

# **TOWN OF HILTON HEAD ISLAND**

## **FINANCE AND ADMINISTRATIVE COMMITTEE MEETING**

**Date:** April 3, 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*; Greg DeLoach, *Assistant Town Manager*; John Troyer, *Director of Finance*; Steven Markiw, *Deputy Director of Finance*; Brian Hulbert, *Staff Attorney* and Cindaia Ervin, *Finance Assistant*

**Others Present:** David Bennett, *Mayor*; David Ames and Bill Harkins, *Council Members*; Ray Deal, *HHI-Bluffton Chamber of Commerce-Controller*; Jocelyn Staiger, *HHI Association of Realtors*; Eleanor Lightsey, *Lowcountry Inside Track*; and other members of the community.

**Media:** None

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**1. Call to Order:**

The meeting was called to order at 2:07 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 March 20, 2018 at 2:00 p.m. Mr. Lennox seconded, and the motion passed unanimously.

**4. Unfinished Business:**

None

**5. New Business**

**a. General Discussion of Town's Reserve Fund.**

Steve Riley, Town Manager, discussed with the Committee Members information regarding the Town's reserve fund. He provided the Committee with key information on the expected cost of Hurricane Matthew and Irma. The expected cost of Hurricane Matthew is \$56M or approximately 62% of one years operating budget and Irma could cost several million. Mr. Riley applauded the Town on being able to respond to Matthew the way it did based on the acts of previous Town Council by setting aside reserves for emergencies and saving debt capacity. In order to help with the costs related to the response of Hurricane Matthew, the Town deployed \$20M in reserves and sold a \$20M Bond Anticipation Note of which will be repaid by the end of fiscal year 2018.

Mr. Riley stated that in order to remain prepared for the next major storm the Town issued \$18M in reserve restoration bonds and implemented 5 mills over 5 years to pay for the bonds. With the current 20% self-imposed reserve policy in place, Mr. Riley suggested that Town Council consider raising reserve levels to 25% - 30%. He indicated while raising the reserve

policy would be beneficial in the event of an emergency, it could have an impact on the Town's ability for future capital improvement projects. Kim Likins, Committee Member, asked what the impact on capital improvement projects could be if the reserves were increased and Mr. Riley, stated that he would coordinate with staff to provide accurate numbers to the Committee. David Bennett, Mayor, asked compared to other communities in similar situations, what amount would appropriate amount of reserve funding. Mr. Riley stated that based on the Federal Emergency Management Agency's (FEMA) calculation the Town had more total cubic yards of debris that was anticipated, so another community's reserve amount may not be what we need as we could need more or less. Brian Hulbert, Staff Attorney, stated that as this was FEMA's first time with a geographic make up as Hilton Head's he stated that if there is another hurricane of Matthews size, private roads may not be covered as it makes up 70% of our Island and FEMA may deem it as non-reimbursable in the future. The overall consensus of the Committee was that they would like to have further conversations regarding raising the self-imposed reserve policy, the factors that it could be affected by and look into possibly purchasing reinsurance in the event of another storm. Mr. McCann thanked Mr. Riley for his information and all of those that attended.

**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 2:45 p.m.

**Approved: 4/17/2018**

**Respectfully submitted:**

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**John McCann, Chairman**

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**Cindaia Ervin, Secretary**