CREDIT UNION COMMISSION MEETING MINUTES
Credit Union Department Building
914 East Anderson Lane, Austin, Texas
March 27, 2026

1. 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 Becky L. Ames, David Bleazard, Karyn C. Brownlee, Cody R. Huggins, Sara Jones Oates, David F. Shurtz and Kay Rankin-Swan. Representing the Department staff were Commissioner Robert W. Etheridge, Interim Deputy Commissioner David C. Borden, General Counsel Devon Bijansky, IT Business Analyst Samuel "Sam" Manzanares, 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 **(March 16, 2026 TRD#2026001474)**.

- **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.

2. RESOLUTIONS OF APPRECIATION FOR OUTGOING COMMISSION MEMBERS ELIZABETH "LIZ" BAYLESS AND BECKIE STOCKSTILL COBB – Chairman Minge indicated that it is the practice of the Commission to adopt resolutions of appreciation to recognize the service of former Commission members. Mr. Minge noted sadly Mrs. Swan would be stepping down from the Commission and this would be her last meeting. Mrs. Swan indicated moving on to the next step in her life and more importantly opening her position up to another industry person that can bring new ideas and actively follow the rules and regulations.

After a short discussion, Mr. Bleazard moved to approve the Resolutions of Appreciation for Outgoing Commission Members Elizabeth "Liz" Bayless and Beckie Stockstill Cobb, as presented and directed that a copy of the appropriate resolutions be given to the former members as a token of the Commission's appreciation. Mrs. Brownlee seconded the motion, and the motion was carried unanimously.

3. MINUTES OF PREVIOUS MEETING (December 5, 2025) -- 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. Swan moved for approval of the minutes of the December 5, 2025, meeting as presented. Mrs. Ames seconded the motion, and the motion was carried unanimously.

4. RULEMAKING MATTERS – Chairman Minge announced that the Commission would discuss the rules in order except for moving discussion and consideration of **Rule 91.1003, Mergers and Consolidations,** to the end.

a. Adoption or other action on amendments to 7 TAC Section 91.401, Credit Union Ownership of Property

…

b. Proposal of amendments to:

ii. 7 TAC Chapter 91, Subchapter G:

A. Section 91.709, Member Business and Commercial Loans

B. Section 91.714, Leasing

These amendments are the result of the Department's rule review process.

The amendments to **Section 91.709** clarify the concept of controlling interests in commercial loans and make other non-substantive changes for clarity.

The amendments to **Section 91.714** include the deletion of language in subsection (b) about acquisition of property for the purpose of leasing it, which is prohibited by Section 91.401, and addition of a reference to Section 91.401 to ensure

consistency between these two sections that relate to ownership and leasing of real property by a credit union.

After a brief discussion, Mr. Shurtz moved that the Commission propose the amendments to **7 TAC Sections 91.709 and 91.714** as presented. Coming upon a recommendation from the Rules Committee, a Standing Committee of the Commission, no second is required, and the motion was carried unanimously.

b. Proposal of amendments to:

iii. 7 TAC Chapter 95, Subchapter A:

A. Section 95.105, Reporting

B. Section 95.108, Examinations

C. Section 95.110, Enforcement; Penalty; and Appeal

These amendments are the result of the Department's rule review process.

The amendments to **Sections 95.105, Reporting, and 95.110, Enforcement; Penalty; and Appeal,** consist of updates to the titles of other sections referenced in the rules as well as minor edits for readability. The amendments to Section **95.108, Examinations**, incorporate provisions from Section 95.109, Fees and Charges, relating to fees for examinations of insuring organizations, which is recommended for repeal at this meeting.

After a short discussion, Mr. Shurtz moved that the Commission propose the amendments to **7 TAC Sections 95.105, 95.108, and 95.110** as presented. Coming upon a recommendation from the Rules Committee, a Standing Committee of the Commission, no second is required, and the motion was carried unanimously.

b. Proposal of amendments to:

iv. 7 TAC Chapter 95, Subchapter C:

A. Section 95.302, Powers

B. Section 95.305, Audited Financial Statements; Accounting Procedures; Reports

C. Section 95.310, Fees and Charges

These amendments are the result of the Department's rule review process.

The amendments would make non-substantive corrections to the titles of other rule sections referenced in these rules.

After a brief discussion, Mr. Shurtz moved that the Commission propose the amendments to **7 TAC Sections 95.302, 95.305, and 95.310** as presented. Coming upon a recommendation from the Rules Committee, a Standing Committee of the Commission, no second is required, and the motion was carried unanimously.

c. Proposed repeal of 7 TAC Section 95.109, Fees and Charges.

The proposed repeal is the result of the Department's rule review process.

The repeal is being recommended in conjunction with the recommendation to add its provisions to Section 95.108, which contains related provisions regarding examinations of insuring organizations.

After a short discussion, Mr. Shurtz moved that the Commission propose the repeal of **7 TAC Sections 95.109**. Coming upon a recommendation from the Rules Committee, a Standing Committee of the Commission, no second is required, and the motion was carried unanimously

d. Adoption of rule review and readoption of rules:

i. 7 TAC Chapter 91, Subchapter G

ii. 7 TAC Chapter 95, Subchapters A through D

Section 2001.039 of the Government Code requires state agencies to 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 thereafter. The review must address an assessment of whether the reason for adopting each rule continues to exist. At its March 22, 2024, meeting, the Commission approved a plan that established a schedule for the review of each section of the rules. In accordance with

that plan, staff have reviewed the above-referenced subchapters, believe the amendments addressed previously on this agenda are appropriate and necessary, and that the remainder of the rules within these subchapters should be re-adopted in accordance with Section 2001.039 of the Government Code.

Notice of the review and a request for comments on the rules in these subchapters were published on January 23, 2026, issue of the *Texas Register*. No comments were received regarding the review. The Department believes that the reasons for adopting these rules continue to exist.

After a brief discussion, Mr. Shurtz moved that the Commission find that the reasons for adopting **7 TAC Chapter 91, Subchapter G, and Chapter 95** continue to exist and readopt the rules in these subchapters. Coming upon a recommendation from the Rules Committee, a Standing Committee of the Commission, no second is required, and the motion was carried unanimously.

Chairman Minge redirected the Commission to the last rulemaking item, 7 TAC Section 91.1003, Mergers and Consolidations.

b. Proposal of amendments to:

i. 7 TAC Section 91.1003, Mergers and Consolidations

Chairman Minge reported there being a recommendation from the Rules Committee to recommend to the Commission the proposed amendments to 7 TAC Section 91.1003. Commissioner Etheridge reported that these amendments were developed with input from a working group formed after the December meeting considering the previously proposed amendments and concerns raised at that meeting. The amendments would prohibit merger inducements and require merger-related financial arrangements (both as defined in the rule) to be disclosed to members. The amendments would also revise certain requirements for approval by the Department, increase consistency between this rule and the NCUA rule, and make non-substantive changes for clarity and readability. After several meetings

and discussions, two additional proposed changes were also presented to the Rules Committee at its meeting of March 26th.

Chair Shurtz of the Rules Committee thanked the Commissioner and General Counsel for their efforts in working on this rule. Mr. Shurtz said that the primary reason behind this rule is to ensure that the Commissioner gets what he needs to make a reasonable decision on the mergers, but also that the members have what they need to make informed decisions.

- **David Bleazard, Commission Member,** thanked the Commissioner, the Working Committee and David Shurtz for working on this rule. He reported that he knows it has been a lot of work and it was critically necessary work in order to protect the public interest. He believes it is critically important that we preserve the true democratic processes that exist in the credit unions to oversee them for the benefit of the members that own the institution. To that extent, it is of the highest priority that when there are mergers being considered there is a clear understanding of what disclosures must be given to the member owners. They should be clear, conspicuous and in plain language. Using the democratic process of the voting for or against a merger is not swayed by financial inducements, and therefore clouding the true process. Furthermore, he believes this rule does what we are looking for with these latest changes. It avoids the pitfalls of a lack of disclosure. They avoid perverting or corrupting the voting process.

- **Tim Adams, Senior Vice President of Collections – First Service Credit Union**, explained he is looking for transparency and clarity, both on the regulatory side. He would want to know what is going to be approved when we invest time, money and effort. Wanting the membership to understand through the disclosures of what is being provided and have a true democratic vote versus trying to throw some cash at them and asking them to approve so there can be a bigger payday. Lastly, clarity on the regulatory side so that options to members are not limited when it is being reviewed.

- **Steve Gilman, Director of Political and Legislative Affairs – First Service Credit Union**, added his support to the comments presented. He alluded to Tim Adams remarks that we are looking for who is the best partner. There is the importance of keeping an eye on what NCUA is doing so that there is a balance between the state and the federal level.

- **Suzanne Yashewski, Regulatory and Compliance Counsel – Cornerstone Credit Union League,** thanked the Department and the Rules Committee for working on some of the feedback issues that members raised. She believes the rule is in a pretty good position to be open for further comment. The Cornerstone League supports the issue that Committee Chair Shurtz raised before in removing the word reasonable.

- **Melodie Durst, Executive Director – Credit Union Coalition of Texas.** Ms. Durst echo Suzanne's words. She stated that she appreciated having an opportunity to participate in the working group meeting, being a very robust process. Everyone had some really strong feelings and expressed appreciation to the Commissioner working through all of those suggestions and comments.

Chair Minge expressed appreciation for all the comments and feedback. It has been a process with at least nine months in the making and appreciation where we are today. Mr. Minge thanked the working group, the Commissioner and General Counsel for taking the time to make it a pretty good rule.

After a lengthy discussion, Chair of the Rules Committee, David Shurtz, moved to propose the amendments to 7 TAC Section 91.1003, Mergers and Consolidations, to the Commission as reflected in the handout as provided during the meeting and was provided in the Rules Committee's March 26th meeting by striking the word "reasonable" from Section 4(G). Coming upon a recommendation

from the Rules Committee, a Standing Committee of the Commission, no second is required, and the motion was carried unanimously.

5. Commissioner's report including:

a. Department's FY 2026 Budget and Financial Performance
b. Department operational status and accomplishments
c. Employee recognition and team highlights
d. Upcoming priorities and goals

a. Department's FY 2026 Budget and Financial Performance – Commissioner Etheridge reported that we had a budget for Fiscal Year 2026 of $6.1 million. Through February, halfway through the fiscal year, we're $292,000 below budget or just under 10% less than budget projections. We've had savings around personnel costs, supplies and material costs, and other operating expenses; those three categories have been the main contributors to being under budget. He explained that additional expenses had been incurred since the end of February, such as the State Auditor's fees for $50,000.

Commissioner Etheridge was asked why are our operating fees for half of the year $234,000 less than expected? He explained there was a calculation error made when we set the operating fees for this fiscal year.

Commissioner Etheridge was asked what the meaning was for the ($100,000) for Other. He explained that this is the reserve amount, the amount that goes to the reserve at the very beginning of each fiscal year until we hit that 20-25% of budget threshold.

Commissioner Etheridge was asked that this time under professional services and fees, we have had significant savings to what we attribute the professional fees being $20,000 below. He explained that one of the things that comes out of there is the audits. We've got $50,000 that we just paid to the State Auditor. We have invoices that we are getting ready to pay for, such as our internal audit.

b. Department operational status and accomplishments – Commissioner Etheridge was happy to report that our field examination staff is fully staffed. We currently have two open office positions and hopefully we will have

one of those filled positions within the next week or so. During calendar year 2025 and early in 2026 we hired six new team members in the office, which should help with our office succession planning. Furthermore, complaint processing continues to increase. We closed 687 complaints for Fiscal Year 2025, while we've had a total of 433 through the first six months of this year. If we were to annualize that out, that would put us in over 800 for the year.

- **Melodie Durst, Executive Director – Credit Union Coalition of Texas.** Ms. Durst reported that complaints is a topic that she hears about most often from the Coalition's members. She expressed that complaints really cannot be tracked just by asset size as obviously a larger credit union will likely have more members complaints than a smaller credit union. She encouraged the department and the commission to look closely at how these complaints are reported versus just saying we have had so many, but report those numbers in a way that truly shows the accurate picture of what is going on.

- **Suzanne Yashewski, Regulatory and Compliance Counsel – Cornerstone Credit Union League,** agreed with Melodie's issues about seeing just numbers, and is curious about how many of those are repeat complaints where the citizens who think that no laws or obligations apply to them, and those often are repeat complaint filers. In these cases, some of those unique situations could potentially be inflating the numbers. Furthermore, having a better understanding of how many of those were repeated complaints from the same person might shed some light on the overall picture as well.

c. Employee recognition and team highlights – Commissioner Etheridge reported that we hired a new Deputy Commissioner in February. We just had the State Auditor's office complete an audit of our agency which started in July 2025 and concluded at the end of January of this year. We have since received the final report in early February and a copy of the report was sent to commission members. Overall, the audit results were good. At the same time, we also went through an internal audit with our internal audit firm between October and February

over our payroll functions and there were limited recommendations. This report will be submitted to the full commission at the July meeting.

Commissioner Etheridge went on record reporting that during his transition into this position, he was proud to say that many of our team members here, including IT staff Sam Manzanares and Robert Reid, Staff Services Officer Biancaja Sugars, Accounting Glenn Cook, and Accounting Technician Shirley Legarda-Guyton, Compliance Analyst Michelle Sick, General Counsel Devon Bijansky and Executive Assistant Isabel Velasquez, pitched in to maintain continuity of operations as we went through the transition and all have done awesome work.

Commissioner Etheridge further reported and recognized several staff for their contributions during the time at the end of Fiscal Year 2025, one Executive Assistant resigned on August 31st and the other Executive Assistant left on extended leave two weeks later for about five weeks. Furthermore, our IT Director retired suddenly effective September 30th and we were in the middle of our audit from the State Auditor's Office. At the same time, we were converting our travel credit cards for all of our field and office staff from Citibank to U.S. Bank. The beginning of our IT audit for the payroll function and accordingly, it was a very challenging time. Glenn Cook, our accountant, was the main contact for both audits and credit card conversion as well as being responsible at that time for ensuring our year-end annual financial report was submitted. Lastly there was a need to realign some of the duties of the IT Director to the IT team.

Commissioner Etheridge publicly acknowledged Glenn Gook for his dedication and hard work during those very challenging times.

Commissioner Etheridge publicly acknowledged Sam Manzanares, IT Business Analyst, for assuming the in-house processing of the examination functions and helping with the completion of performance measures while our Executive Assistant was out of office, including his help during the audit.

Commissioner Etheridge publicly acknowledged Biancaja Sugars, Staff Services Officer, for her work to fill all of the six positions.

d. Upcoming priorities and goals – Commissioner Etheridge briefly reported being in the process of resolving our IT internal audit findings from last year's internal audit. If you may recall, it was not as clean as we would have expected, so currently the internal audit firm is following up with our IT area and we will be providing an update for submission at the next commission meeting.

He further states that work had begun on our FY 2027 operating plan and budget, which will be ready to present for approval at our next commission meeting. Furthermore, during April we will be completing cybersecurity training to comply with state requirements.

As for the server room, we are hopeful of being able to convert into an office before fiscal year end. This cost was included in this year's budget which we will be presenting at the next commission meeting.

We will be formulating a new rule related to digital assets which has become a very hot topic in our industry, so we will be looking at it more closely over the next month or two. We will also be developing a modernization plan by the end of August, in accordance with House Bill 5195 that passed during the last legislative session. This bill requires us to assess the adequacy to improve our online platforms to our website.

On April 9th the commissioner and deputy commissioner will be meeting with the Credit Union Coalition of Texas group for a Texas Regulator meeting.

The week of April 13th the commissioner and the Houston field supervisor will be attending the 2026 National Regulator meeting in Tampa, Florida.

On May 7th the commissioner will be making a virtual presentation to the Cornerstone League group.

Lastly, the commissioner and deputy commissioner will attend an NCUA meeting to discuss 2026 supervision priorities between NCUA and TCUD.

6. General budget assumptions and parameters to be used in guiding the development of the Department's FY 2027 budget. Commissioner Etheridge briefly highlighted some of the important changes to the assumptions on items #7, #11 and #20.

David Bleazard, Commission Member, inquired in regards to the turnover in the examination staff, is the merit budget sufficient to continue to retain staff or will we see an increase in turnover. We need to make sure we are very competitive so that we can keep staff for a while. Commissioner Etheridge explained that typically what we do is develop whatever that percentage for the pool is and we evaluate that more closely as we are going through the budget. We look at staff and review the numbers and in what positions they are, whether we anticipate promotions for any of those and whether we feel like we need equity adjustments for any of those positions. In addition to that, we may come back with a budget and determine instead of 3-1/2 percent, we want 4-1/2 percent additional money for promotions. Mr. Bleazard reiterated that he is concerned that inflation has been pretty heavy and you want to make sure that our employees can afford to live.

After a short discussion Mrs. Brownlee moved to adopt proposed budget assumptions and parameters for Fiscal Year 2027 as presented by staff. Mrs. Ames seconded the motion, and the motion was carried unanimously.

7. Approval of the Department's Strategic Plan for FY 2027-20231. Commissioner Etheridge reported that Section 2056.002 of the Government Code requires state agencies to develop a strategic plan every even-numbered year for the following five fiscal years. The proposed FY 2027-2031 Strategic Plan summarizes staff's analysis of the internal and external environment impacting credit unions and the Department and provides goals and objectives for the next five years. 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. He additionally stated that the Legislative Budget Board (LBB) and the Governor's Office had not yet released their instructions for preparation of the Strategic Plan, so this draft may need to change if the instructions vary from previous years.

After a brief discussion Mrs. Ames moved to approve the Strategic Plan for the Department for Fiscal Years 2027-2031 and authorize its submission as required by the Governor and the LBB, with any necessary changes to be approved by the Chairman. Mr. Bleazard seconded the motion, and the motion was carried unanimously.

8. Discussion regarding the State Auditor's Audit Report on the Credit Union Department: A Self-directed, Semi-independent Agency (Report No. 26-017). Commissioner Etheridge reported that Finance Code Section 16.004 requires the State Auditor's Office (SAO) to audit financial regulatory agencies. Under that authority, the SAO conducted an audit of the Department's financial and performance data, applicable processes, and other supporting documentation, as well as its processes for setting fees and penalties for Fiscal Year 2025.

The Commission took no action.

9. Approval of Department's Equal Employment Opportunity policy statement as required by Finance Code Section 15.313. Commissioner Etheridge reported that Finance Code Section 15.313 requires the Commission to maintain a written policy statement to assure implementation of a program of equal employment opportunity under which all personnel decisions are made without regard to race, color, disability, sex, religion, age, or national origin. Accordingly, the policy is presented to the Commission's consideration and approval.

After a brief discussion, Mrs. Brownlee moved that the Commission approve the Equal Employment and Workforce Plan as presented. Mrs. Ames seconded the motion, which was carried unanimously.

10. Approval of new Deputy Commissioner pursuant to Texas Finance Code Section 15.303. Commissioner Etheridge stated that Finance Code Section 15.303 requires Commission approval of the deputy commissioner. An interim deputy

commissioner has been hired in anticipation of Commission approval for him to serve as deputy commissioner. Materials in support of his hiring are provided to the commission members separately.

After a short discussion, Mr. Shurtz moved that the Commission approve the interim deputy commissioner to serve as deputy commissioner of the Credit Union Department. Mrs. Swan seconded the motion, and the motion was unanimously adopted.

11. Report on the status of the state credit union system. Deputy Commissioner Borden reported having a strong year. Credit unions in Texas continued to show resilience and steady improvement throughout 2025. The Texas economy is one of the strongest states within the nation. Furthermore, he highlighted a few key trends:

Gross Domestic Product (GDP): Texas grew by 2.6%, which outperformed the US, which had a GDP of 2.2%, and that was driven by three different sectors – technology, energy and event services.

Labor Market: Conditions cooled some but remain strong in comparison to the U.S. at 4.3% versus 4.4%. However, Texas has added 132,000 jobs and leads the nation during a hiring slowdown. Texas has seen a lot of economic growth and job additions and while that slowed a little bit, it is still a positive outlook for this year to come and likely many more years to come.

Inflation: Texas and U.S. inflation eased notably in late 2025. National Consumer Price Index (CPI) increased 2.7 percent. Texas CPI increased 1.7 percent, among the lowest in the country.

Housing Market: Market conditions remained tight but showed signs of gradual easing in late 2025 with modest softening in price growth accompanied by increased inventory levels.

Earnings Performance: Profitability improved due to strengthened net interest margins and income diversification. Net income increased from $324.27 million in 2024 to $450.72 million in 2025, an improvement of 42.9 percent. The

return on average assets (ROAA) increased from 0.56 percent to 0.75 percent, while the net interest margin (NIM) expanded from 3.28 percent to 3.56 percent, supported by higher yields on both loans and investments.

Capital Adequacy: Texas credit unions remained well-capitalized. The aggregate net worth ratio increased from 11.53 percent in 2024 to 11.65 percent in 2025. Total equity increased from $6.32 billion to $6.93 billion, primarily due to retained earnings.

Growth Trends: Balance sheet expansion was supported by sustained deposit inflows and modes loan growth. Aggregate total assets increased from $58.85 billion at year-end 2024 to $61.61 billion at year-end 2025, representing 4.7 percent growth.

Credit Risk: Asset quality performance indicators remained generally stable in 2025. The delinquency ratio decreased from 1.02 percent in 2024 to 1.01 percent in 2025. Real estate loan portfolios experienced a minor increase in past due activity, while indirect auto lending continued to account for the majority of consumer credit risk exposure.

After a brief discussion on some other key financial trends, no formal action was taken by the Commission.

12. Updates regarding pending litigation:

a. Credit Union Department v Ken Paxton, Attorney General of Texas, Cause No. D-1-GN-21-007168. General Counsel Bijansky gave an update that this originated from an open records request received for information that is clearly confidential under the statute. The request was submitted to the Attorney General for a ruling declaring it confidential and confirming that it we withhold it. There was some confusion regarding how this request was submitted that led the Attorney General to conclude that it was not confidential. With no other recourse in this case, we sued the Attorney General. We have retained counsel from the Attorney General's Office representing us in that against another division of the AG's office. This case has been pending for quite a while and has been settled in principle. However, we are waiting on the other side to get their final approval. As soon as the

Department receives word that it has been resolved, staff will inform the Commission members.

b. Cooperative Teachers Credit Union v Credit Union Department, State Office of Administrative Hearings Docket No. 469-23-07487. General Counsel Bijansky reported she was hoping to bring this case for final action by the Commission at the March meeting. Ms. Bijansky stated that the credit union does not currently have legal representation but was discussing whether they want to hire counsel or how to proceed and once she knows how they want to proceed, we can go from there.

No formal action was taken by the Commission.

13. Future Commission meetings – dates, agenda items, and arrangements:

Friday, July 17, 2026

Friday, November 6, 2026

After a short discussion, it was the consensus of the Commission to have staff look into alternative dates for the July meeting. Once those dates are picked, Isabel will contact everyone on dates that can accommodate and confirm the next meeting in July or August.

14. ADJOURNMENT – There being no further business for the Credit Union Commission, Chair Minge adjourned the meeting at 11:03 a.m.

_____ _____

Jim Minge
Chairman

Isabel Velasquez
Recording Secretary

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