

SAN PATRICIO COUNTY APPRAISAL DISTRICT
BOARD OF DIRECTORS MEETING

May 9, 2016

John Curlee - Chairman of the Board, presided over the regular meeting of the Board of Directors for the San Patricio County Appraisal District scheduled for Monday, May 9, 2016, at 1:30 p.m.

Present: John Curlee, Bill Wilson, Dalia Sanchez, Rufino Lozano-Chief Appraiser, Diana Moss-Secretary.

Absent: Dr. Anne Matula and Jan Whiteley.

The Board recessed for five minutes to allow the Appraisal District to contact Jan Whiteley.

The Board reconvened at 1:35 p.m.

Visitors: Norman Beadle – Ingleside on the Bay, Louis Hewitt, Joe Watson – Ingleside on the Bay, Jo Ann Ehmann – Ingleside on the Bay, Don & Rhoda Poenisch – Aransas Pass, Judy Tucker – Ingleside on the Bay, Nancy Loayza – Ingleside on the Bay, Jo Ann Peery – Ingleside on the Bay, Scott Pearl – Ingleside on the Bay, Colleen Cassidy – Ingleside on the Bay, Robert Dalziel – Ingleside on the Bay, Glen Baldeschwiler – Ingleside on the Bay, Don & Pattye Miller – Ingleside on the Bay, Robert Graham – Ingleside on the Bay, Donny Harland – Ingleside on the Bay, Sharon Hairgrove – Exit Realty Bay Area, Jessica Parsley – Aransas Pass Progress, K A Riley – Herald News, Ross McElwee, Tommy Strealy – Gowland, Strealy & Morales, James Tucker – Ingleside on the Bay.

Public Comments: Rhoda Poenisch signed up to speak and she stated that someone else can take my place. Glen Baldeschwiler asked if he was on the agenda somewhere else. Mr. Curlee indicated he was not. Mr. Baldeschwiler stated that he had asked to be put on the agenda so that he and the Board could have a conversation. Mr. Curlee said the Board would address the his request later during the meeting today.

Mr. Baldeschwiler stated that he would like to address the Board now. Mr. Curlee asked him to identify himself. Glen Baldeschwiler stated that he is a property owner in Ingleside on the Bay and this was his 4th or 5th time to address the Board. He stated that he is here to address the ongoing tax issues for Ingleside on the Bay. Mr. Baldeschwiler stated he wanted to come back before the Board since he had finished his arbitration hearing and to give the Board a follow-up and recap of what has happen this year. He stated that we started out with these astronomical assessments that were based on wrong calculations. He was told time and time again that the calculations have been corrected and not one person's assessments have been changed. He stated that the Board needs a better method of recording the ARB meetings. Mr. Baldeschwiler said the video is recorded using one median and the audio another, and you can't put the two together and make any sense of what is happening. He said it is like a foreign movie where the lips are moving and no one is saying anything. He stated there needs to be more accountability

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for the Appraisal Review Board meetings where you can actually see and hear what is being said. He said he read more binders and tax laws than he should have in order to defend myself with this Appraisal District. He stated that there is a definite behavior issue against people trying to defend their taxes and it just perpetuates. He continued to state they do not follow the law, they are supposed to issue a determination letter in 10 days after a hearing and his took three months. They were not mailed until the Board mandated them to be mailed and then he received his the following weekend. Then you turn in arbitration papers and they don't get sent in to the Comptroller. He said that taxpayers dropped out because the documentation wasn't sent in requesting their arbitrator. Mr. Baldeschwiler stated that he was supposed to receive a refund within 20 days of his arbitration and the paper work was never sent to the tax office and it has been 30 days of today. He stated that the ongoing excuse is computer problems. He continued to state that the Appraisal District has had computer problems since 2009. He asked "so how can we have an organization that is supposed to be following the rules, that breaks them on every corner?" He stated that someone has to step up. He said that when this first started he had to go to the Appraisal Review Board, because every time he called in he was told by an appraiser (different ones) there will be no adjustments made to Ingleside on the Bay. He asked how can they say that and also state they are doing their job. He stated that they mass appraise and don't look at the evidence to see if there should be an adjustment. He also stated that the Appraisal District is management dictated. Mr. Baldeschwiler stated that you can't tell me that brand new appraisers, first year on the job tell you the same thing. He said that is not how to do their job. I believe we should get a fair shake. He stated he had evidence that says he should get a reduction. In my arbitration hearing the Appraisal District said city ordinances should not be followed, because they can be changed. He said property tax values can change and market values change. Are we going to throw those out too? He stated that clearly that did not happen. He stated that he wanted to inform the Board that there is a law that says the Chief Appraiser cannot raise your arbitration amount that was set by the Appraisal Review Board. He stated that Mr. Lozano and Mrs. Allender were asking for 1.3 million dollars when the Appraisal Review Board had assessed it a \$480,000, but they would be willing to settle at 1.1 million. He stated that is against the law, someone needs to know the law and act professionally. Mr. Baldeschwiler stated that his arbitration assessment came in at \$250,000. He stated he was thrilled and has already received his refund from the state which came right away. He continues to state the he has called numerous times to this office and Mrs. Sanchez and the information has not been sent from this office to the tax office. He stated that it has been pass the 20 day timeline. Does anything happen unless the computer does it for them? Mr. Baldeschwiler is asking the Board to hold the Appraisal District accountable for all the errors and to change things. He said the Board can't continue to allow the Appraisal District to break the law, and break rules and not follow the guidelines of the Texas Property Tax Code. Mr. Baldeschwiler stated that he has asked to be on the agenda three different times since October, 2015. He stated he asked specifically to be on the agenda this time so that he can ask questions of the Board and he can receive responses from the Board. He stated that he is just trying to exercise his rights. He stated the Board can't have this kind of behavior and he would like to have that open conversation. He stated he read the review from Mr. Oehler and he did not feel that is was a glowing review. He understood that some people were over compensated and that some people were under compensated. He stated that his prospective would be to look at how well they are

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performing. He continues to state he did not see a whole lot in the report. He states that there is a problem and someone needs to address it. Mr. Baldeschwiler stated that this kind of action is messing with people's lives. He continued to state that his square footage is still wrong on the website and he said he has been mentioning this since October, 2015. He said in the arbitration hearing they stated it has been corrected, he said he received an email it was corrected, but the website is still wrong. He concluded that the Board needs to take these things in consideration and implement some change.

Rhoda Poenisch stated she did know what else to say other than that she sold her property, that she would have continued to arbitration if she knew that the right to arbitration would not have gone to the new owner. She stated that her value is still on the records at \$230,000 which came down from \$286,000 and I sold it for \$32,500. She stated that was the market value of her home at the time she sold it.

Donny Harland stated that he has lived in Ingleside for approximately 4 years. He stated he does not know a lot of the people who are here. He said he has been through the tax appeal process and been here through almost every hearing and continues to hear the same thing as Mr. Baldeschwiler. He stated he is a retired police chief and moved here to Ingleside on the Bay a few years after he retired. He stated that one of the greatest challenges in his career was firing 7 police officers who were corrupt. He said the police officers had no regard for the code of ethics and no regard for the law. He stated he dismissed those officers and went through a long trial both in state and federal court. He continues to state it took 10 years of his life, it was the most exhausting, frustrating and painful situation that he had ever gone through, but he did what was right. He stated that when he went through these hearings he didn't understand why things happen like they did when the property owners were right. He said the statement that the errors have been corrected, although we (taxpayers) do not see any correction being made to the property valuations. He said he can afford these values because he owns one of the largest training facilities in the state. He stated that he sees the same qualities in the officers he let go in the office here. He went on to state that overseers have the opportunity to correct these issues, to be fair representatives of the entities. He went on to say a lot of the Ingleside on the Bay residents are angry; he does not act out of anger. He said there is such a thing as righteous anger and every one of us feel that way. He said that we have the right to be concerned about the unjust values. He went on to state that everything has been done for the 2015 tax year, but this will come around again. He said that going with the same people who set our tax rate have already showed content for the law, content for the code of ethics, and content for the people. He went on to say his jaw about hit the floor at the first hearing when they recommended taxes to go up for those who come down to this office to exercise their rights. He continues to state that the Board has a problem on their hands and they have recourse. He said the Board has a tough job on their hands. He went on to state that the Board owes them to be fair and truthful to all the Ingleside on the Bay residents in attendance. He stated that a lot of people there are retired on meager income and if the values keep going up it will wipe them out. He asked the Board to have some ethics and heart, and fix the problem. He asked the Board to consider his recommendation to now go with someone who has displayed the ability to not look for the truth, concern and passion to do what is right. He said that the Board needs to look at those who have

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consideration for the law. He went on to state that it is well documented and proof is there and he asked the Board to please fix this problem.

Colleen Cassidy stated that this Mr. Baldeschwiler has presented a very strong case and the three of you sitting there like statues not responding. She went on to state that the Board is not acknowledging that there is a problem and there are things that need to be fixed. She asked the Board, are you not allowed to speak?

Mr. Curlee said the nature of this is to allow you, the Public, to speak and we take it under advisement. He asked the taxpayers to leave anything documentation they want the Board to considered.

Colleen Cassidy asked will the Board take any action.

Mr. Wilson stated that the Board already has and the report has been presented. He went on to state that a study has been done.

Scott Pearl stated that the Appraisal District, from his point of view, is arrogant, vindictive, and cankerous. He went on to say he did not know why there has been much about the staff this year and in the previous years. He said he did not understand why they still have their jobs. He went on to say he does not think the Appraisal District knows where their salary comes from and the stories he has heard are outrageous. He said they are public servants and they should act like public servants. He asked the Board to consider hiring new employees to handle the job.

Mr. Curlee asked if anyone else choses to speak that the Board will allow the time. He thanked them for coming and asked them to stay if they chose, but the Board will continue with the agenda. He also stated they appreciate their comments. He also stated that the audit report is on the website.

Minutes: The Board considered and reviewed the minutes from the regular meeting on April 12, 2016. A motion was made by Mr. Wilson to approve the minutes, with a second to the motion by Mrs. Sanchez. Mrs. Sanchez stated that she was not in attendance. The motion carried unanimously.

Accounts Payable: The Board considered and reviewed the accounts payable. A motion was made by Mrs. Sanchez to approve the accounts payable, with a second to the motion by Mr. Wilson. The motion carried unanimously.

Auditor's Report: Mr. Strealy from Gowland, Strealy and Morales Company was in attendance to present the audit to the Board. He stated that we completed the audit for December 31, 2015, year-end for the financials. He went over the Independent Auditors Report on page 1 and the Management's Discussion and Analysis on page 3 of the report. He discussed the Governmental Funds Balance Sheet/Statement of Net Position on page 11. Mr. Strealy went on to inform the Board that they have \$290,721 of unassigned balance left over from 2015 that the Board will

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need to decide how they would like to allocate the funds. He stated that a few recommendations would be to establish a credit card policy, update the personal policy which needs to address comp-time, and a procedure for payroll changes. He stated that this a greater improvement over the prior year's suggestions. Mr. Wilson stated he appreciated that the timeline was met. Mr. Streatly commented that we have met the timeline for the last couple of years. A motion was made by Mr. Wilson to accept the 2015 audit report, with a second to the motion by Mrs. Sanchez. The motion carried unanimously.

Survey Cards: The Board considered and reviewed the Appraisal District Survey Cards and letter. The Board acknowledged the report on the survey cards for April, 2016.

Texas Department of Licensing and Regulation Complaint: The Board considered and reviewed the TDLR Complaint. Mr. Lozano informed the Board that on page 52 was the quarterly update on a previous complaint and on page 49 through 51 is a new complaint. The Board took notice of these two reports.

Exempt and Non-exempt Employees: Mr. Lozano stated that the Board had asked him to contact the other Appraisal District's to gather information on their appraisers exempt or non-exempt status and an email has been sent. He stated he had previously tried to contact the TML attorney and has not heard anything from them. Mr. Wilson stated he would like to have hard data before he makes a decision. Mr. Curlee stated that this item will be tabled until the information has been received.

Printing Equipment and Third Party Printing: Mr. Lozano stated that the Board had asked him to look into the total cost we are experiencing for the printing of the taxing jurisdictions valuation rolls and that we will only provide an electronic copy and they will be responsible to print their own documentation. He stated if the Board wouldn't object he would like to do a survey of the taxing jurisdictions to find out if any of them would be opposed to that request. He said he does realize that we are responsible to provide to them their certified rolls. Mr. Wilson stated that he has no objection to providing a hard copy of the certified rolls, but when you are talking of 30,000 to 40,000 additional copies that is beyond what this institution is required. Mr. Lozano stated that we printed approximately 72,100 imagines last year at certification. Mr. Curlee stated that this item will be tabled until the next meeting.

TCEQ Attendance: Mr. Lozano stated that the last meeting the Board was concerned about his attendance to TCEQ. He stated he had hoped that Peter Low would be here so we could determine if he might be able to attend some of the meetings or know someone who could attend. The primary concern that he has is there are groups out there like Council of Urban Counties that down play the industries' request of the commission to change the methodology and/or calculation of the exemption for pollution control. The Board discussed the issue concerning the heavy equipment and that this is been ongoing for the last 6 years. Mrs. Sanchez stated that she understood that the agenda is available to allow you to see if anything is on their which would specifically affect us, to decide whether to attend the meeting. Mr. Lozano asked what would be

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an item that would consider affecting 'us'. He stated that unfortunately industries' technical reports could be as long as 300 pages and a lot of times it is hard to determine what the issues are. Mrs. Sanchez asked do what you are saying is it is not a clear cut agenda. Mr. Lozano outlined the items he looks for on each agenda. Mr. Wilson stated that they as a Board what to give him some guidelines regarding attendance of the meetings and if he thought there was a need that to attend a meeting outside those guidelines, it should be cleared with the Chairman. He stated he did not want to micromanage. He also stated that they have received confirmation from certain groups that this is important issue. We still want to be engaged in TCEQ, but we don't want Mr. Lozano to be the sole responsible party. Mr. Curlee asked Mr. Lozano to talk with Peter Low and if he is willing to attend the TCEQ meetings and come up with some suggestions. He stated if Mr. Lozano can't be here, we need a senior manager. Mr. Curlee asked to table this and come back next meeting with more information.

Credit Card Policy: Mr. Lozano stated that there are a couple of policies in the binder that were sent by Peter Low. Mr. Curlee asked Mrs. Sanchez if the County has credit card and she stated as far as she knows they do not. They have charge accounts at different places for the maintenance purchases. Mr. Oehler stated that it has come to the point where you have to have one for software and other purchases. Mr. Lozano stated that we do enter in each expense and how the credit card is being used to make purchases. Mr. Curlee asked to bring in the debit card information to the Board, because he really likes idea of a small spending access amount. Mr. Wilson asked to bring in one policy and let the Board consider it. Mr. Curlee asked Mr. Lozano to check with other Appraisal District and see what they have at their operations. Mr. Curlee tabled this item until the next meeting.

CAD Purchase and/or Lease Additional Vehicles: Mr. Lozano asked the Board what exactly were the type of vehicles to be considered. He stated he did know that the Board indicated either purchase or leased. He asked the Board if they preferred a small sedan or small SUV, like the Journey. Mr. Wilson stated that his long term goal is to have the appraisers out in the field so if someone sees our appraisers in a company car, it says, 'San Patricio County Appraisal District'. When they see that vehicle they know who they are and where they work. He stated his goal was to reduce our cost to Pictometry and have the appraisers doing more field work. He went on to say the savings from Pictometry and invest it into our own vehicles. He stated that his intent was not to purchase the vehicles all at once, but to do this over time. Mr. Curlee said the topic of security was brought up. Mr. Wilson stated he did not have that answer, but to purchase the vehicles and insurance them. Mrs. Sanchez stated to consider one a year and eventually they will be replaced and then you continue from there. Mr. Curlee tabled this item and asked Mr. Lozano to bring them information at the next meeting.

Mr. Wilson stated he had hoped to make a comment regarding our software, but unfortunately the item is down on the bottom.

Addendum to Pritchard & Abbott, Inc. Contract for Professional Appraisal Services: Mr. Lozano stated that this is not a new contract, but an addendum based on the requirements from the District's most recent MAP Review. A motion was made by Mr. Wilson to approve the

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addendum, with the approval of legal counsel, and a second to the motion was made by Mrs. Sanchez. The motion carried unanimously.

Authorization to Send out Notices to the Taxing Entities for the 2017 Budget: Mr. Lozano stated that this is another item that was a direct result of the MAP Review. He requested the Board authorize the District to send notice to the taxing entities on behalf of the Board secretary regarding the proposed 2017 Budget for the District. A motion was made by Mrs. Sanchez to authorize the Appraisal District to send out the proposed 2017 Budget. A second to the motion was made by Mr. Wilson. The motion carried unanimously.

Authorization to Send out Notices to the Taxing Entities for the Re-Appraisal Plan for the 2017-2018 Tax Years: Mr. Lozano stated that this is also another item prompted by the MAP Review. He requested the Board authorize the District to send the taxing entities notice of hearing for the proposed 2017-2018 Re-Appraisal Plan. A motion was made by Mrs. Sanchez to authorize the Appraisal District to send out the 2017-2018 Re-Appraisal Plan with a second to the motion by Mr. Wilson. The motion carried unanimously.

Litigation: Mr. Lozano stated that the settlement offer that the attorney was working on is still pending his completion. Mrs. Sanchez asked if any new settlements have been discussed. Mr. Lozano informed the Board of all the most current updates.

Update Report from Consultant David Oehler: Mr. Oehler apologized for not making last month's meeting. He stated that he and Mr. Lozano met this morning and he has built for the schedules for the land and improvements. He is going to begin inputting that information in the Appraisal Districts computer and this will be applied to generate notices. Mr. Oehler stated he will be down this next week and it will take a few days to work on getting his information in the system. He stated he has pictures of every property in Ingleside on the Bay. Mr. Wilson asked Mr. Oehler concerning the comments made in public comments that there were errors in calculation in property size. He asked is there way to confirm or deny those allegations. Mr. Oehler stated that no, legal description are always up for debate as the Appraisal District takes the last filed legal description on record. Mr. Oehler stated he did not go through history records, but used the Appraisal Districts records for his calculations. Mr. Wilson asked how many cases were there which made the claim that the Appraisal District's legal description was wrong and an adjustment was made.

Discussion also took place regarding remote access to the District computer system and Mr. Oehler stated he prefers to be working in the office but in the future it might be helpful. Mr. Lozano discussed with the Board cost of remote access on the Harris Govern system. The cost for 10 licenses would be \$8,300. The startup is \$8,100 and an annual amount will be \$200. Mr. Wilson made a motion to allow the purchase of one remote access license and to allow Mr. Lozano to determine the number as needed, with a second to the motion by Mrs. Sanchez. The motion carried unanimously.

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Board's recommendation for prioritized items on David Oehler's audit: Mr. Lozano stated he went over the report at the last meeting, the Board had no recommendations. The Board agreed to wait until all the members were present. Mr. Curlee tabled this item until the next meeting.

Executive Session: No Executive Session

Report on CAD Financial and Operations Report: The Financial and Operations report was given by Mr. Lozano.

Report on Status of Re-Appraisal Plan: Mr. Lozano stated that we are trying to finish up the 2016 evaluations. He stated that after Mr. Oehler's enters his information we should be finished. We do not have the 2011 through 2014 history but hopefully if there are substantial differences, the taxpayers will notice the difference and we can make the corrections.

Report on MAP Review: Mr. Lozano stated that on page 82 the Comptroller Auditor summarized some of the items that we are currently working to complete. He went over each item with the Board to give a short update. Mr. Lozano stated that the District did pass all mandatory questions.

Report on Software Conversion: Mr. Lozano stated on the software conversion he passed out the different totals per entity for 2015 and on the 2016 year. Harris Govern has matched up within approximately \$1,300, which is believed to be rounding of numbers. He said the list before the Board is the amount which he felt overall is substantial. Roy Holcomb is working on the conversion and he feels this might be as good as it gets. Mr. Lozano was told when he compares Pritchard and Abbott totals with their totals they all match at the bottom, but when he runs the total reports on valuation reports they are this far off. Mr. Lozano stated that we would have to look at all 50,000 accounts to try determining where the error exists. He stated he needs the 2011 and 2015 history years to send out the notices and he needs those to balance. Mr. Oehler stated that we do not have the manpower to do that of reconciliation, this is unacceptable and that is why you are paying them \$280,000 to do the conversion. He said he would ask them to attend the next meeting to answer why you are having all these problems. Mr. Wilson asked what is the status of sending out the notices. Mr. Lozano stated that he can send them out, but with the large value differences, he would prefer the Board direct that the notices be sent understanding there is a large value difference in 2015 and 2011. He stated that he is very uncomfortable sending out notices with unbalanced numbers. Mr. Oehler stated that if someone finds the unbalance notice your problem is solved, but on the other end you will not have the history on all notices. The Board voiced their opinion that the notices need to go out so the Appraisal District can certify by July 25th. The Board considered a special meeting to bring in Pritchard and Abbott and Harris Govern to discuss the software issues. A motion was made by Mr. Wilson to mail out the notices with the unbalanced amounts and no history record, a second to the motion by Mrs. Sanchez. The motion carried unanimously.

The Board took a short recess from 4:32 p.m. to 4:37 p.m.

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Report on District's Telephone System: Mr. Lozano stated that the caller ID upgrade has been installed on the telephone system. He stated that we have tested the system and everything is working well.

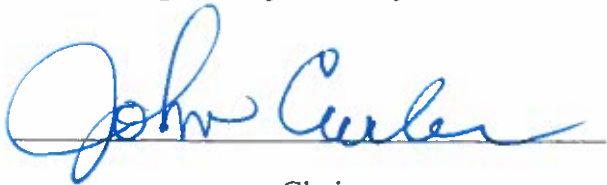
Review Board of Directors meeting times: The Board discussed the meeting for June 7th at 4 p.m. and July 12th at 9:00 a.m. Mr. Curlee asked the Board to consider changing the August date to Monday the 8th at 9:00 a.m.

New Business for Following Agenda: Mr. Curlee stated we have the standard items and Peter Low will come in to discuss the industrial values and litigation funds. The other items are exempt and non-exempt employees, printing equipment and third party printing, TCEQ attendance, credit card policy, purchase and/or lease additional vehicles, and continue discussion and/or suggestions on Mr. Oehler's report.

Mr. Curlee stated that Mr. Baldeschwiler has requested to be an agenda item to come before the Board. Mr. Wilson stated he could not think of a more inappropriate request. He said that an individual coming before the Board because they are disgruntled about the process. He went on to say we as a Board have heard his complaints and responded to the entire community. He is not interested in a conversation he is interested further complaining and I have heard that today. Mr. Wilson stated he would not vote in favor of this Board and this process being used for his vendetta. He stated that we as a Board have work very hard to respond professionally. After further discussion the Board made a determination not to allow Mr. Baldeschwiler to be put on the agenda.

Mr. Curlee stated he received a letter addressed to him and was mailed to the Appraisal District. The letter was received on the May the 5th and he received the letter on the 6th. He stated he has showed the letter to Mr. Lozano and Peter Low. He further stated that the property is on the lake. The letter was concerning a clerical error. Mr. Lozano informed the Board what the tax code states concerning a clerical error. Mr. Curlee asks to have a discussion with Mr. Lozano at a later day if there is validity to the complaint.

The meeting was adjourned by Mr. Curlee at 5:25 p.m.



Chairman



Secretary