MINUTES

BOARD OF DIRECTORS’ REGULAR MEETING

SEPTEMBER 8, 2011

The El Paso Central Appraisal District Board of Directors held a regular meeting on Thursday, September 8, 2011, at 5:39 p.m., in the Conference Room of the El Paso Central Appraisal District at 5801 Trowbridge, with the following members present:

Raymundo Sepulveda, Chairman  Eddie Holguin, Jr.
Gary Gandara, Vice-Chairman  Sergio Lewis
Yvonne Sanchez, Secretary  Patricia McLean Torres
Isela Castañon-Williams

Seven members being present, there was a quorum, with Mr. Holguin joining the meeting at 5:50 p.m. and Ms. Sanchez joining the meeting at 5:52 p.m.

Mr. Joe Longoria, EPCAD legal counsel, was in attendance via telephone during executive session.

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

AGENDA ITEM 1 – APPROVAL & SIGNING OF MINUTES FOR AUGUST 11, 2011

Ms. Castañon-Williams made a motion to approve the August 11, 2011, minutes as presented. Mr. Gandara seconded the motion. Motion passed unanimously.

AGENDA ITEM 2 – PUBLIC COMMENT

No public comment was made.

AGENDA ITEM 3 – EPCAD EMPLOYEE RECOGNITION

Mr. Vince Zubia of the Mapping Department was recognized for his 20 years of service with EPCAD.

AGENDA ITEM 4 - REVIEW OF FINANCIAL STATEMENT JULY, 2011

Ms. Rosa Goldmann, Comptroller, presented the July, 2011 Financial Statement. All financial statements are on file and a matter of record in the District’s accounting office.

Mr. Gandara made a motion to approve the financial statement as presented. Ms. Castañon-Williams seconded motion. Motion passed.

AGENDA ITEM 5 – MONTHLY BENEFITS USAGE REPORT – AUGUST, 2011

Ms. Gabrielle Melendez, Human Resource Manager presented the Health Benefit Usage Report for August, 2011. The Year-to-Date Loss Fund for August $727,239.24, with the Year-to-Date Paid Subject to Loss Fund of $592,506.63. The Specific Year-To-Date Reimbursement for August was $90,174.69 with the Aggregate Year-To-Date Specific of $36,286.00, showing a positive balance of $188,621.30.
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AGENDA ITEM 6 – DISCUSSION & POSSIBLE ACTION REGARDING EPCAD’S HEALTH INSURANCE RENEWAL

Ms. Kilgore advised that EPCAD staff met with the Employee Benefits Advisory Committee prior to the meeting regarding the re-rate information for 2011/2012. Mr. Gandara, Chairman of that subcommittee, advised the Board that staff would like to remain with Assured Benefits Administrators. Mr. Gandara explained to the Board that the overall cost for EPCAD for the incoming year had decreased by $68,000 from the previous year.

Mr. Michael Dennis, of Compass Benefits, Inc., addressed the Board and directed the Board’s attention to a recommendation letter and a spreadsheet for the health insurance and dental insurance as well as declination letters from various carriers.

Ms. Sue Ann Austin, Vice President of Marketing for Assured Benefits Administrators, EPCAD’s current health insurance administrator, explained to the Board how the plan works and defined the plan’s catastrophic ($55,000 above) and aggregate specific as well as actual specific costs and claims and how they are processed.

Ms. Kilgore addressed the Board, advising them that the staff was very happy with the plan and, in addition, EPCAD is able to offer a wider provider network at a lower rate. Mr. Gandara asked what the plan had in reserve. Ms. Austin and Ms. Kilgore said the reserve is about $800,000 plus.

Mr. Gandara made a motion to renew the health insurance with Assured Benefits effective October 1, 2011. Ms. Castañon-Williams seconded the motion. The motion passed with Mr. Holguin abstaining, citing the reason as his missing the major part of the discussion on this item.

AGENDA ITEM 7 – DISCUSSION & POSSIBLE ACTION REGARDING EPCAD’S DENTAL INSURANCE RENEWAL

Mr. Michael Dennis, directed the Board’s attention to the spreadsheet showing the analysis of several dental companies who were approached for quotes. The premium for Guardian, EPCAD’s current provider, has increased 7% over last year. Met Life provided the lowest quote, however, their plan does not have a roll-over feature which the current dental plan has. The roll-over feature means that if a member goes to the dentist, but does not exceed the yearly benefit of over $800, the following year they receive an additional $400 to their annual maximum of $2,000 or $2,400. The annual maximum is $2,000. An employee can accumulate $400 yearly up to a maximum of $1,500. Therefore, Mr. Dennis recommends that EPCAD stay with Guardian despite the lower rate offered by Metlife.

Mr. Lewis asked Ms. Kilgore if the employees are satisfied with the plan to which Ms. Kilgore replied in the affirmative. Mr. Lewis agreed that the small difference in premium is not worth the administrative costs to change providers.

Ms. Sanchez asked if employee surveys concerning benefits or surveys regarding insurances are available to EPCAD employees. Ms. Kilgore replied that EPCAD holds a yearly health fair and during the fair, flu shots are given and questions regarding benefits are addressed, answered and noted.

Mr. Gandara made a motion to renew dental insurance with Guardian as presented. Ms. Sanchez seconded the motion. Motion passed.

AGENDA ITEM 8 – DISCUSSION & POSSIBLE ACTION REGARDING 2012 ESRI MAINTENANCE CONTRACT

Mr. Stone advised the board that this item is the GIS System Software maintenance renewal from ESRI which is basically a sole source item since they are the manufacturers of the software; and it is an annual support cost that comes due every year. The reason it has come to the Board is because it exceeds the $25,000 spending limit of the Chief Appraiser. The current amount that is being requested is $26,700 and EPCAD had $29,400 budgeted which is within budget. Mr. Holguin asked what the fee was last year. Mr. Stone responded that he did not have the exact cost from last year. Mr. Holguin requested that the cost of items from the year before be available when these items come up. Ms. Sanchez reminded the Board members, particularly the new members, that EPCAD
Administration is available at any time to answer any questions or provide information that a Board member may require. Mr. Sepulveda directed staff to provide all members of the Board with the same information which is requested by an individual Board member.

Ms. Castañon-Williams agreed with Mr. Holguin and explained that she felt that information pertinent to any item should not have to be requested rather it should be disseminated to Board members automatically. Ms Castañon-Williams asked that in the future, for items required later in the budget year, EPCAD provide the previous years’ costs. Mr. Stone stated that when the budget for the incoming year is developed, EPCAD does not know what the actual increase may or may not be and has to factor in a highest or worst case scenario. Last year an anticipated increase was factored into the budget by EPCAD. This resulted in $29,400 being put in the budget for this item; however, the increase did not occur. This year, EPCAD left the $29,400 for a possible increase which again did not occur for 2012. However, there is a possibility that it could happen in future years. Mr. Sepulveda reminded the Board that monies not spent go back to the entities.

Mr. Lewis also requested that more back-up be provided on agenda items.

Ms. Kilgore stated that EPCAD data needs to be communicated and shared electronically with the all of the entities in El Paso. Ms. Kilgore explained to the Board that she feels EPCAD has one of the best mapping systems in El Paso.

The EPCAD Comptroller, Ms. Goldmann provided the cost of the maintenance contract from last year, which was $28,200.

Ms. Sanchez made a motion to approve the ESRI Maintenance Contract as presented in the amount of $26,700. Mr. Gandara seconded the motion. Motion passed.

AGENDA ITEM 9 – DISCUSSION & POSSIBLE ACTION REGARDING THE 2012 MAINTENANCE AGREEMENT FOR CAMA SYSTEM

Mr. Stone addressed the Board and explained that the CAMA System maintenance agreement is a necessary annual cost. The vendor, True Automation, keeps the CAMA system in compliance with State law changes enacted by the legislature. Additionally, they provide enhancements to CAD. Last year, True Automation implemented the online protest system, which came in after EPCAD had purchased the software. This year there have been several legislative enactments that require programming changes. These changes are covered under the maintenance agreement. EPCAD is not allowed to operate the software without paying the maintenance costs.

The amount of the maintenance contract for this year is $155,994. Mr. Stone explained that the vendor has the ability to increase the cost by 10% each year. EPCAD budgeted $148,000 for this expense, however, this amount is about $8,000 short of actual cost, or 6.89% increase over last year.

The actual amount that was paid last year was $145,935.00. Mr. Holguin asked if the maximum amount of the contract can be raised by 10%, why wasn't more budgeted. Mr. Stone advised the increase is 5.4% over what EPCAD budgeted. This is the first year that the increase was not fixed by contract, and EPCAD was unsure of what was going to happen and next year during budget process the amount will be increased. At this point, the length of the contract is at the pleasure of both parties. The type of maintenance that is required for the system is mainly legislative changes, which are not known until the legislature meets and approves the same, which therefore necessitates maintenance changes.

Ms. Castañon-Williams stated that she felt it would be worth doing a study on the contract in order to see if a rate could be locked in for future renewals. Ms. Kilgore agreed, and said that EPCAD would look into this matter in the future. Ms. Kilgore said EPCAD needs to visit with the current vendor on a new maintenance agreement. The three-year contract has just now come to an end and this is the first year for a non-contract maintenance cost.

Mr. Lewis asked what this maintenance contract actually covers. Mr. Stone replied that this maintenance is for any thing that is not already in place or is put into effect by the legislature as well as any issues that come up during the year. Mr. Stone advised the Board that True Automation has been very responsive to all of EPCAD's
during the year. Mr. Stone advised the Board that True Automation has been very responsive to all of EPCAD’s requests.

Ms. Castañón-Williams made a motion to approve the 2012 Maintenance Agreement for the CAMA System in the amount of $155,994. Mr. Lewis seconded the motion. Motion passed.

AGENDA ITEM 10 – DISCUSSION & POSSIBLE ACTION REGARDING DEDICATION OF FUNDS FOR PURCHASE OF PICTOMETRY CHANGE FINDR®

Ms. Kilgore began the presentation on this item by explaining the process required action for this item. EPCAD has to wait until the end of the fiscal year, which is September 30th, and make sure all costs incurred up through September 30th are paid. It will be January before the yearly audit is presented with final totals of unused funds due back to the entities.

The staff is requesting that the Board encumber certain dollar amounts for specific purposes and allow the staff to come back with presentations for Board approval at a later date. If the Board does not encumber funds prior to the end of the fiscal year, per Code, all funds go back to the taxing entities.

EPCAD continuously makes a concerted effort to hold the line on spending and operate within the adopted budget. Historically, EPCAD can return $600,000 to $900,000 of unused funds back to the entities at the end of a fiscal year. Currently, the estimate of unused funds from the 2010/2011 Budget is approximately a little over a million dollars.

EPCAD is requesting the Board hold back $115,000 to purchase Change Findr® application to use in conjunction with Pictometry® for the 3 large school districts: El Paso, Ysleta and Socorro. The Change Findr® application compares changes in structures from one fly-over to the next and flags them for appropriate action. Ms. Kilgore reminded the Board that Uniform Standards of Appraisal Practices and the State Comptroller’s Office require appraisal districts to measure two pertinent walls of every building every 3 years in entire county of El Paso. Since EPCAD purchased the initial Pictometry® package last year, EPCAD was able to add $48,000,000 of value to the appraisal roll, which is about $1.5 million dollars in revenue for the taxing entities.

Ms. Kilgore stated that the item before the Board is to hold the monies aside ($115,000). This is not to approve the actual purchase of the Change Findr® application. Ms. Kilgore also advised the Board that representatives from Pictometry® would be providing a demonstration for the Board in October.

Mr. Holguin asked why wasn’t this item not included in the budget. Ms. Kilgore replied that because the budget was very tight and the board requested the budget increase be kept to a minimum, it was not included. Mr. Holguin said he did not agree with the methodology EPCAD used and said that it should have been included in the budget. Ms. Kilgore reminded the Board that when the original purchase of the Pictometry® system was approved, the Board was aware of the Change Findr® application, however, chose to wait to see how Pictometry® worked before deciding on future purchases.

Mr. Stone advised the Board that one of the reasons the Change Findr® was not put in the original contract nor budget is that it is not beneficial until the 3rd year of the contract. Mr. Stone further explained that in the first year of the contract, you fly your first set of aerials, and there really is nothing to compare them to. The only time the Change Findr® is beneficial is when you fly the second set aerials you then have two things to compare in order to find the changes. EPCAD does pick up new construction, since EPCAD gets the building permits from the City of El Paso, City of Horizon, etc., however, the County of El Paso does not require building permits. These properties need to be inspected to find and pick new construction. Ms. Kilgore stated that the Change Findr® application will also be shared with the City, County, 911, Road and Bridges, etc., at no cost to these entities. Ms. Castañón-Williams asked if this expense would be a one time expense or a reoccurring expense. Ms. Kilgore said this is a possibility according to what areas may or may not be added in the future. Since 2012 is a reappraisal year, it would be good to have the overlay as it would certainly enhance the appraisal rolls in excess of one million dollars.

Ms. McLean advised she was not a board member during the last budget workshop for the budget process, but agreed with Mr. Holguin, that this item should of been a budgeted item. She said she feels very uncomfortable
spending monies left over at the end of the fiscal year that are supposed to go back to the entities after the fiscal year is over.

Ms. Sanchez stated for the record that she has been a member of the Board for more than a year now, and that all functions being approved happen because of Board action. The purchase of this item was in fact put off to a later date. Ms. Sanchez made a motion to encumber $115,000 from the 2010/2011 budget in order to acquire the Change Findr© application for Pictometry© with the understanding that this money is not to be used until after a presentation is made to the full Board.

Mr. Gandara seconded the motion. The motion passed, with Mr. Holguin and Ms. McLean voting against.

AGENDA ITEM 11 – DISCUSSION & POSSIBLE ACTION DEDICATION OF FUNDS FOR PURCHASE OF NEW HEATING, VENTILATION, AIR CONDITIONING (HVAC) CHILLER FOR 5801 TROWBRIDGE

Ms. Kilgore reminded the Board of the recent HVAC chiller outage during the height of the 2011 appeals season. EPCAD has had to replace three compressors since acquiring the HVAC unit in 2000. The cost of a compressor is approximately $40,000 each. In anticipation of a total loss of HVAC chiller, EPCAD has asked for quotes for total replacement of the present HVAC chiller. Ms. Kilgore explained that she would ask that the Chairman and the Building Advisory Committee meet and determine which way the Board wants to acquire a new chiller by next month as sooner if necessary - via quotes or RFP – and that tonight’s action was not an actual purchase of the chiller. EPCAD is asking to encumber $108,720 towards this purpose. Ms. Kilgore advised the Board that time is an issue as the HVAC may stop working at any time, thereby posing a health and safety issue as well as lost work time and productivity.

Mr. Holguin and Ms. McLean both agreed that monies for the chiller should come out of the incoming budget (2011/2012), or when it actually goes out. Ms. McLean made a motion to take the monies out of next years (2011/2012) contingency fund. Mr. Holguin seconded the motion. Motion failed.

Mr. Lewis agreed with Ms. Kilgore that if the chiller goes down, EPCAD would have the funds to initiate the necessary repairs or replacements. Mr. Lewis made a motion to encumber $108,720 by resolution. Ms. Castañon-Williams seconded the motion. Motion passed.

AGENDA ITEM 12 – DISCUSSION & POSSIBLE ACTION REGARDING EPCAD’S 2012 RATE FOR TEXAS COUNTY & DISTRICTS RETIREMENT FUND (TCDRS)

Ms. Kilgore advised this is the retirement plan that was approved by the Board in 2010. When EPCAD joined TCDRS in 2010, the rate was set at 6.05%. TCDRS has quoted EPCAD a rate of 6.01% for 2011/12. This rate requires annual review and approval by the Board of Directors.

Ms. Sanchez made a motion to approve the 6.01% for the coming year. Mr. Gandara seconded the motion. Motion passed.

AGENDA ITEM 13 – DISCUSSION & POSSIBLE ACTION REGARDING DEDICATION OF FUNDS TO APPLY TOWARD EPCAD’S PARTICIPATION IN THE TEXAS COUNTY & DISTRICTS RETIREMENT SYSTEM (TCDRS)

Ms. Kilgore is asking the Board to encumber $150,000 from unused funds to apply towards EPCAD’s unfunded liability in TCDRS. Ms. Kilgore advised the Board that it would be beneficial for EPCAD to contribute funds toward the unfunded liability. These funds go into the employer account, and it may help offset any future rate increases, as well as offsetting any negative plan experience that may happen. Most plans have an unencumbered amount, anytime a participating organization can pay down on an unfunded liability is a good thing. This is something you cannot budget for, since you don’t know what is going to happen.

Mr. Holguin asked if there was an unfunded portion this year. EPCAD has an unfunded liability of about $900,000. Ms. Kilgore advised that EPCAD employees contribute 7% of their annual salary, the highest percentage allowed by TCDRS, and the appraisal district matches with 1.25% at the time of retirement. All of this was approved by the Board in September, 2010. Mr. Holguin said he would like to see the employer contribution
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increased. Ms. Kilgore advised that next year EPCAD can budget to increase the amount of employer contribution to help pay down the $900,000.

Mr. Stone advised that TCDRS is amortizing the unfunded liability over a period of 20 years, which began upon EPCAD joining in 2010. TCDRS did not require the board to pay the $900,000 up front, instead it is amortized over a period of 20 years. In the future if the economy gets worse than it is, and TCDRS does not get the return they want, EPCAD’s liability may increase, but at this time it, that is unknown. Mr. Stone further explained that applying the $150,000 now will pay down some of the $900,000 of unfunded liability and that future rates may be lower by paying now instead of over the actual amortization period. The system guarantees a payout when the employee retires. TCDRS review the plan on annual basis and makes the decision on what rate an employer must pay. This is brought to the Board for approval on a yearly basis as was the case of the agenda item prior to this one.

Ms. Sanchez said that since this is the first year that EPCAD has participated in TCDRS, and EPCAD is requesting the Board encumber $150,000 from the 2010/2011 budget to apply towards the unfunded liability of EPCAD’S plan, Ms. Sanchez made the motion to allow for this money to be encumbered with the knowledge that the board will take action on this amount at a later date – either to accept or not accept by resolution. Mr. Gandara seconded the motion. Motion passed.

AGENDA ITEM 14 - DISCUSSION & POSSIBLE ACTION REGARDING EXECUTIVE SESSION UNDER THE AUTHORITY OF TEX.GOV’T. CODE § 551.071 & 551.074 TO DISCUSS LEGAL PERSONNEL MATTERS

In accordance with the Open Meetings Act, TEX. GOV’T. CODE § 551.071 & 551.074, the Board of Directors went into Executive Session at 7:30 p.m. to discuss legal and personnel matters. The Board returned to open session at 7:58 p.m. No action was taken in Executive Session.

A. Cinco Properties, LP vs EPCAD, Cause No. 2010TX1274
B. EP Plaza Gateway, LLC vs EPCAD, Cause No. 2010TX1278
C. Franklin Mountain Assets, LLC – O7SS-999-1057-0334
D. Executive & Mesa Invest Group LP – M324-999-0010-0200

AGENDA ITEM 15 – DISCUSSION & POSSIBLE ACTION REGARDING A-D ABOVE

Ms. McLean made a motion to settle items A and B as recommended by legal counsel and proceed with filing of law suits on items C and D. Ms. Castañon-Williams seconded the motion. Motion passed unanimously.

AGENDA ITEM 16 – CHIEF APPRAISER REPORT

No report was made.

There being no further business, to come before the Board, the meeting was adjourned at 8:00 p.m.

[Signature]
Raymundo Sepulveda, Chairman

ATTEST:

[Signature]
Yvonne Sanchez, Secretary