

Horry County Board of Education



Board Members Present

John Poston, Board Member and Finance Committee Chair
Shanda Allen, Board Member and Finance Committee Member
David Cox, Board Member
Joe DeFeo, Board Chair
Janet Graham, Board Member and Finance Committee Member
Holly Heniford, Board Member and Finance Committee Member
Neil James, Board Member and Finance Committee Member

Staff Present

Rick Maxey, Superintendent
Velna Allen, Chief Officer of Student Services
Mary Anderson, Chief Human Resources Officer
Lisa Bourcier, Public Information Officer
Edward Boyd, Chief Accountability Officer
Daryl Brown, Chief Officer of Support Services
John Gardner, Chief Financial Officer
Kenneth Generette, Staff Attorney
Boone Myrick, Chief Academic Officer
Mark Wolfe, Executive Director of Facilities
Polly Dean, Administrative Assistant

Also present were Frannie Heizer, Bond Counsel, McNair Law Firm, and Brian Nurick, Financial Advisor, Compass Municipal Advisors.

1.WELCOME

Mr. Poston called the meeting to order at 12:00 pm and welcomed those in attendance.

2. INTRODUCTIONS

Mr. Poston asked everyone including the media 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 Ms. Heniford, the agenda was unanimously approved.

5. APPROVAL OF NOVEMBER 15, 2017 MINUTES

A motion was made by Ms. Graham and seconded by Ms. Allen to approve the November 15, 2017 minutes as presented. The motion carried unanimously.

6. NEW BUSINESS

A. Review of the Five Year Capital Plan Funding Options

Mr. Gardner reviewed the attached handout, "5 Year Capital Plan Funding Options (10Mills)" with the committee. Three financing options were discussed, (1) "Pay as We Go", (2) Utilize Current 8% Debt Capacity of \$53 million, and (3) Request \$150 million Bond Referendum. Mr. Gardner explained for each option the available funding, the date available, potential for additional funding available over the life of the sales tax which "sunsets" in March, 2024, and the impact on the financing for the current short-term facilities plan. The information was previously shared with the Committee and Board.

Under the current financing model there is approximately \$.6 million that is available to use in 2018-19 and an additional \$55.5 million would be available over the life of the sales tax.

To utilize the current 8% debt capacity of \$53 million, it would generate approximately \$33.4 million that would be available next school year and an additional \$12.9 million that would be available over the life of the sales tax.

Request a \$150 million bond referendum where the District would issue 20 year bonds that would generate \$130.5 million dollars and be available in 2018-19 with a potential additional funding available of 12.7 million over the life of the sales tax. If the Education Capital Improvement Sales Tax is not renewed, then an additional 1.5 to 3.5 mills would be needed to make debt service payments on the bonds.

Mr. DeFeo stated the Board needs to identify what has to be done and he expressed concerns of if it really going to be enough. August 15th is the deadline to notify the Election Commission

to get the bond referendum question on the election ballot. Mr. DeFeo said that he would like to see what new schools and additions would cost.

Mr. James remarked that according to the HCS Facilities 5 Year Plan, for capacity/growth needs \$370 million is being proposed and for replacement/renovation facilities due to condition, around \$147 million is being proposed for a total of around \$517 million.

Mr. DeFeo would like for the information and the bond referendum discussion to be presented to Committee of the Whole at the next scheduled Board meeting. He stated that we need to focus on what do we need to build and how do we need to finance it.

B. Analysis and Logistics of/for the Five Year Capital Plan Funding Options

Mr. Poston asked if the analysis and logistics would be the same information as what was previously discussed and Mr. Gardner replied that it was.

C. Budget Update

Mr. Gardner reviewed the 2018-19 Education Finance Act Revenue Analysis handout with the committee. He shared a document that he called “the EFA Roller Coaster”. The chart showed the differences in EFA estimates as provided by the House Ways and Means, the House, and the Senate Finance committees. The differences were attributed to the proposed changes in the Base Student Cost and utilization of the FY 14 or FY18 Poverty Index. He personally feels the FY 18 Poverty Index will be used to determine our revenue for the 2018-19 school year.

Mr. Gardner reviewed the General Fund Revenue Trends for informational purposes. He noted the comparisons with the Audited 2016-17, the Adopted 2017-18, the Projected 2017-18 the Preliminary 2018-19, the Ways & Means 2018-19, and the Senate Finance revenue estimates. The proposed 2018-19 General Fund revenues will be based on the Senate Finance version of the State budget.

Mr. Gardner also mentioned several items that will be expenditure increases for 2018-19. He states that among the mandated items are a 1% salary increase for teachers and a STEP increase for eligible teachers. He stated that teachers who are eligible for a STEP increase would receive a 3% salary increase for the 2018-19 school year. He also mentioned that there will be a 7.4% increase to the employer’s health insurance with no increase to the employee and an additional 1% increase in retirement.

One item that was not originally planned on in 2017-18 was the PEBA On-behalf Payments in the amount of \$2,623,805. This is the funding that the State provided late in the last budget cycle to assist with the 1% increase in retirement for 2017-18. The current budget bill at the State provides for the continuance of this support. The total comprehensive revenue and other financing sources is around \$411,379,792, which is 16 million more than revenue received last year.

D. Fiscal Caution – Select Charter Schools

Mr. Gardner reviewed a letter that the District received from the State Superintendent regarding three of our Charter schools; Academy of HOPE, Bridgewater Academy and Palmetto Academy for Learning Motorsports for failure to maintain an adequate minimum fund balance of 8.33%. The SCDE's review of the 2017 annual audit indicated that neither Academy of HOPE, Bridgewater Academy nor Palmetto Academy for Learning Motorsports maintained one month of general fund operating expenditures in their respective general reserve funds.

Per Act 23 (Governor McMaster approved in 2017 which directs the SCDE to develop and adopt a statewide program on fiscal practices and budgetary conditions), each charter school should strive to maintain an adequate fund balance to mitigate future reductions due to unanticipated events, state revenue cuts or other unforeseen circumstances. The State Department of Education strongly encourages HCS to ensure each charter school has sound fiscal practices.

A letter will be sent out to each school asking them to develop an action plan with their fund balance issues. Mr. Gardner shared with the committee the handout, "Calculation for Fiscal Watch."

E. Other Business

There was no Other Business discussed.

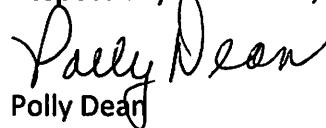
F. Next Meeting Date and Agenda Items

Mr. Poston suggested that the committee hold on setting a date for a next committee meeting.

7. ADJOURNMENT

A motion was made by Ms. Graham and seconded by Ms. Heniford to adjourn the meeting. The motion carried and Mr. Poston adjourned the meeting at 12:50 pm.

Respectfully Submitted,



Polly Dean

Administrative Assistant, Fiscal Services

Approved:
