

**MINUTES OF THE
FINANCE COMMISSION MEETING
Friday, August 16, 2019**

The Finance Commission of Texas convened at 8:00 a.m. on August 16, 2019 with the following members present:

Finance Commission Members in Attendance:

Paul W. Plunket, Chairman	Stacy G. London
Phillip Holt, Vice Chair	George "Cliff" McCauley
Bob Borochoff	Lori B. McCool
Hector Cerna	Vince Puente
Molly Curl	Robin Armstrong
Will Lucas	

Finance Commission Chairman Paul Plunket announced a quorum with eleven members present. (:16 on audio file).

Molly Curl had to leave the Finance Commission meeting at 10:00 a.m. (1:57:41 on audio file).

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
A. Finance Commission Matters		
1. Review and Approval of the Minutes of the June 21, 2019 Finance Commission Meeting	On Consent Agenda – Item A1	1:22 start of discussion
2. General Public Comment	No Action Required.	:27 start of discussion
3. Consent Agenda – Item A1	Phillip Holt made a motion to Approve Consent Agenda item A1. Molly Curl seconded, and the motion passed.	:51 start of discussion 1:22 vote
4. Finance Commission Operations	No Action Required.	1:48 start of discussion

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
5. Audit Committee Report		
<p>A. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' 2019 Third Quarter 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' 2019 Third Quarter Investment Officer Reports passed.</p>	<p>2:46 start of discussion</p> <p>3:04 Vote</p>
<p>B. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Re-adoption 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 	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Re-adoption of the Investment Policies for the Agencies' with the addition in the Department of Banking's Investment Policy that Jesse Saucillo will serve as the primary Investment Officer and the secondary Investment Officer will go through the training when selected passed.</p>	<p>3:26 start of discussion</p> <p>3:50 Vote</p>
<p>C. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Department of Savings and Mortgage Lending's Information Technology Change Management Program Audit Report as Prepared and Presented by McConnell & Jones LLP</p>	<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 Information Technology Change Management Program Audit Report as Prepared and Presented by McConnell & Jones LLP passed.</p>	<p>4:01 start of discussion</p> <p>4:13 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 2019 Annual Internal Audit Report as Prepared and Presented by McConnell & Jones LLP</p>	<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 2019 Annual Internal Audit Report as Prepared and Presented by McConnell & Jones LLP passed.</p>	<p>4:25 start of discussion</p> <p>4:36 Vote</p>
<p>E. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Office of Consumer Credit Commissioner's Information Technology Change Management Program Audit Report as Prepared and Presented by McConnell & Jones LLP</p>	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Office of Consumer Credit Commissioner's Information Technology Change Management Program Audit Report as Prepared and Presented by McConnell & Jones LLP passed.</p>	<p>4:49 start of discussion</p> <p>5:01 Vote</p>

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
<p>F. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Office of Consumer Credit Commissioner’s 2019 Annual Internal Audit Report as Prepared and Presented by McConnell & Jones LLP</p>	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Office of Consumer Credit Commissioner’s 2019 Annual Internal Audit Report as Prepared and Presented by McConnell & Jones LLP passed.</p>	<p>5:12 start of discussion</p> <p>5:23 Vote</p>
<p>G. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Texas Department of Banking’s Information Technology Change Management Program Audit Report as Prepared and Presented by McConnell & Jones LLP</p>	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Texas Department of Banking’s Information Technology Change Management Program Audit Report as Prepared and Presented by McConnell & Jones LLP passed.</p>	<p>5:36 start of discussion</p> <p>5:48 Vote</p>
<p>H. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Texas Department of Banking’s Fines, Penalties and Restitution Audit Report as Prepared and Presented by McConnell & Jones LLP</p>	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Texas Department of Banking’s Fines, Penalties and Restitution Audit Report as Prepared and Presented by McConnell & Jones LLP passed.</p>	<p>6:02 start of discussion</p> <p>6:12 Vote</p>
<p>I. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Texas Department of Banking’s 2019 Annual Internal Audit Report as Prepared and Presented by McConnell & Jones LLP</p>	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Texas Department of Banking’s 2019 Annual Internal Audit Report as Prepared and Presented by McConnell & Jones LLP passed.</p>	<p>6:24 start of discussion</p> <p>6:35 Vote</p>
<p>J. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies’ 2019 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’ 2019 Third Quarter Financial Statements passed.</p>	<p>6:47 start of discussion</p> <p>6:54 Vote</p>
<p>K. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies’ Fiscal Year 2020 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 2020 Operating Budgets passed.</p>	<p>7:08 start of discussion</p> <p>7:19 Vote</p>

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L. 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	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.	7:31 start of discussion 7:43 Vote
M. Discussion of and Possible Vote to Recommend that the Finance Commission Issue a Request for Proposal to Select an Internal Auditor for the Finance Commission Agencies for Fiscal Year 2020	Coming upon Recommendation from the Audit Committee, no second is required and the motion to issue a Request for Proposal to select an Internal Auditor for the Finance Commission Agencies for Fiscal Year 2020 passed.	8:02 start of discussion 8:14 Vote
6. Discussion of and Possible Vote to Take Action on the Agency Priorities for Fiscal Year 2020 for the Commissioners of the Department of Savings and Mortgage Lending, Office of Consumer Credit Commissioner and the Texas Department of Banking	Stacy London made a motion to Approve the Agency Priorities for Fiscal Year 2020 for the Commissioners of the Department of Savings and Mortgage Lending, Office of Consumer Credit Commissioner and the Texas Department of Banking. Phillip Holt seconded, and the motion passed.	8:38 start of discussion 9:04 Vote
7. 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
8. 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	Commissioner Pettijohn gave an update on the Camp Hubbard property. Chairman Plunket allowed it to be discussed in open session.	2:24:20 start of discussion

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9. 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
10. Discussion of and Consultation on Security Audit, possible issue related to confidential or sensitive information, security breach audit and assessment, or 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. Department of Savings and Mortgage Lending		
1. Industry Status and Departmental Operations – State Savings Bank Activity: a) Industry Status; and b) State Savings Bank Charter and Application Activity	No Action Required.	13:45 start of discussion
2. Industry Status and Departmental Operations – Mortgage Lending Activity: a) Residential Mortgage Loan Originators; b) Mortgage Examination; and c) Consumer Complaints	No Action Required.	16:19 start of discussion
3. Fiscal and Departmental Operations: a) Funding Status/Audits/Financial Reporting; and b) Staffing	No Action Required.	20:05 start of discussion
4. Legal Activity: a) Enforcement; b) Gift Reporting; and c) Legislative Activities	No Action Required.	21:22 start of discussion
5. Discussion of and Possible Vote to Take Action on the Adoption of New 7 TAC, Part 4, Chapter 52 as found in the following sections: §52.10 Definitions, §52.11 Complaint Processing, §52.12 Complaint Resolution and Disposition, §52.13 Complaint Review and Reporting	Stacy London made a motion to Approve the Adoption of New 7 TAC, Part 4, Chapter 52 as found in the following sections: §52.10 Definitions, §52.11 Complaint Processing, §52.12 Complaint Resolution and Disposition, §52.13 Complaint Review and Reporting. Hector Cerna seconded, and the motion passed.	36:00 start of discussion 39:05 Vote

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
6. Consent Agenda – Item B6	Phillip Holt made a motion to Approve Consent Agenda item B6. Molly Curl seconded, and the motion passed.	:51 start of discussion 1:22 vote
7. Consent Agenda – Item B7	Phillip Holt made a motion to Approve Consent Agenda item B7. Molly Curl seconded, and the motion passed.	:51 start of discussion 1:22 vote
8. Consent Agenda – Item B8	Phillip Holt made a motion to Approve Consent Agenda item B8. Molly Curl seconded, and the motion passed.	:51 start of discussion 1:22 vote
9. Consent Agenda – Item B9	Phillip Holt made a motion to Approve Consent Agenda item B9. Molly Curl seconded, and the motion passed.	:51 start of discussion 1:22 vote
10. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of New 7 TAC, Part 4, Chapter 81, §81.110 Concerning Licensing of Military Service Members, Military Veterans, and Military Spouses	Vince Puente made a motion to Approve the Proposal and Publication for Comment of New 7 TAC, Part 4, Chapter 81, §81.110 Concerning Licensing of Military Service Members, Military Veterans, and Military Spouses. Lori McCool seconded, and the motion passed.	43:22 start of discussion 44:57 Vote
11. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation	No Action Required.	n/a

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
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.	47:30 start of discussion
2. Discussion of and Possible Vote to Take Action on the Adoption of Amendments, New Rules, and a Repeal in 7 TAC, Part 1, Chapter 2, and Part 5, Chapters 82, 83, 84, 85, 86, 87, 88, and 89, Concerning Licensing, Registration, Administration, Complaints, and Appeals	Phillip Holt made a motion to Approve the Adoption of Amendments, New Rules, and a Repeal in 7 TAC, Part 1, Chapter 2, and Part 5, Chapters 82, 83, 84, 85, 86, 87, 88, and 89, Concerning Licensing, Registration, Administration, Complaints, and Appeals. Lori McCool seconded, and the motion passed.	1:14:30 start of discussion 1:33:56 Vote

Chairman Paul Plunket called for a break at 9:34 a.m. (1:32:19 on the audio file). The open meeting resumed at 9:38 a.m. (1:32:29 on the audio file.)

3. Discussion of and Possible Vote to Take Action on the Adoption of Amendments to 7 TAC, Chapter 85, Subchapter A, Concerning Rules of Operation for Pawnshops	Cliff McCauley made a motion to Approve the Adoption of Amendments to 7 TAC, Chapter 85, Subchapter A, Concerning Rules of Operation for Pawnshops. Phillip Holt seconded, and the motion passed.	1:34:30 start of discussion 1:40:32 Vote
4. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to §83.501 in 7 TAC, Part 5, Chapter 83, Subchapter A, Concerning Rules for Regulated Lenders, and to §90.203 in 7 TAC, Part 5, Chapter 90, Concerning Chapter 342, Plain Language Contract Provisions	Molly Curl made a motion to Approve the Proposal and Publication for Comment of Amendments to §83.501 in 7 TAC, Part 5, Chapter 83, Subchapter A, Concerning Rules for Regulated Lenders, and to §90.203 in 7 TAC, Part 5, Chapter 90, Concerning Chapter 342, Plain Language Contract Provisions. Will Lucas seconded, and the motion passed.	1:41:00 start of discussion 1:43:58 Vote
5. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to §86.201 in 7 TAC, Part 5, Chapter 86, Concerning Retail Creditors	Stacy London made a motion to Approve the Proposal and Publication for Comment of Amendments to §86.201 in 7 TAC, Part 5, Chapter 86, Concerning Retail Creditors. Lori McCool seconded, and the motion passed.	1:44:39 start of discussion 1:50:38 Vote

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
6. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of New §2.108 in 7 TAC, Part 1, Chapter 2, Concerning Residential Mortgage Loan Originators	Vince Puente made a motion to Approve the Proposal and Publication for Comment of New §2.108 in 7 TAC, Part 1, Chapter 2, Concerning Residential Mortgage Loan Originators. Will Lucas seconded, and the motion passed.	1:51:11 start of discussion 1:54:19 Vote
7. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of New §85.309 in 7 TAC, Part 5, Chapter 85, Subchapter A, Concerning Rules of Operation for Pawnshops	Phillip Holt made a motion to Approve the Proposal and Publication for Comment of New §85.309 in 7 TAC, Part 5, Chapter 85, Subchapter A, Concerning Rules of Operation for Pawnshops. Stacy London seconded, and the motion passed.	1:54:49 start of discussion 1:57:00 Vote
8. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation <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> <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>	No Action Required.	n/a

Chairman Paul Plunket called for a break at 10:03 a.m. (1:57:54 on the audio file). The open meeting resumed at 10:13 a.m. (1:58:02 on the audio file).

D. Texas Department of Banking		
1. Industry Status and Departmental Operations: a) Current Issues Affecting Department’s Regulated Entities; b) Bank and Trust Division Activities; c) Corporate Division Activities; d) Special Audits Division Activities; e) Administrative, Staffing and Fiscal Division Activities; f) Strategic Support Division Activities including Consumer Complaint Data; g) Legal Division Activities including Enforcement Activity and Gift Reporting; and h) Legislative Activities	No Action Required.	1:58:10 start of discussion

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
2. Consent Agenda – Item D2	Phillip Holt made a motion to Approve Consent Agenda item D2. Molly Curl seconded, and the motion passed.	:51 start of discussion 1:22 vote
3. Consent Agenda – Item D3	Phillip Holt made a motion to Approve Consent Agenda item D3. Molly Curl seconded, and the motion passed.	:51 start of discussion 1:22 vote
4. Consent Agenda – Item D4	Phillip Holt made a motion to Approve Consent Agenda item D4. Molly Curl seconded, and the motion passed.	:51 start of discussion 1:22 vote
5. Consent Agenda – Item D5	Phillip Holt made a motion to Approve Consent Agenda item D5. Molly Curl seconded, and the motion passed.	:51 start of discussion 1:22 vote
6. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Repeal of 7 TAC, Chapter 31, Part 2, §§31.1 – 31.115 Concerning Private Child Support Enforcement Agencies	Cliff McCauley made a motion to approve the Proposal and Publication for Comment of Repeal of 7 TAC, Chapter 31, Part 2, §§31.1 – 31.115 Concerning Private Child Support Enforcement Agencies. Stacy London seconded and the motion passed.	2:14:36 start of discussion 2:17:41 Vote
7. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Repeal of 7 TAC, Chapter 33, Part 2, §§33.71 – 33.75 Concerning Bullion Depository Agents	Stacy London made a motion to approve the Proposal and Publication for Comment of Repeal of 7 TAC, Chapter 33, Part 2, §§33.71 – 33.75 Concerning Bullion Depository Agents. Phillip Holt seconded and the motion passed.	2:18:14 start of discussion 2:22:16 Vote

AGENDA ITEM	ACTION TAKEN	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, Chapter 33, Part 2, §§33.3, 33.13, 33.15, 33.27, 33.51 Concerning Bullion Depository Agents	Phillip Holt made a motion to approve the Proposal and Publication for Comment of Amendments to 7 TAC, Chapter 33, Part 2, §§33.3, 33.13, 33.15, 33.27, 33.51 Concerning Bullion Depository Agents. Stacy London seconded and the motion passed.	2:22:43 start of discussion 2:23:14 Vote
9. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation <i>E. Mex. Financial Services, Inc. v. Charles G. Cooper, Texas Banking Commissioner; Cause No. D-1-GN-19-003237, in the 200th District Court of Travis County, Texas</i>	No Action Required.	n/a

There being no further business, Chairman Paul Plunket adjourned the meeting of the Finance Commission at 10:46 a.m. (2:30:49 on the audio file).

/s/

Paul W. Plunket, Chairman
 Finance Commission of Texas

/s/

Charles G. Cooper, Executive Director
 Finance Commission of Texas

/s/

Brenda Medina, Executive Assistant
 Finance Commission of Texas