

TOWN OF HILTON HEAD ISLAND

FINANCE AND ADMINISTRATIVE COMMITTEE MEETING

Date: November 7, 2018 **Time:** 2:00 p.m.

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

Members Absent: None

Staff Present: Josh Gruber, *Assistant Town Manager*; Brian Hulbert, *Staff Attorney*; John Troyer, *Director of Finance* and Cindaia Ervin, *Finance Assistant*

Others Present: David Ames and Bill Harkins, *Council Members*; Ray Deal and Kelly McCallister, *Hilton Head Island-Bluffton Chamber of Commerce*; Carlton Dallas; Chester C. Williams, *Law office of Chester C. Williams LLC*; Skip Hoagland, and other members of the community.

Media: Katherine Kokal, *Island Packet*

1. Call to Order:

The meeting was called to order at 2:02 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. Mr. Lennox moved to revise the draft minutes from the Finance and Administrative Committee Meeting on October 16, 2018 at 2:00 p.m. Mrs. Likins seconded, and the motion passed unanimously.

4. Unfinished Business:

None

5. New Business

- a. **Discussion regarding transparency of the Hilton Head Island-Bluffton Chamber of Commerce's spending resulting from Accommodations Tax Funds.**

John McCann, Chairman, welcomed back Carlton Dallas, member of the public. He summarized his previous findings for the Committee regarding the current Town and Hilton Head Island-Bluffton Chamber of Commerce's Designated Marketing Organization contract and how to alleviate the current concerns regarding how promotional funds are being expended. 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.

Josh Gruber, Assistant Town Attorney, clarified for the Committee regarding Mr. Dallas's recommendation for Section 2.6. Mr. Gruber stated that allowing members of the public invited by the Committee to provide comment during the process of reviewing the DMO could be allowed as they are not actually members of the Committee. However, current Town Council's Rules & Procedures currently do not allow for citizens to be a part standing Town Council Committees. He also mentioned if this is a desire of the Committee it will need changes outside of the contract to be able to do so. Brian Hulbert, Staff Attorney, can appoint another Committee comprised of Town Council members and citizens to help as a subcommittee. Mr. McCann asked how citizens would direct their questions regarding the DMO and its finances and Mr. Dallas felt they would bring those questions forward to the potential newly formed sub-committee and that Committee would be able to research and bring forward their findings and address any concerns and questions the public may have. Mr. Dallas felt it was important that the sub-committee members have no history and no current affiliation with the Town or the Hilton Head Island-Bluffton Chamber of Commerce VCB/DMO. Per section 6, Mr. Dallas felt it was important that the Town give the Chamber notice that it will not automatically renew its contract in November 2019. This will allow the Town the opportunity to customize a Request for Performance (RFP) for the skills and the type of metrics and marketing believed is best for the Town.

Tom Lennox, Committee Member, posed a few questions to Mr. Dallas regarding the marketing plan, financial disclosure and contract term recommendation. His thoughts if additional members of the public were added to the committee, Council would need to be clear in their direction of what they expect of them. Those individuals selected to participate in the process of developing a marketing plan and corresponding budget to fund for the Town should be knowledgeable in marketing and also the Chambers marketing council. Mr. Dallas stated that those selected should not have any additional rights or authorities; however, the Town is relying on their expertise and ability to be critical in their assessment, which will help to reinforce that the marketing plan meets your targets or does not. He also recommended to not have a member of Town Council a part of this process. Mr. Lennox also asked Mr. Dallas to explain the financial responsibilities of those selected as well. Mr. Dallas suggested that those selected take on the same role that Town staff holds when they review financial documents from the DMO which is, to review the detailed financial general ledger and any and all financial documents.

Brian Hulbert, Staff Attorney, asked how best to solve the concerns of the public seeking transparency as the Town has to comply with the Freedom of Information Act in regards to any document used it has to be provided. Mr. Dallas stated that he views that as legal hurdle that will have to be assessed. Mr. Gruber shared concerned that this process is to alleviate the skepticism that the public has with elected officials however, the criticism could shift of the process itself to the citizens of the public who are selected to serve in these roles as the citizens are selected by the same people who currently do the functions now. So his concern is that it may open up criticism in another way and he is not sure how to get past that. Mr. Dallas stated that it has to be a very objective selection process driven by those elected so they are able to select people with the financial and marketing experience so they are not questioned.

Mr. Lennox's feeling is that overall the DMO is in compliance with the current State Accommodations Tax Regulations due to the findings of the legal opinion and financial audit. Mr. Dallas urged that citizens that are not involved with the Town or the DMO would be

beneficial to bridging the gap between the public, the Town and the DMO. Mr. Lennox thought that notifying the DMO that the Town will not automatically renew its contract, allows the Town and the Chamber to resolve some of the issues that have come into question. David Ames, Council Member, had similar thoughts and added that the issue of the Freedom of Information Act needs to be addressed now when there is an opportunity to rewrite the contract rather than later as it is an obligation that both parties have to abide by. Kim Likins, Committee Member, stated that at the previous Finance & Administrative meeting, those present from the DMO were willing to work with the Town and were receptive to finding a solution that both parties could agree upon so it is possible that this could be worked out prior to the contract ending.

David Ames, Council Member, feels that the preservation of the brand has a lot to do with compliance of the vision which is the community speaking on about where it wants to go. The Town owns the brand and it should safe guard it by working through the vision. Mr. Ames stated that if too many other ideas are created then it simply confuses the issue. Mr. McCann asked if anyone had seen the Chambers branding report and those present had not. Mr. McCann stated that given the discussion today, he would like all to consider informing the DMO that the Town will not renew its current contract and start the RFP process to seek a DMO in January 2019 in hopes of working through some of the public issues that have come up in the recent months.

Mr. McCann thanked Mr. Dallas and the Committee members present for the great conversation and discussion regarding the Hilton Head Island-Bluffton Chamber of Commerce. He stated that he would like to continue the conversation and discuss the Chambers branding and the legal obligations of the Freedom of Information Act at the next Finance & Administrative Committee meeting in December.

b. Approval of 2019 Finance & Administrative Committee Meeting Dates

Mr. McCann stated that he would like to postpone approving the meeting dates for 2019 as the election is not complete and he thought whomever is the chairman of the Finance & Administrative Committee should have input on the dates.

6. Adjournment:

Mr. Lennox made a motion to adjourn and Mrs. Likins seconded. The motion passed with a vote of 3-0 and the meeting was adjourned at 2:55 p.m.

Approved:

Respectfully submitted:

Tom Lennox, Chairman

Cindaia Ervin, Secretary