

Horry County Board of Education



Horry County Schools

Finance Committee Meeting

Monday, March 9, 2020

District Office C-300

Board Members Present

Chris Hardwick, Board Member and Finance Committee Chair
Janet Graham, Board Member and Finance Committee Member
Kenneth Richardson, Board Chair
David Cox, Board Member
Neil James, Board Member
Sherrie Todd, Board Member
Ray Winters, Board Member

Staff Present

Rick Maxey, Superintendent
Mary Anderson, Chief Human Resources Officer
John Gardner, Chief Financial Officer
Kenneth Generette, Staff Attorney
Boone Myrick, Chief Academic Officer
Robin Strickland, Procurement Officer
Polly Dean, Administrative Assistant

Frannie Heizer, Burr, Forman McNair
Brian Nurick, Compass Municipal Advisors

Media

Ian Klein, WMBF
Katie Powell, Horry Independent

1. WELCOME

Mr. Hardwick called the meeting to order at 4:00 pm and welcomed those in attendance.

2. INTRODUCTIONS

Mr. Hardwick asked everyone in attendance to introduce themselves.

3. ACKNOWLEDGE COMPLIANCE WITH FOIA

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 the schools for posting.

4. REVIEW AND APPROVAL OF AGENDA

Moved by Ms. Graham and seconded by Mr. Hardwick, the agenda was unanimously approved.

5. REVIEW AND APPROVAL OF MINUTES

A motion was made by Ms. Graham and seconded by Mr. Hardwick to approve the December 9, 2019 minutes from the Joint Facilities and Finance Committee as presented. The motion carried unanimously.

6. NEW BUSINESS

a. Update on Capital Funding

Mr. Brian Nurick from Compass Municipal Advisors provided a handout and presented an *Update on Capital Funding*. He shared that the Education Capital Improvement Sales Tax collected in October 2018 and the collections fifteen months later in March 2020 show that we are coming in better than projected. He explained the debt capsule and the opportunity to refinance the outstanding 2012A Bond refunding series in March, 2022 and could possibly have an interest cost savings.

Based on current projections, the total funding available is \$623.7 million. Considering the current obligations for the Short-term Facilities Plan of \$560.8 million, he said that \$62.8 million in cumulative cash flows would be available over the life of the sales tax, but it would not be available in one year. He also shared that if the Board wished to access those additional funds, the District could issue 8% debt.

Ms. Heizer, Bond Counsel was asked to explain process for the November 2022 Education Capital Improvement Sales Tax Reauthorization. She said that the Reauthorization must be during a general election cycle and the earliest date to place the question on the ballot is November 2022. She shared that prior to moving forward with the reauthorization that the District will need to decide on whether to partner with Coastal Carolina University and Horry Georgetown Technical College and also prepare a list of projects that would be funded from the sales tax over the next 15 years. The District would also need to adopt a resolution that would outline the continued partnership with the other entities with a written agreement in place on how that split would be managed. The deadline for the referendum in November 2022 election would be August 15, 2022 when the question would have to be delivered to the electoral commission.

Mr. Richardson added that he and Dr. Maxey has already had discussion with both CCU and HGTC regarding the partnership.

Mr. James added to the conversation that currently there is a need for three additional schools: one in the Conway area and two additional schools in the Carolina Forest area.

b. Taxable Advance Refunding Opportunity

Mr. Nurick shared a handout, *Taxable Advance Refunding Opportunity*. Mr. Nurick noted that he had identified an outstanding bond issue, if it were to be refinanced today, could have significant interest cost savings.

As shown in the chart with the handout, as of March 2, 2020 to 11:55 am on March 9, 2020 the 10-year rate went from 1.09 percent to .59 percent in 7 days. He said that this is reflective of an economic crisis. He shared that those with high credit quality (like HCS) that issue debt, are sought after and can take advantage of the lower interest rates.

He shared that the potential refunding candidate currently has outstanding principal payments of \$33.1 million and interest expense of \$9.2 million for total payments of \$42.3 million. If bonds were refunded and issued with the new credit spreads, we would have new payments of \$39.2 million. As a result, he said that we could realize a net savings of \$3 million or a net present value savings of 8.55%. He explained to the Committee that in order to proceed, a resolution would have to be adopted by the Board.

Ms. Graham made a motion for Mr. Nurick and his team to move forward with the plan. The motion was seconded by Mr. Hardwick. The motion carried unanimously. Mr. Gardner asked Mr. Richardson that at our next Board meeting could we place the item on the agenda for both Discussion and Business.

c. Model Procurement Code

This item will be carried forward for the next Finance Committee meeting.

d. Next Meeting

The next meeting will be scheduled as a Joint Facilities and Finance Committee meeting prior to the next Board meeting, March 30, 2020.

7. ADJOURNMENT

A motion was made by Ms. Graham and seconded by Mr. Hardwick to adjourn the meeting. The motion carried and Mr. Hardwick adjourned the meeting at 5:00 pm.

Respectfully Submitted,



Polly Dean

Administrative Assistant, Fiscal Services

Approved:

May 6, 2020