

CREDIT UNION COMMISSION MEETING MINUTES
Credit Union Department Building
914 East Anderson Lane, Austin, Texas
November 4, 2022

A. CALL TO ORDER -- Chair Jim Minge called the meeting to order at 9:00 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. Other members present included, Liz Bayless, David Bleazard, Karyn Brownlee, Beckie Stockstill Cobb, Sherri Merket, David Shurtz and Kay Swan. The Chair introduced general counsel Nancy Elmilady, who will serve as legal counsel for the commission at the meeting. Representing the Department staff were Commissioner, Michael S. Riepen, Deputy Commissioner Robert W. Etheridge, Director of Information and Technology Joel Arevalo, and Executive Assistant Isabel Velasquez. Chair Minge appointed Isabel Velasquez as Recording Secretary. The Chair inquired and the Commissioner confirmed that the notice of the meeting was properly posted with the Secretary of State (**October 17, 2022 TRD#2022006271**).

❖ **CEREMONIAL SWEARING-IN OF COMMISSIONER RIEPEN** – Chair Minge welcomed everyone to the swearing-in ceremony of Michael S. Riepen as the Commissioner of the Credit Union Department. Mr. Minge expressed the importance of this event and being named the Texas Credit Union Commissioner is an extraordinary responsibility and the Commission is very pleased to have been fortunate enough to appoint someone with Mr. Riepen’s knowledge and experience. Mr. Riepen was ceremoniously sworn in. Mr. Riepen thanked the Commission, for allowing him the opportunity to serve as Commissioner.

❖ **GENERAL PUBLIC COMMENT** -- Chair Minge invited public input on and the following individuals commented:

✚ **Melodie Durst – Executive Director – Credit Union Coalition of Texas** welcomed Commissioner Riepen. Ms. Durst stated to be so glad to have him on board and certainly look forward to working with him going forward and we stand ready to help in any way they can.

✚ **Suzanne Yashewski – Regulatory & Compliance Counsel – Cornerstone League** welcomed Commissioner Riepen. Ms. Yashewski stated they were glad to have him on board and certainly looking forward to working with him and stand ready to help in any way they can.

❖ **RECEIVE REQUESTS AND MOTIONS FOR EXCUSED ABSENCES --**

Chair Minge inquired if there were any requests or motions to excuse an absence. Ms. Merket moved to excuse commission member Yusuf Farran from the Commission meeting on November 4, 2022. Mrs. Cobb seconded the motion, and the motion was unanimously adopted.

B. MINUTES OF PREVIOUS MEETINGS (September 16, 2022) --

The Chair referred the members to the draft minutes of the previous meeting included in the agenda packet and asked for any proposed edits. Hearing none, the Chair asked for a motion to approve the minutes. Mr. Bleazard moved for approval of the minutes of September 16, 2022, as presented. Mr. Shurtz seconded the motion, and the Commission carried the motion unanimously.

C. DEPARTMENT'S FY 2023 BUDGET AND FINANCIAL PERFORMANCE –

Commissioner Riepen reported that in 2022 the Commission adopted a strategic plan for Fiscal Years 2023-2027. The \$4.8 million FY 2022 budget approved by the Commission in June 2021 includes the maintenance and operating and capital improvement budget in support of the Strategic Plan. At the end of August 2022 total expenditures were \$956,269 or approximately 20% less than budgeted projections. Aggregate expenses for each major expenditure category ended the year below budget, with only two sub-categories ending the year above

budget estimates. Mr. Etheridge further reported that those sub-categories, the largest over budget variances were a result of higher than anticipated costs related to state services (SWCAP), and costs related to temporary staffing utilized for the Legal Assistant position. Mr. Etheridge reported that significant costs savings realized for FY 2022 was due primarily to travel related savings as a result of a reduction of on-site examination work, and personnel savings due to vacancies, and the budgeted roof replacement which did not occur due to an assessment indicating only repairs were necessary.

After a brief discussion, the Commission took no action.

D. COMMITTEE REPORTS

(1)(a) FY 2023 Commissioner Performance Evaluation Process and Plan.

Chair Brownlee reported that at the Commissioner Evaluation Committee meeting of November 3, 2022, it is the Committee's responsibility to develop, establish and review the policies, procedures and forms used to carry out the Commissioner's annual performance review. It is also the Committee's responsibility to make recommendations to the Commission with respect to the establishment of performance standards for the coming fiscal year.

Chair Minge officially announced that under the Texas Open Meetings Act, Texas Government Code, Section 551.074 for this agenda item, the Commission will now enter into Executive Session to deliberate on personnel matters for this agenda item. The Commission entered Executive Session at 9:10 a.m.

At 9:31 a.m., the Commission returned to open session. Chair Minge inquired if there were any members who wished to bring forth any motion. Mrs. Brownlee moved to adopt the FY 2023 performance evaluation process and plan for the new commissioner. Mrs. Bayless seconded the motion, and the motion was unanimously carried.

D. COMMITTEE REPORTS

(2)(a) Policy Manual – Proposed Changes to Reserve Policy, Section XX.

Chair of the Policy Manual Review Committee, Mr. Bleazard reported that the Committee had a general discussion about potential changes in the overall Commission policy manual. The recommendation directs the commission to change its Reserve Fund Policy to base the balance of the fund on the Department's budget and expenditures, rather than a fixed amount that may not accurately reflect our long-term needs. These recommended changes to the policy will result in the Reserve Fund balance being evaluated and adjusted during each fiscal year's budgetary process based on the projected budget for the next fiscal year. Furthermore, the changes will also make sure adequate funds are set aside to for an adequate financial cushion, and for major projects, such as building improvements and information technology needs.

After a brief discussion, Mrs. Brownlee moved to adopt the proposed changes to the Reserve Policy, under Section XX of the Commission Policy. Mrs. Cobb seconded the motion, and the motion was unanimously carried.

D. COMMITTEE REPORTS

(3)(a) State Auditor's Office (SAO) Audit Delegation Request. Chair of the Audit Committee, Mrs. Swan reported that under Section 321.020 of the Texas Government Code requires a state agency seeking to employ a private auditor to audit the agency, to submit to the State Auditor's Office (SAO) a Request for Audit Delegation. The Department submitted this request to SAO for purposes of procuring and contracting with an internal auditor for FY 2023 and the Department received the approval from SAO for audit delegation authority; thus, the Department can move forward with procuring a private auditor.

After a short discussion, the Commission took no action.

D. COMMITTEE REPORTS

(3)(b) Proposed Internal Auditor Solicitation Request for Qualifications (RFQ). As part of the sunset review process, a recommendation was made asking the Department to initiate an internal audit program that exceeds statutory requirement for an agency of the Department's size and nature. Staff and the Commission agreed to implement a program and formed an Audit Committee. The Committee has been working with staff to initiate the requirement procurement process including a Request for Qualifications (RFQ) to procure and contract with such vendor. In FY 2022, the Department solicited bids via RFQ 469-22-001, for which no contract was awarded. Thus, the Department seeks solicitation for an internal auditor for FY 2023, via RFQ 469-23-001 and the proposed RFQ was presented to the Commission for review to consider for approval and possible adoption, to post on the ESBD.

After a short discussion, Ms. Merket moved to approve the proposed RFQ to solicit bids for a private internal auditor. Mrs. Swan seconded the motion, and the motion was unanimously carried.

E. RULEMAKING REVIEW

(1) Adoption of the Rule Review of 7 TAC, Part 6, Chapter 91, Subchapter H, and Subchapter F (Accounts and Services) and Re-adoption of §91.801, 91.802, 91.803, 91.804, 91.805, 91.808, and 91.809 (Investments), and Subchapter I §§91.901 and 91.902 (Reserves and Dividends) and Re-adoption of Rules. Commissioner Riepen reported that Section 2001.039, Texas Government Code, requires that a state agency review and consider for readoption each rule not later than the fourth anniversary of the date on which the rule took effect and every four years after that date. At its February 2020 meeting, the Commission approved a plan which establishes a date for the required review for each of the affected rules. In accordance with that plan, staff has reviewed 7 TAC,

Part 6, Chapter 91, Subchapters H (Investments), and I (Reserves and Dividends). Prior to the rule review, the Commission determined that certain changes were necessary for **7 TAC, Section 91.901**, which was published, and scheduled for adoption at the previous commission meeting of September 16, 2022.

Notice of the review and a request for comments on the rules in this Chapter were published in the September 30, 2022 issue of the *Texas Register*. No comments were received regarding the review.

After a brief discussion, Mr. Shurtz moved that the Commission find that the reasons for adopting **7 TAC, Part 6, Chapter 91, Subchapters H (Investments); and I (Reserves and Dividends)** continue to exist and that the Commission readopt these rules. Mrs. Brownlee seconded the motion, and the the motion carried unanimously.

F. LITIGATION UPDATE REGARDING PENDING LITIGATION.

General Counsel Elmilady gave an update to the Commission. Since the last report, no significant meetings or filings to update today.

After a short discussion, the Commission took no action.

G. FUTURE COMMISSION MEETINGS: AGENDA ITEMS, ARRANGEMENTS, AND DATES.

Chair Minge reminded everyone that the next regular meeting of the Commission has been tentatively scheduled for Friday, March 10, 2023 at 9:00 a.m., in Austin. Mr. Minge asked Commissioner Riepen if he wished to pose a question to the Commission. Mr. Riepen responded the desire to be able to go back to the three meetings a year that we have had for a long standing before Sunset. Furthermore, he expressed not wanting to make a decision solely on his own and wanted to make sure everybody was comfortable with going back to

three meetings. There was no objection from the Commission to go back to three meetings.

ADJOURNMENT – There being no further business for the Credit Union Commission, Chair Minge adjourned the meeting at 9:45 a.m.

Jim Minge
Chairman

Isabel Velasquez
Recording Secretary

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