



Town of Hilton Head Island
**FINANCE & ADMINISTRATIVE
COMMITTEE MEETING**
Tuesday, August 15, 2023, 1:00 PM
Minutes

Present from the Committee: Alex Brown, Chairman; David Ames, Steve Alfred, Glenn Stanford, *Members*

Present from Town Council: Councilwomen Tamara Becker and Patsy Brison

Present from Town Staff: Marc Orlando, *Town Manager*; Josh Gruber, *Deputy Town Manager*, John Troyer, *Director of Finance*; Bob Bromage, *Public Safety Director*; Kimberly Gammon, *Town Clerk*

1. Call to Order

Mr. Brown called the meeting to order at 1:00 PM.

2. FOIA Compliance

Ms. Gammon affirmed compliance with FOIA.

3. Adoption of the Agenda

Mr. Ames moved to approve the agenda as presented. Mr. Stanford seconded. Motion carried 4-0.

4. Approval of the Minutes

a. Regular Meeting Minutes of June 20, 2023

Mr. Stanford moved to approve. Mr. Alfred seconded. Motion carried 4-0.

b. Regular Meeting Minutes of July 18, 2023

Mr. Stanford moved to approve. Mr. Alfred seconded. Motion carried 4-0.

5. Appearance by Citizens

Skip Hoagland addressed the Committee regarding David Lauderdale's article in the Island Packet. Mr. Hoagland spoke about the opportunity to recognize honest employees, while holding others accountable for corrupt behavior. He cited lack of transparency, FOIA compliance, fraudulent audits, and budgets. Mr. Hoagland asked Council to hire a forensic auditor.

Skip Hoagland stated he was speaking on behalf of Lynn Greely. Mr. Hoagland said that due to the illegal acts committed by those in our local government, there is a need for transparency with government tax dollars. He requested an outside CPA used to perform a forensic audit.

Melinda Tunner addressed the Committee regarding the Strategic Plan Workshop's discussions involving alternative revenue sources and opportunities. She spoke of pros and cons in issuing a new bond, requesting to understand the reasons and options from Town Council.

6. Unfinished Business

a. Discussion of Municipal Installment Purchase Revenue Bond – John Troyer, Finance Director

John Troyer began his presentation with an overview of the debt service fund budget highlights, current budget, the corresponding revenues and expenditures with principle interest, possible new debt structure, and any bond issues that are outstanding with the corresponding maturity dates. Mr. Troyer went on to state that the Town has made significant decreases in the outstanding debt over the last several years.

Mr. Troyer continued about an option for the Town to utilize a Beach Renourishment Bond. Council could also consider bonds for strategic land purchases or consider packaging all bonds into one. Other bond options could allow the Town the potential to take advantage of a drop in the interest rate market within the upcoming years. Mr. Troyer noted a couple CIP Budgeted Items including that the Mid-Island Park could be built in phases. And beach renourishment has had money set aside for this for several years. It will be up to Town Council to access all the CIP Budgeted items on how they will be phased to best fit with the Town's priorities.

Committee members asked questions and made comments regarding the concerns for borrowing money during the height of the interest rate market; if there was consideration to a shorter, term financing with lower interest charges; an option to use Bond Anticipation Notes; an option to combine the various series of bonds together allowing the Town to save on various costs and fees; the option to lease rather than purchase the fire engine equipment; options to remove or delay some CIP budgeted items that have been approved but not fully funded; the importance for Town Council to continue to invest in projects that benefit local businesses and tourism; and the need for further funding for workforce housing here on the island.

Chairman Brown requested a list of bond options for funding, expected costs and where each option would take the Town.

Chairman Brown asked for citizen comments.

Skip Hoagland addressed the Committee regarding his feeling that bonds and borrowing money is a scam to profit lawyers and put the Town into debt. Mr.

Hoagland asked for financial transparency on previous money the Town has spent.

7. New Business

a. Presentation by the Coastal Community Development Corporation – John Troyer, Finance Director

Alan Wolf, Coastal Community Development Corporation (CCDC) Chairman of the Board, began the presentation to update the Committee. In September of 2022, the Chimney Cove residents' eviction notice prompted a look into the fragile workforce housing market here on the Island. As a result, the CCDC was formed to find a solution addressing the shortage of workforce housing on Hilton Head Island. The CCDC would utilize public and private capital, to purchase existing housing for sale, with the intent to make available to rent to local workers. The goal is to ensure growing opportunities to provide workforce housing through real investments through local and regional solutions, as referenced in the Finding Home Plan presented by Town Council in November of 2022.

Mr. Wolf went on to share an overview of the CCDC, starting with a brief list of the seven community board members. The CCDC received the approval of nonprofit status in May of 2023. The mission of CCDC seeks to increase the availability of homes for our local and regional workforce by preserving existing housing, redeveloping existing property and developing new property to meet the demand of our region while serving working residents. Mr. Wolf went on to explain the mechanisms to serve the workforce. The CCDC plans to leverage a host of cost curve bending strategies, including Property Tax Abatement; Low-Cost Capital; Grants and Donations; Local, State and Federal Programs; and Profit Interest.

The formal request submitted to the Committee is for funds, through investment or a grant, of \$600,000 to help the CCDC in Phase One. The Phase One Effort is to purchase 13 units on Hilton Head Island with a total of \$3 million for budget. For every \$1 the Municipality funds, the CCDC would find \$4 to match it.

David Wetmore addressed the Committee about solving the problem without a profit motive. Mr. Wetmore explained the type of properties the CCDC was looking at, the percentages for raising rents, hiring a property manager as well as other factors involved. He noted that this is a solution within the community that is practical and sustainable.

Mr. Wolf continued with information about what the CCDC expects to receive including matching grant money and donations received to date as well as the soft commitments from local community investors. The CCDC is following the IRS Safe Harbor prescription by obtaining a Notes Payable Agreement, which explain the risks of investing in this as an accredited investor.

Committee members asked questions and made comments regarding what restrictions might apply to the Town directing funds to this purpose; what the appropriate legal structure to facilitate a transaction would be going forward; additional input from the Town Attorney; how much capital has been raised to date; how the CCDC can assure that the lower AMI ranges will be able to participate in this program; would this request for \$600,000 be a one-time request or a recurring request; the framework for potential issues such as bankruptcy; maintenance for purchase of old buildings, property manager fees, administration fees, increases in regime fees, insurance, and taxes; and options for the Town in the adopted FY2024 Town of Hilton Head Island Budget.

Councilman Brown asked for citizen comments.

Skip Hoagland addressed the committee that a long-term master land plan would be necessary. Mr. Hoagland indicated the use of Town tax money needs to be used legally.

Randy Brooks addressed the Committee citing a question the Kim Likins Campaign for Mayor posed to a sample of taxpayers on the Island: if they (the taxpayers) have been inconvenienced by a shortage of service staff on the Island. 80% said yes. Therefore, Mr. Brooks noted that the voters are aware of the shortage and how it is impacting their lives.

Ken Campbell addressed the Committee regarding the presentation. Although this request has been initiated by Alan Wolf of the Serg Group, the CCDC is a 501C3. There is no benefit to any specific company on the Island. All companies will have the opportunity to invest in a unit. If they invest in two units, that company will have preference for an employee to live in one of those units. Regarding a sale to a tenant, it stays in Workforce Housing Inventory and there are covenants on the ground that will last 99 years.

Chairman Brown asked Josh Gruber how to explore this as an option to understand better the legalities associated with it, including the financial commitment. Mr. Gruber explained that the F&A Committee has the ability to hear this information, but full Council will need to provide policy direction.

Mr. Ames moved to forward the request of \$600,000 from the Coastal Community Development Corporation for consideration of approval to the full Town Council. Mr. Alfred seconded. Motion carried 4-0.

b. Consideration of a Resolution to Authorize Submittal of the Community Development Block Fund (CDBG) Entitlement Program Consolidated Annual Performance Evaluation Report (CAPER) for Program Year 2022 to the U.S. Department of Housing and Urban Development – Marcy Benson, Senior Grants Administrator

Ms. Benson started with a presentation to the Committee to recommend Town Council approve the resolution to authorize the submittal of the Town's 2022

Community Development Block Grant Consolidated Annual Performance Evaluation Report as required by HUD for participation in the Community Development Block Fund (CBDG) Entitlement Program. The CBDG Entitlement Program is a Federal Program that is administered by the US Department of Housing and Urban Development (HUD.) It provides annual grants on a formula basis to entitled cities and counties based on population data from the US Census Bureau. The funds are used to benefit low- and moderate-income persons based on HUD guidelines. The CAPER is a requirement of the CBDG Entitlement Program, and it reports on the expenditures, accomplishments, and progress towards achieving goals and objectives that were listed in the 2020- 2024 Five-Year consolidated plan. The presentation highlighted the 2020 CBDG Covid funds, due to a funding reallocation that the Town accepted from HUD in 2022. Town staff developed the 2022 Annual Action Plan where funds were designated to be used for public facilities and improvements using population data from the census bureau. Per program years 2020, 2021, 2022, Ms. Benson continued to explain the proposed versus actual outcomes; resources that were available and the amount expended during the program year; and the planned percentage of allocation versus the actual percentage of allocation. Ms. Benson went on to speak about the next steps in late August into September 2023. She explained that the Town has submitted a timeliness workout plan to HUD to show that by next year, the funds will have been expended and we'll be in compliance with our expenditure requirement.

Committee members asked questions and made comments regarding if the Town was at risk of losing any of these grant funds pending completion of various projects being delayed; if there is a standard period of time given for timeliness; and the opportunity to transition these monies being put forth to other infrastructures that make sense for these neighborhoods over time.

Chairman Brown asked for citizen comments, which there were none.

Mr. Ames moved to forward the recommendation from staff to Town Council for consideration of a resolution to authorize submittal of the Community Development Block Fund (CDBG) Entitlement Program Consolidated Annual Performance Evaluation Report (CAPER) for program Year 2022 to the U.S. Department of Housing and Urban Development. Mr. Sanford seconded the motion. The motion carried 4-0.

8. Adjournment

The meeting was adjourned at 2:25 PM.

APPROVED:

September 19, 2023

The recording of this meeting can be found on the Town's website at www.hiltonheadislandsc.gov