May 8, 2014

The El Paso Central Appraisal District Board of Directors held its regular meeting on Thursday, May 8, 2014, at 5:00 p.m., in the Conference Room of the El Paso Central Appraisal District at 5801 Trowbridge, with the following members present:

Rey Sepulveda, Chairman
Patricia McLean, Secretary
Ed Archuleta

Gary Gandara
Sergio Lewis
Dee Margo

There was a quorum, with six members present. Mr. Joe Longoria and Ms. Carmen Hegeman, Legal Counsel were present for the entire meeting.

Mr. Gandara joined the meeting at 5:32 p.m.

First order of business was to recite the pledge of Allegiance to the flag of the United States of America.

AGENDA ITEM I – APPROVAL AND SIGNING OF MINUTES FOR MARCH 13, 2014

Mr. Margo made a motion to approve the minutes for March 13, 2014. Mr. Archuleta seconded the motion. Motion passed unanimously.

AGENDA ITEM 2 – PUBLIC COMMENT

Public comments were made by Mike Rooney, David Loya, Robert Garcia, Jorge Garcia, Ernesto Salcido and Gerry Ramsey.

AGENDA ITEM 3 - DISCUSSION & POSSIBLE ACTION REGARDING REVIEW OF FINANCIAL STATEMENTS, FEBRUARY & MARCH, 2014

Ms. Rosa Goldmann, Chief Financial Officer, presented the February and March, 2014 Financial statements. All financial statements are on file and a matter of record in the District’s accounting office.

As requested by the Board at the August 2013 meeting, Ms. Goldmann also presented a Power Point overview of EPCAD’s financial picture for the previously stated months.

Mr. Margo asked if there might be an excess by the end of the year. Ms. Goldmann stated that EPCAD feels there will be, however, there are still six months until the end of the fiscal year.
Ms. McLean made a motion to approve the financial statements for February and March, 2014. Mr. Lewis seconded the motion. Motion passed unanimously.

AGENDA ITEM 4 – MONTHLY HEALTH BENEFITS USAGE REPORT – MARCH AND APRIL, 2014


The Year-to-Date Loss Fund for March is $368,810.88, with the Year-to-Date Loss Fund being $304,177.94, leaving a positive balance of $64,632.94.

The Year-to-Date Loss Fund for April is $429,408.89, with the Year-to-Date Paid Subject to Loss Fund was $387,495.99, leaving EPCAD with a positive balance of $41,912.90.


AGENDA ITEM 5 – PRESENTATION BY MIKE DENNIS OF COMPASS BENEFITS

Ms. Kilgore stated that during the Budget Workshop held April 10, 2014, questions were raised about EPCAD’s benefits and what EPCAD needs to do next year. The benefits are not up for renewal until September of 2014. The benefits committee will meet in June with additional information from other companies, etc. Mike Dennis of Compass Benefits, EPCAD’s broker addressed the board.

Mr. Dennis directed the board’s attention to the packet which contained modifications (shown on the left) that he would discuss and on the right side of the packet are spreadsheets on the health dental and vision plans.

Health Insurance – Mr. Dennis said the Buy Up Option #2 is currently in force for EPCAD. The office co-pay is $25.00, $500.00 deductible – after meeting the deductible, benefits are paid out at 80% in network with an out-of-pocket maximum of $3,000/per year. Prescription co-pay is $20.00 for generic; $30.00 for brand name, and $50.00 for non-formulary medication. This plan is currently in force.

If the board chooses a $1,500.00 deductible plan which is the base plan, it has a $40.00 office visit co-pay, $1,500.00 deductible, 80% paid by insurance, $4,000.00 out-of-pocket maximum per year, and a $30/$40/$70 prescription drug co-pay plan. This plan would represent a 5-8% savings.

Option #1 – This plan has a $1,000 deductible, 80/20 plan with an out-of-pocket maximum of $3,500.00. The approximate savings on this plan is about 3-5%.
Mr. Dennis said he understands that the board is looking for a multi-tiered health insurance program. In other words all employees are offered the base plan, and if the employees choose to buy up to a higher level, they can choose either Option 1 or 2.

Mr. Dennis said he would like to meet with the benefits committee next month to fine tune some of the plans and to limit the options to three only. The difference in these three options is the deductible. The increase will be the deductible, from a $1,000.00 to $1,500.00. The difference would be passed on to the employees. In essence, if someone were to get in an accident, currently the employee only pays out of their pocket $500.00 and the insurance kicks in and pays 80%, thus the employee only pays 20%. However, with the base plan there would be a $1,500.00 deductible. Once again, if an employee has an accident with this plan the first $1,500.00 is paid by the employee, then the insurance kicks in, which is a significant difference. Presently, EPCAD has only one plan.

Mr. Margo felt it would be helpful if Mr. Dennis would get the plans from Ysleta Independent School District and El Paso Independent School District (EPISD) for comparison purposes.

**Dental Insurance** – Mr. Dennis stated that he spoke to Mr. Joe Halow of Assured Benefits and if EPCAD were to change the dental plan from employer paid plan to a voluntary plan, the rates would remain the same, due to the fact, the claims dollars for the health insurance and dental insurance are in the same pool. If EPCAD were to drop Assured Benefits from the health insurance policy, EPCAD would lose the dental plan. Mr. Dennis said the rates EPCAD now has for dental are very good. Currently EPCAD has a $2,000.00 annual maximum that is paid out at 100% for preventative, 80% for basic coverage which consist of fillings, etc., and 50% for major services, i.e., crowns, etc. If EPCAD were to go out in the market and get a voluntary plan the cost would almost double.

**Vision Plan** – Currently EPCAD has vision insurance with Vision Services Plan (VSP) and is a 12/12/12 policy which means eye exams, lenses and frames can be received every 12 months. Currently, the rate, as a paid program thru the employer, is $9.30 per employee. If EPCAD were to go to a voluntary plan thru the current carrier, the cost would be $12.37. Currently EPCAD pays for the vision plan; therefore, all employees are covered. If the vision plan becomes voluntary, needless to say no employee will be covered, therefore, the rates will be higher. This applies to the current carrier only.

Ms. McLean requested Mr. Dennis include comparisons for all school districts and entities to include dental and vision along with health. All information requested will be presented to the board during the summer when the health, dental and vision benefit renewals will be discussed.

**AGENDA ITEM 6 – DISCUSSION & POSSIBLE ACTION ON ADOPTION OF 2014/2015 EPCAD BUDGET**

Notes from the budget workshop were distributed. The notes included questions, comments, and concerns made by board members during the April 10, 2014 budget workshop.
Ms. Kilgore stated that as a result of the budget workshop discussion, the revised budget information includes a report on year-to-date variances and a break-down on professional services and to which departments they are distributed; and a break-down of legal fees. Ms. Kilgore gave a brief summary of the changes made to the preliminary budget figures, highlighting where the decrease or changes had been made. As a whole, the changes resulted in an overall decrease of 1.74% over the last year’s budget, which is almost 9.4% decrease from the figures presented at the budget workshop.

The requested changes are as follow: overtime is 2% of the salaries, regarding Texas County District Retirement System (TCDRS), the actual rate was lowered, the overall payroll related expenses were decreased; computer expenses were decreased by $14,400.00, the software is the same as it was before; the vehicle insurance is unchanged, with gasoline and oil remaining the same as presented at the budget workshop to reflect an increase due to higher fuel costs. Ms. Kilgore stated that EPCAD vehicle servicing is done thru the City of El Paso. Ms. Kilgore continued that utilities and janitorial remained the same, fixed assets decreased by $164,500.00; fixtures and leasing remained as it was presented at the budget workshop due to the ARB requirement that computer terminal workstations be available for property owners to complete the SurveyMonkey® survey; maintenance and paper supplies remained the same, printing did increase to $27,648.00 due to next year being a re-appraisal year; advertising and postage also increased due to the re-appraisal year. Education and dues decreased; bonding was decreased as well as audit fees. Legal fees decreased by $100,000.00 as indicated by the workshop with Arbitration added as a new line item and therefore decreased to $40,500.00. The Liaison Officer was taken out of the salaries and placed back on its own line item on a per diem basis of $200.00/day, with an estimate of days required. Supplemental Help, a VOE program, was deleted in the amount of $18,000.00. The Contingency fund was decreased by $13,000.00, since the overall operating expenses were decreased. The competency merits or cost of living (COLA) is not included; noting that the COLA had not been included to begin with. The vision was taken out of the benefits and the Dental was left in. This concluded Ms. Kilgore’s review of changes.

Mr. Sepulveda inquired about the history of merit increases, to which Ms. Kilgore responded as follows:

2013 - 2% cost of living (COLA) and up-to a 2% merit depending on competency.
2012 - Merit of up-to 2% was given
No cost of living (COLA) increase has been received since 2008/2009

2011/2012 Merit of up-to 2% was given (competency based)
2010/2011 Nothing given
2009/2010 Merit of up-to 2% was given
2008/2009 Merit of up-to 2% was given; COLA given

Mr. Margo stated that the question is how EPCAD breaks down the bracket for the job description and whether or not it meets the low, mid-point or high for the employees in comparison to others doing the same job and type of work – how do we compare. Most entities,
corporations base this on what the competitive wage is for doing the same job – based on performance, training and experience. The question is, are EPCAD’s employees being compensated for the job at the mid-point competency rate? Or are they above or below the rating?

Ms. Kilgore replied that there is a survey done on appraisal districts where EPCAD ranks in the middle of the districts. In point, a salary survey has been put into this budget because one has not been done at EPCAD for about ten years. The cost for the survey will be between $10,000.00 and $15,000.00.

Mr. Lewis abbreviated the discussion by confirming that a current salary survey with comparisons and ratios did not exist. Ms. Kilgore concurred that the information on hand was compiled at least ten years ago. Mr. Margo added that the new question is: what the salary ranges should be henceforth. Ms. Kilgore added that the midpoint appraiser salary is about $39,000, whereas in San Antonio, the entry level appraiser is at $36,000 and medium $37,000; and in Taylor, the medium is $38,000 EPCAD $39,000 Mr. Archuleta inquired what was the salary burden? He questioned whether the salaries had been budgeted as mid-point or actual? Ms. Kilgore responded that salaries had been budgeted at actual. Mr. Archuleta stated that in round figures the salary burden per employee was approximately $64,000.00. Ms. Goldmann interceded she was not clear as to how Mr. Archuleta arrived at this figure. His response was he took the total amount of salaries and benefits divided by the number of EPCAD employees. Ms. Kilgore then summarized that this is the reason that having a salary survey done was necessary; it had been too long since one was last done.

Ms. McLean asked if the Board will be able to review the RFP before it goes out. Ms. Kilgore replied yes. The Human Resource manager is working on this project. The RFP for this project will be included in next year’s budget. Ms. McLean also asked that the RFP be a comparative to other comparable CAD’s.

Mr. Archuleta asked if it was the intent to have the budget approved tonight or postpone until the meeting tentatively scheduled for May 15, 2014. Mr. Sepulveda stated that the goal for today’s meeting is to approve the budget. The Board has had the proposed budget in various stages since March, which gave the board ample time to review, ask questions, visit with their respective entities, etc.

Mr. Archuleta said he knows everyone is under pressure to tighten their belts, still being able to operate with what is available. Mr. Archuleta said he felt there is a ways to go, cuts and re-working before the finalization of the budget. Mr. Archuleta spoke about the 10% contingency that EPCAD has on the operating side, a little over $300,000.00, which he feels is a little high, therefore, he recommends a 5% contingency, which will still give EPCAD a cushion and be more realistic. He went on to say he realizes the 10% contingency ultimately goes back to the entities; but it is a little late. Mr. Archuleta continued that EPCAD’s budget should reflect its customers’ budgets - the customers being the entities it serves. They would rather have the money up front.
Mr. Margo complimented the staff on reducing the preliminary budget that tends to recognize the issues Mr. Archuleta talked about. Mr. Margo said for the public's purposes, we need to make sure we (the board) are properly conveying our fiduciary responsibilities are bifurcated.

Mr. Margo reiterated that each of the board members was there to represent their entity. He had reviewed the County and District's retirement plan, and it is approximately a 10% contribution, which is contractually required, with 7.3% and 12% compensation. Mr. Margo feels it is a very liberal plan. There is an excess 2.71% payment of compensation for the unfunded actuarial approved liability, which is supposed to be over a period of years. Mr. Margo inquired when it would be completed. Mr. Stone replied, 20 years, which is necessary since EPCAD was underfunded at its inception. Mr. Stone further stated that the actuary calculates at 1/20th per year.

Mr. Margo inquired when the last time a re-appraisal was done. Mr. Stone responded 2012. Mr. Margo then confirmed that the figures shown for postage and other things were based on the 2012/2013 reappraisal year. Furthermore, Mr. Margo questioned why there was a 100% increase in the postage figures from the 2012/2013 actual figures. Ms. Kilgore responded that it was the 2011/2012 budget, to which Mr. Margo replied that the figures were identified as 2012/2013 actual expenses at $92,000. Mr. Stone said that the actual figures were from the 2011/2012 budget. Mr. Margo did not have those figures in hand and asked if the actual figures were approaching the $200,000 mark. Mr. Margo highlighted the legal fees. It has been reduced to a more reasonable amount. He continued with the question of when the last time was that an RFP for legal services had been issued and that it might be a good time to look into that. Mr. Margo recalled having seen a $782,000.00 charge for professional services which included the digitizing of data. Ms. Kilgore responded that that project had been completed; however, the summary showed that the police officers, employee testing, consulting, shredding services, Capitol Appraisal services were also included. Mr. Stone added that the figure had decreased from $792,000.00 because the digitization was complete; however, since the reappraisal year requires that a notice be mailed to every property owner, the mailing services for that distribution are also included in this. Mr. Margo stressed that in comparing the 2012/2013 actuals with the figures of $11,444,426 to the $12,867,324 being discussed; it is a 10% increase over the two years.

Ms. Kilgore gave a review of the budget figure increase and decrease patterns starting from 2006/2007.

Ms. McLean questioned doing away with the Vocational Office Education (VOE) program, considering that four of the board members represent school districts. She feels this program is an important opportunity for high school students. Ms. McLean further asked how much money would be saved without this program. Ms. Kilgore replied $16,742.00. Ms. Kilgore said there have been up to four students at one time thru this program. Last year we received no response from the schools. Currently, none are scheduled for this summer.

When we have participants, they are paid minimum wage and must be seniors in high school and have plans to attend some type of school after graduating from high school. They are given
an orientation during spring break, and if all goes well, they are brought back in summer and paid a dollar above minimum wage.

Ms. McLean stated she is having a difficult time voting for the budget given that she has not had time to digest the additional information. Her conflict is she would like additional time to analyze this information to make an informed decision.

Ms. Kilgore advised that the announcement for the public hearing also included an additional meeting, if necessary, for May 15, 2014. If not adopted tonight, it must be finalized on May 15th. Ms. Kilgore reviewed the timeline available to entities to pass or reject the EPCAD budget.

Mr. Archuleta said he understood Mrs. McLean’s concerns, but he thinks that the board should go ahead and approve with some caveats. Mr. Archuleta suggested a reduction in the contingency fund from 10% to 5%.

Mr. Archuleta said he has been on the board for one year and is concerned that the board does not have a legal counsel representative. Ms. Kilgore advised that the board does have legal counsel. Mr. Joe Longoria and Carmen Hegeman, Attorneys at Law, are both or either always present in person or via telephone for the entire meeting. Mr. Archuleta questioned whether they represent the Board in contracts, RFP’s, RFQs, bids, etc. Mr. Joe Longoria approached the microphone and introduced himself of the firm, Perdue Brandon Fielder Collins and Mott. Mr. Longoria confirmed that he works for the Board and represents them in matters such as contract negotiations, purchases of property, anything in the authority that the Board has within the confines of the tax code; he represents the Board. Mr. Archuleta questioned if the Board had a contract with the legal firm and on what basis, i.e., hourly etc. Mr. Longoria replied it was hourly. Mr. Archuleta stated that he would like to have Mr. Longoria or legal counsel sit at the meetings to advise and where he is paid a lump sum for so many hours per week versus the hourly rate; and if the time requirements exceed that, the contract can be reviewed. Mr. Archuleta continued that it was important for the Board to have a local counsel present at the meetings to advise on procedural issues, bids, RFPs and so forth. Ms. Kilgore added that appraisal firms have already been contacted for preliminary quotes in preparation for RFQs when it is brought before the Board.

Mr. Archuleta said that was his motion to approve the budget from $12,817,324.92 minus the 5% change on the contingency fund. Furthermore, no decisions will be made regarding the health benefits or vision and keep the VOE program and authorize the Chief Appraiser to seek RFQs for the appraisal and legal services for next year.

Mr. Margo seconded with a correction that the vision had been removed. Chairman Sepulveda opened discussion. Mr. Gandara asked what the vision was saving. Ms. McLean requested that the retirement plan be reviewed again. Ms. Kilgore added that a representative from TCDRS will be present for the June 2014 meeting. Ms. McLean asked what the process was to change the District’s contribution to the retirement plan. Ms. Kilgore responded that if changes
can be made, they must be done from October thru December; and this is why the representative will attend the June meeting to address any issues on the table.

Ms. Goldmann reiterated the adjusted budget figure as $12,712,248.38. Ms. McLean inquired about the actual figures for miscellaneous income. Ms. Kilgore defined the miscellaneous income as penalties for late-filing of renditions, photocopies, etc. Mr. Gandara added that he would rather omit the VOE expenditure and maintain the vision coverage for employees. Ms. Goldmann supplied the figures for the miscellaneous income – as of March $42,258.00; she furthered that historically, miscellaneous income had been budgeted at $60,000. However, in the past two years the miscellaneous income has been short.

Motion passed with a majority of members present. (See copy of Budget Resolution attached).

Note: After Executive Session, Ms. Kilgore stated to the Chairman that there was a correction to the final Budget figure. The figure for grand operating expenses was previously stated as $12,712,248.38. The corrected figure which will be posted as the Budget figure is $12,662,248.38.

AGENDA ITEM 7 – TAXPAYER LIAISON REPORT – TRACY A. CARTER

A two-day State Comptroller training session was held for the Appraisal Review Board (ARB). An additional day was dedicated for the ARB attorney, Roy Armstrong to train the ARB members.

Ms. Carter also distributed a packet, which contained among other things the hours she worked this year from January through May 8, 2014. Ms. Carter asked the board if they would like this report weekly or monthly. Ms. McLean and Mr. Margo expressed that monthly was fine, the board concurred. Also, included in the packet was a model from State Comptroller's Office of hearings and procedures. Ms. Carter reported that the ARB survey was translated by EPCAD staff; and the same form was now being utilized by other CADs in the State of Texas.

AGENDA ITEM 8 – CHIEF APPRAISER REPORT

Ms. Kilgore told the board that each member present has a folder containing news articles concerning issues faced throughout the State of Texas in regards to the equity issue and law suits, of which EPCAD keeps informed. She wanted the board to have the opportunity to share this information.

Ms. Kilgore said that EPCAD has always done a customer service evaluation separate from the Appraisal Review Board (ARB) evaluations. The board had requested to review this evaluation. Ms. Kilgore gave each member a rating sheet, showing all categories – Excellent, Good, Fair and Poor – regarding employees who had been individually evaluated. There is also a general evaluation, where no employee is specified, only general comments. This report will be distributed every month during the hearing process. Comments received thus far, are favorable.
The notices have been sent via mail. So far 397,000 accounts have been released, however, only 89,000 have been sent out. Since this is not a re-appraisal year, not everyone receives a notice. However, if there was no change in the value, they did not receive a notice. If there was an increase in the value or a decrease because of a Homestead exemption, other exemptions, or ownership, they receive a notice. Protests are coming in and hearings have been scheduled.

The ARB members and staff are available daily, ready in panels for hearings, walk-ins or appointments.

The Preliminary Certified rolls were sent out to all entities on April 30, 2014, on a timely basis.

At the end of May and June the entities will receive a monthly update and the final certification for 2014 will be accomplished on the 25th of July.

AGENDA ITEM 9 – EXECUTIVE SESSION UNDER THE AUTHORITY OF TEX.GOV'T. CODE § 551.071 AND 551.074 TO DISCUSSION LEGAL AND PERSONNEL MATTERS

In accordance with the Open Meetings act, TEX.GOV.CODE § 551.071 & § 551.074 the Board of Directors went into Executive Session at 7:03 p.m. to discuss legal and personnel matters. The Board returned to open session at 8:00 p.m. No action was taken in Executive Session.

A. Andreas Investments vs. EPCAD, Cause No. 2012DTX03718
B. El Paso Electric Company vs EPCAD, Cause No. 2011DTX00627
C. Mistui-Soku (USA) Inc., vs EPCAD, Cause No. 2013DTX0960
D. EPT 909 Inc (#236 Tinseltown 20) vs EPCAD, Cause No. 2011DTX01231
E. CNMK Texas Properties LLC (#236 Tinseltown 20) vs EPCAD, Cause No. 2013DTX0911
F. CNMK Texas Properties LLC vs EPCAD, Cause No. 2011DTX01284
G. CNMK Texas Properties LLC (#241 Tinseltown 14), Cause No.2013DTX0913
H. River Oaks Properties Ltd., vs EPCAD, Cause No. 2010TX1106
I. Sunshine Coast Capital LLC Cairns Capital LLC HD Vista Realty LLC and HD Terra Grande Realty LLC vs EPCAD, Cause No. 2012DTX03338
J. Yosef Dangor vs EPCAD, Cause No. 2013DTX0682
K. B&O Development Northeast Ltd., vs EPCAD, Cause No. 2010TX1253
L. Pronghorn Properties Ltd., and Antelope Hills Ltd., vs EPCAD, Cause No. 2010TX1034
M. Cohen Hospitality Realty LLC vs EPCAD, Cause No. 2012DTX03703
N. Echostar Satellite Corporation vs EPCAD, Cause No. 2011DTX03252
O. El Paso Employees Federal Credit Union vs EPCAD, Cause No. 2011DTX05234
P. EP GMK LP vs EPCAD, Cause No. 2013DTX0956
Q. EPT Vista Ventana Apartments LP vs EPCAD, Cause No. 2010TX1359
R. G6 Hospitality Property LLC vs EPCAD, Cause No. 2013DTX1123
S. Helen of Troy vs EPCAD, Cause No. 2011DTX04102
T. Airway Properties Operators LP vs EPCAD, Cause No. 2011DTX04103
U. Ivey Partners Ltd., vs EPCAD, Cause No. 2011TX069
V. Javier Reyes et al, vs EPCAD, Cause No. 2011DTX04104
W. Jon T. Hansen and Sheridan Hansen vs EPCAD, Cause No. 2011DTX04100
AGENDA ITEM 10 – DISCUSSION & POSSIBLE ACTION REGARDING A–AT ABOVE

Mr. Margo made a motion to ratify items A–J. Mr. Gandara seconded the motion. Motion passed unanimously.
Mr. Margo made a motion to approve items K–AS as recommended by legal counsel. Mr. Gandara seconded the motion. Motion passed unanimously. Item AT was for information purposes only.

There being no further business to come before the Board, the meeting was adjourned at 8:02 p.m.

Reymundo Sepulveda, Chairman

ATTEST:

Patricia McLean, Secretary
STATE OF TEXAS
COUNTY OF EL PASO

EL PASO CENTRAL APPRAISAL DISTRICT

RESOLUTION

ADOPTING THE 2014/2015 OPERATING BUDGET FOR EL PASO CENTRAL APPRAISAL DISTRICT

BE IT RESOLVED by the Board of Directors of the El Paso Central Appraisal District that the District Operating Budget for the year 2014/2015 be adopted and approved in the total amount of $12,662,248.38. The Board hereby adopts the attached Budget detail with the understanding that the assignment of funds by the Budget Categories or Budget Accounts are estimates only. Funds may be used between categories or accounts on as needed basis, with the exception of the contingency account which requires Board approval prior to allocation of funds from said contingency account as per prior Board action.

BE IT FURTHER RESOLVED that this Budget for the year 2014/2015 be allocated to the taxing entities participating in the El Paso Central Appraisal District, based on each entities most current levy for the year in which the Budget was prepared – 2014.

ADOPTED this 8th day of May, 2014.

Reymundo Sepulveda, Chairman
El Paso Central Appraisal District
Board of Directors

Patricia Torres McLean, Secretary
Board of Directors