

CREDIT UNION COMMISSION MEETING MINUTES
Credit Union Department Building
914 East Anderson Lane, Austin, Texas
March 22, 2024

A. CALL TO ORDER -- Chair Jim Minge called the meeting to order at 9:03 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, David Shurtz and Kay Rankin-Swan. Chair Minge recognized and welcomed our two new commission members Becky Ames and Cody Huggins. General Counsel Karen L. Miller, was in attendance to serve as legal counsel for the commission. 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 (**February 26, 2024 TRD#2024001195**).

❖ **GENERAL PUBLIC COMMENT** -- Chair Minge 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. MINUTES OF PREVIOUS MEETINGS (November 3, 2023) -- 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. Mrs. Brownlee moved for approval of the minutes of November 3, 2023, as presented. Mrs. Cobb seconded the motion, and the Commission carried the motion unanimously.

C. ADOPTION OF PROPOSED AMENDMENTS TO RULE 7 TAC, PART 6, CHAPTER 97, SUBCHAPTER B, SECTION 97.113 (FEES AND

CHARGES) – Commissioner Riepen reported that the Commission approved amendments to Section 97.113, Fees and Charges, at the meeting on November 3, 2023, and they were published in the November 17, 2023, issue of the *Texas Register* (48 TexReg 6709). The amendments modify the operating fee rate tiers, reflecting overall credit union asset growth since the last adjustment to the fee in 2009. The amendments also allow the Commissioner to adjust an operating fee (in addition to waiving it), subject to reporting requirements. These adjustments are necessary to fund future budgeted expenditures in technology, training, staffing, and increased reserves, and support the mission of the Department. Furthermore, comments at the November meeting were both against and for the amendments. One written comment against the amendment was received.

Chair Shurtz reported that the Rules Committee met on March 22, 2024, in a public meeting. Mr. Shurtz thanked the Commissioner and the team for a great conversation at the meeting. He reported that a great deal of time was spent understanding what was being accomplished and the Commissioner was gracious to address all the questions and concerns that the Committee had.

After a robust discussion of the Rules Committee, it was decided to spend more time to consider this issue and see how things are with the existing structure and withdraw the rule at this time and revisit it at a later time. Mr. Shurtz moved that the proposed amendments to 7 TAC, Part 6, Chapter 97, Subchapter B, Section 97.113, Fees and Charges be withdrawn. Mrs. Bayless second the motion, and the motion was unanimously adopted.

D. DEPARTMENT’S FY 2024 BUDGET AND FINANCIAL PERFORMANCE – Commissioner Riepen reported that in 2022 the Commission adopted a strategic plan for Fiscal Years 2023-2027. The \$5.6 million FY 2024 budget approved by the Commission in August 2023 includes the maintenance and operating budget and capital improvement budget in support of the Strategic Plan. At the end of the five months total expenditure was \$400,105 or approximately 17.9

percent less than budgeted projections. The primary expense category below budget estimates is Professional Services and Fees (\$148,925) as the database conversion costs have not yet been billed. Other below budget items include personnel expenses (\$141,567) and travel expenses (\$65,760).

After a brief discussion, the Commission took no action.

E. DEPARTMENT'S FY 2025 GENERAL BUDGET ASSUMPTIONS AND PARAMETERS. Commissioner Riepen explained that the Finance Code, Section 16.003, gives the Commission the responsibility for approving the Department's budget each year. Since the budget must be adopted at the July meeting, staff is seeking approval of guidelines for developing the FY 2025 budget. Mr. Riepen briefly highlighted the different budget items.

Commission member David Bleazard questioned item **#7 Merit Increases** – staff is proposing the merit increase awards to 4 percent of the total salaries for those positions due in part to higher inflation.

After a short discussion, Mrs. Bayless moved that the Commission adopt the proposed budget assumptions and parameters for FY 2025 as recommended by staff with an increase from 4 percent to 5 percent of total salaries for those positions. Mrs. Cobb seconded the motion, and the motion was unanimously adopted.

F. APPROVE AND AUTHORIZE THE SUBMISSION OF THE DEPARTMENT'S STRATEGIC PLAN FOR FISCAL YEARS 2025-2029.

Commissioner Riepen reported that Section 2056.002 of the Government Code requires that every two years each agency must submit a formal strategic plan that covers a prescribed 5-year horizon (FY 2025-2029). Mr. Riepen further reported that this plan summarizes our analysis of the internal and external environment impacting credit unions and the Department and provides goals and objectives for the next five years. Mr. Riepen noted that the Strategic Plan is centered on the agency's mission to "supervise, regulate and examine Texas credit unions to safeguard the public

interest, protect the financial interests of credit union members and promote public confidence in the credit union industry. The four strategic goals for 2025-2029 are to:

- Ensure a safe and sound state credit union system in Texas;
- Provide a flexible regulatory framework that enables credit unions to provide a full competitive array of financial services;
- Safeguard the interest of credit union members; and
- Develop a professional and motivated staff that provides quality service to the citizens of Texas and supports the achievement of the Department's statutory mission.

After a brief discussion, Mr. Bleazard moved that the Commission approve the proposed Fiscal Year 2025-2029 Strategic Plan and authorize its submission in the format dictated by the Governor and the LBB. Mrs. Swan seconded the motion, and the motion was unanimously adopted.

G. STATUS OF THE STATE CREDIT UNION SYSTEM – Deputy Commissioner Etheridge briefly indicated the Texas economy remains safe and sound, although we did have a few financial performance trends that did decline during the latter half of the year. Specifically, loan delinquencies and loan losses increased during the latter portion of the year, and we had a decline that was noted in earnings performance for credit unions as well. However, while we did have some declining financial trends, our system does remain sound. It is important to note that net worth ratios at year end 2023 strengthened noticeably as net worth growth outpaced asset growth. While the performance outlook for Texas industry still appears good, it will remain essential for credit unions to adapt to ever-changing political events and economic trends to safeguard the financial interests of Texas credit unions and their four million members.

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

H. DEPARTMENT'S ANNUAL RISK ASSESSMENT REPORT FOR FY 2024 AS REQUIRED BY SECTION 2102.004, GOVERNMENT CODE –

Commissioner Riepen reported that Section 2102.03 of the Texas Government Code requires state agencies which meet certain requirements to conduct a formal risk assessment each year and submit the assessment to the State Auditor's Office. The Department has completed the internal risk review and has prepared the required written assessment of the risks for submission to the State Auditor's Office.

After a brief discussion, Mrs. Cobb moved that the Commission approve the Department's Internal Risk Assessment Report for FY 2024 and authorize its submission to the State Auditor's Office. Mr. Shurtz seconded the motion, and the motion was unanimously adopted.

I. APPROVE THE DEPARTMENT'S 2025-2028 RULE REVIEW PLAN AS REQUIRED BY SECTION 2001.039, GOVERNMENT CODE.

Commissioner Riepen reported that each state agency is required to develop a four-year plan under which the agency will review all its existing rules to comply with the provisions of the Texas Government Code, Section 2001.039.

After a short discussion, Mr. Shurtz moved that the Commission approve the four-year plan as presented. Mrs. Swan seconded the motion, and the motion was unanimously adopted.

J. PENDING LITIGATION – Commissioner Riepen reported to the Commission that since the last meeting report, there have been no significant updates.

K. AGENDA ITEMS, ARRANGEMENTS, AND DATES. Chair Minge inquired if anyone had any suggested agenda items for our July 19th meeting. No requests were received.

ADJOURNMENT – There being no further business for the Credit Union Commission, Chair Minge adjourned the meeting at 10:00 a.m.

Jim Minge
Chairman

Isabel Velasquez
Recording Secretary

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