

COUNTY COUNCIL OF BEAUFORT COUNTY

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GARY KUBIC
COUNTY ADMINISTRATOR

BRYAN J. HILL
DEPUTY COUNTY ADMINISTRATOR

JOSHUA A. GRUBER
COUNTY ATTORNEY

SUZANNE M. RAINEY
CLERK TO COUNCIL

AGENDA FINANCE COMMITTEE

Monday, June 4, 2012

1:00 p.m.

Executive Conference Room
Administration Building

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 – 1:00 P.M.
2. CONSIDERATION OF CONTRACT AWARD
 - A. Paying Agent and Registrar ([backup](#))
3. SPECIAL TAX DISTRICTS / DAUFUSKIE ISLAND / HIGHWAY MAINTENANCE (SOUTH OF BROAD RIVER) ([backup](#))
4. UPDATE / FY 2013 SHERIFF'S OFFICE BUDGET – 2:00 P.M.
5. UPDATE / SOLICITOR'S OFFICE
6. CONTINUING DISCUSSION / GENERAL FUND BALANCE POLICY PROPOSAL ([backup](#))
7. DISCUSSION / TAX ANTICIPATION NOTES ORDINANCE ([backup](#))
8. CONTINUING DISCUSSION / FY 2013 BEAUFORT COUNTY SCHOOL DISTRICT BUDGET – 2:30 P.M.
9. CONTINUING DISCUSSION / FY 2013 COUNTY BUDGETS
10. ADJOURNMENT

Open and Priority Retreat Items
Transfer Station Analysis
Road Financing
Burton Wells Regional Park Financing
Sports Complex Economic Analysis

2013 Budget Cycle
Business License Fees
2014 Millage Policy
Joint Use of School Facilities
Airport Business Plan

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 *BH*
David Starkey, Chief Financial Officer *DS*
Alicia Holland, Controller *AH*

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

SUBJ: RFP # 3946/12059 Paying Agent and Registrar

BACKGROUND: The County currently has a paying agent (Wells Fargo) for its FY 2010 – FY 2012 general obligation bonds, but is its own paying agent for its FY 2003 – FY 2007 general obligation bonds. An outside paying agent provides the County greater financial control over the debt payment process, allows for much easier access to counsel for issues relating to debt service payments and debt confirmation for external auditors, and will cover the County temporarily if a debt service payment is inadvertently missed. It is also the recommendation of the County's current bond counsel, McNair Law Firm, P.A.

EVALUATION COMMITTEE NOTES: The evaluation committee consisted of Bryan Hill, Deputy County Administrator, David Starkey, Chief Financial Officer, and Alicia Holland, Controller. The evaluation committee reviewed the three responses to the RFP and ranked Wells Fargo as the number one ranked firm.

FINAL EVALUATION RANKING:

1. Wells Fargo
2. Regions Bank
3. TD Bank

It should be noted that Wells Fargo was the second-to-lowest bidder; however the difference in cost with the lowest bidder was \$25 per year, per bond. With Wells Fargo currently servicing the remainder of the County's general obligation bonds, and having served Beaufort County well over the last four years, the selection committee decided to select Wells Fargo.

FUNDING: Services are paid from the County's debt service fund at the cost of \$525 per bond per year (6 general obligation bond issuances at a total cost of \$3,150 per year).

RECOMMENDATION: The Finance Committee approve and recommend to County Council the contract award to Wells Fargo, the top ranked bank, with the anticipated cost per year of \$525 per bond for the remaining lives of the FY 2003 – FY 2007 general obligation bonds. Additionally, the Finance Committee approve and recommend to County Council future paying agent contracts to Wells Fargo for any future debt issuances.

cc: Elizabeth Wooten

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From: Gruber, Joshua
Sent: Tuesday, May 01, 2012 11:24 AM
To: Kubic, Gary; Marshall, Scott; Campbell, Morris C
Cc: Hill, Bryan; Criscitiello, Anthony
Subject: RE: establishment of a special tax district

Gary,

There are 2 methods provided for under South Carolina law for creating a special tax district.

1. The 15% Method:
 - a. The geographic boundaries of the proposed district are delineated.
 - b. 15% of the registered electors from within the proposed district sign a petition calling for the creation of the district, the services to be provided, and the maximum service fee to be charged.
 - c. County Council reviews the submitted petition and certifies that the 15% requirement has been met.
 - d. County Council submits a Resolution to the Election Commission certifying the results and requesting that the referendum be conducted as indicated on the petition.
 - e. Board of Elections notices the public of the upcoming referendum and conducts the election.
 - f. If the certified results indicate that a majority of voters have approved the referendum, then the district is created. If no majority is received the initiative fails.
2. The 75/75 Method:
 - a. The geographic boundaries of the proposed district are delineated.
 - b. A petition must be signed and submitted by 75% or more of the resident freeholders who own at least 75% of the assessed valuation of real property in the proposed district.
 - c. County Council reviews the submitted petition and certifies that it meets the 75/75 requirement.

d. County Council passes an Ordinance creating the district and outlines the statutory requirements of what services will be provided and the maximum services fees to be imposed.

If you have any additional questions about this process, please let me know.

Thanks,

-Josh-

Joshua A. Gruber
Staff Attorney
Beaufort County Legal Department
P.O. Box 1228
Beaufort, South Carolina 29901-1228
Tel.: (843) 255-2059
Fax.: (843) 255-9414

PART III – JURISDICTION OF PROPOSED ENTITY

The jurisdiction of the proposed entity is to match the current area comprising and encompassed by the Beaufort County Council jurisdictions of southern Beaufort County, the same being District 5 (excluding the area north of the Broad River bridge); District 6; District 7; District 8; District 9 (excluding all of Daufuskie Island); District 10; and District 11.

PART IV – PROPOSED COMPOSITION OF ENTITY MEMBERSHIP

It is contemplated that the chosen entity will be comprised of seven (7) members. Those members would be appointed by the Beaufort County Council and/or the Town of Bluffton Town Council and the Town of Hilton Head Island Town Council. The proposed seven (7) members, regardless of the nominating body, should represent the interests of all jurisdictions of southern Beaufort County (i.e. unincorporated Beaufort County, the Town of Bluffton, and the Town of Hilton Head Island). To that end, it is proposed that the membership of the body be comprised of one representative each from the seven (7) current Beaufort County Council districts as follows: District 5 (excluding the area north of the Broad River bridge); District 6; District 7; District 8; District 9 (excluding all of Daufuskie Island); District 10; and District 11.

PART V – RESPONSIBILITIES OF PROPOSED ENTITY

- Identify median, shoulder, landscape and corridor beautification projects and improvements, including parks, bike and nature trail, and sidewalks and pedestrian safety elements along the highway corridors of southern Beaufort County and other areas of the proposed entity's jurisdiction.
- Generally work to enhance the aesthetic and scenic beauty of southern Beaufort County highway corridors.
- Identify projects and project partners to leverage green infrastructure, including, but not limited to green storm and waste water management techniques and grants, to supplement and support completed and/or proposed projects.
- Develop a consistent theme for landscaping material, placement and style, as well as signage and other thematic elements appropriate to southern Beaufort County.
- Installation, long-term maintenance, repair and overall supervision of completed and/or proposed projects.
- Work in partnership to leverage existing funds and/or private funds of landowners adjacent to highway corridors to complete corridor projects.
- Act as a receiver of all available and applicable funding sources to implement the projects identified by the entity.
- Entity to include creation of a non-profit foundation which shall serve as a donation repository for gifts, bequeaths, grants, and other sources of funding from the private sector for the purpose of funding, at the chosen entity's discretion, unless otherwise restricted by the donation source, either the construction costs of capital projects in furtherance of the entity's mission or the repair and maintenance of existing infrastructure.

PART I – PURPOSE

- Implement the collective goals of Beaufort County Council, municipal corporations, citizens, and other entity stakeholders for highway corridor beautification.
- Enhance the experience of visitors and residents by making the highway corridors attractive, safe and clean.
- Serve as an entity to receive grants and other funding for the purpose of improving the aesthetics of highway corridors.

PART II – AUTHORITY AND PRELIMINARY ANALYSIS OF STATUTORY ENTITIES

A. CREATION OF A BOARD/COMMISSION OF COUNCIL (Preferred Entity)

Beaufort County is authorized to establish any such agency, department, board, commission, and/or position in the County as it deems necessary and proper to provide services of local concern under S.C. Code § 4-9-30(6). This is a very broad grant of power. The creation will be left solely to the discretion of Council and will be created by resolution or ordinance. However, it is unlikely the County will be able to assess additional millage solely to the created entity (see Special Tax District below). This created entity will only be funded under the general or discretionary fund of Council. For long-term viability, reliance on discretionary funding is problematic; however, in the short term, this entity could be created to at least serve as an entity for receiving and administering grants and SCDOT landscape funding while a permanent solution is worked out.

Alternatively, if Beaufort County is not authorized to assess and levy different areas of the County at non-uniform rates upon its own initiative, the special tax district process below is presented as a first alternative.

B. SPECIAL TAX DISTRICT CREATED BY BEAUFORT COUNTY (First Alternative)

- Background: Beaufort County is authorized as a council-administrator form of government under S.C. Code § 4-9-10(b), 1976, as amended.
- Beaufort County's power to tax is defined, in part, in S.C. Code § 4-9-30. The County is authorized to assess and levy property at both uniform and non-uniform rates (i.e. the County may have the power to assess and levy property differently). However, to assess and levy at a non-uniform rate a special tax district may have to be created by:
 - S.C. Code § 4-9-30(5)(a)(i) – 15% of the electors in such proposed special tax district sign and present a petition to County Council requesting the special district, an election must then be held, a majority of the electors in the proposed district must approve the creation and the services to be rendered and maximum level of taxes and/or charges therefor; or
 - S.C. Code § 4-9-30(5)(a)(ii) – 75% of the resident freeholders in the proposed district who own at least 75% of the assess valuation of real property in the proposed district submit a petition to County Council, Council can then create the district by ordinance.
- The above just covers the pertinent basics to this option. There are some more specifics and details which must be addressed in the creation of the district, the petition, etc., but those matters are more administrative as opposed to the summary of the substantive provisions above.



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: **General Fund Balance Policy Proposal**

DATE: April 30, 2012

BACKGROUND:

Beaufort County is required to adopt Governmental Accounting Standards Board (GASB) Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions. These policies dictate that each governing body adopt a fund balance policy for all funds. Beaufort County Council during its last annual retreat established this item as a top fiscal priority.

RECOMMENDATION:

Beaufort County will strive to maintain an average of five (5) months of total General Fund expenditures in its unassigned fund balance at June 30 of every year*. It will take the County several years to build up this balance, which equates to approximately \$40.2 million**.

Beaufort County shall not allow its unassigned General Fund balance to fall below an average of 1.5 months worth of total General Fund expenditures at June 30 of every year. This figure is approximately \$12.1 million**.

These recommendations can be achieved/maintained by Beaufort County by not utilizing the General Fund balance (except in times of emergency) in any fiscal year. Beaufort County will monitor non-spendable, restricted, committed, and assigned balances within the General Fund to ensure these balances do not increase at the expense of the unassigned balance.

NOTES/RATIONALE:

Per GASB 45, unassigned fund balances are considered liquid assets (cash, investments that mature within 1 year, and receivables that are to be collected in less than 1 year) that are not restricted for any specific purpose (i.e. they can be utilized in any way the County sees fit in the course of its business).

* - This will allow the County to maintain enough cash on-hand to ensure that the General Fund balance would not decline to less than \$0 prior to tax bills being mailed out in November of every year. 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 operating payments and reduce the County's risk of needing temporary financing to bridge the gaps to every tax billing (the use of tax anticipation notes (TANs)).

** - These figures change every year and will correspond to audited comprehensive annual financial reports (CAFRs). 1 month's expenditures are calculated by adding the total General Fund expenditures plus transfers out then dividing that number by 12.

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE COUNTY ADMINISTRATOR, WITH THE
ADVICE AND CONSENT OF COUNTY COUNCIL TO ISSUE TAX ANTICIPATION AS
MAY BE DEEMED NECESSARY

WHEREAS, Beaufort County Council hereby finds and determines that the monies necessary to fund the County's budget will come primarily from ad valorem property taxes levied against property located in the County (the "Local Taxes"); and

WHEREAS, Notices for the collection of Local Taxes will be prepared and mailed by the County Auditor sometime after September 1st of the current fiscal year, and the Local Taxes are payable without penalty on or before January 15th of the current fiscal year; and

WHEREAS, Local Taxes represent a substantial portion of the County's revenues for its operations. Payment of the operating costs of the County, especially for wages, salaries and a number of other expenses cannot be delayed pending receipt of Local Taxes; and

WHEREAS, The Council intends hereby to provide for the issuance of tax anticipation notes (the "Notes") authorized by Article X, Section 14 of the Constitution of the State of South Carolina, 1895, as amended, and Chapter 27, Title 11 of the *Code of Laws of South Carolina*, 1976, as amended.

NOW, THEREFORE, BE IT ORDAINED by Beaufort County Council that the Administrator, with the advice and consent of Council, is hereby authorized and directed to take such action as the Administrator deems necessary to issue the Notes without further Council action, whenever the current or projected cash position of the County requires such interim financing, subject to the following:

(i) The Administrator shall prepare schedules showing the projected cash requirements of the County and the funds that will be available to meet such requirements, including the general fund balance and receipts from all sources.

(ii) The Administrator, with the advice and consent of Council, may provide for the issuance of Notes in an amount sufficient to provide the County with sufficient cash to meet its projected needs and to maintain on hand an amount not less than 5% of the actual operating expenditures for the current fiscal year; provided, however, that in no event shall the principal amount of the Notes exceed 75% of the amount of Local Taxes to be levied for the current fiscal year without further authorization from the Council.

(iii) The Administrator, with the advice and consent of Council, may provide for the issuance of the Notes at one or more times and may provide for such Notes to be fully funded at the time of issuance or to be drawn against a stated principal amount over time.

(iv) The Administrator may provide for the Notes to mature at any time up to and including 90 days after January 15th of the current fiscal year, and may provide for the prepayment of the Notes under such terms as are deemed desirable.

(v) The Notes may be sold at public sale or by invitation limited to local financial institutions or any particular kind of investor at the discretion of the Administrator; provided that the Administrator shall seek offers to purchase or fund the Notes from at least three sources. The Administrator shall exercise discretion in the manner of offering the Notes after considering the total amount to be funded and all costs in connection therewith, and shall endeavor to select that method of offering the Notes which is expected to provide the funding needed at the lowest total cost to the County.

(vi) The Administrator is further directed to obtain the advice of bond counsel as to the details of the Notes and the manner of offering thereof and to observe any limitations required under Federal tax laws to maintain the tax-exemption of interest thereon.

(vii) For payment of the Notes and the interest thereon, there shall be pledged the ad valorem taxes levied for operating purposes for the current fiscal year and the full faith, credit and taxing power of the County and the Administrator is hereby authorized to provide for such pledge and security in the Notes.

(viii) The Administrator and all other officials of the County are hereby authorized and directed to take all action necessary or desirable to arrange for the issuance and placement or sale of the Notes and to enter into such agreements as are customary in connection therewith.

DONE, this _____ day of _____, 2012.

COUNTY COUNCIL OF BEAUFORT COUNTY

By: _____
Wm. Weston J. Newton, Chairman

APPROVED AS TO FORM:

Joshua A. Gruber, Staff Attorney

ATTEST:

Suzanne M. Rainey, Clerk to Council
First Reading:
Second Reading:
Public Hearing:
Third and Final Reading: