

Jordan School District
MINUTES OF BOARD OF EDUCATION MEETING
January 10, 2012

The Board of Education of Jordan School District met in closed, study, and regular sessions on Tuesday, January 10, 2012, beginning at 4:37 p.m. at the District Auxiliary Services Building, 7905 South Redwood Road, West Jordan, Utah.

MOTION: At 4:38 p.m., it was moved by Mr. Carmen R. Freeman and seconded by Mrs. Peggy Jo Kennett to go into closed session. Motion carried unanimously.

CLOSED SESSION

Those recognized or signed-in as present:

- Rick Bojak, Board President
- Leah Voorhies, Board Vice President
- Carmen R. Freeman, Board Member
- Peggy Jo Kennett, Board Member
- Richard S. Osborn, Board Member
- Susan K. Pulsipher, Board Member
- Corbin White, Board Member
- Patrice A. Johnson, Superintendent of Schools
- D. Burke Jolley, Deputy Superintendent for Business Services
- June M. LeMaster, Administrator of Human Resources

Board President Rick Bojak presided and conducted. The Board of Education met in a closed session to discuss personnel, property, and potential litigation issues. The closed session discussion was recorded and archived.

At 5:50 p.m., the meeting adjourned. The Board returned to study session.

STUDY SESSION

Those recognized or signed-in as present:

- Rick Bojak, Board President
- Leah Voorhies, Board Vice President
- Carmen R. Freeman, Board Member
- Peggy Jo Kennett, Board Member
- Richard S. Osborn, Board Member
- Susan K. Pulsipher, Board Member
- Corbin White, Board Member
- Patrice A. Johnson, Superintendent of Schools
- D. Burke Jolley, Deputy Superintendent for Business Services
- John M. Taylor, Administrator of Auxiliary Services
- Herb Jensen, Director, Transportation Services

Board President Rick Bojak presided and conducted. The Board of Education met in a study session to discuss the following issues:

A. Hazardous Bus Routing

Mr. Herb Jensen, director of Transportation Services, reviewed the District's prior hazardous bus routing experience, including various routes and costs. Mr. Jensen discussed routes that have been improved by local communities in an effort to provide safe walking access for their children and discussed other routes that have not been improved.

At 6:20 p.m., the meeting adjourned. The regular session began at 6:30 p.m.

REGULAR SESSION

Those recognized or signed-in as present:

Rick Bojak, Board President
Leah Voorhies, Board Vice President
Carmen R. Freeman, Board Member
Peggy Jo Kennett, Board Member
Richard S. Osborn, Board Member
Susan K. Pulsipher, Board Member
Corbin White, Board Member
Patrice A. Johnson, Superintendent of Schools
D. Burke Jolley, Deputy Superintendent for Business Services
Laura Finlison, Administrator of Curriculum and Staff Development
Anthony A. Godfrey, Administrator of Schools
June M. LeMaster, Administrator of Human Resources
John M. Taylor, Administrator of Auxiliary Services
Teri Timpson, Administrator of Schools
Bevan J. Wasden, Administrator of Schools
Scott Thomas, Staff Assistant, Area Administrators of Schools
Steve Dunham, Communications Manager
Jeri Clayton, Administrative Secretary
Garth VanRoosendahl, AV Maintenance Lead
Jennifer Boehme, President, Jordan Education Association
Janet Tufts, President, Jordan Education School Professionals Association
S. Kayleen Whitelock
Andrea Moore
Jolynne Alger
Bruce Munson
Kris Hansen

Board President Rick Bojak presided and conducted. He welcomed those present and noted that the format of this regular session was modified and will include one special business item and two bid items. He recognized Westland Elementary students for providing the artwork for the walls of the Board room.

I. Special Business

A. Recommendation to Approve Property Purchase

Mr. John Taylor, administrator of Auxiliary Services, said the administration is recommending the purchase of the District Office building located at 7387 S. Campus View Drive in West Jordan. He provided the following rationale for the purchase:

- The current purchase price of \$9.2 million is almost \$2 million below the appraisal the District obtained last spring of \$11.1 million. The seller at that time offered the property for purchase at \$10.25 million. The purchase price includes the vacant lot to the south and the entire parking lot.
- The purchase of the building will provide substantial long-term savings to the taxpayers. It will immediately eliminate continued lease payments of \$44,000 per month (which will increase to \$46,400 on July 1st) and the payment of property taxes public entities must pay on leased buildings.
- Money spent on tenant improvements to finish the interior office space prior to moving into the building will be recouped.
- The District will not have to spend money in the future to move District Office personnel to either portables or a new facility.

- The \$9.2 million to purchase the District Office building is slightly more than the estimated \$9.175 million it will cost to provide portable units at the Auxiliary Services Building to house District Office personnel. This cost includes the purchase of portables or building materials to construct units, electrical, heating/air conditioning, making them code compliant with water, restrooms, handicap access, fire codes, etc., and renovations to a portion of the Auxiliary Services Building to provide the space necessary for personnel.
- The District Office building functions well and has room for growth as the population of the District increases.

Board Member Questions/Comments

Mrs. Kennett requested that Mr. Jolley explain to the public why the details of the property purchase have been discussed only in closed session. Mr. Jolley responded that a discussion of the purchase or disposition of property in a closed session is allowed by state statute, Utah Code 52-4-205, Closed Meetings. He said this law protects the buyer and seller during the negotiations process and protects the public interest.

Mr. Freeman asked whether the building could be sold for the price paid. Mr. Taylor said in the long-term property values increase and decrease but consultants are saying that the commercial market in Utah is turning around and he believes the value will escalate beyond the purchase price, making this purchase a good investment.

Mr. Bojak asked what the estimated cost would be to provide a comparable building in four to five years on land the District owns. Mr. Taylor responded that an estimated minimum building cost would be \$180 to \$200 per square foot plus site costs that run about \$1.8 million for water, sewer, electrical, road improvements, etc. Mr. Jolley interjected that building costs would be in the \$10 million to \$12 million range and this doesn't include the cost of the parking lot. He also noted that the District Office purchase price includes an extra building pad and a double parking lot and the District could not replicate the purchase offer for this property.

Mr. Bojak noted that the vacant land included in the purchase could be sold. Mr. Taylor added that it might be in the District's best interest to wait until property values rebound and perhaps use the vacant lot in trade for a needed school site.

Mr. White asked whether the District would recoup its investment if they decided to move or use the building for another purpose. Mr. Taylor stated that in today's market the District could probably equal its investment if the property were sold but that it would see an increase in its investment as the market improves.

Mr. White asked Mr. Jolley for an explanation about capital outlay funds in reserve since the split with Canyons District and how this money could be allocated for an administrative building. Mr. Jolley explained that when the District split, Jordan District was awarded about 60 percent of the liquid (cash) assets. The reason is because the law governing the split and the Arbitration Panel recognized that there would be certain assets that each new District retained. The Canyons District inherited the District Office building, Auxiliary Services building, Transportation facility, Warehouse facility, Jordan Resource Center, the old Valley High School, and other properties. Jordan has since replaced the Jordan Resource Center using federal funds and Valley High School with bond monies. Jordan retained a partial Transportation facility, but no District Office or Auxiliary Services building. The intent of the Arbitration Agreement was for Jordan District to use the monetary assets they received to make themselves whole and gave the authority to the Board of Education to decide how that money should be apportioned.

Mrs. Pulsipher questioned if the money received from the split is currently in the capital outlay fund. Mr. Jolley said, "yes," and reminded Board members that the money has already been used to build an elementary school, to pay for the portion of the new middle school not covered by the

Countywide Equalization funds, for improvements to the Transportation facility and other facilities, all with Board approval, and if the Board approves, it will be used for the purchase of the District Office building.

Mr. White asked Mr. Jolley how long the District Office will serve the needs of the District and to confirm the time frame in which the District will need five to six elementary schools, a couple of middle schools, and a high school. Mr. Jolley responded that projections are these schools will be needed in the next five to ten years provided there is no change in current growth patterns. He also noted that the time frame is subject to economic conditions of which the District has no control and that projections are dependent upon the assumptions the Board agrees with such as what percentage capacity triggers the need for a new building. Mr. Jolley said he sees the District Office and Auxiliary Services buildings, which are currently meeting the needs of a 50,000 student district, meeting the needs through a 70,000 or 80,000 student District if program support remains consistent with what it is currently.

Mr. Freeman asked Mr. Jolley to explain the \$10 million the District will be awarded from the South Jordan City Community Development Project in the Daybreak area. Mr. Jolley said when South Jordan City established its CDA within Daybreak, they approached the District about potentially building a District Office as part of the CDA because they saw having the District Administration in that area as an asset. South Jordan City said they would build it on their land and donate it to Jordan District in lieu of other payments that would be owing to the District under the CDA. The District accepted South Jordan City's proposal but added a provision that if the District should choose another location for its District Office, then South Jordan City would give the District the cash payment which could be applied towards the purchase of the administration building or other capital facility. Mr. Jolley also noted that the receipt of funds will not be paid in one lump sum, but rather a phased receipt based on the city's tax collections, development, etc.

Mr. Osborn asked whether the District, if it were to move into a building provided by South Jordan City, would have the same terms as homeowners in the Daybreak area which is that they don't own the land, and would it be considered a long-term lease. Mr. Jolley said he believes there was a provision that if the District sold the building, South Jordan City would have the first right of refusal so they would be guaranteed to take the property back.

Mrs. Pulsipher asked who performed the appraisal on the District Office and when it was done. Mr. Taylor responded that the appraisal was done in approximately April 2011 and he could get the name of the company for her tomorrow. He noted that commercial properties have increased in value since the date of the appraisal and said that if another appraisal were done now it is possible the value will have increased. He noted that there may be some confusion about the appraisal because the building was evaluated in two ways, one appraisal was as a "gray shell" meaning the building was appraised with no infrastructure at \$7.5 million, and one appraisal with tenant-improvements included in the appraisal. He also noted that appraisers are regulated and will not jeopardize their licenses to make it sweet for a buyer or seller.

Mrs. Pulsipher asked Mr. Taylor if he was aware that Salt Lake County has the building appraised at much less than the District's appraisal and said she understands that the tax and market appraisals do not usually vary more than 10 or 20 percent. She expressed concern about the variance between the County's figures and the appraisal's figures. Mr. Taylor said market value is the preferred indicator of value in the purchase of real estate. Mr. Jolley added that in his years of experience, a seller has never offered to sell the property at its taxable value and also from a legal standpoint the State recognizes an appraisal as an appropriate tool for the sale or purchase of property. Mr. Jolley also noted that it is to the District's benefit that the building has a low taxable value because governmental entities are not required to pay property tax on facilities they own, but they are required to pay property tax on leased properties.

Mr. White asked whether the purchase of the District Office hampers the ability to build a new school. Mr. Jolley responded that the long term reality is that this District needs a successful bond

election to meet its new construction, remodel, and renovation needs. In the short term the District has been able to build a few schools from its reserves. He said he believes with the District's current reserves, after taking into consideration the District Office purchase, the obligations remaining for the construction of Fox Hollow and the new middle school in Herriman, the District could start the construction of another school and pay for that building. He said this information has not been shared with the public until now but it would still leave the District with an appropriate reserve in the Capital Outlay fund for any potential emergencies such as a boiler replacement or other unexpected problem. He noted again that in the long term, the District will need to have a successful bond election in order to build schools to house the increasing population.

Public Comment

Ms. Kayleen Whitelock thanked the Board for the information given by Mr. Taylor and Mr. Jolley about the purchase of the building. She expressed the opinion that patrons should have been given more time to decide how they felt about the purchase of the building and asked that in the future the Board have the discussion and then take its vote the following week. She expressed a concern that the purchase will affect the District's bond rating. She stated that overall she is in favor of the purchase of the building because she believes the District does need an administrative building and with the currently low prices the property value will probably increase. She also said the District needs more schools and will need a successful bond election to build them.

Board members asked Mr. Jolley to respond to Ms. Whitelock's concern about the bond rating. Mr. Jolley stated that the purchase will have no effect on the bond rating because capital outlay reserves are used for property purchases, improvements, buildings, etc., and the rating agencies will see that as a positive expenditure of those funds. He also stated that rating agencies may view the fact that the District has been leasing the building rather than having ownership as a negative. The rating agencies are more interested in the District's tax base, how it is dealing with its growth, how it is managing its funds, and what the District's track record has been. Mr. Jolley said that within the last couple of months the District's AAA bond rating was reaffirmed. He also said there is no guarantee that if the District goes out for a bond that the AAA rating will be maintained because the debt ratios will change significantly, but from everything the rating agencies have said, they are impressed with what the District has done over the past ten plus years.

Ms. Andrea Moore said she has spent countless hours trying to figure out how the purchase of the building makes sense when there are communities that need more schools and the proposed boundary changes at Eastlake Elementary are only short term options. She suggested to the Board that they look into mortgaging the purchase instead of paying cash so the District could use the cash to build the needed schools. She also said she was hoping to see a build vs. buy and line for line analysis because she is a visual learner and doesn't like staple answers. She felt the information given by the administration was insufficient and questions why executive facilities are being put ahead of educational facilities.

Ms. Jolynne Alger said she believes the purchase is a strategic mistake and that Board members should know that winning a bond election is like winning a campaign—it requires a strategy first over anything else and there are more important places to spend education dollars than on the administration. She expressed her opinion that the Board should hold a bond election before purchasing an administration building because the economy is not going uphill fast and there is ample time to get a "sweet" deal. She suggested the District be smarter with its money and build bricks and mortar schools that are functional and safe and where students can receive an education. Ms. Alger said she will be the one going door to door to get the bond passed but won't be able to do that if the Board has not used proper strategy or showed the community that the money has been spent on the kids first.

Mr. Bruce Munson expressed his opposition to the purchase of the administration building. He said he doesn't understand how the capacity planning process is done and stated his belief that the Auxiliary Services building is half empty so employees should desk share to reduce costs. He stated he also believes the Auxiliary Services building is big enough for all of the District's needs and even if the District got rid of the administration building lease and lost a million dollars it would still be money saved. Mr. Munson said his daughter has been in a portable for four of the last six years and administrators should be put in portables because it is about education, not administration.

Ms. Kris Hansen addressed the Board regarding Special Education. She said her special needs daughter attends Joel P. Jensen Middle School and so far this year they have had three different teachers and three different bus drivers and the kids don't understand the changes. She commended the school administration and Mr. Scott Thomas for being attentive to these kids, but she felt there needed to be more help provided to them because the cuts were severe last year and the kids are suffering as a result. She also said the behavior of one of the students is out of control and with the cutbacks she is concerned about the safety of the teachers and other students.

Board Member Questions/Comments, Continued

Mr. Freeman said the purchase of the District Office building, while it may look wonderful on paper, sends the wrong message to patrons and creates a negative public perception. He stated that personally, as a taxpayer, if he knew the District purchased this building, he would not vote for a bond and he would fight a tax increase. Mr. Freeman said he would be voting against the motion.

Mrs. Pulsipher said her vote would also be "no" and that she feels the purchase will jeopardize the bond election. She said there is great need in the South Jordan and Herriman areas for new schools and every penny should be spent on the construction of new buildings. She said she believes the District should continue to lease the administration building and wait to discuss the issue when the money is received from South Jordan City. She also said by waiting the District will have more knowledge about what needs will be met by the bond and where the District is regarding growth. Mrs. Pulsipher suggested the Board look at a long term growth analysis with community input to feel good about what they are doing.

Mr. Osborn said he has reservations about putting off a decision regarding the purchase because there is no guarantee in three years when the lease expires that the building will be offered at this low price and no guarantee the District will even receive an offer to purchase the building. He said if the economy improves in the next three years the District will end up spending more to house the administration and now is the time to take advantage of low prices. Mr. Osborn said the District has an opportunity to purchase a building at a low price because of the current economy that will serve the needs of the District for many years and that it makes far more sense to buy than rent.

Dr. Voorhies thanked Board members and patrons for expressing their opinions about the property purchase. She stated that she is in favor of purchasing the building because she believes the District will make money on the deal and it is a huge waste of taxpayer money to pay rent and to pay property taxes when it is not necessary as a public entity to do so. She said she recognizes the importance of the issues that Mrs. Pulsipher and the patrons raised and said these have weighed heavily in her decision, but she believes the District will do better by children by not paying rent, not paying taxes, and by being able to recoup and even make money on the investment the District has already made in the administration building. She said in looking at the cost benefit analysis, it is a better decision to purchase the building.

Mr. Bojak stated that the information Mr. Jolley provided that the District can still build one elementary school without a bond even with the purchase of the administration building is

important and that the purchase would eliminate the paying of rent and property taxes. He said he can't imagine that the Board would not want to do that and he is in favor of purchasing the building. He also stated that in the past the patrons have said to do what is necessary, including raising taxes to keep teachers in the classroom and he believes the patrons will still want to do what is best for the children.

Mr. Jolley stated that another perspective or way to publicly explain the purchase of the building is that the Board is buying the building net/net for about \$7.5 million. It would be easy to explain that the Board has made an excellent investment because the District will receive over \$10 million from South Jordan City and by buying this building now the District is actually saving taxpayers \$2.5 million that can be used towards school construction. By waiting, the Board will get a lesser building at \$10 million and will have spent approximately one-half million dollars per year until the new building is ready.

Mrs. Kennett said she appreciated hearing the concerns about housing students and the possible bond election, but from her viewpoint she believes the purchase of the building shows fiscal responsibility to the taxpayers and it will be beneficial to the District. She said she wanted to reiterate points made earlier in the meeting. In the District split Jordan received cash to compensate for the loss of the Auxiliary Services, Administration, and Transportation buildings and it was expected that some of this money would be used for an administration building. Mrs. Kennett said a facility is needed to house the District Office people and this is currently being done in leased facilities and the District is having to pay property taxes. She said it is better for a public entity to own property than lease it. The proposed purchase price is \$2 million below the appraised price. The District could not replicate the administration building for the purchase price so it makes sense to buy rather than build. She said every other option the Board has explored with the administration would cost taxpayers more than the cost to purchase the administration building. Mrs. Kennett said the purchase of the administration building shows fiscal responsibility and she will be voting in favor of the motion.

Mr. White stated that it would not be fiscally responsible to vote in favor the purchase because the children are first and the administration is second. He said he would rather have administrative employees working in a trailer park of portable classrooms for \$9.75 million than having children in portable classrooms. He said he questions the timing of the purchase and agrees with Mr. Freeman's comments that perception is huge. He said Eastlake Elementary patrons are being asked to sacrifice and attend schools not in their neighborhood and his purpose for being on the school board is strictly in the best interest of kids. His assessment as he has walked through the Auxiliary Services building is that it is empty and he wonders if the amount of money earned from renting the classroom and auditorium space would equate to a savings. He recommended moving the District Office employees to the Auxiliary Services building and adding portables in the parking lot. He said no one knows how quickly the economy will recover so the Board needs to wait before making a decision and spend money where it counts—on the kids.

MOTION: It was moved by Mrs. Peggy Jo Kennett and seconded by Dr. Leah Voorhies to approve the purchase of the District Office building located at 7387 S. Campus View Drive, West Jordan, Utah. The motion passed with a four to three vote as follows:

Rick Bojak	Yes
Leah Voorhies	Yes
Carmen R. Freeman	No
Peggy Jo Kennett	Yes
Richard S. Osborn	Yes
Susan K. Pulsipher	No
Corbin White	No

II. **Bid Recommendations**

A.	<u>School or Department</u> Central Warehouse	<u>Items for Bid</u> Tape Supplies
	<u>Bidders</u> AFP Industries, Inc. Business Stationers Commercial Art Supply DGS Educational Products Demco, Inc. Elgin School Supply National Art & School Supplies Office Depot Pyramid School Products Quill Corporation Southwest School & Office Supply Standard Stationery Supply Company The Library Store, Inc.	<u>Amount of Bid</u> \$50,383.20

Purpose: To replenish supplies at the Central Warehouse.

Recommendation: It was recommended awarding the contract to the lowest responsive bidders, AFP Industries, Business Stationers, National Art & School Supplies, Office Depot, Pyramid School Products, Quill Corporation, Southwest School & Office Supply, who complied with the specifications, terms, and conditions outlined in the bid documents.

B.	<u>School or Department</u> Elk Ridge Middle School	<u>Items for Bid</u> Auditorium Seating
	<u>Bidders</u> Fetzer Architectural Woodwork	<u>Amount of Bid</u> \$57,999.92

Purpose: Upgrade needed to be ADA compliant and to meet current fire codes.

Recommendation: It was recommended awarding the contract to the lowest responsive bidder, Fetzer Architectural Woodwork. They complied with the specifications, terms, and conditions outlined in the bid documents. An invitation to bid was sent to four vendors; one response was received.

MOTION: It was moved by Mr. Corbin White and seconded by Mr. Richard S. Osborn to approve the Central Warehouse bid, as recommended. Motion carried unanimously.

MOTION: It was moved by Mr. Richard S. Osborn and seconded by Mr. Carmen R. Freeman to approve the Elk Ridge Middle School bid, as recommended. Motion carried unanimously.

President Bojak called for a motion for adjournment.

MOTION: At 8:00 p.m., it was moved by Mr. Corbin White and seconded by Mrs. Susan K. Pulsipher to adjourn the meeting. Motion carried unanimously.

/jc