

**MINUTES OF THE
FINANCE COMMISSION MEETING
FRIDAY, AUGUST 17, 2018**

The Finance Commission of Texas convened at 8:38 a.m. on August 17, 2018, with the following members present:

Finance Commission Members in Attendance:

Stacy G. London, Chairman
Phillip Holt, Vice Chair
Bob Borochoff
Hector Cerna
Molly Curl
Will Lucas
Cliff McCauley
Lori McCool
Matt Moore
Paul Plunket
Vince E. Puente

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

Agenda Item	Action	Location on Video File
A. FINANCE COMMISSION MATTERS		
Chairman's opening Remarks		00:01 start of discussion
1. Review and Approval of the Minutes of the June 15, 2018, Strategic Planning Committee and Finance Commission Meetings	On Consent Agenda – Item A1 This item Approved on the Consent Agenda.	16:24 start of discussion
2. General Public Comment	No Action Required.	16:30 start of discussion
3. Consent Agenda – Items A1 and C2	Will Lucas made a motion to Approve Consent Agenda items A1 and C2. Matt Moore seconded, and the motion passed.	17:07 start of discussion 17:27 vote
4. Finance Commission Operations	No Action Required.	17:55 start of discussion

5. Discussion of and Possible Vote to Take Action on the Adoption of the 2019-2023 Finance Commission Strategic Plan	Lori McCool made a motion to Approve the Adoption of the 2019-2023 Finance Commission Strategic Plan. Molly Curl seconded and the motion passed.	23:48 start of discussion 24:43 vote
6. Audit Committee Report		25:05 start of discussion
<p>A. 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"> 1. Department of Savings and Mortgage Lending 2. Office of Consumer Credit Commissioner 3. Texas Department of Banking 	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, the Office of Consumer Credit Commissioner, and the Texas Department of Banking passed.	25:13 start of discussion 25:24 vote
B. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Department of Savings and Mortgage Lending's 2018 Annual Internal Audit Report as Prepared and Presented by Garza/Gonzales 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 2018 Annual Internal Audit Report as Prepared and Presented by Garza/Gonzales and Associates passed.	25:35 start of discussion 25:45 vote
C. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Office of Consumer Credit Commissioner's 2018 Annual Internal Audit Report as Prepared and Presented by Garza/Gonzales 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 2018 Annual Internal Audit Report as Prepared and Presented by Garza/Gonzales and Associates passed.	26:09 start of discussion 26:22 vote

<p>D. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Texas Department of Banking's 2018 Annual Internal Audit Report as Prepared and Presented by Garza/Gonzales and Associates</p>	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Texas Department of Banking's 2018 Annual Internal Audit Report as Prepared and Presented by Garza/Gonzales and Associates passed.</p>	<p>26:33 start of discussion 26:41 vote</p>
<p>E. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Selection of an Internal Auditor for the Finance Commission Agencies for Fiscal Year 2019</p>	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Selection of McConnell & Jones LLP as Internal Auditor for the Finance Commission Agencies for Fiscal Year 2019 passed.</p>	<p>26:51 start of discussion 27:03 vote</p>
<p>F. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies May 31, 2018, Investment Officer Reports</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 Audit Committee, no second is required and the motion to Approve the Agencies May 31, 2018, Investment Officer Reports passed.</p>	<p>27:13 start of discussion 27:19 vote</p>
<p>G. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' 2018 Third Quarter Financial Statements</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 Audit Committee, no second is required and the motion to Approve the Agencies' 2018 Third Quarter Financial Statements passed.</p>	<p>27:30 start of discussion 27:37 vote</p>
<p>H. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' Fiscal Year 2019 Operating Budgets</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 Audit Committee, no second is required and the motion to Approve the Agencies' Fiscal Year 2019 Operating Budgets passed.</p>	<p>27:47 start of discussion 27:54 vote</p>

7. Discussion of and Possible Vote to Take Action on the Agency Priorities for Fiscal Year 2019 for the Commissioners of the Department of Savings and Mortgage Lending, Office of Consumer Credit Commissioner, and the Texas Department of Banking	Phillip Holt made a motion to Approve the Agency Priorities for Fiscal Year 2019 for the Commissioners of the Department of Savings and Mortgage Lending, the Office of Consumer Credit Commissioner, and the Texas Department of Banking. Will Lucas seconded, and the motion passed.	28:15 start of discussion 28:35 vote
8. 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
9. 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
10. 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. 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.	31:03 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.	33:59 start of discussion
3. Fiscal/ Operations Activity: a) Funding Status/Audits/Financial Reporting; b) Staffing; and c) Other Items	No Action Required.	36:18 start of discussion
4. Legal Activity: a) Enforcement; b) Gift Reporting; and c) Legislative Activities	No Action Required.	39:24 start of discussion
5. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation	No Action Required.	n/a
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.	43:48 start of discussion
2. Discussion of and Possible Vote to Take Action on the Adoption of the Completed Rule Review of 7 TAC, Chapter 83, Subchapter A, Concerning Rules for Regulated Lenders	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 Proposal and Publication for Comment of Amendments and a Repeal in 7 TAC, Part 5, Chapter 83, Subchapter A, Concerning Rules for Regulated Lenders, Resulting from Rule Review	Vince Puente made a motion to Approve the Proposal and Publication for Comment of Amendments and a Repeal in 7 TAC, Part 5, Chapter 83, Subchapter A, Concerning Rules for Regulated Lenders, Resulting from Rule Review. Phillip Holt seconded, and the motion passed.	1:00:23 start of discussion 1:05:38 vote
4. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation	No Action Required.	n/a

<p><i>Lynn Rowell d/b/a Beaumont Greenery, 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><i>Ernest Polk v. Texas Office of Consumer Credit Commissioner; Cause No. 2018-04375, in the 281st Judicial District Court of Harris County, Texas</i></p> <p><i>State of Texas v. Cash Auto Sales, Inc. f/k/a Larry Lake d/b/a Cash Auto Sales and VIP Finance of Texas, Inc. f/k/a Travis Lake d/b/a VIP Finance; Cause No. 05-18-00198-CV, in the Court of Appeals for the Fifth Judicial District, Dallas, Texas</i></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 Division Activities; h) Legislative Activities; and i) General Items of Interest</p>	<p>No Action Required</p>	<p>1:06:38 start of discussion</p>
<p>2. Discussion of and Possible Vote to Take Action on Petition to Initiate Rulemaking for Proposed New 7 TAC, Part 2, §33.5 Concerning Payroll Processors</p>	<p>Public Comment was made by Attorney John Podvin on behalf of Paycom Software Inc. and Paycom Payroll LLC. Paul Plunket made a motion to Approve the Petition to Initiate Rulemaking for Proposed New 7 TAC, Part 2, §33.5 Concerning Payroll Processors. Phillip Holt seconded. The motion failed with a vote of zero for and 11 against. Paul Plunket made a second motion to deny the Petition and to accept the letter prepared by the Texas Department of Banking outlining the reasons for denying the Petition. Phillip Holt seconded, and the motion passed.</p>	<p>1:21:47 start of discussion</p> <p>2:33:51 first vote</p> <p>2:42:18 second vote</p>

3. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation	No Action Required.	n/a
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Chairman Stacy G. London called for an Executive Session at 11:38 a.m. (2:43:17) on the audio file). The open meeting resumed at 12:01 p.m. (2:44:03) on the audio file.)

There being no further business, Chairman Stacy G. London adjourned the meeting of the Finance Commission at 12:03 p.m. (2:44:20) 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