

**MINUTES OF THE
FINANCE COMMISSION MEETING
Friday, June 10, 2016
9:00 a.m.**

The Finance Commission of Texas convened at 9:03 a.m. on June 10, 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.
(0:10 start of discussion)

Stacy G. London made a motion to excuse Victor Leal from the Finance Commission meeting held on June 10, 2016. There were no objections and the motion passed unanimously. (0:27 start of discussion)

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
A. FINANCE COMMISSION MATTERS		
1. Review and Approval of the Minutes of the April 15, 2016 Finance Commission Meeting	On Consent Agenda – Item A1 This item approved on the Consent Agenda.	3:46 start of discussion
2. General Public Comment	No Action Required	4:00 start of discussion
3. Consent Agenda – Items A1, B5-B7, C2-C4, D2-D7	Jay Shands made a motion to approve the Consent Agenda. Will Lucas seconded and the motion passed.	4:16 start of discussion 4:51 vote
4. Finance Commission Operations	No Action Required	8:07 start of discussion

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
5. Audit Committee Report		
A. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Office of Consumer Credit Commissioner's Fiscal Year 2016 Annual Internal Audit Report as Prepared and Presented by Garza/Gonzalez and Associates	Coming upon recommendation from the Audit Committee, no second is required and the motion to Approve the Office of Consumer Credit Commissioner's Fiscal Year 2016 Annual Internal Audit Report passed.	10:56 start of discussion 11:20 vote
B. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Department of Banking's Fiscal Year 2016 Annual Internal Audit Report as Prepared and Presented by Garza/Gonzalez and Associates	Coming upon recommendation from the Audit Committee, no second is required and the motion to approve the Department of Banking's Fiscal Year 2016 Annual Internal Audit Report as Prepared and Presented by Garza/Gonzalez and Associates passed.	11:30 start of discussion 13:07 vote
C. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Internal Auditor Contract for Garza/Gonzalez & Associates for Fiscal Year 2017	Coming upon recommendation from the Audit Committee, no second is required and the motion to extend the Internal Auditor Contract for Garza/Gonzalez & Associates for Fiscal Year 2017 passed.	18:00 start of discussion 18:09 vote
D. Report on Activities Relating to the Texas Financial Education Endowment Fund	No Action Required.	18:21 start of discussion
6. Strategic Planning Committee Report		

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
<p>A. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the 2017 – 2021 Strategic Plans</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 Strategic Planning Committee, no second is required and the motion to approve the 2017 – 2021 Strategic Plans passed.</p>	<p>18:50 start of discussion 20:15 vote</p>
<p>B. Discussion of the 2017 – 2021 Strategic Plan for the Texas Finance Commission</p>	<p>No Action Required.</p>	<p>20:40 start of discussion</p>
<p>7. Discussion of and Possible Vote to Take Action on the Adoption of the Completed Rule Review of 7 TAC, Part 8, Chapter 151, Concerning Home Equity Lending Procedures; Chapter 152, Concerning Repair, Renovation, and New Construction on Homestead Property; and Chapter 153, Concerning Home Equity Lending</p>	<p>Molly Curl made a motion to approve the Adoption of the Completed Rule Review of 7 TAC, Part 8, Chapter 151, Concerning Home Equity Lending Procedures; Chapter 152, Concerning Repair, Renovation, and New Construction on Homestead Property; and Chapter 153, Concerning Home Equity Lending. Lori McCool seconded and the motion passed.</p>	<p>21:02 start of discussion 28:41 vote</p>
<p>8. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC, Part 8, Chapter 153, Concerning Home Equity Lending, Resulting from Rule Review</p>	<p>Molly Curl made a motion to approve the Proposal and Publication for Comment of Amendments to 7 TAC, Part 8, Chapter 153, Concerning Home Equity Lending, Resulting from Rule Review. Lori McCool seconded and the motion passed.</p>	<p>29:15 start of discussion 29:55 vote</p>
<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</p>	<p>Deferred to Executive Session – no vote taken.</p>	<p>n/a</p>

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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. 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.	30:17 start of discussion
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	No Action Required.	35:05start of discussion
3. Fiscal/Operations Activity: a) Funding Status/Audits/Financial Reporting; b) Staffing; c) Other Items; and d) Legislative Activity	No Action Required.	40:23 start of discussion
4. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation <i>Catherine Sims vs. Texas Department of Savings and Mortgage Lending,</i> Cause No. D-1-GN-16-001194, 201 st District Court, Travis County, Texas.	No Action Required.	n/a
5. Discussion of and Possible Vote to Take Action on the Adoption of Amendments to 7 TAC §79.1,	On Consent Agenda – Item B5 This item approved on the Consent Agenda.	n/a

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
Concerning Definitions, and §79.2, Concerning Required Disclosure		
6. Discussion of and Possible Vote to Take Action on the Adoption of Amendments to 7 TAC §80.2, Concerning Definitions, §80.204, Concerning Books and Records, and §80.205, Concerning Mortgage Call Reports	On Consent Agenda – Item B6 This item approved on the Consent Agenda.	n/a
7. Discussion of and Possible Vote to Take Action on the Adoption of Amendments to 7 TAC §81.2, Concerning Definitions, §81.204, Concerning Books and Records, and §81.205, Concerning Mortgage Call Reports	On Consent Agenda – Item B7 This item approved on the Consent Agenda.	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.	42:08 start of discussion
2. Discussion of and Possible Vote to Take Action on the Adoption of Amendments to 7 TAC, Part 1, §1.201, Concerning Interpretations and Advisory Letters, Resulting from Rule Review	On Consent Agenda – Item C2 This item approved on the Consent Agenda.	n/a
3. Discussion of and Possible Vote to Take Action on the Adoption of Amendments to 7 TAC, Part 5, Chapter 82, Concerning Administration, Resulting from Rule Review	On Consent Agenda – Item C3 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 87, Concerning Tax Refund Anticipation Loans	On Consent Agenda – Item C4 This item approved on the Consent Agenda.	n/a

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
<p>5. 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 83, Subchapter A, Concerning Rules for Regulated Lenders</p>	<p>Will Lucas made a motion to approve the Proposal and Publication for Comment of Amendments, New Rules, and Repeals in 7 TAC, Part 5, Chapter 83, Subchapter A, concerning Rules for Regulated Lenders. Jay Shands seconded and the motion passed.</p>	<p>1:14:24 start of discussion</p> <p>1:17:05 vote</p>
<p>6. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments and a New Rule in 7 TAC, Part 5, Chapter 87, Concerning Tax Refund Anticipation Loans, Resulting from Rule Review</p>	<p>Jay Shands made a motion to approve the Proposal and Publication for Comment of Amendments and a New Rule in 7 TAC, Part 5, Chapter 87, Concerning Tax Refund Anticipation Loans, Resulting from Rule Review. Molly Curl seconded and the motion passed.</p>	<p>1:17:58start of discussion</p> <p>1:20:25 vote</p>
<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>	<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) Administrative and Fiscal Division Activities; f) Strategic Support Division Activities; g) Legal</p>	<p>No Action Required.</p>	<p>1:20:53 start of discussion</p>

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
Division Activities; h) Legislative Activities; and i) General Items of Interest		
2. Discussion of and Possible Vote to Take Action on the Adoption of Amendments to 7 TAC, §24.1 Concerning Registration of Cemetery Brokers	On Consent Agenda – Item D2 This item approved on the Consent Agenda.	n/a
3. Discussion of and Possible Vote to Take Action on the Adoption of New 7 TAC, §24.4 Concerning Appeal of Delay in Registration Processing Times of Cemetery Brokers	On Consent Agenda – Item D3 This item approved on the Consent Agenda.	n/a
4. Discussion of and Possible Vote to Take Action on the Adoption of Amendments to 7 TAC, §31.18 Concerning When a Child Support Enforcement Application or Notice is Abandoned	On Consent Agenda – Item D4 This item approved on the Consent Agenda.	n/a
5. Discussion of and Possible Vote to Take Action on the Adoption 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	On Consent Agenda – Item D5 This item approved on the Consent Agenda.	n/a
6. Discussion of and Possible Vote to Take Action on the Adoption 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	On Consent Agenda – Item D6 This item approved on the Consent Agenda.	n/a
7. Discussion of and Possible Vote to Take Action on the Adoption 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	On Consent Agenda – Item D7 This item approved on the Consent Agenda.	n/a

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
8. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC §11.37 Concerning Complaint Notices	Lori McCool made a motion to approve the Proposal and Publication for Comment of Amendments to 7 TAC §11.37 Concerning Complaint Notices. Molly Curl seconded and the motion passed.	1:35:50 start of discussion. 1:38:10 vote
9. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation <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> <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>	No Action Required.	n/a

Chairman Stacy G. London called for an Executive Session at 11:38 a.m.

(1:38:33 on the audio file). The open meeting resumed at 11:38 a.m. (1:38:59 on the audio file).

There being no further business, Chairman Stacy G. London adjourned the meeting of the Finance Commission at 11:39 a.m. (1:39:28 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