



# GREER MIDDLE COLLEGE

## CHARTER HIGH SCHOOL

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### HOME OF THE BLAZERS

#### **Board of Directors Minutes** **May 22, 2023**

Members Present: Donna Smith, John Short, Elliott Figueroa, Lori Larsen, Tony Kouskolekas, Jennifer Jones, Darin Scheidly

Administration Present: Jimmy Armstrong, Anne Goff, David Gantt

Members Absent: Pauline Nichol, Jason Ross

1. The meeting was called to order by Donna Smith, Chairman, at 5:30 pm.
2. Donna Smith introduced Ritchie Cothran and Kaydee Hoard from Truist Securities regarding potential financing options for the proposed community school:
  - a. Mr. Cothran thanked the school for its existing relationship with Truist Securities regarding the existing financing of the academic and activities buildings. Mr. Cothran discussed Truist's knowledge and expertise in the financing charter school facilities. Ms. Cothran introduced Ms. Hoard, who presented the facilities financing options available for the new facility.
  - b. Ms. Hoard stated that she and her finance group had worked with other charter schools in South Carolina in the issuance of facilities bonds. The bond market used for financing public charter schools is a niche market, and the specifics regarding these types of bonds are unique to public charters.
  - c. The first issue is the cost of issuing these bonds. There are essentially two options for issuing these bonds. The options are to refinance the existing bonds and increase the bond amount or to issue new bonds for the new building and leave the existing bonds in place.
  - d. The first option is considered less risky because of the financial record of the existing school. Under this option, the interest rate will be lower. The school could extend the maturity date of the existing debt. The negative consequences of refinancing would be at a higher overall interest rate for the high school. Under the second option, the interest rate would be higher for the community school, and the complexity of the bond issuance would be higher because the investor recruitment process would be more involved. In the public bond market, a debt service reserve of one year is generally required. With a single private investor, the investor may not require a one-year set aside. If the bonds were issued in the public debt market, the bonds would be required to be rated annually; however, the bonds would not have this requirement with a private investor.
  - e. If the new bond issuance option is selected, the finances of the two schools would need to be tracked separately. Under the public bond market option, the net bond proceeds would be disbursed at the time of issuance, which means that the school would be incurring interest from the initial issuance. Tony Kouskolekas asked whether public charter schools ever become "debt-free" based upon their experience. Ms. Hoard replied that it does occur with some of the large charter school networks, but many individual schools roll over their facilities debts as needed. Ms. Hoard added that the demand for these types of bonds depend on which market you choose to

utilize. Large private investors like Vanguard and Blackrock trade in the public market, while specialized organizations trade in the private bond market.

- f. In terms of the bond interest rate, the length of the bond is important. A bond with a forty-year amortization period currently has a significant interest penalty. Another factor is the initial bond rating from Moody's. Usually, most bonds being issued have a mandatory refinance period of seven to eight years. The costs of bond issuance are incorporated in the bond amount and financed within the proceeds.
- g. Ms. Hoard then presented two bond cost perspectives. Assuming the property purchase date of August 11, 2023, with a 35-year bond amortization period, the annual debt service for both schools under the public bond market option would be \$2.2 million. This doesn't account for any investment of bond proceeds while the building is being constructed or left over after building completion. The private bond market scenario utilized a forty-year amortization period. The bonds have an option to be refinanced after seven or eight years but would not be a requirement.
- h. The final budget for the new facility would be somewhere between \$16-22 million depending on the build-out contract.
- i. The private sector bonds would amortize construction interest into the final bond amount. The bond payments would interest only on the new debt for the first two years. The school could begin to pay down principal after year 3. Interest costs would be 8-9% through year 3 based upon financing the bond costs, construction interest and other proceeds into the bond principal. This bond type allows for interest only payments on the construction draws balance. The interest rate is fixed; however, the principal amount will be determined when the building is complete.
- j. Donna Smith asked about a private investor that specifically invests in charter school bonds. Ms. Hoard said that this is a unique investor based out of Chicago who funds charter schools and clean water projects. There are two or three other investors that would also want to visit the school and discuss the project.
- k. Darin Scheidly asked if the timeline for closing a public market bond versus a private market bond is different. Ms. Hoard stated the timeline for either bond could meet the August 11th closing date. Ms. Hoard added that interest payments would be capitalized under either bond scenario until the school opens in September 2025.
- l. Elliot Figueroa asked which option would be preferable in Truist's opinion. Ms. Hoard said it depended on your opinion of the long-term interest rates in the bond market in the near future and what your tolerance for risk is.
- m. Jennifer Jones asked how critical a September 2025 opening date was for the bond issuance. Ms. Hoard stated that the school should develop a contingency plan for delayed openings and have that plan incorporated into the bond issuance documents.
- n. Ms. Hoard stated that the current school bond is amortized for another twenty-five years, but the bond interest rate resets in eight years.
- o. Jimmy Armstrong stated that the new community school needs 750 students between grades 3-8 by the 34d year for the pro-forma budget to be balanced. The pro-forma budget requires 125 students per grade level, which is less than our current grade enrollments at the high school. Annual debt service is estimated to range between \$2.1 million and \$2.4 million. To close on the bond by August 11th, the board needs to select the bond option and the interest rate within the next 30 days. In addition, a private investor may be willing to do short-term land financing, which would allow the school to issue the bond later.
- p. Donna Smith thanked Mr. Ritche and Ms. Hoard for the presentation. Ms. Smith stated that the board would decide as soon as possible to meet the August 11th closing date.

3. There were no public speakers who desired to address the board.
4. Reading of the GMC Mission Statement: Donna Smith.
5. The board reviewed the proposed agenda for the meeting. John Short made a motion to approve the agenda. Jennifer Jones seconded the motion. Motion passed unanimously.
6. The board reviewed the meeting minutes from the April 24, 2023, regular board meeting. Lori Larsen made a motion to approve the minutes. John Short seconded the motion. Motion passed unanimously.
7. Administrative and Committee Reports:
  - a) Administration Report – Jimmy Armstrong presented the report:
    - i. Several end-of-year award events have been held.
    - ii. All annual state testing has been completed.
    - iii. The school held a Night of the Arts on May 15th.
    - iv. We completed 566 EOC tests and 20 AP Computer science exams with only four outstanding tests remaining.
    - v. Senior Project Presentations and Yearbook Day were held last Thursday. Senior Day was last Friday.
    - vi. Graduation is scheduled on Friday morning at 10:00 am.
    - vii. The spring sports was a huge success. The boys and girls soccer teams were region champions. The boys and girls track teams were also region champs. The boys team won state championship.
    - viii. Regarding next year’s enrollment, we are completing enrollment intake meetings for all incoming freshmen. We have increase our beginning-of-the-year enrollment number to 540 for August.
    - ix. The new website is scheduled to launch after July 4th.
    - x. The community school interest survey has been published on social media, and 266 students have responded through one Facebook ad campaign. The school will run more ad campaigns as needed.
    - xi. Jennifer Jones asked about teacher retention. Mr. Armstrong said one teacher is relocating to Georgia, one decided to be a full-time parent and one has retired. The school has already filled all open positions currently.
  - b) Executive Committee Report- Donna Smith presented the report:
    - i. Ms. Smith asked Mr. Armstrong to discuss his perspective regarding expanding the community school from a middle school to include grades 3 through 5. Mr. Armstrong stated that the initial focus of a new school was on a middle school only. However, based upon projected building and operational costs, that would require 250 students per grade level to make a middle school viable, which would ultimately require the high school to accept over 800 students. Based upon this dilemma, the Executive Committee decided to add elementary school classes to keep the class sizes down. Based upon academic research, grades 3-8 are a natural academic break for students. Lori Larsen added that 3rd grade is the beginning of state intermediate testing for all students, and 3rd through 5th grade is considered a natural learning group.
    - ii. Mr. Armstrong said that the school would consist of wings for 3rd and 4th grades, 5th and 6th and 7th and 8th grades. The grades would share cafeteria and gym space.
    - iii. Admission lotteries would be for the 3rd grade with the possibility of an additional lottery for any open slots in the 6th grade.
    - iv. Mr. Armstrong gave three reasons for opening the community that would be beneficial for the high school. The first reason is that it provides the high school with a feeder school for all our

students for academic consistency. The second reason is that it allows middle school students to participate in athletics with high school students. This allows athletic participation without any issues concerning eligibility. The final reason is that it allows the high school to have dedicated athletic fields.

- v. Mr. Armstrong stated that he believes that the Classical Academic Instructional Model for elementary/middle school education is a good fit for our project-based/mastery learning curriculum. Much of the Classical curriculum is hands-on instruction, which is consistent with our project-based learning.
  - vi. Donna Smith added that opening elementary and middle schools through the charter school model will help improve public education in this area, and that is the ultimate goal for this organization.
  - vii. Darin Scheidly stated that in his option the community school project needs to be financially independent, and the two schools be as financially isolated as possible. Tony Kouskolekas requested that Anne Goff provide the board with a cash-flow analysis of the two options at the next board meeting.
  - viii. Both Donna Smith and John Short stated that Truist Securities has provided the school the best finance options of the four banks that the board has met with.
- c) Finance Committee- Elliot Figueroa presented the report:
- i. Mr. Figueroa gave a synopsis of the school's end-of-month financial condition as of April 2023:
    - i. The school has \$3.1 million cash-on-hand. Total assets were \$15.1 million. Total long-term debt is \$9.8 million. Current liabilities are \$559 thousand. Total equity is \$4.5 million.
    - ii. Current year-to-date revenue is \$109 thousand unfavorable compared to budget. Year-to-date net income is \$16 thousand versus budget net income of \$59 thousand.
    - iii. The school is awaiting receipt of revenue payments from the state district, which should correct the year-to-date net income compared to budget.
    - iv. The debt covenant requirements in our bonds are being met handily.
  - ii. Elliot Figueroa moved to accept the report. The report was accepted unanimously.
  - iii. Elliot Figueroa made a motion based upon the committee recommendation regarding transferring \$250 thousand from a reserve account to the state investment fund to increase the interest on the funds. The motion carried unanimously.
  - iv. Elliot Figueroa made a motion based upon the committee recommendation to transfer \$40 thousand of the school reserve to a capital reserve account for \$20 thousand building maintenance and \$20 thousand for computer refreshment. The motion passed unanimously.
- d) Facilities Committee- John Short gave the report:
- i. The environmental reports for the community school site have been reviewed by engineers and the prospective construction company. Based upon the initial surveys, the school we will need to use 26 acres of the 56-acre parcel.
  - ii. The school will have to use a septic system because the public sewer service is currently seven miles away. The grading survey has been initially drafted showing the cut/fill area required. Once the final borings are done, then we will have a good idea regarding the specific grading plan. Darin Scheidly when the due diligence period in the purchase agreement expired. Donna Smith said June 30<sup>th</sup> was the expiration date.
  - iii. John Short said the new plan will have the athletic fields on Hwy 290, and the building would be tucked back into the property's corner. The remaining 30 acres will be accessible from Hester Road. Mr. Short said that this is a facility layout concept and is very fluid currently. However, if the board agrees that the project will fit on the proposed portion of the property, then we can finalize the design and budget relatively quickly.
- e) Policy & Governance Committee- Darin Scheidly gave the report:

- i. Two candidates elected to the board in the annual board election were Zach Salvato and Pamela Adams, who will be sworn in on June 26th. Mr. Scheidly thanked Heather Timanus, Jimmy Armstrong and David Gantt for their efforts on the election.
    - ii. Darin Scheidly made a motion to ratify the election results. Elliot Figueroa seconded the motion. The motion passed unanimously.
  - f) Academic Excellence Committee – Jennifer Jones gave the report:
    - i. The committee created an action item list from the board survey results for the board to consider. The list of action items included: more parent communication, a new website, and newer technology equipment. The committee created an action item from each survey result.
    - ii. Darin Scheidly asked if the committee would set measurable goals for each action item.
8. New Business
  - a) The 2023-2024 Budget:
    - i. The 2023-2024 proposed budget was presented for its second reading. There were no changes to the proposed budget from the first reading. This completed the second reading of the budget. John Short motion to approve the second reading.
    - ii. Jennifer Jones seconded the motion. The motion passed unanimously.
  - b) Bond Resolution Amendment:
    - i. Jennifer Jones made a motion to amend the school’s existing Bond Resolution to increase the maximum bond amount from \$14.23 million to \$30 million to provide funding for the community school project. Elliot Figueroa seconded the motion. The motion passed unanimously.
  - c) Charter Amendment:
    - i. Mr. Armstrong stated that school needed to amend its existing charter to allow the school to add grade levels 3 through 8 for the bond documents so that the new community school project would be allowed by both the board and the school’s governing body, the South Carolina Public Charter School District. The charter amendment would also allow the school to file a separate charter in the future that would allow the school to seek additional funding to establish and start the new school.
    - ii. Elliot Figueroa moved to amend the school’s charter to expand the school’s grade levels to include grades 3 through 8. Jennifer Jones seconded the motion. The motion passed unanimously.
9. John Short made a motion to adjourn the meeting. Tony Kouskolekas seconded the motion. The motion passed unanimously. The meeting was adjourned at 7:25 p.m.
10. Next board meeting is tentatively scheduled for **June 26, 2023, at 5:30 pm.**

## Addendums



### GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL HOME OF THE BLAZERS

#### Principal Report 5-22-2023

- On April 25<sup>th</sup>, GMC initiated an interest survey for the community school.
- On April 26<sup>th</sup>, Mr. Dillard and Ms. McCraw attended training on administrator discipline in PowerSchool.
- On April 28<sup>th</sup>, GMC was closed in order for faculty to grade Capstone digital portfolios.
- On April 28<sup>th</sup>, GMC held its prom.
- On May 2<sup>nd</sup>, GMC athletics recognized its senior spring sport student athletes.
- The first week in May we recognized our faculty and staff with treats each day (thanks to PIP) and a low country boil meal on Wednesday of that week.
- On May 8<sup>th</sup>, GMC held its Awards Ceremony in the Activity Center.
- On May 9<sup>th</sup>, we met with GTC leadership to discuss common security and new college security implementation primarily at the main campus.
- The AP Computer Science exam occurred on May 8<sup>th</sup>.
- EOC exams started on May 10<sup>th</sup>. 566 exams were administered.
- Eliza Jones and Allison Chandler completed Junior Leadership Greer. Mr. Dillard completed Leadership Greer. Their end of year celebration and recognition took place on May 11<sup>th</sup>.
- GMC held its Night of Arts on May 15<sup>th</sup>.
- On May 15<sup>th</sup>, we treated our Blazer Brag students and faculty/staff to Waffle House.
- On May 18<sup>th</sup>, GMC held Yearbook Day.
- On May 18<sup>th</sup>, GMC held Capstone Presentation Day Presented by STI Logistics.
- On May 19<sup>th</sup>, GMC held Senior Day and treated our seniors and parents to breakfast and recognized where our seniors will attend in the fall.
- We have 2 graduation practices on May 24<sup>th</sup> and 25<sup>th</sup> (dress rehearsal). Graduation is on May 26<sup>th</sup> and starts at 10:00 a.m.
  
- Spring sports—Soccer—girls are region champions and went to second round; boys are region champions and went to upper state championship; Track— girls and boys are region champions and girls finished 6<sup>th</sup> overall; boys won the state championship.



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**Enrollment:**

We will have a make up intake on June 1st at 2:00pm. We have 20 families attending with room for about 7 more. Our projected numbers for next year are:

9th grade- 140  
10th grade- 143  
11th grade-141  
12th grade-116  
Total- 540

**Current Enrollment Numbers/Waitlist Numbers:**

Incoming 9th graders: 140/91  
9th grade: 132/75  
10th grade: 132/43  
11th grade: 123/66  
12th grade: 116/22

**Promo Video:**

We were able to showcase a short video at the 15 Year Celebration! [Here](#) is the link to view! We have all the B Roll and stock images that we have shared with WebSpeak for our new website. Plan to meet with Tony over the next few weeks to solidify the promo video.

**Website:**

WebSpeak has continued to update our new website. [Here](#) is a preview of the work they have done so far! I plan to meet with them this week or next to review and talk through changes/receive training for keeping website up to date.

**Development**

- Thank you for everyone that served as judges for Senior Capstone.
- Community School Social Media Campaign is ongoing.
  
- We have over 266 students on our interest lists as of May 21.
  
- PIP hosted teacher appreciation week with multiple lunches, breakfast, and sweet treats.
- Our Lunch Co-Lead is leaving and the end of the school year and we have posted the position for the 23/24 school year.
- PIP is having its end of the year meeting on 5/23 to vote for 23/24 leadership.



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**Academic Excellence Committee Report**

**Action Items for the 2023-2024 School Year**

*Derived from 2022-2023 Parent, Students, and Faculty & Staff Surveys*

1. Improve communication between teachers and parents.
2. Continue to use the Blazer Newsletter to communicate information to parents.
3. Implement a new website with improved functionality to make it easier to find updated information and calendar.
4. Administration to be more friendly and improve interaction with students (i.e., learn names, be more visible throughout the day, greet students, be more approachable, attend more events, visit classrooms, etc.).
5. Have better computers and dependable WIFI.
6. Balance the extra work with other faculty and staff. Balance student load, especially for core classes.