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DENTON CENTRAL APPRAISAL DISTRICT

BOARD OF DIRECTORS MINUTES

SEPTEMBER 13, 2022

3:00 p.m.

ITEM 1: CONVENING OF MEETING

Roy Atwood convened the meeting at 3:01 pm.

BOARD MEMBERS PRESENT: Roy Atwood
Charles Stafford (arrived at 3:24)
Alex Buck
Ann Pomykal
David Terre
Michelle French, Ex Officio Member

STAFF PRESENT: Hope McClure, Don Spencer, Kim Collins,
Misty Baptiste

OUTSIDE COUNSEL: David Tabor - Perdue, Brandon, Fielder, Collins
and Mott, LLP

ITEM 2: INVOCATION

Invocation was given by Michelle French.

ITEM 3: PLEDGE OF ALLEGIANCE

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

ITEM 4: ADJOURN TO EXECUTIVE SESSION PURSUANT TO SECTIONS 551.071 AND 551.074 OF THE TEXAS GOVERNMENT CODE FOR THE FOLLOWING PURPOSES:

- A. CONSULTATION WITH LEGAL COUNSEL
- B. DELIBERATION ON PERSONNEL MATTERS

The Board went into Executive Session at 3:03.

ITEM 5: RECONVENE TO OPEN SESSION AND TAKE ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION, AS NEEDED

The Board reconvened from Executive Session at 5:37.

Charles Stafford moved that the Chief Appraiser be placed on paid Administrative Leave effective September 14, 2022 with no obligation to continue to report to the office. Pending negotiation of a final separation agreement and to appoint Don Spencer as Interim Chief Appraiser.

Alex Buck seconded the motion. The motion passed and the vote was unanimous.

ITEM 6: CONSIDER AND APPROVE RETAINING THE LEGAL SERVICES OF FANNING, HARPER, MARTINSON, BRANDT & KUTCHIN, P.C.

Motion by Ann Pomykal to retain legal services of Fanning, Harper, Martinson, Brandt and Kutchin, P.C. to assist with the negotiation of the separation agreement with Hope McClure with the board Point of Contact being Charles Stafford.

David Terre seconded the motion. The motion passed and the vote was unanimous.

ITEM 7: 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.

- Dr. Lori Rapp - Superintendent from Lewisville ISD - thanked the board for the action taken and listening to the entities. She is looking forward to working with Denton CAD to support Denton County and the students.
- Mitchell Vexler - President of Mockingbird Properties - handed out notebooks on information to the board - stated that Denton CAD is committing fraud - gave a summary of the events including the deposition of Hope McClure and Chuck Saling - claimed that Denton CAD is inflating the income and that DCAD is "rutterless" and "lawless"

ITEM 8. PROGRESS REPORT

DON SPENCER - INTERIM CHIEF APPRAISER

- Certification process has been successfully completed - certifying the records in our system and creating a new layer for the 2023 tax year.
- Currently just over 5700 protests left to be worked through
- More hearings will be held on September 28 and more to be held during the week of October 17.
- There is a desperate need for ARB members - call out to entities, public, and any others to provide ARB members - currently there is a shortage of 12 members - it is a paid opportunity to serve the public - without ARB members the protests will not be processed in a timely manner - budgeted for 48 in 2023 - ARB came close

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to starting with what was budgeted but due to various circumstances people leave along the way - during the season there comes a point where no more members can be added due to education required before sitting on a panel - one major issue of getting through protests is having enough ARB members to sit on panels - Last week of protests there were 6 panels running of 3 members due to availability - doesn't allow to timely process - this seems to be common in Dallas and Collin CAD - seems to be more damaging to us because we have a smaller ARB to start with - Collin CAD typically runs 15-18 panels - Denton CAD pays \$175 per day to ARB members - most often currently recruitment is done by current sitting ARB members - there is a possibility that we can do a better job of advertising the possibility - ARB does not report directly to Denton CAD - could that be an issue in recruiting - ARB/TLO does a good job of coordinating schedule

- High Level Numbers from the Certified Totals
- \$183.2 Billion in Market Value
- A little under \$150 Billion in Taxable Value - after exemptions and Special Valuations are removed from Market Value
- Up \$37 Billion in Market or 25.5% and Taxable Value up 20% over the last year
- Appraisal Departments are starting to align the market areas with appraisers so they can start field work and reinspections for 2023.
- Currently receiving tax rates from entities and tax office - which helps us in preparing levy files sent to the tax office - deadline is October 5
- This week hosted a Core Education USPAP class with 14 DCAD employees attending
- Will be having interdepartmental meetings to discuss protest season, ARB members and peers on processes that can be improved on - working on plans for next year to make it better for Property Owners, ARB members, and making sure we are operating as efficiently as possible while still limited number of folks handling the protests
- Looking for seminars throughout industry with focused topics of concern with Lakefront properties and how those are valued to supplement education the appraisers have.
- Look at more platforms to post current and future employment opportunities to make sure DCAD is reaching out as far as we can to get the most qualified candidates - currently post on website, TAAO, TAAD - occasionally reach out on Indeed or Zip Recruiter - look at LinkedIn and IAAO
- Currently have 5-6 open positions which some have been posted for a while - partially attributed to the season we just came out of - need to refresh those postings - make them visible again
- Michelle French asked when Supplements will be available.

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- Don Spencer stated that we are hoping by October 5 - hopefully a few days before
- Michelle French explained that the certified roll is sent with Data Extracts - tax office needs to receive Supplemental files and all changes including name and address updates so that they have as much accurate information as possible.

ASHLEY AGUADO - TAXPAYER LIAISON - No Report at this time.

ITEM 9: 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
- C. ACKNOWLEDGE RECEIPT OF VALUE CHANGES

Alex Buck made a motion to approve all items on the Consent Agenda. Ann Pomykal seconded the motion. The motion passed and the vote was unanimous.

ITEM 10: WORKSHOP 2023 DCAD BUDGET

At this time, Kim Collins made a request to move to Item 11 to accommodate Kallen McCoy who had been waiting to make the insurance presentation to the Board.

Kim Collins stated that there is nothing new prepared. Don Spencer opened the floor for conversation on the budget. There have been several taxing units who have met with concerns and the disapproval of the budget. Mr. Spencer invited dialogue and discussion from the board members. Mr. Spencer acknowledged the feedback from the last public hearing from those concerned over the lack of increase for training. Mr. Spencer would entertain the idea of placing a training line item in the next budget to account for internal and external training of DCAD employees.

Roy Atwood stated the one thing he has heard other than the leadership issues raised, the largest practical issue is the ability to get certified values earlier. Understanding the plea for additional ARB members and additional employees. Ensuring that people are not filing protests because their Homestead exemption has not yet been processed. There will still be a large number of protests and those have to be processed within a finite amount of time. Should the budget be approved for additional ARB members would there be the physical room to accommodate the number of panels? Mr. Spencer responds that with the number of staff we currently have DCAD would not be able to staff additional ARB panels. Mr. Spencer explained that what we are asking for in ARB is what we will be able to staff.

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Mr. Spencer stated one of his goals to address the timely certification issue is to “create more runway” - making sure field work is completed sooner, appraisal notices out earlier, which will help us in the long run.

Ann Pomykal asked about the need for 2 positions in Admin in the 2023 budget at \$150,000 a piece. Mr. Spencer acknowledged that at least one could be removed, also acknowledging that with more people there will be a need for more leadership. Mrs. Pomykal asked for a paragraph for the entities of what the needs were and specifically the increase in each department.

Alex Buck asked for a better description of all the needs that will be met in the 2023 Budget.

Roy Atwood stated he has not heard any entity acknowledge that we do not need additional staff.

Ann Pomykal stated that she is very excited that Mr. Spencer is focusing on training for all the new staff DCAD is hoping to bring in but also for the existing staff. Moving forward, Mrs. Pomykal would like to see a plan for each employee for training.

Michelle French offered the question “Is it possible to hire 18 employees in the next year?” - Questioned the possibility of trimming even one position and then looked at the possibility in the next year.

Don Spencer asked for clarification about taking down the number of FTE’s.

Michelle French clarified to take out one of the Admin positions for 2023 and then looked at adding that position in the future.

Roy Atwood suggested leaving the FTE number the same but recognize that not all will be hired on January 1 so it will not be necessary to budget fully for the entire year. Hesitant to have the budget reduce the number of FTE’s.

Ann Pomykal stated the need for an over/budget where the board can see the line for 2022 where it would show where we currently stand on what has and has not been spent for the current year. Kim Collins clarified the information that is provided in the financial report. Mr. Atwood pointed out there is a summary page in the financial report. Kim Collins pointed out in the expense report for all departments those items are lined out. Mrs. Collins also pointed out that in the narrative provided to the board there are overviews of all requested.

David Terre stated that The City of The Colony wanted to be sure that the correct decision is being made and the new employees will be used most effectively. Mrs. Collins explained that the biggest needs for employees are on the front line - the forward-facing positions - customer service and appraisers. Make sure we are

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allocating resources for people as not to burn them out but offer them help to help DCAD achieve our deadlines.

Alex Buck confirmed that we will not be going over the current budget number. Don Spencer anticipates that it should be less based on the items discussed.

Roy Atwood confirmed the next step is the Public Hearing on September 27, 2002.

Don Spencer will clarify a more concise delivery for the entities of where the needs are and highlight those in the coming budget request.

ITEM 11: CONSIDER AND APPROVE EMPLOYEE GROUP HEALTH, DENTAL, VISION, LIFE, AD&D, LTD, AND LONG TERM CARE

Kim Collins presents Kallen McCoy with AIA Benefits who presents the analysis of medical insurance benefits each year. He goes out each year and makes sure the insurance that we are providing is at the lowest price to offer. DCAD is a partially self-funded plan. Worst case scenario fell underneath 5 of the 6 guaranteed cost plans that were explored. Mr. McCoy explains there are some shifts in the demographics of the Appraisal District which offers a reduction in the benefit plan of about 8%. Increases are 5-12% on average because health insurance does not tend to go down. DCAD membership increased by about 17% from last year however the price only increased by about 7.5% which brings down the per unit cost. The fixed cost/insurance premium reduced this year by \$43,000 - one employee caused the District Liability to go up about \$60,000 because of specific things. We have a great quote from Met Life waiting to be accepted to keep costs from going up at all.

Ann Pomykal asked if Kim Collins had any concerns. Mrs. Collins stated that there are no concerns at this time.

Ann Pomykal made a motion to approve the Employee Group Health Insurance as presented. Charles Stafford seconded the motion. The motion passed and the vote was unanimous.

ITEM 12: DISCUSS RECEIPT OF THE 2021 PROPERTY VALUE STUDY FINDINGS PURSUANT TO SECTION 403.302(k) OF THE TEXAS GOVERNMENT CODE

Don Spencer hands out a copy of a letter from Comptroller, Glenn Hegar. Mr. Spencer explained that this is a requirement from the Texas Comptroller that the Board is notified of 3 school districts that through the PVS by the State are still found to be invalid on the value which means they are in year one of Grace. They will still be assigned local value - they are beginning to do the studies for a consecutive year to pull them out of the invalid status.

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Roy Atwood inquired what it was that led to this result.

Don Spencer explained that these 3 ISD's are in the Northern Quadrant of Denton County and even though booming there is still a lot of rural property. Those school districts are not nearly as populated as others. In an environment where a lot of growth is seen, there is little data available to hit market numbers accurately on school districts. The CAD has to assign market value and it has to be done equally and uniformly. There has to be recognition of seeing the 20-25% increase of market value in the mass approach. There is still the struggle of the lack of data and it is hard to support that increase. Still no excuse to fall out of the Confidence Interval - DCAD is aware and trying to determine where the challenges are with these 3 school districts so it can be addressed so this next PVS can be successful.

Ann Pomykal asked how the districts themselves feel about this issue. Don Spencer explained it is alarming to the districts and administration. At this point they are on notice and on check - if there is more than 2 years of this issue - the districts are subject to the state value instead of the local value and the state value is always going to be higher. If there is a higher assigned value in the study, TEA will capture that value which will mean less funding from the state for those School Districts.

ITEM 13: ADJOURN

Chairman, Roy Atwood, adjourned the meeting at 6:32. Next meeting September 27 at 3:00.