



own of Hilton Head Island
**Finance & Administrative
Regular Committee Meeting**
Tuesday, July 20, 2021, 2:00 p.m.
MEETING MINUTES

Present from the Committee: Tom Lennox, *Chairman*; Bill Harkins, Glenn Stanford, Alexander Brown, Jr. and Tamara Becker (Alternate) *Council Members*

Present from Town Council: David Ames; *Council Member*

Present from Town Staff: Marc Orlando, *Town Manager*; John Troyer, *Director of Finance*; Cindaia Ervin; *Finance Assistant*

Present from the Media: None

1. Call to Order

The Chairman called the meeting to order at 2:00 p.m.

2. FOIA Compliance

Public notification of this meeting has been published, posted and mailed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.

3. Approval of Agenda

Chairman Lennox asked for a motion to approve the agenda. Mr. Stanford made a motion to approve the agenda as submitted. Mr. Harkins seconded. By way of roll call, the motion was approved by a vote of 4-0-0.

4. Approval of Minutes

a. Regular Meeting- April 20, 2021

Chairman Lennox asked for a motion to approve the minutes of the April 20, 2021 meeting. Mr. Harkins moved to approve. Mr. Stanford seconded. By way of roll call, the motion passed with a vote of 4-0-0.

b. Regular Meeting- May 4, 2021

Chairman Lennox asked for a motion to approve the minutes of the May 4, 2021 meeting. Mr. Harkins moved to approve. Mr. Stanford seconded. By way of roll call, the motion passed with a vote of 4-0-0.

c. Regular Meeting- June 15, 2021

Chairman Lennox asked for a motion to approve the minutes of the June 15, 2021 meeting. Mr. Harkins moved to approve. Mr. Stanford seconded. By way of roll call, the motion passed with a vote of 4-0-0.

5. Appearance by Citizens

Chairman Lennox, ask if there were any citizens of the public that had any comments for today's meeting. Prior to the meeting, Mr. Skip Hoagland signed up to address the Finance & Administrative Committee. Those comments stated will be made a part of the official minutes.

Skip Hoagland, *Windmill Harbour*: Addressed members of the Committee regarding FOIA compliance and his thoughts of corruption within the Town of Hilton Head Island.

6. Unfinished Business- None

7. New Business

a. General Discussion regarding Moody's Annual Issuer Comment Report

John Troyer, Director of Finance, provided that Committee with an update regarding a letter received from Moody's. Their comments report included their opinion of how well we not only as a Town are doing but also a Coastal Community compared to others like us. Mr. Troyer stated that when Covid-19 first became a concern Moody's reached out and put all the coastal community on credit watch. They felt that Covid-19 was a "social risk under our environmental, social and governance framework, given the substantial implications for public health and safety and the economy". Though Covid-19 was unknown risk, that was continuously evolving, the long-term impact was still unknown but it did not change their opinion of the Town of Hilton Head Island at the time. Through decisions that were made within the Town; Mr. Troyer felt that it had been overall a good year.

Moody's provides the Town a rating when entering the Bond Market which ultimately helps with our sales. Their overall credit overview of the Town was a Aaa rating. This rating is far stronger than the median rating of Aa3 for other US Cities like us and having such a rating like this equates for less than 5% of communities within the US. Factors that contributed to this: having a robust financial position, extensive tax base and strong wealth and income profile. Other areas of interest that were brought up were: Finances, Economy and Tax Base, Debt and Pensions and Management and Governance.

The Town's financial position per Moody's is very healthy and consistent by having a cash balance of 110.4% of the Town's operating revenues is far greater than other US cities and a fund balance as a percent of operating revenues 53.5% essentially higher than other Moody's rated cities. Mr. Troyer spoke about the Economy and Tax Base for the Town. We have a strong economy and tax base, which are aligned with its Aaa rating which is doing well over all. Debt and Pensions burdens are small overall and too reflected in the Aaa rating; however, both are lower in perspective to the national average. Management and Governance plays a huge roll as most South Carolina cities rate Aa, which is strong said Mr. Troyer. Main revenue sources are property taxes and business licenses', however, due to ACT 388 the Town is not allowed to indecently raise tax revenues which sets a maximum operating millage increase based on CPI increases and population growth. Mr. Troyer informed the Committee that the Town is in its 5th year of 5 mils. The Committee as a whole had favorable thoughts regarding the positive feedback from Moody's.

b. Town of Hilton Head Island Financial Update

John Troyer, Director of Finance, provided the Finance & Administrative Committee a Financial update on the Town's progress. He informed the Committee that the last few month's collections were slightly impacted by the County's delay in the collection of property taxes. The delay of property tax billing has impacted many of the Town's collections causing totals to be collected slower; however, they have been increasing over the last few months. This delay was temporary as the new tax payment deadline approached March 31st. Mr. Troyer stated that year-to-date collections have improved since February and will continue until all taxes are collected. Property tax collections have met last year-to-date amounts and are 99.9% of budget. Some collections highlighted for May: Tax Increment Financing up 6.8%, Local ATAX up 43.3%, Stormwater up 2.3% and Property Taxes up 3.4%. Other positive collections: Business License at 18.3%, State ATAX at 27.6% of budget, permits at 29.9% of budget and Real Estate Transfer fees are at 99.9%. Mr. Troyer mentioned that last year's deadline was extended from April 20th to June 20th for a number of these revenues due to Covid-19.

Mr. Troyer also provided insight into the Town's General Fund. The Town's General Fund last month was 99.8% collected of the eventual actual with June revenues still coming in. Our collections are 102.9% of last year-to-date (YTD). Last month, Mr. Troyer reported that YTD expenses in 2021 are 3.6% more than 2020 YTD. YTD spending through part of June is 3.6% more than last ytd and within expectations. Of the funds budgeted, the Town is at 91.8% of budget as of year-end; however, some bills are still yet to be received. The timing of expenses to operate the Town is independent of the timing of revenues (2019 and 2020 actuals). At this time Mr. Troyer could confirm that no department is in an unfavorable spending position. Mr. Troyer stated the timing of expenses has had a very similar pattern to last year and the Town will depend on the temporary use of its reserves from time-to-time when Town collections are slower.

Lastly Mr. Troyer provided a brief update on the Town's activity for this year. The Town had the opportunity with the authorization of Town Council to issue two bonds for savings this year. The bonds sold were Stormwater and a GO Bond; however, at this time there are no future plans for new funding issues for this fiscal year. He also shared that the Town has lowered its cost of funds and lowered its total debt this fiscal year from \$135.6M to \$119.8M (governmental activities). Expenditure savings contribute to the bottom line for the Town. Key items that Mr. Troyer wanted the Committee to be aware of are that the Town is continuing to keep an eye on expenditures and adjusting prior to the end of the fiscal year where necessary to continue to be in a good financial position. The Committee had many favorable comments regarding Mr. Troyer's presentation of the Town's Finances. They were very pleased to see the continued positives in revenues showing the good health of the community and Town even during the global pandemic of Covid-19. Chairman Lennox thanked all of those in attendance for their comments and questions, and Mr. Troyer for his good financial presentation to the Committee.

8. Adjournment

At 3:01 p.m. Mr. Harkins moved to adjourn. Mr. Stanford seconded. The motion to adjourn was approved by vote of 4-0-0.

Submitted by: Cindaia Ervin, Secretary

Approved: August 17, 2021