

## **MINUTESFINANCE COMMITTEE**

**February 4, 2019**

Executive Conference Room, Administration Building,  
Beaufort County Government Robert Smalls Complex,  
100 Ribaut Road, Beaufort, South Carolina 29902

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

### **Attendance**

Present: Committee Chairman Joseph Passiment, Committee Vice Chairman Chris Hervocho, and members Gerald Dawson, Mark Lawson and Paul Sommerville

Absent: Lawrence McElynn

Ex-officio: Michael Covert, Brian Flewelling, York Glover, Alice Howard, Stewart Rodman and Paul Sommerville (Non-committee members of Council serve as *ex-officio* members and are entitled to vote.)

Staff: Jim Beckert, County Auditor; Phil Foot, Assistant Administrator, Public Safety; Alicia Holland, Assistant County Administrator, Finance; Chris Inglese, Assistant County Attorney; Tom Keaveny, County Attorney; Jon Rembold, Airports Director; Dave Thomas, Purchasing Director.

### **Call to Order**

Joseph Passiment called the meeting to order at 2:00 p.m.

### **Approval of Agenda**

It was moved by Paul Sommerville, seconded by Gerald Dawson, to approve the agenda. The motion passed by a unanimous vote of 5:0.

### **Citizen Comments**

There were no citizen comments.

### **ACTION ITEMS**

### **Item: Purchase of Jacob Kits (Bleed Kits)**

**Discussion:** Phil Foot spoke regarding the purchase of small trauma kits (Jacob Kits). During the Governmental Committee meeting on September 4, 2019, a motion was passed to purchase bleed kits for county offices (total of 125 kits). Staff was looking for recommendation on the funding source to purchase the kits. North American Rescue, had the lowest bid of \$14,437.20 for 125 kits including wall-mounting hardware. Going forward, the Finance Committee recommends replacement costs be incorporated into future fiscal year budgets.

**Motion:** It was moved by Mr. Hervochon, seconded by Mr. Dawson, that Finance Committee approve using the County Administrator's Contingency Fund as the funding source to purchase 125 Jacob Kits (Bleed Kits). The vote: YAYS – Mr. Covert, Mr. Dawson, Mr. Flewelling, Mr. Glover, Mr. Hervochon, Mrs. Howard, Mr. Lawson, Mr. Passiment, Mr. Rodman and Mr. Sommerville. The motion passed.

**Status:** Finance Committee approved using the County Administrator's Contingency Fund as the funding source to purchase 125 Jacob Kits (Bleed Kits).

### **Item: Addition of Internal Auditor Position, Fiscal Year 2020**

**Discussion:** Councilman Michael Covert asked the Finance Committee to consider whether or not the FY2020 annual budget should contain funds sufficient to cover the employee cost of an Internal Auditor. Assistant County Administrator Finance Alicia Holland discussed that the internal auditor should be independent of management, and will cost approximately \$87,000. She recommends hiring an independent accounting firm that will report to the Finance Committee.

Mr. Flewelling suggested forming an audit committee and members of the Finance Committee will receive those audits. Changes will come back before the Committee.

**Motion:** It was moved by Mr. Hervochon, seconded by Mr. Lawson, that Assistant County Attorney amend Ordinance 2004 / 6, Section 2.402 to provide the hiring of an external independent auditor, in an amount up to \$200,000 to allow transparency and assurance for the citizens of Beaufort County. Further, staff is to include the funds in the FY 2020 budget. The vote: YAYS – Mr. Covert, Mr. Dawson, Mr. Flewelling, Mr. Glover, Mr. Hervochon, Mrs. Howard, Mr. Lawson, Mr. Passiment, Mr. Rodman and Mr. Sommerville. The motion passed.

**Status:** The Finance Committee agreed to create a subcommittee called, the Audit Committee, chaired by Mr. Hervochon, to develop the mission statement, goals and objectives. The committee will consist of 3-5 members from the private sector. Mr. Hervochon will take the lead to find additional members.

### **Item: Sheldon Fire District General Obligation Bond**

**Discussion:** Alicia Holland explained the purpose of the Sheldon Fire District General Obligation Bond. Sheldon Fire District is requesting to borrow \$948,511 for improvements to Sheldon Fire Station 40 located at 5 Fire Station Lane.

The general obligation bond ordinance will have an amount not to exceed \$1 million to allow for the cost of debt issuance. The general obligation bond will be issued for 15 years. This will require the Sheldon Fire District to increase their debt millage rate to provide sufficient revenue for the annual debt service.

**Motion:** It was moved by Mr. Dawson, seconded by Mr. Hervochon for committee to move the Sheldon Obligation Fire District Bond to Council for three readings and a public hearing. The vote: YAYS - Mr. Covert, Mr. Dawson, Mr. Flewelling, Mr. Glover, Mr. Hervochon, Mrs. Howard, Mr. Lawson, Mr. Passiment, Mr. Rodman and Mr. Sommerville. The motion passed.

**Status:** Committee approved to move the Sheldon Obligation Fire District Bond to Council for three readings and a public hearing.

**Item: Consideration of Contract Award – Talbert, Bright and Ellington Work Authorization 18-08 / Construction Administration, Full-time Resident Project Representative and Project Arborist / \$118,626**

**Discussion:** Airport Director, Jon Rembold, explained that this project is a consolidated tree mitigation project – planting tree material at both ends of Hilton Head Island Airport runway, as well as on either side of the airport.

This project is funded via 90% FAA AIP grant, 5% through SCAC grant 15-013, and 5% via Hilton Head Airport Capital Projects Fund.

**Motion:** It was moved by Mr. Lawson, seconded by Mr. Sommerville to move the consideration of Contract Award – Talbert, Bright and Ellington Work Authorization 18-08 / Construction Administration, Full-time Resident Project Representative and Project Arborist / \$118,626 to Council for approval. The vote: YAYS - Mr. Covert, Mr. Dawson, Mr. Flewelling, Mr. Glover, Mr. Hervochon, Mrs. Howard, Mr. Lawson, Mr. Passiment, Mr. Rodman and Mr. Sommerville. The motion passed.

**Status:** Committee approved to move the consideration of contract award – Talbert, Bright and Ellington Work Authorization 18-08 / Construction Administration, Full-time Resident Project Representative and Project Arborist / \$118,626 to Council for approval.

**Item: Consideration of Reappointments and Appointments / Accommodations Tax Board (2% State)**

**Motion:** It was moved by Mr. Sommerville, seconded by Mr. Hervochon that Committee recommend Council reappoint Vimal Desai and Dick Farmer as members of the Accommodations (2% State) Tax Board. The vote: YAYS – Mr. Covert, Mr. Dawson, Mr. Flewelling, Mr. Glover, Mr. Hervochon, Mrs. Howard, Mr. Lawson, Mr. Passiment, Mr. Rodman and Mr. Sommerville. The motion passed.

**Recommendation:** Council reappoint Vimal Desai and Dick Farmer as members of the Accommodations (2% State) Tax Board.

**Item: Consideration of Reappointment and Appointments / Board of Assessment Appeals**

**Motion:** It was moved by Mr. Sommerville, seconded by Mr. Dawson that Committee recommend Council reappoint Robert Brown, Allan Miller and Alan Obstler as members of the Board of Assessment Appeals. The vote: YAYS – Mr. Dawson, Mr. Flewelling, Mr. Glover, Mr. Hervochon, Mr. Lawson, Mr. Passiment, Mr. Rodman and Mr. Sommerville.

**Recommendation:** Council reappoint Robert Brown, Allan Miller and Alan Obstler as members of the Board of Assessment Appeals.

**INFORMATION ITEMS**

**Item: A-Tax Ordinance Amendments to Provide Transparency in Accounting Reporting from Agencies Receiving Funds from the County Accommodations Taxes and to Include the Greater Bluffton Chamber of Commerce as a Recipient of Funds**

**Discussion:** Mr. Inglese and Mrs. Holland discussed the proposed amendments to the 2% Accommodations Tax and the 3% Local Accommodations Tax ordinance. The proposed amendments are as follows:

- adds audits and inspections to the 2% section
- adds Bluffton Chamber as a recipient of 3% local A-tax funds
- decreases amounts to Hilton Head Chamber of Commerce and Beaufort Chamber of Commerce, and adds specific minimum reporting requirements to both 2% and 3% A-tax accounting procedures.

Committee also considered the effect of decreasing Hilton Head Chamber of Commerce and Beaufort Chamber of Commerce amounts from \$150,000 to \$125,000.

Mr. Lawson expressed concern with Section 66-45(b), which prohibits an organization from failing to present necessary books and records during normal business hour upon 24 hour notice of an audit.

Mr. Inglese said that language could possibly come from the state statute.

Jonathan Sullivan, Chairman of Beaufort Area Hospitality Association, encouraged the committee to consider that roughly 60% of the county's A-Tax revenue (2% and 3%) comes from Northern Beaufort County.

Ray Deal, Hilton Head Island Bluffton Chamber of Commerce Controller, is also concerned with the 24-hour notice of audit.

Larry Holman, CEO of the Beaufort County Black Chamber of Commerce, shared that he'd like to see the 3% state tax increase.

Mr. Holman also explained that making changes to the budgets mid-year can be detrimental for existing organizations because of prior advertising commitments.

**Status:** Items for consideration are adding the audits inspections to the 2% section and 3% section so that they are the same. Bluffton Chamber of Commerce would also be added as a recipient. This item will be brought back to the committee with some additional changes to the language before moving forward.

#### **Item: Review of Committee Mission Statement**

**Discussion:** The Mission Statement for the Finance Committee was reviewed. There were no changes needed. A proposed vision statement was reviewed, and will be placed on the county website.

#### **Adjournment**

The meeting adjourned at 3:36 p.m.

Ratified by Committee: March 4, 2019