

**MINUTES OF THE
FINANCE COMMISSION MEETING
Friday, August 19, 2016**

The Finance Commission of Texas convened at 10:20 a.m. on August 19, 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:

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

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
A. FINANCE COMMISSION MATTERS		
1. Review and Approval of the Minutes of the June 10, 2016 Finance Commission Meeting	On Consent Agenda – Item A1 This item approved on the Consent Agenda.	n/a
2. Review and Approval of the Minutes of the June 10, 2016 Strategic Planning Committee Meeting	On Consent Agenda – Item A2 This item approved on the Consent Agenda.	n/a
3. General Public Comment	No Action Required.	00:40 start of discussion
4. Consent Agenda – Items A1-2, B2, D2-3	Molly Curl made a motion to approve the Consent Agenda. Hector Cerna seconded and the motion passed.	2:33 start of discussion 2:51 vote
5. Finance Commission Operations	No Action Required.	4:06 start of discussion

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
6. Audit Committee Report		
A. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Department of Savings and Mortgage Lending'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 Savings and Mortgage Lending's Fiscal Year 2016 Annual Internal Audit Report as Prepared and Presented by Garza/Gonzalez and Associates passed.	6:31 start of discussion 7:19 vote
B. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' May 31, 2016 Investment Officer Reports	Coming upon recommendation from the Audit Committee, no second is required and the motion to approve the Agencies' May 31, 2016 Investment Officer Reports passed.	7:28 start of discussion 7:34 vote
C. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' 2016 Third Quarter Financial Statements	Coming upon recommendation from the Audit Committee, no second is required and the motion to approve the Agencies' 2016 Third Quarter Financial Statements passed.	7:43 start of discussion 7:52 vote
D. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' Fiscal Year 2017 Operating Budgets	Coming upon recommendation from the Audit Committee, no second is required and the motion to approve the Agencies' Fiscal Year 2017 Operating Budgets passed.	8:05 start of discussion 8:13 vote
7. Discussion of and Possible Vote to Take Action on the 2017 – 2021 Finance Commission Strategic Plan	Hector Cerna made a motion to approve the 2017 – 2021 Finance Commission Strategic Plan. Bob Borochoff seconded and the motion passed.	8:21start of discussion 9:59 vote

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
8. Discussion of and Possible Vote to Take Action on the Agency Priorities 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 Commissioner	Lori McCool made a motion to approve the Agency Priorities 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 Commissioner. Phillip Holt seconded and the motion passed.	11:31 start of discussion 13:21 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. 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; e) Administrative and Fiscal Division Activities; f) Strategic Support Division Activities; g) Legal	No Action Required.	14:06 start of discussion

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 Amendment to 7 TAC §11.37 Concerning Complaint Notices	On Consent Agenda – Item B2 This item approved on the Consent Agenda.	n/a
3. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC §25.1 – 25.6 Concerning Prepaid Funeral Contract Forms	Molly Curl made a motion to approve the Proposal and Publication for Comment of Amendments to 7 TAC §25.1 – 25.6 Concerning Prepaid Funeral Contract Forms. Matt Moore seconded and the motion passed.	31:03 start of discussion 35:04 vote
4. 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
C. 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.	35:36 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.	39:55 start of discussion

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
3. Fiscal/Operations Activity: a) Funding Status/Audits/Financial Reporting; b) Staffing; Other Items; and d) Legislative Activity	No Action Required.	54:40 start of discussion
4. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC §79.30 Concerning Appeals and Hearings related to Residential Mortgage Loan Servicers	Lori McCool made a motion to approve the Proposal and Publication for Comment of Amendments to 7 TAC §79.30 Concerning Appeals and Hearings related to Residential Mortgage Loan Servicers. Molly Curl seconded and the motion passed.	55:20 start of discussion 1:11:39 vote
5. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC §80.302 Concerning Appeals and Hearings related to Residential Mortgage Loan Companies	Lori McCool made a motion to approve the Proposal and Publication for Comment of Amendments to 7 TAC §80.302 Concerning Appeals and Hearings related to Residential Mortgage Loan Companies. Phillip Holt seconded and the motion passed.	1:12:09 start of discussion 1:12:25 vote
6. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC §81.302 Concerning Appeals and Hearings related to Mortgage Bankers and Residential Mortgage Loan Originators	Hector Cerna made a motion to approve the Proposal and Publication for Comment of Amendments to 7 TAC §81.302 Concerning Appeals and Hearings related to Mortgage Bankers and Residential Mortgage Loan Originators. Will Lucas seconded and the motion passed.	1:12:34 start of discussion 1:12:41 vote

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<p>7. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation</p> <p><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>	No Action Required.	n/a
D. 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>	No Action Required.	1:13:05 start of discussion
<p>2. Discussion of and Possible Vote to Take Action on the Adoption of Amendments, New Rules, and Repeals in 7 TAC, Chapter 83, Subchapter A, Concerning Rules for Regulated Lenders</p>	<p>On Consent Agenda – Item D2 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 and a New Rule in 7 TAC, Chapter 87, Concerning Tax Refund Anticipation Loans, Resulting from Rule Review</p>	<p>On Consent Agenda – Item D3 This item approved on the Consent Agenda.</p>	n/a
<p>4. Discussion of and Possible Vote to Take Action on the Proposal and Publication for comment of Amendments, New Rules, and Repeals in 7 TAC, Chapter 85, Subchapter A, Regarding Operations of Pawnshops</p>	<p>Will Lucas made a motion to approve the Proposal and Publication for comment of Amendments, New Rules, and Repeals in 7 TAC, Chapter 85, Subchapter A, Regarding Operations of Pawnshops. Jay Shands seconded and the motion passed.</p>	<p>1:38:14 start of discussion 1:43:25 vote</p>

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
<p>5. 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; Case No. 15-1455, in the Supreme Court of the United States</i></p>	No Action Required.	n/a

Chairman Stacy G. London called for an Executive Session at 12:01 p.m. (1:43:59 on the audio file). The open meeting resumed at 12:34 p.m. (1:44:40 on the audio file).

There being no further business, Chairman Stacy G. London adjourned the meeting of the Finance Commission at 12:34 p.m. (1:44:56 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