

DRAFT Minutes
Transylvania County Board of Education &
Transylvania County Board of Commissioners
July 30, 2009
REVISED

WELCOME/CALL TO ORDER
INTRODUCTIONS OF BOARDS AND STAFF
BUSINESS ITEMS

1. Request by Board of Education / School Bonds
2. Discussion / Decision of Board of Education Request
3. Public Comment
4. Closing Remarks

The Transylvania County Board of Education and the Transylvania County Board of Commissioners met in special joint session at 7:00 p.m. on July 30, 2009 in the Rogow Room at the Transylvania County Library. The purpose of the meeting was to discuss possible bond funding for school construction needs. In addition to approximately 15 guests and media representatives, the following Board members and staff were present:

Board of Education

Chris Whitmire, Chair
Tawny McCoy, Vice Chair
Shelia Norman
Cindy Petit
Dr. Jeff McDaris, Superintendent
Norris Barger, Finance Officer
Jenny Hunter, Admin. Assistant

Board of Commissioners

Jason Chappell, Chair
Kelvin Phillips, Vice Chair
Lynn Bullock
Mike Hawkins
Daryle Hogsed
Artie Wilson, County Manager
Gay Poor, Finance Officer
Trisha McLeod, Clerk to the Board

Mr. Hogsed gave the invocation and Mr. Whitmire led the Pledge of Allegiance. Chairman Chappell welcomed everyone and called the Board of Commissioners to order. Chairman Whitmire called the Board of Education to order. Dr. Jeff McDaris introduced the Board of Education members and staff. Mr. Chappell introduced the Board of Commissioners and staff.

1. Request by Board of Education

Chairman Whitmire informed the Commissioners that the American Recovery Reinvestment Act has made available two separate public bond opportunities for the improvement and renovation of educational facilities. Each of the bonds has different criteria. Qualified School Construction Bonds (QSCB) may be used for any construction projects other than athletic facilities or central office. Qualified Zone Academy Bond (QZAB) funding is more restricted. It is tied to free/reduced numbers, requires an in-kind match by the business community, and must be targeted to a particular learning area or program that improves student achievement post-high school. The bonds are competitive, require resolutions from the local boards of education, and approval of the applications by the local boards of commissioners. Both bonds have a payback of 12 years with little to no interest. Applications must be postmarked by July 31, 2009.

Dr. McDaris stated that while it was never the Board of Education's intention to ask for more money, the Board believes it would be remiss not to pursue this opportunity. He reported that the Board would like to apply for QZAB monies for the construction of a new CTE building at RHS. The current CTE building was constructed in 1956. It is

difficult to heat, has no air conditioning, and was intended to house only one classroom. It currently houses four. Space is inadequate for current needs. Dr. McDaris noted that regardless of the decision on the bonds, the CTE building will have to be addressed soon.

Norris Barger discussed the criteria for each bond and gave a PowerPoint presentation outlining two spending plans for the projects that the Board would like to fund (**see attached**). He noted that there is no guarantee that the QZAB funds will be awarded; however, the QSCB funds have already been allocated. If Transylvania County does not apply for the funds, they will be allocated to other counties. He reported that QSCB funds should be available next year as well. He informed the boards of a just-released restriction for the QZAB funds for next year—that they may not be used to increase the footprint of a qualifying campus.

Mr. Barger summarized the reasons why the QZAB and QSCB bonds would be a good idea:

- Construction costs may never be this low again.
- Little to no interest payback leverages the inflation in construction costs that will happen once economic recovery begins.
- The current CTE facility has not been renovated to any significant degree since it was built in 1956. It is inadequate for current and future needs of students.
- This would be an opportunity to partner with businesses and others interested in the education of our children, leading to greater long-term relationships and opening doors for more students.

2. **Discussion / Decision of Board of Education Request**

Chairman Chappell asked about the annual debt service that the county would incur under the first spending plan. County Manager Wilson reported that the County would assume an annual debt service of \$228,000 if paid back at no interest over 12 years. The County's current debt service is \$2.6 million dollars, which will be paid off in FY18. Mr. Chappell asked 1) whether the Board of Education would expect \$268,000 from the county in addition to the current capital outlay allotment, and 2) whether the Board had discussed possible ways to help repay the debt service. Chairman Whitmire replied that the school system already stretches every dollar, and it would be difficult to commit to reducing capital outlay over a 12-year period. He noted that if a new CTE facility is not built, there will be no place to house students while the current building is being renovated.

While not disputing the need for a new CTE facility, Chairman Chappell expressed concern about the County's budget forecast for FY11, which is even grimmer than FY10. He reported that the State has projected that it will take another five years to return to former levels of sales tax revenue.

Commissioner Hogsed agreed there is a clear need for a new CTE facility at Rosman. He noted that several County needs are going unmet due to funding constraints. He indicated that he would be willing to support some cost sharing if the school board were willing.

Commissioner Phillips indicated that he would not be opposed to cost sharing, but could not support raising taxes during these difficult economic times, however.

Commissioner Bullock expressed understanding of the need for the CTE building and the urgency to make a decision. He stated that unless the Board could find a way to reduce capital by the amount of the debt service, he did not see how the County could assume any additional debt.

Chairman Whitmire stated that the Board of Education could not agree to have future capital outlay budgets reduced. He explained that the Board has several old buildings to maintain and any capital reductions would result in further deteriorations and lost ground. He emphasized that this bond opportunity represents a "pay now or pay a whole lot more later" scenario.

Chairman Chappell asked whether the project scope could be changed once a QZAB application is submitted. Mr. Barger said typically no, but the State would be willing to accept both spending plans if accompanied by a memo signed by both Board chairs indicating their intent. Mr. Barger pointed out that approval of either or both applications would not in any way commit the County to issue the bonds. The application would merely earmark the funds so that they would not be allocated to another school system.

Commissioner Hawkins inquired whether BHS would qualify for QZAB assistance. Dr. McDaris explained that the free/reduced numbers at BHS are not high enough to qualify for QZAB. Mr. Hawkins asked about the 10% commitment from businesses. Mr. Barger expressed confidence that several organizations would be willing to make that commitment over a 12-year period. He cited several possibilities such as the Hospital partnering with HOSA classes, Gaia Herbs partnering with horticulture classes; and local builders partnering with carpentry classes.

Mr. Hawkins asked for a comparison of CTE space at each high school. Dr. McDaris reported that the BHS facility is substantially larger and newer, having been completed in 1977. There are more programs offered at BHS. Mr. Hawkins asked about the possibility of a new building that could serve the CTE programs for both schools, stating that it might make more sense in the long run. Dr. McDaris stated that he is often asked that question, and acknowledged that a single facility located somewhere between Brevard and Rosman would be exciting, but other factors would need to be considered. All CTE classes run full. We would need a facility at least double in size. Also, the state sets limits for upper level class loads, such as carpentry, for safety reasons. Travel time, scheduling and transportation costs would have to be factored in as well. Chairman Whitmire noted that the Board had recently studied high school scheduling in order to maximize efficiency. He reported that the Board had considered other schools for the QZAB funds, but saw the need at Rosman as the greatest.

Mr. Hawkins asked when the Board could expect to hear if the applications were approved. Mr. Barger estimated mid-August or September. The County would have until December 1, 2009 to issue the QSCB and December 31, 2009 to issue the QZAB.

Chairman Chappell asked whether the second spending plan would have something for every school. Chairman Whitmire said yes, noting that Plan 2 would be a contingency plan in the event the QZAB application is denied. In that case, the Board would add more items to the list to equal the QSCB amount.

Chairman Chappell called for a brief recess at 8:25 p.m. The meeting reconvened at 8:40 p.m.

Chairman Whitmire asked to hear more about the offer of cost sharing. Chairman Chappell clarified that the Commissioners were not suggesting cutting current expense or teacher jobs. He explained that the County needs some idea of the big picture for all projects. Mr. Hawkins stated that in his view, the Commissioners were being asked to push the CTE project to the head of the line.

Mr. Wilson observed that Plan 2 would allow the school board to complete many items on the capital outlay list very quickly. He suggested that by giving up \$100,000 per year for the next twelve years, the Board could get all the projects done earlier and without debt service. By January, the County will have a better feel for next year's budget shortfalls. In the meantime, the boards could work together on a facility plan and look at QZAB again later. Chairman Whitmire said that if the Board commits to \$100,000 per year for 12 years, they would effectively be paying for the whole thing themselves—not cost sharing. He asked if the Commissioners would be willing to allow the Board of Education to apply for both bonds and consider sharing some of the costs. He emphasized that only allowing spending Plan 2 would not eliminate the need for a new CTE building.

Commissioner Phillips cautioned that next year the Board may need the County to help fund teacher positions if the stimulus money evaporates. He stated that the County cannot underestimate what may be coming. Mr. Barger reported that the Board had budgeted half of the stimulus money for this year and half for next year as a cushion.

Commissioner Bullock asked whether the Board would consider postponing any of its projects. Chairman Whitmire responded that to take advantage of the bonds, the Board would consider a lot of things. Regarding Plan 2, the Board could postpone some of the projects. He emphasized that the opportunity to get the money at a tremendous savings over the life of the bond cannot be overlooked.

Chairman Chappell stated that with all of the unknowns now and in the next few years, he could not support applications for both QZAB and QSCB and taking on additional debt service. He emphasized that he is a strong proponent of education, but also of taxpayers.

Chairman Whitmire made the point that not building the new CTE facility means not being able to do the reorganization and renovation that is called for in the master facility plan by utilizing the shell of the old building to house students during construction. Mr. Chappell asked whether Plan 2 could be done without the new CTE building. Mr. Whitmire said yes, but even though the QZAB would probably be available next year, no new building footprints would be allowed after this year. This would put the project back at square one.

Mr. Chappell suggested that the boards consider the bigger picture with a full blown bond referendum. He felt the discussion was getting boxed in by thinking it all had to be done right now.

Mr. Phillips remarked that everyone agrees the CTE building is a very worthwhile project; however, if you can't afford something you have to pass it by, no matter how good the deal may be.

Commissioner Hogsed said that he would be agreeable to allowing the school board to apply for both bonds and splitting the payback with between the County and the Board of

Education. Chairman Whitmire confirmed that the school board had initially hoped to spread the more flexible QSCB funds to all schools. Because construction firms are bidding competitively, construction costs for the CTE project could be lower than anticipated. If so, the remaining funds would be maximized out to the other schools.

Mrs. McCoy stated that she could not commit to reducing capital outlay by \$261,000 due to the unknowns the school system continues to face with the state budget.

Mr. Hawkins recommended that instead of a piecemeal approach, the boards wait a year and study the issue before making a commitment. He suggested looking at the combined needs for RHS and BHS. He stated that he was not sure the CTE is the wise long-term decision. He feels that Plan 2 is the better plan.

Mrs. Norman reported that her discussion with the BHS principal indicated that there is not a need at BHS right now. Rosman does have a need. She stated that a new CTE building would be a great benefit for Rosman High School and the upper end, which tends to get overlooked. Commissioner Hawkins stated that he hears that generalization a lot, but does not believe it to be true. He agreed there is a need for the CTE building, but feels that the best financing deal in the world is not a deal if the project is not done properly.

After more discussion and comments, MR. HOGSED MADE A MOTION that the County promote both the QZAB and QSCB applications. The motion died for lack of a second.

Mrs. Petit reported that special needs students taking the Occupational diploma track are required to complete a certain number of on-the-job hours as freshmen and sophomores. Because the CTE facility is so lacking at RHS, these students are washing windows and emptying trash cans to fulfill their work requirements. As a parent and a Board member, she finds that disturbing. She believes that an improved CTE facility will help better prepare students for jobs, slow the dropout rate, and pay back the County by allowing more graduates to find meaningful employment locally.

Mr. Bullock stated that he found it troubling that a decision had to be made immediately. He indicated that the CTE building is a worthwhile project, but did not see a way to do it without increasing the burden on taxpayers' backs.

Mrs. McCoy stated that she does support the CTE building, noting that because not all students will go to college, the CTE courses are very important to the county. Dr. McDaris pointed out that some two-year college degrees can result in higher salaries than four-year degrees.

Chairman Chappell stated that in his job he sees a definite demand for training in vocational skills. He agreed that the school system needs the CTE building, but feels the Commissioners must consider the limited budget and how it would be prioritized. He asked again if the Board of Education would be willing to reduce their capital budget by the amount of the debt service (\$268,000).

Chairman Whitmire responded that the Board would consider sharing the cost if it meant they were able to address some of the needs, including a new CTE building.

After further comments, MR. HAWKINS MADE A MOTION, SECONDED BY MR. HOGSED, that the Board of Commissioners authorize the application for the QSCB funding in the amount of \$1,297,778 and split the payback costs with the Board of Education over the life of the payback. Chairman Chappell noted that the Board of Commissioners does not guarantee the Board of Education's budget from year to year. It was noted that there would be some bond issuance fees, which were not included in Spending Plan 2. Manager Wilson indicated that the plan could be modified to include the fees. It was also noted that the deadline for issuance of the bonds is December 2009. With the motion on the floor, Chairman Chappell ceded the floor to the Board of Education for discussion of the proposal.

The Board of Education, along with Dr. McDaris and Mr. Barger, discussed the offer and felt they could absorb the loss in capital. The Board indicated its agreement to forego approximately \$54,000 in capital for the next 12 years.

Manager Wilson gave a reminder that the bond process requires that specific project(s) be designated in the application. Commissioners agreed that it would be the Board of Education's decision as to how to spend the funds. Chairman Chappell re-emphasized that the budget for the Board of Education would be determined on a year-by-year basis and the reduction of \$54,000 would be a recurring line item.

After additional comments, MR. HAWKINS' MOTION WAS UNANIMOUSLY APPROVED.

ON A MOTION BY MRS. MCCOY, SECONDED BY MRS. PETIT, the Board of Education voted unanimously to accept the Board of Commissioners' proposal and commit to a reduction of \$54,000 in capital outlay funds over the next 12 years. Chairman Whitmire asked the Board to identify the project(s) for the QSCB application. Following discussion, Mr. Barger stated that he felt comfortable that a new CTE building could be built with the QSCB funds, based on construction estimates of \$110 per square foot. He noted that provision would be needed for an elevator. He asked whether the \$54,000 reduction would begin with the current fiscal year. Manager Wilson stated that the Board would be responsible when the first payment is due.

After additional discussion, ON A MOTION BY MRS. MCCOY, SECONDED BY MRS. PETIT, the Board voted unanimously to place the CTE building at the top of the capital projects list on Spending Plan 2; remove items 4, 5, 6, 8 and 13; and submit the revised list with the application for QSCB funds.

COMMISSIONER HOGSED MADE A MOTION, SECONDED BY MR PHILLIPS, to grant the Chairman of the Board of Commissioners the authority to sign the QSCB application. Mr. Wilson stated that separate applications must be submitted for each project. THE MOTION WAS WITHDRAWN.

Mr. Wilson requested clarification regarding the amount of funds that the Board of Education planned to apply for, and what other projects would be listed on the application. He stated that the Commissioners had only agreed to \$1,297,778. Chairman Whitmire stated that the Board would apply for the allocated amount for construction of a new CTE building; however, should the project come in under budget and there be any leftover funds, it would be wise to identify other projects. Mr. Barger reported that he would request clarification in the morning as to whether the application could be amended later to add projects without issuing a dollar amount. He asked the

Board to grant authority to Dr. McDaris to formalize the application the following day based on his discussion with the State regarding the application requirements.

MRS. MCCOY AMENDED HER EARLIER MOTION to include giving the superintendent the authority to amend the Plan 2 list as needed, not to exceed the total amount of \$1,297,778 submitted in the application for QSCB funds. THE MOTION WAS SECONDED BY MRS. PETIT and unanimously approved.

Mr. Barger suggested grouping the projects by school and submitting 9 applications. He reported that he would clarify the best approach during his discussion with DPI in the morning.

3. Public Comment

Anela McMahan, Sue Fox, and another individual associated with the school system thanked both Boards for their commitment to education and to students.

4. Closing Remarks

There were no closing remarks.

There was no further business and, ON A MOTION BY MR. PHILLIPS, SECONDED BY MRS. HAWKINS, the Board of Commissioners adjourned at 10:31 p.m. ON A MOTION BY MRS. PETIT, SECONDED BY MRS. MCCOY, the Board of Education adjourned at 10:31 p.m.

Respectfully submitted,

Chairman

Secretary

Spending Plan 1

Rosman High/Middle CTE Building

Vocational Building - 10,500 sq ft @ \$110	\$1,155,000
Architectural Fees	94,000
Testing Services	20,000
Project Contingency	28,778
Total QSCB	\$1,297,778

Vocational Building Floor Area	
Agriculture/Horticulture Classroom Area	3,200 sq ft
Carpentry/Welding	2,400 sq ft
Health Occupations	2,400 sq ft
Group Toilets	500 sq ft
Circulation & Mechanical	2,000 sq ft
	10,500 sq ft

Campuswide Renovations and Program Enhancements

New Connecting Corridor between Main & Existing Vocational	\$120,000
Renovations to the Existing Vocational Building	700,000
Demolition	\$50,000
2 Classroom Renovations	75,000
Renovations Band Room	210,000
Renovations for Chorus Room	150,000
Ensemble Rooms	30,000
Renovations for Dance & Drama	40,000
Toilets	25,000
Old Vocational Building Exterior & Sitework	120,000
Elevator	120,000
Retaining Wall and sitework	100,000
Renovation of former Band Room for Middle School Classrooms	350,000
New Card Key System for Exterior Doors	80,000
New Parking	150,000
Architectural Fees	131,000
Testing Services	20,000
Project Contingency	112,000
Project and bond administration (2%)	37,600
Total QZAB	\$1,920,600
Grand Total	\$3,218,378

Spending Plan 2

FY10		Description	FY10 Amount
Priority	Location		
4	312	Replace gym doors	\$15,000
5	308	Cafeteria/gym roof coating	174,573
6	308	CTE air handlers (13 to include CTE EMS)	156,000
8	312	Replace gym roof	104,000
11	304	1st and 4th grade bathroom stalls	13,500
12	328	Oil tank repair/replacement	30,000
13	308	Campuswide restroom renovations (2,500sf @ \$70/sf)	41,835
14	318	New door into reception area	2,500
17	328	Gym sound system/panels (match)	8,000
18	308	Correct north parking lot drainage	18,000
19	308	Parking lot resurfacing	20,000
22	336	Carpet for Guidance, speech, EC (1,550sf @ \$3/sf)	4,650
25	304	Enclose 3rd and 4th grade classrooms and computer lab	34,000
28	304	Replace cafeteria entry and bathroom doors	14,500
29	312	Locker room renovations	57,000
30	308	New gym sound panels/PA system	30,000
31	336	Wiring for new sign	2,000
32	308	Special Needs roof replacement (3,440 sf @ \$13/sf)	44,720
33	324	Bathroom tile replacement (2,500 sf @ \$4/sf)	10,000
34	304	Bathroom tile replacement (3,750 sf @ \$4/sf)	15,000
35	318	Exterior brick repair (current brick work scaling badly)	18,000
37	320	Security cameras	11,000
38	336	Wiring and plumbing for washer/dryer	3,500
39	318	Replace/repair exterior columns	15,000
42	336	New gate	2,000
45	336	Synchronized clock/bell system (match)	3,000
	308	Old gym renovations (including track restrooms)	<u>450,000</u>
			\$1,297,778