

**El Paso Independent School District
Citizens' Bond Advisory Committee
Meeting Minutes
June 17, 2019**

Present:

Ana Elena Allen
Norma Chavez
Yolanda Clay
Toni Lunsford

Paul Masters
Ross Moore
Samuel Morgan
Debbie Trexler

Miguel S. Venegas
Max Villaronga
Russell Wiggs

Not in Attendance:

Cimi Alvarado
Bob Burn's
Cynthia Cano
Kelvin Joel Kroeker, P.E.

Ted Houghton
Dan Longoria
Cynthia Lopez
Javier Olmos

Edmundo Rodríguez

Special Guest:

Al Velarde, Board of Trustee – District 2
Daniel Call – Board of Trustee – District 7
Juan E. Cabrera, Superintendent

Presenters:

Carmen Arrieta-Candelaria-EPISD Finance and Operations
Mayra Martinez-EPISD Internal Audit
Jacobs Program Management Team
Irene Ramirez, Director Facilities and Construction

Call to Order

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

1. Welcoming

Mr. Paul Masters informed the committee that the goal was to keep the meeting to 90 minutes. Mr. Masters requested that Mr. Jason Cooley introduce the special guests in attendance which included Herschel Acosta, Tim Brown and Jim McClain from Jacobs.

Ms. Carmen Arrieta-Candelaria introduced Ms. Irene Ramirez as the New Executive Director for Facilities and Construction and thanked her for her hard work as interim.

2. Review of Meeting Minutes

Meeting minutes for April 24, 2019. * No motion was passed by the committee due to lack of quorum at this time.

3. Attendance Update

Ms. Carmen Arrieta-Candelaria, Deputy Superintendent Finance and Operations, informed the committee that there have been three committee members who have not attended for the last three meetings in a row: Ms. Yolanda Clay, Mr. Javier Olmos, Mr. Cimi Alvarado and Mr. Dan Longoria. Ms. Clay did call on missing the last meeting due to the meeting rescheduled. Ms. Arrieta-Candelaria stated that the committee can pass a motion to have those committee members who have poor attendance removed and find a replacement to serve in their place. * No motion was passed by the committee due to lack of quorum at this time.

Mr. Paul Masters, requested clarification on the Hispanic Chamber of Commerce replacement. Ms. Arrieta-Candelaria stated that numerous requests have been made to contact the chambers leadership and we have not received a response to their replacement, she also stated that a request to amend the Charter changing the entity or removing it all together may be presented to the Board, if the committee chooses to. Ms. Arrieta-Candelaria confirmed to Mr. Masters that the attempts for this replacement have been documented.

4. Internal Audit Update

Ms. Mayra Martinez, Chief Internal Auditor, provided a quick update on the Internal Audit Plan which includes a rolling list of six projects in plan and the importance of the audit engagement plan which include four phases: planning, field work, reporting, correction action plan monitoring. The audit is not considered closed until the monitoring follow-up is conducted and it has been confirmed that administration has implemented all items on the correction action plan.

Ms. Martinez informed the committee that although she was presenting an overview their packets included the details to the audit plan, to provide details to the new members.

Ms. Martinez presented on status of the four following projects that are part of the 2016 Bond Internal Audit Plan:

- Bond Sales Proceeds and Expenditure Audit Report has been completed and correction plan follow-up has been done.
- Bond Sale Proceeds and Expenditures Corrective Action Plan (CAP) Follow-up has been completed and this audit is considered closed. Ms. Martinez added that the follow-up confirmed that management and leadership had implemented the 13 CAP activities.
- Bond Program Management Advisory Services CAP Follow-up is in the monitoring phase. There were 26 CAP activities developed by management, 20 activities have been implemented and 6 activities are pending, which involved ethic trainings for individuals that are part of the procurement process. An extension to complete the 6 activities by June 28, 2019, was requested. Internal Audit will continue to monitor the progress on this CAP.
- Bond Program Management Audit & Change Management and Monitoring are in the reporting phase. The objective was to determine change order management, key reports, program management performance reviews, and staff qualification reviews, were performed in accordance with the bond program management service agreement and District Policy, The scope of the review covered the period of January 2017 to December 14, 2018. The preliminary findings exit meeting was held with management on June 24, 2019. The draft report will be submitted this week with a deadline of July 31, 2019 for management to submit the CAP. In summary Internal Audit established 4 findings, 4 observations and 9 recommendations, cannot go into detail since the report has not been finalized.

Ms. Martinez informed the committee of Internal Audit's Plan for next year which will include a Rolling Audit Plan for Bond Projects, CAP Follow-up Review, Testing Change Orders, Bond Athletic Program Audit, and Bond Expenditure Audit Phase 2.

5. Validation of Administrative Salaries

Ms. Carmen Arrieta-Candelaria, informed the committee that one of the duties as a CBAC member is to validate that no bond funds are used for salaries that are not related to the bond. The last time the committee reviewed and approved the report was a year ago and was decided at that time that this report would be presented to the committee on a yearly basis. The Facilities & Construction Position Inventory 7/1/18-5/31/19 report was provided. Ms. Arrieta-Candelaria also stated that Ms. Robbie Baca prepared this report and assures that salaries charged to the bond are accurate. * No motion was passed by the committee due to lack of quorum at this time. Item will be presented at the August meeting.

Ms. Norma Chavez asked if the Executive Director position is being charged even though it is vacant. Ms. Arrieta-Candelaria responded no that this salary was charged from 7/1/18 to 11/9/18, at which time the position became vacant. Ms. Arrieta-Candelaria also added that the FTE column indicates the percentage charged to that budget. The percentage in red is charged to the bond budget.

6. Program Contingency Update

Ms. Carmen Arrieta-Candelaria, presented to the committee the Contingency Report in detail within the PowerPoint presentation and recognized Jacobs for working on this report along with the District.

Mr. Russell Wiggs asked if this was the complete list of projects, since he didn't see Irvin. Ms. Arrieta-Candelaria responded that Irvin did not need contingency funds therefore was not on the list and does not include projects that are managed by the District.

Ms. Arrieta-Candelaria clarified that this report is the program contingency, the 5% taken from the top at the beginning of the program, not the project contingency.

Ms. Toni Lunsford asked if \$2 million is still needed. Ms. Arrieta-Candelaria responded that \$2.5 million is needed.

Mr. Wiggs asked if some of \$2.5 million come from the school project contingency. Ms. Arrieta-Candelaria responded that it can come from the school projects or interest and added that there are projects that still need to bid which includes Hughey/Ross, Jefferson and Northeast Middle School. Ms. Arrieta-Candelaria clarified that Jefferson had bid already but is in the review process therefore holding the \$3,119,583 until the bid review process is complete, which may not be needed, but won't know until the complete process is complete and contract is taken to the Board.

Mr. Max Villaronga asked what would happen if there is a deficit at the end and can't complete the last remaining projects. Ms. Arrieta-Candelaria responded that they are working on staying within the interest earned, but if that does happen it would need to go to the Board and identify another funding source, such as, Maintenance Tax Notes or General Fund to complete the project, but she does not anticipate that happening.

Mr. Miguel Venegas stated at the last Board meeting administration was authorized to process change orders, and asked if the change orders would come from the program contingency or project contingency. Mr. Colley responded that it would come from the project contingency to prevent any delays to the contractor and he also clarified that there is an amount limitation. Ms. Arrieta-Candelaria added that the Board requested that a list of change orders processed be presented quarterly at the Board Facilities Committee Meetings, for transparency.

Ms. Debbie Trexler asked what type of standards are being used to evaluate change orders, cost overrun on projects and that we don't go further past the \$2.5 million and start cutting that down. Ms. Arrieta-Candelaria responded that every project was reviewed and evaluated, bids have been competitive, and also significant value engineering has been completed when possible.

Ms. Norma Chavez asked that \$215,193 for El Paso High due to it being a historical site, the reason why it is a large amount. Ms. Colley responded it would be needed for the tennis courts and have estimated the worst case scenario.

Ms. Masters asked if Ms. Trexler had her question answered; she responded that it had not and requested clarification. Mr. Colley responded that change orders go through a vigorous review, prior to receiving it is reviewed by the Architect and then reviewed by Jacobs Project Manager, Jacobs Construction Manager and finally for his (Mr. Colley) review before it is provided to Ms. Arrieta-Candelaria for approval. Mr. Colley added that the change orders are scrutinized with the contractor to get the best for the District. Ms. Trexler added that they be cognizant on using the \$2.5 million so when it comes to the final projects we don't run into a problem.

Mr. Wiggs asked if everyone knows why the new Northeast Middle School is being made bigger. Ms. Arrieta-Candelaria responded that the number of students was increased to 1,000 to accommodate the Young Women's Academy the combining of Armendariz and Bassett.

7. Periodic Financial Reports

Ms. Carmen Arrieta-Candelaria, presented the Periodic Report through 5/31/19 bringing the committee's attention to the revenue earned to date of \$8,625,964 to be added to the program. In addition, she feels comfortable that it would cover the program contingency, if needed, and the \$4 million needed for the athletic projects and reminded the committee that salaries are also charged to interest. Slide 51 of the PowerPoint presentation provided the breakdown on the net revenue available.

Ms. Arrieta-Candelaria stated that \$250 million in debt was sold in February 2019, and the cash flow analysis shows additional money won't be needed until December 2020, factoring the possibility of additional revenue. She added that the 2007 Bond Revenue earned about \$17 million. She additionally stated that the revenue earned must be used within the program or reallocated to debt service.

Mr. Masters asked if the \$250 million was the third set of bond sold. Ms. Arrieta-Candelaria responded that it was the second sold, the third will occur in December 2020 but it may be moved up due to the market timing or if we need money before that time.

Mr. Wiggs asked if the \$17 million of the 2007 Bond still available. Ms. Arrieta-Candelaria responded that the money was reallocated to projects by the Board of Managers and has decreased.

8. Projects Managed by Jacobs Update

Ms. Madeleine Sara, Deputy Program Manager for Jacobs, presented the Program Status to Date. Since the April meeting they have had some milestones a total of thirteen projects in construction, two projects are in design, and two in procurement. Additionally stated that they are confident that all projects will be in construction by the end of this year.

Mr. Colley presented a review of the Program Schedule to Date chart within the PowerPoint presentation to CBAC and stated that they are working on tightening up the schedules with the contractors

Ms. Trexler asked what caused the delays at Hughey/Ross. Mr. Colley responded that it had to do with additional FEMA issues with the building pad elevations.

Ms. Chavez asked if Hughey/Ross being on a flood plain cause issues and was told by staff at the campus that it would not get done as scheduled. Mr. Colley confirmed that is part of the FEMA issues and are being addressed. Mr. Rogelio Gonzalez, Project Manager, added that the revisions requested by FEMA have been submitted and are pending FEMA's determination.

Ms. Trexler asked if the \$1.7 program contingency includes any associated fees for any FEMA obligations. Mr. Colley responded that it does include anticipated costs the \$1.7 is worst case scenario and clarified that it would not increase.

Mr. Villaronga stated that there are projects in the green in 2023. Mr. Colley clarified that Coronado and Hughey/Ross are the two in 2023 and until the baselines are approved and phasing is determined they can possibly pull back the schedule.

Mr. Brian Calhoun, Project Controls Manager for Jacobs, presented the Program Budget through May 31, 2019, provided within the PowerPoint presentation to CBAC.

Ms. Chavez asked to clarify why the 2007 Bond funds still ongoing after 11 years. Ms. Arrieta-Candelaria responded that in 2014 the Board approved the reallocation of funds that were not needed for a High School and Elementary in Northeast were reprogrammed to include Irvin and Andress project, they were not originally programmed as part of the 2007 Bond.

Ms. Yolanda Clay asked why is the safety and security project managed by EPISD so low of an amount \$956,150 and what is it being used for. Ms. Arrieta-Candelaria responded that the Facilities Advisory Committee voted on \$13 million but once the committee finalized projects only \$726,750 was approved and added \$229,400 to supplement. Ms. Arrieta-Candelaria requested that the project managers provide some security items in their presentations.

Ms. Chavez requested a list of schools and what they are getting security, technology. Ms. Arrieta-Candelaria responded that a breakdown list will be provided.

Mr. Al Velarde added that he understood that security was being incorporated into the designs of the new schools. Ms. Arrieta-Candelaria confirmed that security items are part of the design.

Ms. Chavez requested from the Chair that a list be provided at the next meeting.

Mr. Masters added that Chief Arriaza had presented at a previous meeting and may be something to bring back to the committee. Mr. Villarronga added that having Chief Arriaza can be informative, the scope of the committee's work, they can't influence or dictate.

Jacobs Project Managers presented on their assigned projects:

The following projects are assigned to and were presented by:

Mr. Jose Carrera (Jacobs Project Manager)

Bobby Joe Hill School– Ms. Arrieta-Candelaria asked what security features were incorporated. Mr. Carrera responded that vestibules on new buildings and card readers, security cameras, and lighting. Ms. Clay added that there is flooding on Tropicana, Mr. Carrera responded that there will be a ponding area added for drainage. Mr. Colley added that a comprehensive list will provided for each project. Ms. Chavez

Northeast Middle School – Mr. Wiggs asked if Ft. Bliss would be willing to provide funding to assist with the project. Ms. Arrieta-Candelaria responded that they are not but are providing the land, waiving some requirements that generated some savings, and as part of the lease they are proving the building adjacent that can be utilized.

Irvin High School – (no questions/concerns)

The following projects are assigned to and were presented by:

Ms. Luz Favela (Jacobs Project Manager)

Dr. Josefina Villamil Tinajero PK8 – Ms. Chavez asked on where the students would attend school during construction. Ms. Favela responded that they would attend classes in the current building.

General Douglas MacArthur PK-8 – (no question/concerns).

Charles Q. Murphree Pk-8– (no question/concerns).

The following projects are assigned to and were presented by:

Mr. Michael Gardner (Jacobs Project Manager)

Don Haskins PK8 – (no questions/concerns)

Burges HS– Ms. Chavez asked if the mosaic mural in the main building being knocked down due to the cost of \$10,000 to preservice versus \$2,500 for a new one. Mr. Colley responded that he will look into it, the contractor was going to try to salvage. Ms. Chavez and Mr. Velarde inquired about the mustang statue being salvaged. Mr. Cabrera requested that the salvaged items be confirmed and reported back at the next meeting.

El Paso High School –Ms. Chavez asked if the larger trees preserved during construction. Ms. Arrieta-Candelaria responded that responded that it would be on a case to case basis.

The following projects are assigned to and were presented by:

Mr. Mauricio Chavez (Jacobs Project Manager)

Dr. Joseph E. Torres ES– Mr. Masters asked if the cost saving of contingency used due to the reusing of kitchen equipment. Mr. Chavez responded yes it was including other aspects.

Coach Archie Duran ES– Ms. Lunsford asked if the groundbreaking had taken place. Mr. Chavez responded that it had not. Ms. Clay asked where the school is going to be built on the property and if the old school will remain until construction is complete. Mr. Chavez responded that the school is being built closer to Rushing and that the old school will remain until construction of new school is complete at which time students will be moved and the old building will be demolished.

Ms. Chavez asked is there is another school being named General Bradley (five star general) or after any general. Mr. Velarde responded that the communities of the consolidated schools came together and proposed a ranked list of names, discussions were left to the school community.

Andress High School –Mr. Wiggs were the issues with FEMA addressed. Mr. Chavez responded that the FEMA issues have been addressed.

The following projects are assigned to and were presented by:

Mr. Rogelio Gonzalez (Jacobs Project Manager)

Coach Wally Hartley Pk8 – Ms. Trexler asked if the pedestrian bridge would be accessible to students. Mr. Gonzalez responded that measures will made to provide a path.

Austin HS- Ms. Lunsford asked if the chalk boards being replaced with whiteboards. Mr. Gonzalez responded that they will keep some for the historical fabric of the building but removing some in order to install 21 century teaching tools. Mr. Wiggs asked if the funding for the baseball and softball field being moved from Ross come out of what project. Ms. Arrieta-Candelaria responded that it would come out of the Austin project budget.

The following projects are assigned to and were presented by:

Ms. Rosa Fonder (Jacobs Project Manager)

Jefferson/Silva – Ms. Chavez asked Ms. Arrieta-Candelaria to provide detail on the Washington Park meeting with the City. Ms. Arrieta-Candelaria stated that we are moving forward with a lease agreement for the Rose Garden for Austin softball and Washington Park baseball field and anticipates the lease agreement being presented to the August Board meeting.

Coronado – (no questions/concerns)

9. Projects Managed by EPISD Update

Ms. Irene Ramirez, Executive Director of Facilities, presented an update to Active Capital Projects which included Crockett, Athletic Upgrades Tracks, Turf Phase 4 and Outdoor Learning Playgrounds Phase 3.

Mr. Wiggs asked if Lee had received a new playground. Ms. Ramirez will confirm and get back to him.

Ms. Chavez asked on the status of the contract discussed in executive session at the previous meeting. Mr. Alan Wiernicki, Chief Quality Officer, responded that management has decided to move away from it. Ms. Martinez stated that the internal audit vacancy has been filed with a promotion and Mr. Masters added that Ms. Irene Ramirez filling the vacancy of Executive Director will assist on the bond oversight.

Mr. Wiggs asked who reports the bond audit to the Board. Ms. Martinez responded that they report directly to the board and works alongside management. Mr. Masters added that management would also include the CBAC committee.

Adjournment

The meeting adjourned at 6:53 p.m.

Date Approved by CBAC Secretary: July 15, 2019

Date Approved by Chair: July 16, 2019