

**MINUTES OF THE
FINANCE COMMISSION MEETING
Friday, October 18, 2019**

The Finance Commission of Texas convened at 9:01 a.m. on October 18, 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	Robin Armstrong
Will Lucas	

Finance Commission Chairman Paul Plunket announced a quorum with nine members present. (:17 on audio file).

Chairman Paul Plunket made a motion to excuse Molly Curl and a motion to excuse Vince Puento from the Finance Commission meeting held on October 18, 2019. There were no objections and both motions passed unanimously. (:25 on audio file).

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
A. Finance Commission Matters		
1. Review and Approval of the Minutes of the August 15-16, 2019 Finance Commission Meetings	On Consent Agenda – Item A1	2:28 start of discussion
2. General Public Comment	No Action Required.	2:05 start of discussion
3. Consent Agenda – Item A1	Stacy London made a motion to Approve Consent Agenda item A1. Phillip Holt seconded, and the motion passed.	2:28 start of discussion 2:59 vote
4. Finance Commission Operations	No Action Required.	3:27 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' August 31, 2019 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 	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Agencies' August 31, 2019 Investment Officer Reports passed.</p>	<p>4:07 start of discussion</p> <p>4:33 Vote</p>
<p>B. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' 2019 Fourth Quarter Financial Statements</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 	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Agencies' Fourth Quarter Financial Statements passed.</p>	<p>4:47 start of discussion</p> <p>4:56 Vote</p>
<p>C. Discussion 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 2020</p>	<p>To participate as a member of the Audit Committee, Chairman Paul Plunket turned over the meeting to Vice Chairman Phillip Holt. Acting in the capacity as an Audit Committee member, Chairman Plunket made a motion to amend the primary motion (primary amendment) with the language that the Finance Commission Approve Garza/Gonzalez & Associates as the Internal Auditor for the Finance Commission Agencies for Fiscal Year 2020. Cliff McCauley seconded, but the motion failed. Returning to the primary motion, Vice Chairman Holt made a motion that the Finance Commission Approve that the Audit Committee interview the three respondents and have them make presentations during the month of November (2019) before a final decision is made, and the motion passed.</p>	<p>5:09 start of discussion</p> <p>20:55 Vote</p>
<p>6. Discussion of and Possible Vote to Accept the Report on the Financial Condition of the State Banking System</p>	<p>Hector Cerna made a motion to Accept the Report on the Financial Condition of the State Banking System. Will Lucas seconded and the motion passed.</p>	<p>26:38 start of discussion</p> <p>26:45 Vote</p>

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
7. Discussion of and Possible Vote to Take Action on the Accomplishment Reports for Fiscal Year 2019 for the Commissioners of the Texas Department of Banking, Department of Savings and Mortgage Lending and the Office of Consumer Credit Commissioner	Stacy London made a motion to Accept the Accomplishment Reports for Fiscal Year 2019 for the Commissioners of the Texas Department of Banking, Department of Savings and Mortgage Lending and the Office of Consumer Credit Commissioner. Lori McCool seconded and the motion passed.	27:07 start of discussion 27:14 Vote
8. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' Management Response to the Efficiency Audit Regarding Sunset Recommendation 2.6 – "Direct the Finance Commission to minimize duplication of agency functions and promote more cost efficient administration of the finance agencies."	Cliff McCauley made a motion to Approve the Agencies' Management Response to the Efficiency Audit Regarding Sunset Recommendation 2.6 – "Direct the Finance Commission to minimize duplication of agency functions and promote more cost efficient administration of the finance agencies." Stacy London seconded and the motion passed.	27:43 start of discussion 30:17 Vote
9. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of New Rules and Amendments in 7 TAC, Chapter 5, Concerning Administration of Finance Agencies, and a New Rule, Amendments, and Repeals in 7 TAC, Chapter 9 Concerning Rules of Procedure for Contested Case Hearings, Appeals, and Rulemakings	Will Lucas made a motion to Approve the Proposal and Publication for Comment of New Rules and Amendments in 7 TAC, Chapter 5, Concerning Administration of Finance Agencies, and a New Rule, Amendments, and Repeals in 7 TAC, Chapter 9 Concerning Rules of Procedure for Contested Case Hearings, Appeals, and Rulemakings. Phillip Holt seconded and the motion passed.	32:06 start of discussion 47:19 Vote
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

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
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
13. 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. 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.	48:16 start of discussion
2. Consent Agenda – Item B2	Stacy London made a motion to Approve Consent Agenda item B2. Phillip Holt seconded, and the motion passed.	2:28 start of discussion 2:59 Vote

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
3. Consent Agenda – Item B3	Stacy London made a motion to Approve Consent Agenda item B3. Phillip Holt seconded, and the motion passed.	2:28 start of discussion 2:59 Vote
4. Consent Agenda – Item B4	Stacy London made a motion to Approve Consent Agenda item B4. Phillip Holt seconded, and the motion passed.	2:28 start of discussion 2:59 Vote
5. Consent Agenda – Item B5	Stacy London made a motion to Approve Consent Agenda item B5. Phillip Holt seconded, and the motion passed.	2:28 start of discussion 2:59 Vote
6. Consent Agenda – Item B6	Stacy London made a motion to Approve Consent Agenda item B6. Phillip Holt seconded, and the motion passed.	2:28 start of discussion 2:59 Vote
7. Consent Agenda – Item B7	Stacy London made a motion to Approve Consent Agenda item B7. Phillip Holt seconded, and the motion passed.	2:28 start of discussion 2:59 Vote
8. Consent Agenda – Item B8	Stacy London made a motion to Approve Consent Agenda item B8. Phillip Holt seconded, and the motion passed.	2:28 start of discussion 2:59 Vote
9. Consent Agenda – Item B9	Stacy London made a motion to Approve Consent Agenda item B9. Phillip Holt seconded, and the motion passed.	2:28 start of discussion 2:59 Vote
10. Discussion and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendment to 7 TAC, Part 1, Chapter 6, §6.1 Concerning Banking Development Districts	Stacy London made a motion to Approve the Proposal and Publication for Comment of Amendment to 7 TAC, Part 1, Chapter 6, §6.1 Concerning Banking Development Districts. Cliff McCauley seconded and the motion passed.	1:08:44 start of discussion 1:10:07 Vote

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
11. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC, Part 2, Chapter 15, §§15.1, 15.2, 15.7, 15.23, 15.41, 15.42, 15.81, 15.103 - 15.106, 15.108, 15.111, 15.115, 15.122 Concerning Corporate Activities	Stacy London made a motion to Approve the Proposal and Publication for Comment of Amendments to 7 TAC, Part 2, Chapter 15, §§15.1, 15.2, 15.7, 15.23, 15.41, 15.42, 15.81, 15.103 - 15.106, 15.108, 15.111, 15.115, 15.122 Concerning Corporate Activities. Lori McCool seconded and the motion passed.	1:10:35 start of discussion 1:13:19 Vote
12. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC, Part 2, Chapter 21, §§21.2, 21.6, 21.7, 21.42, 21.43, 21.61, 21.74 Concerning Trust Company Corporate Activities	Will Lucas made a motion to Approve the Proposal and Publication for Comment of Amendments to 7 TAC, Part 2, Chapter 21, §§21.2, 21.6, 21.7, 21.42, 21.43, 21.61, 21.74 Concerning Trust Company Corporate Activities. Stacy London seconded and the motion passed.	1:14:34 start of discussion 1:15:12 Vote
13. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of New 7 TAC, Part 2, Chapter 33, §33.54 Concerning Exemption for Registered Securities Dealers and Agents	Rule was removed from agenda. No action taken.	n/a
14. 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</i> , in the 200 th District Court of Travis County, Texas	No Action Required.	n/a

Chairman Paul Plunket called for a break at 10:17 a.m. (1:16:22 on the audio file). The open meeting resumed at 10:35 a.m. (1:16:33 on the audio file).

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
C. 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.	1:16:48 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.	1:21:09 start of discussion
3. Fiscal and Departmental Operations: a) Funding Status/Audits/Financial Reporting; and b) Staffing	No Action Required.	1:29:35 start of discussion
4. Legal Activity: a) Enforcement; b) Gift Reporting; and c) Legislative Activities	No Action Required.	1:32:54 start of discussion
5. Consent Agenda – Item C5	Stacy London made a motion to Approve Consent Agenda item C5. Phillip Holt seconded, and the motion passed.	2:28 start of discussion 2:59 Vote
6. Consent Agenda – Item C6	Stacy London made a motion to Approve Consent Agenda item C6. Phillip Holt seconded, and the motion passed.	2:28 start of discussion 2:59 Vote
7. Consent Agenda – Item C7	Stacy London made a motion to Approve Consent Agenda item C7. Phillip Holt seconded, and the motion passed.	2:28 start of discussion 2:59 Vote
8. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of New 7 TAC, Part 4, Chapter 52 Concerning Hearings, Appeals and Informal Settlement Conferences	Stacy London made a motion to Approve the Proposal and Publication for Comment of New 7 TAC, Part 4, Chapter 52 Concerning Hearings, Appeals and Informal Settlement Conferences. Lori McCool seconded and the motion passed.	1:50:31 start of discussion 1:53:23 Vote

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
9. Discussion and Possible Vote to Take Action on the Adoption of Amendments to 7 TAC, Part 4, Chapter 80, §80.201 Concerning Loan Status Forms	Stacy London made a motion to Approve the Adoption of Amendments to 7 TAC, Part 4, Chapter 80, §80.201 Concerning Loan Status Forms, as amended with changes. Phillip Holt seconded and the motion passed.	1:54:02 start of discussion 2:12:59 Vote
10. Discussion and Possible Vote to Take Action on the Adoption of Amendments to 7 TAC, Part 4, Chapter 81, §81.201 Concerning Loan Status Forms	Stacy London made a motion to Approve the Adoption of Amendments to 7 TAC, Part 4, Chapter 81, §81.201 Concerning Loan Status Forms, as amended with changes. Cliff McCauley seconded and the motion passed.	2:13:41 start of discussion 2:15:50 Vote
11. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation	No Action Required.	n/a
D. 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.	2:16:32 start of discussion
2. Consent Agenda – Item D2	Stacy London made a motion to Approve Consent Agenda item D2. Phillip Holt seconded, and the motion passed.	2:28 start of discussion 2:59 Vote
3. Consent Agenda – Item D3	Stacy London made a motion to Approve Consent Agenda item D3. Phillip Holt seconded, and the motion passed.	2:28 start of discussion 2:59 Vote
4. Consent Agenda – Item D4	Stacy London made a motion to Approve Consent Agenda item D4. Phillip Holt seconded, and the motion passed.	2:28 start of discussion 2:59 Vote

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
5. Consent Agenda – Item D5	Stacy London made a motion to Approve Consent Agenda item D5. Phillip Holt seconded, and the motion passed.	2:28 start of discussion 2:59 Vote
6. Discussion of and Possible Vote to Take Action on Request for an Attorney General Opinion RQ-0300-KP, Regarding the Authority of a Credit Services Organization Under Chapter 393 of the Texas Finance Code	No Action Required.	n/a
7. Discussion of and Possible Vote to Take Action on Request for an Attorney General Opinion RQ-0306-KP, Regarding the Authority of the City of College Station to Regulate Secondhand Dealer Transactions by Ordinance When Those Businesses Also Operate as a Pawnshop	No Action Required.	n/a
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 an Executive Session at 11:59 a.m. *(2:42:59 on the audio file)*. The open meeting resumed at 12:38 p.m. *(2:43:49 on the audio file)*.

There being no further business, Chairman Paul Plunket adjourned the meeting of the Finance Commission at 12:38 p.m. *(2:44:43 on the audio file)*.

/s/ Paul W. Plunket

Paul W. Plunket, Chairman
Finance Commission of Texas

/s/ Charles G. Cooper

Charles G. Cooper, Executive Director
Finance Commission of Texas

/s/ Brenda Medina

Brenda Medina, Executive Assistant
Finance Commission of Texas