

**CREDIT UNION COMMISSION MEETING MINUTES**  
**Credit Union Department Building**  
**914 East Anderson Lane, Austin, Texas**  
**March 21, 2025**

**A. CALL TO ORDER** -- Chair Jim Minge called the meeting to order at 9:02 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, Cody Huggins, David Shurtz and Kay Rankin-Swan. Member Becky Ames was in attendance via videoconference. The Chair introduced Karen L. Miller, General Counsel for the Department, who will 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, Executive Assistant Isabel Velasquez and Executive Assistant Brenda Medina. 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 (**March 7, 2025 TRD#2025001368**).

❖ **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 (October 25, 2024 and November 8, 2024)** -- The Chair referred the members to the draft minutes of the previous meetings 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 October 25, 2024 and November 8, 2024, as presented. Mrs. Cobb seconded the motion, and the Commission carried the motion unanimously.

**C. (1) ADOPTION OF THE COMPLETED RULE REVIEW OF 7 TAC, PART 6, CHAPTER 97, SUBCHAPTER A (GENERAL PROVISIONS), SUBCHAPTER B (FEES), SUBCHAPTER C (DEPARTMENT OPERATIONS), SUBCHAPTER D (GIFTS AND BEQUESTS), SUBCHAPTER E (ADVISORY COMMITTEES), AND SUBCHAPTER F (RULEMAKING) AND READOPTION OF RULES.** – Commissioner Riepen reported that Section 2001.039, 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 March 22, 2024 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 97, Subchapter A (General Provisions), Subchapter B (Fees), Subchapter C (Department Operations), Subchapter D (Gifts and Bequests), Subchapter E (Advisory Committees), and Subchapter F (Rulemaking)** and believes certain revisions are appropriate and necessary. Amendments to the noted chapters are being separately presented for proposal. No comments were received regarding the review. The Department believes that the reasons for adopting the noted rules continue to exist.

After a short discussion, Mrs. Bayless moved that the Commission find the reasons for adopting these rules continue to exist. Coming upon a recommendation from the Rules Committee, a Standing Committee of the Commission, no second is needed to consider and vote on the issue.

**(2) Proposed Amendments to 7 TAC, Part 6, Chapter 97, Subchapter A, Section 97.101 (Related Entities)** – General Counsel Karen Miller reported that it was determined that no action was needed on this item.

**(3) Proposed Amendments to 7 TAC, Part 6, Chapter 97, Subchapter B, Section 97.113 (Fees and Charges).** General Counsel Karen Miller reported that the proposed amendments will better organize the fees section, allow adjustments based on the budget for both semi-annual assessments instead of only the second assessment and add the ability to recover direct contractual obligations related to expenditures paid to third parties. Lastly, we are requesting a mechanism to charge user-based fees, subject to Commission approval. Ms. Miller proceeded to explain each section accordingly:

**Operating Fees** – Much of the current rule relates to operating fees. The provisions were not grouped together. The proposed changes will now list all details of operating fees under Section (a) of the same section. A change was made to the installment adjustment provisions to allow for adjustment of either the first or final operating fee installment. This comes from a response to a recommendation in the Sunset Commission review. Also, the hourly rate for supplemental or special examinations is requested to be increased from \$50 to \$100 to more appropriately reflect staff costs.

**Foreign Credit Unions** – The fees for foreign credit unions were not grouped together. Recommended change to group the fees together so they are all under Section (d) of the rule. Also requested to increase the administrative fees for branch offices from \$500 to \$1,000 and membership expansion requests from \$200 to \$1,000.

**Contract Services** – The amendment is requested for the Commissioner to charge a credit union contract expense incurred by the Department solely related to regulating that specific credit union and paid to third parties. This would allow the recovery of direct costs incurred, such as administrative appeals to SOAH, as opposed to those expenses being borne by all regulated credit unions through their operating fee assessment.

**User Fees** – This amendment will allow the Commissioner to propose certain user fees to offset costs involved in administrative functions. The Department is not recommending any user fees at this time. Ms. Miller reported the rule change allows an additional tool during the annual budgeting process should we anticipate expenditures in excess of normal operating fee assessments. Fees would be considered as an alternative to assessing a discretionary operating fee increase to be paid by all credit unions. Finally, any proposed fees would require official Commission approval and review at least every two years.

Chair Minge opened the floor to the public for discussion.

- **Suzanne Yashewski – Regulatory & Compliance Counsel – Cornerstone League.** Ms. Yashweski stated that she had a discussion with their state working group and the preferred approach is to keep the fees in the rule as is currently happening, rather than pulling out from the fee schedule. She stated the group would like the opportunity for comment before decisions are made on those specific fees and recommends that section (f) be stricken.
- **Melodie Durst, Executive Director, Credit Union Coalition of Texas.** Mrs. Durst addressed the Commission by saying that there had been a detailed conversation at the Rules Committee meeting on this subject and was echoing what Suzanne said on behalf of the coalition members. Mrs. Durst reported that she contacted a few state agencies and it is her understanding that the Department of Banking does not have a fee schedule. She was informed that it is their normal operating fees that cover anything associated with examinations and complaints. She further explained that she called the complaint hotline to see what they said and she got the same message. Furthermore, she reminded the Commission to be mindful that the governor has directed state agencies to take a closer look at not only efficiencies, and

how to reduce regulatory burden on the businesses that they regulate, but also look at cost efficiencies.

- **Suzanne Yashewski – Regulatory & Compliance Counsel – Cornerstone League.** Ms. Yaskewski explained that since the topic of complaints has come up, she wanted to make a comment on some of the further discussion that her group had specifically about the complaint issue. She explained that when looking at the breakdown, the couple of credit unions that have a significant number of complaints are from large credit unions and part of the concern we have with this fee schedule approach is one of setting a threshold over which a certain number of complaints requires an assessment of fees for future complaints. We need to consider that a very small credit union has substantially less members than a very large credit union.

After a lengthy discussion, Mrs. Swan moved that the Commission approve the publication and comment on the proposed amendments to **7 TAC, Part 6, Chapter 97, Subchapter B, Section 97.113**. Coming upon a recommendation from the Rules Committee, a Standing Committee of the Commission, no second is needed to consider and vote on the issue. In favor of the publication and comment of this rule were Kay Swan, Cody Huggins, Beckie Cobb, Liz Bayless, Becky Ames and Jim Minge. Those opposing the publication and comment on this rule were David Shurtz, David Bleazard and Karyn Brownlee.

**(4) Proposed Amendments to 7 TAC, Part 6, Chapter 91, Subchapter A, Section 91.101 (Definitions and Interpretations).** Commissioner Riepen reported that the requested amendment replaces the phrase “political jurisdiction” with “political subdivision”. It also adds a definition for political subdivision. It is necessary to avoid confusion about unifying characteristics and provide consistency with other provisions in the rules referencing “political subdivision”.

After a short discussion, Mr. Bleazard moved that the Commission approve the publication and comment on the proposed amendments to **7 TAC, Part 6, Chapter 91, Subchapter A, Section 91.101**. Coming upon a recommendation from the Rules Committee, a Standing Committee of the Commission, no second is needed to consider and vote on the issue.

**D. (1) Commissioner Succession Plan Implementation  
(2) Commissioner Applicants and Hiring Process**

Chair Brownlee reported that the Commissioner Evaluation Committee met on March 20, 2025, at a public meeting in the event of a planned or unplanned departure of the Commissioner. The Evaluation Committee is to assume responsibility for the Credit Union Department's Commissioner succession plan for choosing a new Commissioner. Our current Commissioner has announced his resignation, with a target date of November 2025. At this time, we would like to thank the Commissioner for the advance notice in the generous length of time afforded for our committee to identify, interview and recommend quality candidates to the Commission. For his replacement at the March 20, 2025 meeting, our committee reviewed the existing succession plan, and we found no need for amendments. We also reviewed a draft of a hiring plan and selection process prepared by staff for our consideration. After much deliberation, the draft was amended and adopted as our committee's action plan. The committee directed staff to post the job opening for the Commissioner on nine specific websites no later than March 28, 2025, and remain active through May 16, 2025. During this time, the Staff Services Officer will report to the Chair of the Evaluation Committee with the applications as they are received. Furthermore, the committee directed staff to obtain at least three proposals from recruitment firms to include a nationwide search and to carry them through the State's procurement process. This directive does not indicate any decision or commitment by the committee to utilize the search firm. It is merely to prepare for the potentiality of employing a search firm if it is necessary

by the committee. It is anticipated that the next committee meeting will be held in the first week of June.

After a short discussion, the Commission took no action.

**E. DEPARTMENT'S FY 2025 BUDGET AND FINANCIAL PERFORMANCE** – Commissioner Riepen reported that in 2024 the Commission adopted a strategic plan for Fiscal Years 2025-2029. The \$5.9 million FY 2025 budget approved by the Commission in July 2024 includes the maintenance and operating budget and capital improvement budget in support of the Strategic Plan. At the end of the five months total expenditures were \$245,447 or approximately 10.2 percent less than budgeted projections. The primary expense categories below budget estimates include personnel Expenses (\$150,438) and travel expenses (\$61,646).

After a brief discussion, the Commission took no action.

**F. DEPARTMENT'S FY 2026 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 2026 budget at the July meeting. Mr. Riepen briefly highlighted the different budget items.

Commission member David Bleazard questioned item **#7 Merit Increases** – staff is proposing the merit increase awards at 4 percent of the total salaries for those positions. Mr. Bleazard questioned whether that was enough due in part to higher inflation, and he worried that it is not enough. Deputy Commissioner Etheridge addressed Mr. Bleazard's concerns and responded that the 4% represents a merit pool that is typically used not only for increases, but also for promotions. Mr.

Bleazard reiterated that he wants to make sure we can keep staff working for the Department.

After a short discussion, Mrs. Brownlee moved that the Commission adopt the proposed budget assumptions and parameters for FY 2026 as recommended by staff. Mrs. Cobb seconded the motion, and the motion was unanimously adopted.

**G. STATUS OF THE STATE CREDIT UNION SYSTEM** – Deputy Commissioner Etheridge briefly noted that the Texas economy performed well throughout 2024, with employment growth of 1.7 percent during the year. According to the Federal Reserve of Dallas, total jobs added during 2024 reflected strong gains in the oil and gas, financial services and construction sectors. Furthermore, the Texas Employment Forecast indicates jobs will rise by 1.6 percent during 2025, which implies that approximately 225,000 new jobs will be added during the year.

The unemployment rate for Texas was 4.2 percent as of the year-end 2024, representing a slight increase from the 3.9 percent level from twelve months earlier. While the financial performance of Texas credit unions remained satisfactory during 2024, there was some weakening of several key financial trends. Texas credit unions experienced a notable rise in loan delinquencies and losses, as well as an ongoing decline in earnings performance. Increased delinquencies are concentrated mostly in the unsecured/credit card, used auto, residential and the commercial loan segments, while the rise in loan losses consists primarily of used vehicle and unsecured loans/credit cards. While the financial performance outlook for Texas industry remains satisfactory, it will remain essential for credit unions to adapt to the ever-changing political events and economic trends to safeguard the financial interests of Texas credit unions and their four million members. Commissioner Riepen brought up the topic of BNPL (buy now pay later), where a lot of those loans are not reported on a credit report, so you may not really know the true debt to income ratio of a borrower. These are typically going to be unsecured loans and the impact may be to



result in higher loan losses and delinquencies. Mr. Bleazard commended Commissioner Riepen for recognizing the BNPL issues and suggested that it would be nice for the Department to send a letter to credit unions to alert them of this fact and consider BNPL loans in their loan decisions since it is not widely understood.

After a brief 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 2025 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 short discussion, Mr. Bleazard moved that the Commission approve the Department's Internal Risk Assessment Report for FY 2025 and authorize its submission to the State Auditor's Office. Mr. Shurtz seconded the motion, and the motion was unanimously adopted.

#### **I. PENDING LITIGATION –**

General Counsel Karen Miller reported to the Commission that the Department is seeking protection from a letter of advice ruling by the Attorney General related to an information request under the Public Information Act (PIA). It is an active case in Travis County District Court. A Motion for Summary Judgement was filed in February. We continue to work with the open records division to settle this issue.

General Counsel Karen Miller reported that an appeal from Cooperative Teachers Credit Union was filed and remanded to the Commissioner. The

Commission was sent a copy of our Order when we sent it out to the credit union. The credit union has since requested an appeal to the Commission. The rule that provides a timeline for that has been repealed and so we are trying to figure out the appropriate process for that. We can go into Executive Session and discuss this issue if this is what the Commission desires.

The Commission called for a recess of ten minutes.

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Chair Minge officially announced that under the Texas Open Meetings, Act, Texas Government Code, Section 551.074, the Commission will now enter Executive Session for private consultation with its attorney for purposes relating to pending or contemplated litigation or settlement offer and for consultation and advice of counsel for legal matters subject to attorney-client privilege. The Commission entered Executive Session at 10:37 a.m.

At 10:45 a.m., the Commission returned to open session and there were no motions to entertain.

**J. AGENDA ITEMS, ARRANGEMENTS, AND DATES.** Chair Minge inquired if anyone had any suggested agenda items for our July 18<sup>th</sup> meeting. No requests were received.

**ADJOURNMENT** – There being no further business for the Credit Union Commission, Chair Minge adjourned the meeting at 10:48 a.m.

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Jim Minge  
Chairman

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Isabel Velasquez  
Recording Secretary

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