

## Horry County Board of Education



Horry County Schools

### **Finance Committee Meeting**

Wednesday, May 6, 2020

Virtual Meeting

#### **Board Members Present**

Chris Hardwick, Board Member and Finance Committee Chair  
Janet Graham, Board Member and Finance Committee Member  
Helen Smith, Board Member and Finance Committee Member

#### **Staff Present**

Rick Maxey, Superintendent  
Velna Allen, Chief Officer of Student Services  
Mary Anderson, Chief Human Resources Officer  
Daryl Brown, Chief Officer for Support Services  
Edi Cox, Executive Director of Online Learning  
John Gardner, Chief Financial Officer  
Kenneth Generette, Staff Attorney  
Heidi Oates, Executive Assistant to the Superintendent & Board of Education  
Lucas Richardson, Broadcast Technician  
Polly Dean, Administrative Assistant

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

#### **1. WELCOME**

Mr. Hardwick called the meeting to order at 1:30 pm and welcomed those in attendance.

#### **2. INTRODUCTIONS**

Mr. Hardwick asked committee members, the Superintendent, the CFO, the Executive Assistant to the Superintendent and the Staff Attorney 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. Smith and seconded by Ms. Graham, 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 March 9, 2020 minutes from the Finance Committee as presented. The motion carried unanimously.

#### **6. NEW BUSINESS**

##### **a. Update on Taxable/Tax Exempt Refunding Opportunity**

Mr. Brian Nurick from Compass Municipal Advisors shared an update on the \$36 million General Obligation Refunding Bonds and shared two memos on refunding:

1. Memo on Refunding to John Gardner dated April 30, 2020, and
2. Memo on Refunding to Finance Committee dated May 5, 2020.

He said that since the March 9, 2020 Finance Committee Meeting, the financial markets have been very volatile. He shared that as we move forward with this refinancing that it would be in the best interest of the District to proceed with soliciting bids for a Taxable Advance Refunding and a Tax-Exempt Delayed Delivery Refunding.

Under the Taxable Advance Refunding, the District would accept bids on the new bonds and close the deal within 3 weeks from the bid date. Based on recent estimates of taxable borrowing rates, the rate is estimated to be 2.23% and would result in net present value savings of \$1,359,547 or a net present value savings of 3.8%. Under this option, the District would experience positive gross savings of \$485,180 in 2020 with additional savings of approximately \$100,000 from 2021 through 2030.

Under the Tax-Exempt Delayed Delivery Refunding, the District would accept bids to “lock in” the interest rate and delay the closing of the transaction until March 1, 2022. Based on recent estimates of tax-exempt borrowing rates, the rate is estimated to be 1.83% and would result in net present value savings of \$3,177,710 or a net present value savings of 9.5%. Under this option, the District would **not** experience any positive gross savings until the bonds are delivered in 2022. The projected gross savings from 2022 through 2030 is approximately \$380,000 per year.

Frannie Heizer from Burr Forman shared that the resolution approved by the Board on April 6, 2020 would allow the District to proceed with either transaction if the net present value savings is greater than 5%. She also explained that the Tax-Exempt Delayed Delivery Refunding does contain an element of risk due to two variables. The District could decide to not issue the refunding bonds on March 1, 2022 or the possible insolvency of the financial institution.

If the District decided not to issue the bonds (which is very unlikely), the District may have to reimburse the financial institution for the interest rate differential if there was a loss. This interest rate differential reimbursement (which is the difference between the “locked in” rate and the market rate

on March 1, 2022) would only occur if the rates on March 1, 2022 were less than the “locked in” rate and the District **did not** issue the bonds.

If the financial institution became insolvent, the District would simply “walkaway” from the transaction without any interest rate differential due to the financial institution. The bonds will be sold as tax-exempt on the market which could result in rates being either higher or lower than the previous “locked in” interest rate.

Mr. Nurick recommended that the District proceed with soliciting bids for both options and select the one that provides the best financial benefit as markets continue to change.

Dr. Maxey asked Mr. Gardner to work very closely with Ms. Heizer and Mr. Nurick to make sure we look after the best interest of the school district and asked Mr. Gardner to share some major points from this meeting with the other Board members.

Mr. Hardwick asked Mr. Generette if a motion was needed from the committee before going to the full Board for solicitation of bids for both options. Mr. Generette replied that one was not needed. Mr. Gardner added that it would go to the Board as Information only.

Mr. Hardwick did ask for a motion just for the minutes. Ms. Smith made a motion to proceed for solicitation of bids for both options. Ms. Graham seconded the motion. Motion carried unanimously.

The Finance Committee gave approval to proceed with the solicitation of bids for both options and directed the administration to inform the committee of the results.


**b. Next Meeting**

Mr. Hardwick recommended to the committee to wait to schedule the next meeting until after the bids come back to review the bids and to present to the full Board.

**7. ADJOURNMENT**

A motion was made by Ms. Graham and seconded by Ms. Smith to adjourn the meeting. The motion carried and Mr. Hardwick adjourned the meeting at 2:15 pm.

Respectfully Submitted,

  
Polly Dean

Administrative Assistant, Fiscal Services

Approved:

5/27/20