

CREDIT UNION COMMISSION MEETING MINUTES
Credit Union Department Building
914 East Anderson Lane, Austin, Texas
November 8, 2024

A. CALL TO ORDER -- Chair Jim Minge called the meeting to order at 9:05 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 Becky L. Ames, Liz Bayless, David Bleazard, Karyn Brownlee, Beckie Stockstill Cobb, David Shurtz and Kay Rankin-Swan. The Chair introduced Karen L. Miller, General Counsel for the Department, who will serve as legal counsel for the commission at the meeting. Representing the Department staff were Commissioner Michael S. Riepen, 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 28, 2024 TRD#2024006297**).

❖ **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.

❖ **RECEIVE REQUESTS AND MOTIONS FOR EXCUSED ABSENCES** -- Chair Minge inquired if there were any requests or motions to excuse an absence. Mrs. Bayless moved to excuse commission member Cody R. Huggins from the Commission meeting on November 8, 2024. Mr. Bleazard seconded the motion, and the motion was unanimously adopted.

B. MINUTES OF PREVIOUS MEETINGS (July 19, 2024) -- The Chair referred the members to the draft minutes of the previous meeting included in the agenda packet and asked for any proposed edits. Chair Minge reported having a correction to the draft minutes. He explained there was some confusion as to who

was on the Commissioner Evaluation Committee and asked that the minutes reflect Beckie Stockstill Cobb serving on the committee instead of David Shurtz. Mrs. Cobb moved for approval of the minutes as amended of July 19, 2024. Mrs. Ames seconded the motion, and the Commission carried the motion unanimously.

C. IN THE MATTER OF THE APPLICATION TO AMEND BYLAWS FOR COOPERATIVE TEACHERS CREDIT UNION’S SOAH DOCKET NO. 469-23-07487; CONTESTED ORDER OF CUD 22-0333-01, ORDER APPROVING APPLICATION – ORDER TO REMAND TO COMMISSIONER – General Counsel, Karen Miller reported that the reason we are doing this is out of an abundance of caution because we did not have a quorum physically present at the October 25th meeting. We are asking the Commission to ratify at this meeting the actions taken.

After a short discussion, Mrs. Brownlee moved that the Commission ratify the previous action to REMAND the Proposal for Decision in Docket No. 469-23-07487 to the Credit Union Department Commissioner for issuance of a Final Order addressing the Application of Cooperative Teachers Credit Union to amend its bylaws and to authorize General Counsel of the Credit Union Department to execute and distribute appropriate orders to document the Remand. Mr. Shurtz seconded the motion, and the Commission carried the motion unanimously.

D. COMMISSIONER EVALUATION COMMITTEE - Chair Brownlee reported that the Commissioner Evaluation Committee met on November 7, 2024, in a public meeting. It is the Committee’s responsibility to develop, establish and review the policies, procedures and forms that are used to carry out the Commissioner’s annual performance review. It is also the Committee’s responsibility to make recommendations to the Commission regarding performance standards for the upcoming fiscal year. The Committee is to oversee the process and ensure its completion as outlined. And at the last Commission meeting of each

calendar year, the Committee is to present related recommendations to the Commission for approval.

As such, the committee has the following report:

- ✚ The Commissioner's Performance Evaluation Report was completed and approved for presentation to the Commission.
- ✚ Potential adjustments to the Commissioner's salary for FY 2025 were discussed and the committee approved a recommendation to the Commission.
- ✚ The FY 2025 Performance Standards and Leadership Goals for the Commissioner were discussed and the committee approved recommendations to the Commission.
- ✚ Updates to the FY 2025 Commissioner Evaluation Process Document were discussed and the committee approved recommendations to the Commission.

Because these are personnel matters, Chair Brownlee requested an executive session for private deliberation prior to taking any action.

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 Executive Session to deliberate on personnel matters for this agenda item. The Commission entered Executive Session at 9:13 a.m.

At 11:06 a.m., the Commission returned to open session. Chair Minge inquired if there were any members who wished to bring forth any motion. Chair Brownlee thanked the Commissioner for a very good year leading our department. You are commended for the significant progress made in several key areas such as strategic staffing and budgeting. Your polite, professional and knowledgeable demeanor has advanced our great state's credit union system.

- ✚ Mrs. Brownlee moved to adopt the Commissioner Evaluation Performance Evaluation report for FY 2024 and to approve the salary of \$217,360 for the Commissioner to begin on January 1, 2025.
- ✚ Additionally, Mrs. Brownlee moved to approve the FY 2025 Performance Standards and Leadership Goals for the Commissioner as discussed in executive session.
- ✚ And finally, Mrs. Brownlee moved to approve the updates and formatting changes to the Commissioner Performance Evaluation Process Document for FY 2025 as discussed in executive session.

Entered on a motion of a standing committee, a second was not needed and the motion passed unanimously.

E. 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 August 2024, total expenditures were \$518,477 or approximately 9.5 percent less than budgeted projections. The primary expense categories below budget estimates include Personnel Expenses (\$298,379), Professional Services and Fees (\$148,925) and Travel Expenses (\$89,591).

After a brief discussion, the Commission took no action.

F. STATUS OF THE STATE CREDIT UNION SYSTEM – Commissioner Riepen briefly discussed that the Texas economy continues to withstand the current economic pressures in Texas and the United States very well. Overall, the Texas economy is the eighth largest when compared to other nations throughout the world. In accordance with the Bureau of Economic Analysis, the Texas economy expanded

at an annualized rate of 7.4 percent in 2023, far exceeding the nation's expansion rate of 2.9 percent. While inflationary pressures have resulted in higher interest rates and labor costs, recent trends reflect the easing of interest rates by the Federal Reserve. If the Federal Reserve continues with its plan to further lower interest rates in the coming year, it is anticipated that the Texas economy will continue to perform well.

Currently, the unemployment rate matches the national average of 4.1 percent and is similar to the 3.9 percent level in Texas twelve months ago.

The financial performance of Texas credit unions for the first six months of 2024 has declined slightly but remains sound overall. Although average net worth ratios for Texas charters are at an all-time high of 11.44 percent, several other key financial trends have weakened. Loan delinquencies and loan losses have continued to increase over the last twelve months and are at the highest level in seven years. The Return on Average Assets Ratio (ROAA), a measurement of earnings performance, has declined to 0.54 percent and is only one-half the ROAA recognized by Texas credit unions in 2021. It is important to note that the deterioration in financial trends has slowed, and with recent and expected interest rate reductions by the Federal Reserve it is anticipated that financial performance will improve in 2025.

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

G. AMENDMENTS TO SECTION 151.1 (RELATING TO INTERPRETATION PROCEDURES) IN 7 TAC, CHAPTER 151, CONCERNING HOME EQUITY LENDING PROCEDURES – Commissioner Riepen reported that the Texas Finance Commission and the Texas Credit Union Commission (“commissions”) adopted amendments to §151.1 (relating to Interpretation Procedures) concerning Home Equity Lending Procedures. The commissions received no official comments on the proposed amendments.

After a brief discussion, Mrs. Cobb moved that the Commission approve for adoption the proposed 7 TAC, Part 8 §151.1 without changes to the proposed text as published in the *Texas Register*. Mrs. Bayless seconded the motion, and the Commission carried the motion unanimously.

H. ADVISORY COMMITTEE OR INFORMAL SOLICITATION PRIOR TO RULE REVIEWS – General Counsel Karen Miller reported that there has been a suggestion that we seek additional public and industry input on issues related to rule revisions, specifically on issues discussed at our special meeting regarding how appeals are handled and the potential need for revisions to field of membership rules. When there are rule reviews coming up, it was suggested to creating channels for stakeholders to provide informal public input on the rules that could then be considered by a Commission Committee, Department staff and the Commission.

After a short discussion, the Commission took no action.

I. PENDING LITIGATION – Commissioner Riepen reported to the Commission that the department is seeking protection from a letter advice ruling by the Attorney General related to an information request under the Public Information Act (PIA). A draft motion for summary judgement has been prepared and should be filed in the next few weeks. We anticipate a resolution by the end of the year or early next year.

After a brief discussion, the Commission took no action.

As for Cooperative Teachers Credit Union (CTCU) v. Texas Credit Union Department, (Department), SOAH docket 469-23-07487, the application has been remanded to the Commissioner for a final decision and order.

J. INTERNAL AUDIT UPDATE - Commissioner Riepen reported that the Audit report presented and accepted at the last commission meeting has been sent to the State Auditor's Office, Legislative Budget Board and Governor's office on October 30, 2024. The report has also been posted on our website at www.cud.texas.gov.

K. FUTURE COMMISSION MEETINGS – Chair Minge inquired if anyone had any suggested agenda items for our March 21, 2025, meeting. No requests were received.

ADJOURNMENT – There being no further business for the Credit Union Commission, Chair Minge adjourned the meeting at 11:20 a.m.

Jim Minge
Chairman

Isabel Velasquez
Recording Secretary

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