

Anderson County Board of Education
907 North Main Street, Suite 202, Anderson, South Carolina 29621
February 23, 2015

Service Recognition Awards: Chairman David Draisen presented Certificates of Service Recognition Awards and a commemorative pin to three board members. David Draisen and Rev. Dr. Rufus Mitchell were recognized for 10 years of service and Mike Brock for 25 years of service.

Call to Order

Chairman David Draisen called the meeting to order and Rev. Dr. Rufus Mitchell gave the invocation after which everyone joined in the pledge of allegiance to the American Flag.

Board Members Present:

The following board members were present for the February 2015 meeting: Mr. Mike Brock, Dr. Gary Burgess, Mr. Nakia Davis, Mr. David Draisen, Ms. Dana Grant, Mr. Dale Martin, Rev. Dr. Rufus Mitchell, and Joey Nimmer, Ex Officio.

Ms. Brenda Bradberry and Mr. Mike Upton were not in attendance.

Approval of Agenda

Dr. Gary Burgess requested an amendment to the agenda to discuss Connect America Broadband. Mr. Dale Martin made a motion to approve the agenda as amended. Mr. Nakia Davis seconded motion and the agenda was approved with a unanimous vote.

Approval of Minutes – January 20, 2015 Board Meeting

Rev. Dr. Rufus Mitchell made a motion to approve the minutes and was seconded by Mr. Dale Martin. With a unanimous vote, the minutes were approved.

Recognition of Media and Patrons / Public Comment Period

No comment.

Consideration of Anderson School District Three Bond Issue

Mr. Keith Martin is requesting the approval of the resolution adopted by District Three Board on February 9, 2015. This is for the acquisition use of security agreements to implement energy conservation measures including, HVAC upgrades, remote access controls, LED lighting, water conservation commissioning, and energy awareness. The estimated cost is 5.1 million with funding through the South Carolina Studies which is part of federal financing for energy projects. With this subsidy it will bring our rate to a little over 1%.

Mr. Nimmer said in your packages, you will find a letter of request that explains the use of the bond proceeds.

Mr. Martin said it will not cause an increase the millage will be using the local option penny tax Mr. Draisen asked how long the bond would be for and Mr. Martin answered 15 years.

Mr. Brock made a motion to approve the District Three Bond Issue, seconded by Rev. Dr. Rufus Mitchell and the resolution was approved with a unanimous vote.

Consideration of Anderson School District Five Bond Anticipation Note (BAN) and Bond Issue

Mr. Thomas Wilson, District Five Superintendent, and Amy Heard, Executive Director for Finance, distributed hand-outs to the Board members for review.

Joey Nimmer added that Dr. Burgess and Ms. Bradberry had questions after the initial request letter came in. The folks from District Five as well as Mike Gallagher from Compass Municipal Advisors provided some answers as well as Jason Phillips, the county treasurer, on how the mechanics of the sales tax will be collected and distributed. A copy of that is also in the packets.

Mr. Wilson stated one of the documents handed out lists the projects, the next is a copy of a projected time line, and finally the document from Compass Advisors. The BAN is nothing more than a bridge loan to allow us to start work based on the advice of our bond counsel. Then next year we will sell the full 60 million dollars' worth of bonds, pay off the bridge loan, and then we are good to go. It allows us to start work because the numbers will be more concrete and the pay back schedule of the bonds to the full amount. Our board approved this and, with the approval of this board, we won't have to come back to approve the bonds a year from now. It allows us to get to work.

Mr. Brock asked to have the sales tax money explained. Amy Heard explained that the BAN will allow District Five to get the money now to start on projects while the sales tax money is being collected. That's why we can't do the bonds up front because we don't have the money to pay back yet. The ban will allow us one year to collect the sales tax, the interest rate is very low. Our financial advisor says the interest is less than half a percent that you pay back on the BANS. We are not seeing any major forecasting changes in the banking world so there is very minimal interest on our BAN.

Then 12/18 months out, we will have more collections in, that's how we will know how to project out our bond payment schedule over the 15 years and everything we are planning to do will not affect the millage rate as long as the money comes in as planned.

Mr. Wilson added the calculations on the 60 million was based on very conservative numbers that all five districts used to calculate the revenue from the sales tax. District Five's portion is projected to be 90 million but we are not asking more than 60 million in bonds.

Mr. Brock asked when you plan to have some of the projects on the list completed. Mr. Wilson said the stadium improvements will have to be done by September 1, 2015 for football season. We are in the process of getting bid documents ready.

Mr. Brock made a motion to approve the BAN and Bond Issue, seconded by Mr. Martin. Now we can have more discussion.

Dr. Burgess asked what the District's current 8% capacity is. Amy Heard answered they do not have any of the approximately 22 million bonded out, it is all available to us.

Mr. Draisen noted the Career Center is not expect to begin for another two years. Mr. Wilson said they would like to build the Career Center where Lakeside Middle School which is next to Tri-County Technical College and SC Works. We have had discussions with the other two Districts, the District Five Board and Anderson County Economic Development to partner putting their offices there. This will necessitate us enlarging Robert Anderson Middle School and moving the students there. These small schools are not cost effective and we hope to consolidate. We have had several meetings with architects. Don't know if it is plausible don't know if the money will line up right to enlarge Robert Anderson. Meeting next week in Columbia with Representative Brian White and Economic Development to see if there are any State monies that could partner with us. This is a unique program to partner with county Economic Development, K12 for the career center, higher education with Tri-County technical College and SC Works to partner with 4 entities for work force development like no one in the state has ever done to accomplish a common goal.

Mr. Draisen said the voters wanted to do the career center. It is exciting and we will know more soon. The consensus from the other two districts, it is worth the delays if it makes it better. Mr. Draisen asked about how long it will take to finish once you break ground. Mr. Wilson estimated about 18 months to 2 years or more realistically perhaps 3 to 4 years to complete.

Sales tax is the most unreliable tax there is, according to Dr. Burgess. What happens if there is a down turn in the economy? When will the tax payers see some relief in their property tax bill? Most people that voted in favor of the referendum did so because it would relieve the tax burden.

Mr. Wilson answered that there will be a very slight roll back in next October's property tax, referencing Mr. Gallagher's letter, since the collection doesn't start until March 1st. So the property owner will not see the full benefit of the 20% collection until the 2016 tax bill when it has had a full 12 months of collections.

Amy added that the SC Department of Revenue will make quarterly payments of sales tax received and the affect will be minimal this year. The communication we have to put out to the constituents and voters is that it is going to be very small for this first year but next year will be a full year. It will happen, it is law, and a roll back is coming.

Dr. Burgess asked if the other districts will be building up front anticipating money later. Keith Martin answered they will be doing something very similar to what District Five is doing. District 3 will be requesting a BAN in the next couple months that will cover them for Crescent High athletics and for the facility there. Issuing BANS and paying it back with the regular bonds lets you use your money up front, a cash flow issue. Dr. Burgess understands this and made it clear that he did not vote for the referendum. Amy Hearn said hopefully, if there is an economic downturn from the projected 90 million we are supposed to get from the 60 million we are bonding for, that there is enough in there we still don't have to go to the 8% to pay these bonds. She confirmed they have not touched that. Mr. Wilson feels good that the McNair Law Firm's actuarial has been very conservative with the growth. Mr. Nimmer added that McNair's legal firm has worked with other districts in the state that have done the same thing.

Mr. Brock questioned if the public has been notified about the plans for Lakeside Middle School. Mr. Wilson said no but he has shared this at the District Five Board meeting last week. The career center piece is one is one option that is very good. If we can get all four parties together we can do some fantastic things with students going on to TCTC, Clemson or work through that Career Center.

Dr. Burgess expressed concern that the voting public would like to see progress on the Career Center sooner than 2 or 3 years after voting for the sales tax. Mr. Wilson said we want it on the 28 Bypass with the infrastructure already in place such as water, gas, power, and the site is buildable with the school already there. We hope to be able to incorporate the gymnasium in to an automotive lab, the cafeteria to culinary arts. Once we are done, you will never know it was an old cafeteria. There are a lot of positives, it will just take time with the staff and ability we have. The good thing is with the approval tonight we will have the money to do it. Mr. Brock asked about expansion. Mr. Wilson said there are 30 acres there that is unused. They hope to connect directly to Tri-County Technical College to make it like one campus so students could walk to and from each campus. Dana Grant felt that was a great feature and David Draisen agreed and is glad to have the partnership with Tri-County Technical College. There has been discussion to have a 911 certification class with the sheriff. There are many opportunities for partnerships with the three districts who are meeting weekly to finalize what is needed.

Dr. Burgess has no concerns with the plans, feels Lakeside is a great site, however, he is concerned with the timeline. When the public sees other projects being started and not the Career Center, we must have good communication to explain this. Also, a concern is the fact that tax bills will not be what the voting public expects. Dr. Wilson agrees that we need to really communicate when the tax bills go out that it is only a partial.

Mr. Nimmer added it is important to note that when the 2016 tax year rolls around, you are actually drawing from a pool of about 18 months' worth of revenue to use in order to roll back the millage the first time so you will have a significant amount. A very small amount will show in 2015 and then in 2016 make up the difference since all that money will be in reserve to be used.

Mr. Wilson feels The Bass Master Classic shows a good example, had the sales tax been implemented, of a fisherman spending \$1,000 at Academy Sports on cold weather gear and that is one of the things we promoted. A person not living here spending money that will help our students with the 1% going to Anderson schools. That example shows the potential that Anderson County has to generate sales tax.

Mr. Phillips will take the 20% off the top before schools see the difference, blended right into the other existing funds, per Amy.

Mr. Nakia Davis felt that Tri-County Technical College would be very pleased to have the access to the 28 Bypass by linking the Career Center. Mr. Wilson said Tri-County Technical College has tried before but had problems from SC Department of Transportation. It may also spur other needed growth on that part of Anderson County with a new state of the art building. The location is also huge for Pendleton and District Three since many students will be coming that way and will be able to avoid traffic. Mr. Nimmer added another reason for that location is that Lakeside is also half way between Crescent High School and Pendleton High School. Long-term savings will be seen in operation cost running one middle school instead of two. District Five is already merging the two schools with one football team for the 7th and 8th grades so many people will feel this is the next natural step.

After discussion was complete, Mr. Draisen called for a vote. The six board members in attendance voted to approve the BAN and bond issue with Dr. Burgess opposed.

Presentation of 2013-2014 Audit for the Anderson County Board of Education – Mr. Ken Martin

Mr. Ken Martin thanked the Board for the opportunity to work with them again this year. Our group performed an audit following generally accepted audit standards and governmental auditing standards. Our audit approach focused on internal controls that management has put in place, to make sure we understand and document those controls, and test the controls. We look at the controls over cash receipts and disbursements at the Board itself, as well as the relationship with the districts and with the Anderson County Alternative School to make sure the controls between these organizations are strong.

We can affirm that, based on our work, management has established a good strong set of controls, to safe guard the assets. During all our testing during the audits, we did not have any instances that they were not following these controls. We feel it is a strong system of controls. Then we moved to straight forward audit tests to confirm your cash, your investments, any receivables, spending a lot of time on revenues to see if they are recorded properly. Then the bulk of our testing is spent on expenditures, making sure they are recorded properly, authorized as they should be, going to the right folks, and spent the way they should. Our company tests things, we do the work, ask questions with an air of skepticism because we want to make sure things are handled correctly. Then we give our opinion on the financials of the Board. We are happy to give you a positive report.

Mr. Martin summarized the primary changes from prior years in the following ways:

- Fund balance decreased by approximately \$23,000 due primarily to investment in new equipment.
- Revenue increased due to reimbursement from school districts for the mental health program.
- The value of the physical plant of the Bleckley Street property was adjusted to reflect fair market value of \$200,000 in preparation for sale.

Mr. Draisen and the Board thanked Mr. Martin for his hard work. Dana Brock thanked Joey Nimmer for providing the information well in advance of the meeting to look over. This was very helpful.

Anderson County Alternative School Report

Mr. Mike Brock presented the report stating some students returned to their home schools. There was 104 students enrolled at this time last year so enrollment is about the same. Males are the majority. There are 16 special education students enrolled.

Administrator's Report

Mr. Nimmer informed the Board that Ms. Bradberry was involved in an automobile accident a week ago and that she is at home recuperating. Mr. Upton was headed to Atlanta to undergo additional medical

testing. Kim Davenport was still in the rehab facility but was expected to be released in a couple days, however, was still in a wheelchair making little improvement with mobility. Lastly, Mr. Nimmer reminded the Board that the Statement of Economic Interest must be done by March 30, 2015 at noon.

Financial

Tax Collections YTD vs. Budget – All districts are slightly ahead from this time last year. District Three has a higher collection rate than the other districts due to the additional fee in lieu of taxes that has increased this year. Additional dollars came in during the month of January most likely due to projects with Electrolux and the restructuring of a fee agreement. District Four has pulled ahead of the others which is normal at this time of year because their revenue is derived from local ad valorem and taxes. With those being collected, now they are in good shape. County Board is lagging behind a little because more of our revenue is now derived on the back end when we get reimbursed for the mental health program.

Assessment Totals, as of January 31, 2015, took a slight dip from \$689,000 at the end of December to \$687,500 by the end of January. This is a \$1,500 per mil decline county-wide due to appeals settled prior to the first imposition of tax penalties on January 16th.

Old Business

New Business

Dr. Burgess passed out a hand out for the discussion on wireless communities. He has been talking with technology people in the county and found that Fairfield County has installed 3D radio transmitters and receivers in the tablets so students can go home and use the internet. They are using Title One and E-rate funds to make this happen for under privileged children. He attended a workshop about reading in Myrtle Beach and poor reading scores and assessments were addressed. Dr. Burgess gave an example of the very different backgrounds he and Dr. Joann Avery, Assistant Superintendent for District Four, experienced as children. If he and Dr. Avery had been given an assessment measuring their readiness to enter kindergarten, Dr. Burgess feels he would have been deemed behind.

The problem today is if a student doesn't have a good vocabulary or his behind, they stay in a low level curriculum and continue to stay behind. With everyone moving to electronic learning now, poor students to not have access at home, they can't get to the library, many don't have transportation and something should be done. Connected communities can do access points on water towers, TV towers or school buses. If the District is are concerned about these kids they need to have a discussion. Dr. Burgess asked the board to request that Mr. Nimmer have a conversation with them. Mr. Nimmer said he would be happy to speak to the superintendents of each district.

Mr. Draisen went on to say several members of the Board attended the Annual South Carolina School Board Association meeting last week. He felt the breakout sessions were better this year than most key note speakers and got a lot out them. With the exception of Molly Spearman and the teacher of the year. Mr. Draisen was very impressed with the teacher of the year and her information on disabilities was exceptionally informative. He felt it would be great to have someone of her caliber here in Anderson County.

Mr. Draisen asked the members that attended the annual convention in Myrtle Beach if they felt it was worthwhile. They did. Mr. Davis said the first day for him in the orientation was very good and he would go back next year. Mr. Nimmer shared this was his 9th year attending since he has been with the Board and said the breakout sessions were very good this year. The key note speakers were not as strong as they had been in the past but some years are better than others. Mr. Draisen feels that if you get one or two good ideas from the conference, it is well worth it.

Mr. Nakia Davis used Anderson County example of 1% sales tax. Our county was one of the five to pass education option sales tax.

Mr. Mike Brock made a motion to pay the bills. Rev. Dr. Rufus Mitchell seconded the motion and it was approved unanimously.

The meeting was adjourned by Mr. Draisen.

Respectfully submitted,

Dr. Gary Burgess, Secretary of the Anderson County Board of Education
This is a true and correct copy of notes taken at the meeting.