

**CREDIT UNION COMMISSION RULES COMMITTEE
MEETING MINUTES**

MARCH 21, 2024

A. CALL TO ORDER – Chairman David Shurtz called the meeting to order at 1:00 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. Other members present included Liz Bayless, and Beckie Stockstill Cobb. Ex-officio Jim Minge was in attendance via videoconference. Staff members in attendance were Michael S. Riepen, Commissioner, Robert W. Etheridge, Deputy Commissioner, Karen Miller, General Counsel who will serve as legal counsel for the Committee at this meeting, and Joel Arevalo, Director of Information and Technology. Chairman Shurtz 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#2024001194**).

❖ **RECEIVE REQUESTS AND MOTIONS FOR EXCUSED ABSENCES** – Chair Shurtz inquired if there were any requests or motions to excuse an absence. There was none.

❖ **INVITATION FOR PUBLIC INPUT FOR FUTURE CONSIDERATION** – Chairman Shurtz invited public input on matters regarding rulemaking for future consideration by the committee. There was none.

B. RECEIVE MINUTES OF PREVIOUS MEETING (November 2, 2023)

Mrs. Cobb moved to approve the minutes of November 2, 2023, as presented. Mrs. Bayless seconded the motion, and the motion was unanimously adopted.

C. RULEMAKING MATTERS

(a) Adoption of Proposed Amendments to Rule 7 TAC, Part 6, Chapter 97, Subchapter B, Section 97.113 Concerning Fees and Charges.

Commissioner Riepen explained that these amendments modify the operating fee rate tiers, reflecting overall credit union asset growth since the last adjustment to the fee in 2009. The amendments allow the Commissioner to adjust an operating fee (in addition to waiving it), subject to reporting requirements. He explained that the operating fee adjustments consolidate lower asset size categories, reduces fees for credit unions \$1 million to \$215 million in assets, increases the base fee amount from \$200 to \$1,450, increases the incremental rate to credit unions in the \$250 million to \$2 billion in assets, and sets a lower rate for assets exceeding \$6.8 billion. The largest increase is \$19,640 annually for credit unions with more than \$2 billion in assets. The proposed fee structure provides for less annual operating fees compared to the federal charter alternative (NCUA) if assets exceed \$136 million. Furthermore, he believes these adjustments are necessary to provide flexibility to fund future expenditures in technology, training, staffing, and increase reserves, necessary to support the mission of the Department and continuity of operations.

Committee Chairman Shurtz opened the floor to the public for discussion.

❖ Melodie Durst, Executive Director, Credit Union Coalition of Texas.

Mrs. Durst reported the Coalition had submitted a comment letter on the proposed amendments to Rule 97.113 and wanted to go on record that the Coalition represents credit unions across the state and is appreciative of the Commission, the Rules Committee, and staff taking time to consider their comments and is aware of the time and resources that it takes to do that. She expressed being a little bit disappointed that there were a couple of items that the Department declined to comment on and have been outlined in the

preamble of the rule. She expressed concerns about the rule needing to be amended to accomplish the goals and the initiative funds that the department outlined.

❖ **Steve Gilman, First Service Credit Union, Houston, Texas.** Mr. Gilman thanked committee member Beckie Cobb for bringing up the practice of rebating a portion of the 2nd payment by the state-chartered credit unions and wondered why the subject arose in the first place. Mr. Gilman commented on looking into what the operating fee structure is and had no clue as to who is paying what. Furthermore, he noted that he did not see the Department presenting to the Committee or to the Commission a well-defined five year plan, i.e., if we would opt to stay on this track with anticipated asset growth with the current methodology, what would that generate in revenue and how would those revenues cover or not cover the needs that have been discussed as well as the need to build up your reserve and that could identify whether you even have a problem or not. Mr. Gilman made a statement that he is hearing comments that the state should structure its charges to state-chartered credit unions and not along the lines of NCUA who just recently went through the same process. At the end, Mr. Gilman suggested that the state determine its own methodology as opposed to just following in line with what the federal individuals are doing.

❖ **Suzanne Yashewski, Regulatory & Compliance Counsel, Cornerstone League.** Ms. Yashewski stated that this was a difficult issue to comment on for our members. She explained that there are two perspectives. One is a positive impact in the proposal, particularly for the smaller credit unions who would appreciate slightly lower fees assessed on them and the larger credit unions in our working group that we talked to support the initiatives and could be okay with paying more in fees if there truly is a need. They all support the success of the Department. Ms. Yashewski went on to talk

about the underlying issue, is it necessary to do this? She went back on the issue that Melodie Durst raised, the current rule that has a 5% increase ability and perhaps higher if permitted by the Commission. In reviewing the new proposed rule, you know not only will there be more income tied to the fees, but there is still that 5%. Furthermore, on behalf of the Cornerstone credit unions, we would like to see some true reasons why the rule is necessary.

The committee members discussed the proposal with attendees and CUD staff. The members discussed several matters including:

1. Considering the credits consistently given on second assessment, whether the increase in operating fee was necessary.
2. Assessment of the fee annually instead of semi-annually.
3. Without the Fiscal Year 2024 second assessment credit of approximately \$400,000, would there be sufficient funds?
4. The relevance of comparing the CUD assessment to the NCUA assessment, and equitable fairness to the smaller credit unions.
5. The commissioner's ability to waive a fee or increase the assessment up to 5% annually.
6. The Department's budget compared to that of NCUA's for federal charters.

After the lengthy discussion among the committee members, Mrs. Cobb made a motion to table any recommendation to the Commission on final approval of the amendments to **7 TAC, Section 971.113** of the rule until further review is provided to the Rules Committee. Mrs. Bayless seconded the motion, and the motion was unanimously adopted.

ADJOURNMENT -- There being no other items to come before the Committee, and without objection, the meeting was adjourned at 2:15 p.m.

David F. Shurtz
Chairman

Isabel Velasquez
Recording Secretary

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