



Town of Hilton Head Island
**FINANCE & ADMINISTRATIVE
COMMITTEE MEETING**
1 Town Center Court, Hilton Head Island, SC
Benjamin M. Racusin Council Chambers
Tuesday, June 20, 2023, 1:00 PM

The meeting can be viewed on the [Town's YouTube Channel](#), the [Beaufort County Channel](#), and Spectrum Channel 1304.

1. **Call to Order**
2. **FOIA Compliance:** Public notification of this meeting has been published, posted, and distributed in compliance with the South Carolina Freedom of Information Act and the requirements of the Town of Hilton Head Island.
3. **Adoption of the Agenda**
4. **Approval of the Minutes**
 - a. Regular Meeting Minutes of May 16, 2023
5. **Appearance by Citizens:** Citizens who wish to address the Committee on the matters being discussed during the meeting may do so by submitting the [Request to Speak form](#) or by calling the Assistant Town Clerk at 843-341-4646 no later than 12:00 PM the day of the meeting. Written comments concerning items on the agenda may be submitted at the [Open Town Hall Portal](#).
6. **New Business**
 - a. Discussion of Municipal Installment Purchase Revenue Bond – John Troyer, Finance Director
7. **Adjournment**



Town of Hilton Head Island
**FINANCE & ADMINISTRATIVE
COMMITTEE MEETING**
Tuesday, May 16, 2023, 1:00 PM
Minutes

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

Present from Town Council: Tamara Becker, Patsy Brison

Present from Town Staff: Josh Gruber, *Deputy Town Manager*, Angie Stone, *Assistant Town Manager*; John Troyer; *Director of Finance*; Shawn Colin, *Assistant Town Manager – Community Development*; Tommy Sunday, *Technology and Innovation Director*; Bryan McIlwee, *Assistant Community Development Director*; Jeff Netzinger, *Storm Water Manager*; Jacob Deuel, *Assistant Technology and Innovation Director*; Bob Bromage, *Public Safety Director*; Wendy Conant, *Community Code Enforcement Officer*; Cindaia Ervin, *Assistant Town Clerk*

1. Call to Order

2. FOIA Compliance

Ms. Ervin affirmed compliance with FOIA

3. Roll Call

Attendance was confirmed by way of roll call.

4. Approval of the Minutes

a. Regular Meeting – April 18, 2023

Mr. Stanford moved to approve. Mr. Alfred seconded. Motion carried 4-0.

5. Appearance by Citizens

Mr. Skip Hoagland addressed the Committee regarding FOIA compliance at the Finance and Administration Committee. He further stated the need for the release of personnel records and the need for a forensic audit of Town funds.

Mr. Skip Hoagland attempted to address the Committee on Lynn Greeley's behalf. It was noted that Ms. Greeley did not sign up for public comment. Ms. Ervin confirmed there was no communication from Ms. Greeley to speak. Mr. Hoagland insisted there was. Chair Brown went on record stating there was no record of her registering to speak. Mr. Hoagland proceeded to speak on her behalf inquiring as to whether financial records of the Hilton Head Island-Bluffton Chamber of

Commerce were reviewed by Town officials and her view of the continued violation of Mr. Hoagland's First Amendment rights.

6. New Business

a. Review and Discussion of the Town of Hilton Head Island Affiliated Agencies Memorandum of Understanding, Program Requests, and Statutory Provisions

Josh Gruber referenced the summary and outline included in the packet. He stated the Finance and Administrative Committee should review the Town's existing Memorandums of Understanding (MOU) for its current affiliated agencies as well as those affiliated agencies that don't currently have an MOU. He added that following this review, the Committee should provide policy guidance to staff on the reporting of these materials, the modifications that may need to be made to these existing agreements, if any, and the potential need to create new MOUs for affiliated agencies that are not currently subject to one.

Mr. Gruber said the Town provides funding to various affiliated agencies all of whom provide some form of public service on the Town's behalf. He noted there are currently three (3) active MOUs with the Town's affiliated agencies which are Island Recreation Association; Coastal Discovery Museum; and Historic Mitchelville Freedom Park. He reviewed the agreement and noted expiration dates of each. Funding for USCB's Event Management and Hospitality Training program is currently provided within the Town's Code of Ordinances. Mr. Gruber stated the agency is regulated by South Carolina statute (Palmetto Breeze) and the remaining agencies request funding support for specifically defined programs.

Discussion ensued regarding USCB and the need for a MOU. Mr. Gruber explained that with changing the distribution of funds to a submitted budget request, there may be a need for a fixed base funding level. Mr. Stanford suggested that some type of agreement with USCB would be necessary to give them some level of comfort in running the programs. He spoke in support of a fixed level of funding for USCB and an MOU, as opposed to a percentage of the hospitality tax. He said he would leave the other agencies as is.

Mr. Ames stated the need for budget approval of Town funds, verification or audit at the end of the year and some form of standardization of what the Town's expectations are for an affiliated agency.

Chair Brown stated the need to determine the following: review if there is a need for an MOU with any other agencies that receive funding from the Town, working on a MOU with USCB, and recommendations for any additions or changes with the upcoming expiration of the agreement with Island Recreation Association. He suggested staff bring these items back to the Committee for review.

Chair Brown asked for public comment.

Risa Prince addressed the Committee questioning the need to fund the Heritage Classic Foundation and suggested the funding come from the DMO budget.

Skip Hoagland addressed Committee and advised them to follow the laws regarding funding and contracts.

b. Consideration of a Resolution of the Town of Hilton Head Island Approving the Technology and Innovation Strategic Plan

Mr. Sunday presented the Technology Strategic Plan for FY24-FY26. He reviewed the technology trends noting that 95% of technology is customer service. He described the IT services provided by the department inclusive of the Help Desk, Network Infrastructure, Geographic Information Systems, Public Safety systems and Enterprise Software and Applications. He referenced a survey completed with Town staff and the results of the survey. He provided an overview of the goals for FY24-FY26 which include enhancement of service delivery, elevation of cybersecurity, embracement of innovation and to expand and enhance the workforce and addressed the tactics to accomplish the goals.

Skip Hoagland addressed the Committee regarding the use of websites for marketing.

Committee members made comments and asked questions regarding the plan and data back-up. At the conclusion of discussion Mr. Ames moved to forward the resolution to Town Council for consideration. Mr. Alfred seconded. Motion carried 4-0.

c. Consideration of a Resolution Authorizing the Execution of Standardized Stormwater Agreements:

- i. Ashton Cove
- ii. Carolina Isles
- iii. Peregrine Point
- iv. Beach City Place
- v. Chinaberry Ridge

Jeff Netzinger conducted a presentation regarding the execution of standardized agreements with the above listed communities. He stated the Town currently has similar drainage agreements and easements with seventeen (17) PUDs, property owners' associations, and homeowners' associations. He said the potential new partners have requested service via drainage agreements with the Town and all five (5) of the requesting entities meet the qualifications for acceptance of new systems, including the presence of shared, common road rights-of-way within their respective private communities.

Mr. Stanford asked if these systems have been inspected to determine the status of each. Mr. Netzinger stated there is a Town effort to determine status of each but a complete inspection of the entire system is not a requirement. He explained all property owners on the Island pay a Storm Water Fee and these are the funds

utilized in providing services. Mr. Ames asked for details regarding the provision of services. Mr. Netzinger explained the process noting requests for services are prioritized and the budget plays a part in what can be accomplished. At the conclusion of discussion, Mr. Stanford moved to forward the resolution to Town Council for consideration. Mr. Alfred seconded. Motion carried 4-0.

d. Town of Hilton Head Island Fiscal Year 2023 Year to Date Financial Update

John Troyer conducted a presentation addressing key issues regarding monitoring revenues, controlling expenditure and adjustments completed where necessary. He stated that revenues and expenditures are on track to provide for the existing budget. He stated the Town is continuing to benefit from Town Council's previous actions regarding building reserves, diversifying revenue streams and investments in the Island. Mr. Troyer conducted a review of existing revenues and expenditures. He noted all the current information is located on the Town website. Following questions and discussion, Chair Brown thanked Mr. Toyer for the update.

Skip Hoagland addressed the Committee regarding the need to monitor where the money is being spent and requested an independent audit of funds.

7. Adjournment

APPROVED:

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



TOWN OF HILTON HEAD ISLAND

Finance & Administrative Committee

TO: Finance and Administrative Committee
FROM: John Troyer, Finance Director
VIA: Marc Orlando, ICMA-CM, Town Manager
DATE: May 17, 2023
SUBJECT: Discussion of Municipal Installment Purchase Revenue Bond

RECOMMENDATION:

The Finance and Administrative Committee will hear reports from its bond counsel and its Financial Advisor on this issue. The Committee will have an opportunity to ask any questions they may have.

BACKGROUND:

The Town has professional advisors for its debt structure and transactions. The Town's bond counsel, Frannie Heizer from Burr Forman, and the Town's Financial Advisor, Brent Robertson from Stifel Investments will be available to the Committee to talk about what a Municipal Installment Purchase Revenue Bond is, how it works, the legal structure, the financial implications and why jurisdictions might use this option.

SUMMARY:

The Town's bond counsel and financial advisor will be available to discuss Municipal Installment Purchase Revenue Bonds. Committee members will receive the information and may ask questions.

ATTACHMENTS:

1. Presentation

Town of Hilton Head Island

FY 2024 PRELIMINARY DEBT DISCUSSION

Finance and Administrative Committee // June 20, 2023



TOWN OF HILTON HEAD ISLAND

FY 2024 DEBT SERVICE FUND BUDGET HIGHLIGHTS

- ✓ Debt reduction: FY21 – \$15 million / FY22 - \$15 million / FY23 - \$16 million / FY24 - \$15.8 million
- ✓ Bonds issued after Hurricane Matthew to reinstate the Disaster Fund have been fully repaid
- ✓ The Town continues to improve its financial position and capacity by steadily decreasing debt, increasing reserves, and increasing assessed values
- ✓ The Town is scheduled to issue a lease for the Fire Trucks – the lease payments are built into the General Fund Fire Rescue budget as a signal that regular replacement is a priority and is expected
- ✓ Stormwater bonds are paid through the Stormwater Fund
- ✓ We are in the early stages of possibly planning a new bond issue this year
- ✓ ***The budget proposes to keep the Debt Service millage rate the same at 5.9 mills (pending reappraisal)***

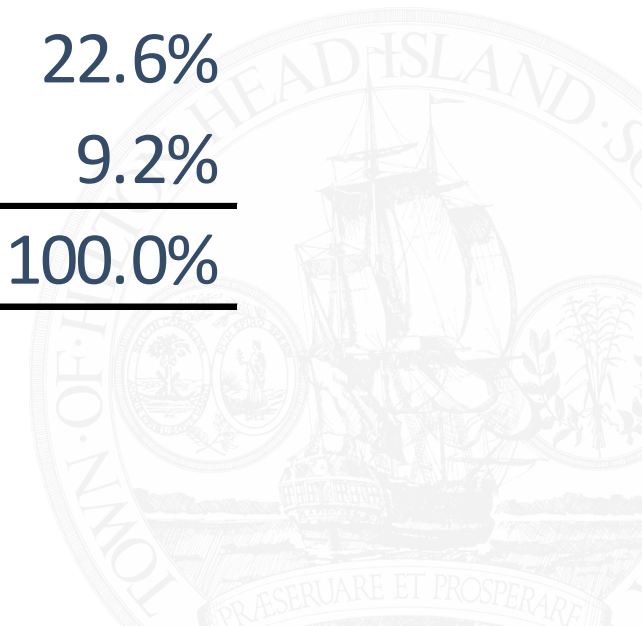


TOWN OF HILTON HEAD ISLAND

FY 2024 APPROVED DEBT SERVICE FUND BUDGET REVENUES

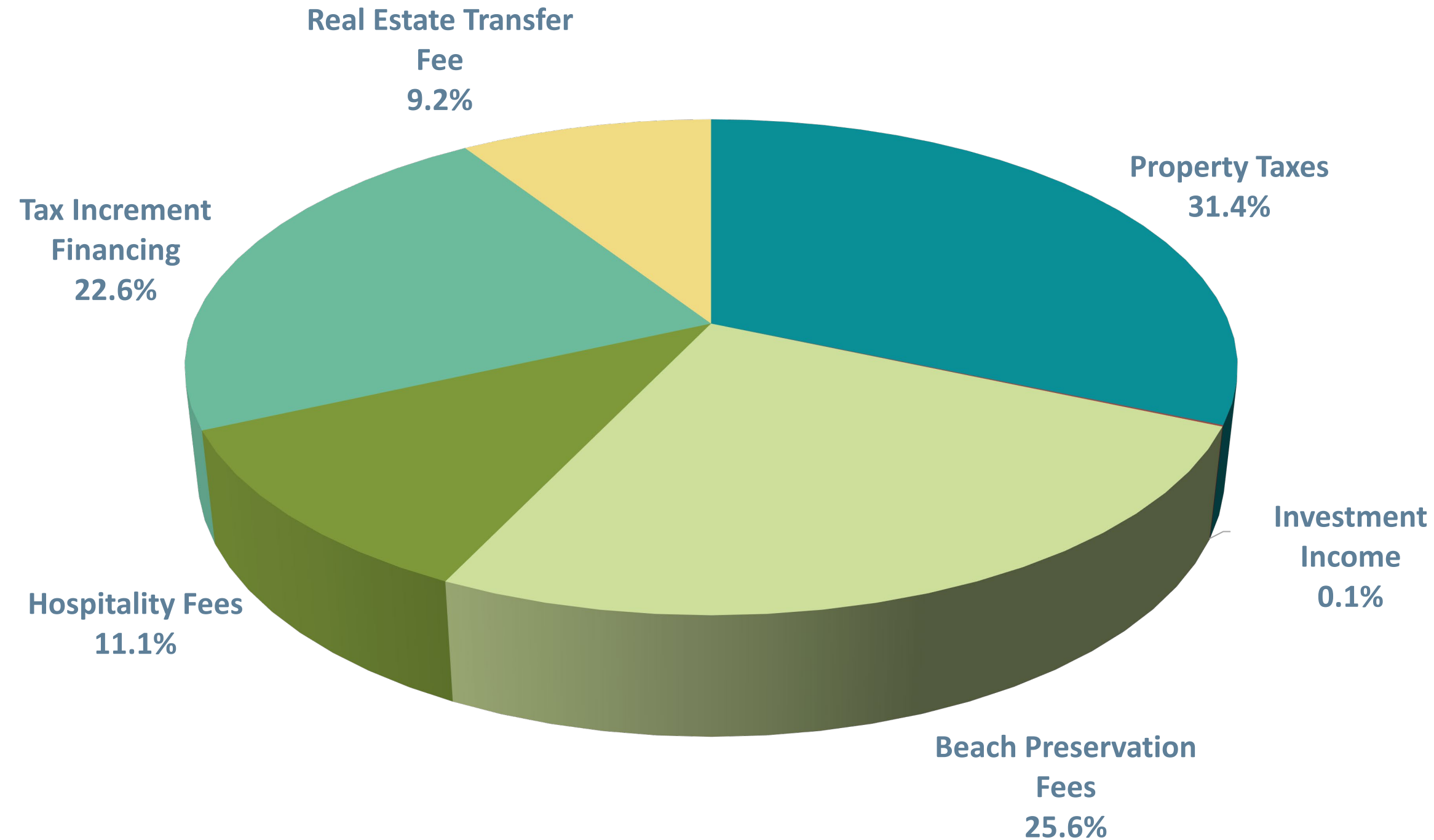
	FY 2022 Actual	FY 2023 Original Budget	FY 2024 Adopted Budget	% Change FY 2023 Budget	% of Budget
Property Taxes	\$ 5,600,014	\$ 5,402,336	\$ 5,470,300	1.3%	31.4%
Investment Income	19,270	12,000	14,315	19.3%	0.1%
Transfers In:					
Beach Preservation Fees	3,959,125	3,952,375	4,448,375	12.5%	25.6%
Natural Disasters Fund	3,535,665	3,537,765	-	-100.0%	0.0%
Hospitality Fees	1,446,406	1,444,691	1,937,134	34.1%	11.1%
Tax Increment Financing	3,927,712	3,927,564	3,931,259	0.1%	22.6%
Real Estate Transfer Fee	986,500	1,097,350	1,595,850	45.4%	9.2%
Total Revenues	19,474,692	19,374,081	17,397,233	-10.2%	100.0%

The Natural Disaster bonds were paid in full in FY 2023



TOWN OF HILTON HEAD ISLAND

FY 2024 PROPOSED DEBT SERVICE FUND BUDGET REVENUES



Property Taxes support less than one third of the annual debt payments for the Town



TOWN OF HILTON HEAD ISLAND

FY 2024 PROPOSED DEBT SERVICE FUND BUDGET EXPENDITURES

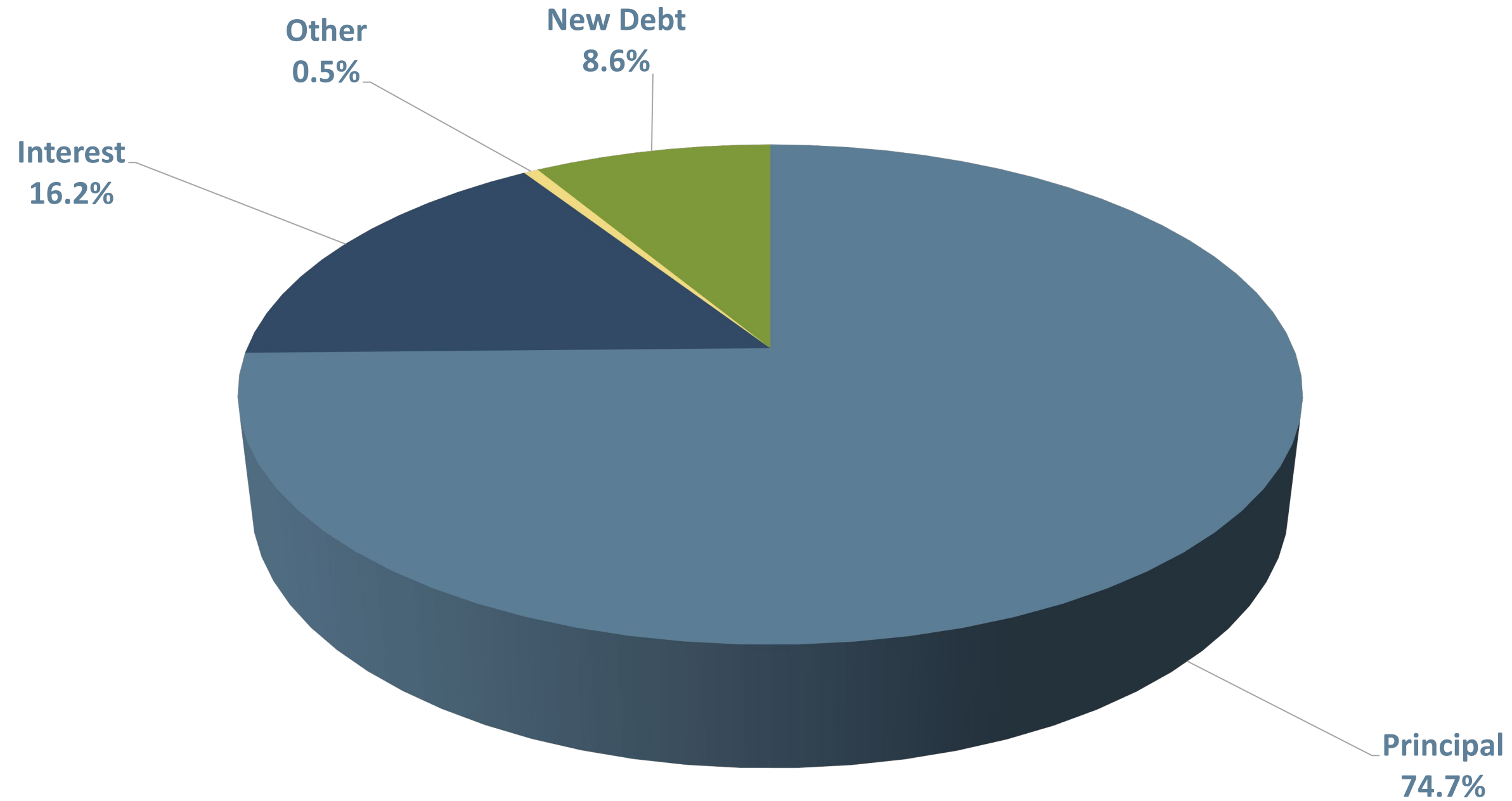
	FY 2022 Actual	FY 2023 Original Budget	FY 2024 Proposed Budget	% Change FY 2023 Budget	% of Budget
Principal	\$ 15,655,000	\$ 16,055,000	\$ 12,995,000	-19.1%	74.7%
Interest	4,138,637	3,289,081	2,809,733	-14.6%	16.2%
Other	21,375	30,000	92,500	208.3%	0.5%
New Debt	-	-	1,500,000	0.0%	8.6%
Total Expenditures	19,815,012	19,374,081	17,397,233	-10.2%	100.0%

Town Council may consider new debt after the FY24 Consolidated Budget is adopted.
New Debt of \$1,500,000 provides for interest costs of possible new debt.



TOWN OF HILTON HEAD ISLAND

FY 2024 PROPOSED DEBT SERVICE FUND BUDGET EXPENDITURES



The Town's debt payments are primarily principal reduction



TOWN OF HILTON HEAD ISLAND

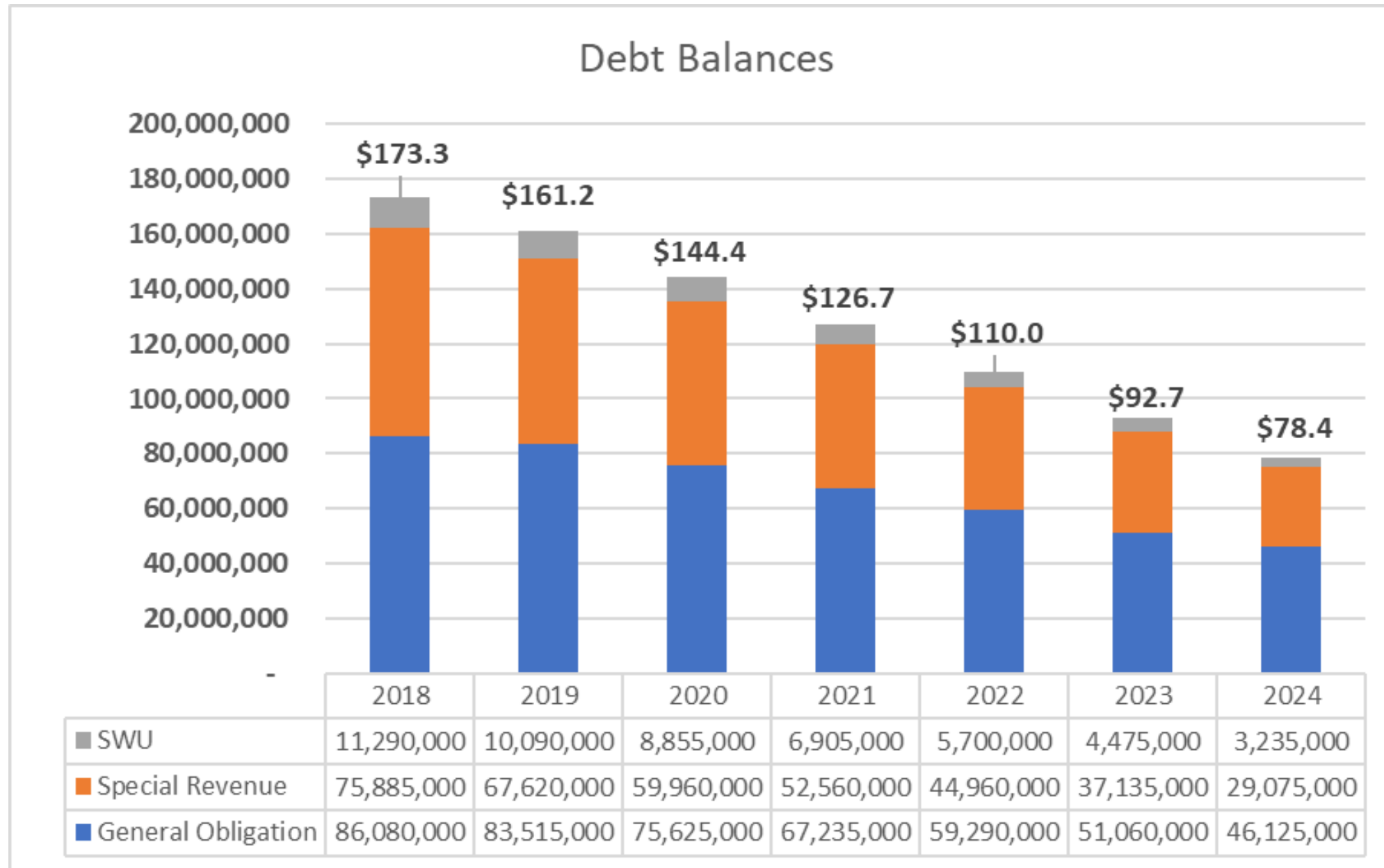
FY 2024 PROPOSED DEBT SERVICE FUND BUDGET OUTSTANDING ISSUES

	FY 2024 Payments			Balance After FY24 Pmts	Final Payment FY
	Interest	Principal	Total		
Debt Service Payments - (without Stormwater Bonds)					
<u>General Obligation Bonds (Original Issue Amount)</u>					
Series 2016A GO Referendum Refunding Bonds (\$13,080,000)	\$ 18,788	\$ 825,000	\$ 843,788	\$ 840,000	2025
Series 2016C GO Referendum Refunding Bonds (\$9,035,000)	168,238	635,000	803,238	5,705,000	2035
Series 2009 GO Non-Referendum Refunding Bonds (\$5,005,000)	24,850	460,000	484,850	480,000	2025
Series 2016B GO Referendum Bonds (\$5,770,000)	10,850	1,085,000	1,095,850	-	2024
Series 2020A GO Referendum Refunding Bonds (\$5,830,000)- to 2020A	211,350	670,000	881,350	3,890,000	2028
Series 2017A GO Non-Referendum Bonds (\$27,310,000)	865,569	605,000	1,470,569	25,495,000	2047
Series 2020B GO Referendum Bonds (\$6,285,000)	96,670	460,000	556,670	5,575,000	2035
Series 2019 GO Obligation Bonds (\$5,000,000)	156,650	195,000	351,650	4,140,000	2039
Total General Obligation Bonds	\$ 1,552,965	\$ 4,935,000	\$ 6,487,965	46,125,000	
<u>Revenue / Special Obligation Bonds (Original Issue Amount)</u>					
Series 2019 Special Bonds (Hospitality Tax) (\$16,520,000)	\$ 327,134	\$ 1,110,000	\$ 1,437,134	\$ 10,925,000	2036
Series 2017C Special USCB Tax Increment Bonds (\$28,530,000)	136,259	3,795,000	3,931,259	3,860,000	2025
Series 2017B Special Bonds (Beach Preservation Fee) (\$30,075,000)	793,375	3,155,000	3,948,375	14,290,000	2028
Total Revenue / Special Obligation Bonds	\$ 1,256,768	\$ 8,060,000	\$ 9,316,768	29,075,000	
Grand Total - Existing Debt (a)	\$ 2,809,733	\$ 12,995,000	\$ 15,804,733	75,200,000	
Stormwater debt is accounted for in the Stormwater Fund. Outstanding Stormwater debt are these two special revenue bonds:					
<u>Stormwater Bonds (Original Issue Amount)</u>					
Series 2021 Special Bonds (Stormwater) (\$5,630,000)	\$ 23,157	\$ 920,000	\$ 943,157	\$ 1,870,000	2026
Series 2018 Special Bonds (Stormwater) (\$3,200,000)	45,664	320,000	365,664	1,365,000	2028
Total Stormwater Special Obligation Bonds	\$ 68,821	\$ 1,240,000	\$ 1,308,821	\$ 3,235,000	

(a) Comparable amounts for FY 2023 are \$3,289,081 Interest and \$16,055,000 Principal payments – indicating the Town’s relatively fast payout schedule and significant progress toward reducing outstanding balances.

TOWN OF HILTON HEAD ISLAND

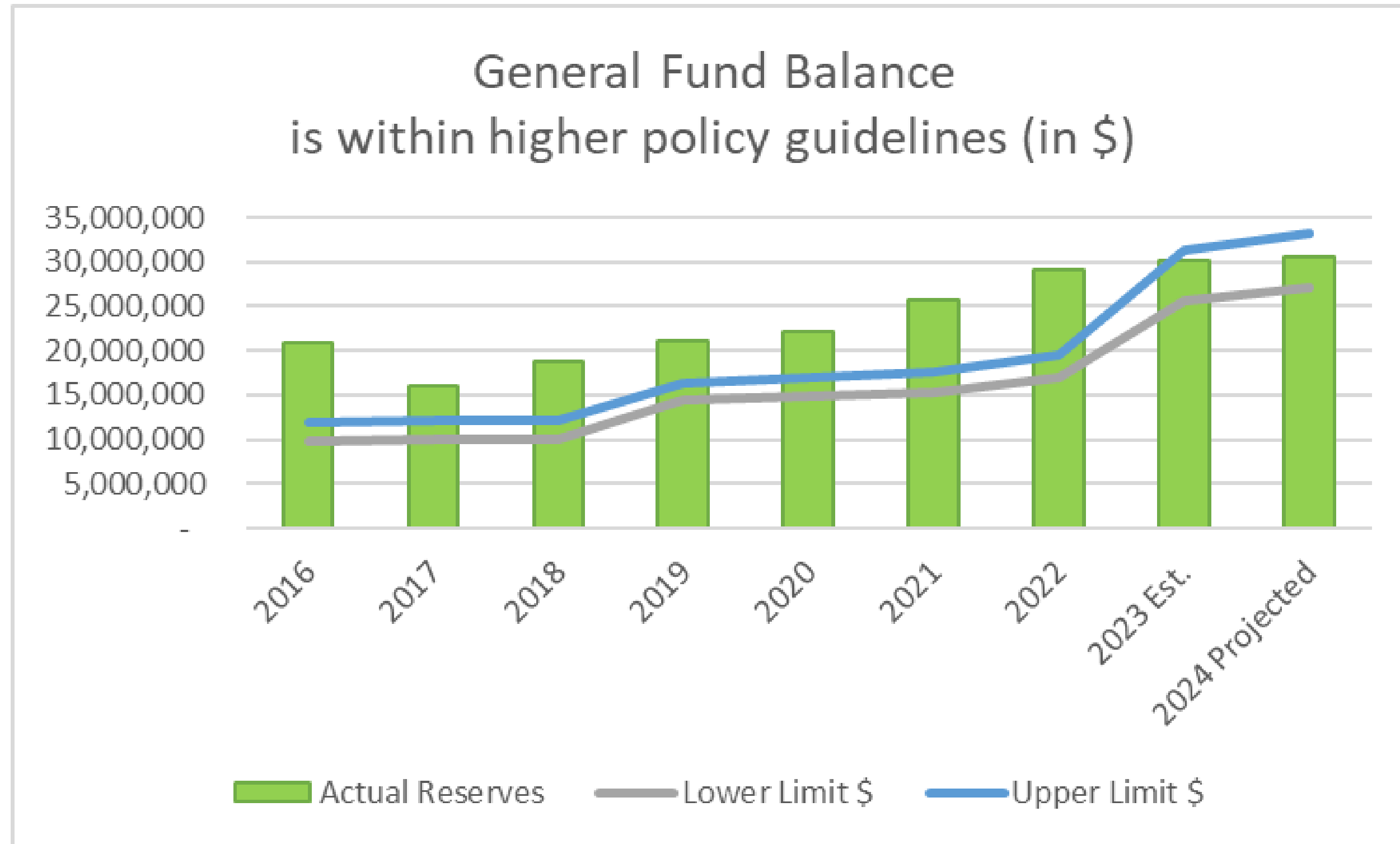
FY 2024 CONTINUES THE REDUCTION IN DEBT OUTSTANDING SINCE 2018



The Town has made a concerted effort to reduce debt since 2018. This posture prepares the Town for the future.

TOWN OF HILTON HEAD ISLAND

GENERAL FUND RESERVE POLICY LIMITS HAVE BEEN RAISED



The Town increased the General Fund Balance Policy in 2023. The Town continues to operate within the new policy.



| TOWN OF HILTON HEAD ISLAND

REPRESENTATIVE COMMENTS FROM BOND RATERS

- ✓ Strong Financial Performance
- ✓ Consistent Operations
- ✓ Long-term trend of maintaining strong reserves
- ✓ Very strong economy
- ✓ Very strong management
- ✓ Budgetary Flexibility
- ✓ Environmental – more susceptible to weather events
- ✓ A resiliency plan will enhance the Town's preparedness and stature
- ✓ ***Credit outlook -- stable***



| TOWN OF HILTON HEAD ISLAND

WHY TALK ABOUT POTENTIALLY BORROWING?

- ✓ Fire Rescue Truck Fleet is in the CIP as a Lease
- ✓ The Beach Renourishment Project Will Probably Need Some Financing (Starting Next Fiscal Year)
- ✓ Town Council Could Consider Bonding RETF for Land Purchase Program
- ✓ The Capital Improvements Plan is Primarily Cash for the First Year (Fiscal 2024)
- ✓ Fiscal 2025 is Scheduled for a Beach Renourishment Plus CIP Projects
- ✓ ***Town Council Could Consider Packaging Credit Needs to One Issue***



I TOWN OF HILTON HEAD ISLAND

THE TOWN COULD CONSIDER:

- ✓ Several Debt Structure Options are Available:
 - Lease – as was planned for Fire Rescue Trucks
 - General Obligation Bonds
 - Special Revenue Bonds
 - IPRB – Installment Purchase Revenue Bonds

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TOWN OF HILTON HEAD ISLAND

SAMPLE DEBT ISSUANCE SCHEDULE

☐ One Possible Schedule if Town Council Wanted to Pursue a Debt Issue:

1. **Consider affordability and possible choices in Finance and Administrative Committee**
 - *July*
2. **Prepare Ordinances based on Finance and Administrative Recommendations**
 - *August*
3. **Consider Ordinances by Town Council**
 - *September and October*
4. **Prepare Preliminary Official Statement and Offering Plan**
 - *October/ November*
5. **Prepare a Ratings Strategy**
 - *November*
6. **Issuance Date**
 - *December*
7. **Closing Date**
 - *January*

TOWN OF HILTON HEAD ISLAND

Debt Discussion – Key Partners & Their Roles:

- ❑ Bond Counsel, Frannie Heizer – Burr Forman firm
- ❑ Financial Advisor, Brent Robertson— Stifel, Inc.



TOWN OF HILTON HEAD ISLAND

DEBT DISCUSSION POSSIBLE PRELIMINARY TIMELINE



Note: This is one preliminary option.

TOWN OF HILTON HEAD ISLAND

QUESTIONS?





Town of Hilton Head Island

THANK YOU

FY 2024 PRELIMINARY DEBT DISCUSSION

