

MINUTES OF THE FINANCE COMMISSION MEETING Friday, April 22, 2022

The Finance Commission of Texas convened at 9:30 a.m., on Friday, April 22, 2022, with the following members present:

Finance Commission Members in Attendance:

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

Commissioner Charles G. Cooper announced there was a quorum with 11 members present. *(2:13 on the audio file).*

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
A. Finance Commission Matters		
1. Review and Approval of the Minutes of the February 18, 2022 Finance Committee Meeting	On Consent Agenda – Item A1 This item Approved on the Consent Agenda.	n/a
2. General Public Comment	No Action Required.	3:20 Start of discussion
3. Consent Agenda – Items A1, B2, B3, C2, C3, and D2 – D4	Will Lucas made a motion to Approve Consent Agenda items A1, B2, B3, C2, C3, and D2 - D4. Laura Warren seconded and the motion passed.	3:50 Start of discussion 4:11 Vote
4. Finance Commission Operations	No Action Required.	4:40 Start of discussion
5. Audit Committee Report		
A. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' 2022 Second Quarter Investment Officer Reports 1. Texas Department of Banking 2. Office of Consumer Credit Commissioner 3. Department of Savings and Mortgage Lending	Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Agencies' 2022 Second Quarter Investment Officer Reports passed.	5:14 Start of discussion 5:24 Vote

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
<p>B. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' 2022 Second Quarter Financial Statements</p> <ol style="list-style-type: none"> 1. Texas Department of Banking 2. Office of Consumer Credit Commissioner 3. Department of Savings and Mortgage Lending 	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Agencies' 2022 Second Quarter Financial Statements passed.</p>	<p>5:34 Start of discussion</p> <p>5:42 Vote</p>
<p>C. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action to Reapprove the Internal Audit Contract for Garza/Gonzalez and Associates for Fiscal Year 2023</p>	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Reapprove the Internal Audit Contract for Garza/Gonzalez and Associates for Fiscal Year 2023 passed.</p>	<p>5:56 Start of discussion</p> <p>6:05 Vote</p>
<p>D. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Texas Department of Banking's Bank Examination 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 Texas Department of Banking's Bank Examination Audit Report as Prepared and Presented by Garza/Gonzalez and Associates passed.</p>	<p>6:18 Start of discussion</p> <p>6:29 Vote</p>
<p>E. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Activities of the Texas Financial Education Endowment Fund</p>	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Activities of the Texas Financial Education Endowment Fund passed.</p>	<p>6:40 Start of discussion</p> <p>6:48 Vote</p>
<p>6. Status Report on Implementation of Finance Commission Directive on 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 finance agencies."</p>	<p>No Action Required.</p>	<p>7:04 Start of discussion</p>
<p>7. Discussion of the Process for the 2023-2027 Strategic Plans for the Finance Commission Agencies</p>	<p>No Action Required.</p>	<p>8:16 Start of discussion</p>
<p>8. Discussion of and Possible Vote to Take Action on the Finance Commission Agencies' Fiscal Year 2022 Mid-Term Accomplishment Reports</p>	<p>Laura Warren made a motion to Approve the Finance Commission Agencies' Fiscal Year 2022 Mid-Term Accomplishment Reports. Sharon McCormick seconded and the motion passed.</p>	<p>12:46 Start of discussion</p> <p>22:51 Vote</p>

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9. Discussion of the Condition of the Texas Sates Banking System Report (Note: Report provided separately)	No Action Required.	23:14 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	No Discussion.	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	No Action Required.	25:16 Start of discussion
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.	26:31 Start of discussion

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
2. Discussion of and Possible Vote to Take Action on the Readoption of 7 TAC, Part 2, Chapter 33, Concerning Money Services Businesses, 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 Readoption of 7 TAC, Part 2, Chapter 3, Concerning State Bank Regulation, 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 Adoption of Amendments to 7 TAC, Chapter 33, §§33.7, 33.23, 33.27, 33.33, 33.37, 33.51, 33.54, Concerning Money Services, Resulting from Rule Review	Debbie Scanlon made a motion to Approve the Adoption of Amendments to 7 TAC, Chapter 33, §§33.7, 33.23, 33.27, 33.33, 33.37, 33.51, 33.54, Concerning Money Services, Resulting from Rule Review. Sharon McCormick seconded and the motion passed.	52:56 Start of discussion 54:35 Vote
5. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation	No Discussion	n/a
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.	55:21 start of discussion
2. Discussion of and Possible Vote to Take Action on the Adoption of Amendments to 7 TAC, Chapter 83, Subchapter A, Concerning Rules for Regulated Lenders, Resulting from Rule Review	On Consent Agenda – Item C2 This item approved on the Consent Agenda.	n/a
3. Discussion of and Possible Vote to Take Action on the Readoption of 7 TAC, Chapter 2, Concerning Residential Mortgage Loan Originators Regulated by the Office of Consumer Credit Commissioner, Resulting from Rule Review	On Consent Agenda – Item C3 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 2, Concerning Residential Mortgage Loan Originators Regulated by the Office of Consumer Credit Commissioner, 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 2, Concerning Residential Mortgage Loan Originators Regulated by the Office of Consumer Credit Commissioner, Resulting from Rule Review. Sharon McCormick seconded and the motion passed.	1:20:53 start of discussion 1:23:31 Vote

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
5. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC, Part 5, Chapter 82, Concerning Administration	Vince Puente made a motion to Approve the Proposal and Publication for Comment of Amendments to 7 TAC, Part 5, Chapter 82, Concerning Administration. Will Lucas seconded and the motion passed.	1:24:07 start of discussion 1:26:10 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</i> , in the 281st Judicial District Court of Harris County, Texas	No Discussion.	n/a
D. 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.	1:31:43 start of discussion
2. Discussion of and Possible Vote to Take Action on the Adoption of a New Rule and Repeal of §80.204 in 7 TAC, Part 4, Chapter 80, Concerning Residential Mortgage Loan Companies	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 a New Rule and Repeal of §81.204 in 7 TAC, Part 4, Chapter 81, Concerning Mortgage Bankers and Residential Mortgage Loan Originators	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 Readoption of 7 TAC, Part 4, Chapter 51, Concerning Charter Applications, and Chapter 52, Concerning Department Administration, Resulting in Rule Review	On Consent Agenda – Item D4 This item approved on the Consent Agenda.	n/a
5. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of New Rules and Repeals in 7 TAC, Part 4, Chapter 51, Concerning Charter Applications, Resulting from Rule Review	Will Lucas made a motion to Approve the Proposal and Publication for Comment of New Rules and Repeals in 7 TAC, Part 4, Chapter 51, Concerning Charter Applications, Resulting from Rule Review. Sharon McCormick seconded and the motion passed.	1:48:54 start of discussion 1:51:46 Vote
6. Discussion of and Possible Vote to Take Action on the Proposal and Publications for Comment of New Rules and Repeals in 7 TAC, Part 4, Chapter 52, Concerning Department Administration, Resulting from Rule Review	Robin Armstrong made a motion to Approve the Proposal and Publication for Comment of New Rules and Repeals in 7 TAC, Part 4, Chapter 52, Concerning Department Administration, Resulting from Rule Review. Laura Warren seconded and the motion passed.	1:55:19 start of discussion 1:56:08 Vote

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
7. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation	No Discussion.	n/a

There being no further business, Chairman Phillip Holt adjourned the meeting of the Finance Commission at 11:29 a.m. (1:59:06 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/Ruth Wright

Ruth Wright, Executive Assistant
Finance Commission of Texas