

Minutes of Board Meeting
The Board of Education
Levelland ISD

Vol. 43 Page 28

A Regular meeting of the Board of Trustees of Levelland ISD was held Thursday, June 14, 2018, beginning at 6:00 PM in the Administration Building Boardroom, 704 11th Street.

Members Present: Pres. Tania Moody, Vice Pres. Rusty Gibson, Sec. DeEtte Edens, and Members Carrie Ellis, and Ronnie Watkins

Members Absent: Paul Ochoa, Treva Potter

School Officials Present: Superintendent Jeff Northern, Director of Personnel and Administrative Services Rodney Caddell, Chief Financial Officer Lance Terrell

Media Present: Kati Moody – Levelland/Hockley County Newspress
Jody Rose - KLVT Radio

1. Invocation/Pledge of Allegiance

Mr. Gibson gave the invocation and led the Pledge of Allegiance.

2. Call to Order

Pres. Moody called the meeting to order at 6:04 p.m. and declared a quorum.

3. Public Forum

There were no requests to speak at public forum.

4. Public Hearing to Receive Public Comment on Published Proposed Tax Rate of \$1.06 for M&O and \$0.328 for I&S

Mr. Terrell held a public hearing to discuss the proposed tax rate and to hear public comment. Mr. Terrell stated the proposed tax rate for the 2018 tax year is \$1.06 per \$100 value for the purpose of maintenance and operation, and \$0.3280 per \$100 value for the payment of principal and interest on bonds for a total of \$1.388 per \$100 value. Mr. Terrell explained since this will exceed the legislated cap of \$1.04 for maintenance and operation, a Tax Ratification Election must be held even though this is not increasing the total tax rate for the District. Mr. Terrell explained Maintenance and Operations funds district operations such as salaries, utilities, supplies, etc. while Interest and Sinking funds debt obligations in bond projects approved by the voters. I&S cannot be used to fund salaries.

Mr. Terrell explained this request is due to the State not increasing school district's funding formulas, nor is it keeping up with basic costs of inflation. This is placing the burden back on local property owners to come up with the expense. Mr. Terrell further explained a TRE would allow the District to address deferred maintenance with raises to allow the District to be competitive in hiring and retaining personnel. Without having a deficit, a TRE would allow the District to fund an increase in pay for staff, purchase activity buses, fleet vehicles and HVAC units. Mr. Terrell discussed scenarios to increase funding with either an addition in total students, of which the District has no control of, or having a TRE. With a TRE, there would be access to 2 additional Golden Pennies. Mr. Terrell stated if the District becomes Chapter 41 again, we would not have to pay recapture on those pennies, because they are protected by statutes. Mr. Terrell stated the District understands the burdens the local tax payers are under, and is just asking for 2 cents to maximize what is available in the school finance formula. Mr. Terrell explained that prior to asking for a TRE, the District reduced staff by 40 positions between 2014 -2017, froze salaries in 2014-15 and 2015-16, and this year paid off all outstanding debt. By moving 2 cents from I&S to M&O will generate \$215,000 additional dollars on the M&O side of the budget that will force the state to spend an additional \$341,000 for a total of \$556,000 in funding while keeping the overall tax rate the same. Mr. Terrell stated the projected plan is to give a 2% raise assuming school finance funding does not change. Mr. Terrell further explained an election is needed because the tax rate has a cap at \$1.04, and there has to be voter approval for the increase to \$1.06. He stated

if voters do not approve the election, LISD will not be able to generate these additional funds. Mr. Terrell concluded if in the future the tax rates drop, LISD would adjust the tax rate at that time.

Matt Patterson and Sam Patterson were in attendance for the public hearing. Matt Patterson thanked the board for their service. Mr. Patterson stated this year the tax rate could actually go down by 2 cents. Mr. Terrell stated that is correct. Mr. Patterson stated he views this proposal as a tax rate increase. Mr. Patterson stated he thinks most of the public does not understand this is a temporary deal. Mr. Matt Patterson stated once the tax rate goes from \$1.04 to \$1.06, without a change at the state level, this will be a permanent tax increase unless there is an election in the future to lower it. Mr. Patterson stated he serves on a board in Whiteface, and last year their actual values came in less than projected. Mr. Terrell explained if the state increases the formula funds, the District could drop the tax rate without a vote. Pres. Moody stated any time the board can drop the tax rate, they do. Mr. Patterson stated again he is against the District raising this rate, voicing he realizes school finance has problems, but this should be fixed at the state level and not be placed on the local property owners.

Mr. Sam Patterson asked to speak before the board. Mr. Patterson asked if a 2 percent raise would be given across the board. Mr. Terrell stated yes. Mr. Sam Patterson stated this appears to be a swap, with the state trying to put more burden on districts. He stated this is a TRE, but it is also a tax increase. Mr. Terrell stated the total tax rate is not increasing, stressing we are increasing the M&O rate, but are decreasing the I&S rate. Mr. Terrell further explained that most districts that have done this already did a true tax increase, where they actually raised the overall revenue by 2 or 13 cents. Mr. Terrell stated all we are doing is moving 2 cents, keeping the overall tax rate the same, but because the M&O rate is increasing, legislation requires tax payer approval. Mr. Sam Patterson requested that voters have to drive to the poll destination to vote, and not have a vote of convenience.

Pres. Moody thanked both Mr. Patterson's for their comments, and stated that tonight this will be presented to the board to decide if they want to call the vote. At that point, it will be put forth to the voters to ultimately decide. Ms. Moody stated the board will make sure they are transparent, as Mr. Terrell has been charged to make this public. She stressed the board will do their due diligence.

5. Consent Agenda Items

Trustee Ellis made a motion to approve the consent agenda items as presented. Mr. Watkins seconded the motion and it passed unopposed with 2 members absent.

A. Approval of Minutes

Approved the minutes for the 5/17/18 regular meeting.

B. Approval of Low Attendance Waiver

Approved the waiver to reduce the impact of low attendance on ADA and FSP funding.

6. Consider Financial Reports

Mr. Terrell provided financial reports for the period ending May 31, 2018 that shows 96.7% tax collections are in. Mr. Terrell informed the board there will be an upcoming budget amendment to correct Fund 240-Function 41 that lists overtime and increased insurance contribution, when it should read TRS and insurance contribution. Mr. Terrell explained overtime should be under Function 35. Ms. Ellis asked the plan for SHARS extra revenue. Mr. Terrell stated SHARS extra revenue will be used to pay off debt. Regarding the Bond Project report, Mr. Terrell showed a current balance of \$9,671 for the demolition of the old Lobo football stadium. He informed the board that PSC and McCutchin Construction have been paid in full. Mr. Terrell noted that technology still has \$171,037 to spend. Mr. Terrell also informed the board a \$13,000 expense posted to Cactus is for a final architect statement for additional costs incurred. With no further discussion, Ms. Ellis made a motion to approve the financial reports as presented. Sec. Edens seconded the motion and it passed unopposed with 2 members absent.

7. Deliberation and Possible Action to Adopt an Ordinance Setting Tax Rate

Mr. Terrell stated in order to be in compliance with TEC Section 44.004, the Board of Trustees is required to adopt a tax rate after conducting a public hearing for discussion of the proposed rate. Mr. Terrell stated this ordinance has unique requirements since it is above the rollback rate. Mr. Terrell stated the ordinance is to levy or set the tax rate on \$100 valuation for the District for the tax year 2018-19 at a total tax rate of \$1.388, to be assessed and collected by the duly specified assessor as \$1.06 for the purpose of maintenance and operation, and \$0.328 for the purpose of payment of principal and interest on debts. Mr.

Terrell noted this tax rate will raise more taxes for maintenance and operations than last year's tax rate. The tax rate will effectively be raised by 1.92 percent and will raise taxes for maintenance and operations on a \$100,000 home by approximately \$19.20. Mr. Terrell stated 60 percent of the Trustees must vote in favor of this ordinance. Mr. Terrell further explained the District does not want to punish our teachers by not giving them a raise, adding the problem is, you have to raise money somewhere. He added when ASATAR expired, it forced the District to move this direction. Pres. Moody stated the public thinks a \$39 million bond should have fixed everything. Mr. Terrell stated from an operational standpoint, the District is in a good place from the bond proceeds. Trustee Watkins made a motion to move that property taxes be increased by the adoption of a tax rate of \$1.388, which is effectively a 1.92 percent increase in the tax rate. Sec. Edens seconded the motion, and the written ordinance was passed unanimously by the 5 members present with 2 members absent.

8. Consideration and Possible Approval of the Order and Notice of Special Election for Tax Ratification Election ("TRE") to be Conducted on August 14, 2018, to Ratify an Adopted Tax Rate that Exceeds the District's Rollback Tax Rate

Mr. Terrell informed the board that due to the District adopting a tax rate above the District's rollback tax rate, the board must call for an election to allow voters to ratify the new proposed tax rate. Mr. Terrell stated the proposed Tax Ratification Election will be held on August 14, 2018, for the purpose of voter approval of the Board's adoption of a combined Maintenance and Operations tax rate and Interest and Sinking tax rate of \$1.388 per \$100.00.

The Early Voting Clerk for District voters residing in Hockley County is Cheryl Smart. The Deputy Early Voting Clerk, Early Voting Ballot Board Judge, Early Voting Ballot Board Alternate Judge, Precinct Election Officers, and Bilingual Clerks will be appointed in accordance with the Election Services Contract between the District and Hockley County/County Elections Administrator. Early voting will be held July 30 through August 10, 2018 at the Courthouse Annex, 911 Austin Street. Voting on Election Day, August 14, 2018, will be conducted between the hours of 7:00 a.m. and 7:00 p.m. at the precinct voting locations at Capitol Elementary and Levelland Intermediate School.

Proposition A is written to approve the ad valorem tax rate of \$1.388 per \$100 valuation in Levelland Independent School District for the current year, a rate that is \$0.02 higher per \$100 valuation than the school district rollback tax rate, for the purpose of reducing the interest and sinking rate by \$0.02 to \$0.328 for this year and increasing the maintenance and operations rate by \$0.02 to \$1.06 per year for a total ad valorem tax rate that is \$0.00 higher per \$100 valuation than last year's ad valorem tax rate.

The Notice of Tax Ratification Election is given that the Board of Trustees may order an election to be held on August 14, 2018, for the purpose of conducting a tax rate ratification (rollback) election. Vice President Gibson made a motion to approve the TRE election order and notice as presented. Trustee Ellis seconded the motion. There were 5 votes for, 0 votes against, and 2 members absent to approve the Order Calling a Special Election for Levelland Independent School District and approval for a Notice of Tax Ratification Election.

9. Deliberation and Possible Action Regarding the District's LED Lighting Retrofit Proposal

Mr. Terrell informed the board the District is exploring ways to be creative and save money with current operations. He stated one area would be to completely retrofit all lighting in the District from fluorescent lighting to LED lighting. Mr. Terrell stated lighting energy consumption would be reduced by 61.19%. It was noted that LED's have an average useful life of 15 years over 3 years for fluorescent lighting. This project will be funded through energy savings as opposed to coming up with capital upfront. Mr. Terrell stated the District was very conservative with the usage estimates to ensure that the project would be self-funded as well as to generate a worst case scenario in terms of savings.

John Sledge with Aquila Environmental, Fort Worth, Texas, was present to inform the board of an energy efficiency lease proposal with his company. Mr. Sledge stated his firm has counted the lighting within every room in the District and received run times. Mr. Terrell reminded the board that the current lights are built into Sodexo's budget. He stated since Sodexo will be saving money in lighting, we will negotiate a credit with Sodexo. Mr. Terrell added if labor costs are attached, we will not talk about that since he cannot quantify a number there. Mr. Terrell stated we can quantify on hardware and how much Sodexo should save on that cost.

Mr. Sledge walked the board through the process of accumulating data, stating his firm took 24 months of analysis. Mr. Sledge showed annual kWh savings of 909,735 kWh which

equals \$81,996 in annual electricity cost savings. His calculation for annual equipment replacement savings is \$16,363. The annual total savings would be \$98,359.65. Continuing with lease metrics, the annual lease payment amount would be \$91,451, which is a cashflow factor of \$7,620.91. The total lease consideration is \$457,255. Trustee Ellis commented this is based under the assumption we negotiate with Sodexo, with the risk being how much savings we realize. Ms. Ellis asked what happens if maintenance is needed. Mr. Sledge answered his company will leave a 1% stock of lamps. Mr. Sledge stressed the District will need to process the warranty plans. Upon installing a spare, mail the warranty process form to Aquila Environmental and they will send a brand new lamp for the supply closet so the stock is never diminished. Mr. Terrell stated in terms of replacing bulbs in the future, technology should be cheaper in 20 years. Mr. Terrell stated the District tracks kilowat hours and places this information on the website. Mr. Terrell stated he feels confident with the savings shown for this project with Aquila Environmental, as this project was competitively bid out. Mr. Terrell stated this project came in \$141,905 less than the other bid and offers the ability to pay through savings while the other bid would require the District to make 100% of payment upon completion of the project. The life expectancy of this equipment is 24.2 years, with a net savings over the system life at \$1,925,519.73. With no further comments, Vice Pres. Gibson made a motion to approve the agreement as presented. Pres. Moody seconded the motion. Carrie Ellis abstained as she is related to one of the owners. The remaining board members voted for, with 2 members absent.

10. Deliberation and Possible Action Regarding the District's Fleet Management Lease Program Proposal

Mr. Terrell informed the board that one of the goals of Administration is to get as many fixed assets on a replacement schedule as possible. Mr. Terrell stated in regards to the white fleet, which includes Suburbans, work trucks, etc., the District has explored a partnership with Enterprise Fleet Management to shorten the current vehicle life cycle down to 5 years. In addition, this partnership will provide a lower sustainable fleet cost that is predictable year over year, significantly reduce maintenance and fuel costs, and provide safe and reliable transportation for staff and students.

Bo Ashe, Senior Fleet Consultant, presented information to the board, showing the District's current fleet age is negatively impacting the overall budget and fleet operations, as 56% of the light and medium duty fleet is currently 10 years or older. Mr. Ashe stated the proposal would be to replace the oldest vehicles after delivery of the new vehicle, and then sell the old vehicles at salvage value in order to reduce maintenance costs. By replacing 8 vehicles each year from 2018-2020 and 4 vehicles each year from 2021-2022, the District will be able to put the entire fleet on an asset replacement schedule with predictable costs and maintenance. The proposed cost for 2018-19 would be \$52,546.92. Mr. Ashe stated maintenance will be outsourced to Levelland vendors.

Mr. Ashe informed the board his company buys vehicles directly from Ford or GM, and sells through equity leases. Mr. Terrell explained the District would own the vehicle, not just paying depreciation on that vehicle. When we put the vehicle back on the market, we are able to turn the equity off that sale back into the lease and keep that cost down. Mr. Ashe stated that a 10 year savings would be a cost savings of \$51,580. He stated the vehicles would be replaced at 5 years instead of 17 years. Pres. Moody asked what the District has been purchasing. Mr. Terrell answered the District has purchased one vehicle per year. Mr. Terrell stated if the District feels they want to keep a vehicle longer than 5 years, we are not obligated to turn it over.

Mr. Terrell informed the board the District is currently spending on an average \$38,808 on vehicle maintenance and \$96,938 on fuel. Mr. Terrell stated that the District will evaluate its needs in vehicles every year to determine the best usage of the vehicle fleet.

Mr. Ashe stated through government entities, they have had zero to terminate their contracts with Enterprise. The District can piggyback TIPS Cooperative Contract or publish a fleet management service RFP to address access to all fleet management services as applicable to the needs of the District. In addition, this would support the District's need for fleet evaluation on a quarterly basis accessing costs and reviewing best practices, as well as provide monthly reporting, tracking, and downloads providing real-time information and proactive Account Management.

Mr. Terrell stated that Enterprise Fleet Management helps to meet and exceed the goals for the District's proposed partnership for a fleet management program. With no further discussion, Sec. Edens made a motion to approve the Enterprise Fleet Management Lease Program Agreement as presented. Vice Pres. Gibson seconded the motion and it passed

unopposed with 2 members absent.

11. Deliberation and Possible Action Regarding the District's Property and Casualty Insurance

Mr. Terrell informed the board that insurance premiums have been going up, and with the District's property and casualty insurance policy expiring August 31, 2018, administration recently bid out its property and casualty insurance for 2018-19. TASB and PCAT were the only 2 proposals received. Insurance quote comparisons show a difference of \$38,884 in terms of premium payments in favor of TASB's quote of \$204,525. Mr. Terrell informed the board the District had a significant loss previously that is still showing up over a 5 year history run. Next year this can be bid again with a cleared history. Mr. Terrell noted the main difference is both companies have \$100,000 hail deductibles, with TASB having an additional \$50,000 hail deductible per building. Mr. Terrell stated with infrequent hail damage claims, we will plan to take the premium savings and reevaluate next year if PCAT can drop their premiums. Mr. Terrell stated several school districts used TAPPS in the past, but this entity has recently gone bankrupt. Mr. Terrell noted the total premium for property/auto/liability coverage has increased from \$156,651 to \$204,525. He stated this is due to increased claims within the fund in regards to hail claims and increased costs globally which were realized when TASB had to rebid their policies this year. With no further discussion, Trustee Watkins made a motion to accept the proposal submitted by TASB. Pres. Moody seconded the motion and it passed unopposed with 2 members absent.

12. Consider Budget Amendment

Mr. Terrell requested the board's approval for a budget amendment to move \$21,000 worth of legal expense for a special education student hearing that was coded in Fund 161 (SHARS) to Fund 199. This amendment also moves the corresponding revenue with it to cover the expense. In addition, an amendment will move \$20,000 to plant maintenance for contracted maintenance repairs from Function 99 to cover inspection costs for gas leaks. Mr. Terrell further explained the Fund 240 amendment simply moves funds from Function 35 to 41 to cover Payroll OT and additional insurance contributions expensed this year. Vice Pres. Gibson made a motion to approve the budget amendment as presented. Trustee Watkins seconded the motion and it passed unopposed with 2 members absent.

13. Reports

A. Quarterly Reports

Mr. Terrell reported the current tax collection rate as 96.69% collected. He stated this collection is higher than it was this time last year. Regarding the cafeteria report, Mr. Terrell reported a net profit of \$236,735.89. Mr. Terrell stated there will be some expenses to repair floors at two campuses and a freezer that needs to be repaired with an estimated cost of \$50,000. He stated the District can only use food service fund balance on food service projects. Mr. Terrell gave an investment report, stating that interest rates are going up at a significant rate. He informed the board that after August, administration will re-evaluate cash flow needs, and possibly move more money to TEXPOOL. Total interest earned for this quarter is \$20,027.91. Mr. Terrell reminded the board that next year our current depository will be up, and we can then renegotiate our current contract with Prosperity Bank to revise the current interest rate. Regarding the Workers Compensation report, the District suffered 2 employee accidents which resulted in (\$27,152.83) claims to date, with reserve for pending claims at (\$51,104.76), leaving a remaining balance of (\$32,533.59). Mr. Terrell noted that Claims Administrative Services will pick up any negative remaining balance. There was no further information reported.

B. Superintendent Credit Card Report

Mr. Terrell reported there were no transactions for this month, therefore, the Superintendent's credit card account balance remains at \$0.00.

C. Superintendent's Report

Supt. Northern reminded the board to put Thursday, August 23 on their calendars for the EISO board training as a result of SB 1566. He stated if all 7 members and the Superintendent are present, this training will fulfill the requirement for the Team of 8 training and EISO training.

Mr. Northern also reminded the board of the upcoming TASA/TASB Convention that will be held September 28-30 at the Austin Convention Center.

D. Board Report

There were no reports from the board at this time.

14. Personnel

A. Resignations/Retirements/Change of Assignments/Auxiliary New Hires

Mr. Caddell informed the board of the following personnel:

Retirements:

Debra Craddock (effective 5-25-18)	Kindergarten Teacher Aide	ABC
Debbie Churchwell (effective 5-25-18)	DAEP	High School
Sandra K. Musemeche (effective 7-31-18)	Kindergarten Teacher Aide	ABC

Resignations:

Emmalie John (effective 6-6-18)	Part Time Counselor	SPECO
Trisha Edwards (effective 5-25-18)	6th Math	Middle
Kathryn Moore (effective 6-6-18)	Part Time Counselor	SPECO
Calvin Day (effective 6-6-18)	LSSP Counselor	SPECO
Hortencia Bryant (effective 5-25-18)	Pre-K Bilingual Teacher	ABC
Nancy Coffey (effective 6-6-18)	LSSP Counselor	SPECO
Stephanie Munoz (effective 6-4-18)	Pre-Kindergarten Teacher	ABC
Ben Prowell (effective 6-29-18)	Principal	South

Change of Assignments:

Laurie Smith (effective 8-9-18)	From: Media Specialist/JV Coach To: ELA Teacher	High School High School
Justin Houser (effective 8-9-18)	From: Social Studies/Tennis Coach To: Social Studies	Middle Middle
Gene Burton (effective 8-9-18)	From: Social Studies To: Social Studies/Tennis Coach	Middle Middle
Tracy Barker (effective 8-9-18)	From: Social Studies To: Media Specialist	High School High School
Mary Bara (effective 8-9-18)	From: Focus Aide To: Focus Aide	Intermediate South
April Berry (effective 8-9-18)	From: ESL Teaching Assistant To: Teaching Assistant	Intermediate Capitol

Auxiliary New Hires:

Kayla Belew (effective 8-9-18)	PPCD Teaching Assistant	ABC
Chelsea Spies (effective 8-9-18)	Focus Aide	Middle
Arisha Johnson (effective 8-9-18)	Teaching Assistant	South
Brisa Marquez (effective 8-9-18)	ESL Teaching Assistant	Intermediate
Bridgette Barry (effective 8-9-18)	Life Skills Teaching Assistant	High School
Karen Levitt (effective 8-9-18)	ISS Aide	Middle
Brandy Pina (effective 8-9-18)	Kindergarten Teaching Assistant	ABC
Maria Guerrero (effective 8-9-18)	PPCD Teaching Assistant	ABC

B. Professional New Hires

Ms. Ellis made a motion to approve the following professional new hire. Pres. Moody seconded the motion and it passed unopposed with 2 members absent.

Shelby Eugenis (effective 7-23-18)	Principal	South Elementary	1 Yr. Administrative Probationary Contract
---------------------------------------	-----------	------------------	---

C. Superintendent Approved Professional New Hires:

Mr. Caddell informed the board of the following professional new hires that have been approved by the Superintendent as a result of the DC(LOCAL) revision to delegate to the Superintendent the authority to employ classroom teachers from the dates of June 1 to August 31. Mr. Caddell also informed the board of openings that still need to be filled.

Allison McGlothing (effective 8-9-18)	1st Grade	South	1 Yr. Probationary
Jamie Ryan (effective 8-9-18)	4th Grade	Intermediate	1 Yr. Probationary
David Adkins (effective 8-9-18)	8th ELA	Middle	1 Yr. Probationary
Kayla Koerner (effective 8-9-18)	Nutrition Food Science/Head Volleyball Coach	High	1 Yr. Probationary
Monica Gonzales (effective 8-9-18)	Life Skills	High	1 Yr. Probationary ADDENDUM
Julia Berry (effective 8-9-18)	1st Grade	South	1 Yr. Probationary

15. Executive Session

The board did retire to executive session at 8:50 p.m. for the purpose of discussing personnel. The session convened at 9:01 p.m. and ended at 9:30 p.m. There was no action taken.

16. Adjourn

The meeting was adjourned at 9:30 p.m.

Tania Moody, President

DeEtte Edens, Secretary