

Minutes of Meeting of Board of Trustees
El Paso Independent School District
December 17, 2001
4:00 p.m.
Education Center-Boeing

Present: Mr. Dan Wever, President
Dr. Gene Finke, Vice President
Miss Leonor Garcia, Secretary
Mr. Sal Mena, Jr.
Dr. Charles Roark
Mr. Joe Rosales
Mr. Charles Tafoya, Associate Superintendent, Human Resources
Mr. Anthony Safi, School District Attorney

Absent: Mr. Richard Telles
Dr. Gilberto Anzaldua, Superintendent

The meeting was called to order at 4:15 p.m. by Mr. Wever. The Pledge of Allegiance was led by Senator Eliot Shapleigh.

Status Report on City of El Paso's Proposed Creation of Tax Increment Financing Districts Nos. 2 and 3, and Discussion and Possible Action Regarding Same (Item #1)

Mr. Safi reviewed the discussion from the December 11, 2001, Board meeting, regarding Tax Increment Financing (TIF) Districts 2 and 3. He recapped the meeting held with Mayor Raymond Caballero and representatives from his office, and District representatives, including the Superintendent, Board members, District staff, and himself. At this meeting various legal issues were presented to the City which relate to EPISD's participation in the TIF Districts. Mr. Safi also reported on a subsequent meeting he had with Mr. Norman Gordon, City's legal counsel, where issues regarding the TIF Districts were discussed in concept. Mr. Safi described a Tax Increment Financing District, which identifies blighted property and captures taxes over the base appraised value to enhance the property value in the TIF zone.

Ms. Joyce Feinberg, representing Mayor Caballero, commented on the TIF zones benefiting all of El Paso and the need for partnering to make the needed changes. She stated that the City believes the advantages of the TIF Districts will outweigh any disadvantages.

Mr. Norman Gordon, legal counsel for the City of El Paso, provided information on the preliminary finance plans for each TIF District and reviewed the historical growth scenario for EPISD. He advised that the City was committed to working with the EPISD on any loss of state funding and that there is an Attorney General's opinion which states that a school district is not to be penalized under these circumstances.

Mr. Safi reviewed the informal discussions held with the City's legal counsel regarding the conditions that the EPISD and the City could consider with regard to an agreement on the TIF Districts. These conditions may include no loss of state revenue; the amount of EPISD's contribution; increasing the District's representation on the TIF Board; TIF funds financing education facilities; limiting the duration and number of TIF projects; and the establishment of safeguards regarding the risk of overpayment for private property currently on the District's

tax roles that might be acquired by the City. Mr. Safi advised that any agreement would need the approval of the Attorney General or the court. If there is no agreement, the City may take all the tax revenues allowable from the EPISD. The District's contention is that this would be unconstitutional.

There was discussion on how tax funding would be replaced; the TIF zones providing overall improvement and growth; and the projected 3.3 percent growth rate in the proposed TIF zones and the lack of growth rates in TIF District No. 1.

Sen. Eliot Shapleigh commented on TIF District No. 2 and the Border Health Institute; the need to increase El Paso's tax base and to invest in the TIF Districts; the need for a vision for TIF No. 3; and establishing a CART (Center for Advanced Research and Technology), a joint venture technical school, in the downtown area (reference the December 11, 2001, Board meeting).

Discussion continued on having a special tax for the TIF Districts; property values having already increased in the area of TIF District No. 2; the need to invest and negotiating the concerns associated with the development of the TIF zones; Thomason General Hospital being exempt from contributing to TIF District No. 2; and the history of TIF legislation and El Paso being the only city in the state of Texas whose school districts are not exempt from forced participation in TIF Districts.

The following person requested to speak to this item:

1. Ms. Martie Jobe, attorney representing several large property owners in proposed TIF District No. 3, spoke about the area not being blighted and the opposition to establishing this TIF zone.

There was continued discussion on tax abatements being issued by a taxing entity involved in a TIF District; the rationale for allowing Canutillo ISD to exempt out of TIF District No. 3; and issuing bonds to finance infrastructure in TIF District No. 2.

Mr. William Goodman, Associate Superintendent, Finance, provided information on the monies that would be invested in the TIF Districts, the amount of state revenue that would be lost, and the negative effect on the EPISD.

Meeting Closed (Item #2)

The meeting was recessed at 6:10 p.m. to a closed meeting by Mr. Wever under Section 551.071 of the Texas Government Code as follows:

- A. Consultation with School District Attorney Regarding Contemplated Litigation – Contemplated Litigation Against the City of El Paso Regarding Proposed Tax Increment Financing Districts Nos. 2 and 3, and Confidential Attorney/Client Discussion Regarding Legal Aspects of Protection of EPISD's Tax Base and State Revenue

The closed meeting started at 6:20 p.m. The closed meeting ended at 7:10 p.m.

Meeting Opened

The meeting was reassembled in Open Session at 7:12 p.m.

Status Report on City of El Paso's Proposed Creation of Tax Increment Financing Districts Nos. 2 and 3, and Discussion and Possible Action Regarding Same (Item #1)

It was moved by Dr. Finke, seconded by Mr. Rosales, and carried unanimously that the Board direct the Board President and legal counsel to advise the El Paso City Council of the legal problems and EPISD's objections to proposed Tax Increment Financing Districts Nos. 2 and 3, and propose further discussions toward a mutually agreeable resolution, subject to the right of the EPISD to file suit if no agreement is reached.

Meeting Adjourned

The meeting was adjourned at 7:18 p.m.

Date Approved: March 26, 2002