

HORRY COUNTY BOARD OF EDUCATION
MINUTES – Board Meeting
District Office
October 27, 2014

The following persons were present:

Board of Education

Joe DeFeo, Chairman	Janet Graham	Pam Timms
David Cox	Neil James	Jimmy Washington
Harvey Eisner	Karen McIlrath	
Jeffrey Garland	John Poston	

Horry County Schools Staff

Adams, Melody	Gilbert, Sie	Myrick, Boone
Allen, Velna	Gray, Roger	Pilkey, Beverly
Anderson, Mary	Hardee, Ben	Pilkey, Kerry
Boyd, Edward	Harding, Teal	Richardson, Lucas
Brown, Daryl	Heinz, Ara	Roach, Mary Beth
Brown, Dottie	Hill, Leann	Rush, Angela
Burch, Joe	Hogan, Traci	Sheehan, Heather
Chestnut, Carolyn	Johnson, Jeannette	Satterley, Donna
Cox, Edi	Junkins, Sean	Stall, Judy
D'Alessandro, Jillian	Kenley, Dyneen	Swinney, Addie
Dean, Matt	LaPier, Cara	Trulove, Tammy
Diane Thompson	Lee, H.T.	Tucker, Debbie
Farmer, Laura	Maxey, Rick	Wolfe, Mark
Fout, Martha	McCoy, Jewell	Wysong, Danny
Gardner, John	McDonald, Natasha	
Generette, Kenny	Melchione, Lisa	

Opening October 27, 2014 at 6:00 p.m. - Call to Order

Chairman DeFeo called the meeting to order at 6:00 p.m. Mr. Washington delivered the invocation. The Myrtle Beach High School Navy JROTC presented the colors.

Chairman DeFeo recognized Ray Winters School Board candidate for District 3. The current members seeking reelection introduced themselves; Jimmy Washington, Neil James, Pam Timms, and Janet Graham.

Approval of Agenda

Chairman DeFeo noted that the Board may have questions and called on Mr. Ferris of First Floor K12 Solutions when discussing Energy Positive Designs during Committee of the Whole and this item will be after number one. The agenda with this change was moved by Mr. Cox, seconded by Mr. Washington and approved unanimously.

As required by SC Law 30-4-80, local news media were informed of the date, time, place, and agenda of this meeting. Copies of the agenda were posted at the district office and distributed to schools for posting.

Approval of Minutes

Mr. Washington moved to approve the minutes. Mr. James noted that the minutes of October 20th incorrectly indicate that he motioned for adjournment when it was Mr. Washington. Mr. James seconded the motion with this change. The Board unanimously approved the minutes as corrected.

Public Comments

Patricia Milley addressed the Board regarding the need for children to have more play time. Ms. Milley provided a hand-out to the Board of her comments.

Recognitions

Teal Harding presented Diane Thompson, principal of Socastee Elementary School, with a certificate in recognition of the National Blue Ribbon School award recently given to the school. Ms. Harding noted that only five schools in South Carolina received such a distinction.

Committee of the Whole

Energy Efficient Proposal Information

Chairman DeFeo called the Committee of the Whole to order at 6:11 pm. He reminded the Board that any votes taken are non-binding. Mr. James introduced Philip Greenway and Pam Lane of the Commercial Energy Services Department of Santee Cooper. Mr. Greenway and Ms. Lane reviewed for the Board the analysis of the Sandy Grove School energy efficiency. Mr. Greenway noted that Sandy Grove Middle School is about half the size of River Oaks and Ocean Bay Middle which are the most recently built schools in Horry County. Mr. Greenway demonstrated that Sandy Grove is an energy efficient school and applauded the District for looking into these options. Mr. Greenway went on to inform the Board about new legislation in South Carolina that regulates net-metering but has not taken effect yet. He cautioned the Board on not relying on programs for energy storage and net-metering that is not yet in place. He further cautioned that it could be a year or more before Santee Cooper implements net-billing for commercial users and without that the newly built schools will still have energy costs for usage and demand. Mr. Greenway added that Santee Cooper will be conducting a rate study through 2016 which will be impacted by the new legislation. In light of this, Mr. Greenway stated that they are recommending that if Horry County Schools moves forward with solar power producing features in new buildings, that the system be sized to allow the school to consume the power generated, which will maximize the investment made while minimizing risks. He noted that in the case study of Sandy Grove as a leased school, the owner of the school takes advantage of the tax credits.

Mr. DeFeo asked for clarification on the new legislation and the stipulation that the utility companies must buy back excess energy at retail price until the point where it was at a wholesale rate. Mr. Greenway answered that the law indicates that and the utilities have one year to establish rates and policies so it is unknown at this point how buy back options will work.

Mr. James thanked Mr. Greenway and Ms. Lane and commended the Board for researching these energy efficient models. He also noted that in a calendar year Sandy Grove energy production may exceed consumption, but that energy may not be available during consumption times. He also pointed out that South Carolina laws are different than North Carolina where Sandy Grove is located. South Carolina has not

yet finalized how the legislation will be handled by the utilities. Mr. James clarified that Mr. Greenway is suggesting that school designs should be developed to meet needs of building rather than to sell back unused energy. Mr. Greenway agreed and noted that most systems have the capability of expansion and should have the ability to sell-back ~~be~~ available after construction.

Mr. Cox asked for clarification on rates. Ms. Lane indicated that schools fall under commercial rates. Mr. Garland asked if the new legislation will pertain to all rate schedules. Mr. Greenway answered yes, and the rate study would also cover all rate classes. Mrs. McIlrath clarified that Santee Cooper will have policies in place in 2016-17 for energy buy-back to which Mr. Greenway answered yes. He further stated that until those policies are in place there is no way of knowing if that will be beneficial to the District as a cost factor ratio.

Mrs. Graham asked about the life-cycle policy. Mr. Greenway explained that when calculating life-cycle expense factors such as upfront costs, operating costs, maintenance costs, and energy costs are all included. He noted that determining the life-cycle cost is the most accurate way of determining the most cost-effective direction HCS should go.

Facilities

Energy Positive Design

For the record, Chairman DeFeo noted that Janet Graham recused herself from portions of the Energy Positive Design discussion and any possible votes.

Chairman DeFeo asked Mr. Ferris to share his thoughts and answer any questions the Board may have. Mr. Ferris clarified that the Sandy Grove School is under a buy-all/sell-all plan. They purchase all power used and sell all power produced which results in net-metering. He continued that net-metering is not necessary in this case because the school can use the power generated up to the point of consumption then would sell the rest under PERPA at avoided cost. The school might also do a scenario where storage is used, which is what First Floor would propose; use the power generated as needed and sell the rest at avoided cost. That would result in a net check to the school district every month.

Chairman DeFeo asked what the cost would be for new construction to include solar capabilities. Mr. Ferris said there would be no net cost due to integrated design strategy implemented which would off-set the cost of the solar equipment. He further commented that when the new legislation proceeds as anticipated it will be very beneficial for HCS.

Mr. Cox asked if the average energy costs for River Oaks which is approximately \$11,000/month would be net-zero if the school had been built with the solar features Mr. Ferris is describing. Mr. Ferris answered yes and explained that if HCS built as traditional schools the energy costs would increase each year due to inflation. Mr. Ferris defined traditional schools as those having boiler systems and outside air units. He noted that hours of use will have an impact on energy consumption as well.

Mr. Gardner stated that the energy costs for River Oaks Elementary School were \$143,974.26 last year. Mr. James added that the school has 18 solar panels already in use.

Capital Finance Plan and Timelines

Mr. Gardner presented the Board with the Capital Finance Plan and explained the projects and completion dates depicted in the document given to the Board. He further explained the issuance of bonds and requested that the Board vote on this plan at the next meeting.

Chairman DeFeo clarified that there would be a surplus with the refinancing of bonds which is not included in this calculation. Mr. Gardner agreed.

Delivery Methods of Schools

Attorney Keith Powell of Childs and Halligan reviewed with the Board delivery methods in accordance with procurement code; design-bid, construction manager at risk, and design-bid-build.

Mr. James asked for the pros and cons of the different delivery methods presented such as time savings, cost savings, etc. Mr. Powell explained that the industry generally believes design-build moves a little faster than the other options. Mr. Powell said that there have been studies about the time savings experienced in design-build and he will get that information to the Board.

Mr. Eisner questioned the need to follow state procurement guidelines in all delivery methods. Mr. Powell responded that yes, all procurement policies must be followed.

Mr. Poston asked for clarification on sole-source selection. Mr. Powell stated that sole-source selection is an option if all requirements set by the State have been met. The District would need to make a written determination that weighs the pros and cons which must be published allowing the public to challenge. Mr. Poston asked if design-build would ever be considered sole-source. Mr. Powell has never seen sole-source awarded in a design-build category. The decision must be made by the government body that all requirements have been made.

Chairman DeFeo asked if he heard Mr. Powell say that there tends to be less change orders with design-build. Mr. Powell answered that it is inherent to the process to have less change orders because the firm has designed what they are building.

Chairman DeFeo questioned if this allows for the use of primarily local contractors. Mr. Powell answered that there has not been a great deal of design-build on local buildings but there are a large number of subcontractors in the area that could be utilized by the selected firm.

Mr. Garland asked if design-build reduces the competition due to the upfront design cost. Mr. Powell answered that although that is correct some accommodations can be made by the District to allow for a short list of firms to produce conceptual designs while moving forward with the RFQ.

Ms. Timms commented on the amount of information presented to the Board. Ms. Timms then made a two-part motion: that the District move forward with the issuance of bonds for construction of the 5 schools listed and that the four middle schools and one elementary school be removed from the district solicitation. Ms. McIlrath seconded the motion.

Mr. Gardner noted that all the schools are included in the capital financing plan so the approval of that plan will move financing of the new construction forward. He added that the solicitation process is in the evaluation stage and asked if Ms. Timms' motion will postpone that RFQ.

Chairman DeFeo suggested that the motion be split into two motions. He asked if the Board has any questions about the motion regarding the issuance of bonds for the building program. Mr. Eisner clarified that the motion is approving the capital financing plan as presented by John Gardner. Mr. Garland agreed and noted that the approximate amount of the bond is \$157 million. It was noted that this is a non-binding motion. Mrs. McIlrath spoke in favor of the motion and the need to move forward with construction.

Chairman DeFeo called for a vote on the motion. All Board members voted in favor; Committee of the Whole motion passed.

Ms. Timms then motioned that looking at the energy efficiency and cost factor that will possibly be a savings for the district, with the constituents, the voters of Horry County, that in a timely, economical way that we include consideration of the risk delivery of design-build and design-bid-build.

Mr. Eisner asked for clarification on the motion, specifically, did the motion include rescinding the RFQ. Ms. Timms said yes, the motion would enable the Board to start from scratch for those 5 schools.

Mr. Powell stated for the Board that up to the time the contract is awarded you can make amendments although you may need to contact the firms to see if they need to revise their submission based on the changes to the scope of work. He stated that they can cancel in progress or amend in progress; one way to do this is take 5 schools out of current RFQ to get what the code says and gets you the best results for the District.

Chairman DeFeo clarified the motion for the Board as follows: remove five new schools from current RFP, to explore solar energy efficient buildings for the five new schools, and to look at all three delivery methods; design-bid-build, construction manager at risk and design-build.

Mr. Poston stated that he felt the two motions were in opposition. He reminded the Board that the process is moving forward and if the decision is made to suspend the current RFP it will further delay Construction. Mr. Poston referenced the letter from Mr. Usry in the Board packet that commends how the process has been handled to date. Mr. Poston expressed concern over continuous changes to the parameter that delay the long-term plan. He stated that he will be voting against the motion.

For the record Mrs. McIlrath seconded the motion.

Chairman DeFeo responded to Mr. Poston's comments with his opinion that a delay is worthwhile if it results in premium schools that save millions of dollars. He further noted that if the Board decided to go with a design-build delivery method the process would be more expeditious than the method being used currently.

Mr. Garland asked when the RFQ is scheduled to close. Mr. Gardner stated that it has already closed and advised the Board that it did not include Socastee Elementary in that RFQ. He suggested that the Board consider moving that school forward as an energy efficient project.

Mrs. McIlrath stated that the Board has an obligation to the community to investigate an opportunity to save tens of millions when possible. Mrs. Timms agreed with Mrs. McIlrath and then asked why Socastee Elementary was not included in the project list. Mr. Dean spoke in response to the question stating that the initial project list was based on cash-flow. He noted that recently there was a decision to accelerate those projects. Mr. Dean informed the Board that energy efficient components and concepts could be included in any design contract. He also stated that the contract manager at risk is the fastest mode of delivery we can utilize right now due to where we are in the design process.

Mr. James agreed with Mr. Dean and noted that he did not see a need to rescind the current RFQ and he believes that the working of the current request is for energy efficient schools. He further agreed that Socastee Elementary could be designed using energy efficient components.

Mr. Eisner made a call for the question. All voted in favor.

Chairman DeFeo called for a vote on Ms. Timms' motion currently on the floor with the acknowledgement that there are four schools, not five, to be removed from the RFQ. Voting in favor were Mrs. McIlrath, Mr. Washington, Mr. Defeo, Ms. Timms, Mr. Cox and Mr. Garland. Voting against were Mr. Eisner, Mr. James, and Mr. Poston. Mrs. Graham was recused. Committee of the whole motion approved.

Discussion

Human Resources Committee Update

Pam Timms updated the Board on the Human Resources Committee meeting held earlier that evening. She commended Addie Swinney for the information provided to the Committee including a report on the salary schedule and position clarification. The next meeting will be held before the December budget meetings so that the allocation formula can be discussed.

Superintendent Report

Dr. Elsberry reported to the Board on the recently released report card ratings. She noted that the elementary schools topped the charts and increased over last year. Middle schools saw a slight dip and high schools were up 11 points.

The Superintendent again commended Socastee Elementary on their National Blue Ribbon status and then recognized Early College High School and commended the Board for the partnership with Horry Georgetown College which led to ECHS being named the highest performing high school in the State.

Dr. Elsberry then gave an update on the recent Superintendent's Cabinet meetings held. She talked about the Student Cabinet and the many suggestions and comments that came out of the Cabinet were shared with the Teacher Forum. The Parents Cabinet was so beneficial that a follow-up survey was sent. Faith Based Cabinet met jointly with the Closing the Achievement Gap Cabinet at Homewood Elementary where they were introduced to the data room where progress of each student is monitored. They agreed to establish hot-spots in the community to help reach at-risk students. Business Cabinet had a great meeting at Blackwater Middle School and Support Cabinet met at the District Office and heard about changes in food services as well as other important updates. Dr. Elsberry commended each cabinet on the great feedback and open dialogue.

Dr. Elsberry concluded her report with a review on the very successful 2nd Annual Principal for the Day which allows community leaders to live a day in the life of a Horry County principal. She then showed a video re-cap of the day.

Executive Session for Negotiations Incident to the Sale of Property and Receipt of Legal Advice

Moved by Mr. James and seconded by Mrs. McIlrath the Board unanimously approved going into executive session at 8:05 pm.

Moved by Mr. James and seconded by Ms. Timms the Board unanimously approved re-entering regular session.

Chairman DeFeo noted for the record that the Board did not receive legal advice during executive session.

Business

Horry County Cleanup Event

Moved by Mr. Eisner, seconded by Mr., James the Board unanimously approved the request for transportation assistance for the Horry County Cleanup Event.

Consider Sale of Property

Mr. James motioned to modify the existing Contract of Sale for the GSWSA 100' x 100' well site at Seaside Elementary School to grant an additional 100' x 25' for a wooded buffer area between the well site and the neighboring home owners and also to provide a 100' x 100' temporary one year easement for a construction lay-down area. The motion was seconded by Mrs. Graham and unanimously approved by the Board.

Consent Agenda

Moved by Mr. James and seconded by Ms. Timms the Board unanimously approved the consent agenda which included Personnel Recommendations as Required by Law, Monitoring Report: Operational Expectations 3, Monitoring Report: Operational Expectations 6, Monitoring Report: Results 8 - Perception of Stakeholders, Monitoring Report: Operational Expectations 10, and Education Fund Distribution for District 5.

Executive Session for the Evaluation of the Superintendent

Moved by Mr. Washington, seconded by Ms. Timms, the Board unanimously approved entering executive session.

Moved by Mr. Poston and seconded by Mr. Garland, the Board unanimously approved re-entering regular session.

Chairman DeFeo made the following statement:

All Horry County School Board members recognize the extraordinary contributions which Dr. Elsberry has made to our District during the past six years. The District enjoys an excellent national reputation.

The Board looks forward to continuing discussion with Dr. Elsberry concerning the current challenges of the District. Due to the absence of two Board members, we will complete the evaluation at a later date.

Moved by Mr. Eisner, seconded by Ms. McIlrath the Board unanimously approved adjournment at 10:16 pm.

Respectfully submitted:

Leann Hill

**Executive Assistant to the Superintendent and
Board of Education**

Approved: