

**MINUTES OF THE
FINANCE COMMISSION MEETING
Friday, October 21, 2016**

The Finance Commission of Texas convened at 9:03 a.m. on October 21, 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
Vince E. Puente

Finance Commission Members Absent:

Finance Commission Chairman Stacy G. London announced a quorum with eleven members present.
(00:10) start of discussion)

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
A. FINANCE COMMISSION MATTERS		
1. Review and Approval of the Minutes of the August 19, 2016 Finance Commission Meeting	On Consent Agenda – Item A1 This item approved on the Consent Agenda.	n/a
2. General Public Comment	No Action Required.	1:58 start of discussion
3. Consent Agenda – Items A1, A8, B2, C2	Will Lucas made a motion to approve Consent Agenda items A1, A8, and B2 with a correction to A1 to reflect the August 19 th Minutes. Item C2 was removed from the Consent Agenda by Paul Plunket. Matt Moore seconded and the motion passed.	2:31 start of discussion 4:29 vote
4. Finance Commission Operations	No Action Required.	5:21 start of discussion

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5. Audit Committee Report		
A. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' August 31, 2016 Investment Officer Reports	Coming upon recommendation from the Audit Committee, no second is required and the motion to Approve the Agencies' August 31, 2016 Investment Officer Reports passed.	6:32 start of discussion 6:40 vote
B. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Readoption of the Agencies' Investment Policies	Coming upon recommendation from the Audit Committee, no second is required and the motion to approve the Readoption of the Agencies Investment Policies passed.	6:54 start of discussion 7:05 vote
C. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' 2016 Fourth Quarter Financial Statements	Coming upon recommendation from the Audit Committee, no second is required and the motion to approve the Agencies' 2016 Fourth Quarter Financial Statements passed.	7:12 start of discussion 7:25vote
6. Discussion of and Possible Vote to Accept the Report on the Financial Condition of the State Banking System	Vince Puente made a motion to Accept the Report on the Financial Condition of the State Banking System. Matt Moore seconded and the motion passed.	7:51 start of discussion 27:28 vote
7. Discussion of and Possible Vote to Take Action on the Accomplishment Reports for Fiscal Year 2016 for the Commissioners of the Office of Consumer Credit Commissioner, Texas Department of Banking, and the Department of Savings and Mortgage Lending	Lori McCool made a motion to approve the Accomplishment Reports for Fiscal Year 2016 for the Commissioners of the Office of Consumer Credit Commissioner, Texas Department of Banking, and the Department of Savings and Mortgage Lending. Molly Curl seconded and the motion passed.	27:46 start of discussion 28:47 vote
8. Discussion of and Possible Vote to Take Action on the Adoption of Amendments to 7 TAC, Part 8, Chapter 153, Concerning Home Equity Lending, Resulting from Rule Review	On Consent Agenda – Item A8 This item approved on the Consent Agenda.	n/a

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9. Discussion of Legislative Recommendations of the Office of Consumer Credit Commissioner, Texas Department of Banking, and the Department of Savings and Mortgage Lending	No Action Required.	29:14 start of discussion
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. 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.	41:13 start of discussion

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2. Discussion of and Possible Vote to Take Action on the Adoption of Amendments, New Rules, and Repeals in 7 TAC, Chapter 85, Subchapter A, Regarding Rules of Operation for Pawnshops	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, Chapter 83, Subchapter B, Regarding Rules for Credit Access Businesses	Will Lucas made a motion to approve the Proposal and Publication for Comment of Amendments to 7 TAC, Chapter 83, Subchapter B, Regarding Rules for Credit Access Businesses. Vince Puente seconded and the motion passed.	1:10:37 start of discussion 1:14:51vote
4. 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, 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>	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; e) Administrative and Fiscal Division Activities; f) Strategic Support Division Activities; g) Legal Division Activities; h) Legislative Activities; and i) General Items of Interest	No Action Required.	1:16:22 start of discussion
2. Discussion of and Possible Vote to Take Action on the Adoption of Amendments to 7 TAC §25.1 – 25.6 Concerning Prepaid Funeral Contract Forms	Paul Plunket made a motion to amend the proposed to 7 TAC §25.1 – 25.6 Concerning Prepaid Funeral Contract Forms by adding a requirement to provide a	1:43:45 start of discussion 1:56:44

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	<p>paper copy of the contract. Vince Puente seconded. Five members voted in favor of the motion, six members opposed and the amendment did not pass.</p> <p>Paul Plunket made a motion to</p> <p>Approve the Adoption of Amendments to 7 TAC §25.1 – 25.6 Concerning Prepaid Funeral Contract Forms. Will Lucas seconded and the motion passed.</p>	vote
<p>3. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC §12.91 Concerning Other Real Estate Owned</p>	<p>Jay Shands made a motion to approve the Proposal and Publication for Comment of Amendments to 7 TAC §12.91 Concerning Other Real Estate Owned. Lori McCool seconded and the motion passed.</p>	<p>1:58:40 start of discussion 2:00:51 vote</p>
<p>4. Discussion of and Possible Vote to Take action on the Proposal and Publication for Comment of Amendments to 7 TAC §3.37 Regarding Bank Assessments</p>	<p>Molly Curl made a motion to approve the Proposal and Publication for Comment of Amendments to 7 TAC §3.37 Regarding Bank Assessments. Jay Shands seconded and the motion passed.</p>	<p>2:01:09 start of discussion 2:02:30 vote</p>
<p>5. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendment to 7 TAC, §33.4 Concerning Payment Processors</p>	<p>Vince Puente made a motion to approve the Proposal and Publication for Comment of Amendment to 7 TAC, §33.4 Concerning Payment Processors. Molly Curl seconded and the motion passed.</p>	<p>2:02:45 start of discussion 2:04:57 vote</p>

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<p>6. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation</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.	2:05:23 start of discussion
<p>2. Industry Status and Departmental Operations – Mortgage Lending Activity: a) Residential Mortgage Loan Originators; b) Mortgage Examination; c) Consumer Complaint; and d) Other Items</p>	No Action Required.	2:09:15 start of discussion
<p>3. Fiscal/Operations Activity: a) Funding Status/Audits/Financial Reporting; b) Staffing; and c) Other Items</p>	No Action Required.	2:13:24 start of discussion
<p>4. Legal Activity: a) Enforcement; b) Gift Reporting; and c) Legislative Activities</p>	No Action Required.	2:17:06 start of discussion
<p>5. 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, Cause No. D-1-GN-16-001194, 201st District Court, Travis County, Texas.</i></p>	No Action Required.	n/a

Chairman Stacy G. London called for an Executive Session at 11:43 a.m. (2:22:53 *on the audio file*). The open meeting resumed at 12:25 p.m. (2:22:56 *on the audio file*).

There being no further business, Chairman Stacy G. London adjourned the meeting of the Finance Commission at 12:25 p.m.(2:23:19) *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