

COUNTY COUNCIL OF BEAUFORT COUNTY

ADMINISTRATION BUILDING
100 RIBAUT ROAD
POST OFFICE DRAWER 1228
BEAUFORT, SOUTH CAROLINA 29901-1228
TELEPHONE: (843) 255-2180
FAX: (843) 255-9401
www.bcgov.net

WM. WESTON J. NEWTON
CHAIRMAN

D. PAUL SOMMERVILLE
VICE CHAIRMAN

COUNCIL MEMBERS

STEVEN M. BAER
RICK CAPORALE
GERALD DAWSON
BRIAN E. FLEWELLING
HERBERT N. GLAZE
WILLIAM L. McBRIDE
STEWART H. RODMAN
GERALD W. STEWART
LAURA VON HARTEN

GARY KUBIC
COUNTY ADMINISTRATOR

BRYAN J. HILL
DEPUTY COUNTY ADMINISTRATOR

LADSON F. HOWELL
COUNTY ATTORNEY

SUZANNE M. RAINEY
CLERK TO COUNCIL

AGENDA COUNTY COUNCIL OF BEAUFORT COUNTY

Monday, June 27, 2011

4:00 p.m.

Council Chambers
Administration Building

Citizens may participate in the public comment periods and public hearings from telecast sites at the Hilton Head Island Branch Library as well as Mary Field School, Daufuskie Island.

1. CAUCUS - 4:00 p.m.
Executive Conference Room, Administration Building
2. REGULAR MEETING - 5:00 p.m.
Council Chambers, Administration Building
3. CALL TO ORDER
4. PLEDGE OF ALLEGIANCE
5. INVOCATION
6. REVIEW OF MINUTES – [May 23, 2011](#)
7. PROCLAMATION – MICRO-ENTERPRISE MONTH
Ms. Blakely Williams, Interim President
Beaufort Regional Chamber of Commerce
8. PUBLIC COMMENT
9. COUNTY ADMINISTRATOR’S REPORT
Mr. Gary Kubic, County Administrator ([backup](#))
 - A. The County Channel / Broadcast Update ([backup](#))
 - B. Two-Week Progress Report ([backup](#))
 - C. Beaufort County Vendor Guide ([backup](#))
Ms. Monica Spells, Procurement / Contract Compliance Officer, Purchasing Department

Over



- D. Presentation on Rail/Trail / Mr. Rob Merchant, Planning Department
- E. Disabilities and Special Needs / ABLE Foundation – Garden ([backup](#))
Mrs. Mitzi Wagner, Director of Disabilities and Special Needs
- F. Recognition / Retirement of Arthur Cummings, Director of Building Codes

10. DEPUTY COUNTY ADMINISTRATOR'S REPORT

- Mr. Bryan Hill, Deputy County Administrator
- A. Two-Week Progress Report ([backup](#))
 - B. Update / Beaufort County (Lady's Island) and Hilton Head Island Airport Master Plans
Mr. Paul Andres, Airports Director

11. PUBLIC HEARINGS – 6:00 p.m.

- A. AN ORDINANCE BASED ON THE REQUEST FROM THE BEAUFORT COUNTY BOARD OF EDUCATION TO AMEND THE SCHOOL DISTRICT 2010-2011 GENERAL FUND BUDGET TO ACCOMMODATE THE CHANGE IN STATE FUNDING SOURCES PURSUANT WITH PROVISIO 1.79 OF THE GENERAL APPROPRIATIONS ACT OF 2010 ([proposed ordinance](#))
 - 1. Consideration of third and final reading June 27, 2011
 - 2. Second reading approval occurred June 13, 2011 / Vote 9:0
 - 3. First reading approval occurred May 23, 2011 / Vote 11:0
 - 4. Finance Committee discussion and recommendation to approve occurred May 16, 2011 / Vote 6:0

- B. AN ORDINANCE OF THE COUNTY OF BEAUFORT, SOUTH CAROLINA, TO AMEND COUNTY COUNCIL STIPEND TO INSTALL A CAP ([proposed ordinance](#))
 - 1. Consideration of third and final reading June 27, 2011
 - 2. Second reading approval occurred June 13, 2011 / Vote 9:0
 - 3. First reading approval occurred May 23, 2011 / Vote 10:1
 - 4. Finance Committee discussion and recommendation to approve occurred May 16, 2011 / Vote 6:1

- C. FY 2011 / 2012 SCHOOL DISTRICT BUDGET PROPOSAL ([proposed ordinance](#))
 - 1. Consideration of third and final reading June 27, 2011
 - 2. Public hearing occurred June 13, 2011
 - 3. Third and final reading was postponed (June 13, 2011) at the request of the School District and recommendation of the Finance Committee (June 6, 2011)
 - 4. Finance Committee discussion occurred June 13, 2011
 - 5. Second reading approval occurred May 23, 2011 / Vote 7:4
 - 6. First reading, by title only, approval occurred May 9, 2011 / Vote 10:1
 - 7. Finance Committee discussion and recommendation to approve on first reading, by title only, occurred May 5, 2011 / Vote 7:0

D. FY 2011 / 2012 COUNTY BUDGET PROPOSAL ([proposed ordinance](#)) (memo)

1. Consideration of third and final reading June 27, 2011
2. Finance Committee discussion occurred June 20, 2011
3. Second reading approval occurred June 13, 2011 / Vote 9:0
4. Finance Committee discussion June 6, 2011
5. First reading approval occurred May 23, 2011 / Vote 11:0
6. Finance Committee discussion and recommendation to approve the FY 2012 budget on first reading with no millage increase on operations, no millage increase on debt service and no use of reserves occurred May 16, 2011 / Vote 7:0
7. Finance Committee discussion and recommendation to approve the fire districts' FY 2012 budget with a no mill increase (Bluffton, Burton, Daufuskie, Lady's Island/St. Helena Island, Sheldon) occurred April 25, 2011 / Vote 6:0
8. FY 2012 Budget Workshop / Elected Officials presentations and discussion occurred April 27, 2011
9. FY 2012 Budget Workshop / Reserve Policy presentation, discussion and budget guidance occurred April 5, 2011
10. FY 2012 Budget Workshop / Allocations to Municipality for Public Safety, Employee Buy-Out Options, GASB 45 and 54, Myrtle Park Lease / Buy Option, Professional Service Agreements presentations and discussion occurred April 4, 2011
11. FY 2012 Budget Workshop / Solid Waste and Recycling, Library, and Parks and Leisure Services Departments presentations and discussion occurred March 29, 2011
12. Executive Committee discussion and staff direction to prepare a list of mandated versus non-mandated internal and external expenditures, as well as a definition of essential versus non-essential items occurred January 24, 2011
13. Executive Committee discussion of essential versus non-essential items occurred February 28, 2011 and October 11, 2010
14. Executive Committee discussion of smart decline contingency plan occurred March 1, 2010, August 23, 2010, September 13, 2010 and September 27, 2010

12. [COMMITTEE REPORTS](#)

13. PUBLIC COMMENT

14. EXECUTIVE SESSION - Discussion of negotiations incident to proposed contractual arrangements and proposed purchase of property

15. ADJOURNMENT

Official Proceedings
County Council of Beaufort County
May 23, 2011

The electronic and print media was duly notified in
accordance with the State Freedom of Information Act.

CAUCUS

A caucus of the County Council of Beaufort County was held at 4:00 p.m. on Monday, May 23, 2011, in the large meeting room of the Hilton Head Island Branch Library, 11 Beach City Road, Hilton Head Island, South Carolina.

ATTENDANCE

Chairman Weston Newton, Vice Chairman D. Paul Sommerville and Councilmen Steven Baer, Rick Caporale, Gerald Dawson, Brian Flewelling, Herbert Glaze, William McBride, Stu Rodman, Gerald Stewart and Laura Von Harten.

PLEDGE OF ALLEGIANCE

The Chairman led those present in the Pledge of Allegiance to the Flag.

DISCUSSION ITEMS

Mr. Newton talked about the May 20, 2011 telephone conference call that Hilton Head Island Town Manager Steve Riley, Hilton Head Island Mayor Drew Laughlin, County Administrator Gary Kubic, and he had with Mr. Steve Farrow, Piedmont Airlines CEO, and Mr. Gary Blevins, Manager of Flight Operations. Piedmont is the wholly-owned subsidiary that operates Dash 8 turboprops out of the Hilton Head Island Airport (Airport). The purpose of the conference call was to hear directly from Mr. Farrow with regard to misinformation, comments, and rumors, the most recent that local US Airways employees had been told to find employment elsewhere because closing commercial service on Hilton Head Island was imminent. Having spent some time with Mr. Farrow in January 2011, Mr. Newton wanted to visit with him again, along with the Mayor, to hear directly from the airlines. Notes from the conference call are of public record -- (i) There is no imminent plan to close the Airport. (ii) There is no plan to discontinue service to Hilton Head Island. Piedmont and US Air are not phasing out the turboprops, quite the contrary. Where fuel prices are today, they are deemed an efficient vehicle for the airline. (iii) The tree issue is their number one concern as it was when Mr. Newton met with them in January. It is an issue of increasing capacity; and with the summer heat, it becomes even more prevalent. Mr. Newton assured Mr. Farrow that we were doing all that we could, as he did in January, to act on a permit that had lawfully been given to Beaufort County. In fact, we had let the contract for that service to proceed, but had been halted by litigation in state court, originally, and now in federal court as well. (iv) Mr. Farrow concluded the meeting by saying they had been in this market for more than 25 years, and that they intend to stay.

Mr. Caporale said there were two comments about US Air with regard to runway length. One was that they had no position at this time and another was that they would evaluate runway length and render their position on it. Which of these statements are more accurate?

Mr. Newton replied there were comments made in the course of the conversation that were attributed to the Station Chief and that US Air was telling folks that they had to have 5,400 feet immediately at this point in time. Mr. Newton's notes were, "He said he did believe US Air had a position on that at this time." Mr. Kubic's notes are consistent with that.

Mr. Baer congratulated the four individuals for making that call and closing the information loop. Poor information is at the heart of this problem. If we can reduce the rumors and misinformation, we can solve it.

Mr. Flewelling requested more information on the request from Clemson Extension for financial assistance regarding the development of a Lowcountry Farmers / School District Economic Partnership. He is not opposed to approving the issue on first reading, but needs more information.

Mr. Baer is going to pull this issue off the consent agenda because it does need more discussion. He is in favor of this, but abstained in committee meeting because there was insufficient information. There is still insufficient information. We are hard on the School District. We were hard on Lowcountry Economic Network for lack of business plans. This business plan needs fine tuning. The issue is not ready for a vote.

Ms. Von Harten said it is not like we are setting up a fast-food franchise. This is just \$30,000. It is an investment in a publically-owned facility that is going to have long-term potential use even if they grow into a bigger space. She agrees Council needs the business details if we are to loan them hundreds of thousands of dollars. Our community does not have a community cold storage. Whether or not they use this with the School District, it is something that is going to benefit the Community Development Corporation and is why USDA sunk more than \$250,000 into it.

Mr. McBride echoed Ms. Von Harten's remarks. The facility is located at the Community Development Corporation on St. Helena Island. It is a commercial-type kitchen at present. This \$30,000 is to improve that facility. Even if the grant is not received, that \$30,000 will be used for other community purposes.

Mr. Caporale mentioned they have a strategy for engaging large customers in the course of the next 12 months. The farmers are being paid at market price in Columbia which relieves them of the burden to get their goods to the agriculture market there. It has all the potential for being a really good thing for Beaufort County. It is a legitimate form of economic development.

Mr. Newton noted he met with Clemson Extension at their request early on when they first put together a group of people. At his request the Lowcountry Economic Network attended the

meeting for the purpose of offering business planning assistance and coordination. This is home-grown economic development on a small scale for our local farmers that did not exist in the past. He will support the project.

Mr. Stewart will support the project. It is economic development. Normally one expects of economic development a business plan, a market analysis, because we are setting up a business. Normally it is done through someone like the Lowcountry Economic Network or an economic development arm the County has to help with the business plan.

Mr. Baer suggested changing the language between first and second readings, “acceptable business plan and the contingency on the operating loan.” Mr. Campbell, Division-Director Community Services, stated it was his understanding the operations grant was a separate grant they would apply for later. There are three issues under consideration: (i) \$30,000 start up grant from the County to retrofit a room for the purpose of a food processing facility to be used by the Gullah Farmers Cooperative Association at the Carolina Coastal Community Development Corporation on St. Helena Island, which will be rented for a couple of years, (ii) the grant application already in place requesting the United States Department of Agriculture to award \$245,000 equipment grant to Penn Center, Inc. (iii) the opportunity to apply for a grant to help with the operation of the program.

Mr. Dawson spoke to the County FY 2011 / 2012 budget proposal and the recommendation to close two community centers – Scott Community Center and Dale Community Center. Those centers are vital to the community. They are used for social gatherings, meetings, senior citizen programs, and youth summer recreation programs. He has advocated from the very first budget presentation proposing closing these centers that instead reducing the days of operation from five to two. He asked Council to support his recommendation.

Mr. McBride spoke to the proposed amendment to Council stipend. This issue was discussed at Finance Committee, but it came up at the last ten minutes of the meeting. There was not a lot of time for discussion. During the regular meeting, Mr. McBride will move to amend the ordinance from the proposed 120 meeting cap to 150 meetings.

Mr. Newton referred to the proposed resolution regarding mandatory unpaid furlough days due to unforeseen economic conditions. This resolution was drafted at the request of Mr. Sommerville and Mr. Newton taking into consideration the discussion at the retreat. This contemplates County Council members’ participation in the furlough. While the County Administrator has the authority to furlough county employees, he does not have the authority to furlough elected members of County Council. Language added to this resolution provides that County Council members may further wish to join in this furlough. If there are going to be five less paid days for County employees, who are subject to the County Administrator, we are saying that we want the same thing to be applied to us. There is also language that encourages the other elected officials – Treasurer, Auditor, Clerk of Court, Probate Judge, Sheriff and Coroner – to have their employees, who do not ordinarily work on Memorial Day, participate with the furlough as well.

Mr. McBride commented if Council cannot increase its salary during the year, he does not believe it can reduce it either.

Mr. Ladson Howell, Staff Attorney, said Mr. McBride is correct. What it would require is a donation / gift by members of Council. It is voluntary.

Mr. Kubic stated the purpose of this potential full five-day furlough on county employees, is an action designed for the FY 2011 budget. It is not an action that will continue, necessarily, because it has not been decided in FY 2012. Our County employees will retain their hospitalization. They will continue to work for the County. Come July 1, if we are able to satisfy the 2012 budget, they will continue as full time employees. Staff are monitoring the last five to six weeks of revenue collection. A lot of those moving parts are not as quickly discernable as we would like and we are going to, hopefully, correct that next year and improve upon it. We are, literally, checking how much revenue we have in each day as compared to our rate of expenditure. We think this permission will work nicely. We may need three days out of five. We may need four days out of five. We may have the option for all five. The notice, itself, is designed because salaried employees have to receive a five-day notice. Mr. Kubic met two weeks ago with the elected officials. We discussed it and decided that he will send out a notice, that would also serve their jurisdictions as well - county administration, elected office holders, and state officials – regarding the year-end staggered furlough program for general fund employees. In most cases, so far, they will all participate. The timing of the first furlough, in conjunction with the resolution, is to take Memorial Day as a holiday and remove it as a paid holiday. That allows us to capture a larger portion because that obviously will affect all employees, who are not currently scheduled to work the holiday -- not those who work the holiday: emergency personnel, three-shifts in the Detention Center or Disabilities and Special Needs. Thereafter, our department heads have been asked to plan a schedule so that our facilities will remain open. We may not be able to respond as quickly to every single demand for service, but everything will remain open. This goes along with all of the other cuts in terms of reducing expenditures.

Mr. Baer will support the painful item on the furlough and County Council furlough because it is an urgent time and we have to pay attention to it. But, he is going to redouble his efforts to go after those sacred cows that we have in the budget and account for a few million dollars and also to continue building our early warning system so that we know earlier in the cycle that we are going to have these problems. They will be less painful to fix the earlier we know.

Mr. Dawson will vote against the resolution. During the past four years, he has pleaded and argued with Council about its efforts to cut and reduce taxes on aircraft and large boats owned by the wealthiest people in the county who can afford to pay the 6% and 10% tax rates on those items. Council has reduced the tax rate. He had argued the point it was going to put the county in a position to raise taxes. We are at that point now.

Mr. Rodman said the problem was that Council saw revenues decline by 50% because people were taking their aircraft outside the County because they could get a lower tax rate someplace

else. It might make sense to ask the Airports Board to revisit landing fees, property tax accrual, and make recommendations for Council to consider.

REGULAR MEETING

The regularly scheduled meeting of the County Council of Beaufort County was held at 5:00 p.m. on Monday, May 23, 2011, in large meeting room of the Hilton Head Island Branch Library, 11 Beach City Road, Hilton Head Island, South Carolina.

ATTENDANCE

Chairman Weston Newton, Vice Chairman D. Paul Sommerville and Councilmen Steven Baer, Rick Caporale, Gerald Dawson, Brian Flewelling, Herbert Glaze, William McBride, Stu Rodman, Gerald Stewart and Laura Von Harten.

PLEDGE OF ALLEGIANCE

Second Lt. Mark Eudy and members of the Civil Air Patrol presented the Colors.

INVOCATION

Councilman Stu Rodman gave the Invocation.

CIVIL AIR PATROL

Mr. Gary Kubic, County Administrator, introduced the Civil Air Patrol, Lowcountry Composite Squadron Color Guard, who attended the 2011 South Carolina Civil Air Patrol Wing Conference and competed in the Color Guard Competition. The components of the competition were a written exam, a panel quiz, indoor and outdoor practical tests, a physical fitness test, a drill competition and a full inspection. The cadets placed 1st overall among all color guard teams from around South Carolina. Most recently, the Color Guard moved on to the Middle East Region Cadet Competition and competed against winners from six states and the District of Columbia; they placed third overall. Tonight we are very pleased to present certificates of commendation to Second Lt. Eudy and each of your young pilots. Please accept them with our sincere admiration.

PUBLIC COMMENT

Mr. Bill Harkins, Hilton Head Island Town Council, Ward II, stated since the mid period of 2009 there has been much discussion, deliberation and debate about the Hilton Head Island Airport. The process has been public, promotive (sic) and productive. It has also been very respectful and inclusionary, as it should. The result of this process culminated in a meeting on October 27, 2010 where a majority of council members from the Beaufort County Council, as well as Hilton Head Island Town Council voted in favor of a two phased runway extension, with the explicit intent of starting initially with 5,000 feet and then building on that to 5,400 feet. The goal of this initiative

was and is quite clear. The motion was to ensure the future of commercial and private air service on Hilton Head Island for the long term. Certainly the economic value of this Airport is well known by many and has been documented several times. Its importance in the past has been significant. He submits going forward with all that we have to do as a community, with all of the revenue generated and with all of the opportunities standing in front of us. The Airport today will be more important in the future. In conclusion, the joint council resolution is consistent with our expert consultants, Talbert and Bright, Inc. who have operated in close synchronization with the FAA. He stated his opinion is that the motion that was carried by the majority should stand, should be actively supported, and we should communicate the value of this to the entire community.

Ms. Karen Ryan, President of the Hilton Head Area Association of Realtors, spoke on behalf of the Board of Directors and many of the 870 members of the Association who are concerned about the possibility of losing US Airways and commercial service to Hilton Head Island. The Hilton Head Island Airport plays a critical role in our community and economy. She said recently she experienced potential buyers in the area concerned about the status of the removal of trees and the future of the Airport. When they landed their plane their comment was “It is almost like they don’t want us here.” This was their first visit and their first impression to our area. Realtors have many clients and customers who rely on commercial airlines at the Airport for their jobs and livelihood. Because of today’s technology, many residents work virtually and choose to live here for the lifestyle and quality of life, which includes not driving to Savannah for airline service. Savannah/Hilton Head Airport is benefiting in revenue by Council’s lack of action and driving our passengers and dollars to Georgia. US Airways has stated they cannot fly at capacity because of the trees and is losing revenue. If we lose US Airways, those employed by the Airport will lose their jobs, vendors who service the Airport will lose their businesses, most all car rental companies will close, and Beaufort County has the potential to lose all or part of the \$81 million impact the Airport has to the County. This is not the time to roll our economy backwards. The Airport Master Plan, which has been signed off on by joint resolution of both County Council and Hilton Head Island Town Council, should be the only consideration for the future of the Airport. One time funding by the FAA for removal of the trees and airport improvements requires County Council to be vigilant in a timely manner to follow through with what has already been debated and decided. We are at a pivotal point. Council must have vision and listen to the majority of constituents on this matter. As realtors we sell more than homes. We sell the quality of live, which includes commercial air service to the Hilton Head Island Airport. We are finally seeing improvements in the real estate market. Hilton Head Island and Southern Beaufort County cannot afford to lose buyers of real estate in this competitive market. Time is of the essence. The trees must be removed to support viable, commercial airline service. The Airport must be improved promptly to current aviation standards for future economic development and stability for Southern Beaufort County and Hilton Head Island to remain a world class destination.

Mrs. Anne Esposito, Hilton Head Island resident, stated she is interested in the problems of our Airport for she has spent 30 years in the aviation industry as an airport director of multiple airports, as president of the Michigan Aviation Association of Airport Executives, as Vice President of Airports for Aircraft Owners and Pilots Association, as a professional pilot, and an

adjunct professor at eastern Michigan University College of Technology Aviation Program. There are two reasons this airport could close and lose commercial service: (i) the ever-growing trees in the approach paths, and (ii) the short runway. The short runway has been addressed and finalized by a proposed master plan and a joint resolution passed by both Town and County Councils to extend to runway to 5,400 feet. Now we need to begin implementing that plan. As for the tree cutting, it seems that chaos reigns. Besides the lawsuits, the Town blames the County, and the County blames the Town for not cutting the trees. We will probably never know the truth, but what is known is that the County has permits in hand for tree cutting as well as the contract and funds to do so. She and many others resent the fact that a vocal minority is holding the rest of the Island residents' hostage by the use of frivolous lawsuits to threaten the County, which is also forcing the hand of airline officials to remove commercial airline service. Does the County have the funds to pay for the obligations to retain the Part 139 Certificate if commercial service is lost? There will be no income and no revenue connected to commercial service to help with that cost. There will be less FAA funding. Revenue, such as airline fees, passenger facility charges, taxi fees, parking fees, etc. will not be there. Does Council have insurance to fight a lawsuit if there is a crash and loss of life because of the trees? If the County owns the Airport and has federal regulations and law on its side, the County should take the responsibility and do the right thing. Do it for public safety. Do it to keep commercial service. Cut the trees down now.

Mr. Nick Esposito, Hilton Head Island resident, stated he read the notes posted in regard to conversations with US Airways. He stated he is an expert in the industry, a Captain with United Airlines and a resident of Hilton Head Island. He asked Council to understand the US Airways and Piedmont are two separate entities. Even though Piedmont is a wholly owned subsidiary of US Airways, they have different goals and objectives. Piedmont is contracted by US Airways to fly routes directed by US Airways. The more flights Piedmont makes, the more money they make. In the industry standard there has always been a cost plus basis. The more Piedmont flies, the more they make. They always make a profit. That does not mean that US Airways makes a profit. US Airways pays the bills and according to the station manager, last month they lost \$45,000. How long do you think US Air is going to stay here? Even though the CEO of Piedmont says he would like to stay, which might be true. We come to the extension of the runway. Piedmont, with the runway length the way it is, is the only one that can service us under US Airways' current arrangement. Once the runway is extended to 5,400 feet, regional jets can come and Piedmont will lose a portion of their service. It gives US Airways the flexibility to maximize their profits and revenue. This needs to be considered. The Dash-8's are fine with 5,000 feet, but regional jets need the 5,400. The Piedmont CEO is not necessarily making the decisions on route structure. It is US Airways. The CEO of Piedmont makes sure they can accommodate what US Airways wants. Clearly stated, the CEO said that the trees are a hazard and is a big effect on the revenue that is happening which needs to stop. If you think that US Air will continue to take those kinds of losses, especially with the early heat starting, you are mistaken. Let the employees of the Airport; AVIS, TSA, County employees, Signature, and US Airways, and tell them you are doing the best you can to save their jobs. He stated he spoke with a US Air employee who was concerned and said "please save our jobs." There is a grave concern. Council needs to consider this a serious issue. Please cut the trees, and execute the Master Plan.

Ms. Leslie Richardson, representing a family business on Hilton Head Island, said tourism is the main industry on Hilton Head Island. We need the Airport. We need Council to follow through with the vote taken as a Joint Council. As a business owner she is here to say businesses desperately need the Airport and need Council to extend the runway and cut the trees.

Mr. Charlie Reed, a Bluffton resident, stated in 1975 he was a pilot for Caterpillar Tractor Supply and had an event on Hilton Head Island. He stated they were supposed to leave on a Saturday night. There were several Caterpillar dealers in the area being it was a Southeastern Region's convention. The first airplane that showed up that night was a dealer from Louisiana who had a King Air 100 which he knew quite well. He helped them load the people on the airplane and saw them take off. He stated he also saw them crash into the trees. It will happen again. He stated he was the first one on the scene at the accident. The fuselage ended up in the churchyard. It hit the trees. Those trees are dangerous. There were several people who lost their lives that night. We have played games for way too long. People say that if it was dangerous, the FAA would close it down and that they do not play games like that. That accident took place. Please cut the trees down. It is public safety that we are dealing with.

Ms. Becky Pardue, a Hilton Head Island resident, spoke in regard to second homeowners on Hilton Head Island who pay lots of taxes and who do not have a voice. She stated that she is a permanent resident, but realized in her community dealings that there are so many here who do not have a voice. She said her neighbor paid \$80,000 in property taxes this year. He flies his airplane into the County, does not have children/grandchildren in the schools here, but he would like to have a safe airport to fly into. She asked that Council follow through with the Master Plan, cut the trees, and extend the runway.

Mrs. Valerie Truesdale, School District Superintendent, stated the District is requesting a \$174 million-budget to educate nearly 20,000 children next year. The budget is \$1.5 million less than the current year budget, despite an increase in pupils. It represents a 1.5% increase or \$1.66 million. After Council directed the District on May 9th to tell the impact of not providing that \$1.66 million, the District met with the principals and asked what they would recommend cutting if Council chose not to support the budget. They have already made deep cuts the last three years and lost 169 positions, the math and science coaches, reading teachers, and classroom teachers. In determining what else could be cut, the principals wrestled with such areas as furloughs. A furlough would be an additional reduction on top of cutting the teacher's Step Increase, which the Board had recently done. They have had no cost of living increase in 4 years. Raising class sizes was a hotly debated topic. We have already raised class sizes significantly. Cutting another 35 positions would raise class sizes even more. The principles came up with an alternative plan, which would be an across the board cut to all programs and services. They updated their School Improvement Council, which are duly constituted by law to advise the schools on school improvement. Our School Improvement Councils and principals have worked valiantly to raise student achievement. Council saw the results of that in the earlier conversation. The folks are energized here tonight because they care deeply about their children. They care about the quality of the education, which is directly related to economic development and quality of life. The

District thanks Council for all deliberations, questions posed and consideration of next year's budget request.

Mr. Tom Thornbury, a Hilton Head Island resident, stated we cannot leave the airport issue. It is too important to this town. We have a newspaper that tells us we have a historic church involved in the issue. He says that is not true. We have a historic congregation here, but the church that is at the end of the runway is a church built long after 1866. It has been remodeled. It is certainly a group of people we should be concerned about when we do extend the runway. It, however, is not a historic church. The United States Federal Rules on historic buildings would not let you count it as a historic building. It is a historic congregation. We need to make sure that this town looks to the future, not the past. We need to have commercial air service here. Take a look at your town. Look at the empty stores in the shopping centers. Look at the condition of the hotels on the Island and the fact that we need to have a calling card that tells people to come to Hilton Head Island and make it a destination worth going to. If we do not do that and we let the tree cutting issue delay us to the point where we lose our airlines, we will not get them back. It is important to this town and to its future for us to have a 5,400 foot runway. We need the whole 5,400 feet. Please take care of the tree cutting as soon as you can so that we do not lose the airlines.

Mr. Tom Hatfield stated a writer in yesterday's *Island Packet/Beaufort Gazette* suggested we come to this meeting today to accept a 3% increase in our property taxes to support Beaufort County School District. He stated he is here to do just that, but not in the manner in which the writer suggested. The writer suggested that the 2006 property tax reform, known as Act 388 be repealed. He asked for a show of hands of homeowners here who would agree to have their property taxes increased by 50%. Only three raised their hands. About a week ago the *Island Packet/Beaufort Gazette* had a lead editorial reminding us that the District had the opportunity to close one or more public schools for this next school year, and bowing to public pressure the Board voted against this substantial cost cutting opportunity. The Superintendent and her staff laid out a plan, but the Board refused to act. Now that same Board is asking the taxpayers for a 3% tax increase to fund their budget that includes those schools that were suggested to be closed. Does that not sound hypocritical? The editorial ends with three paragraphs that should be a reminder to everyone. As for the School Board, it blinked when it faced one of those tough decisions on closing schools. The District has an overabundance of buildings. It knows it could save money by consolidating some schools, but the Board did not accept it when the District administration offered up the specifics of how that could be done. According to the editorial, "the schools should not be expected to do so much for children from cradle to age 18," and "Today's reality is that more must be done with less. Government is not immune from reality. The Beaufort County School District does not have a revenue problem. It has a spending problem. The Federal, State, and County governments, including Beaufort County, have finally gotten the word. Why can't our School Board do the same?" Also, in regard to the Airport, he said that sound hates holes. Trees have a lot of holes in them, with or without leaves. It is a red herring to suggest that trees will provide sound suppression.

Ms. Emily Beirman, owner of Show Services, Inc., stated she supports a tax increase whether it is 1.5% or 3% in order to fund education. She believes funding education to be the best

investment a community can make and should be top priority. She stated the previous speakers' comments make her mad and nervous, and she feels if he were more educated in joining the meetings, he would have taken some of his comments back. The District is doing everything they can to make sure that the kids have a quality education. A successful business invests in the future. It does not look at just the day-to-day operations or even one year at a time. A business must look ahead. As good businessmen and women you have to realize the importance of keeping a sufficient fund balance. Our School District's fund balance is depleting quickly and we will not have enough funds left when a natural disaster occurs. We have seen enough disaster throughout our country to know that we have to be prepared financially. If a devastating hurricane hits and we have to evacuate, we cannot come back unless the schools have enough money to reopen. What happens then? She stated she received an email the other day from a County Council member stating that he owns 10, 6%-properties. Personally she understands why he would not want taxes raised. But she is hoping that her elected County Council member's vote represents what the community needs as a whole, as opposed to his personal financial wants. There is a conflict of interest here, and if his vote does not mirror his previous votes to raise taxes then he should abstain from this vote. We have a lot of taxpayers here today and in Beaufort, who agree that taxes should be raised. Their attendance should hold weight in Council's decision tonight. Beaufort County has the lowest millage rate of all 85 school districts in South Carolina. We have not had taxes raised in years. It is time. If you do not agree, then when? When do you deem it an appropriate time to raise taxes for education? That time is now. She also presented Council with a letter from another business owner from Bluffton Family Chiropractic, who was unable to be in attendance. He states that he is in support of raising taxes in order to provide funds for our schools. In order for our children to compete in the modern world it is our duty to provide the best education possible. We cannot do that by reducing the budget. He stated he would be one subject to the tax increase and is more than willing to do so, even though he no longer has children in the education system. It is the intelligent and moral thing to do. He stated he wants the children in his community to be educated.

Mr. Ryan McAvoy, resident of Shipyard Plantation, stated no island he has been on has more loving residents than Hilton Head Island. Their critical comments about it are actually expressions of their adorations that grow stronger as it grows older. He stated that was quoted in the *Island Packet/Beaufort Gazette*. He stated he disagrees with any extension to the runway at the Airport. US Airways house their pilots and flight teams at the Comfort Inn on South Forest Beach. They are there every Friday and Saturday night. He stated, "so is he." A pilot who has flown on and off of the Island for 20 years and at smaller airports said "the only problem with the Island Airport, with the Hilton Head Island Airport, runway is its residents." He said all they need to do is "a few technological upgrades, put up that all familiar tower with the red lights, and do some precision trimming." The Pilot said to even flirt with the idea of removing a historic congregation from the oldest church on the island, direct descendents from the first Freedmen, women, and children in the entire United States, is absolutely ridiculous.

Mr. Chuck Copley, Hilton Head Island resident and flight instructor at Hilton Head Island Airport, Savannah and Ridgeland, stated he has had numerous clients who fly sophisticated, high speed aircrafts come very close to the trees when the weather is less than perfect. You have all driven over the bridge to an island on a windy day and can feel the wind move the car back and

forth on the bridge. When you are coming in on final approach and have the aircraft runway environment in sight and get down to 80-100 feet you lose control of the aircraft under certain wind conditions. You lose control side-to-side with the crosswind and wind shear alerts that the tower gives. Council has a serious safety issue. Those trees are a serious safety hazard and there will be another accident. It will probably be on the way in. You can take emergency action and stop this. Cut the trees appropriately per FAA specs. Lives are at stake. It is a serious issue. He hopes Council takes the appropriate action quickly. Also, Piedmont was unloading passengers Sunday because they were over the weight limit. Those people were not pleased about the Hilton Head Island Airport when they were asked to leave because they could not clear the trees with the proper margin the FAA mandates. Please take this seriously and act quickly.

Mr. Lloyd Smith, Hilton Head Plantation resident, stated he was at the dedication at the St. James Baptist Church yesterday. It is a historical area. During the presentations there were two planes that came over; rattling your teeth, shaking your bones, etc. At that point everything has to stop. He stated what is annoying him on the Island is that people have gotten up and talked about the quality of life. The quality of life does not involve an airport. There have been three letters written to the *Island Packet* in the last week criticizing the St. James Baptist Church saying it is holding the Airport hostage and there is a radical fuel. The radical fuel is the pilots and some of the people involved in this Airport. You talk to the tourists on the Island and will find that they are not that interested in the Airport. The bulk of the people do not come here for the Airport. There is a minority group that wants their freebies. Council gave over \$2 million to build hangars. Have you gotten the money back? No. Are you going to get it back? Unlikely. Landing fees, why does this multi-million-dollar aircraft not pay the fees? Everybody wants a freebee. We need to support our community. We need to be sensitive to folks who live on the north end of the Island. A lot of the writers live in Sea Pines. Let's put the Airport down there then see if they want it. You are spending millions of taxpayer dollars and we cannot get a penny for the schools. He stated he substituted in the schools because he was concerned with what was going on with the education of our kids. We should be taking some of this money that is being spent for the Airport and funnel it to the schools. You put the money up against educating our kids, who are not getting a proper education. He stated he bets that any of the people who have spoken against the schools have neither substituted nor volunteered. He stated for them to go into the school system and see what we are doing with our kids. If you want a payback and want something good for the Island, we need to funnel some money to the schools. That is what we have to do otherwise we will not have a good quality of life here.

Mr. Lee Edwards, Hilton Head Island Town Council, Ward 3, stated during his campaign for Town Council last winter and subsequently after the election. He has been overwhelmed with people constantly telling they are in favor of the Airport expansion. Most recently, he has been besieged by emails, phone calls, and personal contacts asking why we are not cutting the trees and telling him to please cut the trees. During that time, he stated he has not been approached by one person who has said we have to stop the airport expansion or that they are against the tree cutting. He said he feels confident and comfortable in saying that the constituents of Ward 3 on Hilton Head Island overwhelmingly support the expansion of the Airport and the cutting of the trees. He believes Council made the right decision back in October, voting in favor of the two

part expansion. He stated he supports that as well as the overwhelming majority of constituents of Ward 3.

Ms. Kim Likins, Hilton Head Island Town Council, Ward 4, stated her ward includes Folly Beach, Palmetto Dunes, Yacht Cove and Forest Beach. It also includes Coligny Plaza and Shelter Cove Mall. She stated her primary campaign commitment was to always do the best to represent, to the best of her ability, her constituents. As a new member of Town Council and recently off the campaign trail, one constant theme heard was that redevelopment of our community is vital for its long term success. In respect to tourism, business and attracting new residents, the message received was that her constituents support Council's decision to expand the Airport runway. They believe it is a critical element in our overall redevelopment strategy. She said she too has been overwhelmed with emails and calls from citizens frustrated by the tree trimming and removal delays, urging action to ensure flight safety and encourage redevelopment. She stated on behalf of her constituents, she urges Council to please move forward in this effort.

Mr. Perry White, a Hilton Head Island resident, signed up for public comment but passed when his name was called.

Mr. Bob Richardson, resident of Palmetto Hall Plantation, stated he supports the Port Royal/Palmetto Hall Airport 4720 for runway expansion compromise proposal. He explained what is in the compromised proposal, as well as comments on emails received. He stated part of the information will be handled by his colleagues due to the three minute limitation. For the record, both plantations have a keen interest in the safety and continuation of commercial and general aviation operations at the Hilton Head Airport. All of the data used in the compromised proposal was drawn from the Airport Master Plan in the January 2011 Executive update. Nothing in the proposal was developed by us or drawn from other sources. He stated they believe the proposal accomplishes everything that the general public has been led to expect, but at a \$32.3 million reduction in costs compared to the cost in the Master Plan for the phase II, 5,400-foot-expansion. The 4,720-foot proposal extends the runway 420 feet. They did not develop the length, it can be found on page 28 of the Airport Master Plan. This length satisfies the requirements of 94% of the airplanes with a compromise the fleet of aircraft used to develop the 5,400 foot runway. Therefore we question the public comments that the 4,720 feet does not meet FAA design criteria. It is in the Master Plan, but not an option that the consultant presented. Additionally, there is an email from the FAA stating there is nothing in its advisory circular that would prevent the consultants from presenting this as a viable option. In the compromised proposal, the pruning and cutting of trees on the north end is consistent with the Town of Hilton Head Island Land Management Ordinance (LMO) revision dated January 2010 with one minor exception, it asks to leave standing in the area designated for clearcutting those trees that would not grow into the 34:1 approach slope within 10 years. We are not against the cutting of trees as prescribed by the LMO and as determined by an arborist. This proposal directly addresses the tree issues recently raised by US Air and Piedmont.

Mr. Gordon Guin, resident of Port Royal Plantation, supports the 4,720 foot compromise proposal. The public has been led to believe that the purpose of the \$52 million plus runway extension project is to preserve service to Hilton Head Island. There was an article in the *Island*

Packet/Beaufort Gazette this morning that said that was the case. In fact Council verified with the folks at airlines that this is not going to happen. That is simply not true. There are some major improvements in the project for commercial service that all parties support. The Master Plan which has not been widely distributed to residents of the County shows that 47.6% of the cost, or \$25.1 million, will be earmarked for general aviation not commercial aviation. Very few residents will receive any return from this investment, with most of the benefits going to the sparsely populated Beaufort County “good ole boy flying club.” The compromise proposal addresses the needs of the commercial side of Hilton Head Aviation, but greatly reduces the funding for the general aviation. The compromise proposal also addresses the issue of land acquisition required to support the project. The general public has been given the impression that the proposed airport expansion can be accomplished on the Airport’s current footprint. This is factually incorrect. As the Master Plan proposes the eventual acquisition of approximately 48 acres of private property, including Palmetto Hall’s recreation area and deep wells facility of a cost of \$21.8 million, which will increase the Airport’s footprint by 28%. The 4,720 compromise proposes the acquisition of only 3.2 acres required to realign the commercial taxiway on the southwest corner of the Airport at a cost of \$3.6 million. That is a reduction of \$18 million. The proposed \$32.3 million-plus saved because of the compromise represent big dollars to each County resident. It has been constantly repeated that the FAA will fund 95% of the costs associated with the projects outline in the Master Plan, while the state and county will each split the remaining 5%. While this may be true for airfield work, on an overall basis this is not supported by the financials on table E6-1 of the January 2011 Executive Update. On the bottom line basis, the County’s share is shown to be \$3.5 million or 6.5%. This could be better used for our education.

Mr. Ron Smetek, Vice President of Palmetto Hall Property Owners Association, stated the Association wholeheartedly supports the 4,720-foot compromise proposal. The compromise proposal states that the commercial turboprop serving the Island can operate at a maximum takeoff weight on the 4,720 foot runway. The statement relied on information on page 15 of the consultant’s response to the County Council. The runway lengths given were 3,500 feet for the dash-8 100 and 4,500 feet for the dash-8 Q300. These runway lengths can be found in page 29 of the Master Plan Draft. He pointed out that what Council voted on was the Master Plan Draft. That document is still being revised. Whatever was voted on back in October is irrelevant. He pointed out that Piedmont has no official position regarding future runway length. He stated Palmetto Hall and Port Royal Plantation have met on two occasions with the Piedmont Station Manager and have a copy of the Piedmont chart depicting aircraft weights at various runway lengths and temperatures. The chart shows virtually no difference in allowable takeoff weight between 5,000 feet and 5,400 feet. They have been asked to give a copy of the pertinent pages of the company flight manual or the data for 4,720 feet. Also discussed with Piedmont official was the quote attributed to them in the *Island Packet*, which stated at 5,000 feet on a typical day, we fly at 90%. Piedmont agrees that this quote is not quite accurate and the Station Manager in fact agrees that it should have read “on the hottest day we fly at 97% capacity.” He brought it up to point out that it is very easy to generate misinformation when dealing with a subject as complicated at the Master Plan. He stated they believe that once the trees are trimmed out of this slope, a 4,720-foot runway would be sufficient for Piedmont to operate at full passenger load at 95 degrees if fuel factors for the shorter halls are taken into consideration. He stated they request

an opportunity to meet with Council at the earliest opportunity to discuss the substance of the compromise proposal as done with the Town Council. If adopted we could save more than \$32 million. Tree and environmental recommendations will fully support everything to be done and the proposal is fully in compliance with the FAA guidelines. It would put to rest all of the requirements. He stated he is a retired Air Force Master Navigator with more than 4,000 hours of flying time, has a Distinguished Flying Cross, 3 Air Medals, and has been in two catastrophic aircraft accidents. He guarantees that if we have an accident at this Airport it will not be because of the trees, but will be because of pilot error or mechanical error. The trees are not going to grow up into the slope where the pilot ought to be.

Mr. Dan Cleyrat, resident of Port Royal Plantation, supports the 4,720-foot compromise plan because it is the most logical plan in comparison to the cost of going to 5,400 feet. The 4,720 foot compromise proposal was briefly discussed last Thursday at the Airports Board meeting. A number of things were said that were confusing. For example, the Board chairman stated that in Piedmont's interview with WTOC-TV implied by Piedmont that turbo props are on the way out and regional jets would be replacing them. He stated that is not the case based on comments from the meeting with Mr. Farrell last week. He stated in watching the recorded WTOC program there was not conformation ever said. When asked at this meeting, the Talbert and Bright representative confirmed to the Board the regional jets capability to operate on a 5,000 and 5,400-foot runway, but with load restrictions. Isn't there a need to understand the regional jets load restrictions at 95 degrees, the same test criteria that is being applied to the turbo props commented upon in the newspaper and on the TV interview? That is important. Should not we find out whether or not the reduced pay load for the regional jets, particularly during the busy summer season, is acceptable to the airlines before using it to justify the 5,400 foot runway extension? He hopes this helps the Council and the audience understands that there is more to the compromise proposal than just the length of the runway. We are not trying to close the Airport, eliminate commercial service, compromise safety, or delay the pruning or cutting of trees as prescribed by the LMO, but are asking that they leave standing in the area designated for clearcutting those trees that would not grow into the approach slope within ten years. The proposal is about reasonable and cost conscious extension of the Airport runway and finding a middle ground that would bring an end to the delays and satisfy Airport officials and neighbors alike.

Ms. Mary Amonitti signed up for public comment but passed when her name was called.

Mr. Alan Grogono, a Hilton Head Island resident, spoke on behalf of him and his wife about the Hilton Head Island Airport. He says the Airport has already lost Delta and he would hate to see any further losses. It is a vital resource to this community.

Mr. Steven Morello, representative District 1 Board of Education, spoke in favor of the 1.5% non-resident tax increase. The District cut \$6.8 million from the budget. District employees will be going without raises for the third year in a row. The School District has already made huge sacrifices and is clearly doing their part. People who live in their homes or rent apartments will have no increase. For the small amount of our constituents who own rental properties, a \$250,000 property will see an increase of less than \$40. The only impact the increase will have

on most people will be in vehicle taxes. How much? On a \$20,000 vehicle it would be less than \$3. The overwhelming majority of taxpayers will only have to pay about \$3 more. For the individual this is an incredibly small amount, which will go a long way for our community. For this \$3 what do we get? We get to not fire any teachers. We get to keep high school athletics programs. We get to keep the few tutors we have left after the massive cuts. We get to continue the upswing in test scores that our dedicated teachers have made possible, even though they will have no raises for the third year in a row. All of this for about \$3 a year. That is a tremendous value. Also, keep in mind the amount of money the schools create for the local economy. The School District is the largest employer in the County, employing more than 2,900 people. Refusing this increase will make it impossible for 2,900 employees to get raises anytime in the near future. That is a huge economic impact on our local economy. Plus the District cannot hire any new people. The District has eliminated 169 local jobs already. If the increase is not approved it could lead to more lost jobs, adding to an already suffering local economy. If the Council is concerned about the impact this will have on their constituents please consider this: about 30% of the population is somehow affiliated with the schools, either through employment or attendance. A small percentage of constituents own rental properties. Refusing this increase would mean that you are negatively impacting 30% of the population to save a very small part of the population less than \$40. If refusal meant real savings to taxpayers, it could be understood. He stated in his opinion to force huge cuts in student services, a loss of athletics programs, and losses of local jobs to save everyone \$3 would be crazy.

Ms. Sue Champion, a taxpayer, parent and School Improvement Council Chairman at Michael C. Riley Elementary School, invited Council to spend one day at M.C. Riley Elementary, shadowing a teacher and see what it takes to teach one child. It is time for us to invest in our children. We want to put our values up in Hilton Head and Bluffton then we need to have great schools. She stated parents look for good schools before moving. We need to keep up with the good schools. We cannot stretch the budget anymore. Please do not stop investing in our children.

Mr. Jim Fisher, Hilton Head Island resident, stated it has been brought up about support for the Master Plan which he feels has passed us. Council voted. We want to move forward. Move forward. It is Council's decision on what is done. Nobody wants to bring up the fact that the FAA suggested a 5,000-foot runway in 2001. The local people make the decision. Where do we go from here? Legal obstacles can be thrown up now and we are going nowhere. This is only in regard to the trees. When we get the Master Plan does anyone think that there will not be legal objections again? The big issue is what can we afford? We need to do something that we can afford? Something that is reasonable. The FAA has budget cuts. Do you think they are going to give Hilton Head \$52 million? \$75 million? How many years do you think at \$3 million a year will it take to get there? He stated the compromise plan is reasonable. Council is asking school boards to review budgets line by line and cut out the "fluff," but look at what Council just voted for: \$52 million full of fluff. Let us cut the fluff out of the think and put a proposal forward. The compromise proposal said cutting \$32 million out and leaving only \$24 million to support commercial aviation. Let us do what we are doing for the airport that we are doing for the school board; look at it one by one. Let us make something everyone can live with and move forward. The compromise plan supports commercial aviation. The School Board may have better use of

\$3.5 million than to put it into the Airport. Let the people who want commercial aviation pay for it. Do not drain the County. Do not drain the schools.

Ms. Tennille Scheriff, Beaufort County Teacher of the Year, parent, voter, and taxpayer, said with a 1.5% increase, \$20 is what it amounts to for a second homeowner at \$250,000. You can do a lot with \$20. You can take your clients to lunch. You can buy a bottle of wine and flowers for your wife. You might have even bought the ties you all are wearing for this meeting tonight with \$20. What can the School District do with \$20? We can attract quality teachers who can afford to live here and want to stay here. We can preserve our class sizes and give students the intentional resources and academic support that they need. We can have the stuff, the basic supplies. We want our students to compete globally. She stated she strives daily to incorporate technology. We need updated technology that continues to challenge students to create and collaborate. We need books on their level that motivate them to read. As teachers we often see many talents in children. She stated she needs the ability to recommend one of her students be involved in dance or drama, or an athletic that will give them recognition, a safe place for them, and an additional mentor who may help them to be resilient in their neighborhood and successful. With \$20 we have staff development to learn the latest and greatest and imperial based techniques and strategies to increase student achievement. She stated for \$20 she needs that staff development to help to continue to grow professionally and meet the needs of students. As you think about that 1.5% increase, she stated she prays that Council has wisdom, an open mind, and will consider the negative impacts on our students in Beaufort County. If you truly want to invest in the community, invest in students. Those returns are immeasurable.

Ms. Elizabeth Henry, teacher of 17 years, stated tomorrow morning 23 of the most adorable first graders will walk through her door and she wants to be there to give the very best she can. This increase, this tiny amount of dollars, will impact our schools very creatively. We have vision. We have leadership to continue to go forward with the progress that has been made. It is worth the investment. Please support the recommendations of our School Board.

Mr. Michael Allen stated the data says it all. It seems that a 1.5% increase would double his taxes, he would not want it, but that is not the case. Take a close look at expanding the Airport. He believes if you want true economic development it is going to come from the schools. That has been shown elsewhere in the nation. Districts that have good schools have good business. We need clean, strong industry in this County. He stated he is doing his best through robotics and developing and engineering program at Battery Creek High School, as well as at Beaufort High and south of the Broad River. We are trying to do things that will interest employers; alternative energy systems, robotics, engineering, etc. He stated he is willing to share his self and his talents to help bring industry here. Please accept the budget and if you can give the 3%, but at least support the 1.5%.

Ms. Colleen Kowal, teacher in Beaufort County, stated she has had the benefit of being a teacher since 1985. She stated her experience tells her lots of things. When we attend state conferences and national conferences we hear about three important words: teacher recruitment, retention, and advancement. If we are truly going to be a school district of the 21st Century, she implores Council to look at that. What is going to attract the brightest and the best in the field? What is going to attract those people to our school district? We have a powerful school district. She

stated she is also a parent of a student who has received a superior education as part of the Beaufort County Schools. She stated she had an option of private education, and chose public education and is proud to say so. People want to move here for more than our beaches, golf, tennis, restaurants and resorts. They want to come here for a reputation. If we want to think about our property taxes and what our property values are going to be, we really need to look at our school district and how that will impact our property values in Beaufort County. 53% of our students are receiving free and reduced lunch. She invited Council to come to the Hilton Head School for the Creative Arts and see their wonderful children and how they are learning and growing every day. She would like to see that none of them end up in our juvenile detention center or Beaufort County jails. Let us help the children on the front end, and not on the back end. Let us be there for them and show that with your vote and support that these children mean something. Our kids are our future.

Mrs. Annie Hansen, representing the Beaufort Homebuilders Association, stated the homeowners of Beaufort County request that you delay action on the proposed changes to the stormwater requirements for existing lots in which homes have not been built. Our request is based on the following considerations: The proposed ordinance, if adopted, will establish as a matter of law that the existing and vacant lots in their current state do not contribute to storm water management problems in Beaufort County. This means that if adopted, the County may be forced to refund several million dollars to property owners in fees that were improperly and unfairly collected. Based on the often used number of 20,000 lots, and an average annual fee of \$50 and that the fee has been collected for five years, the County may be obligated to refund \$5 million to the owners of the lots in question. We realize that much of this will have to be recovered from the municipalities, but the initial refund may have to be paid by the County. We have asked the State council to review this matter and give an assessment. The County and the municipalities may want independent legal review which will require more time. Also, future storm water fees, if adopted and enforced in its current form, the ordinance places the burden of storm water management on the homeowner. We think those parties that installed the systems, required by the proposed ordinance will have met their obligation for storm water management and therefore will have no obligation to pay storm water fees in the future. She is requesting time to get a legal determination on this issue, because the result may be that the cost of the homeowner to install the required system may be less over the length of the mortgage than the cost of paying the storm water utility fee. Of course, this also would mean that existing homeowners who retrofit their homes may not longer be liable for paying fees as well. The County and the municipalities may want independent legal review, which will require time. Third, there is great concern among members and the public that Beaufort County is creating problems at the same time it is trying to burden the prospective homeowners with new expenses. Reports indicate that Beaufort County is using storm water fees to actually increase the volume of untreated runoff into our rivers and estuaries while at the same time seeking to increase the cost to homeowners to reduce the amount of runoff. Specific examples have been cited in Lady's Island and in Bluffton where Beaufort County has opened wide ditches that funnel untreated runoff directly into our rivers. We see no reason why this ordinance should be rushed into law without additional public discussion. She stated they are asking that the Council delay vote for 60 days so we can discuss possible solutions and alternatives. A 60-day review may also prevent

the County from refunding millions of dollars and other potentially expensive consequences of a hastily passed ordinance.

Mr. Kevin Smith, Thomas and Hutton Engineering Company, stated Thomas and Hutton at the request of the County was at a meeting among representatives from the Town of Hilton Head, Florence and Hutchison, and the County to discuss different layout options for Phase 5B. Thomas and Hutton is surprised this is on the agenda, because we were a part of this meeting and there was support for some deliverables coming out of it, which they were never copied on. They received a call an hour ago saying it was on the agenda tonight. They ask that this be discussed with Mr. Parker and some of the property owners, and not rush a judgment that has not been fully studied. They ask that the best engineering options be looked at and all alternatives be investigated before Council has third and final reading.

Mr. Greg Parker, Parker's Convenience Store chain, who built a store at the intersection of Buckwalter Parkway and where the alignment of Bluffton Parkway is supposed to take place, says they have been working on this to try to create a safe intersection for 1.5 years. At the meetings with Gary Kubic, Bryan Hill, Bluffton Town Mayor, city managers, assistant city managers, and Colin Kinton the intention was to create a safe intersection at an intersection that was already failing. The people who live in the neighborhood across the street do not realize we have agreed to everything that has been asked, every time there has been a proposal. When the store was about to open, the County said they did not want a red light but a traffic circle instead. His response was, "ok, we will participate in that to try to create safety first, because someone is going to be killed at that intersection." That meeting took place about six months ago and we still do not have a memorandum of understanding from Lad Howell. A year later, we do not have this, which is inexcusable. Somebody is going to be killed at that intersection. None of us knew anything about this until 1.5 hours ago. Not our engineers, not the adjoining property owners, he stated not himself, nor his attorney who Lad Howell has been in constant contact with. Now we find out that the intention is to approve the temporary light until such time as there is realignment. Then they are going to put up a median in front of the store. He stated when he came to Bluffton he made a commitment to Council that he was going to try to build the nicest convenient store that had ever been built. We did what we said and spent \$3 million on a convenience store and lowered the gas prices for almost everyone in the community. Now for us to find out that there is an intention to close the intersection and not be informed, it seems unforgivable. He does not understand how this can happen and stated they are trying to be good corporate citizens and do everything right. This is not the way business should take place. We need a red light right there. He said he has agreed to pay most of the costs of that red light, even though the intersection was failing before location there. It still has not happened. The County has not stepped up. He stated, as a developer, he does not know what to do. He stated if someone said there would not been a median cut there, he would not have spent \$3 million building that school. He asks Council to consider what could happen, from the business standpoint, to make the business of doing business in Beaufort County easier.

Ms. Viola Thun stated many but not all schools deemed necessary by the Beaufort County School District and School Board were built, but built as a result of a referendum supported by our local newspapers. Now according to press reports, most of the schools have been built, but

we have 6,000 empty seats in these schools. She stated in her opinion the School Board and the District have squandered any good will they might have had. She respectfully submits that they have lost their credibility. Please no tax increase. Please vote no on the School budget. Let the School District get their house in order. It is unfair to the taxpayers.

Mr. Edgar Williams stated he is here regarding two issues: (i) the closing of the Dale Community Center in which he has a petition from citizens of the Sheldon Township to St. Helena Island. It is tragic that something has been in the community for such a long period of time and the fact that it is about \$60,000 a year to maintain it. We have other centers like Port Royal that had less citizens attend, yet they are not a part of the closings. It is tragic. He hopes that during Council's deliberations that Council reconsiders the closing of the Dale Community Center. (ii) In regard to the school issue he sincerely hopes that Council would look twice. Beaufort County Schools have been in the full thought of South Carolina. Council taxes a 2006 Hyundai for \$300 and tax a Lamborghini that costs \$300,000, only \$360. Something is wrong with that picture. Our tax system is completely broken. He stated you can buy a yacht that costs \$1 million and pay less than that of a 2006 Hyundai. Yet we want our kids to be the best in this United States. Beaufort County School Board has been on the forefront. We want our kids to be doctors, lawyers, intern and Council chairmen, but how are we going to get them educated if we are going to cut the funds. We have enough problems with the kids going to jail. If Beaufort County is going to be the best we need to spend our money in a way to accommodate our kids. He asks Council to look twice before they leap.

Mr. Jerry Reeves requested that the motion to close the parkway to Greg Parker's new business be tabled for more engineering and review. It is not fair for this guy who has come to Beaufort County, spending a lot of money to develop a lot of businesses and put people to work, for Council to talk about closing his access to his point of business. We owe him a little more than that.

Mr. Ray Stocks stated he owns both 4% and 6% property in Beaufort County on King Street. The School District is talking about a 1.5% increase in taxes, which would amount to approximately \$25 for his property. That is nothing. He stated he supports the increase. These real estate agents who oppose the increase saying it discourages their sale may be right. Sales on Hilton Head Island are up. If they can afford a million dollar house, they can afford the taxes. The School Board has made tremendous improvements in the past two years. Let's not close any schools. Close the classrooms if necessary. Maybe furloughs? How about starting with the County Administrator? He will not be missed for a few days or a few weeks. Schools are the future of our future gentlemen. Let us protect them so that the next 300 years will be good and appreciated. Please consider the increase for the School Board.

Mrs. Ivie Szalai stated she approves this tax increase and would even approve the 3% tax increase. We have invested so much in our children. We do not want to take any steps back. She urges Council to please consider the School District presentation that will be given tonight.

Mr. Rufus Williams urged Council to find other resources to feed into the Dale Community Center so that it will not be closed. His understanding was that the County was going to buy the

Commerce Park. That Park would have cost at least \$1.5 million. That is not longer going to happen, so he asks Council to look wherever those funds would have been gotten to purchase to Park and use them for the Center. Council needs to tap into the resources they were going to tap into to keep the Dale Community Center open. For many years the County bused our children from Sheldon Township to Beaufort. Now Council wants to do the exact same thing to our seniors. Take a look at the budget. There has to be some means in there to afford \$65,000 for our “golden” people of Beaufort County in the Sheldon Township.

COUNTY ADMINISTRATOR’S REPORT

Hilton Head Island Airport / Minimum Airport Goals

Mr. Baer briefly discussed his three minimum airport goals, their status, and recommendations.

Goal I: Support safe, effective turboprop commercial service to CLT/Charlotte and ATL/Atlanta. Status - Required length is unknown despite \$400,000+ in consultant fees. Local calculations indicate 4,300 feet to 4,720 feet if Goal II is met. Need to resolve Goals I and II as soon as possible. Recommendations - Determine length required to support Goal I. Negotiate Goal II and implement Goals I and II as soon as possible.

Goal II: Tree Trimming / Cutting / Mitigation to Maintain 1:34 glide slope to support Goal I, Plus Minimize Community Impacts. Status – Cost is an issue and FAA pays or clearcutting, not ongoing maintenance. Local impacts are insufficiently considered in pure cost calculations, hence legal delays. Five additional areas are potentially impacted. At Beaufort County (Lady’s Island) Airport, legal objections have already cost close to \$200,000 and a two-year delay. Recommendations – Determine cost of a trim/maintenance program to avoid clearcutting wherever possible (a rough estimate is \$100,000 to \$200,000 per year (needs quantification)). Determine noise mitigation costs. Budget for reasonable costs and include sharing with Town of Hilton Head Island accommodations tax and hospitality tax. Negotiate as soon as possible to see if an agreement is possible including compromise by both sides. Negotiate an Agreement to Trimming to a start goal from Council retreat.

Goal III: Minimize Taxpayer Subsidies; Equalize Fees. Status – Airports owe the general fund approximately \$1.7 million plus an additional \$262,000 in contributions directly out of the general fund. The new accounting rules will show that this degrades County reserves. Hilton Head Island Airport hangar still lose money and will for years. The County portion, plus full expense costs for full Master Plan will be large. Tight County budget and new accounting rules will accentuate financial problems of the Airports. There has been a proposed passenger facility charge fee increase on commercial ticket costs. But, the private side still does not pay its fair share. There is about \$450,000 in very reasonable fee increases that we can get to help pay for this Airport and help pay for the tree trimming. Recommendations – Fair fees, IOU cost recovery, accommodations tax, hospitality tax could help fund tree and other work. Implement reasonable, fair and equal fees for all users. Review FBO agreements.

Tree Cutting Permit at Hilton Head Island Airport

Mr. Gary Kubic, County Administrator, introduced Attorney Ladson Howell and Attorney Joshua Gruber to go over the Judge's decision, its ramifications, and next step.

Mr. Howell is delighted to report that the County and the Town of Hilton Head Island (Town) prevailed with respect to the appeal from the Town Zoning Board of Appeals to the State Court of South Carolina. That decision was handed down and served last Friday. They have a ten-day window of appeal. They can also ask for reconsideration. We feel that will only involve a short timeline. Mr. Gruber is going to give Council a brief synopsis and a handout regarding the timeline for the legal appeals that are going to occur with respect to the motions that we anticipate with respect to the stays that are in place through the South Carolina Rules of Appellate Procedure. After Mr. Gruber gives Council that information, Mr. Howell will be available to discuss briefly the issue of the proposal of immediate trimming of the trees as opposed to the valid permit that we now have.

Mr. Gruber stated the timeline is generally the way the appellate process does work with a civil case. It does not include every single facet that may arise during a case's life from birth to death, but it does cover most of the significant ones that we will be looking at. Judge Marvin Dukes, Master-in-Equity, issued his Judgment and decision on Monday, May 16, 2011. The motion for reconsideration has a ten-day time period in which that document can be filed and that is quickly coming about. We have not received word that that has been filed. In talking with outside counsel, we feel fairly strongly that the way Judge Dukes rendered his opinion gave the opposing side ample opportunity at that point in time to raise any kind of issues that they might have had before his Judgment was rendered so that if any kind of motion for reconsideration is entertained, it would be entertained very briefly. Beyond that St. James Baptist Church will have a period of ten days in which to file their appeal. During that ten-day period of time, the case is automatically stayed which means we can take no action on the matter until we determine whether the appeal has been filed or not filed. If the appeal is not filed, then the case is terminated and we can move forward with our application as is filed. If an appeal is filed, then an automatic stay by Appellate Rules is imposed at that point in time. The County's plan at that point is to then file three simultaneous motions in order to try to either remove the stay or, in the alternative, expedite the proceedings to get it resolved in a very expedient manner. Based upon those three motions being filed or the potential outcomes and their corresponding possible dates, those are very soft dates. Mr. Gruber cautioned Council that it is very difficult to tell a Judge to conform to your time schedule. It is, indeed, quite the opposite, that you conform yourself to theirs. Their setting of the clock and their times are what is controlling. As you can see, it is either something that we hope to have addressed within the next 60 to 90 days or could potentially go much longer than that depending upon the outcome of the Judge's decision.

Mr. Howell reported we are very optimistic that within 30 days this matter will be ripe and Judge Dukes will hear a motion to lift the stay. We are very optimistic that given all of the arguments that we have that the stay will be lifted at that point in time. We are pretty confident that he will hear it within that time. That is within the timeframe that is contained in the handout that Mr. Gruber has given to Council.

With respect to the valid permit the County has to cut the trees, there has been much talk about the issue of trimming. Mr. Howell's office is available for negotiations with the attorneys for all sides, both the Town and with the attorneys representing St. James Baptist Church to negotiate any sort of agreement that we think is reasonable within the circumstances of the urgency to deal with his issue at the Hilton Head Island Airport (Airport). Mr. Howell has not heard from any attorneys regarding a proposal for negotiations. We are always open to negotiations. It is a continuing legal issue under negotiations. We have just not been presented with those options.

Mr. Howell will discuss briefly the option of trimming immediately as opposed to cutting. The problem with trimming is that it requires another application to the Town so it pretty much makes moot any idea of trimming because that application would also be subject to legal challenge and we would be back in the same legal merry-go-round of the hearings with regard to that application. That is a probability. That pretty much makes moot, in Mr. Howell's estimation, the issue of asking for the ability to trim. The Town has in place in its Land Management Ordinance (LMO) processes which must be complied with. There is no reason to think that if St. James Baptist Church or any other citizen within the confines of property near the Airport would challenge it. That is the problem with the issue of trimming immediately. That has to be met.

Ms. Von Harten was wondering if Council could hear from a representative from St. James Baptist Church about if they would be open to negotiations.

Mr. Howell replied that would not be appropriate.

Mr. Sommerville has had numerous communications with numerous people on this issue. It is obviously very much of interest to a lot of people. A lot of folks, probably some here in the audience today, and certainly the television audience, are convinced that there never has been nor is there a stay in place. He has, to the best of his ability, tried to explain to them that "yes there is," but that is about as far as it goes. He asked Mr. Howell to clarify the issue?

Mr. Howell replied we have done due diligence with respect to that issue. We have discussed this issue in totality with the Town's attorneys. We had a conference with them on Friday, May 20, 2011. We had a lengthy conference with them this morning. Mr. Kubic was present. We are uniform in our belief that there is a stay present under the Rules of Civil Procedure as we understand them. There is a lot of difference of view about whether or not a stay is there. We cannot take the risk of risking the County's liability in cranking up the chainsaws and going out there and commencing cutting those trees down in light of our interpretation that there is a stay present at the various stages that we have looked at.

Mr. Sommerville remarked there has been some discussion about the Town's LMO. He does not know how many people in the audience or how many watching on television have any idea how traitorous it can be to navigate that ordinance. "Has the Town ever offered to wave the LMO for this purpose; and if not, it would assist us greatly if they are willing to do that"?

Mr. Howell thinks it would be a moot issue to do that simply because we have to file an application. If the Town were to waive all of its requirements, we still would get the challenge.

Mr. Newton, referring to the timeline, stated May 20, 2011 was the day the Circuit Court rendered its decision and the County's and Town's lawyers are in agreement that there is a legal stay in place creating a legal obstacle from us moving forward. Mr. Howell's comments were that he is optimistic that within 30 days we might get Judge Dukes to hear that motion to lift the stay. That is Circuit Court. "Assuming Judge Dukes grants that motion, for purposes of this discussion, and an appeal is filed from that, can we start cutting at that point in time?"

Mr. Howell replied, "No, sir." If Judge Dukes grants it, then there will probably be a motion for the County to post a bond. We would post it. Then we could start cutting pending the appeal of the original action.

Mr. Newton said the timeline/chart contemplates that a final judgment could be rendered and tree clearing beginning in one year to 730 days.

Mr. Howell said obviously we cannot predict the legal process. We can tell you that we are doing everything to expedite the process. And because of the urgency of the safety issues involved, we have every reason to believe that now that we are at the Circuit Court level -- where we are dealing with Circuit Court Judges and Appellate Judges and the Supreme Court -- we can get some of these motions granted.

Mr. Newton, following up on Mr. Sommerville's question, asked, "If the Town had no ordinance regulating the cutting of trees on Airport property, would there then be a permit that would be required?"

Mr. Howell replied there is a tree cutting provision under the Town's LMO, generally, so you would still have to file an application.

Mr. Newton asked, "If the LMO were amended and said 'trees on Airport property within the Town do not have to ask for any permit of any kind in anyway whatsoever', could we then move forward with the contract that has been let and cut trees"?

Mr. Howell replied in the affirmative.

Mr. Baer asked, "Could the County apply in parallel with the Town for a trimming permit"? "How long would that take?"

Mr. Howell replied about as long as it has taken us thus far.

Mr. Baer inquired as to how long it would take to apply to the Town for a trimming permit.

Mr. Howell cannot recall the timeframe within which the Town gets to look at someone's application. The application must be very thorough for cutting because it requires some rather

burdensome operations on the part of the County to do the trimming. Mr. Howell thinks it would require at least 30 days.

Mr. Baer stated it could happen in parallel to what is going on now so that you have an alternate path to have a way to expedite things.

Mr. Howell replied it could happen in parallel as the federal case would go in parallel. However, the opinion regarding whether or not we would receive a challenge is very optimistic.

Mr. Baer remarked it is no more optimistic than the other opinion. There are a few paths – one is to try to make an effort to negotiate and with a parallel approach with the Town to get an expedited trimming permit. That, at least, gets the trees out of the flight path if they are in the flight path right now. He is not sure if we know if there are any in the flight path.

Mr. Howell replied we asked that question of Mr. Paul Andres, Airports Director, who reported we have many penetrations.

Mr. Baer said a meeting around a conference table is needed to sort this out to see if there is a common denominator for an expedited solution. Lawyers' shouting at each other is not the way to handle this.

Mr. Howell said, "We don't shout at each other."

Mr. Baer remarked his son is an attorney. He apologized for his comment. He has all due respect for the field. We need to work to a good, common goal which will help everyone.

Mr. Howell stated as attorneys for the County, we follow the direction that County Administration gives us for the quickest legal solution to our goal. We are always open to negotiation for any quick end to a legal process.

Mr. Baer replied that was an output of our strategic summit/retreat that Council agreed to. He certainly would support that. It may fail, but at least that is an effort we should try.

Mr. Newton remarked the curiosity becomes this, "Who are you going to negotiate with, the 10 people who are present today or the 20 people who may raise the objection tomorrow"? Absent a class action being put in place, negotiation does nothing. It does not bind anybody to anything. The negotiation talked about at the retreat was with regard to the additional avigation easements off-airport property that needs to be done. Those were Mr. Newton's comments about it at the time.

Mr. Baer stated the sense of Council was negotiating to solve the tree problem.

Mr. Newton stated we have already let a contract for these trees to be cut, but for the legal obstacles they would move forward immediately.

Mr. Howell commented we still have the legal stay that is in effect. The Town cannot control those.

Mr. Newton said the legal stay is with regard to a permit to follow a set of guidelines relative to cut trees. Mr. Howell agreed in the affirmative. Mr. Newton asked, “If the Town exempts cutting trees on the Airport from many of their zoning rules and regulations, the County’s contractor could move forward with its permit to cut the trees”?

Mr. Howell replied, “No, because of the stay.”

Mr. Newton said the stay is relative to a challenge on the permit?

Mr. Howell replied, “Yes, it is.”

Mr. Newton commented public safety has been put at risk by a system wherein it could take as much as a year’s time to get a decision regarding cutting the trees. That is not reasonable and we should not subject the public.

Mr. Howell replied that is why he is very optimistic that the courts will be on our side with respect to an expedited solution to this problem.

Mr. Kubic noted staff has notified the contractor and has told him to be ready. We believe he understands that this is a situation where it moves in certain steps. The contract has not been eliminated. It was put in a standby position. We are ready to go when we get the green light from the Board, from Council, or from anybody.

Mr. Caporale went back to Mr. Steve Riley’s, Town Manager, comments. Assuming Mr. Howell’s optimism is well founded, what would be the earliest possible time for Council to begin?

Mr. Howell replied it is reasonable to consider that we could prevail in 30 days on the stay.

Mr. Caporale asked, “Is another challenge behind that”? Mr. Howell replied, “No, Sir.”

Mr. Caporale asked, “If, in 30 days, Mr. Howell is wrong, then what? Mr. Howell said it is a matter of semantics because the Court has discretion within which time to hear and rule a motion. Mr. Howell is optimistic that Judge Dukes is very, very efficient in hearing motions and making rules. We are optimistic he will lift the stay in this matter because he is thoroughly familiar with the facts of this case now.

Mr. Caporale heard there was a Constitutional issue at one point. Mr. Howell replied that case has not even been served on the County. It could take a completely different face by the time it is served, if they choose to serve it. They have 120 days to serve it from the date it was filed which was about a week or two ago when we first got knowledge of it through the media.

Mr. Caporale asked, “Is it reasonable to assume that if Mr. Howell is right and within 30 days the stay is lifted, then the suit would be filed”? Mr. Howell said it does not contain any allegation at this point in time that creates a stay.

Mr. Gruber commented the other proceeding is in federal court and the rules are different in federal court. There is no automatic stay. They have filed a separate motion to try to restrain our actions at that point.

Mr. Caporale read from a May 10, 2011 email he received from the Town Manager, “The LMO contains an exemption from the tree ordinance for the following: for topping of trees for the maintenance of the slope approaches to Hilton head Island Airport referenced in Chapter 4, Article 4, on airport property only.” Of course, it does not include all of those other trees that we have to deal with that Mr. Baer referred to. Then Mr. Riley clarified, “The lawyers have asked me to clarify that that Code can be read and will be by the opposing attorneys as requiring an application. The application can be the existing site plan and a couple of paragraphs describing what the County would be doing.” That does not sound to Mr. Caporale like a big complicated process.

Mr. Howell replied it is because that application generates another challenge.

Mr. Caporale asked, “Is there a downside to getting those couple of paragraphs in the site plan over to the Town while all this other stuff is going on”?

Mr. Howell said the only downside he knows of is both time and money. If you are successful is getting that particular permit, they would have to waive some of the requirements administratively for the trimming process.

Mr. Caporale said that is what he is trying to get at because the level of sincerity of all of the combatants in this thing keeps him awake some nights. He does not know who is being honest and who is not.

Mr. Howell has not seen indication that anybody from any party in this litigation has not been honest.

Mr. Caporale said that is not what he means. Reinforcing what Mr. Baer has said, we have not sat down at the table with any of these people yet. That, to him, is the first sign of honesty on everybody’s part. As you guys are involved, he is never going to be quite convinced that the hallmark of the process is honesty. Honesty does not require litigation.

Mr. Howell said we will withdraw the County’s legal team, we can ask the Town to withdraw theirs, and let the parties meet with you and Mr. Baer and St. James Baptist Church and see if you can come up with a solution. Right now Mr. Howell has been through the full process. He has been to every hearing. They are long and laborious. A citizens’ committee that makes up the Town Board of Zoning Appeals studied the issue very hard and they made decisions based on what they thought was right.

Mr. Caporale said what Mr. Howell seems to be telling him is that if he were to follow the instructions that the Town Manager has provided, that the process would again be fraught with all of the same frustrations that it has been for years.

Mr. Howell remarked, “Mr. Caporale, you are asking me to throw the Town Manager under the bus.” I can tell you his reply in that email is very simplistic to what is actually required. Our legal team and the Town’s legal team agree wholeheartedly on what has been discussed with Council tonight about the process. And we concur.

Mr. Caporale asked if the Town’s legal team agrees that there is no point in us filing the site plan and a short description of what we want to do. Mr. Howell replied because of another legal challenge.

Mr. Caporale said that is a different issue from what he is asking.

Mr. Baer remarked it seems we want to clearcut. Anything that is not clearcutting people are going to object and they have a right to object. But, if you do trimming, which, admittedly, will cost us a bit more, he believes a negotiated solution is possible. He thinks the County ought to apply in parallel to the Town for whatever trimming permit is required while this 30-day stay wears down. It is his gut feeling that if you try to clearcut and this stay wears out, there will be a new legal challenge. People do not want clearcut where it is not needed. That is the core issue. Wipe away everything else the cheap way is to clearcut versus a higher quality to trim, and clearcut only where needed. People want to protect their environmental and they are willing to go to court to do that. As soon as we remove that issue, Mr. Baer thinks negotiation is possible. Staff ought to explore in parallel. It would not cost very much to work in parallel and see if they come out and challenge you. You have nothing to lose.

Mr. Caporale remarked that is his point. However, Mr. Baer and he are disagreeing with Mr. Howell for entirely different reasons.

Mr. Kubic stated we are administration. We have the direction from County Council. If the Councilmen are suggesting an alternate direction, right now he cannot take that avenue. Until he receives an alternate direction, his team, in conjunction with the Town’s legal team, is telling you tonight where we are with a current piece of litigation. Until Mr. Kubic is told to do something differently, we are heading through the course Attorney Howell has described. Whether or not that is entirely acceptable or what outcome goes, Mr. Kubic feels like he needs to make a decision to change direction and he cannot make that decision.

Mr. Newton remarked that despite the fact that some people in the audience may not believe there are obstructions, what is the most expeditious way to accomplish that issue?

Mr. Howell replied given the current status of this litigation, having the Courts hear our motions to lift the stay, is now the most expeditious way to handle it.

Mr. Newton is not certain that the questions Council members want to ask of legal counsel fit the legal requirements for executive session. That is why this briefing is occurring in public session.

Ms. Von Harten feels it would behoove Council to say it is discussing legal contracts because we have a contract to clearcut and there are some people on Council who do not want to clearcut and would like to find a middle path towards a solution that would make the Airport safe fast and satisfy the community.

Main motion.

It was moved by Ms. Von Harten, seconded by Mr. Baer, that Council schedule an executive session to discuss the tree trimming contract and whether Council should move forward with that contract.

Mr. Howell stated the contract to cut is really not the issue in controversy here.

Ms. Von Harten inquired of the topics eligible for discussion in executive session so we do not have to talk so sequitous.

Mr. Howell remarked legal counsel has been completely transparent in revealing our legal strategy to the public. We have advised of what we are going to do in the event a motion to appeal is filed. He does not think that is a secret to the other side. He is simply trying to give a brief synopsis to Council what he feels is our best legal path at this point in time to accomplish our goal of cutting the trees. If Council should give some new direction to administration, then we certainly will carry out those directives.

Motion to amend by substitution.

It was moved by Mr. Stewart, seconded by Mr. Rodman, that Council reaffirm the commitment and authority of the County Administrator to move forward with the tree cutting application posthaste.

Mr. Caporale will not support the motion because what is going on right now between counsels is exactly the same think that is going right now between combatants and the people who are filing these suits. We are really not hearing each other. He is opposed to clearcutting. He just happens to be aware that for three years most of the people are the same people, who are filing the suits and standing in the way of Airport expansion. It is a point of negotiation, one that we have talked about. We have heard a hundred comments here over the last several years about whether or not the quality of life on Hilton Head Island and regard for the environment might supersede the additional cost involved – the difference between clearcutting the trees and trimming them on a regular basis, whatever that might be whether it is \$200,000 per year as Mr. Baer has said. With regard to the email from Town Manager Steve Riley, Mr. Caporale was certainly not asking Mr. Howell to throw Mr. Riley under the bus. In fact, what we were doing, by implication, was throwing him under the bus. As an example of honesty, Mr. Caporale would take the email from the Town Manager, as an honest interpretation of what he believes to be the case. But when Mr. Howell comes back and says – we have met with the Town’s attorneys, we

don't agree that's the way to go. Mr. Caporale could not possibly be in a position to give any new direction to anybody when he is not hearing these things firsthand or having an opportunity to answer questions. He has put it in Mr. Howell's hands and has no other choice, but to take your advice on this course in this matter based on what Mr. Howell has said tonight.

Mr. Baer will vote against the motion also, but would have proposed a different approach and that is working a parallel effort, not to hurt Mr. Howell's full-speed ahead on cutting, to see (i) how we can get a tree trimming permit from the Town and (ii) to sit down and negotiate with the parties that are part of the lawsuit. It hurts nothing. It does not remove the lawsuit. But it is a parallel fallback plan.

Vote on the motion to amend by substitution: YEAS - Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville and Mr. Stewart. NAYS - Mr. Baer, Mr. Caporale and Ms. Von Harten. The motion passed.

Mr. Baer commented Council is almost guaranteeing more legal delay by doing this. It is as if you want legal delay.

Mr. Newton stated there is an orchestrated effort to close that effort death of 1,000 cuts, and has become more convinced of that the longer this process goes along. He believes there is an orchestrated effort to try to interpose any and all delays at every level and at every opportunity possible to do so.

Mr. Baer respectfully disagrees with that. It is prejudicial.

Mr. Rodman has served on Council going on five years. We have never had bad advice from our County attorney; from our administrator, who is an attorney; from Mr. Sommerville and Mr. Newton, who are both lawyers and we ought to unanimously support them and what they are doing. There may be some things we can talk about – whether we do something in parallel or whether there is an alternate way – but we should not be voting on whether or not we think they are doing the right thing. He knows they have employed outside counsel also. There are a lot of good minds on this issue. It is unfortunate that we are even talking about this.

Vote on the amended motion, which is now the main motion: Council reaffirms the commitment and authority of the County Administrator to move forward with the tree cutting application posthaste. YEAS - Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville and Mr. Stewart. NAYS - Mr. Baer, Mr. Caporale and Ms. Von Harten. The motion passed.

Mr. Rodman stated if we get dragged into the right hand side that could go on for a year or two years, it does seem that there may be some wisdom in going down the parallel path of applying for the trimming, not as a replacement for when we win the case, and might cost us more money, but in order to take the tops off and then come back and do the balance of it. He was intrigued by Mr. Newton's comment on what the Town could do and suggested for thought – if you break the property into two areas, the buffer zone and the clearcut, the clearcut piece was clearly

defined in the Master Plan and the Master Plan which we all adopted, was based on that particular clearcut. It is also complicated by the fact that the Town is talking about having something other than grass which defies logic. It seems what you want is a grassy field. Is there something the Town could do to further increase that exemption, not to replace what you have here, but perhaps there is something we could do in the clearcut area where they could do some kind of an exemption and move through that particular process. To some extent we endorsed that approach when we adopted the Master Plan. It is Mr. Rodman understanding, having talked with the pilots, that the growth in the area of the so called clearcut is the greater concern, because you are closer to the point of touchdown. If we can figure out some way to sit down with the Town and get that piece done, that may be appropriate. Mr. Newton concept of at least exploring that the Town can do from an ordinance standpoint makes a lot of sense.

Mr. Newton remarked US Airways made clear, as did Piedmont, those trees need to be cut. We have concluded, having heard from a number of sources that it is a public safety issue and we need to move forward. In addition, some of the trimming requirements, if that were the path we go down, may involve a helicopter with a blade suspended on it because no mechanized devices can get in there based on the current ordinance. He is hopeful counsel can do this in 30 days. We all recognize that this is one component of a number of areas where these issues are going to be addressed. There will be lots of areas of negotiation. At least, in terms of the area on the airport proper, we need to make some progress.

Mr. Howell stated Mr. Rodman has some valid observations. As policymakers, Council can deal with Town Council with regard to appropriate revisions of their LMO with respect to the Airport.

Tanger Hilton Head One Outlet Center Redevelopment Project

Mr. Gary Kubic, County Administrator, stated Council is aware of the wonderful green building techniques utilized by the Tanger Hilton Head One Outlet Center Redevelopment Project (Project). The Tanger Company has been recognized by the Carolina Recycling Association as the Green Building Project of the year for the Carolinas. Mr. Jon Rembold, with Ward Edwards Engineering firm, was instrumental in completing this project and has a brief presentation for us.

Mr. Rembold remarked the Project is the most successful project in the last few years in Beaufort County. The basis of the award that the Project received was the recycling efforts that Tanger and the contractor were able to accomplish during construction.

The Project is going to be LEED certified which is quite an accomplishment for a tenant-based shopping center. During the design and construction process, they were able to recycle about 15 tons of materials. The former ponds on the site are now underground and stormwater is being handled in a more efficient, cleaner or greener manner than before. The stormwater system is made entirely out recycled plastic. We were able to reduce the rate of stormwater runoff to a rate that is less than if that site was undeveloped / natural. Moving ponds allows for more parking, buildings, pedestrian safety. Bio-retention basins are used to pretreat the stormwater. The size of the outlet center is comparable to what formerly existed, but acreage is about 2.3 acres less. All concrete recovered from the site was ground to a proper gradation and reused on the project.

It never left the site. No trucks were used to pull and/or replace rock, which resulted in fuel savings, admissions savings, driver- and loader-time savings. About \$300,000 of material was realized for about \$100,000; a huge savings. Ninety-six tons of landscape material was recycled on this project. This included material that was either transplanted from the original site and then nurseried on site and then replanted or it was ground up and used as mulch for the new planting beds and bio-retention beds. Approximately 167 tons of steel was recycled. Asphalt was milled, kept on site, and then used as road base. Think of the fuel and truck savings. Almost 11,000 tons of concrete was kept on site and reincorporated into the project.

The Chairman presented the “Green” award from to the Tanger Company on behalf of the Recycling Association of the Carolinas. It has been a pleasure to partner with Tanger on this worthy redevelopment project. It is a project we can all be very proud of here in Beaufort County. Ms. LaDonna Shamlou, General Manger of Tanger 1 and 2, accepted the plaque.

MOTION TO EXTEND BEYOND 8:00 P.M.

It was moved by Mr. Rodman, seconded by Mr. Dawson, that Council extend beyond 8:00 p.m. The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. The motion passed.

Two-Week Progress Report

Mr. Gary Kubic, County Administrator, submitted his Two-Week Progress Report, which summarized his activities from May 9, 2011 to May 20, 2011.

A Resolution Allowing the Beaufort County Administrator to Institute Certain Measures Cutting Costs and Reducing Expenditures Through the Implementation of Mandatory Unpaid Furlough Days Due to Unforeseen Economic Conditions

It was moved by Mr. McBride, seconded by Mr. Caporale, that Council adopt a resolution allowing the Beaufort County Administrator to institute certain measures cutting costs and reducing expenditures through the implementation of mandatory unpaid furlough days due to unforeseen economic conditions. The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Flewelling, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville and Mr. Stewart. NAYS – Mr. Dawson, Mr. Glaze and Ms. Von Harten. The motion passed.

The County Channel / Emmy Nomination

Mr. Gary Kubic, County Administrator, announced The County Channel, which provides broadcast services for Beaufort County government, received a nomination for a 2011 Regional Emmy Award and earned three 2011 National Telly Awards. The Emmy nomination is for the nature series, Coastal Kingdom, produced in partnership with the Lowcountry Institute. Two Telly Awards were earned for *Coastal Kingdom* in the Nature and Wildlife category and for

Excellence in Videography. A third Telly was awarded for a documentary on the Beaufort County Sheriff's Office Forensic Services Laboratory in the Informational Program category.

AN ORDINANCE OF THE COUNTY OF BEAUFORT, SOUTH CAROLINA, TO AMEND THE ZONING AND DEVELOPMENT STANDARDS ORDINANCE (ZDSO), TEXT AMENDMENTS TO THE BEAUFORT COUNTY ZONING AND DEVELOPMENT STANDARDS ORDINANCE (ZDSO) THAT ALLOW FOR CONTROL OF STORMWATER VOLUME FROM “LOTS OF RECORD BUT NOT BUILT.” THESE CONTROLS WILL MITIGATE WATER RESOURCE IMPACTS FROM CONSTRUCTION IN PREVIOUSLY APPROVED DEVELOPMENTS THAT DO NOT HAVE VOLUME CONTROLS. SECTION 106-7. EXEMPTIONS OF DEVELOPMENT TYPES; SECTION 106-8. EXEMPTION FROM SUBDIVISION REVIEW; SECTION 106-18. DEFINITIONS. (ADDING NEW DEFINITION—BEST MANAGEMENT PRACTICES, ON-SITE); SECTION 106-732. ZONING PERMIT; SECTION 106-2857. EXEMPTIONS FROM SITE RUNOFF CONTROL AND DRAINAGE PLANNING/DESIGN; SECTION 106-2861. RETENTION/DETENTION FACILITIES; AND SECTION 106-2865. ON-SITE SINGLE FAMILY LOT, BEST MANAGEMENT PRACTICES (BMP (ADDING NEW SECTION))

It was moved by Mr. Flewelling, seconded by Mr. Dawson, that Council approve on second reading text amendments to the Beaufort County Zoning and Development Standards Ordinance (ZDSO) that allow for control of stormwater volume from “lots of record but not built.” These controls will mitigate water resource impacts from construction in previously approved developments that do not have volume controls. Section 106-7. Exemptions of Development Types; Section 106-8. Exemption from Subdivision Review; Section 106-18. Definitions. (adding new definition—Best Management Practices, On-Site); Section 106-732. Zoning Permit; Section 106-2857. Exemptions from Site Runoff Control and Drainage Planning/Design; Section 106-2861. Retention / Detention Facilities; Section 106-2865. On-Site Single Family Lot, Best Management Practices (BMP) (adding new section). The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. The motion passed.

The Chairman announced a public hearing to be held Monday, June 13, 2011 beginning at 6:00 p.m. in Council Chambers of the Administration Building, Beaufort.

TEXT AMENDMENT TO THE BEAUFORT COUNTY COMPREHENSIVE PLAN, APPENDIX L. BUCKWALTER PARKWAY ACCESS MANAGEMENT PLAN, WITH A NEW FIGURE 5 THAT ALLOWS THE INSTALLATION OF A TEMPORARY LIGHT AT PARKER DRIVE WHICH SHALL BE REMOVED UPON COMPLETION OF PHASE 5B OF THE BUCKWALTER PARKWAY, AND THE MEDIAN OPENING AT PARKER DRIVE WILL BE CLOSED UPON COMPLETION OF PHASE 5B, AND PHASE 5B ALIGNMENT SHALL REMAIN AS IS, AND AS PART OF PHASE 5B CONSTRUCTION, TWO ADDITIONAL RESIDENTIAL ACCESS POINTS WILL BE SIMULTANEOUSLY BUILT TO PROVIDE ADDITIONAL RESIDENTIAL ACCESS POINTS FOR ADJACENT RESIDENTS

It was moved by Mr. Flewelling, seconded by Mr. Dawson, that Council approve on second reading a text amendment on the Beaufort County Comprehensive Plan, Appendix L. Buckwalter Parkway Access Management Plan, with a new Figure 5 that allows the installation of a temporary light at Parker Drive which shall be removed upon completion of Phase 5B of the Buckwalter Parkway, and the median opening at Parker Drive will be closed upon completion of Phase 5B, And Phase 5B alignment shall remain as is, and as part of Phase 5B construction, two additional residential access points will be simultaneously built to provide additional residential access points for adjacent residents. The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. The motion passed.

The Chairman announced a public hearing to be held Monday, June 13, 2011 beginning at 6:00 p.m. in Council Chambers of the Administration Building, Beaufort.

AN ORDINANCE TO ESTABLISH, PURSUANT TO SECTION 4-1-170 OF THE CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED, A MULTI-COUNTY INDUSTRIAL/BUSINESS PARK, TO BE KNOWN AS THE RIVERPORT MULTI-COUNTY PARK, IN CONJUNCTION WITH JASPER COUNTY, SOUTH CAROLINA, SUCH PARK TO BE GEOGRAPHICALLY LOCATED IN JASPER COUNTY, SOUTH CAROLINA; TO PROVIDE FOR A WRITTEN AGREEMENT WITH JASPER COUNTY AS TO THE SHARING OF THE REVENUES AND EXPENSES OF THE PARK; TO PROVIDE FOR THE DISTRIBUTION OF REVENUES FROM THE PARK AMONG TAXING ENTITIES HAVING JURISDICTION OVER THE PARK; TO PROVIDE FOR A FEE IN LIEU OF AD VALOREM TAXATION; AND OTHER MATTERS RELATED THERETO

It was moved by Mr. Flewelling, seconded by Mr. Dawson, that Council approve on second reading an ordinance to establish, pursuant to Section 4-1-170 of the Code of Laws of South Carolina, 1976, as amended, a multi-county industrial/business park, to be known as the Riverport Multi-county Park, in conjunction with Jasper County, South Carolina, such park to be geographically located in Jasper County, South Carolina; to provide for a written agreement with Jasper County as to the sharing of the revenues and expenses of the park; to provide for the distribution of revenues from the park among taxing entities having jurisdiction over the park; to provide for a fee in lieu of ad valorem taxation; and other matters related thereto. The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. The motion passed.

The Chairman announced a public hearing to be held Monday, June 13, 2011 beginning at 6:00 p.m. in Council Chambers of the Administration Building, Beaufort.

BEAUFORT COUNTY ORDINANCE FOR REGULATION OF TOWING FROM PRIVATE PROPERTY IN BEAUFORT COUNTY

It was moved by Mr. Flewelling, seconded by Mr. Dawson, that Council approve on second reading an ordinance for regulation of towing from private property in Beaufort County. The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. The motion passed.

The Chairman announced a public hearing to be held Monday, June 13, 2011 beginning at 6:00 p.m. in Council Chambers of the Administration Building, Beaufort.

AN ORDINANCE BASED ON THE REQUEST FROM THE BEAUFORT COUNTY BOARD OF EDUCATION TO AMEND THE SCHOOL DISTRICT 2010-2011 GENERAL FUND BUDGET TO ACCOMMODATE THE CHANGE IN STATE FUNDING SOURCES PURSUANT WITH PROVISIO 1.79 OF THE GENERAL APPROPRIATIONS ACT OF 2010

This item comes before Council under the Consent Agenda. It was discussed at the May 16, 2011 Finance Committee.

It was moved by Mr. Flewelling, seconded by Mr. Dawson, that Council approve on first reading an ordinance based on the request from the Beaufort County Board of Education to amend the School District 2010-2011 general fund budget to accommodate the change in state funding sources pursuant with Proviso 1.79 of the General Appropriations Act of 2010. The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. The motion passed.

SHELDON FIRE DISTRICT REQUEST TO PURCHASE ENGINE PUMPER

This item comes before Council under the Consent Agenda. It was discussed at the May 16, 2011 Finance Committee.

It was moved by Mr. Flewelling, seconded by Mr. Dawson, that Council approve Sheldon Fire District's request to purchase an engine pumper to be financed for \$56,000, over a six year period. The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. The motion passed.

TEXT AMENDMENT TO THE BEAUFORT COUNTY ZONING AND DEVELOPMENT STANDARDS ORDINANCE, ADDING A NEW ARTICLE: ARTICLE XVII. TRANSFER OF DEVELOPMENT RIGHTS (TDR)

Mr. Tony Criscitiello, Division-Director Planning and Development, reported two weeks ago he had appeared before Mr. Glaze's constituents at the Burton Wells Regional Park. We had a

neighborhood meeting where we discussed the process of creating a Transfer of Development Rights (TDR) ordinance. The meeting was well attended. The questions that came to staff, meaning he, were directed in regard to the mechanics of how it would work. He explained to the citizens at the meeting that this is a program that is slated for the benefit, primarily, of the small property owners in Mr. Glaze's district; that the purpose of the TDR ordinance is to allow for continued protection of Marine Corps Air Station Beaufort as its primary purpose and to also take into consideration the sending area property owners primarily in Gray's Hill would be the primary beneficiaries of the TDR ordinance. We talked about heirs' property. He explained to the attendees that there is an organization in Charleston called, The Center for Heirs' Property Preservation, and that they would be willing to partner with the County to assist in the areas of heirs' property so that where possible we could achieve clear title, free of liens and other encumbrances toward the issuance of the TDR certificate. There were some other questions arising that related to extraneous subjects that were heard, but not really affecting the thrust of the TDR ordinance. Given everything that has been done over the course of the last decade on the TDR Program, staff continues support of the idea of moving the TDR ordinance forward and that we will be able to receive assistance financially from the Department of Defense and from the state to create a TDR fund and bank and the ordinance explains those items in detail.

Mr. Glaze thanked Mr. Criscitiello and Mr. Flewelling for attended the community meeting. The citizens' questions have been answered to their satisfaction.

It was moved by Mr. Sommerville, as Natural Resources Committee Chairman (no second required), that Council approve on first reading text amendment to the Beaufort County Zoning and Development Standards Ordinance, adding a new article: Article XVII. Transfer of Development Rights.

Mr. Stewart said the ordinance should include language about the property owner holding a TDR Certificate and selling his property that that certificate is conveyed to the successor in title to that property.

The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. The motion passed.

AN ORDINANCE OF THE COUNTY OF BEAUFORT, SOUTH CAROLINA, TO AMEND COUNTY COUNCIL STIPEND

Main motion.

It was moved by Mr. Rodman, as Finance Committee Chairman (no second required), that Council approve on first reading an ordinance to amend County Council stipend to 120 meetings for the fiscal year.

Motion to amend by substitution.

It was moved by Mr. McBride, seconded by Ms. Von Harten, that Council amend by substitution paragraph B and paragraph C(2) and C(3) Council Stipend, from “120 meetings for the fiscal year” to “150 meetings for the fiscal year.”

Mr. McBride commented when he was first elected to Council, the former Chairman Arthur Horne, whenever he was asked the question, “How much time does County Council take”? He would always answer, “County Council takes as much time as you are willing to give it.” Chairman Horne’s answer was true then, and it is true today. The reason this issue has come forward is because individuals claim excessive meetings. The 120 meetings per fiscal year were adopted May 26, 1999. Council is much more active today than in 1999. It is more appropriate to adopt 150 meeting, which is an average number of meetings Council attends.

Vote on the motion to amend by substitution: YEAS – Mr. Dawson, Mr. Glaze, Mr. McBride, and Ms. Von Harten. NAYS - Mr. Baer, Mr. Caporale, Mr. Flewelling, Mr. Newton and Mr. Sommerville. ABSTAINING – Mr. Rodman and Mr. Stewart. The motion failed.

Vote on the amended motion which is now the main motion: Council approve on first reading an ordinance to amend County Council stipend to 120 meetings for the fiscal year. The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. OPPOSED – Mr. McBride. The motion passed.

CLEMSON EXTENSION REQUEST FOR FINANCIAL ASSISTANCE WITH THE DEVELOPMENT OF A LOWCOUNTRY FARMERS / SCHOOL DISTRICT ECONOMIC PARTNERSHIP

It was moved by Mr. McBride, as Community Services Committee Chairman (no second required), that Council approve on first reading Clemson Extension request for financial assistance in the amount of \$30,000 with the development of a Lowcountry Farmers / School District Economic Partnership, and to loan the grant application to Penn Center if the USDA grant is approved and a business plan, approved by the administrative staff, is submitted to Council.

Mr. Baer will support the motion on first reading, but Council needs an ordinance. Council is dealing with a \$30,000 grant, conditional on an acceptable business plan. There is \$245,000 loan, and he does not know where it is coming from.

The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. The motion passed.

FY 2011 / 2012 SCHOOL DISTRICT BUDGET PROPOSAL

Mr. Rodman, looking back over the past couple of years, stated the School District (District) administration and Board of Education have done an outstanding job. The education is continuing to improve. They have done a great job of controlling costs particularly with opening a lot of new schools. Council has been a good partner through these six or seven years. During the first five years of that period, he does not think there was any disagreement about where we ended up. Last year we disagreed a little bit, but perhaps that was offset by improvements in the fund balance. This year what we have gone through proves that, essentially, most of the questions people might have had, have been answered. On the table are two alternatives. One is Plan B which would essentially have a reduction from last year – eliminating teacher step increase, but require a modest tax increase. The alternative Plan, which Council approved on first reading, by title only, was to hold the tax flat. There is not a lot of difference between the two Plans – three quarters of a million and two-thirds of a million is a tidy sum – but in the overall scheme of things, it is not a big number. If Council is looking at holding the tax rate flat, obviously, members of Council to some extent are sensitive to the feedback from taxpayers. If you are sensitive to what the County is going through, the County is holding its tax rate flat and looking at taking a couple million dollars out of its budget. Alternatively, could the District get to the same number by taking a little out of fund balance or taking some out of cuts – they took Council through some of that – and perhaps downstream there will be some discussions about whether they will or will not close schools.

What we have done to ourselves here is to send a message to the public and send to business development folks here that the schools are not as good as they really are and we are arguing and not funding them when, in fact, we have been doing a pretty good job over time -- shame on all of us. We are down to two alternatives -- holding the tax rate flat or an approximate \$1.6 million increase. The key numbers are school operations millage 91.61 would be the amount that would include the tax increase, but Council has approved on first reading, school operation millage 90.26.

It was moved by Mr. Rodman, as Finance Committee Chairman (no second required), that Council approve on second reading the School District FY 2012 budget tax levy of 90.26 mills for school operations and 28.00 mills for school debt service and the corresponding adjustments to Section 3, School Operations Appropriation.

Mr. Stewart addressed Plan B, Section 3F, “\$1,091,589 to be derived from adjustment to the New River TIF.” He does not recall seeing, having had any discussion, or heard anything about that.

Mr. Fred Washington, Chairman, Board of Education, explained Section 3F deals with the 2002 Agreement for Participation in the New River Tax Increment Financing District and Section 31-7-80(D) of the *Code of Laws of South Carolina, 1976, as amended*, “If the redevelopment plan includes residential development, then to the extent that the findings pursuant to subsection (A)(6) demonstrate increased public school enrollment because of this development, then an amount of the increment equal to the average property tax collected per pupil in the district

multiplied by the estimated increased enrollment is not credited to the special tax allocation fund but is instead allocated to the affected school district as other school tax revenue.”

Mr. George Wilson, Board of Education Vice Chairman, said the calculation follows – revenues derived from the TIF District, divided by the number of students in the TIF District, subtract 142 students, minus 65 students who were in the TIF District when it started, multiplied by the revenue, and the result of \$1,091,589.

Mr. Baer referred to Board certified Plan B, Table C, with total revenue of \$172.8 million which includes the \$1,091,589. When looking at Plan C, total revenue is \$170 million. Does that also include the \$1,091,589?

Mrs. White replied, “It does not because Council wants a zero tax increase. It could be added in as a separate line item.

Mr. Baer asked, “In Plan C, do you not get that \$1,091,589 TIF revenue”? Ms. White replied, “If the District is successful in demonstrating that these are amounts we need, yes.”

Mr. Baer remarked that is a key difference so that your drawdown on the reserve in Plan C is \$1,091,589 less than you stated. Mrs. White stated it will make an insignificant difference.

Mr. Baer stated it will be \$1,091,589 better on the fund balance. It would be nice to get the same graphs, charts with the same assumptions.

Mr. Flewelling stated we are again, receiving information at the last possible minute without time to digest before we vote. Council is one reading ahead on the District vote, and would prefer holding off one meeting and having it sync with the County budget reading. We do not have an ordinance that Council asked for at first reading approval, May 9, without a tax increase and showing the appropriate budget numbers. That is not what is in front of Council.

It was moved by Mr. Flewelling, seconded by Mr. Caporale, that Council postpone consideration of second reading until June 13, 2011.

Mr. Flewelling would like time to digest the data. Any information Council is requesting he would like to receive at least two days before Council votes.

Mr. Newton commented the District is going to prepare this budget for Council based on our action at first reading. He is not sure that is their expectation; and, quite honestly, he thought it was our financial staff that put this ordinance together for us in working with the District.

Dr. Truesdale asked if there are questions outstanding that Council have posed that the District has not answered on a timely basis? Mr. Caporale replied the District has answered them all.

Mr. Flewelling remarked Council received the data today for today’s meeting. He would like a day or two to review the data. The ordinance, regardless of who is supposed to prepare it, is not

correct. It is not in accordance with Council's motion at first reading May 9, 2011. We have a clear majority 10:1 of Council asking for 90.26 operating millage and then the appropriate collections or appropriations, Section 3, that would derive from that. We do not have that in front of us, and we should.

Mr. Newton stated at the end of the day Council's responsibility is to set a number of mills.

Dr. Truesdale stated the key question will become the value of the mill, and the team has to agree upon that value. And that is something last year we made some strides in common understanding of what highly skilled CPA on our team agree as anticipated at the value of the mill. That is what changes the dollar value. What would help the District to know is whether or not Council supports the Board's certified budget or the no tax increase budget and then we can crunch numbers from there.

Mrs. White stated Plan C, tax increase budget, did not include New River TIF money. She apologized for not included it. Plan C excludes it. She is happy to factor it in there, but we will have to agree on a mill value.

Mr. Stewart clarified that the \$1,091,589 TIF adjustment does not affect the mill value. It is coming from something other than the mill. Does our financial team agree that that is legitimate because that affects how much and what happens to your reserve fund. It does not affect the millage value nor comes from ad valorem taxes -- it is coming from another source. Since he had never seen it before, he wanted to make sure County staff concurred that that is a legitimate \$1,091,589 going to the District.

Mr. Kubic replied County staff cannot render a legal interpretation. This item was part of a contract involved in the New River TIF. For whatever unknown reason a count of the number of students within the TIF has never been verified which, apparently, the District has taken a more accurate account that says 150+ students go to school who reside in that TIF. The issue then is whether the agreement or development of revenue per student has ever been collected or at least put into a formula to produce the value and counted toward the operation of the schools. After we had our meeting, he contacted our legal team and asked for some consult with Mr. Brent Jeffcoat, who was one of the authors of the ordinance. Mr. Kubic has not said yes or no, but acknowledges the fact that now we have a count. That is where Mr. Kubic is with the issue.

Mr. Flewelling said the District is not getting money for those students because they are getting a lower amount of taxes, the State is not funding those students, and County is not funding those students. No one is. That is totally unfair.

Mr. Newton inquired of cost per pupil and how is the number derived.

Mr. Wilson replied the cost is approximately \$11,000 to \$12,000 per pupil. The number is derived by revenues divided by the number of students. The formula is included in the law.

Mr. Newton asked, “How much revenue does the TIF generate annual”? Mr. Starkey, Chief Financial Officer said the TIF generates \$7.6 million a year total, but a state law says \$1,091,589 goes back to the District.

Mr. Rodman spoke to the motion on the table. There are two numbers that Council basically zeros in on – Section 3, \$173,900,000 and that is the District number and he does not hear any disagreement with it. The only real issue for Council is whether it wants to continue 90.26 mills at first reading or put in what the District has suggested 91.61 mills. Then the numbers in Section 3, A through G becomes a mechanical calculation at that point in time.

Mr. Flewelling, as maker of the motion, and Mr. Caporale, as seconded the motion, withdrew the motion to postpone.

Mr. Newton is ready to join any effort that is led by anybody at any level to try to correct the funding inequities in Columbia. We spend so much time focusing on this issue. The County is furloughing employees yet \$105 million is added to the state budget today under EFA and unless something changes in the proviso, Beaufort County is still at zero receiving EFA funding.

Mr. Dawson will vote against the motion. He supports the Board certified budget tax levy of 91.61 mills.

Motion to amend by substitution.

It was moved by Ms. Von Harten, seconded by Mr. Glaze, that Council approve on second reading the School District FY 2012 budget tax levy of 91.61 mills school operations and 28.00 mills school debt service. The vote was: YEAS - Mr. Dawson, Mr. Glaze, Mr. McBride and Ms. Von Harten. NAYS - Mr. Baer, Mr. Caporale, Mr. Flewelling, Mr. Newton, Mr. Rodman, Mr. Sommerville and Mr. Stewart. The motion failed.

Mr. Newton highlighted that six out of the last seven years the budget was approved. There were tax increases that have been allowed. So it is not an anti, no way, no how, tax increase. For Mr. Newton the reality of our situation is we are still at hundreds of foreclosures a month. We are hovering at double-digit unemployment and our answer continuously seems to be we will just allow the state to get away with continuing to give us nothing. He is not saying that is the District’s approach. It is, collectively, ours. We did it with our roads and said let’s go ahead and have our penny sales tax. We have done it with education funding. Tonight, whoever orchestrating getting all of those people out, either it is a Board of Education group or a School Improvement Council group, he wanted to ask the question tonight of all of those people (because despite the fact that they may be urging Council to do something that the majority of this body is not willing to do, they were engaged in the discussion and dialogue), “You took your time to come here and be here tonight. How many of you have written a letter to our senator and house members? And when did you do it last?” Mr. Newton would love to know the District had an orchestrated campaign and would love to be a part of it. Let’s get a group together and he will get on one of the buses and ride with you to Columbia. The inequities of the education funding formula cannot simply continue to be addressed by raising local property tax

here. The very reason that Act 388 exists today is in response to the Legislature saying that property taxes along the coast had gone up so high. For the better part of 15 years we have allowed for this transformation. We have talked about litigation, collectively. We engaged the McNair Law Firm. But there has got to be more. The same energy that focused this group to come here tonight ought to be focused on a campaign of barrage of emails to the people in Columbia. It has not happened. Mr. Newton offered to the District, “How can he be part of that process? How can County Council be a part of that? How can we do it together to make that change?”

The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Flewelling, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. NAYS - Mr. Dawson, Mr. Glaze, Mr. McBride. The motion passed.

FY 2011 / 2012 COUNTY BUDGET PROPOSAL

It was moved by Mr. Rodman, as Finance Committee Chairman (no second required), that Council approve on first reading the proposed FY 2011 / 2012 budget at 40.21 mills County Operations, 2.76 mills Purchase of Real Property Program, and 4.57 mills County Debt Service. Additionally, Bluffton Fire District at 19.67 mills operating and .38 mills debt service, Burton Fire District at 55.87 mills operating and 5.53 mills debt service, Daufuskie Island Fire District at 30.71 mills operating and 0.00 mills debt service, Lady’s Island/St. Helena Island Fire District 31.00 mills operating and 1.50 mills debt service, and Sheldon Fire District 32.22 mills operating and 2.18 mills debt service.

Mr. Rodman, as Finance Committee Chairman, stated there may be specific things particular Council members want to put on the table and if we vote those either way that becomes a directive to staff to incorporate it in the budget. Beyond that, we may have some that we end up debating and they are either in or out of the budget. Council can then either vote the budget up or down with those items. This budget is consistent with what was talked about at the retreat.

Mr. Baer will support the motion tonight, but reminded Council that we have to be as hard on ourselves as we were on the Board of Education. He has done some analysis of the budget and has five items, mentioned in a May 2011 memorandum to Mr. Bryan that raise concern. Council needs to schedule an adequate amount of time at Finance Committee to discuss those. He is concerned Finance Committee meetings are so short that we never get in depth discussion.

Mr. Hill will provide all members of Council the answers to Mr. Baer’s questions as posed.

It was moved by Mr. Dawson, seconded by Mr. Sommerville, that Council reduce the days of operation from five days to two at both the Scott Community Center and Dale Community Center.

Mr. Kubic clarified that he has not recommended closure of the Centers. What he is vetting is Mr. Dawson’s suggestion that the Centers may be available, but work more on a scheduled basis.

We need to focus in on the actual hours being used and can we target staff to be available so we can continue it, but it may not be as before.

Mr. Newton said if there is no recommendation in the current budget proposal that they be closed five days, is there anything to amend?

Mr. Kubic replied Mr. Dawson's recommendation is workable. He is not recommending closing or keeping it as is. He is working a solution.

Mr. Baer is philosophically in agreement with Mr. Dawson, especially on modular changes rather than binary cutting of something. It is not right tonight for our favorite earmarks. He did not come prepared to vote to restore all or half of the book budget at some of the libraries.

Mr. Dawson commented we should give Mr. Kubic the latitude to see what is workable. Mr. Kubic has said he is advocating closing the Centers and that was Mr. Dawson's and the community's impression.

Mr. Dawson, as maker of the motion, and the second, Mr. Sommerville, concurring, withdrew the motion.

Mr. Glaze suggested Council give Mr. Kubic the latitude to see what is workable with respect to the swimming pools.

Mr. Rodman remarked Council might be well served, between first and second reading, to start looking at the total budget and any places where we are not comfortable or where we are need getting feedback from staff that we are comfortable with and maybe there is a handful of motions that we probably look at between second and third reading, but it might be better to do them slightly later than earlier as we see the budget.

The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. The motion passed.

The Chairman passed the gavel to the Vice Chairman in order to receive committee reports.

COMMITTEE REPORTS

Community Services Committee

Disabilities and Special Needs Board

Mr. McBride, as Community Services Committee Chairman, nominated Mr. David Green and Mr. Murray Wiener to serve as members of the Disabilities and Special Board.

The Vice Chairman passed the gavel back to the Chairman in order to continue the meeting.

PUBLIC COMMENT

There were no requests to speak during public comment.

ADJOURNMENT

Council adjourned at 9:35 p.m.

COUNTY COUNCIL OF BEAUFORT COUNTY

By: _____
Wm. Weston J. Newton, Chairman

ATTEST: _____
Suzanne M. Rainey, Clerk to Council

Ratified:

OFFICE OF THE COUNTY ADMINISTRATOR
COUNTY COUNCIL OF BEAUFORT COUNTY

GARY KUBIC
COUNTY ADMINISTRATOR

CHERYL HARRIS
EXECUTIVE ASSISTANT

ADMINISTRATION BUILDING
100 RIBAUT ROAD
POST OFFICE DRAWER 1228
BEAUFORT, SOUTH CAROLINA 29901-1228
TELEPHONE: (843) 255-2026
FAX: (843) 255-9403
www.bcgov.net

BRYAN J. HILL
DEPUTY COUNTY ADMINISTRATOR

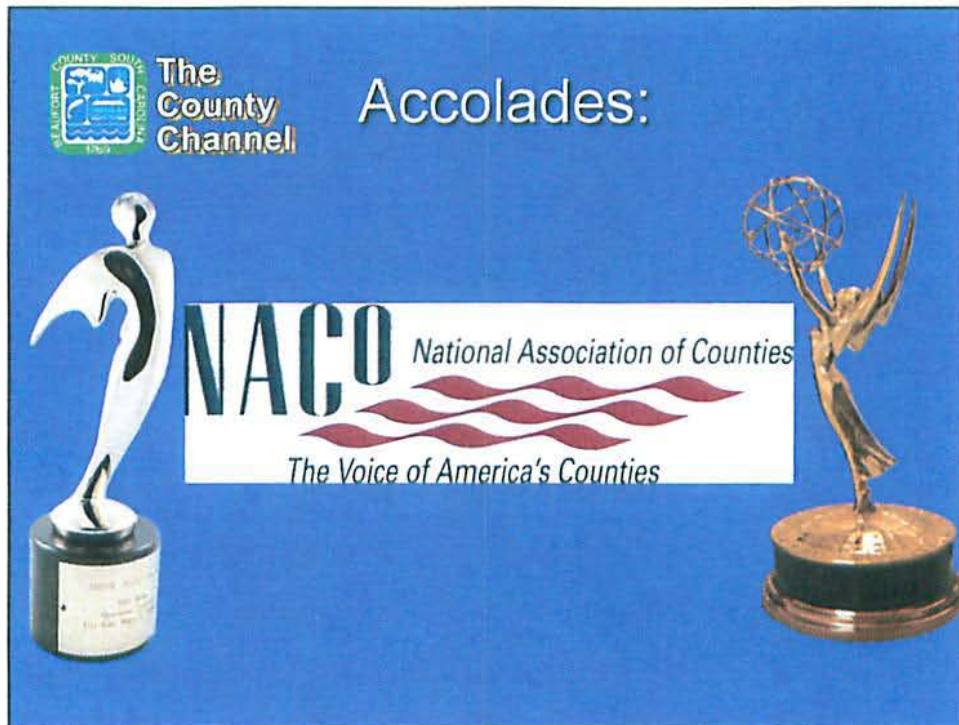
LADSON F. HOWELL
STAFF ATTORNEY

COUNTY ADMINISTRATOR'S REPORT

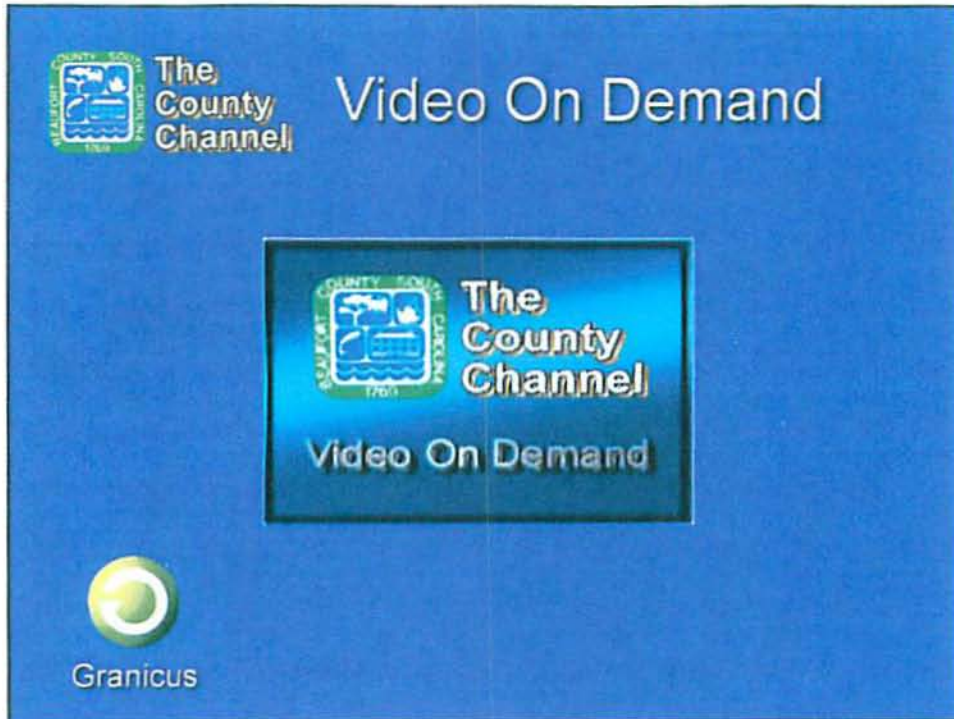
Monday, June 27, 2011
5:00 p.m.
County Council Chambers

INFORMATION ITEMS:

- The County Channel / Broadcast Update (Enclosure)
- Two-week Progress Report (Enclosure)
- Contract Renewal / Beaufort County Open Land Trust
- Beaufort County Vendor Guide (Enclosure)
Ms. Monica Spells, Procurement Contract and Compliance Officer,
Purchasing Department
- Presentation on Rail /Trail
Mr. Rob Merchant, Planning Department
- Disabilities and Special Needs / ABLE Foundation – Garden (Enclosure)
Mrs. Mitzi Wagner, Director of Disabilities and Special Needs
- Recognition / Retirement of Arthur Cummings, Director of Building Codes



In addition to being nominated for 2 Emmy awards, and winning 3 more national Telly Awards with our Nature Series "Coastal Kingdom," and our feature on the Sherriff's DNA Lab, The County Channel has been awarded the 2011 Achievement Award from the National Association of Counties for its role in Transparency of Government. The County Channel broadcasts 94% of County Meetings, and airs approximately 38hrs of live meetings per month. In the spirit of continuing our coverage, and making our content even more readily available to the public, we are launching our new video-on-demand service. Here to present is Jack Malnicoff from Granicus video streaming services...



Granicus rep will give presentation.



Memorandum

DATE: June 24, 2011
TO: County Council
FROM: Gary Kubic, County Administrator
SUBJ: County Administrator's Progress Report

The following is a summary of activities that took place June 13, 2011 through June 24, 2011:

June 13 - 14, 2011

- Personal leave /furlough days

June 15, 2011

- Redistricting Committee meeting

June 16, 2011

- Redistricting Committee meeting
- Meeting with Staff Attorney Joshua Gruber and Lad Howell re: Sheriff's office

June 17, 2011

- Personal leave / furlough day

June 20, 2011

- Meeting with staff and School District officials re: New River TIF / Reassessment Rollback
- Finance Committee meeting
- Public Facilities Committee meeting

June 21, 2011

- Meeting with Sheriff P. J. Tanner re: Sheriff's Office / Ancillary Units
- County / Town of Hilton Head Island bi-monthly meeting

COUNTY COUNCIL

June 24, 2011

Page 2

June 22, 2011

- **Agenda review with Chairman, Vice Chairman and Executive Staff**
- **Meeting with David Starkey, Chief Financial Officer, Phyllis White, School Board Chief Operational Services Officer, and Bryan Hill, Deputy County Administrator re: TIF and School millage calculations**
- **Meeting with Mark Roseneau, Director of Facilities Management re: Office space**
- **Meeting with Bryan Hill, Deputy County Administrator, Scott Grooms, Director of Broadcast Services, Maryellen Ham, President of Bluffton Friends of the Library, Lynne Miller, President of Hilton Head Friends of the Library, and Bernie Kole, President of Beaufort Friends of the Library re: Impact fees**

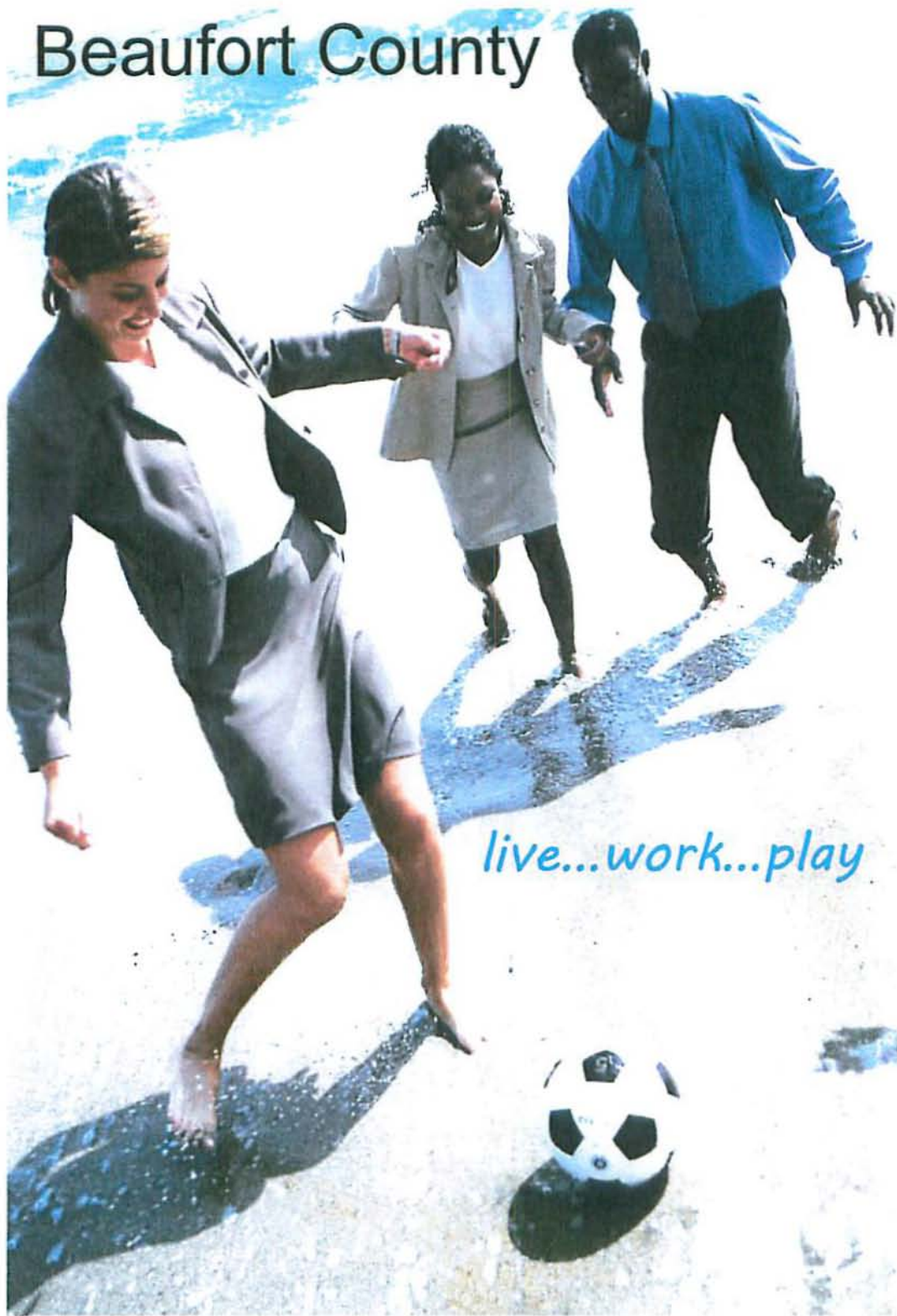
June 23, 2011

- **Staff meeting re: Tax Management Associates (TMA) Pilot Test Results**
- **Regional Ferry System Stakeholders meeting at Savannah International Trade and Convention Center, Savannah, Georgia**
- **School Meeting re: New River TIF / Reassessment Rollback**

June 24, 2011

- **No scheduled appointments**

Beaufort County

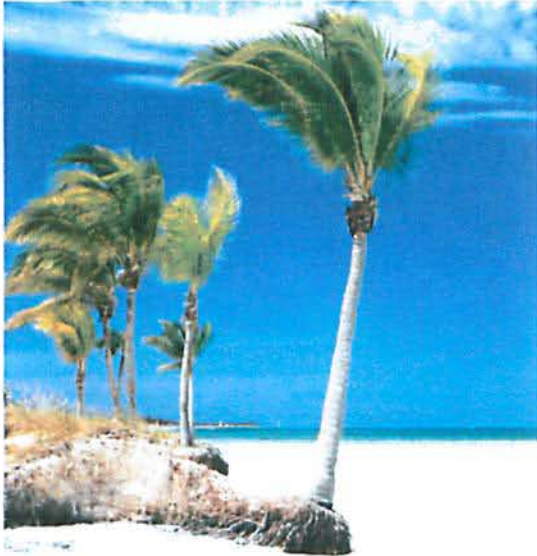


live...work...play

VENDOR GUIDE



BEAUFORT COUNTY COUNCIL
Purchasing Department
102 Industrial Village Road, Building 3
Beaufort, South Carolina 29906-4291
843.255.2350 T | 843.255.9437 F
www.bcgov.net



INTRODUCTION

The purpose of this guide is to make available to vendors basic information for obtaining and participating in the purchasing processes of Beaufort County, South Carolina. The Purchasing Department serves as the County's central procurement office for processing the County's goods and services; and its **mission is to maximize the value of public funds in procurements, by contracting and management of efficient services, capital equipment, and material investments, while upholding tenets of integrity, responsiveness, and fairness to both internal and external customers.**

ABOUT BEAUFORT COUNTY

Beaufort (*pronounced bu-FERT*) County is one of South Carolina's fastest growing counties and is nationally recognized for its historic downtown, expansive waterway views, and lush landscapes. The County sits along the Atlantic Ocean and is comprised of hundreds of barrier and sea islands; its warm climate, pristine beaches, world-class golf, great boating, dining and shopping options, historic sites, Gullah traditions, and Southern hospitality make it a top place to *live, work, and play.*

The area is rich with history, culture, and natural beauty, and has seen significant growth in the past few decades. The County's population grew 63% from 86,425 to 137,849 between 1990 and 2005; and according to the 2010 U.S. Census, the population has grown an additional 13% to 155,215.

The Winter 2008 edition of *Southern Business and Development* magazine listed **Beaufort County as the number one "great small town to operate a business"**:

"Beaufort County, with the historic waterfront town of Beaufort, the unique resort community Hilton Head Island, the lively port town of Port Royal, and tech-savvy Bluffton, is one of the hottest spots in the South for both business development and retirement. [Why is it a great small town to operate a business?] Located midway between Savannah, Georgia and Charleston, South Carolina, maybe it's the infrastructure the region has to get businesses up and running. Then again, maybe [it's] the hassle-free turnkey support the community provides. Whether you're a young professional trying to escape the big-city rat race [or] a retiree just wanting to enjoy the Lowcountry lifestyle...Beaufort County has it all."

BUSINESS LICENSING

Beaufort County requires any business operating within its unincorporated boundaries to obtain a Beaufort County Business License. Applications for new business licenses may be obtained online at www.bcgov.net – Look under the **"About"** tab, then see **"Departments"**, **"Public Service"**, and **"Business License"**. Applications may be mailed to the Beaufort County Business License Department at Post Office Drawer 1228, Beaufort, SC 29901, or hand-delivered to one of two Business License Office locations. Call 843.255.2270 for more information.



ABOUT THE PURCHASING DEPARTMENT

As the County's main procurement office, the Purchasing Department seeks to provide fair and equitable treatment of all involved in purchasing by the County, to maximize the value of public funds in procurement, and to maintain a procurement system of quality and integrity.

PROCUREMENT CODE

The SC Consolidated Procurement Code requires the County to have a procurement code that is substantially similar. The County has developed such a code that governs the expenditure of all funds regardless of source; details of the code may be found within the Beaufort County Code of Ordinances, accessible online at www.bcgov.net under the tab "Online Services". The Purchasing Department adheres to and abides by this code.

BIDDING METHODS

Beaufort County uses competitive bidding to contract goods and services over \$25,000 unless exempted by law. The Purchasing Department makes every effort to continually seek sources that have the capability to meet the needs of the County at competitive prices.

Public Advertising

Purchases and contracts involving the expenditure of more than \$25,000 require public notice of time and place where sealed bids or proposals will be received. All public notices will be advertised on the County's website at www.bcgov.net and in local newspapers, as well as the South Carolina Business Opportunities Newsletter (www.mmo.sc.gov).

Invitation for Bids

Unless exempted by law, County purchases of goods and services exceeding \$25,000 must be solicited under the sealed bid process. This process shall include the advertisement of bids, receipt of sealed bids in accordance with plans and specifications, public opening of bids, and award to the lowest responsive and responsible bidder.

Requests for Proposals (RFP)

A written or published solicitation for proposals to provide supplies or services which ordinarily result in the award of the contract to the responsible bidder making the proposal determined to be most advantageous to the County. The award of the contract must be made on the basis of evaluation criteria.

Request for Qualifications (RFQ)

Before soliciting bids, the County may issue a RFQ to prospective bidders which must contain, at a minimum, a description of the scope of work to be solicited, the deadline for submission of information, and how prospective bidders may apply for

consideration. The request must require information concerning prospective bidders and the product specifications, qualifications, experience, and ability to perform the requirements of the contract.

Adequate public notice of both the RFP and RFQ must be given. After receipt of responses and evaluation by a committee, the rank of the respondents must be determined in writing, from the most to the least qualified, on the basis of the information provided. The Purchasing Director shall negotiate a contract with the respondent considered to be the most qualified.

BID SECURITY

Bid Security, in the form of a cashier's check, certified check, or bid bond is mandatory for bid submission for all construction bids of \$30,000 or greater in value.* Although the bid security is usually five percent (5%) of the bid value, the amount of the security may vary depending on the specifics of the bid documents.

* May be required on non-construction projects.

Purchasing Department Information

Staff

David L. Thomas, CPPO, CPPB, Director
dthomas@bcgov.net

Richard H. Himeline, Jr., Contract Specialist
rhimeline@bcgov.net

Elizabeth S. Wooten, Senior Buyer
ewooten@bcgov.net

Shakeeya N. Polite, Buyer
spolite@bcgov.net

Monica N. Spells, Compliance Officer
mspells@bcgov.net

Office Hours

Monday – Friday
8:00 AM – 5:00 PM

Mailing Address

Post Office Drawer 1228
Beaufort, SC 29901-1228

Physical Address

102 Industrial Village Road
Building 3
Beaufort, SC 29906-4291



PURCHASING THRESHOLDS

Under \$500:

May be paid via Request for Payment (check) or p-card.

\$500 - \$2,500:

May be paid via p-card. If a p-card payment is not used a purchase order must be in place. No quotes are required as long as price is "fair and reasonable". May be approved by Purchasing Director or his designee.



\$2,501-\$5,000:

A purchase order is required. Two written or verbal quotes are required. May be approved by Purchasing Director or his designee.

\$5,001-\$10,000:

A purchase order is required. Three written quotes are required. Must be approved by Purchasing Director and CFO or their designees.



\$10,001 - \$25,000:

A purchase order is required. Three written quotes are required. Must be approved by Purchasing Director, CFO, Deputy County Administrator, and County Administrator or their designees.

\$25,001-\$50,000:

A formal solicitation is required if a prior solicited contract is not available. Requires approval by County Committee.



\$50,001 and up:

A formal solicitation is required if a prior solicited contract is not available. Requires approval by County Council.

VENDORS LIST

A list of vendors is maintained online at the County's website. Persons or business concerns interested in being added to the vendors list must complete and submit a "Vendor Application" to the Purchasing Department, which can be found online at: www.bcgov.net – Look under the "About" tab, then see "Administration", and "Purchasing".

*Learn more about
Beaufort County online at:*
www.bcgov.net

LOCAL VENDOR PREFERENCE

A competitive procurement shall be made by the County from responsive and responsible local (resident) vendors in Beaufort County for procurement, if such bid does not exceed the lowest qualified bid from a non-local vendor by more than five percent (5%) or \$10,000, whichever is less of the lowest non-local bidder. The local vendor has the discretion to match the bid submitted by the non-local vendor and receive the contract award. A vendor shall be deemed to be a "local vendor", if such vendor is an individual, partnership, association, or corporation that is authorized to transact business within the state of South Carolina, maintains an office in Beaufort County, and maintains a representative inventory of commodities within Beaufort County and has paid all taxes duly assessed.



SMALL AND MINORITY BUSINESS PROGRAM

Beaufort County recognizes that the South Carolina General Assembly, in South Carolina Code of Laws Section 11-35-5210, has declared that businesses owned and operated by minority persons have been historically restricted from full participation in our free enterprise system to a degree disproportionate to other businesses; and that it is in the state's best interest to assist minority-owned businesses to develop fully as a part of the state's policies and programs which are designed to promote balanced economic and community growth throughout the state. Therefore, Beaufort County wishes to ensure that those businesses owned and operated by minorities are afforded the opportunity to fully participate in its overall procurement process for goods and services. Further, Beaufort County seeks to ensure that small businesses are likewise afforded the same opportunity as minority businesses to participate. Based on scope of work or services, solicitations may require bidders or proposers to meet certain compliance requirements of Beaufort County's "Small and Minority Business Participation Program", unless self-performing one hundred percent (100%), including specific **pre-award good faith outreach efforts and post-award subcontracting reporting**. Questions regarding this program can be e-mailed to: compliance@bcgov.net.



CONTACT WITH COUNTY OFFICIALS AND STAFF

Communication between vendors and potential users in County departments is acceptable on such subject matter as, availability of specified requirements, technical information, instructional information, requests for literature, etc., unless otherwise instructed in a solicitation notice issued by the County. Nonetheless, the County practice is that all contacts and correspondence pertaining to negotiations affecting purchases, prospective purchases, and awards which terms, conditions, price, delivery, quantity, substitution, complaint, or anything whatsoever involving the commitment, shall be processed through the Purchasing Department.



Questions or Comments?

Telephone: **843.255.2350**

E-mail: **bcvendors@bcgov.net**



DISCLAIMER: THIS PURCHASING GUIDE IS INFORMATIONAL ONLY AND NOT AN ATTEMPT TO ADDRESS ALL OF THE PURCHASING PROCEDURES OF BEAUFORT COUNTY, NOR TO SERVE AS A REPLACEMENT OF THE COUNTY'S PROCUREMENT CODE AND REGULATIONS. PURCHASING POLICIES AND PROCEDURES MAY CHANGE PERIODICALLY AND THIS GUIDE WILL BE UPDATED THEREAFTER.

The new building will serve as an inspiration to residents of Beaufort County with disabilities, and their families. One of the many exciting aspects of the new center will be the **ABLE Garden** – which will be visible from many areas of the building. The Garden will feature many local plant varieties, walkways, a fountain and benches.

We're inviting you to become personally involved in this special project by contributing to the creation of The ABLE Garden. If you wish, your donation may be made "In Honor Of" someone special to you or an agency. A list of gift possibilities is noted on the back of this flier. All donors will be acknowledged in a commemorative book at the new center and you will be invited to the Garden Dedication. Please indicate the amount of your gift on the form attached, and if you would like it to be used for a specific purpose.

Primary Business Address
Your Address Line 2

**QUOTE FROM
LIOLIO ARCHITECTS**
"The new Complex for Beaufort County Disabilities and Special Needs Services is rooted in the client. The facility is basically represented in two components: Offices, Training Facilities and support space for staff; and the Day room, resource rooms, dining and support staff space for the client. ***Common to both of these components is a courtyard that provides a passive, quiet and enclosed landscaped space. This courtyard also provides a generous covered area for outdoor activities, even in minimum inclement conditions.***

Phone: 843-255-6092
Fax: 843-255-9417
E-mail: mwagner@bcgov.net



ABLE FOUNDATION



Help us plant inspiration for tomorrow!

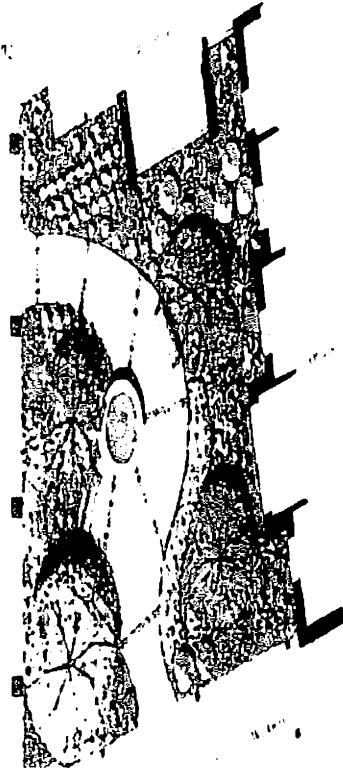
The Beaufort County Department of Disabilities & Special Needs (DSN) provides services residents of our community with developmental disabilities. Their challenges include Downs Syndrome, Autism, Cerebral Palsy and mental retardation.

After years of planning and anticipation, the much needed new facility for services to persons with disabilities, located on 100 Clearwater Way, will be opening on July 25, 2011.

Under the leadership of County and State officials, in addition to the involvement of many other persons, this dream is becoming a reality.

ABLE GARDEN

Day Program Building



Administrative Building

Courtyard Landscape Plan
 www.ablefoundation.org

Beaufort County Department of
 Disabilities and Special Needs

Number	PLANT LIST	Total Cost
1	Blood good Japanese Maple	\$400
3	Split-leaf Philodendron	\$70.65
7	Dwarf Gardenia	\$45.85
5	Encore Azalea	\$92.50
1	Endless Summer Hydrangea	\$14.50
1	Veitch's Gardenia	\$7.50
3	Variiegated Ginger	\$38.85
3	Crape Myrtle, Tonto	\$405
16	Blueberry Flax Lily- varig.	\$79.20
3	Variiegated Cast-Iron Plant	\$58.50
63	Annual Vinca	\$85.05
5	Blue Daze	\$17.75
3	Shi Shi Gashira Camellia	\$90.00
9	Stella d'Oro Dally	\$33.75
83	Impatiens	\$112.05
5	Holly Fern	\$44.75
12	Fire and Ice Hosta	\$107.40
24	Variiegated lirioppe	\$70.80
3	Japanese Painted Fern	\$11.85
60	Webster Wide-leaf Lirioppe	\$159.00

Please fill out this reply card specifying the memorial/ honorees to be donated with the amount enclosed and text to be engraved (bricks only).

Orders must be placed by
 June 30, 2011

Return to:
ABLE FOUNDATION
 1804 Old Shell Road
 Port Royal, SC 29935

NAME _____

ADDRESS _____

CITY _____

STATE _____ ZIP _____

Please make checks out to: ABLE Foundation

ITEMS NEEDED	COST	Amount Donated
Bricks See back for engraving	\$50 each -	\$
Plants (List attached)		\$
Fountain-	\$10,000	\$
Benches-	\$500	\$
Lighting		\$
Irrigation		\$
Bird Feeders	\$20	\$
TOTAL CONTRIBUTION		\$



Memorandum

DATE: June 24, 2011
TO: County Council
FROM: Bryan Hill, Deputy County Administrator
SUBJECT: Deputy County Administrator's Progress Report

The following is a summary of activities that took place June 13, 2011 through June 24, 2011:

June 13, 2011 (Monday):

- Prepare for County Council Meeting
- County Council

June 14, 2011 (Tuesday)--Bluffton:

- Bluffton Hours
- Work on Budget

June 15, 2011 (Wednesday)--Bluffton:

- Bluffton Hours
- Work on Budget

June 16, 2011 (Thursday):

- Redistricting Committee Meeting
- Work on Budget

June 17, 2011 (Friday):

- Meet with Jim Minor, Solid Waste Director re: Electronics Recycling
- Meet with Public Works Employee re: Promotion Process
- Work on Budget

June 20, 2011 (Monday):

- Meet with David Starkey, CFO and Josh Gruber, Staff Attorney
- Attend New River TIF Status Meeting with Gary Kubic, David Starkey, Dr. Valerie Truesdale and Phyllis White
- Finance Committee Meeting
- Community Services Committee Meeting

June 21, 2011 (Tuesday)--Bluffton:

- Bluffton Hours
- Work on Budget

June 22, 2011 (Wednesday):

- Meet with Miriam Mitchell, Risk Manager and Josh Gruber, County Staff Attorney re: PALS Program Issue
- Agenda Review
- Meet with George Hicks, USDA
- Meet with Gary Kubic, Scott Grooms and Maryellen Ham re: Acoustics at Bluffton Library

June 23, 2011 (Thursday):

- Furlough Day

June 24, 2011 (Friday):

- Furlough Day

2011 /

AN ORDINANCE BASED ON THE REQUEST FROM THE BEAUFORT COUNTY BOARD OF EDUCATION TO AMEND THE FY 2010-2011 GENERAL FUND BUDGET TO ACCOMMODATE THE CHANGE IN STATE FUNDING SOURCES PURSUANT WITH PROVISIO 1.79 OF THE GENERAL APPROPRIATIONS ACT OF 2010.

WHEREAS, Proviso 1.79 of the General Appropriations Act of 2010 consolidated three Education Improvement Act (EIA) funding sources into one fund in the current year;

WHEREAS, the State changed the funding from EIA to general fund;

WHEREAS, the revenue allocation from the state must be reported in the general fund which also means the related expenditures must be reported in the general fund;

WHEREAS, this change requires an amendment to the School District FY 2010-2011 General Fund budget to include both the additional revenue and the additional expenditures associated with this change. Without said amendment to the budget, the appropriated amount listed in the local budget ordinance will be exceeded without authorization.

WHEREAS, the EIA funding sources combined were: Credits for High School Diploma; Principal Salary Supplement; and Middle School Initiative for a total of \$589,018.

NOW, THEREFORE, the County Council of Beaufort County hereby amends the School District FY 2010-2011 General Fund budget as follows:

Total Revenue and Other Financing Sources from \$175,270,150 to \$175,859,168
Total Expenditures and other Financing Uses from \$175,270,150 to \$175,859,168

to accommodate the change in state funding sources pursuant to Proviso 1.79 of the General Appropriations Act of 2010.

Adopted this _____ day of _____, 2011.

COUNTY COUNCIL OF BEAUFORT COUNTY

BY: _____
Wm. Weston J. Newton, Chairman

APPROVED AS TO FORM:

Ladson F. Howell, Staff Attorney

ATTEST:

Suzanne M. Rainey, Clerk to Council
First Reading: May 23, 2011
Second Reading: June 13, 2011
Public Hearing:
Third and Final Reading:

AN ORDINANCE OF THE COUNTY OF BEAUFORT, SOUTH CAROLINA, TO AMEND COUNTY COUNCIL STIPEND TO INSTALL A CAP.

WHEREAS, Chapter 9, Section 4-9-100, 1982 Supplement of the *Code of Laws of South Carolina*, 1976, as amended, specified that ". . . after the initial determination of salary, Council may, by Ordinance, adjust such salary but the Ordinance changing such salary shall not be effective until the date of commencement of terms of at least two members of Council elected at the next general election following the enactment of the Ordinance affecting such salary changes at which time it will become effective for all members," and "members may also be reimbursed for actual expenses incurred in the conduct of their official duties;" and

WHEREAS, the base annual pay incorporates payment for all scheduled regular Council meetings; and

WHEREAS, a member of Beaufort County Council is authorized payment of a stipend for certain other meetings attended by said member, while acting in his/her official capacity as a member of Council, in addition to the base annual pay established for said position; and

WHEREAS, the County Council of Beaufort County deems it advisable to establish an Ordinance outlining the policy for the payment of the base annual pay and the stipend as referenced above.

A. Base Annual Pay. The members of Council shall receive base annual pay for each fiscal year as follows:

1. Council Member. Each member of Council, with the exception of the Chairman, shall receive \$11,039; and

2. Council Chairman. The Chairman of Council shall receive \$14,349; and

3. Cost of Living. Each member of Council shall receive the County's annual cost of living adjustment.

B. Council Stipend. In addition to the base annual pay received for service on Council, members and/or the Chairman may be paid a stipend of \$40 per meeting for his/her attendance at 120-144 meetings for the fiscal year of any Council committee meetings and other Council related business meetings.

C. Maximum Amount of Payment. Payment for the Council stipend shall be allowed up to the maximum amount authorized per fiscal year, as follows:

1. Council Member. Payment of base annual pay in the fiscal year plus stipend (~~120~~ 144 meetings x \$40 per meeting) for the fiscal year shall not exceed ~~Fifteen Thousand Eight Hundred Thirty Nine Dollars and 00/100 (\$15,839)~~ Sixteen Thousand Seven Hundred Ninety Nine and 00/100 (\$16,799) Dollars per fiscal year; and

2. Council Chairman. Payment of base annual pay in the fiscal year plus stipend (~~120~~ 144 meetings x \$40 per meeting) for the fiscal year shall not exceed ~~Nineteen Thousand One Hundred Forty Nine and 00/100 (\$19,149)~~ Twenty Thousand One Hundred Nine and 00/100 (\$20,109) Dollars per fiscal year; and

3. A specially called (unscheduled) meeting of the County Council of Beaufort County; and

4. A specially called (unscheduled) work session of the County Council of Beaufort County; and

5. Any other business meeting at which the Council member is in attendance in his/her official capacity as a member of Council, i.e., an official meeting with an industrial prospect, an official meeting with another governmental entity, a meeting with a county committee, board, district, agency, authority, or commission, i.e., the Beaufort Memorial Hospital Board, the Solid Waste Advisory Council, the Beaufort-Jasper Water and Sewer Authority, any fire district, etc., or an organized meeting held within his/her district that he/she is attending in his/her official capacity as a member of Council. These meetings are limited to 24 districts meetings per year. This would not include attendance at parades, ribbon cutting ceremonies, or any other non-required functions; and

C. Mileage Reimbursement. Each member of Council shall be reimbursed mileage to and from their residences for all scheduled meetings, i.e., regular meetings, work sessions, public hearings; and

D. Method of Payment. Base annual pay shall be divided into twenty-six equal payments and made biweekly through the normal payroll cycle. Payment of the stipend will be made on the second scheduled pay date of each month following the month in which the stipend was claimed; i.e., for meetings attended in January, payment would be made on the second payroll check paid in the month of February, etc.; and

E. Required Documentation. An Affidavit of Attendance form must be completed and signed by the Council member, and submitted to the Finance Department in order for payment of the stipend to be made. The Affidavit provides for the recording of the date, time spent, location, and the purpose of the meeting, i.e., LCOG mileage, etc.; and

F. Dual Payment. No member of Council shall receive a stipend for attendance at any unscheduled meeting if any form of payment for attendance at said meeting is received by the member from another source; and

G. Expenses. Members may also be reimbursed for actual expenses incurred in the conduct of their official duties, *Code of Laws of South Carolina*, Chapter 9, Section 4-9-100, 1982 Supplement.

This Ordinance shall be reviewed in two years (2013).

This Ordinance shall become effective on the first full pay period in July 2011 ~~January 2005~~.

Adopted this _____ day of _____, 2011.

COUNTY COUNCIL OF BEAUFORT COUNTY

BY: _____
Wm. Weston J. Newton, Chairman

REVIEWED AS TO FORM:

Ladson F. Howell, Staff Attorney

ATTEST:

Suzanne M. Rainey, Clerk to Council

First Reading: May 23, 2011
Second Reading: June 13, 2011
Public Hearing:
Third and Final Reading:

AN ORDINANCE OF THE COUNTY OF BEAUFORT, SOUTH CAROLINA, TO AMEND COUNTY COUNCIL STIPEND TO INSTALL A CAP.

WHEREAS, Chapter 9, Section 4-9-100, 1982 Supplement of the *Code of Laws of South Carolina*, 1976, as amended, specified that ". . . after the initial determination of salary, Council may, by Ordinance, adjust such salary but the Ordinance changing such salary shall not be effective until the date of commencement of terms of at least two members of Council elected at the next general election following the enactment of the Ordinance affecting such salary changes at which time it will become effective for all members," and "members may also be reimbursed for actual expenses incurred in the conduct of their official duties;" and

WHEREAS, the base annual pay incorporates payment for all scheduled regular Council meetings; and

WHEREAS, a member of Beaufort County Council is authorized payment of a stipend for certain other meetings attended by said member, while acting in his/her official capacity as a member of Council, in addition to the base annual pay established for said position; and

WHEREAS, the County Council of Beaufort County deems it advisable to establish an Ordinance outlining the policy for the payment of the base annual pay and the stipend as referenced above.

A. Base Annual Pay. The members of Council shall receive base annual pay for each fiscal year as follows:

1. Council Member. Each member of Council, with the exception of the Chairman, shall receive \$11,039; and

2. Council Chairman. The Chairman of Council shall receive \$14,349; and

3. Cost of Living. Each member of Council shall receive the County's annual cost of living adjustment.

B. Council Stipend. In addition to the base annual pay received for service on Council, members and/or the Chairman may be paid a stipend of \$40 per meeting for his/her attendance at 120-144 meetings for the fiscal year of any Council committee meetings and other Council related business meetings.

C. Maximum Amount of Payment. Payment for the Council stipend shall be allowed up to the maximum amount authorized per fiscal year, as follows:

1. Council Member. Payment of base annual pay in the fiscal year plus stipend (~~120~~ 144 meetings x \$40 per meeting) for the fiscal year shall not exceed ~~Fifteen Thousand Eight Hundred Thirty Nine Dollars and 00/100 (\$15,839)~~ Sixteen Thousand Seven Hundred Ninety Nine and 00/100 (\$16,799) Dollars per fiscal year; and

2. Council Chairman. Payment of base annual pay in the fiscal year plus stipend (~~120~~ 144 meetings x \$40 per meeting) for the fiscal year shall not exceed ~~Nineteen Thousand One Hundred Forty Nine and 00/100 (\$19,149)~~ Twenty Thousand One Hundred Nine and 00/100 (\$20,109) Dollars per fiscal year; and

3. A specially called (unscheduled) meeting of the County Council of Beaufort County; and

4. A specially called (unscheduled) work session of the County Council of Beaufort County; and

5. Any other business meeting at which the Council member is in attendance in his/her official capacity as a member of Council, i.e., an official meeting with an industrial prospect, an official meeting with another governmental entity, a meeting with a county committee, board, district, agency, authority, or commission, i.e., the Beaufort Memorial Hospital Board, the Solid Waste Advisory Council, the Beaufort-Jasper Water and Sewer Authority, any fire district, etc., or an organized meeting held within his/her district that he/she is attending in his/her official capacity as a member of Council. These meetings are limited to 24 districts meetings per year. This would not include attendance at parades, ribbon cutting ceremonies, or any other non-required functions; and

C. Mileage Reimbursement. Each member of Council shall be reimbursed mileage to and from their residences for all scheduled meetings, i.e., regular meetings, work sessions, public hearings; and

D. Method of Payment. Base annual pay shall be divided into twenty-six equal payments and made biweekly through the normal payroll cycle. Payment of the stipend will be made on the second scheduled pay date of each month following the month in which the stipend was claimed; i.e., for meetings attended in January, payment would be made on the second payroll check paid in the month of February, etc.; and

E. Required Documentation. An Affidavit of Attendance form must be completed and signed by the Council member, and submitted to the Finance Department in order for payment of the stipend to be made. The Affidavit provides for the recording of the date, time spent, location, and the purpose of the meeting, i.e., LCOG mileage, etc.; and

F. Dual Payment. No member of Council shall receive a stipend for attendance at any unscheduled meeting if any form of payment for attendance at said meeting is received by the member from another source; and

G. Expenses. Members may also be reimbursed for actual expenses incurred in the conduct of their official duties, *Code of Laws of South Carolina*, Chapter 9, Section 4-9-100, 1982 Supplement.

This Ordinance shall be reviewed in two years (2013).

This Ordinance shall become effective on the first full pay period in July 2011 ~~January 2005~~.

Adopted this _____ day of _____, 2011.

COUNTY COUNCIL OF BEAUFORT COUNTY

BY: _____
Wm. Weston J. Newton, Chairman

REVIEWED AS TO FORM:

Ladson F. Howell, Staff Attorney

ATTEST:

Suzanne M. Rainey, Clerk to Council

First Reading: May 23, 2011
Second Reading: June 13, 2011
Public Hearing:
Third and Final Reading:

FY 2011-2012 BEAUFORT COUNTY SCHOOL DISTRICT BUDGET

To provide for the levy of tax for school purposes for Beaufort County for the fiscal year beginning July 1, 2011 and ending June 30, 2012, to make appropriations for said purposes, and to provide for budgetary control of the County's fiscal affairs.

BE IT ORDAINED BY COUNTY COUNCIL OF BEAUFORT COUNTY:

SECTION 1. TAX LEVY

The County Council of Beaufort County hereby appropriates the funds as detailed in Sections 3 and 4 of this Ordinance and establishes the millage rates as detailed in Section 2 of this Ordinance. The County Council of Beaufort County reserves the right to modify these millage rates at its August 22, 2011 meeting.

SECTION 2. MILLAGE

In Fiscal Year 2011-2012 and in accordance with the laws of South Carolina, the County Auditor is hereby authorized and directed to levy a tax on the following mills on the dollar of assessed value of property within the County.

School Operations	90.26
School Debt Service	28.00

These taxes shall be collected by the County Treasurer, as provided by law, and distributed in accordance with the provisions of this Ordinance and subsequent appropriations hereafter passed by the County Council of Beaufort County.

SECTION 3. SCHOOL OPERATIONS APPROPRIATION

An amount of \$175,270,150 is appropriated to the Beaufort County Board of Education to fund school operations. This appropriation is to be spent in accordance with the school budget approved by County Council of Beaufort County, and will be funded from the following revenue sources:

- A. \$111,193,370 to be derived from tax collections;
- B. \$ 54,311,312 to be derived from State revenues;
- C. \$ 400,000 to be derived from Federal revenues;
- D. \$ 1,100,000 to be derived from other local sources;
- E. \$ 3,013,067 to be derived from inter-fund transfers;
- F. \$ 1,091,589 to be derived from adjustment to the New River TIF;
- G. \$ 2,860,812 to be derived from the District's fund balance.

The Beaufort County Board of Education is responsible for ensuring that school expenditures do not exceed appropriations other than as provided for in this Ordinance. As revenues are based on projections, the Board of Education must make every effort to reduce the approved budget to allow for overestimated revenues, should this situation occur. Should the Board of Education be unable to sufficiently reduce the approved budget to allow for overestimated revenues, the Board of Education must appear before the County Council in an effort to resolve the problem. Any transfer of funds between programs as herein enacted must be in compliance with Section 7 of this Ordinance.

SECTION 4. SCHOOL DEBT SERVICE APPROPRIATION

The revenue generated by a 28.00 mill levy is appropriated to defray the principal and interest payments of school bonds.

SECTION 5. BUDGETARY ACCOUNT BREAKOUT

The Beaufort County Board of Education, as described in Section 3 of this Ordinance, line-item budgets are under separate cover but are also part and parcel of this Ordinance.

SECTION 6. OUTSTANDING BALANCE APPROPRIATION

The balance remaining in each fund at the close of the prior fiscal year, where a reserve is not required by State or Federal law, is hereby transferred to the Unreserved Fund Balance of that fund.

SECTION 7. AUTHORIZATION TO TRANSFER FUNDS

In the following Section where reference is made to "School Superintendent" it is explicit that this refers to those funds under the particular auspices of the School Superintendent requiring his approval.

Transfers of funds among operating accounts or among capital accounts within a department may be authorized by the School Superintendent or his designee, upon the written request of the Department Head. The School Superintendent, or his designee, may also transfer funds from any departmental account to their respective Contingency Accounts.

Transfer of monies/budgets between funds or programs must be authorized by the Board of Education, except amounts less than \$10,000, which may be authorized by the School Board Chairman, and/or the Finance Chairman of the respective bodies, upon the written request and consent of the School Superintendent. Transfers of less than \$5,000 may be authorized by the School Superintendent, and/or his designee.

SECTION 8. ALLOCATION OF FUNDS

The School Superintendent is responsible for controlling the rate of expenditure of budgeted funds in order to assure that expenditures do not exceed funds on hand. To carry out this responsibility, the School Superintendent is authorized to allocate budgeted funds.

SECTION 5. MISCELLANEOUS RECEIPTS ABOVE-ANTICIPATED REVENUES

Revenues other than, and/or in excess of, those addressed in Sections 3 of this Ordinance, received by the Beaufort County School District, which are in excess of anticipated revenue as approved in the current budget, may be expended as directed by the revenue source, or for the express purposes for which the funds were generated without further approval of County Council. All such expenditures, in excess of \$10,000, shall be reported, in written form, to the County Council of Beaufort County on a quarterly basis. Such funds include sales of products, services, rents, contributions, donations, special events, insurance and similar recoveries.

SECTION 6. TRANSFERS VALIDATED

All duly authorized transfers of funds heretofore made from one account to another, or from one fund to another during Fiscal Year 2012 are hereby approved.

SECTION 7. ADDITIONAL APPROPRIATIONS

This Ordinance provides that maximum school operations appropriations authorized for spending by the Beaufort County School District for Fiscal Year 2011-2012. The maximum school operations appropriation is set forth herein in Section 3. Any request to expend funds over the maximum school operations appropriation as provided in Section 3 must be approved by the Beaufort County Council by amendment to this Ordinance.

SECTION 8. EFFECTIVE DATE

This Ordinance shall be effective July 1, 2011. Approved and adopted on third and final reading this ____ day of _____, 2011.

COUNTY COUNCIL OF BEAUFORT COUNTY

BY: _____
Wm. Weston J. Newton, Chairman

APPROVED AS TO FORM:

Ladson F. Howell, Staff Attorney

ATTEST:

Suzanne M. Rainey, Clerk to Council

First Reading, By Title Only: May 9, 2011
Second Reading: May 23, 2011
Public Hearings: June 13, 2011
Third and Final Reading:



COUNTY COUNCIL OF BEAUFORT COUNTY
FINANCE DEPARTMENT
Post Office Drawer 1228
Beaufort, South Carolina 29901-1228

Beaufort County, South Carolina

GASB 54 Fund Balance Spending Policy

Effective: July 1, 2011

General Fund

In accordance with GASB 54, the spending order of General Fund balance (when not specifically clear) is as follows (first to last): restricted fund balance, committed fund balance, assigned fund balance, and then unassigned fund balance.

Debt Service Fund

In accordance with GASB 54, and as the entire Debt Service Fund balance is restricted, no spending order policy is necessary for this fund.

Purchase Property (Rural & Critical Lands Program Referendum) Fund

In accordance with GASB 54, and as the entire Purchase Property Fund balance is restricted, no spending order policy is necessary for this fund.

Other (Non-Ad Valorem Tax) Funds

In accordance with GASB 54, the spending order of these funds' balances (when not specifically clear) is as follows (first to last): restricted fund balance, committed fund balance, and then assigned fund balance.

102 Industrial Village Road, Building 2, Beaufort, SC 29906

"Professionally we serve; Personally we care!"

FY 2011-2012 BEAUFORT COUNTY BUDGET

To provide for the levy of tax for corporate Beaufort County for the fiscal year beginning July 1, 2011 and ending June 30, 2012, to make appropriations for said purposes, and to provide for budgetary control of the County's fiscal affairs.

BE IT ORDAINED BY COUNTY COUNCIL OF BEAUFORT COUNTY:

SECTION 1. TAX LEVY

The County Council of Beaufort County hereby appropriates the funds as detailed in Sections 4, 5 and 6 of this Ordinance. Further, that the County Council of Beaufort County hereby establishes the millage rates as detailed in Sections 2 and 3 of this Ordinance. However, the County Council of Beaufort County reserves the right to modify these millage rates at its August 22, 2011 meeting.

SECTION 2. MILLAGE

The County Auditor is hereby authorized and directed to levy in Fiscal Year 2011-2012 a tax of 47.54 mills on the dollar of assessed value of property within the County, in accordance with the laws of South Carolina. These taxes shall be collected by the County Treasurer, as provided by law, and distributed in accordance with the provisions of this Ordinance and subsequent appropriations hereafter passed by the County Council of Beaufort County.

County Operations	40.21
Purchase of Real Property Program	2.76
County Debt Service	4.57

SECTION 3. SPECIAL DISTRICT TAX LEVY

The County Auditor is hereby authorized and directed to levy, and the County Treasurer is hereby authorized and directed to collect and distribute the mills so levied, as provided by law, for the operations of the following special tax districts:

Bluffton Fire District Operations	19.67
Bluffton Fire District Debt Service	.38
Burton Fire District Operations	55.87
Burton Fire District Debt Service	5.53
Daufuskie Island Fire District Operations	30.71
Daufuskie Island Fire District Debt Service	0.00
Lady's Island/St. Helena Island Fire District Operations	31.00
Lady's Island/St. Helena Island Fire District Debt Service	1.50
Sheldon Fire District Operations	32.22
Sheldon Fire District Debt Service	2.18

SECTION 4. COUNTY OPERATIONS APPROPRIATION

An amount of \$96,303,492 is appropriated to the Beaufort County General Fund to fund County operations and subsidized agencies. The detailed Operations budget containing line-item accounts by department and/or agency is hereby adopted as part of this Ordinance. This appropriation will be funded from the following revenues sources:

- A. \$72,130,243 to be derived from tax collections;
- B. \$ 2,567,500 to be derived from fees for licenses and permits;
- C. \$ 7,422,875 to be derived from Intergovernmental revenue sources;
- D. \$11,226,774 to be derived from charges for services;
- E. \$ 753,000 to be derived from fines and forfeitures' collections;
- F. \$ 141,000 to be derived from interest on investments;
- G. \$ 705,600 to be derived from miscellaneous revenue sources;
- H. \$ 1,156,500 be derived from inter-fund transfers;

Additional operations of various County departments are funded by Special Revenue sources. The detail of line-item accounts for these funds is hereby adopted as part of this Ordinance.

SECTION 5. PURCHASE OF DEVELOPMENT RIGHTS AND REAL PROPERTY PROGRAM

The revenue generated by a 2.76 mill levy is appropriated for the County's Purchase of Development Rights and Real Property Program.

SECTION 6. COUNTY DEBT SERVICE APPROPRIATION

The revenue generated by a 4.57 mill levy is appropriated to defray the principal and interest payments on all County bonds and on the lease-purchase agreement authorized to cover other Capital expenditures.

SECTION 7. BUDGETARY ACCOUNT BREAKOUT

The foregoing County Operation appropriations have been detailed by the County Council into line-item accounts for each department. The detailed appropriation by account and budget narrative contained under separate cover is hereby adopted as part of this Ordinance. The Fire Districts, as described in Section 3 of this Ordinance, line-item budgets are under separate cover but are also part and parcel of this Ordinance.

SECTION 8. OUTSTANDING BALANCE APPROPRIATION

The balance remaining in each fund at the close of the prior fiscal year, where a reserve is not required by State or Federal law, is hereby transferred to the Unreserved Fund Balance of that fund.

SECTION 9. AUTHORIZATION TO TRANSFER FUNDS

In the following Section where reference is made to "County Administrator" it is explicit that this refers to those funds under the particular auspices of the County Administrator requiring his approval.

Transfers of funds among operating accounts or among capital accounts within a department may be authorized by the County Administrator or his designee, upon the written request of the Department Head. The County Administrator, or his designee, may also transfer funds from any departmental account to their respective Contingency Accounts.

Transfer of monies/budgets between funds or programs must be authorized by County Council, except amounts less than \$10,000, which may be authorized by the Council Chairman, and/or the Finance Chairman, upon the written request and consent of the County Administrator. Transfers of less than \$5,000 may be authorized by the County Administrator, and/or his designee.

SECTION 10. ALLOCATION OF FUNDS

The County Administrator is responsible for controlling the rate of expenditure of budgeted funds in order to assure that expenditures do not exceed funds on hand. To carry out this responsibility, the County Administrator is authorized to allocate budgeted funds.

SECTION 11. AUTHORIZATION OF TAX ANTICIPATION NOTES

(A) The Council hereby finds and determines that:

(i) The monies necessary to fund this budget will come primarily from ad valorem property taxes levied against property located in the County (the "Local Taxes").

(ii) Notices for the collection of Local Taxes will be prepared and mailed by the County Auditor sometime after September 1, 2011, and the Local Taxes are payable without penalty on or before January 15, 2012.

(iii) Local Taxes represent a substantial portion of the County's revenues for its operations. Payment of the operating costs of the County, especially for wages, salaries and a number of other expenses cannot be delayed pending receipt of Local Taxes. The County's fund balance and other sources of revenue are not sufficient cash to provide for current payment of all operating costs pending receipt of Local Taxes.

(iii) The Council has been advised that the cash requirements to pay currently the costs of operation of the County during the period of July 1, 2011 to January 15, 2012, will exceed the amount of cash available.

(B) The Council intends hereby to provide for the issuance of tax anticipation notes (the "Notes") authorized by Article X, Section 14 of the Constitution of the State of South Carolina, 1895, as amended, and Chapter 27, Title 11 of the *Code of Laws of South Carolina*,

1976, as amended. The Administrator, with the advice and consent of Council, is hereby authorized and directed to take such action as the Administrator deems necessary to issue the Notes without further Council action, whenever the current or projected cash position of the County requires such interim financing, subject to the following:

(i) The Administrator shall prepare schedules showing the projected cash requirements of the County and the funds that will be available to meet such requirements, including the general fund balance and receipts from all sources.

(ii) The Administrator, with the advice and consent of Council, may provide for the issuance of Notes in an amount sufficient to provide the County with sufficient cash to meet its projected needs and to maintain on hand an amount not less than 5% of the actual operating expenditures for the fiscal year ending June 30, 2011 (the "2011-2012 Fiscal Year"); provided, however, that in no event shall the principal amount of the Notes exceed 75% of the amount of Local Taxes to be levied for the 2011-2012 Fiscal Year without further authorization from the Council.

(iii) The Administrator, with the advice and consent of Council, may provide for the issuance of the Notes at one or more times and may provide for such Notes to be fully funded at the time of issuance or to be drawn against a stated principal amount over time.

(iv) The Administrator may provide for the Notes to mature at any time up to and including 90 days after January 15, 2012, and may provide for the prepayment of the Notes under such terms as are deemed desirable.

(v) The Notes may be sold at public sale or by invitation limited to local financial institutions or any particular kind of investor at the discretion of the Administrator; provided that the Administrator shall seek offers to purchase or fund the Notes from at least three sources. The Administrator shall exercise discretion in the manner of offering the Notes after considering the total amount to be funded and all costs in connection therewith, and shall endeavor to select that method of offering the Notes which is expected to provide the funding needed at the lowest total cost to the County.

(vi) The Administrator is further directed to obtain the advice of bond counsel as to the details of the Notes and the manner of offering thereof and to observe any limitations required under Federal tax laws to maintain the tax-exemption of interest thereon.

C) For payment of the Notes and the interest thereon, there shall be pledged the ad valorem taxes levied for operating purposes for the 2011-2012 Fiscal Year and the full faith, credit and taxing power of the County and the Administrator is hereby authorized to provide for such pledge and security in the Notes.

(D) The Administrator and all other officials of the County are hereby authorized and directed to take all action necessary or desirable to arrange for the issuance and placement or sale of the Notes and to enter into such agreements as are customary in connection therewith.

SECTION 12. MISCELLANEOUS RECEIPTS ABOVE-ANTICIPATED REVENUES

Revenues other than, and/or in excess of, those addressed in Sections 4, 5 and 6 his Ordinance, received by Beaufort County, and all other County agencies fiscally responsible to Beaufort County, which are in excess of anticipated revenue as approved in the current budget, may be expended as directed by the revenue source, or for the express purposes for which the funds were generated without further approval of County Council. All such expenditures, in excess of \$10,000, shall be reported, in written form, to the County Council of Beaufort County on a quarterly basis. Such funds include sales of products, services, rents, contributions, donations, special events, insurance and similar recoveries.

SECTION 13. TRANSFERS VALIDATED

All duly authorized transfers of funds heretofore made from one account to another, or from one fund to another during Fiscal Year 2012, are hereby approved.

SECTION 14. EFFECTIVE DATE

This Ordinance shall be effective July 1, 2011. Approved and adopted on third and final reading this _____ day of _____, 2011.

COUNTY COUNCIL OF BEAUFORT COUNTY

BY: _____
Wm. Weston J. Newton, Chairman

APPROVED AS TO FORM:

Ladson F. Howell, Staff Attorney

ATTEST:

Suzanne M. Rainey, Clerk to Council

First Reading: May 23, 2011
Second Reading: June 13, 2011
Public Hearings:
Third and Final Reading:

Committee Reports

June 27, 2011

A. COMMITTEES REPORTING

1. Finance

- ① [Minutes](#) are provided from the June 6 meeting. No action is required.
- ② [Minutes](#) are provided from the June 20 meeting. Action is required.

2. Governmental

- ① Lady's Island / St. Helena Island Fire District

<i>Nominated</i>	<i>Name</i>	<i>Position / Area / Expertise</i>	<i>Reappoint / Appoint</i>	<i>Votes Required</i>
06.13.11	Gordon Bowers	Lady's Island	Reappoint	10 of 11
06.13.11	Roosevelt McCollough	St. Helena Island	Reappoint	10 of 11

3. Public Facilities

- ① [Minutes](#) are provided from the June 20 meeting. No action is required.
- ② Seabrook Point Special Purpose Tax District

<i>Nominated</i>	<i>Name</i>	<i>Position / Area / Expertise</i>	<i>Reappoint / Appoint</i>	<i>Votes Required</i>
06.13.11	Don Smith	At-Large	Reappoint	8 of 11
06.13.11	Frank Emminger	At-Large	Reappoint	8 of 11
06.13.11	Steve Jones	At-Large	Reappoint	8 of 11
06.13.11	Judy Daigle	At-Large	Reappoint	8 of 11
06.13.11	Bill Waldron	At-Large	Reappoint	8 of 11

4. Redistricting

- ① [Minutes](#) are provided from the June 15 public hearing. No action is required.
- ② [Minutes](#) are provided from the June 16 meeting. No action is required.

B. COMMITTEE MEETINGS

1. Community Services

William McBride, Chairman

Gerald Dawson, Vice Chairman

➔ Next Meeting – August 15 at 4:00 p.m., BIV #2

2. Executive

Weston Newton, Chairman

3. Finance

Stu Rodman, Chairman

Rick Caporale, Vice Chairman

➔ Next Meeting – Monday, July 18 at 2:00 p.m., BIV #2

4. Governmental

Jerry Stewart, Chairman

Laura Von Harten, Vice Chairman

➔ Next Meeting – Monday, August 1 at 4:00 p.m., ECR

5. Natural Resources

Paul Sommerville, Chairman

Brian Flewelling, Vice Chairman

➔ Next Meeting – Tuesday, July 26 at 2:00 p.m., ECR

➔ Next Meeting – Tuesday, September 6 at 2:00 p.m., ECR

6. Public Facilities

Herbert Glaze, Chairman

Steven Baer, Vice Chairman

➔ Next Meeting – Tuesday, June 28 at 4:30 p.m., ECR

7. Redistricting

Weston Newton, Chairman

William McBride, Vice Chairman

➔ Next Meeting – Wednesday, July 20 at 10:00 a.m., ECR

➔ Public Hearings

- May 23, 2011, 6 p.m., Council Chambers, 100 Ribaut Road
- June 15, 2011, 6 p.m., Hilton Head Island Branch Library, 11 Beach City Road
- July 18, 2011, 6 p.m., Bluffton Branch Library, 120 Palmetto Way
- August 8, 2011, 6 p.m., Council Chambers, 100 Ribaut Road
- August 22, 2011, 6 p.m., Council Chambers, 100 Ribaut Road

8. Transportation Advisory Group

Weston Newton, Chairman

Stu Rodman, Vice Chairman

➔ Next Meeting – August 2011

FINANCE COMMITTEE

June 6, 2011

The electronic and print media were duly notified in accordance with the State Freedom of Information Act.

The Finance Committee met on Monday, June 6, 2011 beginning at 2:00 p.m., in the Executive Conference Room, Administration Building.

ATTENDANCE

Finance Committee members: Chairman Stu Rodman, Vice Chairman Rick Caporale, and members Steven Baer, Brian Flewelling, William McBride, and Jerry Stewart attended. Committee member Paul Sommerville was absent. Non-committee member Herbert Glaze was also present.

County Staff: Bryan Hill, Deputy County Administrator; Gary Kubic, County Administrator; and David Starkey, Chief Financial Officer.

Media: Richard Brooks, *Bluffton Today*; Joe Croley, Hilton Head Association of Realtors; and Kyle Petterson, *Beaufort Gazette / Island Packet*.

Public: Larry Holman, Beaufort Black Chamber of Commerce; Vic Halligan, Childs and Halligan PA; Scott Liggett, Director of Public Projects and Facilities, Town of Hilton Head Island; Keith Powell, School District Leadership Council; Charles Talbert, McAbee, Talbert, Halliday & Company; Valerie Truesdale, School District Superintendent; Fred Washington, School Board Chairman; Phyllis White, School District, Chief Operational Services Officer; George Wilson, School Board member.

Finance Chairman Stu Rodman chaired the meeting.

The Finance Chairman led those present in the Pledge of Allegiance to the Flag.

INFORMATION ITEMS

1. Town of Hilton Head Island CIP Request

Discussion: Mr. David Starkey, Beaufort County Chief Financial Officer, gave an overview of this item. In 2003 the County borrowed three, \$75,000 increments as a part of the 2003 bonds for three parks on Hilton Head Island. Subsequently we borrowed another \$50,000 through the 2005 bonds. Those monies have stayed there since then. Thereafter, the Town of Hilton Head Island has made a request for these monies to go not to the direct parks the monies were originally borrowed for, but some other projects – the Bristol Foundation and the Town of Hilton Head Island Recreation Center Improvements. Both of these are capital projects and the County has no objections to this request.

Mr. Rodman wanted to know if this requires an ordinance. Mr. Starkey replied no.

Mr. Gary Kubic, County Administrator, pointed out that the Bristol Foundation contribution is significant. What we are doing is piggy-backing public and private monies. Council has made a request to our administration that whenever we have a request through administration to move CIP monies from one original source/function to another that it be vetted through the Finance Committee. It does not have to go forward to Council. Staff is here to seek Council's approval. It has been vetted through both administrations with no objections.

Mr. Rodman asked Mr. Scott Liggett, Director of Public Projects and Facilities, Town of Hilton Head Island, to speak about the two parks. Mr. Liggett stated the Bristol Sports Arena is part of the greater Crossings Park complex on the southern part of the Island. This facility consists of a couple of different amenities. One has to do with the roller hockey rink which has been in place for 15 years, and the other a newer skate park facility. They were originally constructed with financial participation by the Bristol Foundation. The Town is looking to update these facilities. Both of these are outdoor facilities, and are in need of rehabilitation. The Island Recreation Center enhancements deal with rehabilitation and expansion of the existing Island Recreation Center located on the northern part of Hilton Head Island. Given community interest, revisiting the ultimate needs of the community and what the Island Recreation provides, Town Council commissioned a feasibility study which has been completed, and also a master plan which is under way. The expectations is that the master plan be presented to Council and with their approval and direction, we would embark on a formal concept to implement that plan at their pleasure.

It was moved by Mr. Baer, seconded by Mr. Flewelling, that Committee approve the Town of Hilton Head's request to reallocate neighborhood park monies to the Bristol Sports Arena in the amount of \$134,601, and the Hilton Head Island Recreation Center in the amount of \$140,399. FOR – Mr. Baer, Mr. Caporale, Mr. Flewelling, Mr. McBride, Mr. Rodman, and Mr. Stewart. ABSENT – Mr. Sommerville. The motion passed.

Status: The Committee approved the reallocation of neighborhood park monies to the Bristol Sports Arena in the amount of \$134,601, and the Hilton Head Island Recreation Center in the amount of \$140,399.

2. Beaufort County School District Budget

Discussion: Committee Chairman Stu Rodman updated the Committee on this item. There was a meeting that was well attended this morning at 9:00, at the School District Office to begin discussion on the New River TIF and reassessment. There are two issues on the table that have surfaced.

1. New River TIF - Revisit the State statute and the agreement between the District and the County when the TIF was set up. The underline piece is that perhaps the numbers were calculated differently based on students that were being added inside of the TIF district. They

have made a calculation, which the County has yet to vet, that would say if you went back from the beginning of the TIF and were to recalculate it an alternate way there would be about \$9 million they are entitled to, out of the TIF money of \$28 million.

2. Reassessment - If we go back to the last reassessment and do the rollback in order to remain revenue neutral, there was a calculation assumed that the District would receive \$115 million, when they received \$111 million.

There is two ways of looking at that.

1. It could be a useful exercise to see if we can be more accurate the next time around.

2. There could be a request that they would like to have some kind of an adjustment to recover that \$4 million shortfall. Of the two, the TIF is the more pressing item because it potentially bangs into discussions this year for the budget approval. The reassessment one is not quite as pressing.

The School District ("District") has retained an outside audit firm. What was concluded from this morning's meeting is that in terms of understanding this because of the legal, financial, and administrative issues including the roles of the Auditor's Office and Treasurer's Office, perhaps the best way to proceed would be for the County Administrator and the District Superintendent to agree on a plan going forward so we can study this in a timely manner. There was a sense that it would be nice to get this concluded if possible by the time we finalize the tax levies at the end of August. The County Attorney, Lad Howell, did point out that there could be some legal issues that might require the court system or the Attorney General's Office to weigh in on which might preclude finishing it in that time schedule. Regarding the TIF, if their calculation was correct and it was \$9 million, the way that would work is that the \$9 million would come out of the \$28 million that is currently in the fund. The track we are currently on is that June 2013 is the first time we can recall those bonds. With that build up of money it is projected that we would recall those notes at that time and pay them off. Going forward, the District and the other entities that are contributing to the TIF would then get that amount of money in their budgets. Back of the envelope calculations which are very round numbers; currently the District's participation is about \$5 million, out of the \$7.5 million that occurs each year. Even if it were \$9 million, two-thirds of that would be money they would be getting anyway. It would be more of a timing issue. The other one-third would be the County, fire districts and the Town of Bluffton. There are other people who have a "dog in this fight". Relative to the District piece, and assuming the numbers are correct, it would be more of timing on the \$6 million then they would pick up \$3 million at the expense of other people.

We did have discussion relative to what we approve and when we approve it going forward. On June 13 we are scheduled for third reading on the District budget. There does not appear to be any disagreement on the amount of the requested expenditure. He stated his thought would be to go forward at the next reading, approve the expenditure level, and then possibly have changes as we work through the summer relative to what comes out of this analysis and where we are when we set the taxes. There was some discussion about whether or not it makes

sense to hold third reading, until the second meeting in June with the idea that maybe we would have some of these questions answered. He is doubtful that it will be worked through in that short of time. We are committed to wanting to understand this. Mr. Washington thought that perhaps we have been through this multiple years, maybe we can work towards some type of policy type of resolution so that we have a better understanding of how we avoid working through this. We agree on the expenditure budget, but disagree on the tax piece.

Mr. Fred Washington, Board of Education Chairman, spoke before the Committee. He introduced Mr. Chuck Talbert, McAbee, Talbert, Halliday & Company, who has been engaged to address the New River TIF and reassessment. Mr. Talbert said they are involved in auditing school districts and counties. They said they were engaged to look at the two issues and are not through with their work, but can provide a status report to the Committee. With regard to the New River TIF (TIF), there are two components.

1. Student enrollment (head count) within the District. He stated they have been asked to gather data from the District's historical financial statements, GIS, and their student enrollment records to try to help the District determine their financial interest, under the agreement, for those students residing within the District. He stated that aspect has been completed of which an analysis has been provided at the earlier meeting.

2. The agreement entered into between the County and the District in 2002 did anticipate the possibility of future funding mechanisms. It appears that all the while anticipating that it was set up in such a way to hold the District not at risk for any new future funding mechanisms. The part that has not been completed is the impact the enactment of Act 388 has had with regard to any potentiality of any funding issues and the possibility of loss at the District level. The second issue his Company was asked to look at deals with the calculation of the reassessment rollback millage rate.

They have dealt with Mrs. White, District Chief Operations Officer, and have looked at information there. He stated they have also sat down with Mr. David Starkey, Beaufort County Chief Financial Officer, and have gone through his spreadsheet process for having mechanically calculating a rollback millage. The process he followed is consistent with the understanding of the information being provided to county auditors throughout the state as to how to mechanically go through the process. There is another piece of that mechanics that could have been employed when the millage rate was being determined which would be application of a CPI growth factor to that. That was not deployed. He stated his judgment at this point in the process is that it seems as if there has been a lot of discussion and debate about the mechanics, calculation of the rate. What he suggests is that it's a policy decision. It is a policy decision at the highest level of governing authority. In this case it would be the County Council and the Board of Education, determining what is the purpose of reassessment. The question that has to be answered – Is the reassessment rollback process intended to be revenue neutral or as close to revenue neutral as possible or not? As a part of coming to this judgment, his company reached out others in the county and school district arena to include county administrators, county auditors, county chief financial officers, and school district chief financial officers, making inquiries of them as to their understanding of the reassessment process. Inevitably in each conversation the concept of

revenue neutrality was foundational. The best articulation of that concept was that the purpose of calculating the rollback millage rate is to find net rates that would allow for the same revenue stream as the prior year, but spread that same revenue out in such a way that the burden of property taxes would be redistributed based on the new property values of those properties that existed and were there in the prior year.

Mr. Flewelling wanted to know if there is any evidence that that is not what happened. If you think that the County calculated them without revenue neutrality in mind, is there a specific thing that could be pointed to that says that? Mr. Talbert stated inevitably in any of these calculations, it is extremely complex. There are so many variables and inputs into that process. It is not an easy process. When you are in the throes of that process, including, determining the number you are ultimately going to establish as a rate, even though you might have a certain amount in mind, his assumption is the County was trying to achieve \$113 million for that line item. That was the budgeted amount in the District's operations for FY2010. It was \$111 million.

Mr. Flewelling inquired as to whether or not that \$111 million was actual receipts. Mr. Talbert concurred.

Mr. Flewelling inquired as to the total of the tax bills that went out. Mr. Starkey replied \$120.9 million.

Mr. Talbert stated the prior year revenue was \$115 million.

Mr. Baer wanted to know if the issue is the collection ratio or the calculation of rollback. Mr. Talbert stated there are a number of variables.

Mr. Wilson stated from \$115 million to \$113 million, the same collection rate was used. That is where the discrepancies come from. Mrs. White stated the budget for 2009 was \$116 million approved by County Council. The FY2010 budget was \$114 million. That, in itself, says that it is not revenue neutral.

Mr. Talbert is suggesting that all parties adopt what they are trying to achieve. There are provisions within the law that provides for the capacity that when you do not achieve the level of revenue that is anticipated and with two-thirds vote you can go back and re-coop that deficit that was not achieved. There are districts and counties that have done that together. He thinks this is a policy decision. What is the revenue stream that is wanted to collect?

Mr. Washington stated based on the information received he suggests postponing third reading of the District budget until the last meeting in June. He also suggests staff of both entities meet to review the issues and a meeting of the Board of Education and the County be scheduled before the meeting for third and final reading, to review the TIF issues of FY2012 budget. The per pupil allocations, as demonstrated in a letter to County Council, including the Beaufort County School dollars spent on TIF as it relates to the 2002 agreement which states that no loss will be sustained, the result of which to be determined. The ultimate goal should be to resolve the

2011-2012 budget issues before July 1. Funding and expenditures need to be concluded before setting millage in August. Regarding the past years, we need to continue discussion to find resolution for the past years. He does not see the need for a special tax to resolve the deficit from the 2009 reassessment, but we need to recognize what occurred and the impact it has on FY2012. There are some basic things we can do moving forward together. We do not want to do anything adversarial. Collectively we can deal with this. His hope is that Council concurs to postponing third reading.

Mr. Rodman suggests the District to make a request to Council Chairman Weston Newton in regard to third reading. We do have public hearings scheduled as well.

Mr. Flewelling said he floated the idea at the last meeting about delaying it and it was slapped down.

Mr. Rodman said assuming we do end up at third reading this coming Monday the County will need the numbers that make up the revenues on the ordinance. The TIF is interesting. If it turned out that we are sitting on \$28 million and there was a way to spin out \$6-\$9 million to the District, perhaps we can take some of that money and have it be a "tax holiday" to stimulate our local economy. That is a subject for another day.

Mrs. Truesdale stated regarding the TIF no one is talking about taking \$9 million out of that account. She corrected something Mr. Rodman said about there being no disagreement about the District picking up \$3 million at the expense of other entities, which said is incorrect. The District is suggesting that the money that is owed to the school system, from the original agreement which is to serve 148 students is not due to the school system and would begin to kick in effect FY2012 budget. No one has asked for us to go backwards.

Mr. Washington stated his position is that we need to establish what money is owed under the agreement. The District is not saying we want to recapture all of that, but he thinks it to be important to establish what the number is. From what the number is, Council will find out the District is not hard to work with as long as we come to an agreement moving forward. We can establish what the amount owed is.

Mr. Rodman said the District is not looking at taking this year and going back, but are only looking at next year forward of \$1.6 million. Could the District draw on the \$1.6 million as a source of revenue for this coming year? Mr. Washington stated that is why he suggests sitting down and working out an arrangement. Let's be reasonable moving forward.

Mr. Wilson said the Board is looking to be reasonable people, if they get reasonable results with other people. There is still that other aspect of this where to break even on Act 388 could also provide more revenue for the District. That is part of the calculation that hurt us insofar as losing money. He believes it to be \$2 million to \$3 million. He asked for clarification if that is correct.

Mr. Starkey stated school operations were roughly \$3.5 million. This year we are projecting \$7.6 million to \$7.7 million, so the District will be roughly half of that. The lion share will be for operations, not debt.

Mr. Washington said the Board would like a joint meeting with Council. Mr. Rodman asked that he put that in the letter addressed to the Council Chairman.

Mr. Rodman said there was some discussion from Senator Tom Davis who says they have gotten an additional \$2 million in the budget for Beaufort County schools. Mrs. Truesdale stated what Senator Davis has done to his credit and the District's delight is lobby very hard in Columbia on behalf that the State of South Carolina provides no per pupil expenditure to Beaufort County. He was successful in sponsoring a proviso – meaning it would have to sustain through the readings of the Conference Committee, from the House and the Senate. Beaufort County or any other county like us would receive 70% of the lowest amount to the EFA which was \$900,000, meaning we would receive \$630,000 from that. He also was successful with other members of the Senate in looking at a very large chunk of money to be used to set aside. The IDEA (federal law governing special education) has not held the maintenance of effort required as a state. We are short in terms of federal match for special needs. A big pot of money, over \$50 million, would be allocated and aid the school districts for special needs children. The District subsidizes special needs children at a very high number. What we would be able to do if we re-coop dollars from that is pick up about \$1.3 million for those funds that would be specified for special needs children. It is not final yet.

Mr. Flewelling wanted to know if our local match would apply to the federal match requirement. Mrs. Truesdale replied sort of. The state has to show a certain amount of money from the General Assembly to match the federal dollars for special needs. We as a state have not kept up with that number. The state must make a remedy to put money in those funds to aid the school districts. Even if we are to re-coop the full \$2 million, our cuts from the state in our non EFA areas is over \$2 million going into next year. It is a wash. She stated one of the schools had been designated previously as a Palmetto Priority School, Whale Branch Elementary, and had been doing quite well and have now been declared no longer a Palmetto Priority School. That is a great thing, but also means the District lost \$400,000. Mr. Washington added that is the price of progress.

Mr. Rodman stated what we have on the table through second reading is a flat millage rate on the operating side. He wanted to know whether or not the District has decided yet to make a case on the tax increase at third reading. Mr. Washington stated his suggestion is delaying third reading until there is the opportunity for staff to meet and develop a plan going forward. Hopefully in the process of having this discussion we can find a way that the increase is not needed. We have the type of information in terms of the TIF that if we find some resolution there, it is going to help us significantly.

Mr. Stewart stated the District has, if the correction for the TIF were made, about \$9 million owed to the District, of which this coming fiscal year there is \$1.6 million. That amount is in the budget and on the ordinance. Mr. Washington stated what is on the ordinance is \$1.091 million.

Mr. Stewart asked if the District wanted to adjust that to \$1.6 million. Mr. Washington replied possibly and asked that it and the impact on the other parts of the budget be talked about.

Mr. Stewart said the District would like the \$1.1 million and would like to go forward collecting from the TIF the monies that would be due in future years, but are not looking to re-coop or have payback on the monies from prior years. Mr. Washington said we need to talk and come to an understanding. If we could move forwards with the right thing, the District could forget about the past.

Mr. Stewart stated that is a significant difference in the understanding from this morning's meeting. Mr. Washington stated the two groups can sit down and work something out.

Mr. Stewart stated because there is \$1.1 million in the first two readings and perhaps an adjustment up to \$1.6 million for the TIF, his concern would be that if we pass that prior to coming to a resolution then we are in essence admitting/saying that we agree to the numbers without having gone through the legal process to get the opinion of our auditors and legal council. If we pass it in there are saying that we agree and if was late decided it wasn't owed, would we be obligated.

Mr. Washington stated he needs some assurance that either we are going to make an attempt to postpone the third reading until last Council meeting for July and the District gets an opportunity to work through some of the difficulties or at least recommending the District have an opportunity to do so. Mr. Rodman stated that is something that needs to be asked of the Chairman of County Council. Mr. Washington replied that the Chairman looks to the Finance Committee for recommendation. He asked for the position of the Committee.

Mr. Rodman wanted to know if anyone on the Committee has any concern delaying third reading of the District's budget for two weeks.

It was moved by Mr. Caporale, seconded by Mr. Baer, that the Committee recommends delay of third reading of the School District's budget until June 27.

Mr. Flewelling stated we discussed the possibility of delaying this at the last Council meeting and it was turned down. Now this is new information and he hopes the rest of Council would go along with this recommendation. He stated he will not vote for it, and believes it to be a good idea to move forward. He believes it should be a decision for full Council. If we want to delay it at full Council then he will vote to delay it then.

Mr. Rodman wanted to know if this is at the discretion of the Chairman or something the Committee needs to vote on. Mr. McBride said since the Chairman sets the agenda, it is at his discretion. The District's budget is two weeks ahead of the County budget. Delaying it will not make a bid different either way.

Mr. Baer added he would like to show the intent of the Committee. Mr. Stewart stated before he voted to move this ahead, but will now vote not to because he does not want to vote for the additional \$1.6 million or \$1.1 million and set a precedent that legal Council may say it is not owed. It needs to be resolved.

The vote was: FOR – Mr. Baer, Mr. Caporale, Mr. McBride, Mr. Rodman, and Mr. Stewart. OPPOSED – Mr. Flewelling. ABSENT – Mr. Sommerville. The motion passed.

Status: Committee recommends delay of third reading of the School District's budget until June 27.

3. County FY 2011 / 2012 Budget Proposal

Discussion: Mr. Rodman, as Committee Chairman, gave an overview of this item to the Committee. Deputy County Administrator, Bryan Hill has put together a two page document that says if you took last year versus this year's proposed budget the big changes and drivers involved. It gives Council the opportunity to do two things.

1. To recommend a particular line item for a budget.
2. To debate the budget, but at the end of the day there is a budget put forth by administration that is either voted up or down.

There are two votes in total on specific items. Also, Mr. Baer put together a list of questions. He also agreed that if there are any other questions he would be the keeper of them. They seem to fall in two categories. There may be some that it is not necessary for the whole group to talk about, but others which would include open or answered that would be of interest can be talked about as a group.

Mr. Kubic reported on FY2011 finished budget. He stated the intent passed on from the Committee to himself for the finish of FY2011, which is four weeks away, is to not find ourselves in a deficit position or finishing in the red, but to try to finish in the black. The issue is how we are accomplishing that. Primarily the most controversial part of that is the five-day staggered furlough. The process employed was administration notified all County workers that included those under Council's organizational chart, other general fund elected officials, and state officials. That was done so that we can assist the other elected officials and state officials in complying with the state law that required a five day notice. It was wrapped up into a single memo that Council received. He stated on June 10, administration will be able to calibrate the level of participation, particularly on Memorial Day. He reports that his administration was checking to see if the five day staggered furlough could be shortened, but unfortunately it appears today that we will remain with a full five day furlough for all employees under his administration. In the finish of 2011, administration has restricted the rate of expenditure in all categories throughout the County. Administration will follow whatever the final outcome is on Council's choice to fund categories and functions of the general fund. He stated the rules as administration sees it going into this year is no use of general fund reserve, no millage increase

in operations, and no millage increase in debt which requires the operations to absorb Rural and Critical Lands and other debt obligations of \$700,000 to \$1 million. He stated a year ago, he stood at this podium looking at a budget appropriation level of \$104 million. The finish for this year we hope to be adjusted downward to \$98 million. That affectively is a change during the course of this 12 month period of about \$6 million. Going forward in FY2012, we expect that the \$98 million finish will be about \$96 million, of which these changes and cuts show \$95 million in operation side because about \$1 million of what we do will now go from operations to debt. We are figuring about another \$2-\$3 million in loss of receipt collections. After we get into next year, we have a short 24 month window to anticipate that the reassessment will in fact validate what everyone accepts in that property values are lower and will remain lower, if not decrease in that 12 month to 36 month window. Reassessment will confirm that. Hypothetically, if a value of a mill in our County drops by 100,000 that will mean that 36 months from now we will be at a budget level of about \$92 million for general services assuming no tax increase. IF it drops \$200,000 a mill it will bring the general fund operation down to approximately \$88 million. He stated he views this as an opportunity. What you are seeing in terms of what we have done is the easier part because we are at the beginning of a 36-month period. He stated he called Building Inspections Department the other day and told them we are going to re-evaluate what we do there. The intent is to lower building inspection fees. He stated it is his belief that you do not take more disposable income from people who want to create growth. You want to be able to lower that opportunity. There are some things that were not done in a vacuum. Administration took a look at Beaufort Memorial Hospital, studied their profit and loss statements, and analyzed our capabilities in terms of whether or not they will continue to make a profit but for our contributions over the years. Our conclusion reflects a cut of \$643,000. It was a very difficult cut for the University of South Carolina Beaufort and the Technical College of the Lowcountry, who were cute \$360,000 each. We are substituting more impact fees in library areas. Essentially, we are down to what is going to be a \$95 million operation.

Mr. Flewelling inquired as to whether or not the other elected officials participated at the same level as administration. Mr. Kubic stated it is hard to tell. On June 10 when the actual timesheets are received, he will know the level of participation.

Mr. Baer wanted to know if the information reviewed is covered in his June 2 memorandum. Mr. Kubic replied, "Yes, it is a memorandum from Bryan Hill to him."

Mr. Kubic stated in a time of restraint, he asked staff to look at preserving public safety arenas if at all possible. The key to getting where we are is the 90 vacancies that haven't been filled over the last 2.5 years.

Mr. McBride wanted to know if Council could see a list of the positions eliminated in the last year or so. Mr. Kubic replied that the information could be provided.

Mr. Baer had a question relative to the second paragraph of the memo in regard to economic development. He said the line item says economic development is minus \$125,000 and wanted to know if that is in reference to the \$270,000 or the \$150,000. Mr. Hill replied the \$150,000 is in place, and the \$125,000 was taken out. It was a cut of \$125,000.

Mr. Baer stated it is \$270,000 minus \$125,000. Mr. Hill stated he took \$275,000 minus the \$125,000 to come up with the \$150,000.

Mr. Baer wanted to know why the \$270,000 was \$275,000. Mr. Hill replied there was a write-off. Mr. Kubic said instead of taking what we had last year and subtracting \$125,000 from it, he instructed staff to put in a place holder which is where the \$150,000 comes to play. The difference of how much we spent last year for economic development, he said it would be a combination of the \$270,000 which is the recognized amount sent to the Lowcountry Economic Network (LEN), and other areas within the general fund budget where local match was done. His estimate would be between \$270,000 and \$350,000 for economic development in total.

Mr. Baer stated we spent \$293,672 in FY2011.

Mr. Rodman stated of the agency allocations listed on the memorandum, are they in agreement or disagreement with the amounts. Mr. Kubic said in no way what he is about to describe is in any way judgmental about the operations of any of these agencies. He is only making an educated determination. What staff did on Beaufort Memorial, which he suggests be done on any contributions given to an agency, is that after a year post the contribution, the County have an opportunity to look at the profit and loss statements of the organization. In this case the Hospital was good enough to send forward its information. We took a look at it and sent it to an independent review, so that it would be beyond our administrative folks, to ask if they made a profit last year. They did. The next question is would they have made a profit but for our contribution. They would have. We decided to remove the \$643,000, because if they were able to make a profit in the last couple of years with our funds, we believe that over the last couple years they would have been able to do so without the contribution from the County. The strategy used for the two educational institutions was that we typically gave \$2.4 million each, and arbitrarily cut it by the \$358,150 to give them about \$2 million each. Obviously, both institutions are suffering from the same problem -- lack of state support and other types of cuts from outside sources. We thought that was a fair way to do it. We got to \$2.4 million by having growth. We kept the millage the same historically, but never took any of it away.

Mr. Hill said we did ask for the financial statements for every entity. It was not just Beaufort Memorial or the educational institutions. The Solicitor was not happy about losing \$54,000; however, he understands the plight we are in. Also in regard to Beaufort-Jasper-Hampton Comprehensive Health, he spoke with Mr. Roland Gardner, Executive Director, personally, who was okay with the cut and understand the dilemma. He, however, wants to know when he will get the funding back. In regard to the Lowcountry Regional Transportation Authority, was at \$247,000, and staff requested \$240,000, but in looking at the studies and partnerships being done we had to make it a little easier so they are only getting cut \$7,000.

Mr. Stewart stated the Solicitor is the only elected official up there, why? Mr. Hill replied it is outside contributions.

Mr. Hill reviewed the third paragraph of the memo where he explained administration was cut approximately \$2 million. Of that, Professional Services equated to \$602,000. Staff got that number because we had a \$240,000 place holder for the EMS Study which came out, \$295,000 for the SHEP Program and \$67,000 for temporary employees for the Treasurer's Office. In regard to the SHEP Program, we will stop services on SC Highway 170 effective June 30 and will continue service on US Highway 278 until after Labor Day. Then we will have time to re-evaluate the entire program. The trucks are the County's, but the personnel were not. The program was about \$360,000 a year.

Mr. Caporale inquired what they do. Mr. Hill said they did emergency assistance.

Mr. Kubic stated historically the Program came online primarily due to the overcrowding conditions on US 278 prior to the widening and prior to the connectors being completed. SHEP was designed to get distressed motorists off the road as quickly as possible or back on the road as quickly as possible. Over the years we wrote a check. We ended up owning the two trucks. The five employees in question are state employees. Mr. Hill did an analysis that showed on a per case basis which we thought the amount of money dedicated to the Program, per stop, was too high. It can resurrect itself in better times.

Mr. Hill continued in giving an overview of administration reductions. He spoke in regard to Books and Subscriptions being reduced \$400,000, of which \$159,000 is from the library. We are going to use impact fees like they should be used for library periodicals.

Mr. Baer stated the library issues are very complex and recommends we schedule a separate Finance Committee meeting to go into the details of the libraries.

Mr. Hill continued saying Repairs to Equipment has been reduced by \$210,000, due to programmed use of new copier program. We are using our technology to remove the old antiquated equipment and getting on a better platform. Telephone was reduced \$150,000 due to the installation of VOIP last year. We have a five year agreement where we do not pay for long distance costs or maintenance costs. Postage was reduced \$125,000 predominantly out of the Treasurer's Office. They were sending out mailings of all tax bills, even if one did it on the internet. We are looking to streamline that. Travel was cut by \$120,000. Office space was reduced by \$107,000. In a memo dated January 24 and another thereafter, Mr. Kubic stated we only have 6 months in our budget for the rent of Myrtle Park. That means we will start the process of moving folks from Bluffton to either here, Hilton Head, or someplace else. He stated there were miscellaneous expenses of \$186,000 that were cut.

Mr. Stewart wanted to know if we are closing Myrtle Park totally. Mr. Kubic stated we were negotiating for a purchase of Myrtle Park, but felt that because of all of the consequences since the money would have to be in a bond sale in the approximate price of \$3 million plus, we would fund for six months and aggressively pursue alternate sites at a cheaper value. He stated he has had some discussions with Mr. Washington and Mrs. Truesdale relative to looking at their future plans for facility usage. There may be some possibilities there. There is a lot of pressure on facilities people, because they are now working with a six months deadline. The owners of

Oaks Construction had been informed on four to five occasions since this has happened. They were asked to take a look at both the current lease and come back with options to lower the square footage amount, innovative lease to purchase, or something we may not have thought of that is possible with their consortium. We are expecting to see what they see. Now they know that they may be facing a vacated large facility.

Mr. Baer made the following presentation (submitted June 7, 2011) to the Committee:

I have spent quite a bit of time analyzing the budget data we were given for the May 16, 2011 Finance Committee meeting. There is a lot of insight one can glean from the data it contains, but our analysis and decision making is much more difficult than it should be for two reasons: 1 - We don't receive the information early enough before meetings to properly study it; 2 - We don't get it in electronic spreadsheet form either including analysis reports, or linkable to ones we develop on our own.

We are dealing with roughly \$100 million per year of taxpayer funds, and our constituents expect us to manage that efficiently, and to achieve maximum benefit per cost. With the proper tools we can use existing data to both do a better job doing that during budget development time, as well as tracking during the year to provide early warning of deviations, such as seen in the recent slowdown in the receipt of payments.

Budget Observations (June 6, 2011 from May 16, 2011 Data)

- **CC Oversight & Analysis much harder than it should be**
 - Data should be available in electronic form, a week ahead of time
 - Good analysis can be easily derived from existing reports
- **See 5 Year Expense Budget Trend - Figure 1**
- **Libraries and PALs on a severe downward trend in an already downward budget - Figure 2**
- **By contrast, some budget lines growing - Figure 3**
- **Need to analyze other lines**
- **Question List Items need better answers**

Electronic delivery of existing 3 page budget report (including YTD) would support much better:

- ***Analysis during budget development***
- ***Monthly tracking & early warning during year***

Figure 0 – Overview

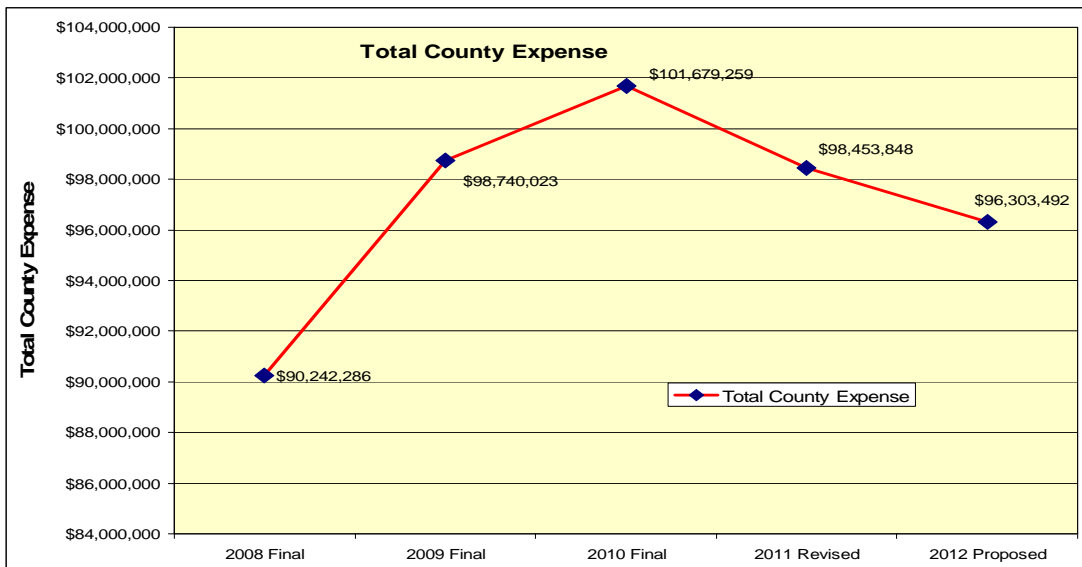


Figure 1 - Total County Expenses 2008 – 2012

Figure 1, for example shows our spending trend over the past 5 years. This is all data in the 3 page printed report, but the simple graph shows the trends much more clearly. Note that we have been talking about the need to reduce future spending even further to \$92 million to \$95 million given the expected revenue downturn predicted with the upcoming re-evaluation. We can see from Figure 1, however, that as recently as 2008 we were running the County on only about \$90 million.

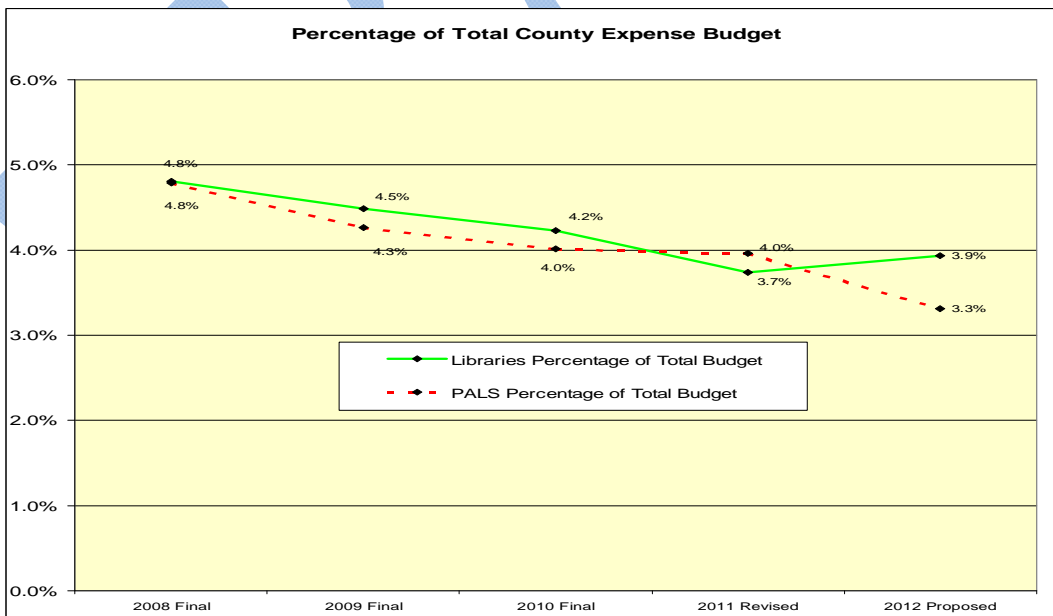


Figure 2 - Libraries and PALS Percentage of Total County Budget 2008 - 2012

Within the total budget of Figure 1, we can focus on what has happened to individual activities over time.

Figure 2 shows the share of the total budget received by the libraries and PALS during this period. In constructing the metric this way, a horizontal line would show that an activity received equal emphasis (vs. others) even if the overall budget or their funding dropped in absolute dollars. That would mean they all would be sharing the pain of cuts equally.

A line with a positive slope would mean that the activity received greater emphasis.

As can be seen from Figure 2, the negative slope indicates reduced emphasis on PALS and libraries. In effect they are contributing in a disproportionately large way (vs. other depts.) to balancing the budget. They are on a severe downward trend in an already downward budget.

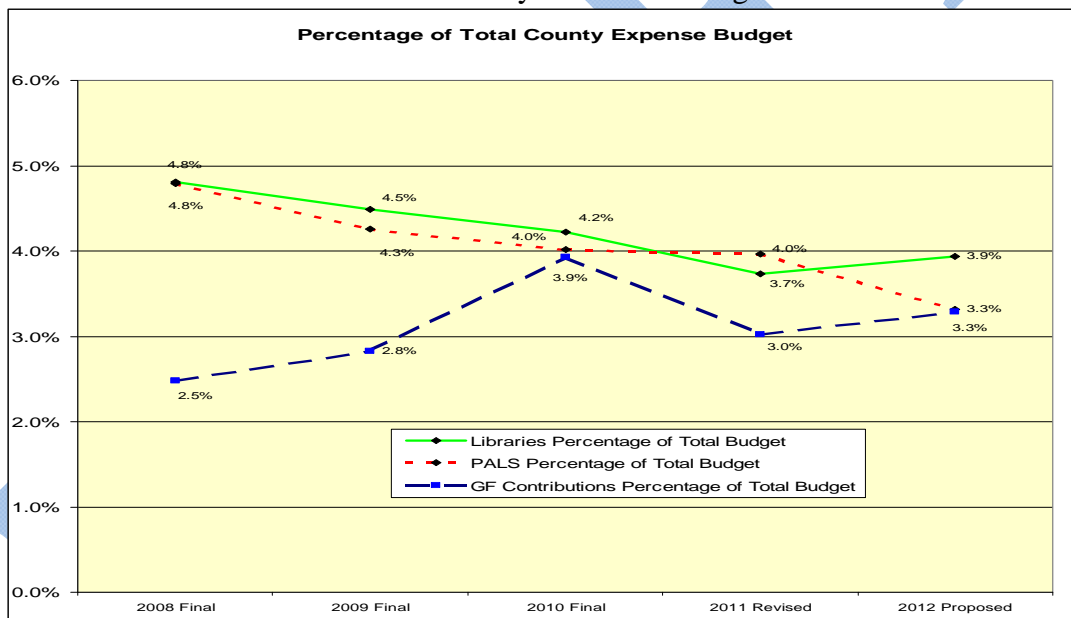


Figure 3 - Contributions, Libraries and PALS Percentage of Total County Budget 2008 - 2012

Figure 3 adds the general Fund Contributions line to that of Figure 2. As can be seen, this is taking a growing share of our County budget. The Contributions bump in 2010 is especially interesting and is the subject of specific questions on the question list I circulated prior to this meeting. Hopefully we can deal with that today.

Of that 2010 Contributions bump, about \$350,000 went to extra funds for economic development (beyond the \$270,000 normal contribution for the LEN), which I have heard was for a water line to some (Commerce Park?) building. We need to understand who/what received that benefit, what we got for it in return, and if/how we will recover our funds.

Also in that 2010 Contributions bump was \$250,000 for our two airports (\$150k HH; \$100k LI). The wisdom and fairness of using scarce General Fund dollars to subsidize our two airports, and extend them interest free loans thereby hurting our reserves, while they continue to avoid the use of fair fees such as landing fees for private aviation, needs to be settled this year. It is on the question list.

In summary, you can see how we can do a much better job at policy setting and oversight using some simple analysis techniques with our budget data. The 3 page budget summary contains a tremendous amount of data, but sometimes we can't see the big picture without additional analysis tools coupled to it. You also can see how this illuminates areas for more focused probing.

We need to continue this with the other budget lines as well, since I suspect there are some that likely have grown and may need explanation.

I am sensitive to not putting any more burden on our staff. Fortunately, in doing the analysis in this report I found that the existing finance products can be used to provide the source data needed for better analysis. If only we could receive those reports (3 page budget summary) once a month, in electronic spreadsheet form, then we could easily add analysis and reporting tools on that existing base. Once they became stable, a few of the charts could then be included in the monthly SOP package. It turns out that this will also cover the recommendation in Question 11 and give County Council a much better handle on what is really happening.

If implemented, this would cover the topics in Questions 1, 2 and 11. We should now proceed on to the rest of the question list.

Mr. Kubic stated Council has the awful responsibility of figuring out where the money is going to end up and how it is going to be spent. That is trying enough. He reminded Council that his experience in managing has always been not on the expenditure side. His experience is where is the revenue coming from and is it sustainable on a long term basis. It is not how you spend it, even though that is important. It is what you expect to see in terms of revenue projections next year, 3 years, and five years out. The next question is, what is your major expenditure item? It is payroll. Nowhere in any of our plans are we talking about when is a time for a cost of living adjustment (COLA), what is a reasonable number in terms of vacancy replacement, where should they be filled, what is lacking. We should begin to say, what are our major items? Is it unreasonable to believe that in the next 2 to 5 years that we are not going to entertain a COLA.

The District is probably figuring that they have to grapple with that decision somewhere along the lines, and so do we. We need to start analyzing more in terms of revenue. He stated he sent out that population by age chart, which if you noticed he sent to Council and all email addressed he could gather because if you plot the 24 year olds and the 60 year olds, you see a big value and several conclusions that can be drawn. The age difference of 40 years, those are entrepreneurs. Those are supposed to be your sustainable workforce. Those are supposed to be the people buying houses. In our County you have a huge gap. That is fine if you make the assumption that our revenue production is always going to be ad valorem taxes and on that 60 year old age factor. If that is the assumption we make or the strategy we want to adopt then that is what we accept and we know the consequences of that. He stated as he looks at all of these things, he thinks they are all important things to do but he does not want to lose sight that we have a housing problem. We have too much supply and we need to figure out how we are going to create demand. He said he sent Council an article today, out of the *Wall Street Journal* talking about the fact that property values nationally are at the level of 2002. If property values have dropped to 2002 values, when he speaks of the reassessment then that will be a validation of that particular problem. The consequence is that if you want to be at the same level you are today, and it drops by \$100,000, you will have to raise the mills in order to generate that same amount. We have to get us to be thinking about another way to generate revenue. If it is housing, we need to figure out how to make that demand grow. If we do not have enough employees this year, next year he will be getting rid of more employees. That is the major area. We will keep cutting, cutting, and cutting. He stated he wants to see growth generate more income. He stated his real concern is what we do 24 months after we agree on FY2012 budget.

Mr. Baer stated as soon as we finish this three to four week budget exercise and managing our resources, he would like to do a "what if" analysis.

Mr. Baer reviewed some outstanding questions. The spreadsheet copy is coming presumably. The yearly percentage changes by department; do we have any more on that? Mr. Hill stated he provided that data. Mr. Baer said it needs aggregation. Mr. Hill stated he will add a cell for that.

Mr. Baer stated questions relative to furloughs have been answered. The data we are getting includes initial wave of the furloughs. Mr. Hill stated the data Council is getting does not include the first furlough, simply because this data is through June 1. The furlough is on the next pay period. You will begin seeing a reduction in our budget the next time Council receives that sheet.

Mr. Baer stated in the May 23 handout there were two amounts in parenthesis. Mr. Hill said he responded to that question over the weekend. That is the change in budget from year one to year two, starting in 2008.

Mr. Baer stated on the May 23 handout there were two transfers – \$335,859 transfer to real property and \$400,000 transfer to purchase property. That is in FY2012. Mr. Hill said yes it is in FY2012. As Mr. Kubic explained, you have no tax increase, no millage increase on the operations side, no millage increase on the debt side, and no use of general fund. In FY2012, to

incorporate the change in the Rural and Critical Lands Program and the debt purchased from odd years out, it was approximately 1.2 mills we had to come up with.

Mr. Baer said this is a total of \$735,000. Mr. Hill stated that is the estimate as of right now, but it could be as high as \$1 million, depending on the bond market.

Mr. Baer stated that is going to be used to pay the debt service – Rural and Critical Lands Program. Mr. Hill stated it also includes the debt service we borrowed many years ago for CIP. The way it is broken out is \$433,000 for CIP and \$370,000 for Rural and Critical Lands.

Mr. Baer stated we had a simple table showing our debt, the Rural and Critical Lands debt, and the millage required per year. He said it would be handy to have that, including showing these transfers being used. Mr. Hill stated that chart was shown at the last Finance Committee meeting. He said it was page two of the presentation. He stated he will forward to Council again.

Mr. Stewart said the fact that we are taking money out of operations to cover expenses and increases in the capital, he stated he has a hard time agreeing with that concept. He does not think we should be depriving the operations side in order to handle commitments we made that are really commitments the public made in Rural and Critical Lands in a referendum vote or because of the way the payments flow through the other requests that we have. He would like us to reconsider that aspect and discuss it further. Mr. Rodman wanted to know if the Rural and Critical Lands piece lends itself to a perhaps a loan out of the general fund. We are going to be collecting money for Rural and Critical Lands in the future and it could be paid back. Mr. Hill stated since we are not using it from the general fund it is not a loan, but a part of our operations.

Mr. Rodman wanted to know if it is coming out of our operating millage. Mr. Hill replied yes. Mr. Rodman said it seems to him that it could be separated and treated as a loan to service the Rural and Critical Lands debt and see that it gets paid back out of future collection and means they will have \$400,000 less to spend on new property. Mr. Hill stated they can work that out. He will do some research on it.

Mr. Baer asked if this is for the drawdown of the last \$10 million. Mr. Hill stated we have not debated that yet. Mr. Baer said this amount does not cover that. It is just the original \$40 million? Mr. Hill said it is actually \$80 million for Rural and Critical Lands.

Mr. Baer asked if we know what is in FY2012 that is increasing that we are taking out of operations to pay. Mr. Hill said there is nothing in FY2012 CIP that is increasing. He stated we are going to have to put this to paper so Council can understand the County Administrator's thought process. We did have Myrtle Park in our CIP FY2012 that we were going to borrow in FY2013 so that it would not impact FY2012, but that has been taken off of the table. We have the St. Helena Library, which is a 40 year loan, but since we had the \$5 million left over we did a swap internally so that won't impact our debt in FY2012, FY2013, or FY2014. It is a revenue or millage neutral type thing. We have the courthouse reskinning which if we borrow now and payoff is FY2013, our debt is millage neutral. There is a Coroner's Facility that we have to

continue to think about. We approximate it at about \$650,000 to \$700,000 to renovate the old DSN Building. When the new DSN Building is complete we will shift those folks to the new building and upgrade the old DSN Building for the Coroner. We haven't borrowed any money yet.

Mr. Baer wants a table by year. Mr. Hill said it has been provided and will provide it again.

Mr. Rodman stated on both the transfer and the CIP if might be appropriate to do more analysis. Mr. Hill said at times staff provides data and tries to provide as much as Council wants. When you delve into the detail it is easy to miss things staff provided. Administration will continue to provide information.

Mr. Rodman stated in regard to the CIP, do we keep a capital balance? Mr. Hill replied yes. Mr. Rodman said to some extent if we are transferring it, it is in lieu of drawing down on a balance. We can always transfer from operations to capital, but cannot go the other way. It may be one of those where you could run a smaller balance in the capital fund reserve. Mr. Hill said that has been looked at and this is what we feel comfortable with.

Mr. Rodman suggested keeping the transfer and the CIP on the list of things to talk about.

Mr. Hill asked Ashley Moore, Administrative Assistant to the Clerk to Council, to forward the presentation before the Finance Committee two weeks ago.

Mr. Stewart stated a concern he has is that if we do that this year, next year we are looking at another cut back, are we going to say the same thing in respect to CIP next year. If we keep the two separate at least we will not be digging ourselves in a deeper whole. Mr. Hill stated everything he and Mr. Starkey are trying to do is measured so we have a fall back for the following year. We are getting to the point where we cannot fall back any further. Everything we do is measured.

Mr. Baer stated there is a question relative to the two economic development lines. In FY2010, \$623,163.25 was spent for economic development. What did that include above the \$270,000? Was it a water pipe? Mr. Hill replied yes. Mr. Baer wanted to know where and for whom? Mr. Hill said it was for the whole park. It was the Graves property, but it functioned throughout the whole park. It was a global type thing. The Graves property in particular was suppose to repay that debt. Since they did not move in, somebody had to pay off that debt. That would be Beaufort County.

Mr. Stewart said what happened was the total agreement/deal worked out with the Graves in order for them to buy the property and invest the capital in the new facilities/buildings, the County negotiated with them that they would, as part of their contribution, would extend the water line over for them into their property. When they reneged on the deal they did not build the building and did not live up to their side of it. Can we re-coop those dollars from them, since they did not live up to their full obligations under their part of the agreement? They ended up

going to Jasper County because there was a building they could move into their without building and it was much cheaper.

Mr. Baer inquired as to the company's name. Mr. Stewart replied Grayco.

Mr. Baer asked if this was the same person who is on the economic commission to look at new economic development plans. Mr. Stewart replied yes.

Mr. Hill stated Lad Howell has this information.

Mr. Baer stated the other line item for economic development is in the amount of \$293,672 in FY2011. Mr. Hill stated that is for the cleanup of the same problem for FY2010.

Mr. Baer stated the airports still owe us \$1.66 million to our general fund. They have also taken \$262,500 in contributions from our general fund. Mr. Hill stated he believes he explained that in the email sent prior to the weekend. The airport does owe us "x" amount of dollars, but that does not impact the fund balance. It impacts some cash flow. The money is there.

Mr. Baer stated it affects our cash balance under the new GASB rules and the \$262,500 came directly from our operations fund. We need to work with them to get proper fees there so they can repay the taxpayers the money. Mr. Hill stated at the next Public Facilities meeting there may be a topic of raising hangar fees.

Mr. Baer stated the St. Helena Library will cover under libraries. There is a bidders meeting this week. The size of the library is in the bidding documents. Mr. Hill said the size of the library is 23,500. We made that presentation, which he will provide to Council again.

Mr. Baer stated the standard operating reports we have covered.

Mr. Baer also stated outstanding is Mr. Flewelling's concerns about cars. Mr. Hill stated he spoke with Mr. Flewelling in regard to that matter. Mr. Flewelling stated it seems there are no purchases of vehicles in the budget for this year, except for EMS and the Sheriff's department. Mr. Hill added we have a replacement schedule for EMS and are behind in our replacement schedule. We now must formulate a plan to continue on with a replacement schedule. That is key and foremost. There is an ambulance in FY2012, and they should be in receipt of two other ambulances before the end of this fiscal year. Our goal next fiscal year, despite what happens with the economy, is that we will have to have two more ambulances for FY2013.

Mr. Baer wanted to know if they are expensive. Mr. Hill replied yes.

Mr. Caporale wanted to know how many County vehicles are being used for personal use. Are there vehicles folks are allowed to use for personal use? Mr. Hill replied no. Our vehicles do run up and down the road on weekends because we do have convenience centers open. We get pictures a lot. Just from the look of the picture he stated he can tell 99% of the time what the vehicle is and what they are doing. That off 1% is when we have to investigate and get

into the detail. He stated we have not had a case that could validate where one is being used for personal use. What has happened is taxpayers will see a minivan which is transporting patients or clients to another facility which they view to be county use.

Mr. Caporale wanted to know if County employees are allowed to use gasoline at county expense. Mr. Hill replied no.

Mr. Baer wanted to know if there has been any other gas crisis. Mr. Hill replied he handled one last week that is in litigation. The individual has been suspended. We have installed cameras at the pumps. It is almost impossible. In this case the subject did x” and within 12 hours Y was suspended.

Mr. Baer stated people see County cars at malls, shopping centers, lunch, etc. and inquired whether or not that is allowed. Mr. Hill stated they have to eat lunch.

Mr. Rodman asked Mr. Baer to continue the question portion. If this discussion has raised some new questions, he asked that they be channeled to Mr. Baer. Also, he stated if any Council members have an item they want to disagree with, he suggests they drop him an email letting him know the item. In regard to the outside agencies he stated he is torn between whether or not to give them the opportunity to lobby us or leave it as is and come back if you disagree. Mr. Flewelling stated it is late in the game for us to be inviting them to come and justify. If they are going to talk before Council, they need to do so quickly. Mr. Flewelling wanted to know when they received these numbers. Mr. Hill replied about two weeks ago. He stated in the first week of January, administration submitted a document to these individuals asking them for certain criteria. With that criteria, administration looked at every operation and aspect of what they submitted and this is what is being proposed from the committee.

Mr. Flewelling wanted to know if it was an administrative committee. Mr. Hill said it consisted of 5 to 6 people, in which Fred Lyda was also included.

Mr. Rodman said he got a call from one of the agencies that said they are comfortable with the amount but if everyone else is going to lobby, they want too. Mr. Hill said he has heard that from about six different groups.

Mr. Rodman stated our biggest need for a reserve is getting hit by a hurricane. It really says that we need to do a tax anticipation note. If we got hit with a hurricane and had not cash fund balance we would be hurting. He asked staff to look at that.

Mr. Hill stated typically he does not like sending out spreadsheets that can be altered. He stated he has sent Mr. Baer the spreadsheet done on a monthly basis. It is not in PDF format so he should be able to alter it in any way he sees fit. There are graphs, etc. attached to it. He said he and Mr. Starkey spend an enormous amount of time looking at dips, valleys and curves. He stated they would be more than happy to have anyone come into their offices and watch.

Status: No action required.

FINANCE COMMITTEE

June 20, 2011

The electronic and print media were duly notified in accordance with the State Freedom of Information Act.

The Finance Committee met on Monday, June 20, 2011 at 2:30 p.m., in the Executive Conference Room of the Administration Building, Beaufort, South Carolina.

ATTENDANCE

Finance Committee Members: Chairman Stu Rodman, and members Steven Baer, Brian Flewelling, William McBride, Paul Sommerville and Jerry Stewart were present. Committee Vice Chairman Rick Caporale absent.

County staff: Bryan Hill, Deputy County Administrator; Gary Kubic, County Administrator; David Starkey, Chief Financial Officer.

Media: Joe Croley, Hilton Head Association of Realtors; Richard Brooks, *Bluffton Today* and Kyle Petterson, *Beaufort Gazette / Island Packet*.

Public: Bernie Cole, President of Beaufort County Friends of the Library; Steve Danyluk, The Independence Fund / The 2011 Lt. Dan Weekend; ; Mary Ellen Ham, President of Bluffton Friends of the Library; Larry Holman, Beaufort County Black Chamber of Commerce; Lynn Miller, President of Hilton Head Friends of the Library.

Stu Rodman chaired the meeting.

ACTION ITEMS

1. Discussion – Funding Request The Independence Fund / The 2011 Lt. Dan Weekend

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Motion: It was moved by Mr. Flewelling, seconded by Mr. Baer, that the Finance Committee approve and recommend Council approves \$10,000 from hospitality tax monies for The Independence Fund / The 2011 Lt. Dan Weekend. The vote was: FOR – Mr. Baer, Mr. Flewelling, Mr. McBride, Mr. Rodman and Mr. Stewart. ABSENT – Mr. Caporale and Mr. Sommerville. The motion passed.

Recommendation: Council approves \$10,000 from hospitality tax monies for The Independence Fund / The 2011 Lt. Dan Weekend.

1. Off Agenda – Parks and Leisure Services (PALS) Gymnasium User Fee

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Motion: It was moved by Mr. Baer, seconded by Mr. Flewelling, that the Finance Committee approve and recommend Council approves a \$5.00 daily fee for non-county resident use of Parks and Leisure Services (PALS) gymnasium facilities. The vote was: FOR – Mr. Baer, Mr. Flewelling, Mr. McBride, Mr. Rodman, Mr. Sommerville and Mr. Stewart. ABSENT – Mr. Caporale. The motion passed.

Recommendation: Council approves a \$5.00 daily fee for non-county resident use of Parks and Leisure Services (PALS) gymnasium facilities.

INFORMATION ITEM

2. Discussion – County FY 2011/2012 Budget Proposal: Library System; Tax (Hurricane) Anticipation Note; and Transfers from Operations Budget to Debt Service

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Status: No action was required. Informational only.

PUBLIC FACILITIES COMMITTEE

June 20, 2011

The electronic and print media were duly notified in accordance with the State Freedom of Information Act.

The Public Facilities Committee met on Monday, June 20, 2011 at 4:00 p.m., in the Executive Conference Room of the Administration Building, Beaufort, South Carolina.

ATTENDANCE

Public Facilities Committee Members: Chairman Herbert Glaze, Vice Chairman Steven Baer and members Brian Flewelling, William McBride, and Jerry Stewart were present. Committee Member Gerald Dawson was absent. Non Committee members Weston Newton, Stu Rodman and Paul Sommerville were also present. Weston Newton, as Council chairman, is a voting member of each Committee and attended the meeting.

County staff: Bryan Hill, Deputy County Administrator; Colin Kinton, Engineering; Gary Kubic, County Administrator; Rob McFee, Division Director – Engineering and Infrastructure.

Media: Joe Croley, Hilton Head Association of Realtors; Richard Brooks, *Bluffton Today* and Kyle Petterson, *Beaufort Gazette / Island Packet*.

Public: Anthony Barrett, Town of Bluffton; Angelina Barrett, Hampton Hall; Joe Bella, Woodbridge; Reece Bella, Woodbridge; Craig Forest, Second District Commissions, South Carolina Department of Transportation; Louis Hammett, Attorney representing Mr. Reed; Megan James, Woodbridge; Amy Jameson, President Townes at Buckwalter; Karen Jared, Town of Bluffton; Mika Johnson, Towns at Buckwalter; Jonathan Mullen, Assistant Town Attorney; Mark Orlando, Town of Bluffton; John Reed, Reed Development; Julian Robinson, Bluffton; Doug Robinson, Bluffton; Lisa Sulk, Bluffton Town Mayor; Gary Wiggin, Reed Development.

Mr. Glaze chaired the meeting.

INFORMATION ITEM

- 1. Text Amendment to the Beaufort County Comprehensive Plan, Appendix L. Buckwalter Parkway Access Management Plan, with a new Figure 5 that allows the installation of a temporary light at Parker Drive which may be removed upon completion of Phase 5B of the Buckwalter Parkway, and the median opening at Parker Drive may be closed upon completion of Phase 5B, and Phase 5b Alignment may remain as is, and as part of Phase 5B construction, two additional residential access points may be simultaneously built to provide additional residential access points for adjacent residents**

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Motion: It was moved by Mr. Baer, seconded by Mr. Newton, that the Public Facilities Committee delay consideration of this item to allow time for previous discussions and agreements to be put in writing and brought forward for consideration at the August 23, 2011 Public Facilities Committee. The vote was: FOR – Mr. Baer, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton and Mr. Stewart. The motion passed.

Status: Committee delayed consideration of this item to allow time for previous discussions and agreements to be put in writing and brought forward for consideration at the August 23, 2011 Public Facilities Committee.

DRAFT

Official Proceedings
County Council of Beaufort County

Public Hearing on Redistricting

June 15, 2011

A public hearing on redistricting was held on Wednesday, June 15, 2011 at 6:00 p.m., in the Large Conference Room, Hilton Head Island Branch Library, 11 Beach City Road, Hilton Head Island, South Carolina.

ATTENDANCE

Redistricting Committee Members: Chairman Weston Newton, Vice Chairman William McBride as well as Committee members Gerald Dawson, Brian Flewelling, Herbert Glaze, Stu Rodman and Jerry Stewart attended. Non-Committee member Rick Caporale also attended.

County Staff: Bryan Hill, Deputy Administrator; Ladson Howell, County Attorney; Scott Marshall, Beaufort County Elections and Voter Registration; Dan Morgan, Division Director – Information Technology; Suzanne Rainey, Clerk to Council.

Media: Joe Croley, Hilton Head Island Association of Realtors; Richard Brooks, *Bluffton Today*; Kyle Peterson, *Island Packet / Beaufort Gazette*.

Public: There were 20 members of the public present. Those who spoke during the public hearing were: Tom Barnwell, speaking as a Hilton Head Island resident; Finian Taylor, Hilton Head Island resident; David White, a resident of Hilton Head Island, Executive Board member of the Hilton Head Island-Bluffton National Association for the Advancement of Colored People (NAACP) Chapter, Executive Board for the Baygall-Mitchelville Property Owners Association; Francetta J. White, Baygall Property Owners Association and NAACP Hilton Head Island-Bluffton representative; and Perry White, Hilton Head Island resident.

Mr. Newton chaired the meeting.

REPORT ON CENSUS DATA

Mr. Newton explained to those present that the public hearing is in regard to Beaufort County's redistricting efforts, which are mandated as a result of the decennial Census in 2010. As a consequence of the Census and the increased population in Beaufort County, Beaufort County is required by law and subject to certain state and federal laws with regard to the modification or alteration of the 11 districts of County Council, and correspondingly the Beaufort County School Districts. This is the second of the series of public hearings. There are Redistricting Committee meetings in the interim. There is one, in fact, tomorrow morning at 8:30 a.m. Mr. Newton stated there will be another Redistricting Committee meeting at 10:00 a.m.,

July 20, 2011 and there are additional public hearings on July 18, August 8 and August 22. Tonight's public hearing is not specifically with regard to the three plans presented in the room that evening (Plan 1, Plan 2 and Plan 3). Mr. Newton explained Plan 1 is a suggested plan from the State of South Carolina's Budget and Control Board Division of Statistics. This office administers the Census based on the Constitutional requirements of one man, one vote and adherence to the 1965 Voting Rights Act, ensuring district contiguity, respect to communities of interest, attempt to maintain constituent consistency, avoid splitting voting precincts in working with the Census data. The above listed legal criteria are the criteria adopted by Beaufort County as well to govern the process. The three plans have been formally accepted by the Beaufort County Council Redistricting Committee for consideration by County Council. This does not mean there will not be other maps to come forward or alterations to the plans, or the potential of other district lines being drawn as the Committee continues to solicit public input. This is an evolving process. Mr. Newton reviewed his point is that the Committee wants to hear from the public tonight in general terms, not necessarily whether they like Plan 1 versus Plan 3. Although he added the Committee would be delighted to hear that as well. He asked those who wished to speak to see Clerk to Council Sue Rainey to sign up and he reviewed the House Rules and three-minute time limit.

PUBLIC HEARING

Mr. Newton began the public hearing at 6:20 p.m. and after calling once for public comment, recognized Mr. David White, who thanked the Committee for the opportunity to speak. He said he spoke during the first public hearing in Beaufort and shared some thoughts. He said he wanted to add to those previously stated. One of the things he said he is concerned about as he previews the plans is retrogression, among other concerns. The second concern has to do with maintaining a certain level of balance as looking at ethnicity. Mr. White said as he views this from a novice standpoint he would like to ask the Redistricting Committee to be proactive, to seriously think about beginning with the endgame in mind. Mr. White acknowledged redistricting is an evolving process. He asked the Committee to think about where Beaufort County is right now and where it would like to go, then try to figure out what is the most effective route to get there. He said when he mentions this he has in mind, digressing a bit, is that he has heard several elected officials make comments within the last month that said basically based upon constituents heard from they had formulated some basic opinion. He said that troubles him. In a lot of cases the persons who are most vocal tend to come from a narrow point of view, a narrow perspective. In a lot of cases, those are not looking at the big picture in terms of what is best for all of us who live in Beaufort County or South Carolina. South Carolina has a long and interesting history. He said he heard his bell so concluded by saying to the Redistricting Committee that he hopes it looks seriously at the different plans presented. He explained what they want to see happen as the end game, or when the plan goes to the Department of Justice, is that they will look at the plan and say Beaufort County did an excellent job in developing their redistricting plan. He thanked the Committee.

Mrs. Francetta White said she lives on Hilton Head Island and is from the South so she talks slowly. She said she is concerned about two things. 1. The approach used in this public hearing. It is just like the approach used for the Hilton Head Island Airport public hearings

wherein a public person comes in and sees things on the wall, no streets, and it is hard for someone not adept at map reading to understand where everything is. She said she thinks it is appalling and does not speak well for an open government and open process. Mrs. White said Beaufort County needs to be as transparent as it can when reviewing. She added she hopes Beaufort County never uses this process again, and if it does she requested someone have the courtesy to stand up to the people in attendance who can explain what is on display. 2. All the plans on display show Hilton Head Island having a substantial part of the minority community, which is not very large on the island but should still be a cohesive group, being put into a district now represented by Council District 3, which under the current configuration was on the south end of the island. Mrs. White said everyone knows the south end is basically second homeowners, people who do not live here and businesses. Because that area has shrunk in the number of people represented by the Council member for Council District 3, his district moves north. That is okay, Mrs. White said. However he does not represent that part of the community – the minority community of blacks and Hispanics. Mrs. White urged the Redistricting Committee, “please, keep his area contiguous. Yes. But please do not destroy our representation by including our community partly in [Council District 2] and partly in [Council District 3]. Please keep us all in Council District 2.”

Mr. Perry White addressed the Redistricting Committee and said he is a resident of Hilton Head Island. Mr. White expressed some concerns he has as they relate to redistricting. He admitted he is not 100% current, but stated in the 1980s he was deeply involved and knew the redistricting process quite well. 1. The concern of one man, one vote. That is one of the things considered to be a Constitutional right. 2. Mr. White said they do have some laws that came about in the 1960s and 1970s. The Voting Rights Act of 1965 in particular set up some requirements as it relates to minority, African-Americans in particular and other minorities. One thing they were trying to do there was create as many electable districts as possible with a minority candidate. A lot of things have been done in Beaufort County, as well as in South Carolina, to make sure there were districts with electable minority candidates, and where those districts were not made of a majority minority the next best thing was to know how to amass the minority vote to influence the outcome of an election. Mr. White said he hopes in the process of drawing lines, the county does not lose sight of that. 3. What constitutes a majority minority district? What is the number? He explained he asked that question because in the past that was not 51%, but rather it took into consideration age group and the voting pattern. At one time, that number was 59%. He said he is not sure if it is still there or if the Department of Justice uses that, but he said he hopes the Redistricting Committee is up to date because those were things they were gravely concerned about and those were the things provided under the provisions of the Voting Rights Act of 1965. Mr. White said the other concerns presented today he will not repeat, but he did say he hoped when the lines are drawn and the gerrymandering has occurred. He said he hopes they are not afraid to apply the process of gerrymandering again to guarantee those hard-fought rights gained over the years. He said he says this at the risk of seeing three minorities on the committee and not wanting to put the pressure on them. He said he hopes that would not be perceived as saying, “because we are here, we have met these requirements.” If this committee was all black, he said he hopes the requirements would be the same if it were all white. He said he hopes it would be the same because that is not what we are dealing with. We

are trying to make sure the laws are being followed and trying to protect some hard-earned rights. Mr. White thanked the Redistricting Committee.

Mr. Newton called for additional public comments.

Dr. Finian Taylor came forward. He asked if someone could tell the public, briefly, what the requirements are that the Department of Justice expects to see in any proposal. He said he tried to look for these on the internet and could not find them anywhere.

Mr. Newton answered Dr. Taylor by saying that effectively it is to avoid retrogression.

Dr. Taylor asked, "What is retrogression?"

Mr. Newton answered that policy retrogression is specifically prohibited by law. As Mr. White explained earlier, retrogression is diluting a minority's ability to elect a member of their peer for representation. Policy retrogression is where there is a specific drawing of lines that intentionally prevented a minority group from being able to elect a minority to office if that was their choice. That was in 1965 what brought about the Voting Rights Act. Natural retrogression is what we have in Beaufort County today and many other places; it is where the increase in percentage of the various population groups is not stagnant and as a consequence there is a natural dilution that occurs. The requirements under the Department of Justice are that Beaufort County does everything possible to avoid the impact of retrogression. If that is that Beaufort County has, by way of example, three minority districts on Council today where it was minority majority that as a consequence of the new Census data is that Beaufort County does everything possible to try to get close to that as possible. Mr. Newton said the mathematics are there are 11 districts in Beaufort County and a population suggesting the districts should now be 14,750 as opposed to about 11,000, which was the 2000 target. There are a number of districts in Beaufort County where there is an excess of 30,000 or 25,000 so those districts must be dramatically reduced or constricted or redesigned in order that the 11 districts are essentially, mathematically equal again. There is a Constitutional requirement of one man, one vote.

Dr. Taylor stated for the purpose of clarification that there are no increases in districts; Beaufort County must maintain the level.

Mr. Tom Barnwell said he has been on Hilton Head Island 76 years this month and is representing himself as a voter. He said to tell the Department of Justice he has been through many redistricting processes and is honored to be able to appear. Mr. Barnwell stated his concerns: retrogression. He said he is concerned that according to Plan 1, which was on display in the meeting, Mr. Dawson's and Mr. Glaze's districts (6 and 8) will be competing for each other. As well as that, Mr. Barnwell said he looked at the map and it appears as if Mr. Flewelling and Ms. Von Harten on Plan 3 would compete. The concern is countywide; he has always been concerned for all the people. There needs to be quality services, education, road, etc. Now, bringing it closer to home Mr. Barnwell said, Mrs. White mentioned District 2 and he said he hopes there could be some adjustments made regarding the Hilton Head Island districts 3 and 2 so the majority of those who have been in Hilton Head for a long time and who share many

common concerns will be able to remain in district 2. That would allow the Department of Justice to be happy. He said this is meant as no disrespect to Mr. Rodman who represents District 3, but it would have an unanimity among those who have been on the island a long time. Mr. Barnwell thanked the Committee for the opportunity to speak.

There being no additional public comment, the public hearing concluded at 6:40 p.m.

DRAFT

REDISTRICTING COMMITTEE

June 16, 2011

The electronic and print media was duly notified in accordance with the State Freedom of Information Act.

The Redistricting Committee met on Thursday, June 16, 2011 at 8:30 a.m., in the Executive Conference Room, Administration Building, 100 Ribaut Road, Beaufort, South Carolina.

ATTENDANCE

Redistricting Members: Chairman Weston Newton, Vice Chairman William McBride and members Gerald Dawson, Brian Flewelling, Herbert Glaze, Stu Rodman and Jerry Stewart attended.

County Staff: Ian deNeeve, GIS; Josh Gruber, County Attorney; Ladson Howell, County Attorney; Scott Marshall, Director Beaufort County Board of Elections and Voter Registration; Dan Morgan, Division Director – Information Technology;

Media: Joe Croley, Hilton Head Island Association of Realtors; Kyle Peterson, *Island Packet / Beaufort Gazette*.

Mr. Newton chaired the meeting.

INFORMATIONAL ITEM

1. Discussion on Redistricting Plans

Discussion: Mr. Newton explained there is no defined process to go through in terms of looking at redistricting, but the meeting is another opportunity for the Redistricting Committee to discuss the proposed plans. At the last Redistricting Committee meeting on May 13, 2011, the Committee accepted for formal consideration Plan 1, Plan 2 and Plan 3. That was it; the Committee has not accepted any other plans or any further modifications or alterations. At the outset of the redistricting process the Committee indicated it would try to forward three plans along to County Council. At the first public hearing, Mr. Baer advanced a suggested revision to any of the three plans dealing with just Hilton Head Island; that needs to be visited, Mr. Newton said. After that, the Committee will examine where it is and determine if there needs to be individual sessions with Mr. Morgan for members of the Committee or Council. Mr. Newton explained that the Committee members were given documents illustrating what the districts look like as of today. He asked if there is a chart showing what the numbers were in 2000 when the districts were created versus what they are today. Mr. Morgan answered those could be printed out.

Mr. Rodman spoke to the proposed plan by Mr. Baer referred to during discussions as Plan 1A, otherwise referenced as the Hilton Head Island plan. Mr. Rodman spoke specifically on a detail of District 3 on the Atlantic Ocean, roughly extending from the end of the island toward Beach City Road. Mr. Rodman said the way Plan 1 was drawn and shown on the larger charts was that it included primarily the southern end of the island including Sea Pines and everything to the east and south of U.S. 278 coming along the beach to Hilton Head Plantation. Mr. Rodman said the way it was drawn on Plans 1, 2 and 3 because the Hilton Head Island population was relatively stable and the county grew it affected two and a half seats. Mr. Rodman said he thinks they correctly drew the lines to take Hilton Head Plantation and jump across to the mainland in areas like Moss Creek until it rounded out. Mr. Rodman explained Mr. Baer suggested, Plan 1A, as an alternative to Plan 1 for the areas to the west or north of U.S. 278 excluding Sea Pines and Hilton Head Plantation. Mr. Baer then drew a district where Mr. Rodman's district, District 3, would pick up on the left hand side an areas below Marshland Road toward Point Comfort Road, and District 2 picks up Beach City Road up to Fish Haul Road and a swatch near Folly Field Road on the beach. Mr. Rodman said the people who spoke at the public hearings on May 24 and June 15 favor Mr. Baer's Plan 1A because it lumps the majority of the minority vote. Mr. Rodman said he is indifferent with either plan. The only question Mr. Rodman said he sees is there is a small precinct 6B separating the Council districts, and he wondered if it complies with the rules. Clearly on land it does not, but using the water it could make it contiguous. Mr. Rodman said he believes the people have spoken and they should try to honor that.

Mr. Newton asked for the plan to be presented. A map illustrating the differences between Plan 1 and Plan 1A showing Mr. Baer's suggestions was placed on the projection screen.

Mr. Stewart asked for the reason why precinct 6B was brought in. Does that help with the minority issue? Mr. Rodman answered he thinks it does, and added if leaving precinct 6B in District 3 to make it balance somewhere else, it would yield the same numbers.

Mr. Newton asked if the "tip" was Hilton Head Plantation. It does not appear to him that it is contiguous. He noted it appears the district runs down the street, has a big gap then picks up again.

Mr. Stewart said he does not think the intent of contiguous is to go out through the water, but rather to have maybe water between. Mr. Rodman said his sense is to try to accommodate the suggestions Mr. Baer brought forward in Plan 1A but tweak a bit to make the areas contiguous.

Mr. Newton asked for the electronic version to be displayed to view possible alternatives.

Mr. Rodman said the numbers between Plan 1 and Mr. Baer's Plan 1A suggestion come out about the same in response to a question. He said he thinks both plans meet the criteria.

Mr. Newton interjected that Mr. Baer's Plan 1A appears to not be contiguous and suggested finding a way to make it contiguous, if the goal is to keep that community of interest together. He suggested finding a way to put Port Royal Plantation in Mr. Baer's District 2. Mr.

Rodman responded that causes a problem with balancing the numbers, and Mr. Newton suggested to then pull another area off of District 2.

Mr. Rodman suggested accommodating Mr. Baer's Plan 1A while trying to make it contiguous and still meeting the criteria. He said he does not think it will be solved today. Mr. Morgan said Mr. Baer's suggested Plan 1A passed the contiguity check, and pointed out in Plan 1 there is an area similar in the northern portion of Beaufort County that goes through the water and passes the contiguity test on software.

Mr. Newton asked whether the software is the law and said when he does the crayon test... Mr. Morgan replied no, but said Plan 1 passed the same test. Mr. deNeeve displayed the area being discussed on Hilton Head Island and showed District 3 extends into the Atlantic Ocean. Mr. Newton asked if the area, Precinct 6B, suggested for addition into District 3 is contiguous. The Redistricting Committee discussed contiguity over water as it related to District 2 and District 3. Mr. Morgan explained they must follow Census blocks.

Mr. Rodman noted under Mr. Baer's proposed plan Wexford and Long Cove, currently in District 3, would return to Mr. Rodman and remain in District 3.

Mr. Stewart summarized that he sees Mr. Baer's proposed Plan 1A has a few goals. 1. Get the Hilton Head Island Airport in District 2. 2. Get the minority districts together. Mr. Stewart asked if the area over which contiguity is being discussed along the water is one Census block. Mr. Rodman answered it is. Mr. Stewart said he thinks the reason for that precinct break is to get people who are associated with airport issues. He suggested including 6B in Mr. Rodman's District 3 then balancing in another place.

Mr. Rodman said that could be done. He further suggested leaving Port Royal Plantation, which has a lot of people and put 6B back in.

Mr. deNeeve along with the Committee explored moving Census blocks in District 2 and District 3, and illustrated on the map where the Committee members were discussing moves by Census blocks.

The Redistricting Committee members made the following suggested modifications, which were plugged into the computer software and displayed at the meeting. Mr. Flewelling suggested in the area near Arrow Road to take Browns Point Road out of District 2 into 3. Mr. Newton suggested taking the Spanish Wells Census block and moving it from District 2 into District 3. Mr. Rodman said it is the Point Comfort Road area where the changes need to be made. The area in question was to the left of Palmetto Bay Road. Mr. Newton suggested the alternative of separating near Long Cove. Mr. Flewelling instead suggested Dillon Road. Mr. Morgan stated that puts the statistics in limit now. Mr. Flewelling said the community expressed that they are not all in one districting the area near Mitchelville and if the Council is removing areas from District 3. Why not start at Beach City Road, which is part of District 3 in Plan 1, and put it back into District 2 since some has been removed from District 2 in the exercise?

Mr. Newton inquired if the modifications bring the plan in to line with what they want to do: put communities of interest all into one area. Mr. Flewelling said if he remembers correctly from the public hearing there is an area of District 1 with some members of that community who want to be added into District 2. Mr. Flewelling explained that is along Squire Pope Road, and Mr. Rodman responded that the area under discussion is already addressed in the plan presented by Mr. Baer. Mr. Flewelling said he thinks it is Skull Creek, and the residents said they want to be added to District 2. Mr. Rodman further explained that Hilton Head Plantation is the only area left on the island under Mr. Rick Caporale's district. Committee members continued to examine the various Census blocks along Squire Pope Road, districts 1 and 2 and the water. Mr. Stewart suggested putting all of the Belfair area into Mr. Caporale's district.

Mr. Newton asked how close the numbers get and what it would entail. Mr. Morgan answered there would need to be a change to the districts near Mr. Caporale's jurisdiction and move from Mr. Rodman and Mr. Baer.

Mr. Stewart stated there would be some addition to Mr. Caporale's district on the mainland. Right now the situation is two-fold. 1. Mr. Caporale's district currently includes Spring Island, and Spring Island, Callawassie and Chechessee go into District 9 now. Mr. Stewart stated the people who live in Spring Island are more interested in the Beaufort side than they are with the Hilton Head Island side; he said he wants Spring Island to be included in Mr. Flewelling's District 9 because it makes more sense. 2. Belfair Plantation is divided right down the middle between District 1 as represented by Mr. Caporale and District 10 as represented by Mr. Stewart. Mr. Stewart suggested moving Spring Island into District 9 and move over to the left of District 1 to get all of Belfair, or at least get each of the gated communities wholly within a district. Mr. Flewelling asked about jurisdictions for Oldfield versus Belfair. Mr. Stewart clarified that the point is to balance the numbers and place the communities each in one district rather than splitting a community among districts.

Mr. Newton said the Committee is at the point now where it needs to be getting into the weeds of looking at all the plans and coming up with what Beaufort County will recommend and how it will do it. Mr. Newton said as much as he likes the black and white documents illustrating each district for the respective proposed plans they are not legible. Mr. Newton said he liked Mr. Rodman's graphic comparing Plan 1 and Plan 1A better.

Mr. Flewelling said it is kind of hard to get into the "weeds of it," and said it is easier to get in close to the maps and check off specific area by area rather than sitting around a big table. He said they solved one problem today.

Mr. Newton asked with what the Redistricting Committee adjusted today and if there is a general consensus that whatever plan this results in would formally be called Plan 1A because it started with the baseline Plan 1 and made adjustments. What is left to tweak in terms of getting District 1's numbers okay in Plan 1A? Mr. Morgan answered District 1 needs to add 500 people.

Committee members then examined for Plan 1A the boundary between District 1 and District 2. Mr. Flewelling suggested moving District 2 into District 1 over U.S. 278 near

Matthews Court and Marblehead. Committee members briefly discussed adding areas to District 1 near Fording Island Road and the communities of interest served there. Mr. Stewart asked where Windmill Harbor is located and Mr. Rodman said it is farther out. Members examined moving Census blocks from District 2 into District 1 in the Jenkins Island area in order to get the most equal representation and lowest deviations. Mr. Morgan confirmed those changes were to Windmill Harbor. He confirmed that based on the modifications to the lines examined during the Redistricting the percentage deviations for Districts 1, 2 and 3 were acceptable.

Mr. Newton asked if there is the ability to print this out. He referenced District Statistics Reports of each of the four plans proposed including maps, percentage deviations and voting age populations.

Mr. Howell weighed in that referencing Plan 1A was an acceptable name because it only adjusts the Hilton Head Island precincts, and he added any change to Plan 1A would not require renaming.

Mr. Flewelling asked how many plans are going to County Council and Mr. Newton said there are more than three now. Council would then go through a similar process as the Redistricting Committee is going through right now, he explained. Mr. Flewelling added his sense is there is no problem with incorporating Plan 1A into any of the other three plans.

Mr. Dawson suggested showing Mr. Baer and Mr. Caporale Plan 1A before formally voting to consider it.

Mr. Newton pointed out the redistricting process is not at the point of decision as there is one more public hearing in Bluffton prior to starting the official process before County Council. The first three public hearings held were conceptual public hearings, Mr. Newton explained. The public hearings are to illustrate to the public these are the plans Beaufort County has thus far and to seek comments about keeping certain communities of interest together for example. He added the more formal public hearings will come after the Council has decided on a plan.

Mr. Howell pointed out the Redistricting Committee only accepted three plans, now by labeling Plan 1A he would like that to be a part of the next public hearing and the Committee needs to adopt consideration of that plan by a vote. Mr. Flewelling asked if the Committee wants to get input from Mr. Baer and Mr. Caporale before officially doing so, and Mr. Howell said yes.

Mr. Newton said the Redistricting Committee may need to schedule another meeting before the end of July. He added the changes during the Redistricting Committee meeting as shown in Plan 1A are responsive to the June 15, 2011 public hearing comments. He asked Mr. deNeeve to show the Malphrus Road and Ulmer Road area, and said he wanted to see about taking that into his district, District 4. Mr. Newton asked what the areas of Alljoy Road have in common with Hilton Head Island. They examined the areas near Malphrus Road, Heritage Lakes, Ulmer Road, etc. by Census block and the changes various combinations resulted in.

Mr. Flewelling asked if there was another area to add from District 1 to District 4 if taking out the area near the Sea Turtle Cinemas. Mr. Morgan offered to print out a large map of the area showing road names and large Census blocks.

Mr. Newton asked for a print out of the statistics for Plan 1 in order to compare the minority percentages for retrogression in total numbers. Mr. Newton asked what the total deviation is for Plan 1 and Mr. Morgan pointed him out to the percent deviation – 2.89. He asked what the percentages are relative to minority percentages and percentages of voting age population. Are the various categories of non-Hispanic White, non-Hispanic Black and Black showing population? Mr. Newton emphasized the statistics comparisons for the various districts on the plans need to incorporate the percentage of voting age populations; the request for this information was prompted by public comments at the June 15, 2011 meeting.

Mr. McBride noted he remembers that Mr. White's comments the night prior were correct and the percentage of minority voting age population used to be higher when Mr. White was involved because minorities tend to vote in a much lower percentage.

Mr. Newton summarized that the only thing done to the three plans under consideration is to vote to consider the plans. He said he is not so sure the Redistricting Committee ought not go ahead and accept Plan 1A for consideration as the Committee has likely already gotten to that point by doing all the activity during this meeting. Voting for consideration of Plan 1A does not mean it will be forwarded to Council because choices need to still be made, but he said there has been enough work done that it will need to be included in the submission packaged to the U.S. Department of Justice.

Mr. Rodman said he is confused because if the Redistricting Committee accepts for consideration Plan 1A, does some minor changes to it yet still calls it the same plan, whereas Plan 2 and Plan 3 seem to be minor changes. Mr. Howell countered that those were pretty big changes and clarified that what is done in Plan 1A is make the numbers match. He said the Committee could call the plan whatever it wants, and hopefully at some point it will consolidate the best assets of each plan into one.

Mr. Newton asked what the Redistricting Committee wants to do and the response was to allow Mr. Baer and Mr. Caporale to view Plan 1A before voting on it.

Mr. McBride expressed concern about what Beaufort County will have to submit to the Department of Justice because the more that is looked at and tampered with the more paperwork. The County submitted two volumes the last time with one plan. He asked how much more data the Committee is generating by doing some of these things. Mr. Howell answered that each map considered has to be sent to the Department of Justice and there has to be an explanation of why or not the map was used.

Mr. Rodman said in the interest of time they examine fine-tuning the districts by finding one or two Census blocks with roughly 200 people and bringing into the district under by 200 – along District 2 and District 3 in Plan 1A. The move would need to be from District 3 to District

2. The Committee tinkered with areas on the District 2 and District 3 border near Broad Creek and Long Cove. Mr. Rodman suggested either the Point Comfort area or near Precinct 6B discussed earlier during the meeting. Mr. Rodman also suggested allowing Mr. Baer, who likes to tinker with numbers, to fine-tune and get the numbers tighter.

Mr. Newton asked for the status on Plan 2 and Plan 3. Has there been any additional discussion, revisions, etc?

Mr. Rodman asked if everyone favored Plan 2 or if there are people who favor Plan 1 or Plan 3.

Mr. Dawson said generally speaking Plan 2 was reached through the efforts of trying to save Mr. Glaze's district, District 8. Plan 2 came after Mr. Bowers' presentation of Plan 1 and the Committee members were scheduled to meet with GIS staff to formulize their own plans. Mr. Glaze drew a plan that when Mr. Dawson had an opportunity to come in for his session with GIS showed Mr. Dawson's district minority population reduced from Plan 1 at 57% to 46%. Mr. Dawson said he thought that would not fly, so he sat with Mr. Morgan to try and reconfigure Mr. Glaze's proposed plan to get his minority population numbers back up to at least 50%. In doing that, it basically compromised some of Mr. Glaze's minority communities. But at the same time that it lowered Mr. Glaze's minority population it improved Mr. Dawson's minority population. Mr. Dawson said at the last Redistricting Committee meeting he said he decided his plan would not work because he tried to deviate from Mr. Glaze's plan so he threw his plan out. Then, Mr. Glaze had Plan 2 formalized and Mr. Dawson said he had not seen Plan 2 until the meeting. He said he does not have a lot of problems with Plan 2, but he said he realized at this day and time Plan 2 is to the point where people are commenting that Mr. Dawson is "doing some underhanded stuff and trying to undermine Mr. Glaze." Mr. Dawson said that is the reason he has concluded that rather than supporting Plan 2 he will go with the state proposal in Plan 1. That would take away all of the suggestions Mr. Dawson did anything underhanded or tried to undermine the process, he said.

Mr. Rodman asked if the difference between Plan 1 and Plan 2 is between District 8 and District 6. Mr. McBride answered that Plan 2 also lowers the minority percentage in his district, District 5.

Mr. Glaze answered in response to Mr. Newton's question that Plan 2 attempts to preserve three minority districts. Mr. Glaze said his District 8 in Plan 2 includes Laurel Bay housing. He added he spoke to Mr. Flewelling and they were trying to come up with a solution. In 2000, Mr. Glaze said he had 51%, then it dropped down to 38% and with the proposal they came up with it went down more. Mr. Glaze said he was willing to take that risk. Then, looking at Plan 2 if Mr. Dawson picked up Laurel Bay housing since they are transient and do not vote it would give Mr. Dawson the numbers. However, Mr. Glaze said he put himself in harm's way by going to Chesterfield and Oakmont in Plan 3. Mr. Glaze said he is a minority and he is being attacked by both sides by minorities. Mr. McBride had Polk Village, which was Mr. Glaze's. He said he is in the area that is labeled as a growth area, but at the same time in Plan 2 it is not necessarily for Mr. Dawson or Mr. Glaze but rather the future – giving 58% minority population

in District 6. Mr. Glaze said that was the plan he worked on and in Mr. Dawson's proposal it included Laurel Bay and Possum Hill, as well as Pine Grove taking all of Mr. Glaze's minority support. He said he did not know about that until the combined Plan 2 was presented at the meeting. Mr. Glaze noted Plan 2 helps the future by providing 58% minority representation. Mr. Glaze said he thinks Plan 2 gives a brighter future for the area covering current Districts 6 and 8.

Mr. Flewelling said he thinks Plan 2 negatively affects minority population in District 6.

Mr. McBride asked for the minority numbers for his district between Plan 1 and Plan 2. Mr. Newton who stood in front of the plans read that District 5 in Plan 1 is 51.65% and drops in Plan 2 to 50.56%. District 6 comes down from 57.82% to 58.06%.

Mr. Flewelling said in Plan 3 he tried to specifically draw a plan that would add Mr. Glaze into District 9 and bump the percentages of African-American communities in District 9 to help Mr. Glaze run as an incumbent. He said quite frankly it does not matter between Plan 1 and Plan 2; if he stays in District 9 it does not matter.

Mr. Newton pointed the concern is if the minority percentage is lowered in District 6 by 10%. Mr. Flewelling said the whole point is for Mr. Glaze to be able to run as an incumbent and thought it was an acceptable compromise as it boosted the numbers in District 9.

Mr. Flewelling asked for voting age numbers. Committee members received a chart outlining those numbers for Plan 1 and Plan 1A; Mr. Morgan said they would provide for the other plans. Mr. Flewelling said he is not sure the Committee can get a 50% voting age, and members looked over the statistics for the various plans.

Mr. Newton requested voting age percentages, a data set not noted in the charts handed out during the meeting, for each of the plans. It has the number of voting age. He said the requested information does not need to be available at the Redistricting Committee meeting, but would like the information emailed later. Additionally, Mr. Newton asked if there is support for Plan 2.

Mr. Glaze said he and Mr. Dawson spoke and Mr. Dawson formerly said he supported Plan 2 and today supports Plan 1. Mr. Glaze said he does not know what is going on. At the last meeting, it was said Plan 2 was an agreement between Mr. Glaze and Mr. Dawson and that has changed with Mr. Dawson supporting Plan 1.

Mr. Dawson said he thought he made it clear why he is not supporting Plan 2. At the last Redistricting Committee meeting he saw that it reduced Mr. Glaze's percentage to a point where his district did not have the possibility to have support for his re-election. Mr. Dawson said he then threw his plan out. The plan Mr. Glaze proposed was apparently thrown out as well, then Plan 2 was substituted for it. Mr. Dawson said he had not seen Plan 2 until the meeting and when it came forward as a "Dawson/Glaze" plan he said okay. He said following the meeting, Mr. Morgan gave him a copy of the plan to take home for review and it was after the meeting he had a chance to look over Plan 2. Since the last meeting, Mr. Dawson said he received several

comments that basically the rumor started that he is trying to undermine Mr. Glaze by the plan proposed, which was thrown out. The plan Mr. Glaze brought forward would reduce Mr. Dawson's minority percentage from Plan 1's 57% down to 46%. He said he tried to get his numbers back up to at least 50%, and when the Redistricting Committee last met he said he threw out his proposal because he realized it would not work.

Mr. Flewelling said Plan 3 is a relatively good compromise; and Mr. Dawson asked him to not move to Plan 3 at this time but finalize Plan 2.

Mr. Dawson said that is why he is not supporting Plan 2. The rumor has already started and he is not accusing anyone but Mr. Dawson said he has received many comments that he is undermining Mr. Glaze and steal his minority communities. Mr. Glaze said he is unsure about that rumor. Mr. Dawson said to show there are no improprieties on his part then he is backing away from Plan 2 and going with the state-submitted Plan 1.

Mr. Newton asked Mr. Howell if when the Department of Justice reviews redistricting, in terms of retrogression, whether it is looking at where the districts were in 2000 as having been approved districts or looking at the benchmark of 2.5 or 2.8 minority districts. Mr. Howell said yes sir. Mr. Newton asked Mr. Morgan to provide data showing that information, what the percentages were in 2000 and where they are with the new population data and current district lines. The issue of going from about 57% for District 6 in Plan 1 and to 52.65% in Plan 3. He asked about the 10% swing referenced previously. He said as the Redistricting Committee starting honing in on redistricting at least with the retrogression they need to think about how the numbers change from the original. Plan 2 increases District 6's minority representation but brings District 5's down to about 51%. In Plan 3, District 5's representation stays at 51%. Mr. McBride said District 5 would be the same in Plan 1 and Plan 3. The Redistricting Committee reviewed the percentage changes in minority representation in the various districts among the proposed plans. Particular attention was paid to Districts 5, 6 and 8.

Mr. Glaze asked the Redistricting Committee to move on to Plan 3.

Mr. Flewelling explained Plan 3 does not change much from Plan 1 for most of Beaufort County. The exception is for Districts 6, 9 and 11. For District 11, the minority district representation is 20.54%. It puts Mr. Flewelling in District 11. It puts Mr. Glaze in District 9, which is Mr. Flewelling's current district under Plan 1. In District 9, the minority representation is 25.33% for Plan 3, as compared with 20.21% in Plan 1. In District 6, the minority representation is 52.65%, with Mr. Dawson being by himself. As a comparison, in Plan 1 Mr. Dawson and Mr. Glaze are in District 6 together and that district has a minority representation of 57.82%. The difference between Plan 1 and Plan 3 for District 6 is the minority representation goes down about 5%; those percentage points are basically added into District 9 along with Mr. Glaze himself. Then, what is a part of the City of Beaufort is then incorporated with the remainder of the City of Beaufort under Plan 3, as well as the Town of Port Royal. Mr. Flewelling reviewed the benefits. Plan 3 gives Mr. Glaze an opportunity to run as an incumbent in a district with what Mr. Flewelling said was "beefed up minority representation" without sacrificing below 50%. He noted they do not know what the voting age population is for that

district yet, and that is critical to him. He said in Plan 2 District 6 went up to 58% from Plan 1. Redistricting Committee members looked at Plan 1 to compare the borders between District 6 and 9 to those drawn in Plan 3 at Mr. Glaze's request. In Plan 3, Laurel Bay housing is in District 9.

Mr. Rodman asked if part of the equation is that in Plan 1 and Plan 2, Mr. Glaze and Mr. Dawson would have to run off in the November 2012 elections. Mr. Glaze said in Plan 2 the benchmark would come from U.S. 170 to Yemassee. He asked where the benchmark is in Plan 1, and the Redistricting Committee members referred to the maps in the meeting room for the two plans to understand the differences in district lines. Mr. Glaze asked for the difference between Plan 1 and Plan 2; Mr. Glaze picks up a substantially larger part along U.S. 170 down to past Goethe Hill Road and Castle Rock Road, Mr. Flewelling answered. Mr. Glaze stated while he is not supportive of Plan 2 himself, but if it is viewed for the future and representation for the county as a whole it is a good plan. He said that is why he supports Plan 2. Mr. Rodman reviewed for clarification that in Plan 1 and Plan 3 Mr. Dawson and Mr. Glaze would have to run off in 2012, whereas in Plan 3 Mr. Flewelling and Ms. Von Harten would have to run off in 2012 but Mr. Dawson and Mr. Glaze would be incumbents in their own respective districts.

Mr. Flewelling discussed the desire for Spring Island to be lumped with Callawassie Island. District 9 is being revised in most of the plans to include Callawassie and he said he always maintained that Spring Island should be paired with Callawassie, no matter what configuration redistricting yields. They have to get across the same bridge.

Mr. Newton suggested the Redistricting Committee decide upon a meeting to be held before the July 18 meeting. The purpose for the additional meeting would be for each Redistricting Committee member to take a list of questions they have such as the Callawassie/Spring Island matter or the Alljoy area and tackle those.

Mr. Stewart said he is also interested in Callawassie/Spring Island and met with Mr. Morgan to try to get Spring Island in Mr. Flewelling's jurisdiction however the Census blocks are enormous and make it difficult. He said it was virtually impossible to do, but acknowledged they should explore another way to do it.

Mr. Newton told the Redistricting Committee members to email Clerk to Council Ms. Sue Rainey their respective vacation schedules for the next month in order to schedule a meeting prior to the next public hearing. Mr. Glaze suggested July 8, but Mr. Stewart said he would be gone. Mr. McBride stated the closer to the beginning of July the meeting would be the more opposed to the meeting he would be. Mr. Flewelling suggested the end of June. Mr. Newton stated at the next meeting he would like statistics charts for each of the discussed plans in order to view the changes in deviations, etc. He also wished to have the large maps available again for the various plans.

Status: Redistricting Committee members compile a list of concerns/issues they want to review, members email Clerk to Council Sue Rainey their respective vacation schedules for the next month in order to schedule a meeting prior to the next public hearing on July 18, 2011.