



ATTORNEYS | COUNSELORS

J. David Thompson
dthompson@thompsonhorton.com

Philip D. Fraissinet
pfraissinet@thompsonhorton.com

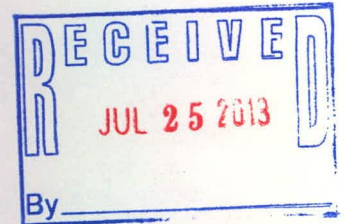
Partners

713.554.6767 Office
713.583.9668 Fax

Thompson & Horton LLP
Phoenix Tower, Suite 2000
3200 Southwest Freeway
Houston, Texas 77027

July 23, 2013

Dr. Jamie Wilson
Denton Independent School District
Central Services Center Office
1307 North Locust
Denton, TX 76201



Re: School Finance Litigation – Fort Bend ISD Plaintiffs Update

Dear Dr. Wilson:

We are writing to you as a member of the Fort Bend ISD Plaintiffs group in the current school finance litigation. As you may recall, the Fort Bend ISD group is composed of 84 school districts, both Chapter 42 and Chapter 41, that collectively educate over 1.8 million students. Our law firm is very honored to represent this large and diverse coalition of school districts. In terms of students represented, this coalition is the largest in the history of school finance litigation in Texas.

When Judge John Dietz orally announced his decision on February 4, 2013, he ruled in favor of the Fort Bend ISD Plaintiffs on every single issue that we raised. He ruled that the current Texas school finance system violates the Texas Constitution, Article 7, Section 3, because the system is arbitrary, unsuitable, inadequate, inefficient, and fails to equalize up to the level of a general diffusion of knowledge (GDK). Judge Dietz also ruled that the system violates Article 8, Section 1-e, because it is an impermissible state property tax, and school districts do not have meaningful discretion over their own property tax rates and revenues.

Following Judge Dietz’s oral ruling, we worked with other attorneys, particularly those representing other school groups, to develop and submit proposed findings of fact, conclusions of law, and a final judgment. We anticipated at the time that the Judge would act quickly to reduce his decision to writing, in order to expedite the expected appeal to the Texas Supreme Court. However, when the 83rd Texas Legislature responded to the ruling and to the obvious funding crisis in public education, Judge Dietz

ultimately held off entering a final judgment until after the regular session. The 83rd Texas Legislature restored about \$3.4 billion of the \$4.0 billion Foundation School Program cuts from 2011, restored about \$292 million of the \$1.4 billion cut in grants and allotments from 2011, funded student growth, and corrected the payment delay.

Judge Dietz conducted two hearings in June, primarily to decide whether to move forward and enter the written final judgment, or whether to re-open the evidence because of the changes made by the 83rd Texas Legislature. On June 19, 2013, Judge Dietz announced that he had decided that the changes are significant enough to require re-opening the evidence. He also announced that the trial would resume on January 6, 2014, and he set aside six weeks for that purpose. The attorneys for all of the parties have submitted a scheduling order for discovery and the additional trial.

As the attorneys for the Fort Bend ISD Plaintiffs group, we believe that Judge Dietz made the correct decision to re-open the evidence. We believe that, if the case had made its way to the Texas Supreme Court without any consideration of the changes made by the 83rd Texas Legislature, a remand or reversal would have been likely. We do *not* believe that the changes made by the 83rd Texas Legislature are so significant as to correct the clear constitutional failings of the current school finance system. We believe that these changes, particularly the partial restoration of funding for many school districts, will provide much-needed temporary relief, but they are not the structural changes to meet the needs of today's schools and students that the Texas Supreme Court has repeatedly encouraged. The State still does not know the cost of meeting its own performance requirements, primarily because it refuses to perform the studies that statutes require. The State does not know the cost of closing student performance gaps, as required by the new accountability system, again because it refuses to ask the question or do the research. The State has not seriously examined or updated most formulas and student and district weights in decades. When we look at student performance on the new STAAR/EOCs, the challenge facing our schools and educators to give all students a meaningful opportunity to meet the State's rising performance standards is daunting.

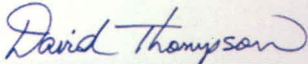
We are already beginning the hard process of preparing for the additional trial. We will be calling on your district and staff to assist with this important effort. We look forward to the additional trial, because we believe the evidence will be clear that our current Texas school finance system still falls short of the noble purpose and duty embodied in the Texas Constitution, and much work remains to be done to meet the needs of our state's schools, communities and students.

The engagement letter for the Fort Bend ISD Plaintiffs group committed each school district to financially support this lawsuit for two years, with a fee of \$1 per weighted student per year, with a maximum amount. As we discussed at the meeting of our group at the TASA Summer Conference on June 24, 2013, it now is necessary for us to request the second year's fee commitment. We fully expect this second installment to carry us through the additional trial and any subsequent appeal. An invoice is attached to this letter for this payment. As previously discussed, we will seek reimbursement of our attorney's fees upon the successful completion of this lawsuit. If and when we are able to recover our fees, which will require legislative appropriation, participating school districts will be reimbursed accordingly, as in previous school finance litigation.

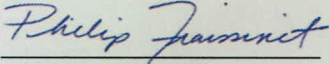
Again, we are deeply honored to represent your school district and all of the districts in the Fort Bend ISD Plaintiffs group. We believe in our cause, and we believe in the power of our Texas public schools

to improve the lives of children now and in the future, so that Texas will continue to be the great state that our Texas Constitution envisions. Thank you for your support, and thank you for what educators accomplish every day in your community. Please let us know if you have any questions, or if we may provide any additional information.

Very truly yours,
Thompson & Horton LLP



J. David Thompson



Philip D. Fraissinet

JDT/PDF/sr
Enclosure

579640



Thompson & Horton LLP
ATTORNEYS AT LAW
3200 Southwest Freeway, Suite 2000
Houston, Texas 77027
(713)554-6767
TAX ID 80-0222842

James K Wilson
Superintendent
Denton Independent School District
Central Services Center Office
1307 North Locust
Denton, Texas 76201

July 23, 2013
Invoice: 2024

Our Matter #: 091730.000001
School Finance Litigation

Statement for Services

Flat Fee: School Finance Litigation, second year installment	<u>27,773.00</u>
Total Balance Due	27,773.00

STATEMENT FOR PROFESSIONAL SERVICES IS PAYABLE UPON PRESENTATION
INVOICE AMOUNT DUE IN UNITED STATES DOLLARS