

Minutes

9:00 a.m., March 10, 2022 Called Meeting

Lancaster County School District Board of Trustees Called Meeting

In attendance

Board members present-

Ken Buck (Secretary), Janice Dabney (Chair), Tyrom Faulkner, Margaret Gamble, Bobby Parker, Brad Small (Vice Chair), and Melvin Stroble

Board members absent-

None

District personnel-

Linda Blackwell (Elementary Director), Rachel Bradley (Superintendent's Assistant), Rick Chandler (Attorney), Michelle Craig (Public Information Specialist), Trevor Hammond (Procurement Director), Nicki Letterman (Public Information Assistant), Bryan Vaughn (Safety & Transportation Director), Jennifer White (Chief Financial Officer), Merry Smyre (Accounting), Teresa Broome (Accounting), Dawn Robinson (Finance), Jennifer Baker (Payroll Coordinator), Becky Outen (Accounting), Mary Faile (Finance), Lori Kee (Accounting), Cristy Courtney (Accounting), Amy Bailey (Accounting), Mandy Payne (Accounting), Morgan McAteer (Accounting), Kendra Watts (Fiscal Services), Lynn Funderburk (Fiscal Services)

Guests-

Harris Darver (DarverKelly), Alex Sherard (White & Story)

Press-

Mac Banks (The Lancaster News), CN2, WBTB, WSOCTV

Citizens-

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Open session

Call to order and invocation-

BABA

At 9:00 a.m., the chair called the meeting to order. Mr. Faulkner gave the INVOCATION.

Notice to media-

BCBB

In accordance with the SC Code of Laws, 1976, Section 30-4-80(d), as amended, Cable 2, The Herald, the Kershaw News Era, The Lancaster News, WBTB, WRHM and WSOC were notified of the time, date, place and agenda of this meeting.

Executive session

Executive session-

BCBK, GBC/D, GBO, GBN, DFN, FGB

The chair announced the purpose for executive session was to receive legal advice for matters covered by the attorney-client privilege.

The chair called for a motion to enter executive session.

The MOTION to enter executive session was made by Mr. Faulkner and seconded by Mr. Stroble for discussion.

Mr. Stroble addressed the chair and the rest of the board about his concerns regarding discussing information during executive session that should be public knowledge. Mr. Stroble wanted clarification on what specific matters were being discussed that fall under South Carolina Freedom of Information

Act (Section 30-4-70). Mr. Buck also voiced his concerns regarding what specific matter the board would discuss with attorneys during executive session. Mr. Chandler spoke to the board that he believed there was a legal pending claim so it was right to enact an executive session for the board to discuss the details with attorneys.

Dr. Phipps introduced Mr. Sherard who reiterated to the board that there was a pending legal claim regarding the SC State Department declaring Lancaster County School District on Fiscal Watch on February 28, 2022. The legal claim is the School District's appeal to the declaration. Mr. Sherard stated that he was here to provide legal counsel with respect to strategies and plans for the appeal process and this information would be covered under attorney/client privilege. Mr. Faulkner stated that the board should have an executive session to meeting with legal counsel and have the attorneys advise the board and then enter into open session where the public could be informed of the plans to appeal the declaration of Fiscal Watch. Mr. Small stated that he wanted to clarify that the executive session was for discussing matters that were not already public knowledge. Mr. Buck informed the board that he would call for a point of order if the discussion during executive session needed to be stopped and continued in open session instead. The board voted on going to executive session.

The motion PASSED (4-3).

Mr. Buck, Mr. Small, and Mr. Stroble voted against.

Ms. Dabney, Mr. Faulkner, Ms. Gamble, and Mr. Parker voted in favor.

Open session

At 10:51 a.m., the chair called for a motion to come out of executive session.

The MOTION to enter executive session was made by Mr. Faulkner and seconded by Mr. Stroble.

The motion PASSED (6-0).

Mr. Small was absent.

Auditor questions-

The chair introduced Mr. Darver, the District's auditor, and directed the board to ask any questions needed regarding the 2020-2021 school year audit. Mr. Darver explained that the issue was with recording 3rd quarter depreciation of Food Service fixed assets. Mr. Darver stated he worked with Ms. White and the Finance and Procurement departments to come up with a solution to the issue. The depreciation of Food Service fixed assets will be recorded annually instead of quarterly moving forward and that these types of adjustments to issues found are done during the audit process. Mr. Stroble wanted clarification on the perceived repeated deficiencies in the district audits over the last two school years. Mr. Darver explained that the deficiencies he noted in the audit are labeled under the same umbrella term but are not the exact same deficiency each year and any he has brought to the attention of the district in the past has been corrected. Mr. Darver stated that he has

to report the deficiencies in his final audit report to the State Department even though the issues have been corrected. Mr. Darver explained to the board that he believed deficiency found in the 2020-2021 school year audit was not a big issue for the district. He encouraged the Board, the District, and the community to call for an amendment to Act 23 in Section 59-20-90 of the South Carolina Code of Laws because its current wording allows the SC State Department to place districts on Fiscal Watch that are actually very healthy financially. Act 23 is meant to help high needs and high risk districts that need the extra oversight and assistance with their fiscal practices and budgetary conditions. Mr. Buck asked for clarification that the deficiency in the 2020-2021 school year audit was not due to the District's financial condition but due to an issue with a process that has been corrected.

Attorney questions-

The chair introduced Mr. Sherard.

A **MOTION** was made by Mr. Stroble and seconded by Mr. Buck to retain White & Story to litigate Lancaster County School District and its Board of Trustees' appeal of the Fiscal Watch declaration by the South Carolina State Department.

The motion **PASSED** (6-0).

Mr. Small was absent.

Mr. Sherard spoke to the board about the submission of the District's response letter on February 14, 2022 to the SCDE notification from February 9, 2022 regarding placing LCSD under Fiscal Watch. Mr. Sherard noted that the district did not receive a response back but did receive an email on February 25, 2022 stating that SCDE would place LCSD under Fiscal Watch. The official declaration letter was sent out on February 28, 2022. Mr. Sherard also spoke to the board about Act 23 in Section 59-20-90 and its possible overreach in this situation. Mr. Sherard assured the board that White & Story would work with the Board of Trustees and the school district in the appeal process and be present during the April 12, 2022 appeal hearing in Columbia, South Carolina.

A **MOTION** was made by Mr. Stroble and seconded by Mr. Buck to designate Mrs. Dabney, Mr. Small, and Mr. Buck as representatives of the Board of Trustees in preparation of the appeal hearing and relay any updates regarding the appeal process.

The motion **PASSED** (6-0).

Mr. Small was absent.

Superintendent comments -

Dr. Phipps spoke to the board and the public that he spoke to State Superintendent, Molly Spearman, before the meeting. He explained that Ms. Spearman was surprised by the attention from the media Lancaster County School District was receiving over this issue. Dr. Phipps explained that Ms. Spearman was very supportive. Dr. Phipps wanted to make clear that there was no misuse of funds and that he hoped that the district's appeal process would be of help to other districts that might

have the same issue regarding the possible overreach of the SCDE under Act 23 in Section 59-20-90 of SC code of laws.

With no other business before the board, the chair adjourned the meeting at 11:28 a.m.

Respectfully submitted,

Approved: _____

Ken Buck, Secretary

Janice C. Dabney, Chair