

# COUNTY COUNCIL OF BEAUFORT COUNTY

ADMINISTRATION BUILDING  
100 RIBAUT ROAD  
POST OFFICE DRAWER 1228  
BEAUFORT, SOUTH CAROLINA 29901-1228  
TELEPHONE: (843) 255-2180  
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WM. WESTON J. NEWTON  
CHAIRMAN

D. PAUL SOMMERVILLE  
VICE CHAIRMAN

## COUNCIL MEMBERS

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RICK CAPORALE  
GERALD DAWSON  
BRIAN E. FLEWELLING  
HERBERT N. GLAZE  
WILLIAM L. McBRIDE  
STEWART H. RODMAN  
GERALD W. STEWART  
LAURA VON HARTEN

GARY KUBIC  
COUNTY ADMINISTRATOR

BRYAN J. HILL  
DEPUTY COUNTY ADMINISTRATOR

LADSON F. HOWELL  
COUNTY ATTORNEY

SUZANNE M. RAINEY  
CLERK TO COUNCIL

## AGENDA

### FINANCE COMMITTEE

Monday, March 19, 2012

2:00 p.m.

Conference Room, Building 2  
Beaufort Industrial Village,  
102 Industrial Village Road, Beaufort

### Committee Members:

Stu Rodman, Chairman  
Rick Caporale, Vice Chairman  
Steven Baer  
Brian Flewelling  
William McBride  
Paul Sommerville  
Jerry Stewart

### Staff Support

Bryan Hill, Deputy County Administrator  
David Starkey, Chief Financial Officer

1. CALL TO ORDER – 2:00 P.M.
2. RESOLUTION REVISING A SPECIFIC TAX INCREMENT FINANCING (TIF) CALCULATION
3. CONSIDERATION OF CONTRACT AWARDS
  - A. Debt Financial Advisory Services ([backup](#))
  - B. EMS Quick Response Vehicle ([backup](#))
  - C. Purchase of 150 Virtual Machine Licenses, Wireless Controllers for Wireless Control Project and UPS Refresh Equipment ([backup](#))
4. AUTHORIZATION FOR PLEASANT POINT SPECIAL PURPOSE TAX DISTRICT TO BORROW FUNDS
5. PUBLIC / PRIVATE PARTNERSHIP CONTRACT FOR OKATIE REGIONAL PARK ([backup](#))
6. FUND BALANCE POLICY DISCUSSION ([backup](#))
7. TECHNICAL COLLEGE OF LOWCOUNTRY ENTERPRISE CAMPUS INTRODUCTION – 3:30 P.M.
8. ADJOURNMENT

#### Open and Priority Retreat Items

Solid Waste Analysis  
Road Financing  
New vs. Rehabilitated Courthouse  
Burton Wells Regional Park Financing  
Sport Complex Economic Analysis

#### 2013 Budget Cycle

Reserve / Debt Policy  
Business License Fees  
2014 Millage Policy  
Employee COLA / Bonus  
Joint Use of School Facilities  
Airport Business Plan  
Beaufort Memorial Hospital

A quorum of Council may be in attendance at all Committee meetings.  
Please silence your cell phone during the meeting.



**COUNTY COUNCIL OF BEAUFORT COUNTY  
PURCHASING DEPARTMENT**

102 Industrial Village Road, Building 3  
Post Office Drawer 1228, Beaufort, SC 29901-1228  
Phone: (843) 255-2350 Fax: (843) 255-9437

TO: Councilman Stewart H. Rodman, Chairman, Finance Committee

VIA: Gary Kubic, County Administrator *GKubic*  
Bryan Hill, Deputy County Administrator *B Hill*  
David Starkey, Chief Financial Officer *DS*  
Maria Walls, Treasurer Chief Financial Officer *MW*

FROM: Dave Thomas, CPPO, Purchasing Director *DT*

**SUBJ: RFP # 3961/120323 Financial Advisory Services for Beaufort County Debt Issues**

**EVALUATION COMMITTEE NOTES:** The evaluation committee consisted of Bryan Hill, Deputy County Administrator, David Starkey, Chief Financial Officer, and Maria Walls, Treasurer Chief Financial Officer. The evaluation committee reviewed the four responses to the RFP and ranked First Southwest as the number one ranked firm.

**FINAL EVALUATION RANKING:**

1. First Southwest, Charlotte, NC
2. Southwest Securities, Columbia, SC
3. Public Financial Management, Inc., Atlanta, GA
4. Davenport & Company, LLC, Charlotte, NC

**FUNDING:** Services are paid from the County's debt service funds and purchase property fund from the actions taken by the service provider.

**RECOMMENDATION:** The Finance Committee approve and recommend to County Council the contract award to First Southwest, the top ranked firm, with the anticipated cost per year of \$25,000 for a five year contract totaling \$125,000.

cc: Elizabeth Wooten



**COUNTY COUNCIL OF BEAUFORT COUNTY  
PURCHASING DEPARTMENT**

Building 2, 102 Industrial Village Road  
Post Office Drawer 1228, Beaufort, SC 29901-1228  
Phone: (843) 255-2353 Fax: (843) 255-9437

TO: Councilman Stewart H. Rodman, Chairman, Finance Committee

VIA: Gary Kubic, County Administrator *GKubic*  
Bryan Hill, Deputy County Administrator *BHill*  
David Starkey, Chief Financial Officer *DStarkey*  
Monica Spells, Compliance Officer *Spells*  
Donna Ownby, Director of EMS *DMO*

FROM: Dave Thomas, CPPO, Purchasing Director *DT*

SUBJ: Request to Purchase One (1) 2012 Ford F-150 Super Cab 4x4 Truck for the County's EMS Department from the South Carolina State Contract

DATE: March 15, 2012

**BACKGROUND:** Beaufort County EMS would like to purchase a new Quick Response Vehicle (QRV) to begin replacing the aging QRV fleet. The department currently has five QRV's—three have over 100,000 miles and two have over 80,000 miles. EMS uses the QRV's to reduce response times and provide advanced care before an ambulance arrives. This new F-150 truck will replace one of the older trucks. The one it replaces will be used to stand in when the front line vehicle is in the shop for repairs or preventive maintenance. Given the money left in the budget from the last ambulance purchase, the new F150 can be purchased as well as a radio and light bar.

**STATE CONTRACT VENDOR:** Vic Bailey Ford, Spartanburg, SC, price \$27,236.

**FUNDING:** Account # 23160-54000 Vehicle Purchases. The current balance is \$34,330.

**RECOMMENDATION:** The Finance Committee approve the contract award for one (1) new 2012 Ford F-150 Super Cab 4x4 truck in the amount of \$27,236 to Vic Bailey Ford, the South Carolina State contract vendor.

cc: Elizabeth Wooten, Howell Youmans



**COUNTY COUNCIL OF BEAUFORT COUNTY  
PURCHASING DEPARTMENT**

Building 2, 102 Industrial Village Road  
Post Office Drawer 1228, Beaufort, SC 29901-1228  
Phone: (843) 255-2353 Fax: (843) 255-9437

TO: Councilman Stewart H. Rodman, Chairman, Finance Committee

VIA: Gary Kubic, County Administrator  
Bryan Hill, Deputy County Administrator  
David Starkey, Chief Financial Officer  
Dan Morgan, MIS Director

FROM: Dave Thomas, CPPO, Purchasing Director

SUBJ: Request to Purchase 150 Virtual Machine (VM) Licenses, Wireless Controllers for the Wireless Controller Project and UPS Refresh Equipment from the South Carolina State Contract

DATE: March 19, 2012

**BACKGROUND:** The MIS Department is requesting to purchase computer software and equipment from three different State contract vendors in support of three separate projects. The first project, Mobile Data Project (MDP) was approved by County Council in February 2011, which included purchasing the Terminal Services licenses from Microsoft as part of the \$2.2 million dollar MDP. Since that time, technology has changed to allow Beaufort County to leverage more scalable enterprise software, which will require the County to purchase the new software license from Hewlett Packard (HP). The second purchase request involves purchasing equipment for the Wireless Controller Project. This project will allow MIS to have the visibility and control needed to cost-effectively manage, secure, and optimize the performance of their wireless network. The third project involves upgrades to the Beaufort County Fiber Network by refreshing the Uninterruptible Power Supply (UPS) equipment. Many of the UPS units have met their life cycle and are beginning to fail. This project will ensure business continuity moving forward.

**STATE CONTRACT VENDORS:**

	<u>Cost</u>	<u>Project</u>
1. New Century Systems, Charlotte, NC, HP reseller	\$35,000	Mobile Data Project
2. Computer Software Innovations,	\$45,000	Wireless Controller Project
3. Graybar, Beaufort, SC	\$25,100	UPS Refresh Equipment

**FUNDING:**

	<u>Balance</u>
1. Mobile Data Project, Account # 11439-54209 MDCS Special Capital Equipment	\$47,331
2. Wireless Controller Project, Account # 15060-54110 Data Processing Equipment	\$71,199
3. UPS Refresh Equipment, Account # 15060-52611 Data Processing Equipment	\$43,014

**RECOMMENDATION:** The Finance Committee approves the purchases from the aforementioned State contract vendors for a total amount of \$105,100.

cc: Elizabeth Wooten

STATE OF SOUTH CAROLINA    )  
  )  
COUNTY OF BEAUFORT         )

AGREEMENT

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**SECTION I – PURPOSE:**

This Agreement is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2012, by and between Beaufort County, a body politic and political subdivision of the State of South Carolina (hereinafter "County"), and Direct Instruction Support Systems, Inc. (hereinafter "Contractor"), an Ohio Non-Profit Corporation. (dba, Go Zip Hilton Head).

**WITNESSETH:** that the Contractor for and in consideration of the mutual obligations contained herein, agrees to perform necessary services and improvements, hereinafter referred to as Services, as requested by the County and described elsewhere in this Agreement for the creation and development of certain educational and recreational activities in the Okatie Regional Park to be called "GoZipHiltonHead."

**SECTION II – SERVICES BY THE CONTRACTOR:**

1. The Contractor agrees that its obligations under this Agreement are for the benefit only of the County. The Contractor represents that it is possessed of the necessary professional skills and experience as required to properly execute the work as required of this Agreement and shall at all times safeguard the interests of the County, as set forth herein, during the course and performance of this Agreement. The Contractor shall furnish all personnel, equipment and materials necessary, as determined by Contractor, to perform the Services as stated under this Agreement and shall conduct said work in an effective and timely manner.
2. The Contractor agrees to invest up to Four Hundred Forty-One Thousand and No/100 Dollars (\$441,000) in the construction of a canopy tour and associated structures in the Okatie Regional Park. Said tour to include such towers, zip lines, and sky bridges using such structures, poles, and trees as may be necessary to create a two and one-half hour tour and supporting activities to increase public enjoyment of the park. The supporting activities will be mutually agreed upon by the Contractor and the County. Final layout of the tour shall be determined in conformity with the various setbacks, permits, Master Plan for the Okatie Regional Park, and subject to confirmation and approval by the County and a certified arborist of its choosing, such approval not being unreasonably withheld. Any and all payments made by the Contractor to the certified arborist shall be included in the \$441,000.00 amount herein.
3. The Contractor agrees to make physical improvements and provide the following infrastructure to the Okatie Regional Park which physical improvements shall

consist of the installation and maintenance of a portable Welcome Center to use as a base of operations for the canopy tour and serve as an information center for park guests. Upon completion of all necessary infrastructure by the County, Contractor shall construct a permanent structure of no less than 10' x 20' in size to serve as the Welcome Center at a cost not to exceed \$30,000. At the conclusion of this Agreement, the Contractor shall donate the permanent Welcome Center to the County. The cost of the portable Welcome Center and the permanent Welcome Center are included in the \$441,000.00 amount in paragraph II, 2, above.

The Contractor shall provide portable temporary restrooms until such time as permanent restrooms may be installed on the site by the County. Upon the installation of permanent restroom facilities, the Contractor shall maintain and service such restroom facilities as its sole expense for use by the general public and Park guests. Contractor shall also maintain all permanent parking areas and the landscaping in and around the parking areas and shall be responsible for supplying any gravel as may be needed.

4. The Contractor shall provide staff for the Welcome Center on all days for which the canopy tour is open for business and shall be responsible for the opening and closing of the park on those days. The Contractor shall ensure that the park is open for use by the general public during normal business hours consisting of a minimum time of 30-40 hours in season ("in season" is defined at Memorial Day to Labor Day, or as may otherwise be agreed to in writing by the Parties) and 20 hours off season.
5. The Contractor shall mow and maintain the trails and provide maintenance, labor, and construction materials, signage and liability insurance for the off road bicycle trail as needed for clear and unimpeded access (subject to the primitive nature and natural characteristics of the primitive trails and off road bicycle trail) by the general public. Contractor shall also provide a dumpster for refuse and waste collection at the Welcome Center and shall ensure that said dumpster be emptied as needed to prevent the accumulation and overflow of trash and other debris around the dumpster area.
6. The Contractor shall provide for all signage of the Canopy Tour, off road bicycle trail and supporting structures as may be appropriate, as mutually agreed upon by the County and the Contractor, under the circumstances.
7. The Contractor agrees to purchase and at all times maintain liability insurance in an amount of no less than Two Million and No/100 Dollars (\$2,000,000) and shall name the County, Beaufort Count Rural and Critical Lands Program, and the Beaufort County Open Land Trust as an additional insured on said policy.

8. The Contractor shall pay rent to the County either \$1,250.00 per month as a flat rental amount or five (5%) percent of its gross revenues less any agent commissions, credit card fees, business license fees, and local and state sales and use taxes, whichever is greater. This amount shall be remitted to the County on a monthly basis as calculated by the previous month's gross revenues. This amount shall be submitted to the County no later than the fifteenth (15<sup>th</sup>) day of the month in which the rent is due. Rent shall begin to be due the month following the opening of the canopy tour (for example, if the canopy tour is opened to the public on July 1, 2012 then rent would be due no later than August 15, 2012). Any amounts not received by the fifteenth (15<sup>th</sup>) day shall incur a late charge of ten (10%) percent of the total amount due. The amount shall be sent to: \_\_\_\_\_.
9. The Contractor agrees that its books and records may be audited by the County, at its cost, to ensure the accuracy and sufficiency of all monthly rent payments that may be due to the County.

### **SECTION III – SERVICES BY THE COUNTY:**

1. The County shall permit the Contractor to use the Okatie Regional Park for the purposes described above which use shall be in conformity with the Master Plan.
2. The County shall obtain all necessary permits and design fees with the Town of Bluffton as they pertain to the basic infrastructure of the park. The County shall provide for the installation of one two-hundred (200) amp electrical service panel within twenty-five (25) feet of the planned Welcome Center.
3. The County shall provide and allow for signage for the park with a banner space for the canopy tour which shall be done in conformity with all applicable Town of Bluffton sign regulations and ordinances.
4. The County shall provide directional signs for the park along State Routes 278 and 170 and the access road (Cecil Reynolds Road) as may be permitted by all applicable state and local laws and regulations relating to the installation of signage.
5. The County agrees that it will provide the following improvements to the park so long as the aggregate cost to purchase, construct, and install the following improvements shall at no time exceed \$175,000. County agrees that a priority use of such funds will be to provide the parking and water line connection, as set forth herein below. Any costs that exceed the \$175,000 shall be discussed by the Contractor and County to determine if the costs should be incurred and if

such costs are agreed upon by the Contractor and County, such costs shall be split equally.

- a. The County shall provide for the installation of a lockable gate and fence on the northern boundary of the park. The Park shall be opened and closed on a schedule that is mutually agreeable to both the County and the Contractor. Opening and closing the park will be the sole responsibility of the Contractor.
- b. The County shall provide for the construction and installation of a picnic pavilion which shall have a concrete floor, no less than eight (8) picnic tables, and appropriate trash receptacles.
- c. The County shall provide for permeable parking facilities so as to allow parking for between 20 vehicle and 40 vehicles, the number of parking spaces to be mutually agreed upon by Contractor and the County.
- d. The County shall design and create the initial primitive trail park system throughout the park with all necessary and appropriate signage.
- e. The County shall ensure that a water line connection to the property is available for use by the Contractor and the public.

#### **SECTION IV – MUTUAL UNDERSTANDINGS:**

1. The Contractor shall allow annual inspection of the park infrastructure to determine general conditions and maintenance needs by the County. The Contractor agrees that it will be solely responsible for all such routine maintenance and repairs as may be determined during any such annual inspection and mutually agreed upon by the parties.
2. All improvements to the park shall be done in conformity with the Master Plan and shall be subject to the prior approval of the County or its designee, which approval shall not unreasonably withheld.
3. The Contractor and the County will work cooperatively to provide recreational opportunities for the visitors and residents of the County and will use this public-private partnership to further the mission of the Rural and Critical Lands Preservation Program.
4. The Contractor and the County agree that a "Buy Beaufort County" philosophy shall be present and utilized during the performance of this Agreement as may be appropriate.



5. The Contractor agrees that it shall pay its employees and agents prevailing local hospitality industry wages, as determined by Contractor, during the performance of this agreement and shall strive to create as many full time and part time jobs as may be possible (as determined by Contractor in its sole discretion) under the terms of this Agreement.
6. The Contractor agrees that it shall provide reduced pricing up to 10% for its services to both adults and children that are documented Beaufort County residents.
7. The Contractor agrees that at the conclusion of this Agreement, or the termination or non-renewal of this Agreement, that it shall be responsible for restoring the Contractor recreational improvements to the park to as close as possible to its natural state taking into consideration the use of such improvements and the reasonable costs associated therewith, and Contractor shall provide for the removal of any and all recreational equipment, recreational structures, or recreational facilities installed by Contractor as may reasonably be required by the County.
8. In order to reduce the impact upon the park during the construction and maintenance of contractor activities, the Contractor will attempt, at its sole discretion, to lease private adjacent property as a staging area for construction. If leased, all maintenance equipment, mowers, storage trailers, not associated with the daily operation of the park will be stored off site to maintain the natural beauty of the park.

#### **SECTION V – TERM, RENEWAL, AND TERMINATION:**

1. This Agreement shall be in full force and effect from the last date executed below for a period of four (4) years (“Initial Term.”) The Parties acknowledge that the Initial Term is necessary based upon the Contractor’s significant capital improvements in developing a canopy tour at the Okatie Regional Park.
2. This Agreement may be renewed at the option of Contractor for three (3) consecutive periods of four (4) years each for a total potential renewal term of twelve (12) years. The Parties acknowledge that the renewal terms are necessary based upon the Contractor’s significant capital improvements in developing a canopy tor at the Okatie Regional Park.
3. In the event that this Agreement is terminated hereunder, the Contractor shall deliver to the County all reports, field books, drawings, or other documents that have been prepared in the course of the services performed under this Agreement. All such material is, and shall be remain the property of the County, to be used in such a manner and for such purposes as the County may choose.

The County shall not use such materials which are not completed by the Contractor or which are used on other than this Agreement. It is further agreed that in the event the County shall terminate the Agreement due to failure of the Contractor to properly perform material obligations in accordance with the terms of this Agreement, the County may make such arrangements as it shall deem desirable for the completion of the Services under this Agreement.

4. After the initial term, the Contractor shall make no claim for additional compensation against the County by reason of termination other than as allowed for by law.
5. This Contract may be terminated by Contactor, if the County does not submit the land disturbance permit applications within 90 days of this Agreement.
6. Neither party shall be liable for failure to perform this Agreement when such failure is due to "force majeure." "Force majeure" shall mean acts of God, strikes, lockouts, or industrial disputes or disturbances, civil disturbances, arrests and restraints, interruptions by government or court orders, present and future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, insurrections, inability to secure labor or inability to secure materials, including inability to secure materials by reason of allocations promulgated by authorized governmental agencies, epidemics, fires, explosions, inability to obtain easements, right-of-way, or other interests in realty, or any other cause, whether of the kind here enumerated or otherwise, not reasonably within the control of the party claiming "force majeure."

**SECTION VI – MODIFICATION:**

1. This Agreement constitutes the entire agreement and understanding by and between the parties with respect to the subject matter hereof and supersedes all prior oral or written communications, proposals, agreements or understandings of the parties relating to the subject matter hereof and shall not be modified unless confirmed in writing by all parties in agreement hereto. No representation, promise, or inducement has been made by either party hereto that is not embodied in this Agreement, and neither party shall be bound or liable for any alleged representation, promise, or inducement not specifically set forth herein.

**SECTION VII – GOVERNING LAW:**

1. This agreement shall be governed and interpreted under the laws of the State of South Carolina, County of Beaufort.

**SECTION VIII – DISPUTE RESOLUTION:**

1. In the event of any dispute arising under this Agreement, the Parties agree that prior to the filing of a lawsuit, they may participate in voluntary mediation to resolve any and all such disputes and shall attempt to jointly explore and communicate their differences and will seek an acceptable solutions for both parties if at all possible. If a lawsuit is filed, the party who files the lawsuit stipulates and agrees that the lawsuit shall be stayed while the parties participate in mandatory mediation. The parties shall agree on a mediator, and if they are unable to agree they shall contact the Beaufort County Clerk of Court to obtain the name of the next certified mediator (as set forth in ADR Rule 4) and shall use that person as the mediator. The cost of the mediator shall be split equally.

**SECTION IX – SEVERABILITY:**

1. In the event that any provision of this Agreement conflicts with the law under which this Agreement is to be construed, or if any provision is held invalid or unenforceable by a court of competent jurisdiction, such provision shall be deleted from this Agreement and the Agreement shall be construed to give full effect to the remaining provisions thereof.

**SECTION X – HEADINGS AND CAPTIONS:**

1. Headings and Captions. The paragraph headings and captions contained in this Agreement are for convenience only and shall not be construed to define, limit, or affect the scope or meaning of the provisions hereof.

**SECTION XI – ASSIGNABILITY:**

1. This Agreement shall be binding upon and inure to the benefit of each Party and its respective successors and assigns. Neither this Agreement nor any rights or obligations hereunder may be assigned by either Party without the prior written consent of the other, which consent shall not be unreasonably withheld. Notwithstanding the forgoing, County expressly agrees that Contractor may assign its rights and obligations to Go Zip Hilton Head, LLC, a company to be formed (or similar named company).

**SECTION XII – INDEMNIFICATION:**

1. Contractor hereby agrees to defend, indemnify, and hold harmless the County, the Beaufort County Rural and Critical Lands Program, and the Beaufort County Open Land Trust from any and all claims, actions, suits, or demands for compensation from whatever source, arising from the operation and use of the canopy tour and other activities specifically monitored by Contractor.

2. The County will defend, indemnify and hold harmless the Contractor, its officers, owners, agents, employees, instructors, volunteers, and permitted assigns, and the permitted assigns, officers, members, agents , employees, instructors, and volunteers, from any and all claims, actions, suits, or demands for compensation from whatever source arising out of or related to public use of the park not associated with activities specifically monitored and supervised by the Contractor, including but not limited to the primitive nature trails
  3. Nothing herein is intended to waive the limits of liability provided by the Recreational Use Statute, SC Code Ann §§ 27-3-10 – 70.
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#### SECTION XIII- NO THIRD PARTY BENEFICIARIES

1. The terms of this Agreement are only binding upon and inure to the benefit of the County and the Contractor, and their permitted assigns. There are no other intended beneficiaries of this Agreement. There are no third party beneficiaries to this Agreement.

#### **SECTION XIII – GENERAL PROVISIONS:**

1. No failure by either party to insist upon the strict performance by the other of any covenant, agreement, term, or condition of the Agreement or to exercise any right or remedy upon a breach thereof shall constitute a waiver of any such breach or of such covenant, agreement, term, or condition. No waiver of any breach shall affect or alter this Agreement, but each and every covenant, condition, agreement, and term of this Agreement shall continue in full force and effect with respect to any other then existing or subsequent breach.
2. Time is of the essence in each provision of this Agreement in which a time period is specifically mentioned.
3. All references to the term of this Agreement shall include any and all Renewal Periods of such term.

4. Except as otherwise provided hereby, all notices, demands, or requests from one party to the other must be personally delivered or sent by certified U.S. mail.

To the County at: Mr. Gary Kubic  
Beaufort County Administrator  
P.O. Box 1228  
Beaufort, South Carolina 29901

With Copy to: Beaufort County Staff Attorney  
P.O. Box 1228  
Beaufort, South Carolina 29901

To Contractor at: Mr. Gary Moore, Ph.D.  
Direct Instructional Support Systems, Inc.  
P.O. Box 691  
Worthington, Ohio 43085

Each party shall have the right from time to time to designate a different address by which notices of the change in address can be given in conformity with this Agreement.

**SECTION XIV – EXECUTION, APPROVAL AND CERTIFICATION:**

**IN WITNESS WHEREOF**, the parties hereto have affixed their hands and have executed this Agreement, in duplicate, as of the day and year first above written.

**WITNESSES:**

**BEAUFORT COUNTY:**

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_

Its: \_\_\_\_\_

**CONTRACTOR:**

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(Print Name)



# COUNTY COUNCIL OF BEAUFORT COUNTY FINANCE DEPARTMENT

Post Office Drawer 1228  
Beaufort, SC 29901-1228

TO: Councilman Stewart Rodman, Chairman, Finance Committee

VIA: Gary Kubic, County Administrator   
Bryan Hill, Deputy County Administrator 

FROM: David Starkey, CPA, Chief Financial Officer 

SUBJECT: **Debt Service Fund Balance Policy Proposal**

DATE: March 16, 2012

## BACKGROUND:

Best practice dictates that governing bodies adopt fund balance policies for all funds, especially those that are funded through property tax millage. This is especially true since the inception of Governmental Accounting Standards Board (GASB) Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which the County was required to adopt in its fiscal year 2011 comprehensive annual financial report (CAFR). The policy is also a priority item of Council.

## RECOMMENDATION:

At a minimum the County shall maintain enough fund balance (net of any incoming impact fee revenues, admissions fees revenues, and TAG revenues) within its Debt Service Funds and the County Purchase Property Fund to cover the County's interest-only payments occurring on August 1 and September 1 of every fiscal year.\*

Furthermore, the County shall set a long-range goal of maintaining 1 year's worth of debt service payments (net of any incoming impact fee revenues, admissions fees revenues, and TAG revenues) within these funds.\*\*

## NOTES/RATIONALE:

\* - This will ensure that the County has the cash on-hand prior to making these payments and in turn, ensure that the fund balances would not decline to less than \$0. As a result, the County will not have cash flow issues in August through November (when County cash reserves are at their lowest levels) related to debt service payments.

\*\* - This can be achieved without large millage increases if debt millage levels are maintained to cover each year's debt service payments. The additional revenues required to grow the fund balances would be achieved by maintaining all borrowing premium revenues within the funds. The achievement of 1 year's worth of debt service payments (net of any incoming impact fee revenues, admissions fees revenues, and TAG revenues) would ensure that the County would not default on any of its debt requirements if it were hit by a natural disaster that would greatly impair the assessed values of its tax base for at least 1 year, thus allowing time for recovery. It would also help to maintain and potentially increase the County's bond ratings.