

CREDIT UNION COMMISSION MEETING MINUTES
Credit Union Department Building
914 East Anderson Lane, Austin, Texas
August 7, 2026

1. CALL TO ORDER -- Chair Jim Minge called the meeting to order at 9:01 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, Sara Jones Oates, David F. Shurtz, Cody Huggins (present remotely). Representing the Department staff were Commissioner Robert W. Etheridge, Deputy Commissioner David C. Borden, General Counsel Devon Bijansky, 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 (**July 28, 2026 TRD#2026004463**).

❖ RECEIVE REQUESTS AND MOTIONS FOR EXCUSED ABSENCES --

Chair Minge inquired if there were any requests or motions to excuse an absence. Mr. Bleazard moved to excuse commission member Karyn Brownlee from the Commission meeting on August 7, 2026. Mrs. Ames seconded the motion, which was unanimously adopted.

Chair Minge stated that it was a historic day in that two former commissioners as well as the current commissioner were at the meeting, as well as and Mr. Feeney, who was attending remotely. Mr. Minge thanked the other guests for attending.

❖ 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. RESOLUTION ACKNOWLEDGING THE CONTRIBUTIONS OF FORMER COMMISSION MEMBER KAY RANKIN-SWAN – Chairman

Minge indicated that it is the practice of the Commission to adopt resolutions of appreciation to recognize the service of former Commission members. Commissioner Etheridge went on record to thank Mrs. Swan for her many years of service and dedication to the industry as a whole.

Mr. Shurtz moved that the Resolution acknowledging the contributions of Kay Rankin-Swan to the Credit Union Commission be adopted as presented.. Mr. Bleazard seconded the motion, which was carried unanimously.

3. APPROVE MINUTES OF THE MARCH 27, 2026, COMMISSION MEETING --

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. Mr. Shurtz moved for approval of the minutes of the March 27, 2026, meeting as presented. Mrs. Oates seconded the motion, which was carried unanimously.

4. AUDIT COMMITTEE REPORT – CHAIR BECKY AMES

a. Discussion regarding the FY 2026 Internal Audit Report and possible action to accept the report and authorize its submission to the State Auditor’s Office.

An internal audit was conducted for FY 2026 with a focus on payroll processes. There were two recommendations which staff was in the process of implementing.

After a report from Mr. Graves on the audit process, Mrs. Ames moved that the Commission accept the FY 2026 Internal Audit Report and authorize its submission to the State Auditor’s Office. Coming upon a recommendation from the Audit Committee, a Standing Committee of the Commission, no second is required, and the motion was carried unanimously.

b. Update regarding FY 2025 internal audit report.

Mrs. Ames reported there was an audit of IT general control processes which Mr. Graves would be addressing in the meeting. No action was taken on this agenda item.

c. Authorize staff to take steps to procure internal audit services.

Mrs. Ames reported that our original contract entered into in 2023 was ending at the end of the month and would need to be rebid. The committee recommended authorizing staff to procure a new contract as long as the price is within 10% of the amount budgeted for fiscal year 2027.

Mrs. Ames moved that the commission authorize staff to procure internal audit services provided that the cost does not exceed the budgeted amount by 10%. Coming upon a recommendation from the Audit Committee, a standing committee of the Commission, no second was required, and the motion was carried unanimously.

5. RULEMAKING MATTERS – RULES COMMITTEE – CHAIR DAVID SHURTZ.

a. Adoption or other action on amendments to:

i. 7 TAC Section 91.1003, Mergers/Consolidations.

Mr. Shurtz reported the amendments to 7 TAC Section 91.1003 would prohibit merger inducements and require merger-related financial arrangements (both as defined in the rule) to be disclosed to members. The amendments also revise certain requirements for approval by the Department, increase consistency between the Texas and NCUA merger rules, and make non-substantive changes for clarity and readability. Mr. Shurtz reported that two comments were submitted in support of the amendments as proposed.

 **David Bleazard, Commission Member**, commented that he believes this rule is absolutely needed and is step forward for members in considering mergers and merger related financial arrangements, and avoiding potentials

of pay for vote schemes and other things that could be detrimental to members when considering a merger, and strongly supports this.

Mr. Shurtz moved that the commission adopt the amendments to **7 TAC Section 91.1003** as proposed. Coming upon a recommendation from the Rules Committee, a standing committee of the Commission, no second was required, and the motion was carried unanimously.

- a. **Adoption or other action on amendments to:**
 - ii. **7 TAC Chapter 91, Subchapter G:**
 - A. **Section 91.709, Member Business and Commercial Loans.**
 - B. **Section 91.714, Leasing.**

Mr. Shurtz reported that Section 91.709 clarifies the concept of controlling interests in commercial loans and making 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. Furthermore, Mr. Shurtz reported no comments were submitted in response to the proposed amendments.

Mr. Shurtz moved that the commission adopt the amendments to **7 TAC Section 91.709 and 91.714** as proposed. Coming upon a recommendation from the Rules Committee, a standing committee of the Commission, no second was required, and the motion was carried unanimously.

- a. **Adoption or other action on 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

Mr. Shurtz reported the amendments to Section 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. Furthermore, Mr. Shurtz reported no comments were submitted in response to the amendments as proposed.

Mr. Shurtz moved that the commission propose the amendments to **7 TAC Sections 95.105, 95.108, and 95.110** as proposed. Coming upon a recommendation from the Rules Committee, a standing committee of the Commission, no second was required, and the motion was carried unanimously.

a. Adoption or other action on 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

Mr. Shurtz reported that the amendments make non-substantive corrections to the titles of other rule sections referenced in these rules. Furthermore, Mr. Shurtz reported no comments were submitted in response to the amendments as proposed.

Mr. Shurtz moved that the commission propose the amendments to **7 TAC Sections 95.302, 95.305, and 95.310** as proposed. Coming upon a recommendation

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

b. Adoption of repeal of 7 TAC Section 95.109, Fees and Charges.

Mr. Shurtz reported this repeal was being recommended in conjunction with the recommendation to add its provisions to Section 95.108, which contains similar provisions regarding examinations of insuring organizations. Furthermore, Mr. Shurtz reported no comments were submitted in response to the amendments as proposed.

Commissioner Etheridge reminded the commission that Section 95.109 was combined with Section 95.108.

Mr. Shurtz moved that the commission adopt the repeal of **7 TAC Section 95.109**. Coming upon a recommendation from the Rules Committee, a standing committee of the Commission, no second was required, and the motion was carried unanimously.

c. Proposal of amendments to:

i. 7 TAC Chapter 91, Subchapter E:

A. Section 91.501, Director Eligibility and Disqualification

B. Section 91.502, Director/Committee Member Fees, Insurance, Reimbursable Expenses, and other Authorized Expenditures.

Mr. Shurtz reported the amendments to Section 91.501 would add flexibility to the recordkeeping requirement for applications of new directors. The amendments to Section 91.502 would correct the title of a rule referenced in the section.

Commissioner Etheridge explained that the amendments to Section 91.501 would provide credit unions with the flexibility of incorporating the applications for

directors in the minutes for the meeting before or the first meeting after the appointment of a director. Previously it was in the meeting after.

Mr. Shurtz moved that the commission propose the amendments to 7 TAC Sections 91.501 and 91.502 as presented. Coming upon a recommendation from the Rules Committee, a standing committee of the Commission, no second was required, and the motion was carried unanimously.

c. Proposal of amendments to:

ii. 7 TAC Chapter 91, Subchapter F:

- A. Section 91.601, Share and Deposit Accounts**
- B. Section 91.608, Confidentiality of Member Records**
- C. Section 91.610, Safe Deposit Box Facilities**

Mr. Shurtz reported that the committee recommended removing Section 91.601, Share and Deposit Accounts, from this agenda so that it could be considered further at a future meeting. The amendments to 91.608 would update a reference to the federal regulations. The amendments to 91.610 would update the references to the statute regarding imprinting of safe deposit keys to Chapter 125 of the Finance Code, which relates to credit unions, instead of Chapter 59, which relates to banks, and would delete certain provisions that are duplicative of or in conflict with the statute.

Commissioner Etheridge stated that within the rule there was a form that credit unions used to report when a key had been defaced and that the amendments would be removed and placed on the Department website.

Mr. Shurtz moved that the commission propose the amendments to **7 TAC Sections 91.608 and 91.610** as presented. Coming upon a recommendation from the Rules Committee, a standing committee of the Commission, no second was required, and the motion was carried unanimously.

d. Adoption of rule review and readoption of rules in 7 TAC Chapter 91, Subchapters E and F.

Mr. Shurtz reported that in accordance with the plan approved on March 22, 2024, that established a schedule for the review of each section of the rules, staff reviewed the above referenced subchapters, believed the amendments addressed previously in this agenda were appropriate and necessary, and that the remainder of the rules within these subchapters should be readopted 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 in the May 8, 2026, issue of the *Texas Register*. One comment was received prior to the publication of the rule review regarding 7 TAC Section 91.601, as addressed in the previous agenda item. The Department believes that the reasons for adopting these rules continue to exist.

Mr. Shurtz moved that the commission find that the reasons for adopting 7 TAC Chapter 91, Subchapters E and F 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 was required, and the motion was carried unanimously.

6. Pending Litigation:

a. Update regarding Credit Union Department v. Ken Paxton, Attorney General of Texas, Cause No. D-1-GN-21-007168. General Counsel, Ms. Bijansky reported that she spoke with our representative at the Attorney General's Office and we have finally gotten approval from both sides of the case to go ahead and submit an agreed order resolving this matter to the court for approval. A notice was first being sent to the original requester of the information just to ensure that they do not want to intervene. Ms. Bijansky reported that the agreed order was expected to be submitted to the court within the next few weeks and that hopefully the matter would be resolved before the next meeting.

b. Discussion and possible action regarding Cooperative Teachers Credit Union v Credit Union Department, State Office of Administrative Hearings Docket No. 469-23-07487. On February 13, 2025, Cooperative Teachers Credit Union (CTCU) appealed the final order of the commissioner relating to its field of membership request to include 254 counties within the state of Texas. While previously there was confusion as to the proper venue for this appeal, Ms. Bijansky indicated that this matter should be considered by the full Commission. Tim Miller of CTCU had requested fifteen minutes of oral argument, and the Commissioner also requested the same.

Commissioner Etheridge provided a detailed explanation of some of the findings as to how he arrived at his decision on the original FOM application submitted by Cooperative Teachers Credit Union.

Mr. Miller provided a detailed explanation as to why he believed the administrative law judge's proposed order should be adopted in full by the Commission.

- **David Shurtz, Commission Member**, went on record to say that the credit union does not have the ability to serve its field of membership and the proposal for decision should be amended.
- **David Bleazard, Commission Member**, commented that all the details of the case aside, the Commission should not approve a statewide field of membership.

After hearing the testimony, the Commission recessed the open meeting and went into executive session at 10:04 a.m. The Commission adjourned its executive session and reconvened at 10:39 a.m.

Mr. Shurtz made a motion to rescind the February 5, 2025, final order on remand and adopt the proposal for decision with the changes Chair Minge would outline, as reflected in the draft order modifying its proposal for decision. Mr. Minge outlined the changes to Findings of Fact numbers 4, 5, 11, 12, 16, 19, and 20 and Conclusions of Law numbers 3.a., 5.b., 7, 8., 9, 10, with current 10 to become the new 11. Mrs. Ames seconded the motion, which was unanimously adopted.

7. Commissioner's report – Commissioner Robert Etheridge:

- a. Department's FY 2026 budget and financial performance**
- b. Department operational status and accomplishments**
- c. Employee/team highlights**
- d. Upcoming priorities**

a. Department's FY 2026 Budget and Financial Performance – Commissioner Etheridge highlighted the Department's results for the period ending May were \$336,259 or approximately 7.4% below budgeted projections. This primarily consists of personnel, which was just under \$158,000 below, supplies and materials at \$55,000 below, and other operating costs at just under \$111,000 below.

b. Department operational status and accomplishments – Commissioner Etheridge was happy to report that there continued to be no field staff turnover this far in Fiscal Year 2026. All exam teams for all the zones were fully staffed. He stated that the Dallas zone supervisor was retiring effective October 31st. Interviews would be conducted in the upcoming week or so. He further stated that there was one open office position. There were also two new office staff members since the last meeting: Executive Assistant to the Deputy Commissioner, Brenda Medina, who worked for the Department previously, and a new compliance analyst in the complaints area, Elizabeth Beaver, who would be assisting in reviewing and processing complaints. Commissioner Etheridge further reported that the department had processed a total of 668 complaints through the first three quarters of this year.

Lastly, he outlined additional accomplishments in the different areas of operations.

c. Employee/team highlights – Commissioner Etheridge briefly reported being so proud to say that everybody was continuing to perform at a very high level of productivity, with everyone working very hard to maintain and improve the continuity of our operations.

d. Upcoming priorities and goals – Commissioner Etheridge briefly reported that the Department was going through the 5-year accreditation review by the National Association of State Credit Union Supervisors (NASCUS) beginning in September. He reported as well as having a meeting on the 13th with the policy advisor for the speaker of the house. There was also an upcoming meeting scheduled with the Commissioner and General Counsel with the Texas Regulatory Efficiency Office, an office within the Office of the Governor created to help identify outdated and redundant or ineffective rules.

Commissioner Etheridge further reported that staff was also working diligently to resolve the internal audit findings from last year's audit. In Fiscal Year 2027 the existing server room would be converted into an office. He also stated that he would be working to develop policies and applicable rules related to digital assets, and looking into the possibility of a segmented AI solution called the sandbox and trying to identify ways that the Department may be able to streamline certain aspects of operations.

8. Department operating plan and FY 2027 budget. Commissioner Etheridge reported that, consistent with the FY 2027 budget assumptions approved by the Commission in March 2026, the following pages detail a proposed budget for FY 2027 of \$6,183,204, representing a 0.41% decrease from the FY 2026 budget. The proposed budget includes strategic initiative funds for the funding of equity adjustments for certain staff positions (\$33,800), merit increases and anticipated

promotions (\$148,018); modernization of the Department's online systems/website (\$27,000), modernization of Information Technology Infrastructure (\$35,000), server room buildout costs (\$28,000), and capital improvement funding for building maintenance and repairs (25,000).

Mr. Etheridge followed with a quick overview of how the budget process typically works and reviewed the different strategic initiatives.

After a short discussion, Mrs. Ames moved that the Commission approve the proposed FY 2027 Operating Plan and Budget, with a total budget of \$6,183,204 and 36 FTEs. Mr. Bleazard seconded the motion, which was carried unanimously.

9. Report on the status of the state credit union system – Deputy Commissioner David Borden. Deputy Commissioner Borden reported that Texas continued to show resilience and steady improvement throughout the first quarter of 2026. The Texas economy remained among the stronger state's economies in 2025, consistently outpacing or matching national trends despite a broader U.S. slowdown. Furthermore, he highlighted a few key trends:

Gross Domestic Product (GDP): Texas grew at an annual rate of 2.1% in the first quarter of 2026, supported by strength in technology, energy, advanced services, government and manufacturing, positioning the state among the stronger performers even as national growth remained moderate.

Labor Market: Conditions remained stable in both Texas and the nation during the first quarter of 2026. The Texas unemployment rate held steady at 4.3% throughout the quarter, matching the national average.

Inflation: Price pressures moderated overall in late 2025 but accelerated in early 2026 due to energy costs linked to Middle East geopolitical tensions. Texas Consumer Price Index (CPI) rose approximately 3.0% year-over-year (YOY) in March 2026, remaining below the National CPI rate of 3.3%.

Housing: Market conditions continued to ease in the first quarter of 2026, with rising inventory and modest softening in prices.

Outlook: Texas GDP growth for 2026 was generally projected in the 1.8% to 2.5% range, while U.S. GDP growth was projected to be 1.9% to 2.2%. Texas was positioned for solid performance, with the Dallas Fed's latest employment forecast calling for approximately 2.0% job growth in 2026, near the state's long-run trend.

Earnings Performance: Profitability improved year-over-year, supported by stronger net interest margins. The return on average assets (ROAA) increased from 0.53% in the first quarter of 2025 to 0.74% in the first quarter of 2026. The net interest margin expanded to 3.54%, reflecting higher yields on loans and investments amid the elevated rate environment.

Capital Adequacy: Texas credit unions remained well-capitalized. The aggregate net worth ratio increased from 11.44% as of March 31, 2025, to 11.66% as of March 2026. The risk-based capital ratio also strengthened, and total equity increased \$584 million.

Growth Trends: Balance sheet expansions continued at a moderate pace. Aggregate total assets increased from \$60.03 billion as of March 31, 2025, to \$62.59 billion as of March 31, 2026, representing approximately 4.3% growth. Total loans expanded from \$43.24 billion to \$44.81 billion or 3.6%. Shares and deposits grew from \$50.80 billion to \$52.71 billion, up 3.8% year-over-year.

Credit Risk: Asset quality indicators remained generally stable. The delinquency ratio remained steady at 0.80% as of March 31, 2025, and March 31, 2026. The rolling 12-month net charge-off ratio edged up modestly from 0.81% to 0.85%.

Overall, state-chartered credit unions began the first quarter of 2026 with sound financial performance. Deputy Commissioner Borden noted the ongoing importance of credit unions continuing to monitor and adapt to the economic and financial environment to safeguard the interests of more than 4 million members.

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

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

Friday, November 6, 2026

Friday, March 5, 2027

13. ADJOURNMENT – There being no further business for the Credit Union Commission, Chair Minge adjourned the meeting at 11:36 a.m.

Jim Minge
Chairman

Isabel Velasquez
Recording Secretary

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