

**MINUTES OF THE SPECIAL MEETING
FARMERSVILLE UNIFIED SCHOOL DISTRICT
BOARD OF TRUSTEES**

March 8, 2016

The special meeting of the Board of Trustees of the Farmersville Unified School District was held at the District Office Board Room, 571 E. Citrus, Farmersville, CA on March 8, 2016.

DATE & PLACE

TRUSTEES
ATTENDANCE

Lupe Fernandez, Clerk
Al Vanderslice, Trustee
Jorge Vazquez, Trustee

Administration Present

Janet Jones, Acting Superintendent
Randy DeGraw, Director of Personnel
Lisa Whitworth, Farmersville High School Principal
Manuel Mendez, Farmersville High School Assistant Principal
Raymond Navarro, Director of MOT & Facilities
Jason Kaff, Business Manager/CBO

The meeting was called to order at 6:00 p.m. by President Don Mason.

CALL TO ORDER

The members of the assemblage pledged allegiance to the flag.

FLAG SALUTE

On a motion by Trustee Al Vanderslice and seconded by Trustee Lupe Fernandez, the Board voted unanimously to adopt the agenda as presented.

ADOPTION OF
AGENDA (4.1)

Roseanne Meek, Meek family, stated “back in July 2015 there was consensus to implement Option 3 - Phase 1, pool fund and state money and vocational education building and there was consensus on that from my understanding. I’m not sure how much bond money you got but your vocational education building sounds like that’s pretty much going to use up the bond money and I think from what I’m hearing the bond was carried because your community wants the pool. Now, it’s been sixteen years since my daughter and my father-in-law died. It’s been 13-1/2 years since we donated one million dollars to you to get that pool done. To get it built. Nothing has happened. You know, especially Donnie and Al, I know you guys. You don’t want to be the politicians that people talk about that you can’t believe what they say. You’re not going to get it done. So it’s like, come on guys. Its time to do it and there’s hardly anyone here but did they know you were going to talk about this? Did they know you were going to approve this other contract and not even address the pool? I hope you think about it.”

PUBLIC COMMENTS
(8.0)

Alice Lopez, community member, asked that the board to hold her card to address the board until the item is discussed. At that point, she will determine if her questions are answered.

Raymond Navarro, Director of MOT & Facilities, stated “the issue is that we went out for the bond. Our bonding capacity is 4.8. Series one gave us approximately 3.5 and when it was all said and done construction monies for the voc. ed. building was 3.1. That was our first series on the bond. In all the study sessions and everything that we’ve gone through, the implementation plan, we always knew we were going to have a short fall of money in one aspect or the other. The vocational education building was set to go. Plans, contract documents, everything has been worked on since 2011. We’re at a point where we have an April 4th deadline to go under contract for the voc. ed. building. If we do not go into contract for the voc. ed. building everything goes back and we get back into some more engineering from the state and the Department of State Architect which would delay that project maybe another year, year and a half. On all the planning sessions and everything that we’ve done, the vocation education building and of course the swimming pool that I have wanted for years to come up with the money to get that pool done because it is something that is desperately needed for the community. When we ventured into the plans for the voc. ed. building, the cafeteria expansion, the swimming pool, some projects at Hester and Snowden School, the board decided it was time to go out for the bond. We’re there. We have to get very creative with our funding so we can get both of these items done. I desperately want the swimming pool. I desperately want voc. ed. Our children are leaving us without any skills. A lot do go out to college but there are some that choose trades and we want to give them the opportunity. We have a shortfall when we went out to bid. The bid came in at 3.5 million and we have a construction budget of 3.1 million. The value engineering that I presented to you of items that could be cut that would not hurt our students and take away from the educational aspect of the building and brought it back to \$3,172,000. With soft cost, the inspector’s fees, the testing fees, it brought us back up again where we would have a shortfall of a little bit over \$400,000. Rex Despain is here to explain some funding mechanisms that we could do and also explain and go into a little bit more detail on the bond and when the second monies would hit that we could give to the swimming pool plus the generous donation from the Meek family. I agree with her. Its long overdue. Its always very difficult to get that type of money. The state does not fund it. We’ve got some options that we need to look at tonight and Rex can go into that and then we’ll take each item and discuss them to see what direction we want to go because it’s a lot we have to do an unfortunately construction costs just keeps escalating. We were slated to go out to bid a while back but we shut it down. There were some things that wanted to be looked at so we had that delay and finally came to the conclusion that we had to move on this because of that April 4th deadline because we have to be under contract so we don’t lose what we have and all the work we’ve done on the planning, architectural drawings, all the topographic studies we have done out there to get the project designed.

Trustee Lupe Fernandez stated “I’m just wondering. I agree with Mrs. Meek. Why wasn’t a plan done back in 2011? What wasn’t the voc. ed.? You guys had plans for the voc. ed. and we already knew even before, why weren’t the plans made for the pool back then? I’m just wondering because I see that the voc. ed. was done. I see that the cafeteria. It looks like you guys got started on that. Why didn’t you guys get started on the pool if the money was there?

Raymond Navarro stated “because there was no bond. Nobody had brought up the issue of pursuing the bond for the swimming pool. We were working off of state money for all the planning of the facilities at the High School and Hester and Snowden school. That was under the hardship program. That’s where we get 100% funding being under the hardship program. They gave us our start up money for voc. ed. building and the cafeteria and to do the plans for the classroom wing at Hester, the classroom at Snowden, upgrades in the cafeteria at Hester, upgrades at the office at Hester and that was all with the State money. We did not have the bond at that time. The bond didn’t come until a later date when we started getting into discussions that we needed to do something with the swimming pool. The way the formula works under hardship you have to expend all your capital facilities funds. You literally have to be broke in those areas to get state funding at 100% and not go 50/50 grant or any other type of grant that they have that would come out of the District’s coffers. Once we got into the hardship program and we drained the state of anything we could get out of hardship was when it was time to do the bond. Go out to the community and ask them if they would back the bond because if we would have went out for a bond back when we were right in the middle of the critical hardship money they would have taken us out of hardship and actually taken away that money. So we had to wait until we finished all our projects that we were doing under critical hardship so we wouldn’t lose that state money. Once we did that it was time for the board and everybody to decide after study sessions and everything that it entails to plan this to pursue the bond.”

Trustee Lupe Fernandez stated “but the million dollars was there. Why couldn’t a plan be done with that money?”

Raymond Navarro stated “because we wouldn’t have the rest of the money to complete the pool.”

Trustee Lupe Fernandez stated “but it would have been a start up.”

Raymond Navarro stated “yes it would and we actually without tapping into that we did come up with some sketches, types of pool, ideas of what we want to do with the pool. We visited, throughout the years, 13 years, we visited a lot of times and looked at what we have to do with the pool and stuff. I would go and meet with Aquatic Designs and consultants and it just wasn’t there. We at one time were going into a grant with the City.”

Trustee Lupe Fernandez stated “but you guys did the voc. ed. You guys did the plans for the voc. ed. and the money wasn’t there.”

Raymond Navarro stated “yes, we had the money for that. That was under the hardship money. We had over \$800,000 to do the planning for hardship and the state will not fund swimming pools. The hardship money is what we planned all the drawings we did were for the improvements we did at the High School, Hester School and Snowden.”

Scott Parish, Mangini Associates stated “part of what we are dealing with right now is the expiration of the DSA approval for the voc. ed. plans. Had you had the plans done for the pool you’d be facing the same thing or had they been done earlier they would have expired then you would have had to redo them. So it’s really best to wait until you have money for construction as well to do the plans and then construct the project.”

Trustee Lupe Fernandez stated “but there was no money. I get what he is saying that you used the hardship money to do the plans.”

Raymond Navarro stated “what it does is the eligibility. We will be eligible for funding within the next year or so and actually get some money for the voc. ed. building that can be applied to the amount of COP that we’re going to get to finish the projects. Rex can explain and go into detail on that.”

Rex Despain, Isom Advisors, stated “there’s so many puzzle pieces here, I don’t know where to begin since they’re all intricate so let’s go to the bottom first. Just in quick review we decided to go for a bond to get some projects started that were on the list so we went out to the registered voters and we surveyed them and the vocational ed. building came up on the very top of the list and that’s what carried the bond and all of the other things, modernization, upgrading classrooms and technology and the swimming pool, they all went well but it was the voc ed. building that got the highest approval on the survey. Now we knew that if we used the bond survey funds for the voc. ed. building that eventually we’d get that money back from the state and that we could use that money then to help pay for the pool project. We passed the bond by over 60% which is what we anticipated and I guess the decision then was made to use that money to get the voc. ed. started. At some point option number 3 was going to come in to play where we got COP money to pay for the swimming pool and the shortfall on the voc. ed. building. So once the COP is in place we could use the COP money. Let me explain the difference. A bond is paid for by the taxpayers. The COP money comes from your general fund or other sources from the district. So that ties up your district money for a period of time because you pay that back. We are using the bond to get the voc. ed. started which we felt was from the community and also the timing of it was important to get it going because of the plan. Then once the COP comes into play we could use those funds to build the swimming pool and pay for the shortfall on the voc. ed. building. With the COP in place we’re going to structure it as such that any payment date we can pay off part or all of those COP’s so then they’re no longer a drain. And how do we pay for those COP’s? It would be getting money from the state once the state passes a bond is a possibility or sell the remaining authorization as Raymond mentioned we passed 4.8 million in bonds but only sold 3-1/2 so if we get to a point where we sell that remaining million three we could use that money to pay off the COP’s to help pay for the pool. That was the plan. The state doesn’t have money right now. There is a state bond on the ballot in November of this year. The polling for the state bond has been 70% approval so we feel very confident that we will pass a state bond. It’s been 10 years since we passed the last state bond and there’s this pent up need all through the state to help us districts build facilities and the people recognize that so we’re very confident that that will happen. Once it passes in November, the state bond, it will probably be summer of 2017 before they actually sell those bonds and then money starts flowing to the districts. So there’s a time there whether we do the voc. ed. building or do the pool there’s going to be a time lapse after November before the money comes in. So that’s kind of where we’re at. We were hoping to be able to sell in about 2-3 years the remaining bond authorization. The 1.3 that hasn’t been sold but your growth in AV is what drives the ability to sell those and your growth in AV was only 1.24% last year and we were hoping that 3.5% over a 10 year history of growth in AV. The growth was averaging close to 7% per year and then we went through the recession and then we had smaller growth and then last year some good growth and it didn’t come so we have to wait and see this August. Each August is when we find out what the new assessed value numbers are. And if it grows considerably, it brings us that much closer but we still don’t think you’re going to grow enough to be able to sell that last piece for 2 years is what

we're thinking at this point. So those are kind of the pieces of the puzzle that come together. Finally, the thing I'd like to address is resolution that's before you tonight. There's some state hardship money that came from the state for the design of the voc. ed. building that's left over. Its unspent and SchoolWorks is telling us it will probably be at least a year and maybe two years before we have to make an accounting for that money with the state and that money can go towards the voc. ed. construction portion but to do so you want to do it in such a way. The IRS has very strict rules when you issue bonds and COP's. It use to be that people would borrow tax exempt money. Districts would borrow it tax exempt at a low rate and earning rates at the County Treasurer were so high that they would earn more than it would cost and that's call arbitrage. So they would earn arbitrage and the IRS didn't like that. They don't want you earning arbitrage or gaining more money because you borrowed money. So the have rules in place that you cannot just go out and spend money and then reimburse yourselves from borrowed funds in advance of actually. You can use the funds and then borrow them at a low rate after you've used the funds unless you pass this reimbursement resolution. This resolution that you have all it does is for IRS purposes is it opens the door for you to use existing funds in the district for your projects now and then by passing the resolution you're telling the IRS it's our intent to use our funds now and to pay it back later using the proceeds from a bond or a COP and that's all it is. It opens the door for you to do that. Now if you don't spend the money there's no obligation to spend the money. It's just an IRS formality. So all you're doing is creating the opportunity should you decide today or some day in the future to use those funds and then reimburse yourself when we sell the bonds through the COP. Then its okay to do that. It's a legal thing."

Trustee Jorge Vazquez stated "I studied the tax law so I have questions for you."

Rex Despain stated he was not an attorney but that he would do the best he could.

Trustee Jorge Vazquez stated "to me it seems like it's a going to be a very touchy issue. The IRS can do go either way, even the state, because what ever design money is left was to design for the buildings if we had hardship which we do not have hardship we have bond money so once it goes to the state, the state finds out we used this money and they said that the construction cost were declared legible which means we can't use the money, we're going to have to pay the state back. Plus any cost that might be incurred because we used the money incorrectly because we're paying for building with bond money. We're not going to get any hardship because its not even past yet. I don't think we even qualify now because we have the bond. So its very touchy and the thing is the district if they decide to come after us we're going to have to pay the cost."

Rex Despain asked Raymond Navarro if SchoolWorks received anything from the state regarding the hardship status?

Raymond Navarro stated “Ken sent an email because he unfortunately couldn’t make it because he had prior commitments. After reviewing the OPSC handbook, their policies and observing actual procedures it is likely that there will not be a closeout on the design project until after November bond election. Due to the reduced staff at OPSC, fewer SAB meetings.”

Trustee Jorge Vazquez stated “that’s good but see where it says their response? Their response says this is a separate design appointment intended to allow hardship district with no funding available for their project to hire an architect but that’s not the case with us.”

Raymond Navarro stated “the bond will put us back into the hardship program. By applying and being successful on going out for a bond we’ve expended all our monies. We’ve made every attempt to do everything we could as a district, as a community to get monies of any other source other than the state. So once we’ve done this the long range plan again and all the study sessions we had and all the plans we came up with and the plan that the board elected to go with was to go for the bond, get the monies, do everything we could construction wise and that would qualify us again to be in hardship because it would get us over the 60% that qualifies you for critical hardship because that was the problem. Once we expended all our monies on all our projects we did we fell out of critical hardship because we fell under the 60% requirement that the state, that’s how they run the critical hardship program is you have to be below 60% of revenue that you use on all your facilities and the capital outlay.”

Trustee Jorge Vazquez stated “but the project was 1.5 and we have 1.3 and you just stated that the state will not provide funds for the swimming pool because its not considered appropriate for facility and then we’re going to take a COP to pay for both of them so that means we still would have another source of revenue that we can go after. How are we going to apply for hardship money when we’re telling them that we are going to be able to fund both projects ourselves?”

Raymond Navarro stated “because we have eligibility for the voc. ed. building and we have eligibility for the cafeteria project but that eligibility.”

Trustee Jorge Vazquez stated “but we’re not doing the cafeteria project,”

Raymond Navarro stated “I understand that but I’m just saying because its bulked into one project.”

Trustee Jorge Vazquez stated “but when we approved it, it said don’t even worry about the cafeteria its just the voc. ed. building and then we’re going to do the pool so now you’re telling me we’re going to bring in the cafeteria project into the phase construction.”

Raymond Navarro stated “eventually we will because once we get our eligibility we will get the eligibility for the voc. ed. building as well as the cafeteria if we decide to do the cafeteria because we have the eligibility when we fall back into hardship because that’s what the plan and the mechanism all the way through this endeavor was to fall back into critical hardship so we can go after state monies and right now eligibility for the voc. ed. building is at 2.2 million and once we fall back into hardship we have the 2.2 million that they will fund back to us and you could pay off COP’s.”

Trustee Jorge Vazquez stated “that’s if it passes. So we’re not sure. So at this point we’re gambling with the state code and the tax code. I don’t know if we should gamble that.”

Raymond Navarro stated “that’s what we need to decide. What you want to do. Do we want to tack the \$400,000 to the COP that we’re going to go so that we can do the remainder of the pool so we can use it? There’s some decisions we have to make or do we do some more value engineering and take some more out of the project?”

Trustee Jorge Vazquez stated “from where I understand, what the gentleman was saying, we’re going to pull that money, use it for the construction money and then pay it back when its designed only for the design architectural portion, right? So why are we going to use it for construction?”

Raymond Navarro stated “that’s a mechanism that we can use so we can get to the bid amount. That is one mechanism we can use by doing the resolution or we go in and cut some more from the project.”

Trustee Jorge Vazquez stated “what worries me is the state coming back and saying we used it inappropriately and now you have to pay it back.”

Raymond Navarro stated “we’re not using it inappropriately.”

Trustee Jorge Vazquez stated “because its designed for the architect to be able to design. Not construction.”

Raymond Navarro stated “but that’s what the resolution is doing. You can apply it towards that the agreement that one or two years it goes back and we would do that with our money we get for the voc. ed.”

Trustee Jorge Vazquez stated “even the recommendation is telling us to be careful. You understand they’re telling us to be careful. ”

Trustee Al Vanderslice asked “Jorge, how much money do you think we have here to build the voc ed.?”

Trustee Jorge Vazquez stated “where ever our bond money is at which is Jason could tell us?”

Trustee Al Vanderslice stated "I'm reading here that available money is \$3,100,00."

Raymond Navarro stated "and the construction cost came in at \$3,172,000 and the remainder of architectural fees is like \$73,000 and that can be pulled from that monies."

Trustee Al Vanderslice stated "don't we also have \$1,300,000 coming in or maybe we already have it coming in to general fund?"

Trustee Jorge Vazquez replied "one-time expenditures?"

Trustee Al Vanderslice stated "couldn't part of that money be used to fill in here?"

Raymond Navarro stated "I don't know. Its what ever the board will elect to do with it."

Jason Kaff, Business Manager/CBO, stated "I believe the 1.3 million the board is referring to is the one time state mandate money. Yes, that money came in as unrestricted so the board can decide, the board can commit whatever it determines is necessary to basically take a piece of that or all of that or whatever the board decides and set that aside for something for construction related costs."

Trustee Al Vanderslice stated "don't we have another \$500,000 coming in supposedly in the middle year?"

Jason Kaff stated "yes, we were just told at the last business managers meeting that the governor's proposing that another one-time payment will be made to districts and so its about \$207.00 per ADA so for us it comes in about half a million dollars \$500,000 that we're projecting we're going to see in 16-17 though, so maybe around December of next fiscal year."

Trustee Jorge Vazquez stated "so, like mister Al said we could probably use and set all that money aside in case we fall short on any of these two projects?"

Jason Kaff stated "the 1.3 million is unrestricted so its whatever the board determines it would like to do with that money. I can do that."

Trustee Lupe Fernandez stated "but aren't we using that money for, some of that money is going to go back into what we have already. Didn't you have a meeting not very long ago and you were saying that we can go into default."

Jason Kaff stated “in the discussions we’ve had and I think I’ll at the next meeting I’m doing the second interim but yes the 1.3 million has been factored into the budget. So right now since its not designated to be spent on anything that’s basically one of the main reasons why we’re seeing such a large increase in our fund balance jump is because in December of just this year we were told we got one-time money, 1.3, so that money has to be factored into the budget for this year that’s why our projected fund balance has grown significantly budget wise this year.”

Trustee Lupe Fernandez stated “but that money was projected for, I remember, insurance purposes or for the staff, for growth of salaries.”

Trustee Al Vanderslice stated “you can’t use it for salaries.”

Trustee Jorge Vazquez stated “it was mandated by the state and the county not to use that for any bargaining unit.”

Trustee Al Vanderslice stated “because its only a one time deal and how are we going to pay for it next year?”

Trustee Jorge Vazquez stated “how are we going to continue to support that increase?”

Jason Kaff stated “yes, and that’s exactly right. A word of caution by TCOE and School Services as well that they do not recommend using one-time money irregardless of what that is but any one-time for salaries and benefits and that’s just the general caution because of the point you just mentioned. Salaries and benefits are recurring every year. One-time is one-time and you have something to deal with at next year and the year after, going on forever.

Trustee Al Vanderslice stated “I’m see here we have \$482,000 almost a \$483,000 shortfall. That money could be taken out of the 1.3, right? That would only be about a third of that money so you would still have two-thirds of that money then to use for the projects or other things.”

Jason Kaff stated “yes, that’s correct. The board could decide to commit that amount or more or less or whatever it determines. And the board could commit that amount so that amount is basically taken out of fund balance and specifically designated for this project.”

Trustee Al Vanderslice stated “that would cover the whole project then the project’s covered then?”

Jason Kaff stated “yes, based on these numbers.”

Trustee Jorge Vazquez stated “and if you happen to have a shortfall you can come back to this and you’d still have some kind of a reserve.”

Raymond Navarro stated “the thing is I wasn’t aware of the 1.3 million dollars. We were looking at mechanisms of trying to get this into budget.”

Trustee Jorge Vazquez stated “so you had no idea about this or to be for your use?”

Raymond Navarro stated “no, I didn’t know I had 1.3 million dollars or I would have come with different recommendations and stuff but neither here nor there, that’s a safe bet to go because then if everything does fall into play when we go into our critical hardship and we do our applications it actually shows that we’re using more monies from the district and it gives us a better percentage and it makes us look like we’ve tried and we’ve exhausted every means. That’s what they want you to do to get into critical hardship and then you would fall into the category where we have our eligibility for the voc. ed. building and that monies would come to us then you, the board, would do what you wanted to do construction wise and pay some of it back to the COP or however you decide you want to do it.”

Trustee Lupe Fernandez stated “what is the pool going to cost us? More or less?”

Raymond Navarro stated “the pool at the bare minimum 4, 4.5 (million). That’s what I’ve sketched out, gone and looked at, met throughout the years. That was what we originally wanted to do was to get a hard bid on our voc. ed. so we would know what to go after to complete our swimming pool.”

Trustee Jorge Vazquez stated “so you’re thinking you can get 2.1 million back in hardship money so we use that money once we get it and probably put it into the project for the pool? Can we put it to the project?”

Raymond Navarro stated “I would have to research that one . We could put that into the projects at the high school and pay off the COP. So for example let’s say we go out and borrow 3 million dollars for the COP and I want you to correct me if I am wrong and then that money comes. You can use the money to pay back the COP because we used the COP for the voc. ed. building. Is that a good mechanism? Can we do that? Isn’t that always the plan to get back money to pay off the COP?”

Rex Despain stated “ideally, yes and from the numbers that Ken showed us when we had the last study session, his plan showed money coming in from the state that would help reduce the amount of the COP.”

Raymond Navarro stated “in his last analysis he did with them we were actually sitting at, he came up with eligibility of 6 million and the state came back and said no, you’re eligible for I think he said 4.1 but Ken is arguing that point with them right now saying nope, we had the eligibility and it’s a fighting game we have to do with the state. Scratch and claw and get every penny we’ve had to do in the past. At some point, we always have to fight with them because these people do not want to cut loose of money.”

Trustee Jorge Vazquez stated “I’ll tell you one thing Raymond. I think that would be the best way that way we don’t have to mess with the state, the tax code or anything else.”

Raymond Navarro stated “I wholeheartedly agree with you. I didn’t know that money was sitting there or I would have asked for it.”

Rex Despain stated “I would absolutely agree with that. If you have the money that’s what you want to do.”

Raymond Navarro stated “and it puts you at a better vantage point with the state when we want to go into critical hardship and start taking their monies at 100% which I love to do.”

Trustee Lupe Fernandez stated “what about the cafeteria? What is that? For the cafeteria. You guys did the plans already for that?”

Raymond Navarro stated “that one is also on the April 4th deadline so we would have to resubmit for that one because we’re not putting it out to bid or anything so we will have to resubmit for the cafeteria project.”

Scott Parish stated “and if I could add, in terms of the DSA approval for the plans, that’s true. The OPSC money that you got for planning was both the voc. ed. and the cafeteria together as a single project. There’s only been some \$200,000 spent which has basically our fees to get it approved. Because you’re not proceeding with both parts of the project OPSC is going to tell you the project needs to be terminated and you need to give us back what money is left over and then resubmit for only the voc. ed. and then later on if you do the cafeteria then you could resubmit for the cafeteria. So its going to have to be two projects so the money will have to eventually go back to the state but then you will turn around and resubmit for eligibility again in two separate pieces which the voc. ed. because they’re only going to give you money for a certain scope. You can’t change the scope. For instance, if they gave you money for ten classrooms and you took off two, they would object to that. In this case, we’ve got to rescind the project, take the money back to them and then resubmit again because that money then would be a 50/50 project. You’re not under hardship so they’re only going to give you half of the money that you would apply for. Half the district and half the state. That money would then be reimbursing you for money you’ve already now spent for the voc. ed. project that you could use to pay off the COP if I’m correct, Rex?”

Trustee Lupe Fernandez stated “how much is the cafeteria? What is that coming in? What did you guys?”

Scott Parish stated “its probably in the same vicinity. About 3 million but of course the longer you put off the more that cost goes up. Construction cost.”

Rex Despain stated “the number here that was shown was 4.3.”

Alice Lopez, community member, stated “Mr. Mason, on the information that Mr. Kaff received it says that the voc. ed. and the cafeteria is just one sum. There wasn’t a difference between the two so I’m wondering is the school going to have to pay everything back because its not going to be carried through completion as to both the voc. ed. and the cafeteria?”

Raymond Navarro stated “no, what we’re going to have to give back is the money we were talking about on the resolution. The money that we have not spent on planning is what the state would require us to give back. That’s why what Mr. Vazquez said is the safer bet to do is to set that money aside from the 1.3 to complete this project on the voc. ed. But as far as sending the money back they’re not going to ask for what anything and everything we’ve spent on the voc. ed. building because that project is going to take place.”

Alice Lopez stated “I just wanted to make sure it wasn’t going to be an extra expense to the district that would have to come out of somewhere else.”

Raymond Navarro stated “that’s not going to an expense out of district at all because that’s sitting in the coffers right now and that would be just sending it back to them. That’s the planning phase money. Correct?”

Jason Kaff stated “yes, that’s correct. It’s just sitting in county treasury and so whatever is unused they’re saying here in this letter has to be sent back.”

Trustee Jorge Vazquez stated “so, we can build the pool next and then come back and have you redesign the cafeteria and still use that money because its still there but we can build the pool next then we can probably work on the hardship money for the cafeteria.”

Raymond Navarro stated “yes, and the plans are drawn up and we got that all set and ready to go but once we send it back it will be updated to the most recent codes because codes are changing constantly.

Trustee Jorge Vazquez stated “we should have enough money to hopefully help us with that.”

Raymond Navarro stated “yes, because our estimated eligibility was, I think, 8.0. I don’t have the numbers in front of me but Ken was firing emails back and for because unfortunately he just could not be here tonight.”

Rex Despain stated “are you talking just construction? He has here 6 million.”

Scott Parish stated “this is confusing but lets try to make a little better sense out of it. Ken Reynolds would be able to you better. I’m not the financial consultant but they gave you some monies. They gave you \$800 and some odd thousand dollars for planning for both parts of this project. We drew up a set of plans and got it approved for both together. And then what happened is when we went to get construction funding your eligibility had changed. You fell and they couldn’t fund you any money. That’s why the project never got built. I don’t know if you remember your ADA went down and then that changed the eligibility such that they weren’t going to give you any more.”

Raymond Navarro stated “they actually changed the mechanism of funding. The funding used to be from six all the way to twelve and they found that they were giving a lot of money because we get more money for high school students than we do K students so they changed the funding mechanism from pre-k to the third which was to their benefit because they released less money to the districts that way.”

Scott Parish stated “so we’ve been waiting for 3 years and your eligibility hasn’t picked back up to the point where you can go back to them and say we’d like our money now. So that’s why the project never got built and then now all of a sudden on top of this you’ve fallen out of hardship so that’s where their letter. There’s a lot of things that are kind of wrapped up in that that are confusing. My sense of it is when you rescind the project and send that money back to OPSC and then you reapply you’re only going to probably reapply at this point for the voc. ed. They’ll look at your application, they’ll see, well, we gave you \$800,000 and some thousand dollars and you gave us \$600,000 back, you spent \$200 and some thousand dollars, we’re going to take that off of what we give you, off of the grant for voc. ed. and here’s what’s left so they will give you some money.”

Raymond Navarro stated “for construction. That’s where Ken came up with the 2.2 million but it will probably be a little bit less once they deduct because they’ll deduct anything and everything they can and then Scott Parish mentioned about falling out of hardship but the ultimate, ultimate plan was to go for the district bond, use our facilities monies as best as we could and now with the mechanism that you recommend and that’s actually showing that we’re taking even more monies. The district is willing to take one time money to put into construction so that puts us in a far better advantage to go and get back into hardship. What they’ll do, and Jason will be involved in it, they’ll come and do a study and they will see where we fall and we will fall under the 60% because we’ve expended and gone out and got a lot of money to do projects on our own and that’s what they want to see. That’s what we did in the past when we wanted to get all the reconstruction money. The classroom for Freedom we expended what we had in capital outlay. Back then it wasn’t a whole lot of money so we did some projects throughout the district. We did the track. We did the concession stand. We did the bleachers and that put us into hardship and by falling under the hardship we nailed 17 point something million dollars from the state to get all these things done at 100% and that’s what we want to do and at the same time, once we fall back into hardship, which is a good thing because then we can pay the COP and by that time we’ll have our plans made up and everything ready to go for the swimming pool and we just need to figure out a cost of how much that pool is going to cost, what monies we have left with the remaining of the bond. Phase 2 or series B and put it into play with the generous donation from the Meek family and do our pool. Get both projects done because that’s a high priority with the community and I agree. Our kids should have what these other districts have.”

Trustee Jorge Vazquez stated “how long will it take you to start drawing plans for the pool once we begin this project for the voc. ed.?”

Raymond Navarro stated “you could direct us to start doing some preliminary numbers on it. Meet with Aquatic Designs. We’ve gotten to a point where we had some. That was the last time when we had our bond oversight committee. We had some plans that we showed, what we were going to do.

Janet Jones, Acting Superintendent, stated “Scott, if we use the bond money now like he said for the voc. ed. building and the state bond passes will the state reimburse the district for the monies we’ve expended on the voc. ed. building so that it can free. Right now we’re talking 3.1 bond, so we’ve used our bond money for the voc. ed. but then the state passes the bond so can we say to the state we’d rather go under your umbrella of the money and they’ll reimburse us for the voc. ed. building and then use the 3.1 towards the pool? Is that something or they’ll just say too bad so sad you used your bond money. You didn’t wait. If the pool’s 4 and a half minus lets say a million and a half then we use the bond. Theoretically, it would get most of the pool built. Is that not allowed?”

Scott Parish stated “part of the problem is there’s a time issue with getting under contract for the voc. ed. because the DSA approval is going to expire on April 4, 2016 so there’s a time issue. There’s not time because the state doesn’t have money right now. They’re not going to give you money for the voc. ed. until they have money.”

Mrs. Jones stated “if they pass the bond like you said. Rex said there was a 70% polling that folks would pass the bond. So then could you say we’ve already committed 3.1 of the district bond. Would they give us the 3.1 back or some money towards it so that that would free up the bond money to go ahead with the pool?”

Scott Parish stated “yes. We would have to resubmit an application for funding. Instead of hardship now its 50/50 so you’re only getting 50% rather than a hundred. They would reimburse you for money you’ve already spent. That money you can take, my understanding is now you can use that for the projects. Many districts have done that. They have actually built the project then asked the state for money more as a reimbursement because they had such a need they had to get something going. So yes, you would get money back.”

Mrs. Jones stated “so maybe they would give us on a 50/50 1.1, 1.5.”

Scott Parish stated “I don’t think the eligibility is 3.1. I think it was 2.2., so you’d get half of that.”

Mrs. Jones stated “so we’d get a million. So a million from the Meek’s and a million two five so we’d still be short.”

Scott Parish stated “plus then the plan was the COP to make up, to actually provide money for the pool to be designed and built in addition to the contribution and then whatever state money comes back to you will just help you pay the COP.”

Raymond Navarro stated “then you also have series B of the bond which is what was it Rex, 1.1?”

Rex Despain stated: “1.3, 1.1 net so you would have enough money potentially to pay off the COP between those sources.”

Lupe Fernandez stated “what about the cafeteria?”

Raymond Navarro stated “we would reapply for the cafeteria and see what eligibility we have at the time and so we could get monies for the cafeteria.”

Scott Parish stated “that’s where it might be best to wait and go back to the hardship to you can get 100% funding.”

Jorge Vazquez stated “so that would be for us to do the pool, go into debt and then apply for the cafeteria. That’s what I was saying. Can we design one project, finish this one, start designing the pool, build the pool and then start designing the cafeteria and hopefully apply for that and try to get 100%.”

Lupe Fernandez stated “we could start the pool design now.”

Jorge Vazquez stated “that’s what I’m suggesting because we can use money that’s interest we already have in the bank and start designing the pool. So we could use the 1.3, use that money, help you out, makes it look better for hardship.”

Raymond Navarro stated “yes, because the idea is to get poor and that’s the mechanism we’ve used throughout the years to get 100% funding from the state is you put yourself in a situation where we built what the high school needed. The track, the lighting and all that good stuff and the concession stand and that put us in the hardship program and we ran that hardship program for 5 years.”

Jorge Vazquez stated “so when can we start the design for the pool?”

Raymond Navarro stated “whenever you guys tell us to start.”

Mrs. Jones stated “Rex, what was the amount of the next COP did you say?”

Rex Despain stated “the COP amount is just determined by whatever your needs are.”

Mrs. Jones stated “so it would be the amount of the pool. The shortage I guess.”

Rex Despain stated “we had look at that option 3 that Ken had was about \$3,000,000.00.

Mrs. Jones stated “and what would the annual payments be? About \$300,000.00? Can the district? We have 2 COP’s already. So now we would have a third. My only question would be can the district in its general operating ability afford to make 3 COP payments every year?”

Rex Despain stated “rule of thumb from my side of the table, not Jason’s obviously, the payments can be no more than 10% of your annual budget.”

Jason Kaff stated “just for clarification sake sometime in the past Rex and I worked up numbers. So yes on a couple of the last presentations I’ve done you’ve probably seen that slide that had new general fund expenditures in there I listed and factoring in our multi-year projections an additional \$300,000.00 for the COP for these projects as it comes up. So yes to answer your question I have factored that cost in.”

Rex Despain stated “and that would be worst case scenario, right? Because we’re hoping to get money back from the state to reduce that COP in the near future.”

Jorge Vazquez stated “so what you are saying is we’ll be able to function.”

Jason Kaff stated “yes, I have factored that \$300,000.00 additional cost but in that same sentence I’ll throw in my caveat that 1.3 million which the board may be considering setting to the side. That’s a new factor which is just sitting in fund balance for this year and the out years as well. So that will change things a little bit on how our reserve looks dollar wise and percentage wise.”

Rex Despain stated “Jason, can you use that money to make payments on the COP? The million three? Whatever is left after? Can that be used to make payments?”

Jason Kaff stated “yes because its unrestricted money.”

Mrs. Jones stated “it’s mandated. They just got it I guess before I came but it’s the overdue mandated cost. Remember all those years we were doing, we never got paid a dime for mandated cost and then the state obviously just decided to settle everything up and our district got a million three for unrestricted one-time monies.”

Jason Kaff stated “just so I can back up for a second to clarify. We did get back in August 12, 2015, as a result of the G.O. bond issuance for the first round we got \$3,166,000.00. From that we paid a couple of fees. A fee was for our financial advisors, a small fee for printing, and a fee for the underwriters counsel. So those fees came to a tune of a hundred and two. So with that currently sitting in the account is just \$3,018,000.00. So we did receive 3.1. That’s correct but out of that 3.1 we had additional cost of obtaining the bond that we had to pay out of that 3.1. So now we have about \$3,018,000.00. Of that one hundred two that we spent that the board’s considering we can just add an additional \$102,000.00 on to whatever the board considers to make sure that the numbers all tie.

Alice Lopez stated “can I say something please? I know that when we were considering this we had thought that once we got a COP to pay for the pool then once we got the COP and started the pool the payments for the COP could come out the Meek money because it is paying in fact for the pool. So if we go out for a COP and we get that pool started then there shouldn’t be any problem using that money to pay for the COP.”

Jason Kaff stated “from my recollection so lets say the pool. Somebody mentioned 4.4. I think right now with interest. Its accumulated interest over the past years. Its about 1.4. The full cost is 4.4. We have 1.4 with the donation plus interest so subtract those 2 and you’re left with about 3 million. So 3 million would readily be the amount of the COP that we would take out so basically we wouldn’t have to use that money because we would take it off the top. The total cost would be 4.4 let say. We have 1.4 from the donation and so we’re left with 3 million dollars net cost which we would pay for by going out and getting an additional COP and paying it off over 25 years.”

Rex Despain stated “so an option would be what she said is to borrow 4.4 and then that would give you 5 years probably of payments out of the pool fund. So you would borrow more but it wouldn’t become a general fund hit. The payments would be coming out of the pool fund to pay for that for 5 years. That just gives you more time to sell the remaining bond to pay those down or to get state funds reimbursed on your voc. ed. so that would certainly be an option.”

Raymond Navarro stated “that was a formula you had wanted to discuss that one time where we could use that money that way we’re not tapping into our monies.”

Rex Despain stated “exactly. Rather than obligating or taking the money away from student programs or whatever it might be used for. In the interim, we could use the pool money to make the payments.”

Raymond Navarro stated “because its earmarked for the pool specifically so it would be viable to do that.”

Lupe Fernandez stated “but by borrowing more wouldn’t we be paying more in interest?”

Rex Despain stated “yes you would.”

Don Mason stated “that would also put us into hardship.”

Rex Despain stated “if you borrow a three or four million dollar COP, you’re in hardship for probably quite few years. It’s like Raymond said. You’ve made yourself poor in the eyes of the state.”

Scott Parish stated “your high school is coming up for modernization. That would allow you to get 100% funding for that.”

Raymond Navarro stated “we’re probably a year, two years at the most where we’re going to start modernization at the high school. We’re looking at infrastructure, looking at everything we need to do and see what eligibility we have and if we’re in hardship and if we do borrow the money whatever mechanisms we go with, we’ll get 100% money. We won’t have to do the 50/50 with the state. We’ll be in the hardship program and we get 100% money to start. Our high school is our biggest target now because we made a full circle. We modernized our site. We got a lot of neat stuff for our elementary schools, the junior high and now our high school has become our oldest site and its getting to that point. That age between 20-25 years old where we can apply for modernization money and it would be awesome to be in hardship because we’d get 100% money.”

Jorge Vazquez stated “can we use their money to replace all the old cooling systems that we have in there?”

Raymond Navarro stated “yes, Mr. Vazquez. Modernization is for everything attached to those facilities. Carpeting, science labs, science tables. Its time to do a little bit of work on the two sides of the gymnasium floor. The rubberized floor is starting to age. These are all things that we need to do.”

Jorge Vazquez “so by us giving you that additional money from the 1.3, it seems like it’s the best way for us to go.”

Raymond Navarro stated “it’s a very good way to go. I didn’t know it was there. And when we go into modernization there’s some things that we want to do in the office over there. Lower the ceilings, turn that open space up there structurally to where we can use it for storage and expand out. Scott and I had sketched out just some rough drawings one time when we were meeting because they’re dying for a meeting place, office space and things for teacher. We wanted to expand out to where that patio is at and make the office space break area, everything bigger. There’s a lot to be done at the high school now. Its aging.”

Lupe Fernandez stated “what I would like to see done is the cafeteria because those kids are eating outside when its raining and it gets cold and the kids are outside. Its just not right. They don’t have a cafeteria to get in there and eat. They’re eating outside.”

Raymond Navarro stated “I agree. I wish we were like Clovis and them where housing is constantly going up. They’re always building, getting developer fees. That’s where they get their monies for a lot of their construction. But unfortunately we’re not in that situation. We don’t have a lot of housing going up in this community. Hopefully, one day it will change.”

Trustee Lupe Fernandez stated “I’m all for getting the COP for the 4 million for the pool if we only get reimbursed and make the cafeteria for the high school.”

Trustee Don Mason stated “that’s the reason for the hardship for the modernization for the high school plus the cafeteria. We get it all. 100%.”

Raymond Navarro stated “for example, let’s say we were to do some dressing areas and we classify them as classrooms because they’re education purposes for YMCA and things like that, we could get reimbursed for some of the building. No the swimming pool.”

Lupe Fernandez stated “if we use the COP money for the voc. ed. building and then use the bond money for the pool, wouldn’t that be better because we would be reimbursed.”

Trustee Jorge Vazquez stated “no, because you have the bond money. You can’t get reimbursed. We have to use the bond money and then apply for hardship.”

Mrs. Jones stated “on the 4 point for the pool does that include the ancillary structures too because the kids need to change their clothes. They have to go to the bathroom. Does that include the buildings or the cabanas like where they can change or not Scott?”

Scott Parish stated “Janet, that’s where we need to have to have a study session. We need to spend some time understanding. We have a minimum design but that does not include changing rooms or toilet rooms. In the last extreme you would go back over into the gym. If you want changing room there that would increase the COP amount. We need to do some design work for you.”

Raymond Navarro stated “a while back when we started venturing into getting serious about our projects we sat in a 2 hour meeting with Aquatic Design and we put prices to things and like you said changing rooms, bathroom facilities and expand another little concession area. We have partial plans and cost analysis done. We just need to know, get your direction and your permission to hard knock it for the cost.”

Alice Lopez stated “excuse me, do we need to have a contract for the design or does that go out to bid for design for a design architect?”

Raymond Navarro, stated “yes, we will bring a contract.”

Mrs. Jones stated “we’ve discussed a lot so maybe we kind of need to summarize for everybody here and for the future people of what. Is the resolution 16.2 going to be needed then?”

Raymond Navarro stated “not if we the mechanism that Mr. Vazquez.”

Mrs. Jones stated “so the only thing that the board can do tonight is give out the contract?”

Raymond Navarro stated “basically that’s what we need.”

Mrs. Jones stated “16.1 was discussion. 16.2 is a moot point now and then so all you can do is 16.3?”

Alice Lopez stated “is that with the reductions?”

Mrs. Jones stated “so now you have to discuss.”

Raymond Navarro stated “if you want the reductions or you want to keep them in the project that would be more that you need to add to the COP because we’ve been nickel and diming and trying to get it into budget.”

Trustee Jorge Vazquez stated “can this still make it on the 15th meeting so we can approve for you to use these funds? For you to be able to use the funds that we want to give you can you still put this item on the 15th board meeting?”

Raymond Navarro stated “I need to approve the contractor so we can have the contract documents done and get a signature on that before April 4th but as far as how you want to do the monies you could do that at the next meeting.”

Mrs. Jones stated “it’s not on the agenda. You can only do tonight what’s on the agenda.”

Jorge Vazquez stated “no that’s why I’m saying can we still put that, can we put it on the agenda for the next board meeting?”

Mrs. Jones stated “tonight the only thing you can approve what’s on the agenda is one of these three issues and then March 15 if that’s what the board wants to do then on the March 15th is what you’re asking is to say that you want the board to commit to the 1.3 towards the project. Is that what you’re saying?”

Jorge Vazquez stated “not the 1.3. What he needs which is the 4 point 82 thousand.” We don’t need to whole 1.3.”

Mrs. Jones stated “oh but to use it out of the 1.3, okay.”

Trustee Jorge Vazquez stated “can you add it to the next?”

Mrs. Jones stated “yes, that agenda hasn’t been posted yet.”

Raymond Navarro stated “but can we approve the contract.”

Trustee Lupe Fernandez stated “can we also put it on there to get started on the pool.”

Mrs. Jones stated “you can’t take action on that tonight. Its not on the agenda.”

Jorge Vazquez stated “what she’s asking is can you also put it on the 15th?”

Trustee Don Mason stated “we’ll have to have another date. Its not on the agenda. Once we get this started and going we’ll have a meeting and we’ll sit down and have a study session and start with the pool.”

Mrs. Jones stated “Mr. Mason went over what we already have on the agenda tonight but if you want we can always add because we have not posted the agenda till Friday. Its just a very large agenda.

Trustee Jorge Vazquez stated “there’s only 2 items. We already know what we’re going to do.

Scott Parish stated “if you don’t know that you want to hire us for the pool then you probably should wait until you have an architect hired to do the study session to determine the amount of the pool and the amount of the COP. If you want to hire us then we can proceed with that.”

Trustee Don Mason stated we’ve had plans draw up for years. At this point, probably we will need a study session.”

Scott Parish stated “we have some schematic designs. We don’t have construction documents that have state approval.”

Lupe Fernandez stated “can you put it for the next meeting to agree for a study session then Mrs. Jones ?”

Mrs. Jones stated “the next meeting when he asks what board members would like but we can put on the next meeting that we’re going to fund the shortage. Is that what I’m hearing? You want me to put on the next meeting the \$482,961 is the shortfall. You want that because Jason can do the transmittal to make sure we’re correct financially. What he’s saying is tonight they’re going to do the project and the shortfall \$482,961 will come out of the 1.3. So you can do that tomorrow and add it to the agenda?”

Jason Kaff stated “yes. Just to make sure I’m on the same page here. So that \$482,000 that we’re all looking at that’s based off of that there’s 3.1 million in there and we did receive 3.1 but right now we only have because of some bills that we paid out of the 3.1 basically like I mentioned before 3 million eighteen thousand. So I’ll just do the math so this number will probably jump by about a hundred thousand.”

Raymond Navarro stated “now we have to remember too that out of the funding money that the architectural fees can be taken out to pay for the five hundred and something thousand we have remaining and pay the remainder of the architectural fees out of that.”

The Board did not take action regarding Item 16.2.: Adoption of Resolution #??-03-08-16.

NO ACTION TAKEN
REGARDING ITEM
16.2

On a motion by Trustee Al Vanderslice and seconded by Trustee Jorge Vazquez, the Board voted unanimously to approve awarding the construction contract for Farmersville High School Vocational Education Building to Forcum/Mackey Construction.

APPROVAL TO
AWARD
CONSTRUCTION
CONTRACT FOR FHS
VOCATIONAL
EDUCATION
BUILDING (16.3)

On a motion by Trustee Al Vanderslice and seconded by Trustee Jorge Vazquez, the Board voted unanimously to adjourn the meeting at 7:21 p.m.

ADJOURNMENT OF
MEETING (22.0)

Respectfully Submitted,

Janet Jones, Acting Superintendent

Approved by,

Lupe Fernandez, Clerk of the Board