September 18, 2013

The El Paso Central Appraisal District Board of Directors held a regular Meeting on Wednesday September 18, 2013, at 5:43 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  
Gary Gandara  
Sergio Lewis  
Dee Margo  
Cortney Niland  
Laure Searls

There was quorum, with seven members present. Ms Carmen Hegeman, Legal Counsel was present for the entire meeting.

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 AUGUST 8, 2013

Ms. Niland made a motion to accept the August 8, 2013 minutes as presented. Ms. McLean seconded the motion. Motion passed unanimously.

AGENDA ITEM 2 – PUBLIC COMMENT

No public comment was made.

AGENDA ITEM 3 – REVIEW OF FINANCIAL STATEMENTS – JULY, 2013

Ms. Rosa Goldmann, Chief Financial Officer, presented the July, 2013 Financial Statement. All financial statements are on file and a matter of record in the District’s accounting office.

In addition to the regular financial statement as requested by the Board of Directors at the August 2013 meeting, Ms. Goldmann presented a Power Point overview of EPCAD’s financial picture. Since the Power Point presentation is a new format, it is always open to changes, etc.

Ms. Searls thanked EPCAD for presenting the financial statement in the new format.

Ms. Niland inquired, “what under revenues is miscellaneous income?” Ms. Kilgore replied although it does not amount to a lot of income, an example of payment for open record
requests, copies or late rendition filing penalties. EPCAD does not have any fees or rental properties.

Mr. Margo questioned about the interest income that is lower than projected. Is it because of the environment. Ms. Goldmann said yes, it went down.

Ms. Searls made a motion to accept the financial statement as presented. Mr. Gandara seconded the motion. Motion passed unanimously.

AGENDA ITEM 4 – DISCUSSION & POSSIBLE ACTION REGARDING BANKING DEPOSITORY

Ms. Kilgore advised the Board that six sets of RFP’s were sent out and three bids were received. Bids were received from Wells Fargo Bank (current depository), International Bank and BBVA Compass Bank. In reviewing the bids, it was found that Wells Fargo was quite a bit lower on monthly fees than the other two banking institutions. In addition, Wells Fargo answered all of EPCAD’s questions, whereas the remaining two banks did not. Therefore, EPCAD’s recommendation is to retain Wells Fargo Bank as the EPCAD banking depository.

Mr. Lewis asked if EPCAD is pleased with the current services Wells Fargo provides. Ms. Kilgore replied yes, very much so.

Mr. Lewis made a motion to approve Wells Fargo Bank as the banking depository for EPCAD. Ms. McLean seconded the motion. Motion passed unanimously.

AGENDA ITEM 5 – MONTHLY HEALTH BENEFITS USAGE REPORT – AUGUST, 2013

Ms. Gabrielle Melendez, Human Resources Manager, presented the Health Benefits Usage Report for August, 2013. The Year-to-Date Loss Fund is $699,199.57, with the Year-To-Date Paid Subject Loss Fund of $641,809.07, leaving EPCAD with a positive balance of $57,390.50.

Ms. McLean inquired as to the difference between the Aggregate and Specific Reimbursement. Ms. Melendez stated that the Specific Reimbursement to the Aggregate – EPCAD has what is known as a deductible for our plan and it’s an individual and then the group as a whole. There have been some claims in the aforementioned time period (August, 2013) that amounted to that much. Once EPCAD reaches the amount set in the plan, $85,000.00 aggregating specific, this money is reimbursed to EPCAD from the insurance underwriter. When there are months when claims go over, the Board will see a balance.
AGENDA ITEM 6 – DISCUSSION & POSSIBLE ACTION REGARDING EPCAD’S HEALTH INSURANCE RENEWAL

Ms. Kilgore introduced Mike Dennis, President of Compass Benefits, Inc., and Mr. Joe Halow, President of Assured Benefits, to address questions from the Board. Ms. Kilgore stated that EPCAD is very excited since the family plan amount is staying the same, and the employee coverage is going down by 3%. She said EPCAD request to remain with Assured Benefits, as they are lower than other companies contacted.

Mr. Dennis directed the Board’s attention to the health insurance packet containing the information he will present. The plan will remain the same with the only change being the rate structure. The packet includes examples of other health carriers which were not as competitive as the current carriers. Other providers such as, Texas Municipal League (TML) asked for and was sent an RFP, but did not respond. The reason for that is the effective use of Assured Benefits for the District employees. Other providers cannot compete with the current plan.

Mr. Dennis again directed the board to the packet containing carriers contacted and a history of usage since 2002. The maximum health benefit is unlimited, office visit $25.00 co-pay, employee deductible is $50 in network and $1,000.00 out of network, family $500.00 in network and $3,000.00 out of network, co-insurance is 80/20 in network and 50/50 out of network – very standard benefit package. The prescription drug card is $20.00 for generic, $30.00 for brand name and $50.00 for non-formulary medication.

The current overall rate per employee is $492.41 and is going down to $476.18. Overall savings for the district will be approximately $32,000.00 for the year. The other bids received are not as competitive as the current carrier

Ms. Kilgore added that the current plan was a very healthy plan and that the district had over $700,000.00 in reserves. EPCAD has no issue with the employees utilizing the plan. She reiterated that it was a very good plan and she backed Mr. Dennis’ recommendation.

Mr. Margo stated that EPCAD covers 100% of the employee but not the dependents. He asked what the participation was for the dependents. Mr. Dennis responded that it was very, very low. Mr. Margo asked how many and Mr. Dennis replied about seven. Ms. Kilgore said out of 140 employees.

Ms. McLean stated that Ms. Kilgore would recall that this discussion had come before the Board two years in a row at budget time. During the budget process, the Board has asked that this entity’s (EPCAD) insurance benefits align themselves more with other taxing entities. She furthered that the insurance plan that Ms. Kilgore recommends does nothing to align the benefits with others, it just stays with what EPCAD has. Ysleta (ISD) is having a tough time. We are going from $370.00 per employee to cover insurance and we are maxed out at $410.00.
This is costing the District (YISD) four million to do that. Why are they (the Board) being presented with this plan when it was the request of the Board to align the plan with the other entities that pay into it.

Ms. Kilgore responded that EPCAD did a study in April that showed aligning EPCAD with others would be very costly. EPCAD saves money by being 100% self-insured. EPCAD has 140 employees in comparison to other entities with 6,000 or 8,000 employees. Those entities can get a better deal. The result of the plan changing where the employee would pay a portion, would be that those who would pay, would be those with pre-existing conditions or more senior employees. This would make the risk rate higher. Ms. Kilgore added that being self-insured, the $700,000.00 reserve belongs to the appraisal district. Again, the presentation done in April showed that the insurance plan is working.

Mr. Dennis stated that several years ago, when the District had high premiums due to high claims, the District used some of the reserves to offset, to pay for increases, etc.

Mr. Gandara stated, as has been discussed in years past, it is risky for a company to insure 140 employees rather than thousands.

Ms. Kilgore reminded the Board that a few years ago EPCAD was asked to join another entities' Insurance plan, which was not feasible as EPCAD would still need their own plan as a participant of another plan. EPCAD would still need their own separate numbers.

Mr. Dennis added that large organization insurance plans have very high individual deductibles. He cited an example from the City of El Paso's insurance structure. He believes that the City's particular Stop-Loss is up to one-quarter of one million dollars. This means that the City pays up to one-quarter of a million per each employee. If EPCAD were to do this it would save a lot of money on the premium but they cannot take a risk because if they were to have a catastrophic claim and would have to pay a quarter of one million dollars out of the budget, the Board would ask, "What happened to the health insurance, you (EPCAD) blew right through it." Therefore, EPCAD has to have much lower individual deductibles than the City (El Paso), the County or the school districts. Our (EPCAD) Stop-Losses are at $55,000. That increases the re-insurance rates.

Ms. McLean stated that Ysleta (ISD) is also self-insured. They have the same issues. What I am referring to is the plan itself being more in line with the others.

Mr. Margo interjected, "like deductibles and things like that".

Ms. McLean restated she meant like the insurance offered to employees of other entities.

Ms. Kilgore replied that the other entities have other options – like PPO's and HMO's. Other entities may offer their employees choices, but EPCAD does not have that luxury, EPCAD is just too small. EPCAD selects a plan and we go with it. EPCAD has done it for about ten years and it works. It is a healthy plan.
Ms. McLean stated she is concerned that every time the insurance plan comes before the Board, an alternative cannot be offered.

Ms. Kilgore reiterated several points and explained it is the uniqueness in size that limits EPCAD's choices. She offered that for Mr. Joe Halow address this question.

Mr. Halow said that the possibility of the medical claims would be too high.

Ms. McLean persisted on the point that EPCAD research the possibility of implementing a cost-sharing plan.

Ms. Niland asked Mr. Margo what his thoughts were on the item, being that this was his area of expertise.

Mr. Margo added that it was no longer his area of expertise.

Mr. Gandara added that his entities including the City of Socorro face the same issue, they are too small and they have trouble finding insurance.

Ms. McLean continued that the overall cost of health insurance, nationwide, was a reality. Again, going back to this past summer's discussion, perhaps before it comes up again, the Board has to address the insurance package before budget more ferociously.

Mr. Margo stated that EPCAD has a very good program for the employee; they are covered 100%. Whereas most employers do not cover at 100%. His concern is why there is such a low dependent side and what can be done to balance it out. If EPCAD is going to mirror what others have, there will have to be a contribution level by the employee which might impact and have a higher level on the dependent side. It is a very lucrative plan.

Ms. Niland agreed that it was a lucrative plan.

Mr. Dennis responded that if the employee were to have a contribution, the overall cost of medical insurance would increase. At this point, EPCAD has few dependents participating.

Mr. Margo admitted he understood. This is a rich plan that is atypical. He questioned Mr. Dennis as to what was the standard for non-governmental entities, private-sector clients. What does Compass Benefits see?

Mr. Dennis responded that they see from 90% to 95%.

Mr. Margo asked that to follow along with what the Board Secretary (Ms. McLean) had asked is to look at a limiting factor on the contribution where the employee as a participant in that cost, usually makes them a better consumer. This will allow us to see what it can do to enhance the
opportunity, even if you stay with the same amount of money, to allow them to use toward a dependent cost.

Ms. Kilgore said that some numbers would be presented for the budget time.

Ms. Niland stated that what she is hearing is that although the Board has made the argument, the insurance item does not come-up for renewal at the same time as the budget. And since it does not coincide with the budget, any changes that might have been discussed cannot be implemented when the plan is up for renewal. If the Board has directed you twice in a row to evaluate some sort of cost-sharing on behalf of the employees, why are you bringing forth a plan that does not?

Ms. Kilgore responded that the plan was evaluated and shown to be more beneficial and is more cost productive.

Ms. McLean stated that her recollection was that EPCAD was going to try and mirror what the entities who pay into the plan were doing in their insurance plans.

Ms. Niland asked if the plan could be adjusted to allow for the recommendation made by Mr. Margo?

Mr. Dennis added that there are two issues to consider—one being the product and the second the cost-sharing. Mr. Margo added, “which would impact the mix, it is a good plan and I wouldn’t mind being under this plan myself”. Ms. Niland agreed.

Ms. Kilgore added that it was important to remember that the majority of appraisal districts in the state of Texas are self-insured. The reason is that we (EPCAD) are not the same as a municipality or a taxing entity. We (EPCAD) do not have the same luxury, benefit packages that they have. Our comparative size makes us (EPCAD) unique.

Ms. Niland continued that EPCAD’s argument is that the employees are happy with the plan because it is paid at 100%, but if they had to share costs, half of them would drop out. Referring back to what Dee (Mr. Margo) was saying, sometimes you get a better consumer when they are vested in the program.

Mr. Margo asked if EPCAD had surveyed those employees who have dependent coverage? And of those employees whose dependents are not covered under EPCAD’s plan, are they covered elsewhere; at what percentage.

Ms. Melendez, EPCAD Human Resources Manager replied that everyone that is not covered under EPCAD’S plan has coverage elsewhere.

Mr. Margo reiterated that other than seven (7) employees who have their dependents covered under EPCAD’s plan, everyone else that has dependents not covered under EPCAD’s plan, has coverage elsewhere. Ms. Melendez confirmed yes. Mr. Margo stated that this is highly unusual.
Ms. Melendez added that she was the person who researched and compiled the comparisons by contacting the districts in El Paso and other Texas appraisal districts. As has been mentioned about EPCAD mirroring other entities, EPCAD cannot mirror other organizations because of our size and the type of work that we do. We are in line with what other appraisal districts in the State of Texas are doing and they pay 100% for their employees' coverage for medical insurance. Some of them are able to cover their dependents, we do not. Asking our employees to pay a portion of the premium, if we were to change the plan, and the format of the plan, would change the rate. It would change the deductibles, the copays, etc.

Ms. Niland stated that this information was not presented.

Ms. Kilgore stated that it was presented in April during budget time.

Ms. Niland stated that the plan was up for approval now.

Ms. Kilgore stated that the insurance plan expires on October 1 and it is difficult to get information too far in advance because the rates change. Once the budget is approved, Mr. Dennis is contacted to begin his research. As the Board can see in the information packet, there is a long list of companies contacted; and it should be noted, the number of those that turned us (EPCAD) down.

Ms. Melendez contributed that we (EPCAD) do not have multiple levels. EPCAD has employee only and family coverage.

Mr. Margo agreed that the Board would like to see those numbers. But it is a fact that it is a good plan. But at this point it is too late.

Mr. Lewis added that after hearing the discussion, the fact that other appraisal districts have similar plans speaks for itself. It is an attractive package but the rate is not extraordinary. It was cut-down by a certain amount. The question is also if the cost-share or rate would change, how much of a savings would there be and how would it affect morale and productivity. Would it be worth it?

Ms. McLean added that the Board should have received the plan information in advance. Again, they (Board) are in a difficult situation as the plan has to be voted on at this meeting.

Mr. Dennis reiterated that a group of this size impacts the information released by carriers. The carriers wait until about a month before the plan is up for renewal to release the rates.

Mr. Margo moved for approval with the following added comments: Mr. Dennis is correct on the process and that it is different at 140 than it is at 6,000 or 9,000 employees. It is different. Also on the declamations, if you bid them every year and you are not going to get a shot at it, they will turn you down. The only way to get information early on is to commit to a particular carrier.
Although the carriers do not like to release the information early on, they usually have the rates 60 to 90 days ahead of time. If this were a privately run entity, we would not be having this discussion. The negotiation would have happened 90 or 120 days ago. The pricing looks good and reflective of your experience. With that said, Mr. Margo moved for approval.

Mr. Sepulveda stated that there was a motion to approve, the motion was seconded by Mr. Gandara. Motion passed with Ms. McLean and Ms. Niland voting no.

Ms. Niland asked if the insurance plan approval could be done consecutively with the budget or perhaps only renew it until April where it could be looked at again.

Ms. Kilgore responded that this could not be done because the process was mandated by the Property Tax Code.

Mr. Margo stated that it would be advisable to lock it in for a year as 2014 would bring other changes that might affect the plan.

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

Mr. Dennis advised that very competitive rates were received for dental. Assured Benefits has done a fantastic job administering the plan and we got a buy on the dental rates this year. EPCAD has been participating in Assured Benefits dental since last year which is a self-insured plan. The nearest competitor Ameritas is about $30,000.00 a year more than Assured Benefits’ renewal rate. Therefore, it is the recommendation of Mr. Dennis and staff to remain with Assured Benefits for another year.

Mr. Margo asked if this plan was covered for the employees at 100%. Mr. Dennis replied yes. Ms. McLean stated that dental is not covered in the district she represents. She also felt that EPCAD’s benefits are not in line with other entities in El Paso County, even though a comparison analysis was presented to the Board in April. In addition she would like to see cost sharing implemented. Mr. Sepulveda said that in Fabens, a dental plan is offered to the employees paid for by the entity.

Ms. Melendez stated that many times the employees years of service and recognition awards has been brought before the Board. EPCAD has employees that have been employed 30+ years because of the fact that EPCAD has a good benefits package; however, we don’t compete on the salary side. EPCAD cannot compete with the private sector at all, and we are trying to become in line with other appraisal districts. EPCAD does not pay as richly as people believe. However, EPCAD has been able to retain employees because it has a good benefits package. As rich as it seems to be, the private sector benefits are presented to the employees as an option and individual pay on the employees part, but the private sector does not have the retention.

Ms. Niland stated she feels the same as Ms. McLean about cost sharing and really would of liked to have seen the data. It would of given her the information she needed and allowed her to make an educated informed decision.
Mr. Gandara stated that insurance information needs to be put out there before the board, so that everyone is happy at the time the board makes a decision.

Mr. Dennis said when doing an analysis on a smaller group, there is a larger variance compared to doing it with a large group. For example, if you say employees contribute 10%, in a large group, that 10% contribution can give an underwriter a very good figure of how much participation they are going to get. However, with a small entity, this is not true. So basically, you might not get the participation you are looking for.

Mr. Margo said he feels the real issue is understanding the context of the total package for all employees. Mr. Margo said he is not sure comparing to the District, irrespective of what is happening at El Paso ISD and Ysleta ISD, is the proper way of just looking at it in a general basis across the board. One hundred forty employees, X amount of revenue what would we be doing? Ms. Kilgore said we did do a study of the percentage of an employee’s paycheck that goes toward benefits and the appraisal district’s is about 17%. When we looked at the City’s, it was about 27%. Therefore, our ratio of benefits is lower than the majority of the entities. Once again, Mr. Sepulveda said this type of analysis would be discussed in the budget meetings.

Ms. Searls made a motion to renew the dental insurance for one year as presented. Mr Gandara seconded the motion. Motion passed with Ms. McLean and Ms. Niland voting no.

AGENDA ITEM 8 – DISCUSSION & POSSIBLE ACTION REGARDING EPCAD’S CASUALTY INSURANCE(S)

Ms. Kilgore advised that EPCAD has always utilized Texas Municipal League (TML) of which the majority of municipalities and counties in Texas use. This insurance includes workmen’s compensation, building insurance, etc. For the past several years EPCAD has received back funds. EPCAD budgets a certain amount for this insurance and at the end of the year, because TML is a large pool there have been a refund. In 2013 (current budget) it was $51,331.00, but EPCAD only paid $48,000.00, because of a credit that was applied to all members within the TML pool. Ms. Kilgore said staff is requesting EPCAD remain with TML.

Ms. Searls made a motion to remain with TML for one year. Mr. Gandara seconded the motion. Motion passed unanimously.

AGENDA ITEM 9 – DISCUSSION & POSSIBLE ACTION REGARDING LIFE & LONG TERM DISABILITY (LTD) INSURANCE(S)

Mr. Dennis stated that EPCAD currently has Hartford Insurance for Long Term Disability. This went up from .25/100 of coverage to .38/100 of coverage, which is a significant increase and also the life insurance went up from .23/1,000 of coverage to .28/1,000 of coverage. Compass Benefits went out to the market and got a very competitive quote from Prudential. Basically, if we were to add the two premiums – disability and life insurance premiums, the rates
would be about the same as from Hartford and have a 30 month rate guarantee. Therefore, it is
the recommendation of Compass Benefits to change carriers from Hartford to Prudential.

Ms. Kilgore said the reason this is being brought to the Board now is because the Board had
asked why EPCAD does not have this insurance in line with the others. The insurance
company approved us going month-to-month until it caught up with the other insurances, to be
done all at the same time.

Mr. Gandara made a motion to accept Prudential with a 30 month guaranty. Ms. Searls
seconded the motion. Motion passed with Ms. McLean voting no.

AGENDA ITEM 10 – DISCUSSION & POSSIBLE ACTION REGARDING PURCHASE OF
DIGITAL CONVERSION OF MICROFILM AND MICROFICHE PLAN

Ms. Kilgore stated that this item is in the present budget and approved at a cost of $99,987.60.
EPCAD is requesting to purchase now, so when the new budget goes into effect October 1,
2013, we will be ready to begin digitizing. The name of the company is ACS, a division of
Xerox. ACS is also digitizing the County, District Clerk, etc., records. EPCAD budgeted
$100,050 for this item, and the final cost was $99,997.60.

Ms. Niland made the motion to approve this purchase. Mr. Lewis seconded the motion. Motion
passed unanimously.

AGENDA ITEM 11 – DISCUSSION REGARDING 2013 METHODS AND ASSISTANCE
PROGRAM (MAPS) RESULTS

Ms. Kilgore passed out the Methods and Assistance program results to the Board members,
and stated how very proud she was of the results. The legislature changed the property value
study for appraisal districts to every other year and the off year they perform a Methods
and Procedures study. In 2011 not only did EPCAD pass all of the pass/fail requirements, but,
we exceeded in all of the categories. In 2013 EPCAD repeated the 2011 performance. No
recommendations were made to change what EPCAD is presently doing. Ms. Kilgore said
it is because of our staff that we are able to exceed. The Comptroller’s office sends
field personnel to review all areas of operations within the appraisal district; basically it is an
audit. Last year EPCAD received 100% with one recommendation which dealt with an ex-
board member.

AGENDA ITEM 12 – DISCUSSION & POSSIBLE ACTION REGARDING
EXECUTIVE SESSION UNDER THE AUTHORITY OF TEX.GOV’T, CODE §
551.071 AND 551.074 TO DISCUSS 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 6:40 to discuss legal and personnel matters. The
Board returned to open session at 7:21 p.m. No action was taken in Executive Session.
AGENDA ITEM 13 – DISCUSSION & POSSIBLE ACTION REGARDING A-K ABOVE

Mr. Margo made a motion to approve item A-K above as presented by legal counsel. Ms. McLean seconded the motion. Motion passed unanimously.

There being no further business to come before the Board, the meeting was adjourned at 7:25 p.m.

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Gary Sandara, Member

ATTEST:

Patricia McLean, Secretary