TEXAS DEPARTMENT OF MOTOR VEHICLES
BOARD MEETING

Thursday,
October 19, 2017

Lone Star Room
Building 1
4000 Jackson Avenue
Austin, Texas

BOARD MEMBERS:

Raymond Palacios, Chair
Blake Ingram, Vice Chair
Robert “Barney” Barnwell, III
Luanne Caraway
Brett Graham
Kate Hardy
Gary Painter
Guillermo "Memo" Treviño
Johnny Walker
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RULES - ADOPTION
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8. Chapter 217, Vehicle Titles and Registration Amendments, §§217.3, 217.4, 217.82, and 217.84 (Relating to SB 2076 - new trailer size and rule language cleanup) (Proposal Published September 8, 2017 - 42 Tex. Reg. 4596)


11. Chapter 218, Motor Carriers Amendments, §218.61 (Relating to claims filed with household goods carriers) (Proposal Published June 23, 2017 - 42 Tex. Reg. 3262)

RULES - PROPOSAL
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12. Chapter 209, Finance New, §209.24 (Relating to charges for public information)

13. Chapter 210, Contract Management Amendments, §210.22 (Relating to the Historically Underutilized Business Program)
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15. Chapter 217, Vehicle Titles and Registration Amendments, §§217.43, 217.45, and 217.46
   (Relating to amending registration expiration dates to 12 months for consistency)

16. Chapter 217, Vehicle Titles and Registration Amendments, §217.168 and §217.185
   (Relating to petition for rulemaking on dealer deputy compensation)

17. Chapter 217, Vehicle Titles and Registration Amendments, §217.54
   (Relating to HB 1793 - modifying the language regarding the payment of inspection fees and SB 2075 - clarifying the situations in which the one-time fee is due)

   (Relating to modernizing the permitting process via electronic submissions and rule language cleanup)

EXECUTIVE SESSION

19. The Board may enter into closed session under

   one or more of the following provisions of the Texas Open Meetings Act, Government Code, Chapter 551:
   • Section 551.071
   • Section 551.074
   • Section 551.089

20. Action Items from Executive Session none

21. Public Comment none

22. Adjournment
MR. PALACIOS: Good morning, everybody. Happy October 19. It is a great day in Austin, Texas. Good morning. My name is Raymond Palacios, and I'm pleased to open the Board meeting of the Texas Department of Motor Vehicles. It is 8:03 a.m., and I am now calling the Board meeting for October 19, 2017 to order.

I want to note for the record that public notice of this meeting, containing all items on the agenda, was filed with the Office of the Secretary of State on October 11, 2017.

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

If you wish to address the Board or speak on an agenda item during today's meeting, please complete a speaker'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.

And I will now begin with the roll call. Board Member Barnwell?

MR. BARNWELL: Present.

MR. PALACIOS: Board Member Caraway?

MS. CARAWAY: Here.

MR. PALACIOS: Board Member Graham?

MR. GRAHAM: Present.

MR. PALACIOS: Board Member Ingram?

MR. INGRAM: Present.

MR. PALACIOS: Board Member Painter?

MR. PAINTER: Here.

MR. PALACIOS: Board Member Treviño?

MR. TREVIÑO: Here.

MR. PALACIOS: Board Member Walker?

MR. WALKER: Present.

MR. PALACIOS: Let the record reflect I, Raymond Palacios, am here too. We have a quorum. And also let the record reflect that Board Member Hardy is absent today.

I'd like to begin today's meeting with agenda item 2, the 2018 tentative board meeting schedule. As we have in the past. The meetings are tentatively scheduled to be held on the first Thursday of every month. If there's a change, we'll notify everyone, and once a
meeting is officially scheduled, the meeting will be posted on the Texas Register and department websites.

And I also want to acknowledge a very special event that happened just recently. Our esteemed Board Member Luanne Caraway is now a proud grandmother.

Congratulations on the birth of your grandson.

MS. CARAWAY: If anybody wants pictures, I've got them.

(General laughter.)

MR. PALACIOS: We'll move on to agenda item 3, the executive director's report.

MS. BREWSTER: Thank you, Mr. Chairman.

Good morning, Chair, members, guests and staff.

At this time we would like to recognize our recent retirees and employees who have reached a state service milestone. We celebrate these employees as a show of our appreciation for their years of service to the citizens of Texas.

I want to welcome the family and friends of our celebrants who have joined us this morning. We appreciate the support you have provided over the years and for sharing your loved ones with this agency.

Martha Yancey, from the Human Resources Division, will read the service announcements. Chairman Palacios, members, if you'd join me at the front of the
MS. YANCEY: Good morning. My name is Martha Yancey, Human Resources Division.

The following employees have reached a state service milestone of 20 years. Donald Burns, please join Ms. Brewster and the Board members.

Donald transferred from TxDOT as a transport investigator with the Motor Carrier Division into the newly formed Enforcement Division when the DMV became operational on November 1, 2009. In his role as a motor carrier investigator, Donald responds to complaints and investigates a wide range of motor carrier issues. He is a skilled asset to our agency, and we look forward to his continued service. We congratulate him on reaching this milestone and we know he will continue to keep up the good work.

Congratulations, Donald.

(Applause; pause for presentation and photos.)

MS. YANCEY: Next is Kristeaufer Phillips.

Kristeaufer Phillips is also in the Enforcement Division. He is a transport investigator in the Fort Worth office. He transferred from TxDOT and has been with the DMV since November 1, 2009. Kristeaufer has extensive experience in conducting motor carrier investigations and he is an active participant in training law enforcement on
motor carrier regulations.

Congratulations on 20 years of state service, Kris.

(Applause; pause for presentation and photos.)

MS. YANCEY: And next we have an employee who has reached a state service milestone of 30 years, Jeannie Weaver.

Jeannie came to the DMV in January of 2011. Among her accomplishments she has implemented a continuous improvement and change management training program at the department and is currently leading the effort to implement a leadership training program. Through her change management efforts, Jeannie was instrumental in the successful deployment of CAPPS HR/Payroll and the new CAPPS learning management system. Jeannie is known for her brilliant sense of humor and quick wit. She genuinely cares about our employees. Jeannie has exhibited a great spirit of service throughout her 30 years of state service.

Congratulations, Jeannie.

(Applause; pause for presentation and photos.)

MS. YANCEY: The following employees reached a 25-year state service milestone but were unable to join us this morning: Shebia Harrison from Vehicle Titles and Registration Division, and Mary Chacon, Information...
Technology Services Division.

And last, the employees who recently retired from the agency are: Rose Guillen, Helen Guerrero, Paula Noland, Debbie Fromme, Doris Curl, Barbara Bonner, Patrick Palmer, Bill Harbeson, Carol Primrose, Charles Landers, Lori Smith, Beverly Trumble, and Yolanda Johnson.

Thank you.

(Applause.)

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

Moving on to item 3.B, I just wanted to provide the Board with an update on the Sunset review process. As you know, the department is currently undergoing its first Sunset review. Since the last time the Board met, the agency has submitted its Sunset self-evaluation report. A few weeks ago, the entire executive team and I met with the Sunset review team, headed by Amy Tripp, and also present was Ken Levine, the executive director of the Sunset Commission. It was a general overview of the department, each of our programs, and we talked about our key purpose and functions.

Shortly thereafter, the division directors and subject matter experts from each of the divisions began meeting in small groups with the Sunset review team to give presentations on their programs and to answer
questions from the team. The goal of these meetings is to provide a more in-depth look at the department's functions, look at the overall purpose, goals and objectives of each of our programs and how each of the programs accomplishes the agency's goals.

As of today, we've held ten of those in-depth meetings with the Sunset team, and it's my understanding that the Sunset team will also be making field visits to our Austin Regional Service Center and other offices within the state in the very near future.

After they conclude their onsite meetings, they will also continue to talk with staff and gather information. They'll also be reaching out to each of you individually, as well as the ABTPA Board members. They'll also be reaching out to our stakeholders, including the tax assessor-collectors, associations and other government partners, in an effort to better understand TxDMV and how we serve the motoring public.

After gathering as much information as necessary, the Sunset review team will then put together a staff report that identifies areas that may need improvements and make specific recommendations for positive change within the agency, and they anticipate that that staff report could be published potentially as early as April.
About a month after that report is published, the Sunset Commission will meet to hear public testimony of the department and the recommendations of the Sunset staff, and based on that public input and the Sunset staff report, the Sunset Commission will adopt recommendations for the full legislature to consider in the next legislative session when it convenes in January of 2019.

The agency has posted information about the Sunset review process on our website, including a link to the Sunset's website, so anyone can view our self-evaluation report. We have also provided information about how individuals can contact the Sunset Commission directly if they want to share thoughts about the department, so that information is currently posted on our website.

In closing on the topic, I'd just like to briefly share a couple of thoughts about the Sunset review process thus far. I want to begin by commending all of the TxDMV staff that have participated both in the compilation of the self-evaluation report, as well as those that have participated in the initial meetings with the Sunset review staff. Everyone, I believe, has treated this process with the respect and professionalism that it deserves and that we've come to expect from our department, and from day one, the TxDMV has taken this
process as an opportunity for positive change and growth for the department so that we can truly achieve greater efficiencies and effectiveness and just become a better department altogether. So we are embracing this process to make positive change in the organization, we look forward to continuing to work with the Sunset review team, and certainly with members of the legislature to ensure that we uphold the mission of this agency.

And with that, I'd be happy to answer any questions that you all have.

(No response.)

MS. BREWSTER: Hearing none?

MR. PALACIOS: Please proceed.

MS. BREWSTER: If you'll recall, item 3.C is the interagency agreement between TxDOT and TxDMV. This is just a brief update to let you that that interagency agreement was executed with both my signature and James Bass, fully executed on September 13, 2017.

Yes, sir, Mr. Walker.

MR. WALKER: I know we gave you some permission to make some adjustments to that. Were there any adjustments made to the final agreement other than the ones that we approved?

MS. BREWSTER: No, sir, there were no substantive changes from the draft that you saw in your
board books the last meeting.

MR. WALKER: Okay. Thank you.

MS. BREWSTER: Thank you.

Moving along, I just wanted to provide an update to the Board on the agency's response to Hurricane Harvey. As Hurricane Harvey made landfall on August 25, it impacted several of our TxDMV regional service centers. TxDMV staff accelerated the San Antonio move just ahead of the storm which was an enormous undertaking, and I just want to take a moment to thank the Vehicle Title and Registration, the Finance and Administrative Services and the Information Technology Services divisions for their quick action and their commitment to our customers to avoid disruption to the service that we provide to our customers. That San Antonio office opened without a hitch despite the amazing amount of rainfall, and imagine moving in that. I just really want to take a moment to thank our staff who committed to doing that on an accelerated timeline. So if you'll join me in thanking them for that.

(Applause.)

MS. BREWSTER: Our Corpus Christi Regional Service Center was able to reopen on Wednesday, August 30. The Houston Regional Service Center was able to reopen on Tuesday, September 5. Unfortunately, because of adverse impacts of the hurricane, we did not have electricity in
our Beaumont office for quite some time, but we were able
to reopen about 10:00 a.m. on Tuesday, September 12. I am
very happy to report that no property insurance related
claims had to be made at any of our regional service
centers, which is pretty remarkable. Although, I know
several offices, including tax assessor-collector offices,
were impacted. I'm even more pleased to be able to report
that all of our TxDMV employees were safe as the storms
moved through, so we count our blessings.

A total of 47 employees were granted emergency
leave resulting from the closures at a cost of $42,619.
TxDMV expects to incur additional operating expenses
resulting from an increase of the number of salvage and
rebuilt titles issued by the department for vehicles that
have been damaged, primarily from flooding. The agency
has hired 23 temporary staff. The majority of those are
in the Vehicle Title and Registration Division, but we
also have two in the Finance and Administrative Services
Division, to address the additional workload with plans to
hire additional staff as needed.

The turnaround time for titles from the time we
receive the application to the time the title is issued is
currently hovering at six days. In addition to working
overtime, we have re-purposed our staff to assist with the
volume and we're looking at working overtime this weekend
to further reduce the turnaround time on those titles.

The past two weeks we've averaged 3,800 applications processed a day which is a significant increase for this agency. The estimate that we're looking at in terms of flooded vehicles is 500,000 to a million vehicles, whereas, our agency in a typical year processes 300,000, so you can see the enormous increase in the workload for our staff, particularly in the title arena. The workload is expected to peak this month and then also in November, but we will be experiencing an uptick for quite some time to come.

I would like to share with you, though, a recent comment that we received from the insurance industry because I think this gives you kind of a good snapshot of how we are treating the significance of the storm. "We continue to use you as the poster child on how to respond to a catastrophe. We are hoping that more states take a lesson from you." So I just thought that was important to share, especially considering the amount of time and effort that our staff is putting into making sure that these vehicles are branded properly to ensure safety of our motoring public.

We are continuing to provide actual and projected fiscal impacts to the Governor's Office, as well as the Legislative Budget Board, and periodic updates will
occur over the next several months as state agencies complete their damage assessments.

I do also want to talk about some cultural things that we have done at the agency as a result of Hurricane Harvey and the impacts it has had. In addition, staff at the Austin headquarters created and participated in multiple fund-raising efforts to help members of our TxDMV family who were directly impacted by the hurricane. The outpouring of support and generosity over the last several weeks has been really overwhelming. We have enjoyed a lot of food together, a lot of funny photos, we had a book fair, we had several raffles and lots of pies in the faces of directors which was a lot of fun.

MR. INGRAM: We missed that?

MR. PALACIOS: Why didn't you invite us to that one?

(General laughter.)

MS. BREWSTER: We have pictures on the intranet and we'd certainly be happy to share those with you. A rather impressive grand total has been raised, including all of the events, contributions from staff and the absolute generosity of members of this Board, we have been able to raise collectively $12,394.32 for our staff. This is a remarkable amount to raise in such a short time, and I just want you to know what this money is going towards
because I think that's important for you to know. We have identified 13 employees with direct impacts from the hurricane, including very significant damages to homes, as well as medical equipment and supplies, medically customized vehicles and other everyday necessities such as roofing and flooded vehicle repairs.

In addition to those impacted, we had opportunities to meet many of our fellow employees outside of our normal business and built friendships and relationships. Overall, I'd just say that this effort has been a testament to the kindness and the service of our employees and our Board. And a comment recently shared with me by one of our employees, I think reflects just the overall tone: "It touches my heart that others I work with have been so giving of their time and money to help others that we may never meet but are part of our work family." So my feelings exactly.

So I just want to take a moment to recognize the staff and recognize our Board for all that it has done. The effort was for those impacted employees but it really brought the team together, and I just want to take a moment to recognize and thank you.

MR. PALACIOS: Hear, hear.

I want to interrupt a little bit, Ms. Brewster, and really want to commend all of our staff for the quick,
the decisive and the effective measures that you've taken
during this catastrophe. As you know, Hurricane Harvey
was an unprecedented catastrophe. It's estimated that it
dropped approximately altogether about 27 trillion gallons
of water. In Houston alone, it's estimated that it
dropped about 15 trillion, and just to put that in
perspective, Hoover Dam holds about 9 trillion gallons of
water, so just imagine Hoover Dam and a half, or more
actually, just being unloaded on a city in such a short
time.

For the degree of the catastrophe, putting into
perspective everything that our staff did, I think it's
just remarkable and I just want to commend everybody for
what you have done to mitigate the damages to the extent
that we could. I know beyond, I guess, the work that we
did, can you talk a little bit about the extension of the
fees that were in place, and I believe they're still in
place as well. Correct?

MS. BREWSTER: So thank you for bringing that
up. The agency worked very closely with the Governor's
Office regarding extensions and waivers to help provide
relief to the citizens of Texas as a result of the storm.
The agency worked with the governor and the governor made
an initial extension of registration and inspection
enforcements to delay enforcement for 45 days. Recently
there was a further extension of that for an additional 30
days, so that is still in effect.

A couple of extensions that are no longer in
effect but were for 45 days is not requiring a $2 fee for
registration receipts, duplicate receipts. There were
many people needing to come in to get duplicate receipts
to be able to receive funding, specifically disaster
related funding through FEMA. Those fees were waived to
allow for them to come in and get those duplicate receipts
that were necessary to get that much needed funding.

Additionally, the late transfer title fee was suspended to
allow for people to be able to obtain a certified copy of
their titles, because we were hearing a lot from customers
that they had lost their titles, they didn't have access
to any of that information, and so we were able to work
with the Governor's Office to be able to waive those late
transfer fees as well, in addition to suspending
international registration plan and IFTA taxes to allow
motor carriers from other states traveling into Texas to
be able to respond to the hurricane.

And I do want to thank the Governor's Office
and Governor Abbott for their quick action and their
dedication and leadership through this storm that still
continues. As we all know, it's not over and we're
continuing to have that dialogue with the Governor's
Office and it has helped tremendously relieve the burden of the people across the state. And our Consumer Relations Division, I had an employee recently come up to me and say: People have called in tears with gratitude for the extensions that have been allowed to give them time to rebuild and get back on their feet.

MR. PALACIOS: Thank you, Ms. Brewster.

MR. WALKER: I have a question, two questions. Earlier in your comments you made a comment, I don't remember the exact amount that you had, people were granted leave and it was at a cost to the agency of $47,000. Explain that to me, how would that cost the agency?

MS. BREWSTER: Well, that's the total amount. Under certain circumstances, an executive director can extend to employees emergency leave. Emergency leave is in addition to the vacation and sick time that they accrue as an employee based on years of service, so this is additional leave on top of that.

MR. WALKER: But there's no additional cash expenditure there, is there?

MS. BREWSTER: No, sir.

MR. BARNWELL: It's an identified cost to the agency.

MR. WALKER: It's just payroll but there was
already an expenditure to the agency, you're just double stating it.

MS. BREWSTER: That's correct.

MR. WALKER: That's my first question.

The second question is that there's 500,000 to a million, and I've heard all kinds of numbers. I guarantee there's over 100,000, I can show you that many sitting on the side of the road in Columbus, Texas. It would seem to me -- and I was going to ask Linda this question when I was going through the financials last night -- it seems like that would be a boom to this agency because if I'd lost my car, I'm going to have to go buy a new car and registrations should be up by half a million to a million vehicles. Is registrations not up, Linda?

MS. FLORES: Not yet.

MR. PALACIOS: Everybody who has lost a car has to buy a new car. Right?

MS. BREWSTER: We have not realized that uptick, Member Walker.

MR. WALKER: We're not seeing any? The people that sell cars aren't selling more cars?

MR. PALACIOS: Not in my area, but what we've seen in Houston and the affected areas, the sales are setting records right now.

MR. INGRAM: There's a lag.
MS. BREWSTER: There is a lag. We will likely start to see that, and we will provide information, obviously, as we move forward on how the hurricane is continuing to impact the agency.

MR. WALKER: So, Linda, let's just use a hypothetical number and let's just say it's half a million cars are destroyed by the flood.

MR. INGRAM: It's going to be more than that.

MS. FLORES: For the record, Linda Flores, chief financial officer, and with me is Jeremiah.

MR. BARNWELL: What's his last name?

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

MR. WALKER: So just for a hypothetical, if half a million cars were destroyed that are going to go and get a salvage title, somebody is going to take -- I've been told -- and they're going to auction all those cars off at auction, and they will be either destroyed or retitle as salvage vehicles and sold again, so there will be potential of a registration on all these salvage vehicles, and then everybody got insurance checks that lost a car that will be buying replacement cards, so there is a potential upside to the agency here of maybe a million registrations. Is that not correct?

MS. FLORES: That is correct.
MR. WALKER: Which is huge for the State of Texas.

MS. FLORES: As mentioned, there is going to be a lag between when we start to see the impacts of that transaction, but we have not seen that yet. We're watching our registrations on a daily basis to see what we're actually getting in so that we can modify our estimates for the next year. Some of those salvage vehicles will, as you know, find their way back on the street. We do know that there is a lot of potential out there for someone to keep their vehicle, even though it's been branded as a salvage title, so there may not be that one-for-one turnover that you're describing.

MR. KUNTZ: So we are watching those numbers. To give you a little bit of, I guess, where we're at in the process, we have a weekly call with the insurance industry as well as NICB. NICB actually has a report that they get from the insurance industry on how many insurance claims are processed. To date there have been approximately 430,000 insurance claims that have been processed.

MR. WALKER: How many?

MR. KUNTZ: 430,000. That number grows every single day. I don't know if it's still growing at this rate, but initially it was growing at about 15,000
vehicles a day, and so those are rolling in. Now, those claims are only for vehicles that had a full coverage policy, so if somebody only had a liability insurance policy or did not have insurance, we aren't seeing those vehicles coming in. There's a requirement for those individuals to obtain a salvage title in the statute, however, we know that a lot of people are not aware of that or not coming in and actually processing those salvage titles if they did not have insurance. The insurance industry is required to process a salvage title if they pay a total loss claim, and so the ones that we know for sure that we're going to see are the ones that had full coverage insurance.

So again, we're at about 430,000 that had full coverage insurance, we don't know how many did not have insurance or had liability insurance. Those will be kept, most likely, but that individual or sold, and so when you look at the full number of a potential of a million vehicles out there, a large section of those didn't have insurance or did not have full coverage insurance, and so we're most likely not going to see those.

We are trying to work with FEMA right now. When FEMA goes out to provide relief to somebody that was harmed, one of the programs that they have is a vehicle replacement program, it's a repair or replace, and so we
are trying to get information on those claims that they have made so that we can take those and also look at those vehicles because they only make claims for vehicles that did not have full coverage but that had liability insurance. So we're trying to find out as many vehicles as we can so that we can identify them for salvage purposes and branding purposes, but there's going to be a large section of that vehicle mix that's not reported to us.

MR. WALKER: So has anybody run the rough preliminary numbers on projections of a million cars or half a million cars, there's no salvage value on the registrations to those cars. Correct? They paid $50 to go get their car registered or renewed it during the year. All those plates are sitting out there in the parking lot of the salvage yards, there's no credibility to those. Correct?

MR. KUNTZ: If there is a remaining portion on that registration, it can be claimed with the department,

MR. WALKER: Did anybody take tags off of cars or did they just leave them on all the cars?

MR. KUNTZ: I'm sure that there's tags on there, but one of the things that can be processed with the department is a credit for the unused portion of that registration sticker, so if they scrape it off, they can
come in and get credit for that unused portion of that registration.

MR. WALKER: Do we think anybody is going to do that, or is it pretty much going to be that there's a half a million registrations that just went away that we're going to realize a boom to this agency of half a million dollars worth of new registrations, not only just new registrations, new titles have to be issued on all those cars, and that's 25 bucks for a title transfer, so 25 times a million, that's $25 million.

MR. KUNTZ: Now they're $24 to $33.

MR. WALKER: Thirty-three million dollars right there, and then you've got a boom to the state with the sales tax because everybody is going to have to pay a sales tax on all of them. The boom to the state is in the hundreds of millions of dollars, is it not?

MR. KUNTZ: There is definitely a potential for increased revenue from this event, just like you said, from the registration and titling of those vehicles. The part that makes this challenging is not knowing, one, how many of those vehicles were going to get replaced this year anyway, so there's going to be some number of those vehicles that would have been replaced whether the event had happened or not. There's also going to be some number of vehicles that their registration was coming due and so
they were at the 11th or 12th month of their registration sticker, and therefore, were going to be renewing anyway. But yes, to your point, yes, there is definitely a potential for increased revenue from that changing of vehicles out, but there's some other things that you would have to balance against that as well for the things that I just mentioned.

MR. WALKER: We just have to be careful -- and you've got a real good person sitting next to you in Linda Flores because I've worked with her now for eight years -- we just need to make sure going forward that we don't use all of those distorted numbers in our projections going forward in the following years.

MR. KUNTZ: Sure.

MR. WALKER: Thank you.

MR. PALACIOS: Thank you, Mr. Kuntz and Ms. Flores.

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

MR. PALACIOS: Yes, please proceed.

MS. BREWSTER: I just wanted to provide an update on the operational plans of the agency, both for FY '17 and '18. The agency completed 18 initiatives, and by that, think of initiatives as special projects. Above and beyond the projects that are regularly reported by Ms.
Sandberg through the Enterprise Project Management Office, just some of these include Finance and Administrative Services improvement to inventory, IT's annual system access validation, establishment of that process and working through that, Motor Vehicle Division continuing to make enhancements to the eLICENSING system, the Office of Administrative Hearings conducting a focus group to make process improvements within the hearings process. I just want to make sure that the Board is aware that even thought all of these things aren't reported out on, these are significant improvements to the agency, and we have a report of all of those initiatives that we will be posting to the intranet and the internet for anyone to take a look at.

Looking forward into FY '18, there are 22 proposed initiatives, some related to the Finance and Administrative Services' facilities maintenance transition with TxDOT, Human Resources' development of a training program for the agency, Motor Carrier Division's streamlining of the TxPROS heavy permit process and enhancements and expansion to that system, Vehicle Title and Registrations' regional office re-engineering project.

So there are a number of things that the agency has completed and that we're looking forward to. That report, too, will be posted for everyone's viewing.
pleasure, but I just wanted to provide an update on those efforts and answer any questions that you have.

Mr. Chairman, moving along, I do want to take a moment to introduce Corrie Thompson to you. Corrie, don't be shy. Corrie is currently serving as the interim director of the Enforcement Division. In this role she oversees enforcement of statutes and administrative rules affecting the motor vehicle distribution, salvage and motor carrier industries. Her role also includes oversight of the section responsible for administering the Lemon Law program and warranty performance program.

She previously was the managing attorney, supervising attorneys who handle the administrative prosecution of motor vehicle/motor carrier, oversize/overweight and salvage vehicle dealer cases. And she also participates extensively in the dealer training seminars across the state, so some of our stakeholder groups have probably seen her in action. Prior to joining the agency in 2013, she prosecuted cases involving Medicaid provider fraud, waste and abuse for the Texas Health and Human Services Commission, Office of Inspector General.

She has a bachelor's degree from St. Edward's University and a law degree from University of Houston and is licensed by the State Bar of Texas.
With that, please join me in welcoming Corrie.

MR. WALKER: She's married to an Aggie, by the way.

MS. BREWSTER: And she is married to an Aggie.

(Applause.)

MS. BREWSTER: Corrie is a go-getter and it's great to have her in this role, she's been very helpful.

In closing, Mr. Chairman, I wanted to just give an update on the Application Migration Server Infrastructure Transformation project. I'm going to just say AMSIT because that's a mouthful. It was completed on August 31, 2017, the planned end date, with an actual cost of $2.3 million and a budget of $7.4 million, so do the math, that's about 69 percent under budget. So with the Board approval and with notification to the Legislative Budget Board, as well as to the Governor's Office, the balance remaining from that project was transferred into the TxDMV's automation fund as of September 1.

All TxDMV files and data stored on servers in TxDOT's data center were successfully moved to the Austin Data Center and our network security operations center was also established, completing our technology separation from TxDOT.

Eric Obermier, TxDMV CIO, ably served as our executive sponsor, shepherding the executive steering
committee and project team to a successful outcome. This required extremely complex technical solutions, including new log-in security requirements and finessing communication with internal and external RTS users to inform them about the changes, and this truly was an enterprise-wide project. We had approximately 70 staff from all TxDMV divisions contributing to this project. We are very appreciative of the dedication of all of our staff who worked on this effort, it was a tremendous lift.

And I want to recognize a few contributors who went above and beyond the call of duty to make this milestone in the life of our department, because this is a true milestone, a reality. And if they're here, I would like them to stand, and I will start with Rita Abdeladim. She was our project manager and helped us stay organized and focused and moving forward on time and under budget. Mike Barrada, Tom Benavides, Tammy Briggs, Ed Brown, Adrienne Carter, Laura Dennis, Kimberly Jaso, Chris Kanute, John McCartney, Jonathan O'Quinn, Corby Quiqley, Ana Ramirez, Ray Rowehl, and Steve Williams. You see they're not standing up because they're busy at work.

So with that, please join me in giving them a huge round of applause for a job well done.

(Appplause.)

MS. BREWSTER: And with that, Mr. Chairman,
that concludes my rather lengthy executive director report. Thank you for the time. Members, thank you.

MR. PALACIOS: Thank you, Ms. Brewster.

Let's move along now to agenda item 4, the finance and audit briefing. We'll first address agenda item 4, and I'll turn it over to Ms. Linda Flores, Sandra Menjivar and their staff, and Ms. Renita Bankhead as well.

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

This is item 4.A and it is a briefing item only, no action is requested from the Board. It is a presentation of activities in the DMV Fund for the month ending August 31. This information can be found in your board book on page 7 and page 8. As I mentioned, this is for the month ending August 31, which is also our fiscal year-end.

We began depositing DMV fees into this fund September 1, 2016. We've collected approximately $167 million, but the biggest chunk of that was the one-time deposit of $23 million. Our expenditures for the year were $113.4 million, and then when you tacked on fringe benefits and convenience fees and the Texas.gov fees for the online processing and handling fee, our total obligations were $132.7 million. So at the end of the
year, I think the biggest take-away was that our ending balance is currently at $41.5 million.

So to kind of sum it up, we did not have to touch that one-time transfer, so we were able to support ourselves with what we were bringing in, and to Mr. Walker's point, we like to make sure that we're very conservative in our estimates. That fund balance stays in that fund and it is available for future appropriations or future uses.

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

MR. PALACIOS: Yes.

MS. BREWSTER: Ms. Flores, doesn't the agency spend approximately $10 million a month in operating?

MS. FLORES: Yes.

MS. BREWSTER: So just to put that into perspective, a balance of about $40 million would represent about four months of operating expenses for the agency.

MS. FLORES: Correct. Our payroll, as you can see, is about $37- for the year, so if you divide that by 12, you're looking at $3-1/2 million just in payroll.

Moving on, if you don't have any questions, we'll move on to the quarterly financial report, and that can be found on page 11 of your board book. Again, this is for the quarter ending August 31, 2017. It's a
briefing item and no action is requested from the Board.

Just to kind of give you a really quick update on My Plates, they met their $50 million obligation to the State of Texas in the third week of August. They have deposited to general revenue $31 million, and I think there's two more years left in their contract.

With regards to overall DMV Fund collections, while we did not necessarily meet our projection, we did collect significantly more revenue than we did in fiscal year 2016. Last year for all deposits, we had collected $1.75 billion, this year we collected $1.8 billion, so again, even though we didn't hit our targets, we were about 2.2 percent short, we did collect more money for the state.

And with that, I'll turn it over to Ms. Bankhead so she can give you a rundown of our expenditures.

MS. BANKHEAD: Good morning. For the record, I'm Renita Bankhead, assistant chief financial officer.

Beginning on page 16 of your materials, the department obligations, expenditures and encumbrances, at year-end, our fiscal year ends August 31, totaled $158 million. That's over 80 percent of our approved budget of $195.7 million. The remaining budget includes UBs, unexpended balances authority, and lapses as shown on the
square to the right of the pie chart. If you adjust for
the UBs for the capital budget and for Bull Creek, we did
have authority to move forward any balances that were
remaining for the Bull Creek relocation, a salary lapse
related to the mandated hiring freeze, and unspent
authority for Texas.gov and My Plates, the estimated year-
end lapse is about $5.6 million, and that's about 2.89
percent of our approved budget. The lapse that we had at
this time last year was about $6.3 million, so we're a
little bit less than we were last year.

The majority of that lapse, which you see it
there on the square to the right down at the very bottom,
a portion of that lapse is GR balances and capital
authority that we do not have authority to move forward,
we only have authority to carry forward automation
balances, but any balances in projects such as the RSC
relocation, agency growth and enhancement and a tiny
little piece of AMSIT -- we left a little bit of AMSIT
there because we weren't sure about our expenditures, so
it was a few hundred thousand dollars that was left
there -- that is mostly in GR.

The remaining lapse, which is in the TxDMV Fund
which is about $4 million, is related to savings generated
as a result of reductions in the amount that we had
estimated that we needed to pay to TxDOT and any other
operating balances. As Linda said before, any of the balances in the TxDMV Fund, they revert back to the fund, they remain in the fund and are available for appropriations, the GR portion goes back to the Comptroller.

And just briefly to talk about our capital budget. At the end of the year the capital budget obligations totaled $36.6 million, and our expenditures were primarily in the automation program, data center, and the county growth and enhancement project. And the biggest piece of the county growth and enhancement project was for the county equipment refresh project which successfully ended in May 2017, and it provided printers and computer upgrades to 508 county offices.

The remaining budget, which is that gray piece, 90 percent of that are balances in automation that we will be able to carry forward, and the remaining balance that I just talked about, which part of it is GR and the rest is a teeny-tiny piece to the DMV Fund.

So that concludes my presentation. Are there any questions?

MR. WALKER: So, Renita, on the lapsed funds -- I don't know how to ask the question, I guess. The $41 million, let's just start at the $41 million that we didn't use that was given to the agency in the self-
directed --

MS. FLORES: You mean the $23 million?

MR. WALKER: Wasn't it $41-?

MS. FLORES: Well, that's the ending fund balance.

MR. WALKER: But you said we were given that much money to operate the agency.

MS. FLORES: That represents approximately four months of operating costs that we normally spend.

MR. WALKER: But when the agency was started up, we were funded wasn't it $41 million?

MS. FLORES: No. $23-.

MR. WALKER: Twenty-three. So the $23- that we didn't actually use, we've been able to operate off of the actual processing and handling fee revenue, so will that money lapse back or do we get to keep that in the self-directed fund of our own?

MS. FLORES: That $23 million that we did not touch stays in the fund.

MR. WALKER: So we don't have to give that back.

MS. FLORES: No, sir.

MR. WALKER: Okay. That's my question.

MS. BREWSTER: And just to be clear, the processing and handling fee is part of the revenue but
there are a number of other fees that were directed to the
TxDMV Fund to cover the operating costs of the agency, so
I just wanted to make clear it's not that one fee that is
bringing in the revenue to cover the costs of the agency.

MR. WALKER: I've got to get this clear in my
mind. When we do our legislative appropriations, our next
one, do we have to take that money into consideration in
the process?

MS. FLORES: We take it into consideration that
if we were to go out -- for example, during the
legislative appropriations request compilation, we have an
opportunity as an agency to request an exceptional item
that is over and above our base. It is a better idea or
better strategic plan that if you have an extra request,
that you have the funding to go along with that. So if we
had fund balance, a positive fund balance that could help
support that request, that is better received by the
legislature.

MR. WALKER: And you're making a good point.
So what you're saying now is that for the past seven years
we've been doing this, or eight, whatever it is, we have
gone out here and put exception items on let's just say 20
cars that we need for the agency, and the legislative
appropriations people kick it back and throw those back
and say, No, we don't have the money for 20 cars.
However, if we have these funds available through our -- I don't know whether you call it lapsed or whether you call it available in our fund, that money could be used for exception items and we fund exception items through our own money instead of through the state's money.

MS. FLORES: Yes, sir, that is correct.

MR. WALKER: Oh, that's a great thing the.

Okay. Thanks.

MR. PALACIOS: Any further questions?

(No response.)

MR. PALACIOS: I guess we'll move on to the facilities update then.

MS. FLORES: Thank you.

Moving on to item 4.C, the facilities update, again, this is a briefing item, and with me is Ms. Ann Pierce from Administrative Services.

As you know, the agency, and as you can see for yourselves if you've parked in our parking lot, you noticed that we have a smoother surface in the parking area, and you've noticed some fences along the courtyard here, and there's been some digging going on. So I'm going to turn it over and let Ann kind of give you an update of what's going on.

MS. PIERCE: For the record, Ann Pierce, director of Administrative Services. Good morning,
everyone.

   Like Linda said, we've had quite a bit going on. The parking lot is very improved. TxDOT initiated a project and we worked very closely with them to not only improve the surfacing of the parking lots and the lighting in the parking lots, but also to actually increase the overall number of parking spaces, which has been a great blessing. Overall we got an extra 26 parking spaces at Building 5 next door and an additional 24 here, and we've received lots of compliments that we have to pass on to the contractors and TxDOT and the collaborative efforts that went into making that a reality.

   One thing that we did notice, unfortunately, the project did everything it was supposed to do with the resurfacing, the improvements of the lighting, and it was completely in compliance with requisite ADA requirements, but we do have a little higher population of ADA related needs in this building and that became very evident early on. So we were very fortunate, we went to Linda and with her and Whitney's help we were able to find a little bit of funding to go towards adding some ADA parking that you would see on the north side of the building over in the employee side, and that actually opens up the ADA parking that we normally have out front -- when we don't have construction going on -- for our visitors. So that's been
a blessing, we've received a lot of compliments about that. People are very pleased, even those that were not using the ADA parking, they were very pleased to see that we put attention towards that to make sure we took care of our fellow employees.

One other thing that we've got going on that's kind of been major, as you noticed the fencing that Linda pointed out over here to my left, that is up there for the safety of our staff and the contractors that are working in there normally. It's kind of quiet right now and it has been for about a week or so.

We have had some flooding periodically through the years on the first floor as a result of what wound up being some piping issues. This building was originally built in 1953, so as you can imagine, some of the piping is old, it's kind of coming apart, it's got tree roots growing through it, so it's been kind of a challenge. And one other thing that was discovered when the contractors got in there was that some of the piping went upwards, which is not conducive to water and sewage trying to get through them correctly.

So TxDOT did initiate a project with us, it took a little while to do that, but they've been mitigating things so we've not had a flood in the last year since we did have an incident, and they're waiting on...
some components right now and we anticipate those components arriving next week. Once they arrive, they'll pick back up, and they hope to finish this project before Thanksgiving so we can kind of return to normal back there.

MS. FLORES: And if I can add, this has not been at the DMV's expense, this has been financed by TxDOT, both the parking and the renovations out here for the sewer lines.

MR. PALACIOS: Ms. Flores, or Whitney, I guess for my edification and the Board's edification, can you discuss a little bit the provisions by which TxDOT is undertaking these expenditures and what else do we have coming, I guess under the agreement that we have with them, that we can anticipate?

MS. FLORES: I'm looking at Whitney.

TxDOT has been very cooperative and through the memorandum of understanding that we have, as well as some legislation that was passed during the 85th Legislature, TxDOT may transfer the property here on Camp Hubbard, there's a certain amount of acreage that they may transfer all of it, but those provisions, when we were negotiating and discussing the items in the legislative packet, there were a lot of things that were addressed that we knew about, things that, as Ann mentioned, these are 50-year-
old, 60-year-old buildings, we don't know what's behind the walls.

TxDOT did have a master plan for all of their property and they had identified things that needed to happen if money was available. As part of those discussions about transferring this property to the DMV at some future time, they agreed that they would finance a lot of those projects before it's turned over. So we're going to continue to monitor some of the things that they're doing. We're asking for some changes as well when we think something needs to be addressed. Every other month staff from both TxDOT and DMV get together to talk about facility issues, and so through that process we're identifying things on both sides and working through some of these things that we know need to happen before that transfer occurs.

MS. BREWSTER: And just to be clear, the dollars that we received during the last legislative session, the appropriation that we received, was for basic maintenance of the facilities that we are currently housed in, they were not sufficient to cover major repairs like sewage or roofing. So I just wanted to make sure that we pointed that out and that those dollars are really just for basic wear and tear types of situations where we're needing to make minor improvements around the building.
MR. INGRAM: A quick question for me. Have these changes, these mitigations that we're doing with the sewer and with asbestos, have they modified our timelines or are we still on track?

MS. FLORES: Actually, these were outside of our current or what we had planned to do. Bull Creek, as you know -- and we were about to give you a current status on that -- TxDOT has had a few delays in the renovations of the top floor in Building 6, we've had to push back our modular a couple of times, but we're still on track to move in January of next year. And we've had a little bit of some issues going on at Bull Creek from Milestone, who is the new property owner, but we're working with TxDOT to make sure that our operations are not impacted in a negative manner.

MR. PAINTER: If I might make a suggestion, Ms. Brewster. On these parking lots, if you could add in each one of these lots a special parking space for the Purple Heart recipient.

MS. PIERCE: That's a wonderful idea. We'll certainly look into that.

MR. PAINTER: Thank you.

MS. PIERCE: Thank you.

MR. WALKER: So when you say we're on schedule to move next year in January, that's like in 2-1/2 months?
MS. FLORES: Yes, sir. That is our next move.

As Ms. Brewster mentioned, we did get San Antonio relocated in August. We don't have any other moving projects underway for this current biennium, the only move that we've got in front of us is Bull Creek.

And I think that concludes our presentation.

MR. WALKER: So on the move of Bull Creek, you said we are on target. I assume that means that we've done the wiring, because we've got a lot of computer software stuff in that building because of the TxDPROS. So we're getting that in place, because that would need to be being done right now.

MS. PIERCE: That work is actually going on right now, and Mr. Obermier's team of IT folks are doing that, and like the many other projects that we have with TxDOT, it's been very, very collaborative.

MR. WALKER: So, Eric, over at that building over there, we've got a huge room over there, like it's going into like NASA central there where it's cubed off and there's all these computers in it. Is that moving in its entirety the same way?

MR. OBERMIER: For the record, my name is Eric Obermier, chief information officer for the DMV.

Member Walker, the question that you asked, the only room that I'm aware of over there that has computers
in it that will not be moved in any respect is going to be the actual local data center. They have a raised floor data center over there.

    MR. WALKER: It's in the center of the building, it's a locked off room, and it's real dark in there. There's two guys that stay in there all day long that make the best coffee in the agency.

    MR. INGRAM: They don't let them out, they keep them in a closed, dark room.

    (General laughter.)

    MR. WALKER: If you've never been in that room, it's pretty amazing. Do you know what room I'm talking about?

    MR. OBERMIER: I do. With the recent updates they did approximately three years ago to that data center, it's probably very unlikely that there's any food or drink allowed in that room anymore due to the nature of what's actually going on in there.

    All of the area that we're going to be occupying for MCD is up on the top floor and should not be affected by the room that you're referring to.

    MR. WALKER: Thank you.

    MS. BREWSTER: Mr. Chairman, if I may just say something.

    MR. PALACIOS: Yes.
MS. BREWSTER: I would like to publicly thank TxDOT for their partnership. Our relationship has come a long way and it has been extremely productive and collaborative, and I just want to give credit where credit is due. They have been excellent partners in mitigating issues that come up and addressing them quickly. So thank you for the indulgence.

MR. PALACIOS: Well said.

MR. TREVIÑO: Ms. Flores, I've got one more question, and I know Member Walker didn't mean it in this way, but there may be areas of the budget that do get increased revenue because of the hurricane and fees that are assessed, but this is not going to generate tons of revenue for the state. The state has massive expenses and so this is not a net revenue generator for the state. I just want to make that very clear that there's not some huge windfall that we're going to get.

MS. FLORES: While there may be increased revenue, to your point, in one part, there's going to be a lot of expenses associated with mitigating some of the renovations that the state is going to need across several state agencies because, as you know, there is a lot of property damage, not only houses but cars, equipment, so there will be a cost to all of this.

MR. TREVIÑO: And I know Member Walker didn't
mean it that way, I just wanted to clarify that.

MR. BARNWELL: I don't know. Did you ask him if he meant it that way?

MR. TREVIÑO: He's thinking three or four steps ahead.

(General laughter.)

MR. PALACIOS: Any further questions?

(NO response.)

MR. PALACIOS: Thank you.

We'll move on now to the Internal Audit update that will be given by Ms. Sandra Menjivar-Suddeath.

MS. MENJIVAR-SUDDEATH: Good morning, Board members. For the record, my name is Sandra Menjivar-Suddeath, Internal Audit director, and I'm presenting item 4.D which is the Internal Audit Division status which can be found on page 25 of your board book. The status is made of three parts. The first is the internal audit plan status, the second is external coordination status, and then finally, hiring updates.

For the first part on the internal audit plan status, we have five current engagements. Four of them are currently in field work or in planning. The first one is the DMV Fund table on processing and handling which the audit objective is to determine if appropriate revenue is being deposited appropriately to the TxDMV Fund, as well
as whether appropriate amounts of revenue are being transferred to the counties. This audit is in field work and we anticipate the release date of the report in January.

The second one is the open records audit. This is an audit to determine if open records requests are handled consistently in accordance to state law. This is also in field work. We anticipate releasing this report in January as well.

The next one is an advisory service which is the fraud, waste and abuse risk assessment, and we'll be working with divisions throughout the department to identify and rank fraud, waste and abuse risks and identify any potential controls that are in place to mitigate those risks. This will be a year-long advisory service so we plan on finishing this in August.

We also have the FY 2018 internal audit followup which is verifying the internal audit recommendations and external recommendations issued to this department. We'll be providing quarterly updates going forward and have a wrap-up of the year-end of all the audit recommendation that were reviewed that year.

And then finally, the item that we have completed is the fiscal year 2017 annual internal audit report. This report summarizes the internal audit.
activities that were conducted in fiscal year 2017, and is
on page 28 for your review. It comments on six audits
that we finalized and two advisory services, the audit
plan for fiscal year 2018 and the audit report for fiscal
year 2016. It also shows that management is actively
working on addressing any recommendations that were issued
in these audits or advisory services. We have to submit
this report to the State Auditor's Office, the Sunset
Commission, the Governor's Office and the LBB on November
1, so we will be doing that.

Any questions on the internal audit status?

MR. BARNWELL: Will you be making interim
reports from time to time during this year-long audit
period for some of these items you're doing?

MS. MENJIVAR-SUDEATH: For the internal audit
followup we will be providing quarterly updates, but we
can do that as well for the fraud, waste and abuse risk
assessment. That is a confidential document so we'll be
doing that in executive session.

MR. BARNWELL: That will be great.

MS. MENJIVAR-SUDEATH: Then moving on to the
external coordination items, on October 4 we provided the
State Auditor's Office with the SAO fraud hotline
coordination letter for any referrals that they sent to
us. There was five referrals and we had no internal
referrals, so we have provided a response to that.

We also have several audits going on right now. The Texas Department of Public Safety actually performed an audit to ensure compliance with the technical aspects of the FBI CJIS Division. This was done a couple of weeks ago, we're waiting for the report on that. And then we will have the Texas Comptroller of Public Accounts doing a routine post-payment audit in November. The audit objective is to ensure the department's payroll, procurement and travel expenditures comply with state laws and regulations. In addition, the State Office of Risk Management will be conducting a risk management program review. Both of these audits, there's nothing we did to get these audits, we're just up in their schedule. Both of them were done in 2013 so it's just time for another one.

And finally, on Tuesday I presented to the county auditors a presentation on combating fraud in motor vehicle sections and it was well received, so hopefully we can continue partnering with county auditors to help combat fraud in motor vehicle.

Lastly, on the Internal Audit hiring, as you're aware, we received two FTEs at the beginning of the fiscal year. We posted those positions in September, we had over 75 applicants for both positions. We conducted interviews
earlier this month and we are in the process of giving offers to two individuals, so hopefully we'll have them hired by November 1.

MR. PALACIOS: Great.

MS. MENJIVAR-SUDDEATH: Any questions?

MR. TREVIÑO: Yes. Ms. Menjivar-Suddeath, do you feel you have the resources necessary to maintain the safety and soundness of this organization?

MS. MENJIVAR-SUDDEATH: At this point we do. Hopefully these two new auditors will really come in and help us out even more.

MR. TREVIÑO: Great. And staff has been supportive in your efforts?

MS. MENJIVAR-SUDDEATH: Yes.

MR. TREVIÑO: Excellent. Thank you.

MS. MENJIVAR-SUDDEATH: Well, thank you. That concludes my presentation.

MR. PALACIOS: Thank you very much, Ms. Menjivar, for your presentation.

We'll move on now to agenda item number 5, the legislative update by Ms. Caroline Love.

MS. LOVE: Good morning. For the record, my name is Caroline Love. I'm the director of the Government and Strategic Communications Division, and this morning I'll be providing a briefing updating the Board on
implementation status for all the legislation that passed
during this last session.

(General talking and laughter.)

MS. LOVE: For the purposes of today's
briefing, I'll focus on the items that have implementation
activities either imminent or ongoing, but if you have any
questions about any of the other items in the book, please
let me know.

So I'll start with the Board recommended
legislation that have implementation activities ongoing.
We'll start with Senate Bill 2075, and that had several
elements as it relates to registration cleanup in statute.
One of those items that's already been put into effect is
allowing when a customer renews their registration online,
if they print that receipt, that receipt will serve as
their proof of registration for 31 days from that date,
and that is now printed on the receipt. So that was in an
effort to help diminish those lines that the counties tend
to see at the end of the month and the very beginning if
the month for people who feel like they have to have that
sticker on the windshield. So that is one that's been
implemented.

In addition, today there will be rules proposed
that will allow for the implementation of the one-time fee
for registration of a fleet, and that will hopefully
encourage more participation, as the fee was assessed annually and we felt like that was hindering participation from those who manage fleets.

Another item that is of general interest, Senate Bill 2076 had a lot of changes as it relates to the Title Act, and some of those remain under implementation efforts, including the certified copy of original title now serving as the superseding title. That one has a delayed implementation date to allow for all of the programming and related efforts that correspond with that.

But for today there will be consideration of the rules that will help to implement the VIN inspection process, the vehicle identification number inspection process, so there will be more to come when that item is up for rule adoption.

And then in addition, there's another element of Senate Bill 2076 that requires the department to conduct a study looking at the various elements of titling, registration and inspection of vehicles and make a recommendation to the legislature by December 2018 of any of those elements that could be eliminated or modified. And so we have been meeting with the Texas Department of Public Safety, since they have a significant component of that as it relates to the inspection process, and we're also looking at working with an institute of
higher education to help conduct the study.

There's another study that was required this
session through House Bill 1959 that asks the department
to look into opportunities for commercial motor vehicles
to have their processes for permitting, registration,
license plates, things like that, look at alternative
technologies for that process to help simplify. So that
is something we're looking at combining with this study,
so there will be more to come on that but we have meetings
ongoing and are continuing those efforts there.

And as I mentioned, the Senate Bill 2076 study
is due in December 2018, the House Bill 1959 study is not
due until January of 2021, however, we are going to try to
combine those and then we will likely have the House Bill
1959 portion done far sooner than the deadline in statute.

Moving on to some of the others, in addition to
the other rules that will be up for consideration today,
there is a rule adoption that relates to House Bill 561
and that is for package service delivery vehicles. So for
the larger carriers that tend to do a lot of deliveries
around the holidays, this would allow them to identify
smaller, more efficient vehicles, including maybe golf
utility type vehicles, things like that, to help make
deliveries in master planned communities where their big
trucks wouldn't be idling, taking up as much space on the
road and things like that. So that is a rule that will be up for consideration later this morning, unless we go on for a long time this afternoon. I don't see that happening; I'm trying to give you good vibes.

MR. PALACIOS: Thank you, Caroline. It's appreciated.

MS. LOVE: And then those were the bills that I wanted to mention that were very specific to the department, and unless you have any questions, I was going to talk a little bit about some of the other legislation that passed that impacts all agencies to give you a feel for kind of some of those things that all agencies are working on implementing.

So there was House Bill 1861 that was passed during this last session that exempts certain computer security incidents from disclosure when there are Public Information Act requests, and also, it includes some contracting requirements for computer security that are not required to be posted on the internet. And that's, of course, in an effort to kind of maintain the sanctity of that computer security process.

And there is also another bill, House Bill 2463, that requires agencies to consider and product succession plans for employees that might retire or leave agencies, and that is something that we have done in the
past but I do think there are a lot of agencies that have not really looked at that, and then there tends to be a lot of retirements that occur at the end of fiscal years and some agencies have found themselves in a big, I guess, informational gap when it comes to the institutional knowledge that those individuals may have. So it's an effort there to try to ensure the state continues functioning properly.

There were some additional contracting training requirements that were put in statute for staff that work on contracts but nothing of significance that would impact our agency. And then there was another bill, Senate Bill 73, rather pertinent to the discussion of the Hurricane Harvey and the impacted employees. It sets in new parameters for which emergency leave can be distributed to employees, and so there are reporting requirements that if any more than 32 hours are utilized by one employee, there has to be a report submitted to the legislature detailing the need for that, and so there are just some additional parameters that have been put in place since it was a process that some agencies had overused in the past.

So those are the items that I wanted to mention today. If there's any questions, I'm happy to answer them.

MR. PALACIOS: Are there any questions for Ms.
Love.

(No response.)

MS. LOVE: And you all look great.

MR. PALACIOS: Thank you, Ms. Love. You look great as well.

(General talking and laughter.)

MR. PALACIOS: We will now move on to agenda item number 6, projects and operations, turn it over to Ms. Judy Sandberg.

MS. SANDBERG: Good morning. Judy Sandberg, director of the Enterprise Project Management Office. It's my pleasure today to provide you a report on the status of enterprise projects. I will not be asking you for any decisions today, just providing you an update.

The briefing begins in your board book on page 57, if you care to follow along, and I'm actually moving forward to the slide on page 59. I wanted to do something a little different this time and give you an update on the overall portfolio. I'm very pleased to report that by the end of August 31, as has already been mentioned, the AMSIT project was completed on time by August 31. That brought us down to two projects in flight in the EPMO, the RTS Refactoring project and the webDEALER project which we have authority to carry forward into this current fiscal year, and so the dashboard on page 59 is intended to show
you the overall health of the portfolio as of the end of
the last fiscal year was healthy and green and down to two
projects.

The dashboards below the portfolio chart show
you the AMSIT project was completed on time, and as has
already been mentioned, well under budget. The RTS
project shows you that at this point in time about 90
percent of the project work has been completed. It is on
target to be finished during calendar year 2018, and we
still have only expended 79 percent of our budget so we
have sufficient budget to carry us through to the end of
the project. The webDEALER project is also about 90
percent complete. It is scheduled to be completed April
2018. We have also expended or planned expenditures for
about 90 percent of that budget at this point in time.

A new chart I have for you shows you over the
last three fiscal years the number of projects which have
been closed with the authority of the executive governance
team, and it gives you a total by fiscal year. Starting
with fiscal year '15 we closed three, in fiscal year '16
we closed four, and in fiscal year '17 we closed six. A
full list of those projects is on a slide later in the
presentation.

Another new slide I have for you is on page 60
of your briefing books. This shows you the budgets that
are being applied to projects in the upcoming biennium that began September 1 and will extend through August 31, 2019. This shows you the list of projects that the governance team has charged the Enterprise Project Management Office with managing this year and reporting to the executive governance team on. These were identified as initiatives in the legislative appropriations request so you've seen this list in a previous presentation by Ms. Flores. The governance team identified these particular initiatives that you see listed here as projects, and I have a little more information for you in the next slides.

But this shows you how the budget during this biennium is distributed month those projects, and you may notice, for example, for RTS Refactoring project and for webDEALER, the dollar amount shown is the dollar amount that we began with at the start of this biennium, not the full project budget, so it shows you the amount of funding that we have to spend during the biennium on all these particular projects.

And to help with this slide, if you move on to pages 61 and 62, I've provided you a list of those same projects that we have been charged with proceeding with project management of during the biennium, and something new that the governance team has also done this biennium is divided these projects up into prioritized groups. So
Priority Group 1 lists for you all the projects that are considered major information resources projects by state government code. They're also all subject to monitoring by the Texas Quality Assurance Team, so that includes RTS Refactoring webDEALER, and the new webLIEN project which has already been approved and authorized to proceed by the Quality Assurance Team.

Priority Group 2 then shows you a list of these are new initiatives of projects. The kiosk pilot, a fraud data dashboard, the call center upgrade, and eRENEWALS. I've also listed multiple columns for each of these projects showing you the current planned budget authorized by the governance team, a brief statement of the purpose, benefit to the public, and benefit to the agency for each one of these projects.

I think it's important to emphasize all of these new efforts are in stages of initiation and planning at this point. We are in the process of presenting charters to the governance team for their consideration and approval. What that means is the scope is being finalized, actually what we are going to do within each project is being determined by the executive steering committees who were appointed by Executive Director Brewster.

Then our next step will be to work on project
schedules. We have begun some of that planning, so the actual start and end dates for each one of these efforts is still to be determined, but based upon your interest in the future, I will be happy to provide overviews of how these projects are proceeding.

MS. BREWSTER: Mr. Chairman, if I may just add one thing. With the exception of the priority one projects, those schedules have been confirmed and that information has been provided to the QAT, so we do know those schedules.

MS. SANDBERG: Thank you for the clarification.

And then that list of projects continues. Priority Group 3 is listed on page 63. Group 3 includes an enterprise reporting project, renovation of our external website, and a mobile app which is being sponsored by our Motor Carrier Division director. So that's some insight to what's coming up for the agency based on the executive's priorities and what we have authorized funding for in the coming biennium.

Do you have any questions?

MR. INGRAM: Judy, I have one question. On the Priority Group 2 versus Priority Group 3, can you explain kind of the decision-making process for how one got put into Category 2 versus one got put into Category 3?

MS. SANDBERG: Yes. There were some meetings
and discussions between Mr. Obermier, Executive Director Brewster, Deputy Executive Director Shelly Mellott on looking at our priorities. We discussed how best to prioritize the projects. We had proposed an idea to the governance team earlier in the summer that it might be helpful in managing our resources, including our human resources as well as our schedules, if the teams working on the project had an idea of how the executives viewed the priorities.

So based on that discussion, it was an evolutionary discussion, but we ultimately came to prioritizing into groups rather than literally trying to prioritize every sequential project. The discussions between those individuals I mentioned resulted in these three particular groups. Those groups were then presented to the executive governance team for discussion and adoption, and the executive governance team then approved prioritizing the projects into these three groups.

The intent is to help us with setting schedules for these projects, knowing the executives' priorities for how we approach all of these projects. The reality is, as we've talked about many times in these meetings, resource constraints are often a concern for us, and where we find ourselves sometimes having competition for human resources, it is helpful to know how the executives view
the priorities, and that helps us make decisions about how we should assign staff to spend time, and then we follow a change management process and then if necessary, come back to the governance team to seek approval if we need to make adjustments to schedules, to scope or even budgets in order to accomplish what the executives have envisioned for the agency.

I'm sorry, that was a very long-winded answer.

MR. INGRAM: No, actually, it was very detailed but it is important.

One reason why I bring it up is I wanted just to mention again to staff how important it is to have a website that's reactive to cell phones, and so just when you look at case studies when people have taken their websites from non-reactive to reactive and how much the usage has gone up, I know that it's important that we increase our internet usage in terms of getting more people on to the internet, so I feel like that's a very high priority case for us. Just my own personal preference.

MS. SANDBERG: Thank you very much for that feedback, sir, and I'm sure it will be discussed at the next governance team meeting which is on Monday.

MR. INGRAM: Okay. Please take a look at the stats. I'm sure there's stats out there in terms of what
the usage increase is when you switch, I mean, I'm assuming there probably is. I can give you mine, I mean, it's pretty substantial.

MS. BREWSTER: Mr. Chairman, one thing I might add, just to go into a little bit more detail on what Ms. Sandberg said about the priorities. We looked at this in terms of scheduling, Priority 1 projects scheduled first, then scheduling out Priority 2 and then Priority 3, and I should have started by saying all of these are absolutely worthwhile projects or else they wouldn't even be on the list, however, because of the resources and the scheduling challenges, that is how we prioritized them so that we could effectively conduct the work that's necessary to complete the projects.

I know specifically the external website redesign, I was in the executive steering committee meeting just yesterday talking about that schedule and how we would go about accomplishing that work. So it is absolutely on the list of things that we intend to do.

MR. PALACIOS: Thank you.

Any further questions?

MR. TREVIÑO: Ms. Sandberg, was there any discussion around cyber risk as a project itself, or how do you guys plan to incorporate cyber risk within the various projects, especially with the idea of increased
use, with increased use comes increased risk.

MS. SANDBERG: Yes, there was, and actually,
I'd like to defer to Mr. Obermier to answer that.

MR. OBERMIER: Thank you, Judy.

Yes, actually we have multiple cyber efforts
that we're going to be working on within this current
biennium. We asked for funding and we actually received
that funding to get about four different efforts underway,
everything from the improvement of monitoring to stricter
controls and tighter controls around how our own employees
can access the systems from outside of this building, for
instance. So there are multiple fronts that we're going
to be working on with that area, however, they don't meet
the criteria to be managed by the Enterprise Project
Management Office and/or reported through that structure.

Now, we do, however, along with all of our
other initiatives as well, inform the governance team of
those kinds of efforts going on so that the governance
team can be aware of the resource commitments outside of
the planned project activities that you see before you.

MR. TREVIÑO: Great. Just as a suggestion, a
lot of organizations are looking at cyber risk as an
institutional challenge as opposed to something that's
specific to an area within the enterprise, so just a
suggestion on that point.
Thanks. Great answer.

MR. PALACIOS: In that line, Mr. Obermier, can you give us an update on the breach that Deloitte had and any potential risks that we may have?

MR. OBERMIER: Sure. So there have been multiple meetings that we've had with our representatives from that organization and they have shared with us multiple articles and even more details behind those articles, or rather details that were not included in those articles. From what we understand and the evidence that they have is that the breach only affected six of their clients, none of those being State of Texas clients, so at this point there's no reason to believe that the TxDMV's information was at risk.

MR. PALACIOS: Great. That's good news.

Any further questions for Ms. Sandberg or Mr. Obermier?

MR. WALKER: Judy, I have a question. Can you kind of explain to me how this webLIEN is going to work?

MS. SANDBERG: From a business perspective?

MR. WALKER: What's the operational aspect of webLIEN?

MS. SANDBERG: Do you mind if we ask Jeremiah Kuntz to come forward and discuss that?

MS. BREWSTER: Mr. Kuntz is the executive
sponsors of this project.

MR. WALKER: I just don't think we've ever been briefed on it, have we?

MS. BREWSTER: I don't know that you have.

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

So webLIEN is a new addition to our web application suite under our webAGENT umbrella, so we've got webDEALER, webSALVAGE, webSUB, this will be now webLIENHOLDER. The concept here is to be able to give lienholders electronic access to view all of the titles that they have a lienholder interest in. So we have a similar program right now for large financial institutions, what we refer to as an ELT which is an electronic lien title. What happens with an ELT is the printing of the paper title is suppressed and the ELT financial institution receives an electronic copy of that title rather than a paper title, and then they release that lien electronically as well.

What that does is it adds an additional layer of security to that lienholder in that somebody cannot falsify a release of lien letter. The only way to release that lien is electronically so they have to release it in their system which then tells RTS, hey, that lien has now been released, it's been satisfied, and therefore the
vehicle can be transferred. So there's additional
security around that lienholder's interest when we do an
electronic lien in that you can't have falsified paperwork
that comes along.

So the challenge with the ELT project is it
requires that that financial institution purchase third
party software that can be quite expensive to manage that
list of liens in their system, and so we send them a file,
it goes into their system and then they can manage it
electronically. What we are seeking to do is provide
smaller lienholders, your buy-here-pay-here auto dealers,
other types of lending institutions, with the ability to
record and maintain their liens without getting a paper
title.

So there's a cost-effectiveness to us, there's
added security features that then the lienholder can
enjoy, knowing that somebody is not going to be able to
come in and extinguish their lien with a falsified
document in a county office. So it's definitely something
that would benefit our smaller lending institutions, our
buy-here-pay-here dealers with those liens, and it
provides us some cost savings on the front-end in that we
suppress that paper title, and then when that lien is
released we actually print that paper title for the
customer without the lien on it, so the customer gets a
benefit as well in that they don't have to come in and reapply for title and pay a title fee to have that lien taken off of their title.

MR. WALKER: So we're going to do away -- and I think it's a great idea -- we're going to do away with the hard paper copy. Let's just say I go to Chase Bank and I want to borrow $10,000 --

MR. INGRAM: You didn't say you were going to come to Auto City?

(General laughter.)

MR. WALKER: Whatever bank you want to go to, Frost Bank. I want to buy a new car and so I go borrow $20,000 against my new car, and so the bank keeps the title to that car generally in a hard copy.

MR. KUNTZ: Correct.

MR. WALKER: So now we're going to do away with the hard copy, the bank doesn't get a hard copy anymore?

MR. KUNTZ: For lending institutions we will allow them to opt into this program. There still may be some folks that want to get a paper title and we will still allow them to do so. But what we see is generally what people do if they're using that old paper title, a lot of times a lending institution, what we would analogically, is they would get it, they would shred it, and then they would just keep a record of that lien on
their file, and then when they actually release the lien, they would send a letter to the individual owner and say your lien has been released, and that would require an owner to go in and get a certified copy of their title.

So we're alleviating some of those steps, we're eliminating the need for a paper title because a lot of folks weren't using it anyway. And it's a management issue. They're having to have file cabinets full of paper titles that they're having to keep track of and maintain and manage.

MR. WALKER: It's a bigger problem than you think, because we've had problems where these banks, Bank A buys Bank B, we have a note with Bank B on titles to trucks that we've financed, and so now all of a sudden my title gets lost in the transition of the bank purchase and now when we go to sell, they forget to even send them back to you. The bank sold these titles and it all become a problem because now we have to go find that title or go request a new title be issued on it. And so that will eliminate some of those problems?

MR. KUNTZ: We are attempting to eliminate those and make this process much more efficient.

MR. WALKER: Because we had some titles for trucks that we paid off like five years before and the bank had been bought, it took us six months to find those
titles because they said, Well, we've got to go to archives and find them.

MR. KUNTZ: With this process, once that lien is released, they would electronically release it and then you would receive a paper copy of that title that does not have a lien on it anymore from the department.

MR. WALKER: But there's one more step in that process that we need to clean up, and maybe it's being cleaned up, is that that bank puts a UCC filing against the person that's borrowed the money and it's out there in record land, and so when somebody runs a credit report on you -- we have to go get those UCC filings released, the banks aren't releasing those. Will that eliminate that process?

MR. KUNTZ: We will not be touching any of the processes within that financial institution. That's not a process that we control or manage.

MR. WALKER: Why do they do those UCC filings and not release those, do you know?

MR. BARNWELL: On a motor vehicle is irrelevant. A UCC-1 is affected against non-titled, really should be against non-titled.

MR. WALKER: They sit out there and when somebody does a credit check on you, they'll see these filings.
MR. BARNWELL: I know.

MR. WALKER: And so they'll sit out there and you need to clean those off your company's records. We go and write a letter to them and say: Here's a copy of the paid off promissory note, you need to release those UCC filings.

MR. BARNWELL: It's a lot of wasted effort to have to do that.

MR. WALKER: Yes. The bank should be required to do that instead of the purchaser, and they don't.

MS. CARAWAY: I have one question. With the smaller lienholders, if the lien gets paid off but they're now out of business and they never released it, what's going to happen in those instances, how are you going to handle that?

MR. KUNTZ: We'll work through all those kind of processes when we're doing the business requirements on this to make sure that those are all handled appropriately.

MS. CARAWAY: That just comes up a lot and we need to make sure we're covering that.

MR. KUNTZ: Sure, absolutely.

MS. BREWSTER: Mr. Chairman, members of the Board, we will gladly provide you a more in-depth briefing as we get closer to the beginning of the project, once
we've gone through the business requirements development, and provide you with greater detail on the project. But I appreciate Mr. Kuntz coming up and giving a general overview.

MR. WALKER: But going forward, Jeremiah, going forward in this process, I won't be getting titles back from the bank anymore on financed equipment, it will be coming from DMV?

MR. BARNWELL: If they elect into the program.

MR. KUNTZ: Yes. If they go into the program and they have an electronic lien title then, once they release it, then that sends a file to the department that we need to print that title without the lien on it. And so we would get that print job, print the title and then mail you a title that's clean that has no lien on it anymore. It saves the end consumer a step of having to go to the county office to get the lien taken off the title.

MR. WALKER: Yes. Why wouldn't that just be mandatory that they do it this way?

MR. KUNTZ: At this point, I don't want to necessarily say that we're mandating anything, we still need to develop the program.

MR. WALKER: Well, it seems like it's friendlier for everybody involved.

MR. BARNWELL: We develop the program and if it
works really well, then adoption could become compulsory, but if it doesn't work so well, we don't want everybody bailing out, coming into the deal and then having to have a train wreck.

MR. WALKER: But it sounds like a great program.

MR. BARNWELL: I agree.

Did you think of this?

MR. KUNTZ: This was something that came up actually from my staff, the title folks. We've been thinking about it for a while.

MR. BARNWELL: I think it's a great idea.

MR. GRAHAM: Mr. Chairman, if I could have a quick followup question, a general question, I'm not sure who it's directed to. In discussions of the benefits to lienholders in the management of these titles, I'm thinking about now similar benefits, potentially, for fleets, such as Mr. Walker's company or my company where you have lots of vehicles, trying to manage those, and we're back to files and drawers with copies and it's very challenging. I know you are running quickly down this road of technology and you really are doing an exceptional job, I think you're one of if not the premier DMV in the country taking this path, but I would just add maybe consider some technology for the large fleet owners as
well to try to manage that data as well. I'm sure it's not there yet.

MR. KUNTZ: So yes, that is definitely something that has been thought about, and initially when we were going down the road of eTITLE there was a consumer part of that project that we were looking at. There are definitely some additional challenges that we need to overcome in order to get there. Your point is well taken that starting with large fleets or corporations that have a large number of vehicles may be a place to start down that path.

We've been kind of systematically going through the title process and making all of the different steps electronic to try and ease those burdens on the public, and so as we do another phase, we learn more, we figure out how to get this process kind of wrapped up together which is why we've got a suite of web applications around the title event. And so it's definitely something that we continue to think about and as we make improvements we'll look for other opportunities to further those improvements, and so that's something we'll definitely look at.

MR. GRAHAM: Thank you.

MR. TREVIÑO: I know this is far, far away from where we are now, but has anybody looked at blockchain and
Smart contracts for working in this process?

MR. INGRAM: I didn't hear. Could you repeat?

MR. TREVIÑO: Using blockchain or smart contracts to address a lot of the issues around contracting.

MR. OBERMIE: Actually, that is something that is being looked at across really all of technology, whether it be private sector or public sector, and there are many compelling cases for using that, even in the public sector.

And just so you guys know what blockchain is, it's not a single authoritative source of a record, for instance, it's you have a community of entities out there maintaining the same record and whenever something changes about it, you're polling the entire community, is this the valid record. And for the folks to maintain those kinds of systems, they're incentivized for the first person that comes up with the correct answer in that blockchain and all of the other ones that then come in to validate that correct answer, they actually get some type of financial reward for that. It can be incremental, very small, but when you add that up over time, it's enough to pay for those systems.

And what this allows for is overall better information security and integrity of the data, less...
likely to be able to be breached and your information
changed, for instance. So, yes, that is something that
is, frankly, one of the top subjects that you see in all
IT conferences today and you see a lot of case studies
about how that can be used in public as well as private
sector.

(General talking and laughter.)

MR. PALACIOS: Okay. Moving along, any further
questions for Ms. Sandberg, Mr. Obermier or Mr. Kuntz?

(No response.)

MR. PALACIOS: Thank you very much.

MS. SANDBERG: Thank you.

MR. PALACIOS: Mr. Kuntz, I guess will stay
because we're moving on to agenda item number 7, specialty
plates design.

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

Before you we are seeking approval or denial of
two new specialty license plates. The first one that
you'll see on the board is a quail plate. This license
plate is actually being brought forward by the Texas Parks
and Wildlife for the benefit of the Texas Parks and
Wildlife Foundation, and so the proceeds from this would
go to support the foundation and its efforts.
The next one that you see down below is what we refer to as Texas 2000. The Texas 2000 plate is a My Plates plate design. You may recognize this plate, it is a former general issue plate that has been slightly redesigned, and so the reason it's Texas 2000 is this general issue plate design was available in the year 2000 through the year 2009, and one of the primary features that you will notice on this plate that has been redesigned is the plate used to have a three-legged horse on it, and the fourth leg has been added to the horse to accurately depict a horse with four legs.

So with that, I will seek your approval.

MR. PALACIOS: Before we move on to a motion, we have a registration form here, a request to speak. I'll call up Mr. Jay Kleberg. Are you here?

(General talking and laughter.)

MR. KLEBERG: My name is Jay Kleberg and I'm associate director for the Texas Parks and Wildlife Foundation, and want to thank you all for considering this quail plate today. I just want to give you a little bit of information about Parks and Wildlife Foundation and the work that we do and how this would work in terms of funding from the plate.

The Parks and Wildlife Foundation has been around for 26 years and during that time we've raised $170
million for wild things and wild places in Texas, and one of the more recent projects that's impacted quail and other wildlife was the largest investment in conservation history in Texas was Powderhorn Ranch which is on the mid coast and 17,000 acres, $50 million project. The Parks and Wildlife Foundation actually acquired that property and now we actually manage it in the interim before we transfer it to the Parks and Wildlife Department, the state agency.

The quail plate itself, the funds from that plate would come through Parks and Wildlife Department to Parks and Wildlife Foundation, and we would have panel of experts in quail from around the state who would select small scale habitat restoration projects for either education or demonstration purposes. And as you all may or may not know, quail populations, depending on where you are in the state, have fluctuated over the years and the last 50 years have been pretty difficult for scaled quail and for bobwhite, Montezuma, Gambel, we have four species in the state. And this funding is needed, the research is needed to understand the needs, to understand what is habitat fragmentation and development doing to that species in the state.

And so thank you all for considering this and for having us here today.
MR. WALKER: Are you related to Tio.

MR. KLEBERG: That's my father, yes. Don't hold that against me.

(General laughter.)

MR. PALACIOS: Thank you, Mr. Kleberg.

MR. WALKER: Jeremiah, so I know we're into seven characters on license plates.

MR. KUNTZ: Yes, sir.

MR. WALKER: So if Mr. Kleberg wants to buy that license plate to put on his car, how do we get any more than five characters on that plate?

MR. KUNTZ: Not all of our license plates will accommodate seven characters. Our general issue plate has moved to the seven character pattern, and so not all of them will actually use a seven character. So as you can see, yes, there is a limitation on space on that particular plate and it would be limited to the number of characters that you see there today.

MR. TREVIÑO: Are there revenue estimates on these plates?

MR. KUNTZ: I do not have specific revenue estimates on these. Generally what you will see on our My Plates designs, we have a contractual provision that requires them to pre-sell 200 license plates prior to it actually being available for placement on a vehicle, and
so they would have to meet at least that before the license plate is actually on the roadways.

On the quail plate, when it's a state agency sponsored plate, we don't have that same condition placed upon those license plates because of the way that we've got it in statute for them to be created, but I would anticipate this plate would probably be a pretty decent seller. All of our wildlife related license plates tend to be very well received and purchased by the public.

MR. PALACIOS: Thank you. Any further questions for Mr. Kuntz?

(No response.)

MR. PALACIOS: If not, I'll entertain a motion to accept, let's take the first one, the quail plate.

MR. TREVÍNÓ: So moved.

MR. WALKER: Second.

MR. PALACIOS: Motion by Board Member Treviño, second by Board Member Walker to accept the quail plate. All in favor please signify by raising your right hand.

(A show of hands.)

MR. PALACIOS: Motion passes unanimously.

Great.

I'll entertain a motion for the next plate.

MR. PAINTER: So moved.

MR. PALACIOS: Do I hear a second?
MR. GRAHAM: Second.

MR. PALACIOS: Motion by Board Member Painter, second by Board Member Graham to accept the four-legged Texas 2000 plate. All in favor please signify by raising your right hand.

(A show of hands.)

MR. PALACIOS: Great. Motion passes unanimously. Wonderful.

Thank you, Mr. Kuntz. I guess stay there. We will now hear from Jeremiah Kuntz again on agenda items number 8, 9 and 10 regarding Chapter 217.

MR. DUNCAN: Mr. Chairman, David Duncan, general counsel. I apologize for jumping in.

I wanted to alert the Board that we're doing something just a little bit differently as it relates to the rule proposals and adoptions. We have grouped them by presenter so each presenter will do the full slate, so Jeremiah is going to do 8, 9 and 10, for example, and we've done a single motion for those three items to expedite the process a bit. So somewhat like an award show, hold your applause till the end, and we'll have a single motion which should speed things along for these meetings.

MR. GRAHAM: Mr. Chairman, if I could ask a question of general counsel before we move into the rules.
MR. PALACIOS: Yes.

MR. GRAHAM: Explain to me the process where we provide stakeholders this information, what that timeline looks like, how that decision is made. So let me tell you specifically, I had a question on one of these so I reached out to a stakeholder in the industry and I guess this information on these rules don't go out until the day before the board meeting?

MR. DUNCAN: That's correct, generally, and that's not just limited to rules, that's limited to the entire package, the backup package that you guys get a week before the board meeting or sometimes a little more.

We discussed this with the Board about a year and a half ago and what was happening was bits and pieces of some of these different items would get out to stakeholders and then Board members would get calls and in many cases the Board members had not had the opportunity to review the materials yet, and so they were being caught unaware. And so we asked the Board, the day we send it out to you, we can send it out to everybody that's interested, we can post it on our website, and the Board's feedback was 24 hours, one day before the meeting, and so we have been posting it one day before the meeting.

We can change that. We have it ready to go when we send it to you. It is locked in, the agenda is
set, and we would entertain any changes the Board would direct in terms of releasing. And if you wanted to treat certain things differently, for example, if you wanted to say whenever there's a rule, go ahead and give the draft rule package out the week before and let people look at it. We can follow your lead wherever you would like us to go because the materials are ready to go a week before the board meeting and we can provide them or not. Again, the concern previously had been that board members were getting contacted before they'd had an opportunity to go through the board book which in many cases was hundreds and hundreds of pages of materials.

MR. INGRAM: But it was published after the last meeting, because these are adoptions.

MR. DUNCAN: Again, there are different rules. For example, what Jeremiah is about to cover are rule adoptions. The rule adoption packages have been published in the Texas Register, they hit the Register about 2-1/2 weeks or so after your board meeting, they sit for 30 days, we receive comments, and then it's very rare that we get it back to a board meeting within a month of that comment period closing, so there's even time for us, if we get a comment we can oftentimes call the commenter and say, What did you mean by this? And we can reach some sort of agreement that their comment has been satisfied,
and in some cases share we're thinking about changing it in this way, does that satisfy your concern. So rules are slightly different.

Now, rule proposals, we do have some proposals on this agenda, most notably dealer deputy compensation, number 16, that has received a lot of interest, and I do know that we had some early requests for that, but again, we followed the lead of the Board and said, Sorry, we don't make board materials available more than a day before the board meeting.

MR. GRAHAM: So I think I would just add in my opinion, and as I went back because it caused me to feel like I needed to go back and review the Board goals and objectives to make sure that I'm thinking clearly, and when I went back and I did review that information, under our values, you know, transparency and stakeholders are two of the five items. So I'm not sure there's not a Board member up here that doesn't rely on input and communication from stakeholders because of the detailed items on so many of these rules, and so I would just put forward that I'd like for this Board to consider maybe pushing that back a little bit to give our stakeholders more time to review it and for more communication and transparency in the process.

MR. TREVIÑO: Does staff have a recommendation?
MR. DUNCAN: Again, the board books are ready often before that seven days prior to the meeting, not by a lot, ten days is probably the longest, but we would be glad to provide all of it or some of it, per your direction, to whoever would be interested. And the simplest in terms of fullest transparency, we can post it on the website, that way anybody can get it. They can just go and download it and print it and look at it if they want to.

MR. GRAHAM: So I tell you what, I'll wrap this up, and is that modified through a board vote formally?

MR. DUNCAN: I don't believe it needs a vote. If we get a sense from the Board and we would discuss with the chairman the setting of the agenda.

MR. GRAHAM: Okay. So we would do this through the chairman.

MR. DUNCAN: Please give your input to the chairman and to Mr. Ingram, who is the vice chair, and we'll consult with them going forward on this. And again, we're following your lead.

MR. GRAHAM: Thank you.

MR. DUNCAN: Yes, sir.

MR. PALACIOS: Are there any other comments regarding Mr. Graham's suggestion, in favor of or opposed to? Apparently, I guess the board of a year and a half
ago, I don't remember the specifics, but I guess my concern is along with Mr. Graham, I think for the sake of transparency and being above board with everything, we should give stakeholders ample time to review material. A day before really doesn't give them much time, and I don't think it's unreasonable to let them see the information at the same time as the Board. I mean, a week is not out of line. I think if there's any objection, I mean, I think we just go ahead and go forward.

   MR. TREVIÑO: I would agree.
   MR. INGRAM: I think whenever we get the materials, we post them. It's a good idea.
   MS. BREWSTER: Consider it implemented.
   MR. PALACIOS: Thank you, Board Member Graham.
   MR. GRAHAM: You're welcome.
   MR. PALACIOS: Mr. Kuntz.
   MR. KUNTZ: For your consideration, I'll be covering, as you indicated, Mr. Chairman, items number 8, 9 and 10. All of these rules are for final adoption.
   And so the first rule that I'll be covering is amendments to 217.3, .4, .82, and .84. These rules, the changes from the last legislative session in Senate Bill 2076 required us to make some changes to our rules. The first is relating to the maximum width and length of a travel trailer. Those were to get in line with some
industry standards, so the legislature allows for the maximum width of a trailer to be eight feet, six inches, we were prior to this at eight feet, zero inches, and then takes it from 40 feet in length to 45 feet in length. And so we know that there were manufacturers that were manufacturing travel trailers that fit into that envelope, and so this was to accommodate some industry movement where there are trailers that are longer and slightly wider than statute previously allowed for.

The next relates to clarifying title requirements for travels and semi-trailers with a gross weight of 4,000 pounds or less to clarify that they may be permissively titled. It also removes a clause relating to the manufactured homes that is incorrect and unnecessary anymore.

We also clarify the application for title. One of the provisions of 2076 allows for a customer in an emergency situation or when a county office is closed for a protracted amount of time to now go to any county that is willing to accept that title transfer, and so we're making the corresponding changes in our rule to allow for that as well.

We are also updating, just cleaning up the use of the word non repairable and salvage title throughout to make it consistent with statute. There were hyphens in
our rule where there were no hyphens in statute, so we're just cleaning those up to be consistent on the use of the hyphen in non repairable.

The next rule I'll be covering is agenda item number 9. This is an agenda item related to package delivery vehicles, it is amendments to 217.45 and 217.182. Package delivery vehicles, as Caroline Love mentioned in her briefing on statutory changes, were allowed to receive registration and license plates for operation in limited instances. They can operate on roadways with a speed limit no more than 35 miles an hour by a licensed commercial motor carrier for the delivery of packages, and so as she mentioned, this will be for companies.

I know UPS was behind this piece of legislation in the last session because they want to use golf carts, particularly, or other electric vehicles to make deliveries during the holidays. They will generally stage a large truck at the entrance to a community and then shuttle back and forth packages from that large truck to individual houses to accommodate the large number of people that are purchasing things on line and having them shipped to them during the holidays.

MR. WALKER: You said licensed vehicle motor carriers.

MR. KUNTZ: Yes.
MR. WALKER: Any special type of license?

MR. KUNTZ: No. They have to be licensed by the department as a commercial motor carrier. Basically, the legislature wanted to ensure that these were not just being placed upon personal vehicles as somebody that just had a golf cart that wanted to get a license plate for it that wouldn't particularly have insurance or any safety training around that. So they were very specific to say that this must be a regulated, a registered commercial motor carrier with the department.

MR. WALKER: So if Amazon is delivering packages in a private community neighborhood, they can't do that.

MR. KUNTZ: Not unless they are a commercial carrier that is registered through the department. So if they purchase their own trucks, came into the department through Jimmy Archer's shop and became a commercial carrier, that would be the only way that they would be able to utilize this particular statute and put golf carts, neighborhood electric vehicles, ATVs, ROVs into service using this statutory provision.

The fee for this license plate is $25; the statute did allow for that fee up to $25.

The final rule that I will be covering is amendments to 217.144, this is identification number
inspections or VIN inspections. And I should have
mentioned on the previous two rules we did not receive any
comments. On this particular rule we did receive quite a
few comments from law enforcement and other entities that
are members of auto theft task forces. There was some
confusion related to this rule's authority. The
legislature changed who may conduct vehicle VIN
inspections and basically there were some concerns that
this rule was going to open that up to folks that were not
commissioned peace officers.

    We had numerous discussions with all of these
entities that commented after they made their comments
early, and we did reach out to them and have discussions
with them. I believe we've got some agreement with them
now or an understanding of why this rule is crafted the
way that it is. Their comments were really focused on the
statute which allowed for noncommissioned peace officers
to be able to conduct VIN inspections. What we are
attempting to do here is maintain status quo.

    We do not provide training to noncommissioned
peace officers that would be required by this rule, so a
civilian that wanted to do VIN inspections still will not
be able to because the training that's required is only
offered to commissioned peace officers at this time. So
while statute does allow for noncommissioned peace
officers to get training and to perform these VIN inspections, at this time there's not training available to them, and so therefore, they would not be eligible to perform these inspections at this time.

With that, that concludes my presentation, and I would seek your approval or denial of the rules for final adoption.

MR. INGRAM: So my question to you, Jeremiah, is did they withdraw their comments? Because there's no comments attached to our board documents, or I didn't see them. Are they attached?

MR. GRAHAM: Law enforcement, yes.

MR. INGRAM: Now I feel dumb.

MR. GRAHAM: That's okay.

MR. PALACIOS: They're buried in there somewhere.

MR. INGRAM: Now I see them.

MS. CARAWAY: Was there anything back from them saying that they agreed with the rule as proposed?

MR. DUNCAN: David Duncan, general counsel. I believe Bryan Wilson had extensive conversations with many of the commenters to discuss the reasons behind their comments and to attempt to put their minds at ease that that was not the purpose of this rulemaking, because, again, basically all the comments speak to the subject of
what the statute says and not what the rulemaking does.

There was one comment in particular that said we should take one type of training off of that list, and the reason is it's no longer provided. The NICB training used to be done by DPS and they no longer do it, but there are people out there who are doing this work and that's the one training they had, they just had it years ago, so we didn't want to take it off the list just because it is actually a qualifying training, it's just no longer provided.

So we will have responses to all of those comments, not telling them that they're wrong but just that they're really not speaking to the subject of this rule, and that's the reasoned justification we would give for adopting the rule without changes.

MR. INGRAM: Is anyone here to speak on the matter?

MR. PALACIOS: No.

Any further questions?

(No response.)

MR. PALACIOS: If not, I will entertain a motion.

MS. CARAWAY: I move that the Board approve the adoption of the amendments in New Section Chapter 217, as recommended by staff.
MR. PALACIOS: Do I hear a second?

MR. TREVIÑO: Second.

MR. PALACIOS: Motion made by Board Member Caraway, second by Board Member Treviño to adopt the rules. All in favor please signify by raising your right hand.

(A show of hands.)

MR. PALACIOS: Great. Motion carries unanimously.

Thank you, Mr. Kuntz.

MR. KUNTZ: Thank you.

MR. PALACIOS: Now we'll move on to agenda item number 11 regarding Chapter 218, and I'll turn it over to Corrie Thompson and Jimmy Archer.

MS. THOMPSON: Good morning, Chairman, Board members. Corrie Thompson, and as Whitney mentioned earlier, I'm serving as the interim director of the Enforcement Division.

What you have before you today is agenda item number 11, which you will see on page 159 of your board books, and this is actually a recommendation to adopt an amendment to Administrative Rule 218.61 which pertains to claims filed with household goods carriers. Adopting this rule will actually increase consumer protection by requiring household goods carriers to issue an
acknowledgment letter to a claimant unless the claim has
been resolved within 20 days after receipt of the claim.

And after we published this rule back on June
23, we did receive one comment that was from the Southwest
Movers Association, and the comment pertained to believing
that the amendment should have been put out for comment
for the Household Goods Rules Advisory Committee. We did
later speak to the executive director of the Southwest
Movers Association and we explained the rule that is
proposed and we offered the option to have the department
put up on the website by the effective date of the rule a
claim acknowledgment letter template that could be used by
the carriers going forward, which the executive director
was agreeable to.

So that's the genesis of the rule. If you have
no questions, then my recommendation would be to adopt
the rule as written currently.

MR. BARNWELL: Is it required that they use the
template that you put on the website?

MS. THOMPSON: It's not going to be a
requirement, it's just there; if they would like to use
the template, it will be available.

MR. BARNWELL: So this is an acknowledgment of
receipt of the complaint?

MS. THOMPSON: Correct.
MR. BARNWELL: And is that only sent to the complainant?

MS. THOMPSON: Correct.

MR. BARNWELL: Okay. And then from there, they're building their documentation, their case, so what would be the next step after they don't get satisfaction from the household mover?

MS. THOMPSON: So the claim acknowledgment letter advises the claimant of their rights under filing the claim with the carrier, so it acknowledges that they have a certain period of time after the claim has been denied for them to reject the settlement or to reach out to the department to obtain a mediation by department staff.

MR. BARNWELL: And I apologize, I haven't read all the rules, but does the rule detail all of the requirements of the acknowledgment letter? Because this is a notification to the complainant of his rights and time frames and everything. So is that in the rule?

MS. THOMPSON: That is correct, it's going to be in the template, and yes, it is spelled out in the rule itself.

MR. BARNWELL: But the template is not required.

MS. THOMPSON: Correct. The elements that
should appear in a template used by a carrier are in the rule.

MR. BARNWELL: That should be used.

MS. THOMPSON: Correct.

MR. BARNWELL: Is it optional? I mean, I want to pin down the carrier so that notification is detailed and required.

MS. THOMPSON: Right. There are certain items that need to appear in the claim acknowledgment letter and they are spelled out in the rule. Yes.

MR. BARNWELL: Okay. All right. Then it's an improvement over the current situation anyway.

MR. GRAHAM: So as a followup question, if I read this correctly, it more clearly defined the requirement. I mean, it sounds like before if they made a call, they attempted to call, they left a voice message, that counted as a contact.

MS. THOMPSON: That's correct.

MR. GRAHAM: This says that no longer counts as a contact, you have to send the letter. Right?

MS. THOMPSON: Absolutely correct. So it's removing that second exception to when the mover has to send the claim acknowledgment letter. So previously, the claim could have been settled within 20 days after receipt of the claim, or the mover could have initiated
communication and that could mean a number of things. So this rule will add that consumer protection element and provide that clarification that if the claim has not been settled within 20 days of receipt of the claim, then the claim acknowledgment letter needs to be sent.

MR. GRAHAM: So as a followup to that, and I'm not sure that the exception that the association took is really that important, but I just don't see any communication here that it was acceptable. I mean, right now, from our documentation that you provide in the packet, it only states that they object.

MS. THOMPSON: Right. Well, we did speak to them later, and so you'll see on the executive summary page on page 159 when we laid out that we did later speak to the executive director of the moving association, that really their concern was that, yes, that it go before the Household Goods Rules Advisory Committee, but under Transportation Code 643, the Rules Advisory Committee is to look at rules that are to modernize and streamline the rules, and it was the department's position that this was more of a consumer protection element rather than modernizing and streamlining the rules.

MR. GRAHAM: Okay. So my packet was very slow coming up here because it's so many pages. I guess what I'm asking is is there anything in the packet to indicate
that Mr. John Esparza did change his issue with it?

MS. THOMPSON: Yes. And that occurred during the conversation that the department had with Mr. Esparza after the comment was received.

MR. GRAHAM: Okay. Is there any documentation in here of that?

MS. THOMPSON: Verbal.

MR. GRAHAM: Verbal. Okay. And that's good enough for me, I just wanted to make sure I was clear on that, and he would be here, I'm sure, if he still had issues. So thank you.

MR. WALKER: His sidekick is sitting over here, you can ask his sidekick.

MR. GRAHAM: I'm going to assume that if he's staying seated that he's okay with it. Thank you.

MR. WALKER: So I have a question for you. Carmack doesn't apply to household goods carriers? Because what you're doing here, the rules in Carmack under 49 CFR applies to -- Texas adopted that. Didn't Carmack apply when they deregulated and they pushed it down to the state level? Carmack is the federal statute that surround how you handle freight claims, and every contract that we do at our company pretty much Carmack applies which gives the carrier a certain amount of time to respond in writing to the complainant that there's been a damage, and once
you get that notice you have 30 days in order to acknowledge the claim and then you have a certain period of time to take and resolve the claim, and all that comes under Carmack under the Code of Federal Regulations. So you're saying Carmack doesn't apply to household goods?

MS. THOMPSON: I will defer to either David or Jimmy on that.

MR. WALKER: Okay. That's probably a big question, we'll just look at it later then.

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

So as far as the claim issue that we're discussing here, the federal regulations don't apply to that particular part. We do have Transportation Code Section 643.152 which addresses the Carmack issue, it uses different words, but the items that are listed where we have to be consistent with the federal regulations, this part of the claim process is not included. So this is just merely an acknowledgment letter that the household goods carrier sends to the claimant saying I received your claim.

MR. WALKER: Which kind of streamlines back over to Carmack. Is that not correct, basically?

MS. AUCOIN: Again, our state requirements for this particular part of the claim process don't require us
to be consistent with the federal standards and the federal standards don't necessarily apply.

MR. WALKER: Okay.

MR. PALACIOS: Thank you. Are there any further questions on this rule?

(No response.)

MR. PALACIOS: If not, I will entertain a motion.

MR. PAINTER: Mr. Chairman, I move that the Board approve the adoption of amendments to Section 218.61, as recommended by staff.

MR. WALKER: I'll second that.

MR. PALACIOS: There's a motion by Board Member Painter, second by Board Member Walker to accept the Chapter 218.61 rule. All those in favor please signify by raising your right hand.

(A show of hands.)

MR. PALACIOS: Motion passes unanimously.

Great.

Before we move on to agenda item number, I suggest we take a quick break of about ten minutes, and we reconvene at 10:40.

(Whereupon, a brief recess was taken.)

MR. PALACIOS: We're all present and accounted for. Let's move on now to agenda item number 12, Chapter
209, rule proposal. It will be given by Linda Flores.

MS. FLORES: And it's my understanding we're going to be taking up the next two rule proposals.

MR. PALACIOS: That is correct.

MS. FLORES: The first one is rule proposal to publish a new section in 209.24, Charges for Public Information. This is found on page 170 of your board document. The purpose of the section is to adopt the attorney general's rules relating to charges for public information. There are no fiscal impacts associated with the new section. The department is required to use rules adopted by the attorney general in determining the charges for providing copies of public information.

And with that, I'll move on to item number 13. Again, this is a proposal for a rule under Title 43, Texas Administrative Code, Chapter 210, Contract Management, Subchapter B, Historically Underutilized Business Program, and it's the amendments to Chapter 210.22. The purpose of the amendment is to correct a citation associated with the comptroller's Historically Underutilized Businesses rules. Our rules point to an incorrect citation, they changed their rules, we need to sync them up. There are no fiscal implications for the department with the proposed amendments for both.

And with that, I request your approval to
publish these rules.

MR. PALACIOS: Are there any questions for Ms. Flores regarding these two rules?

(No response.)

MR. PALACIOS: Hearing none, I will entertain a motion.

MR. TREVIÑO: Mr. Chairman, I move that the Board approve the proposed New Section 209.24 and amendments to 210.22 for publication in the Texas Register for public comment.

MR. INGRAM: Second.

MR. PALACIOS: Motion by Board Member Treviño, second by Board Member Ingram for the rule proposals. All those in favor please signify by raising your right hand.

(A show of hands.)

MR. PALACIOS: Motion passes unanimously.

Thank you, Ms. Flores.

Let's move on now to agenda item number 14, Chapter 215, Motor Vehicle Distribution, that will be given by Ms. Corrie Thompson.

MS. THOMPSON: Chairman and Board members, again, Corrie Thompson, interim director of the Enforcement Division.

And now for agenda item 14 which is on page 182 of your board book, before you is a recommendation to
approve publishing of the proposed amendments to
Administrative Rule 215.210 in the Texas Register for
public comment. The purpose of the amendments of this
rule are to make the rule consistent with the language
that appears in Occupations Code 2301.610 and to replace
the acronym OEM with Original Equipment Manufacturer, as
OEM is not currently defined in Chapter 215.

The genesis of the proposal is that 2301.610
requires a disclosure statement when there has been an
order to repurchase or replace a vehicle, and the current
rule actually imposes two additional requirements when
that disclosure statement must be attached to the vehicle,
and those two additional requirements our current rule
imposes are when there is a settlement prior to a hearing
being held or when a vehicle is brought into Texas after
being reacquired to resolve a warranty claim that occurred
in another jurisdiction. So again, this rule amendment
would just make our rule consistent with the requirements
spelled out in Occupations Code 2301.610.

And again, this agenda item is to request
approval to publish this rule in the Texas Register for
public comment.

MR. WALKER: Mr. Chairman, I propose to move
that the Board approve the proposed amendment to Section
215.210 for publishing in the Texas Register for public
MR. TREVIÑO: Second.

MR. PALACIOS: Motion by Board Member Walker, second by Board Member Treviño for the rule proposal Section 215.210. All those in favor please signify by raising your right hand.

(A show of hands.)

MR. PALACIOS: Motion passes unanimously.

Thank you, Ms. Thompson.

Let's bring Mr. Kuntz back. We haven't seen him in a while.

(General laughter.)

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

Before you I will be covering two rules for publication for proposal for comment. The first is 217.43, 217.45 and 217.46. This rule makes various changes to our rules relating to license plates. The primary purpose of this is to clean up some of the license plates that had a mandatory month of expiration for them to give them staggered registration of the 12-month period. As you may be aware many vehicles used to all expire in March and it caused a backlog in the county offices of everybody coming in to register their vehicles.
all in the same month, and so over time we have been
getting away from that March expiration and staggering the
registration periods for many of our license plates and
registration.

So the first one that we've got is the
Congressional Medal of Honor license plate, we've also got
some plates on here for cotton vehicles, disaster relief,
honorary consul, and log loader, so all of those will have
staggered registration. The other is to clarify that
fertilizer plates will be issued one plate, as well as
golf cart and package delivery vehicles will not be
allowed to be personalized, so those would only receive a
random character for their plates, not a personalized
plate pattern.

And then the last item that we've got on here
relates to the Railroad Commission. We have state
official license plates that are issued to various state
officials. Some of those state officials are the Railroad
Commission, there are three Railroad commissioners. The
rule the way it is set up, the chair of that commission
always received the license plate with the lowest number.
That actually had caused some issues with them because
they rotate who the chair is pretty frequently is, and so
they're constantly having to turn their license plates in
and rotate who had the specific number of the chair. They
actually made a request to us to stop doing that so that they just receive a specialty plate for the duration as their time on the Railroad Commission and that way they would not rotate the license plates between the various commissioners.

So with that, that concludes my presentation on that one.

So the next item before you are amendments that will be published for public comment in 217.168 and 217.185. As you are all aware, we have the processing and handling fee that was adopted back in June, and so we've had some requests, there was a petition for rulemaking related to one of the compensations that was coming out of the processing and handling fee specifically for a deputized dealer, so a dealer deputy of the county.

The way that the processing and handling fee worked is that if the dealer deputy processed a title and registration, they would keep a $1 fee from the processing and handling fee for their part in processing the registration and that they would also be able to charge a $10 fee for processing the title. We heard from some of the counties that they would prefer to receive that $1 and bring the county compensation from $1.30 up to $2.30 which would be in line with the compensation for a county that is processing a transaction in person and by mail, and so
it would make their compensation the same as those
transaction types.

   And so we did receive the petition for
rulemaking from a county tax assessor-collector on behalf
of the association, making the request that the $1 for a
dealer deputy be given to the county instead of to the
dealer. That concludes my presentation.

   MR. BARNWELL: Mr. Chairman, with respect to
agenda items 15 and 16, I move that the Board approve the
proposed amendments to Chapter 217 for publication in the
Texas Register for public comment.

   MR. PAINTER: Second.

   MR. PALACIOS: Motion made by Board Member
Barnwell, second by Board Member Painter to accept these
rule proposals.

   MR. WALKER: Question.

   MR. PALACIOS: Yes.

   MR. WALKER: Jeremiah, would you go back and
explain, I didn't quite understand the staggering of the
plates, tell me how we plan on doing that.

   MR. KUNTZ: So the same that we do for our
general issue plates. There's generally a registration
sticker that is issued with that license plate that has
the expiration month and year that is printed on that
sticker, and so rather than giving them a March
registration sticker that has whatever year it's expiring in, they would receive twelve months of registration from whatever time they apply for that license plate and registration for that vehicle. So as these come in, as new vehicles come in and make application for one of these particular types of registration, then they would just receive twelve months of registration from that time going forward. Today what happens is if they bring a new vehicle in, we have to prorate them to March and then they get onto that cycle, and so rather than prorating them, they will just receive twelve months of registration.

MR. WALKER: This is on what kind of license plates?

MR. KUNTZ: So there are various plates, so the Congressional Medal of Honor, which obviously there's no registration on that but their expiration would just occur twelve months from the time of issue.

MR. WALKER: Here's where I was confused. We're not staggering anybody else's plates, it's just these Congressional plates.

MR. KUNTZ: There's a fertilizer license plate that will only be issued one, but the ones that are getting the March is going to be cotton vehicle, disaster relief, and honorary consul, as well as the log loader will no longer have a set month, they will be staggered
now.

MR. WALKER: There can't be that many of these plates, is there?

MR. KUNTZ: No. And like I said, we're getting to the end of license plates that still were on that old system of having one month of expiration, and so we're just trying to get it to where everybody has got staggered registration.

MR. WALKER: Okay.

MR. PALACIOS: Are there any further questions for Mr. Kuntz? I'll say I had an opportunity to visit with Mr. Kuntz and staff on these two, as well as some of the other rules, and Mr. Kuntz is very firm in his conviction that these are sound and needed rules. He did express that he's disappointed that he couldn't present us with something that wasn't as mundane and as boring. So with that, I would ask all of you before you vote to consider the ramifications, weigh the pros and cons, and consider the impact on the State of Texas that these rules will have before you vote.

With that, all those in favor signify by raising your right hand.

(A show of hands.)

MR. PALACIOS: Motion passes unanimously.

Did I spic it up enough for you, Jeremiah?
MR. KUNZ: Absolutely. Thank you, sir.

(General laughter.)

MR. PALACIOS: Next we're going to move on
agenda item number 17, Chapter 217, Vehicle Titles and
Registration, and number 18, Chapter 219,
Oversize/Overweight Vehicles and Loads, to be presented by
Mr. Jimmy Archer.

MR. ARCHER: Thank you, Mr. Chairman. My name
is Jimmy Archer, director of the Motor Carrier Division
for the Texas Department of Motor Vehicles.

As the Chairman said, I have two rules I'll be
presenting today. One of them deals with Chapter 217 for
registration of motor carriers, and the other deals with
Chapter 219 for oversize/overweight permits.

The first proposal is proposed amendments to 43
Administrative Code, Chapter 217, Vehicles Titles and
Registration. This is a proposal to be posted in the
Texas Register. Last session House Bill 1793 was passed
and it amended the statute to eliminate inspection
requirements for certain commercial motor vehicles that
are subject to other inspection requirements. The
proposed amendments implement these changes to the statute
by eliminating from Chapter 217 the requirement that the
inspection fee only be collected for inspections conducted
in Texas. The fee will be collected regardless of where
the inspection took place.

What was happening prior to this was a carrier would have to either bring their trucks back to Texas if they were working out of state, say they were working in North Dakota, for instance, once the registration expired each year, they'd either have to bring their trucks all the way back to Texas to be registered or as soon as they entered Texas they would have to get an inspection within 24 hours. The way this will work is if a carrier is working out of state for an extended period of time, he can have his truck inspected or his vehicle inspected, get a Federal Motor Carrier Safety Administration certified inspection, and he'll be good to go in Texas. He can register and he won't be required to pay the fee when he registers the vehicle.

The second one was Bill 2075 which was passed last session and it amended the Transportation Code to allow the payment of a one-time $10 fleet fee instead of an annual fee. The proposed amendments clarify situations that a one-time fee of $10 per vehicle is due to DMV. The three situations are: when the carrier registers a fleet for the first time, when a new vehicle is added to the owner's existing fleet, or when a buyer registers a fleet even if the seller had previously registered the vehicles that were in that fleet.
There are no fiscal implications. The fees from the fleet fees will be deposited in the TxDMV Fund. If the Board approves, the proposed rules will be posted to the Register on November 10 and comments will be accepted until December 11. I ask the Board approve these proposed amendments.

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

(No response.)

MR. PALACIOS: Hearing none, I will entertain a motion.

MR. ARCHER: I still have a second rule.

MR. PALACIOS: That's right, we're doing them both. Okay.

MR. ARCHER: The second one deals with Oversize/Overweight Vehicles, Chapter 219. Again, this is a proposed amendment.

These amendments improve terminology, correct errors, modify language for consistency with other rules in Chapter 219, delete irrelevant language, delete language that's already found in statutes or rule, and clarify requirements and procedures and make the rules consistent with existing practice. Examples of making rules consistent with the current practice are an applicant applying for the first quarter of a quarterly
hubometer permit under 219 currently pays an initial $31 processing fee rather than an estimated fee. We took the language about the estimated fee out of the rule.

Also, we corrected errors like names of some departments, example is the Department of Economic Development was corrected to be the Economic Development and Tourism Office, modified language to replace Department with Texas Department of Transportation where appropriate, new language already found in statute and other rules, and finally, we modernized language to continue the progress of technology. One example would be we eliminated the use of the term facsimile to modernize the rules because we're finding different ways to communicate with our carriers to have them apply for permits and receive them.

So if the Board approves, staff anticipates publication November and comments will be accepted until December 11, and again, I ask the Board to approve these rules for publication in the Texas Register.

MR. PALACIOS: Are there any questions regarding the two rule proposals that have been presented?

MR. GRAHAM: Mr. Chairman, I move that the Board approve the proposed amendments to Section 217.54 and Chapter 219 for publication in the Texas Register for public comment.
MR. PAINTER: Second.

MR. PALACIOS: Motion by Board Member Graham, second by Board Member Painter to accept the rule proposals. All in favor please signify by raising your right hand.

(A show of hands.)

MR. PALACIOS: Motion passes unanimously.

Thank you, Mr. Archer.

Okay. We're moving along just fine. We're now on agenda item number 19 which is executive session.

We're going into closed session. It is now 11:01 a.m. on October 19, 2017. We'll go into closed session under Texas Government Code Section 551.071, 551.074 and 551.089. For those of you in the audience, I anticipate being in executive session for approximately 55 minutes. We'll reconvene in open session after that.

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

(Where upon, at 11:01 a.m., the meeting was recessed, to reconvene this same day, Thursday, October 19, 2017, following conclusion of the executive session.)

MR. PALACIOS: Let's get things going here.

It's approximately 12:39 p.m. on October 19, 2017, and the Board of the Texas Department of Motor Vehicles is now in open session. We want to note that no action was taken in
the closed session.

So let's move on to agenda item 21, public comment. Do we have any cards, Melanie? No one. Great. If not, we're going to move on to agenda item number 22.

MR. WALKER: I'll make a motion that we would adjourn.

MR. TREVIÑO: Second.

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

(A show of hands.)

MR. PALACIOS: We're adjourned. That's it.

(Whereupon, at 12:40 p.m., the meeting was adjourned.)
CERTIFICATE

MEETING OF: Texas Department of Motor Vehicles
LOCATION: Austin, Texas
DATE: October 19, 2017

I do hereby certify that the foregoing pages, numbers 1 through 119, 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.

10/26/2017
(Transcriber) (Date)

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