



Texas Department *of* Motor Vehicles
HELPING TEXANS GO. HELPING TEXAS GROW.

Board Meeting Agenda Book

March 2, 2017, 8:00 a.m.

AGENDA
BOARD MEETING
TEXAS DEPARTMENT OF MOTOR VEHICLES
4000 JACKSON AVE., BUILDING 1, LONE STAR ROOM
AUSTIN, TEXAS 78731
THURSDAY, MARCH 2, 2017
8:00 A.M.

All agenda items are subject to possible discussion, questions, consideration, and action by the Board of the Texas Department of Motor Vehicles (Board). Agenda item numbers are assigned for ease of reference only and do not necessarily reflect the order of their consideration by the Board. Presentations may be made by the identified staff or Board member or other staff as needed. The Board reserves the right to discuss any items in executive session where authorized by the Open Meetings Act.

- 1. Roll Call and Establishment of Quorum**
- 2. Chair's Report** - Chairman Raymond Palacios
Chair's Report to the Governor on the State of Affairs of the Texas Department of Motor Vehicles
- 3. Executive Director's Reports** - Whitney Brewster
 - A. [Awards, Recognition of Years of Service, and Announcements](#) **p1**
 - B. [Hiring Freeze](#) **pp5-12**
 - C. eLICENSING Go Live
- 4. Public Comment**

BRIEFING AND ACTION ITEMS

- 5. Finance and Audit**
 - A. [TxDMV Fund Update](#) - Linda M. Flores and Renita Bankhead **pp13-14**
(BRIEFING ONLY)
 - B. Relocation of the Pharr Regional Service Center - Linda M. Flores and Ann Pierce
 - C. [Facilities Update](#) (BRIEFING ONLY) **pp15-17**
 - D. [Internal Audit Division Status Report](#) - Sandra Menjivar-Suddeath **pp18-21**
(BRIEFING ONLY)
 - E. [Public Officials Liability Insurance Proposal](#) - David Duncan and Sandra Menjivar-Suddeath **pp22-55**
- 6. Projects and Operations**
 - A. [Enterprise Projects Update](#) - Judy Sandberg (BRIEFING ONLY) **pp56-68**
 - B. [Performance Quality Recognition Program Update](#) - Jeremiah Kuntz **pp69-70**
(BRIEFING ONLY)
 - C. [MOU Enforcement Staff Relocation](#) - Tarrant County Office - Bill Harbeson **pp71-73**
(BRIEFING ONLY)
 - D. [Centralized Registration Fulfillment Update](#) - Jeremiah Kuntz **p74**

(BRIEFING ONLY)

7. **Legislative and Public Affairs - Caroline Love pp75-81**
85th Legislative Session Update (BRIEFING ONLY)

RULES - PROPOSALS

Title 43, Texas Administrative Code

8. **Chapter 209, Finance - Jeremiah Kuntz and Linda M. Flores pp82-89**
Amendments, §209.2, Charges for Dishonored Checks
9. **Chapter 215, Motor Vehicle Distribution - Bill Harbeson and Daniel Avitia pp90-103**
Amendments, §215.140, Established and Permanent Place of Business
10. **Chapter 215, Motor Vehicle Distribution - Jeremiah Kuntz pp104-111**
Amendment, §215.155, Buyer's Temporary Tags
11. **Chapter 217, Vehicle Titles and Registration - Jimmy Archer pp112-131**
Amendments, §217.56, Registration Reciprocity Agreements
12. **Chapter 219, Oversize and Overweight Vehicles and Loads - Jimmy Archer and Bill Harbeson pp132-162**
Amendments, §§219.2, 219.3, and 219.124
Repeal, §219.125, Settlement Agreements
New, §219.127, Cost of Preparing Agency Record

EXECUTIVE SESSION

13. **The Board may enter into closed session under one or more of the following provisions of the Texas Open Meetings Act, Government Code, Chapter 551:**
- **Section 551.071** - Consultation with and advice from legal counsel regarding:
 - pending or contemplated litigation, or a settlement offer;
 - a matter in which the duty of the attorney to the government body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Government Code, Chapter 551; or
 - any item on this agenda.
 - **Section 551.074** - Personnel matters.
 - Discussion relating to the appointment, employment, evaluation, reassignment, duties, discipline, and dismissal of personnel.
 - **Section 551.076** - Security devices or security audits:
 - the deployment, or specific occasions for implementation, of security personnel or devices; or
 - a security audit.

14. ACTION ITEMS FROM EXECUTIVE SESSION

15. ADJOURNMENT

The Board will allow an open comment period to receive public comment on any agenda item or other matter that is under the jurisdiction of the Board. No action will be taken on matters that are not part of the agenda for the meeting. For subjects that are not otherwise part of the agenda for the meeting, Board members may respond in accordance with Government Code, Section 551.042 and consider the feasibility of placing the matter on the agenda for a future meeting.

Agenda items may be presented by the named presenters or other TxDMV staff.

Pursuant to Sections 30.06 and 30.07, Penal Code (trespass by license holder with a concealed or openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun or a handgun that is carried openly.

Any individual with a disability who plans to attend this meeting and requires auxiliary aids or services should notify the department as far in advance as possible, but no less than two days in advance, so that appropriate arrangements can be made. Contact Stacy Steenken by telephone at (512) 302-2380.

I certify that I have reviewed this document and that it conforms to all applicable Texas Register filing requirements.

CERTIFYING OFFICIAL: David D. Duncan, General Counsel, (512) 465-5665.

DATE: March 2, 2017

Action Requested: Briefing

To: Texas Department of Motor Vehicles Board
From: Whitney Brewster, Executive Director
Agenda Item: 3.A.
Subject: Executive Director's Reports – Recognition of Years of Service

RECOMMENDATION

Board Chair and Members offer congratulations to employees reaching a state service milestone.

PURPOSE AND EXECUTIVE SUMMARY

Beginning November 3, 2016, the Executive Director will announce the name of individuals who retired from the agency and will recognize employees who have reached a state service milestone of 20 years and every five-year increment thereafter. Recognition at the March 2, 2017 Board meeting for retirements and state service awards include:

Luis Perez in the Enforcement Division reached 20 years of state service.
Tammy Wooten in the Vehicle Titles and Registration Division reached 25 years of state service.
Jimmy Archer, Director of the Motor Carrier Division reached 30 years of state service.

Finally, the following individuals recently retired from the agency:

Carl Schrier – Enforcement Division
Celia Coker – Enforcement Division
Bob Brown – Information Technology Services Division

RECOGNITION OF JANET DUDLEY AS TXDMV ENFORCEMENT DIVISION
EMPLOYEE OF THE YEAR

Mr. Chairman, Board Members:

It is my pleasure to present to you Janet Dudley, the TXDMV Enforcement Division Employee of the Year. This award has been presented by the division since 2000. Last year's winner was newly hired managing attorney and wedded, Corrie Thomson.

Janet works out of the San Antonio Regional Service Center and conducts investigations dealing with the motor vehicle sales and distribution and salvage industries.

Janet, who joined TxDMV in November 2013 after a career in the military, was selected after her supervisor nominated her. His nomination stated that Janet had, since joining TxDMV, become "one of the top motor vehicle investigators through her dedication and hard work. She has consistently demonstrated her expertise in dealer laws and rules in completing all her assigned cases in a timely manner ensuring all reported violations are supported with the required evidence. Janet has become one of the section's top report writers documenting all details of her investigation which assists the assigned attorney in determining the appropriate administrative action, when necessary. During fiscal year 2015 Janet was selected to assist in the training of three newly hired motor vehicle investigators (Blackwell, Roof, Ramirez), received several accolades from all three investigators on her teaching abilities and knowledge of the job."

Hernandez added, "Investigator Dudley always presents a professional appearance and demeanor. She is always very enthusiastic and energetic in completing her assigned duties."

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

Other outstanding Enforcement Division employees who were finalists in this year's selection process and recognized as "All Stars" include:

- Lemon Law Specialist Anne Lehnick, Austin
- Oversize Overweight Investigator Billy McNealy, Austin
- Oversize Overweight Investigator Chuck Bennett, Austin
- Lemon Law Consumer Advisor John Dufour, Austin
- Attorney Michael Cady, Austin
- Motor Vehicle Investigator Paul Skendrovic, Fort Worth

- Administrative Assistant Rachel Prieto, Austin
- Motor Carrier Investigator, Tyrone Berry, Houston

Please join me in congratulating Janet and the other Enforcement Division “All Stars.”

DATE: March 2, 2017

Action Requested: Briefing

To: Texas Department of Motor Vehicles Board
From: Whitney Brewster, Executive Director
Agenda Item: 3.B.
Subject: Executive Director's Reports – Hiring Freeze

RECOMMENDATION

Briefing only.

PURPOSE AND EXECUTIVE SUMMARY

On January 31, 2017, the agency received notice from the Office of the Governor that a state-wide hiring freeze had been initiated. On February 3, 2017, additional information was received from the Office of the Governor regarding the process for requesting exemptions from the hiring freeze. The two directives are included in the Board briefing books.

Department positions will be evaluated to identify any vacant positions that, if left un-filled, could impact public safety or cause a degradation of public-facing customer service. Request for a hiring freeze exception will be submitted by the Executive Director to the Governor's Office for consideration.



GOVERNOR GREG ABBOTT

To: Heads of State Agencies
From: Steven Albright, Budget Director
Date: January 31, 2017
Re: Immediate Hiring Freeze

Per Governor Abbott's directive, agencies under the direction of the Governor should institute an immediate hiring freeze through the end of the fiscal year. No agency should post a new position or fill a vacated position. Exempted from this directive are positions not funded through funds appropriated by the legislature, as well as positions that have a direct impact on public safety. Savings realized from this action should not be used for other purposes.

Waivers from this directive may be obtained on a case by case basis by contacting the policy advisor assigned to your agency in the Governor's Office of Budget and Policy.

This directive only affects agencies under the direction of the Governor as well as institutions of higher education. This directive does not affect agencies under the direction of other state wide elected officials.

By being good stewards of public resources, Governor Abbott knows all agencies will be able to implement this action while continuing to provide excellent customer service to the taxpayers of this state.



GOVERNOR GREG ABBOTT

To: Heads of State Agencies
From: Steven Albright, Budget Director
Date: February 3, 2017
Re: Hiring Freeze

Governor Abbott has implemented a hiring freeze effective January 31st at 12:00 PM. As previously communicated, exempted from the hiring freeze are (1) positions not funded through funds appropriated by the legislature; and (2) positions that have a direct impact on public safety. Additionally, job offers that were extended prior to January 31 at 12:00PM may be honored. Please bear in mind the Governor's direction that savings realized as a result of the hiring freeze should not be used on other purposes.

In addition to the exemptions noted above, the Governor's Office will consider requests from heads of state agencies for waivers of certain critical positions from the hiring freeze. Waiver requests should be in writing and signed by the state agency head.

The attached chart contains a non-exhaustive listing of job positions that directly impact public safety. These positions include law enforcement, criminal justice, and child protection. Hiring for the positions listed in the attached chart is exempted from the hiring freeze, and no waiver request is required for these positions. Other positions considered by an agency head to directly impact public safety may be addressed through waiver requests. In determining whether a given position will be considered by the Governor's Office to directly impact public safety, agency heads should refer to the attached list of job positions as a guide. As with all waiver requests, waiver requests with a public safety justification will be considered on a case-by-case basis.

All waiver requests should be in letter form, signed by the agency head, and addressed to Steven Albright. Waiver requests may cover a single job position or a group of closely related job positions. Waiver requests may be emailed to BudgetandPolicyReports@gov.texas.gov or mailed to the Office of the Governor P.O. Box 12428 Austin, TX 78711.

Waiver requests should include at least the following information:

1. Job Title and Job Classification.
2. Anticipated salary or salary range.
3. If funds other than general revenue are to be used for the position, a complete description of the method of finance.
4. If applicable, a justification as to how the position directly impacts public safety.
5. An explanation of why hiring for the position prior to September 1, 2017 is essential to maintaining the core functions of your agency.
6. A description of the cost savings, preferably to general revenue, that you will commit to achieving in order to offset all or part of the cost of the requested position.

**Public Safety Related Positions
Excluded Without Waiver**

Category	Position
Law Enforcement	Agent
Law Enforcement	Agent Trainee
Law Enforcement	Commander, Public Safety
Law Enforcement	Corporal, Public Safety
Law Enforcement	Game Warden
Law Enforcement	Game Warden-Assistant Commander/Commander
Law Enforcement	Game Warden-Sergeant/Lieutenant/Captain/Major
Law Enforcement	Internal Affairs (Supervisor/Manager/Admin./Dir.)
Law Enforcement	Internal Affairs Investigator
Law Enforcement	Pilot Investigator
Law Enforcement	Sergeant/Lieutenant/Captain/Major, Alcohol Bev.
Law Enforcement	Sergeant/Lieutenant/Captain/Major, Public Safety
Law Enforcement	Trainee/Probationary Game Warden
Law Enforcement	Trooper
Law Enforcement	Trooper Trainee/Probationary Trooper
Higher Education	Commissioned Campus Police Officer
Higher Education	Campus Public Safety Officer
Child Protection	Child Protective Services
Child Protection	Investigations
Child Protection	Foster Care/Conservatorship
Child Protection	Child Care Licensing
Public Safety	Crime Analyst
Public Safety	Crime Laboratory Specialist
Public Safety	Criminal Intelligence Analyst
Public Safety	DNA Index System Analyst
Public Safety	Emergency Management Program Coordinator
Public Safety	Fingerprint Technician
Public Safety	Forensic Photographer
Public Safety	Forensic Scientist
Public Safety	Police Communications Operator
Public Safety	Public Safety Records Technician
Public Safety	Security Officer
Safety	Rescue Specialist
Criminal Justice	Agriculture Specialist
Criminal Justice	Assistant Warden/Warden
Criminal Justice	Correctional Officer
Criminal Justice	Correctional Transportation Officer
Criminal Justice	Dorm Supervisor

Criminal Justice	Halfway House Assistant Superintendent/Superintendent
Criminal Justice	Industrial Specialist
Criminal Justice	Juvenile Correctional Officer
Criminal Justice	Juvenile Correctional Officer Supervisor
Criminal Justice	Parole Officer
Criminal Justice	Senior Correctional Officer
Criminal Justice	Youth Facility Assistant Superintendent/Superintendent
Military	State Active Duty Personnel
Military	Firefighter
Military	Security Guard

	Division	Dept Name	Job Title	Location
1	Consumer Relations Division	Consumer Relations Division	Customer Svc Reprstatve III	CAMP-01
2	Consumer Relations Division	Consumer Relations Division	Customer Svc Reprstatve III	CAMP-01
3	Enforcement	Enforcement Investigations	Investigator V	CAMP-01
4	Enforcement	Enforcement Investigations	Investigator V	CAMP-01
5	Enforcement	Enforcement Investigations	Investigator VII	CAMP-01
6	Executive Director Office	Executive Director Office	Executive Assnt II	CAMP-01
7	Finance and Administrative Services	Accounting Operations	Accountant VI	CAMP-01
8	Finance and Administrative Services	FAS Imaging	Admin Assnt II	CAMP-01
9	Finance and Administrative Services	FAS Imaging	Admin Assnt II	CAMP-01
10	Finance and Administrative Services	Support Operations	Admin Assnt II	CAMP-01
11	Finance and Administrative Services	FAS Imaging	Admin Assnt II	CAMP-01
12	Finance and Administrative Services	FAS Imaging	Admin Assnt III	CAMP-01
13	Finance and Administrative Services	FAS Imaging	Admin Assnt III	CAMP-01
14	Finance and Administrative Services	FAS Imaging	Admin Assnt V	CAMP-01
15	Finance and Administrative Services	FAS Budget	Budget Anlyst III	CAMP-01
16	Finance and Administrative Services	Administrative Services	Program Spclst II	CAMP-01
17	Finance and Administrative Services	Support Operations	Program Supv. V	CAMP-01
18	Human Resources Division	Human Resources Division	Training Spclst V	CAMP-01
19	Information Technology Services Division	IT Service Support	Systems Analyst III	CAMP-05
20	Information Technology Services Division	IT Applications Management	Systems Analyst V	CAMP-05
21	Information Technology Services Division	IT Service Support	Systms Support Spclst II	CAMP-05
22	Information Technology Services Division	IT Service Support	Systms Support Spclst II	CAMP-05
23	Information Technology Services Division	IT Service Support	Systms Support Spclst IV	CAMP-05
24	Information Technology Services Division	IT Applications Management	Web Administrator III	CAMP-05
25	Motor Carrier Division	MCD Credentialing	Admin Assnt III	BULLCRK-40
26	Motor Carrier Division	MCD Commercial Fleet Services	Admin Assnt IV	BULLCRK-43
27	Motor Carrier Division	MCD Commercial Fleet Services	Admin Assnt IV	BULLCRK-43
28	Motor Carrier Division	MCD Commercial Fleet Services	Admin Assnt IV	BULLCRK-43
29	Motor Carrier Division	Motor Carrier Division	Executive Assnt I	BULLCRK-22

	Division	Dept Name	Job Title	Location
30	Motor Carrier Division	MCD Permitting	License & Permit Spclst III	BULLCRK-22
31	Motor Carrier Division	MCD Permitting	License & Permit Spclst III	BULLCRK-40
32	Motor Carrier Division	MCD Permitting	License & Permit Spclst IV	BULLCRK-40
33	Motor Carrier Division	MCD Credentialing	License and Permit Specialist IV	BULLCRK-40
34	Motor Vehicle Division	MVD Administration	Admin Assnt IV	CAMP-01
35	Office of General Counsel	Office of General Counsel	Attorney III	CAMP-01
36	Vehicle Titles and Registration Division	VTR Dallas Carrollton RSC	Customer Svc Reprstatve III	DALCARRSC
37	Vehicle Titles and Registration Division	VTR Austin RSC	Customer Svc Reprstatve III	AUSTIN RSC
38	Vehicle Titles and Registration Division	VTR San Antonio RSC	Customer Svc Reprstatve III	SANANTRSC
39	Vehicle Titles and Registration Division	VTR Houston RSC	Customer Svc Reprstatve III	HOUSTONRSC
40	Vehicle Titles and Registration Division	VTR Dallas Carrollton RSC	Customer Svc Reprstatve IV	DALCARRSC
41	Vehicle Titles and Registration Division	VTR Title Control Systems	Customer Svc Reprstatve IV	CAMP-01
42	Vehicle Titles and Registration Division	VTR El Paso RSC	Program Spclst I	ELPASORSC
43	Vehicle Titles and Registration Division	VTR VehicleDataMgmt Operating	Program Spclst II	CAMP-01

DATE: March 2, 2017

Action Requested: Briefing

To: Board of the Texas Department of Motor Vehicles (TxDMV)
From: Linda M. Flores, Chief Financial Officer
Agenda Item: 5 A. TxDMV Fund Update
Subject: Presentation of a summary of activities in the TxDMV Fund for month ending January 31, 2017

RECOMMENDATION

This is a briefing of the TxDMV Fund revenue and expenditure activities for January, 2017. No action required.

PURPOSE AND EXECUTIVE SUMMARY

On September 1, 2016, the TxDMV began depositing revenue into the Texas Department of Motor Vehicle Fund (TxDMV Fund or Fund 0010.) The operating budget for Fiscal Year 2017 is primarily funded by revenues collected in the TxDMV Fund. Legislation authorized a one-time \$23 million transfer of funds from General Revenue (Fund 0001) to the TxDMV Fund as start-up funds. This transfer was processed by the Comptroller's Office on September 2, 2016.

FINANCIAL IMPACT

For the month ending January 2017, collections for the TxDMV Fund totaled \$49.3 million, and with the inclusion of the one-time transfer of \$23 million, the available cash balance is \$72.3 million.

- Although the newly created Processing & Handling Fee (P&H) became effective January 1, 2017, for January registrations, collections from early registrations began in November 2016. Revenue collections as of January 2017, totaled \$2.7 million.

Operating expenses from the TxDMV Fund for the same period are \$47.7 million. The result is a projected net cash balance of \$24.6 million for the month ending January 2017.

Staff project that collected revenues will continue to cover operating costs.

BACKGROUND AND DISCUSSION

The 83rd Legislature, Regular Session, enacted two bills—H.B. 2202 and H.B. 6—that significantly affect TxDMV's revenue disposition for funds collected by the agency and its method of finance for the 2014-2015 biennium. The 84th Legislature, Regular Session enacted SB 1512 which ensured that the TxDMV Fund and its revenue dedications were recreated and rededicated revenues for deposit into the TxDMV Fund.

The TxDMV Fund 0010 was created effective September 1, 2016, changing the agency's method of financing from General Revenue (with the exception of the Automobile Burglary and Theft Prevention Authority [ABTPA]) to the TxDMV Fund.

DATE: March 2, 2017

Action Requested: Briefing

To: Texas Department of Motor Vehicles Board
From: Linda M. Flores, CFO
Agenda Item: 5.C.
Subject: Facilities Update

RECOMMENDATION

For information purposes only.

PURPOSE AND EXECUTIVE SUMMARY

TxDMV Facilities Services presents updates regarding agency relocation projects:

- Bull Creek/Motor Carrier Division (Austin, Texas)
- Corpus Christi Regional Service Center (Corpus Christi, Texas)
- San Antonio Regional Service Center (San Antonio, Texas)
- Pharr Regional Service Center (Pharr/Edinburg, Texas)

FINANCIAL IMPACT

- \$1.49 million was initially appropriated for the Motor Carrier Division (MCD) Relocation
- \$1.4 million was appropriate for the relocation of Regional Service Center Relocations

BACKGROUND AND DISCUSSION

Please see the attached agency routine Facilities Update Report for further detail.



FACILITIES UPDATE

MARCH 2, 2017

Agency Property Relocation Projects (PRP)

2016-2017 Agency Moves

★★★★★

The agency received funding during the 84th Legislative Session to relocate staff from the Bull Creek Property (Motor Carrier Division) and selected Regional Service Centers. An internal TxDMV workgroup was established that determined San Antonio (SA), Pharr (PH) and Corpus Christi (CC) are best candidates for relocation during the biennium. TxDMV and Texas Facilities Commission (TFC) gathered space requirements to determine appropriate square footage and develop property specifications.

>Bull Creek/Motor Carrier Division (Austin, Texas)

Current Status:

- Motor Carrier Division (MCD) is scheduled to relocate to the 5th floor at Camp Hubbard, Building 6. TxDOT is coordinating vendor efforts for renovations to the area and TxDMV has already conducted a walk through to begin the modular design process. TxDMV staff is compiling needed information technology infrastructure and furniture acquisitions. Modular installation, cabling and electrical work is anticipated to begin in November 2017 with a projected move date in January 2018.

>Corpus Christi Regional Service Center (Corpus Christi, Texas)

Current Status:

- Finalized project plans have been in place and construction has begun. TxDMV Finance & Administrative Services has submitted purchase requests for the lease, relocation of copier(s), modular furniture, hard case furniture, relocation of the postage meter and a move vendor for relocation services.
- A physical move date of Friday, March 31, 2017, 5:00 pm has been established and may carry over to Saturday, April 1, 2017. The regional service center will be open for business commencing at the new location on Monday, April 3, 2017.

❖ Agency Property Relocation Projects (PRP)

- 2016-2017 Agency Moves >\$1.49 million
Appropriated for Motor Carrier Division Relocation >\$1.4 million
Appropriated for Regional Service Center Relocations

❖ Property Updates

- Bull Creek
- Corpus Christi
- San Antonio
- Pharr

>San Antonio Regional Service Center (San Antonio, Texas)**Current Status:**

- Following board approval of the proposed relocation and lease for San Antonio at the January 2017 meeting, TxDMV Finance & Administrative Services coordinated with TFC to obtain a fully executed lease and has established dialogue with the landlord's project manager for an initial office space drawing for agency consideration. The architectural drawing was recently completed and shared with staff in early February. Feedback was gathered regarding plan updates/changes/etc. and were submitted to the landlord's project manager the week of February 13, 2017.
- Updated plans should be delivered for TxDMV consideration in the next two weeks. Routine meetings will be established once the updated plans are received and reviewed. A firm move date has yet to be set, but it is anticipated to occur ~June/July 2017.

>Pharr Regional Service Center (Pharr, Texas)**Current Status:**

- A property in Edinburg was under consideration; however, the rental rates were deemed cost prohibitive on Tuesday, February 21, 2017. The property search continues at this time.

DATE: March 2, 2017

Action Requested: BRIEFING

To: Texas Department of Motor Vehicles (TxDMV) Board
From: Sandra Menjivar-Suddeath, Director, Internal Audit
Agenda Item: 5D
Subject: Internal Audit Division Status

RECOMMENDATION

None.

PURPOSE AND EXECUTIVE SUMMARY

The status update provides information on current Internal Audit Division (IAD) activities. This status update includes information on audit and advisory service engagements and external coordination and reviews.

FINANCIAL IMPACT

None.

BACKGROUND AND DISCUSSION**Audit and Advisory Service Engagements**

The IAD has four internal projects it will be providing a status update:

- Registration and Title System (RTS) Refactoring and Single Sticker Post-Implementation Review Audit
- IT Organizational Review Advisory Service
- Continuous Monitoring of Vehicle Registration and Title Transactions Advisory Service
- Internal Audit Recommendation Follow-Up Engagement

The IAD is currently finalizing reports for the RTS Refactoring and Single Sticker Post-Implementation Review Audit and the IT Organization Review Advisory Service. IAD has begun the Continuous Monitoring of Vehicle Registration and Title Transactions Advisory Service as well as the Annual Audit Recommendation Follow-Up.

External Coordination

The State Auditor's Office is finishing their audit on the complaint process.

Internal Audit Division (IAD) March Status Update

Status of the Fiscal Year 2017 Internal Audit Plan

Current Internal Audit Division Projects			
Project	Description	Current Status	Expected Report Release/Presentation Date
Registration and Title System (RTS) Refactoring and Single Sticker Post-Implementation Review Audit	Audit on the data reliability of Refactored RTS – Cognos reports	Reporting	The audit report is being reviewed. The expected release of the report will be in March 2017.
Management/Board Request - IT Organizational Review Advisory Service	Advisory Service for the Information Technology Service (ITS). The IAD team will be conducting an organizational review of one section in ITS.	Reporting	The audit report is being drafted for review and will be available for management review in late March 2017.
Continuous Monitoring of Vehicle Registration and Title Transactions Advisory Service	Advisory Service for Vehicle Titles & Registration (VTR). Updated Objective: To identify reports that could be used to continuously monitor potentially fraudulent transaction.	Fieldwork	See attachment 1 for advisory service agreement. This audit report is expected to be released in May/June 2017.
Internal Audit Recommendation Follow-Up Engagement	This engagement is verifying the implementation status of the internal audit recommendations that had a completion date prior to December 2016.	Fieldwork	See attachment 2 for more details. The audit report is expected to be released by the end of the fiscal year.

External Audits

1. SAO Compliant Process Audit - The SAO began fieldwork in February 2017. It is anticipated the report will be released on May 2017.

Attachments

1. Continuous Monitoring of Vehicle Registration and Title Transactions Advisory Service Agreement
2. Internal Audit Recommendation Follow-Up Information



Advisory Service Agreement

Introduction

The Internal Audit Division (IAD) will provide an advisory service to the Vehicle Titles and Registration Division. Advisory services are those in which the auditor examines/evaluates a past, present, or future aspect of operations, and renders information to assist management in making decisions.

Management understands and agrees to the following:

- The work to be undertaken is not a formal audit and the work product produced shall not be represented as the results of an audit.
- In the event our work discloses fraud or other breach of law, Internal Audit will deviate from the agreement and work with General Counsel on best course of action.
- Results of the advisory service will be presented to the TxDMV Board and Executive Management.
- Information obtained during the advisory service may be used in other audits or advisory services.
- Auditors do not develop and install procedures or engage in activities that may be seen as management responsibility.

Advisory Service Objective(s) and Deliverables

The IAD has been requested and has agreed to identify reports that could be developed and used to continuously monitor potentially fraudulent transactions for the Vehicle Titles and Registration Division. This advisory service will provide the following:

- Identify high risk fraudulent activities that may warrant monitoring
- Provide information on fraud risk thresholds for transactions
- Provide information on transaction trends that are potential indicators of fraud risk
- Identify how often the reports should be monitored

IAD will provide a report with the above information. Recommendations may be made in the report, but the recommendations will not require a management response or action plan. Recommendations are for the use of the Information Technology Service Division and Executive Management.

The final report of the advisory service will be prepared solely for the use of management and will not be released to other parties by the IAD without first informing management. However, the final report is subject to open records requests. If requests for the report are received through open records, the IAD will inform management of the request.

A description and results of the advisory service project will also be included in the audit status updates to the TxDMV Board and in our statutorily required annual report. The annual report is submitted to the TxDMV Board, The Governor's Office, the Legislative Budget Board, the Sunset Advisory Committee and the State Auditor's Office.

Internal Audit Team and Milestones

The advisory service will be led by Derrick Miller and University of Texas – Interns will serve as team members. The advisory service will be overseen by Sandra Menjivar-Suddeath.

The advisory service will begin in February 2017 and has an anticipated end date of May 2017. The anticipated release date for the report will be in June 2017, however, preliminary results will be given prior to the report release.

The above terms and conditions are acceptable to both offices.

Jeremiah Kuntz
Division Director

Date: 2-10-17

Sandra Menjivar-Suddeath, CIA, CISA, CGAP
Internal Audit Director

Date: 2/13/17

Internal Audit Recommendation Information

Report Date	Internal Audit Report Name	Recommendations being Verified
August 17, 2012	P12-15 County Equipment Replacement Project Audit	15
February 15, 2013	P13-06 Audit of Agency Cash Handling Operations	18
September 27, 2013	P13-09 Follow up Audit to State Auditor's Office Report 12-043	3
September 12, 2014	P14-14 A Follow up Audit on the Implementation of Recommendations	4
September 12, 2014	P14-15 An Audit of the Automobile Burglary and Theft Prevention Authority	39
February 13, 2015	15-1 An Audit of the Texas Department of Motor Vehicles' Use of Contract Workers	13
August 4, 2015	15-2 Audit of Internal Controls over the State of Texas Titling Process	9
November 13, 2015	15-4 Audit of the Texas Department of Motor Vehicles' Administration of Statutes and Rules Through Tax Assessor- Collectors	5
November 13, 2015	15-5 A Confidential Follow-up Audit Report on the Information Security Standards Gap Assessment	14
February 4, 2016	16-2 Implementing an Anti-Fraud, Waste and Abuse Program	2
August 4, 2016	16-3 An Audit on the Efficiency of the Texas International Registration Plan Compliance Audit Process	2
October 1, 2016	16-04 A Confidential Audit of Texas Department of Motor Vehicles' Internal Controls Related to the Driver's Privacy Protection Act (DPPA)	1
Total		119

DATE: March 2, 2017

Action Requested: Action on Bid

To: Texas Department of Motor Vehicles Board
From: David Duncan, General Counsel
Sandra Menjivar-Suddeath, Chief Internal Auditor
Agenda Item: 5.E
Subject: Public Officials Liability Insurance Proposal

PURPOSE AND EXECUTIVE SUMMARY

The State Office of Risk Management (SORM) performed an Onsite Consultation regarding risk management and insurance at the TxDMV from January through March of 2016. One of the recommendations of the consultation was that TxDMV submit an application for, and consider bids on, Director and Officer Liability Insurance. Such insurance is designed to cover potential loss risk for Board members and senior executives of the agency from specific types of lawsuits. The agency received the final bid from SORM vendors in mid-November of 2016.

FINANCIAL IMPACT

\$1 million coverage - \$33,365 per year
\$3 million coverage - \$59,739 per year
\$5 million coverage - \$85,899 per year

BACKGROUND AND DISCUSSION

The Board of the TxDMV has previously considered such insurance twice. The first consideration was in 2009, and the Board expressly voted to not obtain such insurance. The Board also considered this insurance again in 2012. While there was no public consideration of the issue at that time, confidential attorney-client briefings were held and no further Board action was recommended.

Texas Department of Motor Vehicles

Proposal of Insurance

Presented: November 10, 2017

Public Officials Liability, Employment Practices Liability

Effective: 12 Month Policy (TBD)

PUBLIC SECTOR PRACTICE



Arthur J. Gallagher & Co.

Paul D. Pousson, ARM – Area Senior Vice President
Dr. Phil Norton, PhD – Vice Chairman, Midwest Region
Stephen R. Fitzsimonds – Area Senior Vice President
Cheryl Kelley, CISR – Area Vice President

Arthur J. Gallagher Risk Management Services, Inc.

221 West 6th Street, Suite 1980 Austin, TX 78701 800.777.9418 www.ajg.com	300 South Riverside Plaza, Suite 1900 Chicago, IL 60606 312.803.7425 www.ajg.com
--	---

Table of Contents

Service Team	1
Executive Introduction.....	2
Named Insured	3
Carrier Ratings and Admitted Status of All Bindable Quotes	3
Premium Summary	6
Premium & Exposure Information	8
Summary of Proposed Coverage	9
Authorization to Bind Coverage Form	13
Changes/Developments	14
Bindable Quotations and Compensation Disclosure Schedule	15
Coverage Considerations	16
Appendix.....	19

Texas Department of Motor Vehicles

Service Team

Name/Title	Phone	E-mail
Primary Contacts		
Allyson Santos Insurance Manager State of Texas Office of Risk Management	512-936-1483 (Ph – Direct) 512-370-9127 (Fax)	Allyson.Santos@sorm.state.tx.us
Iris Moore Senior Insurance Manager State of Texas Office of Risk Management	512-936-1561 (Ph – Direct) 512-370-9150 (Fax)	Iris.Moore@sorm.state.tx.us
Additional Service Contacts		
Paul D. Pousson, ARM Area Senior Vice President Arthur J. Gallagher Risk Management Services, Inc.	512-652-2443 (Ph -Direct) 512-844-8087 (Ph-Cell)	Paul_Pousson@ajg.com
Dr. Phil Norton, PhD Vice Chairman, Midwest Region Arthur J. Gallagher Risk Management Services, Inc.	312-803-7429 (Ph – Direct) 630-561-2541 (Ph – Cell) 312-803-6343 (Fax)	Phil_Norton@ajg.com
Stephen R. Fitzsimonds Area Sr. Vice President Arthur J. Gallagher Risk Management Services, Inc.	312-803-7425 (Ph – Direct) 847-867-8949 (Ph – Cell) 312-803-6343 (Fax)	Steve_Fitzsimonds@ajg.com
Natalie Douglass, Esq. Area Vice President Arthur J. Gallagher Risk Management Services, Inc.	314-800-2283 (Ph – Direct) 314-954-0813 (Ph – Cell) 314-965-5425 (Fax)	Natalie_Douglass@ajg.com
Cheryl Kelley, CISR Area Vice President Arthur J. Gallagher Risk Management Services, Inc.	972-663-6130 (Ph – Direct) 972-467-7295 (Ph – Cell) 972-663-6045 (Fax)	Cheryl_Kelley@ajg.com
Tatum Crochet Client Service Manager Arthur J. Gallagher Risk Management Services, Inc.	225-906-1245 (Ph – Direct)	Tatum_Crochet@ajg.com
Claim Contacts		
Immediately upon knowledge of claim, report all claims to your SORM representative reflected below. When reporting directly to the carrier, please be sure to notify your SORM representative reflected below. They will establish the proper lines of communication between you and the carrier.		
Allyson Santos Insurance Manager State of Texas Office of Risk Management	512-936-1483 (Ph – Direct) 512-370-9127 (Fax)	Allyson.Santos@sorm.state.tx.us
Alaina Walls, Esq. Area Assistant Vice President Arthur J. Gallagher Risk Management Services, Inc.	561-998-6806 (P-Office) 561-702-2672 (P- Cell) 312-803-6343 (Fax)	Alaina_Walls@ajg.com
ACE American Insurance Company (ACE)	877-201-8787 (Fax)	ACEClaimsFirstNotice@acegroup.com Report any and all known claims including EEOC complaints as soon as known

Arthur J. Gallagher Risk Management Services, Inc.

Texas Department of Motor Vehicles

Executive Introduction

Arthur J. Gallagher Risk Management Services, Inc. appreciates the partnership with Texas Department of Motor Vehicles and SORM in seeking terms to cover the corporate governance exposures of the organizations Public Entity and Employment Practices Liability risks.

Coverage proposed is broad, and assists in the protection of both the individual risk for the directors, officers and employees, as well as the organization in the management and operations of the Texas Department of Motor Vehicles program. Terms presented in this proposal under the directors and officers liability and employment practices liability covers management risk, and employment risk, and some aspects of the professional liability exposures of the organization.

ACE's quote incorporates not only the broad standard provisions that SORM includes in all of its executive risk programs, but also additional clarifications to better address the risks and exposure of Texas Department of Motor Vehicles. In our proposal we highlight the terms quoted and pricing for coverage for the upcoming year. The summary page is found on page 6.

We thank you for the opportunity to work with you and your team on this placement, and look forward to addressing any questions or concerns you may have. In the Appendix of our report, we offer a binding request form if you wish to go forward with the proposed program offered, a copy of the ACE quote, and a copy of the proposed policy forms for noted lines for your review and acceptance.

We look forward to addressing your questions, and receiving your approval to proceed.

State Office of Risk Management

Allyson Santos Iris Moore

Arthur J. Gallagher Risk Management Services Inc.

Paul Pousson	Cheryl Kelley	Phil Norton	Stephen Fitzsimonds
Tatum Crochet	Natalie Douglass	Alaina Walls	

Texas Department of Motor Vehicles

Named Insured

Named Insured(s)	Lines of Coverage
Texas Department of Motor Vehicles c/o State Office of Risk Management 300 W. 15th Street, 6th Floor Austin, TX 78701	Public Officials Liability, Employment Practices Liability

Note: Any entity not named in this proposal may not be an insured entity. This may include partnerships and joint ventures.

Participants as of August 31, 2016

- Comptroller of Public Accounts
- Court of Appeals – Fifth
- Court of Appeals – First
- Court of Appeals – Fourteenth
- Court of Appeals – Fourth
- Court of Appeals – Second
- Court of Appeals – Seventh
- Court of Criminal Appeals
- Credit Union Department
- Midwestern State University
- Office of Consumer Credit Commissioner
- Office of the Injured Employee Counsel
- State Office of Risk Management
- Stephen F. Austin State University
- Teacher Retirement System of Texas
- Texas Board of Architectural Examiners
- Texas Board of Nursing
- Texas Board of Professional Engineers
- Texas Department of Banking
- Texas Department of Housing & Community Affairs
- Texas Department of Insurance
- Texas Department of Savings and Mortgage Lending
- Texas Lottery Commission
- Texas Medical Board
- Texas Prepaid Higher Education Tuition Board: Texas Guaranteed Tuition Plan
- Texas School for the Blind and Visually Impaired
- Texas Southern University
- Texas State Board of Public Accountancy
- Texas State Library & Archives Commission
- Texas State Technical College
- Texas Woman's University
- University of Houston System
- University of North Texas System

Arthur J. Gallagher Risk Management Services, Inc.

Texas Department of Motor Vehicles

Carrier Ratings and Admitted Status Rating Levels and Categories

Copies of the Best's Insurance Reports on the insurance companies are available upon your request.

Gallagher companies use A.M. Best Company's rating services to evaluate the financial condition of insurers whose policies we propose to deliver. Gallagher companies make no representations and warranties concerning the solvency of any carrier, nor does it make any representation or warranty concerning the rating of the carrier which may change.

Carriers that Quoted	A.M. Best's Rating	Admitted/ Non-Admitted
ACE American Insurance Company (Chubb Group)	A++ XV	Admitted

If the above indicates coverage is placed with a non-admitted carrier, the carrier is doing business in the state as a surplus lines or non-admitted carrier. As such, this carrier is not subject to the same regulations which apply to an admitted carrier nor do they participate in any insurance guarantee fund applicable in that state.
 The above A.M. Best Rating was verified on the date the proposal document was created.

Level	Category	Level	Category	Level	Category
A++, A+	Superior	B, B-	Fair	D	Poor
A, A-	Excellent	C++, C+	Marginal	E	Under Regulatory Supervision
B++, B+	Very Good	C, C-	Weak	F	In Liquidation
				S	Rating Suspended

Financial Size Categories					
FSC I		Up to 1,000	FSC IX	250,000	to 500,000
FSC II	1,000	to 2,000	FSC X	500,000	to 750,000
FSC III	2,000	to 5,000	FSC XI	750,000	to 1,000,000
FSC IV	5,000	to 10,000	FSC XII	1,000,000	to 1,250,000
FSC V	10,000	to 25,000	FSC XIII	1,250,000	to 1,500,000
FSC VI	25,000	to 50,000	FSC XIV	1,500,000	to 2,000,000
FSC VII	50,000	to 100,000	FSC XV	2,000,000	or more
FSC VIII	100,000	to 250,000			

(In \$000 of Reported Policyholders' Surplus Plus Conditional Reserve Funds)

Best's Insurance Reports, published annually by A.M. Best Company, Inc., presents comprehensive reports on the financial position, history, and transactions of insurance companies operating in the United States and Canada. Companies licensed to do business in the United States are assigned a Best's Rating which attempts to measure the comparative position of the company or association against industry averages.

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. It is not a warranty of a company's financial strength and ability to meet its obligations to policyholders. View the A.M. Best Important Notice: Best's Credit Ratings for a disclaimer notice and complete details at <http://www.ambest.com/ratings/notice>.

Best's Credit Ratings are under continuous review and subject to change and/or affirmation. For the latest Best's Credit Ratings and Best Credit Reports (which include Best Ratings), visit the A.M. Best website at <http://www.ambest.com>. See Guide to Best's Credit Ratings for explanation of use and charges.

Best's Credit Ratings reproduced herein appear under license from A.M. Best and do not constitute, either expressly or impliedly, an endorsement of (Licensee's publication or service) or its recommendations, formulas, criteria or comparisons to any other ratings, rating scales or rating organizations which are published or referenced herein. A.M. Best is not responsible for transcription errors made in presenting Best's Credit Ratings. Best's Credit Ratings are proprietary and may not be reproduced or distributed without the express written permission of A.M. Best Company.

Gallagher companies use A.M. Best Company's rating services to evaluate the financial condition of insurers whose policies we propose to deliver. Gallagher companies make no representations and warranties concerning the solvency of any carrier, nor does it make any representation or warranty concerning the rating of the carrier which may change.

Arthur J. Gallagher Risk Management Services, Inc.

GUIDE TO BEST'S FINANCIAL STRENGTH RATINGS

A Best's Financial Strength Rating is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. The rating is based on a comprehensive quantitative and qualitative evaluation of a company's balance sheet strength, operating performance and business profile.

Best's Financial Strength Ratings

	Rating	Descriptor	Definition
Secure	A++, A+	Superior	Assigned to companies that have, in our opinion, a superior ability to meet their ongoing insurance obligations.
	A, A-	Excellent	Assigned to companies that have, in our opinion, an excellent ability to meet their ongoing insurance obligations.
	B++, B+	Good	Assigned to companies that have, in our opinion, a good ability to meet their ongoing insurance obligations.
Vulnerable	B, B-	Fair	Assigned to companies that have, in our opinion, a fair ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
	C++, C+	Marginal	Assigned to companies that have, in our opinion, a marginal ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
	C, C-	Weak	Assigned to companies that have, in our opinion, a weak ability to meet their ongoing insurance obligations. Financial strength is very vulnerable to adverse changes in underwriting and economic conditions.
	D	Poor	Assigned to companies that have, in our opinion, a poor ability to meet their ongoing insurance obligations. Financial strength is extremely vulnerable to adverse changes in underwriting and economic conditions.
	E	Under Regulatory Supervision	Assigned to companies (and possibly their subsidiaries/affiliates) placed under a significant form of regulatory supervision, control or restraint - including cease and desist orders, conservatorship or rehabilitation, but not liquidation - that prevents conduct of normal, ongoing insurance operations.
	F	In Liquidation	Assigned to companies placed in liquidation by a court of law or by a forced liquidation.
	S	Suspended	Assigned to rated companies when sudden and significant events impact operations and rating implications cannot be evaluated due to a lack of timely or adequate information; or in cases where continued maintenance of the previously published rating opinion is in violation of evolving regulatory requirements.

Rating Modifiers

Modifier	Descriptor	Definition
u	Under Review	Indicates the rating may change in the near term, typically within six months. Generally is event driven, with positive, negative or developing implications.
pd	Public Data	Indicates rating assigned to insurer that chose not to participate in A.M. Best's interactive rating process. (Discontinued in 2010)
s	Syndicate	Indicates rating assigned to a Lloyd's syndicate.

Rating Outlooks

Indicates potential direction of a Best's Financial Strength Rating over an intermediate term, generally defined as 12 to 36 months.

Positive	Indicates possible rating upgrade due to favorable financial/market trends relative to the current rating level.
Negative	Indicates possible rating downgrade due to unfavorable financial/market trends relative to the current rating level.
Stable	Indicates low likelihood of a rating change due to stable financial/market trends.

Under Review Implications

Indicates the potential direction of a Best's Financial Strength Rating that is in Under Review status based on information currently available.

Positive	Indicates there is a reasonable likelihood the company's rating will be raised as a result of A.M. Best's analysis of a recent event.
Negative	Indicates there is a reasonable likelihood the company's rating will be lowered as a result of A.M. Best's analysis of a recent event.
Developing	Indicates there is uncertainty as to the final rating outcome, but there is a reasonable likelihood the company's rating will change as a result of A.M. Best's analysis of a recent event.

Not Rated Designation

NR: Assigned to companies that are not rated by A.M. Best.

Rating Disclosure

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Best's Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser. In arriving at a rating decision, A.M. Best relies on third-party audited financial data and/or other information provided to it. While this information is believed to be reliable, A.M. Best does not independently verify the accuracy or reliability of the information. For additional details, see A.M. Best's *Terms of Use* at www.ambest.com.

Best's Financial Strength Ratings are distributed via press release and/or the A.M. Best website at www.ambest.com and are published in the *Credit Rating Actions* section of *Best's Journal*™. Best's Financial Strength Ratings are proprietary and may not be reproduced without permission. Copyright © 2014 by A.M. Best Company, Inc. Version 080114



Premium Summary

Term: 12 Month Policy (TBD)
Insured: Texas Department of Motor Vehicles
Coverage: Public Officials Liability and Employment Practices Liability

Three limit options are available for your consideration and use with Chubb. Based on your current asset size and employee count, benchmarking of limits analysis reports were secured by Gallagher via Advisen, Ltd. and recommended consideration of limits of between \$3 million and \$5 million for your operations, at a minimum. Average limit range in reports were between \$5 million and \$10 million.

As the organization does not currently purchase coverage, Gallagher is offering limit ranges at the low end of the benchmarking analysis values. If higher limit values to \$10 million are desired, please let us know. As an estimate the additional cost for the additional \$5 million in limits would be in a range of 65-75% of the primary \$5 million pricing.

Option One- One Million Program

Public Officials Liability and Employment Practices Liability
\$1,000,000
ACE American Insurance Company (Chubb)
\$50,000 D&O/\$100,000 EPL
Retention
Limit: \$1M
Cost: \$33,365

Option Two- Three Million Program

Public Officials Liability and Employment Practices Liability
\$3,000,000
ACE American Insurance Company (Chubb)
\$50,000 D&O/\$100,000 EPL
Retention
Limit: \$3M
Cost: \$59,739

Texas Department of Motor Vehicles

Option Three- Five Million Program
Public Officials Liability and Employment Practices Liability
\$5,000,000
ACE American Insurance Company (Chubb)
\$100,000
Retention
Limit: \$5M
Cost: \$84,899

Pricing is driven by many factors under these coverage lines, but for the Texas Department of Motor Vehicles most of the risk cost is associated with your employment risk with 763 employees. Limits shown cover matters for both defense costs and damages in an aggregate.

Under the management liability or D&O protection, retentions are \$0 for the individual directors or officers if the organization cannot or is precluded from covering them due to the specific act or law held against them. Very rare, and most times the organizations indemnification agreement will indemnify and protect said individual, or the law will require it. In those cases, noted retention would apply.

If it is an employment related matter, or an EPLI claim, retention will then adjust to \$100,000.

Use of the Attorney General by the organization is already addressed with manuscripted terms as this is a SORM program. If for some reason the act or litigation is not State driven, but Federal, Chubb has also built in necessary duty to defend provisions to insure defense protection is granted. Coverage for Claims surrounding credentialing disputes are included in coverage too, but are limited to a sub-limit of the policy aggregate. (50% of the limit option selected). Form also includes Priority of Payment provisions to insure the individuals risk is addressed first, then the entity.

Conditions to Bind coverage, if desired are-

- Payment of the annual premium within thirty days of the effective date of coverage
- **Prior to Binding-** Please offer further details on the Exhibit 2 Pending Matters on the application relative to those items settled. What did they settle for? For those pending, can you offer more details on the demand, possible pay out, and the current status of said matters.

Quote from **ACE American Insurance Company (Chubb)** is valid until **12/1/2016**.

Gallagher is responsible for the placement of the following lines of coverage: **Property, Equipment Breakdown, Public Officials Liability, and Employment Practices Liability**

Texas Department of Motor Vehicles

Premium & Exposure Information

Insured: Texas Department of Motor Vehicles

Option 1

	2016-2017
Carrier	ACE
Public Officials/Employment Practices Liability Premium	\$33,365
Privacy and Network Security Endorsement Premium	N/A
Total Premium	\$33,365
Employee Count	763
Total Budget/Revenue	\$196,161,341

Note: This summary is provided for information purposes only and does not amend or alter any coverage terms in place. Please refer to the policy for further details.

Texas Department of Motor Vehicles

Summary of Proposed Coverage

Insured: Texas Department of Motor Vehicles
Coverage: Primary Public Official Liability, Employment Practices Liability, Professional Liability
Carrier: ACE American Insurance Company
Policy Period: 12 Month Policy (TBD)
Policy Form: PF-23535, PF-23536 01/08

The following is a general summary of the Insuring Agreement. Refer to actual policy form for complete terms and conditions.

Public Officials Liability/Employment Practices Liability

Provides liability coverage for the errors and omissions of public officials in the course of their public duties. Employees and the public entity itself are included as insureds.

Coverage is provided for employment practices liability providing coverage for claims made by employees or applicants of employment alleging a Wrongful Employment Practice. Coverage is also provided for Third Party EPL coverage for claims brought by nonemployees alleging harassment or discrimination. Exclusions under this policy include (but are not limited to) losses due to fraud or dishonesty, bodily injury or property damage, false arrest, assault and battery, defamation, and fiduciary liability.

Coverage Line	Form Type	Continuity Date	Prior and Pending Litigation Exclusion Date
Public Officials Liability	Claims-Made	N/A	N/A
Employment Practices Liability	Claims-Made	N/A	N/A

Limits of Insurance	Limit	Retention/Deductible
Public Officials Liability Limit	\$1,000,000 – Shared, or \$3,000,000-Shared, or \$5,000,000-Shared	\$0 Individual \$50,000 Entity \$100,000 Entity (\$5M Limit)
Employment Practices Liability Limit	\$1,000,000 – Shared, or \$3,000,000- Shared, or \$5,000,000- Shared	\$100,000

Arthur J. Gallagher Risk Management Services, Inc.

Texas Department of Motor Vehicles

Expansions to Program Included

Crisis Management Fund: Limit – \$75,000 / Retention – \$0

Crisis Management Fund is included to assist using pre-approved consultants or services to address potential matters that may become claims surrounding specific issues. Under the terms of the proposed expansion, such event is defined in the policy as –

- The incapacity, death or state or federal criminal indictment of an Insured Person for whom the Organization has purchased and continues to maintain key individual life insurance;
- The cancellation, withdrawal or revocation of \$500,000 or more in funding, donation(s), grant(s) or bequest(s) by a non-government entity or person to the Public Entity;
- The disclosure by the Public Entity of (1) its intention to file or its actual filing for protection under federal bankruptcy laws; or, (2) a third-party's intention to file or its actual filing of an involuntary bankruptcy petition under federal bankruptcy laws with respect to the Public Entity;
- The disclosure by the Public Entity of the threatened or actual commencement by a third party of an action, audit or investigation alleging a Wrongful Employment Practice by the Public Entity which has caused or is reasonably likely to cause Adverse Publicity;
- The commencement or threat of litigation or other proceedings by any governmental or regulatory agency against an Organization;
- An accusation that an Insured Person, or an individual for whom an Insured is legally responsible for, has intentionally caused bodily injury to, or death of, or has sexually abused any person in the performance of his or her duties with the Organization;
- An Employee of the Organization was the victim of a violent crime while on the premises of the Organization;
- A child was abducted or kidnapped while under the care or supervision of the Organization; or
- Any other material event which, in the good faith opinion of the Public Entity, has caused or is reasonably likely to result in Adverse Publicity,

Limit is an aggregate for all claims, and must be pre-approved by carrier with your organization prior to use. Indemnity period is limited to ninety days.

Third Party EPL Coverage: Limit – Part of EPL Limit

Expands coverage granted under the Employment Practices Liability section to apply to Third-Party wrongful acts claim. Such is defined as any natural person who is a customer, vendor, service provider, client, or other business invitee of the Organization, or any other natural person or group of natural persons. Noted individual does not mean a covered Director, Officer, or Employee.

A Third Party EPL act means either a harassment of a Third Party, including but not limited to any type of sexual or gender harassment as well as racial, religious, sexual orientation, pregnancy, disability, age, or national origin-based harassment; or discrimination against a Third Party, including but not limited to any such discrimination on account of race, color, religion, age, disability or national origin.

Texas Department of Motor Vehicles

Defense Costs

Inside Policy Limit (if defense is not provided by Texas Attorney General)

Claims-Made Coverage:

Should you elect to change carriers (if a new retroactive date is provided) or non-renew this policy, a supplemental extended reporting period endorsement may be available subject to policy terms and conditions. You must request the extended reporting period in writing to the carrier within 30 days of the expiration date. The cost of this extended reporting period is 100% of the annual premium for one (1) year and is fully earned. Additional terms are shown below if desired. The extended reporting period extends only to those claims that occurred prior to the expiration date and would have been covered by the policy. Claims must be reported to the carrier within 30 days of the end of the policy period. The extended reporting period does not increase the limits of liability and is subject to all policy terms, conditions and exclusions.

Run-off Period

- | | |
|----|---|
| 1. | One (1) Year at 100% of the annual premium |
| 2. | Two (2) Years at 125% of the annual premium |
| 3. | Three (3) Years at 150% of the annual premium |
| 4. | Four (4) Years at 175% of the annual premium |
| 5. | Five (5) Years at 200% of the annual premium |
| 6. | Six (6) Years at 225% of the annual premium |

Claims

Definition of Claim	Refer to Policy Form
Incident or Claim Reporting Provisions	
Extended Reporting Period (ERP) Option Details	
Continuity or Specific Dates or Limits applicable to Claims-Made conditions	
Significant Restrictions to ERP Availability	

Terms and Conditions

The following terms, conditions, and exclusions are specific to this proposal and do not constitute all terms, conditions and exclusions contained in the policy. Refer to the policy for common policy terms, conditions and exclusions. Coverage is subject to policy forms. Copies of forms and endorsements are attached.

Policy Territory includes anywhere in the world, provided the claim is made within the jurisdiction of an subject to the laws of the United States of America, Canada or their respective territories, or possessions.

Other Significant Terms and Conditions/Restrictions – Descriptions

60 Days' Written Notice of Cancellation; 10 Days' Written Notice for Nonpayment

Subject to standard policy exclusions, warranties, etc.

Binding Requirements – Descriptions

- Payment of the annual premium within thirty days of the effective date of coverage
- **Prior to Binding-** Details regarding matters listed in Exhibit 2 Pending Matters in application. For those shown as settled, please advise details and final cost. For those pending, please offer details on what type of demand, current status, expected cost of matter, and costs to date.

Arthur J. Gallagher Risk Management Services, Inc.

Texas Department of Motor Vehicles

Exclusions Included – Descriptions

****Please refer to policy and quote letter for full list of exclusions proposed**

Forms & Endorsements Include, But Are Not Limited To – Descriptions

ACE Municipal Advantage Public Entity Liability – PF-23535/PF-23536 (01/08)

Trade or Economic Sanctions Endorsement – PF-46422 (07/15)

Signature Endorsement – CC-1k11h (03/14)

Notice Amended – Email Notice – PF-33468 (02/11)

False Claims Act Exclusion – PF-38981 (01/13)

Termination of the Policy Amended – Renewal Term Endorsement – MS-43161 (09/15)

SORM Endorsement Standard – MS-45666 (12/15)

Alternative Dispute Resolution Amended – MS-15396 (09/15)

Network Security of Privacy Liability Exclusion – MS-4430 (09/15)

Credentialing Endorsement - (50% LOL) – MS-43260 (10/15)

Crisis Event Amended – MS-53067 (10/16)

Unauthorized Access of Employee Information – EPL – MS-53069 (10/16)

Wage & Hour Claim – \$100,000 Sublimit – MS-53070 (10/16)

Workplace Incident Coverage – MS-583080 (10/16)

Texas State Amendatory – PF-23613a (05/13)

Texas Information & Complaints – ALL-4Y30f (06/15)

Texas Risk Control Services – ALL-11559e (07/16)

ACE Producer Compensation Practices & Policies – ALL-20887a (03/16)

U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") Advisory Notice to Policyholders – PF-17914a (04/16)

Policy Holder Disclosure – Notice to Terrorism Insurance Coverage – TRIA11d (03/16)

Cap on Losses From Certified Acts of Terrorism – PF-17705b (01/15)

***Exceptions Apply – Please refer to policy form**

TRIA/TRIPRA PREMIUM

(+ Additional Surcharges, Taxes and Fees as applicable)

Included

Subject to Audit: Not Auditable

Arthur J. Gallagher Risk Management Services, Inc.

Texas Department of Motor Vehicles

Client Authorization to Bind Coverage

After careful consideration of Gallagher's proposal dated November 10, 2017, Texas Department of Motor Vehicles accepts the following coverage(s).

Please check the desired coverage(s).

		Line of Coverage	Carrier
<input type="checkbox"/> Accept	<input type="checkbox"/> Reject	Primary Public Officials/Employment Practices Liability (Proposed Effective Date of Coverage: _____) <u>Please Circle Desired Limit to Be Bound</u> \$1,000,000 - \$33,365 \$3,000,000 - \$59,739 \$5,000,000 - \$85,899	ACE American Insurance Company

TRIA/Terrorism Coverage	Line of Coverage	Carrier
<input checked="" type="checkbox"/> Accept <input type="checkbox"/> Reject	Bind TRIA Terrorism Coverage Act as quoted	ACE American Insurance Company

Provide Quotations or Additional Information on the Following Coverage Considerations		
<input type="checkbox"/> Yes	<input type="checkbox"/> No	Line of Coverage

It is understood this proposal provides only a summary of the details; the policies will contain the actual coverages.

Texas Department of Motor Vehicles confirms the values, schedules, and other data contained in the proposal are from our records and acknowledge it is our responsibility to see that they are maintained accurately.

We agree that your liability to us arising from your negligent acts or omissions, whether related to the insurance or surety placed pursuant to these binding instructions or not, shall not exceed \$20 million, in the aggregate. Further, without limiting the foregoing, we agree that in the event you breach your obligations, you shall only be liable for actual damages we incur and that you shall not be liable for any indirect, consequential or punitive damages.

_____ Client Signature
_____ Dated

Arthur J. Gallagher Risk Management Services, Inc.

Texas Department of Motor Vehicles

Additional Changes and Developments to Your Program/Business/Operations

It is important that we be advised of any changes in your operations that may have a bearing on the validity and/or adequacy of your risk management program. The types of changes that concern us include, but are not limited to, those listed below:

1. Any newly assumed contractual liability, granting of indemnities, or hold harmless agreements.
2. Changes in any operation such as expansion to other states, new products.
3. Mergers and/or acquisition of new companies or agencies.
4. Circumstances which may require increased liability insurance limits.
5. Any plans to carry out a reduction in force or similar layoffs.
6. Any changes or updates in your employee policies or procedures.

If you check this box, please list any Changes & Developments in your Operations

No Changes and/or Developments

Insured: Texas Department of Motor Vehicles

By: _____

Print Name: _____

Title: _____

Date: _____

Arthur J. Gallagher Risk Management Services, Inc.

Bindable Quotations and Compensation Disclosure Schedule

For the coverage options you choose to have us bind, premiums are due and payable as billed, in full or as insurance company installments. Premiums may be financed, subject to acceptance by an approved finance company. Note: Following acceptance, completion (and signature) of a premium finance agreement with the specified down payment is required.

Carrier Name and Coverage	(1) Est. Annual Premium	(2) Fee Income, if applicable	(3) Wholesaler MGA or Intermediary Name	(4) Broker % (Insert *** if applicable)	AJG- Owned Yes/No
Public Officials Liability/EPL ACE American Insurance Company	\$33,365; \$59,739; \$85,899		AJGRMS - MLP	5%	Yes

Surplus Lines Taxes/Fees

Non-Admitted Carriers	State	Tax %	Actual Tax Dollars	Fees
N/A				

Please note: The asterisks below are only applicable if triggered in the Bindable Quotations and Compensation Disclosure Schedule.

Some carriers pay Gallagher supplemental or contingent commissions in addition to the policy commission. Contingent commissions are typically contingent upon performance factors such as growth, profit, volume or retention, while supplemental commissions are not. These supplemental or contingent commissions may range from less than 1% up to 10% of the policy premium. Please refer to the Compensation Disclosure or contact your Gallagher representative for additional information.

1. * **If the premium is shown as an indication:** The premium indicated is an estimate provided by the market. The actual premium and acceptance of the coverage requested will be determined by the market after a thorough review of the completed application.
 - ** A verbal quotation was received from this carrier. We are awaiting a quotation in writing.
 - *** Commission rate is a % of annual premium, excluding fees and taxes.
 - **** Gallagher is receiving commission on this policy. The fee due Gallagher will be reduced by the amount of the commissions received.
2. We were able to obtain more advantageous terms and conditions for you through an intermediary/wholesaler.
3. **** The non-Gallagher intermediary/wholesaler did not provide their compensation information for this proposal. The usual and customary compensation to a wholesaler/intermediary ranges from 5% to 12%, but we cannot verify that range is applicable in connection with this proposal.

Texas Department of Motor Vehicles

Coverage Considerations

With the offering of renewal terms for your D&O and EPL insurance programs, Gallagher and SORM feel you should also consider the following programs during the upcoming year if you do not already purchase -

Cyberspace Liability

Liability exposures encountered when communicating or conducting business online. Potential liabilities include the Internet and e-mail. Online communication tools could result in claims alleging breaches of privacy rights, infringement or misappropriation of intellectual property, employment discrimination, violations of obscenity laws, the spreading of computer viruses, and defamation. Media liability policies are available to cover these exposures.

Identity Theft Coverage

Coverage to insure a criminal event in which an imposter obtains key pieces of personal information, such as social security or driver's license numbers, in order to impersonate the insured. The Information can be used to obtain credit, merchandise, and services in the name of the victim, or to provide the thief with false credentials. The coverage provides first-party coverage for expenses incurred by an insured as a direct result of any one identity theft first discovered during the policy period

Fiduciary Liability Coverage

To address exposures related to the handling, processing, and initiating employee benefits, pension, or savings plans with employees. Coverage also addresses management liability for those who are trustees on listed and maintained pension and benefit boards for the organization.

Fidelity or Crime Insurance

Sometimes called Employee Dishonesty or Fidelity coverage, is designed to protect insured organizations from loss of money, securities, or inventory resulting from crime. Typical claims under this coverage allege employee dishonesty, embezzlement, forgery, robbery, safe burglary, computer fraud, wire transfer fraud, counterfeiting, and other criminal acts.

If you are interested in these or any other coverage not currently provided, please contact Mrs. Allyson Santos as noted on the Service Team page of this proposal.

Gallagher Disclosures

Proposal Disclaimer

IMPORTANT: The proposal is an outline of certain terms and conditions of the insurance proposed by the insurers, based on the information provided by your company. It does not include all the terms, coverages, exclusions, limitations and/or conditions of the actual policy contract language. The insurance policies themselves must be read for those details. Policy forms for your reference will be made available upon request.

We will not be operating in a fiduciary capacity, but only as your broker, obtaining a variety of coverage terms and conditions to protect the risks of your enterprise. We will seek to bind those coverages based upon your authorization; however, we can make no warranties in respect to policy limits or coverage considerations of the carrier. Actual coverage is determined by policy language, so read all policies carefully. Contact us with questions on these or any other issues of concern.

Actuarial Disclaimer

The information contained in this proposal is based on the historical loss experience and exposures provided to Arthur J. Gallagher Risk Management Services, Inc. This proposal is not an actuarial study. Should you wish to have this proposal reviewed by an independent actuary, we will be pleased to provide you with a listing of actuaries for your use.

TRIA/TRIPRA Disclaimer

If this proposal contains options to purchase TRIA/TRIPRA coverage, the proposed TRIA/TRIPRA program may not cover all terrorism losses. While the amendments to TRIA eliminated the distinction between foreign and domestic acts of terrorism, a number of lines of coverage excluded under the amendments passed in 2005 remain excluded including Commercial Automobile, Burglary and Theft insurance; Surety insurance, Farmowners Multiple Perils and Professional Liability (although Directors & Officers Liability is specifically included). If such excluded coverages are required, we recommend that you consider purchasing a separate Terrorism policy. Please note that a separate Terrorism policy for these excluded coverages may be necessary to satisfy loan covenants or other contractual obligations. TRIPRA includes a \$100 billion cap on insurers' aggregate liability.

The TRIPRA program increases the amount needed in total losses by \$20 million each calendar year before the TRIPRA program responds from the 2015 trigger of \$100 million to \$200 million by the year 2020.

TRIPRA is set to expire on December 31, 2020. There is no certainty of extension, thus the coverage provided by your insurers may or may not extend beyond December 31, 2020. In the event you have loan covenants or other contractual obligations requiring that TRIA/TRIPRA be maintained throughout the duration of your policy period, we recommend that a separate "Stand Alone" Terrorism policy be purchased to satisfy those obligations.

Compensation Disclosure

One of the core values highlighted in The Gallagher Way states, "We are an Open Society," and our open society extends to the compensation Gallagher receives. In general, Gallagher may be compensated as follows:

1. Gallagher Companies are primarily compensated from the usual and customary commissions or fees received from the brokerage and servicing of insurance policies, annuity contracts, guarantee contracts and surety bonds (collectively "insurance coverages") handled for a client's account, which may vary from company to company and insurance coverage to insurance coverage. As permitted by law, Gallagher companies occasionally receive both commissions and fees.

Arthur J. Gallagher Risk Management Services, Inc.

Texas Department of Motor Vehicles

2. In placing, renewing, consulting on or servicing your insurance coverages, Gallagher Companies may participate in contingent and supplemental commission arrangements with intermediaries and insurance companies. Contingent commissions provide for additional contingent compensation if underwriting, profitability, volume or retention goals are achieved. Such goals are typically based on the total amount of certain insurance coverages placed by Gallagher with the insurance company and/or through the intermediary, not on an individual policy basis. Some insurance markets, including Gallagher-owned intermediaries, have modified their commission schedule with Gallagher, resulting in an increase in some commission rates. These additional commissions, commonly referred to as "supplemental commissions" are known as of the effective date, but some insurance companies are paying this commission later and apart from when commission is normally paid at policy issuance. As a result, Gallagher may be considered to have an incentive to place your insurance coverages with a particular insurance company. Note: Upon request, your Gallagher representative can provide more specific market information regarding contingent and supplemental commission related to your insurance coverage.
3. Gallagher Companies may also receive investment income on fiduciary funds temporarily held by them, such as premiums or return premiums.
4. Gallagher Companies may access other facilities, including wholesalers, reinsurance intermediaries, captive managers, underwriting managers and others that act as intermediaries for both Gallagher and other brokers in the insurance marketplace. Gallagher Companies may own some of these facilities, in whole or in part. If such a facility was utilized in the placement of a client's account, the facility may have earned and retained customary brokerage commission or fees for its work.
5. Gallagher assists its customers in procuring premium finance quotes and unless prohibited by law may earn compensation for this value-added service.
6. From time to time, Gallagher may participate in insurance company promotional events or training and development that insurers provide for Gallagher employees.
7. Gallagher strives to find appropriate coverage at a competitive price for our customers. In order to achieve these goals, we gather and analyze data about our customers and their insurance coverage. This data and the resulting analytical tools help us better understand the current marketplace, more accurately predict future trends and offer tailored solutions to our customers. The data may also be provided to insurers pursuant to consulting service agreements from which we earn fees.

Questions/ Concerns

If you have specific questions about the compensation received by Gallagher and its affiliates in relation to your insurance placements, please contact your Gallagher representative for more details.

In the event you wish to register a formal complaint regarding compensation Gallagher receives from insurers or third parties, please send an e-mail to Compensation_Complaints@ajg.com or send a letter to:

Compliance Officer
Arthur J. Gallagher & Co.
Two Pierce Place, 20th Floor
Itasca, IL 60143

Arthur J. Gallagher Risk Management Services, Inc.

Texas Department of Motor Vehicles

Appendix

- Carrier Quotation(s)
- Sample Policy Form and Endorsements

CHUBB®

Employers today face a dizzying array of employment laws, regulations and ongoing employment issues. Whether it involves employee discipline or termination, wage and hour, disability accommodation, or even the new frontier of social media, failure to comply with the ever-changing legal requirements can have a devastating impact on employee morale and the company's bottom line. CHUBB recognizes the unique burdens faced by employers today, and is pleased to announce that it has partnered with the nation's foremost employment and labor law firm, Littler Mendelson (Littler), to create a cutting edge employment practices risk management tool for CHUBB insureds, called EPL

Assist™. With over 975 attorneys in 56 offices, Littler has both the expertise and the capacity to handle any employment matter, big or small. Through EPL Assist™, insureds have an unlimited ability to seek out expert advice and counsel as a benefit of the program.

What is EPL Assist™?

EPL Assist™ is a cutting edge risk management program providing policyholders with a wide variety of legal content, forms and analysis, combined with the ability to interface directly with Littler lawyers dedicated to assisting CHUBB insureds in navigating what has become an employment law minefield. Through a secure web portal containing essential employment law resources and tools, as well as a toll free hotline service, CHUBB insureds with primary EPL coverage policies now have access to the content and advice necessary to compete in today's challenging legal environment.

Insureds are provided:

- No cost, online and live access to the legal experts at Littler, the largest employment and labor firm in the U.S.
- Employment law updates, newsletters and related publications
- A compendium of online employment law resources through a secure website, including unlimited access to such content as:
 - Employment policies and practices
 - Human Resources forms library
 - Sample employee handbooks, including supplement information for all 50 states
 - State and national employment law summaries and reference materials
 - 50 state surveys on various employment law essentials, including such things as minimum wage and overtime requirements, protected classifications, new hire reporting requirements, meal and rest break requirements, and voting rights requirements
- Free harassment training webinars for up to 10 supervisors or managers
- Complimentary registration to Littler's nationwide breakfast briefing series
- Complimentary access to Littler's webinars and podcasts
- Discounted rates for various Littler events

How do I access EPL Assist™?

To learn more about EPL Assist™, please contact your broker or visit www.EPLAssist.com.

Littler Mendelson P.C. is an independent law firm that is not an agent nor an affiliate of the CHUBB Group of Companies ("CHUBB Group"), and Littler Mendelson P.C. is solely responsible for the advice and guidance provided directly, or through the EPL Assist website. CHUBB Group and Littler Mendelson P.C. cannot guarantee that there will be fewer or less serious claims as a result of using the program. Littler Mendelson P.C. directly, or through the EPL Assist website may help an insured with risk assessment and improvement but it is not intended to supplant any duty to provide a workplace that is safe and complies with the law. CHUBB Group does not engage in giving legal advice and therefore encourages policyholders to seek the advice from their own legal counsel when implementing any and all employment practices. Please note that communication with Littler Mendelson P.C., either directly, or through the EPL Assist website is not notice to the CHUBB Group issuing company of a claim or an act or situation that may give rise to a claim. Nothing herein alters or amends in any way the insurance policy contract between the underwriting company and the policyholder.

CHUBB®

To: Cheryl Kelley From: Jennifer Lushbough
 Company: Arthur J. Gallagher & Co. Date: 11/09/2016
 Tel: 972-663-6130 Tel: 713-403-3054
 e-mail: Cheryl_kelley@ajg.com e-mail: Jennifer.lushbough@chubb.com
 Re: Primary Indication Pages including cover: 12

Account: Texas Department of Motor Vehicles

Insured Address: c/o State Office of Risk Management
300 W. 15th Street, 6th Floor
Austin, TX 78701

Line of Coverage: ACE Municipal Advantage Public Entity Liability

Type of Submission: New

Insuring Company: ACE American Insurance Company

Effective Date: TBD

Expiration Date: 09/01/2017

Dear Cheryl,

I am pleased to offer the attached quotation for Texas Department of Motor Vehicles c/o State Office of Risk Management. The commission payable for placement of this business is 15%.

Thank you for considering the Chubb USA Companies as your market of choice. We look forward to working with you. Should you have any questions, please do not hesitate to contact me.

Sincerely,



Jennifer Lushbough
 Senior Underwriter
 Chubb – Financial Lines

Account: Texas Department of Motor Vehicles c/o State Office of Risk Management

The Insurer hereby indicates the coverage described below. However, any obligations the Insurer may have under this indication are conditioned upon each of the following conditions having first been met:

1. The Applicant has submitted to the Insurer the following documents, and the Insurer has received such documents prior to binding:
 1. Details regarding matters listed in the Exhibit 2 Pending Matters – those settled, what did they settle for? Those pending – what is the demand? Where are they in the process and expected pay out?
2. If coverage is subsequently bound by the Insurer, the Applicant has remitted the premium specified below to the Insurer so that the Insurer receives the premium no later than close of business on the 30th day from the date of this Binder or the Effective Date of this policy, whichever is later.

PREMIUM INDICATION(S):**ACE Municipal Advantage Public Entity Liability Terms:**

Limit of Liability Each Claim / Aggregate	Crisis Managem ent Fund	Deductible or SIR Each Claim*	ANNUAL PREMIUM	Terrorism Risk Insurance Act Premium	Optional Privacy Premium:	TOTAL PREMIUM DUE*
\$1,000,000 / \$1,000,000	\$25,000*	IA. \$0 IA. 2 and IB. \$50,000 IC. \$100,000	\$33,365	\$0	\$n/a	\$TBD
\$3,000,000 / \$3,000,000	\$25,000*	IA. \$0 IA. 2 and IB. \$50,000 IC. \$100,000	\$59,739	\$0	\$n/a	\$TBD
\$5,000,000 / \$5,000,000	\$25,000*	IA. \$0 IA. 2 and IB. \$100,000 IC. \$100,000	\$84,899	\$0	\$n/a	\$TBD

*Amended to \$75,000 via SORM Endorsement

Please note the following:

1. The policy includes terrorism coverage required by the Terrorism Risk Insurance Act of 2002. The Premium for the coverage is set forth above.
2. Please note that, if the policy is bound, as part of the insurance policy, the Insured will have access to EPL Risk Management Services. EPL Risk Management Services is an interactive loss control activity available to CHUBB USA Public Entity Liability policyholders as part of their policies, as part of CHUBB USA Professional Risk loss control services. The activity is available to policyholders at no additional cost,

and there is no requirement that policyholders use the program. All communications with the EPL Risk Management Services are strictly confidential and will not be disclosed to the Insurer. Please see the enclosed material for more information about the EPL Risk Management Services

Policy Form Number: PF-23535 / PF-23536 (01/08)

Extended Reporting Period: 12 months for 100% of last annual premium

The following Endorsements will be added to the basic contract(s):

Endorsement Title	Number
Trade or Economic Sanctions Endorsement	PF-46422 (07/15)
Signature Endorsement	CC-1k11h (03/14)
Notice Amended – Email Notice	PF-33468 (02/11)
False Claims Act Exclusion	PF-38981 (01/13)
Termination of the Policy Amended – Renewal Term Endorsement	MS-43161 (09/15)
SORM Endorsement Standard	MS-45666 (12/15)
Alternative Dispute Resolution Amended	MS-15396 (09/15)
Network Security of Privacy Liability Exclusion	MS-4430 (09/15)
Credentialing Endorsement - \$(50% LOL)	MS-43260 (10/15)
Crisis Event Amended	MS-53067 (10/16)
Unauthorized Access of Employee Information – EPL	MS-53069 (10/16)
Wage & Hour Claim – Sublimit	MS-53070 (10/16)
Workplace Incident Coverage	MS-53080 (10/16)

State Amendatory Endorsement(s) added to basic contract(s):

Texas State Amendatory	PF-23613a (05/13)
Texas Information & Complaints	ALL-4Y30f (06/15)
Texas Risk Control Services	ALL-11559e (07/16)

The following Notices will be added to the basic contract(s):

Chubb Producer Compensation Practices & Policies	ALL-20887a (03/16)
U.S. Treasury Department's Office Of Foreign Assets Control ("OFAC") Advisory Notice to Policyholders	PF-17914a (04/16)

TRIA Endorsements added to basic contract(s):

Policy Holder Disclosure – Notice of Terrorism Insurance Coverage	TRIA11d (03/16)
Cap on Losses From Certified Acts of Terrorism	PF-17705b (01/15)

This indication will remain valid until: 12/1/2016

If between the date of this Indication and the Effective Date of the policy there is a significant adverse change in the condition of this Applicant, or an occurrence of an event, or other circumstances which could substantially change the underwriting evaluation of the Applicant, then, at the Insurer's option, this quotation may be withdrawn by written notice thereof to Applicant. The Insurer also reserves the right to modify the final terms and conditions upon review of the completed application and any other information requested by the underwriter herein. If such material change in the risk is discovered after binding, the insurance coverage will be void ab initio ("from the beginning").

Note: If the Insuring Company noted above is either Westchester Surplus Lines Insurance Company or Illinois Union Insurance Company, then this insurance is issued pursuant to the state Surplus Lines laws that the insured is domiciled. Persons insured by Surplus Lines carriers do not have the protection of the above captioned state's Guaranty Act to the extent of any right of recovery for the obligation of an insolvent unlicensed insurer. **For purposes of surplus lines compliance, we require the producer to confirm, upon the binding of this placement, the insured's "home state" as defined in the Nonadmitted and Reinsurance Reform Act of 2010 (NRRA). If the state set forth in "Insured Address" in this quote is the insured's "home state," then no action is required. However, if the insured's "home state" is other than that set forth in "Insured Address," then you must notify us in writing prior to placement of the correct "home state" of the insured.**

Any applicable taxes, surcharges or countersignature fees, etc., are in addition to the above quoted figures. Your office is responsible for making State Surplus Lines Filings and complying with all applicable laws.

Sincerely,



Jennifer Lushbough
Senior Underwriter
Chubb – Financial Lines

Chubb. Insured.SM

CHUBB®

Premium Surcharges

If the issuing company indicated on the indication/quotation/binder is either ACE American Insurance Company or Westchester Fire Insurance Company, the following surcharges will apply in addition to the premium. Some exemptions apply. Premium surcharges are subject to change at the anniversary dates of multiyear policies paid in annual installments. Collection and remittance of premium surcharges for surplus lines policies, if applicable, are the responsibility of the surplus lines broker.

Kentucky Insureds

- | | |
|--------------------------------|------------------------|
| ➤ Premium Surcharge | 1.8% |
| ➤ Local Government Premium Tax | Varies by municipality |

New Jersey Insureds

- | | |
|--|------|
| ➤ NJ Property-Liability Insurance Guaranty Association | 0.7% |
|--|------|

West Virginia Insureds

- | | |
|---------------------|-------|
| ➤ Premium Surcharge | 0.55% |
|---------------------|-------|

All Other Insureds

There are currently no premium surcharges in your state for this line of business. This is subject to change at the anniversary dates of multiyear policies paid in annual installments.

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

Named Insured			Endorsement Number
Policy Symbol	Policy Number	Policy Period	Effective Date of Endorsement
Issued By (Name of Insurance Company)			

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown in this endorsement or in the policy Declarations.

Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 85% for year 2015; 84% beginning on January 2016; 83% beginning on January 1 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019 and 80% beginning on January 1, 2020 of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

Cap On Insurer Participation In Payment Of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

COVERAGE OF "ACTS OF TERRORISM" AS DEFINED BY THE REAUTHORIZATION ACT WILL BE PROVIDED FOR THE PERIOD FROM THE EFFECTIVE DATE OF YOUR NEW OR RENEWAL POLICY THROUGH THE EARLIER OF THE POLICY EXPIRATION DATE OR DECEMBER 31, 2020. EFFECTIVE DECEMBER 31, 2020 THE TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT EXPIRES

Terrorism Risk Insurance Act premium: \$_____.

Authorized Representative

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured			Endorsement Number
Policy Symbol	Policy Number	Policy Period	Effective Date of Endorsement
Issued By (Name of Insurance Company)			

Cap On Losses From Certified Acts Of Terrorism

This endorsement modifies insurance provided under the following:

**ACE Scholastic Advantage Educators Legal Liability Insurance Policy
ACE Municipal Advantage Public Entity Liability Policy**

- A. If aggregate insured losses attributable to terrorist acts certified under the federal Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and the Insurer has met its deductible under the Terrorism Risk Insurance Act, the Insurer shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
 2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
- B. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for **Damages** or **Claims Expenses** that are otherwise excluded under this **Policy**.

All other terms and conditions of this **Policy** remain unchanged.

Authorized Representative

TRADE OR ECONOMIC SANCTIONS ENDORSEMENT

Named Insured			Endorsement Number
Policy Symbol	Policy Number	Policy Period	Effective Date of Endorsement
Issued By (Name of Insurance Company)			

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This insurance does not apply to the extent that trade or economic sanctions or similar laws or regulations prohibit us from providing insurance, including, but not limited to, the payment of claims. All other terms and conditions of policy remain unchanged.

Authorized Representative

CHUBB®

U.S. Treasury Department's Office Of Foreign Assets Control ("OFAC") Advisory Notice to Policyholders

This Policyholder Notice shall not be construed as part of your policy and no coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

CHUBB®**Chubb Producer Compensation
Practices & Policies**

Chubb believes that policyholders should have access to information about Chubb's practices and policies related to the payment of compensation to brokers and independent agents. You can obtain that information by accessing our website at <http://www.aceproducercompensation.com> or by calling the following toll-free telephone number: 1-866-512-2862.

CHUBB®**U.S. FOREIGN ACCOUNT
TAX COMPLIANCE ACT (“FATCA”)**

The U.S. Foreign Account Tax Compliance Act, commonly known as “FATCA”, became the law in the U.S. in March of 2010 and becomes effective July 1, 2014. Pursuant to FATCA, brokers, producers, agents and/or clients may need to obtain withholding certificates from insurance companies. For information on how to obtain the applicable withholding certificate from CHUBB U.S. insurance companies, please go to the following web site:

<http://www.acegroup.com/us-en/businesses/foreign-account-tax-compliance-act-fatca.aspx>

DATE: March 2, 2017

Action Requested: Briefing Only

To: Texas Department of Motor Vehicles Board
From: Judy Sandberg, Enterprise Project Management Office Director
Agenda Item: 6a
Subject: Enterprise Projects Update

RECOMMENDATION

This is a briefing only and no decisions or actions are requested.

PURPOSE AND EXECUTIVE SUMMARY

The purpose of this briefing is to provide an update on enterprise projects. The report includes:

- A portfolio trend dashboard to show the combined health of all projects (the portfolio)
- A dashboard for each active project
- A list of projects closed
- Glossary
- Definitions for dashboard indicator colors.

FINANCIAL IMPACT

As shown on the Portfolio Trend dashboard, all active projects are within budget and are on target to end within budget.

BACKGROUND AND DISCUSSION

A new box entitled "Project % Complete" was added to each project dashboard. Information in this box includes project start and end dates and bar graphs showing the percent of scope accomplished, percent of schedule elapsed, and percent of budget spent and encumbered. Generally, the per cents of the three bars should be in alignment or within a range of tolerance. However, the ranges may vary by project depending upon the level of effort required at different points in the life of the project and the cost of that effort.

Project dashboards are provided for the following projects:

1. LACE Replacement
2. Refactored RTS
3. webDEALER
4. Application Migration Server Infrastructure Transformation (AMSIT)
5. Single Sticker Phase II (Remaining Scope: Texas International Registration Plan (TxIRP))
6. Physical Security Project
7. County Equipment Refresh Project (CERP)

Enterprise Projects Update

March 2, 2017



Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.



TXDMV Portfolio Trend

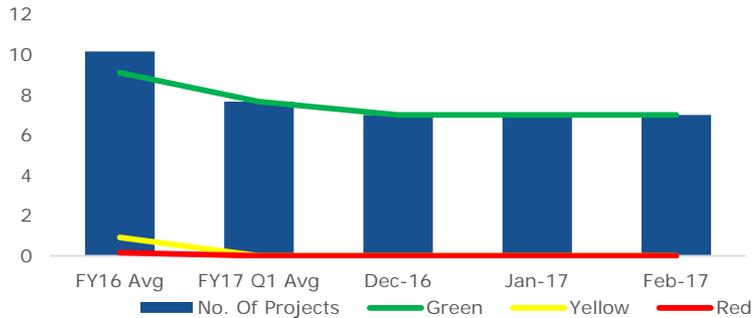
FY17 Portfolio Overall Project Trend



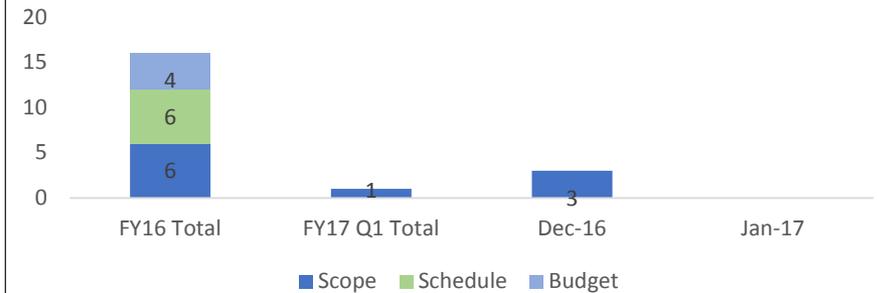
FY17 Portfolio Project Schedule Trend



FY17 Portfolio Project Budget Trend



FY17 Portfolio Project Change Requests





LACE Replacement

LACE Replacement will manage the licensing of dealers, motor vehicle converters, manufacturers etc.; track litigation and enforcement cases.

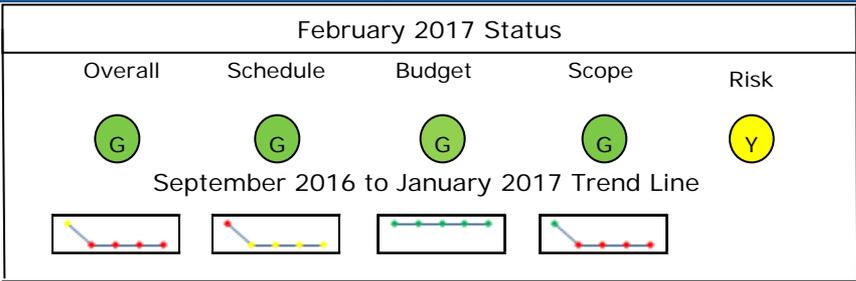
Project Manager – J. Sandberg
 Business Owners – D. Avitia, B. Harbeson, E. Sandoval
 Executive Sponsor – S. Mellott

- ## Benefits to Public
- Improved customer service with a web based, self-service application.
 - Online submittal of protests and complaints.
 - Online tracking of licensee applications, protests, and complaints.

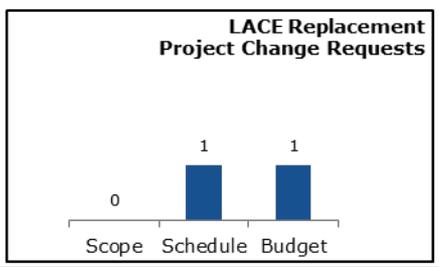
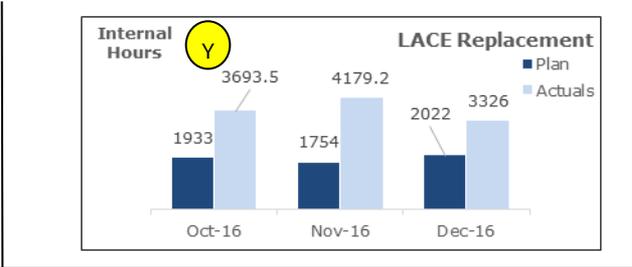
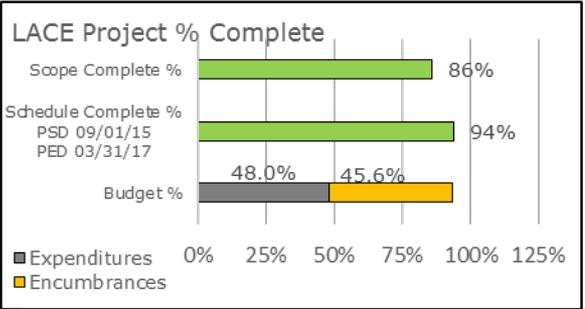
- ## Benefits to Agency
- Reduced support costs and submission errors.
 - Improved data sharing and accuracy.
 - Integrated case management.

LACE Replacement External Budget

Source: Automation
 Total External Budget: \$10,093,862
 Expenditures: \$4,845,865
 Encumbrances: \$4,600,770
 Budget Remaining: \$647,227



Requirements	✓
Design	✓
Development	✓
Test	✓
Deploy	G



- ### Accomplishments – Last 30 Days
- Completed user testing and regression testing.
 - Obtained ESC approval for a soft launch 2/28/17, and full launch on 3/6/17.
 - Obtained ESC approval to “go” with communications and training.
 - Received final build from vendor.
- ### Milestones – Next 30 Days
- Complete Pre-Deployment activities.
 - Obtain final go/no go vote from ESC.
 - Deploy soft launch on 2/28/17 and full launch on 3/6/17.

- ### Risk/Issues
- R₁ – Soft launch on 2/28/17 and full launch on March 6, 2017 may be delayed if unresolvable issues are found during pre-deployment activities.
- R₂ – Internal support may be needed the first week of go-live.
- R₃ – The warranty from 2/28/17 - 3/31/17 may not be enough time to repair the 300 non-green zone defects.
- R₄ – Effective 4/1/17 Tech support transfer to TxDMV

- ### Mitigation/Corrective Action.
- R₁ – Deloitte and TxDMV to follow the checklist/schedule created in collaboration and hold a 2nd table top exercise. Also hold daily technical triage and daily executive triage meetings until go-live.
- R₂ – Deloitte and TxDMV created a Plan and Command Center to sustain internal operations.
- R₃ – Deloitte added staff resources and started repairs the week of 2/13/17.
- R₄ – Develop and follow a Support Plan, and Transition to Maintenance Plan and provide IT with Sales Force Training.

RTS Refactoring, TxDMV Fund and P&H Fee

RTS Refactoring will refresh the RTS technology by modernizing the core RTS system and provide business intelligence reporting capabilities.

Project Manager – T. Beckley
 Business Owner – J. Kuntz
 Executive Sponsor– W. Brewster

Benefits to Public

- Improved customer service (system modernization provides opportunities for increased efficiency when implementing improvements).

Benefits to Agency

- Modernization of the RTS system.
- Business intelligence reporting capabilities.
- Transitions RTS from TxDOT to the TxDMV infrastructure.



RTS Refactoring Budget

Source: Automation
 Total External Budget: \$62,020,840
 Expenditures: \$45,934,879
 Encumbrances: \$14,457,082
 Budget Remaining: \$1,628,879

February 2017 Status

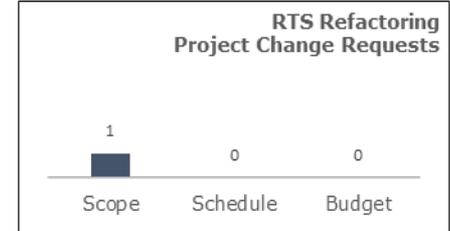
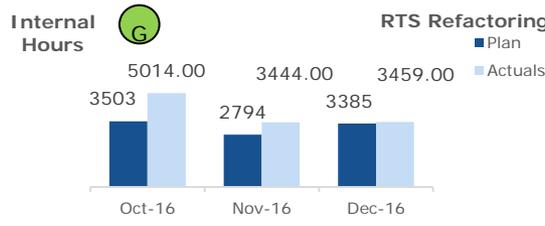
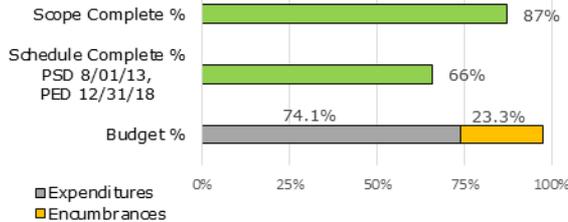


September 2016 to January 2017 Trend Line



	WS2+	WS4-8.8.0	WS4-8.8.3	WS4-8.9.0	WS4-8.10.0
Req	✓	✓	✓	✓	G
Design	✓	✓	✓	✓	
Devel	✓	✓	✓	Y	
Test	✓	✓	G		
Deploy	✓	✓			

RTS Project % Complete



Accomplishments – Last 30 Days

- Continue UAT Release 8.8.3.
- Integration Test for Release 8.9 scheduled to complete on 2/24/17.
- Requirements gathering for Release 8.10.0 scheduled to complete on 2/24/2017.

Milestones – Next 30 Days

- Deploy Release 8.8.3.
- Complete System Testing on RTS Release 8.9.0 by 3/10/17.
- Complete General Design for Release 8.10.0 by 3/17/17.

Risk/Issues

- I₁ – There is no disaster recovery coverage at the Austin Data Center for the Middle Tier.
- I₂ - RTS Release 8.9.0 schedule is running late due to design delays, production support and hot fixes.

Mitigation/Corrective Action

- I₁ – Implement Middle Tier Migration currently scheduled to align with the August RTS release.
- I₂ - Currently executing against recovery plan:
 - Reviewed scheduled hot fixes.
 - Re-tasked Middle Tier resources to focus on hot fixes and 8.9.0 scope to recover schedule.
 - Slipped app dev end date for Middle Tier to 3/17/17.

Single Sticker PII

Single Sticker Phase II has completed implementation of the 90 and 180 day rules in RTS and is now focused on Single Sticker rules within the TxIRP system.

Project Manager – T. Beckley
 Business Owners – J. Kuntz, J. Archer
 Executive Sponsor – W. Brewster

Benefits to Public

- Provides a single "Registration and Safety Inspection" Sticker process.
- Aligns Safety Inspection and Registration time frames.
- Reduces unsafe and environmentally unfriendly vehicles on Texas roads.

Benefits to Agency

- Compliance with HB 2305 and HB 188
- Automates TxIRP solution for Motor Carrier Division.



Single Sticker PII Budget

Source: Automation
 Total External Budget: \$1,245,000
 Expenditures: \$737,679
 Encumbrances: \$457,888
 Budget Remaining: \$49,433

February 2017 Status

Overall Schedule Budget Scope Risks

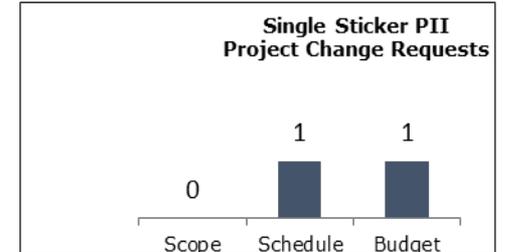
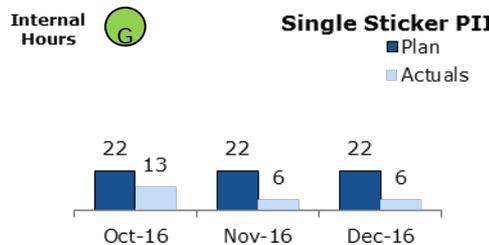
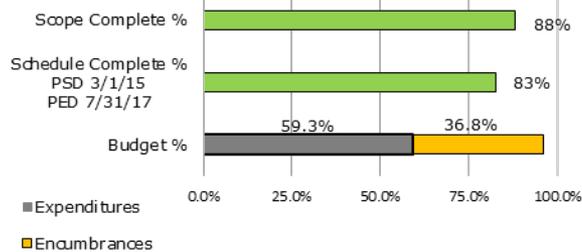


September 2016 to January 2017 Trend Line



	RTS	TxIRP
Req	✓	✓
Design	✓	✓
Devel	✓	✓
Test	✓	G
Deploy	✓	

Single Sticker PII Project % Complete



Accomplishments – Last 30 Days

- Continued execution of TxIRP phase of the project.
- Continue UAT Release 8.8.3 (SS PII).

Milestones – Next 30 Days

- Deploy Release 8.8.3.

Risk/Issues

I₁ – RTS Production Support issues have taken resources away from Single Sticker TxIRP related tasks for Release 8.8.3.

Mitigation/Corrective Action

I₁ – Focus Deloitte resource back on task after support to production issues.

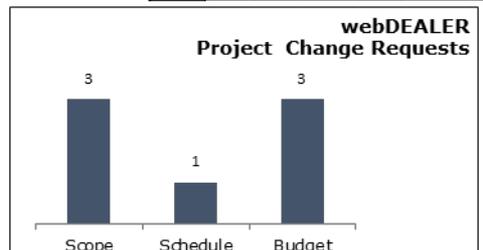
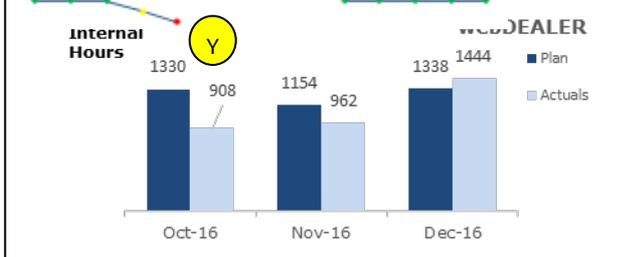
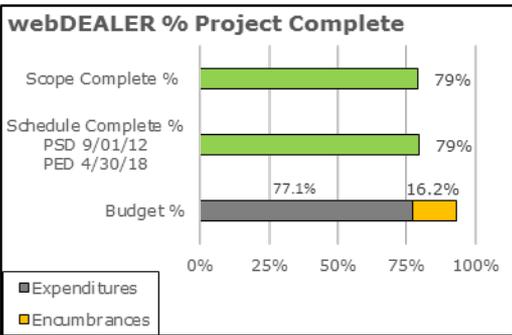


webDEALER	Benefits to Public	Benefits to Agency
webDEALER allows a vehicle title to be created, stored and transferred in electronic form, improving the accuracy of the titling process. Project Manager – G. Wessels Business Owner – T. Thompson Executive Sponsor – J. Kuntz	<ul style="list-style-type: none"> Reduced costs for titling and registration services from motor vehicle sales. Improved titling and registration time by reducing manual processes. 	<ul style="list-style-type: none"> Reduced costs for the county tax office and TxDMV to title and register vehicles. Improved system to track and manage registration and title services from Motor Vehicle Sales. Eliminates RSPS-DTA Processes.

webDEALER Budget

Source: Automation
 Total External Budget: \$6,257,079
 Expenditures: \$4,824,885
 Encumbrances: \$1,013,966
 Budget Remaining: \$418,228

February 2017 Status						New Car Used Car	CFB Adopt Sal	WD DMV Fund	WD P&H Fee	eTags	CP	eTitles
Overall	Schedule	Budget	Scope	Risk	Req	✓	✓	✓	✓	✓	G	G
G	G	G	G	G	Design	✓	✓	✓	✓			
September 2016 to January 2017 Trend Line 						Devel	✓	✓	✓	✓	G	
						Test	✓	✓	✓	✓		
						Deploy	✓	✓	✓	✓		



Accomplishments – Last 30 Days
<ul style="list-style-type: none"> Define Centralized Pay (CP) scope to include Salvage Credit Card (SCC) and OOS eTag. Re-baselined deployment date for new eTag, OOS eTag, and SCC from 10/24/17 to 11/21/17.
Milestones – Next 30 Days
<ul style="list-style-type: none"> Approve design/system requirements for SCC and OOS eTag.

Risk/Issues	Mitigation/Corrective Action
I ₁ – BRD for CP with ACH is 6 weeks late and cannot be defined in time to meet the current QAT project schedule due to complexity and impacts to RTS and IVTRS. webDealer schedule delays are impacting AMSIT and RTS schedules and resources. I ₃ – AMSIT and webDealer have dependencies on the same technical resources and the conflict is affecting project schedules.	I ₁ – Closed. Obtained executive approval to define CP to include SCC and OOS eTag and re-baseline deployment date for eTag/OOS eTag/SCC to provide relief to AMSIT and RTS schedules and preserve webDealer schedule. I ₃ – Closed. Corrective Action for I ₁ allows technical resources more time to complete work required by AMSIT and webDealer.

AMSIT

Benefits to Public

Benefits to Agency



AMSIT plans and implements the separation of TxDMV applications and related IT infrastructure components from TxDOT.

Project Manager – R. Abdeladim
 Business Owner – T. Benavides
 Executive Sponsor – E. Obermier

- Improved agility to meet customers' needs with system autonomy.
- Improved service quality with stabilized environment.

- Streamlined support processes and enhanced automation.
- Improved information security.
- Compliance with state mandates related to Data Center transformation.

AMSIT Budget

Source: Capital
 Total External Budget: \$7,353,955
 Expenditures: \$940,438
 Encumbrances: \$1,428,544
 Budget Remaining: \$4,984,973

February 2017 Status

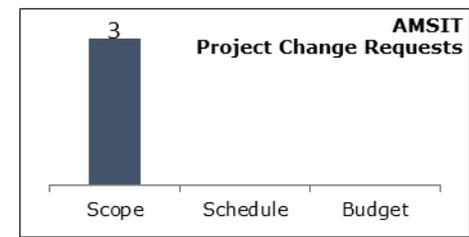
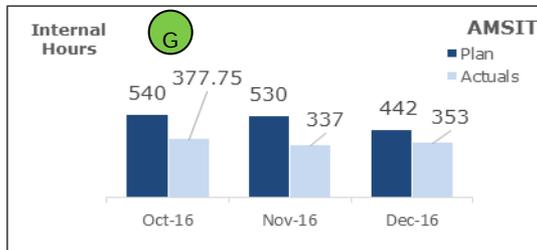
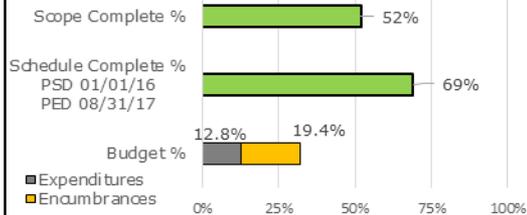


September 2016 to January 2017 Trend Line



Initiating	✓
Planning	G
Executing	G
Closing	

AMSIT Project % Complete



Accomplishments – Last 30 Day

- Completed outreach for shared drive file clean up based on preliminary reports.
- Completed test environment set up with Active Directory for Novell to Windows migration.
- Developed project schedule for WebSub ForgeRock; contract staff onboard to support effort.
- Kicked off Novell to Windows migration.

Milestones – Next 30 Days

- Complete conversion environment set up & configuration.
- Receive NSOC equipment.
- Start WebSub ForgeRock testing.
- Obtain joint ESC decision relating WebDealer/eTag ForgeRock strategy and direction.

Risk/Issues

R₁ – Overall project schedule at risk for completion by 8/31/17 due to contention with webDEALER/eTAG for the same resources.

R₂ – Project end date is at medium risk due to time needed to complete data migration and related technical issues

Mitigation/Corrective Action

R₁ Closed. Executives approved refinement of webDealer Centralized Pay (CP) scope, re-baselined deployment dates for WD eTag and CP scope to 11/21/17 freeing up the resources to work on AMSIT, and authorized approval to extend two staff augmentation contractors by 90 days at a total cost of \$100,000.

R₂ – Project Manager is contacting Vendor Project Manager daily to track and monitor Project Status

Facility Physical Security

Benefits to Public

Benefits to Agency



The Facility Physical Security Project will install an integrated security management system for all 16 Regional Service Centers (RSC).

Project Manager – C. Archer
 Business Owners – W. Diggs
 Executive Sponsor – E. Obermier

- Customer Safety and Security.

- Integrated security management system.
- On-site control panels, monitoring and communication consoles.
- 24-hour security system monitoring.

Facility Physical Security Budget

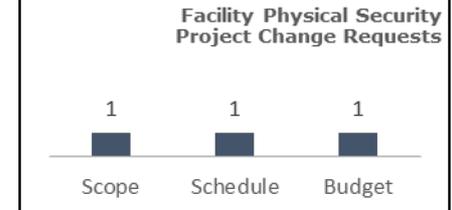
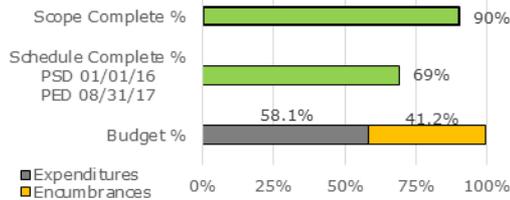
Source: Capital/Overhead
 Total External Budget: \$1,334,196
 Expenditures: \$774,742
 Encumbrances: \$549,799
 Budget Remaining: \$9,654

February 2017 Status



Initiating	✓
Planning	✓
Executing	G
Closing	

Facility Physical Security Project % Complete



Accomplishments – Last 30 Days

- Completed Beaumont RSC Installation.
- Compiled New Badge Photo Procedure Feedback.
- Received ESC vote to stay in current Amarillo TxDMV Server location.

Milestones – Next 30 Days

- Finalize Corpus Christi Installation Schedule.
- Complete Waco RSC Installation.
- Complete Longview RSC Installation.
- Complete Amarillo RSC Installation.

Risk/Issues

- I₁ - The San Antonio RSC move will not be finished by 3/31/17 and may not allow equipment installation by 8/31/17, the contract and project end date.
- I₂ - All project work except San Antonio will be finished by 4/1/17. Project work ceases until San Antonio work can begin, creating a gap for the Contract Project Manager.
- I₃ - Budget for Contract Project Manager is exhausted as of 7/3/17.
- R₁- AT&T connection at Corpus Christi RSC must be established by 2/24/17.

Mitigation/Corrective Action

- I_{1,2,3} - EPMO Director is reviewing budget options, and making recommendations to ESC and Governance Team, who will authorize corrective actions to complete San Antonio RSC.
- R₁ - Project Manager and IT Infrastructure Manager are tracking and monitoring daily.

County Equipment Refresh Project



Benefits to Public

Benefits to Agency

County Equipment Refresh Project (CERP) is a workstation and printer equipment upgrade to the 508 County offices in the state of Texas.

- Improved Customer Service with workstation and printer reliability.

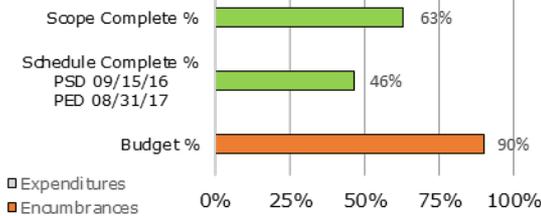
- Improved workstation and printer reliability and reduced maintenance cost.

Project Manager – C. Sturm
 Business Owner – J. Kuntz
 Executive Sponsor – E. Obermier

CERP Budget

Source: County RTS (General Revenue/TxDMV Fund)
 Total External Budget: \$6,408,747
 Expenditures: \$1,348
 Encumbrances: \$5,761,134
 Budget Remaining: \$646,265

CERP % Project Complete



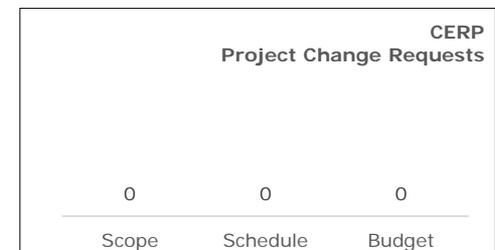
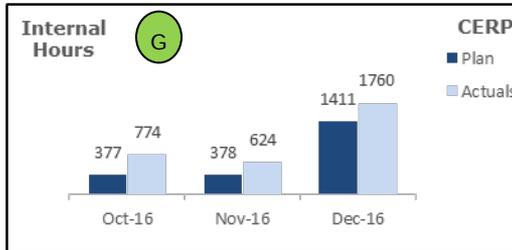
February 2017 Status



September 2016 to January 2017 Trend Line



Initiating	✓
Planning	✓
Executing	G
Closing	



Accomplishments – Last 30 Days

Equipment Installed	Workstations	HP506 Printer	HP605 Printer
Total Equipment per PO	3,000	3,000	40
Remaining Equipment	1,517	1,551	33
Equipment Installed	1,483	1,449	7
Asset Management			
Old Equipment received at CPA	444	434	5
Old Equipment Validated at CPA	444	434	5

Risk/Issues

- R₁ – Timely distribution and collection of equipment by the vendor.
- R₂ – FedEx invoices to multiple county offices.

Mitigation/Corrective Action

- R₁ – TxDMV PM is conducting daily checkpoint meetings to meet an acceptable service level from the vendor.
- R₂ – The vendor is working with Shipper and FedEx to provide proof the invoices are paid.

Milestones – Next 30 Days

2/21-3/11	Total Number of Sites Scheduled	63
	Total Seat Count Scheduled	491
	Total HP506 Printers Scheduled	491
	Total HP605 Printers Scheduled	11

- Deployment scheduled to complete April 15th.



Closed Projects

- ❑ Governance Team Meeting January 21, 2016
 - Regional Office Project
- ❑ Governance Team Meeting March 17, 2016
 - RTS Name Parsing Project
- ❑ Governance Team Meeting July 21, 2016
 - Consolidated Call Center Project
- ❑ Governance Team Meeting October 20, 2016
 - FileNet Project
- ❑ Governance Team Meeting December 21, 2016
 - CAPPS HR Project



Glossary

API – Application Programming Interface	M – Migration	TAC – Tax Assessor Collector
AMSIT – Application Migration Server Infrastructure Transformation	M - Mitigation	TCEQ - Texas Commission on Environmental Quality
BA – Business Analyst	MCD – Motor Carrier Division	TPDF - Texas Project Delivery Framework
BAFO – Best and Final Offer	M/CA – Migration/Corrective Action	TS - Registration and Titling System
BRD - Business Requirements Document	MS - Mitigation Strategy	TxIRP – Texas International Registration Plan
C ³ – Consolidated Call Center	NIM – Nice Information Management	TxDOT – Texas Department of Transportation
CA - Corrective Action	NSOC - Network Security Operations Center	UAT - User Acceptance Testing
CCB - Courtesy Callback	MVD – Motor Carrier Division	VTR – Vehicle Title and Registration Division
DCS – Data Center Services	OAG - Office of Attorney General	WD - webDEALER
CAPPS - Centralized Accounting and Payroll/Personnel System	P&H – Process and Handling	WFM – Work Force Management
CERP – County Equipment Refresh Program	PCR – Project Change Request	WS – Work Stream
CIO - Chief Information Officer	PED – Project End Date	WS2+ – Work Stream 2+
CPO - Chief Projects Officer	PM - Project Manager	WS4 – Work Stream 4
CPA - Comptroller of Public Accounts	PMLC - Project Management Life Cycle	Y – Yellow (Status)
CPU – Central Processing Unit	PMP - Project Management Professional	
CRD – Consumer Relations Division	PO – Purchase Order	
DCS – Data Center Services	POCN - Purchase Order Change Notice	
DEV Development	RQAT - Quality Assurance Team	
DIR - Department of Information Resources	PSD – Project Start Date	
DPS - Department of Public Safety	R – Red (Status)	
DTA – Dealer Title Application	R – Risk	
ENF - Enforcement	R/I – Risk/Issue	
EPMO - Enterprise Project Management Office	R/T - Registration and Title	
ERQ – Enterprise Reporting Quarter	RFO – Request For Offer	
ESC – Executive Steering Committee	RO – Regional Office	
FAQ – Frequently Asked Questions	RSPS – Remote Sticker Printing System	
FTE – Full Time Equivalent	RRTS - Refactored RTS	
G – Green (Status)	RSC – Regional Service Center	
GT – Governance Team	RTS - Registration & Title System	
HB – House Bill	QAT – Quality Assurance Team	
HEB - Howard E Butt Grocery Stores	QTR – Quarter	
HR – Human Resources	SIT – System Integration Test	
I – issue	SAT - System Acceptance Testing	
IAM – Identity and Access Management	SDLC - Systems Development Life Cycle	
IT – Information Technology	SDLC – Software Development Life Cycle	
ITSD – Information Technology Services Division	SMS – Security Management System	
Jama - Product management software developed By Jama S/W Co.	SOP – Standard Operating Procedures	
JIRA – Issue Tracking Software developed By Atlassian	SOW – Statement of Work	
LACE - Licensing, Administration, Consumer Affairs, and Enforcement	SS PII - Single Sticker Phase II	
LAST - Load and Stress Testing		
LPAR – Logical Partition		

Project Category Dashboard Indicators



Category	Blue 	Green 	Yellow 	Red 
Budget	Cost Variance (Budget to Spend ratio) is 0% or less, i.e. does not exceed authorized budget	Cost variance is trending to 0% or less.	Cost variance is trending to exceed authorized budget up by 1 to 14% by project end date	Cost variance is trending to exceed authorized budget by 15% or more by project end date
Schedule	Duration variance is 0% or less and project finished by/before project end date	Project is on schedule to end by approved end date (Schedule Variance is 0% or less)	Project Schedule is behind by 1-2 weeks and/or risk to project end date is low to medium.	Project Schedule is behind by 2 weeks or more and/or risk to project end date is high.
Scope	Chartered scope is delivered, no more, no less unless project change management was applied through governance	Project is on target to deliver chartered scope, no more, no less or project change management was applied through governance	Chartered scope is at medium risk of not being fully delivered by end date or unmanaged scope creep is evident	Chartered scope is at high risk of not being fully delivered by end date or unmanaged scope creep is causing overruns on cost, schedule, and/or LOE
Resources	Actual Level of Effort (LOE) variance is +/-10% of planned LOE.	Actual Level of Effort (LOE) variance is +/-10% of planned LOE.	Actual Level of Effort (LOE) variance is +/-15% of planned LOE.	Actual Level of Effort (LOE) variance is +/-20% of planned LOE
<i>Negative LOE can mean resources are not available as planned</i>				
Risks / Issues (Severity = Probability x Impact)	All Risks/Issues are Mitigated/Addressed or transferred to new owner in closeout report	All risks/issues are severity level low and have mitigation strategies/corrective action plans and owners.	1 or more Risks/Issues related to cost, schedule, or scope has a medium severity level	1 or more Risks/Issues related to cost, schedule, or scope has a high severity level
Overall	All other categories are blue	Budget, Scope and Schedule are green	Budget or Schedule or Scope is yellow	Budget or Schedule or Scope are red

DATE: March 2, 2017
Continued From: -
Action Requested: BRIEFING

To: Texas Department of Motor Vehicles Board
From: Jeremiah Kuntz, Vehicle Titles and Registration Division
Agenda Item: 6.B
Subject: Performance Quality and Recognition Program Update

RECOMMENDATION

This briefing will provide an overview of the Performance Quality and Recognition Program, including an introduction, criteria requirements, application process, and materials (application, certificate, and insignias).

PURPOSE AND EXECUTIVE SUMMARY

Statutory authority under §520.004 requires the department to establish standards for uniformity and service quality for counties. The goal of the Performance Quality Recognition Program is designed to recognize county tax assessor-collectors and their offices for outstanding performance and efficiency in processing registration and title services to the motoring public. The Texas Department of Motor Vehicles understands the importance these services have on the overall satisfaction of Texas motorists. The criteria established is based on best practices that warrant recognition. This program will recognize a variety of items at different levels as specified by Texas Administrative Code. The levels established were Bronze, Silver, and Gold. The department created a working group comprised of department staff (Vehicle Titles and Registration, Office of General Counsel, and nine county tax assessor-collectors) who worked for several months to create the standard applicable for all county populations. The voluntary program will identify offices that implement cost-saving measures, customer satisfaction and feedback programs, and fraud, waste, and abuse awareness and prevention programs.

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

The board adopted Subchapter J, Chapter 217, Administrative Code, at the June 27, 2016, board meeting. The rules required the department to create a program to recognize county tax assessor-collectors and their offices for outstanding performance and efficiency in processing title and registration transactions. Following the adoption of the rules, staff developed the program with input from the Performance Quality and Recognition Program Working Group.

	Policy	Programs and Procedures	Outcome Measures
	Bronze Level	Silver Level	Gold Level
Business Process	R B. 1 The county tax assessor-collector has completed the oath of office	R S.1 TxDMV annual inventory concludes with No Discrepancies Found	R G.1 TxDMV field service representative review concludes with No Concerns
	R B.2 Maintain required bond amounts	R S.2 Participation in GovDelivery (RTBs and notifications system)	R G.2 Participation in GovDelivery by stakeholders (RTBs and notifications system)
	R B.3 Remit registration fee collections on time	S.3 Promote use of webDEALER	G.3 Promote efficient titling by use of webDEALER
	R B.4 Remit motor vehicle sales tax and penalties on time	S.4 Promote customer efficiencies by use of webSUB	G.4 Alternate business hours through use of webSUB
	R B.5 Charges only fees allowed	S.5 Monitor and maintain turnaround time for mailed renewals	G.5 Average mailed renewal turnaround time
	R B.6 Contact information provided to TxDMV	S.6 Monitor and maintain turnaround time for titles	G.6 Average title turnaround time
Fraud Prevention	R B.7 Have a fraud, waste, and abuse prevention policy	R S.7 Have a fraud, waste, and abuse prevention and training program	R G.7 Percentage of staff participation in the county tax assessor-collector's fraud, waste, and abuse training
	R B.8 Staff required to complete non-disclosure agreement for Driver's Privacy Protection Act (DPPA)	R S.8 Controls and procedures to prevent theft and misappropriation of funds	G.8 Establish an annual anti-fraud promotion event
		S.9 Work closely with and assist local law enforcement	G.9 Expand local law enforcement partnership
Customer Service	R B.9 Dedicated county tax assessor-collector office website	R S.10 Offers customer surveys to collect customer satisfaction	R G.10 Customer satisfaction ratings
	R B.10 Compact with citizens	R S.11 Publish motor vehicle services and information on the county tax assessor-collector's website	G.11 County website analytics
		S.12 Partnership with other counties to encourage information sharing	G.12 Demonstrated information sharing between counties
		S.13 Engage in outreach activities to notify customers about motor vehicle services	G.13 Results of public outreach activities
		S.14 Use queuing system/equipment to manage customer wait times	G.14 Average customer wait times
		S.15 Provide motor vehicle service information to non-English speaking customers	G.15 Staff availability to assist non-English speaking customers
		S.16 Alternate county business hours	G.16 Report on customers served during alternative business hours
		S.17 Customer service workflow efficiencies	G.17 Alternative customer service locations
Training	R B.11 Commitment to training	R S.18 Staff participation in TxDMV webinars related to policies or procedures	R G.18 Percentage of staff participation in TxDMV webinars
	R B.12 Maintain accurate RTS and TxDMV eLearning user access	R S.19 County tax assessor-collector receives continuing education credits through the TxDMV webinars	R G.19 County tax assessor-collector completion of professional training
		R S.20 County tax assessor-collector staff conducts on-site spot checks of all county and deputy locations	G.20 Proper notation to prevent NMVTIS error 910 (5% error rate)
		S.21 Staff participation in training or certification programs	G.21 Completion of all TxDMV eLearning modules
		S.22 Staff provided information technology (IT) security practices or training	G.22 Percentage of staff participation in IT security training

DATE: March 2, 2017

Action Requested: BRIEFING ONLY

To: Texas Department of Motor Vehicles Board
From: Bill Harbeson, Director – Enforcement Division
Agenda Item: 6.C
Subject: MOU For Enforcement Staff Relocation - Tarrant County Office

RECOMMENDATION

NO ACTION REQUIRED – BRIEFING ONLY

PURPOSE AND EXECUTIVE SUMMARY

Briefing the Board on plans to relocate personnel of the Enforcement division to space shared with Tarrant County law enforcement.

FINANCIAL IMPACT

None. The relocation will be accomplished through a zero-cost Memorandum of Understanding (MOU - copy enclosed in the Board materials).

BACKGROUND AND DISCUSSION

The staff wishes to inform the Board that we are executing an MOU to relocate a staff member of the Enforcement division from TxDMV space in the Fort Worth office to shared space with Tarrant County law enforcement, including the regional Auto Crimes Task Force. This will enable closer cooperation on issues of shared interest between the department and local and regional law enforcement agencies.

This arrangement is the second of its kind. The department currently has a similar agreement with Galveston County Auto Theft Task Group which has been in existence for two years. The co-location of a TxDMV investigator with motor vehicle theft investigators in Galveston has proven to be very beneficial for both the agency and law enforcement. The success of that agreement was impetus for Fort Worth Commander to push for this agreement.

Memorandum of Understanding (MOU)
Between Tarrant County Sherriff's Office and Texas Department of Motor Vehicles

This MOU is entered by and the between the Tarrant County Sheriff's Office, the Tarrant County Auto Crimes Task Force (TCACTF) (Collectively TCSO) and the Texas Department of Motor Vehicles (TxDMV), to establish and maintain an employee of the TxDMV in the offices of the TCSO'S Tarrant County Auto Crimes Task Force for the purpose of sharing information and expertise and providing other cooperation, as practicable understanding the respective responsibilities of the parties, for the mutual benefit of both the TxDMV and the TCSO.

I. Parties

Tarrant County Sheriff's Office
Texas Department of Motor Vehicles

For the purpose of providing notice or other communication under this MOU, TSCO's representative will be the Chief Deputy of the Tarrant County Auto Crimes Task Force, and the TxDMV's representative will be the Director of the Enforcement Division, TxDMV.

II. Term

This MOU begins once signed by both parties and will continue until termination with 30 day notice in writing of intent to terminate. There are no fees involved for either party.

III. Facilities and Equipment

- A. Tarrant County Sheriff's Office and TCACTF will provide office space for one TxDMV employee, including internet connections and telephone service.
- B. TxDMV will provide a desk top telephone compatible with the Tarrant County Sheriff's Office to be connected to the Tarrant Sheriff's telephone network and internet access at no costs to the TxDMV. The TxDMV will also provide a computer and necessary accessories necessary for the TxDMV employee.
- C. TxDMV will provide office furniture for the TxDMV employee.
- D. TxDMV will have 24/7 access to the office space where the TxDMV employee will be working.

IV. Sharing Information

The parties will share information as necessary to fulfill the intent of this MOU. Each party will promptly notify the other party of any changes that may reasonably affect the operations of the other party, and both parties will cooperate fully to manage those changes.

The parties shall cooperate fully in preparing any reports required by local, state and federal authorities arising from activities where both parties have participated.

Each party will treat the other party's information as confidential.

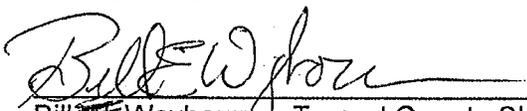
V. Responsibilities of the parties

This MOU does not create a partnership, joint venture, or other joint enterprise. Each party acknowledges that neither it nor its employees are agents, servants, representatives or employees of the other party. Each party is solely responsible for its own acts and for those of its agents, servants, representatives and employees.

VI. Amendments

This MOU may only be amended or supplemented by a prior written amendments executed by both parties prior to the expiration of the MOU.

Executed by the parties or their representatives, this MOU is effective on the date of the last signatory of the parties.



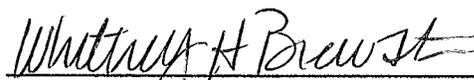
Bill ~~Waybourn~~ Waybourn - Tarrant County Sheriff
E.

2-17-17
Date



Tim Canas - Chief Deputy - TCACTF

2-17-17
Date



Texas Department of Motor Vehicles (TxDMV)
Whitney Brewster, Executive Director

02-22-17
Date

DATE: March 2, 2017

Action Requested: Briefing

To: Texas Department of Motor Vehicles Board
From: Jeremiah Kuntz, Vehicle Titles and Registration Division
Agenda Item: 6.D
Subject: Centralized Registration Fulfillment Update

RECOMMENDATION

This briefing will provide an overview of the centralized fulfillment of online registration renewal process.

PURPOSE AND EXECUTIVE SUMMARY

Centralized fulfillment of online registration renewals was successfully implemented on November 1, 2016, for registrations expiring January 2017 and later. All registration renewals conducted online beginning with January 2017 registration expirations are now processed and fulfilled by the Texas Department of Motor Vehicles (TxDMV) and its centralized vendor rather than the counties. This initiative included the launch of the sticker tracking tool where customers may track the status of their stickers on the TxDMV website. The tool provides the following statuses: Payment Pending, In Process, and Mailed. As of January 31, a total of 215,879 stickers have been processed through centralized fulfillment.

Centralized fulfillment transactions by month:

November 2016	512
December 2016	34,902
January 2017	180,465

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

The board adopted Subchapter B, Chapter 217, Administrative Code, at the June 27, 2016, board meeting. The rules required the department to assume responsibility and cost for the printing and mailing of online registration renewal stickers.

DATE: March 2, 2016

Action Requested: BRIEFING

To: Texas Department of Motor Vehicles Board
From: Caroline Love, Government & Strategic Communications Division Director
Agenda Item: #7
Subject: 85th Legislative Session Update

PURPOSE AND EXECUTIVE SUMMARY

Provide the Board an update on bills of interest being considered by the 85th Legislature. Provide a status of the legislation being considered related to the Texas Department of Motor Vehicles Board Recommendations to the 85th Legislature as adopted in November 2016.

BACKGROUND AND DISCUSSION

The briefing includes the status of the draft language and discussions that have occurred with members of the legislature for potential filing. Key dates throughout the legislative session are included as well. The Government and Strategic Communications Division will be providing regular updates throughout the session on the status of the approved agenda items.



Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

85th Legislative Session Update

Agenda Item 7

March 2, 2017

85th Legislative Session Update

I. TxDMV Board 85th Legislative Agenda

The Texas Department of Motor Vehicles (TxDMV) Board is charged with considering opportunities to improve the operations of the department and recommending statutory changes to the Texas Legislature under Texas Transportation Code, Section 1001.025. TxDMV's Government and Strategic Communications Division worked with all the department's divisions and offices to identify statutory changes the board could recommend. Those changes were also evaluated by stakeholders.

The TxDMV Board adopted a set of legislative recommendations in November 2016. These recommendations were then presented to the Office of the Governor, Lt. Governor, and Speaker; as well as the chairs of the Senate and House* Transportation Committees for further drafting through Texas Legislative Council and consideration for filing. (**The recommendations were presented to both Representative Joe Pickett, Chair of House Transportation as of January 2017; and then to Representative Geanie Morrison, appointed Chair of House Transportation in February 2017.*)

The status of the recommendations and related legislation are as follows:

II. Registration Code Changes

- Status: In drafting
- Summary: Several clean up items, as well as further defining when a county tax assessor-collector office's transactions can be performed by a different county to allow for continuity of services for customers. This recommendation also includes language allowing for printed receipts from online vehicle registration renewal transactions to serve as proof of registration for 30 days (to allow the actual sticker time to be received through the mail). There are also changes resulting from an internal audit recommendation associated with when counties remit registration fees to the state to align the statute with when fees are processed by the system currently and adjust the time frames accordingly.

III. Permanent Token Trailer Registration

- Status: In drafting
- Summary: This recommendation was also made to the 84th Legislature is to make the token trailer license plate permanent and change the associated registration fee.

IV. Motor Carrier Registration & Enforcement Changes

- Status: In drafting
- Summary: Includes many of the recommendations from the 84th Legislative Session to promote greater efficiency and safety of the motoring public in TxDMV operations as it relates to the motor carrier industry and regulation of the industry. The language covers enforcement of chameleon carriers (i.e., a carrier who changes names or operates under various aliases to continue operations without remedying previous penalties or sanctions, often related to safety), provisions related to renewals and re-application of registration for motor carriers; a requirement for household goods movers to file all tariffs (i.e., what the mover charges a consumer) with the TxDMV rather than just the current requirement of only tariffs for moves between municipalities; and other clarifications.

V. Title Act Changes

- Status: In drafting
- Summary: Recommending changing statute to allow the “Certified Copy of Original Title” (CCO) to serve as the only valid proof of ownership and other various clarifications in statute. This also includes a new recommendations changing statute to reference and conform to the appropriate Code of Federal Regulations regarding odometer disclosure statement requirements (NOTE: very similar language has been filed in **H.B. 1693 by Rep. Jay Dean** on behalf of a stakeholder).

VI. Lemon Law

- Status: **H.B. 2070 by Rep. John Smithee**, Chairman of the House Judiciary and Civil Jurisprudence Committee
- Summary: This recommendation would provide some statutory clarifications; as well and simplify a vehicle’s qualifications for Lemon Law status. This

recommendation would help Texas statutes reflect practices adopted in other states.

VII. Seized Disabled Parking Placard Process

- Status: **H.B. 1790 by Rep. Joe Pickett**
- Summary: Clarifies TxDMV's role when disabled parking placards are seized by law enforcement.

VIII. Vehicle Size & Weight Administrative Changes

- Status: In drafting, with one portion filed in **H.B. 1795 by Rep. Joe Pickett** as noted below.
- Summary: Pursues several recommendations from the 84th Legislative Session clarifying the responsibilities of shippers and that the department can deny an oversize/overweight (OS/OW) permit if the carrier is "out-of-service" for safety reasons with the Federal Motor Carrier Administration.
 - The recommendation also includes language to streamline the OS/OW permitting process and provide revenues to cover the costs associated with the operation of the program through depositing 10% each OS/OW permit fee to the TxDMV Fund. This provision would apply only to those OS/OW permits established by the 85th Legislature or after or if the Legislature designates otherwise. A standalone bill containing only this provision,
H.B. 1795, has been filed.

IX. Size & Weight Vehicle Specific Changes

- Status: **H.B. 1789 by Rep. Joe Pickett**
- Summary: This recommendation conforms Texas statutes with federal laws after passage of the recent Fixing America's Surface Transportation (FAST) Act as it relates to several motor vehicle size and weight limitations.

X. Notification to Demolish Vehicle Process Changes

- Status: In drafting
- Summary: This recommendation clarifies the fee for a certificate of authority to dispose of a vehicle to a demolisher is \$10, which also removes a redundant requirement that the department must send notice to an applicant who has been

identified as the owner of a vehicle. This recommendation is based upon feedback from the industry and stakeholders.

XI. TxDMV Own/Control Real Property

- Status: In drafting
- Summary: The department has been working closely with the Office of the Governor and the Texas Department of Transportation (TxDOT) to identify a solution for housing TxDMV headquarters operations. Language is recommended allowing TxDMV to accept property from TxDOT, and for TxDMV to maintain, improve and have control over such property. The transfer from TxDOT would apply only to the Camp Hubbard location in Austin, where TxDMV headquarters is currently housed

XII. 85th Legislature Key Dates

The 85th Legislature started Tuesday, January 10th at noon. This kicked off the 140 day process for the regular session. The department has participated in the following preliminary committee hearings to date:

- Senate Finance Committee on February 13, 2017: TxDMV and the Auto Burglary and Theft Prevention Authority (ABTPA) provided testimony on how the introduced budget impacts the department and operations.
- House Appropriations Subcommittee on Article VI, VII, and VIII (TxDMV's budget is included in Article VII) on February 20, 2017: TxDMV and ABTPA provided testimony on how the introduced budget impacts the department and operations.
- Senate Transportation Committee on February 22, 2017: TxDMV will provide testimony with an overview of the department as well as a summary of the legislative recommendations adopted by the board.

Some key dates occurring during the 85th Legislative Session include:

- Friday, Mar. 10, 2017: 60th Day, last day to file general bills
- Monday, May 29, 2017: 140th day, the last day of session

- Sunday, Jun. 18, 2017: 20th day following final adjournment, the last day the Governor can sign or veto bills
- Monday, Aug. 28, 2017: 91st day following final adjournment and the date in which bills without specific effective dates become law

The Government and Strategic Communications Division will be providing regular updates throughout the session on the status of the approved agenda items as well as legislation being considered with significant impacts to the department.

Date: March 2, 2017
Action Requested: APPROVAL

To: Board of the Texas Department of Motor Vehicles (TxDMV)
From: Linda M. Flores, Chief Financial Officer; and Jeremiah Kuntz, Director, Vehicles Titles and Registration
Agenda Item: 8
Subject: Proposal of Rule under Title 43, Texas Administrative Code, Chapter 209, Finance Amendments, §209.2, Charges for Dishonored Checks

RECOMMENDATION

Approval to publish the proposed amendments in the *Texas Register* for public comment.

PURPOSE AND EXECUTIVE SUMMARY

The purpose of these amendments will be to provide a mechanism for the TxDMV to be reimbursed for any charges passed on to the agency by Texas.gov's financial institution in the event of an electronic payment that is rejected for lack of sufficient funds.

FINANCIAL IMPACT

There will be no major fiscal implications related to the proposed amendments.

BACKGROUND AND DISCUSSION

The proposed amendments add language to provide a mechanism for the collection of any charges assessed for a dishonored electronic payment by a banking institution to the operator of Texas.gov that are passed on to the TxDMV.

If the proposed amendments are approved by the board, staff anticipates publication of the proposed amendments in the *Texas Register* on or about March 24, 2017. Comments on the proposed amendments will be accepted until 5:00 p.m. on April 24, 2017.

BOARD OF THE TEXAS DEPARTMENT OF MOTOR VEHICLES

RESOLUTION APPROVING PUBLICATION OF PROPOSED AMENDMENTS
43 TAC SECTION 209.2, CHARGES FOR DISHONORED CHECKS

The Board of the Texas Department of Motor Vehicles (board) finds it necessary to amend Chapter 209, Finance, §209.2, Charges for Dishonored Checks.

The preamble and the proposed amendments are attached to this resolution as Exhibits A-B, and are incorporated by reference as though set forth verbatim in this resolution, except that they are subject to technical corrections and revisions, approved by the General Counsel, necessary for compliance with state or federal law or for acceptance by the Secretary of State for filing and publication in the *Texas Register*.

IT IS THEREFORE ORDERED by the board that the attached rule is authorized for publication in the *Texas Register* for the purpose of receiving public comment.

The department is directed to take the necessary steps to implement the actions authorized in this order pursuant to the requirements of the Administrative Procedure Act, Government Code, Chapter 2001.

Raymond Palacios, Jr., Chairman
Board of the Texas Department of Motor Vehicles

1 Proposed Preamble

2 The Texas Department of Motor Vehicles (department) proposes
3 amendments to Chapter 209, Finance, Subchapter A, Collection of
4 Debts, §209.2, Charges for Dishonored Checks.

5
6 EXPLANATION OF PROPOSED AMENDMENTS

7 Proposed amendments to §209.2 add language to provide a
8 mechanism for the collection of any charges assessed for a
9 dishonored electronic payment by a banking institution to the
10 operator of Texas.gov that are passed on to the Texas Department
11 of Motor Vehicles.

12
13 FISCAL NOTE

14 Linda M. Flores, Chief Financial Officer, has determined that
15 for each of the first five years the amendments as proposed are
16 in effect, there will be no fiscal implications for state or
17 local governments as a result of enforcing or administering the
18 proposed amendments.

19
20 Jeremiah Kuntz, Director of Vehicles Titles and Registration,
21 has determined that there will be no significant impact on local
22 economies or overall employment as a result of enforcing or
23 administering the proposed amendments.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

PUBLIC BENEFIT AND COST

Mr. Kuntz has also determined that for each year of the first five years the amendments are in effect, the public benefit anticipated as a result of enforcing or administering the amendment will be enabling the department to offer Automated Clearing House payment options in the department's title and registration systems without bearing the burden of charges for dishonored electronic payment. Passing the cost ensures the responsible party (the customer with the dishonored payment) pays the extra cost that they incurred. There are no anticipated economic costs for persons required to comply with the amendments as proposed. There will be no adverse economic effect on small businesses or micro-businesses.

TAKINGS IMPACT ASSESSMENT

The department has determined that this proposal affects no private real property interests and that this proposal does not restrict or limit an owner's right to property that would otherwise exist in the absence of government action, and so does not constitute a taking or require a takings impact assessment under Government Code, §2007.043.

1 SUBMITTAL OF COMMENTS

2 Written comments on the proposed amendments may be submitted to
3 David D. Duncan, General Counsel, Texas Department of Motor
4 Vehicles, 4000 Jackson Avenue, Austin, Texas 78731 or by email
5 to *rules@txdmv.gov*. The deadline for receipt of comments is
6 5:00 p.m. on April 24, 2017.

7

8 STATUTORY AUTHORITY

9 The amendments are proposed under Transportation Code,
10 §1002.001, which provides the board of the Texas Department of
11 Motor Vehicles with the authority to adopt rules that are
12 necessary and appropriate to implement the powers and duties of
13 the department.

14

15 CROSS REFERENCE TO STATUTE

16 Business and Commerce Code, §3.506.

1 SUBCHAPTER A. COLLECTION OF DEBTS

2 §209.2. Charges for Dishonored Checks.

3 (a) Purpose. Business and Commerce Code, §3.506, authorizes
4 the holder of a dishonored check, seeking collection of the face
5 value of the check, to charge the drawer or endorser of the
6 check a reasonable processing fee, not to exceed \$30. This
7 section prescribes policies and procedures for the processing of
8 dishonored checks made payable to the department and the
9 collection of fees because of the dishonor of a check made
10 payable to the department.

11 (b) Definitions. The following words and terms, when used
12 in this section, shall have the following meanings, unless the
13 context clearly indicates otherwise.

14 (1) Department--The Texas Department of Motor
15 Vehicles.

16 (2) Dishonored check--A check, draft, order,
17 electronic payment, or other payment device that is drawn or
18 made upon a bank or other financial institution, and that is not
19 honored upon presentment because the account upon which the
20 instrument has been drawn or made does not exist or is closed,
21 or does not have sufficient funds or credit for payment of the
22 instrument in full.

23 (c) Processing of dishonored checks. Upon receipt of notice

1 from a bank or other financial institution of refusal to honor a
2 check made payable to the department, the department will
3 process the returned check using the following procedures.

4 (1) The department will send a written notice by
5 certified mail, return receipt requested, to the drawer or
6 endorser at the drawer or endorser's address as shown on:

7 (A) the dishonored check;

8 (B) the records of the bank or other financial
9 institution; or

10 (C) the records of the department.

11 (2) The written notice will notify the drawer or
12 endorser of the dishonored check and will request payment of the
13 face amount of the check, any payment processor charges, and a
14 \$30 processing fee no later than 10 days after the date of
15 receipt of the notice. The written notice will also contain the
16 statement required by Penal Code, §32.41(c)(3).

17 (3) The face amount of the check, any payment
18 processor charges, and the processing fee must be paid to the
19 department:

20 (A) with a cashier's check or money order, made
21 payable to the Texas Department of Motor Vehicles; or

22 (B) with a valid credit card, approved by the
23 department, and issued by a financial institution chartered by a

1 state or the United States, or a nationally recognized credit
2 organization.

3 (4) Payments made by credit card must include the fee
4 required by §209.23 of this chapter (relating to Methods of
5 Payment).

6 (5) If payment is not received within 10 days after
7 the date of receipt of the notice, the obligation will be
8 considered delinquent and will be processed in accordance with
9 §209.1 of this title (relating to Collection of Debts).

10 (d) Supplemental collection procedures. In addition to the
11 procedures described in §209.1, the department may notify
12 appropriate credit bureaus or agencies if the drawer or endorser
13 fails to pay the face amount of a dishonored check, any payment
14 processor charges, and the processing fee, or may refer the
15 matter for criminal prosecution.

16 (e) Any payment to the department from the drawer or
17 endorser of a dishonored check will be applied first to the
18 processing fee.

Date: March 2, 2017
Action Requested: APPROVAL

To: Board of the Texas Department of Motor Vehicles (TxDMV)
From: William P. Harbeson, Director, Enforcement Division
Agenda Item: 9
Subject: Proposal of Rule under Title 43, Texas Administrative Code, Chapter 215, Motor Vehicle Distribution Amendments, §215.140, Established and Permanent Place of Business

RECOMMENDATION

Approval to publish the proposed amendments in the *Texas Register* for public comment.

PURPOSE AND EXECUTIVE SUMMARY

The purpose of the amendments is to clarify that the premises requirements apply to each dealer when multiple dealers are licensed at the same location.

FINANCIAL IMPACT

There will be no fiscal implications related to the proposed amendments.

BACKGROUND AND DISCUSSION

The proposed amendments clarify for motor vehicle dealer license applicants the requirements for conducting business as a dealer and impend dealers' intent on violating the off-site sales law from using a single office at which multiple dealers will be licensed.

If the proposed amendments are approved by the board, staff anticipates publication of the proposed amendments in the *Texas Register* on or about March 24, 2017. Comments on the proposed amendments will be accepted until 5:00 p.m. on April 24, 2017.

BOARD OF THE TEXAS DEPARTMENT OF MOTOR VEHICLES

RESOLUTION APPROVING PUBLICATION OF PROPOSED AMENDMENTS
43 TAC SECTION 215.140, ESTABLISHED AND PERMANENT PLACE OF BUSINESS

The Board of the Texas Department of Motor Vehicles (board) finds it necessary to amend Chapter 215, Motor Vehicle Distribution, §215.140, Established and Permanent Place of Business.

The preamble and the proposed amendments are attached to this resolution as Exhibits A-B, and are incorporated by reference as though set forth verbatim in this resolution, except that they are subject to technical corrections and revisions, approved by the General Counsel, necessary for compliance with state or federal law or for acceptance by the Secretary of State for filing and publication in the *Texas Register*.

IT IS THEREFORE ORDERED by the board that the attached rule is authorized for publication in the *Texas Register* for the purpose of receiving public comment.

The department is directed to take the necessary steps to implement the actions authorized in this order pursuant to the requirements of the Administrative Procedure Act, Government Code, Chapter 2001.

Raymond Palacios, Jr., Chairman
Board of the Texas Department of Motor Vehicles

1 Proposed Preamble

2 The Texas Department of Motor Vehicles (department) proposes
3 amendments to Chapter 215, Motor Vehicle Distribution,
4 Subchapter E, General Distinguishing Numbers, §215.140,
5 Established and Permanent Place of Business.

6
7 EXPLANATION OF PROPOSED AMENDMENTS

8 Amendments are proposed to §215.140 to clarify the premises
9 requirements apply to each dealer when multiple dealers are
10 licensed at the same location.

11
12 FISCAL NOTE

13 Linda M. Flores, Chief Financial Officer, has determined that
14 for each of the first five years the amendments as proposed are
15 in effect, there will be no fiscal implications for state or
16 local governments as a result of enforcing or administering the
17 proposed amendments.

18
19 William P. Harbeson, Director of the Enforcement Division, has
20 determined that there will be no impact on local economies or
21 overall employment as a result of enforcing or administering the
22 proposed amendments.

23

1 PUBLIC BENEFIT AND COST

2 Mr. Harbeson has also determined that for each year of the first
3 five years the amendments are in effect, the public benefit
4 anticipated as a result of enforcing or administering the
5 amendments will be clarifying for applicants for motor vehicle
6 dealer licenses the requirements for conducting business as a
7 dealer, and impending dealers intent on violating the off-site
8 sales law from using a single office at which multiple dealers
9 will be licensed. There are no anticipated economic costs for
10 persons required to comply with the amendments as proposed.
11 There will be no adverse economic effect on small businesses or
12 micro-businesses.

13

14 TAKINGS IMPACT ASSESSMENT

15 The department has determined that this proposal affects no
16 private real property interests and that this proposal does not
17 restrict or limit an owner's right to property that would
18 otherwise exist in the absence of government action, and so does
19 not constitute a taking or require a takings impact assessment
20 under Government Code, §2007.043.

21

22 SUBMITTAL OF COMMENTS

23 Written comments on the proposed amendments may be submitted to

Texas Department of Motor Vehicles
Chapter 215, Motor Vehicle Distribution

1 David D. Duncan, General Counsel, Texas Department of Motor
2 Vehicles, 4000 Jackson Avenue, Austin, Texas 78731 or by email to
3 *rules@txdmv.gov*. The deadline for receipt of comments is 5:00
4 p.m. on April 24, 2017.

5

6 STATUTORY AUTHORITY

7 The amendments are proposed under Transportation Code, §1002.001,
8 which provides the board of the Texas Department of Motor
9 Vehicles (board) with the authority to adopt rules that are
10 necessary and appropriate to implement the powers and the duties
11 of the department under the Transportation Code; and more
12 specifically, Transportation Code, §503.002, which authorizes the
13 board to adopt rules to administer Chapter 503, Dealer's and
14 Manufacturer's Vehicle License Plates.

15

16 CROSS REFERENCE TO STATUTE

17 Transportation Code, §§503.029, 503.030, and 503.032.

1 SUBCHAPTER E. GENERAL DISTINGUISHING NUMBERS

2 §215.140. Established and Permanent Place of Business.

3 A dealer must meet the following requirements at each licensed
4 location and maintain the requirements during the term of the
5 license. If multiple dealers are licensed at a location, each
6 dealer must maintain the following requirements during the
7 entire term of the license.

8 (1) Business hours for retail dealers.

9 (A) A retail dealer's office shall be open at
10 least four days per week for at least four consecutive hours per
11 day.

12 (B) The retail dealer's business hours for each
13 day of the week must be posted at the main entrance of the
14 retail dealer's office that is accessible to the public. The
15 owner or a bona fide employee of the retail dealer shall be at
16 the retail dealer's licensed location during the posted business
17 hours for the purposes of buying, selling, exchanging, or
18 leasing vehicles. If the owner or a bona fide employee is not
19 available to conduct business during the retail dealer's posted
20 business hours due to special circumstances or emergencies, a
21 separate sign must be posted indicating the date and time the
22 retail dealer will resume operations. Regardless of the retail
23 dealer's business hours, the retail dealer's telephone must be

1 answered from 8:00 a.m. to 5:00 p.m. weekdays by a bona fide
2 employee, answering service, or answering machine.

3 (2) Business hours for wholesale motor vehicle
4 dealers. A dealer that holds only a wholesale motor vehicle
5 dealer's license must post its business hours at the main
6 entrance of the wholesale motor vehicle dealer's office. A
7 wholesale motor vehicle dealer shall be at the wholesale motor
8 vehicle dealer's licensed location at least two weekdays per
9 week for at least two consecutive hours per day. Regardless of
10 the wholesale motor vehicle dealer's business hours, the
11 wholesale motor vehicle dealer's telephone must be answered from
12 8:00 a.m. to 5:00 p.m. weekdays by a bona fide employee,
13 answering service, or answering machine.

14 (3) Business sign requirements for retail dealers. A
15 retail dealer must display a conspicuous, permanent sign with
16 letters at least six inches in height showing the retail
17 dealer's business name or assumed name substantially similar to
18 the name reflected on the retail dealer's license under which
19 the retail dealer conducts business. The sign must be
20 permanently mounted at the address listed on the application for
21 the retail dealer's license. A retail dealer may use a temporary
22 sign or banner if that retail dealer can show proof that a sign
23 that meets the requirements of this paragraph has been ordered.

1 (4) Business sign requirements for wholesale motor
2 vehicle dealers. A wholesale motor vehicle dealer must display a
3 conspicuous, permanent sign with letters at least six inches in
4 height showing the wholesale motor vehicle dealer's business
5 name or assumed name substantially similar to the name reflected
6 on the wholesale motor vehicle dealer's license under which the
7 wholesale motor vehicle dealer conducts business. The sign must
8 be permanently mounted on the business property and shall be on
9 the main door to the wholesale motor vehicle dealer's office or
10 on the outside of the building that houses the wholesale motor
11 vehicle dealer's office. If the wholesale motor vehicle dealer's
12 office is located in an office building with one or more other
13 businesses and an outside sign is not permitted by the landlord,
14 a business sign permanently mounted on or beside the main door
15 to the wholesale motor vehicle dealer's office with letters at
16 least two inches in height is acceptable. A wholesale motor
17 vehicle dealer may use a temporary sign or banner if the
18 wholesale motor vehicle dealer can show proof that a sign that
19 meets the requirements of this paragraph has been ordered.

20 (5) Office structure for a retail dealer and a
21 wholesale motor vehicle dealer.

22 (A) A dealer's office must be located in a
23 building with connecting exterior walls on all sides.

1 (B) A dealer's office must comply with all
2 applicable local zoning ordinances and deed restrictions.

3 (C) A dealer's office may not be located within a
4 residence, apartment, hotel, motel, or rooming house.

5 (D) The physical address of the dealer's office
6 must be recognized by the U.S. Postal Service or capable of
7 receiving U.S. mail. The department will not mail a license or a
8 metal dealer's license plate to an out of state address.

9 (E) A portable-type office structure may qualify
10 as an office only if the structure meets the requirements of
11 this section and is not a readily moveable trailer or other
12 vehicle.

13 (6) Required office equipment for a retail dealer and
14 a wholesale motor vehicle dealer. At a minimum, a dealer's
15 office must be equipped with:

16 (A) a desk;

17 (B) two chairs;

18 (C) internet access; and

19 (D) a working telephone number listed in the
20 business name or assumed name under which the dealer conducts
21 business.

22 (7) Number of retail dealers in one office. Not more
23 than four retail dealers may be located in the same business

1 structure. Each retail dealer located in the same business
2 structure must meet the requirements of this section.

3 (8) Number of wholesale motor vehicle dealers in one
4 office. Not more than eight wholesale motor vehicle dealers may
5 be located in the same business structure. Each wholesale dealer
6 located in the same business structure must meet the
7 requirements of this section.

8 (9) Office sharing prohibition for retail dealers and
9 wholesale motor vehicle dealers. Unless otherwise authorized by
10 the Transportation Code, a retail dealer and a wholesale motor
11 vehicle dealer licensed after September 1, 1999, may not be
12 located in the same business structure.

13 (10) Dealer housed with other business.

14 (A) If a person conducts business as a dealer in
15 conjunction with another business owned by the same person and
16 under the same name as the other business, the same telephone
17 number may be used for both businesses. If the name of the
18 dealer differs from the name of the other business, a separate
19 telephone listing and a separate sign for each business is
20 required.

21 (B) A person may conduct business as a dealer in
22 conjunction with another business not owned by that person only
23 if the dealer owns the property on which business is conducted

1 or has a separate lease agreement from the owner of that
2 property that meets the requirements of this section. The same
3 telephone number may not be used by both businesses. The dealer
4 must have separate business signs, telephone listings, and
5 office equipment required under this section.

6 (11) Display area requirements.

7 (A) A wholesale motor vehicle dealer is not
8 required to have display space at the wholesale motor vehicle
9 dealer's business premises.

10 (B) A retail dealer must have an area designated
11 as display space for the retail dealer's inventory. A retail
12 dealer's designated display area must comply with the following
13 requirements.

14 (i) The display area must be located at the
15 retail dealer's business address or contiguous with the retail
16 dealer's address. A noncontiguous storage lot is permissible
17 only if there is no public access and no sales activity occurs
18 at the storage lot. A sign stating the retail dealer's name,
19 telephone number, and the fact the property is a storage lot is
20 permissible.

21 (ii) The display area must be of sufficient
22 size to display at least five vehicles of the type for which the
23 GDN is issued. Those spaces must be reserved exclusively for the

1 retail dealer's inventory and may not be shared or intermingled
2 with another business or a public parking area, a driveway to
3 the office, or another dealer's display area.

4 (iii) The display area may not be on a
5 public easement, right-of-way, or driveway unless the governing
6 body having jurisdiction of the easement, right-of-way, or
7 driveway expressly consents in writing to use as a display area.
8 If the easement, right-of-way, or driveway is a part of the
9 state highway system, use as a display area may only be
10 authorized by a lease agreement.

11 (iv) If the retail dealer shares a display
12 or parking area with another business, including another dealer,
13 the dealer's vehicle inventory must be separated from the other
14 business's display or parking area by a material object or
15 barrier that cannot be readily removed.

16 (v) The display area must be adequately
17 illuminated if the retail dealer is open at night so that a
18 vehicle for sale can be properly inspected by a potential buyer.

19 (vi) The display area may be located inside
20 a building.

21 (12) Dealers holding a license issued under
22 Occupations Code, Chapter 2302. If a dealer also holds a license
23 issued under Occupations Code, Chapter 2302, each salvage motor

1 vehicle that is offered for sale on the premises of the dealer's
2 display area must be clearly and conspicuously marked with a
3 sign informing a potential buyer that the vehicle is a salvage
4 motor vehicle. This requirement does not apply to a licensed
5 salvage pool operator.

6 (13) Lease requirements. If the premises from which a
7 dealer conducts business, including any display area, is not
8 owned by the dealer, the dealer must maintain a lease that is
9 continuous during the period of time for which the dealer's
10 license will be issued. The lease agreement must be on a
11 properly executed form containing at a minimum:

12 (A) the name of the landlord as the lessor of the
13 premises and the name of the dealer as the tenant or lessee of
14 the premises;

15 (B) the period of time for which the lease is
16 valid;

17 (C) the street address or legal description of
18 the property, provided that if only a legal description of the
19 property is included, the applicant must attach a statement that
20 the property description in the lease agreement is the street
21 address identified on the application; and

22 (D) the signature of the landlord as the lessor
23 and the signature of the dealer as the tenant or lessee.

1 (14) Dealer must display license. A dealer must display
2 the dealer's license issued by the department at all times in a
3 manner that makes the license easily readable by the public and
4 in a conspicuous place at each place of business for which the
5 dealer's license is issued. If the dealer's license applies to
6 more than one location, a copy of the original license may be
7 displayed in each supplemental location.

Date: March 2, 2017
Action Requested: APPROVAL

To: Board of the Texas Department of Motor Vehicles (TxDMV)
From: Jeremiah Kuntz, Director, Vehicles Titles and Registration
Agenda Item: 10
Subject: Proposal of Rule under Title 43, Texas Administrative Code, Chapter 215, Motor Vehicle Distribution
Amendment to §215.155, Buyer's Temporary Tags

RECOMMENDATION

Approval to publish the proposed amendment in the *Texas Register* for public comment.

PURPOSE AND EXECUTIVE SUMMARY

The purpose of this amendment is to clarify the amount, applicability, and disposition of the buyer's temporary tag fee.

FINANCIAL IMPACT

There will be no fiscal implications related to the proposed amendment.

BACKGROUND AND DISCUSSION

Transportation Code, §503.063(g) requires a dealer to charge the buyer a fee of not more than \$5 as prescribed by the department for each buyer's temporary tag issued. The statute directs this fee to be sent to the comptroller for deposit to the credit of the Texas Department of Motor Vehicles fund.

The proposed amendment adds subsection (f) to establish the \$5 fee and clarify that if the vehicle is sold to an out-of-state buyer and the dealer is making payment through the department's electronic title system, the entire fee shall be remitted to the department for deposit to the credit of the Texas Department of Motor Vehicles fund. All other buyer's temporary tag fees shall be remitted to the county for deposit to the credit of the Texas Department of Motor Vehicles fund. The proposed amendment also clarifies that the buyer's temporary tag fee shall not be charged if the vehicle is exempt from payment of certain registration fees (exempt registration, all-terrain vehicle or recreational off-highway vehicle or off-highway motorcycle).

If the proposed amendment is approved by the board, staff anticipates publication of the proposed amendment in the *Texas Register* on or about March 24, 2017. Comments on the proposed amendment will be accepted until 5:00 p.m. on April 24, 2017.

BOARD OF THE TEXAS DEPARTMENT OF MOTOR VEHICLES

RESOLUTION APPROVING PUBLICATION OF PROPOSED AMENDMENT
43 TAC SECTION 215.155, BUYER'S TEMPORARY TAGS

The Board of the Texas Department of Motor Vehicles (board) finds it necessary to amend Chapter 215, Motor Vehicle Distribution, §215.155, Buyer's Temporary Tags.

The preamble and the proposed amendment are attached to this resolution as Exhibits A-B, and are incorporated by reference as though set forth verbatim in this resolution, except that they are subject to technical corrections and revisions, approved by the General Counsel, necessary for compliance with state or federal law or for acceptance by the Secretary of State for filing and publication in the *Texas Register*.

IT IS THEREFORE ORDERED by the board that the attached rule is authorized for publication in the *Texas Register* for the purpose of receiving public comment.

The department is directed to take the necessary steps to implement the actions authorized in this order pursuant to the requirements of the Administrative Procedure Act, Government Code, Chapter 2001.

Raymond Palacios, Jr., Chairman
Board of the Texas Department of Motor Vehicles

1 Proposed Preamble

2 The Texas Department of Motor Vehicles (department) proposes an
3 amendment to Chapter 215, Motor Vehicle Distribution, Subchapter
4 E, General Distinguishing Numbers, §215.155, Buyer's Temporary
5 Tags.

6
7 EXPLANATION OF PROPOSED AMENDMENT

8 Transportation Code, §503.063(g) requires a dealer to charge the
9 buyer a fee of not more than \$5 as prescribed by the department
10 for each buyer's temporary tag issued. The statute directs this
11 fee to be sent to the comptroller for deposit to the credit of
12 the Texas Department of Motor Vehicles fund.

13
14 The proposed amendment adds subsection (f) to §215.155, Buyer's
15 Temporary Tags. Proposed subsection (f) establishes the \$5 fee
16 and clarifies that if the vehicle is sold to an out-of-state
17 buyer and the dealer is making payment through the department's
18 electronic title system, the entire fee shall be remitted to the
19 department for deposit to the credit of the Texas Department of
20 Motor Vehicles fund. All other buyer's temporary tag fees shall
21 be remitted to the county for deposit to the credit of the Texas
22 Department of Motor Vehicles fund. The proposed amendment also
23 clarifies that the buyer's temporary tag fee shall not be

1 charged if the vehicle is exempt from payment of certain
2 registration fees (exempt registration, all-terrain vehicle or
3 recreational off-highway vehicle or off-highway motorcycle).

4

5 FISCAL NOTE

6 Linda M. Flores, Chief Financial Officer, has determined that
7 for each of the first five years the amendment as proposed is in
8 effect, there will be no fiscal implications for state or local
9 governments as a result of enforcing or administering the
10 proposed amendment.

11

12 Jeremiah Kuntz, Director of Vehicle Titles and Registration, has
13 determined that there will be no impact on local economies or
14 overall employment as a result of enforcing or administering the
15 proposed amendment.

16

17 PUBLIC BENEFIT AND COST

18 Mr. Kuntz has also determined that for each year of the first
19 five years the amendment is in effect, the public benefit
20 anticipated as a result of enforcing or administering the
21 amendment will be clarity in amount, applicability, and
22 disposition of the buyer's temporary tag fee. There are no
23 anticipated economic costs for persons required to comply with

1 the amendment as proposed. There will be no adverse economic
2 effect on small businesses or micro-businesses.

3

4 TAKINGS IMPACT ASSESSMENT

5 The department has determined that this proposal affects no
6 private real property interests and that this proposal does not
7 restrict or limit an owner's right to property that would
8 otherwise exist in the absence of government action, and so does
9 not constitute a taking or require a takings impact assessment
10 under Government Code, §2007.043.

11

12 SUBMITTAL OF COMMENTS

13 Written comments on the proposed amendment may be submitted to
14 David D. Duncan, General Counsel, Texas Department of Motor
15 Vehicles, 4000 Jackson Avenue, Austin, Texas 78731 or by email
16 to *rules@txdmv.gov*. The deadline for receipt of comments is
17 5:00 p.m. on April 24, 2017.

18

19 STATUTORY AUTHORITY

20 The amendment is proposed under Transportation Code, §1002.001,
21 which provides the board of the Texas Department of Motor
22 Vehicles with the authority to adopt rules that are necessary
23 and appropriate to implement the powers and the duties of the

1 department; and more specifically, Transportation Code,
2 §503.002, which authorizes the board to adopt rules to
3 administer Chapter 503, Dealer's and Manufacturer's Vehicle
4 License Plates and Transportation Code, §503.063, which
5 authorizes the department to establish the buyer's temporary tag
6 fee by rule.

7

8 CROSS REFERENCE TO STATUTE

9 Transportation Code, §503.0631 and §503.068.

1 SUBCHAPTER E. GENERAL DISTINGUISHING NUMBERS

2 §215.155. Buyer's Temporary Tags.

3 (a) A buyer's temporary tag may be displayed only on a
4 vehicle that can be legally operated on the public streets and
5 highways and for which a sale has been consummated.

6 (b) A buyer's temporary tag may be displayed only a vehicle
7 that has a valid inspection in accordance with Transportation
8 Code, Chapter 548.

9 (c) For a wholesale transaction, the purchasing dealer
10 places on the motor vehicle its own:

11 (1) dealer's temporary tag; or

12 (2) metal dealer's license plate.

13 (d) A buyer's temporary tag is valid until the earlier of:

14 (1) the date on which the vehicle is registered; or

15 (2) the 60th day after the date of purchase.

16 (e) The dealer must ensure that the following information
17 is placed on a buyer's temporary tag that the dealer issues:

18 (1) the vehicle-specific number obtained from the
19 temporary tag database;

20 (2) the year and make of the vehicle;

21 (3) the VIN of the vehicle;

22 (4) the month, day, and year of the expiration of the
23 buyer's temporary tag; and

1 (5) the name of the dealer.

2 (f) A dealer shall charge a buyer a fee of \$5 for the
3 buyer's temporary tag or Internet-down buyer's temporary tag
4 issued, unless the vehicle is exempt from payment of
5 registration fees under Transportation Code, §502.453 or
6 §502.456 or an all-terrain vehicle or recreational off-highway
7 vehicle under Transportation Code, §502.140 or Transportation
8 Code, Chapter 663. The fee shall be remitted to the county in
9 conjunction with the title transfer for deposit to the credit of
10 the Texas Department of Motor Vehicles fund, unless the vehicle
11 is sold to an out-of-state resident, in which case:

12 (1) the dealer shall remit the entire fee to the
13 department for deposit to the credit of the Texas Department of
14 Motor Vehicles fund if payment is made through the department's
15 electronic title system; or

16 (2) the dealer shall remit the fee to the county for
17 deposit to the credit of the Texas Department of Motor Vehicles
18 fund.

Date: March 2, 2017
Action Requested: APPROVAL

To: Texas Department of Motor Vehicles Board (TxDMV)
From: Jimmy Archer, Director, Motor Carrier Division
Agenda Item: 11
Subject: Proposal of Rule under Title 43, Texas Administrative Code, Chapter 217, Vehicles Titles and Registration
Amendments, §217.56, Registration Reciprocity Agreements

RECOMMENDATION

Approval to publish the proposed amendments in the *Texas Register* for public comment.

PURPOSE AND EXECUTIVE SUMMARY

The purpose of these amendments is to update §217.56 to be consistent with the International Registration Plan (IRP) and Transportation Code, Chapter 502.

FINANCIAL IMPACT

There will be no fiscal implications related to the proposed amendments.

BACKGROUND AND DISCUSSION

The purpose of these amendments is to adopt by reference the current versions of the IRP and the IRP Audit Procedures Manual. Amendments are also proposed to correct language that is inconsistent with the IRP, and to list the sources of the department's authority to cancel or revoke registration under §217.56.

If the proposed amendments are approved by the board, staff anticipates publication of the proposed amendments in the *Texas Register* on or about March 24, 2017. Comments on the proposed amendments will be accepted until 5:00 p.m. on April 24, 2017.

BOARD OF THE TEXAS DEPARTMENT OF MOTOR VEHICLES
RESOLUTION APPROVING PUBLICATION OF PROPOSED AMENDMENTS
43 TAC SECTION 217.56, REGISTRATION RECIPROCITY AGREEMENTS

The Board of the Texas Department of Motor Vehicles (board) finds it necessary to amend Chapter 217, Vehicle Titles and Registration, §217.56, Registration Reciprocity Agreements.

The preamble and the proposed amendments are attached to this resolution as Exhibits A-B and are incorporated by reference as though set forth verbatim in this resolution, except that they are subject to technical corrections and revisions, approved by the General Counsel, necessary for compliance with state or federal law or for acceptance by the Secretary of State for filing and publication in the *Texas Register*.

IT IS THEREFORE ORDERED by the board that the attached rule is authorized for publication in the *Texas Register* for the purpose of receiving public comment.

The department is directed to take the necessary steps to implement the actions authorized in this order pursuant to the requirements of the Administrative Procedure Act, Government Code, Chapter 2001.

Raymond Palacios, Jr., Chairman
Board of the Texas Department of Motor Vehicles

1 Proposed Preamble

2 The Texas Department of Motor Vehicles (department) proposes
3 amendments to Chapter 217, Vehicle Titles and Registration,
4 Subchapter B, Motor Vehicle Registration, §217.56, Registration
5 Reciprocity Agreements.

6
7 EXPLANATION OF PROPOSED AMENDMENTS

8 Amendments to §217.56 are proposed to adopt by reference the
9 current versions of the International Registration Plan (IRP)
10 and the IRP Audit Procedures Manual. Amendments are also
11 proposed to correct language that is inconsistent with the IRP
12 and to list the sources of the department's authority to cancel
13 or revoke registration under §217.56.

14
15 FISCAL NOTE

16 Linda M. Flores, Chief Financial Officer, has determined that
17 for each of the first five years the amendments as proposed are
18 in effect, there will be no fiscal implications for state or
19 local governments as a result of enforcing or administering the
20 proposed amendments.

21
22 Jimmy Archer, Director of Motor Carrier Division, has determined
23 that there will be no impact on local economies or overall

1 employment as a result of enforcing or administering the
2 proposed amendments.

3

4 PUBLIC BENEFIT AND COST

5 Mr. Archer has also determined that for each year of the first
6 five years the amendments are in effect, the public benefit
7 anticipated as a result of enforcing or administering the
8 amendments will be a rule that is consistent with the IRP and
9 Transportation Code, Chapter 502. There are no anticipated
10 economic costs for persons required to comply with the
11 amendments as proposed. There will be no adverse economic
12 effect on small businesses or micro-businesses.

13

14 TAKINGS IMPACT ASSESSMENT

15 The department has determined that this proposal affects no
16 private real property interests and that this proposal does not
17 restrict or limit an owner's right to property that would
18 otherwise exist in the absence of government action, and so does
19 not constitute a taking or require a takings impact assessment
20 under Government Code, §2007.043.

21

22 SUBMITTAL OF COMMENTS

23 Written comments on the proposed amendments may be submitted to

1 David D. Duncan, General Counsel, Texas Department of Motor
2 Vehicles, 4000 Jackson Avenue, Austin, Texas 78731 or by email
3 to *rules@txdmv.gov*. The deadline for receipt of comments is
4 5:00 p.m. on April 24, 2017.

5

6 STATUTORY AUTHORITY

7 The amendments are proposed under Transportation Code,
8 §1002.001, which provides the board of the Texas Department of
9 Motor Vehicles with the authority to adopt rules that are
10 necessary and appropriate to implement the powers and the duties
11 of the department; and more specifically, Transportation Code,
12 §502.091(b), which authorizes the department to adopt rules to
13 carry out the IRP.

14

15 CROSS REFERENCE TO STATUTE

16 Transportation Code, §502.091.

1 SUBCHAPTER B. MOTOR VEHICLE REGISTRATION

2 §217.56. Registration Reciprocity Agreements.

3 (a) Purpose. To promote and encourage the fullest possible
4 use of the highway system and contribute to the economic
5 development and growth of the State of Texas and its residents,
6 the department is authorized by Transportation Code, §502.091 to
7 enter into agreements with duly authorized officials of other
8 jurisdictions, including any state of the United States, the
9 District of Columbia, a foreign country, a state or province of
10 a foreign country, or a territory or possession of either the
11 United States or of a foreign country, and to provide for the
12 registration of vehicles by Texas residents and nonresidents on
13 an allocation or distance apportionment basis, and to grant
14 exemptions from the payment of registration fees by nonresidents
15 if the grants are reciprocal to Texas residents.

16 (b) Definitions. The following words and terms, when used
17 in this section, shall have the following meanings, unless the
18 context clearly indicates otherwise:

19 (1) Cab card--The apportioned vehicle registration
20 receipt that contains, but is not limited to, the vehicle
21 description and the registered weight at which the vehicle may
22 operate in each jurisdiction.

23 (2) Department--The Texas Department of Motor

1 Vehicles.

2 (3) Director--The director of the Motor Carrier
3 Division, Texas Department of Motor Vehicles.

4 (4) Executive director--The chief executive officer of
5 the department.

6 (5) Regional Service Center--A department office which
7 provides specific services to the public, including replacement
8 titles, bonded title rejection letters, and apportioned
9 registration under the International Registration Plan (IRP).

10 (6) Temporary cab card--A temporary registration
11 permit authorized by the department that allows the operation of
12 a vehicle for 30 days subject to all rights and privileges
13 afforded to a vehicle displaying apportioned registration.

14 (c) Multilateral agreements.

15 (1) Authority. The executive director may on behalf of
16 the department enter into a multilateral agreement with the duly
17 authorized officials of two or more other jurisdictions to carry
18 out the purpose of this section.

19 (2) International Registration Plan.

20 (A) Applicability. The IRP is a registration
21 reciprocity agreement among states of the United States and
22 other jurisdictions providing for payment of registration fees
23 on the basis of fleet distance operated in various

1 jurisdictions. Its purpose is to promote and encourage the
2 fullest possible use of the highway system by authorizing
3 apportioned registration for commercial motor vehicles and
4 payment of appropriate vehicle registration fees and thus
5 contributing to the economic development and growth of the
6 member jurisdictions.

7 (B) Adoption. The department adopts by reference
8 the January 1, 2017, [~~2015~~] edition of the IRP. [~~Effective~~
9 ~~January 1, 2016, the department adopts by reference the~~
10 ~~amendments to the IRP with an effective date of January 1, 2016.~~
11 ~~Effective July 1, 2016, the department adopts by reference the~~
12 ~~amendment to the IRP with an effective date of July 1, 2016.]~~
13 The department also [~~further~~] adopts by reference the January 1,
14 2016, [~~July 1, 2013~~] edition of the IRP Audit Procedures
15 Manual. In the event of a conflict between this section and the
16 IRP or the IRP Audit Procedures Manual, the IRP and the IRP
17 Audit Procedures Manual control. Copies of the documents are
18 available for review in the Motor Carrier Division, Texas
19 Department of Motor Vehicles. Copies are also available on
20 request. The following words and terms, when used in the IRP or
21 in paragraph (2) of this subsection, shall have the following
22 meanings, unless the context clearly indicates otherwise.

23 (i) Apportionable vehicle--Any vehicle -

1 except recreational vehicles, vehicles displaying restricted
2 plates, city pickup and delivery vehicles, and government-owned
3 vehicles - used or intended for use in two or more member
4 jurisdictions that allocate or proportionally register vehicles
5 and used either for the transportation of persons for hire or
6 designed, used, or maintained primarily for the transportation
7 of property and:

8 (I) is a power unit having two axles
9 and a gross vehicle weight or registered gross vehicle weight in
10 excess of 26,000 pounds (11,793.401 kilograms);

11 (II) is a power unit having three or
12 more axles, regardless of weight;

13 (III) is used in combination, when the
14 weight of such combination exceeds 26,000 pounds (11,793.401
15 kilograms) gross vehicle weight; or

16 (IV) at the option of the registrant, a
17 power unit, or the power unit in a combination of vehicles
18 having a gross vehicle weight of 26,000 pounds (11,793.401
19 kilograms) or less.

20 (ii) Commercial vehicle--A vehicle or
21 combination of vehicles designed and used for the transportation
22 of persons or property in furtherance of any commercial
23 enterprise, for hire or not for hire.

1 (iii) Erroneous issuance--Apportioned
2 registration issued based on erroneous information provided to
3 the department.

4 (iv) Established place of business--A
5 physical structure owned or leased within the state of Texas by
6 the applicant or fleet registrant and maintained in accordance
7 with the provisions of the IRP.

8 (v) Fleet distance--All distance operated by
9 an apportionable vehicle or vehicles used to calculate
10 registration fees for the various jurisdictions.

11 (C) Application.

12 (i) An applicant must submit an application
13 to the department on a form prescribed by the director, along
14 with additional documentation as required by the director.

15 (ii) Upon approval of the application, the
16 department will compute the appropriate registration fees and
17 notify the registrant.

18 (D) Fees. Upon receipt of the applicable fees in
19 the form as provided by §209.23 of this title (relating to
20 Methods of Payment), the department will issue one or two
21 license plates and a cab card for each vehicle registered.

22 (E) Display.

23 (i) The department will issue one license

1 plate for a tractor, truck tractor, trailer, and semitrailer.

2 The license plate issued to a tractor or a truck tractor shall
3 be installed on the front of the tractor or truck tractor, and
4 the license plate issued for a trailer or semitrailer shall be
5 installed on the rear of the trailer or semitrailer.

6 (ii) The department will issue two license
7 plates for all other vehicles that are eligible to receive
8 license plates under the IRP. Once the department issues two
9 license plates for a vehicle listed in this clause, one plate
10 shall be installed on the front of the vehicle, and one plate
11 shall be installed on the rear of the vehicle.

12 (iii) The cab card shall be carried at all
13 times in the vehicle in accordance with the IRP.

14 (F) Audit. An audit of the registrant's vehicle
15 operational records may be conducted by the department according
16 to the IRP provisions and the IRP Audit Procedures Manual. Upon
17 request, the registrant shall provide the operational records of
18 each vehicle for audit in unit number order, in sequence by
19 date, and including, but not limited to, a summary of distance
20 traveled by each individual vehicle on a monthly, quarterly, and
21 annual basis with distance totaled separately for each
22 jurisdiction in which the vehicle traveled.

23 (G) Assessment. The department may assess

1 additional registration fees of up to 100% of the apportionable
2 fees paid by the registrant for the registration of its fleet in
3 the registration year to which the records pertain, as
4 authorized by the IRP, if an audit conducted under subparagraph
5 (F) of this paragraph reveals that:

6 (i) the operational records indicate that
7 the vehicle did not generate interstate distance in two or more
8 member jurisdictions for the distance reporting period
9 supporting the application being audited, plus the six-month
10 period immediately following that distance reporting period;

11 (ii) the registrant failed to provide
12 complete operational records; or

13 (iii) the distance must be adjusted, and the
14 adjustment results in a shortage of registration fees due Texas
15 or any other IRP jurisdiction.

16 (H) Refunds. If an audit conducted under
17 subparagraph (F) of this paragraph reveals an overpayment of
18 fees to Texas or any other IRP jurisdiction, the department will
19 refund the overpayment of registration fees in accordance with
20 Transportation Code, §502.195 and the IRP. Any registration fees
21 refunded to a carrier for another jurisdiction will be deducted
22 from registration fees collected and transmitted to that
23 jurisdiction.

1 (I) Cancellation or revocation. The director or
2 the director's designee may cancel or revoke a registrant's
3 apportioned registration and all privileges provided by the IRP
4 as authorized by the following:

5 (i) the IRP; or

6 (ii) Transportation Code, Chapter 502. [~~if~~
7 ~~the registrant:]~~

8 [~~(i) submits payment in the form of a check~~
9 ~~that is dishonored;]~~

10 [~~(ii) files or provides erroneous~~
11 ~~information to the department; or]~~

12 [~~(iii) fails to:]~~

13 [~~(I) remit appropriate fees due each~~
14 ~~jurisdiction in which the registrant is authorized to operate;]~~

15 [~~(II) meet the requirements of the IRP~~
16 ~~concerning established place of business;]~~

17 [~~(III) provide operational records in~~
18 ~~accordance with subparagraph (F) of this paragraph;]~~

19 [~~(IV) provide an acceptable source~~
20 ~~document as specified in the IRP; or]~~

21 [~~(V) pay an assessment pursuant to~~
22 ~~subparagraph (G) of this paragraph.]~~

23 (J) Enforcement of cancelled or revoked

1 registration.

2 (i) Notice. If a registrant is assessed
3 additional registration fees, as provided in subparagraph (G) of
4 this paragraph, and the additional fees are not paid by the due
5 date provided in the notice or it is determined that a
6 registrant's apportioned license plates and privileges should be
7 canceled or revoked, as provided in subparagraph (I) of this
8 paragraph, the director or the director's designee will mail a
9 notice by certified mail to the last known address of the
10 registrant. The notice will state the facts underlying the
11 assessment, ~~[or]~~ cancellation, or revocation; the effective date
12 of the assessment, ~~[or]~~ cancellation, or revocation; and the
13 right of the registrant to request a conference as provided in
14 clause (ii) of this subparagraph.

15 (ii) Conference. A registrant may request a
16 conference upon receipt of a notice issued as provided by clause
17 (i) of this subparagraph. The request must be made in writing to
18 the director or the director's designee within 30 days of the
19 date of the notice. If timely requested, the conference will be
20 scheduled and conducted by the director or the director's
21 designee at division headquarters in Austin and will serve to
22 abate the assessment, ~~[or]~~ cancellation, or revocation unless
23 and until that assessment, ~~[or]~~ cancellation, or revocation is

1 affirmed or disaffirmed by the director or the director's
2 designee. In the event matters are resolved in the registrant's
3 favor, the director or the director's designee will mail the
4 registrant a notice of withdrawal, notifying the registrant that
5 the assessment, ~~[or]~~ cancellation, or revocation is withdrawn,
6 and stating the basis for that action. In the event matters are
7 not resolved in the registrant's favor, the director or the
8 director's designee will issue a ruling reaffirming the
9 department's assessment of additional registration fees or
10 cancellation or revocation of apportioned license plates and
11 privileges. The registrant has the right to appeal in accordance
12 with clause (iii) of this subparagraph.

13 (iii) Appeal. If a conference held in
14 accordance with clause (ii) of this subparagraph fails to
15 resolve matters in the registrant's favor, the registrant may
16 request an administrative hearing. The request must be in
17 writing and must be received by the director no later than the
18 20th day following the date of the ruling issued under clause
19 (ii) of this subparagraph. If requested within the designated
20 period, the hearing will be initiated by the department and will
21 be conducted in accordance with Chapter 206, Subchapter D of
22 this title (relating to Procedures in Contested Cases).
23 Assessment, ~~[or]~~ cancellation, or revocation is abated unless

1 and until affirmed or disaffirmed by order of the Board of the
2 Texas Department of Motor Vehicles.

3 (K) Reinstatement.

4 (i) The director or the director's designee
5 will reinstate apportioned registration to a previously canceled
6 or revoked registrant if all applicable fees and assessments due
7 on the previously canceled or revoked apportioned account have
8 been paid and the applicant provides proof of an acceptable
9 recordkeeping system for a period of no less than 60 days.

10 (ii) The application for the following
11 registration year will be processed in accordance with the
12 provisions of the IRP.

13 (L) Denial of apportioned registration for safety
14 reasons. The department will comply with the requirements of the
15 Performance and Registration Information Systems Management
16 program (PRISM) administered by the Federal Motor Carrier Safety
17 Administration (FMCSA).

18 (i) Denial or suspension of apportioned
19 registration. Upon notification from the FMCSA that a carrier
20 has been placed out of service for safety violations, the
21 department will:

22 (I) deny initial issuance of
23 apportioned registration;

1 (II) deny authorization for a temporary
2 cab card, as provided for in subparagraph (M) of this paragraph;

3 (III) deny renewal of apportioned
4 registration; or

5 (IV) suspend current apportioned
6 registration.

7 (ii) Issuance after denial of registration
8 or reinstatement of suspended registration. The director or the
9 director's designee will reinstate or accept an initial or
10 renewal application for apportioned registration from a
11 registrant who was suspended or denied registration under clause
12 (i) of this subparagraph upon presentation of a Certificate of
13 Compliance from FMCSA, in addition to all other required
14 documentation and payment of fees.

15 (M) Temporary cab card.

16 (i) Application. The department may
17 authorize issuance of a temporary cab card to a motor carrier
18 with an established Texas apportioned account for a vehicle upon
19 proper submission of all required documentation, a completed
20 application, and all fees for either:

21 (I) Texas title as prescribed by
22 Transportation Code, Chapter 501 and Subchapter A of this
23 chapter (relating to Motor Vehicle Titles); or

1 (II) registration receipt to evidence
2 title for registration purposes only (Registration Purposes
3 Only) as provided for in Transportation Code, §501.029 and
4 §217.24 of this title (relating to Vehicle Last Registered in
5 Another Jurisdiction).

6 (ii) Title application. A registrant who is
7 applying for a Texas title as provided for in clause (i)(I) of
8 this subparagraph and is requesting authorization for a
9 temporary cab card, must submit to a Regional Service Center by
10 email, fax, overnight mail, or in person a photocopy of the
11 title application receipt issued by the county tax assessor-
12 collector's office.

13 (iii) Registration Purposes Only. A
14 registrant who is applying for Registration Purposes Only under
15 clause (i)(II) of this subparagraph and is requesting
16 authorization for a temporary cab card, must submit an
17 application and all additional original documents or copies of
18 original documents required by the director to a Regional
19 Service Center by email, fax, or overnight mail or in person.

20 (iv) Department approval. On department
21 approval of the submitted documents, the department will send
22 notice to the registrant to finalize the transaction and make
23 payment of applicable registration fees.

1 (v) Finalization and payment of fees. To
2 finalize the transaction and print the temporary cab card, the
3 registrant may compute the registration fees through the
4 department's apportioned registration software application,
5 TxIRP system, and:

6 (I) make payment of the applicable
7 registration fees to the department as provided by §209.23 of
8 this title (related to Methods of Payment); and

9 (II) afterwards, mail or deliver
10 payment of the title application fee in the form of a check,
11 certified cashier's check, or money order payable to the county
12 tax assessor-collector in the registrant's county of residency
13 and originals of all copied documents previously submitted.

14 (vi) Deadline. The original documents and
15 payment must be received by the Regional Service Center within
16 72-hours after the time that the office notified the registrant
17 of the approval to print a temporary cab card as provided in
18 clause (iv) of this subparagraph.

19 (vii) Failure to meet deadline. If the
20 registrant fails to submit the original documents and required
21 payment within the time prescribed by clause (vi) of this
22 subparagraph, the registrant's privilege to use this expedited
23 process to obtain a temporary cab card will be denied by the

- 1 department for a period of six months from the date of approval
- 2 to print the temporary cab card.

Date: March 2, 2017
Action Requested: APPROVAL

To: Board of the Texas Department of Motor Vehicles (TxDMV)
From: Jimmy Archer, Director, Motor Carrier Division; and Bill Harbeson, Director, Enforcement Division
Agenda Item: 12
Subject: Proposal of Rules under Title 43, Texas Administrative Code, Chapter 219, Oversize and Overweight Vehicles and Loads
 Amendments to §§219.2, Definitions; 219.3, Surety Bonds for Vehicles Transporting Recyclable Materials or Solid Waste; and 219.124, Administrative Proceedings
 New §219.127, Cost of Preparing Agency Record
 Repeal of §219.125, Settlement Agreements

RECOMMENDATION

Approval to publish the proposed amendments, new rule, and repeal in the *Texas Register* for public comment.

PURPOSE AND EXECUTIVE SUMMARY

The purpose of the amendments and the repeal is to update, clarify, and streamline the rules. The purpose of new §219.127 is to require the party who appeals a final decision in an administrative enforcement action to pay any costs of preparing the record the department is required to file with the reviewing court.

FINANCIAL IMPACT

There will be minor fiscal implications related to the proposed new §219.127 because a party that appeals a final decision may have to pay the costs to create the record that must be filed with the reviewing court.

BACKGROUND AND DISCUSSION

Proposed amendments to §219.2 improve the terminology, correct errors, modify the language for consistency with other rules in Chapter 219, add definitions for undefined terms in Chapter 219, clarify that the definitions in Transportation Code, Chapters 621, 622, and 623 apply to Chapter 219, and delete definitions that are already contained in statute.

Proposed amendments to §219.3 remove unnecessary language, clarify requirements and procedures, and reorganize the language for greater clarity.

The purpose of repealing §219.125 is to consolidate the language with the language in §219.124 regarding administrative proceedings. Amendments to §219.124 also inform the industry of the current laws and rules which govern any proceedings under Chapter 219 and Transportation Code, Chapters 621, 622, and 623 at the State Office of Administrative Hearings.

New §219.127 requires the party who appeals a final decision to pay any costs of preparing the record the department is required to file with the reviewing court, unless the department grants a waiver. It is equitable to make the appellant pay the costs to prepare the record.

If the proposed amendments, new rule, and repeal are approved by the board, staff anticipates publication of the proposed amendments, new rule, and repeal in the *Texas Register* on or about March 24, 2017. Comments on the proposed amendments, new rule, and repeal will be accepted until 5:00 p.m. on April 24, 2017.

BOARD OF THE TEXAS DEPARTMENT OF MOTOR VEHICLES

RESOLUTION APPROVING PUBLICATION OF PROPOSED AMENDMENTS
43 TAC SECTIONS 219.2, 219.3, AND 219.124;
NEW SECTION 219.127; AND REPEAL OF SECTION 219.125

The Board of the Texas Department of Motor Vehicles (board) finds it necessary to amend Chapter 219, Oversize and Overweight Vehicles and Loads, §§219.2, 219.3, and 219.124; add new §219.127; and repeal §219.125.

The preamble and the proposed amendments, new section, and repeal are attached to this resolution as Exhibits A-C and are incorporated by reference as though set forth verbatim in this resolution, except that they are subject to technical corrections and revisions, approved by the General Counsel, necessary for compliance with state or federal law or for acceptance by the Secretary of State for filing and publication in the *Texas Register*.

IT IS THEREFORE ORDERED by the board that the attached proposed rules are authorized for publication in the *Texas Register* for the purpose of receiving public comment.

The department is directed to take the necessary steps to implement the actions authorized in this order pursuant to the requirements of the Administrative Procedure Act, Government Code, Chapter 2001.

Raymond Palacios, Jr., Chairman
Board of the Texas Department of Motor Vehicles

1 Proposed Preamble

2 The Texas Department of Motor Vehicles (department) proposes
3 amendments to Chapter 219, Oversize and Overweight Vehicles and
4 Loads, Subchapter A: §219.2, Definitions; and §219.3, Surety
5 Bonds for Vehicles Transporting Recyclable Materials or Solid
6 Waste; and Subchapter H: Enforcement, §219.124, Administrative
7 Proceedings. The department also proposes new Subchapter H,
8 §219.127, Cost of Preparing Agency Record. In addition, the
9 department proposes the repeal of Subchapter H, §219.125,
10 Settlement Agreements.

11

12 EXPLANATION OF PROPOSED AMENDMENTS

13 Proposed amendments to §219.2 improve the terminology, correct
14 errors, modify the language for consistency with other rules in
15 Chapter 219, add definitions for undefined terms in Chapter 219,
16 clarify that the definitions in Transportation Code, Chapters
17 621, 622, and 623 apply to Chapter 219, and delete definitions
18 that are already contained in statute.

19

20 Proposed amendments to §219.3 remove unnecessary language,
21 clarify requirements and procedures, and reorganize the language
22 for greater clarity. For example, the amendments remove the
23 form numbers because it is not necessary to reference the form

1 numbers in the rule. Also, the form numbers could change in the
2 future.

3
4 Proposed amendments to §219.124 include language from §219.125,
5 which is proposed for repeal in order to consolidate the
6 language regarding administrative proceedings into §219.124.
7 Amendments to §219.124 also inform the industry of the current
8 laws and rules which govern any proceedings under Chapter 219
9 and Transportation Code, Chapters 621, 622, and 623 at the State
10 Office of Administrative Hearings.

11
12 New §219.127 requires the party who appeals a final decision to
13 pay the costs of preparing the record the department is required
14 to file with the reviewing court, unless the department grants a
15 waiver. It is equitable to make the appellant pay the costs to
16 prepare the record.

17

18 FISCAL NOTE

19 Linda M. Flores, Chief Financial Officer, has determined that
20 for each of the first five years the amendments, new section,
21 and repeal as proposed are in effect, there will be no fiscal
22 implications for state or local governments as a result of
23 enforcing or administering the proposed amendments.

1
2 Jimmy Archer, Director of the Motor Carrier Division, has
3 determined that there will be no impact on local economies or
4 overall employment as a result of enforcing or administering the
5 proposed amendments, new section, and repeal.

6

7 PUBLIC BENEFIT AND COST

8 Mr. Archer has also determined that for each year of the first
9 five years the amendments, new section, and repeal are in
10 effect, the public benefit anticipated as a result of enforcing
11 or administering the amendments and new section will be improved
12 rules that are easier to understand. There are no anticipated
13 economic costs for persons required to comply with the proposed
14 amendments or the repeal. However, there may be minor costs for
15 a party who appeals a final decision because the party may have
16 to pay the costs to create the record that must be filed with
17 the reviewing court, according to §219.127. There will be no
18 adverse economic effect on small businesses or micro-businesses
19 because the department is not required to subsidize the
20 litigation costs of a business that chooses to appeal a final
21 decision in an administration enforcement action. Government
22 Code, §2001.177 authorizes a state agency by rule to require a
23 party who appeals a final decision to pay all or part of the

1 cost of preparing the record for the reviewing court.

2

3 TAKINGS IMPACT ASSESSMENT

4 The department has determined that this proposal affects no
5 private real property interests and that this proposal does not
6 restrict or limit an owner's right to property that would
7 otherwise exist in the absence of government action, and so does
8 not constitute a taking or require a takings impact assessment
9 under Government Code, §2007.043.

10

11 SUBMITTAL OF COMMENTS

12 Written comments on the proposed amendments, repeal, and new
13 section may be submitted to David D. Duncan, General Counsel,
14 Texas Department of Motor Vehicles, 4000 Jackson Avenue, Austin,
15 Texas 78731 or by email to *rules@txdmv.gov*. The deadline for
16 receipt of comments is 5:00 p.m. on April 24, 2017.

17

18 STATUTORY AUTHORITY

19 The amendments, new section, and repeal are proposed under
20 Transportation Code, §1002.001, which provides the board of the
21 Texas Department of Motor Vehicles (board) with the authority to
22 adopt rules that are necessary and appropriate to implement the
23 powers and the duties of the department; and more specifically,

1 Transportation Code, §§621.008, 622.002, and 623.002 which
2 authorize the board to adopt rules that are necessary to
3 implement and enforce Chapters 621, 622, and 623; and Government
4 Code §2001.177, which authorizes a state agency by rule to
5 require a party who appeals a final decision in a contested case
6 to pay all or a part of the cost of preparing the original or a
7 certified copy of the record.

8

9 CROSS REFERENCE TO STATUTE

10 Transportation Code, Chapters 621, 622, and 623.

1 SUBCHAPTER A. GENERAL PROVISIONS

2 §219.2. Definitions.

3 (a) The definitions contained in Transportation Code,
4 Chapters 621, 622, and 623 apply to this chapter. In the event
5 of a conflict with this chapter, the definitions contained in
6 Transportation Code, Chapters 621, 622, and 623 control.

7 (b) The following words and terms, when used in this
8 chapter, will have the following meanings, unless the context
9 clearly indicates otherwise.

10 (1) Annual permit--A permit that authorizes movement
11 of an oversize and/or overweight load for one year commencing
12 with the effective date.

13 (2) Applicant--Any person, firm, or corporation
14 requesting a permit.

15 (3) Axle--The common axis of rotation of one or more
16 wheels whether power-driven or freely rotating, and whether in
17 one or more segments.

18 (4) Axle group--An assemblage of two or more
19 consecutive axles, with two or more wheels per axle, spaced at
20 least 40 inches from center of axle to center of axle, equipped
21 with a weight-equalizing suspension system that will not allow
22 more than a 10% weight difference between any two axles in the
23 group.

1 (5) Board--The Board of the Texas Department of Motor
2 Vehicles.

3 (6) Closeout--The procedure used by the department to
4 terminate a permit, issued under Transportation Code, §623.142
5 or §623.192 that will not be renewed by the applicant.

6 (7) Complete identification number--A unique and
7 distinguishing number assigned to equipment or a commodity for
8 purposes of identification.

9 (8) Concrete pump truck--A self-propelled vehicle
10 designed to pump the concrete product from a ready mix truck to
11 the point of construction.

12 (9) Crane--Any unladen lift equipment motor vehicle
13 designed for the sole purpose of raising, shifting, or lowering
14 heavy weights by means of a projecting, swinging mast with an
15 engine for power on a chassis permanently constructed or
16 assembled for such purpose.

17 (10) Credit card--A credit card approved by the
18 department [~~and a permit account card~~].

19 (11) Daylight--The period beginning one-half hour
20 before sunrise and ending one-half hour after sunset.

21 (12) Department--The Texas Department of Motor
22 Vehicles.

23 (13) Digital signature--An electronic identifier

1 intended by the person using it to have the same force and
2 effect as a manual signature. The digital signature shall be
3 unique to the person using it.

4 (14) Director--The Executive Director of the Texas
5 Department of Motor Vehicles or a designee not below the level
6 of division director.

7 (15) District--One of the 25 geographical areas,
8 managed by a district engineer of the Texas Department of
9 Transportation, in which the Texas Department of Transportation
10 conducts its primary work activities.

11 (16) District engineer--The chief executive officer in
12 charge of a district of the Texas Department of Transportation.

13 (17) Electronic identifier--A unique identifier which
14 is distinctive to the person using it, is independently
15 verifiable, is under the sole control of the person using it,
16 and is transmitted in a manner that makes it infeasible to
17 change the data in the communication or digital signature
18 without invalidating the digital signature.

19 (18) Escort vehicle--A motor vehicle used to warn
20 traffic of the presence of an oversize and/or overweight [a
21 ~~permitted~~] vehicle.

22 (19) Four-axle group--Any four consecutive axles,
23 having at least 40 inches from center of axle to center of axle,

1 whose extreme centers are not more than 192 inches apart and are
2 individually attached to or articulated from, or both, to the
3 vehicle by a weight equalizing suspension system.

4 (20) Gauge--The transverse spacing distance between
5 tires on an axle, expressed in feet and measured to the nearest
6 inch, from center-of-tire to center-of-tire on an axle equipped
7 with only two tires, or measured to the nearest inch from the
8 center of the dual wheels on one side of the axle to the center
9 of the dual wheels on the opposite side of the axle.

10 (21) Gross weight--The unladen weight of a vehicle or
11 combination of vehicles plus the weight of the load being
12 transported.

13 (22) Height pole--A device made of a non-conductive
14 material, used to measure the height of overhead obstructions.

15 (23) Highway maintenance fee--A fee established by
16 Transportation Code, §623.077, based on gross weight, and paid
17 by the permittee when the permit is issued.

18 (24) Highway use factor--A mileage reduction figure
19 used in the calculation of a permit fee for a permit issued
20 under Transportation Code, §623.142 and §623.192.

21 (25) Hubometer--A mechanical device attached to an
22 axle on a unit or a crane for recording mileage traveled.

23 (26) HUD number--A unique number assigned to a

1 manufactured home by the U.S. Department of Housing and Urban
2 Development.

3 (27) Indirect cost share--A prorated share of
4 administering department activities, other than the direct cost
5 of the activities, including the cost of providing statewide
6 support services.

7 (28) Load-restricted bridge--A bridge that is
8 restricted by the Texas Department of Transportation, under the
9 provisions of Transportation Code, §621.102, to a weight limit
10 less than the maximum amount allowed by Transportation Code,
11 §621.101.

12 (29) Load-restricted road--A road that is restricted
13 by the Texas Department of Transportation, under the provisions
14 of Transportation Code, §621.102, to a weight limit less than
15 the maximum amount allowed by Transportation Code, §621.101.

16 (30) Machinery plate--A license plate issued under
17 Transportation Code, §502.146.

18 (31) Manufactured home--Manufactured housing, as
19 defined in Occupations Code, Chapter 1201, and industrialized
20 housing and buildings, as defined in Occupations Code,
21 §1202.002, and temporary chassis systems, and returnable
22 undercarriages used for the transportation of manufactured
23 housing and industrialized housing and buildings, and a

1 transportable section which is transported on a chassis system
2 or returnable undercarriage that is constructed so that it
3 cannot, without dismantling or destruction, be transported
4 within legal size limits for motor vehicles.

5 (32) Motor carrier--A person that controls, operates,
6 or directs the operation of one or more vehicles that transport
7 persons or cargo over a public highway in this state, as defined
8 in Chapter 218 of this title (relating to Motor Carriers).

9 (33) Motor carrier registration (MCR)--The
10 registration issued by the department to motor carriers moving
11 intrastate, under authority of Transportation Code, Chapter 643
12 as amended.

13 (34) Nighttime--The period beginning one-half hour
14 after sunset and ending one-half hour before sunrise, as defined
15 by Transportation Code, §541.401.

16 (35) Nondivisible load or vehicle--

17 (A) Any load or vehicle exceeding applicable
18 length or weight limits which, if separated into smaller loads
19 or vehicles, would:

20 (i) compromise the intended use of the
21 vehicle, i.e., make it unable to perform the function for which
22 it was intended;

23 (ii) destroy the value of the load or

1 vehicle, i.e., make it unusable for its intended purpose; or

2 (iii) require more than eight workhours to
3 dismantle using appropriate equipment. The applicant for a
4 nondivisible load permit has the burden of proof as to the
5 number of workhours required to dismantle the load.

6 (B) Emergency response vehicles, including those
7 loaded with salt, sand, chemicals or a combination thereof, with
8 or without a plow or blade attached in front, and being used for
9 the purpose of spreading the material on highways that are or
10 may become slick or icy.

11 (C) Casks designed for the transport of spent
12 nuclear materials.

13 (D) Military vehicles transporting marked
14 military equipment or materiel.

15 (36) Oil field rig-up truck--An unladen vehicle with
16 an overweight single steering axle, equipped with a winch and
17 set of gin poles used for lifting, erecting, and moving oil well
18 equipment and machinery.

19 (37) Oil well servicing unit--An oil well clean-out
20 unit, oil well drilling unit, or oil well swabbing unit, which
21 is mobile equipment, either self-propelled or trailer-mounted,
22 constructed as a machine used solely for cleaning-out, drilling,
23 servicing, or swabbing oil wells, and consisting in general of,

1 but not limited to, a mast, an engine for power, a draw works,
2 and a chassis permanently constructed or assembled for this
3 purpose.

4 (38) One trip registration--Temporary vehicle
5 registration issued under Transportation Code, §502.095.

6 (39) Overdimension load--A vehicle, combination of
7 vehicles, or vehicle and its load that exceeds maximum legal
8 width, height, length, overhang, or weight as set forth by
9 Transportation Code, Chapter 621, Subchapters B and C.

10 (40) Overhang--The portion of a load extending beyond
11 the front or rear of a vehicle or combination of vehicles.

12 (41) Overheight--A vehicle or [~~An overdimension~~] load
13 that exceeds the maximum height specified in Transportation
14 Code, §621.207.

15 (42) Overlength--A vehicle, combination of vehicles,
16 or a vehicle or vehicle combination and its [~~An overdimension~~]
17 load that exceed(s) [~~exceeds~~] the maximum length specified in
18 Transportation Code, §§621.203, 621.204, 621.205, and 621.206.

19 (43) Oversize load--A vehicle, combination of
20 vehicles, or a vehicle or vehicle combination and its load that
21 exceed(s) maximum legal width, height, length, or overhang, as
22 set forth by Transportation Code, Chapter 621, Subchapter C.

23 (44) Overweight--A vehicle, combination of vehicles,

1 or a vehicle or vehicle combination and its [~~An overdimension~~]
2 load that exceed(s) [~~exceeds~~] the maximum weight specified in
3 Transportation Code, §621.101.

4 (45) [~~(44)~~] Overwidth--A vehicle or [~~An overdimension~~]
5 load that exceeds the maximum width specified in Transportation
6 Code, §621.201.

7 (46) [~~(45)~~] Permit--Authority for the movement of an
8 oversize and/or overweight vehicle, combination of vehicles, or
9 a vehicle or vehicle combination and its [~~overdimension~~] load,
10 issued by the department under Transportation Code, Chapter 623.

11 (47) [~~(46)~~] Permit account card (PAC)--A debit card
12 that can only be used to purchase a permit and which is issued
13 by a financial institution that is under contract to the
14 department and the Comptroller of Public Accounts.

15 (48) [~~(47)~~] Permit officer--An employee of the
16 department who is authorized to issue an oversize/overweight
17 permit.

18 (49) [~~(48)~~] Permit plate--A license plate issued under
19 Transportation Code, §502.146, to a crane or an oil well
20 servicing vehicle.

21 (50) [~~(49)~~] Permitted vehicle--A vehicle, combination
22 of vehicles, or vehicle and its load operating under the
23 provisions of a permit.

1 (51) [~~50~~] Permittee--Any person, firm, or
2 corporation that is issued an oversize/overweight permit by the
3 department.

4 (52) [~~51~~] Pipe box--A container specifically
5 constructed to safely transport and handle oil field drill pipe
6 and drill collars.

7 (53) [~~52~~] Portable building compatible cargo--Cargo,
8 other than a portable building unit, that is manufactured,
9 assembled, or distributed by a portable building unit
10 manufacturer and is transported in combination with a portable
11 building unit.

12 (54) [~~53~~] Portable building unit--The pre-fabricated
13 structural and other components incorporated and delivered by
14 the manufacturer as a complete inspected unit with a distinct
15 serial number whether in fully assembled, partially assembled,
16 or kit (unassembled) configuration when loaded for transport.

17 (55) [~~54~~] Principal--The person, firm, or
18 corporation that is insured by a surety bond company.

19 ~~[(55) Recyclable materials--Material that has been~~
20 ~~recovered or diverted from the solid waste stream for purposes~~
21 ~~of reuse, recycling, or reclamation, a substantial portion of~~
22 ~~which is consistently used in the manufacture of products which~~
23 ~~may otherwise be produced using raw or virgin materials.~~

1 ~~Recycled material is not solid waste unless the material is~~
2 ~~deemed to be hazardous solid waste by the Administrator of the~~
3 ~~United States Environmental Protection Agency, whereupon it~~
4 ~~shall be regulated accordingly unless it is otherwise exempted~~
5 ~~in whole or in part from regulation under the federal Solid~~
6 ~~Waste Disposal Act, as amended by the Resource Conservation and~~
7 ~~Recovery Act of 1976 (42 U.S.C. Section 6901, et seq.), by~~
8 ~~Environmental Protection Agency regulation. However, recyclable~~
9 ~~material may become solid waste at such time, if any, as it is~~
10 ~~abandoned or disposed of rather than recycled, whereupon it will~~
11 ~~be solid waste with respect only to the party actually~~
12 ~~abandoning or disposing of the material.]~~

13 ~~[(56) Shipper Person who consigns the movement of a~~
14 ~~shipment.]~~

15 (56) ~~[(57)]~~ Shipper's certificate of weight--A form
16 approved by the department in which the shipper certifies to the
17 maximum weight of the shipment being transported.

18 (57) ~~[(58)]~~ Single axle--An assembly of two or more
19 wheels whose centers are in one transverse vertical plane or may
20 be included between two parallel transverse planes 40 inches
21 apart extending across the full width of the vehicle.

22 (58) ~~[(59)]~~ Single-trip permit--A permit issued for an
23 overdimension load for a single continuous movement over a

1 specific route for an amount of time necessary to make the
2 movement.

3 (59) [~~(60)~~] State highway--A highway or road under the
4 jurisdiction of the Texas Department of Transportation.

5 (60) [~~(61)~~] State highway system--A network of roads
6 and highways as defined by Transportation Code, §221.001.

7 (61) [~~(62)~~] Surety bond--An agreement issued by a
8 surety bond company to a principal that pledges to compensate
9 the Texas Department of Transportation for any damage that might
10 be sustained to the highways and bridges by virtue of the
11 operation of the equipment for which a permit was issued. A
12 surety bond is effective the day it is issued and expires at the
13 end of the state fiscal year, which is August 31st. For example,
14 if you obtain a surety bond on August 30th, it will expire the
15 next day at midnight.

16 (62) [~~(63)~~] Tare weight--The empty weight of any
17 vehicle transporting an overdimension load.

18 (63) [~~(64)~~] Temporary vehicle registration--A 72-hour
19 temporary vehicle registration, 144-hour temporary vehicle
20 registration, or one-trip registration, as defined by
21 Transportation Code, §502.094.

22 (64) [~~(65)~~] Three-axle group--Any three consecutive
23 axles, having at least 40 inches from center of axle to center

1 of axle, whose extreme centers are not more than 144 inches
2 apart, and are individually attached to or articulated from, or
3 both, to the vehicle by a weight equalizing suspension system.

4 (65) [(66)] Time permit--A permit issued for a
5 specified period of time under §219.13 of this title (relating
6 to Time Permits).

7 (66) Tire size--The inches of lateral tread width.

8 (67) Traffic control device--All traffic signals,
9 signs, and markings, including their supports, used to regulate,
10 warn, or control traffic.

11 (68) Trailer mounted unit--An oil well clean-out,
12 drilling, servicing, or swabbing unit mounted on a trailer,
13 constructed as a machine used for cleaning out, drilling,
14 servicing, or swabbing oil wells, and consisting in general of,
15 but not limited to, a mast, an engine for power, a draw works,
16 and a chassis permanently constructed or assembled for this
17 purpose.

18 (69) Truck--A motor vehicle designed, used, or
19 maintained primarily for the transportation of property.

20 ~~[(70) Truck tractor--A motor vehicle designed or used~~
21 ~~primarily for drawing another vehicle.]~~

22 ~~[(A) that is not constructed to carry a load~~
23 ~~other than a part of the weight of the vehicle and load being~~

1 ~~drawn; or]~~

2 [~~(B) that is engaged with a semitrailer in the~~
3 ~~transportation of automobiles or boats and that transports the~~
4 ~~automobiles or boats on part of the truck tractor.]~~

5 (70) [~~(71)~~] Trunnion axle--Two individual axles
6 mounted in the same transverse plane, with four tires on each
7 axle, that are connected to a pivoting wrist pin that allows
8 each individual axle to oscillate in a vertical plane to provide
9 for constant and equal weight distribution on each individual
10 axle at all times during movement.

11 (71) [~~(72)~~] Trunnion axle group--Two or more
12 consecutive trunnion axles whose centers are at least 40 inches
13 apart and which are individually attached to or articulated
14 from, or both, to the vehicle by a weight equalizing suspension
15 system.

16 (72) [~~(73)~~] Two-axle group--Any two consecutive axles
17 whose centers are at least 40 inches but not more than 96 inches
18 apart and are individually attached to or articulated from, or
19 both, to the vehicle by a weight equalizing suspension system.

20 (73) [~~(74)~~] TxDOT--Texas Department of Transportation.

21 (74) [~~(75)~~] Unit--Oil well clean-out unit, oil well
22 drilling unit, oil well servicing unit, and/or oil well swabbing
23 unit.

1 (75) [~~(76)~~] Unladen lift equipment motor vehicle--A
2 motor vehicle designed for use as lift equipment used solely to
3 raise, shift, or lower heavy weights by means of a projecting,
4 swinging mast with an engine for power on a chassis permanently
5 constructed or assembled for such purpose.

6 (76) [~~(77)~~] USDOT Number--The United States Department
7 of Transportation number.

8 (77) [~~(78)~~] Variable load suspension axles--Axles,
9 whose controls must be located outside of and be inaccessible
10 from the driver's compartment, that can be regulated, through
11 the use of hydraulic and air suspension systems, mechanical
12 systems, or a combination of these systems, for the purpose of
13 adding or decreasing the amount of weight to be carried by each
14 axle during the movement of the vehicle.

15 ~~[(79) Vehicle--Every device in or by which any person~~
16 ~~or property is or may be transported or drawn upon a public~~
17 ~~highway, except devices used exclusively upon stationary rails~~
18 ~~or tracks.]~~

19 (78) [~~(80)~~] Vehicle identification number--A unique
20 and distinguishing number assigned to a vehicle by the
21 manufacturer or by the department in accordance with
22 Transportation Code, §501.032 and §501.033.

23 ~~[(81) Vehicle supervision fee--A fee required by~~

1 ~~Transportation Code, §623.078, paid by the permittee to the~~
2 ~~department, designed to recover the direct cost of providing~~
3 ~~safe transportation of a permit load exceeding 200,000 pounds~~
4 ~~gross weight over a state highway, including the cost for bridge~~
5 ~~structural analysis, monitoring the progress of the trip, and~~
6 ~~moving and replacing traffic control devices.]~~

7 (79) [~~82~~] Water Well Drilling Machinery--Machinery
8 used exclusively for the purpose of drilling water wells,
9 including machinery that is a unit or a unit mounted on a
10 conventional vehicle or chassis.

11 (80) [~~83~~] Weight-equalizing suspension system--An
12 arrangement of parts designed to attach two or more consecutive
13 axles to the frame of a vehicle in a manner that will equalize
14 the load between the axles.

15 (81) [~~84~~] Windshield sticker--Identifying insignia
16 indicating that a [~~an over axle/over gross weight tolerance~~]
17 permit has been issued in accordance with Subchapter C of this
18 chapter [~~and Transportation Code, §623.011~~].

19 (82) [~~85~~] Year--A time period consisting of 12
20 consecutive months that commences with the effective date stated
21 in the permit.

22 (83) [~~86~~] 72-hour temporary vehicle registration--
23 Temporary vehicle registration issued by the department

1 authorizing a vehicle to operate at maximum legal weight on a
2 state highway for a period not longer than 72 consecutive hours,
3 as prescribed by Transportation Code, §502.094.

4 (84) [~~(87)~~] 144-hour temporary vehicle registration--
5 Temporary vehicle registration issued by the department
6 authorizing a vehicle to operate at maximum legal weight on a
7 state highway for a period not longer than 144 consecutive
8 hours, as prescribed by Transportation Code, §502.094.

9

10 §219.3. Surety Bonds for Vehicles Transporting Recyclable
11 Materials or Solid Waste.

12 (a) Surety bond required. A surety bond is required for:

13 (1) vehicles used exclusively to transport recyclable
14 materials operated under the provisions of Transportation Code,
15 §622.134; and

16 (2) vehicles used exclusively to transport solid waste
17 under the provisions of Transportation Code, §623.163.

18 (b) Surety bonds.

19 (1) Surety bonds filed under this section must:

20 (A) be in the amount of \$1,000 per vehicle [~~for~~
21 ~~example, if 10 trucks are covered by the surety bond then the~~
22 ~~total amount of the surety bond would be \$10,000)];~~

23 (B) indicate the total amount of coverage; and

1 (C) be filed on a form and in a manner prescribed
2 by [~~submitted in duplicate to~~] the department [~~on Form 1575~~].

3 (2) A surety bond is effective the day it is issued
4 and expires at the end of the state fiscal year[~~, which is~~
5 ~~August 31st. For example, if you obtain a surety bond on August~~
6 ~~30th, it will expire the next day at midnight~~].

7 (3) [~~Form 1576 must be completed in duplicate and~~
8 ~~submitted to the department for certification of each vehicle~~
9 ~~bonded under Form 1575.~~]

10 [~~(A) The department will certify and return to~~
11 ~~the principal, one copy of Form 1575 and one copy of Form 1576.~~]

12 [~~(B)~~] The original bond certificate form [~~Form~~
13 ~~1576~~] must be carried in the cab of the bonded vehicle.

14 (c) Bond certification.

15 (1) For each vehicle, a bond certificate must:

16 (A) be on a form prescribed by the department;
17 and

18 (B) be completed in duplicate and submitted to
19 the department in a manner prescribed by the department for
20 certification.

21 (2) The department will certify and return one copy of
22 the bond certificate form to the principal.

23 (d) Bond amendment.

1 (1) A bond amendment form must be submitted to the
2 department to add or delete a vehicle covered by a certified
3 surety bond. A bond amendment must be completed in duplicate on
4 a form and in a manner prescribed by the department.

5 (2) The department will certify and return to the
6 principal one copy of the bond amendment form when a new vehicle
7 is added to the surety bond.

8 (3) When a vehicle is removed from the surety bond,
9 the department will make the necessary revision to the
10 principal's file.

11 (4) The certified bond amendment form must be carried
12 in the cab of the bonded vehicle.

13 (e) Acceptable bond documents. An electronic copy or
14 facsimile copy of a surety bond form, bond certification form,
15 or bond amendment form is not acceptable in lieu of the original
16 surety bond.

17 ~~[(4) Form 1577 must be used to add or delete a vehicle~~
18 ~~covered by Form 1575 and must be completed in duplicate and~~
19 ~~submitted to the department for certification.]~~

20 ~~[(A) The department will certify and return to~~
21 ~~the principal, one copy of Form 1577 when a new vehicle is added~~
22 ~~to the surety bond. When a vehicle is dropped from the surety~~
23 ~~bond the department will make the necessary revision to the~~

1 ~~principal's file.]~~

2 ~~[(B) Form 1577 must be carried in the cab of the~~
3 ~~bonded vehicle.]~~

4 ~~[(5) A facsimile copy of Forms 1575, 1576 or 1577 is not~~
5 ~~acceptable in lieu of the original surety bond.]~~

1 SUBCHAPTER H. ENFORCEMENT

2 §219.124. Administrative Proceedings.

3 (a) If the department decides to take an enforcement action
4 under §219.121 of this title (relating to Administrative
5 Penalties) or §219.122 of this title (relating to Administrative
6 Sanctions), the department shall give written notice to the
7 person against whom the action is being taken by first class
8 mail to the person's address as shown in the records of the
9 department.

10 (b) The notice required by subsection (a) of this section
11 must include:

- 12 (1) a brief summary of the alleged violation;
- 13 (2) a statement of each enforcement action being
14 taken;
- 15 (3) the effective date of each enforcement action;
- 16 (4) a statement informing the person of the person's
17 right to request a hearing;
- 18 (5) a statement describing the procedure for
19 requesting a hearing, including the period during which a
20 hearing request must be made; and
- 21 (6) a statement that the proposed penalties and
22 sanctions will take effect on the date specified in the letter
23 if the person fails to request a hearing.

1 (c) The person must submit a written request for a hearing
2 to the address provided in the notice not later than the 26th
3 day after the date the notice required by subsection (a) of this
4 section is mailed.

5 (d) On receipt of the written request for a hearing, the
6 department will refer the matter to the State Office of
7 Administrative Hearings. When the hearing is set, the department
8 will give notice of the time and place of the hearing to the
9 person.

10 (e) If the person does not make a written request for a
11 hearing or enter into a settlement agreement [~~under §219.125 of~~
12 ~~this title (relating to Settlement Agreements)~~] before the 27th
13 day after the date that the notice is mailed, the department's
14 decision becomes final [~~on that date~~].

15 (f) Except as provided by this chapter and Transportation
16 Code, Chapters 621, 622, and 623, any proceeding at the State
17 Office of Administrative Hearings is governed by Government
18 Code, Chapter 2001 and 1 TAC Chapter 155, including the
19 authority to informally dispose of the contested case by
20 stipulation, agreed settlement, consent order, or default.

21 (g) The department and the person may informally dispose of
22 the enforcement action by entering into a settlement agreement
23 or agreeing to stipulations at any time before the director

1 issues a final order. However, the person must pay any penalty
2 in full prior to the execution of a settlement agreement.

3

4 §219.127. Cost of Preparing Agency Record.

5 In the event that a final decision is appealed and the
6 department is required to transmit to the court the original or
7 a certified copy of the record, or any part thereof, the
8 appealing party shall pay the costs of preparation of such
9 record, unless waived by the department in whole or in part.

1 SUBCHAPTER H. ENFORCEMENT

2 §219.125. Settlement Agreements.

3 (a) The department and the alleged violator may enter into
4 a compromise settlement agreement at any time before the
5 issuance of a final decision. The compromise settlement
6 agreement must provide that the alleged violator consents to the
7 assessment of a specified administrative penalty or to the
8 imposition of the specified administrative sanction by the
9 department against the alleged violator and must be signed by
10 the alleged violator and the director.

11 (b) If the settlement agreement requires the payment of a
12 penalty to the department, the alleged violator must submit the
13 payment to the department in the agreed amount before the
14 agreement may be finalized.

15 (c) Upon the execution by the director of a settlement
16 agreement, the administrative proceeding ends. The settlement
17 agreement is a department order that is final.

Board Policy Documents

Governance Process (10/13/11)

Strategic Planning (10/13/11)

Board Vision (4/7/16)

Agency Boundaries (9/13/12)

KPIs (9/12/14)

Texas Department of Motor Vehicles TxDMV Board Governance Policy

1. PURPOSE

The directives presented in this policy address board governance of the Texas Department of Motor Vehicles (TxDMV).

2. SCOPE

The directives presented in this policy apply to the TxDMV Board and TxDMV agency personnel who interact with the Board. The TxDMV Board Governance Policy shall be one that is comprehensive and pioneering in its scope.

3. POLICY

3.1. TxDMV Board Governing Style

The Board shall govern according to the following general principles: (a) a vision for the agency, (b) diversity in points of view, (c) strategic leadership, providing day-to-day detail as necessary to achieve the agency vision, (d) clear distinction of Board and Executive Director roles, (e) collective decision making, (f) react proactively rather than reactively and with a strategic approach. Accordingly:

- 3.1.1. The Board shall provide strategic leadership to TxDMV. In order to do this, the Board shall:
 - 3.1.1.1. Be proactive and visionary in its thinking.
 - 3.1.1.2. Encourage thoughtful deliberation, incorporating a diversity of viewpoints.
 - 3.1.1.3. Work together as colleagues, encouraging mutual support and good humor.
 - 3.1.1.4. Have the courage to lead and make difficult decisions.
 - 3.1.1.5. Listen to the customers and stakeholders needs and objectives.
 - 3.1.1.6. Anticipate the future, keeping informed of issues and trends that may affect the mission and organizational health of the TxDMV.
 - 3.1.1.7. Make decisions based on an understanding that is developed by appropriate and complete stakeholder participation in the process of identifying the needs of the motoring public, motor vehicle industries,

and best practices in accordance with the mission and vision of the agency.

- 3.1.1.8. Commit to excellence in governance, including periodic monitoring, assessing and improving its own performance.
- 3.1.2. The Board shall create the linkage between the Board and the operations of the agency, via the Executive Director when policy or a directive is in order.
- 3.1.3. The Board shall cultivate a sense of group responsibility, accepting responsibility for excellence in governance. The Board shall be the initiator of policy, not merely respond to staff initiatives. The Board shall not use the expertise of individual members to substitute for the judgment of the board, although the expertise of individual members may be used to enhance the understanding of the Board as a body.
- 3.1.4. The Board shall govern the agency through the careful establishment of policies reflecting the board's values and perspectives, always focusing on the goals to be achieved and not the day-to-day administrative functions.
- 3.1.5. Continual Board development shall include orientation of new Board members in the board's governance process and periodic board discussion of how to improve its governance process.
- 3.1.6. The Board members shall fulfill group obligations, encouraging member involvement.
- 3.1.7. The Board shall evaluate its processes and performances periodically and make improvements as necessary to achieve premier governance standards.
- 3.1.8. Members shall respect confidentiality as is appropriate to issues of a sensitive nature.

3.2. TxDMV Board Primary Functions/Characteristics

TxDMV Board Governance can be seen as evolving over time. The system must be flexible and evolutionary. The functions and characteristics of the TxDMV governance system are:

- 3.2.1. Outreach
 - 3.2.1.1. Monitoring emerging trends, needs, expectations, and problems from the motoring public and the motor vehicle industries.
 - 3.2.1.2. Soliciting input from a broad base of stakeholders.

3.2.2. Stewardship

- 3.2.2.1. Challenging the framework and vision of the agency.
- 3.2.2.2. Maintaining a forward looking perspective.
- 3.2.2.3. Ensuring the evolution, capacity and robustness of the agency so it remains flexible and nimble.

3.2.3. Oversight of Operational Structure and Operations

- 3.2.3.1. Accountability functions.
- 3.2.3.2. Fiduciary responsibility.
- 3.2.3.3. Checks and balances on operations from a policy perspective.
- 3.2.3.4. Protecting the integrity of the agency.

3.2.4. Ambassadorial and Legitimizing

- 3.2.4.1. Promotion of the organization to the external stakeholders, including the Texas Legislature, based on the vision of the agency.
- 3.2.4.2. Ensuring the interests of a broad network of stakeholders are represented.
- 3.2.4.3. Board members lend their positional, professional and personal credibility to the organization through their position on the board.

3.2.5. Self-reflection and Assessment

- 3.2.5.1. Regular reviews of the functions and effectiveness of the Board itself.
- 3.2.5.2. Assessing the level of trust within the Board and the effectiveness of the group processes.

3.3. Board Governance Investment

Because poor governance costs more than learning to govern well, the Board shall invest in its governance capacity. Accordingly:

- 3.3.1. Board skills, methods, and supports shall be sufficient to ensure governing with excellence.

- 3.3.1.1. Training and retraining shall be used liberally to orient new members, as well as maintain and increase existing member skills and understanding.
 - 3.3.1.2. Outside monitoring assistance shall be arranged so that the board can exercise confident control over agency performance. This includes, but is not limited to, financial audits.
 - 3.3.1.3. Outreach mechanisms shall be used as needed to ensure the Board's ability to listen to stakeholder viewpoints and values.
 - 3.3.1.4. Other activities as needed to ensure the Board's ability to fulfill its ethical and legal obligations and to represent and link to the motoring public and the various motor vehicle industries.
- 3.3.2. The Board shall establish its cost of governance and it will be integrated into strategic planning and the agency's annual budgeting process.

3.4. Practice Discipline and Assess Performance

The Board shall ensure the integrity of the board's process by practicing discipline in Board behavior and continuously working to improve its performance. Accordingly:

- 3.4.1. The assigned result is that the Board operates consistently with its own rules and those legitimately imposed on it from outside the organization.
 - 3.4.1.1. Meeting discussion content shall consist solely of issues that clearly belong to the Board to decide or to monitor according to policy, rule and law. Meeting discussion shall be focused on performance targets, performance boundaries, action on items of Board authority such as conduct of administrative hearings, proposal, discussion and approval of administrative rule-making and discussion and approval of all strategic planning and fiscal matters of the agency.
 - 3.4.1.2. Board discussion during meetings shall be limited to topics posted on the agenda.
 - 3.4.1.3. Adequate time shall be given for deliberation which shall be respectful, brief, and to the point.
- 3.4.2. The Board shall strengthen its governing capacity by periodically assessing its own performance with respect to its governance model. Possible areas of assessment include, but are not limited to, the following:
 - 3.4.2.1. Are we clear and in agreement about mission and purpose?

- 3.4.2.2. Are values shared?
 - 3.4.2.3. Do we have a strong orientation for our new members?
 - 3.4.2.4. What goals have we set and how well are we accomplishing them?
 - 3.4.2.5. What can we do as a board to improve our performance in these areas?
 - 3.4.2.6. Are we providing clear and relevant direction to the Executive Director, stakeholders and partners of the TxDMV?
- 3.4.3. The Board Chair shall periodically promote regular evaluation and feedback to the whole Board on the level of its effectiveness.

Texas Department of Motor Vehicles Strategic Planning Policy

1. PURPOSE

The directives presented in this policy address the annual Strategic Planning process at the Texas Department of Motor Vehicles (TxDMV).

2. SCOPE

The directives presented in this policy apply to the TxDMV Board and TxDMV agency personnel who interact with the Board. TxDMV Strategic Planning Policy attempts to develop, document and expand its policy that is comprehensive in its scope in regards to the strategic planning process of the Board and the Department beyond that of the state strategic planning process.

3. POLICY

3.1. TxDMV Board Strategic Planning

This policy describes the context for strategic planning at TxDMV and the way in which the strategic plan shall be developed and communicated.

- 3.1.1. The Board is responsible for the strategic direction of the organization, which includes the vision, mission, values, strategic goals, and strategic objectives.
- 3.1.2. TxDMV shall use a 5-year strategic planning cycle, which shall be reviewed and updated annually, or as needed.
- 3.1.3. The 5-year strategic plan shall be informed by but not confined by requirements and directions of state and other funding bodies.
- 3.1.4. In developing strategic directions, the Board shall seek input from stakeholders, the industries served, and the public.
- 3.1.5. The Board shall:
 - 3.1.5.1. Ensure that it reviews the identification of and communication with its stakeholders at least annually.
 - 3.1.5.2. Discuss with agency staff, representatives of the industries served, and the public before determining or substantially changing strategic directions.

- 3.1.5.3. Ensure it receives continuous input about strategic directions and agency performance through periodic reporting processes.
- 3.1.6. The Board is responsible for a 5-year strategic plan that shall identify the key priorities and objectives of the organization, including but not limited to:
 - 3.1.6.1. The creation of meaningful vision, mission, and values statements.
 - 3.1.6.2. The establishment of a Customer Value Proposition that clearly articulates essential customer expectations.
 - 3.1.6.3. A Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis, to be updated annually.
 - 3.1.6.4. An assessment of external factors or trends (i.e., customer needs, political factors, economic factors, industry trends, technology factors, uncertainties, etc.)
 - 3.1.6.5. Development of the specific goals and objectives the Department must achieve and a timeline for action.
 - 3.1.6.6. Identification of the key performance indicators to measure success and the initiatives that shall drive results.
 - 3.1.6.7. Engage staff at all levels of the organization, through the executive director, in the development of the strategic plan through surveys, interviews, focus groups, and regular communication.
 - 3.1.6.8. Ensure the strategic planning process produces the data necessary for LBB/GOBPP state required compliance while expanding and enhancing the strategic plan to support the needs of the TxDMV. The overall strategic plan shall be used as a tool for strategic management.
- 3.1.7. The Board delegates to the Executive Director the responsibility for **implementing** the agency's strategic direction through the development of agency wide and divisional operational plans.

Texas Department of Motor Vehicles TxDMV Goals and Objectives

1. PURPOSE

The information presented in this policy addresses the goals and key objectives of the Board of the Texas Department of Motor Vehicles (TxDMV) as they relate to the mission, vision, and values of the TxDMV.

2. SCOPE

The scope of this policy is to define the desired state the TxDMV Board is working to achieve. This policy is designed to be inspirational in outlining the desired state of the agency that supports the TxDMV Board vision and meeting agency goals.

3. TxDMV MISSION

To serve, protect and advance the citizens and industries in the state with quality motor vehicle related services.

4. TxDMV VISION

The Texas Department of Motor Vehicles sets the standard as the premier provider of customer service in the nation.

5. TxDMV VALUES

To earn the trust and faith of all citizens of Texas with transparency, efficiency, excellence, accountability, and putting stakeholders first.

- 5.1. **Transparency** – Being open and inclusive in all we do.
- 5.2. **Efficiency** – Being good stewards of state resources by providing products and services in the most cost-effective manner possible.
- 5.3. **Excellence** – Working diligently to achieve the highest standards.
- 5.4. **Accountability** – Accepting responsibility for all we do, collectively and as individuals.
- 5.5. **Stakeholders** – Putting customers and stakeholders first, always.

6. TxDMV GOALS

6.1. GOAL 1 – Performance Driven

The TxDMV shall be a performance driven agency in its operations whether it is in customer service, licensing, permitting, enforcement or rule-making. At all times the TxDMV shall mirror in its performance the expectations of its customers and stakeholder by effective, efficient, customer-focused, on-time, fair, predictable and thorough service or decisions.

6.1.1. Key Objective 1

The TxDMV shall be an agency that is retail-oriented in its approach. To accomplish this orientation TxDMV shall concentrate the focus of the agency on:

- 6.1.1.1. Delivering its products and services to all of its customers and stakeholders in a manner that recognizes that their needs come first. These needs must be positively and proactively met. TxDMV works for and with its customers and stakeholders, not the other way around.
- 6.1.1.2. Operating the agency's licensing and registration functions in a manner akin to how a private, for-profit business. As a private, for-profit business, TxDMV would have to listen to its customers and stakeholders and implement best practices to meet their needs or its services would no longer be profitable or necessary. Act and react in a manner that understands how to perform without a government safety net and going out of business.
- 6.1.1.3. Simplify the production and distribution processes and ease of doing business with the TxDMV. Adapting and maintaining a business value of continuous improvement is central to TxDMV operations and processes.
- 6.1.1.4. All operations of the TxDMV shall stand on their own merits operationally and financially. If a current process does not make sense then TxDMV shall work within legislative and legal constraints to redesign or discard it. If a current process does not make or save money for the state and/or its customers or stakeholders then TxDMV shall work within legislative and legal constraints to redesign or discard it. TxDMV shall operate as efficiently and effective as possible in terms of financial and personnel needs. Divisions should focus on cost savings without sacrificing performance. Division directors are accountable for meeting these needs and applicable measures. All division directors are collectively responsible for the performance of TxDMV as a whole.
- 6.1.1.5. Focus on revenue generation for transportation needs as well as the needs of its customers.
- 6.1.1.6. Decisions regarding the TxDMV divisions should be based on the overriding business need of each division to meet or provide a specific service demand, with the understanding and coordination of overarching agency-wide needs.

- 6.1.1.7. Developing and regularly updating a long-range Statewide Plan describing total system needs, establishing overarching statewide goals, and ensuring progress toward those goals.
- 6.1.1.8. The TxDMV shall establish a transparent, well-defined, and understandable system of project management within the TxDMV that integrates project milestones, forecasts, and priorities.
- 6.1.1.9. The TxDMV shall develop detailed work programs driven by milestones for major projects and other statewide goals for all TxDMV divisions.
- 6.1.1.10. The TxDMV, with input from stakeholders and policymakers, shall measure and report on progress in meeting goals and milestones for major projects and other statewide goals.

6.2. GOAL 2 – Optimized Services and Innovation

The TxDMV shall be an innovative, forward thinking agency that looks for ways to promote the economic well-being and development of the industries it serves as well as the State of Texas within the legislative boundaries that have been established for the agency.

6.2.1. Key Objective 1

The TxDMV shall achieve operational, cultural, structural and financial independence from other state agencies.

- 6.2.1.1. Build the TxDMV identity. This means that TxDMV shall make customers aware of what services we offer and how they can take advantage of those services.
- 6.2.1.2. Build the TxDMV brand. This means that TxDMV shall reach out to the stakeholders, industries we serve and the public, being proactive in addressing and anticipating their needs.
- 6.2.1.3. Determine immediate, future, and long term facility and capital needs. TxDMV needs its own stand-alone facility and IT system as soon as possible. In connection with these needs, TxDMV shall identify efficient and effective ways to pay for them without unduly burdening either the state, its customers or stakeholders.
- 6.2.1.4. All regulations, enforcement actions and decision at TxDMV shall be made in a timely, fair and predictable manner.

6.2.2. Key Objective 2

Provide continuous education training on business trends in the industry with a particular emphasis on activities in Texas.

6.2.3. Key Objective 3

Provide continuous outreach services to all customers and stakeholders to access their respective needs and wants. This includes helping frame legislative or regulatory issues for consideration by other bodies including the legislature.

6.2.4. Key Objective 4

Examine all fees to determine their individual worth and reasonableness of amount. No fee shall be charged that cannot be defended financially and operationally.

6.3. GOAL 3 – Customer-centric

The TxDMV shall be a customer-centric agency that delivers today's services and decisions in a positive, solution-seeking manner while ensuring continuous, consistent and meaningful public and stakeholder involvement in shaping the TxDMV of tomorrow.

6.3.1. Key Objective 1

The TxDMV shall seek to serve its customer base through a creative and retail oriented approach to support the needs of its industries and customers.

6.3.2. Key Objective 2

The TxDMV shall develop and implement a public involvement policy that guides and encourages meaningful public involvement efforts agency-wide.

6.3.3. Key Objective 3

The TxDMV shall develop standard procedures for documenting, tracking, and analyzing customer complaint data. Successful problem resolution metrics should be monitored to support continuous improvement activities that shall permanently improve customer facing processes.

6.3.4. Key Objective 4

The TxDMV shall provide a formal process for staff with similar responsibilities to share best practices information.

6.3.5. Key Objective 5

The TxDMV shall provide central coordination of the Department's outreach campaigns.

6.3.6. Key Objective 6

The TxDMV shall develop and expand user friendly, convenient, and efficient website applications.

6.3.7. Key Objective 7

TxDmv shall timely meet all legislative requests and mandates.

Agency Operational Boundaries as Defined by Department Policies of the TxDMV Board (Board)

The Board is responsible for the policy direction of the agency. The Board's official connection to the day-to-day operation of the Texas Department of Motor Vehicles (TxDMV) and the conduct of its business is through the Executive Director of the TxDMV (ED) who is appointed by the Board and serves at its pleasure. The authority and accountability for the day-to-day operations of the agency and all members of the staff, except those members who report directly to the Board, is the sole responsibility of the ED.

In accordance with its policy-making authority the Board has established the following policy boundaries for the agency. The intent of the boundaries is not to limit the ability of the ED and agency staff to manage the day-to-day operations of the agency. To the contrary, the intent of the boundaries is to more clearly define the roles and responsibilities of the Board and the ED so as to liberate the staff from any uncertainty as to limitations on their authority to act in the best interest of the agency. The ED and staff should have certainty that they can operate on a daily basis as they see fit without having to worry about prior Board consultation or subsequent Board reversal of their acts.

The ED and all agency employees shall act at all times in an exemplary manner consistent with the responsibilities and expectations vested in their positions. The ED and all agency employees shall act in a manner consistent with Board policies as well as with those practices, activities, decisions, and organizational circumstances that are legal, prudent, and ethical. It is the responsibility of the ED to ensure that all agency employees adhere to these boundaries.

Accordingly, the TxDMV boundaries are as follows:

1. The day-to-day operations of the agency should be conducted in a manner consistent with the vision, mission, values, strategic framework, and performance metrics as established by the Board. These elements must not be disregarded or jeopardized in any way.
2. A team-oriented approach must be followed on all enterprise-wide decisions to ensure openness and transparency both internally and externally.
3. The agency must guard against allowing any financial conditions and decision which risk adverse fiscal consequences, compromise Board financial priorities, or fail to

show an acceptable level of foresight as related to the needs and benefits of agency initiatives.

4. The agency must provide timely, accurate, and honest information that will afford the Board, public, stakeholders, executive branch and the legislature the best ability to evaluate all sides of an issue or opportunity before forming an opinion or taking action on it. Any information provided that is intentionally untimely, inaccurate, misleading or one-sided will not be tolerated.
5. The agency must take all reasonable care to avoid or identify in a timely manner all conflicts of interest or even the appearance of impropriety in awarding purchases, negotiating contracts or in hiring employees.
6. The agency must maintain adequate administrative policies and procedures that are understandable and aid in staff recruitment, development and retention.
7. The agency must maintain an organizational structure that develops and promotes the program areas from an enterprise-wide perspective. No organizational silos or sub-agencies will be allowed. We are the TxDMV.
8. The agency must empower its entire staff to deliver a positive customer experience to every TxDMV customer, stakeholder or vendor to reduce their effort and make it easier for them to do business with the TxDMV.
9. The agency must at all times look to flattening its organizational structure to reduce cost as technology advances allow.
10. Agency staff shall anticipate and resolve all issues timely.
11. The agency must maximize the deployment and utilization of all of its assets – people, processes and capital equipment – in order to fully succeed.
12. The agency must not waste the goodwill and respect of our customers, stakeholders, executive branch and legislature. All communication shall be proper, honest, and transparent with timely follow-up when appropriate.
13. The agency should focus its work efforts to create value, make sure that processes, programs, or projects are properly designed, budgeted and vetted as appropriate with outside stakeholders to ensure our assumptions are correct so positive value continues to be created by the actions of the TxDMV.
14. The ED through his or her staff is responsible for the ongoing monitoring of all program and fiscal authorities and providing information to the Board to keep it apprised of all program progress and fiscal activities. This self-assessment must result in a product that adequately describes the accomplishment of all program

goals, objectives and outcomes as well as proposals to correct any identified problems.

15. In advance of all policy decisions that the Board is expected to make, the ED will provide pertinent information and ensure board members understand issues/matters related to the pending policy decision. Additionally, the ED or designee will develop a process for planning activities to be performed leading up to that particular policy decision and the timeframe for conducting these planning activities. It is imperative that the planning process describes not only when Board consideration will be expected but also when prior Board consultation and involvement in each planning activity will occur.
16. In seeking clarification on informational items Board members may directly approach the ED or his or her designee to obtain information to supplement, upgrade or enhance their knowledge and improve the Board's decision-making. Any Board member requests that require substantive work should come to the Board or Committee Chairs for direction.
17. The agency must seek stakeholder input as appropriate on matters that might affect them prior to public presentation of same to the Board.
18. The agency must measure results, track progress, and report out timely and consistently.
19. The ED and staff shall have the courage to admit a mistake or failure.
20. The ED and staff shall celebrate successes!

The Board expects the ED to work with agency staff to develop their written interpretation of each of the boundaries. The ED will then present this written interpretation to the Board prior to discussion between the Board and ED on the interpretation. The Board reserves the right to accept, reject or modify any interpretation. The intent is that the Board and the ED will come to a mutually agreeable interpretation of agency boundaries that will then form the basis of additional written thought on the part of the ED and staff as to how these boundaries will influence the actions of the agency.

GOAL	STRATEGY	#	MEASURE	Baseline	Target	Actual	OWNER
Performance Driven	Effective and efficient services	1	Average processing time for new franchise license applications	45 days	35 days		MVD
		2	Average processing time for franchise renewals	11 days	5 days		MVD
		3	Average processing time of franchise license amendments	20 days	8 days		MVD
		4	Average processing time for new Dealer's General Distinguishing Number (GDN) license applications	35 days	17 days		MVD
		5	Average processing time for GDN renewals	14 days	7 days		MVD
		6	Average processing time for GDN license amendments	19 days	7 days		MVD
		7	Average turnaround time for single-trip routed permits	33.88 mins	32 mins		MCD
		8	Average turnaround time for intrastate authority application processing	1.47 days	1.4 days		MCD
		9	Average turnaround time for apportioned registration renewal applications processing	2 days	2 days		MCD
		10	Average turnaround time to issue salvage or non-repairable vehicle titles	5 days	4 days		VTR
		11	Average time to complete motor vehicle complaints with no contested case proceeding	131 days	120 days		ENF
		12	Average time to complete motor vehicle complaints with contested case proceeding	434 days	400 days		ENF
		13	Average time to complete salvage complaints with no contested case proceeding	131 days	120 days		ENF
		14	Average time to complete salvage complaints with contested case proceeding	434 days	400 days		ENF
		15	Average time to complete motor carrier complaints with no contested case proceeding	297 days	145 days		ENF
		16	Average time to complete motor carrier complaints with contested case proceeding	133 days	120 days		ENF
		17	Average time to complete household goods complaints with no contested case proceeding	432 days	145 days		ENF
		18	Average time to complete household goods complaints with contested case proceeding	371 days	180 days		ENF
		19	Average time to complete Oversize/Overweight (OS/OW) complaints with no contested case proceeding	40 days	35 days		ENF
		20	Average time to complete OS/OW complaints with contested case proceeding	265 days	250 days		ENF
		21	Percent of lemon law cases resolved prior to referral for hearing	76%	60%		ENF
		22	Average time to complete lemon law cases where no hearing is held	147 days	65 days		ENF
		23	Average time to complete lemon law cases where hearing is held	222 days	150 days		ENF
		24	Percent of total renewals and net cost of registration renewal: A. Online B. Mail C. In Person	A. 15% B. 5% C. 80%	A. 16% B. 5% C. 79%		VTR
		25	Total dealer title applications: A. Through Webdealer B. Tax Office	Baseline in development	A. 5% B. 95%		VTR

GOAL	STRATEGY	#	MEASURE	Baseline	Target	Actual	OWNER	
Strategic	Improve customer service	26	Percent of total lien titles issued: A. Electronic Lien Title B. Standard Lien Title	A. 16% B. 84%	A. 20% B. 80%		VTR	
		27	Percent of total OS/OW permits: A. Online (self-issued) B. Online (MCD-issued) C. Phone D. Mail E. Fax	A. 57.47% B. 23.03% C. 11.33% D. 1.76% E. 6.4%	A. 58% or greater B. 25% or greater C. 10% or less D. 1.7% or less E. 5.3% or less		MCD	
		28	Average time to complete lemon law and warranty performance cases after referral	Baseline in development	25 days		OAH	
		29	Average time to issue a decision after closing the record of hearing	Baseline in development	30 days		OAH	
	Optimized Services and Innovation	Implement appropriate best practices	30	Percent of audit recommendations implemented	Baseline in development	90% annual goal for these recommendations which Internal Audit included in a follow-up audit		IAD
		Continuous business process improvement and realignment	31	Percent of projects approved by the agency's governance team that finish within originally estimated time (annual)	57%	100%		EPMO
			32	Percent of projects approved by the agency's governance team that finish within originally estimated budget (annual)	71%	100%		EPMO/ FAS
			33	Percent of monitoring reports submitted to Texas Quality Assurance Team (TXQAT) by or before the due date	79%	100%		EPMO
			34	Percent of project manager compliance with EPMO project management standards based upon internal quality assurance reviews	Baseline in development	100%		EPMO
		Executive ownership and accountability for results	35	Percent of employees due a performance evaluation during the month that were completed on time by division.	Baseline in development	100%		HR
36			Percent of goals accomplished as stated in the directors performance evaluation	Baseline in development	Measure annually at the end of the fiscal year		EXEC	
Organizational culture of continuous improvement and creativity		37	Employees who rate job satisfaction as above average as scored by the Survey of Employee Engagement (SEE)	3.47 (SEE 2012)	3.65	3.60 (SEE 2013)		HR
	38	Increase in the overall SEE score	337 (SEE 2012)	360	351 (SEE 2013)		HR	
Strategic	Focus on the internal customer	39	Percent of favorable responses from customer satisfaction surveys	Baseline in development	90%		EPMO	
		40	Annual agency voluntary turnover rate	6.5% (FY 2013)	5.0%		HR	
	Increase transparency with external customers	41	Number of education programs conducted and number of stakeholders/customers attending education programs	4.48/80.61	4/80		MCD	
		42	Number of education programs conducted and number of stakeholders/customers attending education programs	36/335	42/390		VTR	
		43	Number of eLearning training modules available online through the Learning Management System and number of modules completed by stakeholders/customers	eLearning Modules Available - 28 Completed - 735	Available - 31 Completed - 814		VTR	

GOAL	STRATEGY	#	MEASURE	Baseline	Target	Actual	OWNER
Customer Center		44	Number of Shows and Exhibits attended to educate stakeholders/customers about TxDMV services and programs	6	7		MVD
		45	Number of education programs conducted and number of stakeholders/customers attending education programs	3/250	3/250		ENF
		46	Number of education programs conducted and number of stakeholders/customers attending education programs	3/150	4/300		ABTPA
		47	Percent of customers and stakeholders who express above average satisfaction with communications to and from TxDMV	Baseline in development	80%		All Divisions
	Excellent Service Delivery	48	Average hold time	9 min	9 min		CRD
		49	Abandoned call rate	22%	20%		CRD
		50	Average hold time	Baseline in development	1 min		ITS
		51	Abandoned call rate	Baseline in development	5%		ITS
		52	Average hold time	Credentialing - 1.6 minutes Permits - 2.08 minutes CFS - 54.38 seconds	Credentialing - 1.5 minutes Permits - 2 minutes CFS - 50 seconds		MCD
		53	Abandoned call rate	Credentialing - 7% Permits - 6.42% CFS - 5.63%	Credentialing - 6% Permits - 5% CFS - 5%		MCD
Key:		Critical	Off Target	On target	Not yet started		
Vision: The Texas Department of Motor Vehicles sets the standard as the premier provider of customer service in the nation.							
Mission: To serve, protect, and advance the citizens and industries in the state with quality motor vehicle related services.							
Philosophy: The Texas Department of Motor Vehicles is customer-focused and performance driven. We are dedicated to providing services in an efficient, effective and progressive manner as good stewards of state resources. With feedback from our customers, stakeholders and employees, we work to continuously improve our operations, increase customer satisfaction and provide a consumer friendly atmosphere.							
Values: We at the Texas Department of Motor Vehicles are committed to: TEXAS-Transparency, Efficiency, EXcellence, Accountability, and Stakeholders.							