



Town of Hilton Head Island
**FINANCE & ADMINISTRATIVE
COMMITTEE MEETING**
Tuesday, June 20, 2023, 1:00 PM
Minutes

Present from the Committee: Alex Brown, Chairman; Tamara Becker, Steve Alfred, Glenn Stanford, *Members*

Absent from the Committee: David Ames

Present from Town Council: Patsy Brison

Present from Town Staff: Josh Gruber, *Deputy Town Manager*, John Troyer; *Director of Finance*; Jeff Herriman, *Treasurer*; Crystal Bollino, *Senior Accountant*; Bob Bromage, *Public Safety Director*; Cindaia Ervin, *Assistant Town Clerk*

1. Call to Order

Mr. Brown called the meeting to order at 1:00 PM.

2. FOIA Compliance

Ms. Ervin affirmed compliance with FOIA.

3. Adoption of the Agenda

Mr. Stanford moved to approve. Mr. Alfred seconded. Motion carried 3-0.

4. Approval of the Minutes

a. Regular Meeting Minutes of May 16, 2023

Mr. Stanford moved to approve. Mr. Alfred seconded. Motion carried 3-0.

5. Appearance by Citizens

Mr. Skip Hoagland addressed the Committee regarding the Town's Designated Marketing Organization. Mr. Hoagland asked that the Committee monitor the Chamber, requesting to see the accounting and financial records. He asked for a forensic audit. Mr. Hoagland is also interested in a traffic study, siting the length of time it took to travel from I95 to Windmill Harbor.

Skip Hoagland stated he was speaking on behalf of Lynn Greely. He proceeded to make comments regarding the South Carolina Tax and Accommodations Tax laws as well as the workings of the Hilton Head Island-Bluffton Chamber of Commerce.

6. New Business

a. Discussion of Municipal Installment Purchase Revenue Bond – John Troyer, Finance Director

John Troyer addressed the committee noting this as a preliminary discussion of the Municipal Installment Purchase Revenue Bond. Mr. Troyer discussed the Debt Service Fund budget revenues indicating what revenues and taxes pay for specific bonds incurred by the Town. He highlighted the diversity in methods of payments and the different diversity in bonds. Mr. Troyer referred to the Natural Disaster Fund and that the Town is still pursuing and collecting money from FEMA for Hurricane Matthew. He commended Town Council for adopting a policy that raised the reserve requirements and increased the contribution to its General Fund to create capacity in case of future natural disasters.

Mr. Troyer continued with the presentation of several debt structure options that are available to the Town to include fire truck leases, and various bonds or by taking multiple revenue sources and package together.

Mr. Troyer introduced both Frannie Heizer of Burr Forman as the Town's Bond Counsel and Brent Robertson of Stifel, as the Town's Financial Advisor. Ms. Heizer addressed the Committee regarding the Municipal Installment Revenue Bonds. In 1994, the Town was able to accomplish beach renourishment through a lease purchase as well as to purchase the current Town Hall through a lease purchase. The Legislation in the 1990s that allowed Capital Improvements through a lease purchase was eliminated, with the exception for purchase of equipment (the example of a fire truck.) Installment Revenue Purchase Bond (IRPB) is a newer form of a lease where the Town would create a nonprofit to issue debt on its behalf. The project would form part of the collateral for the borrowing if the Town chose to not appropriate the use of the facilities and the Hilton Head Island Public Service Corporation could be revived for this initiative. Ms. Heizer continued by explaining that this structure works well when you are financing a number of different projects and you have a number of different streams of revenue that you want to use to finance those projects.

Mr. Robertson addressed the Committee explaining the benefits to this approach as opposed to special obligation bonds, where each bond has a direct pledge of the respective repayment sources. One of the greatest strengths of an IRPB, is at any given year, if one of your revenue sources is doing exceptionally better than the others, there's the possibility that you use the overage in collections to the IRPB and can potentially become a great tool for flexibility. The downside is if you overcommit, starting additional projects, the Municipality can put itself in a position where it was dependent on it in the following year and look to other available areas to source. However, the Town will get the head's up on this because the Town is appropriating through the budget every year.

Council members asked questions and made comments regarding: funds being used to increase the Natural Disaster Fund; Town Council's adoption of the policy that raised the reserve requirements and increased contributions to the General

Fund; the Beach Preservation Fees; additional conversations related to the Fire Rescue Truck fleet in the Capital Improvement Fund as a lease; questions regarding the details of the Capital Improvement Project budget for 2024; the current interest rate environment with a request for additional clarity on the possible future interest rates; inflation and the costs in relation to additional credit availability for future needs; the bonding for a specific revenue stream vs bundling; and the entire list of revenue sources available to be bundled.

Chairman Brown called for citizen comments.

Ms. Risa Prince addressed the Committee questioning the fact that our beach renourishment, Accommodations Tax and Accommodations Tax Revenues are being so highly linked to the same sources of revenue, (tourism business) does this pose any risk to our bond rating if consolidated into this new instrument.

Mr. Skip Hoagland addressed the Committee regarding Debt Service Fund budget reviews. He requested that the Town hire an independent forensic auditor as well as an FBI level auditor to work for the Committee and Town Council.

7. Adjournment

The meeting was adjourned at 2:07 PM.

APPROVED: August 15, 2023

The recording of this meeting can be found on the Town's website at www.hiltonheadislandsc.gov