

**MINUTES OF THE
FINANCE COMMISSION MEETING
Friday, October 16, 2020**

The Finance Commission of Texas convened at 9:01 a.m. on October 16, 2020 with the following members present:

Finance Commission Members in Attendance:

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| George “Cliff” McCauley, Vice Chairman | Will Lucas |
| Hector Cerna | Sharon McCormick |
| Molly Curl | Vince Puente |
| Larry Long | Laura Warren |

Vice Chairman Cliff McCauley made a motion to excuse Chairman Phillip Holt, Bob Borochoff and Robin Armstrong from the Finance Commission meeting held on October 16, 2020. There were no objections and the motion passed unanimously. (:44 on audio file).

Vice Chairman Cliff McCauley announced there was a quorum with eight members present. (1:59 on audio file).

| AGENDA ITEM | ACTION | LOCATION ON AUDIO FILE |
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| A. Finance Commission Matters | | |
| 1. Review and Approval of the Minutes of the August 21, 2020 Finance Commission Meeting | On Consent Agenda – Item A1 This item Approved on the Consent Agenda. | n/a |
| 2. General Public Comment | No Action Required. | 2:09 start of discussion |
| 3. Consent Agenda – Items A1, and D2 – D3 | Will Lucas made a motion to Approve Consent Agenda items A1, and D2 – D3. Laura Warren seconded and the motion passed. | 2:57 start of discussion 3:48 Vote |
| 4. Finance Commission Operations | No Action Required. | 4:17 start of discussion |
| 5. Audit Committee Report | | |
| A. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies’ 2020 Fourth Quarter Investment Officer Reports 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’ 2020 Fourth Quarter Investment Officer Reports passed. | 9:54 start of discussion 10:01 Vote |
| B. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies’ 2020 Fourth Quarter Financial Statements 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’ 2020 Fourth Quarter Financial Statements passed. | 10:33 start of discussion 10:41 Vote |

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| <p>6. Status Report on Implementation of Sunset Management Recommendations</p> <p>A. Sunset Recommendation 2.6 – “Direct the Finance Commission to minimize duplication of agency functions and promote more cost-efficient administration of the finance agencies.”</p> <p>B. Other Sunset Management Recommendations</p> <ol style="list-style-type: none"> 1. Finance Commission of Texas 2. Texas Department of Banking 3. Department of Savings and Mortgage Lending 4. Office of Consumer Credit Commissioner | <p>No Action Required.</p> | <p>11:10 start of discussion</p> |
| <p>7. Discussion of the Condition of the Texas State Banking System Report</p> | <p>No Action Required.</p> | <p>22:34 start of discussion</p> |
| <p>8. Discussion of and Possible Vote to Take Action on the Accomplishment Reports for Fiscal Year 2020 for the Commissioners of the Texas Department of Banking, Department of Savings and Mortgage Lending and the Office of Consumer Credit Commissioner</p> | <p>Laura Warren made a motion to Approve the Accomplishment Reports for Fiscal Year 2020 for the Commissioners of the Texas Department of Banking, Department of Savings and Mortgage Lending and the Office of Consumer Credit Commissioner. Sharon McCormick seconded and the motion passed.</p> | <p>24:18 start of discussion 24:44 Vote</p> |
| <p>9. Discussion of and Possible Vote to Take Action on the Adoption of Amendments, a New Rule, and a Repeal in 7 TAC, Part 8, Chapter 151, Concerning Home Equity Lending Procedures, and Chapter 153, Concerning Home Equity Lending, Resulting from Rule Review</p> | <p>Larry Long made a motion to Approve the Adoption of Amendments, a New Rule, and a Repeal in 7 TAC, Part 8, Chapter 151, Concerning Home Equity Lending Procedures, and Chapter 153, Concerning Home Equity Lending, Resulting from Rule Review. Molly Curl seconded and the motion passed.</p> | <p>25:20 start of discussion 28:33 Vote</p> |
| <p>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</p> | <p>No Discussion.</p> | <p>n/a</p> |
| <p>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</p> | <p>No Discussion.</p> | <p>n/a</p> |

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| 12. Discussion of 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 | No Discussion. | 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 | No Discussion. | 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) Non-Depository Supervision 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. | 29:29 start of discussion |
| 2. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC §19.51, Concerning Other Real Estate Owned by Trust Companies | Laura Warren made a motion to Approve the Proposal and Publication for Comment of Amendments to 7 TAC §19.51, Concerning Other Real Estate Owned by Trust Companies. Sharon McCormick seconded and the motion passed. | 53:21 start of discussion 54:55 Vote |
| 3. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendment to 7 TAC §3.37, Concerning Calculation of Annual Assessment for Banks | Molly Curl made a motion to Approve the Proposal and Publication for Comment of Amendment to 7 TAC §3.37, Concerning Calculation of Annual Assessment for Banks. Will Lucas seconded and the motion passed. | 55:40 start of discussion 57:07 Vote |
| 4. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation | No Discussion. | n/a |

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| C. Department of Savings and Mortgage Lending | | |
| 1. Industry Status and Departmental Operations: a) Thrift Regulation Division Activities; b) Mortgage Regulation Division Activities; c) Operations Division Activities; d) Legal Division Activities, including Consumer Complaints and Gift Reporting; and e) Legislative Activities | No Action Required. | 57:51 start of discussion |
| 2. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation | No Discussion. | 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. | 1:23:57 start of discussion |
| 2. On Consent | On Consent Agenda – Item D2 This item Approved on the Consent Agenda. | n/a |
| 3. On Consent | On Consent Agenda – Item D3 This item Approved on the Consent Agenda. | n/a |
| 4. Discussion of and Possible Vote to Take Action on the Adoption of Amendments, a New Rule, and a Repeal in 7 TAC, Part 5, Chapter 83, Subchapter B, Concerning Rules for Credit Access Businesses, Resulting from Rule Review | Testimony was provided by Rachana Chhin on behalf of Texas Catholic Conference of Bishops and Ann Baddour on behalf of Texas Appleseed. Laura Warren made a motion to Approve the Adoption of Amendments, a New Rule, and a Repeal in 7 TAC, Part 5, Chapter 83, Subchapter B, Concerning Rules for Credit Access Businesses, Resulting from Rule Review. Sharon McCormick seconded and the motion passed. | 1:50:55 start of discussion 2:09:38 Vote |
| 5. Discussion of and Possible Vote to Take Action on the Adoption of Amendments and a New Rule in 7 TAC, Part 5, Chapter 89, Concerning Property Tax Lenders | Larry Long made a motion to Approve the Adoption of Amendments and a New Rule in 7 TAC, Part 5, Chapter 89, Concerning Property Tax Lenders. Laura Warren seconded and the motion passed. | 2:10:48 start of discussion 2:12:59 Vote |
| 6. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC, Part 5, Chapter 84, Concerning Motor Vehicle Installment Sales, Resulting from Rule Review | Vince Puente made a motion to Approve the Proposal and Publication for Comment of Amendments to 7 TAC, Part 5, Chapter 84, Concerning Motor Vehicle Installment Sales, Resulting from Rule Review. Molly Curl seconded and the motion passed. | 2:14:37 start of discussion 2:18:23 Vote |

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| 7. 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> | No Discussion. | n/a |

Vice Chairman Cliff McCauley called for an Executive Session at 11:21 a.m. (2:19:11 on the audio file). The open meeting resumed at 11:53 a.m. (2:20:30 on the audio file).

There being no further business, Vice Chairman Cliff McCauley adjourned the meeting of the Finance Commission at 11:54 a.m. (2:21:17 on the audio file).

/s/ Phillip Holt for

Cliff McCauley, Vice 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