Minutes from May 18, 2017

The El Paso Central Appraisal District Board of Directors held its regular meeting on Thursday, May 18, 2017, at 5:04 p.m., in the Conference Room of the El Paso Central Appraisal District (EPCAD), 5801 Trowbridge Drive, El Paso, Texas, with the following quorum, of five (5) members present.

1. Vincent Perez
2. Jerry Romero
3. Mike Rosales
4. Laure Searls
5. Joyce Wilson

6. Trent Hatch joined the meeting at 5:06 p.m.

Mr. Joe Longoria of Perdue Brandon Fielder Collins & Mott, EPCAD legal counsel, was in attendance via telephone for the entire meeting.

Ms. Carmen Hegeman of Dunbar, Armendariz, Hegeman Law Firm, EPCAD legal counsel, was in attendance for the entire meeting.

Ms. Dinah Kilgore introduced Mr. Mike Rosales, the newly appointed Board representative from Ysleta Independent School District.

First order of business was to recite the pledge of allegiance to the flag of the United States of America and the pledge of allegiance to the Texas state flag.

AGENDA ITEM 1 - PUBLIC HEARING ON EPCAD's PROPOSED 2017/2018 BUDGET

Chairman Romero stated that no one had signed-up to comment on EPCAD's Proposed 2017/2018 Budget.

Ms. Kilgore informed Chairman Romero that comments regarding the budget had not been received from the public or from the entities.

AGENDA ITEM 2 – PUBLIC COMMENT

Chairman Romero stated that no one had signed-up to make public comment.

Chairman Romero stated that to accommodate some time constraints of Board member Agenda items seven (7) and nine (9) would be addressed first.

ACTION AGENDA ITEM 7 - DISCUSSION & POSSIBLE ACTION REGARDING ADOPTION OF EPCAD'S 2017/2018 BUDGET

Mr. Romero reiterated if EPCAD staff had received comments regarding the Proposed Budget.

Ms. Kilgore informed the Board that no written or verbal questions or comments had been received. The Notice of Public Hearing was published in the El Paso Times and the Diario of El Paso. Ms. Kilgore added that as per suggestions made by Board members at the Budget Workshop, adjustments were made to the budget.

The total amount of EPCAD's 2017/2018 Budget (Salaries and Operating) is $14,954,128.86. The total amount of increase from the current year's budget is $674,840.07. The number of employees remain at 140. The overall budget increased from 4.69 to 4.73. The reduction from the Strategic Plan Reserve was allocated to the legal fees account. The Strategic Plan car allotment decreased from seven cars to five cars ever year.

Ms. Joyce Wilson requested clarification on the employee pay scale adjustments.

Ms. Kilgore responded that a market analysis had been purchased to obtain salary comparison based on job title, skills, and years-in position. Employees would receive a market adjustment and half would be merit-based competency. EPCAD currently has sixteen employees who are under - compensated. EPCAD is currently 16% below market average. Some employee classes are low while other employee classes are competitive. EPCAD has some employees that are over - compensated because their title does not match their job description and EPCAD cannot give bonuses or lump sum - merits.

Ms. Wilson requested a compensation pay strategy report.

Ms. Kilgore replied that EPCAD will provide the Board with the pay strategy report when the fiscal year starts in October.

Mr. Romero asked if the adjustment would work within the approved budget.

Ms. Kilgore responded yes.

Mr. Perez commented on research into pension benefit as it would factor as a benefit and would not be reflected in the base salary.

Mr. Romero requested progress reports.

Ms. Kilgore responded that EPCAD would definitely keep the Board informed.

Ms. Wilson inquired if the turnover rate was below 10%?

Ms. Kilgore responded that the turnover rate is very low resulting in a lot of tenured employees

Ms. Searls made a motion to approve EPCAD's 2017/2018 budget; Ms. Wilson seconded; the vote was called and the motion passed.

The Board recessed into Executive Session at 5:19 p.m.

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

A. El Paso Outlet Outparcels, LLC, Horizon Group Properties, Inc. and El Paso Outlet Center II Expansion, LLC — VS EPCAD — Cause No. 2015DTX0809

ACTION AGENDA ITEM 10 - DISCUSSION AND POSSIBLE ACTION REGARDING A AS LISTED IN PREVIOUS ITEM

Ms. Wilson made a motion to approve the settlement recommended by legalCounsel; Mr. Hatch seconded; the vote was called and the motion passed

Ms. Searls left the meeting at 5: 54 p.m.

ACTION AGENDA ITEM 3 - APPROVAL & SIGNING OF MINUTES FROM APRIL 20, 2017

Mr. Rosales made a motion to approve the April 20, 2017 Minutes as presented; Ms. Wilson seconded; the vote was called and approved.

ACTION AGENDA ITEM 4 - REVIEW & APPROVAL OF FINANCIAL REPORT FOR MARCH, 2017

Ms. Rosa Goldmann, EPCAD Chief Financial Officer, presented the financial reports for March, 2017. EPCAD's financial reports contain the balance sheet; report of revenues, expenditures and changes in cash balance (in actual-to-budget); the investment report; and the notes to the financial report.

Ms. Goldmann stated that EPCAD has $410,339.77 in the Litigation Reserve; there is $200,000.00 in the Strategic Plan Reserve, and $120,000.00 was approved for the LexisNexus expense under Professional Services.

Ms. Wilson asked if EPCAD can project a future value for expenditures.

Ms. Goldmann stated that EPCAD cannot predict the expenses because the majority of the expenses are in June and July after the protest hearings. The first months of the fiscal year are usually the lowest. After the hearings the expenses can increase.

Mr. Rosales asked if $410,339.77 in the Litigation Reserve was sufficient.

Ms. Goldmann responded that the Litigation Reserve had been expended.

Mr. Kilgore clarified to Mr. Rosales that EPCAD has a Legal line item that has been utilized. Therefore, forcing us to obtain funds from the Litigation Reserve.

Ms. Wilson added that at the end of the fiscal year if there are any funds that are not utilized in the past the Board has decided to return a portion of it and deposited into the Litigation Reserve or the Capital Reserve instead of inflating the budget.

Mr. Perez made a motion to accept the financial reports for March 2017 as presented; Mr. Rosales seconded; the vote was called and approved.

AGENDA ITEM 5 - MONTHLY HEALTH BENEFIT AND DENTAL INSURANCE PLAN REPORT - APRIL, 2017

Ms. Goldmann presented the Health and Dental Insurance Plan Report for April, 2017

The April figures are as follow:

- Deposits: $86,267.53
- Other Expenses: $0.00
- Claims Paid: $65,982.47
- Balance: $594,269.33

Mr. Romero asked how the balance compares to prior years.

Ms. Goldmann stated that the health and dental insurance used to be lower than what it is currently.

With no further questions from the Board, this concluded Ms. Goldmann's report.

ACTION AGENDA ITEM 6 - DISCUSSION & POSSIBLE ACTION REGARDING USING $110,000.00 FROM STRATEGIC PLAN RESERVE FOR LED LIGHTING RETROFIT

Ms. Kilgore requested Boards approval to use $110,000.00 from the Strategic Plan Reserve for LED lighting retrofit.

EPCAD met with Ecoworx, EMC Engineers, and PC Automated Controls personnel.

EPCAD received a quote from Ecoworx; however, they did not include a design and replacement feature.

PC Automated Controls are on the ESC Region 19 Allied States Cooperative Program and did provide a design and replacement feature. They quoted $110,000.00.

EPCAD staff recommends PC Automated Controls.

Mr. Romero inquired how much EPCAD will save using LED lighting.

Mr. Rick Medina, Director of Administrative Services, stated that the accrual savings seen over a period of 12 years will pay for the initial investment.

Mr. Romero furthered asked if the project is a matter of retrofit and replacing.

Mr. Medina responded that PC Automated Controls will retrofit, redesign some areas, and replace the lighting. EPCAD's fixtures will decrease from 633 to 481.

Mr. Romero asked what kind of warranty the contract provides.

Mr. Medina stated that EPCAD has not drafted the contract.

Mr. Rosales commented how it is a major and welcoming to see substantial savings to retrofit lighting.

Ms. Kilgore reiterated that EPCAD will redesign some areas for employees to have better lighting in their workstations and remove extra fixtures.

Mr. Rosales made a motion to approve the use of $110,000.00 from the Strategic Plan Reserve as presented; Ms. Wilson seconded; the vote was called and approved.

***AGENDA ITEM 8* - CHIEF APPRAISER REPORT – DINAH KILGORE**

Ms. Dinah Kilgore, EPCAD Chief Appraiser, informed the Board of changes due to Legislative activity.

Legislature has approved Senate Bill 2, which puts a cap on tax rate.

Some amendments on Senate Bill 2 are:

- Appraisal Districts will remove the estimate of taxes line item on the Notice of Appraised Value. Appraisal Districts will mail a postcard to every property owner providing contact information to obtain tax rate information. Appraisal Districts will create a database to be maintained by the Consolidated Tax Office. The database will consist of all taxing entities' rates, effective tax rate, amount, and rate hearing date. EPCAD will have to revise the media ads and written publications to inform property owners of the changes to the Notice of Appraised Value.

- The rate issue for municipalities and counties has not been resolved.

Definitely going to pass through the Legislature:

- Pilot programs will be initiated in cities with populations over one million and with a property value of over fifty million that will provide property owners the ability to conduct Appraisal Review Board [ARB] hearings over the telephone. It will be set-up for property owners that cannot get to an appraisal district due to a disability, age, or distance. EPCAD has designated a panel room for this purpose and will publicize this service available to the community.

The following deadline changes will most likely pass through the Legislature:

- Rendition from April 15 to April 1st;
- Protest from May 31st to May 15;

- Certified date from July 25th to July 10

Bill 27 – "The dark stores" that the Comptroller supported will not pass the Legislature.

Senate bills to watch:

Senate Bill 1848 will increase attorneys' fees from $100 thousand maximum to $150 thousand maximum, plus a percentage of [Consumer Price Index] CPI. The Comptroller will set the CPI percentage.

A fee appraiser or a hired fee appraiser will need to be hired to give testimony in a lawsuit regarding values.

Appraisal District staff cannot communicate with Legislature.

Further information:

The ARB has begun to hear protest hearings.

- Mr. Romero requested future updates on Senate Bill 2.

The meeting adjourned at 6:12 p.m.

The next EPCAD Board of Directors' meeting is scheduled for June 22, 2017 at 5:00 p.m.

****

Laure Searls, Vice Chair
El Paso Central Appraisal District
Board of Directors

ATTEST:

Vincent Perez, Secretary
El Paso Central Appraisal District
Board of Directors

BALANCE SHEET
4/30/2017

Assets			
Cash in Bank	714,164.95		
Investments	4,764,846.31		
Petty Cash	150.00		
Total Cash		5,479,161.26	
Accrued Interest Receivable	2,267.09		
Prepaid Expenses	11,284.88	13,551.97	
Total Current Assets			5,492,713.23
Building	2,354,796.59		
Building Accum Deprec	(758,058.34)	1,596,738.25	
Building Refit	637,114.19		
Bldg Refit Accum Deprec	(637,112.19)	2.00	
Furniture & Equipment	663,528.02		
Furn & Equip Accum Deprec	(520,923.43)	142,604.59	
Computer Equipment	886,890.57		
Computer Equip Accum Deprec	(739,486.78)	147,403.79	
Vehicles	272,466.00		
Vehicles Accum Deprec	(254,866.00)	17,600.00	
CAMA System	1,378,742.00		
CAMA Sys Accum Deprec	(1,378,738.00)	4.00	
Building Improvements	1,424,661.06		
Building Improv Accum Deprec	(664,430.29)	760,230.77	
Building Equipment	154,057.32		
Build Equip Accum Deprec	(99,575.87)	54,481.45	
Total Fixed Assets			2,719,064.85
Deferred Outflow Res-Pension			1,068,987.68
Total Assets			9,280,765.76
Liabilities and Fund Balance			
Accounts Payable	199,270.29		
Accrued Expenses	16,137.60		
Accrued Payroll Payable	608,915.79		
Payroll Taxes Payable	34,746.51		
TCDRS Payable	91,747.03		
Dep. Personal Life Ins & Cobra	(1,089.97)		
Cafeteria 125	(2,758.99)		
Total Current Liabilities		946,968.26	
TCDRS Net Pension Liability		1,052,344.00	
Deferred Inflow Res-Pension		869,019.00	
TCDRS Expense-Allowance		240,373.28	
TOTAL LIABILITIES			3,108,704.54
Reserved Encumbrance			543,339.18
Fund Balance			5,628,722.04
TOTAL LIABILITIES AND FUND BALANCE			9,280,765.76

BOARD OF DIRECTORS
GARY GANDARA, TRENT HATCH, BENJAMIN MORALES, ANA DUEÑAS, VINCENT PEREZ, JERRY ROMERO, LAURE SEARLS, AL VELARDE, JOYCE WILSON

EL PASO CENTRAL APPRAISAL DIST
REPORT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
For Month Ending 4/30/2017

	April	YTD	YTD Budget	Variance
Revenues				
Revenues from Taxing Entities	6,742.57	10,709,466.11	10,709,466.11	0.00
Interest Income	3,168.85	15,204.31	10,500.00	4,704.31
Miscellaneous Income	505.66	3,505.84	3,000.00	505.84
Rendition Penalty Income	4,986.66	54,888.41	22,000.00	32,888.41
Total Revenue	**15,403.74**	**10,783,064.67**	**10,744,966.11**	**14,205,494.81**
EXPENDITURES				
Wages and Salaries	546,547.59	4,089,228.73	4,089,293.57	64.84
Payroll Related Expenses	142,277.78	1,023,238.74	1,023,509.37	270.63
Payroll tax-mandatory	61,794.85	474,250.16	478,108.55	3,858.39
Computer Expense	0.00	659.67	725.00	65.33
Software, Support, Licensing	2,629.95	455,695.93	455,769.91	73.98
Vehicles - Insurance	0.00	7,976.22	7,976.22	0.00
Vehicles - Gas/Oil/Maintenance	6,505.22	29,252.78	29,252.78	0.00
Building - Utilities	12,375.32	91,925.51	95,807.00	3,881.49
Building - Maintenance	9,717.34	57,505.17	57,669.12	163.95
Building - Janitorial	847.07	2,910.87	3,385.00	474.13
Assets	0.00	27,929.00	27,929.00	0.00
F/E - Lease	13,007.55	86,171.25	86,176.05	4.80
F/E - Maintenance	5,650.93	106,564.53	115,235.00	8,670.47
Small Furn & Equip	1,564.37	25,965.56	25,966.52	0.96
Paper, supplies, etc	4,244.51	32,632.51	35,800.00	3,167.49
Printing	1,627.25	8,989.85	11,351.60	2,361.75
Advertising	4,485.00	13,696.91	14,211.91	515.00
Postage/Mailing	2,330.96	40,184.85	47,010.00	6,825.15
Education, dues	10,462.04	80,190.69	80,191.03	0.34
Bonding/General Insurance	0.00	17,150.58	17,151.36	0.78
Audit & Consultation	0.00	15,600.00	15,600.00	0.00
Chief Appraiser-Education,dues	1,523.05	8,818.61	8,818.61	0.00
BOD - Education	763.94	2,351.16	2,351.16	0.00
Books, Publications, Subscrptn	433.99	4,095.99	4,715.00	619.01
Legal Fees	67,000.59	786,660.82	330,000.00	(456,660.82)
Arbitration	0.00	850.00	1,750.00	900.00
Appraisal Review Board	16,450.00	50,225.00	50,225.00	0.00
Taxpayer Liaison Officer-Expen	4,050.00	16,237.97	16,237.97	0.00
Professional Services	243,958.11	715,989.14	717,431.11	1,441.97
Supplemental Help/Temps	5,550.30	12,507.38	12,507.38	0.00
Interest Expense	0.00	0.00	0.00	0.00
Contingency Fund	0.00	120,000.00	120,000.00	0.00
Litigation Reserve	(67,000.59)	(456,660.82)		456,660.82
Total Expenditures	**1,098,797.12**	**7,948,794.76**	**7,982,155.22**	
Excess Revenue over Expenditures		**2,834,269.91**		

El Paso Central Appraisal District

INVESTMENT REPORT

APRIL 30, 2017

Institution	Type	Issue Date	Maturity Date	Amount	Interest Rate	Interest Earned	Interest Accrued
Wells Fargo	WF Gov MMF Sel		none	244,661.01	0.550%	376.82	
Wells Fargo	JP Morgan US Gov		none	161,762.95	0.630%	368.57	
Wells Fargo	FHDN	4/5/2017	5/10/2017	1,509,927.61	0.730%		765.45
Wells Fargo	FHLD	4/5/2017	6/5/2017	1,549,028.94	0.750%		806.79
Wells Fargo	FHDN	4/5/2017	7/5/2017	1,299,465.80	0.770%		694.85
				4,764,846.31		**745.39**	**2,267.09**

Executive Director/Chief Appraiser

Chief Financial Officer

NOTE TO APRIL, 2017 FINANCIAL REPORT

Over budget: No accounts over budget

Contingency: $120,000.00 was approved at BOD meeting October 20, 2016 for LexisNexus expense in Professional Services.

Encumbered Funds:

- Litigation Reserve 800,000.00

Dec, 2016	(50,286.45)		
Jan, 2017	(129,700.67)		
Feb, 2017	(143,689.66)		
Mar, 2017	(65,983.45)		
April, 2017	(67,000.59)	343,339.18	Bal

- Strategic Plan Reserve 200,000.00

Health and Dental Insurance Plan

Texas Municipal League (TML)

		Deposits	Assured Benefits Administrators		Other Expenses	Claims Paid	Balance
2016	September	100,000.00			89.80	0.00	99,910.20
	October	83,699.07			0.00	0.00	183,609.27
	November	85,656.60			0.00	0.00	269,265.87
	December	86,073.42			0.00	26,391.06	328,948.23
2017	January	85,955.98			0.00	94,573.41	320,330.80
	February	86,475.53	239,306.10	Reserve	0.00	74,984.62	571,127.81
	March	86,420.57	5,631.11	Stop-Loss	0.00	89,195.22	573,984.27
	April	86,267.53			0.00	65,982.47	594,269.33
	May	86,834.98			0.00	83,564.76	597,539.55