

Williamson Central Appraisal District

Board of Directors Meeting

Minutes of June 1, 2017

Harry Gibbs, Chairman, called the regular meeting of the Williamson Central Appraisal District Board of Directors to order Thursday, June 1, 2017 at 9:06 a.m. Board members present: Harry Gibbs, Deborah Hunt, Rufus Honeycutt, and Charles Chadwell. Quorum declared. Larry Gaddes arrived late. Cecilia Crowley was in attendance for a portion of the meeting via phone conference.

Pledges of Allegiance

Receipt of Public Comments

David Ciambrone, the Chairman of the Appraisal Review Board (ARB), addressed the Board. Ciambrone reminded members of a concern brought to the Board at their last meeting regarding a member of the ARB. Ciambrone reported that this member has resigned. The ARB plans to rotate auxiliary members for coverage.

No other public comments

Consideration of Monthly Financials

The April 2017 financials and expenditures were filed for audit.

2018 Budget Workshop

Texas County and District Retirement System Presentation

Tim Krause, the District's representative from the Texas County and District Retirement System (TCDRS) was present. Krause reviewed our current TDCRS plan noting that the only change made last year was a 1% COLA for retirees. Krause then distributed a packet to the Board. Going over the packet, Krause mentioned the 2018 required rate of 16.12% with an additional .18% for separate group term life. The rate has increased over last year by .96% due to investment returns from previous years. Krause explained that TCDRS recognizes all gains and losses over a five-year period reducing the impact on the rate for any given year. Last year's lump sum contribution and higher elected rate has helped to offset the increase.

Krause reviewed the District's options regarding our TCDRS plan. The Board may change the benefits, do nothing and pay the required rate or reduce our unfunded liability by continuing to pay the higher elected rate and/or making an additional contribution.

Lankford pointed out that, as in past years, our 2018 requested budget maintains the elected higher rate to ensure we continue to pay down the unfunded liability. The budget numbers do include additional employees.

There was discussion on employer matching. Lankford reminded the Board that we do not pay into Social Security, which is a huge hit to our retirement. Additionally, our employer matching, along with other benefits allow the District to draw talent from the private sector. The Board owns this plan and may change the benefit. Krause pointed to a diagram in the packet, showing employer matching to be only a small portion of the

fund benefits at \$0.13 of every dollar. Investment earnings make up the largest portion at \$0.77 of every dollar. Employee deposits make up the rest.

Krause extended an invitation to the upcoming TCDRS Conference being held July 26-28 at the Downtown Sheraton.

Hunt requested a summary of what makes TCDRS different. Krause listed the savings based benefit, responsible plan funding and flexibility. The plan is based on savings not a promise to pay. To ensure responsible plan funding employers must pay at least the required rate and cannot take a pay holiday. Flexibility comes from the ability of the Board to control the plan by making changes if necessary and increasing funding. TCDRS is a self-funding plan based on investments, employer deposits and employee savings and does not rely on any State funding. Krause explained that the plan pays a lifetime benefit based on mortality rates and mentioned payment options available.

Assigned Obligated Funds

Lankford mentioned the Board's options for the un-assigned fund balance, indicating that the Board could refund the monies back to the taxing entities, buy down the District's budget or contribute to reserves accounts for future use.

Lankford pointed out the potential purchase of Sidwell Parcel Fabric. The Board had previously approved the test pilot for \$13,000. This will come out of the GIS Projects Reserves account leaving a zero balance. If the Board does decide to purchase the full Sidwell Parcel Fabric, the cost will be around \$85,000 with an additional \$10,000 for implementation. Lankford requested replenishing the GIS Projects account back to a \$100,000 balance, the maximum allowable for this account.

Lankford reviewed the option to buy down the budget. In the prior year, we bought down the budget helping to smooth the increase from hiring additional employees. The last couple of years our budget allocation increased by between 4-5%. Buying the budget down by \$200,000 would keep us within our goal of staying at or under 5%, making it easier for our entities to project.

Lankford recommended moving \$367,393 of unassigned funds to the following reserves accounts: \$100,000 to GIS Projects, \$200,000 to Budget Buy Down, \$20,000 to Building and \$47,000 to the Technology Short Lived Items Fund. There was further discussion on reserves accounts.

2018 Budget Review

Kimberly Gamboa distributed revised budget sheets as well as an entity survey. Base on the entity survey Lankford considers a salaries increase of 3% to be within reason.

Lankford reviewed changes to the proposed budget due to recent legislation. One change is due to HB 455, requiring districts to offer phone hearings. We will need a quality conference phone in each panel room. We cannot know the impact beforehand, but need to be prepared. We added \$1,500 total to the budget for purchasing conference phones. Another change is to category 6260. SB 731 added a level of binding arbitration and increased the maximum appraised value from \$3,000,000 to \$5,000,000, allowing more commercial property accounts to file for binding arbitration. Budget category 6260 increased by \$1,000 based on a projection of possible loss for a worst-case scenario. There were no other changes made.

Lankford reviewed summaries for merit increases in the following amounts...1.5%, 2% & 3%.

Discussion and Possible Action:

Texas County and District Retirement System

Gamboa confirmed that the rate listed in total budget is the elected higher rate. There was further discussion regarding funding.

Hunt moved to pay the calculated rate of 16.12 and the .18 for term life as presented.

There was further clarification regarding the elected higher rate, 16.47% versus the required rate, 16.12%.

Hunt changed her motion to 16.47 for retirement and .18 for term life for a total of 16.65. Chadwell seconded. The motion carried 4-0.

Assigned Obligated Funds

Lankford reiterated his recommendation from earlier in the meeting. There was brief discussion.

Chadwell moved to accept Lankford's recommendation to move \$367,393 of unassigned funds to the following reserves accounts: \$100,000 to GIS Projects, \$200,000 to Budget Buy Down, \$20,000 to Building and \$47,000 to the Technology Short Lived Items Fund. Hunt seconded. Motion carried 4-0.

Approval of Proposed 2018 Budget

Lankford reviewed the amounts previously discussed for different merits. He also reminded the Board that between now and September, when the final budget is approved, these numbers can decrease. The Board has made it a policy never to increase from the initial proposed budget. Discussion followed.

Honeycutt moved to approve a 3% proposed merit for a total proposed budget in the amount of \$8,741,900. Hunt seconded. Motion carried 4-0.

The Board recessed at 10:30 a.m. and reconvened at 10:37 a.m.

Larry Gaddes arrived at 10:38 a.m.

Adjourn to Executive Session pursuant to Texas Government Code Section 551.071 of the Texas Open Meetings Act for the following purpose:

Consultation with Attorney on Current Litigation

Executive session began at 10:38 a.m. and ended at 11:35 a.m. The Board returned to open session at 11:35 a.m.

Consideration and possible action on items discussed in Executive Session

Consultation with Attorney on Current Litigation

No action taken

Lankford provided the Board a set of handouts with budget comparison information from other appraisal districts.

Crowley joined the meeting via conference call.

Adjourn to Executive Session pursuant to Texas Government Code Section 551.074 of the Texas Open Meetings Act for the following purposes:

Chief Appraiser Compensation Process

Executive session began at 11:42 a.m. and ended at 1:28 pm. The Board returned to open session at 1:28 p.m.

Crowley left the meeting.

There was an issue with the recording beginning at 1:28 p.m.

Consideration and possible action on items discussed in Executive Session

Chief Appraiser Compensation Process

No action was taken. The Board would like to continue the process of reviewing Chief Appraiser compensation.

Consider Approval of Minutes of the Board of Directors for the: Regular Meeting – May 17, 2017

Chadwell moved for approval of the minutes as presented. Hunt seconded. The motion carried.

Taxpayer Liaison Officer's Report

Report on Property Owner Contacts

Charley Rouse, the District's Taxpayer Liaison Officer (TLO), was not in attendance at this meeting. In Rouse's absence the Board reviewed a printed report from the Board packet. The Board requested to have this printed report for every meeting.

Lankford pointed out that all of the items listed on the report were resolved quickly, expressing concern that property owners are contacting Rouse for issues that can easily be handled by our office. Adding an explanation on our website of reasons to contact the TLO may help.

Chief Appraiser's Report

Property Owner Surveys

The Board reviewed the Property Owner Surveys. The Board was pleased with the surveys. There were no concerns.

Protest Season Update

Lankford reviewed the protest statistics. We expect 35,000 - 36,000 total protests, which is lower than last year.

Board Election Process Update

Lankford requested that Board members decide if they will run again by the next Board meeting so that we may inform our entities.

WCAD Presentations

Lankford mentioned the City of Round Rock Council valuation update he had given.

Lawsuit, Arbitration and SOAH Reports

Lankford reviewed the lawsuit and arbitration reports. There were small reductions on finalized cases. Arbitration seems to be going to the property owner. There were no State Office of Administrative Hearings (SOAH) on which to report.

Board Agenda Additions for Future Meeting

- Chief Appraiser Compensation Process

Board Announcements

- Hunt encouraged attending the upcoming TCDRS Conference.

Board members were reminded of the previously set meeting date:
Thursday, July 13, 2017 @ 9:00 a.m.

Meeting adjourned at 1:36 p.m.

Respectfully,



Deborah M. Hunt, Vice Chairman



Rufus Honeycutt, Member