



CREDIT UNION COMMISSION

Commissioner Evaluation Committee Meeting

*(Credit Union Department Building
914 East Anderson Lane
Austin, Texas*

**Thursday, November 3, 2022
3:00 p.m.**

*** * * AGENDA * * ***

This meeting of the Texas Credit Union Commission's Commissioner Evaluation Committee will be held at the Credit Union Department Building at 914 E. Anderson Ln., Austin, Texas 78752 and is open to the public. Only onsite testimony will be allowed; however, the meeting will be transmitted live through a link on the Department's webpage at www.cud.texas.gov on the day of the meeting, November 3, 2022 at 3:00 p.m.

An electronic copy of the agenda is now available at www.cud.texas.gov under Credit Union Commission, Commission Meetings, along with a copy of the meeting materials. A recording of the meeting will be available after November 18, 2022. To obtain a recording, please contact Isabel Velasquez at 512-837-9236.

Public comment on any agenda item or issue under the jurisdiction of the Credit Union Commission Rules Committee is allowed. Unless authorized by a majority vote of the meeting quorum, the comments of any persons wishing to address the Committee will be limited to no more than ten (10) minutes.

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

<u>TAB</u>		<u>PAGE</u>
A.	Call to Order (3:00 p.m.) – Committee Chair Karyn Brownlee	4
	1. Ascertain Quorum	
	2. Appoint Recording Secretary	
	3. Acknowledge Guests	
	4. Invitation for Public Input	
B.	Receive and Approve Minutes of the Commissioner Evaluation Committee's Meeting on September 15, 2022	6
C.	FY 2023 Commissioner Performance Evaluation Process and Plan	12

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November 3, 2022
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D. Future Committee Meeting Dates and Agenda Items

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Adjournment

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 Joel Arevalo, 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

- *Karyn Brownlee, Chair*
- *Sherri Merket*
- *Kay Swan*
- *David Shurtz*
- *Jim Minge, Ex-officio*

Legal Counsel

- *Nancy S. Elmilady*

Staff

- *Michael S. Riepen*
- *Robert W. Etheridge*
- *Isabel Velasquez*

B

COMMISSIONER EVALUATION COMMITTEE
MEETING MINUTES

A draft copy of the minutes of the Committee's meeting held on September 15, 2022, 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 September 15, 2022, meeting be approved as presented.

**CREDIT UNION COMMISSION
COMMISSIONER EVALUATION COMMITTEE
MEETING MINUTES**

**Credit Union Department Building
914 East Anderson Lane, Austin, Texas**

September 15, 2022

A. CALL TO ORDER – ASCERTAIN A QUORUM – Chair Karyn Brownlee called the meeting to order at 9:04 a.m., in the conference room of the Credit Union Department Building, Austin, Texas pursuant to Chapter 551 of the Texas Government Code, and declared that a quorum was present. The other members present were Kay Swan, David Shurtz, and Commission Chairman Jim Minge, ex-officio member. Nancy Elmilady, General Counsel, was in attendance to serve as legal counsel. Representing the Department staff were Robert W. Etheridge, Interim Commissioner and Isabel Velasquez, Executive Assistant. The Chair welcomed Melodie Durst, Executive Director, Credit Union Coalition of Texas, who was in attendance via videoconference. Chair Brownlee appointed Isabel Velasquez as recording secretary. The Chair also inquired regarding notice, and the Interim Commissioner confirmed that the notice of the meeting was properly posted (September 2, 2022 TRD#2022005317).

➤ **GENERAL PUBLIC COMMENT** – Chair Brownlee 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.

B. APPROVAL OF MINUTES OF PRIOR MEETING (August 5, 2022).

Mrs. Swan moved to approve the minutes of August 5, 2022, as presented. Mr. Shurtz seconded the motion, and the motion was unanimously adopted.

C. Format of and Questions for Selected Applicants Initial and Final

Interviews - Chair Brownlee stated that the Committee would be entering into Executive Session as provided under Section 551.074 of the Texas Government Code to discuss this agenda item. The Committee entered Executive Session at 9:08 a.m.

Committee Member Sherri Merket arrived at 9:14 a.m.

At 10:22 a.m., the committee returned to open session. Chair Brownlee inquired if there were any members who wished to bring forth any motion related to the Committee's discussion in executive session. Vice Chair Merket moved that the Committee ask each applicant a minimum of eight questions during the initial interview with the allowance of asking relevant follow-up questions. Mrs. Swan seconded the motion, and the motion was unanimously adopted.

Chair Brownlee inquired if there were additional motions the Committee would like to make at this time. Mr. Shurtz moved that the Committee recommend to the Commission that each recommended applicant be asked a minimum of eight questions in the final interview on Friday, September 16, 2022. Vice Chair Merket seconded the motion, and the motion was unanimously adopted.

D. Interview Invited Applicants for the Credit Union Commissioner Position - Chair Brownlee stated that the Committee would be entering into Executive Session as provided under Section 551.074 of the Texas Government Code to discuss this agenda item. The Committee entered Executive Session at 10:22 a.m. to interview potential candidates for the Credit Union Commissioner position.

At 3:26 p.m., the Committee returned to open session. Chair Brownlee inquired if there were any members who wished to bring forth any motion related to the Committee's discussion in executive session. Mr. Shurtz moved that the Committee invite the Commissioner candidates, for a final interview with the full Commission on September 16, 2022. Ms. Merket seconded the motion, and the motion was unanimously adopted.

E. Future Meeting Date (Next Tentative Scheduled Committee Meeting) – Chair Brownlee announced the next meeting of the Committee will be scheduled at tomorrow's Commission meeting, September 16, 2022.

There being no other business to come before the committee, the meeting adjourned at 3:28 p.m.

Karyn Brownlee
Chair

Isabel Velasquez
Recording Secretary

Distribution:

Legislative Reference Library

DRAFT

C

COMMISSIONER PERFORMANCE EVALUATION

C. FY 2023 Commissioner Performance Evaluation Process and Plan.

BACKGROUND: Commission policy requires the Commissioner Evaluation Committee to make recommendations to the Commission with respect to the establishment of the Commissioner's performance standards for the coming year. Normally, it is important to create and approve the performance standards for the upcoming year, prior to the end of the last quarter of the fiscal year. However, in conjunction with the hiring of a new Commissioner effective October 1, 2022, it is now necessary for the Committee to make these recommendations to the Commission. If approved, the performance standards will be effective for the remainder of fiscal year 2023.

RECOMMENDED ACTION: The Commissioner Evaluation Committee requests that the Commission approve and adopt the proposed FY 2023 Commissioner's Performance Evaluation Process and Plan.

RECOMMENDED MOTION: I move that the Commission approve the Commissioner Evaluation Committee's proposed FY 2023 Commissioner's Performance evaluation Process and Plan.



CREDIT UNION DEPARTMENT COMMISSIONER PERFORMANCE EVALUATION PROCESS

Per the Texas Credit Union Commission's Policy Manual, the Evaluation Committee will coordinate an annual review of the Credit Union Commissioner's performance. Each annual review will reflect the Commissioner's leadership of the Department during the recently completed Fiscal Year. The purpose of this annual review is to ensure the effective management and oversight of the Texas Credit Union Department, to consider adjustments to the Commissioner's salary, and to set leadership goals with the Commissioner for the ensuing year. The evaluation process will begin at the Fiscal Year end (August 31,) and will culminate at the last regularly scheduled Commission meeting of the calendar year.

This process is fully outlined in this document and is to be updated yearly as necessary and as instructed within. The process includes the Commissioner Performance Evaluation Tool (Parts I-V,) the Commissioner Performance Evaluation Report, and the Commissioner Performance Evaluation Decision (Re: Commissioner Renumeration.)

At the close of the Fiscal Year, the Commissioner shall complete Part I: Self-Evaluation of the Commissioner Performance Evaluation Tool according to the instructions given and shall send all required information in electronic form to the Commission Members by September 30. (The Part I submission shall include at a minimum: completed tables from Parts II and III with FY actual results, self-scores, leadership goal documentation, written reflections, and proposal of new goals.) The Chair of the Evaluation Committee shall communicate with the Commissioner and Executive Assistant to confirm this important step occurs.

After this, the Chair will work with the Executive Assistant to ensure the immediate distribution of this Commissioner Performance Evaluation Process document to all Commission Members for their use. Subsequently, the Commission Members shall refer to the Commissioner's submission of Part I: Self-Evaluation to individually complete Parts II, III and IV. They may choose to also use any other documentation available to them. Members shall return their completed Performance Evaluation Tools Parts II, III and IV directly to the Chair of the Evaluation Committee to provide confidentiality and protect the integrity of this process. Tools shall be sent to the Chair of the Evaluation Committee by October 20.

The Chair of the Evaluation Committee will then compile results in preparation for an annual Evaluation Committee meeting to be held during the week of the last regularly scheduled Commission meeting of the calendar year. The Committee shall discuss the results in Executive

Session and prepare two recommendations for the Commission. These shall include: 1) adoption of the Committee's reporting of results for the Commissioner Performance Evaluation, and 2) adoption of the Commissioner Performance Evaluation Process document for the ensuing fiscal year as updated by the Evaluation Committee. These recommendations shall be presented to the Commission for consideration and approval at the last regularly scheduled Commission meeting of the calendar year, typically held in November.

The Commission should address the recommendations above and discuss in Executive Session the Commissioner's Renumeration for the coming year. The Commissioner is the only position at the Department that is exempt from the State's Position Classification Plan. The Credit Union Commission has sole authority to determine the salary for this position. It is prudent for the Commission to make current salary comparisons through reports such as the State Auditor's Office August 2020 Report on Executive Compensation at State Agencies (Report No. 20-706) and comparable salary information of selected positions at state and federal regulatory agencies with similar responsibilities. Currently, the Commissioner's salary state position classification is 6.

The Chair of the Evaluation Committee will meet with the Commissioner immediately following the Commission Meeting for necessary signatures and ensure appropriate filing of documents. The Commissioner and Executive Assistant will send the required copies to the appropriate individuals and departments. The originals shall be kept on file at the Department.

CREDIT UNION DEPARTMENT
COMMISSIONER PERFORMANCE EVALUATION TOOL
Credit Union Commissioner: Mike Riepen
Fiscal Year of Evaluation: September 1, 2022-August 31, 2023

Part I. Self-Evaluation (Must be completed by Commissioner)

A. Documentation

Review and respond to Part II: Objective Evaluation. Complete Table A with actual results for FY 2023 and score your performance using the scoring key provided. Complete Table B by scoring yourself on each leadership goal, noting what type of documentation you are including with your submission. All data and documentation, as well as your self-scores, will be reviewed by each Commission Member as they complete their individual evaluation of your performance.

B. Reflection

Review and respond to Part III: Subjective Evaluation. Score your performance using the scoring key provided. Choose 2-3 items in each of the three sections and provide written reflections. This is your opportunity to explain your reasoning for the scores you have given yourself. You may provide additional documentation or information if you choose, but it is not required. Your self-scores, written reflections and any additional documentation will be reviewed by each Commission Member as they complete their individual evaluation of your performance.

C. Projection

Write at least three or more leadership goals for the ensuing fiscal year for the Evaluation Committee's consideration.

First, consider these guiding questions and others that may come to mind. You may share your written thoughts with the committee or keep them to yourself.

- What are the top five priorities of the Department at present?
- What are the needs of your staff?
- What obstacles did you encounter this year?
- How can your leadership style be improved and made more effective?
- Are there any books or professional development programs you would like to pursue?

After reflecting on the questions above, propose your new leadership goals for next year. The Committee will review your input as they prepare their recommendations to the Commission.

Write your proposed goals with the starter, “The Commissioner will...”

- ✓ What leadership goals would you propose for yourself for FY 2024? (Minimum 3)

Part II. Objective Evaluation (65%)

Scoring of Goals and Measured Objectives:

- 3 = Goal/obj was exceeded
- 2 = Goal/obj was achieved
- 1 = Goal/obj was partially achieved
- 0 = Goal/obj was not achieved

A. Performance Measures from FY 2023 Annual Operating Plan & Budget

Measured Objective	Target	FY Actual	Score
Strategic Goal 1			
Percentage of credit unions receiving regular examination annually	75%		
Percentage of applications approved or denied within 60 days	100%		
Percentage of credit unions with composite CAMEL ratings of 1 or 2	85%		
Percentage of assets held in credit unions with CAMEL ratings of 1 or 2	95%		
Percentage of credit unions that are "Well Capitalized" as defined by federal statute	95%		
Percentage of reports mailed to credit unions within 25 days	98%		
Percentage of total available work time utilized to conduct both regular and remedial examination work (aka E-Time Ratio)	65%		
Assets examined per examiner day	\$17.6 million		
Average time to complete analysis of quarterly financial data (after the submittal deadline for the most recent 5300 Call Report)	within 40 days		
Strategic Goal 2			
Percentage of rule changes provided to credit unions within 60 days after adoption	100%		
Percentage of interpretations/opinions issued within 30 days	100%		
Strategic Goal 3			
Percentage of complaints responded to within 30 days	95%		
Strategic Goal 4			
Percentage of exam related travel cost reduced by remote work	20%		
Annual examiner turnover rate	16%		
Average regulated assets per examiner (billions)	\$3.0 billion		
Percentage of purchases made from HUB vendors*:			
Professional Services	23.7%		
Other Services	26.0%		

Commodities	21.1%		
<i>*Three percentages reported but scored as one measure</i>			
Percentage of credit unions indicating quality service annually	90%		
Staffing level	95%		
Number of jobs fairs attended	2		
Turnover ratio (excluding retirements)	Less than 15%		
Accreditation by NASCUS Maintained in Good Standing	Yes		
Total Department costs relative to every \$100,000 in assets regulated	\$9.44		
Average Score (Total divided by 22)			

B. FY 2023 Leadership Goals

Goal	Documentation Included with Self-Evaluation (list (i.e., chart, certificate, summary, agenda, pictures, etc.)	Score
1. The Commissioner will...		
2. The Commissioner will...		
3. The Commissioner will...		
Average Score (Total divided by 3)		

Overall Average Score for All Goals and Measured Objectives (Total Averages divided by 2)	
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Part III. Subjective Evaluation (35%)

Rating of Performance Behaviors:

- 3 = Exceeds expectations: Superior performance that consistently exceeds expectations.
- 2 = Meets expectations: Performance consistently meets and sometimes exceeds expectations.
- 1 = Below expectations: Performance may meet some expectations for the position, but improvement is necessary to move expectation to a satisfactory level.
- 0 = Does not meet expectations: Overall performance is unsatisfactory in all or most expectations.

A. Leadership

Leadership Performance Behavior	Score
1. Oversees the state credit union system and overall operation of the Department to ensure it is safe, sound, and competitive.	
2. Demonstrates expertise of the credit union industry, incl. state and federal statutory frameworks, applicable laws and regulations, and issues surrounding the industry.	
3. Identifies and proposes plans for strategic long-term goals so to fulfill the mission of the Department, cost-effectively and in compliance with all applicable laws and policies.	
4. Actively participates in regional and national meetings with federal regulators and in regulatory associations such as NASCUS.	
5. Ensures the Department is effectively staffed, and that staff are properly supervised, developed, and motivated to achieve their goals.	
6. Evaluates and proposes statutory and rule changes to promote the safety, competitiveness, and viability of Texas state-chartered credit unions.	
7. Reviews and revises Department policies and programs with sufficient frequency to ensure all internal and external policies and programs are current and appropriate.	
8. Represents the Department as a capable, dependable leader with great professionalism and integrity who has high standards for self as well as subordinates.	
9. Leads worthwhile, effective initiatives to ensure the viability of the Texas charter.	
Average Score (Total divided by 9)	

B. Financial Management

Financial Management Performance Behavior	Score
1. Develops and submits an appropriate annual budget for review and approval by the Commission.	
2. Monitors the status of the annual budget with effective frequency and detail.	
3. Keeps the Commission timely informed of significant deviations from the budget.	
4. Oversees all Department funds, financial activities, and funding requests so to assure the Department maintains a good financial position.	
5. Ensures integrity and fiscal responsibility by all staff involved in revenue collections and expenditures.	
6. Provides timely and effective written financial reports to the Commission.	
7. Demonstrates good judgment in financial decisions, ensuring expenditures are necessary, prudent, and within budgetary constraints.	
Average Score (Total divided by 7)	

C. Communication

Communication Performance Behavior	Score
1. Demonstrates the abilities to gain the respect of others, to be persuasive and to motivate others to a desired objective in difficult circumstances.	
2. Takes the initiative in interpreting programs to the Commission, in suggesting new ideas or plans, and in presenting matters for consideration.	
3. Maintains cohesive relationships and open communication with Commission members, staff, and other credit union leaders within the state and across state lines.	
4. Keeps the Commission informed of the financial condition and future needs of the Department and informs the Commission of potential problems in a timely manner.	
5. Keeps the Commission continuously informed of the functions of the Department and provides routine reports of the Department's programs and performance.	
6. Notifies the Commission of conservation orders and, immediately, of any request for a hearing to appeal a conservation order.	
7. Communicates well with the public, the media, various trade groups and associations, and when appropriate, the Legislature and Governor's office.	
8. Communicates effectively with the League and Coalition in a timely and appropriate manner, using a variety of communication measures.	
9. Promotes a positive organizational culture of mutual respect, service, teamwork, and care.	
10. Handles complaints, conflicts, issues, and concerns in a timely and professional manner.	
Average Score (Total divided by 10)	

Overall Average Score for All Performance Behaviors (Total Averages divided by 3)	
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Part IV. Additional Feedback

A. Commendations/Comments

Write a few sentences summing up your view of the Commissioner's performance for the past fiscal year. Highlight specific accomplishments or areas. Attention to strengths is appreciated. Note any suggestions for individual or Department improvement or changes for the future.

B. Possible Goals for Next Year

Write any suggestions for possible leadership goals for the Commissioner for the ensuing year. Examples of annual goals: (a) projects that move the Department to a more automated environment, (b) professional development for the Commissioner or staff, (c) strategies for increasing efficiency and effectiveness.

Commission Member's Printed Name

Commission Member's Signature

Date of Completion

Part V. Final Steps

There are four final steps in the Commissioner Performance Evaluation Process to be completed by the Chair of the Evaluation Committee in conjunction with the Commission and their approval.

First, the Chair will compile the information, calculate the results, and complete the Commissioner Performance Evaluation Report. The Chair will bring this completed report to the Evaluation Committee in Executive Session for their review. Upon their decision, the Chair will then present these results to the entire Commission at the end-of-year Commission Meeting and share the committee's recommendation for their approval.

Second, the Chair, in collaboration with the Evaluation Committee, will update the Commissioner Performance Evaluation Process document for the subsequent Fiscal Year, revising appropriate dates and addressing specific items in its Tool. The Commissioner Performance Evaluation Tool shall be updated to reflect the leadership goals recommended by the Committee and approved by the Commission. It shall also be updated to modify the internal measure target percentages as needed from the new fiscal year budget; (this budget was previously approved by the Commission at the summer meeting.) The committee should also review the wording in the entire Process document and consider any revisions to improve these procedures.

Third, the Chair will complete the form, Commissioner Performance Evaluation Decision – Commissioner Renumeration. This will be completed after the end-of-year Commission Meeting to reflect the Commission's official decision.

Finally, the Chair will meet privately with the Commissioner immediately following the end-of-year Commission Meeting for the necessary signatures. The Chair will communicate with the Commissioner and Executive Secretary to ensure each of these documents is filed appropriately and the state takes necessary action regarding any changes to remuneration. The originals shall be kept on file at the Department.



**CREDIT UNION DEPARTMENT
COMMISSIONER PERFORMANCE EVALUATION REPORT
Fiscal Year of Evaluation: September 1, 2022-August 31, 2023
Credit Union Commissioner: Mike Riepen**

Part I. Self-Evaluation (Informational)

- _____ Satisfactorily Completed and Submitted on Time
_____ Satisfactorily Completed and Submitted Substantially Late
_____ Not completed

Part II. Objective Evaluation (65%)

Total of Commission Members' Part II Overall Average Scores: _____

$$\frac{\text{_____}}{\text{(Total from Above)}} \div 9 \text{ (Number of Members)} = \text{_____} \text{ (Part II Average)}$$

$$\text{_____} \text{ (Part II Average)} \times 65\% \text{ (Weight)} = \text{_____} \text{ (Part II Score)}$$

Part III. Subjective Evaluation (35%)

Total of Commission Members' Part III Overall Average Scores: _____

$$\frac{\text{_____}}{\text{(Total from Above)}} \div \frac{9}{\text{(Number of Members)}} = \frac{\text{_____}}{\text{(Part III Average)}}$$

$$\frac{\text{_____}}{\text{(Part III Average)}} \times \frac{35\%}{\text{(Weight)}} = \frac{\text{_____}}{\text{(Part III Score)}}$$

Part IV. Additional Feedback

Part V. Final Evaluation

_____ + _____ = _____
(Part II Score) (Part III Score) (Total Score)

_____ Clearly Outstanding
_____ Exceeds Expectations
_____ Below Expectations
_____ Unsatisfactory

Evaluation Chair Printed Name

Evaluation Chair Signature

Date

Commissioner's Printed Name

Commissioner's Signature

Date



**CREDIT UNION DEPARTMENT
COMMISSIONER PERFORMANCE EVALUATION DECISION
COMMISSIONER RENUMERATION**

Fiscal Year of Evaluation: September 1, 2022-August 31, 2023

Credit Union Commissioner: Mike Riepen

Current Salary: \$ 200,000

Effective Date: October 3, 2022

Pay Adjustment: \$ _____ % _____

Future Salary: \$ _____ **Effective Date:** _____

Evaluation Chair Printed Name

Evaluation Chair Signature

Date

Commissioner's Printed Name

Commissioner's Signature

Date

FUTURE COMMITTEE MEETING DATES

Thursday, March 9, 2023

All regular scheduled meetings will begin at 3:00 p.m. unless notified differently.

If anyone has conflicts with the proposed date, please contact Isabel Velasquez at (512) 837-9236.