

Horry County Board of Education

Facilities Committee



Joint Facilities and Finance Committee Meeting Minutes Monday, October 8, 2018

Board Members Present:

Neil James, Facilities Committee Chairman, Finance Committee Member
John Poston, Finance Committee Chairman
Holly Heniford, Facilities & Finance Committee Member
Pam Timms, Facilities Committee Member
Sherrie Todd, Facilities Committee Member
Ray Winters, Facilities Committee Member
Chris Hardwick, Board Member
Janice Morreale, Board Member

Staff Members Present:

Dr. Rick Maxey, Superintendent

Velna Allen
Mary Anderson
Lisa Bourcier
Daryl Brown
Joe Burch
Polly Dean

John Gardner
Kenneth Generette
Leann Hill
Dennis McCrary
Boone Myrick

Media Present:

Katie Powell, Horry Independent
David Weissman, The Sun News

Others Present:

Brian Nurick, Compass Municipal Advisors

Ken Richardson
Helen Smith

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.

Review and Approval of Agenda

Ms. Heniford moved to approve the agenda, with the removal of 5E-NMBHS Property and 5G-Former SES Building. Mr. Winters seconded the motion. All voted in favor of approving the agenda. Motion passed.

Review and Approval of Minutes

Ms. Heniford moved to accept the minutes of the May 17, 2018, Finance Committee, as presented. Mr. James seconded the motion; all voted in favor. Motion passed.

Mr. James called for a motion to accept the minutes of the August 20, 2018, Facilities Committee Meeting as presented. Ms. Heniford requested that the third paragraph under Punch List Update be revised. She asked that the recording be reviewed regarding the discussion of First Floor Energy Positive's (FFEP) access to the digital-side of the building automation system. Mr. James asked that staff review correspondence to confirm when access to the building automation system was given to FFEP.

Ms. Heniford stated that her understanding was that as a result of FFEP's inability to access the building automation system, they were unable to address the problem of increased groundwater temperatures. Dr. Maxey stated that he understood that information was available for FFEP but was not contained in a way for a particular type of software to read it. Mr. McCrary added that FFEP has had access to the building automation system since building completion. Mr. Brown stated that information would be presented at the next meeting to clarify the details of access to the building automation system.

Mr. Winters moved to defer approval of the minutes of the August 20, 2018 Facilities Committee meeting. Ms. Heniford seconded the motion; all voted in favor. Motion passed.

Discussion

Update on Propane Facility

Mr. Brown reported that the design of the facility is 90% complete and the solicitation is expected to be posted in October. It should take approximately 60 days to construct the facility which should be operational by the spring of 2019. He noted that the state is providing the tanks, fuel, and eighteen new, propane-fueled buses. Mr. James asked when the buses would be delivered to the District. Mr. Brown answered that the buses have been purchased and are currently at the state facility, and he anticipates delivery upon completion of the facility.

Five Year Capital Plan Funding Options

Mr. Poston explained that the Finance Committee had previously reviewed and discussed the three funding scenarios for the Five-Year Capital Plan - "Pay as We Go", Utilize Current 8% Debt Capacity or Request a Bond Referendum at the 10 Mills option, 12 Mills option and 14 Mills option. At the previous meeting, the Finance Committee put forth a recommendation to the full Board recommending "Pay as We Go" at 10 Mills with no millage increase; however, no official action was ever taken. This information is being brought back to the joint committee for further discussion prior to debate and action by the full Board.

Mr. Gardner stated that the last time information regarding the funding options was shared with the committee was back in February and that the 12 Mills and 14 Mills options were predicated on a millage increase for the 2018-19 fiscal year. Mr. Gardner and Mr. Nurick updated the funding options to reflect current property tax and sales tax collections. In addition, the 12 Mills and 14 Mills options assumed a millage increase for the 2019-20 fiscal year. Below is an overview of the options that Mr. Gardner discussed:

Option	Available Funding	Date Available	Potential Additional Funding Over Life of Sales Tax
(10 Mills)			
Pay as We Go	\$3.2 Million	FY 20-21	\$37.1 Million
Utilize Current 8% Debt Capacity of \$40 M	\$18.4 Million	FY 19-20	\$17.7 Million
Request \$125 M Bond Referendum	\$104.9 Million	FY 19-20	\$19.2 Million
(12 Mills)			
Pay as We Go	\$2.7 Million	FY 19-20	\$68.1 Million
Utilize Current 8% Debt Capacity of \$70 M	\$47.1 Million	FY 19-20	\$16.8 Million
Request \$200 M Bond Referendum	\$179.9 Million	FY 19-20	\$16.9 Million
(14 Mills)			
Pay as We Go	\$12.4 Million	FY 19-20	\$89.1 Million
Utilize Current 8% Debt Capacity of \$85 M	\$66.2 Million	FY 19-20	\$26.7 Million
Request \$250 M Bond Referendum	\$ 233 Million	FY 19-20	\$21.6 Million

Mr. Gardner pointed out to the committees that a funding source has not yet been determined for the Board's priority projects: a replacement for the Horry County Education Center, additions to Aynor Middle School and a new facility for transportation, records retention, and science kits. Mr. Koll stated that the cost for the three projects was around \$50 million.

After much discussion, Mr. Poston recommended that this item be presented to the full Board as an Item of Discussion. The Board will need to discuss whether there will be a millage increase, millage increase combined with 8% debt funding, request a bond referendum or a combination.

Residual Modification and Sustainment Funds

As requested at a prior meeting, Mr. Gardner presented the Committee with an overview of the remaining balance of the Modification and Sustainment Fund from the Short-Term Facilities Plan. He explained that the Short-Term Facilities Plan has an annual budget of \$5.2 million for Support Space and Building Modifications, an annual budget of \$6 million for Sustainment Projects, and

an annual budget of \$900,000 for Unplanned Projects and Maintenance Repairs. He further explained that remaining balances are \$3.8 million for Support Space and Building Modifications, and \$212,294 for Unplanned Projects.

Mr. James asked about the undesignated general fund balance. Mr. Gardner answered that there is approximately \$23 million in that fund. Mr. James asked if that could be utilized in the new construction plan. Mr. Gardner explained that while those funds can be used for that purpose, it is important to maintain 15% for optimal bond rating, and some of those funds have been utilized to balance the budget in past years. Ms. Heniford asked if the school district's bond rating was tied to the county's bond rating. Mr. Nurick explained that generally a school district's rating is one below the county's rating because the county controls the money, however, several districts and counties have the same rating. Mr. Nurick added that bond rating agencies factor the use of undesignated balances into the rating process.

Mr. Poston noted that if the bonding option is selected as a funding source for the Five-Year Capital Plan, then significant input from Facilities will be needed to determine the list of projects so the public is aware.

MBHS Roof Conditions

Mr. Brown reported that the process of repairing the roof at Myrtle Beach High School is still ongoing. However, Hurricane Florence has exposed additional concerns. Mr. McCrary stated that emergency repairs have been completed over the stage in the auditorium. He stated Hurricane Florence caused leaks around the high wall of the auditorium.

Mr. Brown stated that the Five-Year Capital Plan includes \$1.2 million for this project, but an additional \$100,000 is needed. Mr. McCrary noted that it will change the look of the structure as the brick exterior will need a metal overlay. He added that all work should be completed by the end of the summer of 2019. Mrs. Todd asked if the auditorium was damaged by the leak. Mr. McCrary answered that there was no damage to the auditorium.

Four Mile Road Site Survey

Mr. Burch provided a handout on the Four Mile Road site survey. He reminded the Committee that the land, which is beside the District Office, was purchased five years ago. A preliminary wetlands analysis has been completed on the property which shows that of the 37 acres, 23 acres are developable because 14.7 +/- acres are wetlands. Mr. Burch noted that the wetlands location may create a few challenges on accessing the site. He stated that the next step will be a full wetlands delineation done by the US Army Corps of Engineers.

Mrs. Todd asked about the small parcel of land owned by the District at the intersection of Old Dunn Lane and Four Mile Road. Mr. Burch answered that it is still owned by the District and may be needed when establishing access point.

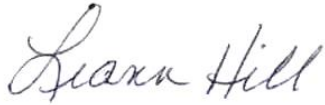
ROES Logistics

Mr. Brown discussed with the Committee the complications with modular at the River Oaks Elementary campus, noting that a total of 16 modular classrooms are currently located behind the building. He added that there may be several issues with placing more modular classrooms at the site, including location issues, zoning regulations, and plumbing issues. Mr. Brown asked that the Committee consider the recommendation of an additional elementary school in the Carolina Forest area, as mentioned in the Five-Year Capital Plan.

Adjourn

Ms. Heniford moved to adjourn, seconded by Ms. Todd; all voted in favor. Motion passed.

Respectfully submitted,

A handwritten signature in cursive script that reads "Leann Hill".

Leann Hill
Administrative Asst. – Support Services

Approved: _____