



CREDIT UNION COMMISSION
Commissioner Evaluation Committee Meeting
Credit Union Department Building
914 East Anderson Lane
Austin, Texas

Thursday, October 31, 2019
2:00 p.m.

*** * * AGENDA * * ***

The Committee may discuss and/or take action regarding any item on this agenda

<u>TAB</u>	<u>PAGE</u>
A. Call to Order (2:00 p.m.) – Committee Chair Beckie Stockstill Cobb	3
a. Ascertain Quorum	
b. Appoint Recording Secretary	
c. Acknowledge Guests	
B. Receive and Approve Minutes of the Committee’s Meeting on July 11, 2019	5
C. New Business	
a. Recommend Approval of the FY 2019 Performance Evaluation and FY 2020 Remuneration for the Commissioner	10
b. Establish the next Regularly Scheduled Committee Meeting (July 9, 2020)	21

Adjournment

Note: This is a meeting of the Commissioner Evaluation Committee of the Credit Union Commission; however, there may be other members of the Credit Union Commission attending this meeting. Since there might be a quorum of the Commission attending this meeting of the Commissioner Evaluation Committee, it is being posted as a meeting of the entire Commission.

Executive Session: The Committee may go into executive session (close its meeting to the public) on any agenda item if appropriate and authorized by the Open Meetings Act, Texas Government Code, Chapter 551.

Meeting Recess: In the event the Commission does not finish deliberation of an item on the first day for which it was posted, the Commission might recess the meeting until the following day at the time and place announced at the time of recess.

Meeting Accessibility: Under the Americans with Disabilities Act, the Credit Union Commission will accommodate special needs. Those requesting auxiliary aids or services should notify Cheli Castro, Texas Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752--(512) 837-9236, as far in advance of the meeting as possible.

A

CALL TO ORDER

**TEXAS CREDIT UNION COMMISSION
COMMISSIONER EVALUATION COMMITTEE**

- *Beckie Stockstill Cobb, Chair*
- *Sherri Merket, Vice Chair*
- *Elizabeth “Liz” Bayless*
- *Jim Minge*
- *Yusuf E. Farran, Ex-officio*

Legal Counsel

- *Melissa Juarez*

Staff

- *John J. Kolhoff*
- *Isabel Velasquez*

COMMISSIONER EVALUATION COMMITTEE
MEETING MINUTES

A draft copy of the minutes of the Committee's meeting held on July 11, 2019, is located under **Tab B**.

RECOMMENDED ACTION: The Department requests that the Commission approve the minutes as presented.

RECOMMENDED MOTION: I move that the minutes of the Committee's July 11, 2019, meeting be approved as presented.

NEW MATTERS

C. (a) Recommend that the Credit Union Commission Approve the Proposed FY 2019 Performance Evaluation and FY 2020 Remuneration for the Commissioner.

BACKGROUND: Commission policy calls for an annual performance review of the commissioner. Accordingly, the Commission will be expecting a recommendation from the committee relative to the FY 2019 performance evaluation and FY 2020 remuneration for the commissioner.

RECOMMENDED MOTION: I move that the Committee recommend that the Commission take action to approve the proposed FY 2019 Performance Evaluation and FY 2020 remuneration for the commissioner.

FUTURE MEETING DATE

D. (b) Discussion and Consideration of a Tentative Date for Next Committee Meeting (July 9, 2020).

BACKGROUND: The next regular meeting of the Committee has been tentatively scheduled for July 9, 2020.

ADJOURNMENT

B

COMMISSIONER EVALUATION COMMITTEE
MEETING MINUTES

A draft copy of the minutes of the Committee's meeting held on July 11, 2019, is located under **Tab B**.

RECOMMENDED ACTION: The Department requests that the Commission approve the minutes as presented.

RECOMMENDED MOTION: I move that the minutes of the Committee's July 11, 2019, meeting be approved as presented.

**CREDIT UNION COMMISSION
COMMISSIONER EVALUATION COMMITTEE
MEETING MINUTES
JULY 11, 2019**

I. CALL TO ORDER – ASCERTAIN A QUORUM – Chair Beckie Stockstill

Cobb called the meeting to order at 2:05 p.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. The other members present were Sherri Merket, Liz Bayless, James L. Minge and Commission Chair Allyson “Missy” Morrow, ex-officio. Assistant Attorney General Melissa Juarez was in attendance to serve as legal counsel. Representing the Department staff were John J. Kolhoff, Commissioner; and Isabel Velasquez, Executive Assistant. Mrs. Cobb appointed Isabel Velasquez as recording secretary. The Chair also inquired regarding notice, and the Commissioner confirmed that the notice of the meeting was properly posted (**July 1, 2019, TRD#2019003847**).

II. APPROVAL OF MINUTES OF PRIOR MEETING (October 1, 2018).

Mrs. Merket moved to approve the minutes of October 1, 2018 as presented. Mrs. Bayless seconded the motion, and the motion was unanimously adopted.

III. (a) Discussion, Consideration, and Possible Vote to Recommend that the Credit Union Commission Approve the Proposed FY 2020 Performance Objectives and Goals for the Commissioner. Commissioner Kolhoff reported

having no changes at this time but wanted to bring to everyone's attention to one of the performance factors regarding attending job fairs twice a year. Mr. Kolhoff explained that now that our turnover ratio has stabilized, we would not necessarily need to keep doing this after next year and recommended to the committee the possibility of removing this performance factor and bringing it up for discussion at the upcoming Commission meeting. Mrs. Bayless reported to a problem with some language missing under performance objective #2 – Administration. The first bullet points to "Attain and maintain at least 95% staffing level with continued...." The correct language should read as follows "Attain and maintain at least 95% staffing level with continued emphasis on employee retention and training."

After a lengthy discussion, Mr. Minge made a motion that the Committee recommend to the Commission approval of the proposed FY 2020 performance objectives and goals for the commissioner with the correction to the language to #2 Administration. Mrs. Bayless seconded the motion, and the motion was unanimously adopted.

(b) Discussion, Consideration and Possible Vote to Recommend Changes to the Commissioner's Succession Plan. Commissioner Kolhoff reported that Commission policy provides that in the event of planned or unplanned departure of the commissioner, the Commissioner Evaluation Committee assumes the responsibility for the succession process and serves as the Commission's search committee for purposes of carrying out the Plan. After a brief discussion and careful

consideration, the committee determined that no changes are necessary or advisable at this time. The committee took no action.

(c). Review Future Meeting Dates (Next Regularly Scheduled Committee Meeting – October 31, 2019). Chair Cobb reminded the committee that the next regular meeting of the Committee has been tentatively scheduled for October 31, 2019.

There being no other business to come before the committee, Mrs. Cobb adjourned the meeting at 2:37 p.m.

Beckie Stockstill Cobb
Chair

Isabel Velasquez
Recording Secretary

Distribution:

Legislative Reference Library

C

NEW MATTERS

C. (a) Recommend that the Credit Union Commission Approve the Proposed FY 2019 Performance Evaluation and FY 2020 Remuneration for the Commissioner.

BACKGROUND: Commission policy calls for an annual performance review of the commissioner. Accordingly, the Commission will be expecting a recommendation from the committee relative to the FY 2019 performance evaluation and FY 2020 remuneration for the commissioner.

RECOMMENDED MOTION: I move that the Committee recommend that the Commission take action to approve the proposed FY 2019 Performance Evaluation and FY 2020 remuneration for the commissioner.

Performance Review

Texas Credit Union Commissioner

Instructions

The Commissioner review is a management-by-objectives program. The overall objective of this program is to align organizational goals and objectives with performance review and compensation.

Part I - Board Assessment

The Commission's Assessment is designed primarily to provide feedback to the Commissioner from each Commission member about his/her perception of the Commissioner's effectiveness.

Part I is totally subjective. As such, the weight assigned to this part of the review **should not exceed 25%** of the total review.

Each Commission member is asked to complete the Assessment Form annually and return it to the Chairman of the evaluation committee approximately one month prior to the scheduled review with the Commissioner. Data from each Commission member is compiled onto one form and shared with the Commissioner during the review.

Part II - Performance Objectives

The performance objectives section is a critical part of the Commissioner's performance review. Performance objectives are developed from the Department's strategic business plan and the plan year budget. These objectives are measurable/observable indicators that bridge the philosophy of the Texas Credit Union Department with measurable results.

Goals set for the objectives should be achievable. The best way to set goals is to look at absolute and relative measures. An absolute measure would be one in which the goal is established based on the Department's actual results. For example, if the goal is to have all state chartered credit unions examined within 18 months of the effective date of the last exam, and the result of that goal is usually 95%, a relative goal would be to have 100% of all credit unions examined within an 18 month period.

Part II is objective, in that achievement of results is verifiable, preferably measurable. This section of the review should be assigned the most weight.

Part III – Special Projects

The Special Projects section incorporates key, non-measurable strategies from the Department's strategic plan and annual operating plan & budget. Major projects and plans would be indicative of special project goals.

Individual Commission members are to evaluate results for each of the key strategies and submit their evaluations to the Chairman of the evaluation committee. **The Commissioner will provide Commission members with periodic updates regarding progress on each of the strategies throughout the plan**

year, as well as written documentation on the final results shortly after the conclusion of the plan year. Each Commission member's evaluation is compiled onto one form and incorporated into the overall review.

The sum of the weights assigned to Parts I, II, and III should equal 1.00.

Monitoring Results

We encourage everyone to track and review results throughout the year. Often during the course of a year, changes in the environment that are outside the control of the Commissioner may make it necessary to modify a goal. By reviewing the goals and progress toward meeting them on a quarterly basis, you can identify these situations and take action to modify them before the end of the plan period.

Final Review

The Chairman of the evaluation committee or his/her designate is responsible for distributing, collecting and compiling Assessment Forms (Parts I & III) from each Commission member. Normally, this process will begin approximately two months prior to the scheduled review date.

The Commissioner is responsible for reporting results from the Performance Objectives section of the plan. Since many of the results will be dependent on final financial reports, results should be provided to the Board within 15 days after the end of the plan period. The completed review will be given to the Commissioner during a formal performance review process when all data is known and calculated. The Chairman of the evaluation committee (and/or one of his/her designates) will meet with the Commissioner to give the formal review.

Time Table

The performance review should cover a Fiscal Year (September 1 through August 31). Each Commission member will receive electronic copies of both the Evaluation Form and a memorandum from the Commissioner outlining the Department's plan period accomplishments by September 15th.

It is important to create performance objectives for the new plan period before the end of the current plan. It is recommended that the performance objectives and goals for the next plan period be established in the last quarter of the current plan period.

Commissioner Compensation

The Commission has undertaken a market-based compensation strategy for the position of commissioner with an end objective of hiring and retaining a highly qualified commissioner to effectively and professionally discharge the duties of the agency.

The position of commissioner is the only position at the agency that is exempt from the State's Position Classification Plan. As the executive officer of the agency, the guidelines for the position's salary range are detailed in the Schedule of Exempt Positions, Article IX, Section 3.04,

General Appropriations Act (85th Legislature). The exact salary group for the position and the compensation paid to the incumbent is determined by the Commission after review of performance and salary comparisons through reports such as the State Auditor's Office August 2014 Report on Executive Compensation at State Agencies (Report No. 14-705) and comparable salary information of selected positions at state and federal regulatory agencies with similar responsibilities.



**CREDIT UNION DEPARTMENT
COMMISSIONER EVALUATION FORM
FY _____**

Name: _____

Date Employed _____ Date of Last Evaluation _____

I. 20__ Commission Assessment

Average results from the Commission Assessment Tally Sheet (Part I Attached) are:

$$\frac{\text{Average Points (Part I Average)}}{\text{Average Points (Part I Average)}} \times \frac{25\%}{\text{Weight}} = \frac{\text{Part I Score}}{\text{Part I Score}}$$

II. 20__ Performance Objectives

Average results from the Texas Credit Union Department Performance Grid (Part II Attached) are:

$$\frac{\text{Average Points (Part II Average)}}{\text{Average Points (Part II Average)}} \times \frac{75\%}{\text{Weight}} = \frac{\text{Part II Score}}{\text{Part II Score}}$$

III. 20__ Special Projects

Average results from the Texas Credit Union Department Performance Grid (Part III Attached) are:

$$\frac{\text{Average Points (Part III Average)}}{\text{Average Points (Part III Average)}} \times \frac{0\%}{\text{Weight}} = \frac{\text{Part III Score}}{\text{Part III Score}}$$

IV. Final Evaluation Score:

Final Evaluation Score

*** The total of the weights must equal 100%**

BASE PAY ADJUSTMENT

A base pay adjustment earned for a performance level achieved is strictly at the discretion of the Commission.

Current Base Pay: _____ \$ _____
Pay Adjustment: _____ % \$ _____
New Base Pay: _____ \$ _____
Effective Date: _____

Additional Comments: _____

Commissioner Comments: _____

Commissioner Signature & Date

Evaluation Chair Signature & Date

Part I
Credit Union Department
Commission Member Assessment Form

Commission Member: _____

Below are comments attributed to the Credit Union Commissioner. Please indicate your agreement or disagreement with the statement as follows:

Strongly					Strongly
Disagree			Agree		Agree
1-----	2-----	3-----	4-----	5	

1. The Commissioner is effective at identifying strategic long-term needs of the Department and developing and implementing plans that result in achievement of these needs. Able to execute independent action and starts working without supervision.

Rating: _____

Comments:

2. I am satisfied with the level, quality and timeliness of information and communications provided to me by the Commissioner. This includes issues that may arise between Commission meetings of which the Commission should be aware.

Rating: _____

Comments:

3. The level to which the Commissioner directs or influences the operations, activities and performance of all subordinates. Demonstrates an atmosphere of teamwork and ability to motivate others to accomplish their goals. Ensures that the most efficient use is being made of all resources, including staff.

Rating: _____

Comments:

4. The Commissioner provides adequate focus on maintaining effective relationships with the governor's office, legislators and Credit Union leaders to ensure the continued safety and soundness of the credit union industry. Works well with NCUA to coordinate efforts for compliance and NASCUS for continued accreditation.

Rating: _____

Comments:

5. The Commissioner has the technical knowledge necessary to complete the job. Has the capability to hire the necessary personnel to move the department forward to save time and money, while still ensuring the safety of the information that is necessary to examiners to complete their assignments.

Rating: _____

Comments:

6. The Commissioner maintains a professional image at all times while representing the Department. The necessary leadership skills are present to command attention and respect, while displaying confidence in their ability.

Rating: _____

Comments:

Other Comments on the Commissioner's performance this past period:

SUM OF RATINGS: _____

AVERAGE POINTS: _____

II. PERFORMANCE OBJECTIVES

For each performance category, assign a rating from 1 to 5 based on the performance rating definitions described at the bottom of the form. Next, multiply the rating assigned by the weight shown and enter the result in the "weight x rating" box (i.e. 25% x 5 = 1.25).

PERFORMANCE OBJECTIVES	ACHIEVEMENT	W E I G H T	R A T I N G	W R E A I T I G H N T G
1. Production		25%		
2. Administration		25%		
3. Budgetary		15%		
4. Legislative		25%		
5. Industry		10%		
Total Score				

PERFORMANCE RATINGS: The annual review will be classified in one of the following areas.

- 1. UNSATISFACTORY:** Employee is not performing the minimum requirements of the responsibility area in a satisfactory manner. Performance meets few or none of the key goals/standards. Improved performance is required for continuation in the position.
- 2. BELOW REQUIREMENTS:** Employee is not consistently performing all the requirements of the responsibility area. Performance is below expectations showing consistent weakness. Improved performance is necessary. Requires more than expected supervision.
- 3. MEETS REQUIREMENTS:** Employee is performing all requirements of the responsibility area. Performance is standard, although some requirements are performed above expectations and occasionally below. Performance meets most key goals/standards. Fully competent performer.
- 4. EXCEEDS REQUIREMENTS:** Employee is performing most requirements of the responsibility area consistently above expectations and significantly exceeds some requirements. Requires less supervision than expected.
- 5. SIGNIFICANTLY EXCEEDS REQUIREMENTS:** Employee is consistently performing all requirements of the responsibility area significantly above expectations. There are no weaknesses on key goals/standards. Makes significant contributions well beyond job demands.

Part II. Performance Objectives

1. Production

- Intervals between the effective dates of CU examinations shall not exceed 18 months.
- E-Time ratio shall not be less than 65% of available work time.
- 98% of reports of examination should be mailed within 21 days of last date on site.
- 100% applications submitted will be approved/denied not later than the 60th day after the date notice is published in the *Texas Register*.
- 95% of complaints will be responded to within 30 days.
- 100% of rule changes will be provided to credit unions within 60 days of adoption.
- Meet or exceed 90% of the Operating Plan's production targets within +/- 5% of the projected target.

2. Administration

- Attain and maintain at least 95% staffing level with continued emphasis on employee retention and training.
- Participate in no less than 2 job fair events within the plan period.
- Post job vacancies within 7 days of notice of upcoming vacancy.
- Non-retirement turnover not to exceed 15% for plan period.
- Continue in the implementation and assimilation technology changes to increase efficiency.
- Conduct an annual examiner conference to ensure examiners receive adequate training to perform their duties.

3. Budgetary

- Ensure agency expenditures are necessary, prudent, and within budgetary constraints.
- Present quarterly financial statements to Commission and post on agency website
- Ensure compliance with all regulatory requirements for a SDSI agency
- Ensure revenues collected are adequate to cover expenditures and provide a cash reserve that complies with Commission policies.

4. Legislative

- Submit SDSI biennial and annual report filings in a timely manner.
- Prepare materials for the Legislature as requested or required.
- Respond timely to new legislative issues or requests for information or testimony.
- Remain active and involved at the national level on supervisory issues affecting credit unions.
- Attend at least one conference or training meeting during the plan period.
- Monitor and modify Texas Administrative Code rules as necessary.

5. Industry

- Continue to develop effective communication with credit unions and interested department stakeholders.
- Maintain an ongoing awareness of credit union risk profiles and the condition of the economy.
- Maintain continued accreditation from the National Association of State Credit Union Supervisors
- Publish a monthly newsletter for the industry
- Issue Interpretations and opinions within 30 days of request
- Share monthly accomplishment report with Commission Members
- Share periodic report as needed with Commission Members

Part III
Special Projects/ Other Non-Quantifiable Objectives

Commission Member: _____

Objectives	Weight	(1) Low Achievement	(2)	(3) Medium Achievement	(4)	(5) High Achievement
		()	()	()	()	()

FUTURE MEETING DATE

D. (b) Discussion and Consideration of a Tentative Date for Next Committee Meeting (July 9, 2020).

BACKGROUND: The next regular meeting of the Committee has been tentatively scheduled for July 9, 2020.

ADJOURNMENT