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The Monitor, www.themonitor.com | TUESDAY, AUGUST 11, 2015

PSJA

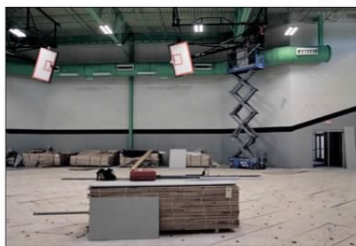
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District officials said they never paid any subcontractors directly for any work performed on its schools, rather the only checks recorded are to Texas Descon, which was then the general contractor.

"Subcontractors and material men are the backbone of the public construction industry," said Jesus "Chuy" Ramirez, attorney for the school district who is also representing a subcontractor on a different claim being made of Texas Descon, a McAllen-based, family-owned construction firm.

"They are the ones that provide the up-front cash to buy materials and labor to produce these projects, not the (general) contractor."

PROJECTS TERMINATED
Four school projects awarded to Texas Descon worth more than \$65.6 million were terminated July 27 by the school board that included renovations at Palmer Elementary School, Alamo Middle School, Daniel Ramirez Elementary School and San Juan Middle School. Dozens of subcontractors



A gymnasium floor site unfinished Wednesday at Alamo Middle School in Alamo.

planned to work on San Juan Middle School, a project Texas Descon estimated would cost \$22.7 million according to district records. About \$5.4 million worth of work would be performed by historically underutilized businesses, or minority-owned companies most of which were small and locally owned.

Since September 2013, PSJA school district has paid \$23.3 million directly to Texas Descon, as the gen-

eral contractor. But it is unclear how much has been paid to subcontractors. Despite calls to the company's office, emails to the construction firm's owners or attorneys that represent the company, the company has not responded to comment for this story.

Some of those same subcontractors also worked on Alamo Middle School, and out of the \$17.3 million project about \$6.7 million was pledged to minority-owned and

and the subcontractors should be patient.

"I am working diligently trying to get through all the subcontractors and their pay apps. Zim's which includes your company, is in line for further review on San Juan and a full review on Palmer," wrote Anita Smith, on Dec. 24, 2014. Smith is the mother of Michael Douglas Smith, current owner of Texas Descon. His father, Michael Charles Smith, founded Descon Construction in the 1980s. "I understand that in the past our former controller was not taking calls, not answering emails. That is no longer the case and everyone has been instructed to pass calls through," Smith continued. "I understand your filing the bond claims and are working diligently and quickly as I can to verify all accounts so they can be processed for payment, but this is a slow process."

Another subcontractor, ASG Security, also reached out to the district for unpaid claims during the same month.

We are still owed \$82,209.54 according to September draw. As you are aware we have a bond claim filed on this project. It has been a struggle trying to get paid for work," wrote Corona at the ASG Security McAllen office.

"Descon continues to claim they have not been paid and are not paying anyone else," Corona continued. Zimro Electric and ASG Security declined comment for this story when contacted for requests about their current accounts.

In March 2015, ASG Security reached out about a second bond claim for \$31,999 worth of work at San Juan Middle School and said they had not been paid after checks were sent to the general contractor in December.

But Texas Descon's financial controller questioned the accuracy of payment applications by local contractors, insisting that proof must be a prompt payment.

"As you know it is Texas Descon's policy that payments are not provided to subcontractors unless all supplier releases have been submitted. First, to protect Texas Descon, but especially to protect the PSD and the payment/performance bond," wrote Freddy Gorden, now former controller for Texas Descon in November 2014. "I understand the frustration of the notice but please understand I am very stern when it comes to the releases policy as it is designed to mitigate risk for all parties involved," Gorden continued.

Even owner Michael Douglas Smith joined the conversation and defended his company's track record. "Texas Descon doesn't pay our subcontractors without proper paperwork as the standard you hold us to," Smith wrote in August 2014 when an architect questioned his company. "I don't appreciate your slanderous opinion that we do not properly manage our projects. San Juan is ahead of schedule and we have absorbed a 3-month delay on Alamo through no fault of the contractor without blaming others," he continued.

Another subcontractor contacted the district in March of this year and said he was worried about whether his vendor might not be able to withstand a long payment delay.

"I got with James (Descon) employee a month ago asking for his help in trying to approve of electrical work at the San Juan Middle School according to district records. In response, Texas Descon said that I have been unable to get it through," wrote Ned Muñoz III, vice president of NM Contracting LLC.

"The panels are now completed and I am concerned that an order this large is probably enough to put a company like his out of business if I don't do everything I can to help make sure he gets paid," Muñoz continued.

When contacted on Aug. 7, Muñoz said he still hasn't been paid by Texas Descon, but only because he asked the school not to approve the money so he wouldn't have to worry about whether the general contractor would fulfill payment applications. Now that the bond company has taken over, Muñoz said he expects to be paid soon and would be able to give the acoustical panel firm its \$71,560 owed.

"I have no intent of doing any more work with Texas Descon," he said. "But I think they (the bond company and school) are doing everything they can to help out."

NEW GENERAL CONTRACTOR

The new general contractor, Yates Construction, and the bond company's fund manager, JMWatt & Associates, had private meetings last week with subcontractors on all of those PSJA school district projects, according to its records.

Existing contractors or agreements with Texas Descon are not the responsibility of the new general contractor and Yates is in the process of creating new documents for subcontractors to sign according to the manual obtained by The Monitor. Yates Construction declined comment for this story.

"These are active issues that we are addressing with our customer and as a matter of policy we are unable to provide you any information related to your questions," wrote Robyn Ziegler, spokeswoman for Zurich North America Insurance company, one of the bond firms.

In the meantime, dozens of subcontractors may be out of pocket for thousands of dollars each, especially if they never filed a construction lien or if they had verbal contracts with Texas Descon.

Ceramic tub installer Alejandro Garza said he worked as a subcontractor on the Palmer Elementary School campus. He was a third-tier subcontractor for Lifetime Industries Inc. and spoke up when he wasn't paid more than \$15,000 for work back in November 2014. When contacted last week, Garza said he's still waiting.

"I'm frustrated because it's a lot of money and they said I had a lot of errors in the request, but I did it how they asked," Garza said in Spanish. "They haven't paid a lot of people."

MONEY ISSUES

Still, it's unclear whether Texas Descon is currently in the financial position to repay its subcontractors.

In mid-May, Descon Construction LP filed for bankruptcy in the Texas Southern District court. It is legally a separate company from Texas Descon LP but also controlled by the Smith family. While documents for Texas Descon and Descon Construction list separate officers and the same business address with different suites — Descon 25 LLC lists ownership by both Michael D. Smith

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INVITATION TO BIDDERS

The County of Hidalgo would like to invite you to submit a bid on the following:

Bid No: 2015-03-1002-0000-3000 UCP-GVG
Bid Description: Hidalgo 2016-Non-Residential Historic Preservation Project
Opening Date: September 2, 2015, at 9:00 am

Specifications: Specifications including drawings and technical specifications may be viewed online obtained at **REG Reprographics, Inc.** at 519 S. Broadway, McAllen, TX 78501. Phone: (956) 686-1348. Copies of the above documents may be obtained at the office of the architect in accordance with the Instructions to Bidders upon the non-refundable deposit of \$100.00 for each set of documents.

Pre-Bid Conference: A Pre-Bid Conference will be held on **Tuesday, August 18, 2015 at 10:00 a.m.** at the Hidalgo City Hall Conference Room located at 704 E. Texoma Drive, Hidalgo, Texas, 78557.

Requirements: Upon submitting sealed bid, bidders are required to properly identify themselves, (type, or printed) sealed envelope and/or packet as follows: Bidder's name and address on the upper left hand corner of the sealed envelope and/or package and **Bid No. 2015-03-1002-0000-3000 UCP-GVG - "Hidalgo 2016-Non-Residential Historic Preservation Project"**. Restoration of 1986 Hidalgo County Courthouse on the lower left hand corner of sealed envelope and/or packet. Overnight mail must also be properly labeled on the outside of express envelope or package.

The sealed bid must contain one (1) original and two (2) copies of bid and must be clearly identified and addressed for delivery to:
**MARTHA L. SALAZAR, CFPB, Hidalgo County Purchasing Agent
Hidalgo County Purchasing Department**

US Postal Mail/Courier Address: 2015 S. Business Hwy 281
Hidalgo County New Administration Building
Edinburg, Texas 78539
Physical Location: 2015 S. Business Hwy 281
Hidalgo County New Administration Building
Southwest of Canton Rd & Business 281
Edinburg, Texas 78539

Deadline: Sealed bids will be accepted until **Wednesday, September 2, 2015, at 9:00 a.m.** at which time they will be opened in the Hidalgo County Purchasing Department Conference Room at Physical Location: 2015 S. Business Hwy 281, Hidalgo County New Administration Building in Edinburg, Texas 78539. No bidders or bid arrivals will be accepted. Any bid received after that time will not be opened and will be returned.

Bid Security: Bid Security in the amount of 5% of the largest possible total of bids submitted must accompany each bid in accordance with the Instructions to Bidders. The security must be a guaranteed or standby company acceptable to the Hidalgo County and listed in U.S. Treasury Circular No. 570.

Davis-Bacon Prevailing Wage Rates: This project is funded by the U.S. Department of Housing & Urban Development Community Development Block Grant Program and bidders must adhere to Texas State Prevailing Wage Requirements for Hidalgo County and Davis-Bacon Federal Wage Rates, including Certified Payroll. Be advised applicable wage rates may change.

Section 3(WMBE): The County of Hidalgo will actively encourage participation of Section 3 businesses and Women and Minority Business Enterprises (WMBE) on this project. All Section 3 business contractors, potential Section 3 business contractors, and WMBE contractors are strongly encouraged to submit bids. Please contact Hidalgo County Urban County Program at 956-257-1127 for inquiries concerning Section 3 or specifics on how to become a Section 3 business. HUD Regulations 24 CFR 135.3. Requirements applicable to HUD NOFA for section 3 covered programs state the following: (a) Certification of compliance with part 135. All notices of funding availability (NOFAs) issued by HUD that announce the availability of funding covered by section 3 shall include a provision in the NOFA that notifies applicants that section 3 and the regulations in part 135 are applicable to funding awards made under the NOFA. Additionally, the NOFA shall require as an application submission requirement (which may be specified in the NOFA or application kit) a certification by the applicant that the applicant will comply with the regulations in part 135. For FHAs, this requirement will be met where a PHA Resolution in Support of the Application is submitted. With respect to application evaluation, HUD will accept an applicant's certification unless there is evidence substantially challenging the certification. (b) Statement of purpose in NOFAs (1) For competitively awarded assistance in which the grants are for activities administered by an HA, and those activities are anticipated to generate significant training, employment or contracting opportunities, the NOFA must include a statement that one of the purposes of the assistance is to give to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, job training, employment, contracting and other economic opportunities to section 3 residents and section 3 business concerns.

The County reserves the right to refuse and reject any/all bids and to waive any/all formalities or technicalities, or to accept the bid considered the best and most advantageous to the County. By order of the Commissioners' Court of the County of Hidalgo, Texas on this 11th day of May, 2015.

MARTHA L. SALAZAR, CFPB
HIDALGO COUNTY PURCHASING AGENT
REPORT ROAD HAZARDS # 1-866-363-SAFE OR 1-468-427-7233

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New step in Trump's feud with Fox News; Clinton weighs in

BY JILL COLVIN
AND STEVE PEOPLES
THE ASSOCIATED PRESS

WASHINGTON — Donald Trump's turbulent relationship with Fox News showed signs of improvement Monday even as Democrat Hillary Rodham Clinton seized on the billionaire businessman's clash with the network to cast his Republican rivals as being bad for women.

"Trump and Fox News, one of the most powerful voices in Republican and conservative circles, have been in a bitter legal siege last week's presidential debate. While he leads recent polls, the former reality television star has drawn heated criticism from many in his own party for saying, 'I'm moderate' by the station, Trump asserted Monday.

"Roger Ailes just called. He is a great guy & assures me this 'Trump' will be treated fairly on @FoxNews. His word is always good," wrote Trump, whose unorthodox campaign is dominating the race and summering polls.

In a statement Monday evening, Ailes described the conversation as "bitter but cordial" and said the air had been cleared.

"Donald Trump and I spoke today. We discussed our concerns, and I again expressed my confidence in Megan Kelly," Ailes said, describing Kelly as a "brilliant journalist" whom he supports "100 percent."

Ailes added that he assumed Trump "that we will continue to cover this campaign with fairness & balance."

Addressing what she referred to as the "bitter" feud for the first time on her show Monday night, Kelly defended her "bitter coming out of her eyes, blood coming out of her nose" during the debate.

"We agree to disagree," she said at the opening of her show adding that she had decided not to respond to personal attacks Trump had leveled against her.

"Trump, who is the front-runner, will not apologize. And I certainly will not."

apologize for doing good journalism," Kelly said. "So I'll continue doing my job without fear or favor. And Mr. Trump, I expect, will continue with what has been a successful campaign thus far."

Trump is scheduled to return to the network Tuesday, with appearances on two of the network's shows, "Fox & Friends" and "Hannity," Fox News spokeswoman said.

Speaking publicly for the first time since the debate, Clinton on Monday said Trump's comments about Kelly should not overshadow the rest of the GOP field's policies dealing with women.

"They brag about slashing women's health care funding," Clinton told reporters while campaigning in New Hampshire. "They say they would force women who have been raped to carry their rapist's child, and we don't bear any of them supporting raising the minimum wage, paid leave for new parents, access to quality child care, equal pay for women or anything else that will help to give women a chance to get ahead."



New York City Mayor Bill de Blasio speaks Saturday during a news conference to provide an update of the Legionnaires' disease outbreak in New York.

NYC mayor: Legionnaires' outbreak has claimed 12

THE ASSOCIATED PRESS

NEW YORK — Two more people in the Bronx have died of Legionnaires' disease, bringing the total of fatalities to 12 in the largest outbreak of the disease in New York City history, officials said Monday.

There are now 113 reported cases of Legionnaires' in the Bronx, and cooling towers in 18 buildings have tested positive for the legionella bacteria, officials said. While

clearing crews crisscrossed the Bronx, the continued tension between state and city governments threatened to undermine officials' expressions of confidence that the outbreak is tapering off.

The outbreak has become the city's most significant public health crisis since last fall's Ebola scare. For more than a month now, cases of Legionnaires' — a form of pneumonia especially dangerous for the elderly and for people with underlying

health issues — have been reported throughout a section of the South Bronx, the city's poorest neighborhood. "We are dealing with a new set of realities we have never experienced that we have never encountered before in this city," said de Blasio, who added that the nation's largest city has had to create "a playbook" on the fly as to how to handle the crisis.

The identities of the deceased were not released.

NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE

THE MONTE ALTO ISD will hold a public meeting at 6:00 PM, August 25, 2015 in Monte Alto ISD Administration Building, 25149 1st St., Monte Alto, TX. The purpose of this meeting is to discuss the school district's budget that will determine the debt service tax rate that will be adopted. Public participation in the discussion is invited.

The tax rate that is ultimately adopted at this meeting or at a separate meeting at a later date may not exceed the proposed rate shown below unless the district publishes a revised notice containing the same information and comparisons set out below and holds another public meeting to discuss the revised notice.

Comparison of Proposed Budget with Last Year's Budget	
The applicable percentage increase or decrease (or difference) to the amount budgeted in the preceding fiscal year and the amount budgeted for the fiscal year that begins during the current tax year is indicated for each of the following expenditure categories.	
Maintenance Tax	81.1700/8100 (proposed rate for maintenance and operations)
School Debt Service Tax	80.1800/8100 (proposed rate to pay bonded indebtedness)
Approved by Local Voters	

Total Appraised Value and Total Taxable Value	
(as calculated under Section 26.04, Tax Code)	
Preceding Tax Year	Current Tax Year
Total appraised value* of all property	8102,305,201 8117,529,772
Total appraised value** of new property**	81,461,766 87,861,862
Total taxable value*** of all property	806,218,130 801,680,647
Total taxable value*** of new property**	81,422,580 83,755,540

*Appraised value is the amount shown on the appraisal roll and defined by Section 1.0408, Tax Code.
**"New property" is defined by Section 26.02(17), Tax Code.
***"Taxable value" is defined by Section 1.0610(1), Tax Code.

Comparison of Proposed Rates with Last Year's Rates					
	Maintenance & Operations	Interest & Sinking Fund*	Total	Local Revenue Per Student	State Revenue Per Student
Last Year's Rate	81.1700	80.1800*	81.3500	\$1,518	\$7,039
Rate to Maintain Same Level of Maintenance & Operations Revenue & Pay Debt Service	82.0844	80.1608*	82.2452	\$2,075	\$9,231
Proposed Rate	81.1700	80.1800*	81.3500	\$1,267	\$9,443

(The Interest & Debt Service rate increase is used to pay for bonded indebtedness on construction, equipment, and debt. The bonds and the tax rate necessary to pay them back, were approved by the voters of this district.)

Comparison of Proposed Levy with Last Year's Levy on Average Residence	
Last Year	This Year
Average Market Value of Residences	855,022 858,905
Average Taxable Value of Residences	859,551 852,035
Last Year's Rate Versus Proposed Rate per \$100 Value	81.3500 81.3500
Taxes Due on Average Residence	8533.94 8444.62
Increase (Decrease) in Taxes	-89.32

Under state law, the dollar amount of school taxes imposed on the residence homesteaded of a person 65 years of age or older or of the surviving spouse of such a person, if the surviving spouse was 55 years of age or older when the person died, may not be increased above the amount paid in the first year after the person turned 65, regardless of changes in tax rate or property value.

Notice of Rollback Rate: The highest tax rate the district can adopt before requiring voter approval at an election is \$1.4176. The election will be automatically held if the district adopts a rate in excess of the rollback rate of \$1.4176.

Fund Balances	
The following estimated balances will remain at the end of the current fiscal year and are not encumbered with or by a corresponding debt obligation, less estimated amounts necessary for operating the district before receipt of the first state aid payment.	
Maintenance and Operations Fund (Balance)	\$4,969,115
Interest & Sinking Fund (Balance)	\$99,080

PSIA

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and Michael C. Smith — a father and son.

In 2005 Texas Descon LP entered into an arms-length transaction whereby it purchased from Descon Construction LP certain assets and goodwill of Descon Construction LP, wrote Robert M. Smith, an attorney for Texas Descon, after requests for comment about the nature of the relationship between the two corporations.

Texas Descon LP did not acquire any partnership interest in Descon Construction LP and it did not agree to assume any liabilities of Descon Construction LP, Smith continued.

So when Descon Construction filed for Chapter 11 bankruptcy, which was recently converted to Chapter 7, it had no employees, no assets and no money to pay potential creditors. The move came

weeks after the Rio Grande City Independent School District filed a lawsuit against Descon Construction for issues with La Grulla High School. The case is still working its way through the court system.

In October 2014, Texas Descon also filed a lawsuit against Schlitterbahn for renovations done in Corpus Christi, and complained the company was never paid \$700,000 for work it completed.

"That project was paid for 3 months ago. It's done and we're fine," said Doug Smith, owner of Texas Descon, during a brief phone interview in early June.

The bond company for the city of San Juan water plant improvement project and another school district filed a lawsuit against Texas Descon in late July.

The Guarantee Company of North America USA demanded in a lawsuit Texas Descon explain how it used more than \$500,000 of payments from the city and the San Diego school district. The bond company alleged in its lawsuit that by mid-July 2014, Descon owed the city and the school district more than \$500,000 in payments.

"We are always, always recruiting faculty because faculty retire, some faculty decide to move to another institution or we open new positions," he said. "We are in good shape to start the semester, but we will continue to have both faculty and staff."

Mount said the court could also order the university to grant him a position. But even though he is confident of that case, the lawsuit could take more than a year to be resolved.

"The court can place him at the school," he said. "So there are some things that can be done besides monetary relief."

Rodriguez said the university is over 97 percent complete in terms of hiring faculty, but the task of

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amount of money it has in reserves, which hovered just above \$40 million, according to city figures, Rodriguez recommended 154 days for next year, or about \$44 million.

But Cortez suggested 120 days.

"Maybe 120 is a reasonable reserve to have," Cortez said, "because that would free up money for drainage and streets."

Commissioners identified improving drainage in the city as a priority during

their July retreat and last week's budget meetings, and they floated the idea of calling a bond election to fund such projects.

Rodriguez has suggested a \$111.7 million budget that, based on revenue projections, would leave the city with about \$440,000 left at the end of the fiscal year.

Commissioners are scheduled to meet three times this week to discuss the budget.

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