

TEXAS BOARD OF ARCHITECTURAL EXAMINERS
Minutes of the Executive Committee Meeting

July 29, 2013

William P. Hobby Jr. Building, 333 Guadalupe Street
Tower II, Conference Room 350L
Austin, TX 78701
9:00 a.m. until Completion

1. **Call to Order**

Chair Alfred Vidaurri called the meeting of the Executive Committee for the Texas Board of Architectural Examiners to order at 9:00 a.m.

2. **Roll Call**

Alfred Vidaurri, Chair, called the roll.

Present

Alfred Vidaurri, Jr.
Sonya Odell
Chase Bearden

Chair
Vice-Chair
Secretary/Treasurer

Excused Absence

Paula Ann Miller

TBAE Staff Present

Cathy L. Hendricks
Scott Gibson
Glenda Best
Katherine Crain
Kenneth Liles
Christine Brister

Executive Director
General Counsel
Executive Administrative Manager
Legal Assistant
Finance Manager
Staff Services Officer

3. **Public Comment**

None

4. **Approval of minutes of the July 30, 2012, meeting of the Executive Committee**

Ms. Odell noted the agency's strategic plan was approved at that meeting. In response to her inquiry, the Executive Director stated the strategic plan is on the agency Web site. The Chair inquired about the scheduled cycle for adopting strategic plans. The Executive Director stated it is on a 2-year cycle, subject to adoption in even-numbered years. The next strategic plan will be adopted in 2014. A MOTION WAS MADE (Bearden/Odell) TO APPROVE THE MINUTES OF THE JULY 30, 2012, MEETING OF THE COMMITTEE. THE MOTION PASSED UNANIMOUSLY.

The Chair gave a highlighted overview of the Executive Committee for new member, Sonya Odell. He stated that they were usually quick meetings that were open and posted meetings. The Committee meets to develop a budget to recommend to the Board and to conduct the Executive Director annual performance evaluation. The purpose of the meeting was to look at high level

items, give staff direction and make recommendations to the Board on proposed policy direction for consideration and vote. However, he noted that most of the time the Executive Committee focused on the budget for the upcoming fiscal year.

5. Review Fiscal Year 2013 Operating Budget, proposed budget for Fiscal Year 2014, and develop the Fiscal Year 2014 budget recommendation to the Board

Ms. Odell inquired about the budget item titled “funding for 6 months.” The Executive Director stated that is a line item commonly referred to as the reserve. Pursuant to Board budget policy, the agency maintains a balance equivalent to 6 months of expenditures to cover unanticipated reductions in revenue or large expenditures.

The Executive Director outlined the budget materials for the Fiscal Year 2013 budget. The agency carried forward \$1.9 million in reserve from Fiscal Year 2012 into Fiscal Year 2013. The materials describe the budget projections of revenue and specific line items of expenditures. There is also a listing of actual revenue collected and expenditures made (with projections for revenue and expenditures for August) and a column listing by line item the percentages of projected revenue and expenditures compared to actual revenue and expenditures.

The budget for 2013 projected revenue of \$2.9 million. The agency collected roughly 93.75% of projected revenue. The Executive Director noted \$1.5 million was budgeted for salaries while \$1.3 million, or 87% of the budgeted amount, will actually be expended on salaries for Fiscal Year 2013. The Executive Director outlined all other expenditure line items, noting minor variations between the budgeted and actual amounts. One item, identified as “draw on fund balances” referred to a decision by the Board to make IT purchases and employ a new IT manager in Fiscal Year 2013. She reported that it did not seem prudent to employ any new personnel during the last legislative session when the Sunset bill could have had a significant negative fiscal impact upon the scope of agency jurisdiction and operations. The agency made the purchases (other than hiring an IT manager) with available funds and therefore it was not necessary to make the draw upon the reserve. The Executive Director reported that she plans to hire an IT Manager within the office by September 1, 2013.

The Chair asked the members if they had any questions. Ms. Odell asked about salaries and retirements for the upcoming year. She noted the agency expended roughly \$200,000 less than budgeted for salaries. She inquired whether the projected salaries for Fiscal Year 2014 will be adequate in light of employing a new IT Manager. The Executive Director stated that she is likely to fill the position by promoting from existing staff and is unaware of anyone planning to retire in the upcoming year. She stated three people retired from the agency last year and a fourth took a job at another agency. The Finance Manager stated that the agency had a bare bones budget of \$1,332,040 that it will fund the staff with for the upcoming year. He stated that this amount should be adequate. In addition, he said that this is the tightest the agency’s budget had been since he had been hired. He stated that the agency is projecting a surplus of \$64,801 at the end of Fiscal Year 2013.

The Chair noted the agency expended only 43% of the amount budgeted for staff training and training was not carried out as budgeted. The Executive Director responded that the legislative

session impacts training. It is difficult to have staff out of the office at a time when the Legislature should be monitored and requests for fiscal notes or from Sunset analysts must be answered. Mr. Bearden asked if the agency is able to find training at home and save on travel costs. The Executive Director stated that is the case and the agency emphasizes local training over out-of-town training.

The Chair inquired about whether there was adequate funding in the proposed budget for the Board to be adequately represented at NCARB, CLARB and NCIDQ. He stated some states send the entire Board, executive directors and legal counsel. The Chair stated he is not advocating for that much representation but favored adequate representation of the Board at the national associations. Ms. Odell noted the agency's Communications Manager attended the NCIDQ conference and learned a lot about the interior design profession. The Executive Director stated the Communications Manager attended the NCIDQ conference because the agency was going into a Sunset session in which there had been a recommendation to repeal laws relating to registered interior design. It was important for the agency to have communications thoroughly informed about the interior design profession. She noted that it is beneficial for the public members of the Board to attend the national conferences to learn more about the professions and the national standards for regulating them. However, she noted that the Legislature is very concerned about travel, especially travel by SDSI agencies. She also observed that the upcoming fiscal year is a transition year from a budgetary standpoint. The agency will have to adjust to the changes made by the Legislature and the fiscal impact of those changes. For those reasons, the Executive Director urged deferring travel until the following year to the extent possible.

The Chair noted the Board used only 80% of the amount budgeted for Board travel for Fiscal Year 2013. He stated he favors enabling Texas Board members to gain leadership positions at the national organizations if they have a desire to do so, which would require Texas Board members to attend the conferences.

Mr. Bearden asked if other agencies regulate more than one profession which involves membership in more than one national organization. The Executive Director noted that the Board of Professional Engineers has only one national organization, despite several branches of engineering. She also noted the membership of that Board does not seek reimbursement. Mr. Bearden also asked about other jurisdictions and whether the Boards in those jurisdictions regulate architecture, landscape architecture, and interior design. The Executive Director stated Tennessee, Florida and Georgia do. The Chair noted he has seen other states leading workshops on best practices, reciprocity, and alternative paths to licensure. He also has seen presentations on BIM modeling and the elimination of sealing requirements as part of the incorporation of BIM into the rules. The Chair noted it might be more beneficial to send more staff to national conferences because of the information and data they bring back. The Executive Administrative Manager stated the agency sent three staff members to CLARB and they provided a detailed written report to the Board at the June meeting.

The Chair addressed the Committee and asked if the Committee believed the Board has adequate representation at NCARB, CLARB and NCIDQ and whether the Board should ensure that the Executive Committee should have representation at the national conferences and meetings. He also inquired about the methodology the agency used to determine who should attend these

meetings on behalf of the Board. The Executive Director stated she generally tries to ensure someone attends who has not attended a meeting in a while. She also considers the location of the meeting, whether in-state or out-of-state and whether it would be beneficial to the agency for a particular staff member to attend considering the function of that staff member. The Chair noted the Executive Director decides who on staff should attend, and delegates from the Board attend, but what is unclear, is who else should attend. The Committee discussed increasing the line item in the budget to cover travel costs for board members and staff in Fiscal Year 2014. The Chair stated that he believed it was important that staff attend some of these conferences. The Executive Director opined all Board members and lots of staff should attend the NCARB meeting in San Antonio this coming spring. No action was needed on the 2013 budget – was presented for discussion only.

The Executive Director laid out materials regarding the Architectural Registration Examination Financial Assistance Fund and requested direction on the future of the fund. She stated that when the fund was first created each architect paid a \$10 surcharge upon renewing registration which was deposited into the fund. That amount, the interest it accrued at the time in question, and the relatively small amount and number of payments made from the fund caused a significant balance to accrue. The Board reduced the surcharge to \$1 and then stopped collecting any surcharge. The Executive Director noted interest rates are much lower than they were when the Fund was first created and the agency has raised the income thresholds for receiving a scholarship which has increased the number of payments made from the fund. The Executive Director reported that the fund will hit a zero balance in 5-6 years.

The Executive Director recommended revising the scholarship rule so that a person may receive a scholarship only upon successfully passing the entire Architectural Registration Examination so that reimbursement is not made to a person who ultimately does not pass the examination because of the “rolling clock” deadline. The Executive Director asked the Committee for direction on continuing the scholarship fund or allowing it to go to a zero balance.

The Chair said he believes that the agency should continue the legacy and continue to give scholarship awards. He asked when the agency began charging a \$1.00 surcharge. The Executive Director stated the surcharge went from \$10 to \$1 within a year or so after it was created in 2001. There has been no charge over the past 5 years. In response to questions from the Chair, it was established that there are three distributions per year, by statute an award from the fund is set at \$500, awards are based upon financial means – a percentage above the poverty line which has not been adjusted for inflation.

Mr. Lancaster noted that there is opposition to this program within the Texas Society of Architects. Generally, re-establishing a surcharge would not be well-received as many believe they should not be charged to help others become their competitors within the profession. He noted there may be a legislative change to the fund’s enabling statute.

The Chair recommended that this issue be brought before the Board at the October meeting with the following information: income threshold for receiving an award; dates when the surcharge was \$10, \$1, and \$0; an estimated date when the fund will be depleted and projection models for revenue and balances adding additional sums to the fund. The Chair also asked for projection

models for increasing the number of awards by increasing the income thresholds. The projection model should establish a formula stating how much must be received to pay the estimated \$25,000 paid out each year. The projection models should indicate how much revenue would be received by each increase in surcharge and how many awards may be made by each increase in surcharge. Ms. Odell noted the projections should take into account anticipated increases in examination costs. The Chair stated the Board should consider a 5-year "look ahead" and provide direction after the receipt of information.

The Executive Director directed committee members back to the proposed budget for 2014. She stated that salary and wages were approximately \$1,394,330, up from \$1,332,000 in Fiscal Year 2013. The legislature mandated a 1.0% raise for all state employees as of September 1, 2013. In addition, she stated that the agency added \$62,000 to payroll related costs for the increase in salaries and the promotion for the IT person. She said that the agency would lose \$135,000 in late fees due to legislative changes.

The Executive Director noted the line item for professional fees and services is increased to reflect projected costs for SOAH, legal representation from the Office of the Attorney General, and expert witness fees.

The Executive Director directed their attention to the IT section of the budget. She noted that there are two alternate budgets – one with a cost for new servers and one that does not show that expenditure. She recommended approving the version with new servers or there will be a large cost in 2015. She said that DIR will provide Cloud services through Microsoft Office 325 which is a hybrid Cloud system, allowing the agency to maintain its own servers. By utilizing the DIR contract, the agency will incur a cost of \$14 per person compared to a cost of \$20 per person under an agency-specific contract. The Executive Director stated DIR will have great security and additional fire walls. The agency will have virtual servers through the Cloud in addition to its own servers. The Chair stated that he was personally in favor of the budget that included the servers.

Ms. Odell agreed with the Chair and the Executive Director regarding the purchase of servers, but expressed concern over the loss of revenue from registered interior designers discontinuing their registrations. The Finance Manager stated that the agency had calculated some preliminary losses as a result of the interior design legislative changes. The projection is that roughly one-fourth of registered interior designers will decline to maintain registration in 2014 distributed among active, inactive and emeritus registrants at a cost of roughly \$41,144 in reduced revenue. The Chair stated the 25 percent reduction in the number of grandfathered registered interior designers as well as the corresponding reduction in projected revenue seemed reasonable, in the absence of any other substantial data indicating a different result. Ms. Odell noted that most of the grandfathered interior designers are in their late 50's or older and it stands to reason that many will decide not to take a \$1,000 examination. She also noted other factors such as aging, the economy and normal attrition will affect this group; therefore, it was impossible to calculate the precise loss for the agency at this time. The Chair asked how long the examination requirement will affect the number of registered interior designers. The Finance Manager noted the new law imposes a deadline to pass the examination in 2017 so the agency anticipates a reduction in revenue through that year. He stated that there were 1811 grandfathered interior

designers as of today and if they do not take the NCIDQ exam by 2017, the agency will have lost 1811 registrants. Ms. Odell stated that within a year, the agency will have a better grasp of how many registrants will drop out of the program. Mr. Bearden asked if the challenges to the registered interior design program over the past 6 years has had an effect upon the number of new registrants coming into the profession. Ms. Odell and the Executive Director both responded that it has. Ms. Odell added that it was also difficult to obtain the experience required for registration due to the recession that began in 2008 which has diminished the number of new registrants.

A MOTION WAS MADE (Odell/Bearden) TO RECOMMEND THE BUDGET SHOWING EXPENDITURES FOR NEW SERVERS AND SHOWING A REDUCTION IN PROJECTED REVENUE DUE TO INTERIOR DESIGN ATTRITION FOR PRESENTATION TO THE BOARD. THE MOTION PASSED UNANIMOUSLY.

The Committee recessed at 10:45 a.m. and reconvened at 10:55 a.m.

7. Performance Evaluation of the Executive Director from August 1, 2012 through July 31, 2013 (Action)

At 11:02 a.m. the Committee adjourned open session and the Chair called the Committee into closed session pursuant to TEX. GOV'T CODE §551.074 in order to deliberate on personnel matters.

At 12:40 p.m. the Committee reconvened in open session. The Chair called the open session of the Committee to order.

A MOTION WAS MADE (Bearden/Odell) TO RECOMMEND TO THE BOARD THAT THE EXECUTIVE DIRECTOR RECEIVE A SALARY ADJUSTMENT TO INCREASE HER SALARY BY 3 PERCENT. THE MOTION PASSED 2-1.

The Chair stated that the Executive Director's proposed Executive Development Plan should be presented to the Board with adequate time for the Board to review it and make a decision. He opined that it was too robust and should be honed. He asked the Executive Director to come to the Board prepared to share it with the Board. The Chair stated that he also wants the Board to set the Executive Director's goals for 2014. The Board will meet in closed session in order to have a full, open and candid exchange regarding performance and expectations.

A MOTION WAS MADE (Bearden/Odell) TO ADJOURN THE MEETING AT 12:55 p.m. THE MOTION PASSED UNANIMOUSLY.



ALFRED VIDAURRI, JR.
Chair