

**MINUTES OF THE
FINANCE COMMISSION MEETING
Friday, August 18, 2017**

The Finance Commission of Texas convened at 9:45 a.m. on August 18, 2017 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
Lori McCool
Matt Moore
Paul Plunket
Vince E. Puente

Finance Commission Chairman Stacy G. London announced a quorum with eleven members present.
(00:01) start of discussion)

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
A. FINANCE COMMISSION MATTERS		
1. Review and Approval of the Minutes of the June 16, 2017 Finance Commission Meeting	On Consent Agenda – Item A1 This item Approved on the Consent Agenda.	00:33 start of discussion
2. General Public Comment	No Action Required.	00:05 start of discussion
3. Consent Agenda – Items A1, B2, and B3	Molly Curl made a motion to Approve Consent Agenda items A1, B2, and B3. Will Lucas seconded and the motion passed.	00:42 start of discussion 00:55 vote
4. Finance Commission Operations	No Action Required.	1:19 start of discussion
5. Audit Committee Report		03:25 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' May 31, 2017 Investment Officer Reports</p> <ol style="list-style-type: none"> 1. Office of Consumer Credit Commissioner 2. Texas Department of Banking 3. Department of Savings and Mortgage Lending 	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Agencies' May 31, 2017 Investment Officer Reports passed.</p>	<p>03:27 start of discussion 03:44 vote</p>
<p>B. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Texas Department of Banking's 2017 Annual Internal Audit Report as Prepared and Presented by Garza/Gonzalez and Associates</p>	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Texas Department of Banking's 2017 Annual Internal Audit Report as Prepared and Presented by Garza/Gonzalez and Associates passed.</p>	<p>03:54 start of discussion 04:01 vote</p>
<p>C. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Office of Consumer Credit Commissioner's 2017 Annual Internal Audit Report as Prepared and Presented by Garza/Gonzales and Associates</p>	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Office of Consumer Credit Commissioner's 2017 Annual Internal Audit Report as Prepared and Presented by Garza/Gonzales and Associates passed.</p>	<p>04:11 start of discussion 04:22 vote</p>
<p>D. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' 2017 Third Quarter Financial Statements</p> <ol style="list-style-type: none"> 1. Office of Consumer Credit Commissioner 2. Texas Department of Banking 3. Department of Savings and Mortgage Lending 	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Agencies' 2017 Third Quarter Financial Statements passed.</p>	<p>04:27 start of discussion 04:35 vote</p>

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<p>E. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' Fiscal Year 2018 Operating Budgets</p> <ol style="list-style-type: none"> 1. Office of Consumer Credit Commissioner 2. Texas Department of Banking 3. Office of Savings and Mortgage Lending 	<p>Coming upon Recommendation from the Audit Committee, no second is needed and the motion to Approve the Agencies' Fiscal Year 2018 Operating Budgets passed.</p>	<p>04:46 start of discussion 04:54 vote</p>
<p>F. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action to Approve an Amount for the Upcoming 2018-19 Grant Cycle for the Texas Financial Education Endowment Fund</p>	<p>Coming upon Recommendation from the Audit Committee, no second is needed and the motion to Approve \$250,000 for the Upcoming 2018-19 Grant Cycle for the Texas Financial Education Endowment Fund passed.</p>	<p>05:02 start of discussion 05:14 vote</p>
<p>G. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Readoption of the Investment Policy for the Texas Department of Banking</p>	<p>Coming upon Recommendation from the Audit Committee, no second is needed and the motion to Approve the Readoption of the Investment Policy for the Texas Department of Banking passed.</p>	<p>05:24 start of discussion 05:35 vote</p>
<p>6. Discussion of and Possible Vote to Take Action on the Adoption of Amendments to 7 TAC, Part 1, Chapter 9, §9.1 and §9.12, Regarding Contested Case Procedures</p>	<p>Will Lucas made a motion to Approve the Adoption of Amendments to 7 TAC, Part 1, Chapter 9, §9.1 and §9.12, Regarding Contested Case Procedures. Bob Borochoff seconded and the motion passed.</p>	<p>08:01 start of discussion 28:05 vote</p>
<p>7. Discussion of and Possible Vote to Take Action on the Agency Priorities for Fiscal Year 2018 for the Commissioners of the Office of Consumer Credit Commissioner, Texas Department of Banking, and the Department of Savings and Mortgage Lending</p>	<p>Will Lucas made a motion to Approve the Agency Priorities for Fiscal Year 2018 for the Commissioners of the Office of Consumer Credit Commissioner, Texas Department of Banking, and the Department of Savings and Mortgage Lending. Jay</p>	<p>28:21 start of discussion 29:19 vote</p>

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	Shands seconded and the motion passed.	
8. Discussion of and Possible Vote of a Resolution Supporting the Finance Commission Agencies in the Sunset Process	<p>Jay Shands made a motion to Approve a resolution supporting the Finance Commission Agencies in the Sunset process. Vince Puente seconded and the motion passed.</p> <p>Jay Shands made a second motion to amend the resolution to change the word “uniformly” to “unanimously.”</p> <p>Paul Plunket made a third motion to amend the language to the resolution by adding: “Whereas, the three Finance Commission agencies file annual and biennial reports with the Office of the Governor, the Texas Legislature, and the Legislative Budget Board.” Bob Borochoff seconded and the motion passed.</p>	<p>35:30 start of discussion</p> <p>46:50 vote</p>
9. 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
10. 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

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<p>11. 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</p>	<p>Deferred to Executive Session – no vote taken.</p>	<p>n/a</p>
B. OFFICE OF CONSUMER CREDIT COMMISSIONER		
<p>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</p>	<p>No Action Required.</p>	<p>48:17 start of discussion</p>
<p>2. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of New Rules in 7 TAC, Part 1, Chapter 7, Concerning the Texas Financial Education Endowment Fund</p>	<p>On Consent Agenda – Item B2 This item approved on the Consent Agenda.</p>	<p>n/a</p>
<p>3. Discussion of and Possible Vote to Take Action on the Adoption of Amendments to 7 TAC, Part 5, Chapter 84, Concerning Motor Vehicle Installment Sales, and the Adoption of a New Rule in Chapter 86, Concerning Retail Creditors</p>	<p>On Consent Agenda – Item B3 This item approved on the Consent Agenda.</p>	<p>n/a</p>
<p>4. Discussion of and Possible Vote to Take Action on the Proposed Repeal of 7 TAC, Part 1, Chapter 4, Concerning Credit Card Surcharge Appeal Procedures</p>	<p>Will Lucas made a motion to Approve the Proposed Repeal of 7 TAC, Part 1, Chapter 4, Concerning Credit Card Surcharge Appeal Procedures. Phillip Holt seconded and the</p>	<p>1:07:01 start of discussion 1:08:17 vote</p>

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	motion passed.	
5. Discussion of and Possible Vote to Take Action on the Completed Rule Review of 7 TAC, Part 5, Chapter 89, Concerning Property Tax Lenders	Lori McCool made a motion to Approve the Completed Rule Review of 7 TAC, Part 5, Chapter 89, Concerning Property Tax Lenders. Will Lucas seconded and the motion passed.	1:08:42 start of discussion 1:26:01 vote
6. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments, New Rules, and Repeals in 7 TAC, Part 5, Chapter 89, Concerning Property Tax Lenders, Resulting from Rule Review	Lori McCool made a motion to Approve the Proposal and Publication for Comment of Amendments, New Rules, and Repeals in 7 TAC, Part 5, Chapter 89, Concerning Property Tax Lenders, Resulting from Rule Review. Molly Curl seconded and the motion passed.	1:26:33 start of discussion 1:26:45 vote
7. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation <i>Lynn Rowell d/b/a Beaumont Greenery, MPC Data and Communications, Inc., Micah Cooksey, NXT Properties, Inc., Mark Harken Micah Cooksey, NXT Properties, Inc., Mark Harken, Montgomery Chandler, Inc., Paula Cook, Townsley Designs, LLC, and Shonda Townsley v. Leslie L. Pettijohn, in her official capacity as Commissioner of the Office of Consumer Credit Commissioner 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>	No Action Required.	n/a
C. TEXAS DEPARTMENT OF BANKING		
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;	No Action Required.	1:27:16 start of discussion

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e) Administrative and Fiscal Division Activities; f) Strategic Support Division Activities; g) Legal Division Activities; h) Legislative Activities; and i) General Items of Interest		
D. 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.	1:47:43 start of discussion
2. 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.	1:49:13 Start of discussion
3. Fiscal/Operations Activity: a) Funding Status/Audits/Financial Reporting; b) Staffing; and c) Other Items	No Action Required.	1:59:00 Start of discussion
4. Legal Activity: a) Enforcement; b) Gift Reporting; and c) Legislative Activities	No Action Required	1:59:54 Start of discussion
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 12:00 p.m. (2:05:31 on the audio file). The open meeting resumed at 12:55 p.m. (2:05:53 on the audio file).

There being no further business, Chairman Stacy G. London adjourned the meeting of the Finance Commission at 12:56 p.m. (2:06:52) 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