

**El Paso Independent School District  
Citizens' Bond Advisory Committee  
Meeting Minutes  
February 21, 2018**

**Present:**

Ana Elena Allen  
Bob Burns  
Kelvin Joel Kroeker, P.E.  
Alejandro Limón

Toni Lunsford  
Paul Masters  
Ross Moore

Samuel Morgan  
Debbie Trexler  
Miguel S. Venegas

**Not in Attendance:**

Cimi Alvarado  
Cynthia Cano  
Yolanda Clay  
David Mark Herrera

Ted Houghton  
Dan Longoria  
Cynthia Lopez  
Javier Olmos

Edmundo Rodríguez  
Max Villaronga

**Special Guest:**

Mickey Loweree, Board of Trustee-District 7

**Presenters:**

Carmen Arrieta-Candelaria-EPISD Finance and Operations  
Mayra Martinez-EPISD Internal Audit  
Walt Byer, EPISD Treasurer  
Jacobs Program Management Team  
Margaux Dalbin, EPISD Bond Outreach Coordinator

**Call to Order**

The meeting was called to order at 5:05 p.m. by Mr. Paul Masters, Chair.

**1. Welcoming**

Mr. Paul Masters, Chair, Quorum not established (*due to lack of attendance*).

**2. Review of Meeting Minutes**

December 6, 2018 minutes not approved due to lack of quorum, will be presented at the next scheduled meeting.

**3. Attendance Update**

Ms. Carmen Arrieta-Candelaria, Deputy Superintendent Finance and Operations, informed the committee on Mr. Bob Burns informal resignation and his potential replacement Ms. Angelica Bharat, who was introduced. Mr. David Herrera's replacement Ms. Norma Chavez was presented and introduced. Ms. Arrieta-Candelaria stated that the new committee members would be presented for approval at the March 12, 2019, Board Meeting and Ms. Angelia Bharat was asked to meet with Ms. Arrieta-Candelaria or Ms. Veronica Campbell after the meeting to provide her contact information. Ms. Arrieta-Candelaria added that Mr. Geske's representative and the El Paso Hispanic Chamber of Commerce appointments are pending, efforts have been made to reach out to them.

Ms. Veronica Campbell handed out the attendance roster to the committee.

**4. Internal Audit Update**

Ms. Mayra Martinez, Chief Internal Auditor, provided an update to the 2016 Bond Program audit plan to include the Bond Sales Proceeds and Expenditures; Program Management Advisory Services Correction Action Plan follow-up; Bond Program Management Audit; Bond Athletic Program Audit; Second Bond Expenditure Audit. Ms. Martinez is developing the next fiscal year 19/20 Audit Plan and will reach out to Mr. Masters and Mr. Max Villaronga to obtain feedback on areas of concern.

Ms. Martinez presented on the following

- Bond Sales Proceeds and Expenditure Audit Report was finalized and administration had implemented a correction action plan. At the next expenditure testing audit the controls will be reviewed for effectiveness. She added that the report has been posted on the web and was emailed to the committee on February 20, 2019.

- Bond Program Management Audit is being processed and working with Jacobs to obtain documentation. Jacobs has requested an extension thus pushing the audit from March to April. Mr. Masters requested that they be kept updated on any delays. Ms. Martinez added that Jacobs has been informed that delays would need to be submitted as a formal written request which will be provided to the CBAC and the Board.
- Bond Program Management Advisory Services correction action plan which was part of a previous audit, had 26 actives that were developed, 17 activities were implemented and 9 activities are in progress, an extension was requested by procurement services for an extension of May 31, 2019, these activities will continue to be monitored. Mr. Masters asked for a status update on the July report. Ms. Martinez responded that as audits are closed, an update will be provided. She requested a standing agenda item for the CBAC meetings moving forward.
- Bond Program Management Audit is in progress. Internal audit is working with Jacobs to obtain documents and expects to finalize in April 2019. Mr. Jason Colley (J. Colley), Jacobs Program Manager, added that it has been completed and all documents have been submitted.
- Second Bond Expenditure Audit if the final audit for the fiscal year and will begin during the Summer of 2019. This audit is expected to be conducted every 6 months.

Ms. Martinez concluded her presentation.

Mr. Kelvin Kroeker requested the details be provided on the 9 activities pending under the Bond Program Management Advisory Services follow-up audit. Ms. Martinez responded that this audit was completed on January 2018, the 9 activities were related to ethic training for the Procurement Department staff. The delay was due in part to developing the training for budget authorities to include procurement procedures. These are EPISD administration activities.

Ms. Arrieta-Candelaria added that Mr. Ron Gatlin, Procurement Executive Director, has revised policies on procurement ethics and is working to finalize. Ms. Martinez added that additional changes were requested by the policy committee, once the policies are approved by the Board the procedures can be put into place to include vendor relationship during the "code of silence" period to include the interaction or appearance of interaction with vendors.

Mr. Masters asked if ethical failures were found. Ms. Martinez responded that they did identify some red flags during the January 2018 audit, due to the department not having procedures or expectations on how staff interacts with vendors.

Mr. Kroeker requested progress to this audit for the April meeting, and would like to see the Jacobs audit closed out.

Mr. Miguel Venegas asked if Ms. Martinez had enough resources for the amount of work. Ms. Martinez responded that they are balancing the audits, and administration recommended an advocate for the bond, once the vendor is selected, the entity can tackle the technical portion of the audit. Mr. Venegas asked who would oversee this firm and asked what they will be doing. Ms. Arrieta-Candelaria responded that this firm will be overseen by the Chief of Staff (Mr. Jose Lopez), and will be working with internal audit and other departments.

Ms. Arrieta-Candelaria added that the contract was awarded to AECOM and currently in the fee structure and scope of work phases. Mr. Masters asked to the timeframe on having the firm in place. Mr. Masters requested that Mr. Jose Lopez attend the next meeting to address these questions.

Mr. Bob Burns asked who is directing the firm's day to day priorities. Ms. Arrieta-Candelaria responded that the Chief of Staff's office will monitor the day to day priorities. Ms. Martinez added that it is important that the firm work with internal audit to prevent any duplication of work, she has been in contact with Mr. Lopez on meeting with the firm once they start.

## 5. Project Updates

Jacobs Project Managers presented on their projects:

*Andress High School – Mr. Mauricio Chavez presented.* Ms. Toni Lunsford asked if the fieldhouse was included in the project. Mr. Chavez responded yes. Mr. Kroeker asked for the nature of the 3% contingency amount indicated. Ms. Arrieta-Candelaria responded that a huge amount of funding was needed for the new hydronic loop, this was one of the biggest factors.

*Austin High School - Mr. Rogelio Gonzalez presented. (no concerns/questions)*

*Dr. Joseph E. Torres - Mr. Chavez presented.* Mr. Venegas asked if there was still a concern with the cafeteria, since he noticed that there were zero dollars indicated under contingency. Ms. Arrieta-Candelaria responded, yes, there will be \$2 million needed from the program contingency. However, this will be submitted to the Board for approval. In addition, it will be requested from food services that equipment from the proposed vacated schools be used to offset some of those costs. Mr. Masters requested that Mr. J. Colley provide the projected contingency that may be needed as part of the project updates. Ms. Mickey Loweree added that she would like to see the start and completion date as part of the project update. Ms. Shelia Henderson, Jacobs Construction Manager, responded that those dates are fluctuating and the contractors are working on the schedules. Mr. J. Colley added that they should have the schedules by the April 2019 meeting, for all those projects awarded. Mr. Kroeker added that the project duration may also help on these presentations.

*Burges High School - Mr. Mason Colley (M. Colley) presented.* Ms. Arrieta-Candelaria added that Burges has major problems with the scope and will need \$5 million from the contingency due to special education classrooms requiring renovations and bringing the softball field to the site which is currently located at Bonham.

*Coronado High School - Ms. Rosa Fonder presented.* Ms. Arrieta-Candelaria added that no contingency would be needed for this project.

*Coach Archie Duran (Dowell) - Mr. Chavez presented. (no concerns/questions)*

Ms. Arrieta-Candelaria provided the Program Contingency Report (Construction and Design Impact/Liability Analysis)

*El Paso High - Mr. M. Colley presented. (no concerns/questions)*

*Dr. Josefina Villamil Tinajero PK-8 - Ms. Luz Favela presented.* Ms. Arrieta-Candelaria added that program contingency will not be needed. Ms. Lunsford asked if the gym would be included in the project. Ms. Favela responded, yes it would be included.

*Coach Wally Hartley PK-8 - Mr. Gonzalez presented.* Ms. Arrieta-Candelaria added that a portion of property will be sold to the City of El Paso for the water park. The contract of sale will be presented to the Board on 3/12/19, for approval, and those proceeds will be used to offset the cost of the softball improvements at the Rose Garden location for Austin High School. Improvements will include the reorientation of baseball field, press box, bleachers, scoreboards, restrooms and concession.

Mr. Kroeker asked if the revenues of the sale of the land from one place be used in another, he added can this be done? Ms. Arrieta-Candelaria responded that it was discussed with legal counsel and understood that we could utilize bond money only if we can advertise for the length of the useful life of the improvements. Mr. Kroeker asked, how do we confirm to the voters that this is in line with what was voted on for the Austin improvements. Ms. Arrieta-Candelaria responded that she would look into the language to confirm.

Ms. Arrieta-Candelaria added that the delay to this project was due to FEMA, Mr. Gonzalez also added that all the documents have been submitted to FEMA for determination. Mr. Samuel Morgan stated that the flood plans issued 6 months ago be used since there were properties removed from the flood zone. Ms. Shelia Henderson responded that the property was never determined by the City or FEMA since it was considered federal property.

*Irvin High School - Ms. Aida Velasquez presented.* Ms. Arrieta-Candelaria stated that at the 2/12/19 Board Meeting Ms. Dye asked the question if the theatre was designed according to UIL requirements. Ms. Arrieta-Candelaria stated that it was not designed to UIL requirements, the cost baseline begins at \$725,000.00. Ms. Arrieta-Candelaria clarified that the stage and seating are UIL, but other aspects such as the sound, lighting, and equipment are not.

*Jefferson/Silva - Ms. Fonder presented.* Mr. Ross Moore stated that the blueprints indicated scope reduction drawings. Ms. Fonder responded that the reduction of scope was needed after the first bid opening with one bidder and over budget. Ms. Arrieta-Candelaria added that this project came in about \$10 million over budget, and currently would need about 3.1 million from contingency for the drainage problems at the track and tennis courts. She added that they are looking into moving the baseball field off-site, with possible options at Washington Park or Henderson. There will be a community meeting on 2/26/19 to discuss these issues and inform the public.

*Don Haskins PK-8 - Mr. M. Colley presented.* Mr. Venegas asked if the new football field would have synthetic turf. Mr. M. Colley responded that it would not.

*General Douglas MacArthur PK-8 - Ms. Luz Favela presented. (no concerns/questions)*

*Charles Q. Murphree PK-8 - Ms. Luz Favela presented.* Ms. Loweree asked what is being done with the old playground equipment she is currently receiving calls from churches. Ms. Arrieta-Candelaria responded that they would be surplus or disposed of by the contractor, if anyone is interested they may contact Ms. Arrieta-Candelaria.

Ms. Loweree also asked about the traffic issue. Ms. Favela responded that they are working with the City of El Paso to be placed on the list. Ms. Irene Ramirez, Director of Facilities & Construction, clarified that EPISD is coordinating with the City to be placed on the City's project list, but funding is pending.

*Northeast Middle School - Ms. Velasquez presented.* Mr. Burns stated that the State Historic Preservation Officer (SHIPO) was signed and that the Record of Environmental Consideration (REC) were being reviewed by District's legal counsel.

*Bobby Joe Hill - Ms. Velasquez presented.* Ms. Lunsford asked if the design will prevent flooding, which currently occurs. Ms. Velasquez responded that the design would prevent the flooding.

*Bond Dashboard - Mr. J. Colley invited any questions to the dashboard and stated that the January 2019 financial report was published on the bond website.*

## **6. Owner's Advocate Update**

Ms. Arrieta-Candelaria informed the committee that the Board approved the step one of the Request for Qualifications (RFQ) at the January 22, 2019 Board Meeting, to the firm AECOM, and is currently in step two phase, which includes negotiations of fees and scope of services to be provided. The Human Resources position for an employee advocate had very little response or qualified applicants. She will communicate to Mr. Lopez of the CBAC's urgency to finalize contract. Mr. Masters reaffirmed that only one firm had responded to the RFQ. Mr. Samuel Morgan asked if we are putting out the RFQs with all the processes and just not getting any hits? Ms. Arrieta-Candelaria responded that there were several firms that downloaded the RFQ.

Ms. Loweree asked if the lack of respondents had to do with the large scope of work to undertake and lack of funding. Ms. Arrieta-Candelaria was not sure, but it could have been a reason, but then the RFQ's are evaluated by qualifications only, price is determined as step two.

## **7. Periodic Financial Reports**

Ms. Arrieta-Candelaria provided financial reports to the committee which included the Fund Balance Report, Total Costs to Date, Detail Accounting and Listing, as of January 31, 2019, for their review and comment. *(no concerns/questions)*

## **8. Treasury Update**

Mr. Walt Byers, EPISD Treasurer, provided a treasury update presentation which included a 2019 Bond Issuance Recap, 2019-2020 Preliminary Budget Data Debt Service, 2016 Bond Election Tax Rate Increase Communicated to the Voters, the 5 Year Increase in Tax Bill, El Paso County Districts 2018-2019 Tax Rates comparison and an Interest Earnings Forecast.

Mr. Burns asked if the Central Appraisal District preliminary assessment values are released in April? Mr. Byers responded that the preliminary assessment values are available at the end of April but he will wait for the certified assessment which is released on July 25, 2019.

Mr. Morgan asked if we were taking into consideration legislations possibility of capping the ability to increase taxes. Mr. Byers responded, it won't affect the I&S rate since EPISD is already at the max.

Ms. Arrieta-Candelaria added that the 2007 bond interest earned was approximately \$18 million from a \$230 million bond, this information was provided to give the committee a perspective on interest earned.

Ms. Arrieta-Candelaria presented and reviewed line by line the Contingency Report and stated that the plan is to use interest earned to cover the projected \$7.207 million needed to complete the projects. In addition, she stated currently \$3.8 million in interest has been earned to date.

Mr. J. Colley added that the report is worst case scenario and will be updated with actual costs as projects are awarded.

Ms. Arrieta-Candelaria informed the committee that projects not managed by Jacobs will be presented at the April CBAC meeting.

Mr. Moore asked if the shortfalls are based on current material cost along with inflation over the life of the project, he questioned if this was factored in? Mr. J. Colley responded that a 3% was included for this year and that all contracts will be issued within the year. Mr. J. Colley clarified that once a contract is signed with the contractor this locks in the cost of the project.

Mr. J. Colley and Ms. Henderson stated that all remaining saving will be returned into the program contingency at the completion of projects.

Ms. Henderson added that items requested by the school committees which did not make it to the bid package will be placed on a list. Ms. Arrieta-Candelaria added that when the projects are complete and if funding remains, these items will be readdressed.

## **9. Community Events Update**

Ms. Dalbin provide an update to the groundbreaking completed, upcoming groundbreakings and community meetings.

Mr. Masters addressed the committee that we were short one member to make quorum and stressed the importance of attendance.

## **Adjournment**

The meeting adjourned at 7:10 p.m.

Date Approved by CBAC Secretary: March 10, 2019

Date Approved by Chair: March 11, 2019