

**CREDIT UNION COMMISSION
MEETING MINUTES
NOVEMBER 4, 2016**

A. CALL TO ORDER - ASCERTAIN A QUORUM – Chair Manuel “Manny” Cavazos called the meeting to order at 9:10 a.m. in the conference room of the Credit Union Department Building, Austin, Texas, pursuant to Chapter 551 of the Government Code, and declared that a quorum was present. Other members present included Allyson “Missy” Morrow, Beckie Stockstill Cobb, Steven “Steve” Gilman, Sherri Merket, Kay Stewart, Gary Tuma. Commission members Yusuf Farran and Vik Vad were absent due to a health issue and a schedule conflict, respectively. Assistant Attorney General Melissa Juarez was in attendance to serve as legal counsel. Representing the Department staff were Harold E. Feeney, Commissioner, Robert E. Etheridge, Deputy Commissioner and Shari Shivers, Assistant Commissioner and General Counsel. Chair Cavazos appointed Isabel Velasquez as Recording Secretary. The Chair inquired and the Commissioner confirmed that the notice of the meeting was properly posted (**October 24, 2016, TRD#2016007327**).

❖ **INVITATION FOR PUBLIC INPUT FOR FUTURE CONSIDERATION** – Chair Cavazos invited public input on matters that were not scheduled items on the agenda for possible future consideration by the Commission. No public comments were received.

❖ **RECEIVE REQUESTS AND MOTIONS FOR EXCUSED ABSENCES** – Chair Cavazos inquired if there were any requests or motions to excuse an absence. Mr. Tuma moved to excuse Commission members Yusuf Farran and Vik Vad from the Commission meeting on November 4, 2016. Mrs. Merket seconded the motion, and the motion was unanimously adopted.

❖ **B. RECEIVE MINUTES OF PREVIOUS MEETING (July 8, 2016).**

The Chair referred the members to the draft minutes contained in the agenda packet. Mr. Gilman moved for approval of the minutes of July 8, 2016 as presented. Mrs. Stewart seconded the motion, and the motion was unanimously adopted.

C. COMMITTEE REPORTS

Commissioner Evaluation Committee -- Discussion, Consideration and Possible Vote on the Proposed FY 2016 Performance Evaluation for the Commissioner -- Mrs. Merket, Commissioner Evaluation Committee Chair, reported on the Committee's public meeting held on November 3 and 4, 2016. Mrs. Merket explained that the Committee met yesterday and earlier this morning, in a public meeting, to review the information submitted by each Commission member and prepare a proposed evaluation. She indicated the Commission will have an opportunity, in the Executive Session to edit or revise that proposal prior to it being presented to the Commissioner. No action was taken by the commission at this time.

D. (a) Discussion and Consideration and Possible Vote to Take Action on the Adoption of Amendments to 7 TAC Section 91.709 Concerning Member Business Loans. Commissioner Feeney explained that at its July meeting, the Commission had approved for publication and comment in the *Texas Register* the proposed amendments to Rule 91.709. He noted that the Commission received fifteen (15) written comments on the proposed rule amendments during the comment period. He further noted that the Commission also received one comment on the proposal after the conclusion of the official comment period. Mr. Feeney reported that twelve (12) commenters were in favor of the proposed rule. One commenter was partially in favor and partially objected to the proposed rule.

Two commenters opposed to the proposed amendments. Commissioner Feeney explained that the comment received after the comment period urged the Commission to suspend adoption of the rule pending the outcome of the Independent Community Bankers of America lawsuit against NCUA. He indicated that staff was recommending three non-substantive changes to the proposed amendments that were previously published. The first non-substantive change was in Subsection (c)(1)(D) adding the missing verb “evaluating” between the words “in“ and “collateral”. The second non-substantive change was in Subsection (i)(1)(C), changing the subparagraph (4) to subparagraph (3), and the third non-substantive change was in Subsection (k) changing the statutory cite from 121.003 to 124.003.

After careful consideration and review of all comments received, Mrs. Morrow moved that the Commission adopt the proposed amendments to **7 TAC Section 91.709** with non-substantive changes to the proposal that was previously published in the *Texas Register*. Mrs. Cobb seconded the motion and the motion was unanimously adopted.

D. (b) Discussion, Consideration and Possible Vote to Take Action on the Adoption of the Amendments to 7 TAC, Part 8, Chapter 153, Concerning Home Equity Lending, Resulting from Rule Review. Commissioner Feeney reported that at its July meeting, the Commission approved for publication and comment in the *Texas Register* the proposed amendments to 7 TAC, Part 8, Chapter 153. He noted that the main purpose of the amendments is to implement changes resulting from the Commission’s review of this chapter under Texas Government Code Section 2001.039. Mr. Feeney further indicated that the Commission received no written comments on the proposed rule amendments during the comment period.

After a short discussion, Mr. Gilman moved that the Commission adopt the proposed amendments to **7 TAC, Part 8, Chapter 153** as previously published in the *Texas Register*. Mrs. Stewart seconded the motion and the motion was unanimously adopted.

D. (c) Discussion and Consideration of the Department's FY 2016 Financial Performance and the FY 2017 Budget. Commissioner Feeney briefly highlighted the financial performance for FY 2016 indicating that total revenues for the period were \$3,710,447, which was \$9,530 more than the budgeted amount. He also explained that during the same period \$3,466,068 was spent operating the Department, which was \$234,849 less than the amount budgeted for the period.

There being no question, Mr. Feeney indicated that during the first month of FY 2017, operating income totaled \$2,029,994, and \$297,606 was spent operating the Department. After a brief discussion, no formal action was taken by the Commission.

(d) Discussion and Consideration of Current Status of the Financial Services Market and the Effect on Credit Unions Regulated by the Department. Deputy Commissioner Etheridge noted that the business environment continues to reflect improvement as the overall Texas economy remains favorable. He indicated that this is primarily attributable to the healthy Texas economy, good regulatory oversight and effective operational and administrative management at our credit unions. While there are a small number of credit unions experiencing financial and operational challenges, the overall financial trends for Texas credit unions is positive. Overall, while some economic challenges exist in certain industries and geographic areas, we are optimistic that

the Texas economy will continue to have a positive impact on the Texas state chartered credit union system.

After a brief discussion of some of the key financial trends, no formal action was taken by the Commission.

E. (a) Discussion, Consideration, and Possible Vote to Take Action on the Readoption of the Department's Equal Employment and Workforce Diversity Plan. Commissioner Feeney noted that Section 15.313, Finance Code, requires the Commission to prepare and maintain a written policy statement to assure implementation of a program of equal employment opportunity. He indicated the Commission originally approved the Plan back in 1997 and that the Plan covers a 12-month period, and therefore, must be ratified annually.

After a brief discussion, Mrs. Merket moved that the Commission adopt the revised Department's Equal Employment and Workforce Diversity Plan as recommended by Staff. Mrs. Cobb seconded the motion and the motion was unanimously adopted.

E. (b) Discussion and Consideration of the Findings of the Audit being Conducted by the State Auditor's Office. Commissioner Feeney reported that the State Auditor's Office began the audit in May 2016 and that it is currently anticipated that the final audit report will be publicly released later in the month of November. He noted that the State Auditor's Office has indicated that the final audit report will be emailed to each commission member when it becomes public information. No formal action was taken by the commission.

F. EXECUTIVE SESSION—Mr. Cavazos stated that the Commission would be entering into Executive Session as provided under Section 551.074 of the Government Code, for the purpose of discussing certain personnel issues related to the Commissioner’s Annual Performance Evaluation and FY 2017 Remuneration. The Commission entered into Executive Session at 9:50 a.m. and reconvened in open session at 10:05 a.m.

Chairman Cavazos noted that no final action, decision, or vote was made on matters discussed during the Executive Session.

G. (a) Consideration and Possible Vote to Approve the Commissioner’s Proposed FY 2016 Performance Evaluation. Mrs. Merket made a motion that the Commission approve a one-time merit award for Commissioner Feeney in the amount of \$5,375.00 to be effective on December 1, 2016. Mrs. Cobb seconded the motion and the motion was unanimously adopted.

(b) Next Commission Meeting – Chairman Cavazos reminded everyone that the next regular meeting of the Commission has been tentatively scheduled for March 10, 2017 at 9:00 a.m. in Austin.

ADJOURNMENT – There being no further business for the Credit Union Commission, Chairman Cavazos adjourned the meeting at 10:12 a.m.

Manuel “Manny” Cavazos

Isabel Velasquez

Chairman

Recording Secretary

Distribution:

Legislative Reference Library