected of a well run office, so this is a good
document, even if we don't get universal uptake.

MS. HARDY: And back to peer pressure, once a
year you'll publish a list on whether you're gold, silver or bronze, and everybody can check the list.

MR. GRAHAM: So along that same line of thought, what are we doing -- I heard you talk about a certificate that they'll earn -- but they're going to a great effort that this is going to provide a much better experience for their constituents, Texas taxpayers, what will they then be able to do to kind of beat their chest a little bit to their constituents that, hey, we've worked hard and achieved this measure?

MR. KUNTZ: They will definitely have that ability, in stump speeches, all those kinds of things, make it known that they have met those recognition criteria. They will actually get a physical certificate they can hang in their office, plus the digital certificate they can put on their website, which we thought was important. A lot of these counties, I know Williamson County has got a great website, there are a lot of folks that go and visit that website, and so having something that they can put on there that shows that they've met some level of recognition I think is important to them.

We have also contemplated how to issue those certificates. Depending on the different levels, I think gold level is one that would definitely warrant some
production, if you will, having some kind of award ceremony, and so that's something that we'll look at as we get to that.

MR. THOMPSON: The logo in use on this program contains the wording Driven to succeed.

MR. KUNTZ: Driven to serve.

MR. THOMPSON: Driven to serve. And really, I think that those offices that they really are driven to serve the public and take this heart will be proud to show, hey, we have really received this level of recognition.

The only thing that I foresee that could be a slow start for us, I almost think about webDealer in the early days how we barely started going and then it's just taken off like lightning. The only issue we have here is our evaluation period runs September though August, so they're going to see the criteria kind of during the midpoint, so it may be a little difficult for them to achieve gold in this first year.

MR. PALACIOS: Okay. Are there any other questions on these standards?

(No response.)

MR. PALACIOS: Okay. Hearing none, thank you, Mr. Thompson, Mr. Kuntz.

We'll move on to the MOU for Enforcement staff.
relocation to be presented by Mr. Bill Harbeson.

MR. HARBESON: Thank you, Mr. Chair. My name is Bill Harbeson. I'm the director of the Enforcement Division at the TxDMV. I'm speaking on item 6.C of your agenda which is a briefing item only.

The agency on the 17th of February entered into a memorandum of understanding with the Tarrant County Sheriff's Office and their Auto Theft Task Force. Under this MOU, they are essentially going to be providing office space for one of our Dallas-Fort Worth investigators to work in that office.

To back up a little bit, ABTPA Director Bryan Wilson, when he took the position here, immediately recognized that our investigators work on a daily basis with these auto theft task forces as far as sharing information, handing off cases that one may have jurisdiction over and the other doesn't, so Bryan recognized this and encouraged us several years ago to start the first one of these joint office arrangements, and that was down in the Galveston area outside of Houston. And that was such a success that Tarrant County approached me and said, When can I get one?

And that's what you're looking at today. So this second MOU for housing one of our people is a continuation of what we see as a big success as far as
partnering with these auto theft task forces and we see that this is going to be another positive for the agency and for the task force in their respective duties.

I'll be glad to answer any questions you may have about the program or the memorandum itself.

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

(No response.)

MR. PALACIOS: All right. Hearing none, thank you, Mr. Harbeson.

Let's move on to the item 6.D.

MR. TREVIÑO: Chairman, excuse me.

Mr. Harbeson, if you could, after you do the program with Tarrant County, just what is the success, just could you come back with some stats as how the program is running and how you guys feel it's working?

MR. HARBESON: It's difficult to measure.

MR. TREVIÑO: No problem. Just think about it and just kind of a report.

MR. HARBESON: Mostly it will be anecdotal, sir.

MR. TREVIÑO: Well, as long as we can come back with something, I think it would be useful.

MR. HARBESON: Well, if there's one positive, it's one less body in our facility. We'll save a little
on energy and parking.

(General laughter.)

MR. TREVIÑO: All right, fair enough.

MS. BREWSTER: Mr. Chairman.

MR. PALACIOS: Yes.

MS. BREWSTER: Member Treviño, we'd be happy to provide you with a report.

MR. HARBESON: Yes, sir.

MR. TREVIÑO: Thank you.

MR. PALACIOS: Thank you, Mr. Harbeson.

Let's move on now to centralized registration fulfillment update by Mr. Kuntz.

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

This is a briefing and will provide you an overview of the centralized fulfillment of online registration renewals. Back in November of 2016, we began processing centrally online renewals through our centralized vendor which is Xerox, and so I wanted to give you an update of how that's been going.

To date it has been extremely successful, in my determination. In November -- and I believe you've got some of these numbers in your board book -- we processed 512 renewals. Those were early renewals for January stickers, so customers that had a January expiration were
renewing early online in November. In December it started to tick up, we had 34,902 registration renewals processed in December, in January 180,465 renewals were processed, and then in February we have processed 167,696, for a total of 383,575 stickers have been centrally processed through our vendor.

The system, as any new system, we're monitoring it very closely, we're tracking to make sure that things are being printed on time, being put in the mail on time.

We have had some learning curve, I guess, if you will, with the post office on their ability to trace letters through the postal system. They have something called an IMB trace number, which is an intelligent mail barcode. If you're familiar with barcodes, it's actually got some interesting variations, I guess, to it, it's a specific barcode that the post office uses, and we are in something called informed visibility which we get a report back on all of the letters that have gone through their scanners and that have scanned that intelligent mail barcode.

It is something that is, I think, relatively new for the post office to scan and track just regular mail. Obviously, they track packages door to door so you actually get a scan when it's delivered to the door. With the intelligent mail barcode, we don't get that door-to-door scan, so when it goes through distribution center and
it's scanned, we see that and we can pick that information
up through an electronic report that they submit to us.
That information is used for our tracking tool that is
online, and so based on the codes that we get back from
them, they actually have some ability to show us return
mail and those kinds of things as well.

So we're tracking that very closely. It is a
newer initiative, I guess you'll say, for the post office,
so I think they've got some learning, we've got some
learning with it to make sure that we're understanding and
interpreting the information that they're sending back to
us and that we're making sure that we're getting timely
stands from them. So there is some nuances to the program
that we're having to make sure that Xerox is paying
attention to and we're going to continue to monitor. It
keeps getting better; every day that it goes by it seems
like we're getting better at kind of understanding the
data that they're sending back to us.

But because of some of that scanning, our
process that we have in place right now is if we don't get
a scan back from the post office, initially we were highly
concerned that we had an issue and we went ahead and re-
mailed stickers thinking, hey, it never actually entered
the mail stream. We determined later on that no, there
are times that the post office is not scanning those
codes.

So what we have instituted is a survey process, and so what we are doing is we are getting back a report of any pieces of mail that did not get scanned by the post office and we are sending an email survey out to them to ask them how's your experience been, have you received your sticker, if you have not please let us know. And if they have not received it, our assumption is it never got into the mail and we are sending them a new sticker without having to have them go to the county offices. We're hoping to try and eliminate the trips to the county office with a customer that's upset that they didn't get a sticker.

So we're continuing to monitor that. We'll keep you updated as things evolve on this program, but it seems to have gotten off to a pretty good start as far as we can tell.

MR. BARNWELL: Jeremiah, how do you look at the scans? Is that on computer, or do you have people dedicated to look at the scans and match them up with your printout?

MR. KUNTZ: So we do get reports from Xerox. Xerox actually gets reports from the post office and they load it into a web-based system that they have, and then they provide us with a daily report. We have something
that we call the exception report.

MR. BARNWELL: An exception report, sure.

MR. KUNTZ: And so we get an exception report daily that has all of the exceptions on it. If something was on the exception report the day before and it falls off, I have one individual in my office that is tracking that very tightly, and so she sees if the numbers get better from the day before, she knows that it went down and she can see where that has occurred. So I really have one resource upstairs that's doing this, she's doing a great job, Tricia Eckert, and so she's tracking that very tightly.

MS. HARDY: What percent do you think doesn't get scanned, do you know?

MR. KUNTZ: That don't get scanned? It's a pretty low percent. Out of the 383,000, we have only had a few hundred. And it's interesting because when you say they don't get scanned, the first day they hit the post office you've got a very large number, every day that goes by it shrinks and shrinks and shrinks until you get down to after about ten days you know you're not going to be any more. And so that's kind of what she's experienced is after you get past the tenth day, you kind of know that that one is not going to get scanned, it probably made it all the way to the customer. In fact, in our surveys...
we've found that there are quite a few that it made it all the way to the customer, never got a scan by the post office. But it's a very low percentage, I mean, it was less than a percent, I believe.

MR. BARNWELL: Do the people that you send these to -- I do it online -- do they all have email?

MR. BARNWELL: Yes. Email is a required field when you process online, so we automatically know we have an email address from that customer because they can't complete the transaction without it.

MR. BARNWELL: And Jeremiah, out of 300—however many thousand out of four months, you've had a couple hundred that didn't get delivered?

MR. KUNTZ: Less than a thousand that didn't get a scan.

MR. BARNWELL: Okay. It begs the question is this an efficient use of your resources.

MR. KUNTZ: We are automating that survey for emails. Right now it's a little bit manual.

MR. BARNWELL: I understand there's a growing process for it, so you're working on the email, which we all get those all the time: Did you receive it; if you did, you don't need to take any further action; if you didn't, contact us.

MR. KUNTZ: Correct.
MR. BARNWELL: Okay. I knew you were on that but I just wanted to ask the question.

MR. KUNTZ: I think we sent emails around, I think it's less than 300 emails that we've sent to date, and I think we've received like five or six returns that have said no, I didn't get it, so it's been a very, very small percent.

MR. BARNWELL: Okay, cool.

MR. TREVIÑO: So you've only sent out five or six replacements out of all those.

MR. KUNTZ: Since we started doing the email. Originally we did a large run of replacements because we didn't have the survey process in place, and I think we sent out a couple hundred of those, but since then it's fallen off dramatically.

MR. TREVIÑO: On the overall uptake, though, are you hitting the projections that you had? I can't remember what the number was, 15 percent, 10 percent, 5 percent were going to go to this online. Are we ahead of that, are we behind that as a percentage of our overall?

MR. KUNTZ: Our online percentage has been flat at 18 percent for like the last six months, it has not moved. We're pretty early into this process, I haven't looked to see if February had an uptick or not, but it has just been holding steady at 18 percent. We continue to
monitor that and see if we get an uptick later in the year
or something.

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

MR. PALACIOS: Yes.

MS. BREWSTER: We did project 19 percent for
2017, so we're still pretty early.

MR. BARNWELL: You overestimated then.

MS. BREWSTER: Yes, we're one percent off.

2017 isn't over, Member Barnwell.

(General laughter.)

MR. INGRAM: I have a related question, barely
related, but it made me think of it. Did we ever change
the RTS system so that we could start capturing cell
phones, or is that still something we need to do?

MR. KUNTZ: I would have to go back and review
the different requests that we have in. I don't know if
that one has been put in place or not, I would have to go
back and check. I know we have a lot of requirements that
are coming up. Most of what has been going on with RTS
has been trying to fix issues that have popped up. I'd
have to look and see where that is in the list.

MR. INGRAM: Okay. Because you know where my
head is at.

MR. KUNTZ: Absolutely.

MR. GRAHAM: So my fellow board members have
asked some very, very good questions here today, but there
is one compelling question I believe remains to be
answered. Who was the number one online registrant? Do
we know who number one was?

MR. KUNTZ: We do know who patient zero is,
yes.

MR. GRAHAM: Who was patient zero? Can you
disclose that?

MR. KUNTZ: Eric Obermier, our CIO.

MR. GRAHAM: Just wanted to give him a little
public shout-out. I heard that.

MR. KUNTZ: He stayed up to do it.

MR. GRAHAM: Midnight, 12:01, bam. Well done.

MR. KUNTZ: He was a batch of one for that
night. Nobody else stayed up for it.

MR. PALACIOS: Did he get a certificate or
something for that?

MR. GRAHAM: He did get his registration
sticker, I think.

(General laughter.)

MR. PALACIOS: Any other questions for Mr.
Kuntz on the centralized registration fulfillment?

(No response.)

MR. KUNTZ: Thank you very much.

MR. PALACIOS: Thank you, Mr. Kuntz.
Okay. Let's move on to another very, very busy person these days, Ms. Caroline Love, who will give us the legislative and public affairs update.

MS. LOVE: Good morning. For the record, I'm Caroline Love, director of the Government and Strategic Communications Division, and I'm here to provide you all a briefing on the status of legislative efforts this session. This is what I like to refer to as the fun part of the agenda, because it's always fun, going to the Capitol and dealing with all these things. At least I think it is; otherwise, I wouldn't be here.

MR. PALACIOS: We appreciate your great attitude about all this.

MS. LOVE: That's the key.

So what I'll start off with is just a refresher of the Texas Transportation Code does require that this board consider opportunities to look at improvements and efficiencies in statute. It's just for reference, Transportation Code Section 1001.025. And after those recommendations are adopted by the board, we share those with legislative leadership, including the Office of the Governor, Lieutenant Governor, Speaker and the chairs of our committees. So we had done that after the board adopted these recommendations in November, and then, of course, we got a new chair of Transportation a few weeks
ago, Representative Geanie Morrison of Victoria, and so we have since shared that information with her and her staff as well.

And just this morning, our executive director, Whitney, was able to give an overview to that committee, the House Transportation Committee, in their organizational hearing, and I heard that it went quite well, there weren't a lot of questions at all, from what I understand, zero. But we'll definitely keep you apprised of those types of hearings and things like that.

Of the recommendations that were adopted by this board, there were about ten, and six of those measures have been filed as legislation to date, so I'll give you an update on those, and I'll also talk about which ones have not been filed. The one related to several registration code changes which includes a lot of cleanup language and also the opportunity for a registration sticker that is done through an online renewal, for the receipt of that registration renewal to serve as proof of registration for 30 days, and we're hoping that that measure will help prevent people from going into their tax assessor office, a rush at the end of the month or the very beginning of the month because they want that sticker on their window. So that's an important one, that's House Bill 2461, and Representative Pickett
filed that for us.

And then we also have the permanent token trailer registration provision which is House Bill 2433, also by Representative Pickett. This one allows for token trailers the option to go with either an annual registration of $15, which is the current process, or if this were to pass, they could go for a permanent registration at a cost of $80, and that's something that will help make Texas more competitive with other states in that regard since other states have these types of programs.

There is another one on motor carrier registration and enforcement changes. This has a lot of provisions that we pursued in the 84th Legislative Session that didn't end up becoming law, and it relates to greater enforcement for what are referred to as chameleon carriers. So these are carriers that may have operated under another name and they may have been sanctioned or have issues, but under current law, our authority to either prevent them from registering or taking any kind of action on those carriers is very limited, so this would help in that regard. That one has not yet been filed but the draft has been complete on that, so we're working on getting that one filed soon.

Next is the Title Act changes. That is House
Bill 2462, also by Pickett. And this one includes the certified copy of original title provision. We're the only state that allows for this type of title to be issued, and it leads to confusion that the original title and the certified copy of a title all have the same value, essentially. So this would eliminate that, that if someone were to go in and get a certified copy of original title, it would supersede any previously issued titles, so that's an important anti-fraud type measure.

And another component of this bill would also allow for the state statutes to reflect federal requirements when it comes to odometer disclosure statements. This is certainly of great stakeholder interest as well. In fact, very similar legislation has been filed on that one component by Representative Jay Dean, and that one is House Bill 1693, so we're going to be working with that office and kind of making sure that we're all consistent on that.

The next one is the Lemon Law bill, that's House Bill 2070 by John Smithee, and he is chairman of the House Judiciary and Civil Jurisprudence Committee. During the interim, his committee heard an interim charge related to Lemon Law, and they did ask us if there were any items that we felt like could be improved upon in the Lemon Law statute. We came to him with this legislation that had
not only things that we were trying to get cleaned up in
that statute last session that didn't pass, but also, a
way to clarify what qualifies in terms of people
attempting to remedy a Lemon Law type situation.

MR. PALACIOS: Do you know the specifics of
those rule changes or statute changes?

MS. LOVE: I would hate to get too much into
the detail on it and appear that I might mess it up, but
should we call on Bill Harbeson, maybe?

MR. PALACIOS: Yes. Just the major points.

MS. LOVE: Thank you.

MR. HARBESON: Bill Harbeson, director of
Enforcement.

Yes, Chairman Palacios, under the current law
there's a requirement that before repair attempts prior to
becoming eligible under the Lemon Law, in the current
statute it says two of these have to happen within the
first year and the second two have to happen in the second
year. The change in the statute allows just for four
attempts, the belief being that meeting that requirement
of two in one year and then two in the second year was
removing a lot of people from eligibility for not really a
very good reason. For instance, under the old law if you
had one problem the first year and then three the second
year, you would not be eligible. That's the major change.
There's also some things in the statute, when the Lemon Law was changed several sessions ago, there was two bills filed and both of them ended up in the law. They're not significantly different in any meaningful way, but it's a little confusing because there's two sections addressing the same matter in the current statute.

MR. PALACIOS: Okay. So to be clear, the four repairs, what's the time frame for those four repairs?

MR. HARBESON: Two years or 24,000 miles.

MR. PALACIOS: Two year/24. All right.

MR. HARBESON: That part is in the law, but there's a further restriction about when those four repair attempts have to occur.

MR. HARRIS: And that is pretty consistent across the country?

MR. HARBESON: Across the country, yes, ma'am.

MR. PALACIOS: Thank you.

MS. LOVE: Thank you, Bill.

On to the next item, there is a seized disabled parking placard process. That one has been filed by House Bill 1790 by Representative Pickett, and essentially, this removes an outdated requirement that the department send a letter to a person who has had a handicap placard seized. It's something that usually by the time the letter gets there, they're already aware, so it's something that would
certainly increase efficiency for the department.

The next one relates to administrative changes on vehicle size and weight limits. A lot of this is cleanup language, it's been filed by House Bill 1795 by Representative Pickett. And it also includes a new recommendation that would help streamline the distribution of the permit fees. The current statute in these oversize/overweight permits are all over the place in terms of what percentage goes to the State Highway Fund or the DMV Fund and GR and all sorts of different areas.

By and large, a majority of the permits have 10 percent of any permit issued go to the credit of the DMV Fund to cover the cost of issuing those permits, but to help make it clear for any future permits, we have included language in there that says for any permit created by this legislature in the future, unless it's otherwise stated in statute, the DMV Fund would get 10 percent to cover our program costs.

And the next one, House Bill 1789 by Representative Pickett, has very specific changes to vehicle size and weight limitations and it helps to reflect state statutes with what was recently passed at the federal level through the FAST Act, or the Fixing America's Surface Transportation Act.

And one that's yet to be filed is the
notification to demolish a vehicle and that process. One of the things that's currently in statute is a redundant process to notify an applicant that they're going to demolish their own vehicle, so certainly if someone is applying to demolish the vehicle, then they wouldn't need to be notified that they're about to get it demolished, and that's something that we're hoping to clarify there. And also, clarify that there's a $10 fee that's associated with the authority to demolish that vehicle from the applicant, and that that fee will be deposited to the credit of the DMV Fund.

And then the last one that also the draft has been received but we're talking about who might be carrying this one, is the ability for the department to own and control real estate, and it very specifically lists Camp Hubbard property and the ongoing discussions we've been having with the Office of the Governor and TxDOT about transitioning the space from TxDOT to the department.

I'll give some other updates about the session in general. Are there any questions on the board recommendations?

(No response.)

MS. LOVE: Thank you.

And in terms of in general the legislative
session, there are definitely some key dates coming up, the most imminent one being next Friday, March 10 is the last day for general bill filing. After that date, local bills can be filed that have a very limited impact or emergency legislation, but for the most part, most bills will be complete and filed by that date. The legislature has filed more than 4,000 bills to date, and so that probably will go up around 6,000, I would imagine, by next week, so there will be a lot filed in the next several days.

At the department level we're monitoring approximately 10 percent of those, I would say, right now, and a lot of those are things that we're just kind of keeping on our radar in case they might be changed. They don't necessarily have a significant impact to the department, but we just want to kind of check and see what happens.

The Legislative Budget Board does request that agencies fill out fiscal notes for bills that have an impact to them. We've received 60 of those requests from the Legislative Budget Board so far. About 50 of those are a direct impact to the agency, the other ten all are all state agencies impacts but they do request that we weigh in on some of those in terms of our impacts.

We've certainly had quite a few hearings that
are more organizational in nature, but we had last week our Senate Transportation organizational hearing and provided testimony there, and that went very well. And then we've also had both our Senate Finance and House Appropriations committee meetings that talk about our article, and we're continuing meetings ongoing there. And we'll certainly be keeping the board apprised of any significant updates.

That's all I have for today, unless you have any questions.

MR. PALACIOS: Thank you, Ms. Love.

MS. LOVE: And I hope that was fun for you.

(General laughter.)

MR. PALACIOS: Always.

Okay. Let's move on. Let the record reflect it's 11:24 a.m., and Mr. Barnwell has left the room.

Okay. Let's move on to item number 8 in our agenda, Chapter 209, Finance, to be presented by Mr. Jeremiah Kuntz and Linda Flores.

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

Before you is a proposed rule for publication, Rule 209.2. This rule is regarding the charges for dishonored checks or insufficient fund checks. As we have
been looking at adding ACH to some of our applications, one of the things that has been identified is that there are possibly charges that would be assessed by our ACH vendor, which would be Texas.gov. There are some assessment of fees that they would assess to us for those charges not paid. What this rule does is add the ability for the department to assess those fees to the customer that had insufficient funds for that transaction.

MR. TREVIÑO: Do we receive a lot of insufficient funds?

MS. FLORES: No, sir, normally we don't. For the record, Linda Flores, chief financial officer.

No, sir. Our insufficient funds are pretty low. Specifically with registration we collect pretty much everything. We normally take credit cards, so if it bounces, it's processed within the time so we're not charged that on nonsufficient funds, it's just a chargeback.

MR. TREVIÑO: Mr. Chairman, I move that the board approve the proposed amendments to Section 209.2 for publication in the Texas Register for public comment.

MR. PALACIOS: Okay. Motion.

MR. GRAHAM: Second.

MR. PALACIOS: Motion by Board Member Treviño, second by Board Member Ingram.
MR. INGRAM: It was actually Brett.

MR. PALACIOS: I'm sorry. Board Member Graham. Is there any more discussion?

(No response.)

MR. PALACIOS: Okay. All in favor of the motion please signify by raising your right hand.

(A show of hands.)

MR. PALACIOS: The motion passes unanimously. Again, for the record, Board Member Barnwell is absent.

Let's move on to item number 9 now, Chapter 215, Motor Vehicle Distribution, to be presented by Mr. Harbeson and Mr. Avitia.

MR. HARBESON: My name is Bill Harbeson. I'm the director of the Enforcement Division.

Before the board this morning at agenda item number 9 is an amendment that we're asking the board to approve today for publication for public comment. More specifically, this is a change to Section 215.140 of our rules which deals with the requirements that a dealer have certain premises requirements to be considered to be regularly and actively engaged in the business.

What this rule does is says that in regard to these requirements to be considered to be regularly and actively engaged that every dealer located at that location must meet these requirements. And this rule
meets a problem that we on occasion will face in the field where there are multiple dealers at one location, for instance there will be four and we show up and find out that really there's one desk, one chair --

MR. PALACIOS: Excuse me, Mr. Harbeson. Let the record reflect that it's 11:28 and Board Member Barnwell has returned.

MR. BARNWELL: Thank you, Raymond.

MR. PALACIOS: Please proceed.

MR. HARBESEN: We will show up at these locations and discover really what we're dealing with is just a front for curbstoners. They will lease a space, license as many dealers as they can at that location, but it's really not a dealership for one or the other three. So the rule merely clarifies that everybody that's licensed at a location by Mr. Avitia's group must meet the premises requirements of every other dealer that we license about the proposed rule.

I'll be glad to answer any questions.

MR. PAINTER: Do we have a lot of that?

MR. HARBESEN: Yes, sir, we do. Unfortunately, we have certain landlords that that's the business model. They will take a piece of property say outside of Dallas -- without naming a specific town -- and they will have a series of very inexpensive buildings set up and
each one of those is potentially for dealerships, and when we go out there we find nobody out there, no vehicles, no dealers, but again, they're using it just to get the license to get into the auction to buy the cars and then to curbstone them within the community.

So all this does is we have always interpreted the rule to mean everybody has to have their requirements, this merely clarifies it and makes it easier for the licensing folks to say, hey, the rule specifically says you have to meet all the requirements.

MR. PAINTER: And this is to help protect the public?

MR. HARBESON: It definitely is, sir.

MR. PAINTER: Mr. Chairman, I make a motion that the board approve the proposed amendments to Section 215.140 for publication in the Texas Register for public comment.

MR. INGRAM: Second.

MR. PALACIOS: We have a motion by Board Member Painter, a second by Board Member Ingram. All in favor of the motion please signify by raising your right hand.

(A show of hands.)

MR. PALACIOS: Motion passes unanimously.

Thank you, Mr. Harbeson, Mr. Avitia.

Let's move on now, moving right along here, to

ON THE RECORD REPORTING
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item number 10, Chapter 215, Motor Vehicle Distribution, to be presented by Mr. Jeremiah Kuntz once again.

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

Before you is a rule that we're seeking to publish the proposed rule for 215.155 related to buyer's temporary tags. This rule will clarify in rule that the fee for a buyer's tag is $5. That has always been the fee for buyers' tags. The statute actually in Transportation Code 503.063 requires buyers' tags and a fee of not more than $5. We have never set that fee in administrative rule, and so this would clarify that it is a $5 buyer's tag fee.

The rule also clarifies that if the department is issuing the buyer's tag through its electronic system and there is a means by which it can be paid for through that system for out-of-state buyers' tags, that the funding would go directly to the department rather than having to go through the county offices. We are looking at adding a payment portal in webDealer, as we roll eTags into that system, and are looking for a more streamlined way to process these so that the counties don't have to process the out-of-state buyers' tags, out-of-state meaning a buyer that's coming in from another state.
purchasing a vehicle that will not be titled or registered in the state, and they need the buyer's tag to drive that vehicle back to their home state.

With that, that completes my presentation.

MR. GRAHAM: Mr. Chairman, I move the board approve the proposed amendment to Section 215.155 for publication in the Texas Register for public comment.

MR. PAINTER: Second.

MR. PALACIOS: Okay. We have a motion by Board Member Graham and a second by Board Member Painter. All in favor of the motion please signify by raising your right hand.

(A show of hands.)

MR. PALACIOS: Wonderful. Unanimous again.

Thank you so much, Mr. Kuntz, appreciate it.

Let's move on now -- we're getting towards the end here -- our 30-year veteran will take us home.

MR. ARCHER: Mr. Chair, members of the board, for the record, my name is Jimmy Archer. I'm the director of the Motor Carrier Division.

For the board's consideration, I'm proposing amendments to 43 Administrative Code, Chapter 217, to be published in the Texas Register, relating to registration reciprocity agreements. The proposed amendments to Section 217 are: adopt by reference any amendments to the
International Registration Plans that became effective on January 1, 2017; adopt by reference the current versions of the International Registration Plan Audit Procedures Manual; and correct language that's inconsistent with International Registration Plan; and to list the sources of the department's authority to cancel or revoke registrations under that chapter.

If you approve, these rules will be published in the Texas Register on March 24, 2027 and comments will be accepted until April 24, 2017. I ask that the board approve the proposed amendments.

MS. HARDY: Mr. Chairman, I move that the board approve the proposed amendments to Section 217.56 for publication in the Texas Register for public comment.

MR. TREVIÑO: Second.

MR. PALACIOS: Okay. We have a motion by Board Member Hardy, second by Board Member Treviño. Any further discussion?

(No response.)

MR. PALACIOS: All in favor please signify by raising your right hand.

(A show of hands.)

MR. PALACIOS: Motion passes unanimously.

Thank you, Mr. Archer. Please proceed.

MR. ARCHER: The next item may be found on page
132 of your board book, proposing amendments to Texas Administrative Code Chapter 219, to be published in the Texas Register, relating to oversize and overweight vehicles and loads.

The proposed amendments to Chapter 219 are:
- improve the terminology, correct errors, modify language for consistency with other rules in Chapter 219; clarify that definitions in the Transportation Code apply to Chapter 219 and delete definitions that are already contained in the statute; removes unnecessary language that clarifies requirements. Basically, this is a cleanup and a housekeeping rule to make our rules more consistent with the Transportation Code.

And finally, include language from 219.125 which proposes to repeal in order to streamline language regarding administrative proceedings by requiring the party who appeals a final decision to pay the cost of preparing the record the department is required to file to the reviewing court unless the department grants a waiver. It is equitable that the appellant pay for the record.

These amendments create only minimal financial implications for the party that may have to pay for the record on appeal.

If the board approves, again, these will be published in the March 24, 2017 Texas Register, and they
will appear for public comment until April 24, 2017, and I ask the board to approve these.

    MR. INGRAM: Mr. Chair, I move that the board approve the proposed amendments be repealed and the new section to Chapter 219 for publication in the Texas Register for public comment.

    MR. PAINTER: Second.

    MR. PALACIOS: Okay. We have a motion by Board Member Ingram, second by Board Member Painter. Any further discussion?

    (No response.)

    MR. PALACIOS: Hearing none, I ask that all that approve the motion please signify by raising your right hand.

    (A show of hands.)


    Thank you so much, Mr. Archer.

    I believe we are at the end of our agenda. What a great deal, we started out on a really good note, all the motions passed unanimously, it's Independence Day, it's a great meeting, great day in Texas.

    Unless there's any further business, I would like to entertain a motion to adjourn.

    MR. TREVIÑO: So moved.
MR. HARRIS: Second.

MR. PALACIOS: Okay. Motion by Board Member Treviño, second by Board Member Hardy. All in favor?

(A show of hands.)

MR. PALACIOS: Let the record reflect again it's unanimous. We are adjourned.

(Whereupon, at 11:37 a.m., the meeting was adjourned.)
CERTIFICATE

MEETING OF:     TxDMV Board
LOCATION:       Austin, Texas
DATE:           March 2, 2017

I do hereby certify that the foregoing pages, numbers 1 through 98, 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.

3/13/2017
(Transcriber)    (Date)

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