



WESLACO INDEPENDENT SCHOOL DISTRICT

319 W. Fourth Street
Weslaco, TX 78599-0266

Winners. Innovators. Scholars. Doers.

Dr. Priscilla Canales, Superintendent

BOARD OF TRUSTEES

Meeting:	Special Board Meeting
Place:	WISD Board Room
Location:	319 W. Fourth Street
Date:	August 30, 2017
Time:	5:38 P.M.

MINUTES

- I. The meeting was called to order by Erasmo Lopez, Board President.
- II. A quorum was established. The following board members were present.

Erasmo Lopez, President
Oscar Caballero, Vice President
Isidoro Nieto, Secretary
Patrick Kennedy, Trustee
Dr. Richard Rivera, Trustee
Dr. Jaime Rodriguez, Trustee

Andrew Gonzalez joined the meeting at 5:40 p.m. during closed meeting.

The Board convened in closed meeting at 5:39 p.m. Legal counsel addressed potential legal issues pertaining to the following items. The Board returned to open meeting at 5:55 p.m.

- III. Discussion and Possible Action for the Board to Consider Approval of Proposal Award for Property & Casualty Insurance – Boiler & Machinery, Inland Marine, and Flood (RFP #17-08-66)

The Superintendent recommended that the Board approve the proposal submitted by McGriff Siebels & Williams, Option 4, for Property & Casualty, Boiler & Machinery, Inland Marine and Flood Insurance for fiscal year 2017-2018.

Mr. Adam Payton, P&C consultant with SWBC, evaluated the two (2) property proposals and recommended the proposal from McGrief due to the following factors:

- Difference in premium: McGrief's proposal had a \$100,000 to \$200,000 savings over the other one.
- Sublimits for named storms were at \$75 million (apples to apples comparison)

- Major difference in AOP (all other perils) category:
 - › Quote from Montalvo Insurance included limits up to total insurable value of district's properties.
 - › Quote from McGrief's quoted 2 options: one at \$175 million and the other at \$275 million
 - The \$275 million was adequate for the proposed risk tolerance for WISD.
 - This option included the following items: wind, hail, fire, and lightning.
- McGrief's proposal includes assets above and beyond what was on the other quote: in-house claims and loss control.

In reference to the discussion on the ability for the Board to appoint an agent, Mr. Payton stated the following, "If you were to take one quote from another agent and give it to another one, it would be a resounding call to the rest of the state that would be very detrimental to the District in the long term." Therefore, he is not comfortable in putting the District in this situation.

Questions/Concerns from the Board:

- Mr. Kennedy questioned the difference between a sub-limit on AOP and the total limits?"
 - › Total limits: Value of all properties combined
 - › Sublimits: Based on underwriting guidelines and risk, carriers will provide a quote on what they are willing to provide the district; they do not have to provide a quote on the amount of coverage requested on the RFP.
- Mr. Lopez wanted to know why staff asked for less coverage and not for the full value of all the properties owned by the District. He questioned the difference of coverage between the two proposals: 1 company quoted coverage for \$435 million while the other company quoted coverage for \$175 million. He wanted to make sure the district advertised the correct amount of coverage needed on the request for proposals that were sent out.
 - › According to Mr. De La Rosa, the statement of values on the RFP listed coverage for up to \$435 million and therefore the district is not getting less coverage. The proposal from McGrief listed a per occurrence limit of \$175 or \$275 million. He pointed out that there was a typo on the first page of the proposal but that did not affect the overall of what was submitted and what was requested. In addition, there is a stipulation in the RFP that states that alternate versions of proposals may be submitted for either higher or lower values/limits of what is being requested by the district.
 - › Mr. Payton provided the following information to the Board:
 - Most school districts do not buy full limits of coverage
 - Some will buy full limits when the insurable value is \$100 to \$125 million
 - It would be financially unfeasible to buy full coverage for property valued at \$1.8 billion.
 - Both proposals offered name storm supplements at \$75 million.
- Dr. Rivera wanted to know which proposal offered a better money return in the event of a hurricane.

As per Mr. Payton:

- Both proposals proposed \$75 million in limits (apples to apples comparison)
- The proposal from McGrief would be cheaper
- Damage as a result of water and wind is included as part of a name storm
- Both proposals offered name storm supplements at \$75 million.
- Tornadoes fall under AOP: Montalvo quote covers \$435 million and the quote from McGrief covers \$175 or \$275 million
- The sublimit of \$175 or \$275 is per calendar year.

Mr. Lopez addressed his concern on the number of bids received for property and casualty insurance and on stop loss, which is very low. He stressed the need for the consultant to make every effort to obtain more bids in the future. Mr. Payton replied that because Weslaco ISD is a Tier 2 school, carriers are scared to come to the valley and bid. He made reference to the storms that recently occurred in Houston and Rockport. Mr. De La Rosa confirmed that the district received three bids for property and casualty six years ago, but went to rebid. After the rebid, the district received only 2 bids. Two years ago, the district also received two bids.

Due to two different interpretations provided by Mr. De La Rosa and the consultant on the sublimit, as well as his recommendation, Mr. Kennedy asked Mr. Payton the following:

- If you believe that AOP is an aggregate amount and it doesn't equal to total amount of district's insurable property, "Why do you recommend that lower amount than the full value of insurance?"
 - › Based on past performance, history, and 100 year statistical analysis on how damages occur, the likelihood that the district will need \$275 million plus is a low risk occurrence.

It is Mr. Kennedy's understanding that the district is taking on a smaller premium because they are betting that maximum damage will not occur in the district as oppose to paying a higher premium and assuming there could be a full district-wide destruction as a result of a major storm.

Mr. De La Rosa provided the cost difference between the two proposals:

- › Option 1 vs. Option 3: \$110,000
 - Option 1 with 1% name storm deductible and full supplements is \$766,790
 - Option 3 with 2% name storm deductible & \$275 AOP limit & increase of flood limits to \$25 million is \$656,816
- › Option 2 vs. Option 3: \$ 78,000
- › Option 2 vs. Option 4: \$210,000

According to Mr. De La Rosa, WISD has never filed a tornado claim. He informed the Board that both proposals were good and that either one would do the job. The recommendation made by administration was based on cost. Mr. Payton also commented that the coverage on the perils on both proposals was an apples to apples comparison, but not on the sublimit requested.

Andrew Gonzalez commented that the consultant had evaluated the two quotes and recommended Option 3. Since the Board has a fiduciary responsibility to save the district some money, he felt that they should go with the consultant's recommendation but to increase the sublimit to \$275 million.

Mr. Nieto concurred, stating that the District will be doing a lot of things this coming year and the Superintendent has also shared her vision which includes many improvements within the next four (4) years. Therefore, they need try to save money and utilize it in the best way possible.

Mr. Lopez reiterated that his concern was due to the language on the RFP that went out and the amount of coverage proposed by the two (2) companies where one provided full coverage and the other one did not. He stated that the district has always had full coverage and he did not want to encounter any problems in the event of a catastrophic storm.

Due to the insurance coverage expiring the following night, Dr. Rivera questioned whether it was possible to extend the coverage for an additional month or two while they rebid. He did not feel that they were comparing apples to apples, and did not want to find out later that the district was not covered if something were to happen.

Mr. De La Rosa and Mr. Payton recommended that the Board take action tonight due to other disturbances in the gulf. Mr. De La Rosa informed the Board that he received a text from the agent who submitted the counter proposal confirming that the per occurrence was not an aggregate limit; the only aggregate was on the flood limit. Therefore, the proposal being recommended was more advantageous.

Mr. Gonzalez asked the school attorney if the RFP was followed by the school district. According to the school attorney, the RFP stated, "Proposals are to be submitted in accordance with these specifications: Any restrictions, deviations or other modifications with either restricted or broader coverage should be noted in proposals. In the absence of notification of these modifications, companies will be held to these specifications."

The consultant pointed out that the proposals were an apples to apples comparison of the perils that is covers, but not an apples to apples comparison in the cost and the sublimits requested.

Andrew Gonzalez made the motion to award the proposal for Property and Casualty Insurance – Boiler & Machinery, Inland Marine, and Flood to McGrief Siebels & Williams, Option 4, and to increase the sublimit to \$275 million and flood coverage to \$25 million. Oscar Caballero seconded the motion and it passed unanimously.

Voting in favor of the motion made by Andrew Gonzalez and seconded by Oscar Caballero to award the proposal for Property and Casualty Insurance – Boiler & Machinery, Inland Marine, and Flood to McGriff Siebels & Williams, Option 4, were: Patrick Kennedy, Andrew Gonzalez, Oscar Caballero, Isidoro Nieto, and Dr. Jaime Rodriguez. Voting against the motion were Dr. Richard Rivera and Erasmo Lopez. Motion carried with a 5 to 2 vote.

IV. Discussion and Possible Action for the Board to Appoint an Agent for Property & Casualty Insurance – Boiler & Machinery, Inland Marine, and Flood

Non-action item.

V. Discussion and Possible Action to Approve Budget Amendments

Mr. Andres Sanchez, Assistant Superintendent for Business & Finance presented the following budget amendments for approval, which in essence reverses the budget amendments approved on August 21, 2017, that were not taken into account when preparing the Final Amended Budget.

1. Local Maintenance Fund - Dr. Raul Cantu: To reclassify funds to reimburse administrators for travel expenses. \$250.00
2. State Vocational – Sandra R. Avila: To reclassify funds to cover travel expenses for Summer professional development and trainings for staff, and to pay for Summer student tuition for ECHS students. \$ 27,000
3. State Gifted & Talented – Samantha J. Mize: To reclassify funds to purchase computer and laptop, and office furniture for GT Director. \$5,865

Transfers to/from Fund Balance & Changes in Revenues, Other Resources/Uses

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|------------------------------|-----------------------------------|
| 1. Local Maintenance Fund | Debt Service Fees: \$1,558 |
| Javiel Ruiz, Budget Director | Operating Transfer Out: - \$1,558 |

To reverse budget amendments approved on August 21, 2017 that were not taken into account when preparing the Final Amended Budget. Initially, it was to increase budget for Limited Maintenance Tax Notes, Series 2017 Operating Transfer Out due to a refund in estimated debt fees.

Dr. Rivera made the motion to approve the budget amendments as presented. Isidoro Nieto seconded the motion and it passed unanimously.

VI. Discussion Regarding Hurricane Harvey's Impact on WISD

Superintendent Dr. Canales informed the Board that due to the pending expectation of inclement weather due to Hurricane Harvey, staff was released early from work on Friday, August 17. After surveying several school districts, administration made the decision to release early in order to allow staff to get home safely and take care their families.

- Two (2) institutions of higher learning closed early on Friday.
- Six (6) school districts in the surrounding area closed for the entire day.

In support of the victims across the state who were affected by Hurricane Harvey, WISD will be assisting in the following ways:

- A food drive and a can drive will be held during the football game on Friday, EHS vs. Sharyland.
- Donations will be delivered to Channel 5.
- Some campuses will be collecting cash donations for the Red Cross and others will be collecting items needed for the victims.
 - › The items will be delivered to the different collection sites: Payne Dealer Group, H.E.B, the Hospital, and the Valley Food Bank.

Questions/Comments from the Board:

- "Will employees have to make up the half-day?"
 - › A resolution to address the District's closing for purposes of the health and safety of all employees will be presented for board approval at the Regular Board Meeting.
 - › District employees will not have to make up the half-day.
- "Is WISD accepting students who are displaced?"
 - › As per TEA notifications, WISD as well as other school districts are accommodating students displaced as a result of the hurricane, in an effort to provide them a solid education.
 - Mr. Lopez asked that staff keep them abreast of the number of students being enrolled at WISD, and let the Board know if there is anything else that they can do to assist.
- "Are students allowed to participate in UIL Sports?"
 - › According to Coach Riojas, students are considered homeless and therefore they will be able to participate in UIL sports.

Board President Erasmo Lopez commented that due to the length of time it will take to repair the homes damaged by Hurricane Harvey, there is a possibility that students will remain in our district for 2-3 months, or families might relocate as they did when Hurricane Katrina occurred. He asked staff to follow-up on the number of new families relocating to Weslaco and also requested that counselors be available to provide counseling to children who have gone through traumatic experiences as a result of the hurricane.

- Dr. Rivera requested that enrollment information for the first week of school be placed on the weekly update.

Andrew Gonzalez left the meeting at 5:55 p.m. during closed session.

VII. Closed Meeting to Discuss:

The Board convened in closed meeting at 6:52 p.m. to discuss the following items:

A. Personnel Matters (Tex. Gov't Code 551.074)

1. Employment of Personnel
2. Resignations
3. Deliberation Regarding the Appointment, Employment, Evaluation, Reassignment, Duties, Discipline, or Dismissal of a Public Officer or Employee (Tex. Gov't Code 551.074 and 551.071)

B. Consultation with Attorney Regarding: a) Pending or Contemplated Litigation; b) a Settlement Offer, or c) a Matter in Which the Duty of the Attorney to the Weslaco Independent School District Under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas Clearly Conflicts with Chapter 551 of the Texas Government Code (Tex. Gov't Code 551.071)

1. Consultation with Legal Counsel Regarding Possible Amendment to Release Agreement in Connection with Complaint Filed by A. Valdez under WISD Policy DGBA(local)

VIII. Reconvene in Open Meeting:

A. Possible Action, If Necessary, on Items Discussed in Closed Meeting

The Board returned to open meeting at 7:23 p.m. to take action on the following items:

A. Personnel Matters (Tex. Gov't Code 551.074)

1. Employment of Personnel

The Superintendent recommended that the Board approve the contracts for certified professional personnel as presented.

Name	Position	Location
1. Alonzo, Ernesto	Criminal Justice Teacher	Weslaco High School
2. Guerra, Jose	Spanish Teacher	Weslaco High School
3. Solis, Martha	Elementary Teacher	Weslaco High School
ADDENDUM		
1. Perez, Irma	Registered Nurse	Early College High School

Andrew Gonzalez made the motion to approve the contracts for certified professional personnel as presented. Patrick Kennedy seconded the motion and it passed unanimously.

2. Resignations

The Superintendent recommended that the Board approve the resignations for certified professional personnel as presented.

Name	Position/Location	Reason/Effective Date
1. Grado-Gonzalez, Jenna	Science Teacher Weslaco East High School	Mrs. Gonzalez is resigning to accept the position of Head Swim Coach with PSJA ISD, pending a suitable replacement.

2. Macias, Jesus Manuel	Criminal Justice Teacher Weslaco High School	Mr. Macias was approved by the Board on August 17, 2017. Mr. Macias declined the position of Criminal Justice Teacher on August 23, 2017; he decided to remain employed at La Joya ISD.
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Andrew Gonzalez made the motion to approve the resignations of certified professional personnel as recommended by the superintendent. Dr. Jaime Rodriguez seconded the motion and it passed unanimously.

3. Deliberation Regarding the Appointment, Employment, Evaluation, Reassignment, Duties, Discipline, or Dismissal of a Public Officer or Employee (Tex. Gov't Code 551.074 and 551.071)

Non-action item.

- B. Consultation with Attorney Regarding: a) Pending or Contemplated Litigation; b) a Settlement Offer, or c) a Matter in Which the Duty of the Attorney to the Weslaco Independent School District Under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas Clearly Conflicts with Chapter 551 of the Texas Government Code (Tex. Gov't Code 551.071)

1. Consultation with Legal Counsel Regarding Possible Amendment to Release Agreement in Connection with Complaint Filed by A. Valdez under WISD Policy DGBA(local)

Patrick Kennedy made the motion to amend the release agreement in connection with the complaint with A. Valdez as discussed with legal counsel in closed meeting. Andrew Gonzalez seconded the motion and it passed unanimously.

IX. Adjournment

The meeting adjourned at 7:26 p.m.

