



Minutes: August 20, 2015

The El Paso Central Appraisal District Board of Directors held its regular meeting on Thursday, August 20, 2015 in the Conference Room of the El Paso Central Appraisal District located at 5801 Trowbridge Drive, El Paso, Texas. The meeting was called to order by Chairman Jerry Romero at 5:00 p.m. with a quorum of the five following members present:

Jerry Romero
Laure Searls

Gary Gandara
Alfonso Velarde

Benjamin Morales

Mr. Joe Longoria, legal counsel, was in attendance 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 1

RECOGNITION OF PREVIOUS BOARD MEMBERS

Mr. Romero stated that although previous board members: Sergio Lewis, Dee Margo, Ed Archuleta and Ann Morgan Lilly were not able to attend to receive a token for the service they provided as EPCAD Board of Directors, it was important to recognize their service and the plaques enumerating the same would be delivered to them.

AGENDA ITEM 2

PUBLIC COMMENT

This is a regular agenda item required by Section 6.04(d), Texas Property Tax Code. *In order to comply, while ensuring the efficiency of the "Public Comment" regular agenda item, the EPCAD Board of Directors will limit said public comment to five (5) minutes per item, unless the majority of a quorum of the Board votes to allow more time for a given item. Public comment requires no action from the Board.*

Public comment was not made.

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Mr. Romero welcomed new board member Mr. Trent Hatch, who joined the meeting at 5:01 p.m. Mr. Romero stated that another new board member, Ms. Ana Dueñez, had also joined the meeting.

Ms. Kilgore stated that Ms. Dueñez had to be sworn-in before participating in the meeting. Ms. Dueñez was administered the oath and the meeting continued.

Mr. Romero invited new members: Trent Hatch, Ana Dueñez, and Al Velarde to introduce themselves to the Board. Mr. Hatch, Ms. Dueñez and Mr. Velarde communicated which entity they represented and gave a brief description of their profession and/or occupation.

ACTION AGENDA ITEM 3

APPROVAL AND SIGNING OF THE MINUTES FROM MAY 21, 2015

Mr. Gary Gandara made the motion to approve the May 21, 2015 minutes; Ms. Laure Searls seconded; the vote was called; the motion carried.

ACTION AGENDA ITEM 4

DISCUSSION & POSSIBLE ACTION ON THE ELECTION OF OFFICERS TO FILL VACANCIES

Chairman Romero stated that previous board member, Ann Morgan Lilly, held the seat of Vice-Chair and therefore the Board needed to elect a new vice chairperson. Mr. Romero stated he was going to nominate Board Secretary Mr. Vincent Perez, however as Mr. Perez was not present, he opened the floor to other nominations.

Mr. Gandara made a motion to nominate Ms. Laure Searls to serve as Board Vice-Chair, Mr. Benjamin Morales seconded; the vote was called; the motion carried. Mr. Romero added that Mr. Perez would continue to serve as Board Secretary.

Mr. Vincent Perez joined the meeting at 5:06 p.m.

ACTION AGENDA ITEM 5

REVIEW & APPROVAL OF FINANCIAL STATEMENTS – APRIL, MAY & JUNE 2015

This is a regular agenda item as recommended by the District's auditor during the 1991 financial audit review. Ms. Rosa Goldmann, Chief Financial Officer presented the April, May, and June, 2015 financial statements. The 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. Reports were distributed to board members.

Ms. Dinah Kilgore, EPCAD Chief Appraiser, stated that for the benefit of the new Board members, appraisal districts are defined by a zero carry-over budget. At the end of the year, the Board can define specific purposes for

remaining funds or refund the total monies back to the entities. The appraisal district begins with a zero balance; the district has no savings.

Ms. Goldman informed the board that she is always available to answer any questions. Mr. Al Velarde inquired from where the revenue was derived. Ms. Goldman responded that the taxing entities were the source of revenue; the entities are billed quarterly, as per state law; and the entities pay their portion of the budget quarterly.

With no further questions on the financials, Chairman Romero opened the floor for a motion to approve the financial statements as presented. Ms. Searls made the motion; Mr. Vincent Perez seconded; the vote was called; the motion carried.

Chairman Romero stated that item #7 would be taken at this point to accommodate a schedule issue.

ACTION AGENDA ITEM 7

DISCUSSION & POSSIBLE ACTION REGARDING EPCAD'S HEALTH & DENTAL INSURANCE

Ms. Kilgore introduced Mr. Michael L. Dennis from Compass Benefits, Inc. She informed the Board that Mr. Dennis would provide information that is normally presented in September; however, the healthcare plan expires at the end of September and goes into effect at the start of the fiscal year- October 1.

Mr. Dennis provided each Board member with a packet containing a recommendation for the long-term disability and life insurance plans; and back-up information for health, dental; and life and disability. Mr. Dennis explained the market analysis showing the current carrier Prudential and Unum, who provided a competitive quote. The cost difference between the two quotes is minimal; however, Unum included a voluntary life insurance plan; which the employees do not have currently. There is no cost to the District (EPCAD); the employees have the opportunity to buy low-cost term life insurance. Mr. Dennis recommended that the District move to Unum for the life and the long-term disability (LTD) and implement the voluntary life insurance program.

Mr. Romero requested confirmation that the voluntary life-insurance option was at no cost to the District. Mr. Dennis re-stated that it was at no cost to the District.

Mr. Dennis stated that the health and dental package was separate from the life insurance package.

With that being said, Ms. Searls moved to accept Unum's proposal for group long-term disability and life insurance; Mr. Benjamin Morales seconded; the vote was called; the motion carried.

Ms. Kilgore provided background information regarding the history of EPCAD's relationship with

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Assured Benefits Administrators (ABA); this began in 2002. Historically, communication with the company representatives has been good; however, last year, ABA was sold to another company. Ms. Kilgore continued that since that time the District has had issues with the service; employees' claims were not paid timely, etc. ABA representatives (in-town and out-of-town) visited with EPCAD staff to address the problems. Reflecting on last years' rate, ABA was very generous in their rates; however, the problem with that is that the District had to dip into the healthy, \$750,000.00 reserve. Additionally, the District had two catastrophic claims that affected the reserve, which is now at \$119,000.00. Ms. Kilgore concluded that these figures will be covered in the reports; and that although ABA provided the lowest rate, Texas Municipal League (TML) quoted a low rate, but did not include the dental plan.

Mr. Dennis explained that while ABA offered the plan with a 9% increase, in the current market of increasing insurance rates, 9% increase is good. His recommendation and in consideration of the high claims EPCAD has experienced and the change in demographics, the offer is good. Mr. Dennis stressed that a broker has to consider before recommending a third party administrator who performs badly; and therefore goes-out to the market. Fully insured companies and third party administrators were approached, but only five companies were interested. Mr. Dennis reviewed the quotes for employee and employee + family from Health Design Plus Gerber, Humana, Blue Cross and TML. Mr. Dennis stated that TML is a very good company and currently provides the District with their liability insurance. He continued that changing to a new third party administrator is time consuming and costly. Mr. Dennis added that ABA has guaranteed to refund 6% for each objective that is not met.

Mr. Vincent Perez requested clarification on the fact that EPCAD pays 100% for the employee costs. Ms. Kilgore responded yes and zero for spouse and family. She continued that for EPCAD, with 140 employees, to receive a reasonable rate there has to be 100% participation – self-insured.

Ms. Dueñez inquired if there were complaints about the current company. Ms. Kilgore said there were complaints about non-payment of claims, call-backs, etc.; however, in the past two months, employee feedback says that these and other service issues have been addressed and corrected.

Mr. Velarde requested verification that Assured Benefits Administrators had quoted about \$100,000.00 less than the following quotation from TML. Mr. Dennis responded yes.

Mr. Perez asked what had been factored into the budget for this item. The rate increase that was expected last year was what was factored-in.

Ms. Dueñez asked if EPCAD's insurance was accepted by most of the local hospitals. Mr. Dennis responded yes; furthermore, he added that the network was changing to Cigna from the local network that ABA had developed.

Mr. Velarde inquired if the Dental plan costs were included in this proposal. Mr. Dennis replied that currently the dental costs are included in the same pool as the health insurance claims. Ms. Kilgore added that with ABA, the rate includes the dental; whereas, with TML, there will be one rate for health and another for dental. Mr. Dennis addressed several other questions from

Mr. Velarde and Ms. Dueñez. Mr. Dennis stressed that if the District is to change third-party administrators, the change needs to be made at this time to make a proper transition. Ms. Kilgore added that this is the reason for presenting this item to the Board in August.

Ms. Searls inquired what EPCAD staff preferred to do. Ms. Kilgore responded that based on the service turnaround from ABA, it was worth another opportunity to continue with them at this time.

Mr. Romero asked if the ABA guarantee would be a signed guarantee. Ms. Kilgore and Mr. Dennis replied yes.

Mr. Hatch inquired if it was an annual contract and if it could be revisited again next year. Mr. Dennis responded yes.

Ms. Searls made a motion to renew the EPCAD health and dental insurance with ABA Administrators; Mr. Morales seconded; the vote was called; the motion carried.

AGENDA ITEM 6

MONTHLY HEALTH BENEFITS USAGE REPORT – MAY, JUNE & JULY, 2015

This is a regular agenda item requested by the Board (April 21, 2003). Ms. Gabrielle Melendez, EPCAD Human Resource Manager, distributed the Health Benefits usage report with totals for October, 2014 thru July, 2015.

The May figures included in the report are as follow: year-to-date loss fund \$625,530.72 with the year-to-date paid subject-to-loss fund of \$965,216.31; the specific reimbursement of \$438,078.37 leaves a positive balance of \$98,392.78.

The June figures are as follow: year-to-date loss fund \$703,811.04, with the year-to-date paid subject-to-loss fund at \$1,024,096.05. The specific reimbursement of \$440,164.60 leaves a positive balance of \$119,882.59.

The July figures are as follow: year-to-date loss fund \$781,650.63 with the year-to-date paid of \$1,102,765.97. The specific reimbursement of \$440,800.44 leaves a positive balance of \$119,685.10.

Ms. Melendez explained that these figures represent the plan history which runs from October thru September. The figures reflect the amount of money paid-out monthly in claims; it is funded by the premiums paid monthly. EPCAD places money into the reserves for the payment of claims. This report is a running total.

ACTION AGENDA ITEM 8

DISCUSSION & POSSIBLE ACTION REGARDING THE BANKING DEPOSITORY

Chairman Romero passed the gavel to Mr. Perez and recused himself from the meeting, as the item concerned the banking relationship with Wells Fargo Bank; Mr. Romero exited the meeting room.

Ms. Kilgore informed the Board that the depository agreement is reviewed every two years with the option to extend it for two more years. Two years ago, Wells Fargo was the only banking institution to respond. EPCAD is happy with Wells Fargo's service and requests to extend the agreement for two more years.

Mr. Hatch clarified that EPCAD is only requesting to renew the agreement for banking services. Ms. Kilgore said yes; and in two years' time the District will extend an RFP [Request for Proposal] for banking services.

Mr. Velarde verified that this agreement was for the District's bank account. Ms. Kilgore replied yes; the District's bank account/checking account.

Ms. Searls moved to approve the extension with Wells Fargo for one two-year period. Mr. Perez reiterated the motion; Ms. Dueñez seconded; the vote was called; motion carried.

Ms. Kilgore restated for the record that Chairman Romero was not present during the discussion of Item #8-Banking Depository.

ACTION AGENDA ITEM 9

DISCUSSION & POSSIBLE ACTION REGARDING REQUEST FOR PROPOSAL (RFP) OF APPRAISAL SERVICES

Ms. Kilgore informed the Board that there are five appraisal firms in the state of Texas that work with appraisal districts. They have engineers that do appraisals on large industrial properties such as power and chemical plants; refineries. The district does not have the budget to employ engineers. Appraisal districts contract appraisal firms. In the past, EPCAD had a rotating contract with one appraisal firm; however, the previous board requested that EPCAD extend an RFP last year and this year. Last year, after data was sent to the five firms, two responded and the Board selected one of those two firms. Therefore, again, this item is on the agenda. With the Board's permission, an RFP will be sent-out specifying that firms have 30 days in which to respond. Once responses are received, a time will be set for them to give their presentations to the Board.

Mr. Romero inquired if a public posting was done for this purpose. Ms. Kilgore responded that as this contract is of a nature like that of an attorney or certified public accountant, the code does not require it. These companies are well known within the industry, so the RFP letters are sent to the five.

Mr. Velarde asked if there is a reason why this contract is done annually with a guaranteed price over a multi-year period. Ms. Kilgore stated that EPCAD's appraisal service contract was done that way in the past, in a type of floating contract; however, the previous Board requested an annual RFP.

Mr. Romero reminded the Board that if they want to pursue a different direction with how this service is contracted; it is in their hands.

A discussion of details (i.e. cost and length of contract) that might be included in the language of the RFP ensued. Mr. Joe Longoria, EPCAD legal counsel, added that the discussion of price regarding a professional contract such as appraisal services is subject to the Professional Services Procurement Act. When the firm is being considered, price cannot be considered as the sole source of selecting that firm; and that is because they are professionals. The firm's proposal can include what the firm chooses; and subsequent to that, it is reviewed by legal counsel and the chief appraiser and a price is negotiated. The qualifications have to be evaluated and then a price is negotiated. It is a specific statutory procedure that has to be followed.

Mr. Perez inquired if the current value of the contract was a matter of public record. Ms. Kilgore said it was and that it was the same as it had been for multiple years -- \$320,000.00. The firm that was selected last year maintained the same as had been paid to the previous appraisal firm.

Ms. Dueñez asked if they were used only for refineries. Ms. Kilgore stated that they were used for pipelines- gas, oil and natural gas; the electric company power plant, refineries, and hospital personal property. Ms. Dueñez added that she sat on a citizens' advisory board for Western Refinery. Mr. Longoria added that as a member of any board, if a member feels that there is a potential conflict or the appearance of a conflict, the member can choose to recuse themselves from the discussion and vote by leaving the room. There are specific situations with clear statutory conflicts; however, he did not feel that this was such a particular case. Mr. Romero asked Ms. Dueñez to describe the nature of her involvement on that board. Mr. Longoria re-stated that it is ultimately up to the individual board member to determine whether to recuse themselves from any discussion.

Ms. Kilgore stated that once the Board approves moving forward with the RFQ, the Board's suggestions will be included with the standard RFQ which explains the section of the code, the exhibit of accounts that will be represented and what is expected in the way of timelines.

Mr. Velarde specified that the agenda wording specified RFP, but the correct term and action would be to extend an RFQ. Mr. Longoria confirmed that it was an RFQ.

Mr. Velarde moved to proceed with an RFQ for the selection of appraisal services; Mr. Romero called for a second; Mr. Morales seconded; the vote was called; the motion carried.

ACTION AGENDA ITEM 10

DISCUSSION & POSSIBLE ACTION REGARDING EAGLEVIEW / PICTOMETRY CONTRACT

Mr. David Stone, Assistant Chief Appraiser, informed the Board that EPCAD currently has a contract with Pictometry to take aerial photographs of the County of El Paso every two years. The contract was for six years which gave EPCAD three flights. EPCAD is requesting to renew the contract with Pictometry for two reasons: it integrates with the District's Computer Assisted Mass Appraisal software (CAMA) and avoids any interface issues; and secondly, is because normal aerial photography is strictly top-down, orthogonal photography, but Pictometry captures an oblique side-view from each of the four directions around the building. Pictometry has an interesting presentation comparing how different a structure appears from straight-down and from the side. This feature is important because the District has picked-up a lot of value from hard-to-get-to places such as in gated communities and structures built into the side of the mountain. Mr. Stone continued that it is important to take into account that under appraisal standards, the District is required to measure at least two sides of a building once every three years. For individuals to physically measure is labor intensive, time consuming and expensive. The measuring tools built into the Pictometry software provide for appraisers to do this work from their desks.

Mr. Stone added that since the District purchased Pictometry, the District has gained \$184 million dollars in value. In addition, the Pictometry photography is shared with El Paso County entities as well as non-taxing entities such as Fort Bliss and the University of Texas at El Paso (UTEP). This resource is a benefit to all El Paso County. The proposal for renewal is for another six year contract with three flights. The total cost is \$774,609.00 which divides into \$129,102.00 per year. Pictometry has offered the ChangeFinder functionality, which takes two sets of photographs and compares the two and identifies any difference between them and provides a report for the appraiser to address any problem areas. The cost of this feature is \$35,310.00 per year for the first two years. At that time, there is an option to do additional ChangeFinders and the cost will decrease to \$53,500.00 per two year period from \$70,620.00.

The request is to approve another six year licensing agreement with Pictometry at the yearly cost of \$129,102.00 with a ChangeFinder at \$70,620.00 for the first two years.

Mr. Velarde stated that he was not a fan of sole-source procurement. He inquired what EPCAD's procurement policy was – a low-bid policy or a best-value policy. Mr. Stone and Ms. Kilgore replied it was a best-value policy. Mr. Velarde made a point that Pictometry was not the only company to offer this type of service. He posed a question to legal counsel, if the justification that has been provided to the Board is enough to say this falls into sole-source procurement.

Mr. Longoria stated that although he did not consider this a question for legal, he would address a few points. Mr. Longoria stated that he felt it was a practical decision for the Board to make because of the benefits listed by Mr. Stone especially with Pictometry's ability to interface with the District's current system. There are other firms that do this type of work, but from his own practice across the state, Pictometry is, through his own observation, used by the majority of appraisal districts. The critical factor is financial, in terms of another company's system not interfacing with EPCAD's CAMA system. In addition is the risk involved in the scenario, "we're connected, but it doesn't work". Mr. Longoria concluded that in technical matters such as these, he

relies on the expertise of Mr. Stone and Ms. Kilgore; and finally, he did not feel this was a sole-source but a source that the District has used and has been satisfied with the product for the past six years.

Mr. Romero stated that since the District has been with Pictometry for six years, what has been done to learn what the cost would be from another competitive company and the cost to match-it-up with the CAMA system. Mr. Stone responded that the issue would be with what the CAMA vendor can do to make their system match with the photography company. Ms. Kilgore added that EPCAD has not done a cost analysis of the other companies because the fact is the cost is not the issue, it is the adaptation and the compatibility with the system and the CAMA provider currently used.

Mr. Velarde stated that with all that being said, if an RFP were issued for the aerial photography services, all of these specific details could be listed and noted that whoever responds to the RFP must be able to provide data that integrates with the system that is in place.

Mr. Perez expressed that the Board is dealing with a lot of contractual issues -- with this item, the health and dental and the depository. These are big contracts that are difficult to process when the back-up is provided on the day of the meeting. Ms. Kilgore added that the final numbers on the healthcare information were being updated up through this afternoon and as far as the Pictometry contract, the Board could have been provided with a copy of the current one; in the future, EPCAD will provide that information in advance. Mr. Perez stated that providing back-up information at least 72 hours in advance, when the meeting is posted, is something for which to strive.

Mr. Stone reiterated a previous statement about the uniqueness of El Paso and the number of properties located along the international border with Mexico. He furthered that Pictometry had issues obtaining permission to fly close-to or overfly the Mexican border and it is unknown whether another company will accomplish obtaining the same permission.

Further questions were posed from Ms. Dueñez, Mr. Perez, Mr. Velarde, Mr. Romero, and Mr. Morales; and discussed with Mr. Stone and Ms. Kilgore. Mr. Stone stressed that some entities have expressed concern because there are no current aerial photographs of downtown El Paso and areas along the border. Some of the aerials were taken five years ago.

Mr. Velarde moved to issue an RFP for [aerial photography] services; Mr. Romero called for a second; Mr. Perez seconded; the vote was called; the motion carried.

ACTION AGENDA ITEM 11

DISCUSSION & POSSIBLE ACTION REGARDING PC AUTOMATED CONTROLS CONTRACT

Ms. Kilgore informed the Board that PC Automated Controls maintains the HVAC system for the District. They handle the EMS controls, the HVAC diagnostic, trouble-shooting, parts, repairs, and components. The contract includes 24/7 service. The contract is up for renewal and has been included in the current and upcoming budget. The renewal amount is \$52,000.00 and as per Board direction, the Chief Appraiser is allowed to approve only up to \$25,000.00.