TEXAS DEPARTMENT OF MOTOR VEHICLES
BOARD MEETING

Thursday,
June 6, 2019

Lone Star Room
Building 1
4000 Jackson Avenue
Austin, Texas

BOARD MEMBERS:
Guillermo "Memo" Treviño, Chair
Charles Bacarisse (absent)
Stacey Gillman
Brett Graham (absent)
Tammy McRae
John Prewitt
Paul Scott
Shelley Washburn
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## CONTESTED CASES

5. Denial of Renewal Application, Revocation of General Distinguishing Number, Revocation of Salvage Licenses, and Appeal to SOAH under Occupations Code, §§53.021, 53.022, 53.023, and 2301.251; Transportation Code, §503.038; and 43 Texas Administrative Code §§215.88 and §221.112.

MVD Docket Nos. 17-0178350 (GDN Case), 17-0178352 (Salvage Case), and 19-0000505 (Salvage Case), SOAH Docket Nos. 608-18-2228.ENF and 608-18-2229.ENF;
Texas Department of Motor Vehicles, Enforcement Division v. Discount Auto Brokers, LLC


MVD Docket No. 18-0189025.ENF,
SOAH Docket No. 608-19-0916.ENF.
Texas Department of Motor Vehicles, Enforcement Division v. Brianna Barriga d/b/a Discount Auto Sales

## RULES - ADOPTION


A. Chapter 208, Employment Practices (Proposal Published March 1, 2019 - 44 Tex. Reg. 1166)

B. Chapter 209, Finance (Proposal Published March 1, 2019 -
C. Chapter 210, Contract Management  
(Proposal Published March 1, 2019 - 44 Tex. Reg. 1167)

RULES - INFORMAL

(Relating to ownership interest in a licensed entity from 50% to any ownership interest, and updating citations and nonsubstantive grammatical changes)

9. Chapter 221, Salvage Vehicle Dealers, Salvage Pool Operators and Salvage Vehicle Rebuilders Amendments, §221.111 and §221.112  
Repeals, §221.113 and §221.114  
New, §221.116 and §221.117  
(Relating to implementation of Sunset Advisory Commission's Recommendation 4.6 criminal history evaluation and guidelines consistent with Occupations Code, Chapter 53 for salvage industry regulation)

BRIEFINGS AND ACTION ITEMS

10. Finance and Audit

A. FY 2018 - 2019 Amendment of Interagency Contract between TxDMV and TxDOT to modify the not to exceed amount from $1 million to $1.1 million

B. Preliminary FY 2020 Annual Operating Budget (BRIEFING ONLY)

C. Internal Audit Division Status Report (BRIEFING ONLY)

11. Projects and Operations Committee Update (BRIEFINGS ONLY)

A. Status Update on Implementation of Management Actions from Sunset Advisory Commission's Recommendations

B. TxDMV Organizational Assessment Project (TOAP)

C. Workforce Update
D. Enterprise Project Management Advisory Service
E. Technology Projects and Roadmap (Software/Hardware Currency Progress)
F. Strategic Planning and Balanced Scorecard
G. Facilities Update

12. Legislative and Public Affairs (BRIEFING ONLY)
   86th Legislative Session Update

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
    • Section 551.089

14. Action Items from Executive Session
    none

15. Public Comment
    none

16. Adjournment
    162
MR. TREVIÑO: Good morning. My name is Guillermo Treviño, and I'm pleased to open the Board meeting of the Texas Department of Motor Vehicles.

It is approximately 8:01 a.m., and I am now calling the Board meeting for June 6, 2019 to order. I want to note for the record that the public notice of this meeting, containing all items on the agenda, was filed with the Office of Secretary of State on May 23, 2019.

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

If you wish to address the Board or speak on an agenda item during today's meeting, please complete a speaker's sheet at the registration table. Please identify on the sheet the specific item you are interested in commenting on and indicate if you wish to appear before the Board and present your comment or if you only wish to have your written comment read into the record.

If your comment does not pertain to a specific agenda item, we will take your comment during the general public comment portion of the meeting.

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

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

Okay. So we will now have agenda item 1 which is the roll call.

Board Member Gillman?

MS. GILLMAN: Present.

MR. TREVIÑO: Board Member McRae?

MS. McRAE: Present.

MR. TREVIÑO: Board Member Prewitt?

MR. PREWITT: Here.

MR. TREVIÑO: Board Member Scott?
MR. SCOTT: Here.

MR. TREVIÑO: Board Member Washburn?

MS. WASHBURN: Here.

MR. TREVIÑO: And let the record reflect that I, Guillermo Treviño, am here too. We have a quorum. Also, let the record reflect that Members Graham and Bacarisse are absent today.

So we will now all stand for the Pledge of Allegiance and the Texas Pledge.

(The Pledge of Allegiance and the Texas Pledge were recited.)

MR. TREVIÑO: Moving on to agenda item 3, which is the chair's report.

The chair's report largely consists of remembering Gary Painter. It is with a heavy heart that I share with the Board the news of the loss of Member Gary Painter. His sudden passing reminds us of the fragility of life and the honor and a life well spent in the service of others. I'll miss Sheriff Painter's warm words of encouragement, wise counsel, and the sense of purpose he brought to everything he did. He was a good man and will be sorely missed.

And I would like to invite any members of the Board to share any thoughts or anecdotes that they have about Sheriff Painter.
MR. PREWITT: I'd like to just point out that we have a cowboy hat at Sheriff's Painter's post today in memory of him. And he was a kind soul, but he was just so much more than that. He was a warrior for our country, serving in Vietnam, he was sheriff in Midland County for over 30 years, he as a family man, he was a man of God, and we were blessed to have him.

And the last conversation I had with Sheriff Painter was when we were talking about one of his deputies was hit by a train, and the Burlington Northern Santa Fe engineer didn't want to give him his driver's license. And Sheriff Painter says, Well, we can always arrange for hotel space for you in my jail downtown if you don't want to give us your license. And so they gave him their license.

But he had a sense of humor, he was a thoughtful person, and I'm going to miss him.

MR. TREVIÑO: Thank you, John. Thank you for those very beautiful words.

Okay. It's impossible to encapsulate a life, anyone's life, but especially a life of a so much larger-than-life person that Sheriff Painter was in just a few words. At the August meeting the Board and the department staff are planning to recognize Sheriff Painter by presenting the Governor's proclamation and the Texas flag.
which has been flown over the State Capitol in his honor, to his wife, Mrs. Patsy Painter, and his family.

At this moment, I would like to call roll again, with your indulgence.

Member Gillman?

MS. GILLMAN: Present.

MR. TREVIÑO: Member McRae?

MS. McRAE: Here.

MR. TREVIÑO: Member Prewitt?

MR. PREWITT: Here.

MR. TREVIÑO: Member Scott?

MR. SCOTT: Here.

MR. TREVIÑO: Member Washburn?

MS. WASHBURN: Here.

MR. TREVIÑO: Member Painter? Member Painter?

Member Gary Painter?

Let the record show that on Sunday, May 26, 2019, Member Gary Painter's service to the State of Texas ended, and he will be greatly missed. Gary Painter was a preeminent public servant.

From the moment he enlisted in the United States Marine Corps in 1966, he began a lifetime commitment to serve and protect others, first around the world and then back home throughout his distinguished law enforcement career in Midland County.
Please join me a moment of silence for Member Gary Painter.

(A moment of silence was observed.)

MR. TREVIÑO: Okay. And going on with the chair's report, today is a day of somber remembrances. On the 75th anniversary of the Normandy landings, I would like to recognize the heroism of all those who have stood up to tyranny.

The sacrifices made by so many troops on the beaches of France cannot be forgotten if we hope to continue to enjoy the luxury of freedom, and we should take it as a north star for all of us to follow in our attempts to serve the State of Texas and all the citizens.

Okay. So with that, we move on to executive director's report.

MS. BREWSTER: Thank you, Mr. Chairman. Good morning. Good morning, members. For the record, Whitney Brewster, executive director.

As you all know, we have recently completed the efforts, legislative efforts on Sunset, and this was a very, very heavy lift for the agency. Although we are not done, we are now into the implementation phase of both the management and legislative recommendations made by Sunset.

This was an agency-wide effort, but I do want to recognize one person who helped ensure that information
was flowing to Sunset and from Sunset to the agency and coordinating the things that we needed to make sure that we provided to the legislature so that they could ultimately make the decisions that they did.

And I wanted to recognize publicly Sarah Swanson, in our Office of General Counsel, for her efforts. She did a fantastic job. She worked well with staff, as well as Sunset and legislative members, and we certainly could not have been as successful as we were without Sarah.

So if you would join me in recognizing Sarah for a job well done.

(Applause.)

MS. BREWSTER: I also want to just bring attention to an initiative going on within the agency, and that is around something very, very important. Governor Abbott implemented an initiative in the state for all State of Texas employees to complete a training video released by the Office of the Attorney General, and it's called "Be the One in the Fight Against Human Trafficking."

Our agency recognized the importance of this training, we wanted to align ourselves with this initiative, and we required all of our employees to take it, and now all of our employees within the first 30 days
of employment are required to take it so that our workforce is aware of this very important initiative.

Our goal is that every TxDMV employee completes this training, and it is our hope that they are better equipped in recognizing potential exploitation that was previously hidden in plain sight, and that possibly they also share that information with their friends and family because this is certainly a huge epidemic within our state.

And so we were recognized by the Governor for our efforts and we were presented with this certificate, and we will find a prominent place in the lobby to hang this. But I just wanted to bring attention to this, let the Board be aware of our efforts when it comes to fighting human trafficking in Texas, and say a job well done to the workforce for taking the training. Thank you.

I also want to recognize -- again, as I stated, our legislative efforts are not completed but the legislative session ended on Memorial Day -- I want to recognize our legislative coordinators throughout the agency.

There were dozens of people involved to ensure that we had fiscal notes done, legislative analyses done. It was an agency-wide effort, but I do want to recognize our Government and Strategic Communications Division.
Caroline Love is the leader of that division, and also, her team, her legislative analysts, Matthew Miller, Taurie Randerman, and Creighton Root, for a job well done. It was a very heavy lift, there are thousands of bills that got through a legislative session, hundreds of which impact this agency, so making sure that we provide good, relevant, timely information is imperative, or else we get left by the roadside.

So I very much appreciate Caroline and her team for a job well done. If you'll join me in thanking her and her team.

(Applause.)

MS. BREWSTER: And you will see the legislative analysts back there in the corner but we can't see them because of the pole, so if you could come around, don't be shy. Matthew Miller and Taurie Randerman, thank you.

Last but certainly not least, we recognize our employees who reach a major service milestone within the agency. We celebrate these employees as a show of our appreciation for their years of service to the citizens of Texas.

Chairman Treviño and members, if you will join me at the front of the dais to recognize our service award recipients.

MS. YANCEY: Good morning. My name is Martha
The following employees have reached 35 years of state service. The first one, Tim Thompson.

(Applause and cheering.)

MS. YANCEY: Tim has served as the deputy director for the Vehicle Titles and Registration Division, or VTR, since joining the department in October 2011. He assists with the oversight of the vehicle titling, registration and license plate related functions for the State of Texas.

Additionally, Tim has been involved with the agency's ongoing efforts in modernizing programs and processes, including assisting with the launches of the webSUB and webDEALER projects, full implementation of the National Motor Vehicle Title Information System, queuing systems for the regional service centers, and the kiosk pilot project for registration renewals.

Prior to joining the department, Tim served over 27 years with the Texas Department of Public Safety. He retired from DPS in June 2011 as a major in the Texas Highway Patrol Division.

Congratulations, Tim.

(Applause; pause for presentation and photos.)

MS. YANCEY: And then we have Adrienne Carter, also with 35 years of service.
Adrienne began state service in 1978 with the University of Texas at Austin in UT's first IT help desk. In 1985 she joined TxDOT as a system operator where she was part of the team that introduced the first personal computers to the agency.

Adrienne has held multiple roles of increasing responsibility over the years at TxDOT, and during her time there, she completed her master's degree from UT with a 4.0 GPA. Yay. We welcomed Adrienne to TxDMV in 2014 as the enterprise architect in our Information Technology Division. In January of this year she became the manager of the Enterprise Services team in IT.

Congratulations on 35 years of service, Adrienne.

(Applause; pause for presentation and photos.)

MS. YANCEY: The following employees reached a state service milestone but were unable to join us this morning. Twenty years: Mary Dominguez, ABTPA; Jennifer Wagner, Finance and Administrative Services; Suzanne Long, Vehicle Titles and Registration. Twenty-five years: Patti Racicot, Vehicle Titles and Registration. Thirty years: Martin Brown, Office of General Counsel; Lydia Sahley, Motor Carrier Division.

And last, the following employees recently retired from the department: Estela Vela, Roseanne
Graham, Friend Jackson, Renita Bankhead, Meagan Ahmad, and Claude Morris.

Thank you.

(Applause.)

MR. TREVIÑO: Okay. Director Brewster, are you done with your report?

MS. BREWSTER: Yes, sir.

MR. TREVIÑO: Well, I want to commend you on this human trafficking award. I mean, it's a piece of paper, but the lives that it touches are huge, so I have to commend you and staff for all the hard work that you're doing.

Okay. We're going to move on now to agenda item number 5, which are contested cases. We have Mr. Daniel Avitia and Heather Pierce who will now address agenda item 5.

MS. BEAVER: Actually, Mr. Chairman, Tracey Beaver, general counsel, for the record.

I just wanted to let the Board know that Mr. Wu is going to go after Mr. Avitia in the presentations, and each will have ten minutes for their initial presentation and five minutes for rebuttal. If a question from the Board is asked, the speaker will tell you when it's not in the record, and if it's not, then you won't be able to consider it in this decision.
Thank you.

MR. TREVIÑO: Great. Thank you very much, Ms. Beaver.

MR. AVITIA: Chairman, with your permission, I'd like to make a few general comments about both cases that the Board is about to hear, essentially to provide some context with regard to how we got to this point and the process involved.

MR. TREVIÑO: Please, Mr. Avitia, that would be very helpful.

MR. AVITIA: All right. Thank you.

Chairman, members, Ms. Brewster, good morning.

For the record, Daniel Avitia, director of the Motor Vehicle Division.

Today we have two contested cases to present to the Board. Both cases concern applicants with recent criminal histories and whether these applicants are fit to be licensed.

The Motor Vehicle Division takes our agency's mission to protect the public very seriously. I was frankly surprised and disappointed by the proposals for decision on these two cases, as they are not consistent with any we have previously received for licensure contested cases.

Although many of you are new to the Board, you
may recall the contested licensure case at our last meeting. The recommendation on that case was consistent with prior SOAH and Board decisions to deny licensure. I believe the administrative law judge's, or ALJ's recommendations in both cases you will review today are too lenient to protect the public. In these cases the ALJ found that the Board has the authority and the legal grounds to deny licensure.

As background information, the Motor Vehicle Division has a licensing committee which carefully reviews applicants' criminal histories and evaluates applicants for fitness. Committee members include the licensing manager, the background research analyst, three Motor Vehicle Division attorneys, and myself as the director of the division.

The committee's mandate is to apply standards and existing statutes, rules and department guidelines objectively and consistently for all applicants and license holders. To do so we have to focus on not what the applicants say but rather on objective criteria. For example: how much time has passed since the last criminal conviction; will licensing the individual enable the activity to continue at their place of licensure; what documentation did the applicant provide that proves their fitness.
In these two cases, both individuals had recent felony convictions, one was on probation when he applied for his license renewal, and the other has only been released from jail one year prior to submitting their new application.

As you will see, in both cases, among other issues, the committee felt that not enough time has passed to show rehabilitation given the very serious nature of the applicant's criminal conduct. Moreover, the crimes committed by both individuals are directly related to the licensed occupation.

As a result, the Motor Vehicle Division is asking the Board to issue a final order in both cases, modifying the ALJ's recommendations so that the public is protected and the outcome is consistent with prior SOAH and Board decisions.

Now, Chairman, with your permission, I'd like to move to the first case.

MR. TREVIÑO: Certainly, Mr. Avitia. Please.

MR. AVITIA: Again, Daniel Avitia, for the record. With me this morning, is Ms. Heather Pierce. Ms. Heather Pierce provided the very capable legal representation at the State Office of Administrative Hearings on this case.

Agenda item 5, which can be found on page 6 of
your board books, is the contested case regarding the
Texas Department of Motor Vehicles v. Discount Auto
Brokers.

The ALJ found that the Board has the authority
and legal grounds for denying the application due to the
respondent's criminal history. However, this ALJ
misapplied the law and proposed a sanction of probation.
This sanction is too lenient to be effective and conflicts
with prior SOAH recommendations and Board decisions.
Accordingly, staff is asking the Board to issue a final
order denying the renewal application and revoking
Discount Auto Brokers' salvage dealer and GDN license.

The facts for denying the licensure in this
case are very clear. Mr. Tabatabaei was warned about
unlawful vehicle inspections in 2015 when two of his
employees were arrested at his licensed location for
conducting false emission tests. Police investigators
found that 38 percent of all inspections conducted at the
respondent's business location were fraudulent in a
three-month period ending December of 2014.

Despite this warning, in 2015 Mr. Tabatabaei
not only allowed the unlawful activity to continue but to
increase again at his licensed business location. In this
new investigation and surveillance, police found that 281
vehicle inspections for the six-month period ending April
2016, representing 59 percent of all vehicle inspections conducted at his place of business, were fraudulent. In this second surveilled investigation, Mr. Tabatabaei allowed an employee to use his personal vehicle inspector license to perform fraudulent inspections.

On November 15, 2016, Mr. Tabatabaei pled guilty to the felony tampering with government records, and confessing that he unlawfully, intentionally and knowingly allowed false information to be entered into the system used by the state vehicle inspectors to document motor vehicle emissions and safety inspections.

This criminal activity was recent, Mr. Tabatabaei was on probation when he submitted his renewal applications, the fraud that occurred was conducted at Mr. Tabatabaei’s licensed business location, so continued licensure would provide him with the opportunity to continue and repeat this conduct.

Therefore, staff requests the Board issue an order adopting the ALJ's corrected findings of fact and conclusions of law as recommended, denying all applications, and revoking the respondent's salvage dealer and GDN licenses, as this is the only sanction that would be consistent with current law and prior SOAH recommendations and Board decisions.

Mr. Tabatabaei and his counsel are present
today, and Mr. Wu would like to address the Board.

Members, that concludes my remarks. I'm happy
to answer any questions.

MR. TREVIÑO: Any questions from Board members?
(No response.)

MR. TREVIÑO: Hearing none, I guess we proceed
with Mr. Wu's presentation.

MR. WU: Good morning. My name is Jonathan Wu.
I appreciate you guys letting us come today and say a few
words.

I want to talk about a couple of different
things with regard to the PFD and why we're here today.
We believe, first of all, that the PFD should be adopted
in full, the first thing. The second thing is that it's
very clear in terms of what the Board's authority is with
regard to the findings of facts, the conclusions of law
and the recommended sanctions.

Now, we agree, as is I think spelled out in the
draft order that the Board should have a copy of as well,
the staff's draft final order, and in that draft final
order we agree that the category of sanctions, the
recommendation of sanctions, the ultimate determination of
what the sanctions should be is fully within the Board's
purview, and it is only a recommended sanction that comes
from the PFD from the ALJ. But there is a reason why that
is a distinction or that the authority that the Board has
with respect to sanctions is different than that for the
findings of facts and conclusion of law.

Specifically under the Administrative
Procedures Act, as well as decided in the board case,
Texas State Board of Dental Examiners v. Brown, this is
Section 2001.058(e), states that it permits a state agency
to change an ALJ's finding of fact or a conclusion of law
or vacate or modify an ALJ's order when the agency
determines that -- and I believe that the actual language
of the rule states that it's only when the agency
determines: (1) that the ALJ improperly applied or
interpreted applicable law, agency rules or policies or
written statement of applicable rules and policies, or
prior administrative decision; (2) the ALJ based her
decision on a prior administrative decision that is
incorrect or should be changed; (3) a finding of fact
contains a technical error that should be changed.

I would venture that the second and third
provisions there don't apply in this case. It would
appear to me that the first condition there -- or the
first requirement is the requirement on which the staff is
attempting to justify the conclusion of law being changed.

Now, I will just direct you to the specific
changes that the Board staff is recommending. Board staff
is recommending to delete conclusions of law 8 and 13, and 8 and 13, if we actually look at the conclusions of law, what they are -- let's look at 13 first, I don't 8 is really that big of a deal -- 13, the department should renew Respondent's licenses, suspend them for two years, and probate the suspensions so long as Mr. Tabatabaei and respondent do not engage in misconduct during the suspensions.

I would agree that's a sanction. It's characterized as a conclusion of law but that's a sanction, that's a recommended sanction. So I don't think I have a problem with the Board saying ultimately that it's determined that regardless of what the findings of fact are and the conclusions of law, that's the appropriate sanction or that it's not.

But let's look at 12 which the Board is attempting to -- or would purport to amend. Conclusion of law number 12 states in the PFD: "Mr. Tabatabaei is fit to perform the duties and discharge the responsibilities of a used and salvage vehicle dealer, but some sanction is warranted given that his crime occurred at respondent's place of business."

Let's just look at that first clause. That is not a sanction. The first clause is a conclusion, it is a conclusion that the ALJ ultimately reached after listing
out a -- sort of it's listed out in the findings of fact.

In other words, the ALJ's approach here was appropriate, the ALJ set out the applicable law.

In this case the overwhelming framework that the ALJ operated under was whether Mr. Tabatabaei is fit, whether he is fit to perform the duties and discharge the responsibilities of a used and salvage vehicle dealer.

Now, it's my opinion that that's exactly what the Board staff would like for you to change, and as I mentioned, if that's the case, if Board staff believes that that should be changed, then it should only be changed if there's been a misapplication of the law, and that is not the case here.

If you look at the findings of fact and you read through the PFD, the ALJ made a very careful and methodical list of the things that factored into whether a person is fit to hold a license, to carry out the responsibilities and duties of a salvage vehicle dealer, and ultimately his conclusion, the conclusion of law was that he is fit, he is fit.

And I just want to circle back now. If the ultimate determination the ALJ made is there's all these factors involved, there's whether the crime that we're talking about was committed in relation to the license that he holds, how long ago it was, what has been his sort
of -- what has occurred since that time, how has he shown the ability to maintain sort of a productive life, both in terms of his license as well as outside.

He weighed all of those factors, he weighed all of those factors, and ultimately arrived at the decision that, yes, he's fit, he's fit, and because of that, his ultimate recommended sanction -- which the ALJ, I believe, notes that is correctly within the purview of the Board -- is that in this case revocation is not appropriate because he is fit, that some other sanction is, something less than a revocation, something less than denial.

And so just to conclude, I would say that, again, we have no qualms, we have no dispute that the Board has the ultimate authority about what the recommended sanction is, but what the Board staff is recommending is not just a change of the recommended sanction, what the Board staff is recommending is that we change the entire conclusion of what the judge -- we change the judge's ultimate conclusion without changing any of the underlying facts, without really describing or articulating what the misapplication of the law would be. I have not seen that in any of the responses from Board staff, and I would submit that there's a reason for that.

Thank you.

MR. TREVIÑO: Thank you, Mr. Wu.
I guess staff has some time for rebuttal. Is that correct?

MS. BEAVER: Five minutes for rebuttal. General Counsel Tracey Beaver, for the record.

MR. TREVIÑO: And before, are there any questions for Mr. Wu? Do we have questions from Board members before you respond? Does anybody have any questions for Mr. Wu?

MS. WASHBURN: Can we ask questions after?

MR. TREVIÑO: After?

MS. BEAVER: Yes, you may ask questions after both parties have presented their case for ten minutes, and then given five minutes for rebuttal each, then the chairman may call for questions.

MR. TREVIÑO: Great. No questions.

Then Mr. Avitia.

MR. AVITIA: Chairman, again for the record, Daniel Avitia, director of the Motor Vehicle Division.

Mr. Wu has done a fantastic job trying to represent his client, but having listened to what he just said, nothing that he has just stated has compelled me to change my mind, and I don't think anything that he has stated this morning would compel the committee that reviewed the application, the underlying crimes, would change their mind.
Mr. Wu spoke to the misapplication of law as a way of deterring the focus of what the crime was. Essentially, and going back to my opening statements, Mr. Tabatabaei pled guilty to unlawfully, intentionally and knowingly allowing false information to be entered into a state system at his place of business which we license.

Corrections for Mr. Wu's information is the judge did misapply the law. The judge recommended probation for Mr. Tabatabaei. This agency does not have a compliance or probation division. The TxDMV is the ultimate decider in determining action that should be taken, and that's what we're requesting this morning.

Again, the respondent pled guilty to the crime, the crimes were not youthful offenses, he was not 15, 16, 17 or 18, Mr. Tabatabaei was 39 when this occurred. The ALJ cannot determine the sanction as far as the crimes relate, the Board can determine what those sanctions are.

So again, members, I ask you to look at the underlying facts of the case, and the facts are that Mr. Tabatabaei has a history of committing this crime over and over again. Essentially, with his conviction he put 281 vehicles on the road with you, with me, with our families, with everybody in the state of Texas, that probably should not have been on the road because they're unsafe.

Members, that concludes my remarks. I seek
MR. TREVIÑO: Thank you, Mr. Avitia.

Now Mr. Wu has five minutes. Is that correct?

MS. BEAVER: Yes. Tracey Beaver, general counsel, for the record. Mr. Wu now has five minutes for rebuttal.

MR. TREVIÑO: Thank you, Ms. Beaver.

MR. WU: Thank you for the opportunity to say a few words in response. I just have a couple of points with regard to what staff indicated.

First, I would respectfully submit that it's not for the Board to determine facts here today. The finder of fact in this case was the judge. The only purview or the only authority the Board has in terms of changing what those findings of facts are were to disregard those facts, or authorized by the section I mentioned previously under the Administrative Procedures Act, specifically, if there's been some reliance on a case that was inappropriate, whether there was some clear misapplication of the law with respect to a conclusion of law. None of those occurred here, and to my ears the Board staff has not articulated what basis there would be for determining that there's been a misapplication of the law.

The judge ultimately arrived at the conclusion
that all of the facts that Board staff articulated, all of
those things factored into what the judge ultimately found
was that the licensee in this case, Mr. Tabatabaei, is
fit, and so if the Board were to disregard that conclusion
and determine that he should be revoked anyway, we have
nothing to say to that regard.

    However, if the Board is attempting to change
the underlying basis to justify the revocation by saying
that he is, in fact, unfit, that would not be authorized,
in my opinion, based on the rules or the Administrative
Procedures Act.

    I would like to turn over the rest of my time
just to have my client say a couple of words, if that
would be okay.

    MR. TREVIÑO: General Counsel Beaver, that's
fine for him to yield his time to Mr. Tabatabaei?

    MS. BEAVER: Yes, Chairman Treviño, that's fine
if Mr. Wu would like to cede his time to his client.

    MR. TREVIÑO: Great.

    MR. WU: Thank you, Board.

    MR. TREVIÑO: Mr. Tabatabaei, welcome.

    MR. TABATABAEI: My name is Seyed Tabatabaei.

I am not a good speaker. I'm the owner of Discount Auto
Brokers. Just for the answer for Mr. Daniel for what they
said that I willingly did whatever illegally that
happened. I am -- like I said, in the court, I did not do nothing willingly. According to the court, what I said at the court, I just plead guilty because I let my people use my license, not I willingly did something or wanted to or knew about it and I willingly did it.

Second thing that I want to say, I just want from you guys just a chance, you know, have a chance to take care of my family and my elderly parents. I try to be a better person, I try to do everything according to the books since this happened.

That was bitter experience for me, but again, I wish there was a chance that I could go back and, you know, stop whatever happened or reverse it and get it fixed, but unfortunately, there is no way for me to go back and fix whatever wrong happened.

So I just ask you guys to give me the chance to take care of my family and my elderly parents. Thank you very much.

MR. WU: Jonathan Wu for the respondent in this case.

I just want to clarify one thing that my client mentioned. Regarding the ALJ, in case the Board is wondering or in case maybe it passed them by during reading through the PFD, the judge actually looked at specifically the allegation of how much culpability my
client had in terms of the actual inspections that we're talking about, and the judge made a specific finding in that regard.

The judge specifically noted, I believe in findings of fact 10 that Mr. Tabatabaei knowingly allowed one of his employees to use the vehicle inspector license to perform vehicle inspections at respondent's place of business, but the judge makes very clear through the PFD and takes careful and noted time to make a determination that he was not responsible specifically for performing those inspections.

And so I just want to clarify that my client takes full responsibility for his part, and as the ALJ described, was a lapse in judgment, poor judgment, especially given the history, but that does not mean that he was ultimately the one performing the inspections at issue, and I think that's an important distinction, and the ALJ did exactly that.

Thank you.

MR. TREVIÑO: Thank you Mr. Wu and Mr. Tabatabaei.

Now do we have any questions from Board members for staff or for Mr. Tabatabaei and Mr. Wu?

Member Washburn.

MS. WASHBURN: Mr. Avitia, I have a couple of
questions for you.

So you started off by saying that based on prior Board recommendations, this was the recommendation that you would make, so it's my understanding that this happened about 2-1/2 years ago, right, or he pleaded guilty 2-1/2 years ago, which isn't very long ago. Right?

But he did do probation. Am I right?

So in general, with prior Board decisions, is there a time frame, a general time frame that we have made decisions on in the past to say, okay, at this point we feel like somebody would have demonstrated that they won't do it again?

MR. AVITIA: Member Washburn, to answer your question, yes. When we're looking at criminal activity, criminal convictions, we look at the various types of criminal convictions. There are some that are really, really bad and then there are some that are what we would consider not so bad. Right?

For example, youthful indiscretions, you're caught drinking underage, you're with some friends and you're a teenager or a young adult, you smoke marijuana, everybody gets arrested, spends the night in jail.

This is very different. This is 281 different -- 281-plus different opportunities that Mr. Tabatabaei had the opportunity to make the right decision.
And I'd also like to correct the record. I know this isn't part of your question, but it will lead to the answer. Although he stated he didn't know, that he didn't willingly do this, the record shows that he did, he was present, he was surveilled, surveilled with his staff, standing next to them running the clean scanning operation.

And I'll tell you what, if you were find out that there was surveillance going on at the Avitia household, I think you'd be concerned. Right? If you found out I had a felony, I probably wouldn't be fit to be sitting in this chair, making this decision and speaking to you all about criminal convictions.

So the answer is yes, we do consider the amount of time that has passed between criminal convictions.

MS. WASHBURN: And at what point could he reapply for a license?

MR. AVITIA: For a situation like this we'd be looking at minimum of five years of -- again, going with the Occupations Code, five years of no issues.

Now, I will say what the judge is recommending is that we probate his licenses, essentially revoke and probate but let him operate for two years. Again, we don't have a probation office set up in this department. There's nobody for him to report to monthly or quarterly
or whatever.

Again, the facts of the case remain. He admitted guilt and that's on the record, 281-plus times. He was warned in 2014 that this was happening at his place of operation. 2015 comes around, it's still continuing but only increased, it didn't stop. He had 281-plus times to make the right decision and he didn't.

Does that answer your question?

MS. WASHBURN: Yes. Thank you.

MR. WU: May I have an opportunity to respond to that?

MS. BEAVER: Mr. Chairman, there was a little bit of extra presentation in that answer, so I do think it would be fine for Mr. Wu to have an additional couple of minutes.

MR. TREVIÑO: Thank you, Counsel.

Mr. Wu, go ahead.

MR. WU: Thank you.

I just wanted to -- I'll read directly from the proposal for decision: "Importantly" -- and this is on page 11 of the PFD -- "staff did not prove that Mr. Tabatabaei knew or even should have known that Ms. Barrios was using his inspector license to conduct illegal emissions inspections by clear scanning. The officer's conclusion regarding the level of Mr. Tabatabaei's
involvement in Ms. Barrios's illegal activity is speculative. There was no evidence presented to support the assertions of Officer Martinez's report."

He goes on: "Mr. Tabatabaei admitted that he allowed Ms. Barrios to use his vehicle inspector license to perform inspections and enter information regarding inspections into the TINS, however, he testified that he did not know until he was arrested that Ms. Barrios had used his license to enter false information regarding those inspections into the TINS. The ALJ finds this testimony credible."

That's what's in the record. Thank you.

MR. TREVIÑO: Thank you, Mr. Wu.

MR. AVITIA: Chairman, thank you for the opportunity to respond to that.

Mr. Wu again is incorrect and misstating facts that are already in the case. The facts are that Mr. Tabatabaei has been convicted. Staff did not have to prove a conviction for the action. Their surveillance record is on the record. That's clear and the fact is there.

It doesn't get any clearer than that for me. He committed these crimes, he's being surveilled for months on end, it's not just a day or two, he was
surveilled for months on end in order to reach the

conclusion of the conviction.

Again, nothing that Mr. Wu has said is making

me change my mind.

MR. TREVIÑO: Thank you, Mr. Avitia.

Any other questions?

MR. PREWITT: So Discount Auto Brokers is owned

by who? Is this gentleman the sole owner?

MR. WU: Yes, sir, 100 percent.

MR. PREWITT: And so you're the sole applicant

for the license?

(Mr. Tabatabaei spoke from audience.)

MS. BEAVER: I'm sorry. Tracey Beaver, general
counsel. If we could have Mr. Tabatabaei come up to the
podium so that he has the microphone to make sure that his
answers get into the record.

MR. PREWITT: Thank you.

MR. TREVIÑO: Mr. Tabatabaei, would you come to

the podium, please.

MR. PREWITT: Yes, sir. If I may repeat again.

So you own 100 percent of the company. Is that correct?

MR. TABATABAEI: Yes, sir.

MR. PREWITT: And you're the sole applicant for

the license that was given to you?

MR. TABATABAEI: Yes, sir.
MR. PREWITT: Okay. That's all I have for questions.

MR. TREVIÑO: Members, any other questions?

(No response.)

MR. TREVIÑO: Mr. Avitia, one more time, so the sanctions your staff is suggesting are more consistent with past infractions or cases of this kind. Is that correct?

MR. AVITIA: Correct, Chairman, yes, sir. The sanction that we're recommending is revocation. Again, going back to the committee review of information, we try very hard -- even though all crimes are different and committed differently, we try very hard to make our decisions consistently and objectively.

There are other cases where we have revoked licenses where an instance of clean scanning only occurred one or two times in conjunction with other criminal activity, one or two times. This was 281-plus times.

Again, we seek your favorable consideration.

MR. TREVIÑO: All right. Thank you.

Any other questions for Mr. Wu or Mr. Tabatabaei or Mr. Avitia?

(No response.)

MR. TREVIÑO: Hearing none, I would like for a motion.
MR. PREWITT: Mr. Chairman.

MR. TREVIÑO: The chair recognizes Member Prewitt.

MR. PREWITT: I move that the Board enter staff's proposed final order which modifies the PFD by: one, deleting conclusions of law 8 and 13 because the ALJ misapplied the law; two, amending conclusion of law number 12 because the ALJ misapplied the law; and three, denying the respondent's renewal applications and revoking existing GDN and salvage dealer licenses; and finally, four, the sanction in the PFD of a probated license is too lenient to be effective, the sanctions of denial of respondent's application for renewal and revocation of respondent's GDN license and salvage dealer license is appropriate and consistent with prior Board administrative decisions. The Board, not the ALJ, is the decision-maker concerning sanctions in a contested case.

MR. TREVIÑO: We have a motion from Board Member Prewitt. Do we have a second?

MS. McRAE: I second that motion.

MR. TREVIÑO: We have a second from Member McRae.

Any further discussion? Would anybody like to make any further statements or any discussion?

(No response.)
MR. TREVIÑO: Hearing none, I call for the vote. All those in favor please signify by raising your right hand.

(A show of hands.)

MR. TREVIÑO: All those opposed same sign.

(No response.)

MR. TREVIÑO: Let the record reflect that there were one, two, three, four, five, six votes for, and zero votes against. The motion carries unanimously.

Mr. Tabatabaei, it gives this Board no pleasure, but the motion carries. Thank you.

MR. TABATABAEI: Thank you.

MR. TREVIÑO: Okay. We'll move on to agenda item number 6, Daniel Avitia and Brian Coats will now address this contested case.

MS. BEAVER: Mr. Chairman, Tracey Beaver, general counsel, for the record.

MR. TREVIÑO: Yes.

MS. BEAVER: I believe Ms. Barriga is here as well so that she will be able to present on her case. Mr. Avitia will start, he'll have ten minutes, Ms. Barriga will have ten minutes, and then they'll each have five minutes for rebuttal.

MR. TREVIÑO: Great. Thank you very much, General Counsel.
MR. AVITIA: Chairman, may I proceed?

MR. TREVIÑO: Yes, please. Mr. Avitia, please go on.

MR. AVITIA: Thank you.

Chairman, members, Ms. Brewster, again good morning. For the record, Daniel Avitia, director of the Motor Vehicle Division.

With me this time on this case is Mr. Brian Coats. Mr. Coats provided, again, the legal and very capable representation at the State Office of Administrative Hearings.

Agenda item 6, which can be found on page 49 of your board books, is contested case regarding the Texas Department of Motor Vehicles v. Brianna Barriga, Discount Auto Sales.

On this matter the ALJ found that the Board has the authority again and legal grounds for denying the application due to Ms. Barriga's criminal history, however, again the ALJ misapplied the law and based on flawed fitness factors analysis recommended Ms. Barriga be licensed.

The ALJ recommendation conflicts with prior SOAH recommendations and Board decisions again. Accordingly, staff is asking the Board to issue a final order denying the application for a general distinguishing
license.

The facts for denying licensure in this case are clear. Ms. Barriga has a pattern of adult criminal activity. Over a five-year period, she had seven criminal convictions, with six pertaining to illegal drugs, and all are recent.

The criminal activity includes: June 2011, possession of marijuana; October 2013, possession of marijuana; January 2014, criminal trespassing; October 2014, possession of a controlled substance; October 2014, possession of a dangerous drug; October 2014, possession of marijuana; and March 2015, possession of a controlled substance.

Additionally, Ms. Barriga falsified her State of Texas licensure application when she submitted it. She did not disclose six of her convictions until after the Motor Vehicle Division conducted a criminal background investigation which uncovered the additional convictions.

Ms. Barriga was sentenced to two years confinement for her most recent conviction and was incarcerated until March 2017. She applied for a license only one year later. One year is insufficient time, as six of the convictions occurred less than five years before her application date and the longest time gap between convictions was approximately 2.5 years.
Ms. Barriga offered no proof of rehabilitation, provided no exhibits of proof of anything in the trial, for that matter. Ms. Barriga did not participate in support groups or other rehabilitative activities while incarcerated or after release or provided other evidence such as recent drug tests.

The recommendation letters provided by Ms. Barriga that were submitted are of limited value. A letter from her mother carries limited weight because of the close relationship. The reference letter from her attorney is also limited as this attorney only represented her in the last criminal conviction.

Ms. Barriga did not provide evidence of steady employment, rather, she provided two pay stubs showing she worked for only about 4.3 months in late 2017 and in 2018. Ms. Barriga did not provide evidence that she financially supports anyone. Ms. Barriga did not provide any documents showing she paid any or all court fees.

Therefore, staff requests the Board issue an order adopting the ALJ's findings of fact and conclusions of law, as recommended by staff, again, denying Ms. Barriga's GDN application. We believe this is the only sanction that would be consistent with current law and prior SOAH recommendations and Board decisions.

Ms. Barriga is present this morning and would
like to make comments to the Board.

    Members, that concludes my remarks. I'm happy
to answer any questions you have.

    MR. TREVIÑO: Thank you, Mr. Avitia.

    Any questions from the Board at this point?
    (No response.)

    MR. TREVIÑO: No. At this point I guess we
will ask Ms. Barriga to please come to the podium.

Welcome.

    MS. BARRIGA: Hello. Okay, where to start. In
all these charges, I was an adolescent. I'm only 26 years
old as of now. I was confined from March 2015 to March
2017, and that was my rehabilitation while I was in there.

    I'd like for y'all to consider that. Now since I've been
out I've had a steady, I've kept a steady job, I maintain
my own household with me and my eight-year-old son.

    The reason why I want this license is I grew up
in this business with my parents, I've been around it,
they had the license for over 20-plus years. They're
getting old, my dad is sick, and he handed it down to me
and this is going to be my career. Like what happens
today will determine like the rest of my life, for me, my
son, my parents. I just hope y'all take that like into
consideration.

    And there was more factors than denials on the
proposal that was sent to me. It's not that I didn't want to send all of my convictions through the application, it was just it only let me submit one. I did keep in touch with -- I'm not sure her name off the top of my head, but I kept in touch for this whole year, I've been checking up on it, I've been consistent with it. She sent me a thing back letting me know how to put the rest of my convictions on there. It's not that I didn't want y'all to know, it's that I didn't know how to do it.

    I take full responsibility for all of my charges. I have changed, and I'm asking for a second chance. I know everyone deserves a second chance, everyone needs a second chance, and if I didn't want it this bad, I would have just let it go a year ago. I've been working on this since 2018 March. I have changed and just hope y'all take that into consideration.

    Since I've been out for 28 months I have not been in no trouble, not even a minor traffic ticket, nothing at all, like anything at all, and I just hope y'all take that in consideration, and just give me a chance and let me show y'all that I can do what I need to do and I can abide by the law.

    And my charges were when I was young, I didn't know no better, I've learned my lesson, and just trying to grow, want this as my career.
And that's all I have to say for now. Thank y'all for having me here.

MR. TREVIÑO: Thank you, Ms. Barriga, for coming to speak with us today.

MS. BARRIGA: Yes, sir.

MR. TREVIÑO: Any questions for Ms. Barriga? Does anyone on the Board have any questions?

(No response.)

MR. TREVIÑO: Mr. Avitia, there's some time for rebuttal, I believe.

MR. AVITIA: Yes, Chairman. Thank you for the time.

I do applaud Ms. Barriga not having any additional criminal convictions in the last 20-plus months. That is significant. I don't take these decisions lightly, it's a very difficult decision, but nonetheless, my job is to uphold the standards of the law with regard to licensure for this department.

Again, I feel like not enough time has passed in this situation. It's not to say never, but just not right now.

MR. TREVIÑO: Thank you, Mr. Avitia.

Any questions for Mr. Avitia?

(No response.)

MR. TREVIÑO: Ms. Barriga, you have a few
minutes for rebuttal. You have a few more minutes if
you'd like to say anything else.

    MS. BARRIGA: I know much time hasn't passed,
but I know myself and I know how much I have grown as in a
person and as in a mother, as in a daughter, just overall,
and I hope y'all give me this opportunity so I can
continue to move forward.

    These charges, they stopped me from so many
things in my life since I've been out and it's been pretty
crazy for me, but I'm not going to give up. Even if I get
denied today, whenever I can reapply a year from now, I'm
going to do it again.

    My five years -- my last charge was in 2015,
March 2020, it's been five years. If I've got to wait
that long, I'll wait that long, but I hope y'all could
give me the chance to show y'all that I have changed and I
can continue my parents' business.

    That's all I'd like to say.

    MR. TREVIÑO: Thank you, Ms. Barriga.

    MS. BARRIGA: Thank you.

    MR. TREVIÑO: Do any of the members of the
Board have any further questions for either Mr. Avitia or
Ms. Barriga?

    MS. WASHBURN: I have a question. So you're
applying for a new license. Correct?
MS. BARRIGA: Yes, ma'am. This business was handed down to me.

MS. WASHBURN: I'm not sure who I'm supposed to be asking this question to, so I apologize. Does somebody have a license today?

MS. BARRIGA: No, ma'am. My parents, like I said, my dad, he's old, so they no longer have the license and they pretty much just handed it down to me.

MS. WASHBURN: Thank you.

MR. TREVIÑO: Any other further questions?

(No response.)

MR. TREVIÑO: Hearing none, I would entertain a motion from the floor.

MR. SCOTT: Mr. Chair.

MR. TREVIÑO: The chair recognizes Member Scott.

MR. SCOTT: I move the Board adopt staff's entire proposed final order, including the denial of the GDN license application.

MR. TREVIÑO: We have a motion from Member Scott. Do we have a second?

MR. PREWITT: Second.

MR. TREVIÑO: Second by Member Prewitt.

Any further discussion? Any further comments?

The chair recognizes Member Scott.
MR. SCOTT: I think the application should be denied, but Ms. Barriga should feel free to reapply.

MR. TREVIÑO: Your mic, Member Scott.

MR. SCOTT: Oh, I'm sorry.

MR. TREVIÑO: Thank you.

MR. SCOTT: I think the application should be denied in this case but Ms. Barriga should feel free to reapply after more time has passed. I think we should see more evidence of rehabilitation, a demonstration of continuous employment, and a longer period where there have not been any convictions.

MR. TREVIÑO: Thank you, Member Scott.

Any other comments or thoughts on that?

(No response.)

MR. TREVIÑO: Hearing none, I would call for the vote. All those in favor of Member Scott's motion please signify by raising your hand?

(A show of hands.)

MR. TREVIÑO: All those opposed, same sign.

(No response.)

MR. TREVIÑO: The motion carries six votes for and zero votes against. The motion is unanimous.

Again, this gives the Board no pleasure but the motion carries. But, Ms. Barriga, the one thing that I would suggest is that this isn't the destination, today
isn't the destination, it's another step on a long journey, a very difficult journey for you.

This Board understands the challenges that you've faced in many ways and we would encourage you to continue on this and not give up. The steps you've taken are admirable, and we would just encourage you, please, to stay on that track and hopefully we see you here soon.

MS. BARRIGA: Yes, sir. Thank y'all.

MR. TREVIÑO: Thank you, thank you.

MR. AVITIA: Members, thank you.

MR. TREVIÑO: Thank you, Mr. Avitia.

And that's it for contested cases. Right, General Counsel?

All right. We'll now move on to agenda item number 7, rules review, the adoption of rule review. I'll turn it over to our general counsel, Ms. Tracey Beaver.

Ms. Beaver.

MS. BEAVER: Thank you, Chairman and Board members. For the record, Tracey Beaver, general counsel.

The first item, number 7, before you for rule review starts on page 113 of your board books. This is the adoption of three chapters of rule review.

Every four years after a rule is adopted, a state agency must review and consider for readoption those rules and determine whether the reasons for initially
adoption those rules continue to exist, and that's what's
called rule review under the Government Code
Administrative Procedures Act, so those are the chapters
that are before you today. Following that rule review,
the agency will readopt the rules, propose rules for
amendment, or repeal them in a separate rulemaking.

At the February 7, 2019 Board meeting, staff
presented proposed rule reviews for these same chapters,
Chapters 208, 209, and 210. On March 1, 2019 the
department published its notice of intention to review
these rules and the comment period closed on April 1 of
2019. No comments from the public were received.

Following its review, the department has
determined that the reasons for initially adopting those
rules continues to exist and therefore recommends that we
readopt these rules without amendments. If the Board
adopts the rule reviews today, staff anticipates
publication of adoption of the rule review in the June 28,
2019 issue of the Texas Register.

Item 7.A. on the agenda, the first, Chapter
208, Employment Practices, includes sick leave pool and
employee training and education; item 7.B. on the agenda
relates to the notice of readoption of Chapter 209
regarding Finance; and item 7.C. on the agenda relates to
the notice of readoption of Chapter 210 regarding Contract
As a result of the department's review of Chapter 210, the department may propose amendments to Subchapter A of that chapter in future rulemaking under the Texas Administrative Procedures Act to correct an outdated citation and remove some unnecessary language. So none of those items would prevent us from recommending readoption because we can suggest those amendments in a future rulemaking.

So staff today recommends Chapters 208, 209, and 210 for Board approval.

MR. TREVIÑO: Any comments or questions for Ms. Beaver from the Board?

(No response.)

MR. TREVIÑO: Hearing none, do I have a motion?

MS. GILLMAN: I move that the Board approve the readoption of Chapters 208, 209, and 210, as recommended by staff.

MR. TREVIÑO: Great. We have a motion from Member Gillman. Do we have a second?

MR. SCOTT: Second.

MR. TREVIÑO: A second from Board Member Scott.

Any further discussion?

(No response.)

MR. TREVIÑO: Hearing none, I'll call for the
vote. All those in favor please signify by raising your hand.

(A show of hands.)

MR. TREVIÑO: All opposed?

(No response.)

MR. TREVIÑO: Motion carries six-zero. Thank you very much. The motion is unanimous.

We'll now move on to number 8. Before the Board considers items 8 and 9, our general counsel, Ms. Tracey Beaver, will brief the Board on the informal rule process.

Ms. Beaver.

MS. BEAVER: Thank you, Chairman. Tracey Beaver, general counsel, for the record.

Before Mr. Avitia presents these rules for your consideration, I'd like to explain the informal rule process. Posting informal working drafts of rules on our website for public comment prior to formally proposing rules is a new process for this agency.

The purpose of posting informal working drafts of rules on our website is to have a more inclusive and transparent process. It allows us to more fully vet issues and develop rules with stakeholder feedback early on in the process prior to the formal proposal, and informal rules provide an additional opportunity for the public and stakeholders to provide feedback and provide
comments to the agency so that we can ensure that there
are no unintended consequences in our rules and make them
a better product prior to formally proposing them.

And today staff is requesting Board approval to
post some informal working draft rules on the department's
website for informal comment, so I wanted to give you a
brief overview prior to staff's presentation.

I'm happy to answer any questions.

MR. TREVIÑO: Does anybody have any questions
for Ms. Beaver?

(No response.)

MR. TREVIÑO: Well, it sounds like a more
efficient process, so great.

So we'll move on now to agenda item 8 regarding
informal rules for Chapter 215 and 221, and I will turn it
over to Mr. Daniel Avitia.

Mr. Avitia.

MR. AVITIA: Chairman, thank you. Again, good
morning.

With your permission, I'm happy to take up 215
and 221 together.

MR. TREVIÑO: Please.

MR. AVITIA: Again for the record, Daniel
Avitia, director of the Motor Vehicle Division. Today I'm
asking the Board's approval to post informal working
drafts of updates and revisions to Chapter 215 and Chapter 221 on the TxDMV's website for public comment.

The modifications to 215 clarify that the department may take into consideration a person holding any ownership interest in a licensed entity, not those just holding 50 percent. This would make our rule consistent with law; currently it is not. As well as some cleanup to update citations and correct grammar in 215.

The additions to Chapter 221 Salvage will implement the Sunset Advisory Commission's recommendation number 4.6, which directs the department to adopt criminal history evaluation rules and guidelines for salvage industry regulation.

I believe these changes will conform the department's rules to existing state policy to the way the other motor vehicle licensees are regulated. This will ensure fair and objective evaluation of criminal history that directly connects specific types of crimes to the salvage industry.

Members, this concludes my remarks. Again, I'm just asking for permission to post these informally on our website. Happy to answer any questions.

MR. TREVIÑO: Any questions for Mr. Avitia?

(No response.)

MR. TREVIÑO: I have a question for Ms. Beaver,
though. This process, though, is new to our agency. Is this also new to other state agencies as well?

MS. BEAVER: Thank you, Chairman. Tracey Beaver, general counsel, for the record.

Other state agencies in Texas also post rules informally on their website. Other agencies such as the Health and Human Services Commission, Texas Department of Insurance, Railroad Commission, and Department of Workers Compensation are a few that I'm aware of.

MR. TREVIÑO: Great. Okay. Well, it sounds like a great new process, and thank you for your efforts here.

So any questions, any other questions?

(No response.)

MR. TREVIÑO: Then the chair would entertain a motion from the floor. Do I have a motion?

MS. McRAE: Yes. I would move that the Board approve the informal working drafts for Chapters 215 and 221 for posting on the department website for informal public comment, and if needed, meetings with the stakeholders and the public.

MR. TREVIÑO: Great. Thank you.

We have a motion from Board Member McRae. Is there a second?

MS. WASHBURN: Second.
MR. TREVIÑO: A second from Member Washburn.
Any further discussion?
(No response.)
MR. TREVIÑO: Hearing none, I'll call for the 
vote. All those in favor please signify by raising your 
hand.
(A show of hands.)
MR. TREVIÑO: Six votes for.
And all those against.
(No response.)
MR. TREVIÑO: None against. The motion 
carries unanimously.
Thank you very much, Mr. Avitia.
MR. AVITIA: Members, thank you.
MR. TREVIÑO: Get those things posted, get it 
out there.
We'll now move on to agenda item 10, Finance 
and Audit. First we will hear from Ms. Linda Flores and 
then from Ms. Ann Pierce on the interagency contract, 
agenda item 10.A. Great to have you here.
Ms. Pierce, good to see you. Thank you for 
taking such good care of this place. I think I speak for 
the Board when I say thank you very much for all the hard 
work you do. I know it's a tough one.
MS. PIERCE: Thank you very much, sir.
MR. TREVIÑO: Great. Ms. Flores.

MS. FLORES: For the record, Linda Flores, chief financial officer for the Texas Department of Motor Vehicles. And to my right is Ann Pierce. She's the assistant division director for Finance and Administrative Services.

And as Chairman Treviño indicated, Ms. Pierce oversees the management of all things that others don't want to or cannot manage for our core function. So she manages the scanning group, we scan digital images for the agency. We have a mailroom staff. We recently hired two folks to take care of facilities, along with a manager. We have one more posting we're about to complete and that's a first for this agency, we've never had a facility group.

We also have a fleet manager, we have one fleet manager who oversees 43 vehicles plus ten more surplus, so over 50 vehicles. And she does that with limited resources, if you can imagine, so kudos to Ms. Pierce and her group. I know she's got some staff that she's wanting to recognize at the end of this presentation.

So with that, I will turn to agenda item 10.A. This agenda item is an amendment to the current interagency agreement between Texas Department of Motor Vehicles and the Texas Department of Transportation. This
interagency agreement was set in place several years ago when the agency was created. As you know, we reside on property that's owned and managed by TxDOT, so the interagency agreement lays our responsibilities for both agencies, and there's some give and take on both sides for things that we'll provide to them, things that they will provide to us.

The last major piece for this relationship between the two departments is basic maintenance of this campus, and we have a not-to-exceed amount in the contract for a million dollars. I'm here today to request approval to increase that to $1.1 million. That is to ensure that we have sufficient funds in the contract for work that we anticipate to occur through the end of this fiscal year.

That increase is associated with some projects that we have underway, such as some electrical repairs that's in need, some security services that we've actually seen an increase in coverage for the folks who monitor our campus as well as here in the lobby, and finally, we have a rear warehouse door that we're asking TxDOT to help replace. So there's several things in there that would be part of that $100,000, and I ask for your positive consideration of that request.

MR. TREVIÑO: Great. Thank you very much, Ms. Flores, and thank you for all you do for the State of
Texas too, by the way.

Any questions?

(No response.)

MR. TREVIÑO: How long has that $1 million ceiling been in effect?

MS. FLORES: The original contract was set at $3 million back in the day, and that was, I would say, at least six years ago, I believe, and then once we transitioned the IT portion, which was the majority of that, and I would say that was at least 2-1/2 years ago, that $3 million went down to $1-, so we made significant strides once we got the IT servers out of Building 6.

MR. TREVIÑO: Okay. Very good.

Any other questions for Ms. Flores?

(No response.)

MR. TREVIÑO: Okay. Hearing none, the chair would entertain a motion from the floor.

MS. WASHBURN: I move that the Board authorize the agency's executive director to negotiate and execute an amendment to fiscal year 2018 and fiscal year 2019 interagency contract between the Texas Department of Transportation and the Texas Department of Motor Vehicles to modify the not-to-exceed amount from $1 million to $1.1 million.

MR. TREVIÑO: We have a motion from Member
Washburn. Do we have a second?

MR. PREWITT: Second.

MR. TREVIÑO: We have a second from Member Prewitt.

Any further discussion?

(No response.)

MR. TREVIÑO: Hearing none, I'll call for the vote. All those in favor please signify by raising your hand.

(A show of hands.)

MR. TREVIÑO: And those opposed?

(No response.)

MR. TREVIÑO: Motion carries unanimously, six to nothing.

Okay. There you go, Ms. Flores. Use that money wisely. I know you will.

Next we'll hear from Ms. Flores and John Ralston on agenda item 10.B.

Ms. Flores.

MS. FLORES: Thank you.

Again, Linda Flores, chief financial officer.

And to my right at this time is John Ralston. He is our lead analyst for the budget section. Normally Renita Bankhead would be to my right; Renita retired in May after more than 35 years with the State of Texas.
So today the material that we'll be covering starts on page 179 of your board book, and this is a preliminary operating budget, there is no action required of the Board at this time.

We will be back in front of you in August where we'll ask for your approval to implement the recommended operating budget. The reason is that our appropriations are still kind of in play until the Governor's veto period expires on June 16, so until that happens, we don't want to make any commitments that we can't keep with regards to our budget.

So on page 179 this lays out how we fared during the 86th Legislative Session. We identified what we asked for and what was approved through conference at the end of Memorial Day. So we asked for $321.5 million, but what was approved was $309.4 for the next two years.

The department was successful in getting a few things through that we had requested for consideration, specifically when it came to full-time equivalents, FTEs, staffing. We were approved to increase our staffing levels by 21 people, and that's pretty major in the state when they're not very open to increasing workforce. Those FTEs were associated with two programs exceptional items.

The IT development staffing that Mike Higginbotham mentioned yesterday, we received twelve new
staff, along with the Consumer Service Enhancement Division, they received nine staff to improve the call center, eight call takers and one trainer. We also received money for a consumer tracking protection system that was part of our Sunset bill. $2.7 million for infrastructure in IT, again, that was part of our Sunset recommendation.

We received increased funding for something that's called Statewide Cost Allocation Plan. These are things that agencies that are not general revenue, such as us, reimburse the State of Texas for services provided by the Attorney General's Office, the State Library Archives, so all those other agencies that are GR, we reimburse them for services that they provide to us, and it's expensive.

And we also received $500,000 in capital to help renovate a couple of regional service centers out in our area. We're trying to standardize the look and feel of all of our service centers, and this will go a long way in helping us with that.

We were not fortunate in some other things, as you can see up on the screen. We currently have $9.8 million for headquarters maintenance and we were asking for another $9.8-, and $5.1- was not approved, but I will mention -- and you'll see this on the next slide -- they did give us some flexibility when it comes to
headquarters, so we're not too bad off.

We also were not successful in achieving an increase to the Auto Burglary and Theft Prevention grants. They were so close this session, there seemed to be a lot of support for that program. Again, I think the next go-round in the 87th we might see that turn around. We've been asking for an increased level of funding for that program since the inception of this agency and it hasn't worked out, but I think maybe next time.

We also received some new riders, and these are also as well as up on the screen, they are in your board book on page 181.

Since the agency was created back in 2010-11, we've been asking for some of these authority to carry forward unspent dollars and it's not lightly given by the legislature. A lot of times they hold back on that because they want to make sure that the agency is read, that they're not just going to be lapsing dollars because they know they can carry forward into the next year, so the fact that we've actually received that authority this go-round says a lot for this agency.

Not spending your state match for a federal grant and being able to carry forward into the next year, that's big for us. We only have one grant but a lot of it is tied to capital items and operating dollars, so if you
don't spend it in one year, that state match normally lapses.

The first UB that we you see up on the screen allows us to carry forward that unspent state dollar to match the grant going forward, so that's pretty significant. The other one, and this is what's going to help us with the headquarters maintenance projects -- the next two actually -- one is for the HQ security and badging system, and then the maintenance dollars.

Right now everything that we use, our cards to access the building is run on TxDOT applications, so the security and badging system will be totally separate in the next year or so. We'll have our own staff to run it, we'll have our own application, our own cameras to take pictures, and so that's another step in becoming independent, if you will.

The maintenance dollars, again, this gives us the flexibility that's going to make up for that $5.1- that wasn't approved. So we anticipate that we're going to be carrying forward almost $4.2 million into FY20, so we will use this UB authority to cover some of the things that we would have taken care of that are currently in the works, if you will.

Then the last one is really major for this agency. Being able to carry forward just any operating
dollar that isn't spent in year one into year two, that is very significant. We normally lapse $11 million every year, so the fact that we can carry that forward into the next year is going to help us with some of the activities that are coming out from that TOAP program, some of our strategic planning, that will go a long way in helping us achieve our goals.

If you'll turn to page 182 of your document, I'll give you a really brief overview of our appropriation. This agency, again, it started -- all the legislatures have numbers, the 81st was what actually helped to create this agency, and that was in '10 and '11, and as Matthew indicated, I'm one of the 50 percent, I think, that's been here since the inception of the agency; I'm one of those.

But what you don't see is several years back I think our appropriations were like about $125 million a year, so we've grown significantly. In '14-15, the two years prior to that was when Motor Carrier came over, so that 763, think about one chart next to that, our staffing levels were at the 600s. Jimmy's Motor Carrier group, Oversize/Overweight came over, boom, we moved up to 763, and we were kind of steady until this current biennium. We peaked in '18-19, we actually got 13 staff for Compliance and Investigations Division, that was
significant, and our appropriations for the biennium were
$322-, now we're back down to $309-.

But one of the major differences between the
two bienniums is when we created the TxDMV Fund, we had a
certain business model that we were assuming we would put
in place when we were assessing the processing and
handling fee at $4.75.

The business model that we thought we would
implement was they would deposit the whole P&H fee into
the DMV Fund and we'd have to pay them for their service,
because there's a $2 surcharge on that fee. Instead, they
just peel it off of the revenue and then they distribute
the rest of the money to the State of Texas.

So the major difference between this biennium
and that biennium is that I think we were assuming to pay
them about $13 million a year, so we're not going to feel
that difference, and the fact that we were able to get
some of those exceptional items funded leaves us in a very
good place coming up.

As always, we can't do anything without having
sufficient revenue, and so this chart is on page 185 of
your document, along with 187 gives you more detail. Our
revenues continue to climb steadily.

This is just an outcome of the State of Texas
economy and the number of registrations that we see from
year to year. It continues to go up, we always exceed our estimates, and we have no issues providing the level of revenue we need to cover our costs, as well as provide significant dollars for construction of roads for TxDOT.

MR. TREVIÑO: Ms. Flores, again, what is the number that we contribute every year to the State of Texas?

MS. FLORES: It's a billion nine just in registration.

MR. TREVIÑO: Roughly $2 billion. Thank you.

MS. FLORES: As I mentioned, we as an agency are a revenue-generating agency, and we established the DMV Fund back in FY17, so for the most part I would say about 90 percent of our programs are funded out of the fund, with the exception of the Auto Burglary and Theft Prevention Program, which will have a name change coming up. It is going to be the Motor Vehicle Crime Prevention Authority, otherwise, you'll hear another acronym, MVCPA. So I think I was going to challenge Bryan to sit for the CPA test and see if he can pass it, and then he can truly be a CPA. All joking aside. I'm sorry, Bryan.

(General talking and laughter.)

MS. FLORES: On the left side you see the fund collections of $173 million but we're also estimating to have a fund balance of over $124 million, so that's pretty
significant to cover obligations of $181 million.

So that tells you that we're doing very well as an agency and ensuring that we're good stewards of our dollars. That fund balance is available for future budget requests in case we ever want to perhaps build a parking garage on the campus, which would be very helpful to our staff.

And with that, I'm going to turn it over to Mr. Ralston and he's going to quickly cover the agency's preliminary operating budget.

MR. TREVIÑO: Thank you, Ms. Flores.

Mr. Ralston.

MR. RALSTON: For the record, I'm John Ralston.

I am the budget team lead. The slide that you see on the power point begins on page 191 of your board book.

The total preliminary budget for FY20 is $168.6 million, and we've grouped that into five major categories:

Program administration, which is $90.4 million, covers our major core programs such as Vehicle Titles and Registration, Motor Vehicle, Motor Carrier, Consumer Relations, ABTPA and Motor Carrier and CRD.

Next chart, information technology at $17.8 million, that covers the administrative oversight and management of all of our technology functions for the
department.

Then agency-wide at $11.2 million, that covers specialized programs such as our payments for the MyPlates vendor, credit card service fees and agency reserves and also the newly funded Statewide Cost Allocation Plan funding.

The capital projects, which we’ll discuss on the next side, is $37.8 million, and those include automation, data center consolidation, county technology, growth and enhancement, and it also includes some other projects that we mentioned, the HQ maintenance and vehicle replacement and the regional service center upgrades that Ms. Flores mentioned.

And then the last item, the last grouping, central administration is $11.4 million and that covers the Executive Management, Finance and Administrative Services, General Counsel, Government and Strategic Communications, Internal Audit, and Board support.

The total budget of $168.6 million combines the legislative approved amount from HB 1 plus our estimated UB carry forwards for automation and HQ maintenance.

Detailed information for the preliminary capital budget begins on page 199 of your board book and the chart on the screen is found on page 200 of the board book. The preliminary capital budget for FY20 is $37.8
million. We divide the capital budget into four major
categories.

   Automation funding for FY20 is approximately
$6.5 million, and that's allocated to, at the moment, RTS
enhancements and enhancements for the RTS batch cycle
process.

   Other technology projects total $18.8 million.
   The primary projects of that include our data center
consolidation, county technology support, agency growth
enhancements, PC replacement, and cybersecurity. That
category also includes two new items that Ms. Flores
mentioned in our exceptional item funding that includes IT
infrastructure improvements and the consumer protection
and tracking.

   The other capital projects total $4.6 million,
with the major project in that category being the HQ
maintenance, which is funded by the estimated UB from '19-
20 of approximately $4.2 million.

   Then the last category is automation
carryforward from FY19 and FY20. That's estimated right
now at $7.8 million, and that includes carryforward of
current automation initiatives such as webLIEN, RTS tools,
software acquisition, call center upgrades and the kiosk
pilot project.

   MS. FLORES: So that concludes the preliminary
operating budget, and as I mentioned, we will be back in August for final consideration and approval of the agency's operating budget. With that, I conclude our presentation.

MR. TREVIÑO: Great. Thank you, Ms. Flores, Mr. Ralston.

Are there any questions from the Board?

(No response.)

MR. TREVIÑO: No questions, but I would like to say that I guess it's a dangerous thing to divine the will of the legislature, but allowing you the leeway on the way you handle your finances I think says something about their belief that this agency delivers good value for the money invested and also that it's run fiscally responsibly, and I would just like to thank you for your service.

MS. FLORES: Thank you, sir.

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

MR. TREVIÑO: Yes.

MS. BREWSTER: I want to publicly thank Linda and her team. Unfortunately we had to let Renita retire, so I include her in my thanks.

MR. TREVIÑO: What's up with that?

MS. BREWSTER: All of those bills, hundreds of bills impacting the agency had to have a fiscal impact
analysis done and those all went through Linda's team, and
that was a lot of work, and I commend them for that.

And I also commend Linda for staying so closely
in touch with the Legislative Budget Board on our
legislative appropriations request. It is because of that
and that cooperation that we really are set up for
success, and I thank you very much for that, and thank you
to your team.

MS. FLORES: Thank you very much.

MR. TREVIÑO: Great comments. The only black
mark is allowing Ms. Bankhead to retire.

Thank you very much, great report.

All right. We'll now move on to agenda item
10.C., which is presented by Mr. Sandra Menjivar-Suddeath.

MS. MENJIVAR-SUDDEATH: Good morning. For the
record, Sandra Menjivar-Suddeath, Internal Audit director,
and I'm presenting the Internal Audit status update on
page 213 of your board book, and it's also agenda item
10.C.

For the June Board meeting Internal Audit
status update, there's just two items, the fiscal year
Internal Audit Plan status and external coordination
efforts.

So on a summary level, we're working on eight
internal audit engagements and we're coordinating one
external effort. Of the internal engagements, two we actually issued last week, one is in the reporting phase, which means we're actually just summarizing information, preparing it for management review, three are in the field work phase, and two are in the planning phase.

Now, our Internal Audit Plan has ten engagements, so the fact that we're working on eight right now may be a little bit of a concern, but we're actually on target for finishing the audit plan.

So this is a comparison, the chart on the TV shows where we were at this time last year, so the orange is fiscal year 2018 and the blue is fiscal year 2019, and as you can tell, we're actually pretty much where we were last year.

Now, we had issued more reports in fiscal year 2018 at this time, but that's expected because we actually had more audits in the fiscal year 2018 audit plan than this year. In fiscal year 2018 we actually had twelve audit reports that we were going to issue, this year we actually have on the plan ten but we will be issuing eleven.

So as you can tell, we're on track for the fiscal year. We're actually a little bit ahead than we were last year. At this point last year we actually hadn't even started an engagement. We've actually started
all our engagements, and the engagements that are in planning, the three, will be moving to field work within the next couple of weeks so we're on target for that.

So moving on to more detailed information. So the two reports that have been issued, one is the enterprise project management advisory service which we provided information on during the Projects and Operations Committee yesterday and we'll cover briefly later on today, and then the information security risk management confidential audit, that is a confidential audit so we won't be talking about it here in open session but we will be discussing it during executive session.

In reporting we have the procurement and contract management audit, so that's looking at our overall objectives for procurement and contract. We're actually ahead of schedule. We had anticipated releasing that in August; we're right now on task for July. The report is actually with me, I'm reviewing it, and we hope to have it to the Finance and Administrative Division by the end of next week.

For the field work engagements, we have the accounts receivable advisory service. Again, this is looking at overall our receivable function in the agency. We do anticipate releasing that in August 2019. We're finishing up our field work now, we should have that done
by the end of June and then we'll start reporting.

Our fiscal year 2019 Internal Audit follow-up, again we're also anticipating release in August 2019.
We've actually started working on that report already, and the fiscal 2020 Internal Audit Plan, so the Internal Audit Plan will come to you in August for review and approval. Before that you will get a preview of what we're proposing, things like that.

Right now we've gathered all the risks that we will potentially look at for next year, and we're evaluating all those risks to identify what are the highest needs for the department and for us to focus on.

Our two engagements that are in planning, one is the Compliance and Investigations Division, and the other one is the payment card industry compliance audit. Both of those audits are going to be moving to field work in the next couple of weeks so we are on schedule with that.

And then on the external coordination, we received notification from the State Auditor's Office last week that they will be coming in to do a classification audit. Now, this is different than any audit they've done before on this department.

In previous audits the State Auditor's Office comes in, looks at our contract management, our
procurement processes made and look at some regulatory
processes, they've looked at our enforcement complaint
process. This will focus on our Human Resource Division
and our employees and making sure that they're actually
properly classified.

This is part of a larger audit. They're doing
an audit on the entire Article 7 which includes Texas
Department of Transportation, Workforce Commission,
Lottery, to name a few, and they're making sure that all
the information technology positions are properly
classified.

So for example, if we have an employee that is
potentially classified as a system analyst and they're
duties actually are more relevant to a business analyst,
the SAO may make a recommendation saying we need to change
the classification.

At that point the agency has a couple of
options. We can say, No, this really needs to be a
systems analyst and we'll make sure they do their duties,
or we can update their job duties, or we can actually
change their classification.

Now, if we do change their classification,
there may be a fiscal impact and if there is, we'll work
with our Finance and Administrative Division, as well as
with our executive director, to make sure that we're doing
what's appropriate for the agency.

MR. TREVIÑO: And this is a standard audit. Right? This is not something that they've identified a risk that they're trying to --

MS. MENJIVAR-SUDDEATH: No. This is a standard audit. By statute they're supposed to do a classification audit every few years, and so what they've been doing is they've been focusing on information technology in several other agencies, and so I think it was time for our review.

MR. TREVIÑO: Great.

MS. MENJIVAR-SUDDEATH: So they've started. We had our entrance conference this week. They will be doing their field work during the next few weeks, and then by the end of September they'll wrap up with their field work, but we won't get a report till December.

So that concludes my status. Any questions?

MR. TREVIÑO: Any questions from the Board?

(No response.)

MR. TREVIÑO: I have a couple of questions. First off, do you have the resources necessary to ensure the safety and soundness of this organization?

MS. MENJIVAR-SUDDEATH: Yes, we do, and you know, I think when you see our audit plan next year, we may make some changes to ensure that we can continue to keep up with the agency and properly research, but at this
point we do.

MR. TREVIÑO: Thank you very much, because there's a lot of moving parts to this.

And also, staff has been responsive and you've had no pushback or concerns in how they are working with you?

MS. MENJIVAR-SUDDEATH: No. We have a very collaborative process here, and if there's any -- I wouldn't even say disagreement. If we have a difference of opinion, we talk about it, we work it out, and we find a common ground where we both feel comfortable with the resolution.

MR. TREVIÑO: But you would bring those concerns to the Board if those presented themselves?

MS. MENJIVAR-SUDDEATH: Absolutely.

MR. TREVIÑO: Thank you very much, and it's always a pleasure to hear your report, Ms. Suddeath.

MS. MENJIVAR-SUDDEATH: Thank you.

MR. TREVIÑO: Okay. We're now moving on to agenda item number 11, Projects and Operations Committee update.

I'll turn it over to Committee Chair John Prewitt in a second, and he'll be assisted by Ms. Whitney Brewster, Mr. Matthew Levitt, Ms. Sandra Menjivar-Suddeath, Mr. Mike Higginbotham, Mr. Tom Shindell, and Ms.
Linda Flores and Ms. Ann Pierce.

But I have to comment on your meeting yesterday. I attended the whole thing. You did a great job in moving that forward. You covered a lot of ground in a very short period of time, and I just have to commend you on the great job that you did yesterday, Member Prewitt.

MR. PREWITT: Thank you, Mr. Chairman. I appreciate that.

Members, I just want to give the committee quick update to the full Board, and then turn it over to the staff, as mentioned by Chairman Treviño, for brief presentations.

The committee met yesterday here at TxDMV headquarters from 2:00 to 4:17 p.m. I presided over the meeting, which was also attended by Members McRae, Scott and Washburn. In this meeting we got the committee charge, as well as considered seven agenda items. All the items in the committee meeting were briefings and require no action by the full Board today.

Staff will make brief summary presentations, so hopefully not two hours and 17 minutes, but it was a very thorough presentation by staff yesterday and it was really welcomed and needed by the Board members to really understand that you guys have a lot going on. I mean, it
is a busy, busy place. Staff will be available for any questions you may have.

So with that, I'd like to turn it over to Executive Director Brewster.

MR. TREVIÑO: Thank you, Mr. Prewitt.

Director Brewster.

MS. BREWSTER: Thank you. Good morning, Chairman Treviño, members of the committee.

For the record, my name is Whitney Brewster. I'm the executive director. Thank you for the opportunity to share some information about the Sunset Advisory Commission management actions being implemented by the agency. As I've said in the past, we had 16 management actions. I'm pleased to report that all of those are either completed or in flight, so you won't see any red items on this dashboard.

I'd like to draw your attention to page 216 of your board books, and you can find this dashboard there. You will receive a briefing from Caroline Love about the legislative actions that were taken by Sunset in her report later on, and so she'll give an overview of bills impacting the agency, including that Sunset bill, SB 604.

I draw your attention first to recommendation 1.6, which requires the Board to establish advisory committees to assist with the rulemaking process and other
items considered by the agency. This has a due date of September 1, 2019.

We have received Board approval for posting so we will be in the final adoption phase in the August Board meeting, so you will have the opportunity to consider those rules at that time, so that would address item 1.7.

Moving on to 2.2, this item also involves rulemaking. This item is related to formalizing the department's current red flag training. We have a very robust training around red flag, which is identification of fraud in the transactions that are completed both by the regional service centers as well as the tax assessor-collectors, formalizing that through the rulemaking process, and also establishing a very clear avenue for tax assessor-collectors to notify the department if they believe that there is fraud occurring in their offices. This, too, has already been posted for public comment and will be considered, hopefully, by the Board in the August meeting for final adoption.

On page 218, recommendation 3.6 is related to the improvement of our enforcement data tracking in our existing systems. You heard Ms. Flores report that we did receive funding through the legislature. We are cautiously optimistic that we will receive those funds in FY 2020. Obviously, again, we're still in the veto
period. But this would help us to be able to make enhancements to our existing systems to add additional fields so that we can track better the enforcement cases going through the process.

Moving on to 3.7, this recommendation is directly linked, again, to recommendation 3.6, and this requires the agency to expand its key performance indicators around our enforcement cases. By being able to generate that information to the system, in the system we will be able to have greater visibility into where we are with our cases, so we will establish key performance indicators around that new information that we're able to glean from our system, and this will give us greater visibility into the effectiveness of the department in this area.

Moving on to recommendation 3.9, this recommendation directs the department to publish more detailed enforcement histories of our regulated motor vehicle and motor carrier businesses.

The agency already posts to the agency's website enforcement actions that we have taken in regards to our motor carriers, we do not have that for our motor vehicle licensees. That's what this recommendation is around, and this, too, we requested funding to be able to implement and we will receive those funds in FY20.
Moving right along to recommendation 4.6, this recommendation directs the department to adopt criminal history checks and guidelines for the salvage industry. You already took action this morning related to this item through the informal rulemaking process. This item does not have a specified implementation date, but we are obviously well underway in addressing item 4.6.

Moving on to page 219 in your board books, recommendation 5.4 directs the department to develop a comprehensive approach to developing, maintaining and updating its IT infrastructure.

There has been a lot of activity around this item. Mike Higginbotham, our chief information officer, will give a more detailed view of this item later on on the agenda, but there is a great deal going on related to 5.4 in support of that recommendation.

And lastly, recommendation 5.5 directs the department to evaluate and identify further opportunities to consolidate and modernize its customer service functions to improve the efficiency and ultimately, and most importantly, the customer experience.

A lot of good things are occurring around this item. During our evaluation of our customer service functions, we found three small units within IT that we have better aligned in other divisions within the agency.
so that IT can focus on its core skill set, its core mission.

And so those include the five-person customer help desk for the counties and dealers. We moved that from IT to our Consumer Relations Division; it's a natural fit right there; they are used to receiving phone calls all day on registration and titling.

And I am pleased to report that the wait time for county staff has decreased from an average of 20 minutes to less than two minutes, and dealers now have one place to call if they have questions of the agency.

The financial services for billing and funds adjustments moved to our Finance and Administrative Services Division to improve our accountability and ensure proper oversight.

Lastly, our website services moved from IT to our Government and Strategic Communications Division, so that we could focus more on the communications and customer experience when coming to our website.

All three business units have transitioned, I believe, really well, and I'm pleased to report that I believe that we are better aligned so that IT can focus on IT-related items. We are also working on several other items that you will hear more about later on in the presentation from Dr. Tom Shindell, as well as our chief
information officer, Mike Higginbotham.

But with that, that concludes my presentation on Sunset management actions, and I'd be happy to answer any questions that you have.

MR. TREVIÑO: Does anyone have any questions for Director Brewster?

(No response.)

MR. TREVIÑO: You know, before we go into all the other presentations, because there were some great ones here, I think the Geneva Convention said that two hours was the maximum people should go without moving around, so with that, I think we'll go ahead and take a five-minute break, and it's because I really would like to give these presentations their full due and that way people can be focused on it, get a cup of coffee.

So I think, Ms. Beaver, any concerns?

MS. BEAVER: Not at all. A recess is fine.

Thank you.

MR. TREVIÑO: Great. Then we'll have a ten-minute recess if everyone is in agreement. Thank you.

(Whereupon, at 9:55 a.m., a brief recess was taken.)

MR. TREVIÑO: Do we have to say anything about reassembling, General Counsel?

MS. BEAVER: Thank you, Chairman. Tracey
Beaver, general counsel, for the record.

It would be good to mention who is here and who is absent, if anybody, and just that we're going back on the record and the time.

MR. TREVIÑO: Great. So it is approximately 10:08 and we are back in session, and I guess we'll do another roll call again.

Member Scott?

MR. SCOTT: Here.

MR. TREVIÑO: Member Gillman?

MS. GILLMAN: Here.

MR. TREVIÑO: Member Washburn?

MS. WASHBURN: Here.

MR. TREVIÑO: Member Prewitt?

MR. PREWITT: Here.

MR. TREVIÑO: Member McRae?

MS. McRAE: Here.

MR. TREVIÑO: Great. Memo Treviño, let the record show that I'm here and we're ready to go.

Director Brewster, if you could get us started again, please.

MS. BREWSTER: Thank you, Mr. Chairman. Again for the record, Whitney Brewster, executive director.

I am pleased to be providing you with a summary update on the TxDMV organizational assessment project. If
you will turn to page 221 of your board books, you will find the materials related to what we affectionately call this project, TOAP.

As the Texas Department of Motor Vehicles approaches its ten-year anniversary, agency staff is revisiting the vision that the legislature has for the agency. We are looking to ensure that we are meeting that vision and also to ensure that we have a firm foundation upon which to grow and mature as an organization.

The objectives of TOAP are to improve agency processes, department policies and procedures, to evaluate and align current technology, to optimize TxDMV infrastructure and our budget structure, to also improve our organizational structure and allocation of our vital human resources, and to improve internal and external communications.

We have identified six workgroups to accomplish these objectives. Each workgroup has established short-term and long-term milestones.

We have the process workgroup which is developing a statement of work to contract with a vendor to examine agency processes, and this is really an effort to be able to identify inefficiencies, redundancies, gaps and really opportunities for improvement.

They are also reviewing the governance
processes and will be providing recommendations on ways that we can improve those processes on agency-wide initiatives as well as our capital funding. They're also looking at the Centralized Accounting and Payroll Personnel System, CAPPS, and making sure that we are utilizing that system to its fullest.

Finally, they are looking at evaluating and providing recommendations to improve our delegation of authority processes so that we don't have a bottleneck in any one place in the agency when it comes to our delegation of authority.

The legal workgroup is reviewing the department's policies to identify changes needed to ensure that we are aligned with statute and best practice. Also looking at standardization and easy accessibility of those policies, both by the public as well as agency staff. They're also reviewing the agency's fraud policies and looking at the completion of our Sunset-related tasks.

And finally, this workgroup is focused on the flow of the rule development from the time we start drafting until final adoption and implementation to better ensure that we have proper review, transparency, efficiency, and public input into that process.

The technology workgroup, they have been very busy looking at the organizational alignment. I talked a
little bit about that earlier in my presentation on Sunset. They're also creating service level agreements so internal and external customers really know what to expect when it comes to IT changes and enhancements to systems.

Another milestone for this work group is to assess application performance and to deploy additional monitoring tools. They're also looking to improving visibility into our cybersecurity risks in the agency through utilization of automated tools, and they too are looking at governance, the governance around data in the agency, to improve our performance, to decrease risk and ensure efficiency and compliance with the use of our important data within the agency.

Another initiative is to review the intake process when it comes to our IT portfolio and looking at the development of a weighted matrix so that we can prioritize those things that we are doing within the agency when it comes to IT services.

This workgroup is also responsible for the development of a report that lays out the status of our technology currency and standards. And finally, this workgroup is currently looking at planning out an enterprise complaint management system to improve our cross-division work related to complaints received by the department.
Right now that system does not exist, so they're looking at planning around what it would take to implement a system of that type within the agency.

The finance and administrative services workgroup, this workgroup is developing a report of changes needed to optimize the usage of our facilities. That's both here at headquarters as well as the regional service centers, and they're establishing short-term and long-term, again, milestones for our facilities.

They're also evaluating our budget structure and recommending changes to our budget structure so that we can have more agility and scalability within the agency. And finally, they are creating key performance indicators for our support areas within the agency to better ensure that we are meeting the mark when it comes to support services provided to our agency.

The organizational preparation workgroup is very busy reviewing and will be making recommendations regarding the overall organizational structure, as well as staff allocations to ensure efficiency in the use, again, of those resources.

They're also looking at development of an annual plan around classification reviews, and this is to better ensure equity is consistent across the department. They're also looking for the ability for better
recruitment and retention of those employees. They're also looking at the function of change management in the department and looking to see how that should work and how it should be structured within the agency.

The organizational preparation workgroup is also developing policies and procedures around setting up and implementing career paths within the agency so we can hold onto those employees who want to have a career here at the TxDMV.

The workgroup is also developing guidelines for starting salaries and equity for salary increases across the divisions within the department. And they're also looking at establishing the next level of our Leadership Academy to ensure that we are developing leaders, that our current management has the leadership skills that we need to move the agency forward, but also those who are interested in moving into a leadership role that they have the ability and the training necessary to be able to gain those skills so that they can move up through the organization.

And last but certainly not least, our communications workgroup who will be developing a style guide for the department to include standards for writing, and this is to better ensure that we are speaking with one voice at the agency.
They're also looking at establishing a department communications calendar so that we're better coordinated within the agency and we're prepared when those communications go out. They're also looking at standardization of operating procedures pertaining to the governance of our intranet as well as our website.

And finally, the communications workgroup is developing communication strategies on how we can better foster stakeholder relationships and get more information to our stakeholders, as well as how we communicate and permeate the agency culture throughout the organization.

I have shared with you the short-term goals of the TxDMV organizational assessment project. This project will formally end at the end of the fiscal year; however, any of these activities that are not completed will be considered for the strategic plan as we start into that process, as well as individual divisional operational plans so that we can continue the momentum of making improvements to the organization.

It is our sincerest desire to have a solid foundation within this organization on which to build so that we can be very successful. Whether additional responsibilities come to this agency or whether they don't, the agency will be better off for having gone through this effort.
With that, I would be happy to answer any questions that you have.

MR. TREVIÑO: Thank you, Ms. Brewster.

Any questions from the Board?

(No response.)

MR. TREVIÑO: No. But I'd like to commend staff for this self-reflective process. It's essential for running a well governed organization, and I commend you guys for going through this process.

MS. BREWSTER: Thank you, Mr. Chairman. If I may just acknowledge Thomas Beckley, who is in the audience -- I'm going to ask you to stand, sir. I acknowledged him yesterday but we did it rather quickly.

And I'd also like to ask the TOAP working group chairs to stand up so that we can recognize them for their hard work.

(Applause.)

MS. BREWSTER: Stay standing, will you? And then those that are members of the TOAP working groups, if you could stand, please.

(Applause.)

MS. BREWSTER: Thank you.

Thank you, Mr. Chairman.

MR. TREVIÑO: Thank you, Ms. Brewster. And I know this process does not always excite a lot of people,
but at the end of the day it's so important, this whole reviewing everything that we do because we may disagree on a lot of things but running a better agency is not one.

So if you think of a Venn diagram where it all kind of fits together is process, because most people that I meet generally want to do a good job but there's something within the process that doesn't allow them to do a good job.

So this area of being self-reflective and looking at how all these things fit together, I know it's a lot of work and it's tedious, but for running a great organization there's nothing better, and my hat's off to you guys and Member Prewitt for spearheading this and all the staff, because it is essential for us and I'd like to really make sure that the record shows how important this is, as boring as it may be sometimes, how important it is for everyone, and I think everyone will agree on that.

Thank you.

Okay. Who's presenting next?

MR. PREWITT: Matthew Levitt.

MR. TREVIÑO: Mr. Levitt, good to have you in front of us.

And where did you get those photos, by the way?

MR. LEVITT: Pardon me?

MR. TREVIÑO: We had a couple of staff within
HR put those together for me.

MR. TREVIÑO: Spiced it up. Please go ahead.

MR. LEVITT: Mr. Chairman, members, I'm Matthew Levitt. I'm the director of Human Resources.

You hear a lot about all of the great work that this agency does, you heard Daniel talking about the enforcement work, there's 35 people in his division, another 80 people working for Corey in Enforcement who are making those things happen, with Linda talking about the budget, the accounting, all of the behind-the-scenes, there's a huge workforce that comes to work every day committed to making this agency happen, so this is just a brief overview of what our agency looks like and who these folks are.

The information is in your book on pages 224 to 230, a little different than what you're going to see on the slides in front of you, but the detail is in your book.

So as Linda said earlier, we have 779 FTEs, full-time equivalents, that's going up to 800 in the next year. I want to start talking about our agency turnover. Unfortunately, I'm going to torture you this morning by looking at fruit turnovers as opposed to employee turnover. In our agency it's been significantly lower than other state agencies, so compared to the rest of Texas state
government, that red line is the average turnover rate
every year across all of Texas state government.

You can see that we're looking at about 17.5 to
19.3 percent. If you look at what our historical has been
for the last five years here, it's been significantly
lower, we had far fewer people. This is looking at all
people who leave for any type of reason whatsoever.

The State Auditor's Office that tracks this and
records this likes to look at the voluntary turnover,
people who are leaving voluntarily. Again, for the state,
of course, it would be much lower than the overall total
turnover, this is the people who are leaving voluntarily.
Again, we see that the turnover her at TxDMV is
significantly lower than that. We have a greater tenure,
we have people who are staying longer, who are not leaving
our agency.

So overall, as I said, we've got a fairly good
tenure. Fifty-two percent of our employees have been here
for at least five years. If I counted right, in 148 days
we're going to reach ten years as an agency. About a
quarter of our staff has been here since that inception in
November of 2009.

Where are our staff? This is Austin, 70
percent of our staff are working here in the Austin
headquarters. The remaining folks, we have about 200
people scattered throughout the state in regional offices. The vast majority of these people are in the Vehicle Titles and Registration Division, with the remaining employees in the Compliance and Investigations and Enforcement, with a couple of people in the Administrative Services Division. So again, majority of the people here in Austin and then spread throughout the state.

Looking a little bit at the demographics. The majority of our workforce is female, two-thirds of our employees are female. For the racial makeup, relatively comparable to the state as a whole: 54 percent of employees are white, 20 percent Hispanic, 14 percent African American, 4 percent Asian and other races, again, fairly representative of the state's racial makeup.

We have a relatively older workforce. Three-quarters of our employees are over 40. This is older than the both the workforce overall and when compared to the rest of Texas state government which, of course, provides some challenges. People begin to retire, we need to make sure that we're able to recruit and retain people to fill those positions.

So that's just sort of the demographics which I ran through fairly quickly. Any questions on that before I hop into a couple of comments about training?

MR. TREVIÑO: Questions?
MR. TREVIÑO: Go ahead.

MR. LEVITT: So there's some mandatory training that all employees are required to complete within the first 30 days. By state statute, all employees are required to complete EEO training, which we're doing.

As Whitney mentioned at the beginning of the meeting, the Be the One in the Fight Against Human Trafficking training that all employees go through is another training that our staff go through. We've had a very strong compliance and people completing this training.

Some other mandatory training that we have is just for computer security training for all staff, training through AAMVA through their fraud training for all staff, the Internal Audit fraud, waste and abuse training for all staff as well. These are all mandatory training that employees go through within their first 30 days for all of our staff.

Some additional training that we've been developing is to make sure that we have supervisory training for all of our staff. We've currently been conducting training for staff largely to look at a lot of the operational aspects for staff, things of what can you ask in an interview, what is considered paid time, doing...
performance evaluations, things about people have
disability and sickness and leave, really a lot of the
operational tactical aspects.

    Part of our operational plan that we have is to
be developing leadership training, and this is a piece
that we're starting to really work on and look into and
develop now as something we're going to be having in the
fall. Looking at more of the -- I don't want to call them
soft skills but not so much the specific tactical pieces
you mentioned earlier but some of the process pieces,
Chairman, to really be focused on issues of process
improvement, presentation skills, issues of project
management.

    These are things we're going to be working on
and developing formal leadership training for our staff.
We really see this as an important piece to be able to
offer our staff opportunities to advance and to grow our
own leaders within this organization.

    So that's a key piece that we're working on
developing. You'll be hearing more about it in future
Board meetings, but that's one piece that's significant
for the HR division and where we're going with training.

    So that concludes my presentation. Happy to
answer any questions that y'all might have.

    MR. TREVIÑO: Mr. Levitt, thank you very much
for a very thorough presentation.

Does anybody have any questions?

(No response.)

MR. TREVIÑO: Great. Thank you.

MR. LEVITT: Thank you.

MR. PREWITT: Thank you.

MR. TREVIÑO: And we will now hear from Ms. Sandra Menjivar-Suddeath and team.

MS. MENJIVAR-SUDDEATH: I figured you guys would like to meet the team that works on these projects and you can ask them the questions directly.

(General laughter.)

MS. MENJIVAR-SUDDEATH: For the record, Sandra Menjivar-Suddeath, Internal Audit director. And next to me is Jason Gonzalez, senior auditor, and Jacob Geray, internal auditor. They both worked on the enterprise management advisory service, which is item 11.D. and is on page 233 of your board books.

To give you a brief summary of what we covered yesterday, the Information Technology Service Division requested that we review the enterprise project management process for the department as that process had been transferred to them earlier in this fiscal year.

As it was an advisory service, we agreed on exactly what we were going to look at and to provide them
information to help better plan for the future for
whatever their endeavors were with the governance process.

We were specifically asked to evaluate the
current structure of the governance process, to also look
at roles and responsibilities, and to identify potential
governance models that could be used for enterprise
project management in the future. I want to clarify that
the models that we provide are just informational based,
so the department can definitely choose a different model
or merge something, we just wanted to provide some
information for them till we start having that
classification for planning.

And so our results, the information of the
report begin on page 236, but at a high level, what we
found was from the governance structure we do have some
membership overlap between the governance team and the
executive steering committee.

The governance team is over the overarching
portfolio management of all enterprise-wide projects,
while the executive steering committees are more on the
individual projects.

So for example, for the refactoring of the
registration and titling system, we have an executive
steering committee that reports up to the governance
model. We found, again, some overlap and some authority
issues and some undefined roles that need to be clarified to help ensure that if we use this model it can be as successful as possible.

We also found some inefficiencies in our communications, specifically the dashboard. Our dashboard has 14 different elements that are being communicated, and an example of the dashboard is on page 242 of your board book. In that we found there's 14 elements that are trying to be communicated.

Industry best standards talks about about six different communication elements, and mostly focusing on risk and issues. I will say we brought this to the attention of our chief information officer and our portfolio manager, Mr. Beckley, and they began making immediate changes with the dashboards which you'll see in the next presentation.

The final part was the governance models, and so we identified four potential governance models that could be used. The first one is our current model with agile principles. Agile principles is a term used to talk about the type of software development. The software development agile is more faster, iterative, more function-based compared to waterfall, which is larger projects, more long-term items. The first one was a streamlined governance model with agile principles.
We also had an information technology investment management which the framework provides the organization with a method to evaluate and assess its IT resources. It's kind of on a maturity model so there's a lot of flexibility in that model as you can use different types of processes in it.

We also have the technology business management framework, which allows a better understanding and more common terms. The technology business framework starts talking about cost pools, and so you have a common language between finance, IT and the business to talk about the cost of projects and things like that.

And the final one is just a simple principle-based agile governance, which is going completely agile and using that for the department as a governance.

Now, each of these models have benefits and we have components to implement, but we also have some gaps which we identify in the report. And we provided this information to the Information Technology Service Division in May and they've taken some of the information and have already started working on that. Chief Information Officer Mike Higginbotham will probably talk a little bit more of some those endeavors.

Any questions?

MR. TREVIÑO: Any questions from the Board?
(No response.)

MR. TREVIÑO: I'm going to ask Mr. Gonzalez some questions here, and Mr. Geray.

How did you feel working on this report, Mr. Gonzalez, you first, and Mr. Geray, on this assignment? Could you tell us a little bit about the work?

MR. GONZALEZ: For the record, Jason Gonzalez, internal auditor.

Enjoyed the project. The ITS department during their transition was very helpful and it was a pleasure to work with them.

MR. TREVIÑO: Great.

Mr. Geray, would you like to add a little texture to that?

MR. GERAY: For the record, Jacob Geray, Internal Audit.

I especially enjoyed working with very high level division directors, and then we also worked very closely with several of the line staff in the project management office. It was good to get a variety of aspects, and I think it really comes through in the report.

MR. TREVIÑO: If you could have staff adopt one thing from your report, if you could just ask one thing that you think would pay the most benefits, what would
that be?

MS. MENJIVAR-SUDDEATH: Don't look at me.

MR. TREVIÑO: And that includes asking Ms. Gillman to lead our scrum team in the next agile sprint.

MR. GERAY: Chairman, you're a mind reader.

That was exactly what I was going to say.

(General laughter.)

MR. PREWITT: That's good, that's quick.

MR. TREVIÑO: Well done, well said. Thank you very much for your efforts here.

MS. MENJIVAR-SUDDEATH: Thank you.

MR. TREVIÑO: Thank you.

All right. We hear from Mike Higginbotham, I believe, next. Is that correct?

MR. HIGGINBOTHAM: Good morning. For the record, I'm Mike Higginbotham, chief information officer.

I'm not really sure how to follow that exactly, because that was great. But I'm going to try to keep it brief. Okay?

So today what we're going to do is I'm going to give kind of a brief overview of our technology projects, kind of an updated status there -- a lot of this we covered in the committee meeting yesterday -- and then also kind of an introduction to our technology roadmap.

So this in your board materials, this is all
starting on page 266, and that's actually the overall portfolio trend slide, so let's start there. It's kind of a high-level view of kind of the different aspects of our projects.

The good news here is that we do not have any projects that are in a red status at this point in time. The kind of four quadrants that you've got up here on the screen and in your materials.

The upper left corner there, that's the overall project status, and we've kind of given a history there going back into 2018 and forward, how things have been moving and progressing.

We also include a budget trend analysis there just to the right of that, and then a schedule trend down towards the bottom.

So overall, we're in pretty good shape. We've got a lot of activity that's going on, as Executive Director Brewster mentioned previously, and the governance processes that were referred to by Sandra and team are something that are critical to being able to execute these things, and we'll talk a little bit more about some of the efforts that we're taking along governance and kind of reforming that as we move forward here.

If we go on to the next set of slides here, some of our projects are what are considered major
information resources projects. Those are, generally speaking, those projects that have application development costs that are greater than a million dollars.

And in those cases we have to report those to the quality assurance team that is made up of a group of other state agencies: the Legislative Budget Board, the State Auditor's Office, the Department of Information Resources, and the Comptroller.

And so we provide updates to them on a regular basis for those contracts, and we have a couple here that do make that qualification, webDEALER eTITLES is one of them and webLIEN is another one of those.

We'll be going into more detail about those projects here momentarily, but we provide those monitoring reports, they have been submitted on time. Optionally, we selected to give more frequent updates on webDEALER eTITLES.

That has been a project that has been going on since, I believe, 2012, multiple phases, many different enhancing scope changes that we've had over the years, and we'll talk a little bit more about that in a few minutes.

But these reports are delivered on time and we continue to do that.

Also, after we have completed projects that are considered major information projects, there are reviews
that are conducted that are called post-implementation review of business outcomes, or PIRBO, and so that's what you see on this slide here on the bottom part is where we talk about some of those projects from the past. Two of them are at their 24-month or two-year review point, and those reviews have already taken place or they continue to be on target.

And then another one that's coming up for a six-month review is for the registration and titling system. That was a multi-phase, multi-year effort for us to migrate off of our mainframe into a new more modern technology that's more client server and distributive based. We're coming up to our six-month review on that, and that is on target at this point.

Moving right along to the project status, and I did mention that there were two projects that were major information resources projects, one of those being webDEALER eTITLES and the other being webLIEN. These are currently -- webLIEN is in a good state in terms of overall project status; however, it has been delayed because it is dependent on webDEALER eTITLES completing first, so there's a domino dependency there, and since webDEALER eTITLES, as you can see is reported as yellow, it's reported as yellow because it's been over time.

It's under budget, still well under budget, but
it's been over the time duration on the schedule, and the reason for that wasn't because we fell behind in the work that we were doing, we actually added significant improvement, significant enhancements and scope over the years.

Again, this was a major project that started back in 2012 and over time, based on feedback that we got from our stakeholders and then just kind of assessing things ourselves, we saw that we needed to add some additional features and functions, and we also had some legislative mandates that came in.

There was the single sticker initiative that came in from the legislature a few years ago, you may recall, and so that did also have an impact on the schedule here. So yes, it is 124 percent over duration but there's some good reasons for that.

Moving right along then into kind of the more detailed look at the status of these projects, starting with webDEALER eTITLES. And I do want to say that what you're looking at in your board materials and what we have on the screens here, this is a revised view of our kind of dashboard, our project dashboard.

So Sandra and team mentioned previously that we had another dashboard that had a lot of different elements on it, I think 16 different elements, and so what we've
tried to do is to kind of consolidate those elements into something that's a little easier to get right at the main points right off the top.

So we've moved key accomplishments, key activities and status and risks and issues in those first upper two quadrants that are in the middle of the page there so they kind of jump out at you and we can get right to the heart of the issues. And so that's the new format, so that's part of our governance improvements and changes that we're already taking as a result of the work that Sandra and team did.

MR. PREWITT: I'd like to interject, Mike, that if the Board will look at the cost savings, I mean, this is about $5 million under budget from original cost estimates which is just phenomenal. Kudos to Jeremiah, the whole team, for helping that happen, so thank you for being good stewards of the funds. Thank you.

MR. HIGGINBOTHAM: And this project, so the last phase is eTITLES and this is to basically allow titling to be transferred in electronic form and improving the accuracy of the titling process.

This is the last phase of the webDEALER project and it is on target for completion at the end of this month, 2019, June. This month we will be able to wrap up this project which, I do have to say also, is going
through testing right now, and as you go through testing
sometimes you find a few things.

    We want to make sure that this is ready to be
delivered to production, so we're doing a thorough job of
testing there, but we are marching towards the end of June
and testing is in progress as we speak.

    Moving right along to webLIEN, this is the one
that I mentioned is tied to or dependent on the completion
of webDEALER, and so this one, while we've said that we're
in good shape and some work has begun, I also said that it
was delayed and that's because of the dependency on
webDEALER.

    What we're looking to do here is this project
will end up going past what we were originally expecting
because of the delay from webDEALER, so we're going to be
looking to re-baseline what that plan looks like going
forward, so we expect to have an update on that coming up
soon, and of course, we will share that through our
governance process and of course to this Board as we give
later updates in the future.

    Moving along to the call center upgrade, that
is a project to really help shore up our foundation.
You've probably heard that foundational shoring phase used
frequently in the last several presentations, and this is
another example of that. We have to have a good
foundation to build from so that we can do many things going forward, and the call center upgrade is another one of those.

We're basically going to be upgrading our existing infrastructure for telephony. We did something similar to this actually last year where we took our non call center equipment and upgraded it as well, so now this is kind of a completion of that we're going to have a solid foundation to add more enhancements to as we go forward and it makes other things become possible once we're on current supported levels of call center infrastructure.

Kiosk pilot project, so this is an interesting one to look at. The project is moving along. We're about to go into putting out another requests for proposals, so that's kind of the next part of the operations here on this one.

We're looking at are there options to present to the motoring public to where they can get, say, certain services that they walk into an office today or that they go online for, like getting a registration renewal, can they do that through a kiosk instead.

Now, we haven't quite figured out all the different places that we would possibly deploy these yet. That's still under further review and discussion. I know
some of our county tax assessor-collectors have expressed some interest in this, so a part of this pilot project will determine where do we want to deploy those. And so this project continues to move along.

Again, the next part of it will be a request for proposals solicitation that we'll be putting out, and that's still moving along according to schedule at this point.

And moving on to our external website, we are in the process of enhancing and renovating the website. Since we're coming up on our ten-year anniversary here, it's kind of a good time to also make some changes to our website and refresh the look and feel and also take feedback from stakeholders that we've received over the years and work no making enhancements to that.

So this project is underway. We have already completed some proofs of concept that we're working with our vendor on, they've provided those. And kind of the next steps is we're going to be looking at our focus groups and reaching out to stakeholders to get more of that valuable input so that that's part of this renovation process.

MR. TREVIÑO: You guys are doing a thorough review process of the website. Right? That's a very high priority.
MR. HIGGINBOTHAM: And enterprise reporting, this is a project that is really kind of the beginnings of, I think, something else that we can look at going forward in terms of being able to improve our use of data. You know, data governance, Executive Director Brewster mentioned that we're looking at improving our data governance, and then another part of using data is part of what this project is looking at.

We're specifically looking at a couple of reports to help Finance with having some information about title statistics and active registrations and then a few dashboards as well that cover some of the fees that are collected and fee revenues.

And this, to me, is just kind of the beginning of what we can do. We've got a lot of data that we collect through all of the transactions and processes in this agency, and what you could really start looking at -- and we'll kind of talk about this in the roadmap in a few minutes -- is starting to focus more on being able to mine that data and help us predict and make decisions in a more efficient and improved way, getting into more data and analytics, and reporting is kind of the first step of that.
So this project here is in good shape, we are still on target for our current delivery dates later on in the next couple of months, but this is kind of an exciting place to be looking, is data and analytics, and it's not just something that is a Department of Motor Vehicles thing, this is really kind of an industry-wide trend now where you see a lot of emphasis being focused on data and analytics.

Last, but certainly not least, we have a Windows 10 migration, so we're working through our workstations that are deployed, not only here at headquarters but also at our regional service centers, and then also the equipment, the workstations to connect to the RTS system that are in all of our county offices. We're migrating from Windows 7 to Windows 10.

We've made significant progress here at headquarters. The first chart there shows that we're about 82 percent complete with headquarters staff. We've started to make some progress in the regional service centers, 35 percent of those are complete.

We haven't quite started deploying to the counties yet, but we're working on a plan for how we interact and deploy those upgrades because, you know, we don't want to be disruptive during this upgrade process, and some of you may have experienced when you've done your
own upgrades on your Windows platforms at home, sometimes it goes seamlessly and sometimes there are a few little bumps.

So we want to make sure that we're accounting for if there are some bumps that we are not impacting county operations and that we've planned this well with our stakeholders in the counties and also with Vehicle Titles and Registration Division.

So we're working through the plan on that. We are targeting a start of rolling it out into the counties in July, but again, more to come on the detailed rollout of that for the counties.

So I'm going to just pause right there for a moment before I jump into the introduction of the technology roadmap and see if there are any questions.

(No response.)

MR. HIGGINBOTHAM: Thank you, Mr. Chairman.

So we'll now proceed to looking at the technology roadmap, and as Executive Director Brewster mentioned earlier, Sunset Commission tasked us with improving the management of our technology and our technology infrastructure, and for me, a key part of that is having a technology roadmap.

And a technology roadmap is intended to be high level and so we're not getting down into detailed project
descriptions here and project plans, but the project plans, when they do move forward, will tie back to this roadmap. But it gives us a notional idea of some of the things that we're looking at and where we're going as an agency.

And this is something that is not just the IT Department in a vacuum deciding what this looks like, this is something that is really based on the needs of the business and the needs of our stakeholders, so it's a collaborative effort, and we really look forward to seeing how this evolves and getting additional feedback.

It's intended to be living and breathing, and it's something that is not just set in stone, it's something that moves as business needs change, and as we move forward here, some of the things are kind of based and broken out by quarter but things can move and ebb and flow depending on how business needs change.

So the other part that's key about a technology roadmap -- and Dr. Shindell will talk about this in a few moments -- is that this is going to be part of our strategic planning process, because the technology organization is supporting our business operations, it's supporting the motoring public of the state and our stakeholders. So this is a piece of that puzzle but it's driven by what are the strategies that we're focusing on
as a business and as an organization.

So this is a multi-year roadmap that we've got in place here. We developed this back in 2018, so late last year, and it's going out to fiscal year 2023.

Starting on the first slide fiscal '19, what we have here is a few items that we've already been able to accomplish, and I'm going to kind of draw your attention to a couple of additional items as well.

The technology reorganization, I think we have mentioned that in a couple of other presentations. We really took an assessment of what are the core competencies of a technology organization, and so if there were things and staff that were there that were supporting that, that was great, but if there were things that are better aligned with other areas of the department, then we wanted to make sure we realigned those, and Executive Director Brewster mentioned those earlier.

And I think that with any reorganization you have to go back and still continually assess it because that, to me, is not a you set it one time and you forget it, but you want to continually look at how it's performing.

And as we've said, things are looking overall, I think, in good shape here, but there could be some needs for tweaks here and there, and part of our TOAP technology
workgroup is actually looking at some of that as well and seeing where we may need to kind of adjust a few things. So the technology reorganization took place. That was effective at the beginning of this year.

And then we've worked on a couple of other things. I mentioned enterprise reporting project and getting into the data. The fraud data dashboard was another one of those that will help us identify patterns of potential fraud. That one was deployed.

And then in terms of shoring up our foundation, we've also been improving our monitoring capability, performance monitoring. Specifically we've deployed some tools around our registration and titling system to more proactively detect performance degradation or slowdown in advance instead of letting it kind of come to a crawl and then crashing the system. And so that has been deployed here recently, and so far we're seeing good results coming out of that new monitoring tool that's enabling our team to get in front of issues on a more proactive basis.

Moving along to fiscal year '20, here I just want to call out a couple of things that we're looking at. Again, going back to the foundation and really feedback that we've received from our stakeholders, we've heard about the number of outages that occur with the registration and titling system, and a number of those are
due to some of our circuits that go down.

Now, the network is something that we do have other carriers that support us, telecom carriers, but it's our network that we overall own, including that relationship with those carriers. Sometimes there's weather that moves through and it will knock a circuit out but also sometimes, depending on you also need to look at what's the age of that network and is it and are we using the most technologically advanced and capable components.

Right now the network that we have is really based on some older technology, going back a couple of decades, T-1 lines, so what we're looking at is what can we do to improve that and make that network more reliable for our county stakeholders. So that's one of the things that I think is kind of an interesting one that's out there on the horizon. Don't have exact dates on that yet but as we kind of get more information on that, we'll be able to share that through further updates.

The other thing, too, when I think about interesting advancements in technology, you know, we talk about chatbots and you've heard about robotic process automation and taking processes that have been done maybe by humans but we could put humans towards more value-adding work instead of doing those kind of rote tasks.
So robotic process automation and implementation is something else that we have out there on the roadmap, and that will be based on the business drivers and which ones are best qualified for that.

Moving out to the rest of roadmap, fiscal years '21, '22 and '23, we heard some of this also mentioned previously about improvements to RTS batch efficiencies.

The processes today, there's a lot of overnight batch processes that are performed, so what can we do to improve the efficiency of that, and then even looking forward in the outer years in terms of '22 and '23, are there some of those processes that are done by batch that could be actually moved to more real-time so then that way, instead of having to wait for an overnight process, you could have it at the time at the point of the operation. So we're looking at what we can do there to improve RTS in terms of its architecture and also its efficiencies and use for the public.

Looking out to fiscal year '23, there are some things out there around data where we start really talking about data warehousing and really getting into the heart of data and analytics.

There's a lot of data that we have today but to coalesce all of that and bring it together is not a small task and it's something that has to be thought
through and planned and will likely require some sort of additional appropriations from the legislature.

So we mentioned earlier that we're going to be getting that process -- and Dr. Shindell will be mentioning a little bit more about that strategic planning process soon -- and looking at these types of initiatives such as a data warehouse or also a case or customer management or complaint management system, the planning for that -- even if it's further out and we require an appropriations request, the planning for it really needs to take place now, and so that's something that we're already doing and we're doing as part of the TOAP technology workgroup as well.

So I'm not going to go through every single item on here, but that is the first introduction to our technology roadmap, and I will pause there and see if there are any questions.

MR. TREVIÑO: Member Washburn.

MS. WASHBURN: If you take a look at your roadmap on '19 and '20 and think about your stakeholders, what would you say are the things that would be most important to solve some of their pain points? I heard you say the T-1 line. That sounds like maybe one of them.

MR. HIGGINBOTHAM: That's one of them, because to me the network reliability is critical, and not only
just the reliability but also making sure that we are on
more recent technology. So that's one of them that I
would talk about.

The other, though -- and I didn't actually
discuss this one -- but we have got to look at how do we
improve our throughput in terms of delivering more
technology in a shorter time frame. And so there's a
couple here that I would point out.

One, the automated testing tools, and this is
on fiscal year '19. Right now our testing operations are
highly manual and there are some things that really that
kind of slows things down when you're having to go kind of
through that manual testing cycle. And also, there's more
value add if you have that automated through technology so
that you kind of get consistent quality and consistent
results.

But the other thing, too -- and this actually
ties to one of the exceptional items that we asked for in
the last legislative session and hopefully, depending on
how the veto cycle goes, everything will work out -- it's
really about our additional development environments.

So if you do a lot of programming but then you
have a bottleneck in either testing with manual testing or
you don't have enough development environments to kind of
push it through that software development life cycle, you
kind of get stuck with what you can deliver and everything backs up.

So we asked for additional funding for not only the automated testing tools but also for additional development environments, and so that will help us with the foundation so then we can deliver more of the enhancements and the requests that have been made by either internal staff or by the county tax assessor-collectors.

MS. WASHBURN: And is all of your development onshore? Do you do any offshore?

MR. HIGGINBOTHAM: At the moment it is, yes. It's mostly by full-time equivalent staff. We do have some contractors as well. Previously we did partner with other third parties, especially with some of our projects like the RTS re-platforming and moving off of the mainframe, but right now a large chunk of our development is all done internally here.

MS. WASHBURN: Okay. Thank you.

MR. TREVIÑO: Thank you, Member Washburn. Any further questions? Member Scott.

MR. SCOTT: I've got a question about kiosks.

MR. HIGGINBOTHAM: Yes.

MR. SCOTT: So are there other states that are doing this that are having success? Can you address that
for me?

MR. HIGGINBOTHAM: Thank you for the question.

Yes, there are other states that are participating with
kiosks today. I don't know the exact details of which
states those are.

Executive Director Brewster, I think you may
have a little more insight into some of the other states.
Would it be possible for you to help answer the question?

MS. BREWSTER: Mr. Chairman?

MR. TREVIÑO: Ms. Brewster.

MS. BREWSTER: Whitney Brewster, executive
director.

There are a number of states that are utilizing
kiosks currently: West Virginia, Virginia, Nevada,
Colorado. There are a number of states that have deployed
that technology.

The American Association of Motor Vehicle
Administrators has done a great job in terms of providing
information to states on how other states have handled
kiosks, including their procurements, so we do have a lot
of resources available to us regarding kiosks.

MR. TREVIÑO: Member Scott, any follow-up?

MR. SCOTT: No, no follow-up on that.

On webDEALER, when you're talking about
electronic titles and lien releases and that sort of
stuff, can you tell us what that -- does that mean that we will no longer issues a paper title?

MR. HIGGINBOTHAM: No. There will still be a paper title, so that does not go away.

Here's Jeremiah Kuntz, our director of Vehicle Titles and Registration, and he's the owner of this initiative so I will --

MR. KUNTZ: Phone a friend?

MR. HIGGINBOTHAM: -- phone a friend. Thank you.

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

So with the webDEALER application, the native application that you have available in the dealerships today is for the electronic submission of title paperwork to a county tax assessor-collector's office.

The next phases that we have, the eTITLES phase of webDEALER will allow for the electronic title transfer for reassignment in the wholesale market from dealership to dealership. With that you will not have to use a paper title if you do not want to. It will facilitate that electronic transfer completely contained within webDEALER and then the final submission to the county office utilizing webDEALER as well.

We will always have a dual system until the
last paper title is retired, which I foresee will be many years away from now, but we'll be operating in a hybrid system for some time because we're not going to recall all those paper titles that are out there on the streets, and for private party sales, a paper title is needed, as well as sales where a vehicle is being sold out of state, so if a vehicle is being transferred to somebody in another state or a dealership in another state, a paper title will still be necessary to facilitate those transactions as well.

MR. SCOTT: What about lien releases? A customer pays off his vehicle, you release the lien on the front of the title, do you also then go into the system and release the lien there?

MR. KUNTZ: So that is another phase of, I guess, the webDEALER suite. We have another project for webLIEN.

Currently today we have what is known as electronic lien titles, so your large financial institutions, GMAC Financial, Ford Motor Credit, those kind of institutions, as well as other large banks, have available to them an electronic lien system.

In that system what we do is we suppress the printing of the title so when you purchase a vehicle and let's say it's financed with GMAC Financial, we would send
them an electronic title. Once that lien has been paid off, they would release that lien electronically. When they do that, it automatically cues us to send a paper title to the customer that has satisfied the lien.

And so in that instance what we've done is we've saved the state and the lienholder the requirement to print one title, so we've basically skipped printing one title, handled it electronically, and then ultimately when it's paid off, it's turned into a paper title and sent to the owner of the vehicle.

MR. SCOTT: Okay.

MR. KUNTZ: And that same thing would be facilitated in webLIEN for smaller lienholders, so basically anybody who is financing a vehicle would have that ability to use webLIEN to track all of their liens and not have to have paper copies of those titles sent to them and release them electronically as well.

MR. SCOTT: Okay. So if the vehicle already has a paper title, that doesn't change anything, it doesn't go back into --

MR. KUNTZ: It will not change. You are not going to be required to turn that paper title in and get an electronic lien on it. The benefits that the webLIEN system will provide for lienholders is when we have an electronic lien on a vehicle, we will not do anything with
that title unless that is electronically released.

When you're dealing in paper, there's fraud that we see with somebody falsifying a satisfaction of lien letter, and so that electronic lien actually gives you added security as a lienholder to make sure that nothing happens with that title until you take electronic action to release the lien.

MR. SCOTT: Okay. Thank you very much.

MS. McRAE: Chairman, I have a question, please, for Mike.

MR. TREVIÑO: Member McRae, please.

MS. McRAE: Okay. Mike, I would like to commend you and your group for working very closely with the tax assessor-collectors in small working groups to try to resolve some of the technology issues that we've had.

But with the focus and emphasis on fraud, waste and abuse lately, and we're all trying to make a more concerted effort in that area, we are limited as tax assessor-collectors as to the data that is available to us, and I know that there's been some discussion about allowing or developing some reports that would be made available to the tax assessor-collectors. Can you tell me what the status of that is?

MR. HIGGINBOTHAM: Yes, Member McRae. Actually on fiscal year '19 on the roadmap we have a project there...
that we're calling county reporting, and it would be
exactly to address some of those concerns you just raised.

So we're looking at kicking that off later this fiscal year and then it would carry over into fiscal year '20. So yes, that is something that we are there with you on that and with the tax assess-collectors and looking to see how we can help make more of that data available.

MS. McRAE: Thank you.

MR. TREVIÑO: Great question, Member McRae.

MS. BREWSTER: Mr. Chairman, if I may just add.

The governance team on the IT technology projects did vote to make that an official project in the agency, so planning is underway for that now.

MS. McRAE: Thank you.

MR. TREVIÑO: Thank you, Director Brewster.

Any further questions for Mr. Higginbotham?

(No response.)

MR. TREVIÑO: Hearing none, Mr. Higginbotham, in this age of data transformation everywhere, you're the pointy end of the spear, and so we want to commend you for the work that you're doing.

And one thing I think would be useful for us is if we're doing some work on the facade here we would probably get a presentation on what the new facade is going to look like, but the interaction most people have
with our agency is digitally online, so I think at some point it would be good to see what the plans are for the website, to have some type of brief overview of what the website is going to look like.

Great. Thank you very much.

MR. HIGGINBOTHAM: Thank you very much.

MR. TREVIÑO: Great presentation.

And now we've got Dr. Tom Shindell. Is that correct?

Welcome, Dr. Shindell.

DR. SHINDELL: Good morning, Chairman Treviño, Executive Director Brewster, and distinguished Board members. For the record, my name is Tom Shindell and I'm the department's innovation and strategy analyst.

I'm providing a briefing only to update the full Board on the department's balanced scorecard strategic initiatives and on the upcoming strategic planning process you've heard so many other presenters reference.

First, the balanced scorecard initiatives update: To refresh your memories and to share some information with the new Board members, TxDMV developed a balanced scorecard which was finalized in March of 2018, and you have copies of those available for you on the dais if you need them.
One part of the balanced scorecard is strategy map initiatives, and these are department-wide projects to strengthen and support the department and also to help us implement our strategy map. TxDMV identified three separate initiatives, and I'll provide a brief description and status update of each one.

The first one is the training alignment initiative. The goal is to ensure that employees have the knowledge they need to do their jobs and to support the department's balanced scorecard.

In addition to what Matthew has already presented previously about the training initiatives that have already been completed, I also want to let you know that an RFP was distributed in the first week of May for proposals for the production of a DMV 101 video.

This is a video that would be shown to new employees as part of the onboarding process to help them understand the true breadth and depth of everything that the agency does and also help them see what their role is inside the agency.

The video is an effort that's a joint effort between Human Resources and our Government and Strategic Communications Division, and that's scheduled to be completed by August 31 of 2019.

The second initiative is the policy and...
procedure review. The goal is to ensure that employees have clear policies, procedures and guidelines to ensure progress towards implementing the balanced scorecard goals of accountability, customer service, and consistency in treatment.

This initiative is being led by our Office of General Counsel, and the current status is that all the divisions have conducted an inventory of the policies that they have in place and policies that they need to develop.

We also provided policy and procedure development training to the executive team and selected staff members in March, and the next steps include completing all of the policies by August 31 of 2019 and completing all procedures by February 1 of 2020.

The third strategic initiative out of the balanced scorecard was the organizational survey alignment initiative, and that was headed up by yours truly, and the goal was to ensure consistent customer satisfaction data collection so that we can provide accurate and meaningful information on our progress towards our goals, as well as to provide legislative stakeholders with improved department data. This was also a management suggestion included in our Sunset Advisory Commission report.

The current status is that the executive team has reviewed several different iterations of our customer
satisfaction survey, and we finally agreed on one on April 29 of this year, and right after that the legislative subsequently passed House Bill 2110 which provides for state agencies to survey their customers in several different areas, and it was a much longer list than we had. They included facilities, staff communications, internet site, the list goes on.

HB 2110 also directed the Legislative Budget Board and the Governor's Office of Budget and Policy to provide guidance to state agencies on how they want that data collected, how there would be a uniform statewide performance measure for reporting this, and so our next steps are to revise our surveys on the guidance that we received and to implement them beginning September 1, 2019.

Do you have any questions about the balanced scorecard strategic initiative update?

MR. TREVIÑO: Any questions from the Board?

Member Scott.

MR. SCOTT: The survey that you came up with that you finalized in April, did we actually ever use that survey?

DR. SHINDELL: We're in the process of entering that into a survey software called Survey Monkey, and so we have our core questions all set up for each division in
Survey Monkey.

And what the executive team did is we all agreed on three core questions that we wanted to ask all of our customers, and then some divisions wanted to ask additional questions, and that was why we all agreed on the minimum so that we could have consistent data to report for each division, and some wanted some additional questions.

So we're in the process of inputting those additional questions into Survey Monkey and we're going to start implementing that by September 1. Given the change with House Bill 2110, we have not actually implemented any of the new surveys yet.

MR. SCOTT: Okay. So the one that we've made up for ourselves, which we have to modify that and add to it the things that the House Bill put in. Right?

DR. SHINDELL: That's correct.

MR. SCOTT: Okay, okay.

DR. SHINDELL: Did I answer your question?

MR. SCOTT: Yes, you did.

The next question I had is on the video, the new employee video, that sounds pretty interesting. You said that will be ready by the end of August?

DR. SHINDELL: It's scheduled to be completed by August 31 of 2019. That was the last update that I
MR. SCOTT: Okay. So let's say that it's ready September 1, are you going to go back then, the people that were hired this year or back 18 months and watch the video? Just interesting.

DR. SHINDELL: I imagine that we would have some kind of agency-wide unveiling so that everybody could see it.

I don't want to speak for Matthew Levitt, our HR director, about what his top secret plans are, but I imagine it would be something like that so that everybody could see it, because even if you're not a new employee, we still have some employees, or maybe many employees -- I don't know how extensive or pervasive it is -- that maybe aren't aware of all the different things the agency does.

So it seems like it would be a great idea to have everybody see that video kind of as a baseline and then show it to new employees going forward.

MR. SCOTT: Yeah, it seems like it, because you have people working in different departments, they see the other department but they don't really know what's going on over there. This is a huge agency with a lot of people, and it takes in a lot of resources and so forth, so I think that's a great idea. Thank you.

MR. TREVIÑO: Further comments, Member Scott?
MS. BREWSTER: Mr. Chairman, if I just may add one thing to address Member Scott's questions about surveys and when we will be implementing these.

I just want to be clear, in the event that this hasn't been clear, we currently and routinely survey the public and our stakeholders now. The efforts that we have gone through recently is to standardize our surveys across the department so that we can across the department pull the same elements and have consistent information.

So I just wanted to make sure it was clear that we do right now survey customer satisfaction throughout the agency. This really is to just standardize that process so that we have clear information.

MR. TREVIÑO: Any further questions for Dr. Shindell?

(No response.)

MR. TREVIÑO: No.

DR. SHINDELL: Then moving on, I wanted to give you an update on the strategic planning process. The department has redesigned its strategic planning process to align the planning activities in a more logical planning process. So for example, in previous years we developed division operational plans before we actually -- Linda, you can come up and sit if you want, that's fine. It is perfectly okay. It would be great to have you by my
side. That would be awesome.

(General talking and laughter.)

DR. SHINDELL: For example, in previous years we developed division operational plans and identified initiatives for divisions before we developed the department's strategic plan, and part of that is when documents were required by the legislature and when we were doing our budget planning, and it just wasn't as coherent and systemic as we would like.

So the executive team got together and redesigned the whole process and you have a flow chart available on your dais if you wanted to see what all the steps are in the strategic planning process, and I'm just going to briefly go over it.

The first thing to note is that there are eleven steps that we're going to go through for strategic planning, and the first step starts with you. We're going to be asking the Board to visit our vision, mission, philosophy, strategic goals and values, and if you have any changes you want to make in those, hopefully we will get those from you at the August Board meeting so that we can go ahead and move on with the rest of our strategic planning process.

The next step is that the executive team will identify strategic goals and activities for the next two
or three years and beyond.

And as you've heard earlier, whether it's information technology or other projects, some of these projects and initiatives will be further out than two or three years, and if that's the case we will factor that in.

We will also be factoring in the results of the TOAP project that Executive Director Brewster went over earlier. We'll be factoring that information into that step as well.

Then we're going to prioritize those goals and activities in the third step, and then what we're going to do is review our balanced scorecard for alignment for those strategic goals and activities.

For example, we'll have the customer survey project completed so something else can take its place, and we'll be very close to having our policy and procedure initiative completed, so conceivably we could put something else in that spot as well. So we'll be revising our balanced scorecard and the balanced scorecard initiatives.

Then we'll also review our division initiatives and projects and make sure they all fall in line and support the longer term issues. We will also review our key performance measures -- excuse me -- our performance
measures and our key performance indicators -- easy for me to say -- to make sure those are aligned with the projects that we're pursuing as well. And we will also review our information technology roadmap that Mike went over with you earlier as well.

After we go through aligning and discussing each one of those individually, the next step is for the executive team to go through and we're calling it a quality check -- there's probably a better name for that -- but we want to go through and make sure everything is aligned and fits together.

One of the big reasons why we wanted to redesign our process is things didn't necessarily fit together well or we had an initiative that was part of the strategic plan, maybe part of the balanced scorecard and maybe part of the divisional initiative, and we just really wanted to get all of these things aligned so that we reduce any duplication or redundant efforts in the agency.

After we get done doing our quality check, the schedule for that would be the end of February, and if past practice holds true, then we would ask direction from the Legislative Budget Board and the Office of the Governor in March about how to develop the strategic plan, which would be the second to the last step. And then
we'll complete the strategic plan and then we'll develop our legislative appropriations request.

So the goal is to start in August with y'all reviewing our vision and mission and other high level strategic pieces, and the goal is for us to have everything finished by February before we actually have to start preparing documents in March.

And with that, do y'all have any questions?

That's a lot of information to throw at you all at once.

(No response.)

DR. SHINDELL: Thank y'all very much.

MR. TREVIÑO: Thank you.

MS. FLORES: My apologies. He paused, and I was given directive to make this quick because you never want to stand before a Board member before lunch, and I know it's getting to that time.

We are going to make a very brief presentation on the facilities, and you've already heard a lot about that. So again, Linda Flores, the CFO for the agency; Ann Pierce, assistant division director.

The recurring theme is infrastructure, lots going on. That's true for facilities as well. We have over 45 projects and it continues to grow every time we go out, we see something else, oh, it would be nice to do XYZ.
So I'm going to turn it over to Ann. She's going to go over large projects over $250-, projects under $250-, assessments of a lot of different things in our buildings because we don't know what we don't know, so hopefully those assessments will give us some idea of what's behind the walls and in the ceiling.

I will give you one example of what's in the ceiling. When Mike Higginbotham was hired, his first week in Building 5, I got a phone call that there were maggots falling from the ceiling.

MR. TREVIÑO: Oh, very nice.

(General laughter.)

MS. FLORES: And there's a major leak in that building's roof and so that is on our large projects.

So with that, I'll turn it over to Ann.

MR. TREVIÑO: Thank you very much.

MS. PIERCE: For the record, I'm Ann Pierce, the deputy division director of Finance and Administrative Services Division. We are at page 280 in the board book, if you want to follow along.

Like Linda said, we have several different things going on. We've got four large projects, the projects that are over $250- that we know will start this year but will carry into next fiscal year and biennium. Just to highlight those, we're doing the EDO suite remodel
and that is to give kind of a facelift to that area as well as adding a conference room and a walled office in there for some privacy.

But that remodel also includes the restrooms that are adjacent to that area that are used whenever we have meetings in this room as well, so that will make those ADA compliant since this is an older building and we're doing some remodeling.

We're also going to be replacing the campus security and badging system. We'll be taking that over from TxDOT so that we can be self-sufficient in that aspect.

We're going to take care of Mike's roof. His roof kind of rivals where Jimmy used to be in the other building. We're also doing some weatherization on this building.

Both Building 1 and Building 5 were actually initially built in 1955, Building 5 had some further redesign and renovations in 1972, a little bit of work done on each of the buildings around 1998, and then we've just been sustaining them since then, so we recognize they need some work.

Smaller projects that we're doing, we've got seven that are currently active. These are projects that are under $250,000. We know we're going to accomplish
these by the end of the fiscal year.

We've got one of our conference rooms called the Austin Room in this building on the 4th floor. We've added some conduits, we've given it some fresh paint, some fresh carpet, and just kind of brightened that atmosphere, and we hope to do that in other conference rooms as well.

We are putting a small building in the back of the dock area so that we can secure our forklift and we've got an electric vehicle so we're also putting our charging station in there so we can secure those.

We've got some dock stairs that are in disrepair. They're wooden and they're older, and so we're going to replace them with something a little more sturdy like concrete. And we've got a door that's back there that's actually rusting, so it's a security concern as well as a safety concern, so we're going to be replacing that.

And if you look behind you, there's some wall damage back there -- thank you, Ms. Brewster -- so we contacted the Texas Correctional Industries, who actually built the board dais that you're sitting at, and they've gotten some information from us from when we originally bought that so that we can make sure that the wainscoting and the chair rail that we put back there is going to match nicely with what we already have in place.
Besides those projects -- because we didn't have enough going on already -- we are also seeking to undertake landscaping, pest control, and security guard contracts from TxDOT, and we'll have those in place by September 1 to make us all the more independent from TxDOT.

We are also in the process of actually building an official team, so we have a few team members here with us today.

We hired a facilities and mail manager back in December. We were able to take a full-time equivalent position that we already had and reclassify it to that, and then we started hiring some of our actual facilities positions last month. So we have a new facilities lead who is also our master electrician, so Will Comiskey, if you'll stand up.

MR. TREVIÑO: Mr. Comiskey, welcome. Thank you.

MS. PIERCE: We've also hired a new plumbing coordinator, and unfortunately, he's out busy working, which is probably not unfortunate, Jonathan McLendon is with us. We are in the process of hiring a new HVAC mechanic, and we hope to have him on board by or before next month.

And as we've made facilities successful over
the last few years without having an official team, we borrowed from our other team members in our section, and so Dawn McNabb, who is also with us today, she's actually our lead worker for our inventory team and our imaging team, and she's also playing a dual role with our facilities team and she's helping with the security project and gathering information from our stakeholders.

MR. TREVIÑO: It's great to have you here, and thank you for your service to the state.

MS. FLORES: And I leave you with one last tidbit. That dais you're sitting in was supposed to be portable.

MR. TREVIÑO: This?

MS. FLORES: Well, back in the day we were on the road to getting our own building somewhere, and so when we put the specs out, I had told the purchasing director I want to take it with us, so whatever it is they build, make sure that we can take it down and take it along the road somewhere. So unfortunately, it's going to be a little bit longer than I originally thought.

MR. TREVIÑO: It's been here a long time, and it's the Board that is temporary.

(General laughter.)

MS. PIERCE: We are also doing seven different assessments which are in your board books, so I won't get
into the nitty-gritty of that. But we're asking for things like indoor air quality checks and ADA, Americans with Disabilities checks, and we're seeking to get a full set of mechanical, electrical and plumbing plans because the building is so old and things get piecemealed over the years, there's not a set of plans that actually does tell us what's in the walls and so we don't want to be surprised.

So we're asking for some of those efforts to be made in conjunction with the Texas Facilities Commission. who has helping us with these so that we can be in compliance when the keys do get turned over to us, and so that we know what we're getting into as we actually take on these projects and these other efforts if there's concerns in those areas.

And then we also received funding for some regional projects so we're going to be helping VTR with getting those upgraded as well.

MR. TREVIÑO: Any questions?

(No response.)

MR. TREVIÑO: No. And it's not this Board's job to micromanage what you do but in terms of ranking your responsibilities, if there's anything that's going to help the Board here, insects falling on valuable team members takes precedent over that, so please make sure
that you mitigate those as best as you possibly can. I know it's a tough job.

    MS. PIERCE: Yes, sir. We don't want to interrupt all the projects Mike has got going on.

    MR. TREVIÑO: I just wanted to make sure that that is clearly articulated and part of the record.

    MS. PIERCE: Thank you.

    MR. TREVIÑO: But thank you for your service and your brevity.

    MS. FLORES: Thank you.

    Before we move to the next thing, the idea of all the presentations, I know it's a lot to absorb today, the idea that most of the heavy lifting around this is going to be done in Member Prewitt's Operations Committee, which he is ably handling and done yeoman's work on, and which is just amazing so far.

    But just because it may not necessarily be presented to the full Board doesn't mean that it doesn't have value or isn't important, so I just would encourage staff to continue plowing through this stuff, even if it's not public, because it has great value to the citizens of Texas over time. So thank you for all those presentations.

    John, any comments, Member Prewitt?

    MR. PREWITT: In the last two days I've learned
more about the things that TxDMV employees have gone through, with Jimmy with the rats and other creatures, and it was first a mental hospital -- I never knew that -- and then the latest about the maggots falling on Mike, and that's just crazy.

So thank you for the operating in the conditions you do and let's hope we can get all these things fixed.

Thank you.

MR. TREVIÑO: Looking at it, it will pay great dividends.

But I know, John, all the work that you're doing and staff, obviously staff.

MR. PREWITT: It reminds me of a college apartment I stayed in one time; I would never want to go back there.

(General laughter.)

MR. TREVIÑO: Well, we will make sure that those are not part of the public record as we move on.

Now we've got the very exciting Legislative and Public Affairs update with Caroline Love. Thank you very much for coming and speaking with us today.

MS. LOVE: Good morning. It is still morning.

MR. TREVIÑO: It is, just barely.

MS. LOVE: So I'll try my best to do this in
the morning.

Once again, my name is Caroline Love. I'm director of the Government and Strategic Communications Division for the department, and I wanted to fill you all in on all the exciting things that happened since the legislature went in in January.

So with that, I'll kind of start with a key overview of some of the items and get into more detail about things that are included in our Sunset bill and also the items that the Board recommended to the legislature and where those ended.

So just a couple of quick overview things. As we know, the legislature adjourned sine die on May 27, but there is still the opportunity for the Governor to take action on bills, so he can allow a bill to go into law without signature, sign a bill or veto a bill, and that opportunity ends on June 16, which is also Father's Day.

It happens every two years, so we will be monitoring those activities. So all the bills that I'll discuss today haven't had any action taken by the Governor just yet, so we'll be watching that to kind of see what happens there.

I'll move on to kind of some general statistics about what happened during the session. Just under 7,300 bills were filed; in the end there were just over 1,400
that passed, which is approximately 20 percent. And of those 7,281 bills that were filed, staff had identified about 578 that had potential impacts. Of those, 86 passed.

However, I will note that the number of bills that passed isn't always representative of one-to-one because a lot of things that were in stand-alone legislation ended up getting amended into other bills, including our Sunset bill, so I'll get to that in just a minute.

But another interesting statistic is in the final three days of the legislative session, over 1,000 bills were passed, so more than a third of all the bills that passed the session were done in the last three days, and that included the state budget, property tax reform, school finance. All the really large issues that the legislature was tackling this session were all done in those last three days.

I did want to note obviously the largest bill of interest to this agency was Senate Bill 604, which Ms. Brewster referenced earlier. It was a little nerve wracking but it was adopted on the last day that they could take any action, but in the end we made it and we've been extended to September 1 of 2031, so it's all good.

And the biggest portion of the bill actually
changes the name of the Auto Burglary Theft and Prevention Authority to the Motor Vehicle Crime Prevention Authority, so it's ABTPA to MVCPA, so we'll be working with our MVCPA Board and staff on kind of making sure people are aware of that change.

They have an exciting new awareness campaign with Gary P. Nunn that kind of shows "If you like it, lock it." So you know, there will be some good efforts going on over there.

I did want to kind of note some of the interesting things that ended up in our Sunset bill. There were a lot of the original Sunset staff recommendations that remained in the bill, such as providing training to the Board members about the handling of contested cases and things like that, but there were also some changes that ended up in the bill.

For example, there was a recommendation by Sunset staff to completely do away with the notification and approval by the department of shows and exhibitions for vehicles for manufacturers.

And what ended up changing in that regard was now notification has to be provided only, so there is one less step that our staff will go through on those, we'll just receive that notification and not have to do approvals on those.
Another Sunset staff recommendation that changed was they felt it was helpful to do away with the statutory ability for dealers to when they're doing advertising to have a statutory gimme. They could do one infraction on 19 different advertising regulations and not have any sort of penalty.

And that actually was repealed -- taken out of the Sunset bill, I should say, so it's still in state law but that one-time infraction is allowed without any kind of penalty being assessed.

There were also a couple of new things. There was the ability -- I guess not the ability but the requirement that the department undergo an alternatively fueled vehicle study, along with several other agencies, including the Texas Department of Transportation, the Department of Public Safety, the Commission on Environmental Quality, and the Public Utility Commission, to look at what fees can be collected from alternatively fueled vehicles, so that can be hybrids, fully electric, those types of vehicles, to ensure that they are paying their fair share of the road use. And that study is going to be due to the legislature by December 1 of 2020.

And then, of course, another new item that was included in the Sunset bill that was a stand-alone bill that didn't make it in the end, but it allows the
department to offer digital license plates to commercial 
 fleets and state fleets and things like that. So there 
 will be rulemaking associated with that and quite a bit of 
 implementation, obviously, to make sure our systems will 
 talk with these plates, so there will be a lot more to 
 come as the implementation efforts of that go underway. 

Is there any questions about our Sunset bill 
before I move on to other legislation?

MR. TREVIÑO: Any questions from the Board?

(No response.)

MR. TREVIÑO: Ms. Love, please proceed.

MS. LOVE: And then, obviously, the DPS Sunset 
bill passing was of significance to us.

Senate Bill 616 contains a component that says 
the DPS shall work with DMV to look at what it would take 
to transfer the driver license function. That study is 
due to the legislature by September 2020, so we'll have 
lots of studying going on this interim for sure.

And just in general, there were eleven bills 
that passed that create new specialty license plates, and 
actually one of those modifies an existing specialty 
license plate, but of those, five of them are military 
related and then they have nine new designs on those.

Another couple of bills that are of general 
interest that will definitely have an impact. This Board
has heard a lot in the past about assembled vehicles and how to move forward with those on registering and titling, so House Bill 1755 passed that allows for that in a limited capacity, so there will be more to come on that as well from staff in the future months.

But also, Senate Bill 976, by Senator Hughes, says that we should mark on a vehicle record if the owner of a vehicle may have a communication impediment. This was a big help for people who may have various forms of autism or other types of communication impediments that it's good for law enforcement to be aware that that exists when they approach a vehicle.

And I did have a typo on this last one, it's House Bill 2315, not House Bill 2310, that allows for expedited titling of FEMA trailers that are used to respond to disasters.

And just of general interest on that, the legislature ended up passing 53 bills this session that dealt with disaster preparedness, and this was one of them, so they definitely have a lot of interest in making sure that should another Hurricane Harvey type event occur, that the state is better prepared for future things on that.

I thought I'd go into the general overview of what happened with the Board recommendations to the 86th
Legislature, and so this was kind of the process we went through to get those recommendations, and they were approved by the Board last October. So here's kind of a summary of where those bills and recommendations ended up.

House Bill 2835, by Representative Canales, would allow for — it's another one of those disaster preparedness bills — it allows for people in a disaster area to have an extra 30 days if their county office is closed for any reason so that they don't have to be subject to a ticket or a citation of they have an expired registration because they wouldn't have, presumably, anywhere to go to get that renewal, but also so that they can focus on those other things that they might need to focus on being involved in a disaster area. So that passed the legislature.

Also, House Bill 2112 has a lot of components on it related to a designation of a flood vehicle, a definition of a flood vehicle, things like that. That was passed.

House Bill 4304 did get addressed in the budget in a way. The Motor Vehicle Crime Prevention Authority, I did want to also mention, in our Sunset legislation does get expanded authority to help out law enforcement on other cases, but as Ms. Flores mentioned earlier, we didn't get any additional money or any other funds for
that, so while they have the extra authority, it would be 
helpful to get that extra money to go with that too, but 
maybe in a future session.

House Bill 2620 contained a lot of updates to 
motor carrier statutes. There are laws that would change 
at the federal level over the past several years that 
didn't get changed in state statute, so this bill brings a 
lot of those statutes up to speed. But also, it allows 
for our Motor Carrier Division to require an escort 
flagger as part of issuing an oversize/overweight permit, 
which is a good safety measures.

House Bill 2834 actually was another bill that 
didn't pass as a stand-alone, but it did get amended to 
Senate Bill 604, our Sunset bill, and it does coincide 
with a lot of the Sunset staff recommendations regarding 
our case management.

And what House Bill 2834 would have done was 
exempt our cases from Open Records requests if it impacts 
the integrity of that case. If we were to get an Open 
Records request on an open case, we would comply with it 
upon closure of the case, but we just are trying to 
maintain the integrity of those cases while they're 
ongoing.

And then we had House Bill 3842 that clarifies 
the location by which a motor vehicle dealer can sell.
And House Bill 3988, unfortunately never made it across the finish line. It did make it through the House, but then there was a big bottleneck in the Senate, and as I mentioned before, there was obviously a lot of activity in those few days of the session and there were just some bills that didn't make it and this was one of them. But that would have made it a little easier when we do an order on a Lemon Law case to just reduce some paperwork by saying that if a manufacturer is found at fault then they have to pay the associated fees.

But this brings an opportunity to kind of talk about this one as well as the title dispute process that did not have any action taken by the legislature.

In a few months from now -- I hate to think about how short a way it is -- my staff will start going through those items that were recommendations by this Board in past sessions that didn't make it to the finish line, and also looking at any new concepts that need to be addressed for the next legislature.

So all of these will be things that we'll be analyzing and working with the executive team on to come forward with other recommendations in about a year and a half from now for this Board to consider for the next legislature, which is 586 days away, if you're counting.

But that wraps up what I had as a summary of
what happened during the session. I'll continue to provide updates about implementation efforts and things like that, but I'm happy to answer any questions.

MR. TREVIÑO: Thank you, Ms. Love.

Any questions from the Board?

(No response.)

MR. TREVIÑO: Thank you for the very thorough presentation. And also, before you leave, I think I speak for the entire Board how happy we are that you're sitting here presenting to us.

MS. LOVE: Oh, thank you.

MR. TREVIÑO: Thank you for being here.

MS. LOVE: Thank you so much.

MR. TREVIÑO: Okay. And you know what, we do have a special guest here today that I want to make sure I recognize.

Member McRae's niece, Chloe, is over here sitting here patiently, and I think she deserves a round of applause for putting up with us. Thank you, Chloe, for being here with us today and being such a good guest.

(Applause.)

MR. TREVIÑO: Now I think we're done and we're going to head into executive session. Is that correct, General Counsel?

MS. BEAVER: Yes, Chairman.
MR. TREVIÑO: So we're going into closed session. It is now approximately 11:46 a.m. on June 6, 2019. We will go into closed session under Texas Government Code Sections 551.071, 551.074, 551.076, and 551.089.

For those of you in the audience, I anticipate being in executive session for approximately --

MS. BEAVER: I would guess 45 to an hour.

MR. TREVIÑO: -- 45 minutes to an hour. And we will reconvene in open session after that.

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

(Whereupon, at 11:46 a.m., the meeting was recessed, to reconvene this same day, Thursday, June 6, 2019, following conclusion of the executive session.)

MR. TREVIÑO: It is approximately 1:09 p.m., and the Board of the TxDMV is now back in open session.

The Board will now take up item 14, action items from executive session, and there are no action arising from the executive session that the Board must act upon in open session, pursuant to Section 551.102 of the Texas Government Code.

And General Counsel?

MS. BEAVER: And there are no public comment cards that have been received.
MR. TREVIÑO: Great. So no public comment cards.

So I think the only order of business left is to adjourn. So I would entertain a motion.

MR. PREWITT: So moved.

MS. McRAE: Second.

MR. TREVIÑO: Member Prewitt, and a second, Member McRae jumped right. So all in favor.

(A chorus of ayes.)

MR. TREVIÑO: Let the record reflect that the vote is unanimous. It is now 1:10 p.m. We are adjourned.

(Whereupon, at 1:10 p.m., the meeting was adjourned.)
CERTIFICATE

MEETING OF:     TxDMV Board
LOCATION:      Austin, Texas
DATE:      June 6, 2019

I do hereby certify that the foregoing pages, numbers 1 through 163, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Nancy H. King before the Texas Department of Motor Vehicles.

DATE:  June 13, 2019

/s/ Nancy H. King
(Transcriber)

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