

**MINUTES OF THE
FINANCE COMMISSION MEETING
Friday, April 15, 2016
8:30 a.m.**

The Finance Commission of Texas convened at 8:50 a.m. on April 15, 2016 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 Members Absent:

Victor Leal

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

Stacy G. London made a motion to excuse Victor Leal from the Finance Commission meeting held on April 15, 2016. There were no objections and the motion passed unanimously.

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
A. FINANCE COMMISSION MATTERS		
1. Introduction of new Finance Commission Members and Committee Assignments	No Action Required	18:38 start of discussion
2. Review and Approval of the Minutes of the February 19, 2016 Finance Commission Meeting	On Consent Agenda – Item A2 This item approved on the Consent Agenda.	24:18 start of discussion
3. General Public Comment	No Action Required	24:22 start of discussion
4. Consent Agenda - Items A2, B3-4, C2-C6, and D7-D9	Will Lucas made a motion to approve the Consent Agenda. Jay Shands seconded and the motion passed.	25:35 start of discussion 26:11 vote

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5. Finance Commission Operations	No Action Required.	27:04 start of discussion
6. Audit Committee Report		
<p>A. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' February 29, 2016 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 	Coming upon recommendation from the Audit Committee, no second is required and the motion to Approve the Agencies' February 29, 2016 Investment Officer Reports passed.	33:00 start of discussion 33:21 vote
<p>B. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' 2016 Second 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 	Coming upon recommendation from the Audit Committee, no second is required and the motion to approve the Agencies' 2016 Second Quarter Financial Statements passed.	33:28 start of discussion 33.39 vote
<p>C. Report on Activities Relating to the Texas Financial Education Endowment Fund</p>	No Action Required.	33:44 start of discussion
7. Discussion of and Possible Vote to Take Action on the Finance Commission Agency Heads' Fiscal Year 2016 Mid-Term Accomplishment Reports	Phillip Holt made a motion to Approve the Finance Commission Agency Heads' Fiscal Year 2016 Mid-Term Accomplishment Reports. Lori McCool seconded and the motion passed.	34:04 start of discussion 34:28 vote

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8. Discussion of and Possible Vote to Accept the Report on the Financial Condition of the State Banking System (bound separately from the packet)	Molly Curl made a motion to Accept the Report on the Financial Condition of the State Banking System. Lori McCool seconded and the motion passed.	34:41 start of discussion 1:12:09 vote
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
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 of pending and contemplated litigation	Deferred to Executive Session – no vote taken.	n/a
B. 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.	1:12:52 start of discussion
2. Discussion of and Possible Vote to to Take Action on the Adoption of Amendments, New Rules, and	Paul Plunket made a motion to approve the Adoption of	1:32:40 start of

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Repeals to 7 TAC, Chapter 84, Concerning Motor Vehicle Installment Sales, Resulting from Rule Review	Amendments, New Rules, and Repeals to 7 TAC, Chapter 84, Concerning Motor Vehicle Installment Sales, Resulting from Rule Review. Will Lucas seconded and the motion passed.	discussion 2:08:28 vote
3. Discussion of and Possible Vote to Take Action on the Adoption of the Completed Rule Review of 7 TAC, Part 1, Chapter 1, Concerning Consumer Credit Regulation	On Consent Agenda – Item B3 This item approved on the Consent Agenda.	n/a
4. Discussion of and Possible Vote to Take Action on the Adoption of the Completed Rule Review of 7 TAC, Part 5, Chapter 82, Concerning Administration	On Consent Agenda – Item B4 This item approved on the Consent Agenda.	n/a
5. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment on Amendments to 7 TAC, Part 1, §1.201, Concerning Interpretations and Advisory Letters, Resulting from Rule Review	Jay Shands made a motion to approve the Proposal and Publication for Comment on Amendments to 7 TAC, Part 1, §1.201, Concerning Interpretations and Advisory Letters, Resulting from Rule Review. Molly Curl seconded and the motion passed.	2:09:01 start of discussion 2:10:30 vote
6. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment on Amendments to 7 TAC, Part 5, Chapter 82, Concerning Administration, Resulting from Rule Review	Lori McCool made a motion to approve the Proposal and Publication for Comment on Amendments to 7 TAC, Part 5, Chapter 82, Concerning Administration, Resulting from Rule Review. Will Lucas seconded and the motion passed.	2:10:40 start of discussion 2:14:06 vote

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<p>7. 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. Leslie L. Pettijohn, in her official capacity as Commissioner of the Office of Consumer Credit Commissioner of the State of Texas; Cause No. 15-50168, in the United States Court of Appeals for the Fifth Circuit</i></p>	No Action Required.	n/a
C. TEXAS DEPARTMENT OF BANKING		
<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>	No Action Required.	2:14:48 start of discussion
<p>2. Discussion of and Possible Vote to Take Action on the Adoption of Amendment to 7 TAC, §15.42 Concerning Establishment and Closing of a Branch Office</p>	<p>On Consent Agenda – Item C2 This item approved on the Consent Agenda.</p>	n/a
<p>3. Discussion of and Possible Vote to Take Action on the Adoption of Amendments to 7 TAC, §15.2 and §15.3 Concerning Filing and Investigation Fees and Expedited Filings, Respectively</p>	<p>On Consent Agenda – Item C3 This item approved on the Consent Agenda.</p>	n/a
<p>4. Discussion of and Possible Vote to Take Action on the Adoption of Repeal of 7 TAC, §19.1 and §19.21 Concerning Trust Company Grandfathered Loans and Grandfathered Investments, Respectively</p>	<p>On Consent Agenda – Item C4 This item approved on the Consent Agenda.</p>	n/a

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<p>5. Discussion of and Possible Vote to Take Action on the Adoption of Amendment to 7 TAC, §21.24 Concerning Exemptions for Family Trust Companies</p>	<p>On Consent Agenda – Item C5 This item approved on the Consent Agenda.</p>	<p>n/a</p>
<p>6. Discussion of and Possible Vote to Take Action on the Adoption of New 7 TAC, §21.43 Concerning Representative Trust Offices of Federally Chartered or Federally Insured Out-Of-State Banks and §21.44 Concerning Representative Trust Offices of Out-Of – State Trust Companies and Uninsured Banks</p>	<p>On Consent Agenda – Item C6 This item approved on the Consent Agenda.</p>	<p>n/a</p>
<p>7. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC, §24.1 Concerning Registration of Cemetery Brokers</p>	<p>Molly Curl made a motion to approve the Proposal and Publication for Comment of Amendments to 7 TAC, §24.1 Concerning Registration of Cemetery Brokers. Paul Plunket seconded and the motion passed.</p>	<p>2:39:12 start of discussion 2:39:50 vote</p>
<p>8. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of New 7 TAC, §24.4 Concerning Appeal of Delay in Registration Processing Times of Cemetery Brokers</p>	<p>Hector Cerna made a motion to approve the Proposal and Publication for Comment of New 7 TAC, §24.4 Concerning Appeal of Delay in Registration Processing Times of Cemetery Brokers. Will Lucas seconded and the motion passed.</p>	<p>2:40:08 start of discussion 2:40:38 vote</p>

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<p>9. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC, §31.18 Concerning When a Child Support Enforcement Application or Notice is Abandoned</p>	<p>Lori McCool made a motion to approve the Proposal and Publication for Comment of Amendments to 7 TAC, §31.18 Concerning When a Child Support Enforcement Application or Notice is Abandoned. Matt Moore seconded and the motion passed.</p>	<p>2:40:47 start of discussion 2:41:40 vote</p>
<p>10. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendment to 7 TAC, §31.19 Concerning When and How a Private Child Support Enforcement Agency's Certificate of Registration Will be Issued and Mailed</p>	<p>Molly Curl made a motion to approve the Proposal and Publication for Comment of Amendment to 7 TAC, §31.19 Concerning When and How a Private Child Support Enforcement Agency's Certificate of Registration Will be Issued and Mailed. Lori McCool seconded and the motion passed</p>	<p>2:41:44 start of discussion 2:42:29 vote</p>
<p>11. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of New 7 TAC, §31.20 Concerning What Remedy is Available if the Department Does Not Comply with the Private Child Support Enforcement Registration Processing Times</p>	<p>Molly Curl made a motion to approve the Proposal and Publication for Comment of New 7 TAC, §31.20 Concerning What Remedy is Available if the Department Does Not Comply with the Private Child Support Enforcement Registration Processing Times. Jay Shands seconded and the motion passed.</p>	<p>2:42:33 start of discussion 2:42:56 vote</p>
<p>12. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of New 7 TAC, §35.18 Concerning How Long the Department Will Take to Process Registration of Check Verification Entities, and §35.19 Concerning What Remedy is Available If the Department Does Not Comply with the Registration Processing Times of Check Verification Entities</p>	<p>Will Lucas made a motion to approve the Proposal and Publication for Comment of New 7 TAC, §35.18 Concerning How Long the Department Will Take to Process Registration of Check Verification Entities, and §35.19 Concerning What Remedy is Available If the Department Does Not Comply with the Registration Processing Times of Check</p>	<p>2:43:21 start of discussion 2:44:20 vote</p>

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	Verification Entities. Matt Moore seconded and the motion passed.	
<p>13. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation</p> <p><i>Antioch St. Johns Cemetery Co. v. The Texas Department of Banking Commissioner, Cause No. 03-15-00341-CV, In the Third Court of Appeals, Austin, Texas.</i></p> <p><i>State of Texas v. Myrtlewood Memorial Services, Inc. d/b/a Harlingen-Combes Memorial Cemetery, Cause No.D-1-GN-16-000565, 353rd District Court, Travis County, Texas.</i></p>	No Action Required	n/a
D. DEPARTMENT OF SAVINGS AND MORTGAGE LENDING		
<p>1. Industry Status and Departmental Operations - State Savings Bank Activity: a) Industry Status; b) State Savings Bank Charter and Application Activity; c) Other Items</p>	No Action Required.	2:44:46 start of discussion
<p>2. Industry Status and Departmental Operations – Mortgage Lending Activity: a) Residential Mortgage Loan Originators; b) Mortgage Examination; c) Consumer Complaint; d) Legal; and e) Other Items</p>	No Action Required.	2:51:17 start of discussion
<p>3. Fiscal/Operations Activity: a) Funding Status/Audits/Financial Reporting; b) Staffing; c) Other Items; and d) Legislative Activity</p>	No Action Required.	3:02:57 start of discussion

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<p>4. Discussion of and Possible Vote to Take Action on</p> <p>anticipated and Pending Litigation <i>Catherine Sims vs. Texas Department of Savings and Mortgage Lending</i>, Cause No. D-1-GN-16-001194, 201st District Court, Travis County, Texas.</p>	<p>No Action Required.</p>	<p>n/a</p>
<p>5. Discussion of and Possible Vote to Take Action on the Adoption of Amendments to 7 TAC, Chapters 51, 53, 57, 59, 61, 63-65, 67, 69, 71, and 73 Concerning Savings and Loan Associations, Resulting from Rule Review</p>	<p>Molly Curl made a motion to approve the Adoption of Amendments to 7 TAC, Chapters 51, 53, 57, 59, 61, 63-65, 67, 69, 71, and 73 Concerning Savings and Loan Associations, Resulting from Rule Review. Bob Borochoff seconded and the motion passed.</p>	<p>3:07:10 start of discussion 3:10:24 vote</p>
<p>6. Discussion of and Possible Vote to Take Action on the Adoption of Amendments to 7 TAC, Chapters 75-77 Concerning Savings Banks, Resulting from Rule Review</p>	<p>Will Lucas made a motion to approve the Adoption of Amendments to 7 TAC, Chapters 75-77 Concerning Savings Banks, Resulting from Rule Review. Paul Plunket seconded and the motion passed.</p>	<p>3:10:32 start of discussion 3:12:11 vote</p>
<p>7. Discussion of and Possible Vote to Take Action on the Completed Rule Review of 7 TAC, Chapter 79, Concerning Residential Mortgage Loan Servicers</p>	<p>On Consent Agenda – Item D7 This item approved on the Consent Agenda.</p>	<p>n/a</p>
<p>8. Discussion of and Possible Vote to Take Action on the Completed Rule Review of 7 TAC Chapter 80, Concerning Texas Residential Mortgage Loan Companies</p>	<p>On Consent Agenda – Item D8 This item approved on the Consent Agenda.</p>	<p>n/a</p>
<p>9. Discussion of and Possible Vote to Take Action on the Completed Rule Review of 7 TAC Chapter 81,</p>	<p>On Consent Agenda – Item D9 This item approved on the</p>	<p>n/a</p>

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
Concerning Mortgage Bankers and Residential Mortgage Loan Originators	Consent Agenda.	
10. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC §79.1, Concerning Definitions, and §79.2, Concerning Required Disclosure	Jay Shands made a motion to approve the Proposal and Publication for Comment of Amendments to 7 TAC §79.1, Concerning Definitions, and §79.2, Concerning Required Disclosure. Molly Curl seconded and the motion passed.	3:12:20 start of discussion 3:13:30 vote
11. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC §80.2, Concerning Definitions, §80.204, Concerning Books and Records, and §80.205, Concerning Mortgage Call Reports	Matt Moore made a motion to approve the Proposal and Publication for Comment of Amendments to 7 TAC §80.2, Concerning Definitions, §80.204, Concerning Books and Records, and §80.205, Concerning Mortgage Call Reports. Will Lucas seconded and the motion passed.	3:13:36 start of discussion 3:14:47 vote
12. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC §81.2, Concerning Definitions, §81.204, Concerning Books and Records, and §81.205, Concerning Mortgage Call Reports	Paul Plunket made a motion to approve the Proposal and Publication for Comment of Amendments to 7 TAC §81.2, Concerning Definitions, §81.204, Concerning Books and Records, and §81.205, Concerning Mortgage Call Reports. Phillip Holt seconded and the motion passed.	3:14:55 start of discussion 3:16:01 vote

Chairman Stacy G. London called for an Executive Session at 12:12 p.m. *(3:16:08 on the audio file)*. The open meeting resumed at 12:39 p.m. *(3:16:52 on the audio file)*.

There being no further business, Chairman Stacy G. London adjourned the meeting of the Finance Commission at 12:40 p.m. *(3:17:19 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