

**MINUTES OF THE  
FINANCE COMMISSION MEETING  
Friday, August 20, 2021**

The Finance Commission of Texas convened at 9:57 a.m. on August 20, 2021, with the following members present:

**Finance Commission Members in Attendance** *(some members in attendance via webinar):*

Phillip Holt, Chairman	Will Lucas
George "Cliff" McCauley, Vice Chairman	Sharon McCormick
Robin Armstrong	Vince Puente
Bob Borochoff	Debbie Scanlon
Hector Cerna	Laura Warren
Larry Long	

Commissioner Charles G. Cooper announced there was a quorum with 11 members present. *(0.53 on the audio file).*

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
<b>A. Finance Commission Matters</b>		
1. Review and Approval of the Minutes of the June 18, 2021 Finance Committee Meeting	<b>On Consent Agenda – Item A1</b> This item Approved on the Consent Agenda.	n/a
2. General Public Comment	No Action Required.	1:12 start of discussion
3. Consent Agenda – Items A1, B2 and B3	Vince Puente made a motion to Approve Consent Agenda items A1, B2 and B3. Sharon McCormick seconded and the motion passed.	2:28 start of discussion 2:48 Vote
4. Finance Commission Operations	No Action Required.	3:15 start of discussion
5. Audit Committee Report		
A. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' 2021 Third Quarter Investment Officer Reports	Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Agencies' 2021 Third Quarter Investment Officer Reports passed.	4:29 start of discussion
1. Office of Consumer Credit Commissioner		4:39 Vote
2. Department of Savings and Mortgage Lending		
3. Texas Department of Banking		

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<p>B. 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"> <li>1. Office of Consumer Credit Commissioner</li> <li>2. Department of Savings and Mortgage Lending</li> <li>3. Texas Department of Banking</li> </ol>	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Readoption of the Investment Policies passed.</p>	<p>5:00 start of discussion  5:13 Vote</p>
<p>C. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' 2021 Third Quarter Financial Statements</p> <ol style="list-style-type: none"> <li>1. Office of Consumer Credit Commissioner</li> <li>2. Department of Savings and Mortgage Lending</li> <li>3. Texas Department of Banking</li> </ol>	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Agencies' 2021 Third Quarter Financial Statements passed.</p>	<p>5:33 start of discussion  5:42 Vote</p>
<p>D. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' Fiscal Year 2022 Operating Budgets</p> <ol style="list-style-type: none"> <li>1. Office of Consumer Credit Commissioner</li> <li>2. Department of Savings and Mortgage Lending</li> <li>3. Texas Department of Banking</li> </ol>	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Agencies' Fiscal Year 2022 Operating Budgets passed.</p>	<p>6:02 start of discussion  6:11 Vote</p>
<p>F. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Department of Savings and Mortgage Lending's 2021 Annual Internal Audit Report as Prepared and Presented by Garza/Gonzalez and Associates</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 2021 Annual Internal Audit Report as Prepared and Presented by Garza/Gonzalez and Associates passed.</p>	<p>7:16 start of discussion  7:28 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 2021 Annual Internal Audit Report as Prepared and Presented by Garza/Gonzalez and Associates</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 2021 Annual Internal Audit Report as Prepared and Presented by Garza/Gonzalez and Associates passed.</p>	<p>7:45 start of discussion  7:58 Vote</p>
<p>6. Discussion of and Possible Vote to Take Action on the Agency Priorities for Fiscal Year 2022 for the Commissioners of the Office of Consumer Credit Commissioner, Department of Savings and Mortgage Lending and the Texas Department of Banking</p>	<p>Laura Warren made a motion to Approve the Agency Priorities for Fiscal Year 2022 for the Commissioners of the Office of Consumer Credit Commissioner, Department of Savings and Mortgage Lending and the Texas Department of Banking. Vince Puente seconded and the motion passed.</p>	<p>8:19 start of discussion  12:37 Vote</p>

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
7. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC, Part 8, Chapter 153, Concerning Home Equity Lending	Will Lucas made a motion to Approve the Proposal and Publication for Comment of Amendments to 7 TAC, Part 8, Chapter 153, Concerning Home Equity Lending. Sharon McCormick seconded and the motion passed.	13:06 start of discussion  18:56 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	No Discussion.	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	No Discussion.	n/a
10. 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
11. 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

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
<b>B. Office of Consumer Credit Commissioner</b>		
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.	19:40 start of discussion
2. <i>On Consent</i>	<b>On Consent Agenda – Item B2</b> This item Approved on the Consent Agenda.	n/a
3. <i>On Consent</i>	<b>On Consent Agenda – Item B3</b> This item Approved on the Consent Agenda.	n/a
4. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC, Part 1, Chapter 7, Concerning Texas Financial Education Endowment Fund, and Part 5, Chapter 83, Subchapter B, Concerning Rules for Credit Access Businesses, Resulting from Rule Review	Laura Warren made a motion to Approve the Proposal and Publication for Comment of Amendments to 7 TAC, Part 1, Chapter 7, Concerning Texas Financial Education Endowment Fund, and Part 5, Chapter 83, Subchapter B, Concerning Rules for Credit Access Businesses, Resulting from Rule Review. Sharon McCormick seconded and the motion passed.	35:17 start of discussion  42:43 Vote
5. 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 89, Concerning Property Tax 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 89, Concerning Property Tax Lenders, Resulting from Rule Review. Laura Warren seconded and the motion passed.	43:17 start of discussion  50:10 Vote
6. 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
<b>B. Department of Savings and Mortgage Lending</b>		
1. Industry Status and Departmental Operations: a) State Savings Bank Examinations and Supervision Division Activities; b) Mortgage Licensing Division Activities; c) Mortgage Examinations Division Activities; d) Consumer Complaints Division Activities; e) Administration and Finance Division Activities; f) Legal Division Activities, including Gift Reporting; and g) Legislative Activities	No Action Required.	50:50 start of discussion

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
2. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments, New Rules, and Repeals in 7 TAC, Part 4, Chapter 80, Subchapter B, Concerning Licensing, Resulting from Rule Review	Debbie Scanlon made a motion to Approve the Proposal and Publication for Comment of Amendments, New Rules, and Repeals in 7 TAC, Part 4, Chapter 80, Subchapter B, Concerning Licensing, Resulting from Rule Review. Sharon McCormick seconded and the motion passed.	1:07:04 start of discussion  1:12:17 Vote
3. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments, New Rules, and Repeals in 7 TAC, Part 4, Chapter 81, Subchapter B, Concerning Licensing, Resulting from Rule Review	Will Lucas made a motion to Approve the Proposal and Publication for Comment of Amendments, New Rules, and Repeals in 7 TAC, Part 4, Chapter 81, Subchapter B, Concerning Licensing, Resulting from Rule Review. Laura Warren seconded and the motion passed.	1:12:52 start of discussion  1:14:40 Vote
4. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments, New Rules, and Repeals in 7 TAC, Part 4, Chapter 80, Concerning Texas Residential Mortgage Loan Companies	Debbie Scanlon made a motion to Approve the Proposal and Publication for Comment of Amendments, New Rules, and Repeals in 7 TAC, Part 4, Chapter 80, Concerning Texas Residential Mortgage Loan Companies. Will Lucas seconded and the motion passed.	1:15:12 start of discussion  1:19:44 Vote
5. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments, New Rules, and Repeals in 7 TAC, Part 4, Chapter 81, Concerning Mortgage Bankers and Residential Mortgage Loan Originators	Laura Warren made a motion to Approve the Proposal and Publication for Comment of Amendments, New Rules, and Repeals in 7 TAC, Part 4, Chapter 81, Concerning Mortgage Bankers and Residential Mortgage Loan Originators. Larry Long seconded and the motion passed.	1:20:16 start of discussion  1:26:34 Vote
6. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of New Rules in 7 TAC, Part 4, Chapter 52, Concerning Department Administration	Robin Armstrong made a motion to Approve the Proposal and Publication for Comment of New Rules in 7 TAC, Part 4, Chapter 52, Concerning Department Administration. Sharon McCormick seconded and the motion passed.	1:27:08 start of discussion  1:30:39 Vote
7. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of a New Rule and the Repeal of 7 TAC §76.95, Concerning Fee for Special Examination or Audit	Vince Puente made a motion to Approve the Proposal and Publication for Comment of a New Rule and the Repeal of 7 TAC §76.95, Concerning Fee for Special Examination or Audit. Debbie Scanlon seconded and the motion passed.	1:31:09 start of discussion  1:33:11 Vote
8. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation	No discussion.	n/a

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
<b>D. Texas Department of Banking</b>		
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.	1:34:39 start of discussion
2. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation	No discussion.	n/a

Chairman Phillip Holt called for an Executive Session at 11:49 a.m. (1:51:53 on the audio file). The open meeting resumed at 11:59 a.m. (1:52:38 on the audio file).

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
<b>Executive Session</b>		
1. Chairman Holt appointed the Search Committee to locate a successor of Department of Savings and Mortgage Lending Commissioner Caroline Jones. The Search Committee consists of Will Lucas, Chair, Sharon McCormick and Larry Long. Discussion of and Possible Vote that the Finance Commission Issue a Request for Proposal for an Executive Recruiting Service to conduct a search for qualified candidates for the Commissioner of the Department of Savings and Mortgage Lending	Will Lucas made a motion to Request for Proposal for an Executive Recruiting Service to conduct a search for qualified candidates for the Commissioner of the Department of Savings and Mortgage Lending. Laura Warren seconded and the motion passed.	1:52:59 start of discussion  1:53:29 Vote
2. Discussion of and Possible Vote to Take Action on the Appointment of an Interim Commissioner for the Department of Savings and Mortgage Lending	Will Lucas made a motion that the Finance Commission appoint Stephany Trotti as the Interim Commissioner for the Department of Savings and Mortgage Lending. Debbie Scanlon seconded and the motion passed.	1:53:58 start of discussion  1:54:03 Vote

There being no further business, Chairman Phillip Holt adjourned the meeting of the Finance Commission at 12:04 p.m. (1:57:26 on the audio file).

/s/Phillip Holt  
 Phillip Holt, 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