



# **The Town of Hilton Head Island Finance & Administrative Committee Meeting**

**Wednesday, November 7, 2018  
2:00 PM – Conference Room 3**

## **AGENDA**

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**As a Courtesy to Others Please Turn Off All Cell Phones and Pagers during the Meeting**

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- 1. Call to Order**
- 2. Freedom of Information Act Compliance**  
Public notification of this meeting has been published, posted, and mailed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.
- 3. Approval of Minutes**
  - a. Finance and Administrative Committee Meeting, October 16, 2018.
- 4. Unfinished Business**
  - a. Discussion regarding transparency of the Hilton Head Island-Bluffton Chamber of Commerce's spending resulting from Accommodations Tax Funds.
- 5. New Business**
  - a. Approval of 2019 Finance & Administrative Committee Meeting Dates.
- 6. Adjournment**

**Please note that a quorum of Town Council may result if four (4) or more of Town Council members attend this meeting.**

# **TOWN OF HILTON HEAD ISLAND**

## **FINANCE AND ADMINISTRATIVE COMMITTEE MEETING**

**Date:** October 16, 2018 **Time:** 2:00 p.m.

**Members Present:** John McCann, *Chairman*; Kim Likins and Tom Lennox, *Council Members*

**Members Absent:** None

**Staff Present:** Steve Riley, *Town Manager*; Josh Gruber, *Assistant Town Manager*; John Troyer, *Director of Finance* and Cindaia Ervin, *Finance Assistant*

**Others Present:** David Bennett, *Mayor*; David Ames and Bill Harkins, *Council Members*; Bill Miles, Ray Deal; *Hilton Head Island-Bluffton Chamber of Commerce*; Chris McCorkendale, *Hilton Head Island-Bluffton Chamber of Commerce- Board Member*; Carlton Dallas; David Fingerhut; Chester C. Williams, *Law office of Chester C. Williams LLC*; Eleanor Lightsey, *Lowcountry Inside Track* and other members of the community.

**Media:** Katherine Kokal, *Island Packet*

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**1. Call to Order:**

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

**2. FOIA Compliance:**

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

**3. Approval of Minutes:**

- a. Mrs. Likins moved to approve the minutes from the Finance and Administrative Committee Meeting on June 27, 2018 at 2:00 p.m. Mr. Lennox seconded, and the motion passed unanimously.

**4. Unfinished Business:**

None

**5. New Business**

- a. **Discussion regarding supporting documentation and disclosure associated with expenditures by the DMO/VCB of the 30% promotional Accommodations Tax Funds.**

John McCann, Chairman, shared with the Committee and those present that the intent of this meeting is to better understand the current relationship between the Town of Hilton Head Island and the Hilton Head Island-Bluffton Chamber of Commerce (HHIBCC) and how the promotional funding disbursed is expended. He also stated that there would be no public comment and if any member of the public present would like to request additional information they can do so to through the Committee's Secretary, Cindaia Ervin. Mr. McCann informed the Committee that he asked the Mayor what the responsibility of the Finance & Administrative Committee is on this matter and the Mayor stated that the Committee has been tasked with developing a process that allows the Town to provide information on how the 30% promotional funds are expended in compliance with the Freedom of Information Act (FOIA) and that also meets the needs of the

citizens. Tom Lennox, Committee Member, asked Josh Gruber, Assistant Town Manager what his interpretation of that was and he replied that his interpretation of such task is for the Committee to look at the relationship between the Town and the HHIBCC as it applies to the reporting of how the money received for the designated marketing organization purposes are being expended. Mr. Gruber said there is an existing agreement in place and there are concerns of the members of the public that the current reporting the Town is receiving is not sufficient and if not then the Committee should decide what that level should be. He also stated that given the current agreement all decisions would need to be made within the confines of the current contract or if any changes do need to occur then it could be slated for any possible future agreements between the Town and the HHIBCC. Mr. McCann reminded the Committee that the current contract expires in December 2020, and it is the Town's intent to go out to bid one year prior (November 2019) to do its due diligence of possible renewal with the HHIBCC or another qualified Designated Marketing Organization.

Mr. McCann introduced Carlton Dallas, member of the public, who presented to the Finance & Administrative Committee and also the Hilton Head Island-Bluffton Chamber of Commerce his suggestions regarding the current findings and recommendations of the current Town and HHIBCC Designated Marketing Organization contract and how to alleviate the current concerns regarding how promotional funds are being expended. The findings presented to the Committee ranged from contract insight, transparency, inspection rights and the continued accountability of both parties. He made the following recommendations based on the current Town/HHIBCC Designated Marketing Organization contract; *Section 2.6*: The Town should immediately take advantage of the authorities granted to review the Town policies and procedures to solicit, select and add 1-2 citizens to represent the Town on the Designated Marketing Organization (DMO) Marketing Council; *Section 2.7*: The Town should immediately take advantage to expand the definition contained within this section to include Town of Hilton Head Island citizens who meet the requirement of "financial acumen" and who would become a non-voting member of the Finance & Administrative Committee, which grants the citizens chosen "inspection rights to review DMO documentation"; *Section 6*: The Town should plan to give notice in November 2019 to end the term of this contract, to create and distribute a Request For Proposal including metrics and audit mechanisms that satisfy the Town's strategic goals and plans. Mr. Dallas stated that his current findings and recommendations were suggested to nurture and grow the relationship between the Town and DMO, while providing for greater transparency to the voting public of Hilton Head Island.

John McCann, thanked David Bennett, Mayor, for suggesting the need of a contract which ultimately resulted in the current contract between the Town and the HHIBCC. Kim Likins, Committee Member, asked for clarification regarding adding non-voting members to the Finance & Administrative Committee. Mr. Gruber responded that non-voting members of the committee could possibly be added per section 2.3 of the contract. Steve Riley, Town Manager, pointed out that the current Town Code does not allow for citizen committees and that this matter would need to be reviewed further. Chris McCorkendale, Hilton Head Island-Bluffton Chamber of Commerce-Board Member, stated that he agrees that the current contract was executed in good faith and compliance of both parties does exist. He stated that there has been an increase for demand in transparency based partly on public input of which has less to do with transparency and more about compliance of the promotional funds. Mr. McCorkendale also stated that current legislation falls short of giving the necessary measure of accountably and transparency to supplement what the current legislation falls short of. Mr. McCorkendale commented that if there is an increase of need for dialog in transparency, accountability or compliance then the HHIBCC is open and willing to have said discussion to benefit the community. He also feels that the Town

has to continue to do their part in participating in the annual audit process as they don't have any reason to withhold information or documentation from the Town. Lastly, Mr. McCorkendale expressed his distress regarding providing the notice of termination to the HHIBCC given the long-term level of cooperation and relationship between both parties.

Mr. McCann asked if any members of council had any comments and Bill Harkins stated that there is a clear level of discomfort in the community and as council members they are elected to be good stewards of public funding. When the situation arises that one party has a perception that the other is not grounded in the facts the only thing to do is to change the approach. By adding 1-3 individuals to the committee that are a part of the review process is key and by so it is hopefully that their findings are valued enough to show that things are great or that there is room for improvement by both parties. Overall, he feels that this could help in alleviating the concerns of the public. Tom Lennox, Committee Member, had comments of it being difficult to argue against transparency, however, his concern has more so to do with compliance. He doesn't want compliance to come out of focus of this agreement, however, he is confident that the Town's relationship with the current DMO is in compliance with State Accommodations Tax Regulations. David Bennett, Mayor, asked for Mr. Dallas to send his recommendations to the committee secretary for Town Council distribution. He feels that the debate continues to come around and doing nothing is not the answer and Mr. Dallas's recommendations could help with the legitimacy in selecting a DMO and assist the public in knowing that the Town did its due diligence.

Mr. McCann made a motion that once the document is received by Town Staff from the proposal Mr. Dallas presented at this meeting it be distributed to Town Council for further review. Mr. Lennox seconded and the motion passed unanimously.

Mr. McCann thanked Mr. Dallas and those present from the Hilton Head Island-Bluffton Chamber of Commerce for their comments and discussion regarding the insight and findings of the current Town of Hilton Head Island/HHIBCC DMO relationship.

**6. Adjournment:**

Mrs. Likins made a motion to adjourn and Mr. Lennox seconded. The motion passed with a vote of 3-0 and the meeting was adjourned at 2:56 p.m.

**Approved:**

**Respectfully submitted:**

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**John McCann, Chairman**

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**Cindaia Ervin, Secretary**



## **TOWN OF HILTON HEAD ISLAND**

### **2019 FINANCE & ADMINISTRATIVE COMMITTEE MEETING DATES**

<b>January 2</b>	<b>June 18</b>
<b>January 15</b>	<b>July 16</b>
<b>February 19</b>	<b>August 20</b>
<b>March 5</b>	<b>September 17</b>
<b>March 19</b>	<b>October 1</b>
<b>April 2</b>	<b>October 15</b>
<b>April 23</b>	<b>November 5</b>
<b>May 7</b>	<b>November 19</b>
<b>May 21</b>	<b>December 3</b>
<b>June 4</b>	<b>December 17</b>

Regular meetings of the Finance & Administrative Committee are held on the first and third Tuesday of each month at 2:00 p.m. in Conference Room #3, unless changed by a majority vote of the members present at any regular or special meeting.

Approved: \_\_\_\_\_