

**MINUTES OF THE
FINANCE COMMISSION MEETING
Friday, February 19, 2016
9:00 a.m.**

The Finance Commission of Texas convened at 9:00 a.m. on February 19, 2016 with the following members present: Bill White, Chairman, Paul Plunket, Vice Chair, Susan Burton, Stacy London, Lori McCool, Will Lucas, Jonathan Newton, Victor Leal, Jay Shands, and Hector Cerna. Members absent: Cindy Lyons.

Chairman White announced that there was a quorum of the Finance Commission of Texas with 10 members present.

| AGENDA ITEM | ACTION | LOCATION ON AUDIO FILE |
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| A. FINANCE COMMISSION MATTERS | | |
| 1. Review and Approval of the Minutes of the December 18, 2016 Finance Commission Meeting | On Consent Agenda – Item A1 This item approved on the Consent Agenda. | n/a |
| 2. General Public Comment | No Action Required. | 3:00 start of discussion |
| 3. Consent Agenda - Items A1, B2-B3, D3-D4 | Jay Shands made a motion to approve the Consent Agenda. Susan Burton seconded and the motion passed. | 3:34 start of discussion 3:47 vote |
| 4. Finance Commission Operations | No Action Required. | 4:03 start of discussion |
| 5. Audit Committee Report | | |
| A. Discussion and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies’ November 30, 2015 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’ November 30, 2015 Investment Officer Reports passed. | 5:05 start of discussion 5:39 vote |
| B. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies’ 2016 First Quarter Financial Statements 1. Texas Department of Banking 2. Department of Savings and Mortgage | Coming upon recommendation from the Audit Committee, no second is required and the motion to approve the Agencies’ 2016 First Quarter Financial Statements is passed. | 5:55 start of discussion 6:07 vote |

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| Lending 3. Office of Consumer Credit Commissioner | | |
| C. Presentation from the Texas Treasury Safekeeping Company | No Action Required | 6:22 start of discussion |
| D. Report on Activities Relating to the Texas Financial Education Endowment Fund | No Action Required. | 6:32 start of discussion |
| 6. 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 |
| 7. 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 |
| 8. 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 of pending and contemplated litigation | Deferred to Executive Session – no vote taken. | n/a |
| B. TEXAS DEPARTMENT OF BANKING | | |
| 1. Industry Status and Departmental Operations: a) Items of Interest from the Commissioner’s Office; b) Bank | No Action Required. | 6:48 start of discussion |

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| and Trust Division Activities; c) Corporate Division Activities; d) Special Audits Division Activities; e) Administrative and Fiscal Division Activities; f) Strategic Support Division Activities; g) Legal Division Activities; h) Legislative Activities; and i) General Items of Interest | | |
| 2. Discussion of and Possible Vote to Take Action on the Adoption of Amendment to 7 TAC §5.101, Concerning Employee Training and Education Assistance Programs | 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 Adoption of Amendments to 7 TAC, §33.13 Concerning Processing Times for Certain Money Service Business Applications | 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 Reappointment of Tom Elam as the Insurance Industry Representative to the Guaranty Fund Advisory Council for the period January 1, 2016 to December 31, 2017 | Hector Cerna made a motion to approve the Reappointment of Tom Elam as the Insurance Industry Representative to the Guaranty Fund Advisory Council for the period January 1, 2016 to December 31, 2017. Jay Shands seconded and the motion passed. | 28:49 start of discussion 29:17 vote |
| 5. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendment to 7 TAC, §15.42 Concerning Establishment and Closing of a Branch Office | Jay Shands made a motion to approve the Proposal and Publication for Comment of Amendment to 7 TAC, §15.42 Concerning Establishment and Closing of a Branch Office. Will Lucas seconded and the motion passed. | 30:19 start of discussion 32:08 vote |
| 6. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC, §15.2 and §15.3 Concerning Filing and Investigation Fees and Expedited Filings, Respectively | Lori McCool made a motion to approve the Proposal and Publication for Comment of Amendments to 7 TAC, §15.2 and §15.3 Concerning Filing and Investigation Fees and Expedited Filings, Respectively. Stacy London seconded and the motion passed. | 32:47 start of discussion 34:16 vote |

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| 7. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of 7 TAC §21.43, Concerning Representative Trust Offices of Federally Chartered or Federally Insured Out-Of-State Banks and §21.44, Concerning Representative Trust Offices of Out-Of-State Trust Companies and Uninsured State Banks | Jonathan Newton made a motion to approve the Proposal and Publication for Comment of 7 TAC §21.43 Concerning Representative Trust Offices of Federally Chartered or Federally Insured Out-Of-State Banks and §21.44, Concerning Representative Trust Offices of Out of State Trust Companies and Uninsured State Banks. | 35:00 start of discussion 41:24 vote |
| 8. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of the Repeal of 7 TAC, §19.1 and §19.21 Concerning Grandfathered Loans and Grandfathered Investments, Respectively | Hector Cerna made a motion to approve the Proposal and Publication for Comment of the Repeal of 7 TAC, §19.1 and §19.21 Concerning Grandfathered Loans and Grandfathered Investments, Respectively. Stacy London seconded and the motion passed. | 42:07 start of discussion 43:09 vote |
| 9. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC §21.24, Concerning Exemptions for Family Trust Companies | Will Lucas made a motion to approve the Proposal and Publication for Comment of Amendments to 7 TAC §21.24, Concerning Exemptions for Family Trust Companies. Susan Burton seconded and the motion passed. | 43:45 start of discussion 49:23 vote |
| 10. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation | No Discussion - No Action Required | n/a |
| C. DEPARTMENT OF SAVINGS AND MORTGAGE LENDING | | |
| 1. Industry Status and Departmental Operations - State Savings Bank Activity: a) Industry Status; b) State Savings Bank Charter and Application Activity; c) Other Items | No Action Required. | 50:53 start of discussion |

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| 2. Industry Status and Departmental Operations – Mortgage Lending Activity: a) Residential Mortgage Loan Originators; b) Mortgage Examination; c) Consumer Complaints/Legal Activity; and d) Other Items | No Action Required. | 52:14 start of discussion |
| 3. Fiscal/Operations Activity: a) Funding Status/Audits/Financial Reporting; b) Staffing; c) Other Items; and d) Legislative Activity | No Action Required | 1:03:23 start of discussion |
| 4. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC, Chapters 51, 53, 57, 59, 61, 63-65, 67, 69, 71, and 73 Concerning Savings and Loan Associations, Resulting from Rule Review | Jay Shands made a motion to approve the Proposal and Publication for Comment of Amendments to 7 TAC, Chapters 51, 53, 57, 59, 61, 63-65, 67, 69, 71, and 73 Concerning Savings and Loan Associations, Resulting from Rule Review. Lori McCool seconded and the motion passed. | 1:06:21 start of discussion 1:10:02 vote |
| 5. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments to 7 TAC, Chapters 75-77 Concerning Savings Banks, Resulting from Rule Review | Will Lucas made a motion to approve the Proposal and Publication for Comment of Amendments to 7 TAC, Chapters 75-77 Concerning Savings Banks, Resulting from Rule Review. Stacy London seconded and the motion passed. | 1:10:42 start of discussion 1:12:34 vote |
| 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. | 1:13:01 start of discussion |

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| 2. Discussion of and Possible Vote to Take Action on the Adoption of New §83.3003 Repeal and Replace; the Adoption of Amendments to §§ 83.3004, 83.5001 83.6003, 83.6006, 83.6007, and 83.6008; and on the Adoption of the Repeal of §83.3003 (repeal and replace); in 7 TAC, Chapter 83, Subchapter B, Concerning Rules for Credit Access Businesses, Resulting from Rule Review | Stacy London made a motion to approve the Adoption of New §83.3003 Repeal and Replace; the Adoption of Amendments to §§ 83.3004, 83.5001 83.6003, 83.6006, 83.6007, and 83.6008; and on the Adoption of the Repeal of §83.3003 (repeal and replace); in 7 TAC, Chapter 83, Subchapter B, Concerning Rules for Credit Access Businesses, Resulting from Rule Review. Lori McCool seconded and the motion passed. | 1:33:25 start of discussion 1:35:55 vote |
| 3. Discussion of and Possible Vote to Take Action on the Adoption of Amendments to 7 TAC, Chapter 85, Subchapter B, Concerning Rules for Crafted Precious Metal Dealers, Resulting from Rule Review | 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 Completed Rule Review of 7 TAC, Chapter 84, Concerning Motor Vehicle Installment Sales | 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 on Amendments, New Rules, and Repeals to 7 TAC, Chapter 84, Concerning Motor Vehicle Installment Sales, Resulting from Rule Review | Jonathan Newton made a motion to approve the Proposal and Publication for Comment on Amendments, New Rules, and Repeals to 7 TAC, Chapter 84, Concerning Motor Vehicle Installment Sales, Resulting from Rule Review. Susan Burton seconded and the motion passed. | 1:37:09 start of discussion 1:49:05 vote |
| 6. Discussion of and Possible Action Regarding Anticipated and Pending Litigation | No Discussion - No Action Required. | n/a |

Chairman Bill White called for an Executive Session at 11:09 a.m. (1:49:08 on the audio file). The open meeting resumed at 12:01 p.m. (1:49:38 on the audio file).

There being no further business, Chairman Bill White adjourned the meeting of the Finance Commission at 12:01 p.m. (1:49:55 on audio file)

/s/William J. White

William J. White, Chairman
Finance Commission of Texas

/s/Charles G. Cooper

Charles G. Cooper, Executive Director
Finance Commission of Texas

/s/Anne Benites

Anne Benites, Executive Assistant
Finance Commission of Texas