

**CREDIT UNION COMMISSION
MEETING MINUTES
FEBRUARY 15, 2013**

A. CALL TO ORDER - ASCERTAIN A QUORUM - Chairman Thomas Butler declared that a quorum was present and called the meeting to order at 8:07 a.m. in the conference room of the Credit Union Department Building, Austin, Texas, pursuant to Chapter 551 of the Government Code. Other members present included Manuel Cavazos, Gary Janacek, Dale Kimble, Rob Kyker, Sherri Merket, Gary Tuma, and John Yoggerst. Allyson Morrow was absent due to health issues. Assistant Attorney General Nancy Fuller was in attendance to serve as legal counsel. Representing the Department staff were Harold E. Feeney, Commissioner, Robert N. Baxter, Acting Deputy Commissioner, and Stacey McLarty, Assistant Commissioner and General Counsel. Chairman Butler appointed Isabel Velasquez as Recording Secretary. The Chair inquired and the Commissioner confirmed that the notice of the meeting was properly posted (**February 4 2013, TRD#2013000805**). Mr. Butler also announced that under Sections 551.071 and 551.074 of the Government Code, the Commission would enter into executive session to consult with legal counsel concerning pending litigation and discuss certain personnel issues related to the Commissioner's appointment of a new Deputy Commissioner. Without objection, the Chair reserved the right to rearrange agenda items as necessary.

- **INVITATION FOR PUBLIC INPUT FOR FUTURE CONSIDERATION**--Chairman Butler invited public input on matters that were not scheduled items on today's agenda for possible future consideration by the Commission. No public comments were received.
- **RECEIVE REQUESTS AND MOTIONS FOR EXCUSED ABSENCES** -- Chairman Butler inquired if there were any requests or motions to excuse an absence. Mrs. Merket moved to excuse the absence of Allyson Morrow

from the Commission meeting due to infirmity. Mr. Kimble seconded the motion, and the motion was unanimously adopted.

B. RECEIVE MINUTES OF PREVIOUS MEETING (November 2, 2012) -

- Mr. Yoggerst moved that the minutes of the Commission's regular meeting of November 2, 2012 be approved as presented. Mr. Cavazos seconded the motion, and the motion was unanimously adopted.

C. COMMUNICATIONS

The Chairman referred the members to the correspondence contained in the agenda packet. Commissioner Feeney conveyed Mrs. Morrow's regrets for not attending the meeting and indicated that Mrs. Morrow continues to recover from her surgery. Mr. Feeney also reported that the Comptroller of Public Accounts has selected the Department for a post-payment audit. The audit will begin the week of February 25th and should last for approximately one week. And finally, the Commissioner noted, in accordance with the State Office of Risk Management (SORM) recommendation, the Department is participating in SORM's Non-owned Auto Insurance program.

D. UNFINISHED BUSINESS

(a) Discussion and Consideration of the Department's FY 2013 Budget. Commissioner Feeney briefly pointed out that revenue for the first five months of FY 2013 was approximately \$1.7 million and during the same period of time expenses were about \$1.2 million. Mr. Feeney also noted that the parking lot project is moving forward. He indicated that the engineering firm should be here next week to survey the property and take soil samples. Mr. Feeney noted that the current projected timeline would have the project completed by the first part of June.

(b) Discussion and Consideration of Legislative Issues and Activities Relating to the 83rd Regular Session that may Impact the Department or Credit Unions under its Jurisdiction. Commissioner Feeney briefly indicated that SB 244 passed out of the Senate Business and Commerce Committee unanimously and was certified for the local and consent calendar. He also noted that the Department is still working to secure a House sponsor for the Legislation. Mr. Feeney also reported that he has been asked to testify next week before the House Committee on Investments and Financial Services.

(c) Discussion and Consideration of Current Status of the Financial Services Market and the Effect on Credit Unions Regulated by the Department. Commissioner Feeney indicated that despite the less than robust economy, the low interest rate environment, weak loan demand, and NCUA's continuing assessments for the corporate stabilization fund, the majority of credit unions are exhibiting positive financial trends and do not represent any real concern from a safety and soundness perspective. Mr. Feeney also briefly highlighted some statistics from the December, 2012 Call Report cycle. After a brief discussion, no formal action was taken by the Commission.

E. NEW BUSINESS

(a) Discussion, Consideration, and Possible Vote to Approve for Publication and Comment the Proposed Amendments to 7 TAC Section 97.207 Concerning Contracts for Professional or Personal Service. Commissioner Feeney noted that in accordance with the Commission's Rule Review Plan, staff has reviewed Rule 97.207 and is recommending that changes be made to this rule to comply with certain statutory requirements. He indicated that the proposed amendments incorporate the dispute resolution process adopted by the Office of the Attorney General.

After a brief discussion, Mrs. Merket moved that the Commission approve for publication and comment in the *Texas Register* the proposed amendments to **7 TAC Section 97.207**. Mr. Tuma seconded the motion and the motion was unanimously adopted.

(b) Discussion, Consideration, and Possible Vote to Readopt 7 TAC Sections 97.101 (Meetings), 97.102 (Delegation of Duties), 97.103 (Recusal or Disqualification of Commission Members), 97.104 (Petitions for Adoption or Amendment of Rules), 97.105 (Frequency of Examination), 97.107 (Related Entities), 97.113 (Fees and Charges), 97.114 (Charges for Public Records), 97.115 (Reimbursement of Legal Expenses), 97.116 (Recovery of Costs for Extraordinary Services not Related to an Examination), 97.200 (Employee Training Program), 97.205 (Use of Historically Underutilized Businesses), 97.300 (Gifts of Money or Property), and 97.401 (General Requirements). Commissioner Mr. Feeney indicated that accordance with the Commission's Rule Review Plan, staff reviewed these remaining rules in Chapter 97 and is recommending that no changes be made to these rules at this time.

After a short discussion, Mr. Tuma moved that the Commission find that the reasons for adopting **97.101, 97.102, 97.103, 97.104, 97.105, 97.107, 97.113, 97.114, 97.115, 97.116, 97.200, 97.205, 97.300 and 97.401** continue to exist and that these rules be readopted without change. Mr. Yoggerst seconded the motion and the motion was unanimously adopted.

(c) Discussion, Consideration, and Possible Vote to Elect a Vice-Chair to Serve a One-Year Term Expiring in February, 2014. Mr. Butler indicated that in accordance with policy, the Commission, at its first meeting of the year, elects a Vice-Chair to serve a one-year term. The Chair called for nominations for Vice-Chair of the Commission. Mr. Kyker nominated Mr.

Cavazos to continue service as Vice-Chair. Mr. Janacek nominated Mr. Tuma for the Vice-Chair position.

Mr. Kyker moved to cease nominations and call for the question. Mr. Yoggerst seconded the motion and the motion carried unanimously.

Mr. Butler called for a vote by a show of hands. Members voting for Mr. Cavazos were Rob Kyker, John Yoggerst and Manuel Cavazos. Members voting for Mr. Tuma were Gary Janacek, Sherri Merket, Dale Kimble and Gary Tuma. Therefore, by a majority vote, Mr. Butler declared that Mr. Tuma was elected to the Commission officer position of Vice-Chair for a term expiring in February 2014.

(d) Discussion, Consideration and Possible Vote to Adopt the Proposed Amendments to the Commission's Policies Manual, as Part of its Annual Policy Review, to Revise the Policy on Special Meetings to Remove Language Inconsistent with the Texas Open Meetings Act. Commissioner Feeney briefly noted that certain provisions in the Special Meetings section are inconsistent with the notice requirements of the Open Meetings Act. He indicated that by simply deleting the sentence, the notice provision would comply with the statute.

After a brief discussion, Mr. Kimble moved that the record reflect that the Commission reviewed its policies manual and approved the proposed changes as recommended by staff. Mr. Yoggerst seconded the motion and the motion was unanimously adopted.

(e) Discussion, Consideration, and Possible Vote to Adopt the General Budget Assumptions and Parameters to be used in Guiding the

Development of the Department's FY 2014 Budget. Commissioner Feeney indicated that Finance Code Section 16.003 gives the Commission the exclusive responsibility for approving the Department's budget each year. Since the budget must be adopted at the June meeting, staff is seeking approval of guidelines for developing the FY 2014 Budget.

After a short discussion, Mr. Janacek moved that the Commission adopt the proposed budget assumptions and parameters for FY 2014 as recommended by Staff. Mrs. Merket seconded the motion and the motion was unanimously adopted.

(f) Discussion, Consideration, and Possible Vote to Adopt Resolutions Commemorating Fellowship Credit Union and Members First Credit Union for their Contributions to the Citizens of Texas on the Respective Milestone Anniversary Dates of their Origin. Commissioner Feeney explained that in accordance with policy, the Commission may adopt resolutions honoring credit unions for reaching certain milestones dates. He noted that the Department was presenting two resolutions to honor 50 years of service.

After a brief discussion, Mr. Tuma moved that the Commission adopt the resolutions commemorating **Fellowship Credit Union** and **Members First Credit Union** for their contributions to the citizens of Texas on the respective milestone anniversary of their origin and that a copy of the appropriate resolution be mailed to the credit unions. Mr. Janacek seconded the motion and the motion was unanimously adopted.

(g) Discussion, Consideration, and Possible Vote to Approve the Submission of the Department's Annual Internal Risk Assessment Report as Required by Section 2102, Government Code. Commissioner Feeney

reported that the Texas Government Code requires smaller agencies to conduct a formal risk assessment each year and submit the written assessment to the State Auditor's Office. He noted that Staff had completed the internal risk assessment and has prepared a written assessment of the risks along with the controls the Department has in place to mitigate those risks for submission to the Auditor's Office.

After a short discussion, Mr. Yoggerst moved that the Commission approve the Department's Internal Risk Assessment Report for 2013 and authorize its submission to the State Auditor's Office. Mr. Cavazos seconded the motion and the motion was unanimously adopted.

F. EXECUTIVE SESSION -- Mr. Butler stated that the Commission would be entering into Executive Session as provided under Section 551.071 and 551.074 of the Government Code to consult with legal counsel concerning pending litigation and discuss certain personnel issues related to the Commissioner's appointment of a new Deputy Commissioner. The Commission entered into Executive Session at 8:33 a.m. and reconvened in open session at 9:00 a.m.

G. OTHER BUSINESS

(a) Vote on Matters Discussed in Executive Session – Discussion, Consideration, and Possible Vote to Approve the Commissioner's Appointment of the new Deputy Commissioner. After a brief discussion, Mr. Cavazos moved that the Commission approve the Commissioner's appointment of Daniel Buckley as the new Deputy Commissioner. Mrs. Merket seconded the motion and the motion was unanimously adopted. Chairman Butler thanked Mr. Buckley for coming on board and indicated that he is looking forward to working with him.

(b) Next Commission Meeting -- Chair Butler reminded everyone that the next regular meeting of the Commission has been tentatively scheduled for June 21, 2013 at 8:00 a.m. in Austin.

Commissioner Feeney expressed his thanks and appreciation to Mr. Robert Baxter who has been serving in the role of acting deputy commissioner for the past 45 days. Mr. Feeney indicated that Mr. Baxter's dedication and hard work has been instrumental in keeping the examination program running during this transition period.

ADJOURNMENT – There being no further business for the Credit Union Commission, Chairman Butler adjourned the meeting at 9:04 a.m.

Manuel "Manny" Cavazos
Chair

Isabel Velasquez
Recording Secretary

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