

Trustee Brooke Ashjian says FBI investigating Fresno Unified

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The FBI is investigating Fresno Unified School District's use of a lease-leaseback construction agreement, according to school board member Brooke Ashjian.

But there was no mention of an investigation at a news conference held Wednesday evening by Superintendent Michael Hanson to "shed additional light" on the contract in question.

Ashjian said he was interviewed by an FBI agent about the district's use of a lease-leaseback agreement with [Harris Construction](#) to build Rutherford B. Gaston Middle School.

But when asked at Wednesday's news conference if any outside agencies were looking into the construction deal, which is pending litigation, Hanson said no.

Later, Fresno Unified spokeswoman Amy Idsvoog said the superintendent's office is unaware of any FBI investigation. FBI spokeswoman Gina Swankie said she could not confirm whether an investigation is ongoing.

A lease-leaseback agreement is a route outside the traditional bidding process — which typically awards contracts to the lowest bidder — and is designed to help cash-strapped school districts build schools. Through a lease-leaseback deal, a district can handpick a developer who will agree to front the construction costs, then accept repayment from the district over time.

Another local construction firm, Davis Moreno, has taken Fresno Unified to court saying that because the district had bond money to pay for the school, the lease-leaseback method was misused. The 5th District Court of Appeal released an [opinion](#) last month saying Fresno Unified illegally used the lease-leaseback method, and now the district is pushing for the case to go to the California Supreme Court.

At Wednesday's news conference, which followed a [special board meeting held to discuss construction deals](#), Hanson said the opinion was "rather dramatic" and pointed to previous cases where other courts ruled in favor of lease-leaseback methods. Hanson said that while lease-leaseback agreements are commonly used by many school districts across California, the law needs to provide more clarity in how they can be financed.

Hanson said lease-leaseback agreements provide districts with flexibility in choosing the most qualified contractor, instead of just giving the job to the lowest bidder. Hanson said lease-leasebacks provide a "significant advantage" to the district. The developer pays for the construction and recoups the cost through the facilities lease payments made by the district over several years, so the district does not have to pay the construction costs at the start or even during the construction phase, he said.

But when asked if Fresno Unified has repaid Harris Construction in increments or all at once, Hanson would not answer.

"I think I'm going to stay inside my sandbox, because counsel would probably say that wasn't something we put in your notes that you could talk about at this point," Hanson said.

Hanson said he did not give Harris Construction the contract as a favor and said that the firm was the best pick for the nearly \$37 million job. "It's just as simple as that," he said.

Hanson provided details on 24 other construction projects that Fresno Unified has done through lease-leaseback

agreements, dating back to 2011. Nine of those were done with Harris Construction, while others were awarded to other contractors including Turner Construction, Lewis C. Nelson and Sons and BVI Construction.

The repeated selection of Harris “is not a coincidence,” he said. “It’s evidence of good work, it’s evidence of a great track record, it’s evidence of creativity, it’s evidence of being able to work with a customer like us very well, and it’s also evidence that they can do big complicated projects.”

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Fresno Unified Superintendent Michael Hanson

He also defended the district’s [preconstruction agreement](#) with Harris Construction, which came under fire because a contract showed that the firm agreed to do consulting for free in exchange for winning the contract. Preconstruction agreements are often used in lease-leaseback agreements and go through several rounds of review by district officials, Hanson said. Fresno Unified picks contractors from a pre-qualified list that has been approved by the school board, Hanson said.

Trustees Ashjian, Carol Mills and Luis Chavez have publicly called for the board to hire an independent firm to put new eyes on the case, but that has not happened yet. Hanson said outside attorneys, in addition to the district’s legal counsel, are reviewing the contract.

At the special meeting Wednesday afternoon, trustees went back and forth about the district’s contract processes and their role in approving projects. They voted unanimously to require they be notified when any last-minute changes are made to a project that will require more money. The vote was made in reference to a recent portable classroom [project](#) that was switched from a lease-leaseback deal to a hard bid because of the Harris contract controversy.

Ashjian, who attended the news conference, said his questions still have not been answered.

“The public should absolutely be concerned with all levels of government, especially when we’re spending this kind of money. When you have contracts that are given to people and you find this out three years later...as a taxpayer, I’m outraged,” Ashjian said. “If everyone is telling the truth, then what’s the problem?”

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