

**RULES COMMITTEE
MEETING MINUTES
February 16, 2012**

A. CALL TO ORDER – Chairman Manuel Cavazos called the meeting to order at 1:00 p.m. in the conference room of the Credit Union Department office, Austin, Texas pursuant to Chapter 551 of the Government Code. Other members present included Gary Janacek, Rob Kyker, Gary Tuma, and ex-officio member Thomas Butler. Commission Members Allyson Morrow, Sherri Merket, and John Yoggerst also attended the meeting but did not participate in the deliberations of the Committee. Staff members in attendance were Harold E. Feeney, Commissioner and Betsy Loar, Assistant Commissioner and General Counsel. Chairman Cavazos appointed Isabel Velasquez as recording secretary. The Chair also inquired and the Commissioner confirmed that the notice of the meeting was properly posted (**February 6, 2012, TRD#2012000980**).

- **INVITATION FOR PUBLIC INPUT FOR FUTURE CONSIDERATION** – Chairman Cavazos invited public input on matters regarding rulemaking for future consideration by the committee.
- **Leon Ewing – President, Firstmark Credit Union.** Mr. Ewing noted that Finance Code Section 122.056(c) imposes a limit on the number of advisory/honorary directors that a credit union may appoint. He indicated that the current limit of three unnecessarily inhibits the appropriate use of these types of positions and asked that consideration be given to making a recommendation to the Legislature that the limitation be eliminated.

B. RECEIVE MINUTES OF PREVIOUS MEETING (October 20, 2011)

Mr. Janacek moved for approval of the minutes of the October 20, 2011 meeting as presented. Mr. Kyker seconded the motion, and the motion was unanimously adopted.

C. UNFINISHED BUSINESS -- Discussion of and Possible Vote to Recommend that the Credit Union Commission Adopt the Proposed Amendments to 7 TAC Section 91.801 Concerning Investments in Credit Union Service Organizations. Commissioner Feeney highlighted for the Committee the proposed amendments to Rule 91.801. He noted that during the 30 day comment period the Department received four written comments on the proposal. As a result of those comments, he indicated that staff was suggesting that several non-substantive changes be made to the published version. Mr. Feeney briefly summarized the suggested changes for the Committee.

The Committee having no questions, the Chairman opened the floor for public testimony on the proposal with the suggested non-substantive changes.

- **Melodie Durst – Executive Director, Credit Union Coalition of Texas.** Mrs. Durst publicly thanked the Department for taking the Coalition's expressed concerns into consideration and indicated her appreciation for the changes that were made.

After a short discussion, Mr. Tuma moved to recommend that the Commission adopt the proposed amendments to **7 TAC Section 91.801** with non-substantive changes to the proposal that was previously published in the *Texas Register*. Mr. Janacek seconded the motion and the motion was unanimously adopted.

D. NEW BUSINESS

(a) Discussion of and Possible Vote to Recommend that the Credit Union Commission Approve for Publication and Comment the Proposed Amendments to 7 TAC Section 91.808 Concerning Reporting Investment Activities to the Board of Directors. Commissioner Feeney noted that subsequent to the Commission's readoption of this rule last year, the Department became aware of some apparent confusion with the differing standards between Rule 91.803 and Rule 91.808. He indicated that, in an effort to eliminate any confusion, the proposed amendments to Rule 91.808 will provide a consistent standard in the two rules.

Chairman Cavazos acknowledged the arrival of Assistant Attorney General Nancy S. Fuller who joined the meeting at 1:10 p.m. to serve as legal counsel for the Committee.

General Counsel Betsy Loar brought to the attention of the Committee a typo in subsection (a) and suggested that the Committee may want to include the correction in their recommendation to the Commission.

After a short discussion, Mr. Janacek moved to recommend that the Commission approve for publication and comment the proposed amendments to **7 TAC Section 91.808** with the correction suggested by staff. Mr. Tuma seconded the motion and the motion was unanimously adopted.

(b) Discussion of and Possible Vote to Recommend that the Credit Union Commission Readopt 7 TAC Section 91.301 Concerning Field of Membership. Commissioner Feeney noted that as required by Section 2001.39, Government Code, staff reviewed Rule 91.301, which deals with field of membership requirements. He indicated that staff believes the reasons for adopting this rule continue to exist and the rule should be readopted without change, at this time.

After a short discussion, Mr. Janacek moved to recommend that the Commission find that the reasons for adopting **7 TAC Section 91.301** continue to exist and the rule be readopted without change. Mr. Kyker seconded the motion and the motion was unanimously adopted.

Commissioner Feeney suggested that, in the interest of time, the Committee may want to group the next three agenda items into one motion. There were no objections.

(c) Discussion of and Possible Vote to Recommend that the Credit Union Commission Readopt 7 TAC Section 91.302 Concerning Election or Other Membership Vote by Electronic Balloting, Early Voting, Absentee Voting, or Mail Balloting.

(d) Discussion of and Possible Vote to Recommend that the Credit Union Commission Readopt 7 TAC Section 91.310 Concerning Annual Report to Membership.

(e) Discussion of and Possible Vote to Recommend that the Credit Union Commission Readopt 7 TAC Section 91.315 Concerning Members' Access to Credit Union Documents.

Commissioner Feeney noted that as required by Section 2001.39, Government Code, staff reviewed Rules 91.302, 91.310, and 91.315 and found that the reasons for adopting these rules continue to exist and that the rules should be readopted without change.

After a brief discussion, Mr. Tuma moved to recommend that the Commission find that the reasons for adopting Rules 91.302, 91.310, and 91.315 continue to exist and that the rules be readopted without change. Mr. Kyker seconded the motion and the motion was unanimously adopted.

(f) Discussion of the Department's Draft Legislative Recommendations for Possible Consideration During the 83rd Regular Session of the Legislature. Commissioner Feeney noted that although the Department had been unsuccessful in getting its legislative recommendations introduced and passed during the last two legislative sessions, Sections 15.103 and 15.405 of the Finance Code require the Department to periodically study the Act and report its legislative recommendations to the Legislature for consideration. He indicated that it was his intention to lay out the proposal, hear any public testimony, and then ask the Committee to leave the item pending. During the interim between this and the next meeting, he explained that the Department would work with any interested parties to deal with any concerns and hopefully refine the proposal so that it is ready for final consideration by the Committee at the June meeting. Mr. Feeney briefly highlighted the substantive provisions for the Committee.

There being no questions or public testimony, the Committee took no action on the proposal and left it pending for the next meeting.

(g) Discussion of and Vote to Establish Date for Next Committee Meeting. Chair Cavazos reminded everyone that the next regular meeting of the Committee has been tentatively scheduled for June 14, 2012, at 1:00 p.m., in Austin.

ADJOURNMENT -- Without objection, the meeting was adjourned at 1:24 p.m.

Manuel "Manny" Cavazos
Chairman

Isabel Velasquez
Recording Secretary

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