

**MINUTES OF THE  
FINANCE COMMISSION MEETING  
Friday, October 20, 2017**

The Finance Commission of Texas convened at 9:03 a.m. on October 20, 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

Finance Commission Chairman Stacy G. London announced a quorum with ten members present. (00:15) start of discussion)

Stacy G. London made a motion to excuse Vince E. Puente from the Finance Commission meeting held on October 20, 2017. There were no objections and the motion passed unanimously. (00:35)

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
<b>A. FINANCE COMMISSION MATTERS</b>		
1. Review and Approval of the Minutes of the August 18, 2017 Finance Commission Meeting	<b>On Consent Agenda – Item A1</b> This item Approved on the Consent Agenda.	03:42 start of discussion
2. General Public Comment	No Action Required.	04:12 start of discussion
3. Consent Agenda – Items A1 and D2	Jay Shands made a motion to Approve Consent Agenda items A1 and D2. Phillip Holt seconded and the motion passed.	04:23 start of discussion 05:00 vote
4. Presentation by the Sunset Advisory Commission	No Action Required.	10:55 start of discussion
5. Finance Commission Operations		22:42 start of discussion

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
6. Audit Committee Report		24:15 start of discussion
<p>A. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' August 31, 2017 Investment Officer Reports</p> <ol style="list-style-type: none"> <li>1. Texas Department of Banking</li> <li>2. Department of Savings and Mortgage Lending</li> <li>3. Office of Consumer Credit Commissioner</li> </ol>	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Agencies' August 31, 2017 Investment Officer Reports passed.</p>	<p>24:23 start of discussion 24:29 vote</p>
<p>B. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' 2017 Fourth Quarter Financial Statements</p>	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Agencies' 2017 Fourth Quarter Financial Statements passed.</p>	<p>24:41 start of discussion 24:48 vote</p>
<p>C. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Readoption of the Investment Policies for:</p> <ol style="list-style-type: none"> <li>1. Department of Savings and Mortgage Lending</li> <li>2. Office of Consumer Credit Commissioner</li> </ol>	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Readoption of the Investment Policies for the Department of Savings and Mortgage Lending and the Office of Consumer Credit Commissioner passed.</p>	<p>24:59 start of discussion 25:10 vote</p>
<p>D. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Amount of Funds the Department of Savings and Mortgage Lending will Contribute 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 Department of Savings and Mortgage Lending's Contribution of \$500,000 to the Texas Financial Education Endowment Fund passed.</p>	<p>25:22 start of discussion 26:07 vote</p>

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
<p>E. Discussion of and Possible Vote to Award Final Selection of Organizations, to Receive Grant Funds in an Aggregate Amount Not to Exceed \$250,000 From the Texas Financial Education Endowment Fund</p>	<p>Coming upon Recommendation from the Audit Committee, no second is needed and the motion to Approve the Final Selection of Organizations to Receive Grant Funds in an Aggregate Amount of \$250,000 from the Texas Financial Education Endowment Fund passed.</p> <ul style="list-style-type: none"> <li>• Building Financial Capacity Coalition - \$33,000</li> <li>• Center for Transforming Lives - \$33,000</li> <li>• Family Service Association of San Antonio - \$33,000</li> <li>• FirstLight Community Foundation - \$16,000</li> <li>• Goodwill Industries of Central Texas - \$33,000</li> <li>• Harris County Department of Education - \$19,000</li> <li>• Trinity Basin Preparatory - \$17,000</li> <li>• Wesley Mission Center - \$33,000</li> <li>• Women’s Resource of Greater Houston - \$33,000</li> </ul>	<p>26:20 start of discussion 27:28 vote</p>
<p>7. Discussion of and Possible Vote to Accept the Report on the Financial Condition of the State Banking System (<i>Note: Report provided separately</i>)</p>	<p>Jay Shands made a motion to Accept the Report on the Financial Condition of the State Banking System. Molly Curl seconded and the motion passed.</p>	<p>27:55 start of discussion 1:26:50 vote</p>
<p>8. Discussion of and Possible Vote to Take Action on the Accomplishment Reports for Fiscal Year 2017 for the Commissioners of the Texas Department of Banking, Department of Savings and Mortgage Lending, and the Office of Consumer Credit</p>	<p>Will Lucas made a motion to Approve the Accomplishment Reports for Fiscal Year 2017 for the Commissioners of the Texas Department of Banking, the Department of Savings and Mortgage Lending, and the</p>	<p>49:51 start of discussion 1:07:11 vote</p>

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Commissioner	Office of Consumer Credit Commissioner. Molly Curl seconded and the motion passed.	
9. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments, a New Section, and a Repeal in 7 TAC, Chapter 153, Concerning Home Equity Lending	Bob Borochoff made a motion to Approve the Proposal and Publication for Comment of Amendments, a New Section, and a Repeal in 7 TAC, Chapter 153, if the voters approve SJR 60 in the November 7, 2017 Constitutional Amendment Election. Phillip Holt seconded and the motion passed.	1:07:40 start of discussion  1:25:53 vote
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>B. TEXAS DEPARTMENT OF BANKING</b>		

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
<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) Administrative and Fiscal Division Activities; f) Strategic Support Division Activities; g) Legal Division Activities; h) Legislative Activities; and i) General Items of Interest</p>	<p>No Action Required.</p>	<p>1:27:29 start of discussion</p>
<p>2. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC, Part 2, §15.81 Concerning Application for Acquisition or Change of Control of State Bank</p>	<p>Will Lucas made a motion to Approve the Proposal and Publication for Comment of Amendments to 7 TAC, Part 2, §15.81 Concerning Application for Acquisition or Change of Control of State Bank. Jay Shands seconded and the motion passed.</p>	<p>2:04:28 start of discussion  2:06:07 vote</p>
<p>3. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC, §33.27 Concerning Fees for Money Service Business Licenses</p>	<p>Lori McCool made a motion to Approve the Proposal and Publication for Comment of Amendments to 7 TAC, §33.27 Concerning Fees for Money Service Business Licenses. Hector Cerna seconded and the motion passed.</p>	<p>2:06:42 start of discussion  2:08:33 vote</p>
<p>4. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC, §§33.3, 33.13, 33.15, 33.27, 33.51 and New §§33.71 – 33.75 Concerning Bullion Depository Agents</p>	<p>Will Lucas made a motion to Approve the Proposal and Publication for Comment of Amendments to 7 TAC, §§33.3, 33.13, 33.15, 33.27, 33.51 and New §§33.71 – 33.75 Concerning Bullion Depository Agents. Phillip Holt seconded, and the motion passed.</p>	<p>2:09:05 start of discussion  2:25:09 vote</p>
<p><b>C. DEPARTMENT OF SAVINGS AND MORTGAGE LENDING</b></p>		

<b>AGENDA ITEM</b>	<b>ACTION</b>	<b>LOCATION ON AUDIO FILE</b>
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.	2:26:51 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.	2:33:10 start of discussion
3. Fiscal/Operations Activity: a) Funding Status/Audits/Financial Reporting; b) Staffing; and c) Other Items	No Action Required.	2:40:59
4. Legal Activity: a) Enforcement; b) Gift Reporting; and c) Legislative Activities	No Action Required.	2:43:33
5. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC, §80.2, Concerning Definitions, and New Rule §80.206, Concerning Physical Offices	Phillip Holt made a motion to Approve the Proposal and Publication for Comment of Amendments to 7 TAC, §80.2, Concerning Definitions, and New Rule §80.206, Concerning Physical Offices. Jay Shands seconded and the motion passed.	2:47:22 start of discussion  2:48:50 vote
6. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC, §80.200, Concerning Required Disclosures	Jay Shands made a motion to Approve the Proposal and Publication for Comment of Amendments to 7 TAC, §80.200, Concerning Required Disclosures. Lori McCool seconded and the motion passed.	2:49:24 start of discussion  2:50:33 vote
7. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC, §81.2, Concerning Definitions, and New Rule §81.206, Concerning Physical Offices	Phillip Holt made a motion to Approve the Proposal and Publication for Comment of Amendments to 7 TAC, §81.2, Concerning Definitions, and New Rule §81.206, Concerning Physical Offices. Molly Curl	2:51:10 start of discussion  2:51:41 vote

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	seconded and the motion passed.	
8. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of New Rule in 7 TAC, §81.109, Concerning Pre-licensing Education	Phillip Holt made a motion to Approve the Proposal and Publication for Comment of New Rule in 7 TAC, §81.109, Concerning Pre-licensing Education. Jay Shands seconded and the motion passed.	2:52:12 start of discussion 2:53:41 vote
9. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation	No Action Required.	
<b>D. OFFICE OF CONSUMER CREDIT COMMISSIONER</b>		
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.	2:54:22 start of discussion
2. Discussion of and Possible Vote to Take Action on the Adoption of the Repeal of 7 TAC, Part 1, Chapter 4, Concerning Credit Card Surcharge Appeal Procedures	<b>On Consent Agenda – Item D2</b> This item Approved on the Consent Agenda.	n/a
3. Discussion of and Possible Vote to Take Action on the Adoption of Amendments, New Rules, and Repeals in 7 TAC, Part 5, Chapter 89, Concerning Property Tax Lenders, Resulting from Rule Review	Paul Plunket made a motion to Approve the Adoption 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.	3:17:08 Start of discussion 3:21:11 vote

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 New §2.107 in 7 TAC, Part 1, Chapter 2, Concerning Residential Mortgage Loan Originators Applying for Licensure with the OCCC Under the SAFE Act</p>	<p>Phillip Holt made a motion to Approve the Proposal and Publication for Comment of New §2.107 in 7 TAC, Part 1, Chapter 2, Concerning Residential Mortgage Loan Originators Applying for Licensure with the OCCC Under the SAFE Act. Jay Shands seconded and the motion passed.</p>	<p>3:21:43 Start of discussion  3:23:24 vote</p>
<p>5. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC, Part 5, §83.503 &amp; §90.203 Concerning Regulated Lenders &amp; Plain Language Contract Provisions</p>	<p>Lori McCool made a motion to Approve the Proposal and Publication for Comment of Amendments to 7 TAC, Part 5, §83.503 &amp; §90.203 Concerning Regulated Lenders &amp; Plain Language Contract Provisions. Phillip Holt seconded and the motion passed.</p>	<p>3:24:08 start of discussion  3:26:09 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>No Action Required.</p>	

Chairman Stacy G. London called for an Executive Session at 12:45 p.m. (3:27:01 on the audio file). The open meeting resumed at 1:20 p.m. (3:27:04 on the audio file). There being no further business, Chairman Stacy G. London adjourned the meeting of the Finance Commission at 1:20 p.m. (3:27:19) 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