

SAN PATRICIO COUNTY APPRAISAL DISTRICT
BOARD OF DIRECTORS MEETING

September 13, 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 Tuesday, September 13, 2016 at 9:00 a.m.

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

Absent: Jan Whiteley

Visitors: Jo Ann Ehmann – Ingleside on the Bay, Ann Pate Melton - Taxpayer

Public Comments: Ann Melton owner of Ann's School of Dance in Aransas Pass. She wanted to get the address corrected as her mail does not go to the Dance Studio. She told the Board that due to the address problem she did not receive her tax appraisal. She passed out a binder with her documentation for the Board. She informed the Board that her taxes went from \$500 to \$14,040. Ms. De Leon has just reappraised her property and she came up with an amount of \$1,145. She said that she would have protested by now or asked to be heard, if she would have received her notice. It was confirmed by her that the mailing address was correct, it is 1940 S Commercial in Aransas Pass. She said on the Dance Studio's personal property was delivered to 1807 S Commercial in Aransas Pass. It was previously appraised at \$500, and it went up to \$14,247 for 2015. She wrote one check thinking she was paying for all property, personal property and the studio. Mrs. Melton indicated that she would like to go with the new appraisal of Mrs. De Leon. The check she wrote went to one account that left the other two accounts delinquent. She would like to get the value changed to the new value by Mrs. De Leon's. She has taken pictures of everything she has in the studio and she indicated that there is nothing new that she has added in the last 25 years. Ms. Melton went on to say that this is her 59th year to teach. She went on to discuss hurricane Beulah where she lost of the back of her dance studio. She explained to the Board about her loss during the storm and how she came about with the furniture she now has in the studio. Ms. Melton feels that she should not be taxed on the sign on her building, in her opinion that is attached to the building. She said her temporary signs put out for enrollment is only there a short time and should not be taxed. Her other concern was the shelves under her record player that is attached to the wall and part of the building. She indicated that she only wants things to be fair. She told the Board that she appreciates them listening to her and hopes to hear how the Board feels about her request. Mr. Curlee informed Ms. Melton that the Board normally only hears the commit, but does not respond. He went on to say that this will be for the 2016 year and the taxes are not due until January 31, 2017. The Appraisal District staff has heard your complaint. Ms. Melton asked how the staff could have appraised her Dance Studio for that amount when no one even enters the building. Mr. Curlee thanked Ms. Melton for coming in and talking with them, and he stated that the Board cannot direct the staff to lower your property. Ms. Melton went on to say "What about the taxes on the \$14,000 that I still

owe?" Mr. Curlee asked Mrs. Melton to visit with Mr. Lozano or Mrs. Allender and see if you can come to a resolution.

Chief Appraiser Report Regarding Implementation of Recommended changes to District's Procedures, Policies, and Employee Staffing: Mr. Lozano informed the Board that they asked him to address this as one of the first items on the agenda. Mr. Curlee asked if this has to do with the exempt or non-exempt employees. Mr. Lozano confirmed that is correct. It was understood by the Board that a new decision needs to be in place by December 1st. Dr. Matula asked "What has been said or do we have anything in writing from the labor law attorney?" Mr. Lozano said no, but we have talked with Michelle Boreer. Mr. Lozano stated her impression of the District is we should definitely exempt the administration, she stated that any appraisers that have a degree should be exempt and we have three. He went on to state that Ms. Boreer feels that the Board can place the remaining staff in an exempt status, and her opinion is this will not pose a great risk to the District. Dr. Matula asked for clarification, would you review what the requirements are under the law for an appraiser. Mr. Lozano said an appraiser would have to have a certification to appraise property in the state of Texas. Mr. Lozano informed the Board of the four levels to become an appraiser.

Mr. Lozano contacted the labor law attorney Michelle Boreer and put the phone on speaker for the Board to speak and hear from the attorney. Mr. Curlee introduced himself and asked Ms. Boreer to give a brief summary and the risk and pitfalls pertaining to the new law. The Board heard from the attorney with various questions asked and answered for clarification and determination of the law.

Mr. Wilson directs the Chief Appraiser to implement changes to the District procedures and policies and employee staffing to implement the highest responsible level of exempt employees on the appraiser scale. A second to the motion was made by Dr. Matula. The motion carried unanimously.

Minutes: The Board considered and reviewed the minutes from the public hearing on the Reappraisal Plan on August 8, 2016. A motion was made by Dr. Matula to approve the minutes with a second to the motion by Mrs. Sanchez. Mr. Lozano asked to add the Reappraisal Plan under the title Public Hearing. The motion carried unanimously.

The Board considered and reviewed the minutes from the public hearing on the 2017 Proposed Budget on August 8, 2017. A motion was made by Dr. Matula to approve the minutes with a second to the motion by Mrs. Sanchez. Mr. Lozano asked to add the 2017 Proposed Budget under the title Public Hearing. The motion carried unanimously.

The Board considered and reviewed the minutes from the regular hearing on August 8, 2016. A motion was made by Dr. Matula to approve the minutes with a second to the motion by Mrs. Sanchez. Mr. Wilson asked to make the following modifications to the minutes. On page 2 the second paragraph where it states "Mr. Wilson said he was confused that we use to do a three year rotation and now we use a two year." Mr. Wilson asked that it be changed to "Mr. Wilson said he was confused that the report made reference to both a two year rotation, and a two year plan and a three year plan." Also on page 3 the paragraph where "Mr. Wilson said" the line where it

states "I make a motion he be grant a cost of living increase effect 2017 to raise the Chief Appraiser's salary to \$80,000 annually. Mr. Wilson asked that it be changed to "I make the motion to grant a cost of living increase effective 2017 to raise the Chief Appraiser's salary to \$80,000 annually." The next change requested was on the same page 3 on the line "Mr. Wilson asked that line item reflect this Board is making a cost of living adjustment from 2011-2017 to establish what is comparable to what other employees are making." This should be changed to read "Mr. Wilson asked that a line item in the minutes reflect that this Board is making a cost of living adjustment from 2011-2017 to establish what is comparable to what other employees are making." The motion carried unanimously.

The Board considered and reviewed the minutes from the special meeting on August 23, 2016. A motion was made by Dr. Matula with a second to the motion by Mrs. Sanchez. The motion carried unanimously.

The Board took a short recess from 10:13 am until 10:20 am.

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

Texas Department of Licensing and Regulation Complaints: Mr. Lozano stated that the evidence was submitted in August. If it is any indication, the last complaint took approximately 9 months to receive the determination.

2017 Proposed Budget: Mr. Lozano said keeping in mind what Mrs. Boreer stated we can add the term exempt to the Chief Appraiser, Deputy Chief Appraiser, Deputy Appraiser and Appraisers 1 through 9. The Board discussed the need to limit the overtime. Mr. Lozano demonstrated the area of Pictometry that would remove the agricultural areas from the flyover in 2017. A motion was made by Mrs. Sanchez to approve the 2017 Proposed Budget with the changes to the exempt employees and without the salary increase to the Deputy Chief Appraiser based on her comments last month. She said based on the recommendation by Mr. Oehler the Chief Deputy should make no more than 80% above the Chief Appraiser salary. She stated at this time her salary is over that amount. Mr. Curlee called for a second there was no second and the motion died for lack of a second. Mrs. Sanchez said that she contacted Peter Low and that is the way he advised her to make the motion. A motion was made by Mr. Wilson to approve the 2017 Proposed Budget with the classification exemptions as outlined by the Chief Appraiser. He said just as a footnote that the Deputy Chief Appraiser salary would be much closer to 80% based on the proposed budget. A second to the motion was made by Dr. Matula. Mrs. Sanchez asked if Mr. Wilson would explain that motion. Mr. Wilson said part of the reason the Chief Appraiser salary is as high as it is because we have withheld a cost of living increase on the Chief Appraiser for the last seven years. The Board continued to discuss the two salaries. The motion carried 3 to 1 with Mrs. Sanchez opposing the motion.

Release and Reallocation of Committed Funds for Vehicle, Software and Professional Services for Oehler Consulting and Appraisal Services: Mr. Lozano asked the Board to consider raising the sum of Oehler Consulting another \$16,000 for the next two Appraisal Review Board hearings. This will bring the total to approximately \$73,708.46. A motion was made by Dr.

Matula to approve the \$16,704.75 expenditure from the \$28,000 committed vehicle fund. Mr. Wilson made a second to the motion. The motion carried unanimously.

The Board discussed the software conversion fund. Mr. Wilson asked where the County is in terms of getting the tax office software converted over. Mrs. Sanchez said that the County is not there, we are still trying to get things worked out. She said they are getting ready to do statements. Mr. Wilson asked if they have a timeline put together and the money authorized. Mrs. Sanchez said no, but the money is authorized. She stated they are nowhere close to converting. Mr. Wilson asked would it happen in 2017 or 2016. Mrs. Sanchez said at this point the County is struggling and no one is getting a raise, she said it is budgeted. The County has not approved the budget or set the tax rate. Mr. Wilson said we spent this \$300,000 with the understanding that the County was going to do it too. Mrs. Sanchez said this was done to get a good software system. Mr. Wilson said he received a commitment from the County Commissioners and he hopes this moves forward. Dr. Matula asked if the timeline will be forth and coming? Mrs. Sanchez said she did not know, and first the County has to approve the budget and adopt it. Dr. Matula said we understand that, but once the budget has been approved, when will we be receiving a timeline on the conversion. Mrs. Sanchez said sometime in the next few months. Mr. Curlee said the timeline that was stated would be typically after January 31st. Mrs. Sanchez said it took three years for this Appraisal District to move forward. Dr. Matula said that now that we have done our part I am getting questions as to when the County will move forward, and she said her response is she couldn't speak for the County. Mr. Wilson said he is not worried about the timeline just wanting them to honor their commitment. He said otherwise we have spent \$300,000 for no true purpose and that is a high concern of me. A motion was made by Mr. Wilson to approve the release of the committed funds with a second to the motion by Dr. Matula. The motion carried unanimously.

The Board considered the Oehler Consulting funds of \$57,708.46 and the additional amount of \$16,000 for the next two Appraisal Review Board hearings. Mr. Curlee said they hired him for a charge of \$25,000 for the audit and a time rate to do the appraisals of Ingleside on the Bay and any protest to go before the Appraisal Review Board. He stated that no funds were committed for this amount. Mr. Lozano would like to take it out of the Committed Operations Reserve since we do not have a line item for those funds. Mrs. Ehmann set a line item for his expenses, but we don't have anything budgeted for those expenses. She said you can leave it as an unbudgeted amount and it will come out of this year's operating excess or you can take it out of the Committed Operations Reserve. To me this is your three or four months of overhead expenses. The Board continued to discuss whether to pull the money or leave it to the end of the years excess. Mrs. Ehmann suggested if you think this will be finalized at the end of this month, if you use the committed funds at the \$57,000 or whatever it was and you come back and you end up with \$73,000 you will have to use more of the committed funds. She said it might be better to wait until the final amount. Mr. Lozano said the only drawback on that is if we have any arbitration, Mr. Oehler will handle those accounts. He said that would be an additional cost. Mr. Curlee said we will table until the November meeting on the funds pertaining to Oehler Consulting and Appraising.

Litigation: Mr. Lozano let the Board know that Flint Hills did file a lawsuit for the 2016 tax year amending their petition. He informed the Board that we are waiting for the sign off from Lowes and Prosperity Banks, and that their attorneys are reviewing the verbiage in the settlement offer.

Executive Session: There was no executive session.

Report by Chief Appraiser:

a. Printing Equipment and third party printing options: Mr. Lozano said there is nothing new to report and requested we remove this item form the list.

b. Prioritized items on David Oehler's report: Mr. Curlee would like an organizational chart with positions and who is doing the work before the next meeting or before, if you can get to it and send it to the Board. They asked Mr. Lozano where he is with the hiring. Mr. Lozano stated that we have hired an additional employee and he stated that he has someone coming in for an interview today. Mr. Lozano is concerned about Appraisal Review Board members. He informed the Board that we have not received any applications. Mr. Wilson said he did appeal at the City Council meeting in Portland about the need for ARB members.

The Board asked Mr. Lozano concerning the status of the American Ad Valorem Tax Consultants letter filed by Eddie Saunders for arbitration on Nye Exploration. He gave them a brief update and informed the Board that the arbitration was filed.

Mr. Lozano said that Mr. Curlee sent him a request to update him on the status of Oscar Wyatt. We can resolve it immediately, but in my opinion it is outside the protocol. Mr. Lozano updated the Board concerning the mobile home. Mr. Curlee asked Mr. Lozano to talk with Peter Low about resolving this for the previous years.

Mr. Curlee asked about the account for Thamaravelil and Gansle. Mr. Lozano stated that he did process those changes in the system. Those changes were submitted to the tax office and should be in their system. He stated that when Mrs. Sanchez called this week he created another supplement in our current system and sent them over. Dr. Matula said that communication needs to be with the taxpayer concerning this issue. Mr. Lozano will check with Prichard and Abbott to determine when the file went over to the tax office.

Mr. Curlee stated that Mrs. Sanchez received an email from a specific email address. It is not real clear as to whom the person is that sent it. It talks about some lobby personnel and some direct quotes and some what I call "blue language". The Board felt this should be considered a firing offense. This cannot happen out front where the public is, this is unacceptable. Dr. Matula stated that the general public does not make up things like this. We may have people that are wonderful in front of us, but when our back is turned this is what is going on. Mr. Curlee asked to please check into this and let me know of any resolutions has been done.

c. Financial and Operations: Mr. Lozano presented the reports for the Board to consider and review.

d. Re-Appraisal Plan: Mr. Lozano reported that he has already done the benchmark on the ratio study. We are looking at those properties that need further review so we can send the appraisers out to look at those properties. After they have looked at those properties I will run a second benchmark that I will use to look at the State's Comptroller first report. After that we will look at the internal ratio for each of the school districts, cities and subdivision. We will also be looking at demolition, new properties and personal properties. Mr. Lozano said during the same time we will be looking at protest coming in for either 25.25 (c) or (d) and some (j). We will still be looking at internal ratio studies the first of October, November and December.

e. MAP Review: Mr. Lozano stated that we have sent in some information and have received the preliminary report. He said he noticed that a couple items that have previously been submitted, did not show as having been received.

f. Sherwin Alumina Operations: Mr. Lozano said that there was nothing new on Sherwin and the Board held a short discussion on Gregory Power Partners.

g. Certification of the Appraisal Roll: Mr. Lozano stated that there was nothing to report and we would like to remove this item from the list.

Mr. Lozano passed a drawing that was submitted by Coastal Office Products to extend the front office to enlarge the receptionist desk to accommodate two staff members. We would also add an area to sit two employees for the exemptions, deeds, name and address changes and supplements. This will have a desk and partition area for taxpayers coming so they can be directed to that one area. Mr. Lozano also mentioned blowers to keep the front area cooler. We hope to have the final estimate available for the Board at the next meeting.

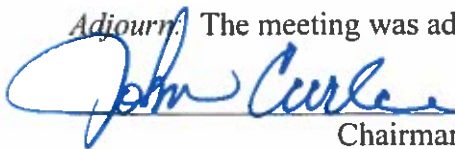
Mrs. Sanchez left the meeting at 11:25 am.

New Business for Following Agenda: Defer the David Oehler expenditures until November. Some other items mentioned by the Board was accounts payable report, and a one-page information hand out that would clarify the process. The next meeting is on October 11, 2016 at 9:00 am.

Mr. Lozano gave the Board a brief update on Ann Melton's situation.

Mr. Lozano informed the Board that at the TAAO Conference in Galveston he met a man that could give us some information on possibly attending the TCEQ meetings for the Appraisal District. He stated he would send us some information.

Adjourn: The meeting was adjourned at 12:07 p.m. by Mr. Curlee.


Chairman

Secretary