

**MINUTES OF THE
FINANCE COMMISSION MEETING
Friday, February 16, 2018**

The Finance Commission of Texas convened at 9:13 a.m. on February 16, 2018 with the following members present:

Finance Commission Members in Attendance:

Stacy G. London, Chairman
Jay Shands, Vice Chairman
Bob Borochoff
Hector Cerna
Molly Curl
Phillip Holt
Will Lucas
Vince Puente

Finance Commission Chairman Stacy G. London announced a quorum with eight members present.

Stacy G. London made a motion to excuse Lori McCool, Matt Moore, and Paul Plunkett from the Finance Commission meeting held on February 16, 2018. There were no objections and the motion passed unanimously. (00:45)

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
A. FINANCE COMMISSION MATTERS		
1. Review and Approval of the Minutes of the December 15, 2017 Finance Commission Meeting	On Consent Agenda – Item A1 This item Approved on the Consent Agenda.	1:49 start of discussion
2. Review and Approval of the Minutes of the December 15, 2017 Study Committee Meeting	On Consent Agenda – Item A2 This item Approved on the Consent Agenda.	1:55 start of discussion
3. General Public Comment	No Action Required.	1:59 start of discussion
4. Consent Agenda – Items A1, A2, A8, C2, C3, D2-D4	Will Lucas made a motion to Approve Consent Agenda items A1, A2, A8, C2, C3, and D2-D4. Phillip Holt seconded and the motion passed.	4:23 start of discussion 4:59 vote
5. Finance Commission Operations	No Action Required.	8:23 start of discussion
6. Audit Committee Report		2:49 start of discussion

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
<p>A. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' November 30, 2017 Investment Officer Reports</p> <ol style="list-style-type: none"> 1. Department of Savings and Mortgage Lending 2. Office of Consumer Credit Commissioner 3. Texas Department of Banking 	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Agencies' November 30, 2017 Investment Officer Reports passed.</p>	<p>2:51 start of discussion 3:12 vote</p>
<p>B. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' 2018 First Quarter Financial Statements</p> <ol style="list-style-type: none"> 1. Department of Savings and Mortgage Lending 2. Office of Consumer Credit Commissioner 3. Texas Department of Banking 	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Agencies' 2018 First Quarter Financial Statements passed.</p>	<p>3:44 start of discussion 3:47 vote</p>
<p>C. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Proposal for the Department of Savings and Mortgage Lending to contribute \$750,000.00 to the Texas Financial Education Endowment Fund</p>	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Proposal for the Department of Savings and Mortgage Lending to contribute \$750,000.00 to the Texas Financial Education Endowment Fund passed.</p>	<p>3:54 start of discussion 4:03 vote</p>
<p>7. Discussion of and Possible Vote to Take Action on Revisions of the Finance Commission's Liquidity Policy</p>	<p>Phillip Holt made a motion to Approve the Revisions of the Finance Commission's Liquidity Policy. Molly Curl seconded and the motion passed.</p>	<p>13:04 start of discussion 21:50 vote</p>
<p>8. <i>On Consent</i></p>	<p>On Consent Agenda – Item A8 This item Approved on the Consent Agenda.</p>	<p>n/a</p>
<p>9. Discussion of and Possible Vote to Take Action on the Adoption of Amendments, a New Section, and a Repeal in 7 TAC, Part 8, Chapter 153, Concerning</p>	<p>Vince Puente made a motion to Approve the Adoption of Amendments, a New Section, and a Repeal in 7 TAC, Part 8,</p>	<p>22:10 start of discussion 32:32 vote</p>

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
Home Equity Lending	Chapter 153, Concerning Home Equity Lending. Hector Cerna seconded and the motion passed.	
10. Discussion of and Possible Vote to Take Action Regarding Personnel Matters Pursuant to §551.074, Texas Government Code: Deliberations with Respect to the Duties and Compensation of a Person Holding the Position of Executive Director of the Finance Commission, Deliberations with Respect to the Duties and Compensation of Persons Holding the Position of Agency Commissioner Positions, and Other Staff	Deferred to Executive Session – no vote taken.	n/a
11. Discussion of and Possible Vote to Take Action Regarding Facility Planning and Real Property Matters Pursuant to §551.072, Texas Government Code: Deliberations Regarding the Purchase, Exchange, Lease or Value of Real Property	Deferred to Executive Session – no vote taken.	n/a
12. Discussion and Consultation with Attorney and Possible Vote to Take Action Pursuant to §551.071, Texas Government Code, for the purpose of seeking the advice or attorney-client privileged communications from our attorneys, including matters related to the potential financial exposure of the Finance Commission Agencies and their officers and the Finance Commission and its officers and including matters of pending and contemplated litigation	Deferred to Executive Session – no vote taken.	n/a
B. DEPARTMENT OF SAVINGS AND MORTGAGE LENDING		
1. Industry Status and Departmental Operations - State Savings Bank Activity: a) Industry Status; b) State Savings Bank Charter and Application Activity; c) Other Items	No Action Required.	33:16 start of discussion

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2. Discussion of and Possible Vote to Take Action on Annual Assessments to be Paid by the Texas State Savings Banks	Phillip Holt made a motion to Approve the Annual Assessments to be Paid by the Texas State Savings Banks. Jay Shands seconded and the motion passed.	38:37 start of discussion 38:53 vote
3. Industry Status and Departmental Operations – Mortgage Lending Activity: a) Residential Mortgage Loan Originators; b) Mortgage Examination; c) Consumer Complaints; and d) Other Items	No Action Required.	38:56 start of discussion
4. Fiscal/Operations Activity: a) Funding Status/Audits/Financial Reporting; b) Staffing; and c) Other Items	No Action Required.	52:40 start of discussion
5. Legal Activity: a) Enforcement; b) Gift Reporting; and c) Legislative Activities	No Action Required.	53:04 start of discussion
6. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation	No Action Required.	n/a
C. OFFICE OF CONSUMER CREDIT COMMISSIONER		
1. Industry Status and Departmental Operations: a) Consumer Protection and Assistance Division Activities; b) Licensing Division Activities; c) Administration Division Activities; d) Financial Division Activities; e) Legal Division Activities; and f) Legislative Activities	No Action Required.	1:01:14 start of discussion
2. <i>On Consent</i>	On Consent Agenda – Item C2 This item Approved on the Consent Agenda.	n/a
3. <i>On Consent</i>	On Consent Agenda – Item C3 This item Approved on the Consent Agenda.	n/a

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
<p>4. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments in 7 TAC, Part 5, Chapter 84, Concerning Motor Vehicle Installment Sales</p>	<p>Will Lucas made a motion to Approve the Proposal and Publication for Comment of Amendments in 7 TAC, Part 5, Chapter 84, Concerning Motor Vehicle Installment Sales. Jay Shands seconded and the motion passed.</p>	<p>1:17:30 start of discussion 1:47:05 vote</p>
<p>5. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments, New Rules, and a Repeal in 7 TAC, Part 5, Chapter 85, Subchapter B, Concerning Rules for Crafted Precious Metal Dealers</p>	<p>Phillip Holt made a motion to Approve on the Proposal and Publication for Comment of Amendments, New Rules, and a Repeal in 7 TAC, Part 5, Chapter 85, Subchapter B, Concerning Rules for Crafted Precious Metal Dealers. Vince Puente seconded and the motion passed.</p>	<p>1:47:16 start of discussion 1:53:28 vote</p>
<p>6. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation</p> <p><i>Lynn Rowell d/b/a Beaumont Greenery, MPC Data and Communications, Inc., Micah Cooksey, NXT Properties, Inc., Mark Harken, Montgomery Chandler, Inc., Paula Cook, Townsley Designs, LLC, and Shonda Townsley v. Ken Paxton, in his official capacity as Attorney General of the State of Texas; Cause No. 1:14-cv-00190-LY, in the United States District Court, Western District of Texas, Austin Division</i></p> <p><i>Ernest Polk v. Texas Office of Consumer Credit Commissioner; Cause No. 2018-04375, in the 281st Judicial District Court of Harris County, Texas</i></p>	<p>No Action Required.</p>	<p>n/a</p>
<p>D. TEXAS DEPARTMENT OF BANKING</p>		
<p>1. Industry Status and Departmental Operations: a) Items of Interest from the Commissioner's Office; b) Bank and Trust Division Activities; c) Corporate Division Activities; d) Special Audits Division Activities; e)</p>	<p>No Action Required.</p>	<p>1:54:12 start of discussion</p>

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
Administrative and Fiscal Division Activities; f) Strategic Support Division Activities; g) Legal Division Activities; h) Legislative Activities; and i) General Items of Interest		
2. <i>On Consent</i>	On Consent Agenda – Item D2. This item Approved on the Consent Agenda.	n/a
3. <i>On Consent</i>	No Action Required. On Consent Agenda – Item D3. This item Approved on the Consent Agenda.	n/a
4. <i>On Consent</i>	No Action Required. On Consent Agenda – Item D4. This item Approved on the Consent Agenda.	n/a
5. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation	No Action Required.	n/a

Chairman Stacy G. London called for an Executive Session at 11:35 a.m. (2:07:06) *on the audio file*). The open meeting resumed at 11:55 a.m. (2:07:51) *on the audio file*).

There being no further business, Chairman Stacy G. London adjourned the meeting of the Finance Commission at 11:58 a.m. (2:10:32) *on the audio file*).

/s/Stacy G. London

Stacy G. London, Chairman
Finance Commission of Texas

/s/Charles G. Cooper

Charles G. Cooper, Executive Director
Finance Commission of Texas

/s/Anne Benites

Anne Benites, Executive Assistant
Finance Commission of Texas