

**MINUTES OF THE
FINANCE COMMISSION MEETING
FRIDAY, October 19, 2018**

The Finance Commission of Texas convened at 10:15 a.m. on October 19, 2018 with the following members present:

Finance Commission Members in Attendance:

Stacy G. London, Chairman
Phillip Holt, Vice Chair
Bob Borochoff
Hector Cerna
Will Lucas
Lori McCool
Paul Plunket
Vince Puente

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

Stacy G. London made a motion to excuse Molly Curl, Cliff McCauley, and Matt Moore from the Finance Commission meeting held on October 19, 2018. There were no objections and the motion passed unanimously. (00:15)

Agenda Item	Action	Location on Video File
A. Finance Commission Matters		
1. Review and Approval of the Minutes of the August 17, 2018 Finance Commission Meeting	On Consent Agenda – Items A1, B2-6, D2-3	04:14 start of discussion
2. General Public Comment	No Action Required.	0:4:18 start of discussion
3. Consent Agenda – Items A1, B2-6, and D2-3	Phillip Holt made a motion to Approve Consent Agenda items A1, B2-6, and D2-3. Lori McCool seconded, and the motion passed.	04:40 start of discussion 05:07 vote
4. Finance Commission Operations	No Action Required.	05:27 start of discussion

5. Audit Committee Report		07:40 start of discussion
<p>A. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' August 31, 2018 Investment Officer Reports</p> <ol style="list-style-type: none"> 1. Texas Department of Banking 2. Department of Savings and Mortgage Lending 3. Office of Consumer Credit Commissioner 	Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Agencies' August 31, 2018 Investment Officer Reports passed.	<p>07:50 start of discussion</p> <p>08:02 vote</p>
<p>B. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action Agencies' 2018 Fourth Quarter Financial Statements</p>	Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Agencies' 2018 Fourth Quarter Financial Statements passed.	<p>08:12 start of discussion</p> <p>08:20 vote</p>
<p>C. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on an additional Finance Commission audit to be provided under the current Internal Auditor Contract</p>	Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve an additional Finance Commission audit to be provided under the current Internal Auditor Contract not to exceed \$23,735 passed.	<p>08:38 start of discussion</p> <p>08:44 vote</p>
<p>D. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Department of Savings and Mortgage Lending's Contribution of \$750,000 to the Texas Financial Education Endowment Fund</p>	Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Department of Savings and Mortgage Lending's Contribution of \$750,000 to the Texas Financial Education Endowment Fund passed.	<p>08:55 start of discussion</p> <p>09:07 vote</p>
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 Approve the Report on the Financial Condition of the State Banking System. Phillip Holt seconded, and the motion passed.	<p>09:22 start of discussion</p> <p>45:26 vote</p>

7. Discussion of and Possible Vote to Take Action on the Accomplishment Reports for Fiscal Year 2018 for the Commissioners of the Texas Department of Banking, Department of Savings and Mortgage Lending, and the Office of Consumer Credit Commissioner	Vince Puente made a motion to Approve the Accomplishment Reports for Fiscal Year 2018 for the Commissioners of the Texas Department of Banking, Department of Savings and Mortgage Lending, and the Office of Consumer Credit Commissioner. Hector Cerna seconded, and the motion passed.	33:54 start of discussion 50:48 vote
8. Discussion of Legislative Initiatives of the Texas Department of Banking, Department of Savings and Mortgage Lending, and the Office of Consumer Credit Commissioner	No Action Required.	51:05 start of discussion
9. Discussion of Management Actions from Sunset Reports	No Action Required.	1:02:39 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	Deferred to Executive Session – no vote taken.	n/a

officers and including matters of pending and contemplated litigation		
13. Discussion of and Consultation on Security Audit, possible issue related to confidential or sensitive information, security breach audit and assessment, and security assessments or deployment related to information resources technology as authorized by Tex. Govt. Code Secs. 551.076 and 551.089	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 Division Activities; h) Legislative Activities; and i) General Items of Interest	No Action Required.	1:07:54 start of discussion
2. Discussion of and Possible Vote to Take Action on the Re-adoption of 7 TAC, Part 1, Chapter 5, Concerning Administration of Finance Agencies, Resulting from Rule Review	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 Re-adoption of 7 TAC, Part 2, Chapter 11, Concerning Complaints, Resulting from Rule Review	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 Re-adoption of 7 TAC, Part 2, Chapter 26, Concerning Perpetual Care Cemeteries Complaints, Resulting from Rule Review	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 Re-adoption of 7 TAC, Part 2, Chapter 27, Concerning Applications, Resulting from Rule Review	On Consent Agenda – Item B5 This item approved on the Consent Agenda.	n/a

6. Discussion of and Possible Vote to Take Action on the Re-adoption of 7 TAC, Part 2, Chapter 31, Concerning Private Child Support Enforcement Agencies, Resulting from Rule Review	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 Proposal and Publication for Comment of Amendment to 7 TAC, Part 1, Chapter 5, §5.101, Concerning Employee Training and Education Assistance Programs	Lori McCool made a motion to Approve the Proposal and Publication for Comment of Amendment to 7 TAC, Part 1, Chapter 5, §5.101, Concerning Employee Training and Education Assistance Programs. Paul Plunket seconded, and the motion passed.	1:34:01 start of discussion 1:36:04 vote
8. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendment to 7 TAC, Part 2, Chapter 26, §26.11, Concerning Perpetual Care Cemeteries Complaints	Phillip Holt made a motion to Approve the Proposal and Publication for Comment of Amendment to 7 TAC, Part 2, Chapter 26, §26.11, Concerning Perpetual Care Cemeteries Complaints. Will Lucas seconded, and the motion passed.	1:37:01 start of discussion 1:37:52 vote
9. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC, Chapter 33, §§33.23 and 33.35, Concerning Money Services Businesses Permissible Investments and Record Retention Related to Money Transmission Transactions, respectively	Will Lucas made a motion to Approve the Proposal and Publication for Comment of Amendments to 7 TAC, Chapter 33, §§33.23 and 33.35, Concerning Money Services Businesses Permissible Investments and Record Retention Related to Money Transmission Transactions, respectively. Phillip Holt seconded, and the motion passed.	1:38:35 start of discussion 1:40:50 vote
10. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation	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.	1:43:01 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.	1:47:20 start of discussion
3. Fiscal/ Operations Activity: a) Funding Status/Audits/Financial Reporting; b) Staffing; and c) Other Items	No Action Required.	1:56:40 start of discussion
4. Legal Activity: a) Enforcement; b) Gift Reporting; and c) Legislative Activities	No Action Required.	1:57:21 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.	01:59:25 start of discussion
2. Discussion of and Possible Vote to Take Action on Adoption of Amendments and a Repeal in 7 TAC, Part 5, Chapter 83, Subchapter A, Concerning Rules for Regulated Lenders, Resulting from Rule Review	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 the Completed Rule Review of 7 TAC, Chapter 85, Subchapter A, Concerning Rules of Operation for Pawnshops	On Consent Agenda – Item D3. This item Approved on the Consent Agenda.	n/a

<p>4. Discussion of and Possible Vote to Take Action on Proposal of Amendments in 7 TAC, Part 5, Chapter 85, Subchapter A, Concerning Rules of Operation for Pawnshops Resulting from Rule Review</p>	<p>Phillip Holt made a motion to Approve the Proposal of Amendments in 7 TAC, Part 5, Chapter 85, Subchapter A, Concerning Rules of Operation for Pawnshops Resulting from Rule Review. Will Lucas seconded, and the motion passed.</p>	<p>02:09:50 start of discussion 02:19:55 vote</p>
<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, 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>No Action Required.</p>	<p>n/a</p>

Chairman Stacy G. London called for an Executive Session at 12:49 p.m. (02:21:33) on the audio file). The open meeting resumed at 1:27 p.m. (02:22:02) on the audio file.)

There being no further business, Chairman Stacy G. London adjourned the meeting of the Finance Commission at 1:27 p.m. (02:22:15) 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