



January 8, 2015

The El Paso Central Appraisal District Board of Directors held its regular meeting on Thursday, January 8, 2015 in the Conference Room of the El Paso Central Appraisal District at 5801 Trowbridge Drive, El Paso, Texas. As the chairman and vice-chair were not present, the meeting was initiated by Ms. Laure Searls at 5:10 p.m. with the following members present:

Ed Archuleta
Paul Pearson
Jerry Romero

Dee Margo
Vincent Perez
Laure Searls

There was a quorum, with six members present. Ms. Carmen Hegeman, legal counsel, was in attendance for the entire meeting.

Mr. Sepulveda and Ms. Ann Morgan Lilly joined the meeting at 5:15 p.m.

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

AGENDA ITEM 1 – SWEAR-IN OF BOARD OF DIRECTORS FOR 2015

Ms. Kilgore announced that it is customary at the beginning of the year for Board members to be administered their Oath of Office; and as in the past, Judge Alex Gonzalez, County Court #4, has graciously agreed to do the same this year to both sitting and new members.

Judge Gonzalez greeted and congratulated the full Board and asked them to stand to accept their oath of office. After the board members recited the oath, signed their individual documents, Ms. Kilgore and Ms. Searls thanked Judge Gonzalez and congratulated the board members.

ACTION AGENDA ITEM 2 – ELECTION OF BOARD OF DIRECTORS' OFFICERS FOR 2015

Ms. Searls opened the floor to nominations for Board officers. Ms. Kilgore announced that the current officers were Rey Sepulveda, Chairman; Ann Morgan Lilly, Vice-Chair; and Patricia T. McLean, Secretary, whose seat is now held by Mr. Paul Pearson. Mr. Archuleta made a motion while adding that it was valuable to rotate officers and being that the Board included new members, his recommendation was that Mr. Sepulveda continue as Chairman with Mr. Romero as Vice-Chair and Mr. Perez as Secretary. Ms. Searls recommended that the offices be taken one at a time.

MINUTES PAGE 2
BOARD OF DIRECTORS
JANUARY 8, 2015

At this time (5:15 p.m.), the Board was joined by Ms. Lilly and Mr. Sepulveda. Ms. Searls requested the Board's permission to step back to allow Mr. Sepulveda and Ms. Lilly to take their Oath of Office and she would turn the chairmanship of meeting over to Chairman, Rey Sepulveda. Judge Gonzalez proceeded to administer the Oath of Office to Mr. Sepulveda and Ms. Lilly; however Mr. Sepulveda announced that this would be his last meeting. Judge Gonzalez administered the oath to Ms. Lilly.

Ms. Searls briefed Mr. Sepulveda on the Agenda items covered. Mr. Sepulveda presided and thanked Mr. Archuleta for the nomination to continue as chair, but respectfully declined. Mr. Archuleta amended his motion to nominate Mr. Romero as chairman, Ms. Lilly as vice-chair and Mr. Perez as secretary. Mr. Margo seconded the motion. Ms. Searls moved to nominate Mr. Gary Gandara for chairman, Mr. Pearson as vice-chair and Mr. Perez as secretary. There being no discussion, Mr. Sepulveda opened the floor to a vote on the motions. By a show of hands, Mr. Romero received five votes and Mr. Gandara two. Ms. Lilly received five votes and Mr. Pearson received two. The Board voted unanimously for Mr. Perez as Secretary.

At this point, Mr. Sepulveda relinquished his chair to Mr. Romero as the new Chairman of the Board. Mr. Sepulveda took another seat as a member of the Board.

AGENDA ITEM 3 – EMPLOYEE RECOGNITION

Ms. Kilgore recognized Ms. Lourdes Kane for her 25 years of service. Ms. Kane was presented a certificate by Chairman Romero and congratulated by the Board and those in attendance. Ms. Kilgore informed the new members that Employee Recognitions at Board meetings were implemented several years ago to provide the Board with a face to the workforce and to make them aware of the longevity of many EPCAD employees.

ACTION AGENDA ITEM 4 – APPROVAL & SIGNING OF MINUTES FOR NOVEMBER 13, 2014

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

AGENDA ITEM 5 – PUBLIC COMMENT

Ms. Kilgore announced that Mr. Sebastian Martinez had requested to comment.

ACTION AGENDA ITEM 6 – DISCUSSION & POSSIBLE ACTION REGARDING 2013/2014 FINANCIAL AUDIT

Ms. Kilgore informed the Board that Ms. Teri Reinert of Peña, Briones, McDaniel & Co. would present a review of the financial audit and details regarding the investment policy procedures for the District. Ms. Reinert stated that the information presented covers the time period through September 30, 2014. A financial packet was distributed to all Board members. She continued that the packet included a five-year overview. The District's current assets are shown at six (6) million dollars in comparison to last year where the assets were almost at six million. In 2010

they were at 7.6 million dollars. There has been a decrease over the last five years. These numbers correlate with the liabilities as shown in the documents. Ms. Reinert explained that the District is not allowed to keep any excess funds after what is spent. This year's revenue was at 12.5 million dollars in comparison to 10.8 million within the same five year review; this shows an increase of 16% or 1.6 million dollars. The past year has seen an increase in capital expenditures from information system upgrades as per state mandates and the \$600,000 litigation reserve. The overall payroll costs have increased around \$340,000; which is all inclusive – payroll, payroll taxes, benefits, etc.; this translates to approximately 4%. Ms. Reinert summarized details regarding amounts that are refunded to the taxing entities at the end of the year. The overall finding of the audit reflects that the monthly financial information that you receive on a monthly basis is correct. The Board is receiving accurate monthly information.

Ms. Reinert continued that the financial information is presented in two formats. One is shown under the general fund also defined as governmental accounting; which does not report fixed assets and if long term debt did exist, that item would not be included in there. At present, the appraisal district does not have any debt. The other format provides more details. The current assets indicate the cash in the bank and any money market accounts. The liabilities are those monies received early from the taxing jurisdictions. The other amount shown is what will be returned to the entities and the accounts payable, which varies on a yearly basis. She briefly explained the pension and payroll benefits. The audit work includes review of recorded items. The audit found no items that had not been recorded. Ms. Reinert highlighted the resolution to encumber funds for litigation; and noted that Board approval must be given for any expenditure from this fund. She also directed the Board's attention to the page showing comparison to actual figures.

Mr. Archuleta inquired how much belonged to legal under the professional services. Ms. Reinert replied that legal was separate. Mr. Archuleta asked what was listed under professional services. Ms. Reinert replied that digital services. Ms. Kilgore added that the Board had approved the digitizing of all District records and that the last Pictometry contract was also included in there. Mr. Archuleta added that the extraordinary amounts listed under professional services perhaps should be broken down. Ms. Kilgore added that the police officers were also included in this category. Mr. Romero agreed with Mr. Archuleta that they would like to see this broken-down for the following Board meeting. Ms. Reinert added that if directed they could divide this out for future presentations to the Board.

Ms. Reinert gave a brief overview of other sections in the audit packet. Mr. Archuleta inquired if the new management (Montecillo) district was going to be added on. Ms. Kilgore replied that the District is waiting to see what the resolution states and for which tax year it will be effective. Ms. Searls added that the allocation schedule showed Anthony Independent School District, Town of Anthony and the Canutillo School District are receiving significantly less. She inquired as to the reason. Ms. Reinert replied that it was due to the overall amount that was being returned to the entities; all entities had received less.

Ms. Reinert added that the audit did not find any material weaknesses or that the District was not in compliance in any area. Ms. Reinert focused the Board's attention to various schedules within the packet and compliance of the District's investment policy. Ms. Reinert finalized that the only change to the investment policy was an update to include the acceptance of electronic bids and to clarify that if bids received from various financial institutions have the same rates, the first one can be selected.

Mr. Romero inquired how often we (the District) went out for brokers. Ms. Rosa Goldmann, EPCAD Chief Financial Officer, responded that it was reviewed yearly. Ms. Goldmann added that each year the financial institutions are contacted to learn whether they would like to remain on the bid list and if the District has knowledge of new financial institutions, they are contacted to see if they would like to be included. Ms. Reinert stated that her presentation had concluded and offered to answer any questions.

Mr. Romero asked for a motion to approve the Financial Audit and Investment Policy as presented. Mr. Margo made the motion, which was seconded by Mr. Sepulveda. With no further discussion, the motion carried.

ACTION AGENDA ITEM 7 – REVIEW OF FINANCIAL STATEMENTS – OCTOBER & NOVEMBER, 2014

Ms. Rosa Goldmann, Chief Financial Officer, presented the October and November 2014 financial statements. The financial statement includes the balance sheets; the report of revenues, expenditures and changes in cash balance; actual-to-budget, investment report and the notes to the financial report. As requested by the Board at the August 2013 meeting, Ms. Goldmann presented a Power Point overview of EPCAD's financial picture for the stated months. All financial statements are on file and a matter of record in the District's accounting office.

Mr. Romero asked for a motion. Mr. Archuleta made the motion to approve the October and November 2014 financial statements as presented. Mr. Margo seconded. Without further discussion, the motion carried.

AGENDA ITEM 8 – MONTHLY HEALTH BENEFITS USAGE REPORT – OCTOBER, NOVEMBER & DECEMBER, 2014

Ms. Kilgore informed the Board that the Power Point and hand-out information format is different to previous months in that it includes information requested by Mr. Archuleta and the Board.

Ms. Gabrielle Melendez, Human Resource Manager, presented the Health Benefits Usage Report for October, November & December, 2014.

The Year-to-Date Loss Fund for October is \$76,761.54, with the Year-to-Date Paid Subject To-Loss Fund being \$12,925.96, leaving a positive balance of \$63,835.58.

The Year-to-Date Loss Fund for November is \$152,763.69, with the Year-to-Date Paid Subject to-Loss Fund being \$34,708.17 with a positive balance of \$118,055.52.

The Year-to-Date Loss Fund for December is \$230,725.35, with the Year-to-Date Paid Subject to-Loss Fund being \$93,366.61 with a positive balance of \$137,358.74.

Ms. Melendez noted that at this point in the fiscal year the claims paid are small compared to the balance. With no questions asked, this concluded the health benefit report.

Mr. Romero asked if the figures compared similarly to prior years. Ms. Melendez responded yes and drew the Board's attention to the information showing the same months in 2013 and 2012.

With no further questions, Mr. Romero proceeded to the next agenda item.

**ACTION AGENDA ITEM 9 – DISCUSSION & POSSIBLE ACTION REGARDING
APPOINTMENT OF APPRAISAL REVIEW BOARD (ARB) CHAIRPERSON & SECRETARY**

Ms. Kilgore informed the Board that Ms. Tracy Carter, Taxpayer Liaison Officer, would present the item based on section 6.42 of the Texas Property Tax Code which states, "Board of Directors of an appraisal district, by resolution, shall select a Chairman and a Secretary from the members of an Appraisal Review Board". Ms. Kilgore added that this is the only function the Board of Directors has regarding Appraisal Review Board members; all other functions were removed via legislation in 2013.

Ms. Tracy Carter, Taxpayer Liaison Officer, informed the Board that included in their informational packets is the section of the code delegating them with the responsibility to select the ARB chairperson and secretary; along with the nomination letters for the individuals running for chairperson and secretary. Ms. Carter introduced the individuals as they were present in the audience.

Mr. Archuleta inquired if Ms. Carter could outline the process for nominations or how one is eligible for consideration. Ms. Carter stated that all ARB members are eligible. She had communicated to the ARB members to inform her if they were interested in serving in either capacity; and to address the letters of interest to the Board of Directors. Mr. Archuleta asked if there was a job description for both positions. Ms. Carter replied yes. The ARB chairperson oversees the whole Appraisal Review Board and schedules the members [for panels]. She added that also included in their packets were the 2014 ARB Rules & Procedures, as well as the State Comptroller's ARB Model Hearing Procedures.

Mr. Archuleta questioned if Ms. Carter participated in any type of review of qualifications or screening of the applicants. Ms. Carter replied that she did not. Mr. Archuleta questioned how the Board was to make a decision. Ms. Kilgore added that perhaps legal counsel should address the question. Mr. Romero reiterated if there were any minimum standards to be the

MINUTES PAGE 6
BOARD OF DIRECTORS
JANUARY 8, 2015

chairperson. Ms. Carmen Hegeman, legal counsel, added that there was no guidance under the statute. Mr. Margo added to the discussion that since the Board had no control over the selection of the (ARB) members, he questions why the Board makes the selection of officers. Ms. Kilgore added that the Property Tax Code does not allow the [ARB] judge to appoint the officers. The Property Tax Code has not been updated to change that.

Ms. Kilgore stated that she and Ms. Carter anticipated that the Board might want to ask questions of the candidates such as what their qualifications are or how long they have served on the ARB or what they have done while on the Board and therefore they are present if the Board desires to visit with them. Mr. Romero queried if this item was a time sensitive issue. Ms. Kilgore responded that at present the ARB did not have a chairperson; as the former chairperson's term ended. The ARB does have an active secretary who has been performing the duties in preparation for hearings scheduled the week of January 20th. Ms. Kilgore continued that if a decision on officers was not reached, the ARB would not be without functionality. However, the officers do need to be appointed before the 2015 hearings begin.

Mr. Romero inquired if the Board was prohibited from asking the Liaison to compile a minimum set of standards for these offices in order for the Board to identify whether a person was eligible to be a chairperson. Ms. Hegeman responded that that action would not be proper. She referenced that the Code's section 6.42 states that the Board is encouraged to select as a chairman a member who has a background in law and property appraisal; and for that reason, the Board may review the statements provided by the candidates, and have the individuals address the Board and limit their comments to their backgrounds in law and property appraisal.

Mr. Archuleta stated that he agrees that this is a good idea and would like to have the candidates give a brief presentation. Mr. Margo asked Ms. Hegeman if the Board was precluded from requesting that there be something analogous to a straw vote by the ARB members as to their recommendation for chair and secretary; where the Board could use that as part of our deliberation. Ms. Hegeman offered an educated guess that based on the statute that designates the Board with the responsibility of selecting the ARB chair and secretary, the ARB should not be relegated participation in the process.

Mr. Margo then suggested that in concurrence with Mr. Archuleta, each candidate should be allowed a three (3) minute presentation on why they want to serve. Mr. Romero added that as stated in the Code, the presentation should focus on the background in law and property appraisal.

Presentations were given by Mr. Michael Briggs and Ms. Monica Hernandez for the office of ARB Chairperson. Presentations were given by Mr. Sebastian Martinez and Mr. Fred Muñoz, current ARB Secretary, for the office of ARB Secretary. Mr. Margo and Mr. Archuleta posed the question to each why they were the better choice for the position. Mr. Sepulveda asked Mr. Muñoz to address the question regarding distribution of information to ARB members. Mr. Muñoz explained that group discussions regarding daily events were held in an open forum, not distributed in a written memo format. Mr. Romero inquired of Mr. Muñoz if the proper and necessary time frames were being met in order to provide notice to ARB members. Mr. Muñoz replied that to his knowledge they were. Ms. Kilgore added that the appraisal district was responsible for clerical and secretarial duties related to the ARB; EPCAD staff manages the

notifications to ARB members regarding their schedules, classes to attend, and/or meetings that they need to attend. She added that in addition to the clerical duties supervised and supplied by the ARB Coordinator and staff, all Texas appraisal districts supply the recording equipment which is initiated immediately during a hearing; every hearing is audio-recorded as mandated by law.

Ms. Kilgore added that although the ARB is separate from the District's function, her responsibility as the Executive Director/Chief Appraiser of the District is to see that the public is served; and as such, she ensures that during all business hours, when hearings are scheduled, that there is an ARB panel to assist property owners.

Mr. Romero opened the floor to nominations for ARB Chairperson. Mr. Margo made a motion to nominate Michael Briggs; the motion was seconded by Mr. Archuleta; without further nominations or discussion the vote was called and the motion carried.

Mr. Romero opened the floor to nominations for ARB Secretary. Mr. Sepulveda made a motion to approve Mr. Fred Muñoz as ARB Secretary, the motion was seconded; with no further nominations or discussion; the vote was called and the motion carried (see attached).

Mr. Romero suggested that agenda item 13 be moved up so Ms. Carter could proceed with the Taxpayer Liaison Report.

AGENDA ITEM 13 – TAXPAYER LIAISON REPORT – TRACY CARTER

Ms. Carter reported that 38 applications to join the ARB had been received. This high number was likely due to the announcement in the El Paso Times, El Paso Times Career Builder Website, the El Paso Inc. and El Diario [de El Paso]. Judge [Patrick] Garcia appointed eleven (11) new ARB members, a list of which was included in the information packet. The results from the SurveyMonkey feedback will be ready at the end of the month. The State Comptroller's office communicated to her that out of the 2500 submitted from across the state, El Paso's portion – 381 – was the highest per district. Ms. Carter added that the Comptroller's office noted a pattern, statewide and overall, 90% of the property owners who gave positive feedback of the ARB experience had also received a reduction in their property's value. She continued that the ARB will meet between January 20-23, 2015 to hear late 2014 protests; and reconvene in April 2015 for training from the State Comptroller's and the ARB attorney. At that time the 2015 ARB Rules will be adopted. Ms. Carter added that she included a spreadsheet reflecting comments from property owners and tax agents.

Ms. Kilgore added that once the results of the State Comptroller surveys are finalized, the results will be sent to taxing entities and possibly available on their website. Any information regarding access to the results will be forwarded to all EPCAD Board members.

Mr. Perez inquired if documents such as the résumés of ARB applicants were available on the website. Ms. Kilgore replied they were not and that there had been a request for that; however, an Attorney General (AG) opinion has been requested. Mr. Perez asked if the Board could