



Denton Central Appraisal District
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DENTON CENTRAL APPRAISAL DISTRICT
BOARD OF DIRECTORS MINUTES

June 15, 2023

3:00 p.m.

ITEM 1: CONVENING OF MEETING

Ann Pomykal convened the meeting at 3:02 pm.

BOARD MEMBERS PRESENT: Ann Pomykal
Alex Buck
Michelle French, Ex Officio Member
David Terre

ABSENT: Roy Atwood, Charles Stafford

STAFF PRESENT: Don Spencer, Jeanne Ashlock, Kim Collins,
Misty Baptiste

ITEM 2: ESTABLISHMENT OF QUORUM

ITEM 3: INVOCATION AND PLEDGES

Invocation was given by Michelle French.

The Pledge of Allegiance was stated to the U.S. Flag and Texas Flag by all who were present.

ITEM 4: OPPORTUNITY FOR PUBLIC TO ADDRESS THE BOARD OF DIRECTORS

PERSONS DESIRING TO ADDRESS THE BOARD OF DIRECTORS MUST FILL OUT A SPEAKER'S CARD PRIOR TO THE MEETING. NO PRESENTATION SHALL EXCEED THREE MINUTES. THE BOARD CANNOT DELIBERATE ON ANY SUBJECT THAT IS NOT INCLUDED ON THE AGENDA.

Alex Layman of Corinth spoke about an issue with the exemptions in place for Denton County. In Mr. Layman's words - homeowners are being buried in property taxes. For example, there are 11,000 Ag exemptions in one form or another which takes 8.7 Billion dollars off the tax roll - which demands the need to generate revenue from other sources. Asks the question of how many with Ag exemptions are seeing the benefit reflected on their taxes. Requested a response from Mr. Spencer. Mr. Spencer cannot comment during the Public comment time.

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Khosrow Sadeghian has been dealing with the appraisal district for 35 years and "the last 3 years has been a nightmare." Mr. Sadeghian was hoping there would be changes with the new administration. Requested a meeting with Mr. Spencer almost 9 months ago - and in Mr. Sadeghian's opinion there has been no communication. Also issued a complaint about a member of the appraisal district being disrespectful during a board hearing. Why is there no communication? Asked 2 days ago when the next hearing is. There needs to be accountability. Wants answers from the appraisal District.

Zachary Sadeghian realtor in the DFW area and Khosrow's son. Doesn't want to pursue litigation - would like to make amends and settle for a bulk number of properties. There should be priority given to investors who have so many properties. There is definitely a concern to be able to reach someone in administration. In Mr. Sadeghian's opinion - normally there would be someone in a higher position to talk the agent through a negotiating strategy. There is no personal vendetta - wants to urge the directors to prioritize communication from the higher-ups for investors.

Nicholas Smith - attorney working with Khosrow regarding his properties - wants to settle the properties and increase communication. Mr. Sadeghian has hundreds of properties and the appraisals have increased exponentially - including properties in floodplains and the like. Would like a specific person assigned from our office to work with Mr. Sadeghian to come to some kind of arrangement regarding settling disputes for properties.

Ms. Pomykal reminds those requesting comments that there cannot be any comment on anything not on the agenda and that Denton CAD places equal importance on taxpayers with one property or 500 properties.

ITEM 5: PRESENTATION AND ACCEPTANCE OF 2022 FINANCIAL AUDIT

Dan Tonn handed out the Financial Report to the Board and stated there were no problems or issues with this year's audit. The report is unmodified which is the highest level a government entity can receive. It is a clean report and no adjustments were needed. Some highlights included - expenditures were under budget and revenues were right on budget - went from being underfunded in pension to being overfunded. The Capital Assets of the District went up 8% with the completion of the Customer Service area. Ended the year of 2022 with a total of 9 Million in Assets. In December 2021 we received 2.3 Million dollars in prepaid allocations which cannot be used until January 2022. Total revenues is 15.2 Million. Miscellaneous income was below budget and expenditures were at 14.7 million. Went from having an unfounded pension with TDCRS of 10.2 million to having a pension asset in 2022.

David Terre asked on a scale of 1-10 how would this audit be graded - Mr. Tonn commented that the District is in a good financial position - continuing to add to the fund balance and to trend up. There are no issues that are alarming.

Alex Buck offered kudos to Kim Collins for making the process so smooth and Mr. Tonn agreed with that statement.

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Alex Buck made a motion to approve the 2022 Financial Audit. Michelle French seconded the motion. The motion passed and the vote was unanimous.

ITEM 6: CAD UPDATES

A. CHIEF APPRAISER PROGRESS REPORT - DON SPENCER

- Mr. Spencer paid compliments to the Denton CAD staff - with the volume of phone calls, emails and walk-in traffic - they do it all with a smile on their faces and great attitudes. Every department is working hard and showing a great team effort.
- 130K protests have been processed and put in the system so far
- Denton County has breached the 1 million mark this year - we have seen 100K growth in just over 2 years.
- ARB is doing a great job this season - they are working very hard to complete certification - have received a lot of compliments on the process this year.
- Currently with the number of ARB members we do have - we are running 8-9 panels and some are single member panels - which has allowed things to spread out.
- There are 750 hearings scheduled a day - each hearing lasts about 15 minutes so typically 200-250 hearings a day are heard
- DCAD Staff is creating some software solutions to work around multiple offers at a time.
- Over the last few days - there has been 14K settlement offers sent to property owners
- Weekly updates to entity portal provide entities with a fresh set of prelim value totals every Monday morning
- Freeports and Abatements are available on the entity portal so that entities can see how those are progressing.
- We are working with BCI to replace units that are needing replacement due to age including the Leibert System in the Server Room

Alex Buck asked about the software patch mentioned and if it would be useful for the future. It is working to bridge the gap between 2 different softwares so it is possible.

Michelle French asked about the availability of vendors that could do more of what we need them to do. Mr. Spencer said it would be pretty challenging to find - the database is hard to maneuver and while there could be someone Don is not aware of the availability.

B. DEPUTY CHIEF OF ADMINISTRATION UPDATES - JEANNE ASHLOCK

- Handed out an update on appraisal from Chris Littrell
 - Chart 1 - number of protests by date - 131,562 Protests in the System
 - Chart 2 - Difference in Real Property and BPP - Majority of protests are real - 126K
 - Chart 3 - Breaks down Real Property - 91% Residential - 8% Commercial
 - Chart 4 - Protest Reasons - 280K Reasons - each an item that appraisers have to prepare for - 45% of Protest Reasons are Market Value
 - Protest Status - Most are scheduled - 23K that have been waived - meaning there was an agreement made - 6K cases have been heard - 1800 people did not show up for their hearing

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- Help Desk Ticket Interactions - Total Interactions in May 2023 34,048 interactions on the System - most ever - in May 2021 there were 14K and in May 2022 - 20K interactions
 - Reasons for growth in those numbers - could be due to many factors - better communication, County growth, with the deadline on May 17 for filing a protest and all NAV's going out at the same time, etc.
 - Pending Exemption Application just under 10K, 5K were received just in May
 - Average wait time on the Phone was about 34 minutes - typical wait time is 2-3 minutes.
- Ann Pomykal commends the staff for the work they are doing.

ITEM 7: CONSENT AGENDA

THE ITEMS ON THE CONSENT AGENDA ARE CONSIDERED SELF-EXPLANATORY BY THE BOARD AND WILL BE ENACTED WITH ONE MOTION. THERE WILL BE NO SEPARATE DISCUSSION ON THESE ITEMS UNLESS A BOARD MEMBER OR CITIZEN SO REQUEST.

A. APPROVAL OF MINUTES OF THE PREVIOUS BOARD OF DIRECTORS MEETINGS

B. ACKNOWLEDGE RECEIPT OF MONTHLY FINANCIAL STATEMENTS

Alex Buck made a motion to approve the consent agenda. Michelle French seconded the motion. The motion passed and the vote was unanimous.

ITEM 8: CONSIDER AND APPROVE EAGLE APPRAISAL CONTRACT FOR AG SPECIAL APPRAISAL SERVICES FOR 2024-2025

Don Spencer presents the contract from Gary Zeitler for Ag Special Appraisal Services. Gary has been in the appraisal industry for 40+ years - he is a great resource for Ag evaluation and has a plethora of data over multiple counties throughout the state - he has worked very closely with our Ag board for the last few years.

David Terre made a motion to approve the Eagle Appraisal Contract for 2024-2025. Alex Buck seconded the motion. The motion passed and the vote was unanimous.

ITEM 9: PUBLIC HEARING FOR THE 2024 DENTON CAD BUDGET

David Erb - Finance Director from City of Lewisville - compliments Don Spencer on his communication and responsiveness - very appreciative of his communication on explaining some things budget related - Entity Portal has been great for the entities - great to get ALL the values out in April - really helping the process improve. City of Lewisville has been communicated with about budget requests and issues within the budget. They understand the need to make concessions and work within the confines we have. Earlier renditions included the use of reserves to subsidize but most recently the use of the reserves was eliminated. With that decision it does impact the entities - for the City of Lewisville it is a 26% increase.

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Consider phasing off the use of reserves over a couple of years to show a good faith effort to the entities. Encourages a committee to help with Building and Capital funding - would like to see a one time Capital Fund contribution rather than spreading it out over time.

Khosrow Sadeghian comments again about the lack of communication from the District. Says he is not the only one that feels this way. Wants to work together with Denton CAD.

Don Spencer's comments on the budget - over the last few months there have been several meetings about the growth of the budget due to the growth of the organization while being as conservative as possible. After many conversations with entities and the board - Mr. Spencer made the decision to hold the reserves for facility expansion. We will have little to no room for growth with the addition of more staff. More space is also needed to facilitate the ARB meetings. Continued growth for the CAD staff and ARB are the key components that will allow us to reach the deadlines put forth by the state in a timely manner. While we understand the financial impact to the entities of this budget increase - we also realize the importance of a timely and certified appraisal roll. The need for more space sooner rather than later is inevitable. We believe the best stewardship for our funds is to hold our funds which will mean less of a financial impact in the long haul for the entities by lowering financing needs for the necessary expansion. As previously stated, in our budget workshop the majority of the increase in the 2024 budget is providing 11 more FTE's as well as software solutions to increase efficiency in some processes. We are confident with our budget - we can continue our operations and provide the necessary training and development for the new personnel we are seeking to add as well as enhancing the skill sets of our current staff. Total requested budget is \$20,347,801.73 which is an increase of 2.5 million dollars from 2023 and this provides for 115 FTE's

ITEM 10: DISCUSS, CONSIDER, AND APPROVE THE PROPOSED 2024 DENTON CAD BUDGET

Alex Buck states he remembers hearing conflicting opinions from the entities of whether or not to use reserves.

Ann Pomykal has mixed feelings about using reserves. Thinks she would like to see 500K used from reserves to alleviate the burden on the entities.

If this change is made - it is not a change to the budget - it is a change to the allocations from the entities. Would send a newly revised allocation sheet to entities so they see the effects.

David Terre believes it sounds reasonable to use 500K from reserves.

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Michelle French - we do want to be responsive to the entities - everyone is "Taking a hit" with the current economy. Torn between what should be done now and what could be done in the future. If entities are saying, give us more time maybe we should honor that right now.

Alex Buck asks Kim Collins what we typically, consistently add to our reserve. Kim Collins says it is typically between 400-600K that is added each year.

Ann Pomykal says she believes there will be left over money- all those hirings won't take place in the first month so there will be some reserve built. What needs to be done right now - 500K shows that we are listening and we are trying.

Alex Buck made a motion to accept the 2024 Budget with \$500,000 taken from the reserves to assist entities and bring the budget down. Michelle French seconded the motion. The motion passed and the vote was unanimous.

David Terre asks where we are in terms of openings in terms of budgeted positions. Don Spencer says we have 5 open slots in Customer Service and 7 openings in Residential. We will be posting the job openings again in July so we can work to fill those positions in August. Mr. Terre asks about the number for future years. Mr. Spencer would like to ask for another 10 employees in 2025 and then 5-6 in 2026 and then 5-6 in 2027 to get us to 135 employees.

David Terre asks about the facility issue and where to put these new employees. Mr. Spencer comments that we will have to get creative. Still the possibility of a remote/hybrid environment. Using a shared work space might help to buy ourselves a little bit of time.

David Terre comments about the level of communication that has improved. The Mayor of The Colony is so pleased with the level of communication improving from the District.

ITEM 11: ADJOURN TO EXECUTIVE SESSION PURSUANT TO SECTIONS 551.071 AND 551.074 OF THE TEXAS GOVERNMENT CODE FOR THE FOLLOWING PURPOSES:

- A. PERSONNEL MATTERS
- B. CONSULTATION WITH OUTSIDE COUNSEL ON ACTIVE LITIGATION

Board went into Executive Session at 4:35.

ITEM 12: RECONVENE TO OPEN SESSION AND TAKE ACTION ON ANY NECESSARY ITEMS DISCUSSED IN EXECUTIVE SESSION

Board reconvened following the Executive Session at 5:03.

No Action Taken at this time.

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ITEM 13: DISCUSS/SET NEXT MEETING AND FUTURE AGENDA ITEMS

August 17 at 3:00

October 12

November 2

December 7

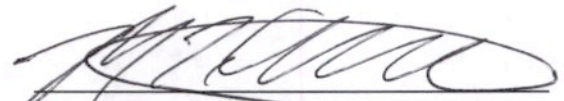
AGENDA ITEMS:

Staff insurance

How can the Board recognize the hard work of the team?

ITEM 14: ADJOURN

Chairman, Roy Atwood, adjourned the meeting at 5:09.


Roy Atwood, Chairman

ATTEST:

Charles Stafford

Ann Pomykal, Secretary

acting Charles Stafford