



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

Friday, September 14, 2018
11:00 a.m.

* * * **AGENDA** * * *

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

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Adjournment

Note: This is a meeting of the Commissioner Evaluation Committee of the Credit Union Commission. Because a quorum of the Credit Union Commission may attend this meeting of the Commissioner Evaluation Committee, it is being posted, simultaneously, 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 Michelle Archie, 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
(Serving as the Commissioner Search Committee)**

- *Beckie Stockstill Cobb, Chair*
- *Sherri Merket, Vice Chair*
- *Liz Bayless*
- *Jim Minge*
- *Allyson “Missy” Morrow, Ex-officio*

Legal Counsel

- *Melissa Juarez*

Staff

- *Harold E. Feeney*
- *Isabel Velasquez*

B

COMMISSIONER EVALUATION COMMITTEE
MEETING MINUTES

A draft copy of the minutes of the Committee's meeting held on July 12, 2018, 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 12, 2018, meeting be approved as presented.

**CREDIT UNION COMMISSION
COMMISSIONER EVALUATION COMMITTEE
MEETING MINUTES
July 12, 2018**

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

Cobb called the meeting to order at 11:04 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. The other members present were Sherri Merket, James L. Minge and Commission Chair Allyson “Missy” Morrow, ex-officio. Representing the Department staff were Harold E. Feeney, Commissioner; and Isabel Velasquez, Executive Assistant. Mrs. Cobb appointed Isabel Velasquez as recording secretary. The Chair also inquired, and the Commissioner confirmed that the notice of the meeting was properly posted (**July 12, 2018, TRD#2018006346**).

II. APPROVAL OF MINUTES OF PRIOR MEETING (November 2, 2017).

Mrs. Merket moved to approve the minutes of November 2, 2017 as presented. Mr. Minge seconded the motion, and the motion was unanimously adopted.

III. NEW BUSINESS

(a) **Discussion, Consideration and Possible Vote to Recommend that the Credit Union Commission Take Action to Approve the Commissioner’s FY 2019 Performance Objectives and Goals.** After a brief discussion, Commission

Chair Missy Morrow advised the Committee that Commissioner Feeney had provided notice of his desire to retire effective December 31, 2018. Given the Commissioner's planned departure, it was the consensus of the Committee that there would be no real benefit in conducting a FY 2018 performance evaluation or in proposing 2019 performance objectives and goals, at this time.

Assistant Attorney General Melissa Juarez arrived at the meeting at 11:30 am.

(b) Discussion, Consideration and Possible Vote to Recommend Changes to the Commissioner's Succession Plan. Commission policy prescribes that when the Commissioner Succession Plan becomes operative, the Commissioner Evaluation Committee assumes responsibility for the succession process and serves as the Commission's Search Committee. A lengthy discussion ensued about how the Committee might best implement the Plan, addressing the factors the policy requires be addressed in an Action Plan; however, no formal action was taken by the Committee. Committee members and staff indicated they would take the appropriate next steps to begin a search.

(c) Review Future Meeting Dates (Next Regularly Scheduled Committee Meeting – November 1, 2018). Chair Cobb reminded the committee that the next regular meeting of the Committee has been tentatively scheduled for November 1, 2018.

There being no other business to come before the committee, Mrs. Cobb
adjourned the meeting at 12:23 p.m.

Beckie Stockstill Cobb
Chair

Isabel Velasquez
Recording Secretary

Distribution:

Legislative Reference Library

C

NEW MATTERS

C. (a) Review the Process of Selecting a New Credit Union Commissioner.

BACKGROUND: Given the planned retirement of the commissioner, the Commissioner Evaluation Committee (the “Committee”) assumes responsibility for the process associated with choosing the next commissioner. The Committee also serves as the Commission’s search committee for purposes of carrying out the commissioner succession plan.

This agenda item provides the Committee with an opportunity to review, discuss expectation, and ask questions about the current succession plan.

RECOMMENDED MOTION: No formal action is anticipated.

CREDIT UNION DEPARTMENT, STATE OF TEXAS COMMISSIONER SUCCESSION PLAN

Purpose. The purpose of this succession plan (“the Plan”) is to have a process for choosing a Commissioner in the event of a planned or unplanned departure of the incumbent.

Definitions.

A *planned departure* is a voluntary retirement or resignation, or a resignation requested by the Commission with an effective date of thirty days or more.

An *unplanned departure* is one that results by reason of death, an immediate termination of an incumbent Commissioner by the Commission, or the inability of the Commissioner to discharge the duties of the office. An unplanned departure may also be deemed to occur in the event of the Commissioner’s resignation or retirement with an effective date of less than 30 days.

Inability of the Commissioner to discharge the duties of the office can be signified upon either:

1. A written declaration of the Commissioner that he or she is unable to discharge the duties and responsibilities of the office of Commissioner; or
2. Receipt by the Commission of information, which leads the Commission to conclude, in its sole judgment, that the Commissioner is unable to discharge the duties and responsibilities of the office of Commissioner.

Implementation. When this Plan becomes operative, the Commissioner Evaluation Committee (“the Committee”) shall immediately assume responsibility for the succession process. The Committee will also serve as the Commission’s search committee for purposes of carrying out the Plan. As soon as possible, the Chair of the Committee shall call for a meeting of the Committee to consider its action plan. This action plan should address, at least, the following matters:

1. If the incumbent Commissioner will continue in office, the effective date of the retirement or resignation. The date should be acceptable to the Commission and the Commissioner, should provide a reasonable time to search for a successor, and should be sufficiently in the future to permit orientation of the new Commissioner and an orderly transition.
2. If the incumbent Commissioner continues in office, whether there should be a change in the authority, duties, and responsibilities of the office.
3. The extent to which the Committee wishes to call upon the incumbent Commissioner and other staff members to assist the Committee during the transition to an interim or permanent Commissioner.

4. Whether an interim Commissioner will be required and, if so, the date upon which the person should assume office.
5. The identification of possible candidates for interim Commissioner and procedures for the selection of an interim Commissioner. The job description of the Deputy Commissioner specifies that he or she may exercise the powers and prerogatives of the Commissioner during the Commissioner's absence or inability to act.
6. Whether a search should be undertaken and, if so, how broad the search should be.
7. If a search is to be undertaken, whether to engage a consultant or search firm to assist the Committee with the search, and, if so, engaging the consultant or firm in accordance with State procurement requirements.
8. The Committee should also determine the specifics of the application process such as the deadline for applications, the confidentiality of its proceedings, procedures for identifying and interviewing candidates, whether to do background checks, procedures for narrowing the list of candidates, for checking references and for final interviews, whether final interviews should be conducted by the full Commission, and procedures for making an offer of employment.

Interim Commissioner. If the Committee determines that the appointment of an Interim Commissioner is necessary or advisable, the Chair of the Commission shall call for a meeting of the Commission to consider the matter. Any person appointed by the Commission as Interim Commissioner shall have the full authority for decision-making and independent action as the incumbent Commissioner. The Interim Commissioner shall receive a temporary salary increase to the entry-level salary of the Commissioner position (Schedule Exempt Position Salary Rates Group 5) or to 5% above his or her current salary, whichever is greater.

Transition Planning. In the case of any planned or unplanned departure of the incumbent Commissioner, the Chair of the Commission, the Chair of the Committee, and the incumbent or interim Commissioner shall meet as often as necessary to plan, among other matters, the following:

1. The availability of funds for the transition, including the potential compensation package to be offered to a Commissioner candidate.
2. The orderly transition of the duties and responsibilities of the office of Commissioner to any successor; and
3. The manner in which succession events (concerns with confidentiality, departure, selection process, press releases) are to be announced, including the notification of key interested persons.

Attributes. Candidates should have the requisite personal attributes for the office of Commissioner, including:

- Sufficient experience, stature, and reputation in the credit union movement, regulation, or professional life to command respect as Credit Union Commissioner.
- Professional and business management skills, preferably gained in a credit union or regulatory agency.
- Experience of relationships at Board level in one or more major bodies.
- Intellectual strength, sound business acumen, integrity, and an ability to consider and discuss issues laterally and strategically.
- Awareness of political, regulatory, market, and consumer issues together with an understanding about not-for-profit cooperative financial institutions.
- Sound interpersonal skills and an ability to make good judgments of people.

Plan Review. The Committee shall review the Plan periodically in the context of current affairs within and outside of the Department. The review of the Plan should include a review of the most recent position description for the Commissioner. It should also include recommendations to the full Commission for any amendments to the Plan or to the Commissioner position description. In addition, after each use of the Plan, the Committee shall meet to discuss how the Plan worked and shall make recommendations for modifications to the Plan based on its experience with the Plan.

NEW MATTERS

C. (b) Committee's Action Plan.

BACKGROUND: The Commissioner Succession Plan provides, when such Plan becomes operative, that the Commissioner Evaluation Committee (the Committee") assumes responsibility to serve as the Commission's search committee. In addition, the Succession Plan prescribes that the Committee will develop an action plan for carrying out its responsibilities. At the July 12 Commissioner Evaluation Committee meeting, the Committee had informal discussion but did not formally adopt an action plan. Based upon those discussions, however, the Committee Chair created a proposed action plan that should be reviewed and ratified by the Committee.

RECOMMENDED MOTION: I move that the Committee ratify the proposed action plan as presented [*amended*].

CREDIT UNION DEPARTMENT – STATE OF TEXAS

COMMISSIONER SUCCESSION ACTION PLAN

July 2018

At the Thursday, July 12, 2018 meeting of the Commissioner Evaluation Committee (CEC), Mr. Harold Feeney, Commissioner of the Credit Union Department, State of Texas, announced his retirement effective December 31, 2018.

At said meeting, the CEC discussed actions that may be implemented immediately or as soon as possible.

1. Mr. Feeney will remain in office with no reduction in authority, duties or responsibilities of his office until December 31, 2018.
2. If there has been no decision made as to his replacement, Mr. Feeney has agreed to stay on in his duties as Commissioner until Friday, March 8, 2019, unless his replacement has been secured prior to that date.
3. The Chair of the CEC, Beckie Stockstill Cobb, in consultation of the Commission Chair will work with Commissioner Harold Feeney, Executive Assistant to the Commissioner Isabel Velasquez, and Assistant Attorney General Melissa Juarez for posting of the position for applicants.
4. The CEC has agreed that the search for the new Commissioner shall be handled internally by posting the job description/responsibilities in various Credit Union publications and websites within the State of Texas as well as Nationally.
 - a. The job description shall remain as is currently in place for “Credit Union Commissioner” as a Group 5 exempt position.
 - b. The minimum qualifications for the Credit Union Commissioner are in the Texas Finance Code, Section 15.302.
 - i. A minimum of 5 years practical experience in the operation of credit unions within 10 years immediately preceding the appointment.
 - ii. The practical experience required may consist of experience:
 1. In exercising the powers and duties of a director, officer or committee member of a credit union; or
 2. In the employment of a credit union regulatory agency.
 - c. A person may NOT be appointed commissioner if:
 - i. The person is an officer, employee or paid consultant of a Texas trade association in the financial institution field; or
 - ii. The person’s spouse is an officer, manager or paid consultant of the Texas trade association in the financial institution field.
5. The CEC has agreed that the amount of \$25,000 should be sufficient to pay for the search for qualified applicants.
6. Travel expenses of any applicants that are asked to meet with the Chair and Staff or full CEC, will be paid by the Credit Union Department. Moving expenses of chosen applicant is not allowable by Texas law/statute.
7. Applications shall be received by the Department, to be reviewed and scored by the Chair and Staff.
8. The full CEC shall interview the top applicants to determine which should be recommended to the full Commission.
9. Depending on the circumstances, the top candidate or the top two candidates, will be presented to the full Commission for consideration and potential offer of the position.

NEW MATTERS

C. (c) Candidate Specifications for Credit Union Commissioner.

BACKGROUND: Based upon the Committee's discussions at its July 12 meeting, staff drafted potential candidate specifications for the credit union commissioner position. By definition, the candidate specifications are the essential and desirable criteria needed to do the job. The purpose of the document is to communicate the traits the Committee finds desirable in the ideal candidates: such as education, previous work experience, and any extra traits that may be needed. The Committee should review and formally ratify the proposed specification.

RECOMMENDED MOTION: I move that the Committee ratify the proposed candidate specifications as presented [*amended*].

CANDIDATE SPECIFICATION

Commissioner, Credit Union Department, State of Texas Austin, Texas

Agency

The Credit Union Department, headquartered in Austin, has, in general terms, a mission to ensure that credit unions chartered or authorized to do business in this State operate as sound and responsible cooperative financial institutions that enhance the financial well-being of citizens of Texas.

With 30 employees and an annual budget of approximately \$4.1 million, the Department is responsible for chartering, examination, regulation, and supervision of 185 state-chartered credit unions.

The Department is overseen by the Credit Union Commission, who nine members are appointed to staggered terms by the Governor. Four represent the industry and five represent the public. The presiding officer of the Commission is appointed by the Governor.

Position summary

The Commissioner serves as CEO of and manages the Credit Union Department in accordance with both legislative mandates and policies established by the Credit Union Commission. He/she ensures that the Department carries out its mission cost-effectively and in compliance with all applicable laws. Other responsibilities include representing the Department with the Legislature, other state agencies, the federal government and its agencies, regulated credit unions, credit union regulators from other states, and the public developing internal rules and procedures managing employee recruitment, performance, and career development; and overseeing development of the annual budget and the strategic plan.

The Commissioner is selected by and reports to the Credit Union Commission which serves as the rule-making body for the Department. The Deputy Commissioner, the Director of Information Technology, and an Executive Assistant report to the Commissioner.

The upcoming vacancy will be created by the retirement of current Commissioner.

Primary responsibilities

Direct the regulation, supervision, and examination of all regulated credit unions, and enforce the laws and regulations applicable to them.

Ensure that the Department carries out legislated mandates.
Promote the goal of maintaining a strong dual chartering system.

Review and act upon credit union applications.

Serve as the liaison between the Department and the Credit Union Commission, bringing all appropriate matters to the Credit Union Commission for review and action.

Manage the development, revision, and communication of policies of the Department.

Direct the preparation of the agency's Strategic Plan and annual budget.

Evaluate and propose necessary statutory changes to meet the dynamic Texas financial services environment.

Oversee the administration of the operating budget.

Develop and maintain appropriate working relationships with the Legislature, other state officials, credit union regulators from other states, and appropriate federal government personnel.

Represent the Department to the credit union industry it works with, other regulatory agencies, the media, and the public.

Ensure that the Department has an effective recruitment, training, and career development program for its employees.

Position priorities (to be accomplished during the first six months)

Review the Department's current staffing; develop plans to maintain full staffing levels and to improve retention of experienced staff members to enable the agency to carry out its responsibilities effectively.

Evaluate the safety and soundness of the Department's portfolio of regulated credit unions.

Review and begin to participate in the preparations for the sunset review of the agency which will get underway in June 2019.

Build effective working relationships with legislators, state officials, credit unions, and relevant outside organizations.

Monitor and participate appropriately in 86th Regular Session of the Legislature.

Monitor and participate as necessary in developments related to proposed federal legislation affecting credit unions in Texas.

Review plans and ensure preparedness to convert many of the Department's records and work products from paper to electronic documentation.

Review plans and monitor the progress of the Department's database conversion.

Ideal experience

Education: Bachelor's degree in relevant field (public/business administration, business law, finance, etc.) is desirable.

Experience: (required by statute as set forth in Texas Finance Code Section 15.302): At least five years' practical experience in the operations of credit unions during the ten years preceding the application. The required practical experience may consist of experience as an employee of a credit union regulatory agency.

Background: Extensive knowledge of the credit union business and its regulation is essential. Knowledge of Texas and its state government is desirable but is not required.

Skills: Demonstrated ability to effectively manage professional staff, lead strategic projects, and develop and adhere to an annual budget. Excellent communication skills, both oral and written, and proven effectiveness in making presentations. Broad knowledge of relevant automated information resources.

Ideal personal profile

A senior executive who can work effectively with the Credit Union Commission, legislators, other agency officials, credit unions, and Department staff.

An individual who is both a strong leader and a negotiator who can build consensus (when working with individuals or groups with differing philosophies or views) while maintaining focus on the Department's mission.

An individual with broad knowledge of and experience in the credit union industry who can be an effective and efficient regulator.

A person who understands the operations of and can work effectively with state and federal legislators and government agencies.

A skilled communicator who can successfully represent the Department to its regulated credit unions, the credit union community, the state and federal governments, the media, and the public.

NEW MATTERS

C. (d) Employment Application Screening Worksheet for the Credit Union Commissioner Position.

BACKGROUND: The implementation of a scoring system to rank job applications in the pre-interview phase is a best practice encouraged by the State of Texas. The purpose of the scoring system is to identify candidates from the applicant pool who best meet the required and desired criteria for the position, and who the Committee wants to move forward to the next step of the process. Based upon the candidate specification, staff has developed a proposed screening worksheet for the applications received for credit union commissioner position. The Committee should review and formally ratify the proposed screening worksheet.

It is important to keep in mind that while the Committee will use its judgment to rate each applicant, the Committee's system of screening/scoring a job application is not confidential and is subject to open records requests.

RECOMMENDED MOTION: I move that the Committee ratify the proposed screening worksheet as presented [*amended*].

Employment Application Screening Commissioner Job Posting # 18-03	
Applicant:	
Does the applicant meet all of the job requirements? <i>(TEX. FIN. CODE §15.302)</i>	
1. At least 5 years' practical experience in the operations of credit unions during the 10 years preceding the application. [Yes or No]	
2. Is the practical experience consist of experience in exercising the powers and duties of a director, officer*, or committee member of a credit union; or in the employment of a credit union regulatory agency? [Yes or No]	
3. Is the person an officer, employee, or paid consultant of a Texas trade association in the financial institutions field? [Yes or No]	
If response to either #1 or #2 above is "NO" – Applicant does not meet minimum qualifications	
Years of practical experience	
• 10 or more years [5 pts.]; 7 but less than 10 [3 pts.]; 5 but less than 7 [1 pt.]	
Educational Preference (in related field)	
• Post Graduate Degree [3 pts.]; Bachelor Degree [2 pts.]; Associate Degree [1 pt.]	
Managerial experience (strategic planning, mission, budget development...)	
• 5 or more years [3 pts.]; 2 but less than 5 [1 pt.];	
Supervisory experience (subordinate training, skills assessment, appraisals...)	
• 5 or more years [3 pts.]; 2 but less than 5 [1 pt.]	
Experience working in the Executive or Legislative Branch of Government	
• Texas State Government [3 pts.]; Federal or Other State Government [1 pt.]	
Veterans Preference	
• Veteran [3 pts.]; Not a Veteran [0 pts.]	
Total Score	

*A credit union **officer** is an employee of a credit union endowed with the legal capacity to agree to and sign documents on behalf of the institution. Executives and others holding titles such as "Vice President" are considered officers of the credit union for purposes of this requirement.

NEW MATTERS

C. (e) Discuss Potential Interview Questions and Scoring.

BACKGROUND: Interviewing and selecting applicants can be a difficult part of the job selection process. However, developing useful job interview questions and scoring protocols can make a difference in identifying promising candidates as well as adding some structure to expedite the process.

This agenda item has been included to allow the Committee the opportunity to discuss and begin preparation for the in-person interviews.

CANDIDATE INTERVIEW EVALUATION FORM

Candidate's Name: _____

Scoring	
<p>Candidate evaluation forms should be completed by each member of the Committee to rank the candidates overall qualifications for the commissioner position. Under each heading the members should give the candidate a numerical rate and write specific job-related comments in the space provided. The numerical rating system is based on the following:</p> <p style="text-align: center;">5--Exceptional 4--Above Average 3--Average 2--Satisfactory 1--Unsatisfactory</p>	
Educational Background –Does the candidate have the appropriate educational qualifications or training for the position?	Rating: 5 4 3 2 1
Comments:	
Prior Work Experience —Has the candidate acquired necessary skills or qualifications through past work experience?	Rating: 5 4 3 2 1
Comments:	
Technical Qualifications/Experience —Does the candidate have the technical skills necessary for this position?	Rating: 5 4 3 2 1
Comments:	
Administrative & Budget Experience —Does the candidate demonstrate the knowledge in areas such as financial planning, staff supervision, management resources for this position?	Rating: 5 4 3 2 1
Comments:	
Leadership Ability —Did the candidate demonstrate the leadership skills necessary for this position?	Rating: 5 4 3 2 1
Comments:	

Public Relations Skills —Did the candidate demonstrate the knowledge and skills to create a positive credit union experience/interaction necessary for this position?	Rating: 5 4 3 2 1
Comments:	
Communication Skills —How were the candidate's communication skills during the interview?	Rating: 5 4 3 2 1
Comments:	
Candidate Enthusiasm —How much interest did the candidate show in the position?	Rating: 5 4 3 2 1
Comments:	
Knowledge of Department —Did the candidate research the Department prior to the interview?	Rating: 5 4 3 2 1
Comments:	
Salary Expectations —What were the candidate's salary expectations? Were they within the range for the position?	Rating: 5 4 3 2 1
Comments:	
Overall Impression and Recommendation —Final comments and recommendations for proceeding with the candidate.	Rating: 5 4 3 2 1
Comments:	
What factors, in addition to those above, support the hiring of this candidate?	
What factors, in addition to those above, do not support the hiring of this candidate?	

NEW MATTERS

C. (f) Applications Received for Credit Union Commissioner Position.

BACKGROUND: It is anticipated that pursuant to Section 551.074 of the Government Code, the Committee will close its meeting and go into Executive Session to screen the applications received for the credit union commissioner position.

RECOMMENDED MOTION: No formal action will be taken by the Committee during the Executive Session.

**All applications received will be provided at the
Committee Meeting.**

NEW MATTERS

C. (g) Select Applicants to be Invited for an Initial Interview with the Committee.

BACKGROUND: After reconvening in Open Session, the Committee will formally take action, based upon the results of its screening process, to formally select the applicants that will be invited to interview with the Committee.

RECOMMENDED MOTION: I move that the top ____ scoring applicants be invited for an initial interview with the Committee on _____.

NEW MATTERS

C. (h) Discussion and Consideration of a Tentative Date for Next Committee Meeting to Conduct Initial Interviews.

BACKGROUND: The Committee must establish the date for its next meeting to conduct in-person interviews with the candidates selected.

ADJOURNMENT